



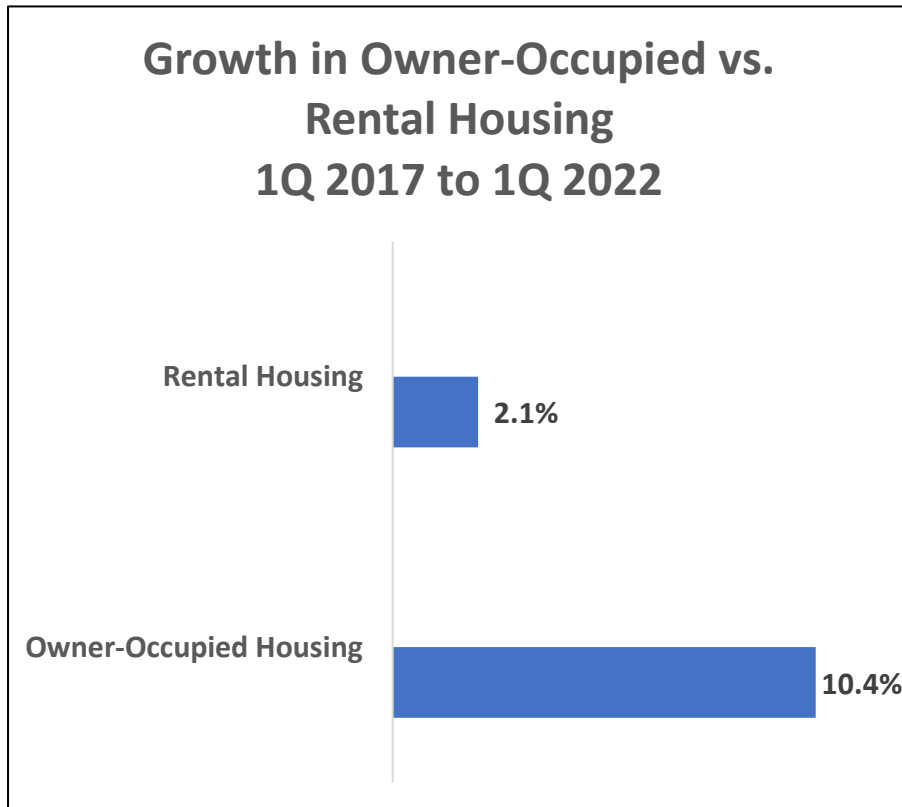
Institutional Owners of Single-Family Rental Homes:

Get the Facts

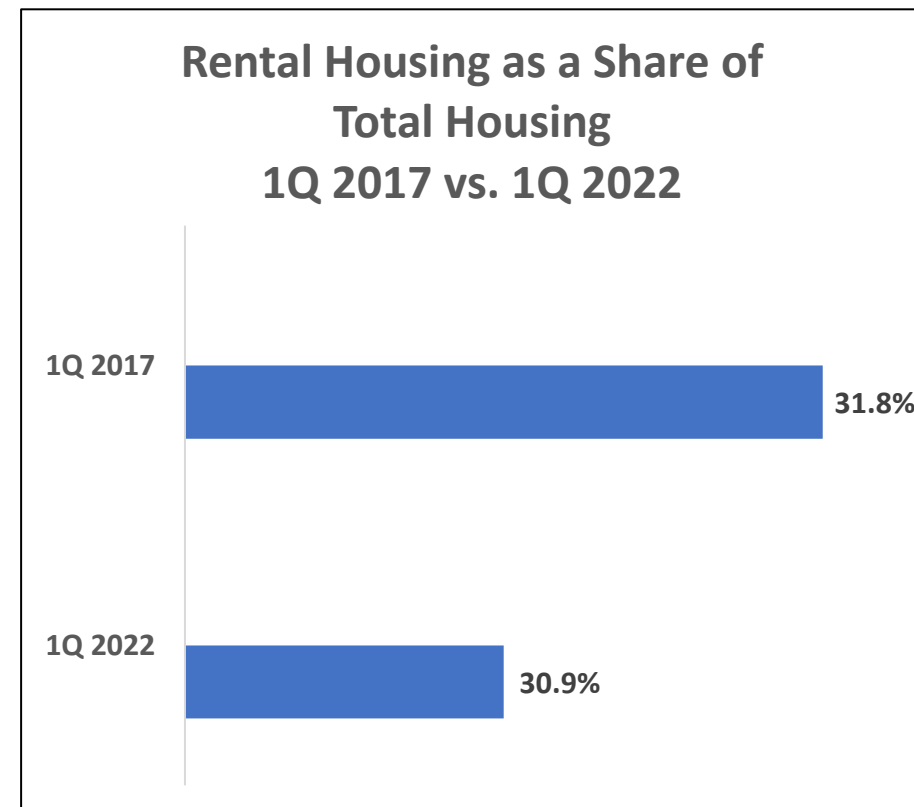
July 2022

Prepared by the National Rental Home Council
www.rentalhomecouncil.org

A nation of renters? Over the past five years, the amount of owner-occupied housing in the US grew nearly **nine times as fast** as the amount of rental housing.



Increase in units between 1Q17 and 1Q22
Rental Housing: 908,000
Owner-Occupied Housing: 7,866,000



Housing Units 1Q17: 139,090,000	Rental Units 1Q17: 43,244,000
Housing Units 1Q22: 142,711,000	Rental Units 1Q22: 44,152,000

US Census Bureau "Quarterly Estimates of The Housing Inventory:
<https://www.census.gov/housing/hvs/data/histtabs.html>

Over the last year, **SFR rent growth** has trailed both home price appreciation and apartment rent growth.

1Q 2022 YOY % Increase in Key Housing and Economic Metrics

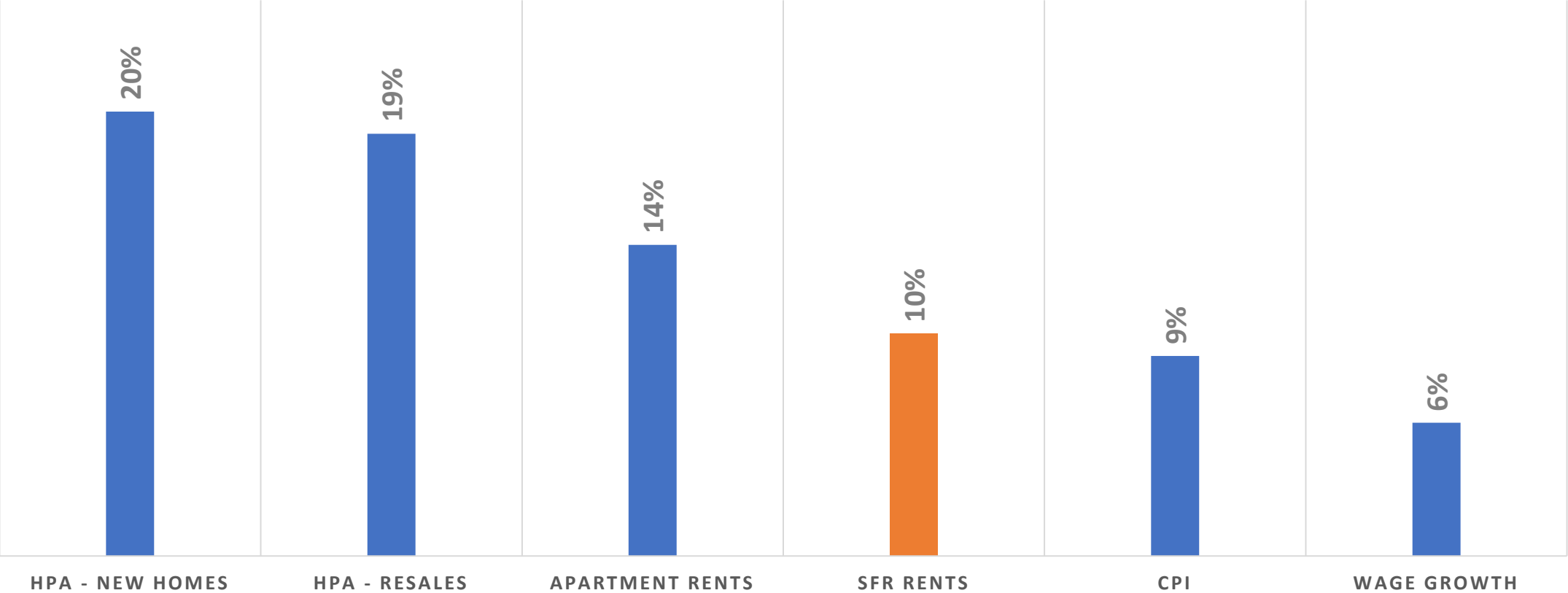


Chart produced by John Burns Real Estate Consulting. Sources: Reis Services, LLC; Census Bureau; Moody's Analytics; Burns Home Value Index™(BHVI); Atlanta Federal Reserve Board Wage Growth Tracker; Blended single-family rent growth as published in the Single-Family Rental Market Index Survey; New home price appreciation (net of incentives) as published in our Burns Housing Survey from the Front Lines; John Burns Real Estate Consulting, LLC (Data: 1Q22, Pub: May-22)

Large providers of single-family rental homes account for only a **small share** of overall home purchases.

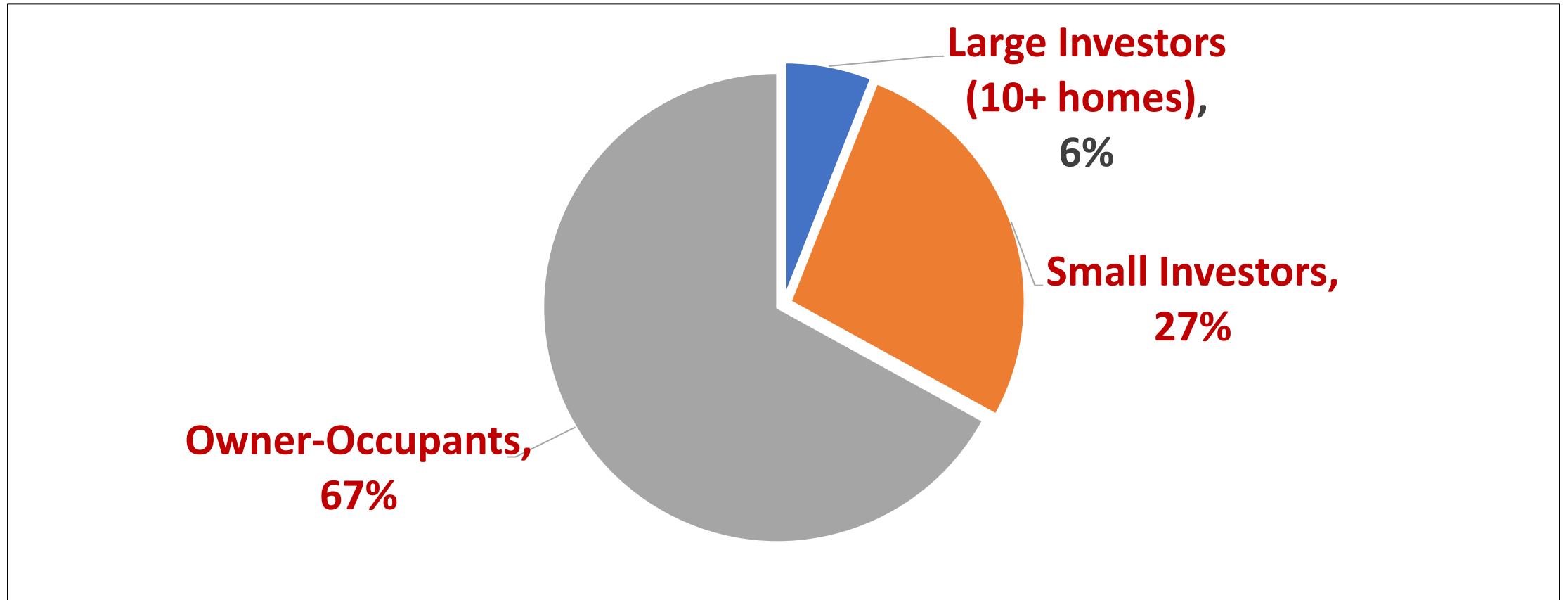


Chart adapted from John Burns Real Estate Consulting. Sources: Reis Services, LLC; Census Bureau; Moody's Analytics; Burns Home Value Index™(BHVI); Atlanta Federal Reserve Board Wage Growth Tracker; Blended single-family rent growth as published in the Single-Family Rental Market Index Survey; New home price appreciation (net of incentives) as published in our Burns Housing Survey from the Front Lines; John Burns Real Estate Consulting, LLC (Data: 1Q22, Pub: May-22)

Rates of eviction for the industry's largest companies are **extremely low.**

	2018	2021
Properties Owned by Five Largest Companies	204,312	280,627
Number of Eviction Filings	4,912	2,622
Eviction Filing Rate	2.40%	0.93%
Evictions Completed	806	138
Eviction Completed Rate	0.39%	0.05%

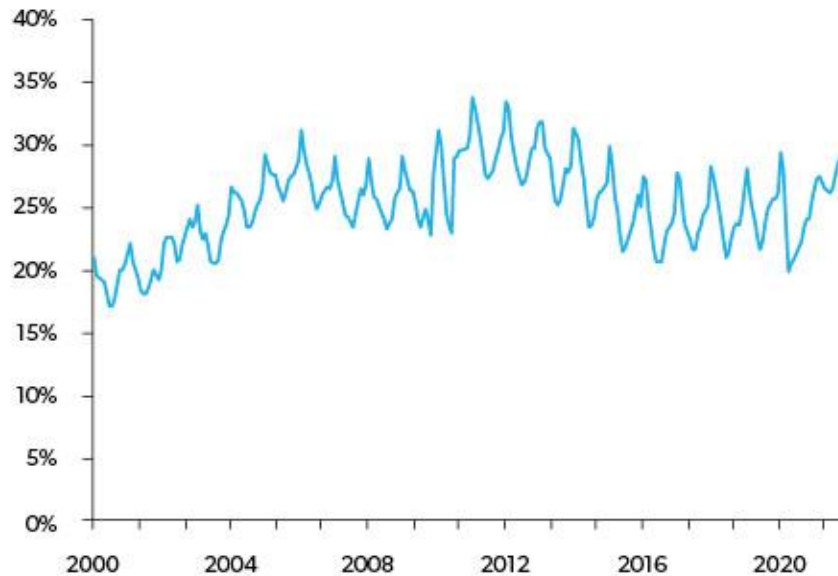
US House Committee on Financial Services:

<https://financialservices.house.gov/events/eventsingle.aspx?EventID=409520>

According to Freddie Mac, the presence of large providers of single-family rental homes is “so small that their market share only has a modest impact on the overall percentage of investors.”*

EXHIBIT 7A

Overall investor share of purchase market



Source: Freddie Mac Economics & Housing Research estimates based on public records data. Small Investor = 1-9 properties, Mid-sized = 10-99 properties, and Institutional = 100+ properties purchased in the past 12 months. We identify second homes via mortgage riders in Black Knight data, so we miss all-cash second home purchases.

EXHIBIT 7B

Large corporate buyer share of purchase market



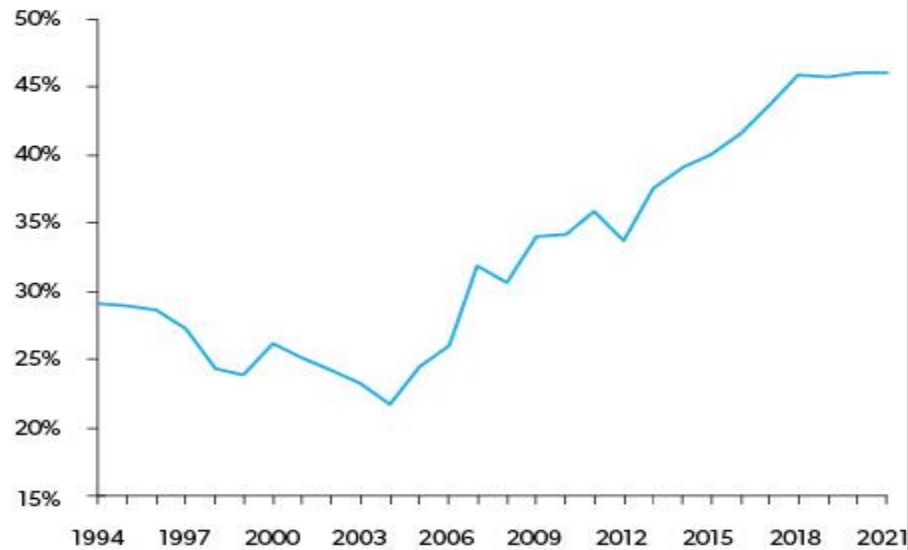
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* Freddie Mac: <https://www.freddiemac.com/research/insight/20220609-what-drove-home-price-growth-and-can-it-continue>

“Freddie Mac financed 554,000 first-time homebuyers in 2021, up 22% from 2020 and **the highest level** since tracking began in 1994. Despite higher home prices and record low supply, first-time buyers have added significantly to demand.”*

EXHIBIT 5

Freddie Mac first-time home buyer share

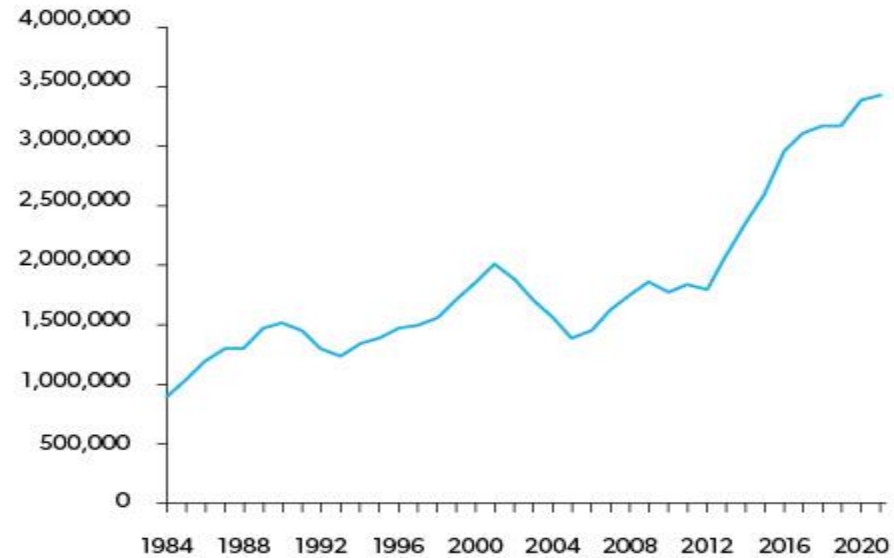


Sources: Freddie Mac/ Census CES.

“The number of high-income renters who can afford to buy and are of prime first-time homebuyer age has also been growing...[suggesting] that **first-time buyers will remain a potent force for years to come.**”*

EXHIBIT 6

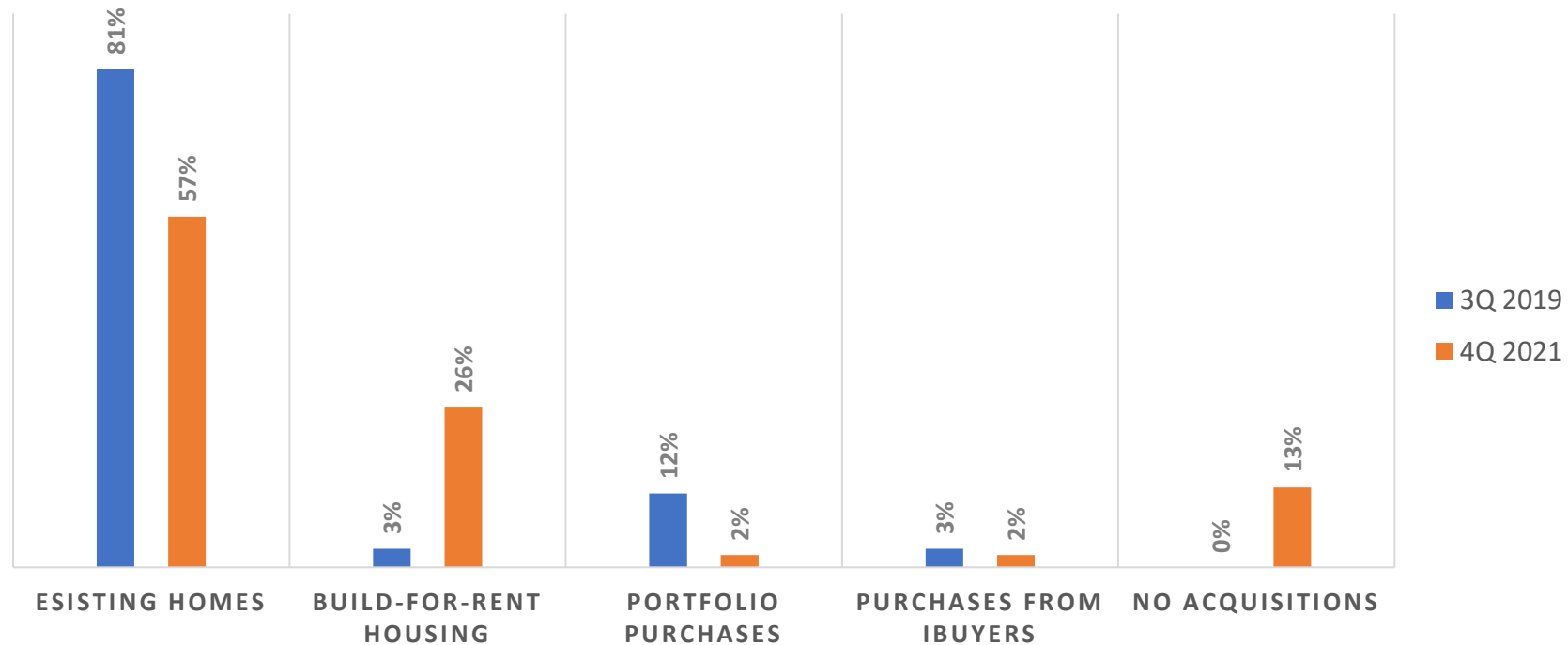
Number of renters households between 25 and 44 years old earning > \$75k



* Freddie Mac: <https://www.freddiemac.com/research/insight/20220609-what-drove-home-price-growth-and-can-it-continue>

Providers of single-family rental homes are increasingly **building rather than buying** homes.

SINGLE-FAMILY RENTAL HOME PROVIDERS % DISTRIBUTION OF PROPERTY ACQUISITIONS

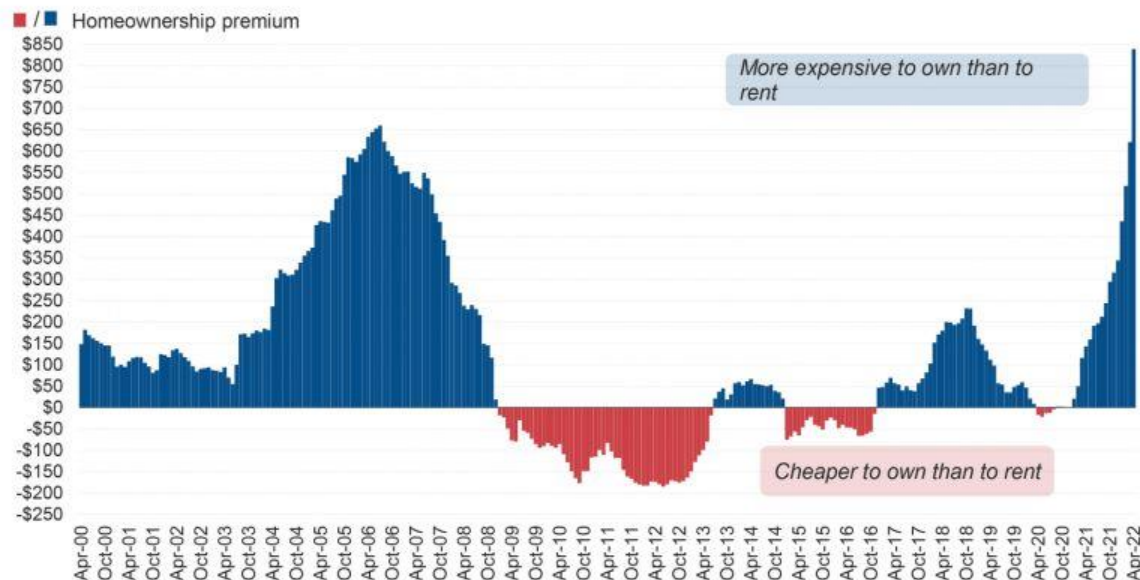


It is now \$839 per month more expensive to own than rent a single-family home, the **largest differential in over 20 years.**



National Cost of Owning* vs. Renting Single-Family Starter Home

Monthly mortgage payment for single-family starter home vs. monthly rent



***Cost to own (including payment + maintenance):** we assume the purchase of a home at 80% of the current median-priced existing home with a 5% down payment and a 30-year, fixed-rate mortgage. We include PITI plus mortgage insurance and maintenance costs. We assume the purchase price to be for a rent-ready home and do not include renovation or acquisition costs in our calculation. Annual maintenance costs range from 0.85% to 1.25% of the home's value and vary by market. Maintenance costs cover small repairs as well as large capital expenditures, like replacing a roof.

Single-family rent: we assume a home valued at 80% of the current median-priced existing home. We look for homes at this valuation in current single-family for-rent listings and then collect the asking rents. We also add renter's insurance to the cost of renting, which is based on state level data.

We calculate the US roll-up based on a weighted average of 99 markets.

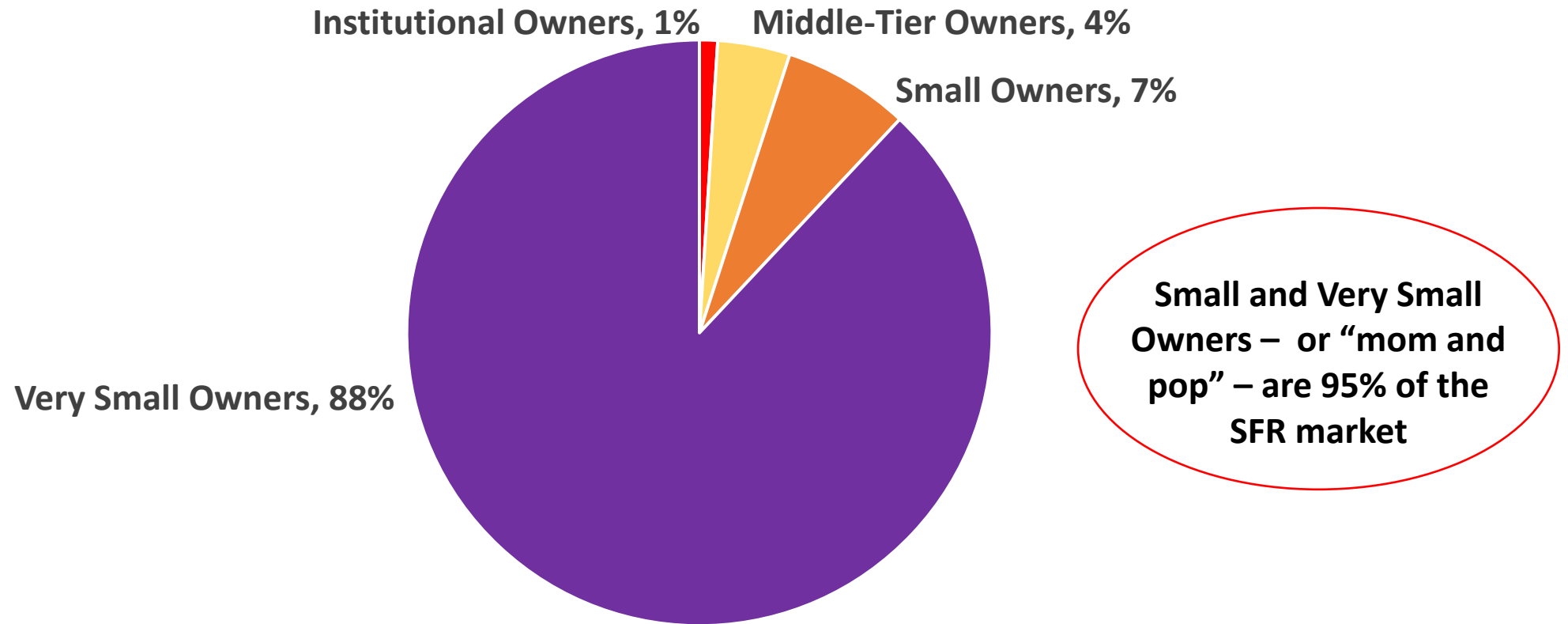
Source: John Burns Real Estate Consulting, LLC (Data: Apr-22, Pub: Jun-22)

Rental housing is in higher demand than ever before.

According to the Harvard Joint Center for Housing Studies report, *America's Rental Housing 2022*, **the number of new renter households increased by more than 870,000** since the beginning of the COVID health pandemic. The report identifies five causes for the surge in demand for rental housing:

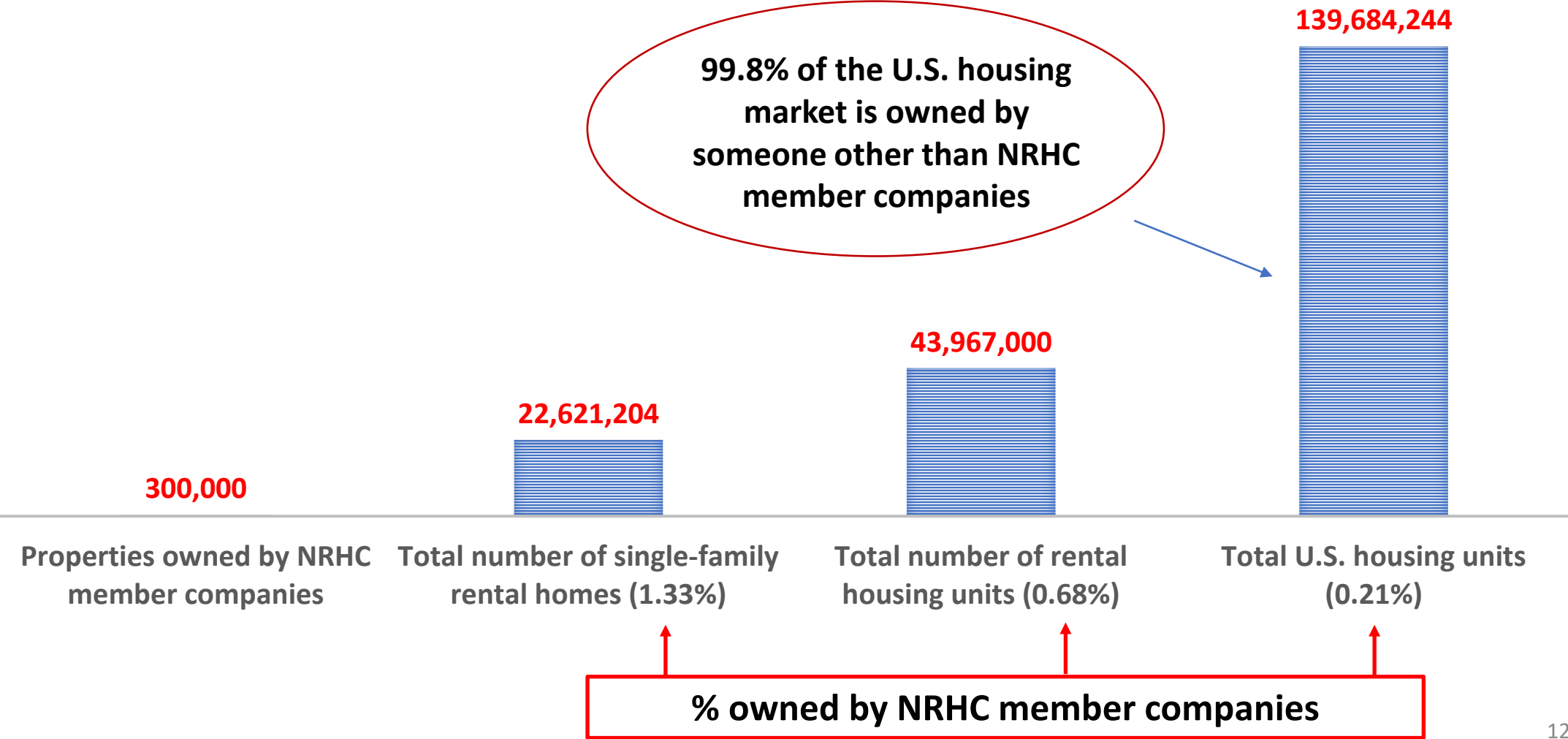
1. Large number of millennials moving through their 20s and 30s: *ages where renting is most common*
2. Rapid growth of older renters: *baby boomers aging into their 60s and 70s*
3. Sharp rise in rentership between 2009 and 2019 for younger and middle-aged households: *signaling delayed transitions to homeownership*
4. The growing popularity of renting among older households: *contributing to increases in both the number and share of higher-income renters*
5. The increasing diversity of U.S. households: *lifting demand for rental housing*

Who owns America's single-family rental homes?

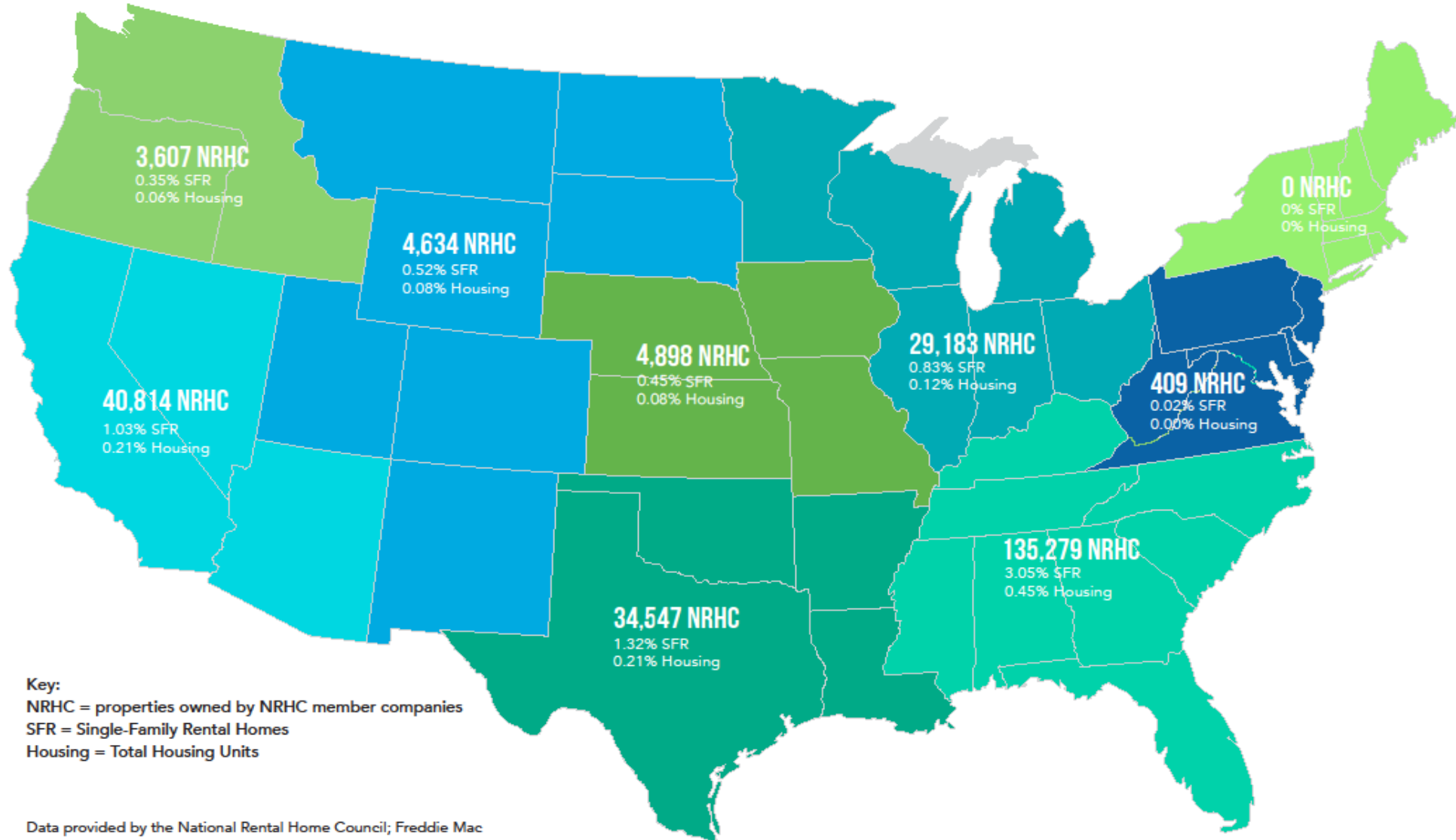


Single-Family Rental: An Evolving Market,
Freddie Mac, December 2018.

Institutional SFR owners account for just **0.21%** of America's housing market



'INSTITUTIONALLY-OWNED' SINGLE-FAMILY RENTAL HOMES BY US REGION



Key:
NRHC = properties owned by NRHC member companies
SFR = Single-Family Rental Homes
Housing = Total Housing Units

Data provided by the National Rental Home Council; Freddie Mac

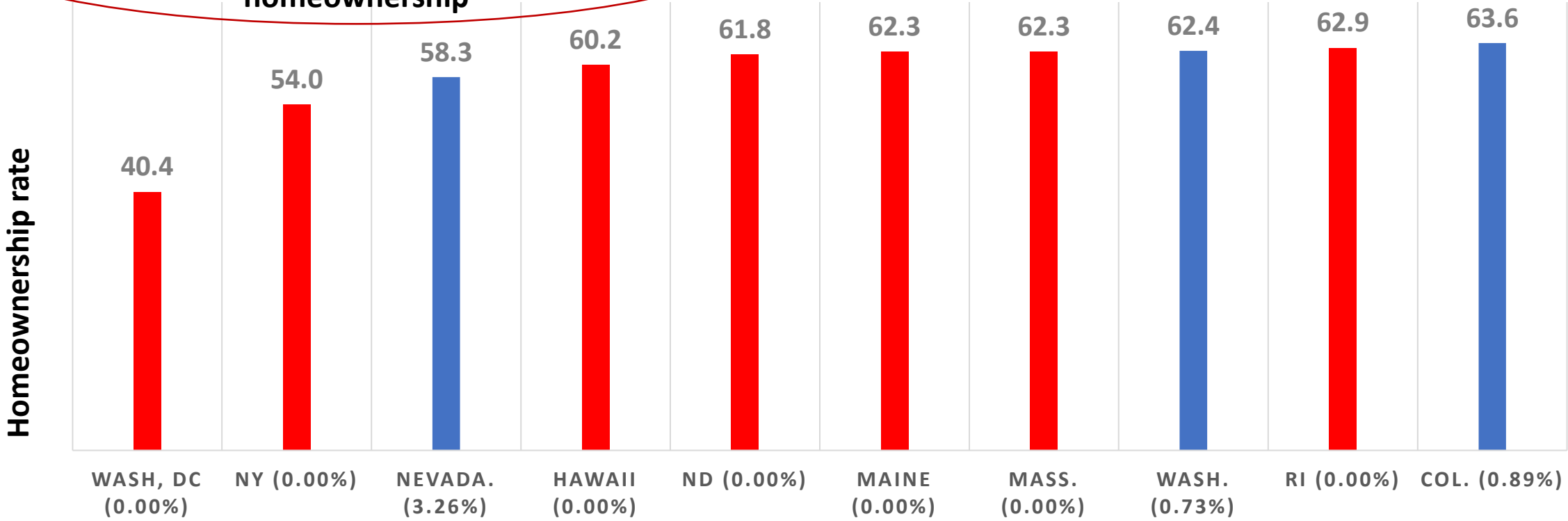
Institutions play a **much smaller role** in the single-family rental home market than the multifamily market



	Single-Family Rental Housing	Multifamily Rental Housing
Est. % owned by institutions	< 2%	> 50%
Institutions owning 50,000 or more housing units	3	21
Institutions owning 20,000 or more housing units	6	50
Housing units owned by <i>all</i> SFR institutions vs. housing units owned by 50 largest MF institutions	350,000	2,211,000
Housing units started 4Q2020 – 3Q2021	47,000	424,000

Low rates of homeownership are **not correlated** to the presence of institutional owners of SFRs

NRHC member companies own properties in only **3** of the **10** states with the lowest rates of homeownership



% indicates share of homes owned by NRHC member companies

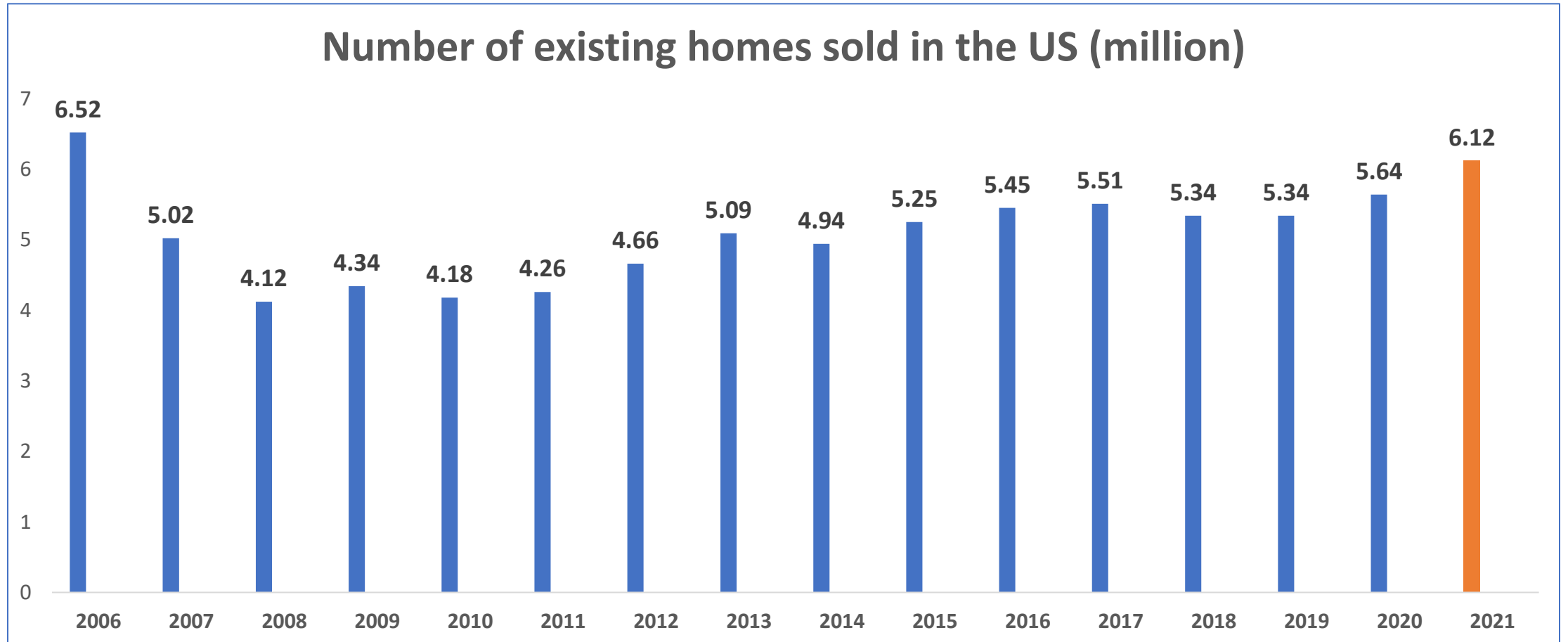
5-year change in rates of homeownership in key SFR markets

Metro	1Q 2017	1Q 2022	Difference
Atlanta, GA	64.4	67.6	3.2
Charleston, SC	76.4	80.9	4.5
Charlotte, NC	65.0	75.5	10.5
Chicago, IL	64.9	68.3	3.4
Columbus, OH	55.1	65.7	10.6
Nashville, TN	71.1	75.2	4.1
Orlando, FL	56.6	64.4	7.8
Phoenix, AZ	62.7	67.2	4.5
San Antonio, TX	57.9	66.1	8.2
Tampa, FL	63.0	66.4	3.4
National	63.6	65.4	1.8

According to a 2022 report from the National Association of Realtors, **millennials now make up 43% of home buyers** – the most of any generation – an increase from 37% the previous year.

The report also found **home buying among younger generations is on the rise**, with 4 out of 5 younger millennial home buyers purchasing for the first time.

In 2021 sales of existing homes in the US reached its **highest level since 2006.**



Research shows neighborhoods with higher concentrations of institutional SFR owners have **lower rates of criminal activity.**

Findings:

“...neighborhoods witnessed a significant reduction in crime rates, suggesting that large institutional landlords play a beneficial role in enhancing neighborhood safety, while internalizing the cost of the safety measures.”

Reductions in specific areas of criminal activity include:

- **Total reduction in criminal incidents of 5.23%**
- **Burglaries: reduction of 3.03%**
- **Thefts: reduction of 4.64%**
- **Vandalism: reduction of 3.43%**

**“Do Wall Street Landlords Undermine Renters’ Welfare?”
Stephen Xiao, University of Texas, Dallas
January 24, 2022**