



CORPORATE LANDLORDS AND MARKET POWER: WHAT DOES THE SINGLE- FAMILY RENTAL BOOM MEAN FOR OUR HOUSING FUTURE?

Desiree Fields, University of California, Berkeley | Atlanta Regional Housing Forum, June 1, 2022

HOW IT STARTED (2012)

Investors Are Looking to Buy Homes by the Thousands

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346



John Millino, an inspector with Waypoint Real Estate Group, looked at a home that he was evaluating in Oakland, Calif. Jim Wilson/The New York Times

HOW IT'S GOING (2022)

PROPERTY REPORT

Atlanta's No. 1 Broker Bought Homes for Big Investors From 600 Miles Away

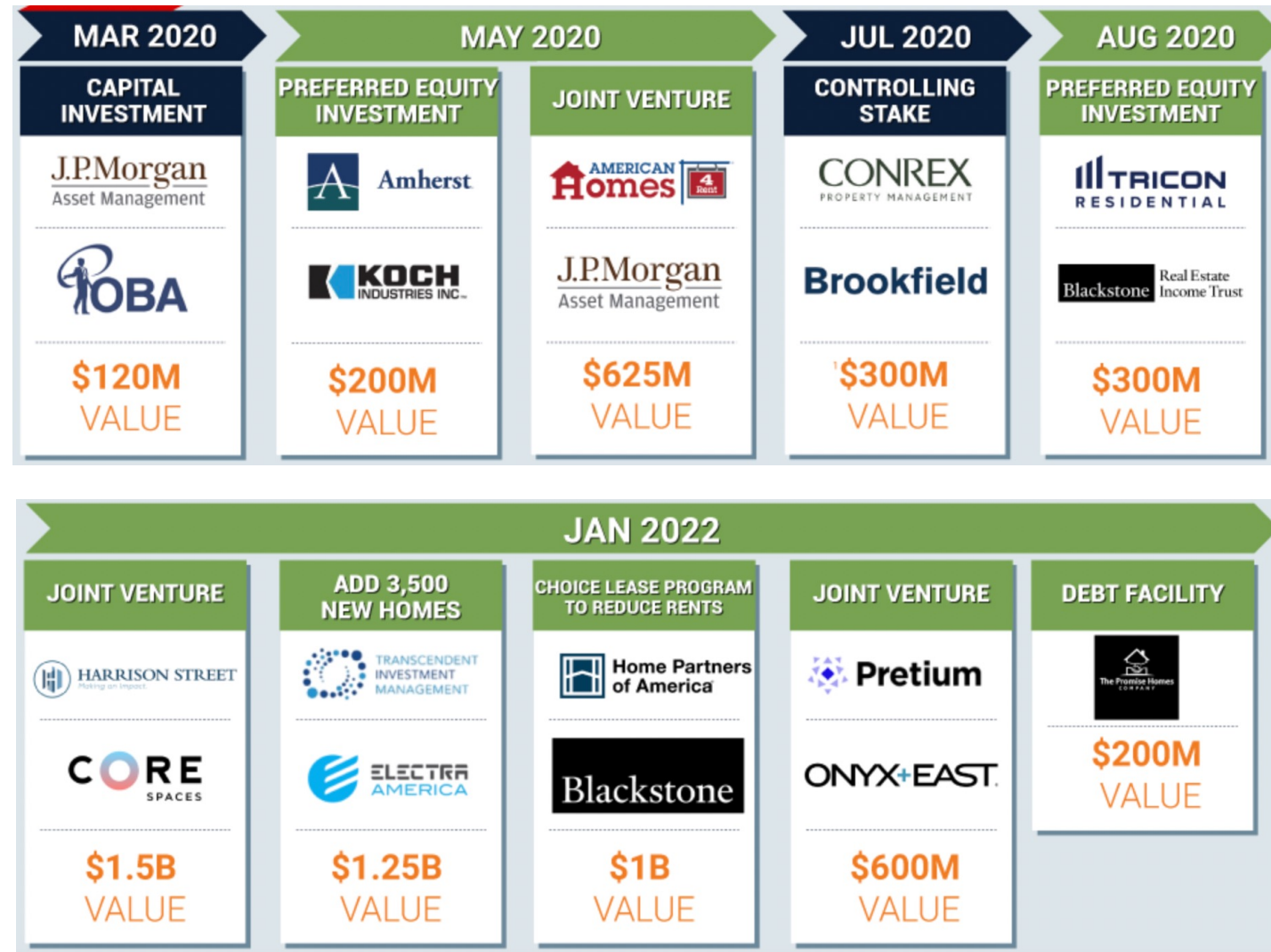
Broker based in South Florida bought or leased 300 homes worth more than \$80 million last year



In the aftermath of the 2008 crisis, institutional-scale landlords launched a new financial asset class in the single-family rental market

THE SFR PANDEMIC BOOM

- Deals in excess of \$50 billion between March 2020 and January 2022
- New wave of acquisitions and development
- Increased participation of public pension funds, homebuilders; emergence of build-for-rent (BFR)
- Entrenched advantage for early movers; ongoing and central role for private equity



RESEARCH OVERVIEW

Research questions:

- Where and how are institutional-scale SFR landlords acquiring and operating properties?
- What are the consequences of growth and operational strategies for renters and communities?

Method: SEC filings and quarterly investor calls of SFR real estate investment trusts

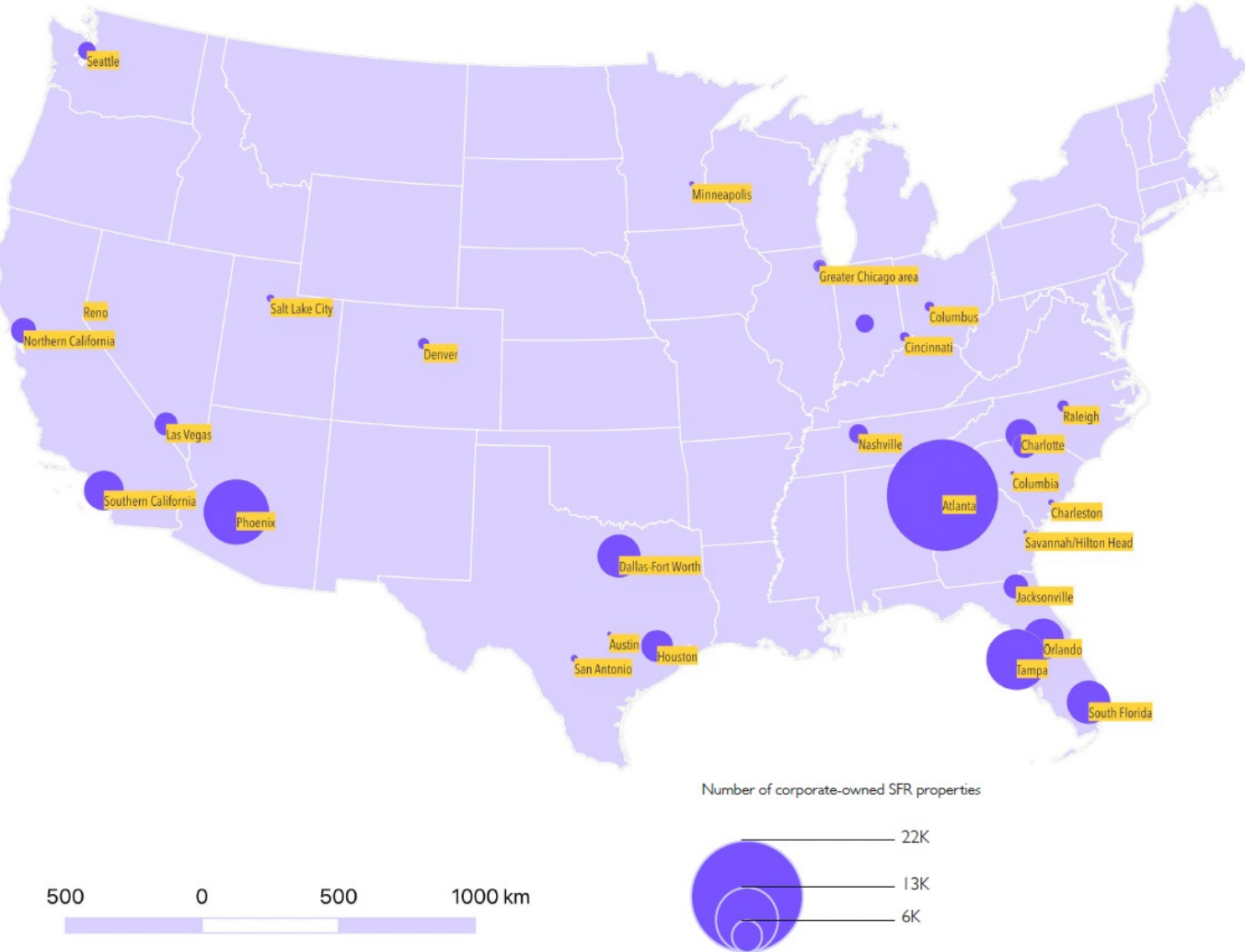
Key takeaway: Corporate landlords signal a growing power imbalance in the housing market

Market footprint of single-family rental REITs

Single-family REITs:
Invitation Homes (82k homes)
American Homes 4 Rent (57k homes)
Tricon Residential (29k homes)
Front Yard Residential* (14k homes)

**taken private in 2020; inventory held by Pretium*

Map: Manon Vergerio; based on Q1 2021 data



Atlanta footprint:

Invitation Homes: 12,661 homes (as of Q4 2021)

American Homes 4 Rent: 5498 homes (as of Q4 2021)

Tricon Residential: 5253 homes (as of Q1 2021)

Front Yard Residential: 4370 homes (as of Q2 2020)

Approximately 27k homes total

GROWING PORTFOLIOS

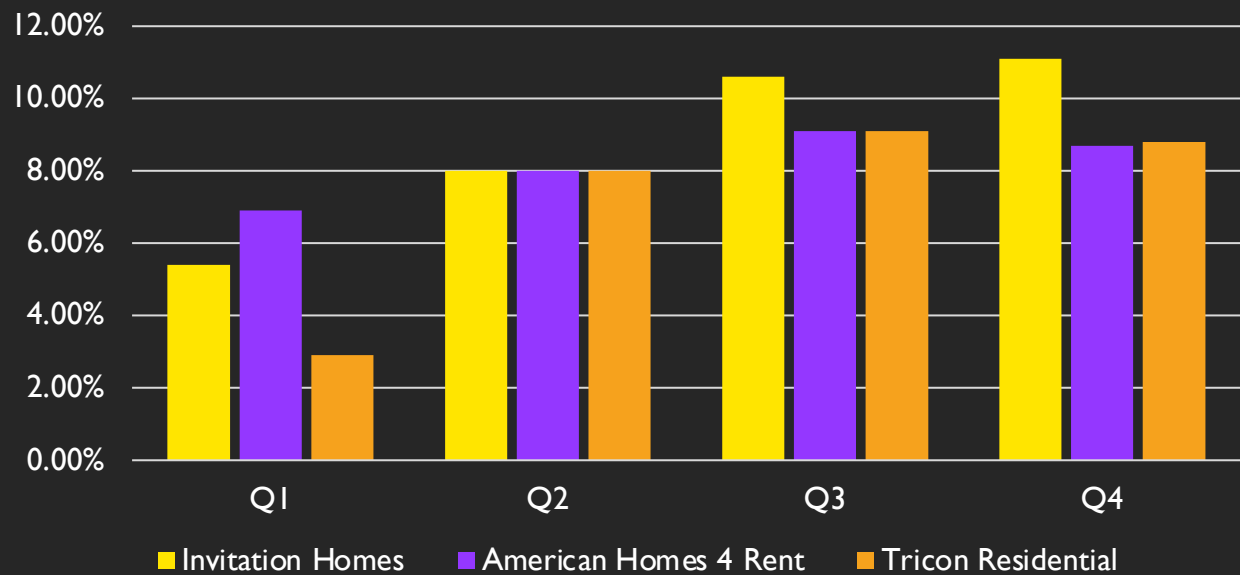
- Invitation Homes: more than doubled acquisitions in 2021, JV for premium SFR acquisition, build for rent partnership with Pulte
- American Homes 4 Rent: aggressive build for rent strategy
- Tricon Residential: ongoing traditional acquisition alongside growing build for rent strategy



Image: Multi-Housing News

INCREASING RENT AND FEES; CUTTING COSTS

SFR REIT Rent increases by quarter, 2021
(blended renewal+new leases)




“WE’RE REALLY EXCITED AND OPTIMISTIC ABOUT OUR ABILITY TO PUSH RENTS NEXT YEAR”

-BRIAN SMITH, CEO, AMERICAN HOMES 4 RENT

- Turn to tenant charge-backs and ancillary fees to increase revenues, with plans to further “roll out fees and other ancillary services over the next few years” (Tricon CEO)
- Reducing frictions with technology
- Reducing property tax costs: plans to “leverage our robust appeals machine to make sure we aren’t leaving any dollars on the table” (AH4R CFO)



BROADER CONSEQUENCES

- Doubling down on unsustainable development models
 - Undermining community security and stability: aggressive evictions, evading local taxes and regulations, fighting tenant protections
 - “Equity-mining” communities and breeding imitation and potential for predatory models
- 

OWNNAME

2018-3 IH BORROWER LP,
SWH 2017-1 BORROWER LP,
2018-2 IH BORROWER LP,
IH6 PROPERTY NORTH CAROLINA LP,
IH5 PROPERTY NORTH CAROLINA LP,
2019-1 IH BORROWER LP,
2018-4 IH BORROWER LP,
THR NORTH CAROLINA II LP,
2017-1 IH BORROWER LP,
IH3 PROPERTY NORTH CAROLINA LP,

Sample of Invitation Homes ownership vehicles in North Carolina,
courtesy Frank Muraca

WHAT CAN WE DO?

- Foster greater transparency of property ownership and rental practices (e.g. national rent registry) to support research and informed policies
- Implement broad-based tenant protections in recognition of wider social trends
- Consider limiting market share to foster healthier mix of ownership and tenure

Access full report:

