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

Image: John Burns Real Estate Consulting
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
• 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)

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

-BRIAN SMITH, CEO, AMERICAN HOMES 4 RENT
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
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

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,