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GAO Releases Report on Institutional Investments in Single-Family Rental Housing

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The Government Accountability Office (GAO) released a report, [Rental Housing: Information on Institutional Investment in Single-Family Homes](#), on May 22. The report is based on a review of 74 studies about institutional investors in single-family rental housing. Institutional investors are companies with access to enough capital to enable them to own a large number of single-family rental homes. According to existing studies, no single investor owned more than 1,000 single-family homes prior to 2011; however, by 2015, institutional investors owned between 170,000 and 300,000 homes. By 2022, 32 institutional investors collectively owned 450,000 single-family homes, and according to GAO, the five largest investors owned nearly 300,000 homes.

GAO attributes the initial growth of large institutional investors in single-family rental housing to bulk purchases facilitated by local auctions of foreclosed properties after the 2007-2009 recession. Large investors had an advantage over small investors and individual buyers in that they had access to cash and could leverage other sources of capital more easily. Fannie Mae and Freddie Mac, two government-sponsored enterprises overseen by the Federal Housing Administration (FHFA), also contributed to this growth to some extent. Fannie Mae's REO-to-rental initiative pilot program, which allowed pre-qualified investors to bid on large



portfolios of foreclosed properties was launched in 2012 to help stabilize the housing market. Roughly 2,500 properties were sold. In 2017, Fannie Mae backed a \$1 billion loan to Invitation Homes, one of the largest investors in single-family homes, and Freddie Mac provided \$1.3 billion in loans to single-family home institutional investors. FHFA terminated both programs in 2018.

While institutional investors own roughly 2% of the single-family rental housing stock across the U.S., they own a much greater share of homes in certain markets, particularly in the southeast. GAO estimates that institutional investors own 25% of Atlanta, GA’s single-family rental housing market, 21% of Jacksonville, FL’s, 18% of Charlotte, NC’s, and 15% of Tampa, FL’s single-family rental market. Areas that experienced the greatest influx of institutional investment after the 2007-2009 recession continue to have high rates of institutional investments in the single-family rental market.

Although it can be difficult to assess the impact of institutional investments on housing outcomes for a variety of reasons (e.g. unclear definition of institutional investor and lack of data about certain outcomes such as evictions), the studies reviewed by GAO indicate that institutional investment may increase rents and home prices, particularly in places with high rates of institutional ownership. Some studies also indicate that large-scale investors are more likely to file evictions. Regarding other outcomes, the GAO reports single-family rental housing, itself, may have positive impacts on neighborhood diversity and educational opportunities because rental housing can provide entry to neighborhoods at a lower cost than homeownership.

Rental Housing: Information on Institutional Investment in Single-Family Homes is available at: <https://bit.ly/4byeYG4>

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