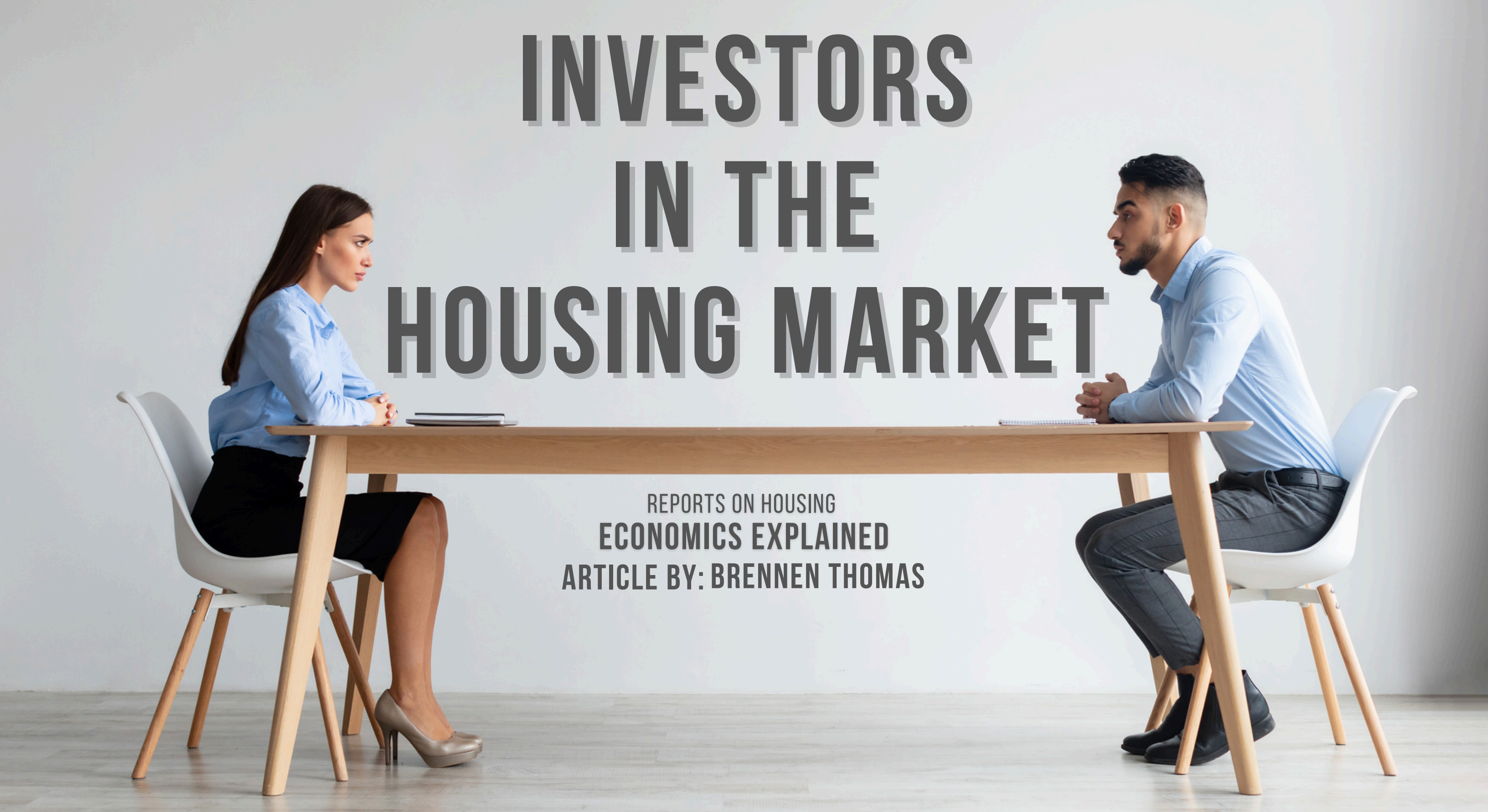
INVESTORS IN THE HOUSING MARKET



REPORTS ON HOUSING

ECONOMICS EXPLAINED

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AFFORDABILITY TELLS THE STORY

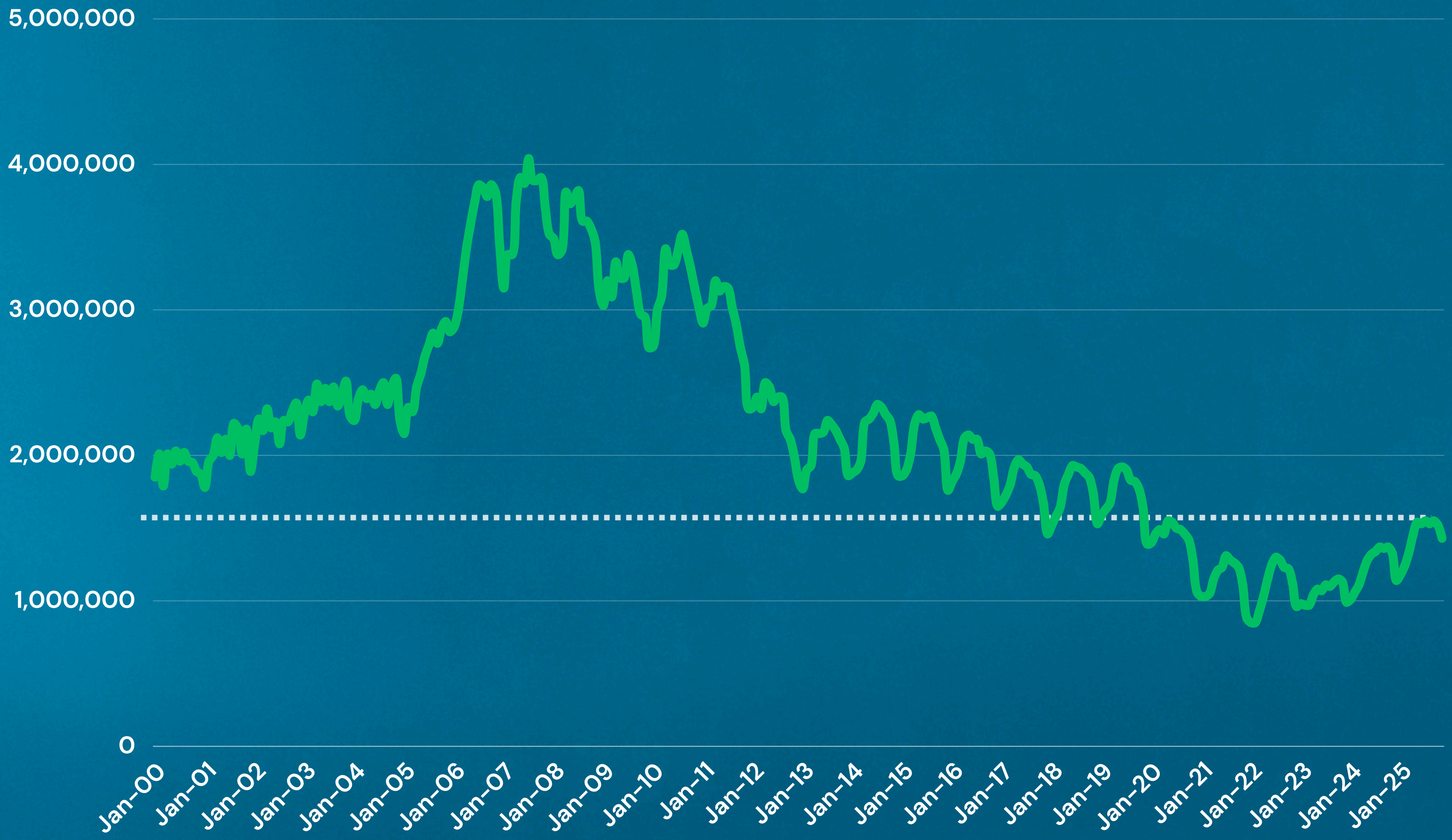
Affordability is determined by three factors: **mortgage rates**, **home prices**, and **incomes**. Investors are often held accountable for the housing affordability crisis. In recent years, as home prices have soared, more people have struggled to achieve the American Dream, and the blame has worsened. In response, the Trump Administration imposed a ban on large institutional investors purchasing additional single-family homes. While investors are often blamed for today's affordability crisis, the reality is far more complex and rooted in structural forces that extend well beyond investor activity. When attributing blame for today's housing market, it's essential to understand all the factors that affect affordability.

In the years following the 2008 financial crisis, reforms were enacted to support the housing market and stabilize prices. Within those reforms, policies were created to encourage large-scale investors to purchase homes to stabilize prices. The Fed stepped in by lowering the Federal Funds rate to zero. The U.S. government also established the REO-to-Rental Pilot Program, enacted in 2012 and phased out by 2018. The program allowed institutional investors to purchase foreclosed properties in bulk, reducing the number of vacant homes and creating a safety net to prevent prices from falling further. These policies helped stabilize housing prices and reduce vacancies following the Great Financial Crisis. In the short term, they succeeded, but over time, they contributed to a prolonged reduction in available housing supply.

Today, there are far fewer homes for sale than during the Great Financial Crisis, underscoring how tight the market is. The national housing inventory surged above four million during the Great Financial Crisis due to foreclosures and forced selling, but outside of that period, inventory has historically remained far lower. In 2012, inventory peaked at 2.5 million homes, according to the National Association of Realtors. By 2019, it had dropped to 1.92 million. During the COVID pandemic, supply fell further to 850,000 homes nationwide. By September 2025, inventory rose to 1.55 million homes, but many markets across the U.S. still face shortages.

How much of the supply scarcity can be attributed to investors? Of the 86 million single-family residential homes in the United States, 20% are owned by investors, according to BatchData. Yet, it is important to understand what makes up the 20%. There are two types of investors: **mom-and-pop investors** and **institutional investors**. Mom-and-pop investors a

UNITED STATES TOTAL HOUSING INVENTORY



DATA SOURCED FROM: NATIONAL ASSOCIATION OF REALTORS

are individuals or families that own 10 properties or fewer. An institutional investor is an entity that manages its clients investments. Investors own 20% of the single-family residential (SFR) housing stock. Mom-and-pop make up more than 90% of all investment properties. The largest institutional investors, those with 1,000 or more properties, make up only 2% of all investor-owned properties.

The issue lies within the data; mom-and-pop investors are a larger contributor to unaffordability than institutional investors. Since investors own 20% of all single-family residential homes, that is a large contributor to the affordability crisis, but it's only one piece of the puzzle. The remaining three pieces of the puzzle, rates, home prices, and incomes, are also to blame.

Since **mortgage rates** began rising in 2022, affordability has squeezed many buyers out of the housing market. According to the U.S. Census Bureau, the median sales price of all homes is $410,800 in Q2 2025. Ten years ago, in Q2 2016, the median sales price was $306,000. **Home prices** hit an all-time peak in May 2025, making it harder for people to afford a common house, according to the Freddie Mac House Price Index. Prices have only recently started to feel pressure, and have yet to even dip into negative territory for the U.S. as a whole. The last part of the puzzle is **income**. While they have risen in recent years, they have not climbed anywhere near the pace of home prices.

While looking for someone to blame for the ongoing affordability crisis is understandable, uncovering all the facts that contribute to it is necessary. First-time homebuyers are struggling in today's housing landscape, and going after institutional investors is only a tiny fraction of the overall problem. Addressing the affordability crisis requires a comprehensive approach that considers multiple factors beyond institutional investors alone.