The Real Estate Roundtable

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March 24, 2025

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue NW, Suite CC– 5610 (Annex H)
Washington, DC 20580
Via Electronic Submission: https://www.regulations.gov

Re: "SFR Housing Study, P251200"

Ladies and Gentlemen:

The Real Estate Roundtable[1] and Nareit[2] are pleased to provide comments on the Federal Trade Commission's (FTC) Request for Public Comment (RPC) regarding proposed information requests to large-scale Single-Family Rental (SFR) owner operators, or, using FTC parlance, "mega investors." The stated purpose of the request is to examine the effects that large single-family rental (SFR) housing operators and institutional investors are having on competition in the housing market, including on housing prices.

Our comments are intended to help the FTC better understand the SFR industry, the important role of institutional investors in the real estate and housing markets, and the need to expand the supply of housing in the U.S. across all product types and income spectrums.

Single-family rentals, now part of an institutionally supported asset class, add balance to the U.S. housing market. SFRs play an important role in the nation's housing landscape by boosting supply and offering flexible, high-quality housing options that have broad demographic appeal at lower price points compared to home ownership. Small enterprise operators are the largest class of landlords within the sector, while SFR represents only 32 percent of all rental product nationally (in line with historical averages going back to 1970). SFR homes as a percentage of all occupied single-family homes have only increased by 3-4 percent in the top-20 SFR markets since 1970.[3]

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[1] The Real Estate Roundtable brings together leaders of the nation's top publicly-held and privately-owned real estate ownership, development, lending, and management firms with the leaders of major national real estate trade associations to jointly address key national policy issues relating to real estate and the overall economy.

[2] Nareit serves as the worldwide representative voice for real estate investment trusts (REITs)1 and real estate companies with an interest in U.S. income-producing real estate. Nareit's members are REITs and other real estate companies throughout the world that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses.

[3] Source: John Burns Real Estate Consulting (June 2023).

Institutional real estate investors, such as pension funds, endowments, foundations, and sovereign wealth funds own less than 0.5 percent of single-family homes in the U.S. today. Recent research published by the Brookings Institution[4] and the Urban Institute[5] estimate that large institutional investors own only 3 percent of the single-family home rental stock, and that percentage drops to about 1.5 percent of rental stock if townhomes, duplexes and apartments are also included. Further, three of the largest institutional owners were actually net sellers of existing single-family homes in 2024.

Institutional ownership of single-family rental housing represents such a small share of the overall market that its impact is being over-considered. Concerns about institutional investors in residential real estate distract from the structural causes of the housing crisis. As institutional investors help to expand the aggregate supply of housing, there is no evidence to support the assertion that they are diminishing the capacity of potential homebuyers to purchase single-family homes in local markets. In fact, industry research firm, John Burns Research and Consulting, estimates that institutional investors made only 0.3 percent of the $2 trillion of single-family home purchases over the past year – meaning 99.7 percent of homes purchased were by someone other than a large investor. Furthermore, their buying activity declined by 90 percent in the last two years, meaning that high single-family housing costs cannot be explained by their activity.

Institutional investors invest in a wide variety of real estate assets, including multifamily properties, affordable and workforce housing, office buildings, hospitality and retail, as well as those in newer or more niche sectors, such as student housing, self-storage, data centers, life science properties and single-family rental properties. They are a key source of capital for real estate developers, operating companies, asset managers, investment funds and trusts.

Institutional investors act as a dependable and efficient source of much needed private capital to support neighborhoods and communities, expanding rental-housing stock and improving the quality of the properties. They are a positive and stabilizing force in housing markets. Through their investments, institutional investors are enabling innovation and best practices in the areas of responsive customer service, housing safety, property management, and technology – delivering a best-in-class experience for the resident.

Further, any investment, including build-to-rent communities, that expands the supply of housing should be considered a benefit. Thanks to institutional capital, single-family rental home construction today is double that of 2022.

As stated by Housing and Urban Development (HUD) Secretary Turner, "we have a housing crisis in our country, where American people and families are struggling every day… As a country, we're not building enough housing. We need millions more homes of all kinds, single family, apartments, condos, duplexes, manufactured housing, you name it, so individuals and families can have a roof over their heads and a place to call home."

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[4] Single-family rentals: Trends and policy recommendations (Nov. 3, 2023) https://www.brookings.edu/articles/single-family-rentals-trends-and-policy-recommendations/

[5] Laurie Goodman et al., Research Report: *A Profile of Institutional Investor-Owned Single-Family Rental Properties, Housing Finance Policy Center at the Urban Institute* (Apr. 2023), https://www.urban.org/sites/default/files/2023-08/A%20Profile%20of%20Institutional%20Investor%E2%80%93Owned%20Single-Family%20Rental%20Properties.pdf, at 7.

As has been amply documented, housing production in the U.S. was anemic in the years following the Great Financial Crisis, and today still is not keeping pace with expanding housing needs. In fact, there are fewer housing starts today than there were during the 1960s, despite the country's population being nearly double in size. This has created a chronic shortage of housing that is a "key driver of housing unaffordability."[6]

According to recent Brookings research, "estimates suggest that the shortage has ranged between 1.5 million and 5.5 million during recent years."[7]

The impact of this growing problem of an under-supply of housing is far-reaching and undermines economic growth. Most of the new housing units in recent years have been single-family homes. Through the end of 2023, production of new single-family homes reached more than one million annually in 2022 and 2023 for the first time since the housing bubble burst in 2007.

Apartment construction is also rebounding from years of under-supply, with 438,500 units built last year[8], the highest level since 1987. So, with no change in current housing policy, we can expect annual production of approximately 1,515,000 units, including an estimated one million single-family units, some 440,000 multifamily units, and approximately 75,000 manufactured homes. Yet, even at the current pace, this level of production remains inadequate given the existing shortage, obsolescence, and a U.S. population that is growing by more than 3 million people annually. How do we bridge the gap?

Safe, decent, and affordable housing is critical to the well-being of America's families, communities, and businesses. To address the nation's persistent housing crisis, it is important to advance policies that will help increase housing supplies, grow jobs, and modernize our nation's critical infrastructure.

As current efforts have failed to keep pace with the growing need for housing, supply has emerged as the primary challenge facing the housing market – not institutional investors.

Housing markets function best when they offer a range of opportunities - both owner-occupied and rental. As American households increasingly turn to the rental market for their housing amidst elevated mortgage rates, it is important to expand the supply of rental housing, especially in areas that feature solid public schools and job proximity.

In response, single-family rental housing investors are providing critical access and affordability to families who have materially lower incomes than homeowners, as today it is 44% more expensive nationally to purchase a single-family starter home than to rent a same-valued single-family home. This affordable access to quality neighborhoods creates long-term socioeconomic success as highlighted by Harvard economist Dr. Raj Chetty.

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[6] *Make it Count: Measuring our housing supply shortage*, Elena Pater, Aastha Rajan, Natalie Tomeh, The Brookings Institution, Nov. 26, 2024; https://www.brookings.edu/articles/make-it-count-measuring-our-housing-supply-shortage/
[7] Ibid.
[8] U.S. Census Bureau.

Institutional SFR investment helps to expand rental supply where it was previously limited and expensive. It particularly benefits financially constrained households unable to afford a single-family home, reducing housing inequities by increasing wider access to desirable, high-amenity neighborhoods. It also reduces neighborhood-level segregation, as SFR tenants are more likely to be younger, lower income, lower wealth and minority. As such, institutional SFR landlords provide a key role in improving housing access and rental affordability in U.S. suburbs.[9]

To best expand the supply of quality housing for all Americans, we urge policymakers to enact measures that will spark a national transformation in housing policy, from the ground up. We encourage them to help grow America's housing infrastructure by creating an environment at federal, state, and local levels that will unleash a wave of new housing construction for all Americans.

We trust that the Commission will find our comments helpful. Should you have questions or require additional information, please contact Clifton E. Rodgers, Jr., by telephone at (202) 639-8400 or by email at crodgers@rer.org.

We appreciate your attention to this important matter.

Sincerely,

Jeffrey D. DeBoer
President and Chief Executive Officer
The Real Estate Roundtable

Steven A. Wechsler
President and Chief Executive Office
Nareit

[9] *Diversifying the Suburbs: Rental Supply and Spatial Inequality*, Konhee Chang, University of California, Berkeley, January 2025.