

Wall Street as Landlord

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TL;DR

Wall Street landlords are shifting their playbooks by selling off existing homes and building dedicated rental communities, while academic research finally establishes a clear causal link between institutional concentration and rising localized housing costs. This dual reality—a cooling national purchase footprint juxtaposed with intense hyper-local pricing power—redefines the debate over corporate homeownership.

The Operator Pivot: From Aggressive Buyers to Net Sellers and Builders

Single-family rental operators are pivoting away from buying existing houses on the open market, choosing instead to sell off older properties and construct their own build-to-rent communities.

"We were a net seller of 222 wholly owned homes — many to families purchasing for their own use..." — sfr-operator-performance-q1-2026

"...delivered more than 500 purpose-built development homes..." — sfr-operator-performance-q1-2026

As detailed in quarterly reports published via Business Wire and Yahoo Finance, both Invitation Homes and AMH are recycling capital from home sales to fund share buybacks and in-house construction. This structural shift demonstrates that corporate landlords are no longer driving the bidding wars for existing neighborhood homes, as high interest rates have made building new communities far more profitable than purchasing existing ones.

What to watch: Watch whether Invitation Homes' acquisition of ResiBuilt Homes allows it to scale its in-house construction pipeline efficiently.

Local Concentration vs. National Footprint: Two Sides of the Same Coin

The political clash over corporate landlords stems from a geographic paradox: their national footprint is trivial, but their hyper-concentration in specific Sun Belt subdivisions gives them immense local market share.

"...on a national level, institutional home buyers—firms owning at least 1,000 homes—own around 1% of the total U.S. single-family stock..." — institutional-sfr-ownership-market-share

"...the 99th percentile tract saw LTRs owning upwards of 8% of all single-family homes..." — institutional-sfr-ownership-market-share

Data from Parcl Labs and Redfin shows that while corporate landlords own a tiny sliver of the country's housing, they intentionally cluster in fast-growing metros like Atlanta and Phoenix. This explains why national

commentators see no threat while local communities experience a heavy corporate presence in their immediate neighborhoods.

What to watch: Watch whether investor purchases continue to cool in concentrated Sun Belt metros as high interest rates suppress transaction volumes.

Establishing the Causal Link: Algorithmic Pricing and Inventory Lock-In

Rigorous causal analysis confirms that the entry of large-scale landlords directly drives up both home prices and rents, fueled by algorithmic pricing systems and closed-loop property trading.

"...a one-standard-deviation above the mean increase in LTR share growth leads to an annual additional house price growth of 2.11pp..." — academic-causal-impact-sfr-prices-rents

"Conditional on an LTR being a seller, 83% of its sales are to other LTRs." — academic-causal-impact-sfr-prices-rents

As documented in a landmark study by researchers at UT Austin and UNC Chapel Hill published on Haas Berkeley, institutional entry permanently reallocates single-family homes into a professionalized rental pool. Because these corporate owners adopt responsive property management platforms and rarely sell back to individual families, they systematically shrink the available housing stock for owner-occupants while driving up local rents.

What to watch: Watch whether growing public and regulatory scrutiny of algorithmic pricing software disrupts the rent-setting models of these large-scale landlords.

The Supply-Side Defense: Scapegoating and Government Failure

Free-market scholars and industry advocates argue that corporate landlords are being scapegoated for a housing shortage caused by restrictive local zoning laws and inflationary federal credit subsidies.

"...recent stories have stoke fears that large institutional investors (private equity firms) are causing rapid price increases... Yet, research demonstrates that institutional investors play a very small role..." — cato-institute-industry-perspective-sfr

"...rather than focus on underlying economic and social problems, and removing regulatory barriers that restrict supply, federal policies have consistently increased demand..." — cato-institute-industry-perspective-sfr

According to testimony from the Cato Institute, institutional capital actually stabilized neighborhoods after the foreclosure crisis by rehabbing vacant properties. From this perspective, legislative attempts to ban corporate buyers will fail to improve affordability because they do nothing to address the core state and local regulatory barriers that prevent new construction.

What to watch: Watch whether federal legislative proposals to penalize institutional owners gain bipartisan traction or remain purely rhetorical.

What surprised us

- **The closed-loop trading network:** It is striking that when institutional landlords decide to sell, they do not return those properties to the homeownership market; instead, 83% of their sales are made to other institutional landlords [academic-causal-impact-sfr-prices-rents]. This creates a permanent, parallel housing economy that is completely walled off from everyday families.
- **Corporate landlords are actually net sellers of existing homes:** While politicians rail against Wall Street "snapping up" neighborhoods, both Invitation Homes and AMH are actively dumping hundreds of older, scattered-site homes to fund stock buybacks and build-to-rent communities [sfr-operator-performance-q1-2026]. The era of the open-market corporate buying spree is, for now, dead.
- **The technological trigger:** The academic proof that institutional pricing power is highly dependent on property management software [academic-causal-impact-sfr-prices-rents]. It was not just cheap capital that enabled the rise of corporate landlords, but the venture-backed scaling of algorithmic pricing tools that allowed decentralized portfolios to be managed profitably.

Appendix: Findings

Single-Family Rental Operators in Q1 2026: Shift to Build-to-Rent, Stock Buybacks, and Asset Dispositions

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An analysis of the Q1 2026 earnings reports and filings for the nation's largest publicly traded single-family rental (SFR) operators, Invitation Homes (NYSE: INVH) and American Homes 4 Rent (NYSE: AMH), reveals a major structural shift in their business models. Rather than aggressively snapping up existing homes on the open market—as commonly depicted in political debates—these firms are actively selling off older, existing properties, buying back their own common stock, and pivoting heavily toward purpose-built build-to-rent (BTR) development pipelines.

Moderating Rent Growth and Occupancy

Both operators reported a stabilization or "moderation" in operational metrics during the first quarter of 2026, following several years of rapid pandemic-era growth.

- **Invitation Homes (INVH):** Reported a total portfolio of 85,970 homes (with 78,141 in its Same Store portfolio). Same-store average occupancy moderated to 96.3% (down from 97.2% in Q1 2025). Blended rent growth slowed to 1.6% in Q1 2026 (renewals grew 3.7%, while new leases fell by 3.0%), although preliminary April metrics showed a rebound to 2.3% blended growth. Same-store Net Operating Income (NOI) declined by 0.3% year-over-year.
- **American Homes 4 Rent (AMH):** Reported same-home average occupied days of 95.6% (a 30-basis-point sequential improvement over Q4 2025). Renewals grew 3.2% in Q1 2026, and same-home Core NOI rose 3.7%, aided by lower operating expenses.

Net Sellers of Existing Homes and Stock Buybacks

Instead of expanding their footprints in existing neighborhoods, both INVH and AMH were net sellers of existing single-family homes during Q1 2026, redirecting capital toward buying back their own stock.

- **Invitation Homes:** Was a net seller of 222 wholly owned homes in Q1 2026, generating \$116 million in net proceeds. Total dispositions reached \$206 million, with an average sales price of ~\$427,000 per home, with management noting that many were sold "to families purchasing for their own use." Concurrently, INVH fully exhausted a \$500 million share repurchase program by buying back 19.33 million shares at an average price of \$25.86, and authorized a new \$500 million buyback program.
- **American Homes 4 Rent:** Disposed of over 700 homes in Q1 2026, generating approximately \$200 million in net proceeds at an average of ~\$200,000 per home (average economic yield in the 4% area). These disposed homes were described as smaller, older, non-core assets. Concurrently, AMH repurchased 3.7 million common shares in Q1 2026 (\$115 million) and another 3.2 million shares after quarter-end (\$94 million).

The Build-to-Rent Pivot

To expand their portfolios, both companies are bypassing the competitive existing-home market in favor of building new communities.

- **Invitation Homes:** Acquired ResiBuilt Homes, LLC in January 2026, an in-house BTR general contractor. During Q1 2026, ResiBuilt delivered over 300 newly constructed homes to third-party customers, and is expected to drive meaningful future margin expansion.
- **American Homes 4 Rent:** Delivered 539 purpose-built homes to its wholly owned and joint venture portfolios in Q1 2026 (with 457 delivered to its wholly owned portfolio at an investment cost of \$187 million, yielding an average initial yield of 5.3%). Smith noted that "this year's lower level of on-balance sheet development activity will be match funded with proceeds from the company's disposition program."

Sources

- Invitation Homes Reports First Quarter 2026 Results
- American Homes 4 Rent Q1 Earnings Call Highlights

Institutional SFR Ownership and Market Share: National Footprint vs. Local Geographic Concentration

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A central point of contention in the debate over institutional single-family rental (SFR) ownership is the actual scale of their holdings. Free-market think tanks and industry advocates focus on national-level statistics to argue that institutional footprints are negligible, while tenant-advocacy groups and local policymakers point to extreme geographic concentration to argue that corporate landlords dominate specific neighborhoods. Both claims are mathematically accurate, representing two sides of the same coin.

National Footprint: A Tiny Fraction of Total Housing

On a national level, institutional homeownership represents a very small fraction of the U.S. housing stock.

- According to data from Parcel Labs, there are more than 82 million single-family homes in the United States. Institutional buyers—defined as firms owning at least 1,000 homes—own **around 1% of the total U.S. single-family stock**.
- Academic research by Gorback, Qian, and Zhu (2024) confirms that the national market share of the largest investors (the top 0.01% of firms by size, which includes 1,127 entities) peaked at only **0.9% of the single-family stock in 2019** and has since declined due to the rise of owner-occupants during the pandemic.
- Even when looking at the broader *investor* segment, the largest single-family rental providers, private equity real estate (PERE) firms, and rent-to-own operators (collectively referred to as Long Term Rentals, or LTRs) owned a combined **328,510 units nationwide by 2022** (across 43 identified LTRs). While this represents a dramatic increase from 2010 (when LTRs held just 0.02% of the investor market share), it remains a sliver of the overall housing market.

Local Geographic Concentration: Sun Belt Focus

While national shares are tiny, institutional landlords are highly concentrated geographically, focusing heavily on specific high-growth, low-vacancy Sun Belt metropolitan areas.

- Following Blackstone's acquisition of Tricon Residential in early 2024, Blackstone's combined SFR portfolio (including Tricon and Home Partners of America) totaled **61,964 homes**, heavily concentrated in five markets:
 1. **Atlanta, GA:** 11,144 homes
 2. **Dallas, TX:** 5,172 homes
 3. **Charlotte, NC:** 4,710 homes
 4. **Tampa, FL:** 3,949 homes
 5. **Phoenix, AZ:** 3,801 homes
- At the neighborhood level, this concentration is even more pronounced. Gorback, Qian, and Zhu (2024) document that while the median U.S. census tract has virtually zero LTR presence, the **95th percentile tract had an LTR market share of 4.3%** by 2022, and the **99th percentile tract saw LTRs owning upwards of 8% of all single-family homes** (1 in 12 homes).

Fresh Redfin Data (Q1 2026): Investor Purchases Fall to Multi-Year Lows

The latest metropolitan-level transaction data from Redfin (published May 28, 2026) shows that investor purchases have cooled significantly due to elevated mortgage rates, rising property taxes, high insurance premiums, and a cooling rental market.

- **Investor Purchase Volume:** Real estate investors purchased 45,397 homes in Q1 2026 across 39 major metros, down 6% year-over-year to the lowest first-quarter level since 2020.
- **Investor Market Share:** Real estate investors accounted for **19% of all U.S. home purchases** in Q1 2026, down slightly from 20% in Q1 2025.
- **Methodological Caveat:** Redfin's definition of "investor" includes *any* institution, business, or LLC (including mom-and-pop landlords, local flippers, and family trusts). Large institutional operators make up only a small fraction of this 19% share.
- **Metro-Specific Investor Shares (Q1 2026):**
 - Miami, FL: 33% (1,863 purchases)
 - Atlanta, GA: 21% (2,918 purchases)
 - Phoenix, AZ: 20% (3,072 purchases)
 - Tampa, FL: 19% (1,949 purchases)
 - Charlotte, NC: 18% (1,148 purchases)

Sources

- Blackstone will have the third-largest U.S. single-family portfolio once it completes its Tricon Residential acquisition
- Investor Home Purchases Fall to Lowest Level Since 2020 - Redfin
- Impact of Institutional Owners on Housing Markets (Gorback, Qian, Zhu 2024)

Academic Evidence on the Causal Impact of Institutional Landlords on House Prices and Rents

Academic Evidence on the Causal Impact of Institutional Landlords on House Prices and Rents

A major challenge in the debate over institutional single-family rental (SFR) ownership has been establishing a *causal* link between corporate buyers and housing costs. Because large-scale investors naturally target high-growth, economically healthy neighborhoods, simple correlations between institutional presence and rising home prices are severely biased by endogeneity (simultaneity and reverse causality).

A landmark peer-reviewed study by Caitlin S. Gorback (UT Austin), Franklin Qian (UNC Chapel Hill), and Zipei Zhu (UNC Kenan-Flagler), titled "*The Impact of Institutional Owners on Housing Markets*" (2024), overcomes these hurdles. Using an innovative instrumental variable (IV) design, the authors establish a clear, causal, and statistically significant upward pressure exerted by Long-Term Rental (LTR) companies on both house prices and rents.

The Methodology: A Novel Shift-Share Instrument

To isolate exogenous variation in LTR entry, the authors construct a shift-share (Bartik) instrument:

1. **Cross-Sectional "Share" (Suitability Index):** The authors analyze the pre-existing built environment in **1990** (two decades before the rise of LTRs). They use machine learning (LASSO) to isolate property characteristics that LTRs differentially prefer relative to small landlords (SLLs). The data shows that LTRs strongly prefer **mid-sized, 3-bedroom, relatively newer single-family homes** in neighborhoods with low vacancies, low poverty, and high minority shares. This 1990 mix forms a "Suitability Index" that is slow-moving and completely uncorrelated with pre-period house price growth (2000–2009 placebo test).
2. **Temporal "Shift" (Property Management Software VC Funding):** The authors track the cumulative venture capital (VC) funding flowing into **Online Property Management (OPM) software** (e.g., RealPage, Yardi, RentManager). The rise of OPM software represents a national technological shock that dramatically lowered the cost of managing geographically decentralized single-family rental portfolios.
3. **The Interaction:** By interacting the 1990 local Suitability Index with the national OPM funding shock (using a leave-one-out county business patterns method), the authors create a highly predictive instrument for annual LTR entry.

Causal Findings on House Prices and Rents

Using this instrument in a changes-on-changes specification from 2010 to 2022, the authors find:

- **House Prices:** A one-standard-deviation above the mean increase in LTR share growth leads to an annual **additional house price growth of 2.11 percentage points (pp)**.
 - When restricting the sample to the intensive margin (only census tracts with active LTR presence), a one-standard-deviation increase in LTR share growth causes a **1.64pp increase in annual house price growth**.
 - This translates to an elasticity where a **1 percentage point (1pp) increase in LTR share causes an 8.16% increase in house prices** (1.64pp divided by the standard deviation of 0.201).
- **Rents:** Relying on the Zillow Observed Rent Index (ZORI) from 2015 to 2022, the authors find that a one-standard-deviation above the mean increase in LTR share growth causes an annual **additional rent growth of 2.19pp**.
 - In the intensive margin sample, a one-standard-deviation increase in LTR share growth causes a **1.64pp increase in annual rent growth**.
 - This translates to an elasticity where a **1pp increase in LTR share causes a 5.47% increase in rents** (1.642pp divided by the standard deviation of 0.300).

The Underlying Reallocation Mechanisms

The authors identify two key reallocation mechanisms that drive these price and rent increases, shifting the market structure:

1. **Landlord Professionalization (Small to Large Landlords):** Small landlords sell properties to LTRs. These larger, institutional landlords adopt property management platforms and **algorithmic, responsive pricing** (such as RealPage). This dynamic repricing allows them to extract higher rents from tenants, boosting the property's Net Operating Income (NOI), which in turn bids up the underlying asset value (house price).
2. **Tenure Reallocation (Owner-Occupants to Investors):** LTRs purchase homes from owner-occupants, shifting them into the rental pool. Crucially, once LTRs acquire homes, they **tend to trade amongst themselves** rather than sell back to owner-occupants. In high-concentration tracts, **83% of LTR sales are to other LTRs**. This permanently narrows the single-family stock available for owner-occupation, shrinking inventory and driving up purchase prices as owner-occupants compete over fewer homes.

While turning owner-occupied homes into rentals expands the rental supply (which theoretically puts downward pressure on rents), the **professionalization and algorithmic pricing effects dominate**, resulting in net rental rate increases in neighborhoods targeted by institutional buyers.

Sources

- Impact of Institutional Owners on Housing Markets (Gorback, Qian, Zhu 2024)

The Free-Market and Industry Perspective: Scapegoating Investors and the True Causes of Housing Affordability

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In sharp contrast to tenant-advocacy groups and academic findings on local price impacts, free-market scholars—such as those at the Cato Institute—and industry trade groups argue that institutional investors are being used as political scapegoats for a housing affordability crisis they did not create. This perspective frames corporate landlords as a stabilizing force in the housing market and points to government-induced demand subsidies and local zoning restrictions as the true drivers of escalating housing costs.

Propping Up the Market Post-2008

Free-market advocates argue that large institutional buyers played a vital role in cleaning up the wreckage of the 2008 financial crisis.

- During the foreclosure crisis (2010–2013), institutional investors stepped in to buy thousands of deeply distressed, bank-owned (REO) properties that regular owner-occupants could not or would not purchase.
- By investing capital to repair and renovate these dilapidated homes, institutional landlords "put a floor on the market," propped up neighborhood property values, shortened the time distressed properties sat vacant, and lowered local unemployment by hiring construction workers.
- The Urban Institute's Laurie Goodman has argued that institutional operators provided a "very, very valuable service" by absorbing this excess distressed inventory.

The True Culprits: Federal Demand Subsidies and Local Zoning Barriers

From the Cato Institute's perspective, the housing affordability crisis is a structural supply-and-demand problem driven entirely by government failure, not private equity:

1. **Excessive Federal Demand-Side Subsidies:** Federal housing policies have spent decades boosting housing demand by making it cheap and easy to obtain highly leveraged mortgage debt. Through Fannie Mae, Freddie Mac, Ginnie Mae, and Federal Housing Administration (FHA) guarantees, the federal government has pumped trillions of dollars of credit into a supply-constrained market. This credit expansion has fueled rapid asset-price inflation, particularly in the entry-level segment of the market.
2. **Local Supply Constraints (Zoning and Land-Use Laws):** While federal policy has artificially inflated demand, state and local regulatory barriers—such as single-family zoning, minimum lot sizes, and lengthy permitting processes—have severely constrained housing supply. Inducing demand in supply-constrained markets mathematically forces home prices and rents upward.
3. **The Danger of Banning Investors:** Free-market scholars argue that legislative proposals to restrict or ban institutional investors (such as the 21st Century ROAD Act or the End Hedge Fund Control of American Homes Act) set a dangerous precedent, restrict private property rights, and will fail to lower housing costs because they do nothing to address local zoning and supply constraints. Banning institutional capital would also restrict the growth of the purpose-built build-to-rent (BTR) industry, which expands overall housing supply.

Sources

- How Private Equity Landlords are Changing the Housing Market (Norbert Michel Testimony, Cato Institute)
- Are Institutional Investors a Problem in the Housing Market? - Cato Institute