Rental Property Ownership in the United States

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Approximately one-third of U.S. households are renters, yet we know little about the individuals and firms that supply rental housing services. There is little to no high quality microdata on the landlords' identity, let alone their portfolios of properties. One of the main challenges in identifying landlord portfolios is the common practice of owning real estate properties through Limited Liability Companies and other intermediate entities that obscure the ultimate ownership. Available datasets and methods fail to capture these complex ownership arrangements, hampering efforts to understand how the supply side of the market mediates the effect of housing policies.

In this project, we use restricted U.S. Census data to construct new measures of rental housing ownership concentration at the CBSA level. We use these measures to document new facts about the supply side of the rental housing market and to study the relationship between rental ownership concentration and rental prices across metropolitan areas in the United States.

We measure the size and characteristics of landlords' portfolios across a subset of large Core-Based Statistical Areas (CBSAs). We then document new facts about the landlord size distribution across housing types (single or multi-family), neighborhood characteristics, and geography. Finally, we estimate the impact of portfolio size and landlord typology (business or individual) on pricing, vacancy, and screening behavior. We also compare our measures to those used in other work and validate ownership-type measures from the Residential Housing and Finance Survey.

Measurement Challenges and Contributions

Measuring who owns rental properties is challenging. Individuals may own multiple properties through corporate entities, sometimes with different names. Corporations can own other corporations that own rentals. Only using owner information from assessor files or deeds understates the size of many landlords' portfolios and may overstate corporate landlords' market share.

We combine assessment files from property tax records aggregated by commercial data providers with Census and IRS establishment and firm-level data to identify rental housing owners. We use tax reporting and business ownership data in conjunction with owner information from the assessor

*We include no discussion of results in this extended abstract due to Census disclosure rules.

files to identify the final link in the ownership chain. For computational reasons, we currently restrict our analysis to select CBSAs that cover different regions and types of housing markets, although we plan to expand to other areas in the future.

Existing research relies heavily on mailing address data to measure rental ownership. We show that this approach introduces non-classical measurement error in typical measures of landlord portfolio size. Properties held by large corporate entities are frequently registered under different mailing addresses. Conversely, properties held by smaller landlords may use the mailing address of a legal representative or accountant. We compare measures of landlord size under our approach and the mailing address approach and quantify the mismeasurement associated with the latter approach. We also propose a correction factor to reduce the bias in the mailing address-based approach.

Descriptive Statistics

We document new descriptive facts about rental property ownership in different markets. We document how the landlord size distribution varies by neighborhood characteristics (poverty, racial composition, distance from the city center). We can also characterize landlords based on differences in the populations they serve.

Ownership and Rent Prices

We also study the relationship between landlord size, corporate status, and portfolio characteristics on prices, vacancy rates, and tenant characteristics. We then test for different mechanisms that may explain why rents are higher on average in buildings owned by landlords with larger portfolios. Market power is one of the mechanisms we consider.

Other Datasets

The Rental Housing Finance Survey (RHFS) also provides information about ownership type for properties included in the sample. The data has known limitations: the sample is too small to produce area-level concentration metrics, and since properties are rarely observed in multiple waves of the survey, researchers cannot track ownership changes. We uncover an additional limitation to using this data to measure landlord portfolios. The data are often inconsistent across waves for those properties that do show up in multiple periods. We document this and other issues with using the RHFS and hope to share them at the NBER-CRIW to help improve the collection of rental housing data.