

Ownership Concentration in Multifamily Housing: Operational Efficiency or Market Power?



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① Introduction

- An increasing portion of multifamily units are owned/operated by large institutional owners
 - e.g., Greystar now owns/operates over 1 in every 25 units in the US.
- Rents have increased substantially over the last decade.
 - As of '24, $\frac{1}{2}$ renters pay $>30\%$ of income in rent, $\frac{1}{4}$ of renters $>50\%$
- Anecdotes, press coverage, lawsuits claiming property owners/ managers are colluding, price-fixing, misleading tenants, etc.

This Paper

- Document ownership concentration across regions of US.
- Examine whether ownership concentration is associated with **higher rents and profits**.
- Examine whether effects due to **operational efficiencies or market power**.

② Preview of Results

- Top five owners** own 31% of all units in the average submarket as of 2024.
 - Top five own **52% of units** within **submarket-by-class**.
- Positive relationship** between owner market share and rents, profits, operating margin **below ~5% market share**, but **no relationship above 5%**.
 - No relationship with occupancy or operating expenses throughout.
- Similarly, positive relationship with **property-level ratings** below ~5% market share, but none above 5%.

③ Data

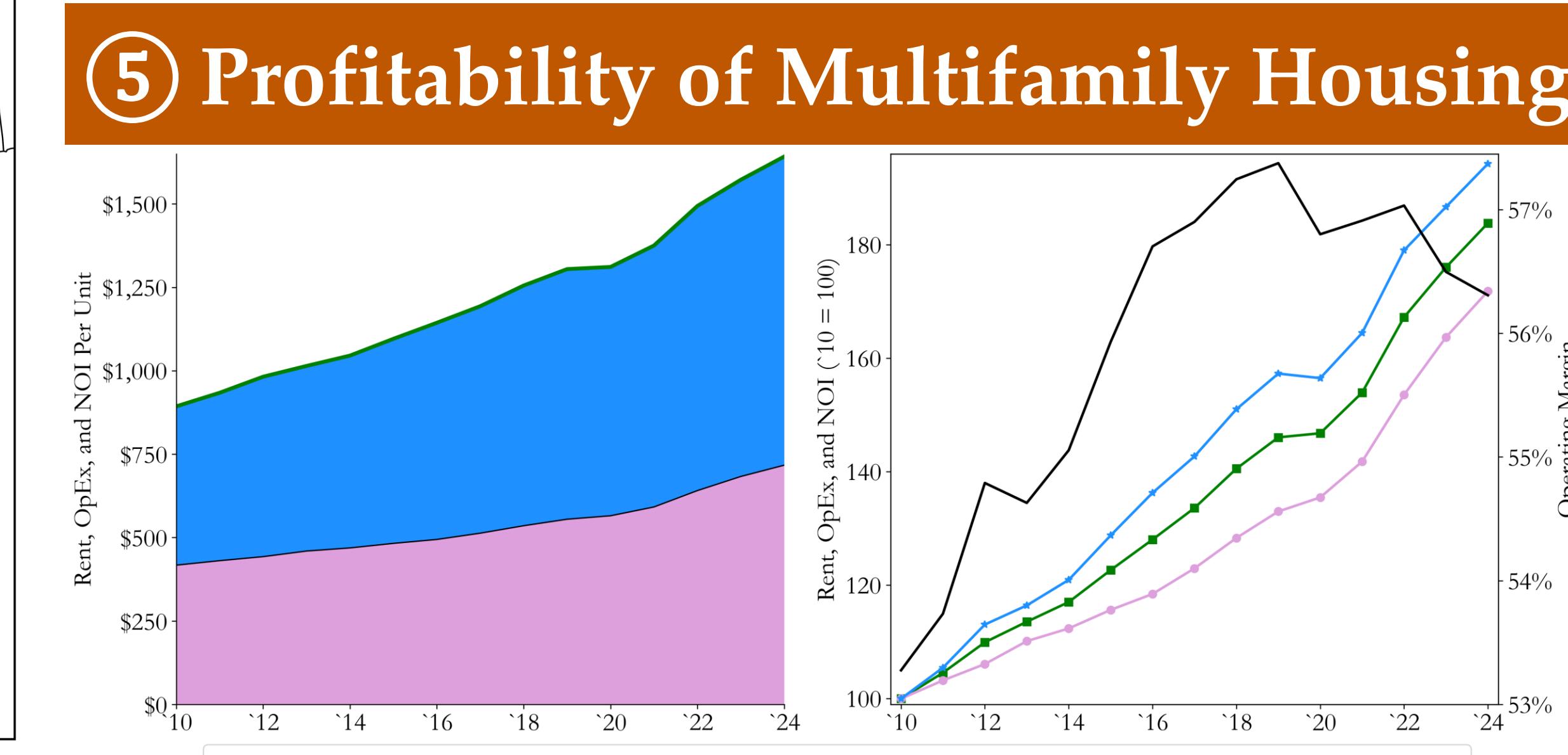
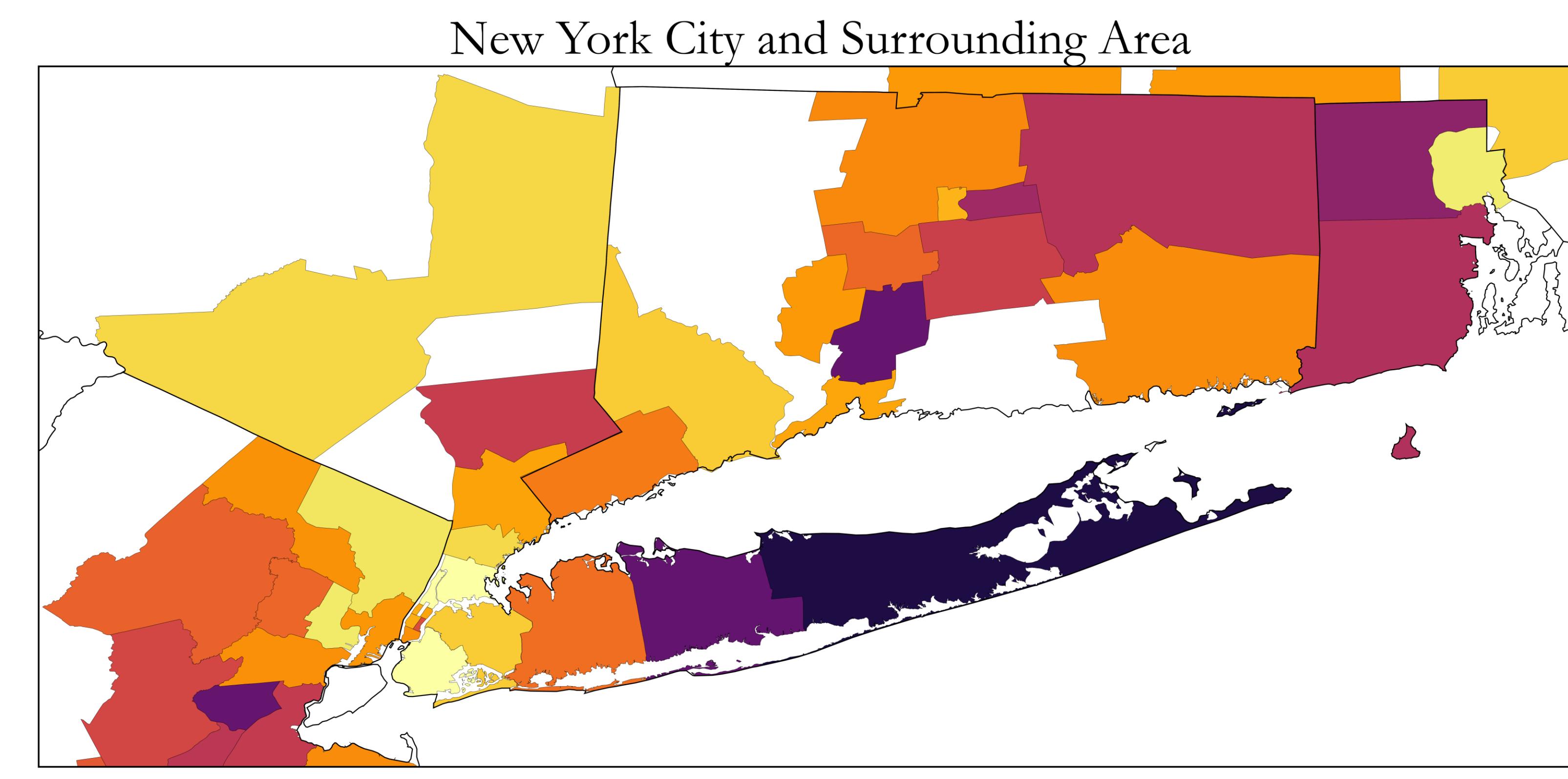
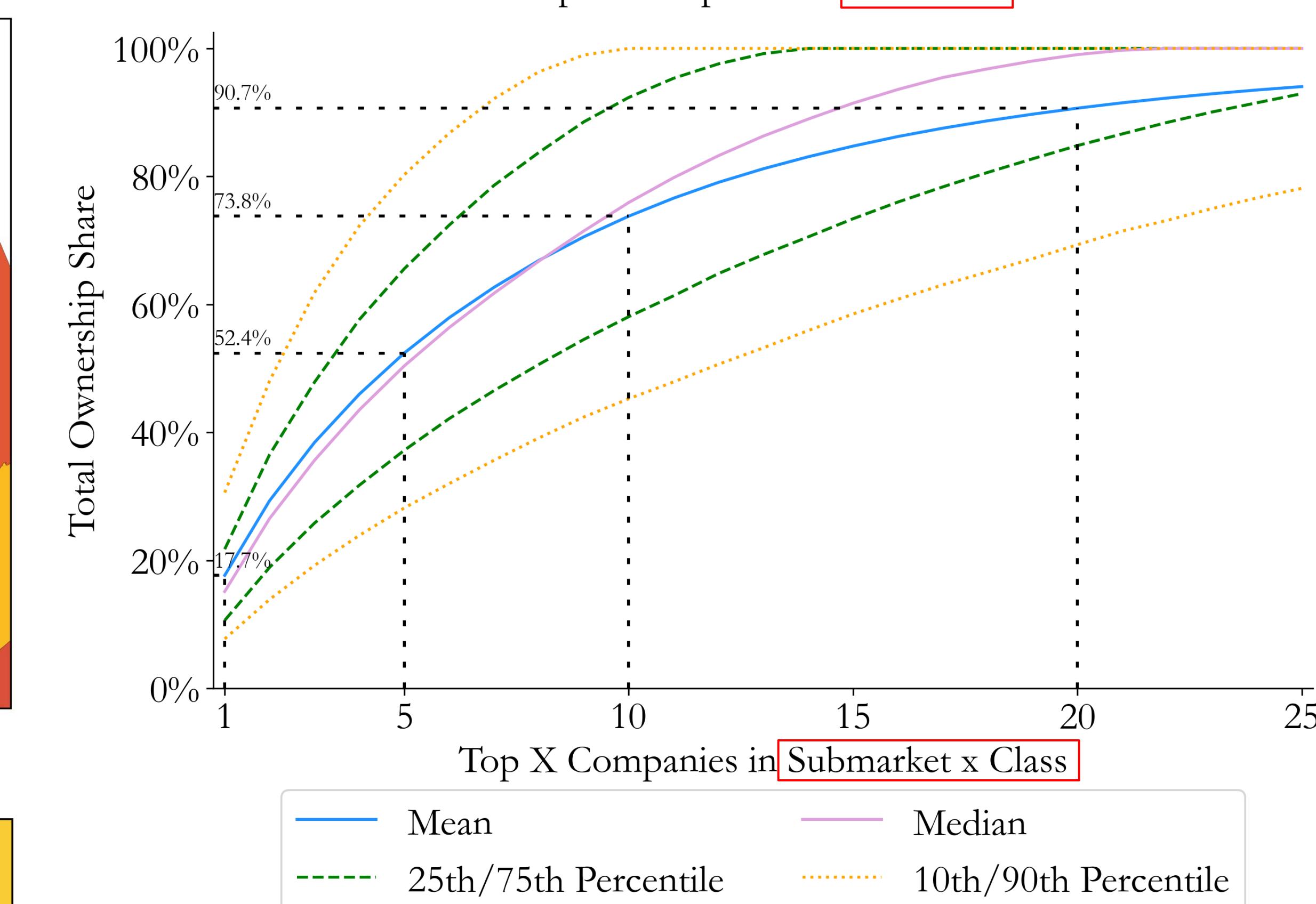
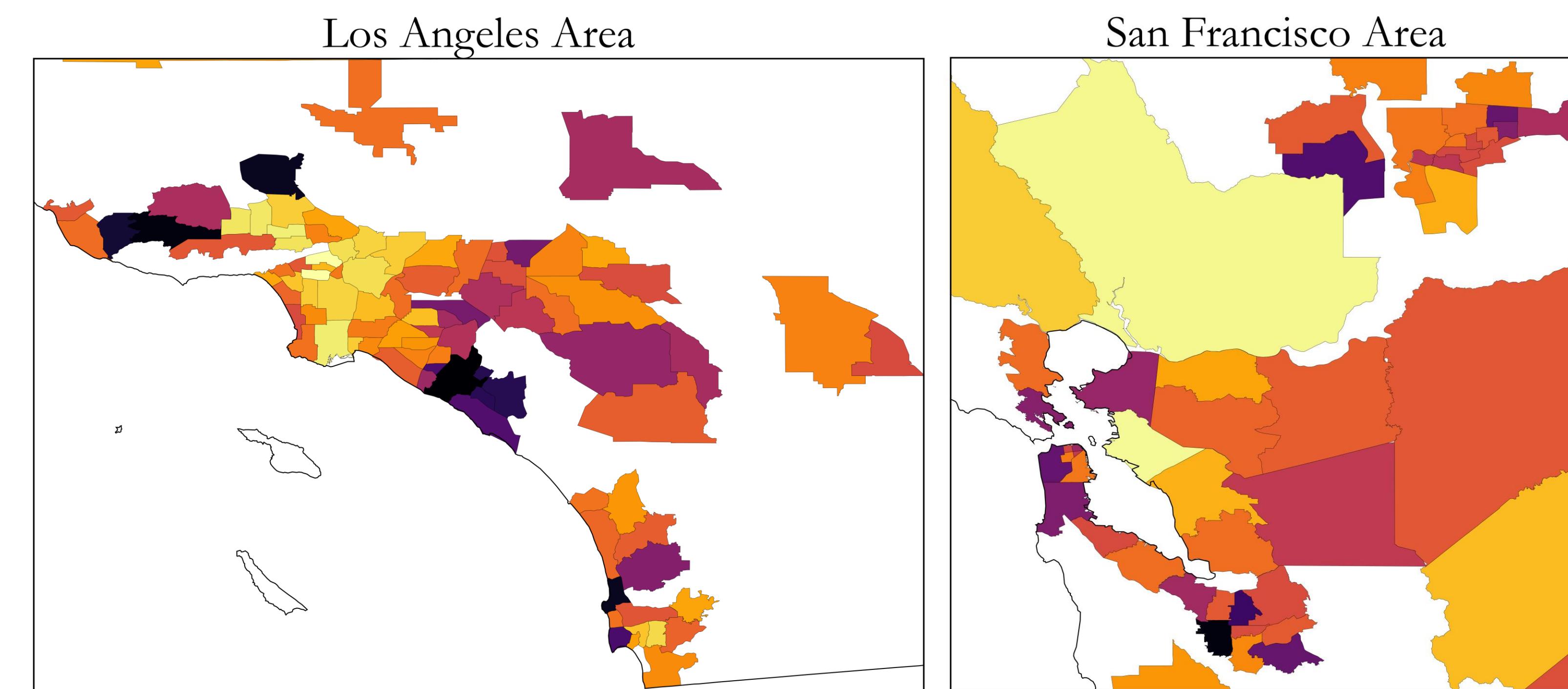
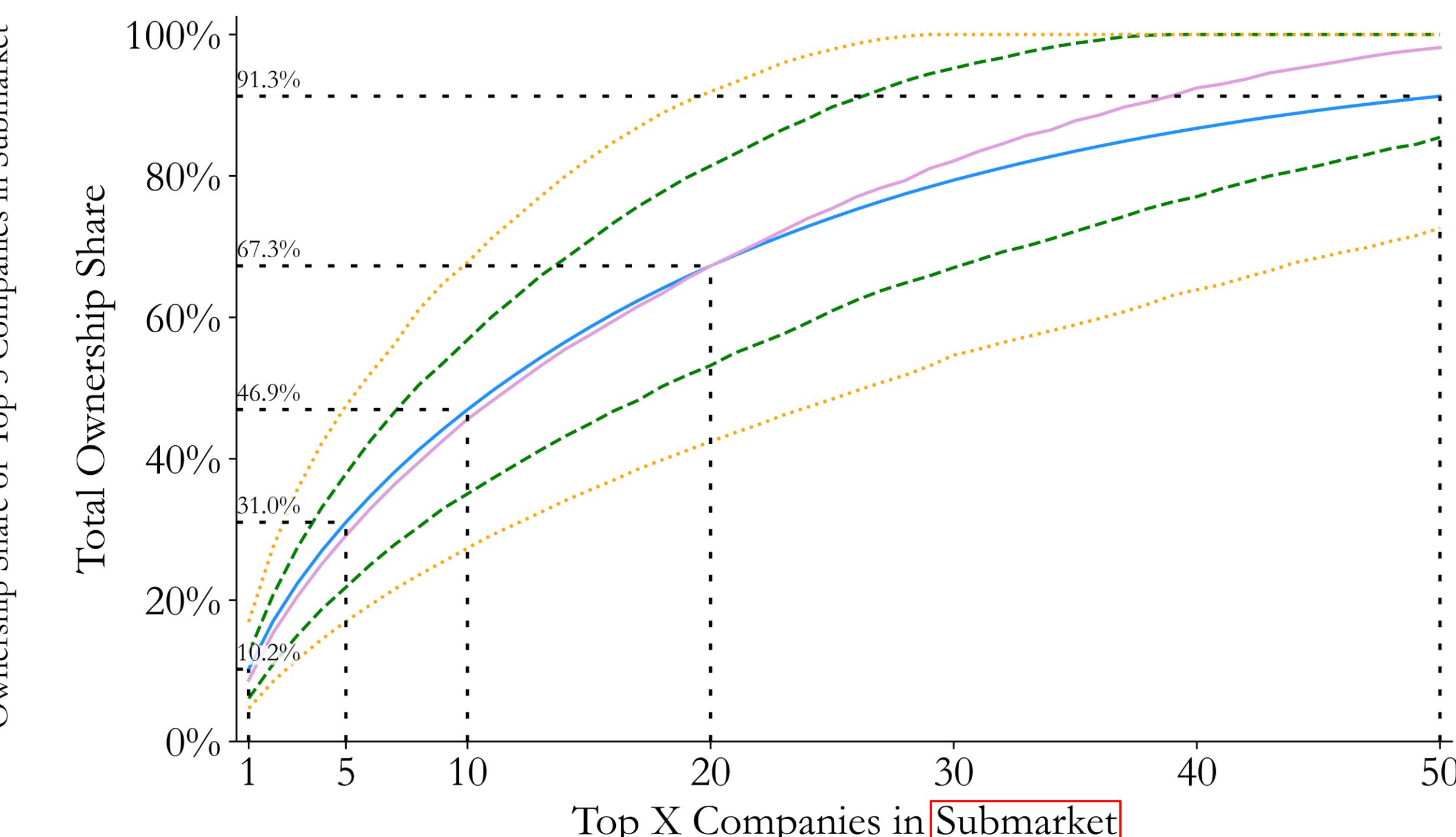
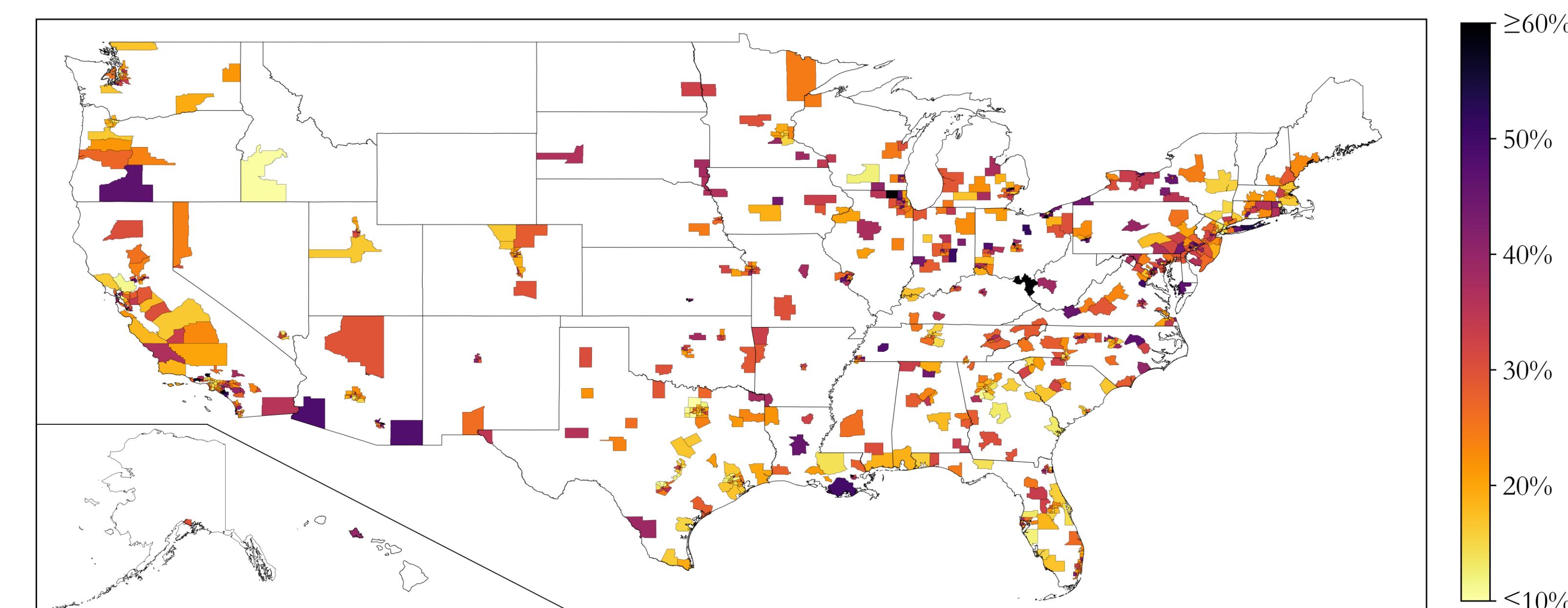
CMBS Operating Statements:

- Observe full operating statements at the property-year-level.
 - Also, rich data on property-, loan-, and CMBS deal-levels.
- Collected for both agency and non-agency deals from multiple different sources and harmonized.
- Over 375k **property-year** observations for 55k MF properties.

Real Capital Analytics:

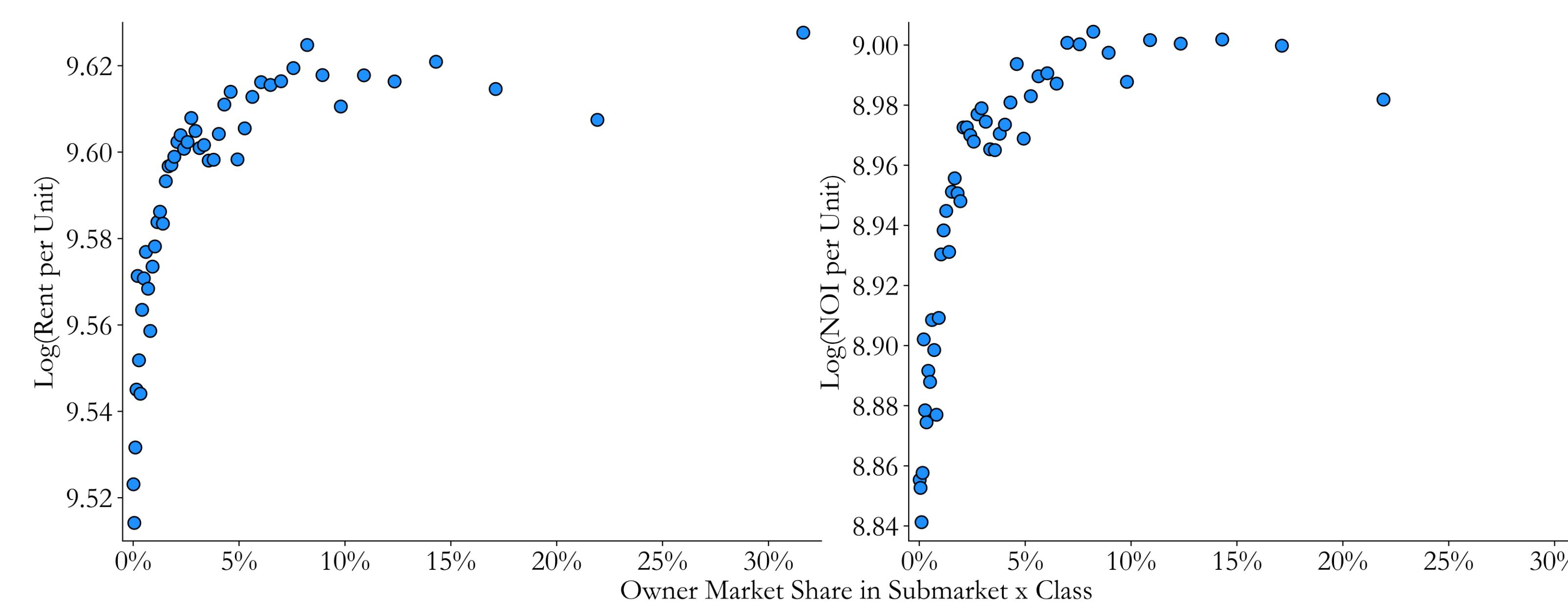
- Data on **current owner and transaction history** for nearly all MF properties across US
 - 180k MF properties, collectively with 21M units
- Construct a **panel tracking ownership** of property over time.
- RCA maps owner to **ultimate parent**. Key since most properties bought using web of LLCs.
- Datasets merged using geocoding and address matching. Mapped to Moody's CRE (sub)market areas.

④ Ownership Concentration Across the Nation



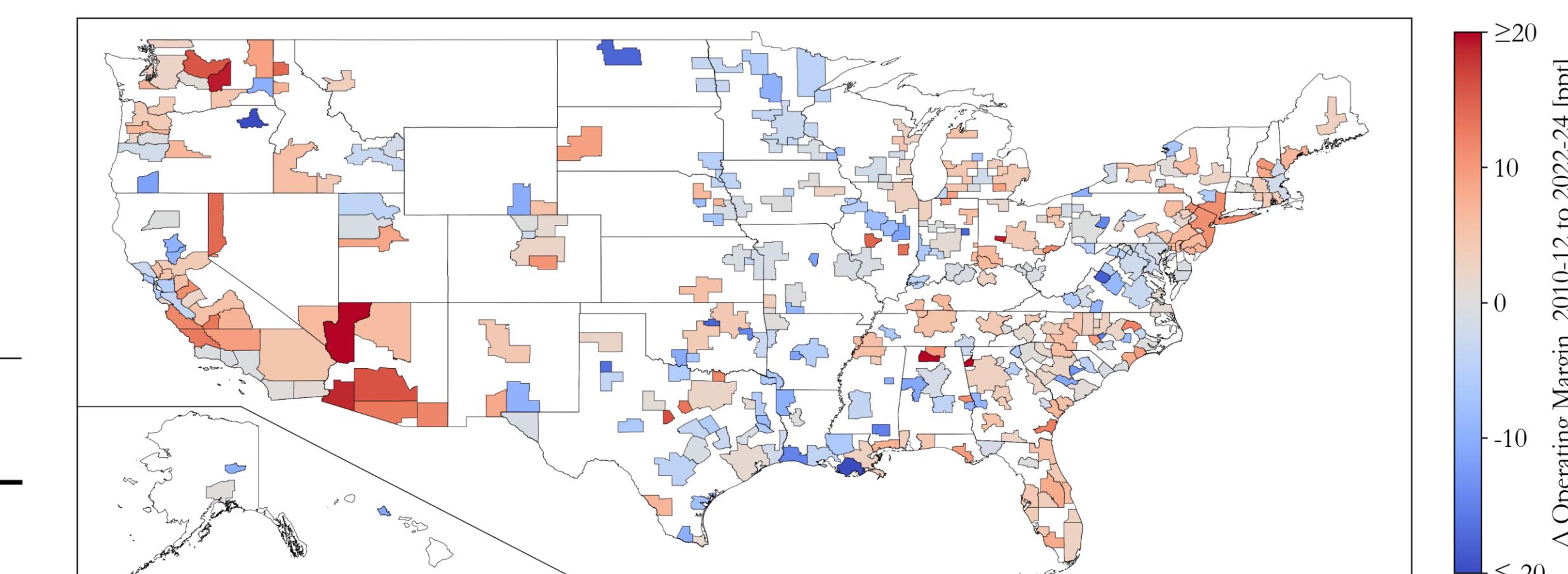
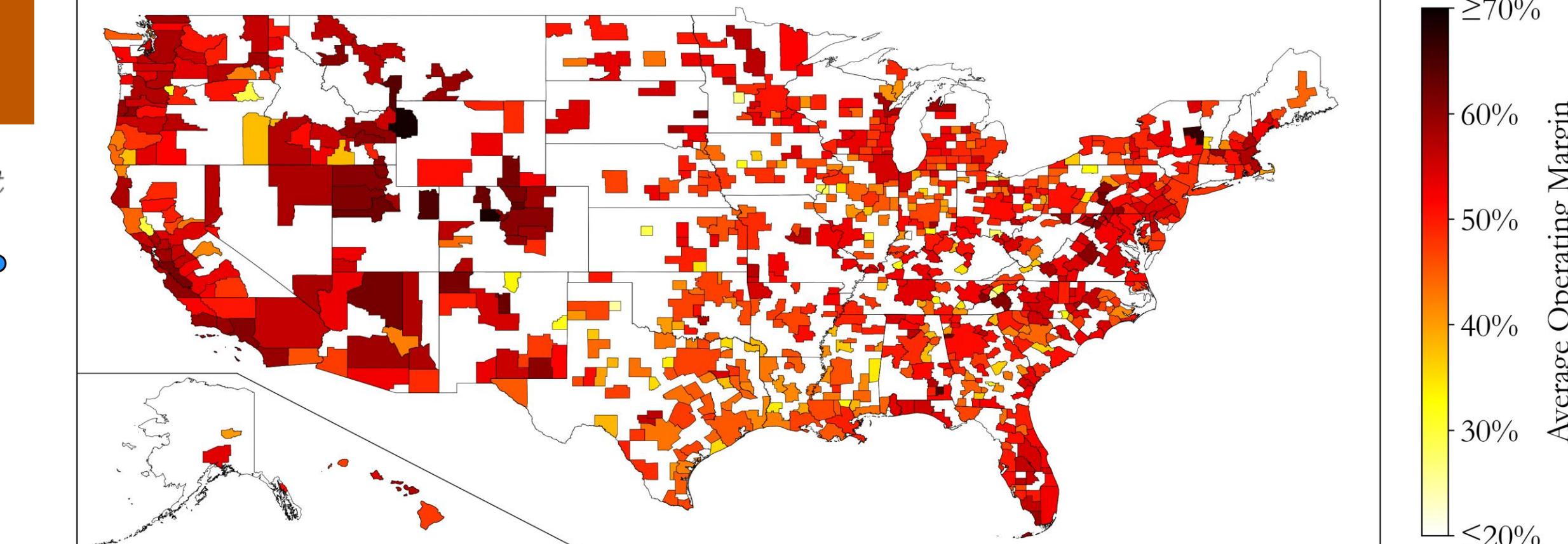
⑥ Effect on Rents and Profits

$$FinVar_{i,o,s,c,t} = \beta \times OwnerMarketShare_{o,s,c,t} + PropertyFE_i + SubmarketClassYearFE_{s,c,t}$$



Dep. Variable:	(1)	(2)	(3)	(4)	(5)
	Log(Rent)	Occupancy	Log(OpEx)	Log(NOI)	Op Margin
1(Mkt Share < 5%) × Owner Market Share	0.656*** (4.69)	0.0292 (0.82)	0.128 (0.79)	1.456*** (5.91)	0.294*** (4.70)
1(Mkt Share ≥ 5%) × Owner Market Share	0.0106 (0.16)	0.00762 (0.71)	-0.00121 (-0.02)	0.0133 (0.13)	0.00656 (0.31)
1(Mkt Share ≥ 5%)	0.0342*** (4.37)	0.000804 (0.45)	0.00770 (0.88)	0.0704*** (5.69)	0.0142*** (5.17)
Submarket × Class × Year FE	✓	✓	✓	✓	✓
Property FE	✓	✓	✓	✓	✓
Observations	376,829	348,787	376,829	376,829	376,829
R ²	0.942	0.416	0.903	0.880	0.777

t-statistics in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$



⑦ Effects on Ratings

