

THREE ON THURSDAY

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Are Institutional Investors Driving Housing Unaffordability?

On January 20, 2026, President Trump signed an executive order titled "Stopping Wall Street from Competing with Main Street Homebuyers," aimed at addressing housing affordability by restricting large institutional investors from purchasing single-family homes. The policy is rooted in a popular narrative that institutional buyers crowd out households, reduce available supply, and drive home prices higher. But does the data actually support that claim? And what unintended consequences might such a policy have for the housing market? In this week's *Three on Thursday*, we dig into the institutional ownership data to separate perception from reality. The two charts and map below highlight who is buying single-family homes, how large their footprint truly is, and what that means for prices, supply, and affordability.

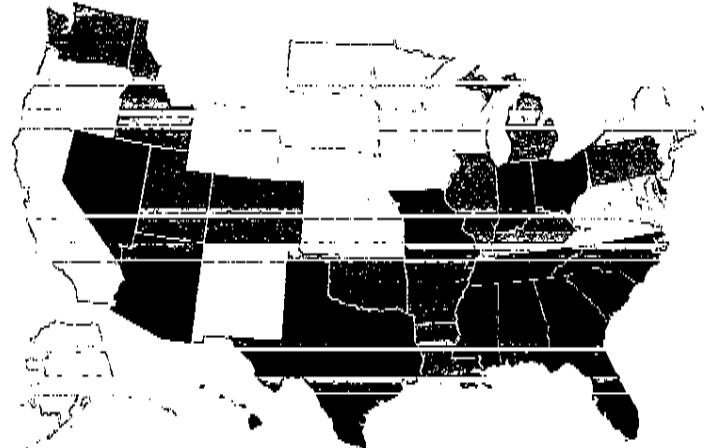
Share of U.S. Single-Family Housing Stock by Owner Type



Source: Pard Labs, AEI Housing Center, First Trust Advisors. Most recent data as of 6/2025.

While headlines often cite investors accounting for 34% of home purchases in Q3 2025 as evidence of crowding out, this figure overstates their true market footprint. Investors transact far more frequently than owner-occupiers, inflating their share of purchases relative to actual ownership. In reality, the single-family housing market remains overwhelmingly owner-occupied: as of June 2025, more than 86% of homes were owned by individuals, while large institutional investors (100+ properties) accounted for less than 1% of total housing stock. Most investor-owned homes are held by small investors with fewer than 10 properties (12.0%).

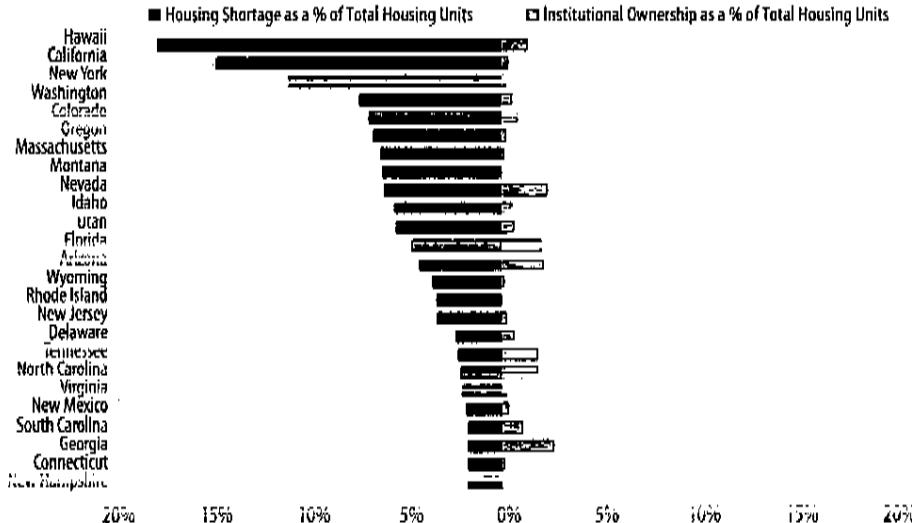
Institutional Investor Owned Share of U.S. Single Family Housing Stock



Source: Pard Labs, AEI Housing Center, First Trust Advisors. Most recent data as of 6/2025. Institutional Investors defined as those who own 100+ properties.

Institutional investors tend to operate in tight geographic clusters, allowing a single team to manage or renovate multiple properties efficiently. That makes local concentration, not national headlines, the right lens for assessing their market impact. Even so, their footprint remains limited. At the state level, institutional investors own no more than 3% of single-family housing stock in any state, with Georgia the highest at 2.6%. Concentration is higher at the county level, but still modest: just 162 counties (5%) account for 80% of institutionally owned homes. No county exceeds a 20% share of institutional investor homes, only 22 counties fall between 5% and 10%, and in 57% of counties institutional investors own no homes at all.

Top 25 Housing Shortage States vs. Institutional Home Ownership



Source: Pard Labs, AEI Housing Center, First Trust Advisors. Most recent data as of 6/2025. Institutional Investors defined as those who own 100+ properties.

Even if institutional investors were forced to sell every home they own, the impact on affordability would be minimal. The American Enterprise Institute estimates a national housing shortage of roughly 6 million homes, dwarfing the approximately 825,000 owned by institutional investors. At the state level, institutional holdings make up only a small share of housing shortfalls in places like Hawaii, California, and New York, suggesting limited price relief from pushing these buyers out. Their footprint is more meaningful in states such as Georgia, Tennessee, and North Carolina, but those states are also among the leaders in new home construction, reinforcing the core point: housing affordability here is ultimately a supply problem, and it is solved by building more homes, not by restricting demand.

This report was prepared by First Trust Advisors L.P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.