

# The Washington Post

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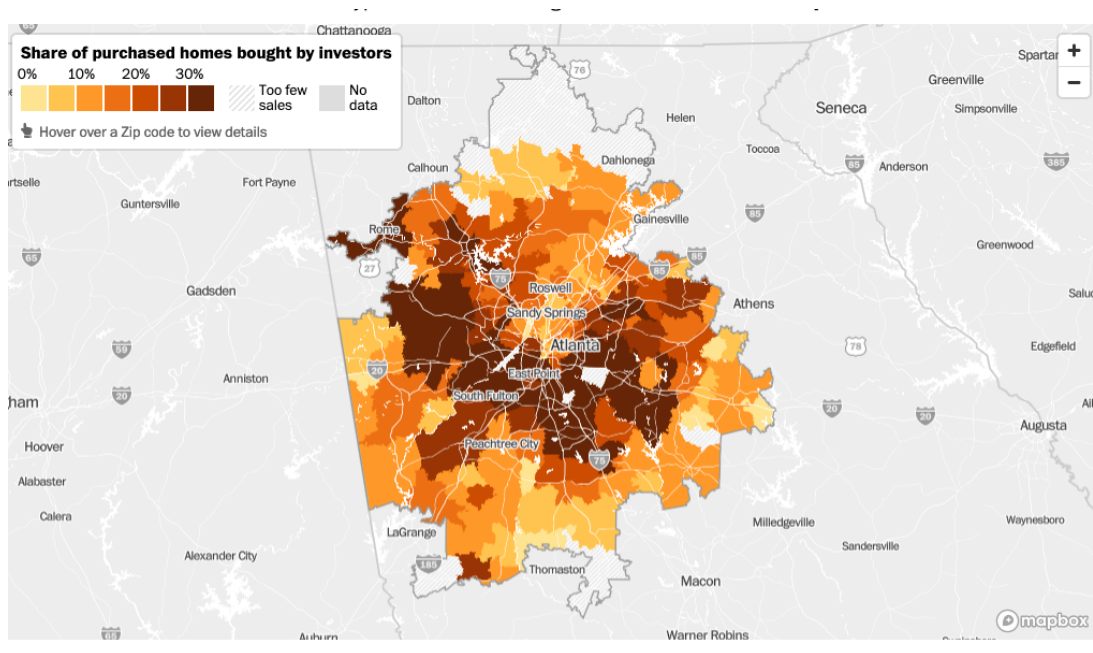
## Investors bought a record share of homes in 2021.

**An analysis of 40 major metro areas revealed unequal levels of investor activity, with southern cities and Black neighborhoods disproportionately affected**

By  
[Kevin Schaul](#) and [Jonathan O'Connell](#)

Last year investors bought nearly one in seven homes sold in America's top metropolitan areas, the most in at least two decades, according to the realty company Redfin.

Those purchases come at a time when would-be buyers across the country are seeing wildly escalating prices, raising the question of what impact investors are having on prices for everyone else. Investors were even more aggressive in the final three months of the year, buying 15 percent of all homes that sold in the 40 markets.



**25 percent** of homes purchased in this area last year were bought by investors — **more than** the typical metro. That’s higher than its 2015 rate of **12 percent**.

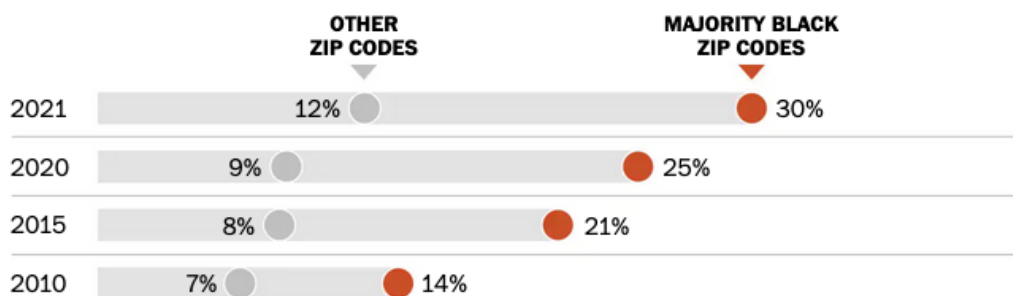
Real estate investors can be large corporations, local companies or wealthy individuals, and they generally don’t live in the properties they are buying. Some look to flip homes to new buyers, while others rent them out.

Neighborhoods where a majority of residents are Black have been heavily targeted, according to a Washington Post analysis of Redfin data. Last year 30 percent of home sales in majority Black neighborhoods were to investors, compared with 12 percent in other Zip codes, The Post’s analysis shows.

“We know historically that places where minorities live are undervalued or lower priced,” said Redfin’s Sheharyar Bokhari. That, he said, makes them more attractive to investors, driving up prices for residents.

### Investors have increasingly bought in Black neighborhoods

Share of purchased homes bought by investors



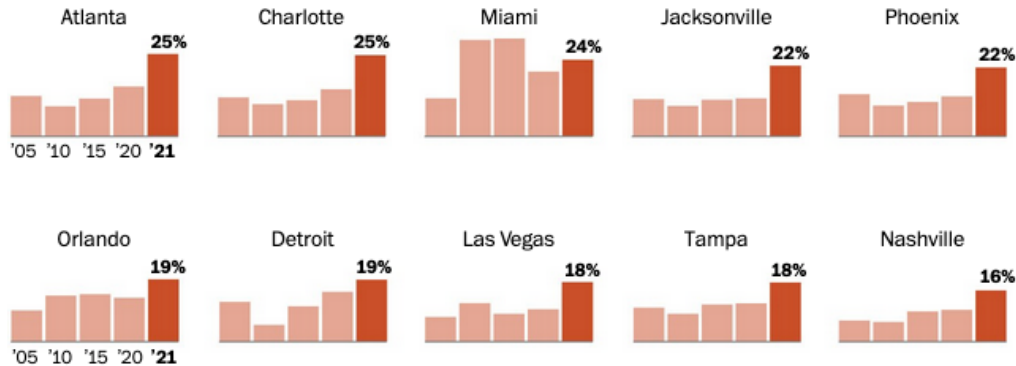
Real estate investors can be large corporations or local mom-and-pop companies, but they generally don’t live in the properties they are buying. Their strategies aren’t always the same either, as some look to flip homes to new buyers, while others rent them out.

[\[This block used to be for first-time homebuyers. Then global investors bought in.\]](#)

The effect of investor activity differs city to city. Regions with the highest share of investor purchases are in the south, stretching from Florida to Arizona, with a quarter of all home sales in Atlanta and Charlotte last year going to investors. But some of the most targeted Zip codes overall are in the Rust Belt, especially heavily minority neighborhoods in Detroit and Cleveland.

## Top 10 metros where investors bought highest share of purchased homes

Many southern and western metros saw newfound investor interest last year.



The growing number of investor purchases has drawn increasing scrutiny from Democratic lawmakers on Capitol Hill, particularly as buyers target minority neighborhoods.

“One of the reasons housing prices have gotten so out of control, is that corporate America sensed an opportunity,” said Sen. Sherrod Brown (D-Ohio) [last week](#) at a hearing of the Senate Committee on Banking, Housing and Urban Affairs, a committee he chairs.

Brown took direct aim at private equity firms and corporate landlords in particular.

“They bought up properties, they raised rents, they cut services, they priced out family home buyers, and they forced renters out of their homes,” he said.

Investors have been snapping up homes in and around downtown Cleveland at a staggering rate, putting three of the city’s Zip codes among the top 15 nationally in the rate of investor purchases last year.

Sally Accorti Martin, the longtime former housing director for South Euclid, a small city east of Cleveland, testified at the hearing that a majority of the city’s roughly 1,600 rental units are now owned by companies from other states, and that tenants have suffered as a result.

Martin said the city passed a series of ordinances aimed at stopping predatory behavior, to limited effect. One provision, called “pay to stay,” allows tenants to pay any unpaid rent and fees up until their eviction hearing.

“Unlike mom and pop landlords, large out-of-state investors typically don’t have much empathy for their tenants,” she said. “Residents can be a day late in paying rent and face an eviction notice.”

In other cases, investors buy properties that might otherwise be the first home purchases for families looking to accrue wealth that they can pass down to their children or grandchildren. A lower homeownership rate among minorities has contributed to a much lower rate of wealth accumulation.

“There is a massive racial homeownership gap in this country, which is a serious problem because owning a home is a key to building intergenerational health and reducing racial inequality overall,” said Sen. Robert Menendez (D-N.J.).

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In the hearing, Democrats as well as Republicans on the committee, led by Sen. Patrick J. Toomey (Pa.), raised concerns about an underlying problem: the stringent zoning rules in many cities that prevent more homes from being built.

Bokhari, from Redfin, echoed that concern in discussing his research. In the shortage that comes from too few homes being built, he said, there is profit to be made. “If we were building enough housing there wouldn’t be as much investing activity in the housing we have,” he said.

“If we had enough homes to meet this demand,” he added. “Everyone would be able to buy a home.”

*Ted Mellnik contributed to this report.*