

Investors snap up growing share of homes

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LOS ANGELES>> Real estate investors are snapping up a bigger share of U.S. homes on the market as rising prices and stubbornly high borrowing costs freeze out many other would-be homebuyers.

Nearly 27% of all homes sold in the first three months of the year were bought by investors — the highest share in at least five years, according to a report by real estate data provider BatchData.

Between 2020 and 2023, the share of homes bought by investors averaged 18.5%.

All told, investors bought 265,000 homes in the January-March quarter, an increase of 1.2% from the same period a year earlier, the firm said.

Despite the modest annual increase, the rise in the share of investor home purchases is more a reflection of how much the housing market has slowed as traditional buyers face growing affordability constraints, according to BatchData.

The U.S. housing market has been in a sales slump since early 2022, when mortgage rates began to climb from pandemic-era lows. Home sales fell last year to their lowest level in nearly 30 years.

They've remained sluggish so far this year, as many prospective homebuyers have been discouraged by elevated mortgage rates and home prices that have kept climbing, though more slowly.

As home sales have slowed, properties are taking longer to sell. That's led to a sharply higher inventory of homes on the market, benefiting investors and other home shoppers who can afford to bypass current mortgage rates by paying in cash or tapping home equity gains.

"As traditional buyers struggle with affordability, investors with cash and financing advantages are stepping in to maintain transaction volume," according to the report.

BatchData analyzes U.S. home sales records to determine which properties were purchased by investors. These could include vacation homes or rentals, but not a homebuyer's primary residence.

Investors bought 1.2 million homes in 2024, up from an average of 1.1 million homes a year going back to 2020, according to BatchData. Even so, investor-owned homes account for roughly 20% of the nation's 86 million single-family homes, the firm said.

Of those, mom-and-pop investors, or those who own between 1 and 5 homes, account for 85% of all investor-owned residential properties, while those with between 6 and 10 properties account for another 5%.