**Has There Been an Increase in Institutional Investors in the Humboldt County Single-Family Housing Market Since 2009?**

Will Streich
Cal Poly Humboldt Economics Department
Student Research Assistant

**Executive Summary:**

The analysis of Humboldt County's single-family housing market from 2009 to 2024 reveals that institutional investment has indeed increased during this period, though at a smaller scale compared to metropolitan markets. Unlike major urban areas where national firms like Blackstone dominate, the institutional investors in Humboldt are primarily regional entities, such as California-based construction and real estate firms. The delayed (compared to metro areas) spike in activity during 2016–2018 suggests that the dynamics of institutional investment are influenced by the unique economic and housing characteristics of rural regions.

While the overall trend line indicates a gradual increase in corporate activity, both the number and share of single-family residential transactions involving institutional investors remained below the levels seen in larger markets. Even at its peak in July 2017, institutional activity accounted for less than 11% of monthly transactions, compared to figures as high as 34% in metro markets like Miami-Dade County.

**Introduction:**

The single-family residential (SFR) market has seen notable changes in recent years, with increasing attention paid to the role of institutional investors. Research in larger metropolitan areas indicates a trend of institutional investors acquiring single-family homes, often resulting in shifts in housing availability and affordability. In addition to reviewing the literature, interviews were conducted with local real estate professionals to offer insight into perceptions of institutional investment in the Humboldt County housing market. After these interviews, housing sale and parcel records were collected from the Humboldt County Recorder's and Assessor's Offices. Transactions were analyzed to determine the nature of the buyer, distinguishing corporate entities from individual purchasers. By identifying institutional activity and tracking specific investors over time, this study aims to assess whether there has been an increase in institutional investors in Humboldt County's SFR housing market since 2009.

**Meetings with Local Real Estate Professionals:**

Here is what the first Humboldt County real estate professional (PRO1) I spoke with had to say:

PRO1 observed activity from a regional company in Humboldt County, though its name does not appear in home sale records from 2009–2024, indicating it may either not be purchasing homes or are doing so under a different name. Many local property owners, including PRO1, received letters from the regional company. PRO1 recounted an experience where the regional company initially offered them an amount between $500,000 and $1 million for their property, later dropping the offer to less than $50,000 after inspections—an approach PRO1 felt was a "bait and switch." A PRO1 client in the Central Valley also reported receiving a similar letter, and PRO1 suspects that the regional company may be based out of one of the larger Central Valley cities.

While PRO1 has not seen major institutional investors like Blackstone in Humboldt County, they have observed a steady number of local investors and flippers. The mentioned regional company began its local operations early this year, with investor interest potentially increasing due to recent property price drops. PRO1 is alarmed by the impact of institutional investors on the housing market, expressing concern that their activity reduces buying power for first-time homeowners, manipulates housing stock, and distorts market dynamics by holding a larger-than-appropriate share.

Here is what the second Humboldt County real estate professional (PRO2) I spoke with had to say:

PRO2 has not observed an increase in large institutional investors purchasing single-family homes in Humboldt County. Instead, homebuyers are primarily outcompeting each other, often with cash offers. PRO2 believes Humboldt County lacks the volume of properties to attract larger institutional investors, who tend to seek higher returns by buying large quantities of homes in regions with more available housing stock. PRO2 noted that this trend is more prevalent in metro areas of Georgia, Florida, Oklahoma, and Utah, driven by factors like high ROI potential and low housing supply relative to demand.

Institutional investors have crowded out individual homebuyers in other areas but have also contributed to the rental supply, which could be beneficial. In Humboldt, however, the rental income potential (ROI) is less attractive compared to areas where institutional investors are more active. Additionally, local regulatory factors—such as agricultural zoning, wetlands protections, and coastal commission rules—hinder new property developments, reducing appeal for large-scale investment.

PRO2 also discussed how real estate syndicates allow smaller investors to pool capital with shared risk, though these groups are not actively purchasing in Humboldt. Local investors may use multiple LLCs to manage properties, whereas large institutions generally centralize property management unless they use specific regional subsidiaries. PRO2 added that the rise of remote work has made location flexibility possible for many, altering demand in areas like Humboldt.

I would like to extend my sincere thanks to both of the real estate professionals I spoke to for taking the time to meet with me and share their insights. Your perspectives on real estate trends and the role of institutional investors in Humboldt County have been incredibly valuable to my research project.

**Data Collection:**

There were two main stages in my data collection process. The first stage was gathering the historical land sales records from the Humboldt County Clerk Recorder's database. This was done online through the Recorder's office's self-service portal. The "grantor" is the seller of the house, and the "grantee" is the buyer. After collecting the land sales records, I needed a way to confirm which of the transactions were actually related to SFR housing. The transactions recorded could actually represent a number of different types of property such as mobile homes, duplexes and even vacant land. For this study, we defined SFR housing as single family residential homes and single family rural homes with a lot size of up to .99 acres. Due to the volume of transactions from 2009-2024, we were unable to repeat this process for every transaction in our dataset. So, we instead took a sample of transactions and repeated this process with them. This was used to get an average share of SFR transactions.

**Methodology:**

Once we had our collected data together, we ran it through R to be analyzed. There were two main functions of the code. The first was creating three new columns, each column representing a dummy variable for a different type of transaction. We came up with 3 different types of transaction to categorize each transaction from our data. These 3 types are corporate, family and unrelated. A corporate transaction is one which possesses a grantor or grantee name which includes one of several keywords such as LLC, LP, or Inc. A family transaction is one in which there is a common name shared between the grantor and grantee. And finally, an unrelated transaction is one which did not meet the criteria for being a corporate or family transaction. We assume these unrelated transactions are examples of private individual people buying and selling houses from or to other private individuals.

After we had our analyzed data, we needed to apply the average SFR share mentioned previously in the data collection section of this report. We now had unique adjustment percentages we could apply to the total numbers of each type of transaction each month. This allowed us to track the different types of estimated SFR transactions over time and create our two primary graphs for this study (Figures 1 and 2). These graphs are time series graphs. Figure 1 shows the estimated monthly number of SFR corporate transactions. While Figure 2 displays the estimated monthly SFR corporate transactions as a percentage of total SFR transactions for each month. Graphing these two metrics and then assessing the slope of the trend lines were how we determined whether there has been an increase of institutional investors in the Humboldt County SFR market.

**Findings:**

When we look at Figures 1 and 2 we can see there was a spike in institutional activity in 2016-2018, as well as a smaller spike in early 2021, which differs from what has been observed by the literature in metro markets like Atlanta and Miami. Those markets reported spikes in 2009-2012. So, it seems that the trend of institutional activity came a few years late to Humboldt. Figures 1 and 2 also both have an upward sloping trend line, indicating that there has been an overall increase in institutional activity from 2009-2024. However, Humboldt's increase does appear to be on a smaller scale than the increases that have seen in larger markets. A study carried out in Miami-Dade County found that in a sample of single family home sales from 2009-2013, roughly 34.1% of the transactions involved institutional investors (Allen et al., 2018). Even at its peak of 10.90% in July 2017, the monthly corporate share of transactions in Humboldt was not even half of this percentage. Table 1 also shows that the yearly average corporate share of transactions never increased by more than 1.11% from one year to the next.

When looking at the most active institutional investors in our sample, we see no significant presence of any national firms. And we see no presence of the top ten national investors often discussed in the literature such as Blackstone and American Homes 4 rent. The most active investors in Humboldt were primarily California based construction and real estate firms. Looking at these figures we can also see that the investors in Humboldt are buying and selling homes at much lower volumes than national investors in metro markets. Many of the top national firms held tens of thousands of SFR homes by Q4 of 2021, compared to none of them owning more than 200 homes in Q4 of 2011 (Hanson, 2022).

**Conclusion:**

In conclusion, while institutional activity in Humboldt has increased, its influence remains limited compared to larger markets. Humboldt's experience demonstrates that the effects of institutional investment vary significantly by region and are not universally comparable to urban markets. Recognizing these regional differences is crucial for developing a nuanced understanding of how institutional investors interact with housing markets and for creating policies that address the distinct needs of communities like Humboldt.

Data Appendix

Figure 1:

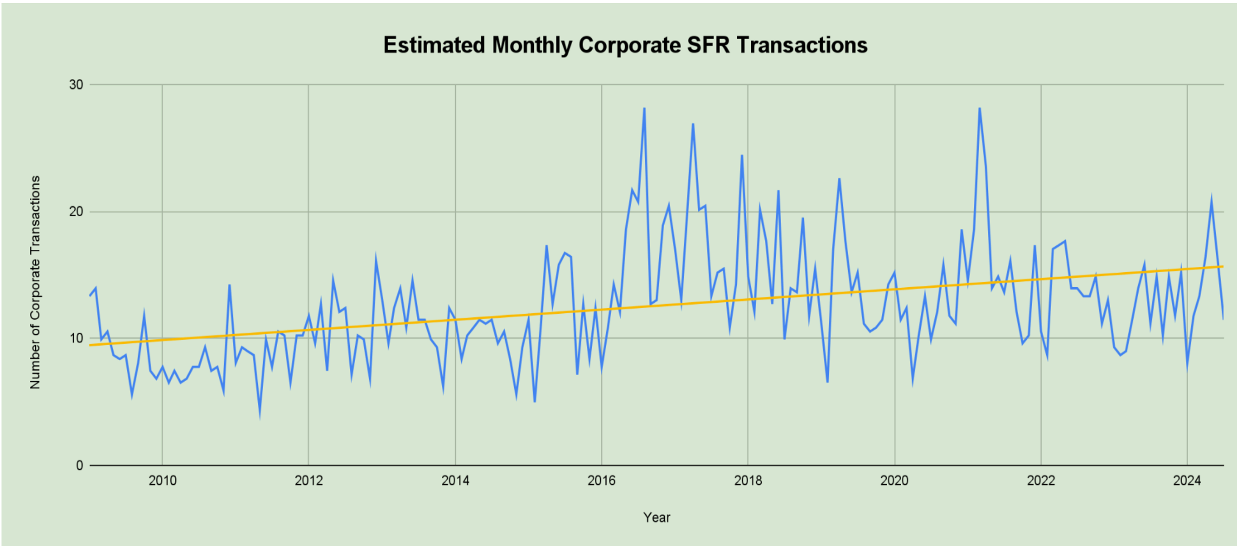


Figure 2:

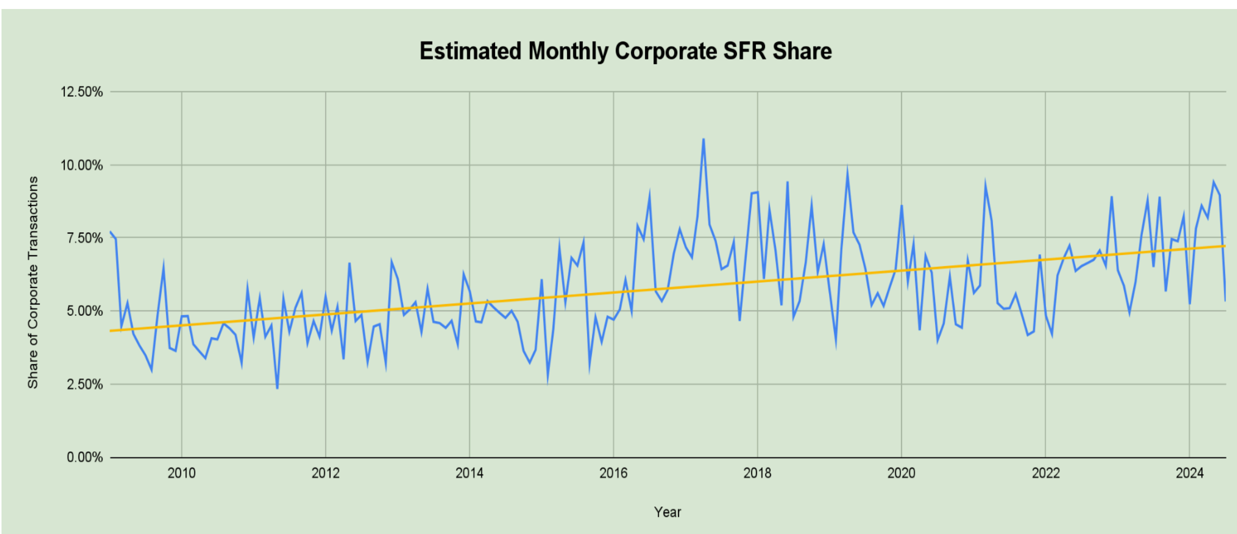

Table 1:

| Yearly Average Share of Coporate SFR Transactions | | |
|---|---|---|
| Year | Average Corporate SFR Share | Change in Average Corporate SFR Share |
| 2009 | 4.85% | - |
| 2010 | 4.23% | -0.62% |
| 2011 | 4.47% | 0.24% |
| 2012 | 4.72% | 0.25% |
| 2013 | 4.98% | 0.26% |
| 2014 | 4.61% | -0.37% |
| 2015 | 5.27% | 0.66% |
| 2016 | 6.38% | 1.11% |
| 2017 | 7.45% | 1.07% |
| 2018 | 7.03% | -0.42% |
| 2019 | 6.34% | -0.69% |
| 2020 | 5.83% | -0.51% |
| 2021 | 5.85% | 0.02% |
| 2022 | 6.51% | 0.67% |
| 2023 | 6.98% | 0.47% |

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