

NINA MOINI: Nearly 1 in 20. That's the number of single family rental homes in the Twin Cities metro now owned by a private investor. The finding comes from the Federal Reserve Bank of Minneapolis, which has been tracking investor ownership from 2006 to 2024. It's one marker of a changing real estate market amid ongoing conversations about housing affordability and ownership possibilities.

The Minneapolis Fed is hosting an event tomorrow morning on this topic and will share more about the data it's collected. Ben Horowitz is with the Minneapolis Fed. He's part of the team behind the project and will be presenting at the event. Thanks so much for your time this afternoon, Ben.

BEN Thanks for having me.

HOROWITZ:

NINA MOINI: Would you start, Ben, by explaining for us why the Minneapolis Fed decided to start tracking this? Why is this an important indicator of the overall health of the area?

BEN Sure. So before I dive in there, I should say the views I'm sharing here today are my own, and not necessarily those of the Minneapolis Fed or the Federal Reserve System.

NINA MOINI: OK.

BEN So this is a topic we hear about a lot across our district, where we work to understand what's going on in local economies. We hear a lot about housing affordability in general. And in the last few years, we've been starting to hear a lot more questions about what's going on with the types of people who are buying homes throughout our district. So, in the Twin Cities, we happen to have access to a great set of data that lets us dig into more questions of ownership.

NINA MOINI: So what's the main or the overall trend, I guess, that you see from the data between 2006 and 2024, a time a lot of changes?

BEN Yes. So there are three trends that, I think, stand out, in particular when you look at the tool. First, there's the basic increase that you described at the top there in the number of investor owned homes. So if you're looking at just the single family detached homes, so a little bit of a different subset than what you described at the top of the section here, that's increased from about 1.5% of homes to about 3.5% when you look at homes that are owned by the investors that we identify. And there's also been changes in the location of those investor-owned properties throughout the metro and in the size of the investors who have been purchasing homes.

NINA MOINI: Why is this important? Are there concerns around investor ownership? And what are those concerns?

BEN We hear a range of concerns when we have conversations in community about this from people who are interested in the questions around home ownership that you highlighted, but also from people who own these properties and see themselves as providing important rental opportunities in different neighborhoods. So our motivation for providing the tool and the analysis that we can do with the data behind it is to help people get a better grasp on what's actually happening-- so moving from the stories they hear into a sense of what some of the numbers can tell us.

NINA MOINI: Yeah. It's that balance that people are trying to strike, right, about creating affordability, particularly for first time home-buyers who might be looking at those types of maybe more affordable or historically more affordable kind of starter home, single family type of home, but then also leaving room for investors who say that they're coming in, they're creating that rental space. So we know there are more and more renters these days.

But what have you seen in the trends, particularly since the Great Recession-- 2008-ish, around that time? Because some people, that's, like, a couple recessions ago-- people just seem to not remember those changes that have taken place. How would you describe that time?

BEN HOROWITZ: Sure. So that large overall increase that I described from 2006 to 2024, the biggest chunk of that came from 2006-- or I should say that's when our data starts-- but from 2006 to 2015, that's when we saw the largest increase. And there's been a smaller increase over the last couple of years in our data from 2022 to 2024. I think the other trends there that stand out are there's been a suburbanization of this phenomenon.

So in 2006, about 40% of the metro's investor owned single family detached homes were in Minneapolis or St. Paul proper. In 2024, that was more like 29%-- so more of the purchases have been happening in those suburban markets. And the other trend I think I'd point out would be that the size of the investors operating has changed.

So, in 2006, we didn't see any investors in our data that owned more than 50 homes. By 2024, of that 3.5% of single family detached homes that are owned by an investor, the large investors owned about 16% of those homes-- so a significant increase there.

NINA MOINI: The increase is there. Do you have a sense for how the Twin Cities area compares to other major city areas?

BEN HOROWITZ: Sure. And so, again, one of the motivations for this tool is that it's data that's kind of hard to find in an off-the-shelf product, especially in publicly available data. So we can't do an apples to apples with other metros. But if you look at census data that tell you how many single family homes are rented versus owned-- relative to the nation, the Twin Cities does have more single family homes that are owned as opposed to rented.

NINA MOINI: So, Ben, before I have to let you go, tell us again about the event tomorrow. It's virtual, right? Can people still participate?

BEN HOROWITZ: Yes, absolutely. And if they can't make it during the event, it will be posted later on our website as a recording.

And we'll go into a bit more detail on some of the trends here, describe a bit more of the fun stuff we do to get the data ready to present. And, yeah, look forward to questions from the audience as well-- again, whether they can make it or whether they'd prefer to reach out to us over email or something.

NINA MOINI: All right, Ben, thanks so much for coming on and sharing about your work. Really appreciate it.

BEN HOROWITZ: Thanks for the opportunity.

NINA MOINI: We've been talking to Ben Horowitz with the Federal Reserve Bank of Minneapolis.