



***Institutional Single-Family Rental Investors vs.
Short-Term Rentals: An Analysis of Impact on
Arizona's Housing Supply***

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Presented By Arizona Responsible Tourism Coalition and Arizonans for Responsible Tourism

Executive Summary

In early January 2026, the trajectory of American housing policy shifted abruptly with President Donald Trump's announcement of a proposed federal ban on large institutional investors purchasing single-family homes.¹ This announcement is particularly relevant in Arizona, a state that has served as a primary laboratory for the institutionalization of single-family housing since the Great Recession.⁵

This issue is more timely than ever, not just because of President Trump's recent remarks, but because of ongoing legislative and policy conversations related to housing in Arizona. Although many factors contribute to Arizona's housing shortage – most prominently restrictive zoning laws and rising construction costs – some state lawmakers have instead focused legislative efforts on restricting short-term rentals. Using data on their scale and impact on Arizona's housing market, this report attempts to compare the relative scale and impact of both institutional single-family rental (SFR) investors and short-term rentals (STR).

The findings reveal a stark and quantifiable contrast: Institutional investors own tens of thousands of Arizona homes, exert significant pricing power, and permanently alter the structure of housing supply, whereas short-term rentals remain a fractional component of the market, largely operated by local hosts, with an impact on broad affordability that is statistically "immaterial".⁶

Regulations targeting short-term rentals can also have unintended consequences for the many Arizonans who rely on them for their livelihoods and travel. For example, the typical Airbnb host in Arizona lists just one home on the platform, and many host to keep up with rising costs. For example, 1 in 10 report that hosting has helped them avoid eviction. Additionally, according to Airbnb, 1.2 million Arizonans stayed in an Airbnb within the state last year.¹

	Institutional Single-Family Rentals (SFRs)	Short-Term Rentals (STRs)
Market Scale in Phoenix	Major Presence: Investors with portfolios of >1,000 homes own approximately 33,000 single-family homes in the Phoenix metro area as of 2022. ² This represents roughly 14% of the single-family rental stock. ⁷	Limited Scale: As of early 2026, active STR listings in Phoenix make up less than 1% of total housing units and approximately 4% of the rental stock. ⁵
Ownership Profile	Corporate Concentration: Dominated by large Real Estate Investment Trusts (REITs) and private equity firms (e.g., Invitation Homes, AMH, Tricon) utilizing securitized debt and algorithmic purchasing. ⁵	Distributed Ownership: Approximately 90% of hosts are individuals; 79% of individual hosts operate a single listing. Most are local residents utilizing the asset for supplemental income. ⁷
Supply Dynamics	Permanent Removal: Homes are purchased in bulk or via Build-to-Rent (BTR) development and permanently removed from the homeownership market while also avoiding homeowner requirements like assured water. Phoenix led the nation with 4,460 BTR completions in 2024. ⁹	Flexible & Reversible: Inventory fluctuates with tourism demand. Many units are second homes that would otherwise sit vacant (seasonal usage) rather than entering the long-term rental market. ⁶
Affordability Impact	Significant Upward Pressure: The GAO confirmed that institutional concentration contributes to higher home prices and rents. ² Recent settlements (e.g., Invitation Homes, \$48M) highlight predatory fee structures increasing effective rents. ¹¹	Marginal Impact: Studies by Oxford Economics attribute only a fraction of rent growth to STR density. ¹² Bans in cities like NYC and Irvine resulted in negligible improvements to long-term affordability or vacancy rates. ¹⁴

Conclusion

Arizona's housing affordability crisis deserves real solutions driven by the real, root causes. While the policy conversations center primarily on regulating short-term rentals, evident in the data is that they simply aren't a significant player in housing supply. Single-family rental investors and the rapid expansion of Build-to-Rent (BTR) development have far more impact than short-term rentals have on housing supply.⁹ These investors operate at a scale (tens of thousands of homes) that directly competes with families for starter homes, whereas STR activity remains limited in scale and largely driven by local homeowners. Policymakers should focus on the structural drivers of high costs—institutional acquisitions and BTR expansion—rather than scapegoating local STR hosts who play a minor role in market dynamics.

Full analysis and source material, see the full report below.

Institutional Single-Family Rental (SFR) Investors in Arizona

Over the past decade, the presence of institutional investors in Phoenix has grown enormously. A 2024 GAO study found that as of June 2022, institutional investors (companies owning $\geq 1,000$ homes) held roughly 33,000 single-family rental homes in the Phoenix area.² This represents about 14% of all single-family rentals in metro Phoenix, making it one of the most heavily impacted markets in the country.⁴ By comparison, Atlanta had $\sim 72,000$ investor-owned houses ($\sim 25\%$ of its rentals), and Dallas $\sim 27,000$ ($\sim 12\%$ of its rentals) in 2022.² Nationally, institutional investors have acquired an estimated 450,000 single-family homes (about 3% of the U.S. single-family rental stock) by 2022.¹⁶

Phoenix's inclusion among the top "investor cities" reflects how attractive Arizona's growing housing markets have been to big, out-of-state capital. These investors are not merely passive holders of real estate; they are active participants in the market, often accounting for a significant percentage of all home purchases in a given quarter. In 2021, for instance, large investors accounted for 21% of all home purchases in Phoenix.⁷

Major players active in Arizona include **Invitation Homes** (the nation's largest single-family landlord), **American Homes 4 Rent (AMH)**, **Progress Residential**, and **Tricon Residential**.¹⁷ These companies are mostly headquartered out-of-state and finance their acquisitions with large capital flows (e.g., securitizations, institutional investors), giving them competitive advantages over ordinary homebuyers.

The Build-to-Rent (BTR) Boom

As the supply of distressed foreclosures dried up and home prices recovered, institutional investors pivoted to a new strategy: Build-to-Rent (BTR). Rather than competing for existing homes one by one, investors began partnering with builders to construct entire subdivisions dedicated exclusively to rental use.

Arizona is a national epicenter of this build-to-rent trend. In 2024, builders completed roughly 4,460 new build-to-rent homes in metro Phoenix, the most of any U.S. metro and far surpassing the next closest markets (Dallas with $\sim 3,200$ and Atlanta $\sim 3,000$). Over the five-year period 2019–2024, greater Phoenix delivered about 12,700 build-to-rent houses, more than any other metro except Dallas.⁹

According to CoStar Group data, the Phoenix area has now seen over 20,000 build-to-rent homes built in total, including more than 5,000 in the year 2024 alone.¹⁸ Another 13,000+ single-family rentals are currently in the Phoenix construction pipeline, signaling continued growth.⁹

Affordability Mechanics: Pricing Power and Fee Structures

The growing dominance of institutional investors in Arizona's single-family housing market has direct implications for affordability and homeownership opportunities. Unlike mom-and-pop landlords or owner-occupants, these firms operate with a profit-maximizing model that can drive prices higher for both buyers and renters.

Impact on Home Prices: The GAO's review of 74 studies concluded that institutional investors likely contributed to higher home prices and rents in areas where they concentrated after the financial crisis.² By snapping up large volumes of homes—often with all-cash offers that individual buyers cannot match—investors shrink the supply available to typical homebuyers. This "crowding out" effect is particularly acute in the starter-home segment, where margins for investors are highest and inventory for first-time buyers is lowest.⁷

Impact on Rents: On the rental side, institutional landlords have both the incentive and the market power to raise rents aggressively. A Federal Reserve Bank of Philadelphia working paper found that large SFR investors tend to raise rents at rates higher than smaller landlords in the same neighborhoods.¹⁹ Specifically, the study noted that investors raise rents at 60% higher rates than the average increase when first acquiring a property.¹⁹

Fee Stacking and Tenant Exploitation: Beyond base rent, corporate landlords have pioneered the "financialization" of the tenant relationship through the aggressive use of ancillary fees. In September 2024, the Federal Trade Commission (FTC) reached a landmark \$48 million settlement with Invitation Homes regarding "junk fee" practices.¹¹ The FTC alleged that Invitation Homes deceived renters by hiding mandatory fees for services such as smart home technology and utility management, which could add up to \$1,700 annually to the advertised cost of housing. The settlement also highlighted issues with security deposit retention and unfair eviction practices.²⁰ These findings underscore a critical distinction: institutional efficiency often comes at the cost of tenant financial stability. The "professionalization" of the rental market has, in many cases, simply meant the professionalization of revenue extraction.

Short-Term Rentals (STRs) in Arizona

Market Scale and Ownership Demographics

Contrary to public perception, STRs remain a relatively small segment of the overall housing market.

- **Phoenix:** As of early 2026, STRs constitute less than 4% of the rental supply and less than 1% of the total housing stock.^{5, 21, 22}

Crucially, the ownership profile of the STR market is fundamentally different from that of the institutional SFR sector. Airbnb's own data reveals that approximately 90% of hosts are "individual hosts" rather than professional property management companies.⁷ Furthermore, about 79% of individual Airbnb hosts have only one listing on the platform.⁸ This data strongly suggests that the Arizona STR market is driven by local homeowners participating in the gig economy—renting out a casita, a spare room, or a vacation home when not in use—rather than by corporate conglomerates consolidating housing stock.

Economic Impact: Testing the "Airbnb Effect" Fallacy

When it comes to overall housing affordability, the evidence indicates STRs are not a major factor in Arizona's price and rent increases.

A comprehensive 2019 study by Oxford Economics examined drivers of U.S. housing affordability and found that STR density accounted for only 0.4% of real house price growth and a similarly negligible portion of rent growth between 2014 and 2021.¹² The study concluded that fundamental factors—such as income growth, unemployment rates, and structural supply shortages—were the overwhelming determinants of housing costs.¹³

In metro Phoenix, where rents surged by ~25% between 2018 and 2022¹⁵, the "immaterial" impact of the <1% of housing stock listed on Airbnb cannot plausibly explain the magnitude of the price increases.⁶

Comparative Analysis: Distinguishing Drivers from Distractions

Comparing institutional SFR investors and short-term rentals side-by-side reveals that they operate on completely different scales and with fundamentally different impacts on the Arizona housing market.

Divergence in Scale and Permanence

Feature	Institutional SFR Investors	Short-Term Rentals (STRs)
Market Share (Phoenix)	~14% of Single-Family Rentals ⁷	~4% of Rental Stock; 1% of Total Housing Stock ⁶
Trend	Accelerating (via Build-to-Rent) ⁹	Plateauing (Market saturation) ²⁵
Permanence	High: Properties are securitized and held indefinitely.	Low: Fluid inventory that can revert to long-term use.

The disparity in scale is stark: the institutional footprint is more than three times larger than the STR footprint in Phoenix. Moreover, the institutional presence is growing through the industrial-scale production of Build-to-Rent communities, which permanently lock thousands of new homes into the rental column each year. ¹⁰

Supply Side Dynamics: Displacement vs. Activation

Institutional Investors: Displacement

Institutional investment hits the supply side of the homeownership market directly. Every existing home bought by a large investor is one less home available for a family to buy. In 2021, investors purchased 21% of all homes sold in Phoenix. ⁴ This direct competition crowds out first-time buyers, particularly in the entry-level price points that institutions favor. The BTR boom further exacerbates this by diverting land, labor, and materials toward rental products rather than for-sale housing.

Short-Term Rentals: Activation

STRs primarily affect the rental market, but their impact is nuanced. As noted, many STRs are second homes that would otherwise be vacant. Converting a vacant vacation home into an STR

does not remove a unit from the long-term residential supply because it was never part of that supply to begin with. While some conversion of long-term rentals to STRs does occur, the data suggests this is not the dominant model in Arizona, where the "casual host" renting a primary or secondary residence is more norm.⁷

Pricing Behaviors and Market Leverage

Institutional Investors: Systemic Inflation

Institutional landlords utilize sophisticated algorithmic pricing software (e.g., YieldStar) to maximize rent rolls across massive portfolios.¹⁹ By controlling large swaths of inventory in specific zip codes, they can set market prices rather than just responding to them. The GAO found evidence that this concentration contributes to faster rent growth.² Furthermore, the "fee stacking" model (e.g., mandatory smart home fees, valet trash fees) allows them to increase the effective cost of housing beyond the advertised rent, a practice that smaller landlords rarely employ.¹¹

Short-Term Rentals: Market Segmentation

STRs operate in a different pricing segment, competing primarily with hotels rather than long-term rentals. While high STR potential can increase property values in tourist hotspots, this effect is highly localized. There is little evidence that the price of an Airbnb in Scottsdale influences the rent of a workforce apartment in Mesa. The pricing dynamics of STRs are distinct and do not drive the structural inflation seen in the broader housing market.

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