

Fed Chair Powell's Expectations Of "Market Rent Slowdown" Comes As Largest Landlords Continue To See Boosted Profits After Raising Rents

During the [2023 Jackson Hole Economic Symposium](#) last month, Federal Reserve Chair Jerome Powell [voiced](#) optimism for rent decreases over the coming months, as the "market rent slowdown" was just beginning to show in inflation reports. Since last year, increased housing costs have been the largest contributor to overall inflation. The White House Council of Economic Advisors [estimated](#) shelter costs had "contributed to roughly half of overall headline inflation through the first quarter of this year, roughly double the share from June 2022."

Despite Powell's optimism, recent earnings suggest the nation's largest landlords will continue to raise rents in order to pad profits:

- AvalonBay Communities, one of the [largest](#) publicly-traded apartment owners with [investments in over 88,000 units across 12 states and the District of Columbia](#), saw its net income [increase](#) by 28.4% in the first half of 2023 as residential rental revenue increased by 7.8%, virtually the same increase as shelter in the [July 2023 Consumer Price Index](#) report.
- Invitation Homes, the "[largest owner and operator of single-family rental homes](#)" in the United States, saw its net income [increase](#) by 26.6% in the first half of 2023 as average monthly rent increased by 7.9%, in line with the 7.7% year-over-year increase in shelter in the [July 2023 Consumer Price Index](#) report.
- AMH, the [second largest single family home rental company](#) with [around 59,000 properties](#), saw its net income [increase](#) 75% to \$253.1 million in the first half of 2023 thanks to "higher rental rates."

Federal Reserve Chair Jerome Powell Has Expressed Optimism That Rental Prices Will Begin To Decrease In The Coming Months And The "Market Rent Slowdown" Was Just Beginning To Show In Inflation Readings—Despite This, White House Economists Have Estimated Shelter Has Contributed To Over Half Of Overall Inflation Since Last Year.

During Remarks At The 2023 Jackson Hole Economic Symposium, Federal Reserve Chair Jerome Powell Voiced Optimism In Rental Prices Decreasing Over The Coming Months, Stating The "Market Rent Slowdown" Was Just Beginning To Show In Inflation Readings.

During His Annual Remarks At The Jackson Hole Economic Symposium In August 2023, Federal Reserve Chair Jerome Powell Voiced Optimism For Rental Prices Decreasing Over The Coming Months, Stating, "The Market Rent Slowdown Has Only Recently Begun To Show Through To [Inflation Readings]." "Last month, during his annual address in Jackson Hole, Wyo., Fed Chair Jerome Powell said the elevated housing costs captured by recent inflation readings do not reflect the central bank's true progress on curbing price growth in that sector. 'The market rent slowdown has only recently begun to show through to that measure,' Powell said. 'The slowing growth in rents for new leases over roughly the past year can be thought of as 'in the pipeline' and will affect measured housing services inflation over the coming year.'" [American Banker, [09/10/23](#)]

Increased Housing Costs Have Been The Largest Contributor Of Overall Inflation Since Last Year, With White House Economists Estimating Shelter Had “Contributed To Roughly Half Of Overall Headline Inflation Through The First Quarter Of This Year, Roughly Double The Share From June 2022.”

Increased Housing Costs Have Been The Largest Contributor Of Overall Inflation Since Last Year, With The White House Council Of Economic Advisors Estimating Shelter Costs Had “Contributed To Roughly Half Of Overall Headline Inflation Through The First Quarter Of This Year, Roughly Double The Share From June 2022.” “Rising housing costs have consistently been among the leading drivers in overall inflation dating back to last year, even as many other price categories have stabilized. The White House Council of Economic Advisors estimates that shelter costs contributed to roughly half of overall headline inflation through the first quarter of this year, roughly double the share from June 2022.” [American Banker, [09/10/23](#)]

AvalonBay Communities, One Of The Largest Publicly-Traded Apartment Owners With Investments In Over 88,000 Units Across 12 States And The District Of Columbia, Saw Its Net Income Increase By 28.4% In The First Half Of 2023 As Residential Rental Revenue Increased By 7.8%, Virtually The Same Increase As Shelter In The July 2023 CPI Report.

AvalonBay Communities Is One Of The Largest Publicly-Traded Apartment Owners With Investments In Over 88,000 Units Across 12 States And The District Of Columbia.

AvalonBay Communities Inc. Is One Of The Largest Apartment Owners With Over 80,000 Units Owned.

2023 Rankings

NMHC 50 Largest Apartment Owners

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Owner Rank 2023	Owner Rank 2022	Company Name	Units Owned 2023	Units Owned 2022	Corporate Officer	HQ City	HQ State
1	2	MAA	99,676	100,002	H. Eric Bolton, Jr.	Germantown	TN
2	5	Greystar Real Estate Partners, LLC	98,860	80,121	Robert A. Faith	Charleston	SC
3	3	Morgan Properties	93,594	94,107	Mitchell L. Morgan	King of Prussia	PA
4	4	AvalonBay Communities, Inc.	80,325	81,803	Ben Schall & Sean Breslin	Arlington	VA

[National Multifamily Housing Council, accessed [09/12/23](#)]

As Of June 30, 2023, AvalonBay Owned, Or Held Direct Or Indirect Ownership Interest, In 294 Apartment Communities Containing 88,659 Apartment Homes Across 12 States And The District Of Columbia. “As of June 30, 2023, the Company owned or held a direct or indirect ownership interest in 294 apartment communities containing 88,659 apartment homes in 12 states and the District of Columbia, of which 18 communities were under development and one community was under redevelopment.” [AvalonBay Communities, accessed [09/12/23](#)]

In The First Half Of 2023, AvalonBay Communities Saw Its Net Income Increase By 28.4% As Residential Rental Revenue Increased By 7.8%, Virtually The Same Increase As Shelter In The July 2023 CPI Report.

In The First Half Of 2023, AvalonBay Communities Saw Its Net Income Increase 28.4% To \$514.6 Million:

	Q2	Q2	Q1	Q4	YTD	YTD
	2023	2022	2023	2022	2023	2022
Net income	\$ 367,807	\$ 138,566	\$ 146,775	\$ 241,164	\$ 514,582	\$ 400,642

[AvalonBay, [07/31/23](#)]

In The First Half Of 2023, AvalonBay Communities Saw Its Residential Rental Revenue Increase By 7.8% Over The Same Period Of 2022:

Same Store Residential Rental Revenue Change

YTD 2023 Compared to YTD 2022	
Lease rates	7.1 %
Concessions and other discounts	0.9 %
Economic occupancy	(0.3)%
Other rental revenue	0.9 %
Uncollectible lease revenue (excluding rent relief) (1)	1.3 %
Rent relief (2)	(2.1)%
Residential rental revenue	<u>7.8 %</u>

(1) Adjusting to remove the impact of rent relief, uncollectible lease revenue as a percentage of total Residential rental revenue decreased to 2.6% in YTD 2023 from 4.1% in YTD 2022. See Definitions and Reconciliations, table 11 for further detail of uncollectible lease revenue for the Company’s Same Store portfolio.

(2) The Company recognized \$5,474,000 and \$29,851,000 from government rent relief programs during YTD 2023 and YTD 2022, respectively.

[AvalonBay, [07/31/23](#)]

August 10, 2023: The Consumer Price Index For July 2023 Showed The Shelter Index Increasing 7.7% Year-Over-Year, “Accounting For Over Two-Thirds Of The Total Increase In All Items Less Food And Energy.” “The shelter index increased 7.7 percent over the last year, accounting for over two-thirds of the total increase in all items less food and energy.” [Consumer Price Index July 2023, [08/10/23](#)]

Invitation Homes, The “Largest Owner And Operator Of Single-Family Rental Homes” In The United States, Saw Its Net Income Increase By 26.6% In The First Half Of 2023 As Average Monthly Rent Increased By 7.9%, In Line With The 7.7% Year-Over-Year Increase In Shelter In The July 2023 CPI Report.

After A Merger In 2017, Invitation Homes Became The “Largest Owner And Operator Of Single-Family Rental Homes” In The United States, Owning Around 83,000 Units As Of September 2022.

Invitation Homes Is The “Single-Largest Owner” Of Single-Family Rentals (SRFs) In The United States, Owning Around 83,000 Units As Of September 2022. “Single-Family Rental REITs concentrate heavily on the Sunbelt markets that have experienced the strongest economic growth during the post-GFC recovery and in the early post-pandemic recovery. Invitation Homes is the single-largest owner of SFRs in the country with roughly 83k units with a significant presence on the West Coast and in Florida.” [Seeking Alpha, [09/09/22](#)]

In November 2017, Invitation Homes And Starwood Waypoint Homes Merged, Forming The “Largest Owner And Operator Of Single-Family Rental Homes” At The Time. “The previously announced merger of Invitation Homes and Starwood Waypoint Homes is now complete. The deal, which was originally announced in August, creates the nation’s largest owner and operator of single-family rental homes. Beginning Thursday, the combined company will operate under the name ‘Invitation Homes’ and will continue trading on the New York Stock Exchange under the symbol previously used by Invitation Homes: INVH. Starwood Waypoint previously traded under the symbol ‘SFR.’” [Housing Wire, [11/16/17](#)]

In The First Half Of 2023, Invitation Homes Saw Its Net Income Increase By 26.6% As Average Monthly Rent Increased By 7.9%, Slightly More Than The 7.7% Year-Over-Year Increase In Shelter In The July 2023 CPI Report.

In The First Half Of 2023, Invitation Homes Saw Its Net Income Increase 26.6% To \$258.9 Million:

Consolidated Statements of Operations				
<i>(\$ in thousands, except shares and per share amounts) (unaudited)</i>				
	Q2 2023	Q2 2022	YTD 2023	YTD 2022
	[...]			
Net income	138,282	111,505	258,866	204,508
Net income attributable to non-controlling interests	(418)	(542)	(760)	(930)

[Invitation Homes, [07/26/23](#)]

In The First Half Of 2023, Invitation Homes Saw Its Average Monthly Rent Increase By 7.9%.

“YTD 2023 Same Store Core Revenues growth of 6.9% year over year was primarily driven by a 7.9% increase in Average Monthly Rent and a 7.5% increase in other income, net of resident recoveries, partially offset by a 40 basis point year over year decline in Average Occupancy and a 60 basis point year over year increase in Bad Debt as a percentage of gross rental revenue.” [Invitation Homes, [07/26/23](#)]

August 10, 2023: The Consumer Price Index For July 2023 Showed The Shelter Index Increasing 7.7% Year-Over-Year, “Accounting For Over Two-Thirds Of The Total Increase In All Items Less Food And Energy.” “The shelter index increased 7.7 percent over the last year, accounting for over two-thirds of the total increase in all items less food and energy.” [Consumer Price Index July 2023, [08/10/23](#)]

AMH, The Second Largest Single Family Home Rental Company With Around 59,000 Properties, Saw Its Net Income Increase 75% To \$253.1 Million In The First Half Of 2023 Thanks To “Higher Rental Rates.”

AMH, Previously Known As American Homes 4 Rent, Is The Second Largest Single Family Home Rental Company, Owning Around 59,000 Properties.

January 12, 2023: American Homes 4 Rent Rebranded To AMH. “AMH, a leading single-family rental operator and top U.S. homebuilder previously known as American Homes 4 Rent, today unveiled a new corporate brand identity that embraces its DNA with a modern outlook.” [AMH, [01/12/23](#)]

December 3, 2015: AMH Acquired American Resident Properties For \$1.5 Billion, Becoming The Second Largest Single Family Home Rental Company At The Time. “American Homes 4 Rent agreed Thursday to combine with American Residential Properties in a \$1.5 billion acquisition, among the biggest deals yet in a year ripe with single-family home-rental consolidation. The combined company will own more than 47,000 homes in the United States, just shy of the 50,000 homes that the Blackstone Group rents through its Invitation Homes, which is the largest owner of single-family rental homes in the country.” [The New York Times, [12/03/15](#)]

As Of June 30, 2023, AMH Owned Nearly 59,000 Single-Family Home Properties Across The United States. “As of June 30, 2023, we owned nearly 59,000 single-family properties in the Southeast, Midwest, Southwest and Mountain West regions of the United States.” [AMH, accessed [09/12/23](#)]

AMH Saw Its Net Income Increase 75% To \$253.1 Million In The First Half Of 2023 Thanks To “Higher Rental Rates,” With “Average Monthly Realized Rent Per Property” Increasing 7.6% From The Same Period Of 2022, In Line With Recent Increases To Shelter Within The Consumer Price Index.

In The First Half Of 2023, AMH Saw Its Net Income Increase 75% To \$253.1 Million, Partially due to “Higher Rental Rates.” “Net income totaled \$253.1 million for the six months ended June 30, 2023, compared to \$144.6 million for the six months ended June 30, 2022. This increase was primarily due to higher net gains on property sales, a larger number of occupied properties and higher rental rates.” [AMH, [08/01/23](#)]

In The First Half Of 2023, AMH Reported Its “Average Monthly Realized Rent Per Property” Increasing 7.6% From The Same Period Of 2022. “Our ability to maintain and grow revenues from our existing portfolio of homes will be dependent on our ability to retain tenants and increase rental rates. Based on our Same-Home population of properties (defined below), the year-over-year increase in Average Monthly Realized Rent per property was 7.2% for the three months ended June 30, 2023, and we experienced turnover rates, which represents the number of tenant move-outs during the period divided by the total number of properties, of 8.4% and 7.7% during the three months ended June 30, 2023 and 2022, respectively. Based on

our Same-Home population of properties, the year-over-year increase in Average Monthly Realized Rent per property was 7.6% for the six months ended June 30, 2023, and we experienced turnover rates of 14.7% and 13.8% during the six months ended June 30, 2023 and 2022, respectively.” [AMH, [08/01/23](#)]

August 10, 2023: The Consumer Price Index For July 2023 Showed The Shelter Index Increasing 7.7% Year-Over-Year, “Accounting For Over Two-Thirds Of The Total Increase In All Items Less Food And Energy.” “The shelter index increased 7.7 percent over the last year, accounting for over two-thirds of the total increase in all items less food and energy.” [Consumer Price Index July 2023, [08/10/23](#)]