



## Meet Your New Feudal Overlords

### Description

***USA: While billionaires like Bill Gates buy up all the nation's farmland, Wall Street investors snatch up every home they can get their hands on...***



For Father's Day a few years back, my wife and kids surprised me with a trip to Medieval Times, an immersive dinner theater featuring staged Arthurian-styled games, such as sword-fighting and jousting. Anyone can enjoy the forgotten age of kings and queens for a reasonable price, at least for an evening.

For the next several hours, we sank into the fantasy world of wealthy lords and ladies. As we watched knights battle each other on horseback, the wait staff, dressed as lowly serfs, served overflowing plates of food and poured wine into our faux-jewel-encrusted goblets on demand. As much fun as the outing was, the similarities between the feudalism of the Middle Ages and present-day American capitalism are just a little too on the nose.

**Classic feudalism was a system where a wealthy land-owning nobility (the 1%) controlled the peasant class of workers known as serfs (everyone else). The elites provided serfs with a small piece of land on which to live.**

Although they paid taxes, generally, serfs owned no property, had no economic power or upward mobility. During the Middle Ages, as much as 90% of Europe's population fell into this category.

### ***Sound familiar?***

I admit it's not a perfect comparison, but it's something worth considering — especially given what's happening not just with housing but with land ownership in general. In our system, owning real estate is the most common vehicle for wealth accumulation. **So what happens when only the wealthiest Americans can afford to own property?**

**Before you answer, you should know that billionaires are buying up land like it's going out of style.** Do you know who owns the most farmland in the United States? Bill Gates and his soon-to-be ex-wife Melinda, that's who. With 242,000 acres of cropland plus nearly 30,000 additional acres of land in their real estate portfolio, they're playing real-life monopoly.

According to *The Land Report*, **100 families own 42 million acres across the country.**

The Gates family barely breaks the top 50. Former TCI chief John Malone is at the top of the list with 2.2 million acres.

**While billionaires snatch up the country's [ranches](#) and farmland, Wall Street is buying up all the houses they can get their hands on.**

I [wrote last August](#) about my personal experience with renting a house in North Carolina. In 2013, we searched for a home in a town just outside of Raleigh. We noticed corporations owned almost all the houses. Every rental sign had a QR code in one neighborhood, so you never actually saw a real estate agent.

The company, American Homes 4 Rent (AMR), was the landlord for most of the single-family rental properties in the area, including the one we ultimately rented. Interestingly, the same billionaire, an investor named B. Wayne Hughes [controls](#) both the company where we stored our furniture and American Homes 4 Rent.

At the time, tapping Wall Street investors made sense. In the wake of the housing crisis of the early aughts, a wave of foreclosures devastated the real estate markets. By 2010, the housing market was in free fall. Across the country, the glut of empty homes numbered in the hundreds of thousands.

Faced with the risk of stalling an already sluggish economic recovery, the government looked to Wall Street. In 2012, the Obama administration launched a program making it easier for private investors like AMR and Blackrock to acquire foreclosed homes by the hundreds. The plan worked. According to *The Atlantic*, institutional investors jumped into the housing market, [buying foreclosed properties](#) then renting them out. The billions in transferred middle-class wealth made inequality worse. At the time, there were few good options.

In the same piece last August, I wrote about how hedge funds and private equity firms like Blackrock and AMH scooped up single-family foreclosures left and right:

From 2011 to 2017, the largest global investors bought over 200,000 homes in the U.S., spending over \$30 billion. In Atlanta, Real Estate Investment Trusts (REITs) and hedge funds bought almost 90% of homes sold from January 2011 to June 2012. By February of last year, institutional investors owned one-fifth of all single-family rentals in the Atlanta area. Until late 2019, Blackrock, the world's largest asset manager, owned 40% of Invitation Homes (INVH), capitalizing on the glut of foreclosures following the housing crisis. American Homes 4 Rent (AMH), a REIT founded by billionaire B. Wayne Hughes, currently owns 52,052 homes across the country. AMH owns nearly 10% percent of all single-family homes in Atlanta.

**Since the financial crisis, things have gone well for homeowners.** Over the last ten years, housing prices bounced back. Last year, due at least partly to a shortage of new construction, sales of U.S. homes rose at the fastest pace in 14 years. Even homes underwater since the crisis now sell at a profit. According to *The Wall Street Journal*, the total amount of equity in U.S. mortgages reached - nearly [\\$10 trillion](#) in 2020. But there's a caveat: millions of homeowners are [behind on their monthly payments](#) and at risk of foreclosure. At the end of June, roughly 2.06 million borrowers were in a payment forbearance program, with around 575,000 whose plans expire in September and October.

**To get a sense of Wall Street's bets on rental homes, take a look at the deals.** Invitation Homes Inc., now the largest rental-home owner in the country just [did a deal](#) giving the company an extra \$1 billion to spend on home acquisitions. Before exiting the rental business in 2019, Blackstone (not to be confused with BlackRock) did the [first securitization](#) backed by mortgages on single-family rental properties. Now they're back in the game with a \$6 billion deal to buy and rent houses. Homebuilder Lennar Corp. is raising \$2 billion for build-to-rent development projects. After building and renting 124 homes in Conroe, Texas, D.R. Horton sold the whole neighborhood for \$32 million.

**People more intelligent than yours truly think an America filled with renters rather than homeowners is a good thing.**

They believe building high-density communities of rental homes is just market innovation at work—a good business opportunity.

**Maybe all this activity is good for the real estate market. But if you are a regular person trying to buy a house, [competing](#) with the investor class is a losing proposition. And after watching Wall Street geniuses blow up the housing market a decade ago, do we really want them to be our landlords?**

*[ZH: It also **just got worse** with the Biden administration's decision yesterday to ignore the Supreme Court:]*

Democrats just nationalized the entire country's rental housing stock and turned landlords into criminals. No laws were passed, no votes were made. And the response of Republicans has been to say, "That's not nice!"

America is over. <https://t.co/z85wWr64hT>

— Sean Davis (@seanmdav) [August 4, 2021](#)

*by Marlon Weems*

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