

## Percentage of American Households Owning REIT Stocks Nearly Doubles Since 2001

The number of Americans that own REITs has more than doubled since 2001 to nearly 145 million Americans

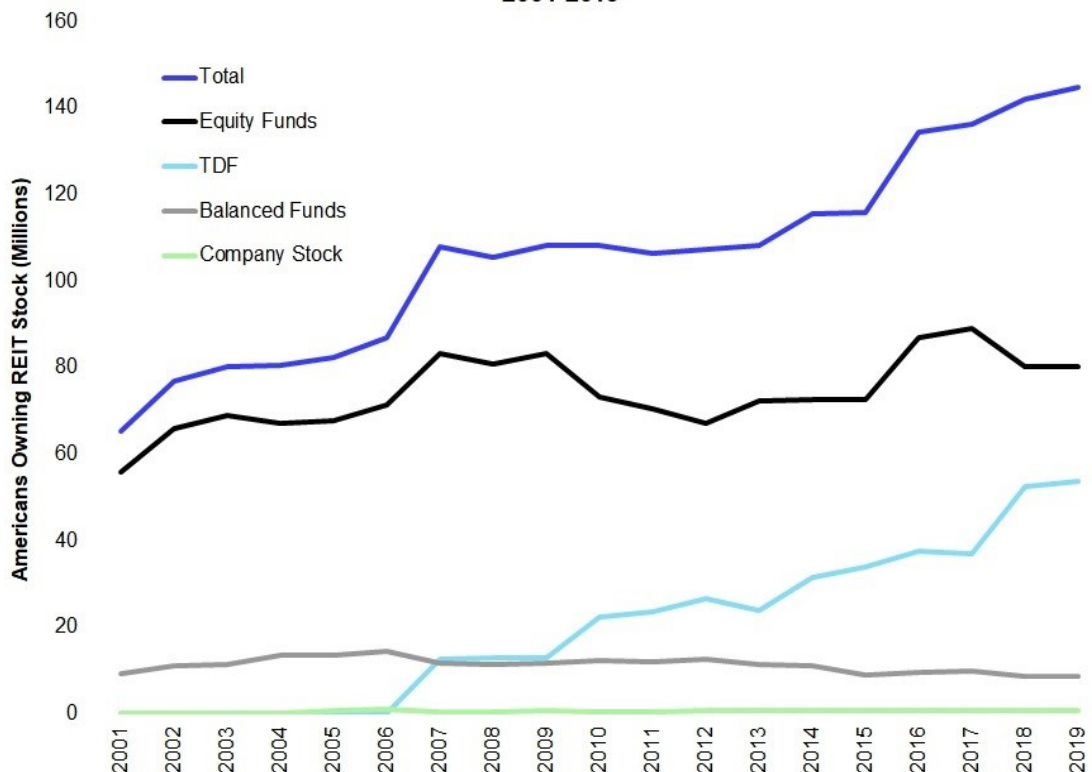
### Highlights

- REIT exposure in equity funds has increased nearly 30 percentage points since 2001
- REIT exposure in TDFs increased from nearly 80% in 2007 to nearly 100% in 2019

### Introduction

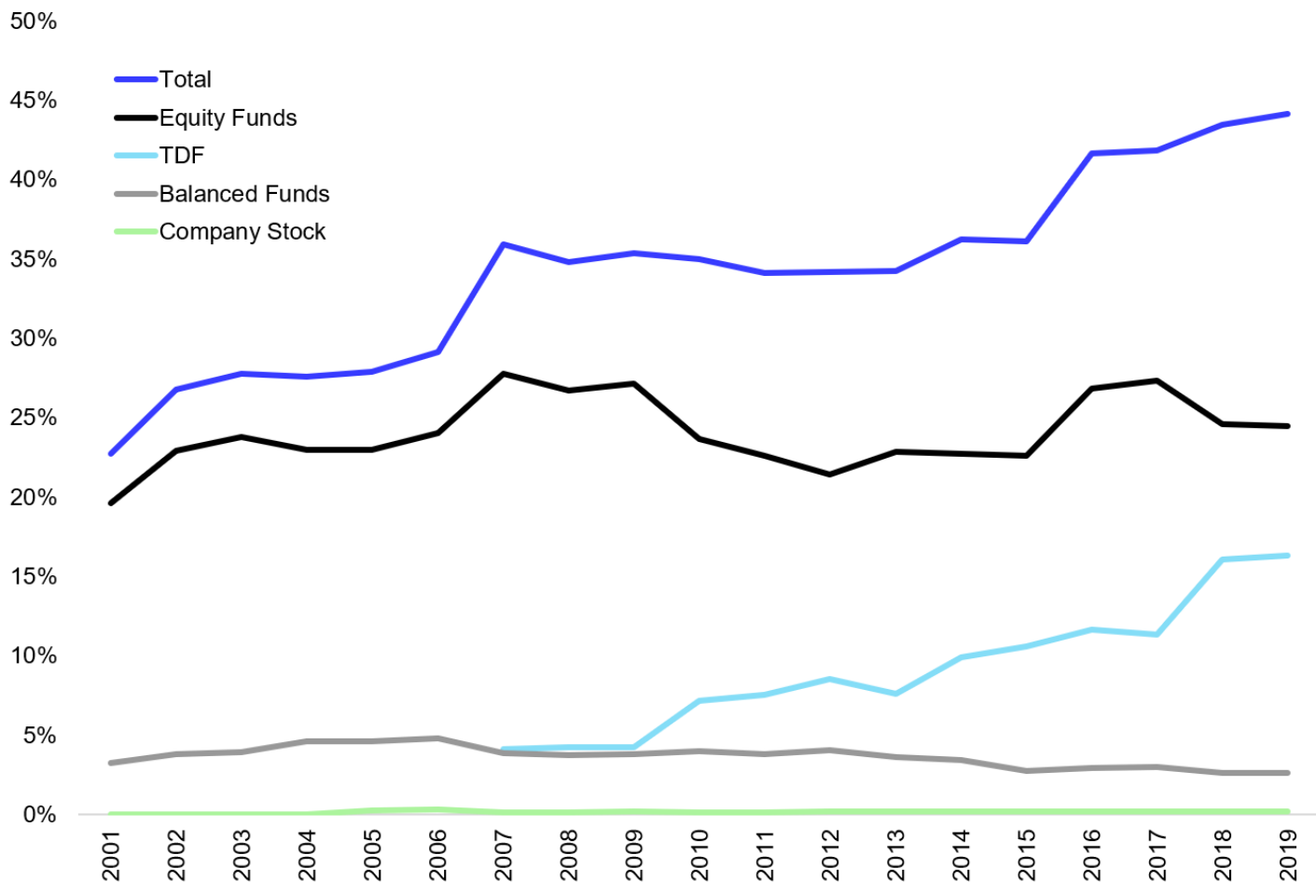
This research estimates the number of Americans and American households that own REIT stocks annually over the period 2001 to 2019. Roughly 65 million Americans owned REIT shares in 2001, this more than doubled to nearly 145 million Americans that owned REIT shares in 2019. The percentage of American households with REIT stocks has also nearly doubled from 23% to 44% through the last two decades. Table 1 and Charts 1 and 2 summarize the findings of the analysis.

Chart 1: Americans with REITS: 2001-2019



Source: See Table 2.

**Chart 2. Percent of American Households Owning REITS:  
2001-2019**



Source: See Table 2.

The main reasons for the increase in American-owned REIT stocks since 2001 include:

- Significant increases in REIT exposure in general equity funds.
- Introduction of target date funds and increases in REIT exposure in these funds.
- Increases in the number of households.

REIT exposure in equity funds has increased nearly 30 percentage points since 2001, while household exposure to these funds has remained constant.<sup>1</sup> Significant use of target date funds (TDFs) began in 2007, and these funds include moderate REIT exposure. TDFs have had significant increases in exposure within 401(k) plans, improving from 7.6% in 2007 to 23.5% in 2019.<sup>2</sup> Nearly 80% of TDFs have some REIT exposure in

**Table 1: Estimating the Number of Americans Owning REIT Stocks, 2001-2019**

<b>Year</b>	<b># of Americans with REITS</b>	<b>% with REITS</b>
2019	144,790,000	44.1%
2018	142,200,000	43.5%
2017	136,330,000	41.9%
2016	134,580,000	41.6%
2015	116,020,000	36.1%
2014	115,610,000	36.3%
2013	108,310,000	34.3%
2012	107,340,000	34.2%
2011	106,340,000	34.1%
2010	108,260,000	35.0%
2009	108,370,000	35.4%
2008	105,660,000	34.8%
2007	108,030,000	35.9%
2006	86,810,000	29.2%
2005	82,240,000	27.9%
2004	80,630,000	27.6%
2003	80,370,000	27.8%
2002	76,870,000	26.8%
2001	65,310,000	22.7%

<sup>1</sup> Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2001-September 2020.

<sup>2</sup> Employment Benefit Research Institute, Issue Brief No. 402 & No. 514, What Does Consistent Participation in 401(k) Plans Generate? Changes in 401(k) Plan Account Balances, 2007-2012, Figure 8, & 2010-2018, Figure 7.

<sup>3</sup> Census Bureau, National Census Data, 2001-2019.

## Methodology

The key sources of data for this analysis are the Federal Reserve Board Survey of Consumer Finances (SCF), the Employment Benefit Research Institute data on 401(k) equity allocations (EBRI), Census population and household counts starting from 2001, and Nareit analysis of Morningstar Direct data on asset-weighted REIT exposures by investment product type (mutual fund and ETF asset allocations).

SCF shares of homeownership equity were multiplied by the number of households each year to get the total number of households owning equities. EBRI data on 401(k) equity allocation was divided into four categories of funds with REIT exposure; equity, target date, balanced, and company stock. The shares allocated to each fund was recorded for each year available from EBRI. Lastly, yearly shares of REIT exposure within each fund type were pulled from Morningstar Direct and recorded. Multiplying the shares of equity holdings, the share of REIT exposure, and the total number of households with equities for each fund type and adding the totals together gave the number of households with REITs. Census data was used to calculate the percentage of households with REITs and the total number of Americans with REITs. Note that for each source of data used, the analysis used the most recently published data each year as described in Table 2.

**Table 2: Source Dates Used Each Year for SCF, EBRI, Census, and Morningstar Direct**

Year	Survey of Consumer Finances	Employment Benefit Research Institute, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity	National Census Data	Nareit Analysis of Morningstar Direct Mutual Fund and ETF Asset Allocations
2019	2019	2018	2019	2019
2018	2016	2018	2018	2018
2017	2016	2016	2017	2017
2016	2016	2016	2016	2016
2015	2013	2015	2015	2015
2014	2013	2014	2014	2014
2013	2013	2013	2013	2013
2012	2010	2012	2012	2012
2011	2010	2010	2011	2011
2010	2010	2010	2010	2010
2009	2007	2007	2009	2009
2008	2007	2007	2008	2008
2007	2007	2007	2007	2007
2006	2004	2004	2006	2006
2005	2004	2004	2005	2005
2004	2004	2004	2004	2004
2003	2001	2001	2003	2003
2002	2001	2001	2002	2002
2001	2001	2001	2001	2001

## Defining Historical Share of Households with Equity Ownership

The SCF reports in 2019 that 52.7% of households have equity exposures, down slightly from 2001 (53.0%). The most common type of equity exposure includes ownership through a tax deferred retirement account (direct stock, direct holding of pooled investment funds, and other managed assets). The predominance of tax deferred retirement account based ownership will be used below as a key assumption.

Tables 3 and 4 show the number of households and the average number of people per household as derived from SCF data in 2001 and 2019, respectively. Total household gains since 2001 were just under 24 million, while average household size fell 0.08. Although the total share of households with equities fell 0.36 percent-

**Table 3: Households with Equities, 2001**

Concept	Value
Number of Households	104,705,000
Share of Households with Equities	53.01%
Number of Households with Equities	57,358,561
People per Household	2.63

Source: Nareit analysis of Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2001 and associated data; 2001 Census population data.

**Table 4: Households with Equities, 2019**

Concept	Value
Number of Households	128,600,000
Share of Households with Equities	52.65%
Number of Households with Equities	67,707,846
People per Household	2.55

Source: Nareit analysis of Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2020 and associated data; 2019 Census population data.

## Estimating REIT Ownership Among Equity Owners

As noted above, the dominant form of stock ownership is through a tax deferred retirement account, most typically through an employer sponsored 401(k) plan. EBRI estimates the average asset allocation in 401(k) accounts. EBRI divides equity ownership vehicles into four categories, which are treated as mutually exclusive by EBRI and for this analysis. The four categories are equity funds, target date funds, balanced funds, and company stock. These shares are shown in row (1) of Tables 4 and 5.

Using Morningstar Direct data, we estimate the percentage of assets that have any REIT exposure, and these results are shown in row (2) of Tables 4 and 5. REIT exposure from equity funds has increased dramatically since 2001, moving from 56.3% to 88.3% in 2019. Furthermore, these estimates are likely to be conservative because broad-based passive funds are more likely to have REIT exposure and are popular in 401(k) plans.

Target date funds were virtually nonexistent in 2001. Following EBRI, we begin accounting for these funds in 2007. We estimate that 77.8% of TDFs had REIT exposure in 2007. In 2019, nearly 100% of all TDFs have REIT exposure.

Balanced funds: In this analysis, we assumed these funds to be the same as generalist equity funds.

Company stock: This approximates REIT's share of equity market capitalization in the S&P 1500. Thus, we assume that 0.31% of company stock contained REIT exposure in 2001, and this has increased to 4.26% in 2019.

Multiplying the share of fund ownership by the share of funds with REITs by the number of households with equities and summing across fund types yields the total number of households with REITs. As shown in row (4) of Tables 4 and 5, the number of households that have REITs in 2019 is more than double the number in 2001. Finally, multiplying the number of households by the average number of people per household from Census data (2.52), yields approximately 65 million Americans in households with REIT ownership in 2001, and nearly 145 million in 2019.

Table 5. REIT Ownership 2001

Row	Fund Type	Equity Funds	Balanced Funds	Company Stock	Total	Source
(1)	Share of Equity Holdings	65.75%	10.96%	23.29%	100%	EBRI, Table 3
(2)	Share with REITs	56.34%	56.34%	0.31%		Nareit, Morningstar Direct
(3)	Household with Equities	57,358,561	57,358,561	57,358,561		SCF Estimates
(4)	Households with REITS	21,247,476	3,541,459	41,408	<b>24,830,343</b>	Row (1)*(2)*(3)
(5)	Americans with REITs	55,884,459	9,314,637	108,910	<b>65,308,006</b>	Row (4) * 2.63 (Census Estimate)

Source: Nareit analysis of Employment Benefit Research Institute, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2001, Figure 4; Nareit analysis of Morningstar Direct mutual fund and ETF asset allocations; Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2001 and associated data.

Table 6. REIT Ownership 2019

Row	Fund Type	Equity Funds	TDF	Balanced Funds	Company Stock	Total	Source
(1)	Share of Equity Holdings	53.63%	31.04%	5.68%	10%	100%	EBRI, Figure 7
(2)	Share with REITs	88.28%	99.90%	88.28%	4.26%		Nareit, Morningstar Direct
(3)	Household with Equities	67,696,844	67,696,844	67,696,844	67,696,844		SCF Estimates
(4)	Households with REITS	32,050,907	20,994,517	3,394,554	278,327	<b>56,718,305</b>	Row (1)*(2)*(3)
(5)	Americans with REITs	81,820,316	53,595,302	8,665,698	710,520	<b>144,791,836</b>	Row (4) * 2.55 (Census Estimate)

Source: Nareit analysis of Employment Benefit Research Institute, Issue Brief No. 514, What Does Consistent Participation in 401(k) Plans Generate? Changes in 401(k) Plan Account Balances, 2010–2018, Figure 7; Nareit analysis of Morningstar Direct mutual fund and ETF asset allocations; Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2019 and associated data.

**Changes in Household REIT Shares**

The primary causes for increased REIT ownership within households were the increased shares of REIT exposure in equity and target date funds. To demonstrate this, consider the following counterfactual. If we apply the equity fund REIT exposures from 2019 to equity ownership in 2001, the share of households with REITs increased from 22.7% to 33.7%. Since the share of households with equities only increased slightly from 52.7% in 2001 to 53.0% in 2019, the 10 percentage point increase in REIT household ownership is mostly a direct effect of the large increase in REIT exposure within equity funds (56.3% in 2001 to 88.3% in 2019). Similarly, applying the 2019 TDFs REIT exposures to the 2007 data, result in the share of households with REITs increasing from 35.9% to 37.1%. When applying both shares (equity and TDF REIT exposure from 2019) to the 2007 data, REIT household ownership increased from 35.9% to 40.7%. This explains nearly 60% of the change in household REIT ownership from 2007 to 2019. The other 40% of change mainly rises from the increased prevalence of TDFs in retirement accounts. TDF shares of equity holdings rose 21 percentage points from 2007 to 2019, while equity fund holdings fell off roughly 12.5 percentage points. These changes helped increase REIT ownership because on average there is more REIT exposure in TDFs than in equity funds. When applying the 2019 shares of equity holdings to the 2007 data for equity funds and TDFs, REIT household ownership increased from 35.9% to 39.5%

**Summary: Estimating the Number of Americans Owning REIT Stocks, 2001-2019**

- SCF data on household equity shares is multiplied by the number of households from the Census to get the number of households owning equities
- 401(k) asset plans from EBRI are divided into 4 mutually exclusive fund categories: general equity funds, TDFs, balanced funds, and company stock. The share of each fund within the plans are calculated
- The share of REIT exposure within each of these fund categories is calculated using Morningstar Direct
- The number of households with REITs is calculated by multiplying together REIT asset exposure, share of fund ownership, and the number of households owning equities for each fund type to get the number of households owning REITs within that fund type
- Summing the totals for all 4 fund types gives the total number of households owning REITs
- Multiplying the total number of households owning REITs by Census data on average household size and adults per household gives the total number of Americans with REITs and Adults with REITs, respectively
- The ratio of Americans households with REITs to the total number of American households each year is recorded.