

## 87 Million Americans Own REIT Stocks

Nareit estimates that 87 million adult Americans or more than 44% of all households own REITs.

### Highlights

- 87 million Americans—representing 44% of households—own REIT stocks.

This research note estimates the number of American households and Americans that own REIT stocks directly or indirectly through mutual funds, ETFs or target date funds. We estimate that approximately 87 million adult Americans, or roughly 44% of American households, own REIT stocks.

The key sources of data for this analysis are the 2016 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, Census household income statistics and Nareit analysis of Morningstar Direct data on asset weighted REIT exposures by investment product type.

### Defining Share of Households with Equity Ownership

The SCF reports that 51.9% of households have equity exposures.<sup>1</sup> This includes ownership through a tax deferred retirement account (87.8%), direct stock (26.9%), direct holding of pooled investment funds (18.9%), and trust or annuity (7.3%). The predominance of tax deferred retirement account based ownership will be used below as a key assumption.

Table 1 shows the number of households and associated number of adults per household as derived from SCF 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. The shares are shown in row (1) of Table 2.

For each of these four fund types we can estimate the share of assets that have REIT exposure using Morningstar Direct

**Table 1.**

### Households with Equities and Defined Benefit Plans

Concept	Value
Number of Households	126,000,000
Share of Households with Equities	51.88%
Number of Households with Equities	65,368,800
Adults per Household	1.57

Source: Nareit analysis of Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2017 and associated data.

<sup>1</sup>Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2017, Box 6.

data. This analysis is done on an asset weighted basis and is shown in row (2) of Table 2.

- Generalist equity funds: 88% have some REIT exposure. For these purposes this is likely a conservative estimate because broad based passive funds are more likely to have REIT exposure and are popular in 401(k) plans.
- Target date funds: 100% of target date funds have REIT exposure.
- Balanced funds: Assumed to be the same as generalist equity funds.
- Company stock: Assumed to be 0%. This conservative assumption reflects the likelihood that the majority of people with individual stock exposures also have exposure to one of the three classes above.

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 Table 2, over 55 million households (approximately 44% of households) have REITs. Finally, multiplying the number of households by adults per household (1.57), yields approximately 87 million REIT owners.

## Ownership by State

These estimates are decomposed to the state level using the relationship between equity ownership and household income and state household income distributions. Table 3 provides the estimates.

State ownership is estimated by deriving the share of households with stock ownership in five household income categories (<\$25 thousand, \$25 to \$50 thousand, \$50 to \$75 thousand, \$75 to \$100 thousand, and more than \$100 thousand) using Fed SCF data.

These ownership shares are then applied at the state level using census counts of households by income bracket. This yields an estimate of the number of households with equity ownership by state. The number of households with REIT ownership is derived by applying the same methodology used in Table 2.

**Table 2. REIT Ownership**

Row	Estimate	Equity Funds	TDF	Balanced Funds	Company Stock	Total
(1)	Share of Equity Holdings	57%	28%	8%	8%	100%
(2)	Share with REITs	88%	100%	88%	0%	
(3)	Household with Equities	65,368,800	65,368,800	65,368,800	65,368,800	
(4)	Households with REITS	32,582,261	18,129,628	4,569,007	-	55,280,896
(5)	Adults with REITs	51,056,403	28,409,127	7,159,634	-	86,625,164

Source: Nareit analysis of Employment Benefit Research Institute, Issue Brief No. 458, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2016, Figure 21; Nareit analysis of Morningstar Direct mutual fund and ETF asset allocations; Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2017 and associated data.

<sup>2</sup> Employment Benefit Research Institute, Issue Brief No. 458, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2016, Figure 21

Table 3. REIT Ownership by State (Thousands)

State	Households		Adults		
	Count	Percent of Total	Direct	Percent of Population Over 25	Percent of Population over 30
Alabama	771	39%	1,209	37%	41%
Alaska	129	47%	202	43%	49%
Arizona	1,183	44%	1,853	40%	44%
Arkansas	447	38%	700	36%	41%
California	6,416	46%	10,053	38%	43%
Colorado	1,082	48%	1,696	45%	51%
Connecticut	686	47%	1,075	42%	48%
Delaware	170	44%	266	39%	43%
District of Columbia	155	48%	243	49%	60%
Florida	3,506	41%	5,494	37%	41%
Georgia	1,669	42%	2,615	38%	43%
Hawaii	233	47%	366	37%	41%
Idaho	284	43%	445	39%	44%
Illinois	2,250	45%	3,525	41%	46%
Indiana	1,155	43%	1,810	42%	47%
Iowa	564	44%	884	44%	49%
Kansas	495	42%	776	41%	46%
Kentucky	723	40%	1,133	38%	42%
Louisiana	679	36%	1,063	35%	39%
Maine	234	40%	367	38%	41%
Maryland	1,148	49%	1,799	43%	48%
Massachusetts	1,307	47%	2,047	42%	47%
Michigan	1,728	42%	2,708	40%	44%
Minnesota	1,071	46%	1,678	44%	48%
Mississippi	430	36%	673	34%	38%
Missouri	1,041	42%	1,632	40%	44%
Montana	187	43%	292	41%	45%
Nebraska	328	43%	514	42%	47%
Nevada	479	42%	750	37%	41%
New Hampshire	261	48%	409	42%	47%
New Jersey	1,563	47%	2,448	40%	44%
New Mexico	316	38%	495	37%	41%
New York	3,445	43%	5,398	39%	44%
North Carolina	1,728	40%	2,709	39%	43%
North Dakota	138	43%	216	44%	50%
Ohio	1,992	42%	3,121	40%	45%
Oklahoma	632	41%	990	39%	44%
Oregon	773	44%	1,211	40%	44%
Pennsylvania	2,266	44%	3,551	40%	45%
Rhode Island	192	44%	300	41%	47%
South Carolina	835	41%	1,308	38%	42%
South Dakota	149	43%	234	42%	46%
Tennessee	1,112	41%	1,742	38%	43%
Texas	4,396	43%	6,889	38%	43%
Utah	497	48%	778	42%	49%
Vermont	115	44%	180	41%	43%
Virginia	1,524	46%	2,388	42%	46%
Washington	1,367	47%	2,142	42%	47%
West Virginia	278	37%	436	34%	38%
Wisconsin	1,057	44%	1,656	41%	46%
Wyoming	98	42%	154	41%	45%
<b>Totals</b>	<b>55,281</b>	<b>43%</b>	<b>86,625</b>	<b>39%</b>	<b>44%</b>

Source: Nareit analysis of Employment Benefit Research Institute, Issue Brief No. 458, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2016, Figure 21; Nareit analysis of Morningstar Direct mutual fund and ETF asset allocations; Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2017 and associated data.