

80 Million Americans Own REITs

Nareit estimates that 80 million adult Americans or more than 40 percent of all households own REITs.

Highlights

- 80 million Americans—representing 40 percent of households - own REIT stocks.

Introduction

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 80 million adult Americans, or roughly 40 percent of American household 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 the Share of Households with Equity Ownership

The SCF reports that 51.9 percent of households have equity exposures.¹ This includes ownership through a tax deferred retirement account (87.8 percent), direct stock (26.9 percent), direct holding of pooled investment funds (18.9 percent), and trust or annuity (7.3 percent). 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.

As noted above, the dominant form 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 data. This analysis is done on an asset weighted basis and is shown in row (2) of Table 2.

- Generalist equity funds: 82 percent 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: 95 percent of target date funds have REIT exposure.
- Balanced funds: Assumed to be the

¹ Federal Reserve, Survey of Consumer Finances, Federal Reserve Bulletin, September 2017, Box 6.

same as generalist equity funds.

- Company stock: Assumed to be 0 percent. This reflects the likelihood that the vast 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 51 million households (more than 40 percent of households) own REITs. Finally, multiplying the number of households by adults per household (1.57), yields approximately 80 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 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.

Table 2
REIT Ownership

Row	Estimate	Investment Type			Total
		Equity Funds	TDF	Balanced Funds	
(1)	Share of Individual Equity Holdings	57%	26%	8%	100%
(2)	Share of Investment Type with REITs	82%	95%	82%	0%
(3)	Household with Equities	65,368,800	65,368,800	65,368,800	65,368,800
(4)	Households with REITs (1) x (2) x (3)	30,762,505	16,372,665	4,068,359	51,203,529
(5)	Adults with REITs (4) x 1.57	48,204,845	25,655,966	6,375,119	80,235,930

Sources: Nareit® analysis of Employment Benefit Research Institute, Issue Brief No. 436, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2015, 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.

² Employment Benefit Research Institute, Issue Brief No. 436, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2015, Figure 21.

Table 3
REIT Ownership Exposure By State
(In Thousands)

State	Households		Adults		
	Count	Percent of Total	Direct	Percent of Population Over 25	Percent of Population Over 30
AL	708	36%	1,110	34%	38%
AK	120	46%	187	41%	47%
AZ	1,065	40%	1,669	37%	41%
AR	431	35%	675	35%	38%
CA	5,941	43%	9,309	36%	41%
CO	1,006	44%	1,577	43%	49%
CT	639	45%	1,001	41%	45%
DE	157	40%	246	38%	42%
DC	138	43%	217	47%	57%
FL	3,209	38%	5,029	35%	39%
GA	1,566	39%	2,454	37%	42%
HI	211	44%	330	35%	39%
ID	250	39%	391	37%	41%
IL	2,130	42%	3,338	39%	44%
IN	1,038	39%	1,627	38%	42%
IA	542	41%	849	42%	46%
KS	453	40%	710	39%	43%
KY	652	36%	1,021	35%	39%
LA	641	35%	1,004	33%	37%
ME	221	38%	347	37%	40%
MD	1,055	46%	1,653	41%	46%
MA	1,215	44%	1,903	41%	46%
MI	1,645	41%	2,577	39%	43%
MN	965	44%	1,512	41%	46%
MS	393	33%	616	32%	36%
MO	941	39%	1,474	37%	41%
MT	173	40%	271	39%	43%
NE	313	41%	490	41%	45%
NV	451	40%	707	36%	40%
NH	244	46%	382	41%	45%
NJ	1,473	43%	2,309	38%	42%
NM	294	36%	460	34%	38%
NY	3,210	41%	5,029	38%	42%
NC	1,559	39%	2,443	37%	41%
ND	132	41%	207	44%	50%
OH	1,865	39%	2,923	38%	42%
OK	593	38%	930	37%	41%
OR	692	40%	1,085	39%	43%
PA	2,104	41%	3,298	38%	42%
RI	188	41%	294	41%	46%
SC	792	39%	1,241	38%	42%
SD	137	39%	214	39%	43%
TN	1,025	37%	1,606	36%	40%
TX	4,108	41%	6,437	37%	42%
UT	460	44%	721	42%	48%
VT	111	41%	174	40%	44%
VA	1,390	43%	2,177	39%	44%
WA	1,242	44%	1,946	40%	45%
WV	258	34%	404	32%	35%
WI	984	41%	1,542	40%	44%
WY	96	40%	150	39%	44%
Totals	51,223	41%	80,267	38%	42%

Source: Nareit® analysis of Employment Benefit Research Institute, Issue Brief No. 423, 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2014, 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; and Census state population estimates.