

# Exploring the Impacts of the RealPage Antitrust

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# History of Landlords and Tenants

Rental of housing has a long history.

It dates back to 1066 in England.

[Viewer Ltd., \*A Potted History of Landlords\*, December 2, 2021.](#)

[Wikipedia, \*Landlord\*.](#)

Minnesota's landlord and tenant laws date back to the Territorial Laws of Minnesota of 1851.

[Larry McDonough, \*Residential Eviction Defense and Tenant Claims in Minnesota at I.A.O.\*](#)

# Evolution of National and Regional Corporate Ownership

“In the wake of the 2008 global financial crisis, the U.S. experienced a surge in foreclosures of family-owned homes followed by the acquisition of these properties by investors seeking to operate them as rental properties. Since then, investors, especially institutional investors, have taken a greater interest in rental housing as an investment vehicle, a trend often referred to as “financialization.” This trend towards the financialization of housing is associated with significant consequences, including higher rates of evictions, housing cost burdens, and gentrification.”

*National Low Income Housing Coalition, [New Research Addresses the Growing Challenge of Ownership Obscurity in Rental Properties](#), April 15, 2024.*

# Evolution of National and Regional Corporate Ownership

“Since 2012, large investment companies, mainly private equity firms, have raised and/or invested \$20 billion to purchase as many as 200,000 single-family homes through-out the United States.<sup>1</sup> This investment space opened up as the result of foreclosure crisis, which lowered property values, tightened mortgage credit, increased rental demand, and consolidated unprecedented amounts of single-family homes under the ownership of banks and government-sponsored enterprises. While local “mom and pop” owner-ship has long characterized the single-family rental market, these post-crisis conditions created new opportunities for firms like Blackstone and Colony Capital to enter the market.”

*Desiree Fields, The Rise of The Corporate Landlord: The Institutionalization of The Single-Family Rental Market and Potential Impacts on Renters at 4 (Homes For All Campaign of Right To The City Alliance, May 2014).*

# Evolution of National and Regional Corporate Ownership

“Tenants could face higher rental costs due to pressure for private equity funds deliver returns to investors, particularly with the advent of rental bonds....

Corporate landlords’ limited experience means they may fail to comply with fair housing law in how they market their properties, who they rent to, and whether they make accommodations for people with disabilities....

Since institutional investors are not experienced in property management and maintenance, housing quality can easily be compromised....

Tenants may be forced to move out or adjust to new policies and practices when their home is flipped to a new investor-landlord.”

[Desiree Fields, The Rise of The Corporate Landlord: The Institutionalization of The Single-Family Rental Market and Potential Impacts on Renters at 5 \(Homes For All Campaign of Right To The City Alliance, May 2014\).](#)

# Evolution of National and Regional Corporate Ownership

“Big corporate landlords have kept right on raising rent on everyday families regardless of how high their profits have grown. Adding insult to injury, many landlords rewarded a small group of wealthy investors with new handouts at the expense of struggling tenants. It’s unsurprising that some of the same companies that needlessly inflated housing costs have worked closely with a software company accused of helping landlords coordinate a massive price-fixing scheme. Through-the-roof rent hikes based on greed – not need -- have kept many Americans from getting ahead, which is why Congress must do more to support the Biden administration’s affordable housing actions.”

[Accountable, \*REPORT: Top RealPage-linked Corporate Landlords See Profits Soar Amid Rent Hikes and Fees\*, June 12, 2024.](#)

# RealPage

ProPublica investigated RealPage and published its reporting in 2022.

“On a summer day last year, a group of real estate tech executives gathered at a conference hall in Nashville to boast about one of their company’s signature products: software that uses a mysterious algorithm to help landlords push the highest possible rents on tenants....

For years, RealPage has sold software that uses data analytics to suggest daily prices for open units. Property managers across the United States have gushed about how the company’s algorithm boosts profits....

In one neighborhood in Seattle, ProPublica found, 70% of apartments were overseen by just 10 property managers, every single one of which used pricing software sold by RealPage....

The software’s design and growing reach have raised questions among real estate and legal experts about whether RealPage has birthed a new kind of cartel that allows the nation’s largest landlords to indirectly coordinate pricing, potentially in violation of federal law.

[Heather Vogell, \*Rent Going Up? One Company’s Algorithm Could Be Why.\* \(ProPublica, October 15, 2022\).](#)



# Thoma Bravo and RealPage

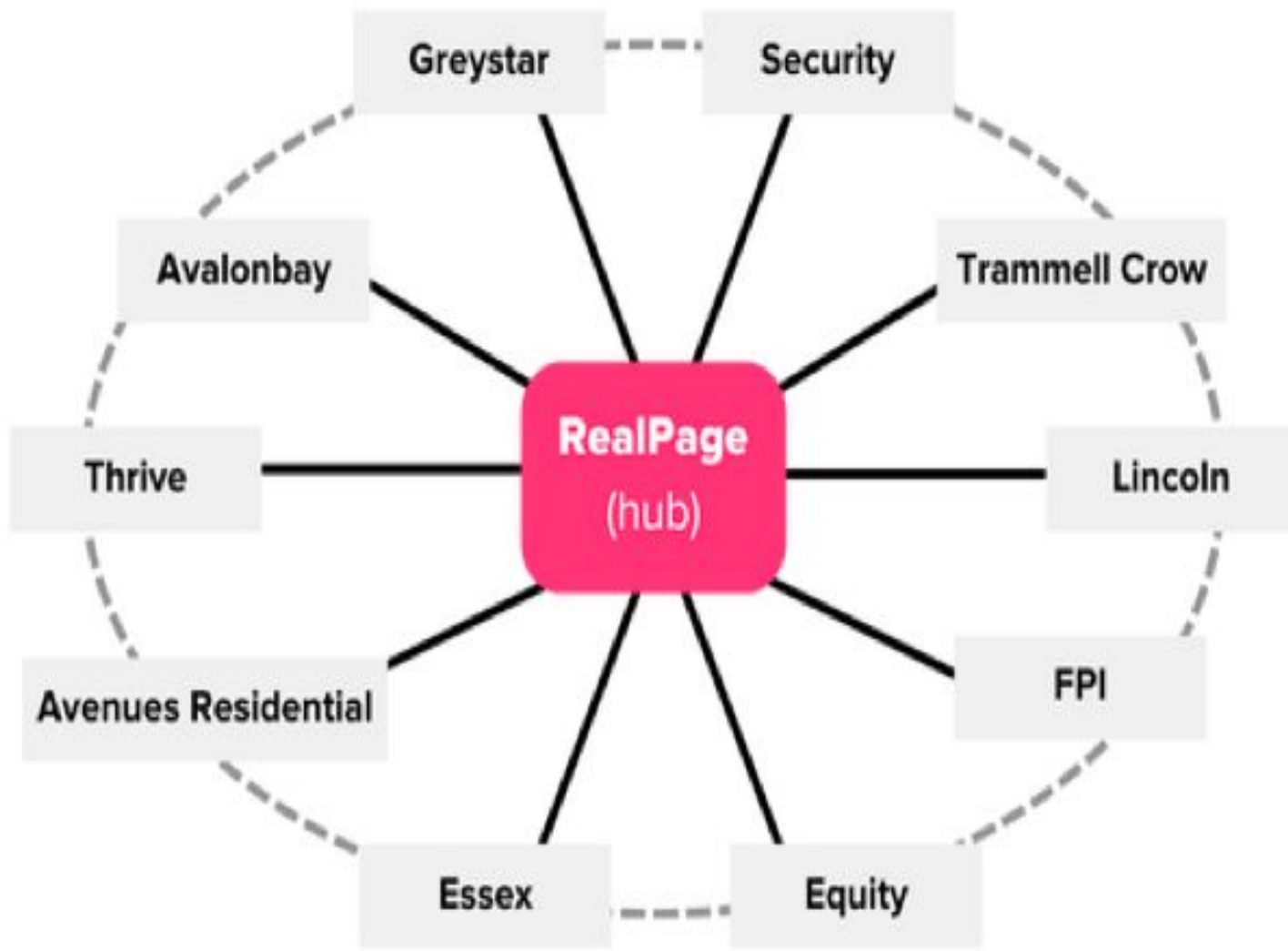
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NMHC Ranking	Company	# Properties in U.S.	# Units in U.S.	# Properties in Twin Cities	# Units in Twin Cities
1	Greystar*	3,393	798,272	32	7,588
3	RPM Living	715	226,169	4	699
4	Lincoln Property (Willow Bridge)*	772	201,472	30	5,984
5	Cushman and Wakefield	716	182,214	38	7,681
9	BH Management*	287	113,993	3	907
11	Bozzuto	384	101,961	2	417
17	Cortland*	230	81,078	1	322
24	Related Companies*	231	68,998	4	466
25	Weidner Apartment Homes	242	62,018	29	6,589
	AIR Communities*	92	33,138	1	331
	Sherman Associates*	41	6,403	27	4,694
			<b>TOTAL</b>	<b>171</b>	<b>35,678</b>
	* = private equity-owned				

**Blackstone**  
**- 350,000**  
**units**

- 146,000 units of multi-family (apartments)
- 90,000 units of affordable, subsidized housing
- 66,000 Single Family Rental Homes
- 35,000 student housing units
- 13,000 manufactured housing lots

## Property Managers Used by Blackstone Named as Defendants in RealPage Lawsuits

Property Manager	# Blackstone Properties	# Units in Blackstone Properties
AIR Communities	76	27,404
Bell Partners	81	27,247
FPI Management	89	16,516
Cortland	30	11,109
BH Management	32	11,078
Greystar Management	26	9,189
Cushman & Wakefield	12	3,956
Security Properties Residential	6	1,754
ConAm Management	3	1,479
Mission Rock Residential	8	1,339
Cardinal Group Management	5	1,086
Avenue5 Residential	5	935
Willow Bridge	2	730
Bozzuto Group	1	456
Equity Residential	1	387
<b>TOTAL</b>	<b>377</b>	<b>114,665</b>

# The Private Equity Business Model in Housing

- Buy “undervalued” or “distressed” assets, often using “leverage” (debt)
  - Goal: increase profitability in short period (3-7 years) to provide return to investors and pay back debt
- Seek to re-sell asset or take private company public (e.g. Invitation Homes)
- Increase profitability by:
  - Increasing revenue by raising rents, making tenants pay new fees, evicting tenants who fall behind
  - Reducing expenses by neglecting maintenance and repairs, reducing staff
- Solicit investments primarily from institutional investors
  - pension funds, endowments, etc.
- Lack of transparency

## Largest Pension Fund Investors in Thoma Bravo Funds XIII and XIV (the funds that bought RealPage)

Pension Fund	Fund XIII	Fund XIV	TOTAL
New York State Common Retirement Fund	\$400 million	\$400 million	\$800 million
California Public Employees Retirement System (CalPERS)		\$600 million	\$600 million
California State Teachers Retirement System (CalSTRS)	\$300 million	\$300 million	\$600 million
University of California Regents	\$200 million	\$350 million	\$550 million
New York State Teachers Retirement System	\$200 million	\$300 million	\$500 million
Massachusetts Pension Reserves Investment Management	\$150 million	\$275 million	\$425 million
Ohio State Teachers Retirement System (OH STRS)	\$300 million	\$100 million	\$400 million
Florida State Board of Administration	\$150 million	\$200 million	\$350 million
Minnesota State Board of Investment (MN SBI)	\$150 million	\$150 million	\$300 million

# Senators introduce bill to prevent use of algorithms to raise rent

**San Francisco becomes first US city to ban automated rent-fixing technology**

**Council on track to pass bill barring Philly landlords from 'price-fixing' rents**

**San Jose could restrict use of AI tools to set rent prices**

Same as Jersey City, Hoboken council asks legislature to ban rent-setting algorithms

**Wauwatosa Alderman Proposes Ban on RealPage Software to Combat Rising Rental Costs and Protect Housing Affordability**



# The Sherman Act

“The Sherman Act broadly prohibits 1) anticompetitive agreements and 2) unilateral conduct that monopolizes or attempts to monopolize the relevant market. The Act authorizes the Department of Justice to bring suits to enjoin (i.e. prohibit) conduct violating the Act, and additionally authorizes private parties injured by conduct violating the Act to bring suits for treble damages (i.e. three times as much money in damages as the violation cost them). Over time, the federal courts have developed a body of law under the Sherman Act making certain types of anticompetitive conduct per se illegal, and subjecting other types of conduct to case-by-case analysis regarding whether the conduct unreasonably restrains trade.

The law attempts to prevent the artificial raising of prices by restriction of trade or supply. "Innocent monopoly", or monopoly achieved solely by merit, is legal, but acts by a monopolist to artificially preserve that status, or nefarious dealings to create a monopoly, are not. The purpose of the Sherman Act is not to protect competitors from harm from legitimately successful businesses, nor to prevent businesses from gaining honest profits from consumers, but rather to preserve a competitive marketplace to protect consumers from abuses.”

[Wikipedia, Sherman Antitrust Act](#)

# RealPage Court Cases

[\*Bason v. RealPage, Inc., et al.\*, No. 22CV1611MD \(S.D. Calif. Filed October 18, 2022\) \(claimed violations of the Sherman Act\).](#)

*Duffy v. Yardi Systems, Inc., et al.*, No. 23-cv-01391 (W.D. Wash. Filed September 8, 2023) (claimed violations of the Sherman Act).

*District of Columbia v. RealPage, Inc., et al.*, (D.C. Sup. Ct. Filed November 1, 2023) (claimed violation of the D.C. Antitrust Act).

See [Attorney General Schwalb Sues RealPage & Residential Landlords for Rental Price-Fixing, Illegally Raising Thousands of District Residents' Rents](#)

# RealPage Court Cases

*State of Arizona v. RealPage, Inc., et al.* (Ariz. Sup. Ct. Filed February 28, 2024) (claimed violations of Arizona Uniform State Antitrust Act and Consumer Fraud Act).

See *Attorney General Mayes Sues RealPage and Residential Landlords for Illegal Price-Fixing Conspiracy.*

*United States of America v. RealPage, Inc.*, No. 1:24-cv-00710 (M.D.N.C. Filed August 23, 2024) (violations of the Sherman Act).

See *Justice Department Sues RealPage for Algorithmic Pricing Scheme that Harms Millions of American Renters.*

See also *National Public Radio, DOJ Accuses Real Estate Software Company of Helping Landlords Collude to Raise Rents, August 23, 2024.*

# Questions

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If you are tuning in virtually, email questions to:

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