

## Fact Sheet: How Wall Street Drives Land Hoarding and Raises Housing Prices

January 2026

Since the Great Recession, the US has faced a severe housing crisis. Unlike other sectors, [new housing construction](#) – particularly starter homes – never rebounded after 2008 to keep pace with population growth or demand, creating shortages and [skyrocketing prices](#). By 2025, [more than](#) 75% of homes for sale were unaffordable to the typical buyer.

American Economic Liberties Project's recent [Capital Crunch](#) report explains that these shortages were not inevitable but were instead fomented by federal policy [choices](#) that prioritized [Wall Street](#)-driven [big, publicly traded homebuilders](#) over local competitors. In particular, publicly traded homebuilders have used land hoarding to intentionally restrict housing supply and to maximize their profits. This has contributed to soaring prices while locking a generation out of homeownership.

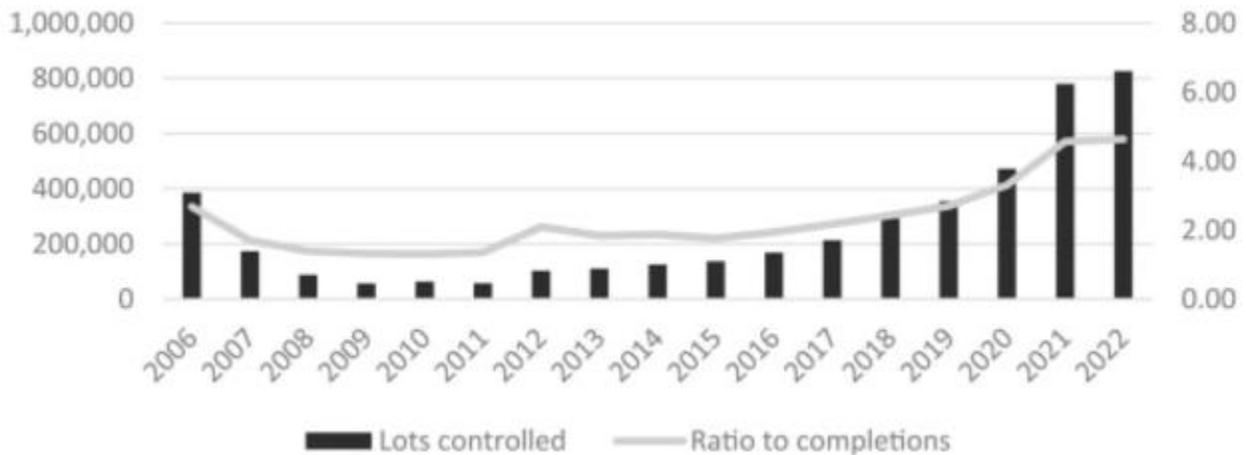
This fact sheet explains how land hoarding works, highlights key numbers that illuminate this trend, and concludes with [Capital Crunch's](#) recommendations for limiting this practice and increasing U.S. housing supply.

### Wall Street Homebuilders Have Locked Up Vast Amounts of Land but Build Slowly

- Publicly traded homebuilders now practice [land banking](#), a strategy that involves [increasing](#) their land holdings to [protect](#) their pricing power. This tactic secures a “[delay premium](#)” for builders by strategically holding developable land off the market, creating artificial scarcity in the face of growing demand. As a result, they can sell fewer homes at significantly higher prices.
- Today, these big firms have [pivoted](#) from direct land ownership to a low-risk “land-light” strategy, where a 10% to 20% deposit plus a carry fee secures an “option” to control vast tracts of land for 2 to 5 years. This shift [accelerated](#) dramatically over the past decade: in 2017, public builders owned 64% of their lots and optioned 36%. In 2025, they [own](#) just 26% and have options on the other three-quarters. By mid-2025, despite owning half as much land as in 2005, D.R. Horton [controlled over](#) 75% more lot supply than it did 20 years earlier. D.R. Horton accrued its land position in part by contracting with land bankers and in part through its a majority stake in Forestar, “a publicly traded residential lot development company with operations in 64 markets across 23 states.”
- Homebuilders sometimes use joint ventures to extend their land control while keeping debt off their books; for example, Lennar [accrued](#) \$4 billion in off-balance-sheet debt through 116 ventures shortly after the financial crisis. The CEO of Toll

Brothers also more recently [confirmed](#) that they partner “with either Wall Street private equity or with our friends in the home building industry” to control land.

- Due to this trend, Wall Street homebuilders now control roughly 1 million more lots than they did in 2020: D.R. Horton [alone](#) owns or controls over 600,000 lots, [via](#) land bankers such as Walton Global.<sup>1</sup> And the trend shows no signs of stopping, with [Walton Global](#) launching a \$250 million land fund for lots in partnership with an unnamed publicly traded homebuilder just last year.
- With this control, homebuilders strategically [hold](#) land off the market. For example, as of mid-2025, industry leader D.R. Horton controlled more than 7 years’ worth of lots—which Fitch Ratings characterized as only “modestly above average.” President Trump [posted](#) in October 2025 that homebuilders are “sitting on 2 Million empty lots, a RECORD.” Director of the Federal Housing Finance Authority then [posted](#) in January 2026 that “[b]uilders who do business with Fannie and Freddie (which is most builders) need to start building out their lot supply, including optioned land which is ‘ready to go’” and indicated that more details would be forthcoming.
- Homebuilders are also increasingly reserving land for “build-for-rent” pipelines, as illustrated by Lennar’s 2024 [joint venture with Invitation Homes](#), where it agreed to build developments exclusively for the largest single family rental home corporation in the country. D.R. Horton [also](#) sells thousands of single family rental homes per year.



Lots [controlled](#) by homebuilders and the ratio to completions, 2006-2022.  
Homebuilders have been amassing land without developing it.

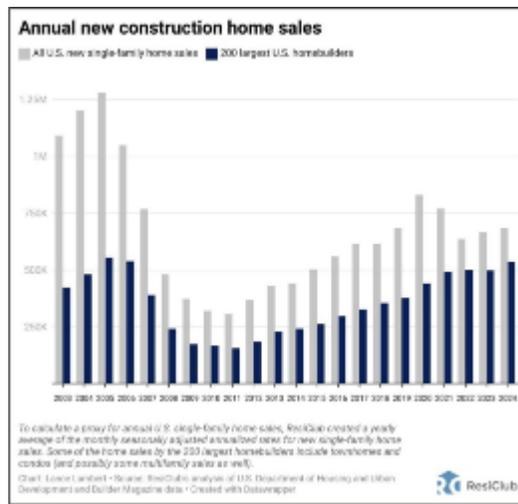
### For Publicly Traded Builders, It Has Become More Profitable to Construct Fewer Homes

- After the 2008 financial crisis, publicly traded homebuilders adopted “inventory

<sup>1</sup> The South Central U.S. (particularly Texas) is the area where the top-two homebuilders in America, [Lennar](#) and [D.R. Horton](#), have the greatest footprint, but they both have a nationwide presence.

discipline” strategies to meet Wall Street’s earnings expectations. Instead of building for market [demand](#), big homebuilders [pivoted](#) to timing or restricting their homebuilding to maximize profits. Large public homebuilders enjoyed an [average gross margin](#) of nearly 22% over the past decade, while construction [lagged](#) 1990s levels by 20%.

- Homebuilders tout this strategy to investors. For example, in 2022, D.R. Horton [stated](#) it works to “control our level of inventory investment” to mitigate risk. This year, PulteGroup’s CEO [emphasized](#) “prioritizing price and margin over volume,” explicitly stating they have the capacity to build 31,000 homes but plan to deliver 1,000 to 2,000 fewer. Analysts who once criticized homebuilders for building through downturns, now [praise](#) “disciplined production across the homebuilding sector” in their recommendations.



The total number of new home sales has [fallen](#) as the percentage of total new home sales controlled by the largest 200 homebuilders has increased.

- While large public builders have easy access to capital, small private homebuilders [face](#) tight lending standards, [locking](#) them out of the land market and [eliminating](#) the main competitors who might otherwise build more affordably. Financing for big builders often [crowds out](#) investment for small builders. As Walton Global’s COO [described](#), for asset managers deploying lots of capital, “a small deal here and there does not move the needle... And so our focus really has to be on some of the larger publics just because of the volume that they do.”
- In the past decade, land prices [increased](#) two and a half times as much as the cost of labor and materials. Homebuilders now rank [land](#) as a top concern: in a [2025 survey](#), 63% cited lot costs and availability as their most significant building cost problem, surpassing other concerns like labor and material costs. By [collectively restricting](#)

the number of homes built and controlling critical land resources, the largest homebuilders can keep prices high, and new buyers out of the market.

- These problems will accelerate as big builders, amidst declining consumer sentiment, [entrench](#) land hoarding into their long-term business strategies. According to one [former Fed economist](#), over the next five years, “private capital – especially institutionalized private lenders with track records – will take a larger share of the residential [construction financing] market.”

### **The Path Forward**

To restore a competitive market that prioritizes productive land use to house families, and not land hoarding for Wall Street, American Economic Liberties Project proposes the following federal reforms:

- Implement a land-value tax to discourage the speculative holding of vacant lots. This [shifts](#) the tax burden from the buildings to the land itself, making it [unprofitable](#) for large builders to sit on vast, undeveloped parcels.
- Create federal public lending facilities and support community banks to provide capital for small, local homebuilders. This counteracts the Wall Street financing that incentivizes large builders to restrict supply to maximize profits.
- Congress should close loopholes that allow anti-competitive land acquisitions to go unreported.

*For a deeper analysis of factors limiting U.S. housing supply and what to do about it, see [the full Capital Crunch report](#).*