

HOUSING AND DEVELOPMENT MONEY CHICAGO

Wall Street investors are now barred from buying single-family homes. Will that ease homebuying in Chicago?

A Trump executive order took effect Jan. 20. But some experts say it won't have much impact on the state's housing shortage and affordability crisis.

By Abby Miller | Feb 7, 2026, 5:30am CST





Chicagoans may not see much benefit from the White House's recent executive order that aims to block institutional investors from buying single-family homes, but experts say those landlords are still a contributing factor to the region's housing shortage.

President Donald Trump signed the [executive order](#) Jan. 20; it directs government agencies to define institutional investors and set guidelines to prevent the federal government and government-sponsored entities from approving purchases by such investors. The order also instructs federal agencies to promote sales to individual owner-occupants through first-look policies, disclosure requirements and anti-circumvention measures, according to the White House.

The measures are a part of Trump's wider push to make everything from groceries to homeownership more affordable. As home prices rise, so has the median age of first-time homebuyers. The National Association of Realtors says the median age of first-time buyers in the U.S. is 40 years old — the oldest it has been in U.S. history.

But the glaring issue is the order doesn't block all purchases from institutional buyers, said Frank Manzo, an economist at the Illinois Economic Policy Institute. These buyers are often private equity firms that own thousands of homes and rental units.

"Institutional investors, especially in the single-family rental market, typically purchase their properties in cash," Manzo said. "Or, if they're financing it, they're using private sources, and all of that is outside ... what the executive order would address. Ultimately, the executive order doesn't have that much teeth."

The order's impact would also be smaller in Chicago, where the share of homes owned by investors is below the national average. Data from Redfin puts the national share of homes owned by investors at 17% as of third quarter 2025, the most recent data available. In Chicago, that figure is 13%, according to Redfin. Investors purchased nearly 2,400 homes in Chicago during the third quarter last year.

"Investor activity recently experienced rapid growth following the COVID-19 pandemic, and that really reduced the supply of homes that were available for individuals and families to purchase," Manzo said. "Investor purchases have declined in the last two years."

the national average. Investors purchased more than 1,000 homes in Chicago between the second and third quarters last year, according to Redfin.

But investors are only one factor contributing to the state's [housing shortage](#). Manzo published a study in June 2024 that examines Illinois' housing shortage and ways the state could fix it; the study's co-author was Robert Bruno, a professor at the University of Illinois Urbana-Champaign and director of the school's Project for Middle Class Renewal.

The study says Illinois' housing shortage has been driven by several demand, supply and regulatory factors, including investor ownership of properties. The buying of homes by investors is raising home prices by reducing the number of properties available on the market, according to the report.

Manzo said investors tend to purchase homes in "trendier" Chicago neighborhoods on the North and West sides, where younger people may be looking to rent.

Some argue these investors do good by rehabbing properties that might otherwise fall into foreclosure, in turn increasing the rental supply.

“Investor activity has been found to degrade affordability for young households, in particular, who are seeking starter homes,” Manzo said.

Research from [DePaul University’s Institute for Housing Studies](#) in 2024 found elected officials of cities, towns and villages in the Greater Chicago region had similar concerns about institutional landlords in their communities. Elected officials said their challenges with institutional owners included reaching property owners about maintenance issues and code violations; a possible decline in homeownership; and limited government resources for regulating the landlords.

Manzo said more steps could be taken to address institutional landlords, such as congressional laws to help spur new construction and buy backs of homes from investors.

“The data is just really clear that the people of Illinois want to own their homes, because our homeownership rate is consistently higher than the nation’s, and that’s despite the fact that we have kind of really high [property taxes](#),” Manzo said. “We have a high homeownership rate, and we need to find ways to give the people what they want, which is more homes.”



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