

# US alleges software scheme to raise rent prices

August 23 2024, by John BIERS

---



US Attorney General Merrick Garland speaks alongside Assistant Attorney General Jonathan Kanter to unveil charges against RealPage.

US prosecutors unveiled sweeping antitrust charges Friday against a property management software company that they allege employs

algorithms to enable collusion among landlords, harming renters across numerous US markets.

The Department of Justice, joined by eight US states, filed a [civil lawsuit](#) against Texas-based RealPage, which maintains an alleged "monopoly" over commercial revenue management [software](#), according to a DOJ press release.

RealPage vowed to "vigorously" fight the suit, which it described as groundless.

The complaint, filed in US court in North Carolina, alleges that RealPage's algorithmic software takes [real-time](#) pricing inputs and projects vacancies and other sensitive non-public data from competing landlords. The software then generates pricing recommendations, allowing landlords to charge more than they otherwise would, harming consumers.

The suit marks the first time US prosecutors have targeted anticompetitive behavior centered on computer algorithms, a US DOJ official said.

Attorney General Merrick Garland described RealPage's conduct as "classic price fixing," calling competition among landlords a critical protection for renters.

"Everybody knows the rent is too damn high, and we allege this is one of the reasons why," Garland said at a press conference.

A RealPage spokeswoman called the lawsuit a "distraction" from "the fundamental" issues driving rental inflation, including a lack of housing supply and high mortgage rates.

"We are disappointed that, after multiple years of education and cooperation on the antitrust matters concerning RealPage, the DOJ has chosen this moment to pursue a lawsuit that seeks to scapegoat pro-competitive technology that has been used responsibly for years," RealPage said.

"We believe the claims brought by DOJ are devoid of merit and will do nothing to make housing more affordable."

The lawsuit cites internal documents, including a comment from one RealPage executive that "there is greater good in everybody succeeding versus essentially trying to compete against one another in a way that actually keeps the entire industry down."

Assistant Attorney General Jonathan Kanter credited the DOJ's hiring of data science experts for allowing the department to scrutinize how technology can be used as a means to questionable ends in the rental and other markets.

"Algorithms process far more information, far more rapidly than humans ever could," Kanter said. "The technical capabilities of software can enhance a competitor's ability to extract gains, tip the market in favor of monopolies and undermine the competitive process."

RealPage serves companies that account for three million [housing units](#), with an especially strong presence in the US Sunbelt and the South, US Justice officials said during a media briefing.

In the market of Raleigh, North Carolina, RealPage accounted for about 40 percent of the rental market, US officials said. The company's penetration is as high as 60 percent in some markets, officials said.

Citation: US alleges software scheme to raise rent prices (2024, August 23) retrieved 24 August 2024 from <https://techxplore.com/news/2024-08-alleges-software-scheme-rent-prices.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.