



# **The Rise of Rental Fraud in Real Estate Listings**

## **A Nationwide Analysis**

Written by  
Tracey C. Velt

Report produced by  
HousingWire, in partnership  
with Property Shield, leveraging  
data from Altos Research

# Introduction

The rise of rental fraud and property listing scams pose a significant threat to sellers, renters, real estate professionals and brokerage owners. These scam listings often lurk behind enticing deals and seemingly legitimate property listings. With over 13,000 rental fraud complaints reported to the FBI in just one year, it's clear that this is a crisis that demands attention and action.

Experts have seen a notable uptick in recent years, influenced by various factors, such as the rising reliance on online listings and heightened demand for rental properties.<sup>1</sup>

According to recent reports from the FBI, rental scams are now recognized as one of the most common forms of fraud in real estate transactions. The FBI's Internet Crime Complaint Center (IC3)<sup>2</sup> revealed that over 13,000 complaints related to rental fraud were filed in 2022. Nationwide, in 2021, 11,578 people reported losing \$350 million due to these types of scams, which is a 64% increase from the previous year.<sup>1</sup> The actual losses are likely much higher, because some people are hesitant to report that they were scammed.

Market conditions, particularly inventory shortages and areas with a large number of vacant homes, have further contributed to the rise of rental fraud.<sup>3</sup> As the availability of properties dwindles, competition among prospective buyers and tenants intensifies. This urgency can cause individuals to overlook potential red flags in listings, rendering them more susceptible to fraudulent schemes. Additionally, a high demand for rental properties can overwhelm landlords and property managers, leading to insufficient tenant screening and creating opportunities for fraudsters to exploit.

---

<sup>1</sup> <https://www.fbi.gov/contact-us/field-offices/boston/news/press-releases/fbi-warns-of-spike-in-rental-and-real-estate-scams>

<sup>2</sup> <https://www.fbi.gov/how-we-can-help-you/scams-and-safety>

<sup>3</sup> <https://consumer.ftc.gov/articles/rental-listing-scams>

# Table of Contents

---

<b>Introduction</b>	<b>2</b>
<b>Table of Contents</b>	<b>3</b>
<b>What is Rental Fraud?</b>	<b>4</b>
Types of Rental Fraud	4
<b>Analysis of Rental Fraud in Select Metropolitan Markets</b>	<b>6</b>
<b>Breakdown by Individual Metro</b>	<b>9</b>
<b>Factors Contributing to Rental Fraud</b>	<b>12</b>
Migration Trends	12
Inventory Levels	15
Impact of Institutional Investments	16
Marketing and Technology Usage	18
<b>Implications for Real Estate Professionals and Firms</b>	<b>19</b>
Risks to Brand and Reputation	19
Financial Damages	19
Preventative Strategies	20
<b>Summary of Key Findings</b>	<b>21</b>
How to Protect Yourself and Your Firm	21
<b>Methodology</b>	<b>23</b>
<b>About Property Shield</b>	<b>24</b>
<b>About HousingWire</b>	<b>24</b>

# What is Rental Fraud?

Rental fraud encompasses a range of deceptive practices where individuals or entities misrepresent rental properties to swindle unsuspecting victims out of their money or personal information. For the purposes of this study, we focused on the “Home Hijack,” reposting for-sale listings and advertising them for rent and collecting and the “Data Heist,” selling personal information from these advertisements and selling that personal information on the black market.

In addition to for-sale listings, rental listings are ripe for scammers to prey on unsuspecting victims with fraudulent rental listings. We explore that connection later in this report.

The fallout from these activities extends beyond individual victims; it undermines the integrity of the real estate market, leading to serious financial and reputational repercussions for professionals in the industry.

## Types of Rental Fraud

There are two main types of rental fraud that we focus on in this research report:

1. **Data Heist:** These scams involve someone collecting personal and financial information through fake rental applications, property listings and more, which they then sell on the black market. This information is then used for a host of other different cybercrimes.
2. **The Home Hijak:** Here, for-sale listings are copied and placed on social media sites and real estate listing platforms. In many cases, fraudsters gain access to vacant properties and pose as landlords, collecting deposits and rent from unsuspecting tenants before disappearing. In many cases, scammers will target immigrants and displaced families.

The economic ramifications of rental fraud reach beyond immediate financial losses. Victims often face additional expenses, including legal fees, lost security deposits, and emotional distress. Furthermore, such fraud can undermine consumer confidence in the housing market. Real estate professionals may bear the brunt of

this crisis, as they must invest significant time and resources in addressing these activities and fake listings, which can damage their reputations and relationships.

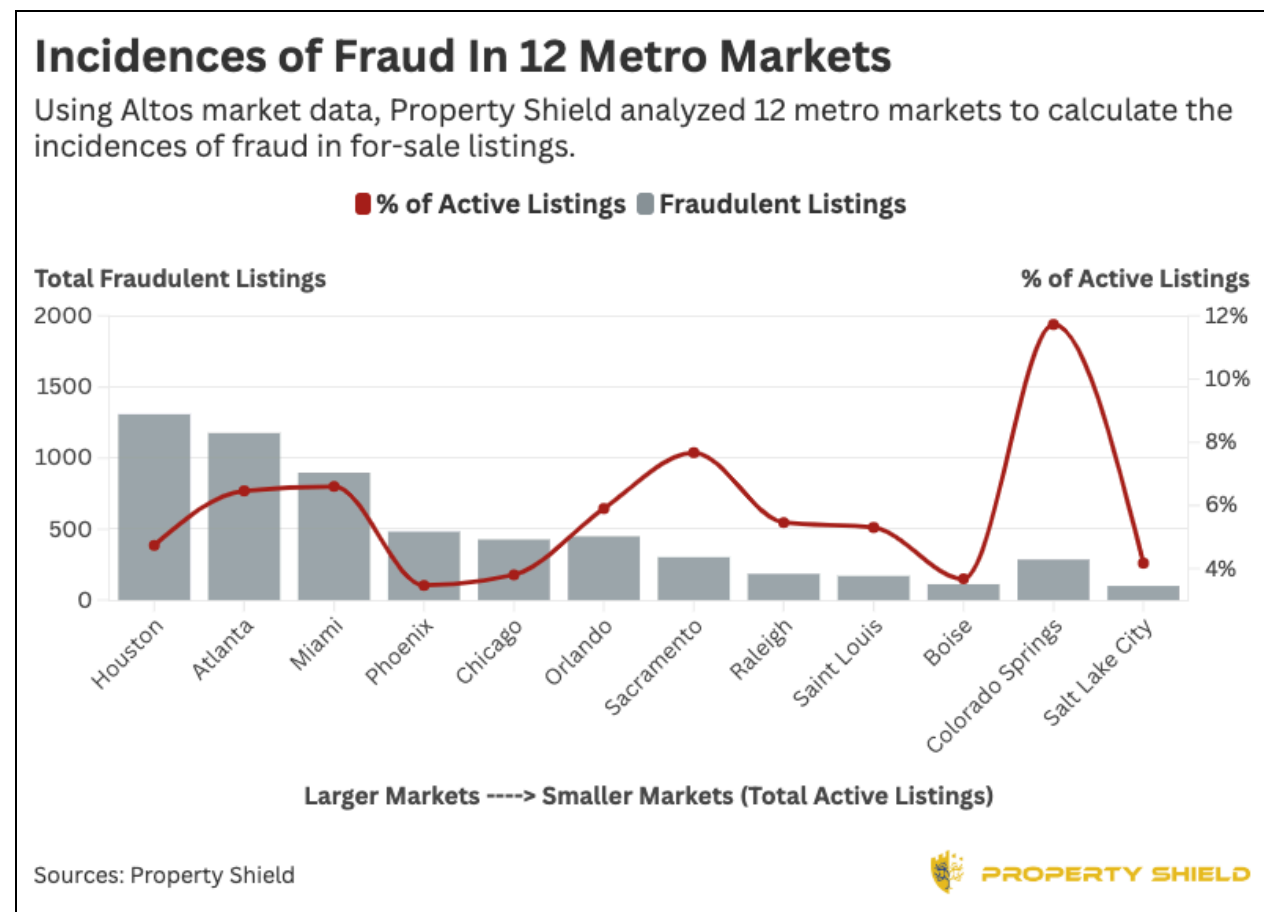
This report seeks to provide a thorough analysis of rental fraud in real estate listings across 12 markets in the United States, focusing on key metropolitan areas, and the underlying factors contributing to this troubling trend.

By examining data from Altos Research, combined with insights from Property Shield, this report illuminates the prevalence of rental fraud, identifies what's happening in key demographics, and equips the real estate industry with strategies to combat this urgent issue.

# Analysis of Rental Fraud in Select Metropolitan Markets

Using data from Altos Research, Property Shield analyzed the current listings in 12 metropolitan areas to determine the incidents of fraud. For each listing, Property Shield performed multi-tiered analysis that started with a unit-level validation to determine address matches. Then, they validated the price to determine if the price for a property was equal to the price found in the original listing.

Finally, they verified the owner on file for the listing compared to the owner listed on potential fraudulent listings. For the purposes of this report, the owner was the brokerage that listed the property.



In the analysis, it was discovered that of the 110,568 listings, some with 5,894 listings, there was a fraudulent ad impersonating the broker, with the largest number of fraudulent listings found in Houston.

Here are some takeaways from the comparative analysis of the housing markets and their fraud statistics based on a timeframe of 30-day period ending October 18, 2024.

**1. Total Fraudulent Listings:** Larger markets like Houston, Atlanta, and Miami see the highest number of fraudulent listings, with Houston and Atlanta leading in sheer volume of incidents.

**2. Percentage of Active Listings as Fraudulent:** Colorado Springs has a significantly higher percentage (around 12%) of active listings flagged as fraudulent, despite being a smaller market.

**3. Average Price:** Miami and Salt Lake City have some of the highest median prices (\$825,000 and \$760,000, respectively). However, Miami shows a high volume of fraudulent listings. Meanwhile, Salt Lake City has a lower fraud percentage, implying that high average prices don't always coincide with more fraudulent listings.

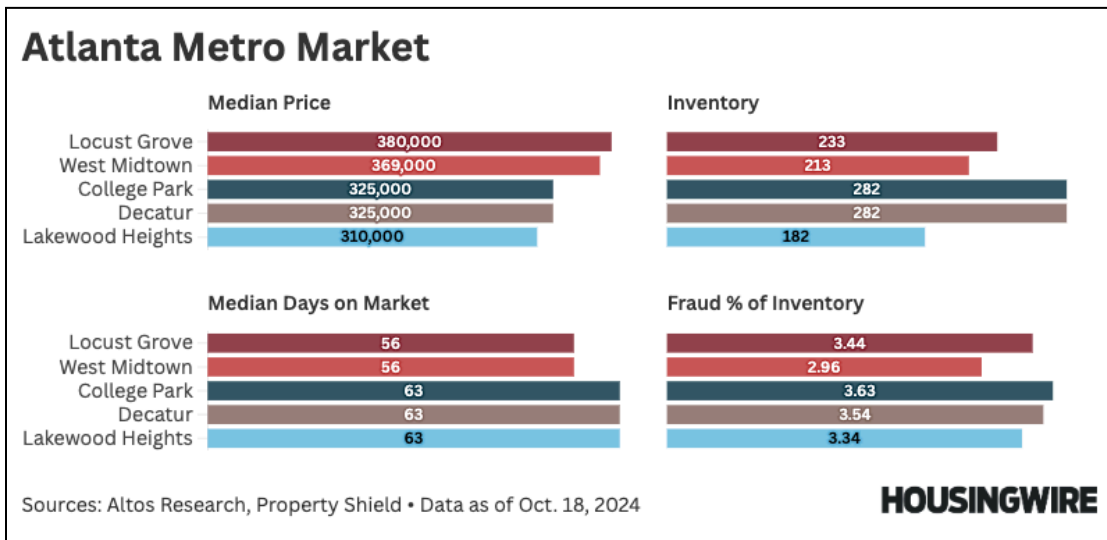
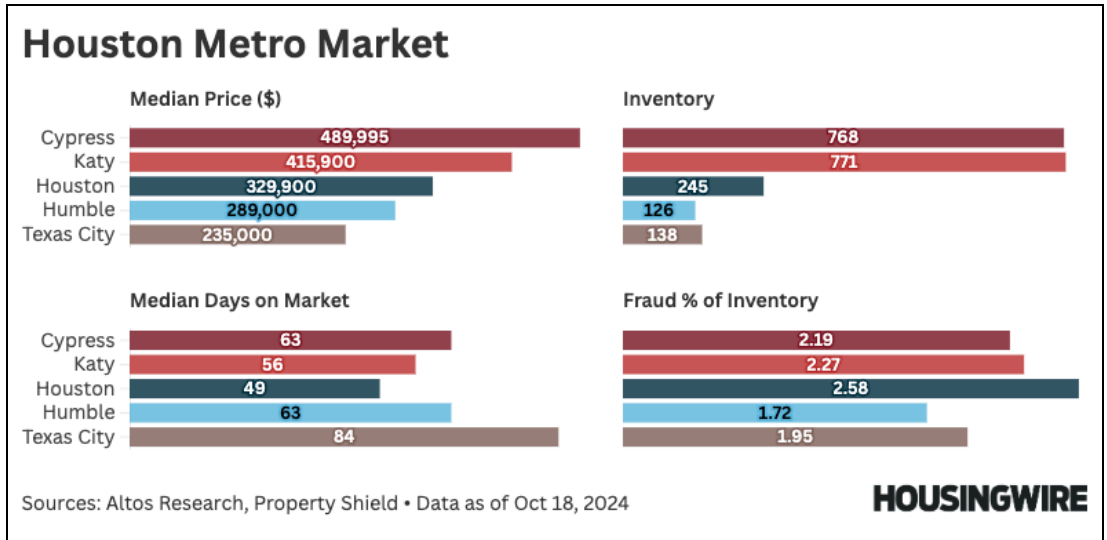
**4. Inventory:** Markets with larger inventories, like Houston (26,909 listings) and Atlanta (18,116 listings), have a high volume of fraudulent listings, indicating that larger inventory sizes may correlate with more fraudulent activity.

**5. Average Days on Market (DOM):** Saint Louis has the shortest DOM (49 days) and a relatively low fraud incidence, possibly suggesting that quicker market turnover could reduce fraud opportunities. Conversely, markets like Miami and Houston with longer DOMs (115 and 102 days, respectively) exhibit more fraud cases, potentially due to longer listing exposure.

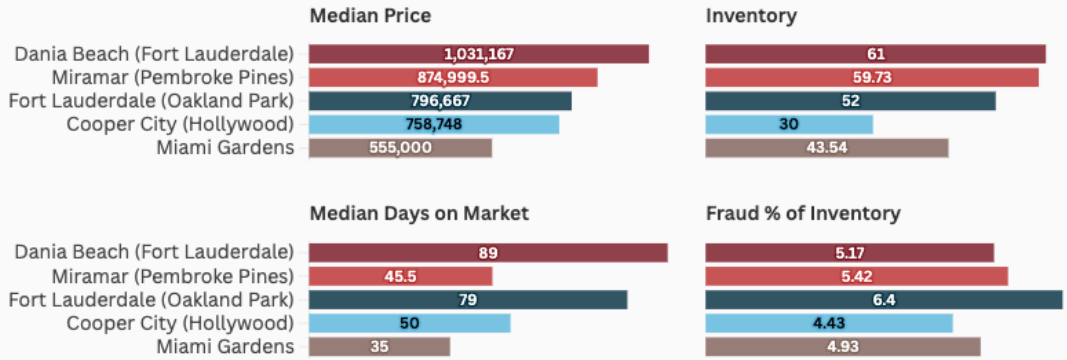
These insights suggest that both market size and property exposure duration may influence fraud rates, with certain high-value markets also experiencing unique fraud challenges.

# Breakdown by Individual Metro

In this section, we break down the incidences of fraudulent listings by zip code/city to pinpoint where the most activity is in eight of the 12 metros studied. This gives you a snapshot of the market and incidences of fraud during a 30-day rolling period ending Oct. 18, 2024.



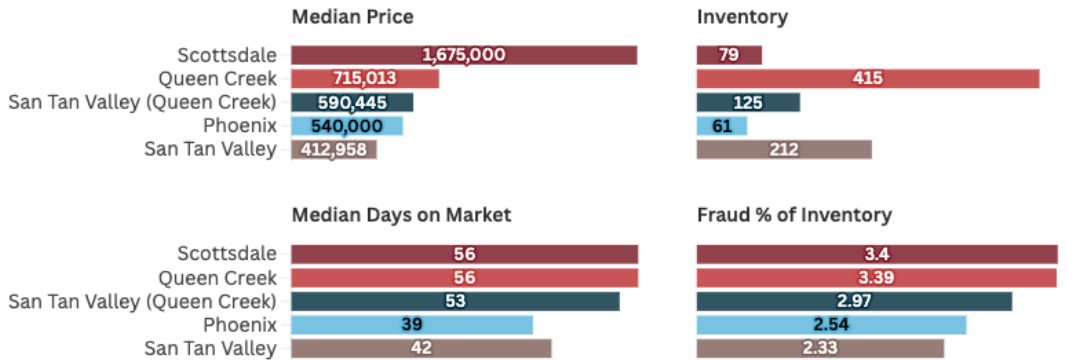
## Miami Metro Market



Sources: Altos Research, Property Shield • Data as of Oct. 18, 2024

**HOUSINGWIRE**

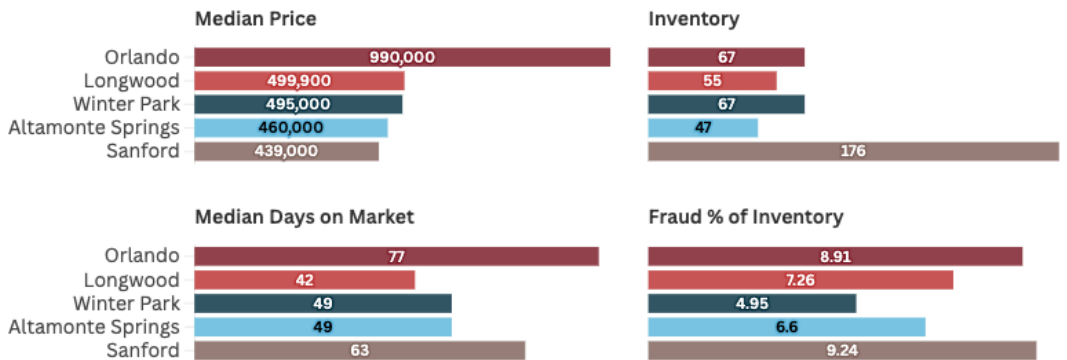
## Phoenix Metro Market



Sources: Altos Research, Property Shield • Data as of Oct. 18, 2024

**HOUSINGWIRE**

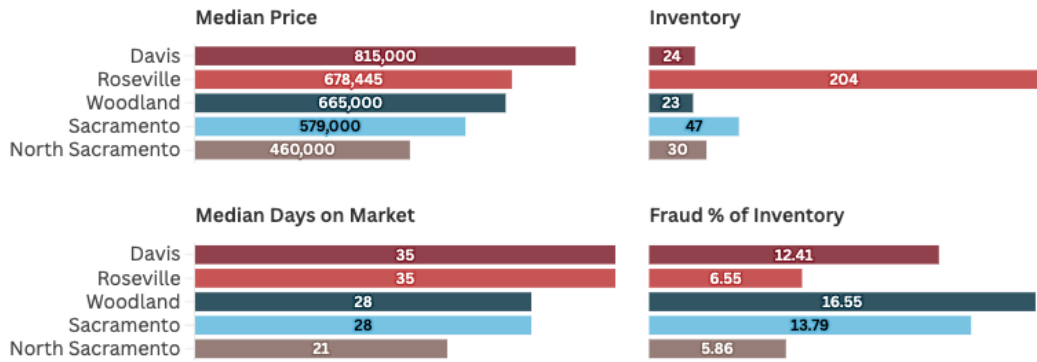
## Orlando Metro Market



Sources: Altos Research, Property Shield • Data as of Oct. 18, 2024

**HOUSINGWIRE**

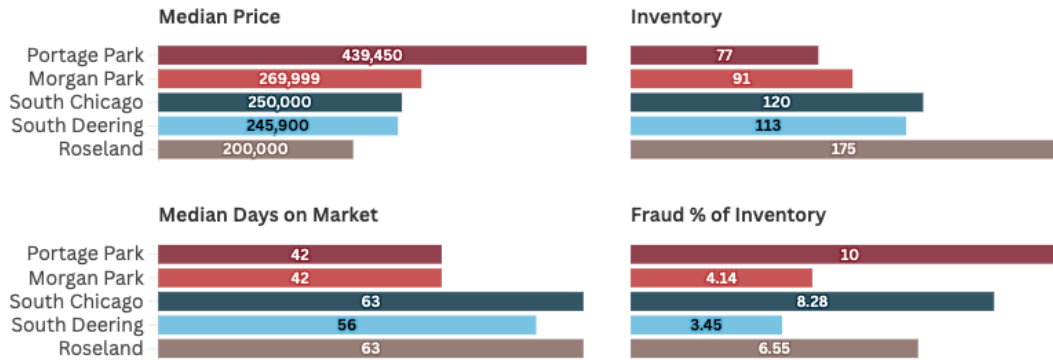
## Sacramento Metro Market



Sources: Altos Research, Property Shield • Data as of Oct. 18, 2024

**HOUSINGWIRE**

## Chicago Metro Market



Sources: Altos Research, Property Shield • Data as of Oct. 18, 2024

**HOUSINGWIRE**

# Factors Contributing to Rental Fraud

Property fraud incidents vary significantly across metro markets, as depicted in the "Incidences of Fraud in 12 Metro Markets" chart.

## Migration Trends

Larger markets, like Houston, Atlanta, and Miami, display a higher absolute number of fraudulent listings due to their larger inventory and relatively high inbound migration. Houston leads with over 1,000 potentially fraudulent listings, followed closely by Atlanta and Miami. These cities have substantial population growth.

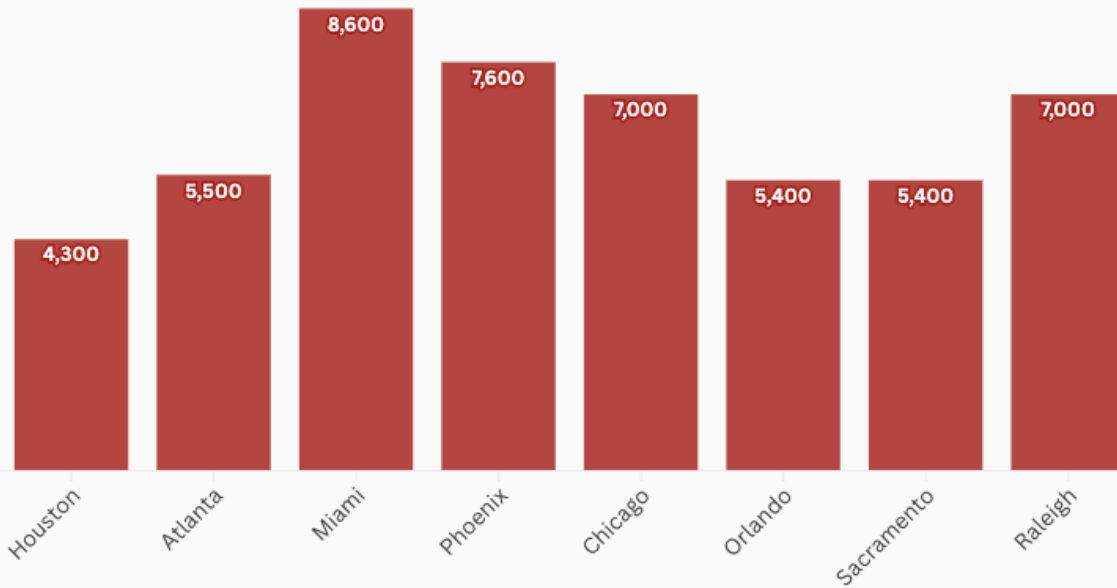
Colorado Springs, though smaller in total listings, stands out with a notably high fraud rate, reaching around 12% of active listings. This pattern suggests that smaller markets with high migration and turnover rates, where vacant properties are more prevalent, may be particularly susceptible to fraud. For example, Colorado Springs and Boise show higher percentages of fraudulent listings compared to markets with similar inventory levels.

Moreover, there is a noticeable trend where fraud incidents are higher in regions with strong inbound migration, reflecting a shift in fraud patterns towards markets with increased housing demand and a greater concentration of rental properties. This dynamic exacerbates fraud risks as vacant or turnover properties become prime targets for fraudulent rental listings.

The chart below displays the latest in-migration data for key metro areas, capturing the influx of new residents in 2024 where available. This data is based on recent analyses and reports on migration trends in the U.S. Some areas, such as Phoenix and Raleigh, continue to see robust migration due to favorable living conditions, while others like Miami and Chicago are experiencing net outflows due to factors like high costs and climate risks.

## In-Bound Migration 2023

8 U.S. Metro Markets



Source: Redfin

**HOUSINGWIRE**

These numbers reflect recent population shifts, with states like Texas, Florida, and North Carolina maintaining strong attraction, while traditionally larger metros like Chicago are losing residents. These trends are essential for understanding real estate dynamics in these regions, as inbound migration can significantly influence housing demand and market susceptibility to rental fraud.

Here are the 2023 inbound migration numbers, sourced from Redfin<sup>4</sup>, for the 12 metro areas studied in our report:

**1. Houston:** Net inflow of approximately 4,300 people, with New York being the top origin of movers to Houston. Houston remains attractive due to its affordability despite climate risks.

---

<sup>4</sup> <https://www.redfin.com/news/migration-news/>

**2. Atlanta:** Atlanta saw positive net migration in early 2023 as people continued to move from more expensive regions, seeking affordability in the South.

**3. Miami:** Miami had a net inflow of about 8,600, with most new residents coming from New York. Despite high living costs, Miami remains popular for its warm climate and tax benefits.

**4. Phoenix:** Phoenix recorded a net inflow of approximately 7,600, driven largely by people moving from the West Coast, especially Seattle.

**5. Orlando:** Orlando experienced a net inflow of 5,400, mainly attracting people from high-cost areas such as New York.

**6. Sacramento:** Sacramento had a net inflow of about 5,400, mostly from San Francisco, as people look for more affordable options within California.

**7. Chicago:** Chicago experienced a net outflow, with 7,000 people leaving, mostly heading towards warmer destinations like Florida, despite some minor inbound interest.

**8. Boise:** Boise maintained steady positive in-migration, primarily drawing residents from California, although specific figures for 2023 are not detailed.

**9. Colorado Springs:** Colorado Springs saw moderate net inflow due to affordability and quality of life, attracting people moving within Colorado.

**10. Raleigh:** Raleigh reported a net inflow of around 7,000, largely due to its strong job market and appeal for people from the Northeast.

**11. Salt Lake City:** Salt Lake City had a moderate increase in net migration, with many coming from more expensive states due to its lower cost of living and outdoor amenities.

**12. Saint Louis:** Saint Louis saw a smaller, positive net migration in the hundreds, benefiting from low housing costs that appeal to people leaving higher-cost areas.

## Inventory Levels

Inventory levels also play a critical role in fraud prevalence. For example, Houston and Atlanta have inventories of 26,909 and 18,116<sup>5</sup> respectively, with average days on the market (DOM) relatively high at 102 and 85 days, signaling that properties may stay vacant longer, potentially increasing vulnerability to fraudulent listings.

In contrast, smaller markets such as Boise and Colorado Springs, with inventories of 3,082 and 2,452 respectively, still report high fraud percentages, underscoring that lower inventory alone does not insulate markets from fraud. This might be due to lower market turnover and the challenge of constant surveillance over listed properties in these areas.

In a recent Property Shield case study, the firm audited a small MLS with about 1,000 members. Between September 19, 2024 and October 19, 2024, Property Shield monitored 1,458 listings and found 121 fraudulent listings, or 8.30%. They discovered that the top platforms that showed fraud were:

- Facebook 64%
- Craigslist: 12%
- Zumper: 9%
- Rent: 8.5%
- Zillow: 3%
- Realtor.com: 2%

---

<sup>5</sup> Altos Research, 30-day rolling average ending 10/18/2024

# Impact of Institutional Investments

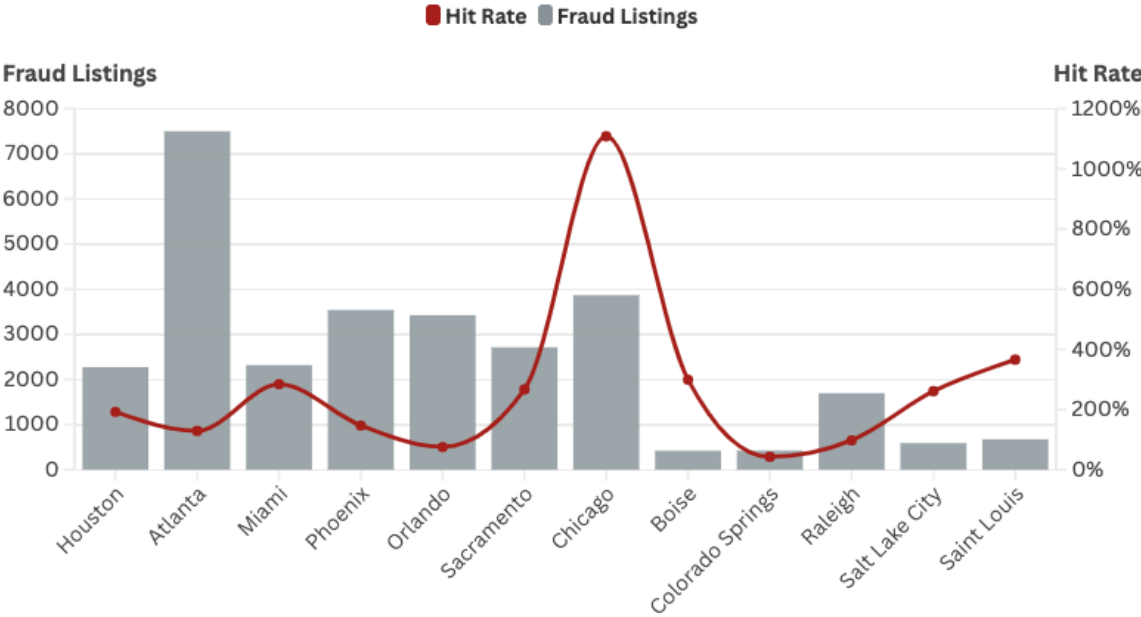
Markets with significant institutional SFR investments, such as Phoenix and Raleigh, also experience substantial fraud levels. Institutional ownership often includes a large volume of vacant properties under management, making them attractive for fraudsters, particularly those targeting rental scams.

Phoenix, with an average property price of \$822,211, and Raleigh, at \$680,161<sup>6</sup>, fall within the price range that is attractive for potential renters and, by extension, fraudsters aiming to exploit the high demand for affordable rental properties in competitive markets.

While this report mainly focuses on for-sale listings, we would be remiss if we didn't mention the enormous amount of fraud on rental listings. Since many real estate brokerages have property management divisions, this information is pertinent.

## Rental Listing Data Fraud Analysis

Property Shield analyzed rental data to determine the fraud rate in 12 metro areas.



Source: Property Shield • Hit Rate by Fraud Listings = Total number of fraud listings/number of Property Shield protected listings



<sup>6</sup> Altos Research, 30-day rolling average ending 10/18/2024

## Rental Data: Property Shield Protected Properties

### Incidences of fraud for rental listings

Market	Property Shield Protected Addresses	Fraud Listings	Unique Addresses Targeted
Houston	1183	2273	428 (36%)
Phoenix	2365	3539	698 (30%)
Orlando	4476	3424	430 (10%)
Miami	816	2317	314 (34%)
Saint Louis	184	674	137 (74%)
Atlanta	5776	7497	1326 (23%)
Raleigh	1734	1694	262 (15%)
Chicago	349	3867	142 (41%)
Colorado Springs	974	424	76 (8%)
Salt Lake City	226	591	115 (51%)
Boise	141	421	77 (55%)
Sacramento	1014	2711	138 (14%)
Total	19238	29432	4143

**Protected Addresses** - The number of Property Shield-protected addresses in a given market.

**Fraud Listings** - The number of Property Shield-confirmed fraud listings.

**Unique Addresses Targeted** - The number of properties that experienced one or more fraud listings.



## Marketing and Technology Usage

Fraud in real estate listings is heavily facilitated by the use of online platforms where scammers can post fraudulent listings with ease. Monitoring and verification of these platforms present significant challenges due to the sheer volume of listings and the rapid turnover in the housing market. Fraudsters exploit these platforms by posing for-sale properties as rental properties. For instance, Property Shield's analysis noted an increase in fraudulent listings on platforms like Facebook, often taking advantage of 'pocket listings' that should have been removed once officially listed on MLS.

Furthermore, in inbound migration hotspots like Miami, where a significant portion of the population is not yet familiar with the local market, scammers have been found to target these newcomers, sometimes even using Spanish-only listings to attract specific demographics.

The analysis by Property Shield, based on HousingWire and Altos Research data, highlights the critical need for systematic, technology-driven fraud detection to keep up with the evolving tactics used by fraudsters. This underscores the importance of both vigilance by individual agents and the adoption of robust tools like Property Shield to monitor and mitigate fraud risk effectively across markets.

# Implications for Real Estate Professionals and Firms

There are many issues with fraudulent listings aside from the harm to consumers. These phony listings can also undermine the effectiveness and trustworthiness of real estate professionals and their firms. In addition, these scams put massive financial and legal liability on the property owners due to property damage and vandalism.

## Risks to Brand and Reputation

Real estate professionals have enough industry challenges, including the new policies and procedures surrounding compensation, to worry about an increasing risk of fraudulent listings that can tarnish their reputation and erode buyer and seller trust. Fraudulent listings undermine the credibility of brokers and agents, potentially leading to reputation damage within the industry. When potential buyers and sellers are exposed to false listings, it can lead to a perception that the real estate agent or brokerage lacks diligence, opening the door for competitors to attract business by prioritizing security and accuracy.

The consequences extend beyond individual agents. Widespread fraud can have a negative impact on the overall brand, diminishing the value of years of trust built with buyers, sellers, renters and industry partners. It is crucial that brokers and firms actively protect their listings and reputation by implementing robust verification procedures. By taking proactive steps, professionals can ensure that their buyers and sellers feel secure, leading to stronger, longer-lasting relationships.

## Financial Damages

Rental fraud can have devastating financial impacts on both renters and property owners, costing millions annually in lost funds and legal fees. Property damage and vandalism can often be a byproduct of rental fraud, exacerbating the financial toll for property owners. The National Rental Home Council reports that properties

involved in fraud schemes may be more prone to neglect and vandalism, as scammers are less likely to care for the property or supervise tenants responsibly. In some cases, they may even abandon a property, leaving behind significant damage, unpaid utility bills, and trash that require costly clean-up efforts. Consequently, rental fraud not only deprives owners of expected income but also leads to repair costs, heightened security expenses, and, at times, legal fees to reclaim control of the property, according to the National Rental Home Council, 2023.

## Preventative Strategies

What are those proactive steps? The most effective way is to leverage tools and resources dedicated to listing verification. Property Shield<sup>7</sup>, a security tool designed to authenticate listings and identify potential risks, offers real-time alerts and analysis to help brokers and agents flag suspicious activity before it affects clients. Not only does the firm flag the suspicious listings, but it also, once confirmed as fraudulent, removes them. Such tools not only help identify fraudulent listings but also bolster trust with clients by demonstrating a commitment to proactive security measures.

---

<sup>7</sup> Property Shield. (2024). Protecting Real Estate Listings from Fraud

# Summary of Key Findings

This report underscores the growing threat of rental, listing and data fraud in the real estate market, detailing how unscrupulous actors can exploit inventory shortages, heightened demand, and online listing platforms to deceive renters and buyers. Key findings from the analysis include:

- 1. High Incidence in Major Metros:** Houston, Atlanta, and Miami report the highest volume of fraudulent listings, correlating with their large inventory and inbound migration rates, which create conditions ripe for fraud.
- 2. Increased Fraud in Smaller Markets:** Despite smaller inventories, Colorado Springs and Boise display disproportionately high fraud rates, possibly driven by market turnover and a higher number of vacant properties.
- 3. Market Dynamics Influence Fraud:** Markets with high inventory and longer days on market (DOM), such as Miami and Houston, are more susceptible to fraud. Conversely, Saint Louis, with a shorter DOM, experiences relatively fewer fraud cases, suggesting that faster market turnover may limit fraud exposure.
- 4. Increased Vulnerability via Online Platforms:** Fraudsters exploit listing platforms like Facebook, reposting legitimate for-sale listings as rentals. This presents challenges for verification and monitoring, as these platforms are less regulated and have rapid listing turnovers.

## How to Protect Yourself and Your Firm

Real estate professionals must be proactive in protecting their buyers, sellers, listings, and reputations from fraud. Agents, brokers, and property managers should adopt robust listing verification tools and maintain vigilant screening practices. Key actions include:

- **Implementing Security Tools:** Tools like Property Shield can provide real-time fraud detection, ensuring listings are authentic and free from suspicious activity.

- **Educating Clients:** Informing buyers and renters about fraud risks and red flags empowers them to make safer decisions.
- **Engaging in Continuous Monitoring:** Regularly auditing listings, especially on social media, helps detect and remove fraudulent listings before they affect clients.

# Methodology

Altos Research provided active listing data to Property Shield from 12 metro markets. Property Shield then monitored that data over a 30-day period to detect fraudulent activity. The process includes the following three tiers:

**1. Unit-Level Validation** – An address match that did not take into account unit-specificity, for example:

a. A listing that did not contain unit-specific address info for a protected property representing a specific unit.

i. i.e. Property “123 main street unit 100” matched on a unit-agnostic listing for “123 main street”

b. A listing that contained unit-specific address info for a protected property that did not have a unit specified.

i. i.e. Property “123 main street” matched on a unit-specific listing for “123 main street unit 100”

c. A listing and property that both had unit specificity but there was a mismatch in values.

i. i.e. Property “123 main street unit 100” matched on a unit-specific listing for “123 main street unit 200”

**2. Price Validation** – The price on file for a protected property was equal to the price found in the listing

**3. Listing Owner Verification** – The owner on file for a protected property was equal to the owner found in the listing

## About Property Shield

[Property Shield](#) is a leading fraud prevention solution for the real estate industry, specializing in listing verification and fraud detection. By combining technology-driven insights with multi-tiered listing validation through proprietary AI and machine learning algorithms, Property Shield helps real estate professionals and Multiple Listing Services (MLS) safeguard their listings against fraud and unauthorized use of data, enhancing client trust and security.

## About HousingWire

[HousingWire](#) is an information services company that provides unique data and research, respected business journalism and must-attend events for housing leaders to use to advance their understanding and business outcomes. Our vision is a world in which housing leaders have a complete view of the housing market, and a broad community of peers with whom they can connect.

We are committed to delivering the data, analytics, media, and events that advance this vision. Because housing is too important for narrow perspectives and missed connections. Informed housing leaders are better housing leaders. A connected housing industry is a better housing industry. And the full picture always reveals new opportunities.