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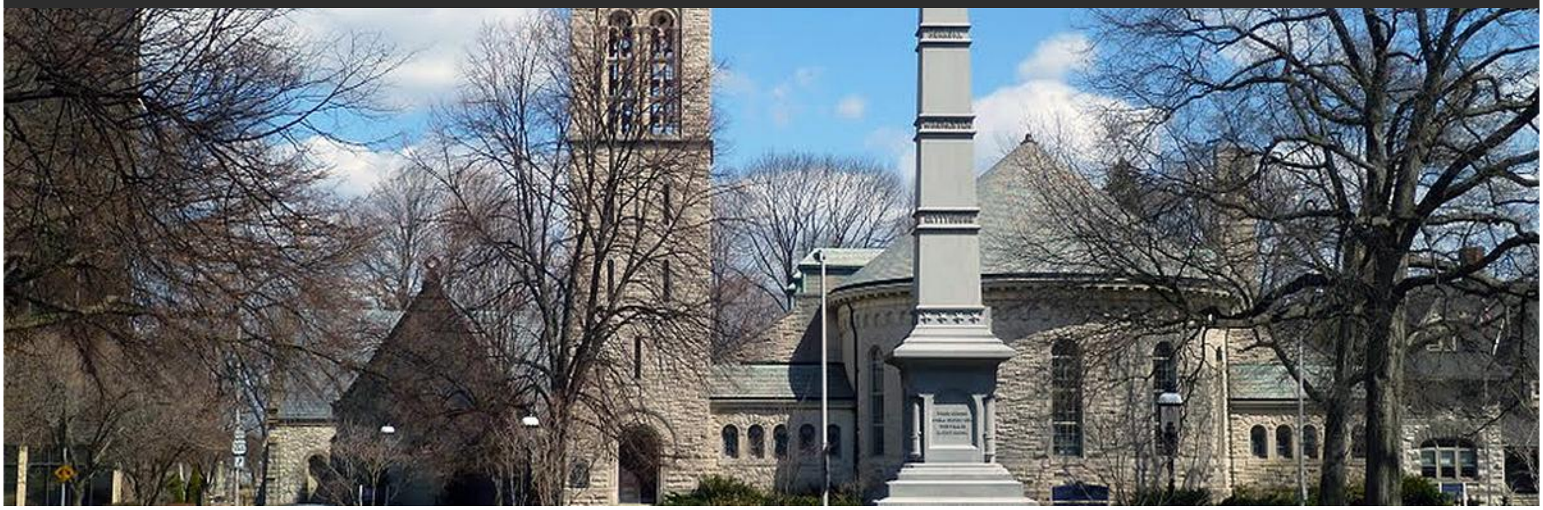

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New Jersey Enacts Algorithmic Rent-Setting Law

On July 20, 2026, Gov. Mikie Sherrill signed the Forbidding the Algorithmic Inflation of Rent (FAIR) Act into law. The FAIR Act makes it unlawful for rental property owners to use algorithmic pricing systems to facilitate coordinated rental pricing and occupancy practices. The law is intended to address New Jersey's affordable housing crisis by promoting a more competitive rental housing market.

Overview of the Legislation

The FAIR Act prohibits rental property owners and software providers from using algorithmic systems that perform a "coordinating function" with respect to rental prices, material lease terms, or occupancy levels. The law takes effect on July 1, 2027, providing covered businesses approximately one year to review pricing software, data-sharing arrangements, and other revenue-management practices.

Antitrust Violation

The FAIR Act expressly makes the prohibited conduct a violation of the New Jersey Antitrust Act, supplementing existing state antitrust law rather than replacing it.

Information Sharing Ban

The FAIR Act places restrictions on "coordinators" – persons who operate algorithmic revenue-management software or an algorithmic device that performs a coordinating function for a rental property owner – and prohibits parallel pricing coordination. Specifically, the FAIR Act prohibits:

- **Rental Property Owners from Paying for or Using a Coordinator's Services**: This restriction would prevent some corporate landlords from using third-party algorithmic revenue management programs and services that rely on shared, nonpublic market metrics. Landlords should be aware that the use of such services may be prohibited under the act.
- **Coordinators from Facilitating Tacit or Express Agreements that Restrict Competition**: Technology companies cannot serve as automated intermediaries to standardize pricing formulas, lease terms, or concessions across local competing boundaries.
- **Persons from Engaging in or Facilitating "Parallel Pricing Coordination"**: This provision is intended to close the loophole for manual workarounds that would replicate what the algorithms do automatically. Stakeholders may not coordinate with other groups of property managers to act in lockstep or use shared networks to achieve the same outcomes as algorithmic coordination.
- **Any Person from Performing a Coordinating Function, Including Collecting "Competitively Sensitive Information" from Multiple Rental Property Owners and Using that Information to Set or Recommend Rental Prices, Material Lease Terms, or Occupancy Levels**: Landlords cannot set occupancy levels pursuant to an underlying algorithm or other automated process that analyzes or processes competitively sensitive information of any other rental property owner.

Reporting Mechanisms

The FAIR Act directs the attorney general to establish a location on the Department of Law and Public Safety's website to receive complaints alleging violations or suspected violations of the statute.

Key Takeaways

The FAIR Act follows increasing scrutiny of algorithmic pricing software used in the rental housing industry. In its findings, the legislature cited rental housing data showing that more than half of New Jersey renters are considered rent burdened. New Jersey is only the fourth state to expressly regulate rent-setting algorithms, but more states may consider similar laws as concerns regarding housing affordability and algorithmic pricing continue.

At its core, the law is designed to ensure that price collusion is not permitted directly or indirectly with software. Rental property owners, property managers, and providers of revenue-management or pricing software operating in New Jersey should consider reviewing whether their pricing tools use competitively sensitive information from multiple rental property owners to generate rent recommendations, occupancy targets, or material lease terms. Businesses should also assess whether their practices or software relationships might constitute or facilitate "parallel pricing coordination" or fall within the FAIR Act's definition of a "coordinating function."

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