

RCN  CAPITAL

**INVESTOR
SENTIMENT
SURVEY**

WINTER 2023

PRESENTED BY:
C J PATRICK COMPANY

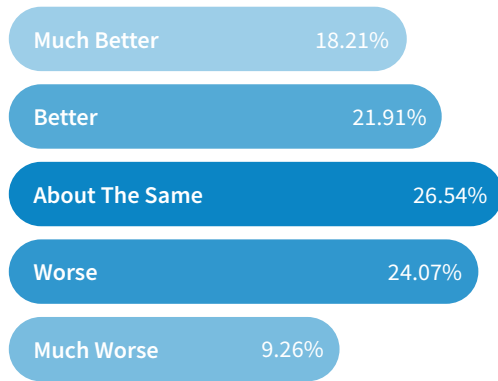
As we wrap up 2023, and get into 2024, one of the most significant findings of the Winter 2023 Investor Sentiment Survey, the third quarterly report from RCN Capital, conducted by market intelligence firm CJ Patrick Company, was the difference in opinions between fix and flip investors and rental property owners about the state of real estate investing. 50% of flippers felt things were better today than last year and 51% of flippers expect things to improve over the next 6 months, whereas only 20% of rental property owners felt conditions were better today and only 22% expect things to improve over the next six months. Throughout the survey, viewers will find that fix and flip investors have a rosier outlook for the industry than rental property owners.

Overall, after seeing investor optimism jump from the Spring to the Fall Survey, we are seeing that optimism fell basically flat for the Winter Survey with 40% of respondents saying the investing environment is better today than it was a year ago. Much like the previous survey findings, investors continued to cite high financing costs and limited inventory as some of their biggest challenges but concerns about insurance cost and coverage are also growing. Almost 70% of respondents agreed that rising premiums and limited availability of insurance were factoring into their decisions about investing.

We are starting to see some interesting trends develop regarding investors' sentiments on the economy, thoughts on a looming recession, and home price fluctuations. As we gear up for the 2024 Spring Investor Sentiment Survey, it will be interesting to start to be able to note year-over-year changes which will hopefully continue to provide insights that can help real estate professionals better navigate this ever-changing industry.

Q1

How does the environment for residential real estate investing compare to one year ago?

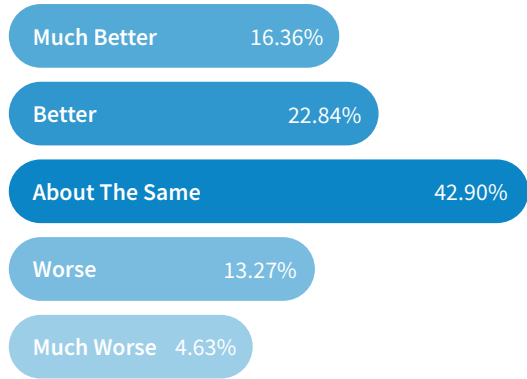


After jumping from 30% to 39% from the Spring Survey to the Fall Survey, **investor optimism was basically flat for the Winter Investor Sentiment Survey** with 40% of the respondents saying the environment for investing was better than a year ago.

Slightly fewer respondents felt that things were worse at 33%, down from 38% in the Fall and 37% in the Spring.

Q2

What's your outlook for residential real estate investing over the next 6 months compared to today?



The outlook for 6 months from now was also a mixed bag.



39% of participants expect conditions to **improve**, down from 43% in the Fall, but up from 30% who felt that way in the Spring.



On the other hand, only 18% expected things to get worse, which was the lowest percentage to-date, and the second time in a row the number declined (26% in Spring, 25% in Fall).

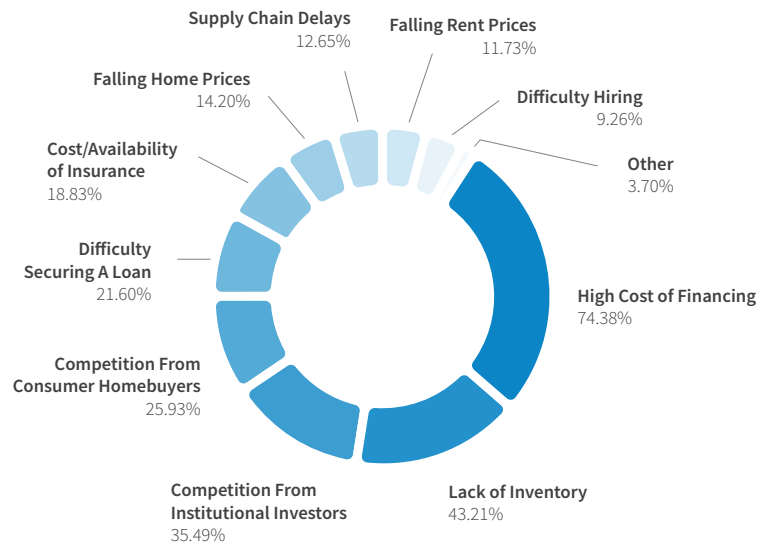
There were significant differences of opinion between flippers and rental property investors. 50% of flippers felt things were better today than last year; and 51% expect things to improve over the next 6 months.

Only 20% of rental property owners felt conditions were better today, and only 22% expect things to improve over the next 6 months.

On a more pessimistic note, **48% of rental property owners felt conditions were worse today compared to 26% of flippers.** Rental owners are also less optimistic about future conditions, with 23% expecting things to worsen, while only 14% of flippers share that concern.

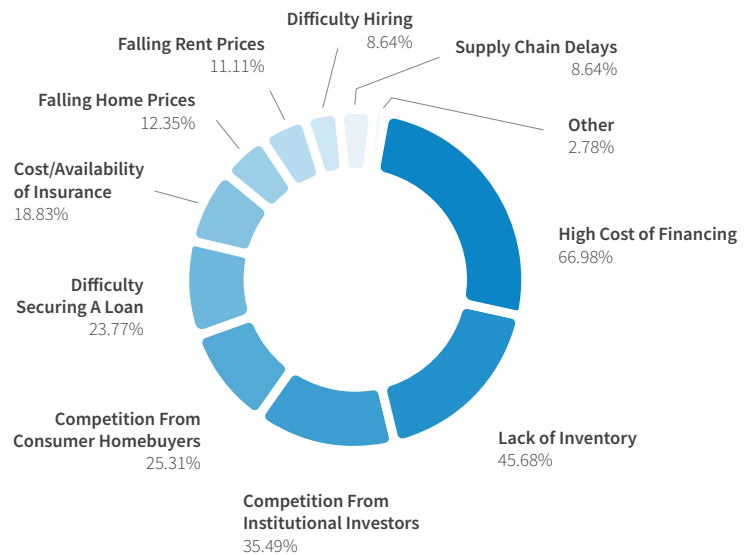
Q3

What are the three biggest challenges facing your real estate investing business today?



Q4

What do you anticipate will be the three biggest challenges facing your residential real estate investing business 6 months from now?



The challenges cited by investors haven't changed much since the previous two surveys:



74% mentioned the **high cost of financing** (67% looking out 6 months).



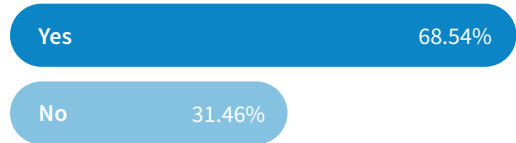
43% noted the lack of inventory (46% in 6 months).



35% cited competition from institutional investors (35% in 6 months).

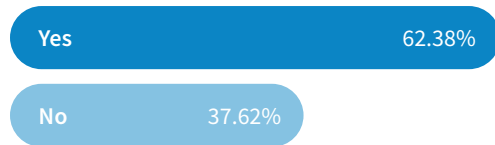
Q5

Are rising insurance costs or the inability to insure properties becoming a factor in your decision to invest in real estate?



Q6

Are rising insurance costs or the inability to insure properties hampering your ability to buy or sell properties?

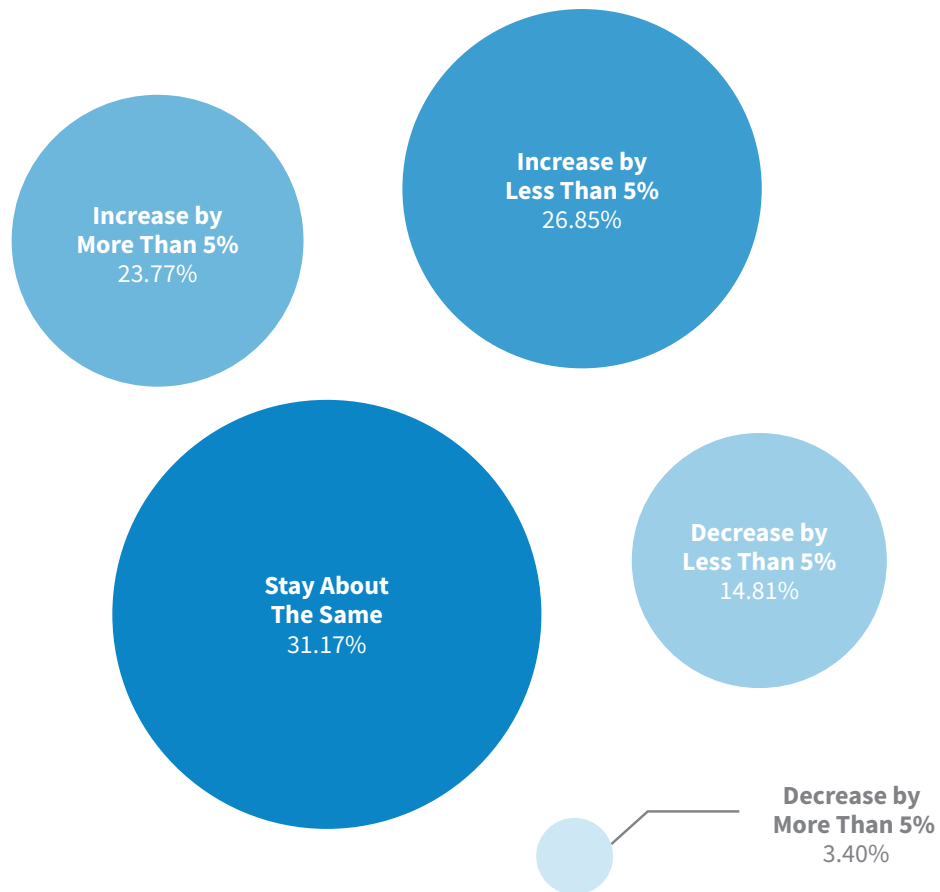


The insurance question generated some very interesting responses.

Overall 69% of the respondents agreed that rising premiums and limited availability of insurance were factoring into their decisions about investing. 62% noted that these factors were somewhat of a hindrance in their ability to buy and sell properties. In Question 4, insurance was cited as **sixth-highest** among the challenges being faced at 19% both today and in the future.

80% of flippers agreed that insurance was factoring into their investing decision-making, and 74% agreed that it was a hindrance. But only 9% cited it as a challenge today and only 10% expected it to be one of their top three challenges in the future.

On the other hand, **69% of rental investors** noted insurance as a factor in their decision-making and 62% agreed it was a hindrance. But the percentage of rental investors who cited insurance as a top three challenge was **more than twice as high as flippers** at 29% today and 25% in the future.



Q7

What do you expect home prices to do over the next 6 months?

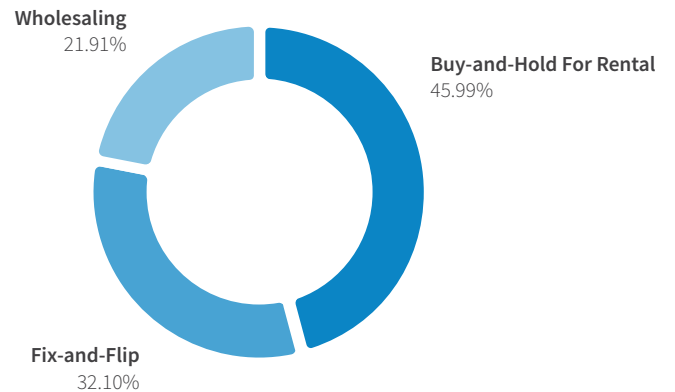


Part of these sentiments may be due to price expectations:

51% expect prices to increase and 31% expect them to stay the same. Broken out by type of investor, 62% of flippers expect prices to increase, while only 39% of rental property owners do. Conversely, 23% of rental owners expect to see a price decrease, while only 15% of flippers do.

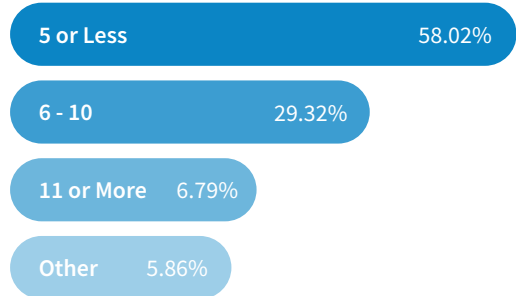
Q8

What is your primary type of residential real estate investment?



Q9

How many properties do you plan to invest in over the next 12 months?

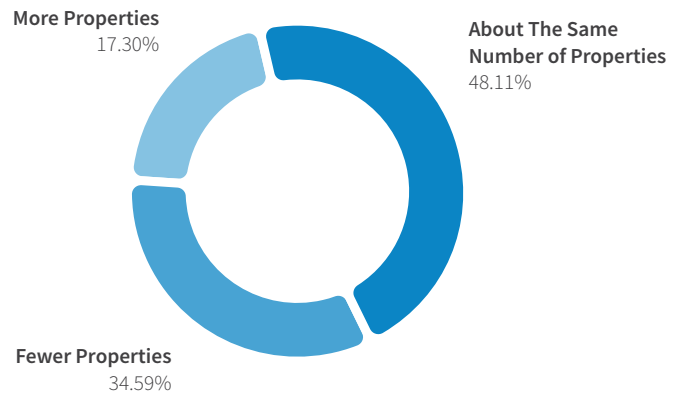


Despite the differences in outlook, flippers' and rental owners' plans to buy properties are very similar.

About 49% of flippers and 47% of rental owners plan to buy the same number of properties in the next year, while 37% and 33% respectively expect to buy fewer.

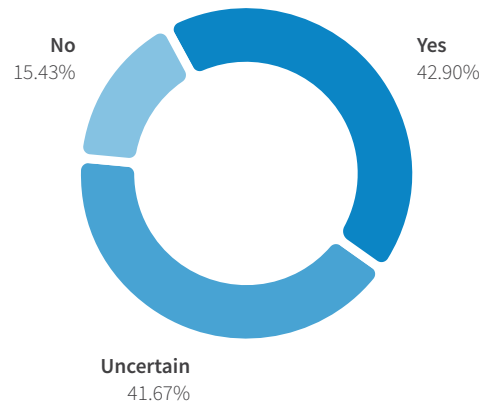
Q10

How does this number of properties compare to the number of properties you've invested in over the past 12 months?



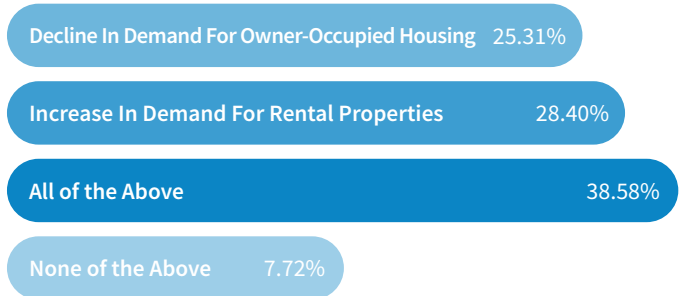
Q11

Are you expecting the U.S. economy to enter a recession in 2023 or 2024?



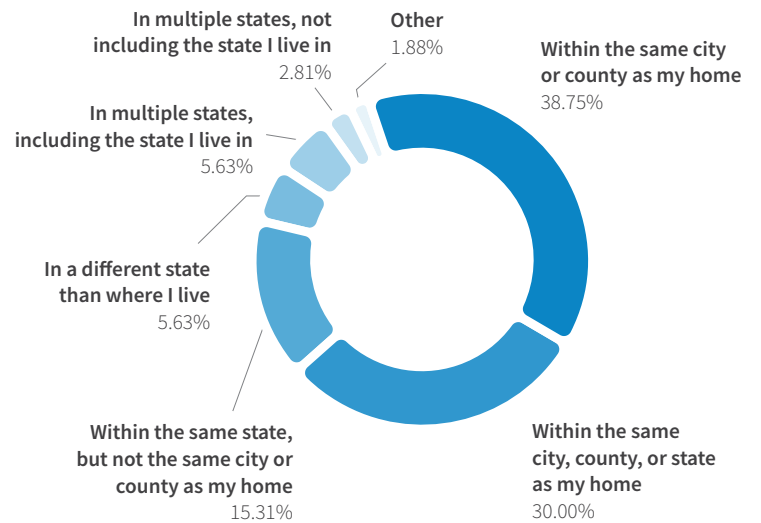
Q12

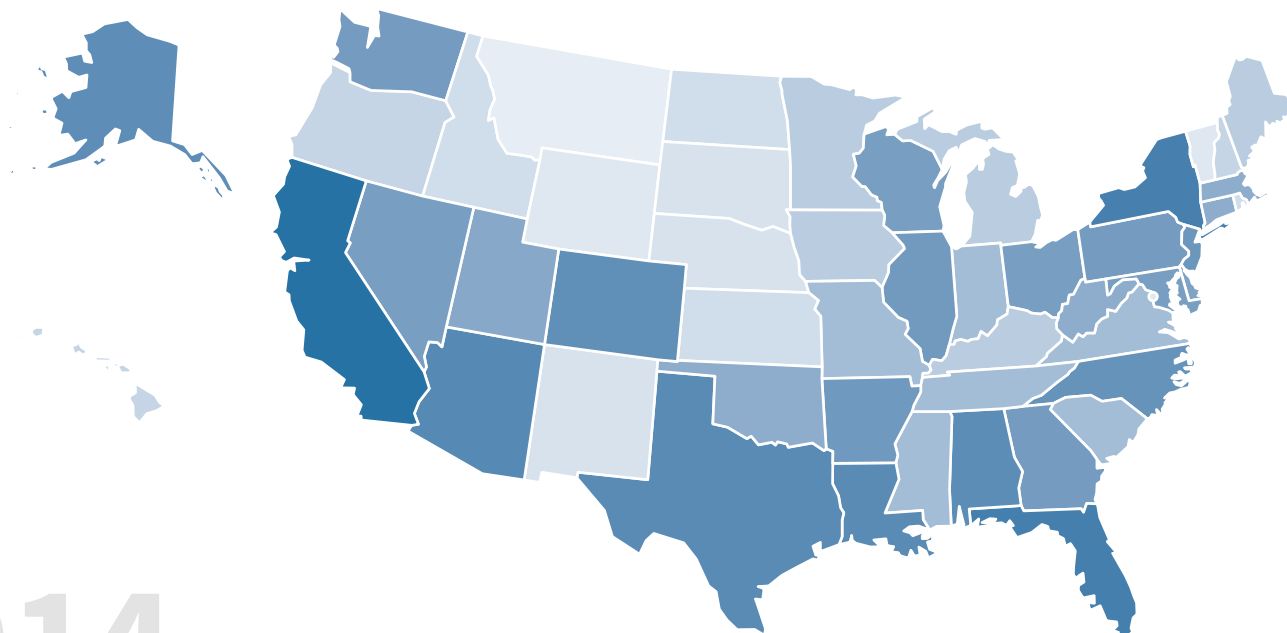
What has been the impact of today's higher mortgage rates in your market(s)?



Q13

How near or far away from your home do you do most of your investing?

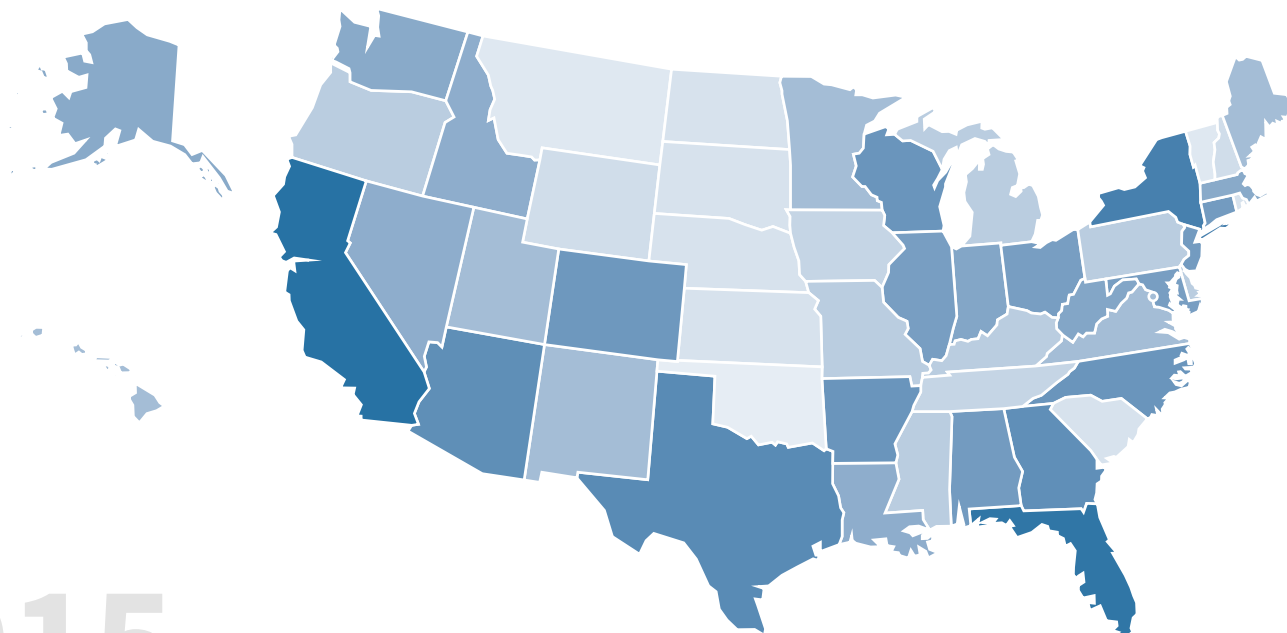




Q14

In which state(s) do you do most of your residential real estate investing?

Alabama	6.79%	Kentucky	1.54%	North Dakota	0.93%
Alaska	6.17%	Louisiana	1.85%	Ohio	3.09%
Arizona	8.64%	Maine	1.54%	Oklahoma	2.16%
Arkansas	4.01%	Maryland	3.09%	Oregon	1.23%
California	20.68%	Massachusetts	2.16%	Pennsylvania	3.40%
Colorado	5.56%	Michigan	1.54%	Rhode Island	0.93%
Connecticut	2.16%	Minnesota	1.54%	South Carolina	1.85%
Delaware	2.78%	Mississippi	1.85%	South Dakota	0.62%
District of Columbia	0.62%	Missouri	1.85%	Tennessee	1.85%
Florida	13.58%	Montana	0.00%	Texas	7.41%
Georgia	3.40%	Nebraska	0.62%	Utah	2.47%
Hawaii	1.23%	Nevada	3.09%	Vermont	0.31%
Idaho	0.93%	New Hampshire	1.23%	Virginia	1.85%
Illinois	3.70%	New Jersey	4.32%	Washington	3.40%
Indiana	1.85%	New Mexico	0.62%	West Virginia	2.16%
Iowa	1.54%	New York	12.96%	Wisconsin	3.09%
Kansas	0.93%	North Carolina	4.94%	Wyoming	0.31%



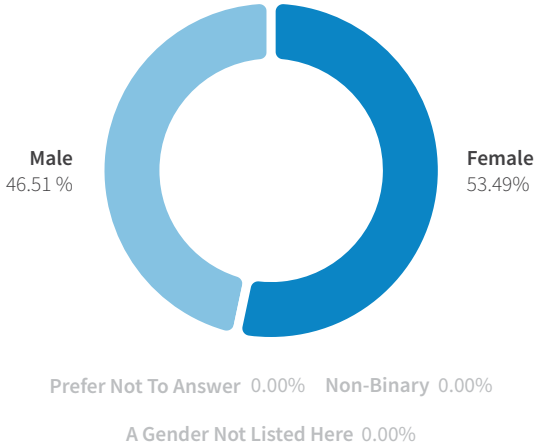
Q15

In which state (s) do you do plan to do most of your residential real estate investing 6-12 months from now?

Alabama	4.01%	Kentucky	1.85%	North Dakota	0.93%
Alaska	2.78%	Louisiana	2.47%	Ohio	3.70%
Arizona	5.56%	Maine	2.16%	Oklahoma	0.31%
Arkansas	4.63%	Maryland	3.70%	Oregon	1.85%
California	16.36%	Massachusetts	2.78%	Pennsylvania	1.85%
Colorado	4.32%	Michigan	1.85%	Rhode Island	0.93%
Connecticut	4.01%	Minnesota	2.16%	South Carolina	0.93%
Delaware	1.85%	Mississippi	1.85%	South Dakota	0.93%
District of Columbia	2.16%	Missouri	1.85%	Tennessee	1.54%
Florida	15.43%	Montana	0.62%	Texas	7.41%
Georgia	5.25%	Nebraska	0.93%	Utah	2.16%
Hawaii	2.16%	Nevada	2.47%	Vermont	0.62%
Idaho	2.47%	New Hampshire	1.23%	Virginia	2.16%
Illinois	3.70%	New Jersey	4.01%	Washington	2.78%
Indiana	3.09%	New Mexico	2.16%	West Virginia	3.09%
Iowa	1.54%	New York	12.65%	Wisconsin	4.63%
Kansas	0.93%	North Carolina	4.63%	Wyoming	1.23%

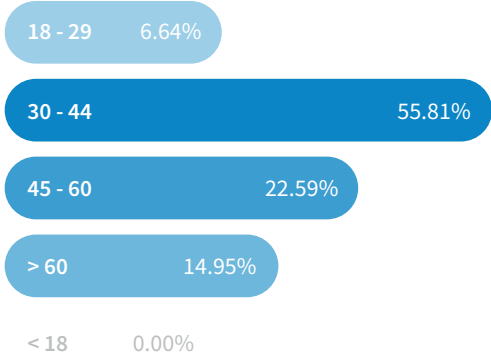
Q14

What is your gender?



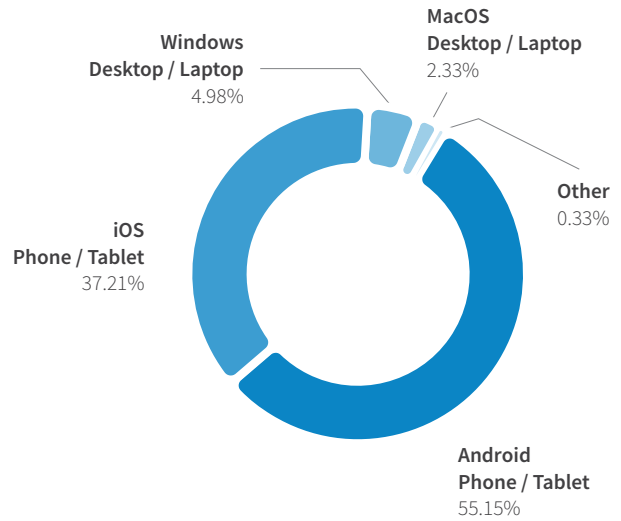
Q15

What is your age?



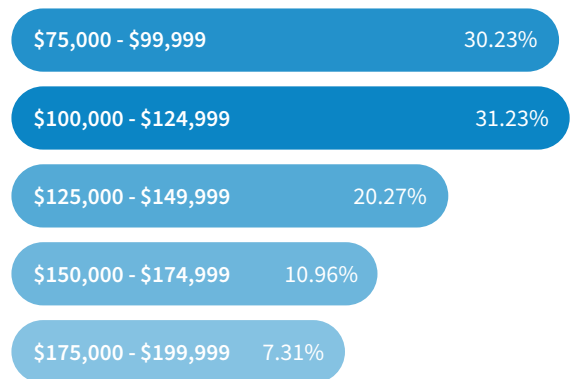
Q16

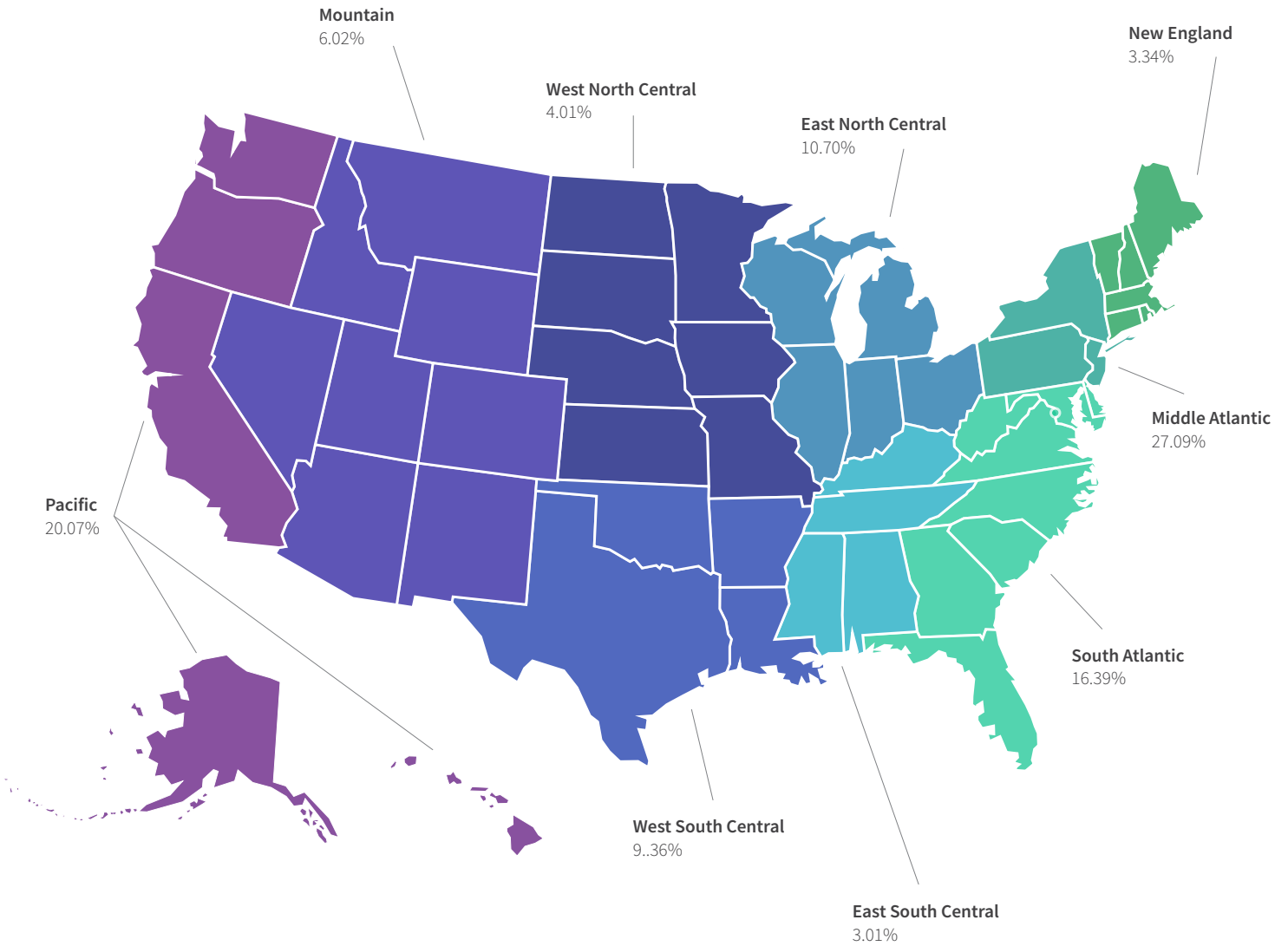
What type of device are you using?



Q17

What is your household income?





Q18

In which major US region do you reside?

Pacific	20.07%	West South Central	9.36%	Middle Atlantic	27.09%
Mountain	6.02%	East North Central	10.70%	South Atlantic	16.39%
West North Central	4.01%	East South Central	3.01%	New England	3.34%

