

RCN  CAPITAL
INVESTOR
SENTIMENT
SURVEY

SPRING 2024

PRESENTED BY:
C J PATRICK COMPANY

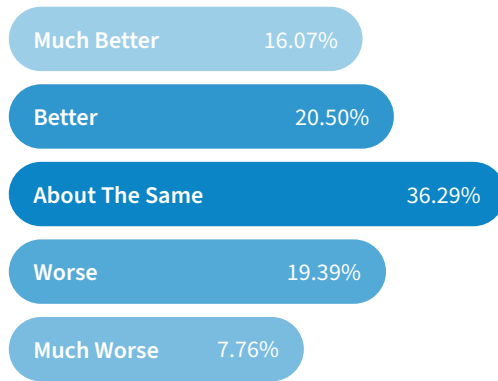
Based on responses to the *Spring 2024 Investor Sentiment Survey*, the fourth quarterly report from RCN Capital, conducted by market intelligence firm CJ Patrick Company, rising insurance costs seem to be the elephant in the room that investors are having more and more difficulty ignoring. From concerns about soaring premiums to difficulty securing coverage, over 68% of investors surveyed noted that insurance-related challenges were a factor in their decisions to buy and sell real estate. More concerning still was the fact that almost 57% of respondents noted that insurance issues had caused them to miss out on an investment opportunity. As investors continue to face significant challenges in today's housing market, soaring insurance costs and unavailability of coverage are another significant hurdle that investors must try to overcome.

Overall though, investor sentiment was cautiously optimistic this time around with only 27% of respondents reporting they felt conditions were worse than they were a year ago, which was the lowest number we have recorded in this survey series. Coupled with 42% of investors displaying greater optimism about future market conditions, this hopefully bodes well for the near future of the industry.

Some of the most interesting findings from this iteration of the Investor Sentiment Survey were the revelations investors made about different local market conditions. There were variations in what were cited as major challenges in both Florida and California. Florida investors noted competition from larger investors much more frequently (62%) as well as difficulty securing a loan (57%) as their third biggest challenge. California flippers, on the other hand, cited only two major challenges with any frequency: high financing costs (90%) and rising home prices (64%). It will be interesting to see as we continue into 2024 if any other markets around the U.S. are outliers from the overall sentiments of the investor community.

Q1

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

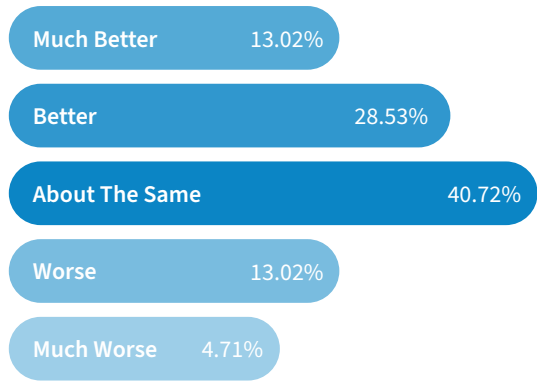


Approximately 37% of respondents viewed conditions as better than a year ago, 36% felt they were the same, and 27% thought they were worse. That's the **lowest percentage of negative sentiments, and the highest percentage of neutral or positive sentiments** that we've seen over the history of the Investor Sentiment Survey.

Flippers were much more positive than Rental Investors, with Flippers reporting 40% for better, 40% for the same, and only 20% for worse, and Rental Investors reporting 23% for better, 37% for the same, and 39% for worse.

Q2

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



Investors' outlook for the next 6 months is also trending positively with 42% saying things would get better, 41% saying things would stay the same, and only 18% saying things would get worse.

This percentage of respondents saying things would get worse was tied with the Winter 2023 Investor Sentiment Survey for the **fewest responses in that negative category.**

There were slight variations on the 6-month outlook between Flippers and Rental Investors, with **Fippers displaying greater optimism.**



43% of Flippers responded **better** versus 32% of Rental Investors.



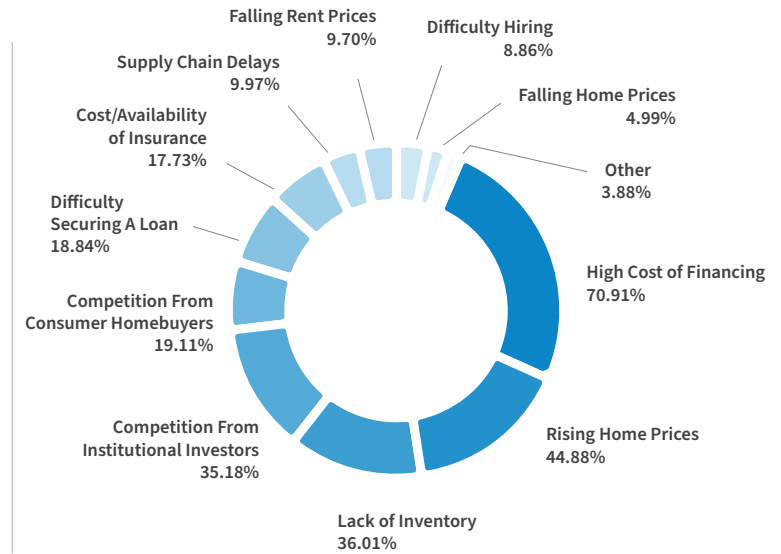
42% of Flippers responded **the same** versus 46% of Rental Investors.



Only 15% of Flippers responded **worse** versus 22% of Rental Investors.

Q3

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



In this iteration of the Investor Sentiment Survey, “Rising Home Prices” was added as a potential challenge to investors and we saw this jumping to the top of the list of most frequently cited challenges.

Financing still came in as the #1 challenge at 71% but Home Prices came in second at 45%, ahead of Lack of Inventory (36%) and Competition from Investors (35%). While there were slight percentage variations between Flippers and Rental Investors, **challenges still came in the same order regardless of investment strategy.**

There were bigger variances when looking at investors on a regional scale.

Rental investors in both CA and FL cited Insurance Issues as the #2 biggest challenge at 44%.



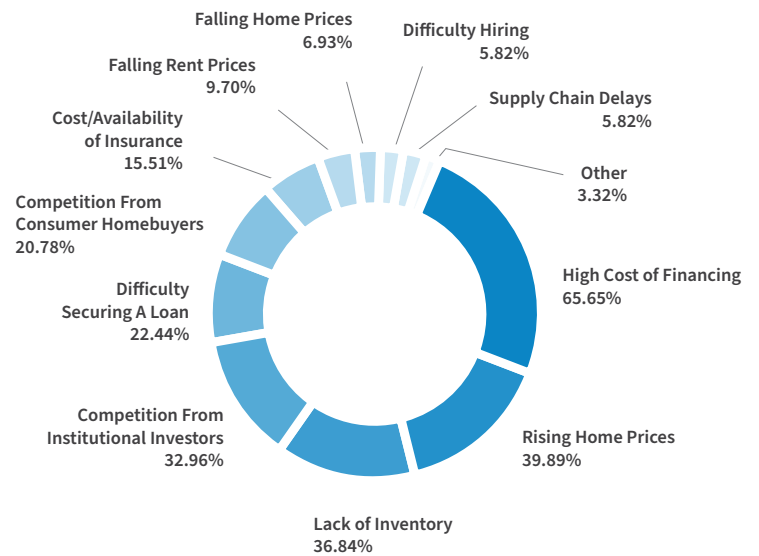
CA Flippers highlighted financing costs (90%) and Home Prices (64%) as their top challenges.



FL Flippers cited Financing Costs (76%), Competition from Investors (62%) and Trouble Getting a Loan (57%) as their top three challenges.

Q4

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

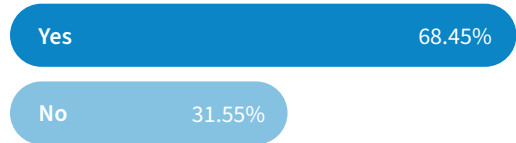


Results for Future Challenges were very similar to what was reported as Current Challenges, although **investors in CA and FL reported Insurance Issues as a lesser future challenge** with responses dropping to 34% for CA and 17% for FL.

CA Investors also reported Falling Rental Prices as a future challenge at a higher rate than investors in other parts of the country, with 22% of responses noting it.

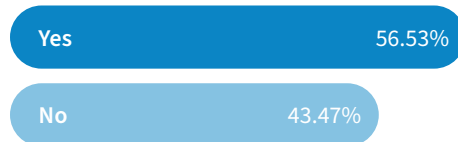
Q5

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



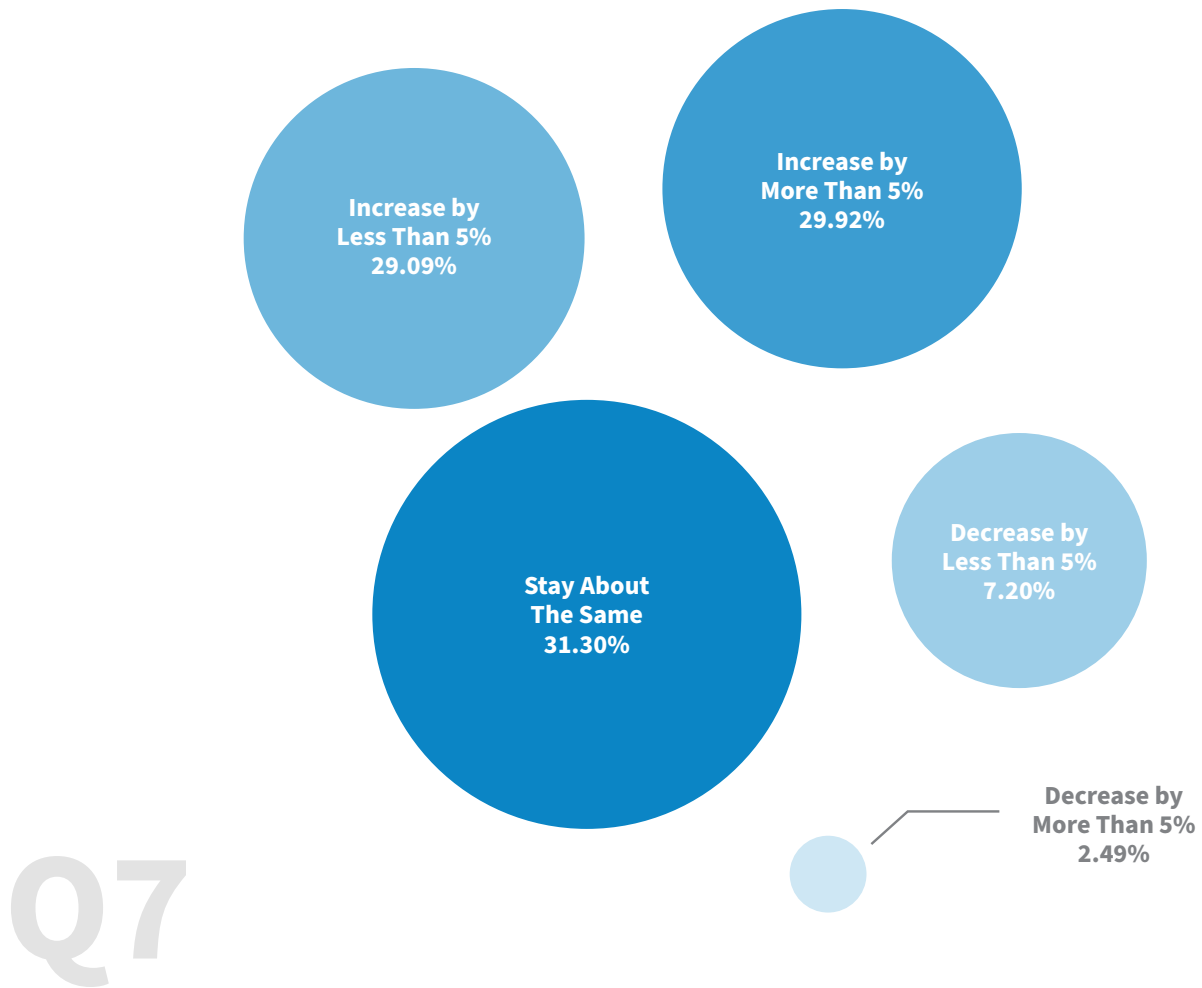
Q6

Are rising insurance costs or the inability to insure properties caused you to miss out on an opportunity to buy or sell properties?



Insurance costs continue to be a major factor in investors choosing to invest in real estate with almost 69% of respondents saying it's become a factor and 57% saying the cost of insurance **has caused them to miss out on a deal.**

Flippers were particularly impacted by rising insurance costs with 76% saying it was a factor and a whopping 72% saying it has killed a deal for them. FL and CA Flippers seemed to have had the most extreme responses with 90% of FL Flippers saying it was a factor and it had caused them to miss a deal and 86% of CA Flippers saying it was a factor and 83% saying it caused them to miss a deal.



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



Flippers and Rental Investors expressed similar viewpoints regarding what home prices will do over the next 6 months:



59% of respondents expect prices to go up.



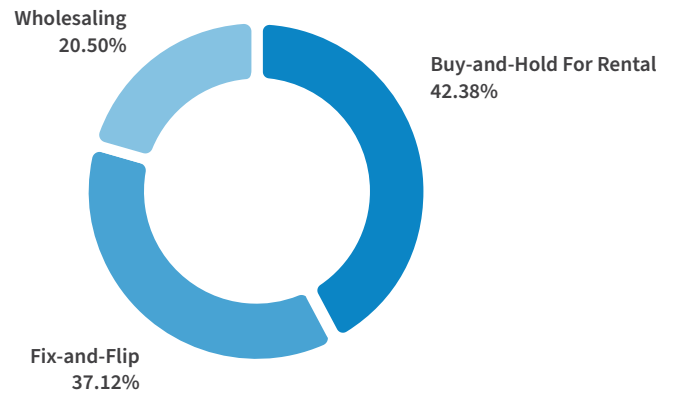
31% expect prices to stay flat.



Less than 10% expect prices to decline.

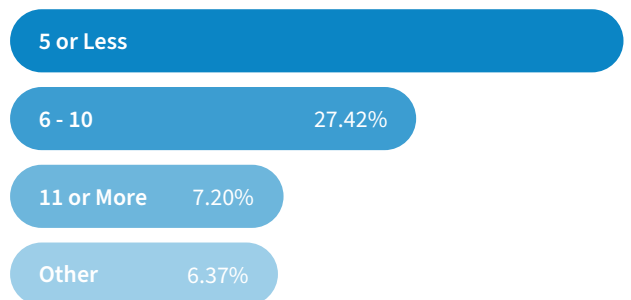
Q8

What is your primary type of residential real estate investment?



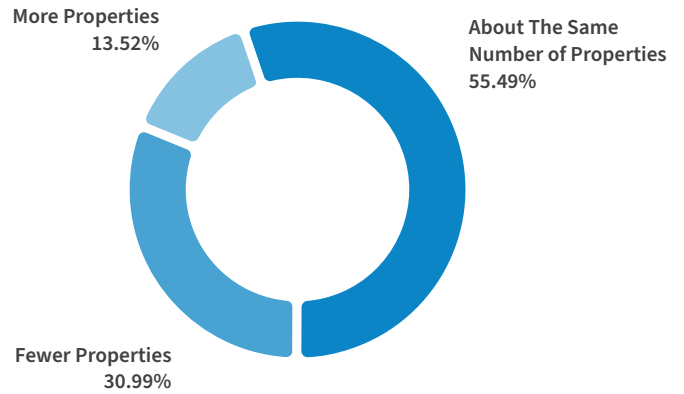
Q9

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



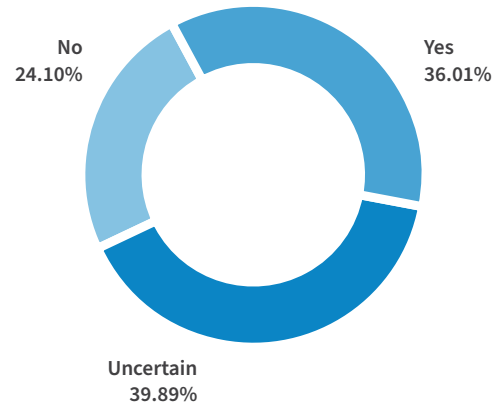
Q10

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



Q11

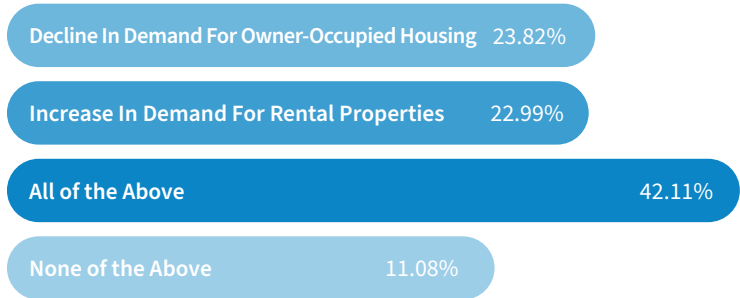
Are you expecting the U.S. economy to enter a recession in 2024?



Flippers and Rental Investors also expressed similar sentiments regarding how many properties they plan to invest in over the next 12 months, **with 55% expecting to invest in the same number of properties as last year**, 31% expecting to invest in fewer properties, and 14% expecting to invest in more.

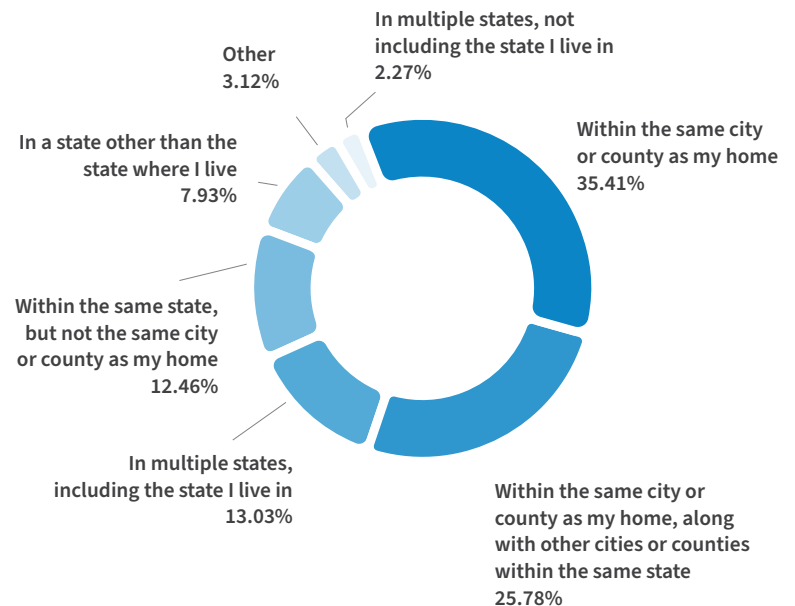
Q12

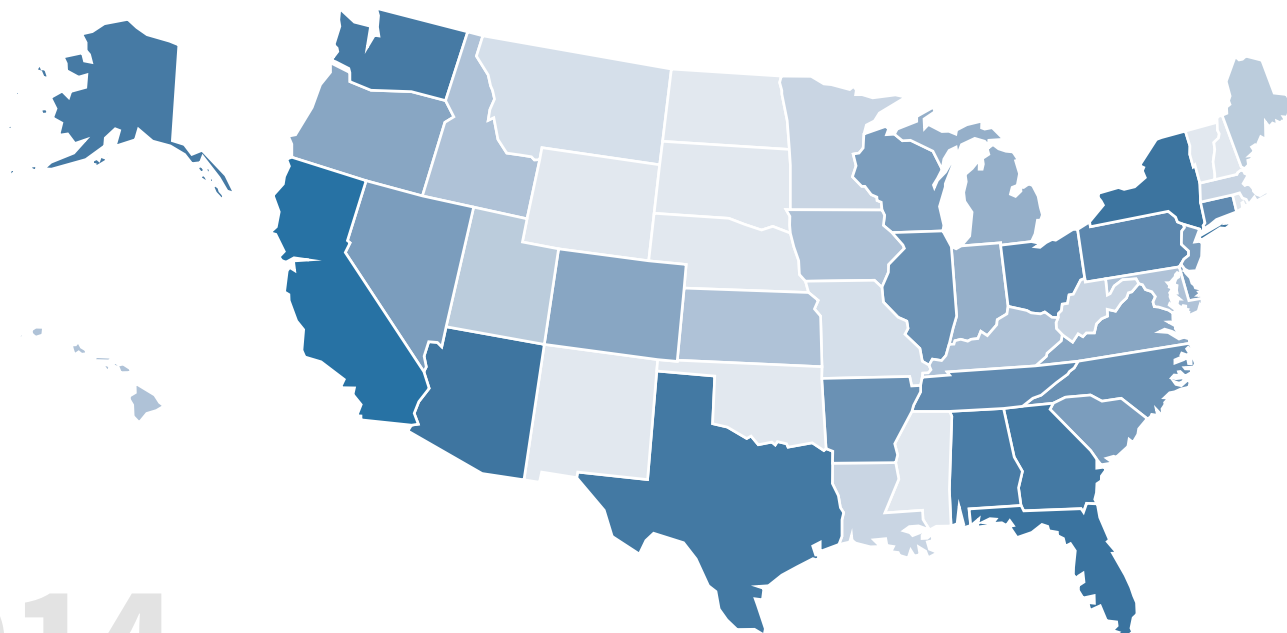
What has been the impact of today's higher mortgage rates in your market(s)?



Q13

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

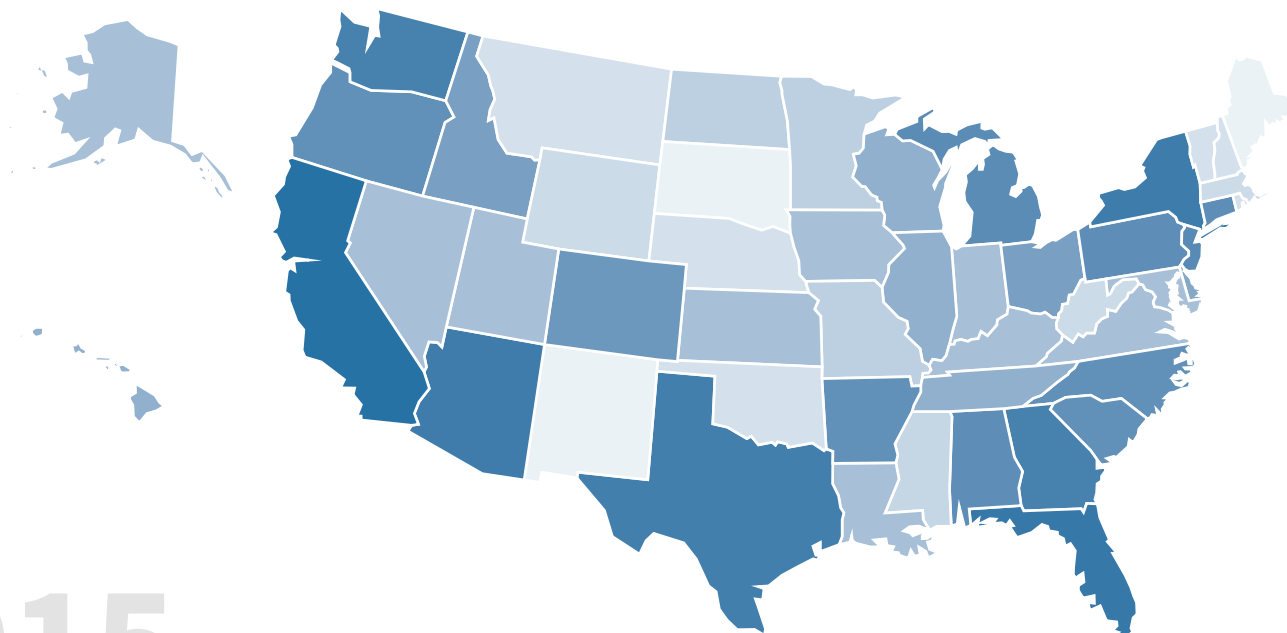




Q14

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

Alabama	4.43%	Kentucky	1.66%	North Dakota	0.00%
Alaska	3.32%	Louisiana	1.11%	Ohio	3.32%
Arizona	10.53%	Maine	1.39%	Oklahoma	0.55%
Arkansas	2.77%	Maryland	1.66%	Oregon	2.22%
California	27.70%	Massachusetts	1.11%	Pennsylvania	3.32%
Colorado	2.22%	Michigan	1.94%	Rhode Island	0.55%
Connecticut	3.05%	Minnesota	1.11%	South Carolina	2.49%
Delaware	2.49%	Mississippi	0.55%	South Dakota	0.55%
District of Columbia	1.66%	Missouri	0.83%	Tennessee	3.05%
Florida	14.13%	Montana	0.83%	Texas	6.65%
Georgia	6.09%	Nebraska	0.55%	Utah	1.39%
Hawaii	1.66%	Nevada	2.49%	Vermont	0.28%
Idaho	1.66%	New Hampshire	0.55%	Virginia	2.22%
Illinois	2.77%	New Jersey	2.49%	Washington	4.71%
Indiana	1.94%	New Mexico	0.55%	West Virginia	1.11%
Iowa	1.66%	New York	12.74%	Wisconsin	2.49%
Kansas	1.66%	North Carolina	2.77%	Wyoming	0.28%



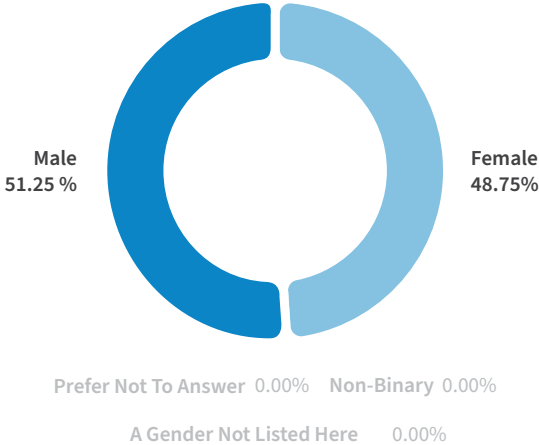
Q15

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

Alabama	3.32%	Kentucky	1.66%	North Dakota	1.39%
Alaska	1.66%	Louisiana	1.66%	Ohio	2.49%
Arizona	10.53%	Maine	0.28%	Oklahoma	0.55%
Arkansas	3.05%	Maryland	1.66%	Oregon	3.05%
California	23.27%	Massachusetts	0.83%	Pennsylvania	3.32%
Colorado	2.77%	Michigan	3.60%	Rhode Island	0.55%
Connecticut	3.32%	Minnesota	1.39%	South Carolina	3.05%
Delaware	2.22%	Mississippi	1.11%	South Dakota	0.28%
District of Columbia	2.22%	Missouri	1.39%	Tennessee	1.94%
Florida	15.51%	Montana	0.55%	Texas	7.76%
Georgia	4.99%	Nebraska	0.55%	Utah	1.66%
Hawaii	1.94%	Nevada	1.66%	Vermont	0.55%
Idaho	2.49%	New Hampshire	0.55%	Virginia	1.66%
Illinois	1.94%	New Jersey	3.88%	Washington	5.26%
Indiana	1.66%	New Mexico	0.28%	West Virginia	0.83%
Iowa	1.66%	New York	11.08%	Wisconsin	1.94%
Kansas	1.66%	North Carolina	3.05%	Wyoming	0.83%

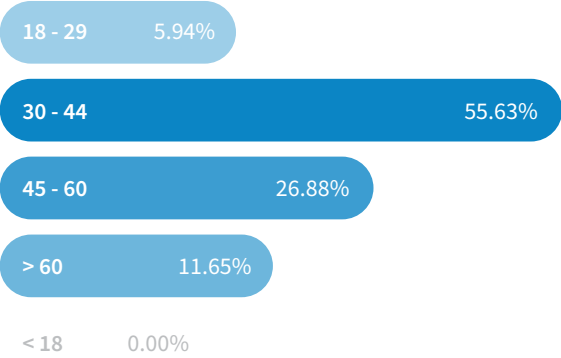
Q16

What is your gender?



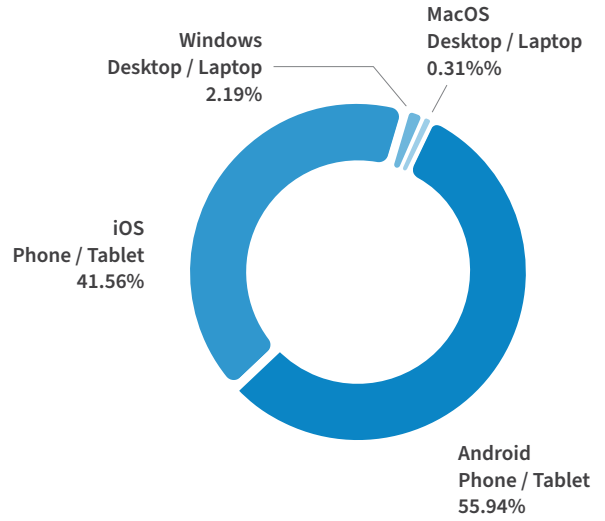
Q17

What is your age?



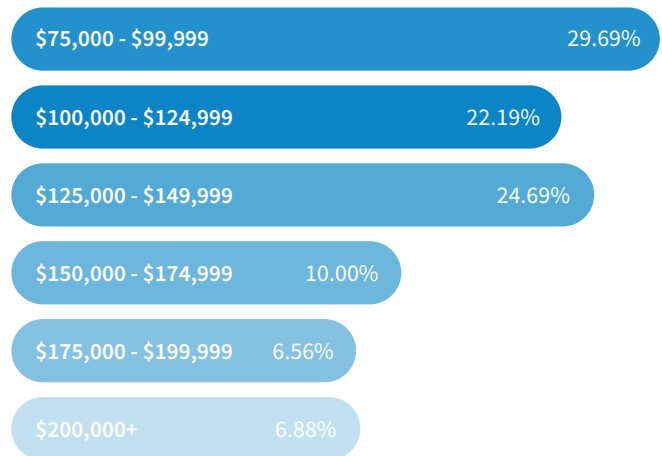
Q18

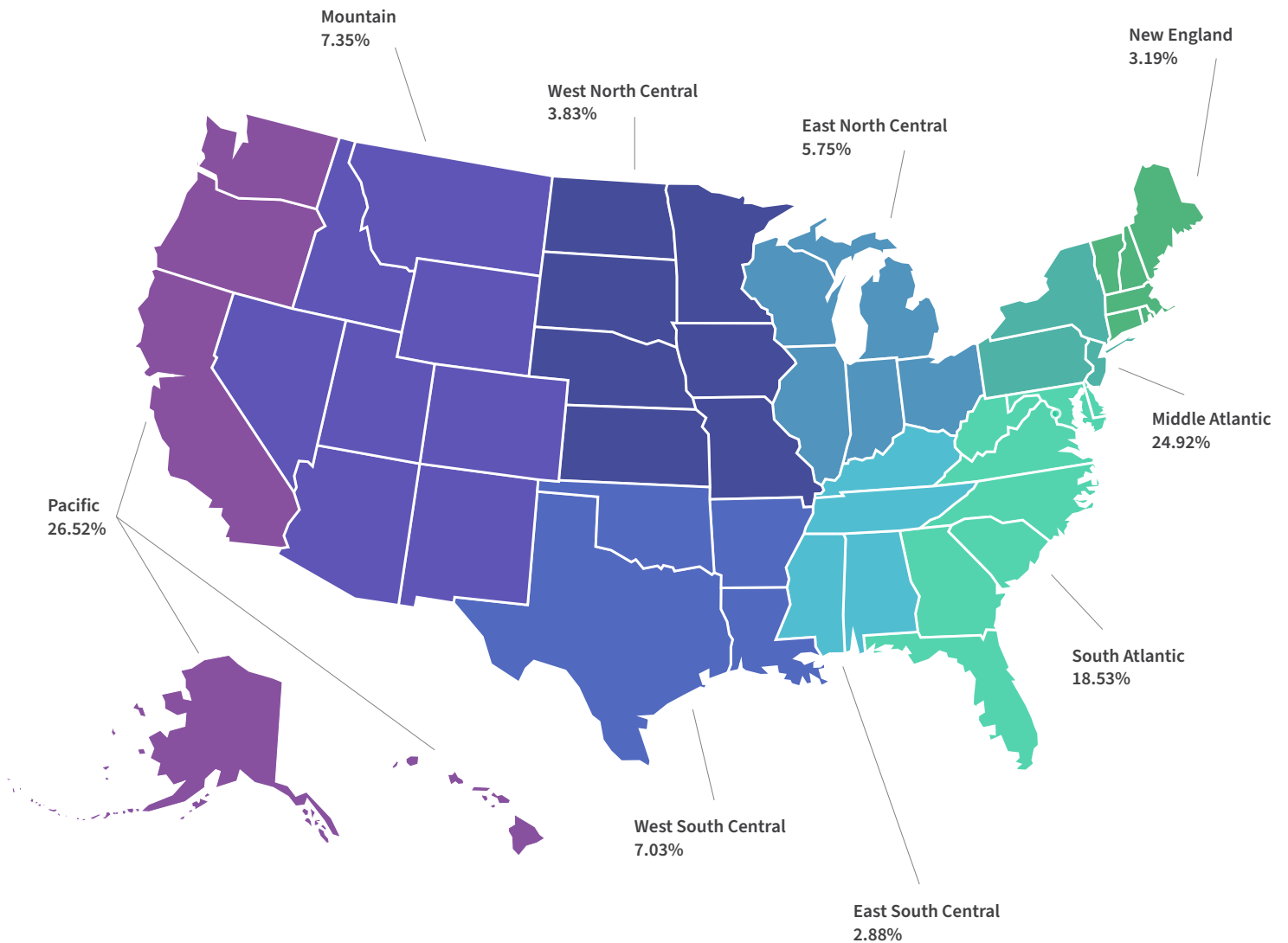
What type of device are you using?



Q19

What is your household income?





Q20

In which major US region do you reside?

Pacific	26.52%	West South Central	7.03%	Middle Atlantic	24.92%
Mountain	7.35%	East North Central	5.75%	South Atlantic	18.53%
West North Central	3.83%	East South Central	2.88%	New England	3.19%

