RCN CAPITAL

INVESTOR SENTIMENT SURVEY

FALL 2025

PRESENTED BY:

C J PATRICK COMPANY

Following a strong rebound in the Summer 2025 report, the **Investor Sentiment Index (ISI)** remained largely stable in the Fall 2025 survey, dipping slightly from 102 to 101. While this represents a 23-point drop from Fall 2024, the Index still sits five points higher than Fall 2023, suggesting that seasonality appears to have minimal influence on overall investor sentiment.

Investors were slightly less bullish on the current state of the market, with more respondents indicating plans to purchase fewer properties compared to a year ago. However, their outlook for the future remained steady quarter-over-quarter, with more respondents believing that home prices will continue to rise. Expectations for mortgage rate relief also remained low, with just under half of respondents (46%) expecting rates to stay between 6.5% and 7.0% for the next year, while roughly 27% expect rates to climb above 7%.

These rates expectations continue to influence market dynamics for real estate investors. Since rates rose in 2022, 24% of respondents reported declining demand for owner-occupied properties; 21% observed an increase in rental demand; and 33% said that both trends were present in their markets.

This iteration of the survey also revealed how the market might be affecting investing strategies. Perhaps due to changing market conditions, rental property investors comprised the largest group of respondents at 44%, followed by flippers at 38% and wholesalers at 17%. Notably, when asked about changes to their primary investing strategy, 55% of respondents said they've switched their primary model in recent years and another 11% said they've added a secondary form of investment. Only 34% said that they have remained consistent with their original strategy, whether flipping, renting, or wholesaling.

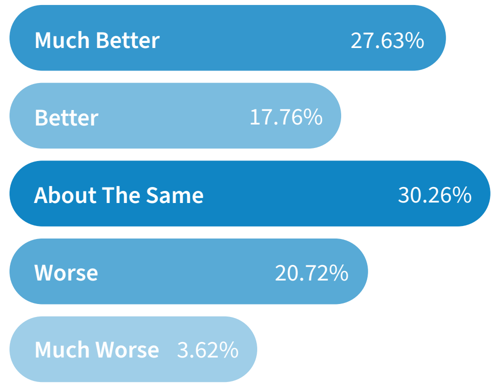
These findings underscore the ongoing challenges of housing affordability which remain a major headwind for the housing market. Millions of young adults are forming households but remain priced out of homeownership, leading to increased demand for rental housing. This dynamic presents challenges for flippers but creates opportunities for rental investors, and investors appear to be responding accordingly.

Since the survey's inception in early 2023, this marks the sixth instance in ten quarters where the ISI scored 100 or higher, indicating a generally positive investor outlook. While RCN Capital's ISI tracks slightly different metrics, it's interesting to note that real estate investors remain more positive about the housing market than their homebuilder counterparts. In comparison, the latest report from the National Association of Homebuilders shows builder sentiment more than 10 points below its long-term average.

Although investor sentiment may not have had strong movement this quarter, the data suggests that investors are actively adapting to evolving market conditions and remain focused on identifying opportunities despite ongoing challenges.

Q1

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



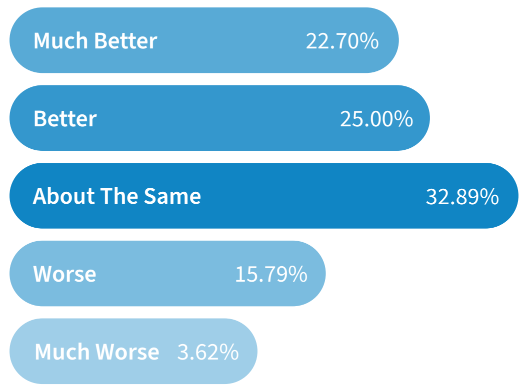
Investors felt that current market conditions are slightly better than they were a year ago with over 45% of survey respondents noting they were better or much better, down from 49% in the last survey. Just over 30% felt that things were about the same, up from 25% in the Summer 2025 report. And just over 24% felt they were worse or much worse, down from 26%.

Flippers viewed the market much more positively than rental investors. Almost 55% of flippers viewed market conditions as better than last year. This tracks with recent market data showing less flipping activity for the past three quarters, suggesting flipper optimism has improved since then. The remaining flippers were almost equally split between those who felt the market was the same and those who felt it had worsened with 24% each.

On the other hand, less than 27% of rental property investors felt that market conditions had improved. Almost 42% believed there had been no change, and the remaining 31% felt that conditions were worse. These less positive views may be reflective of challenges facing the rental market today, where a massive increase in apartment units over the past two years has contributed to higher vacancy rates and declining increases in asking rents.

Q2

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



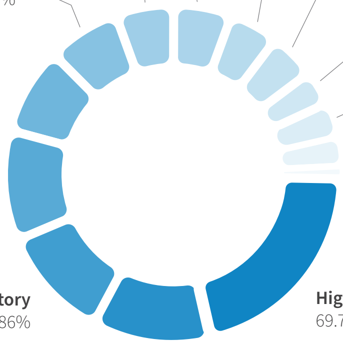
Almost 48% of respondents believed that market conditions would improve in the months ahead, just below last quarter's 49%. The percent of investors who felt things would remain the same climbed from 30% to 33%, while the group fearing worsening conditions dropped slightly, from 20% to 19%.

Unsurprisingly, flippers were also much more optimistic about future market conditions, with almost 61% expecting things to improve, while 22% felt things would stay the same and 17% fearing worse conditions.

Over 46% of rental property investors expected conditions to remain the way they are, about 30% believed the market would improve, and the remaining 24% were afraid that conditions would worsen.

Q3

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



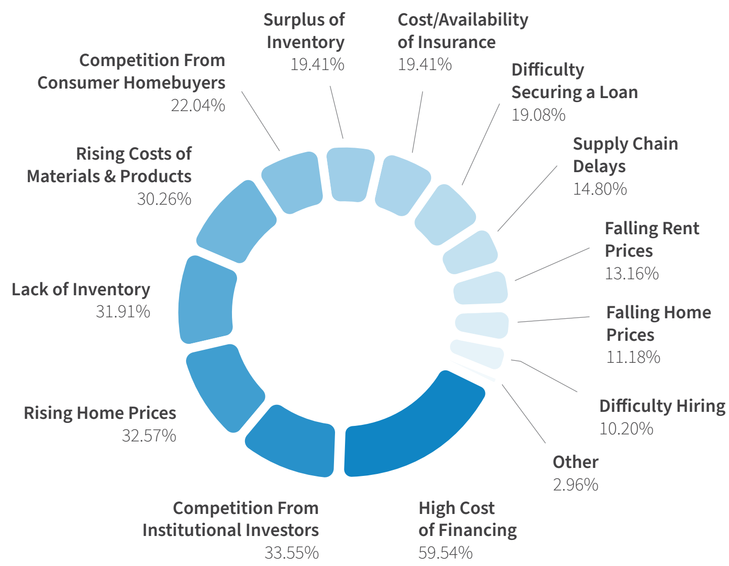
Costs seemed to be the biggest challenges cited by investors in the Fall survey. Almost 70% noted the high cost of financing and almost 38% mentioned rising home prices. Another 28% referred to the rising cost of products and materials. Other frequently mentioned challenges included lack of inventory (noted by 36% of the respondents) and competition from other investors (35%).

Flippers mentioned the same challenges, but to varying degrees: 76% cited high finance costs, 40% reported competition from other investors, and 38% complained about rising home prices. Other frequently mentioned challenges were limited inventory (33%) and rising product and material costs (31%).

Rental property investors were closely aligned in this area: high financing costs were the most cited challenge at 68%, followed by rising home prices at 39%, competition from other investors at 34% and limited inventory at 33%. Rising material costs were noted by about 25% of the respondents, and insurance issues by just over 20%.

Q4

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



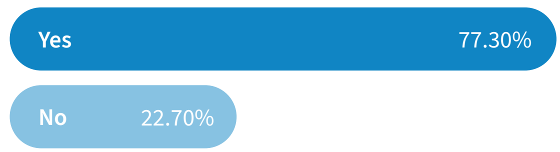
Looking ahead, investors continue to be worried about many of the same issues, starting with the high cost of financing, which was cited by about 60% of the respondents. Competition from other investors was next at 34%, followed by rising home prices at 33%, limited inventory at 32%, and rising material costs at 30%.

Almost 62% of flippers also believe that high financing costs will be a major challenge in the future, putting it above other challenges such as lack of inventory (38%), competition from other investors (38%), rising material costs (32%), and rising home costs (32%).

Rental property investors were a little more diverse in their views on future challenges. High financing costs were still the most-cited issue, but by only 55% of investors. Only two other challenges were mentioned by over 30% of the respondents: rising home prices (32%) and rising material costs (31%). Competition from other investors was cited just under 30% of the time, ahead of the lack of inventory (23%) and insurance issues (22%).

Q5

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



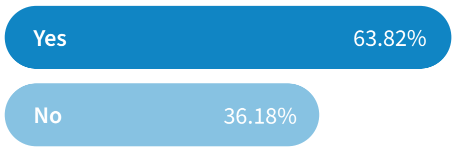
The infrequency of insurance issues being cited as major challenges - either increasing costs or limited availability - is a bit puzzling, since over 77% of respondents say that insurance is a factor in their investment decision-making, and 64% claim that it has caused them to miss out on an opportunity to buy or sell an investment property.

Flippers - who only mentioned insurance as a major challenge about 15% of the time - seem to have greater concerns than rental investors. Just under 90% of flippers say that insurance costs or availability are major factors in their investment decisions, and over 80% say insurance issues have caused them to miss out on a deal.

Rental property investors are less concerned - possibly because fewer of them have missed out on an investment opportunity. Only 66% of rental investors claim that insurance issues are a major factor in their decision making, and 44% report that insurance matters have caused them to miss out on a deal.

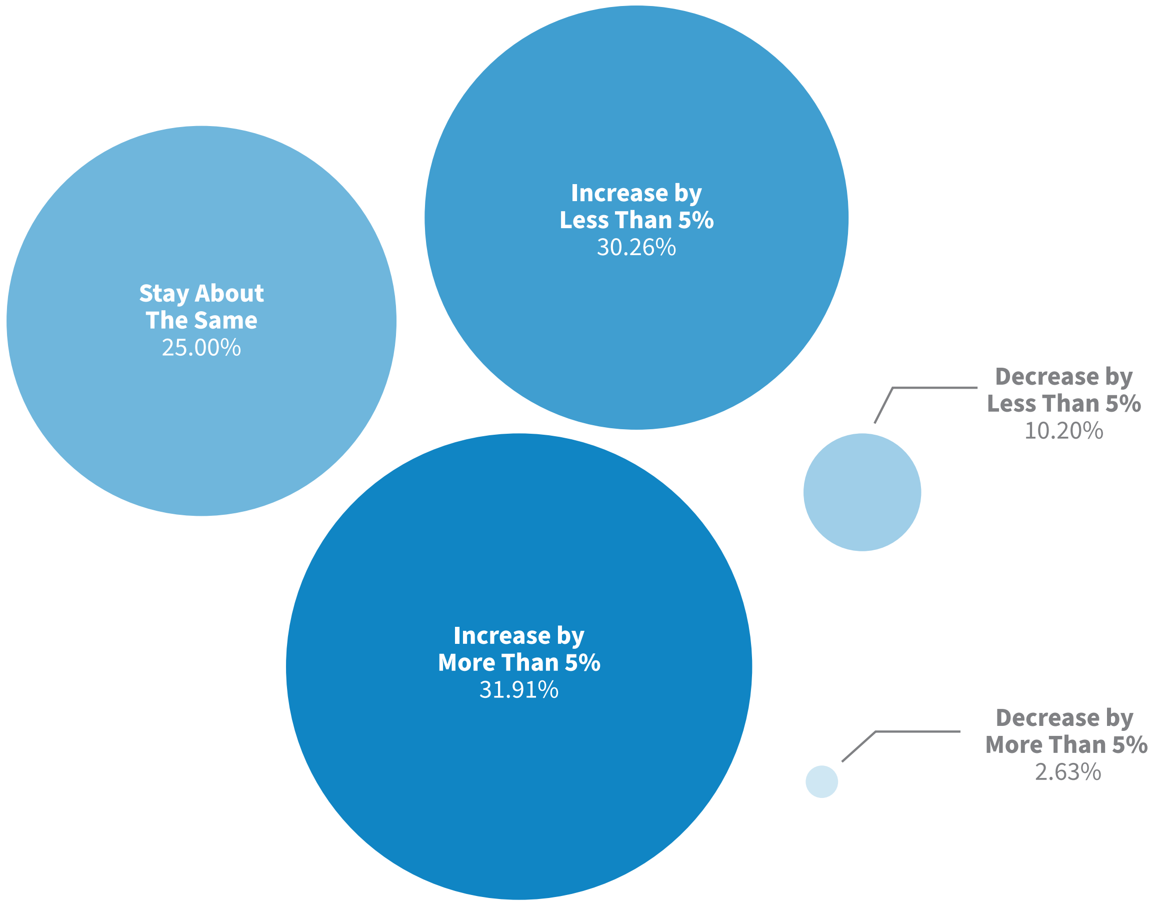
Q6

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



Flippers in Florida and California - two states where extreme weather events have caused billions of dollars of losses and led to commensurate increases in insurance premiums, and to insurance companies exiting the states entirely - are much more likely to cite insurance-related issues. 100% of the flippers surveyed from both states agreed that insurance issues were a major consideration in their investment decisions. And with good cause: 93% of California flippers and 89% of Florida flippers claim to have lost a deal due to these issues.

Rental investors in those states are also much more concerned than their peers elsewhere. In Florida, 89% of rental investors include insurance issues in their decisions to invest, as do 79% of California rental investors. Investors in these regions also miss out on opportunities more often than rental investors in other states: 56% in Florida and 54% in California.



Q7

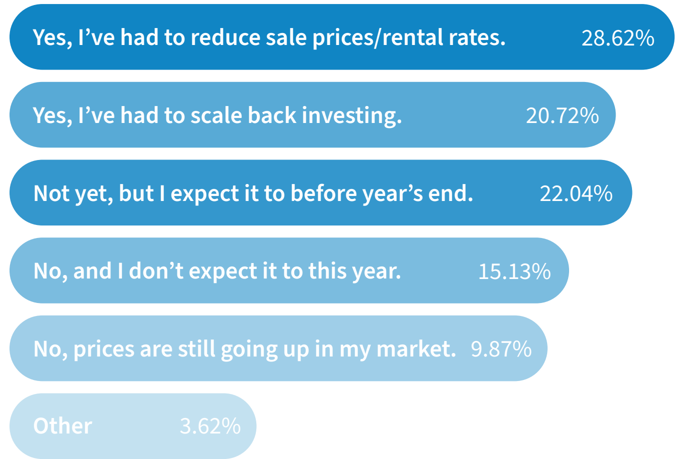
What do you expect home prices to do over the next 6 months?

To no one's surprise, investors expect home prices to continue to rise in the next year. Some 32% believe prices will rise by more than 5%, and another 30% expect prices to increase by 5% or less. Exactly 25% expect prices to remain the same, while just 11% expect prices to fall.

This is another area of great divergence between flippers and rental investors. Almost 72% of flippers expect prices to rise, compared to 50% of rental investors. Only 8% of flippers expect prices to decline, while 22% of their rental counterparts do. Those who feel prices will remain the same are more evenly divided, with 21% of flippers and 28% of rental investors in that camp.

Q8

Home prices and asking rents have slowed down and even turned negative in some markets. Is this affecting your investing?



Nationally, annual home price appreciation as reported by the National Association of Realtors is about 2%. But in many markets - notably states like Florida and Texas - home prices have actually declined year-over-year. Investors in those markets have noticed and acted accordingly. In Florida, 66% of respondents said market conditions have caused them to reduce their sales or rental prices, as did 59% of Texas investors. The numbers were still significant but not quite as dramatic nationally:

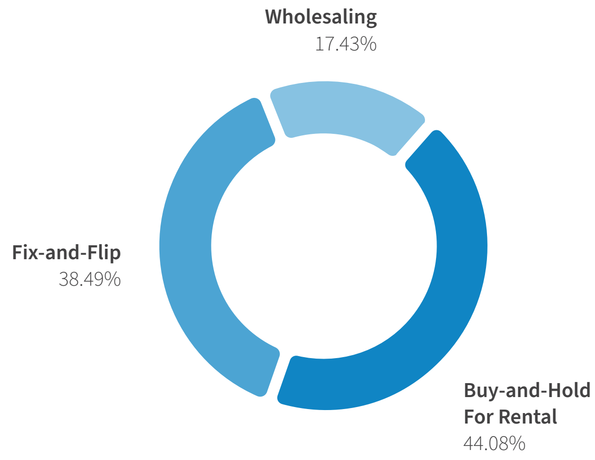
Almost 29% of respondents said they've reduced the sales price or rental rates for their properties in response. Another 21% said they've scaled back their investing activity, while 22% said they haven't had to shift strategies, but expect that they will need to soon. On the other hand, 15% haven't made any changes, and don't believe they'll need to this year, and almost 10% said that prices are continuing to rise in their markets.

Declining - or more slowly appreciating - prices are of immediate concern to flippers, and the numbers reflect that: 50% said they'd had to reduce their sales prices, 18% said they expected an impact on their business model this year, and 15% said they had to scale back their investing activity. Just over 10% said they didn't expect price drops to impact their business or noted that prices were still rising in their regions.

Rental property investors have a longer time horizon and are less likely to be immediately affected by home values declining. Just over 10% said they'd had to reduce asking rents, but over 31% said that they anticipated having to do so in the months ahead, and 19% have scaled back their investing activity. Looking ahead, 24% said they anticipated no issues in the coming months, and 11% noted that prices continued to rise in their markets.

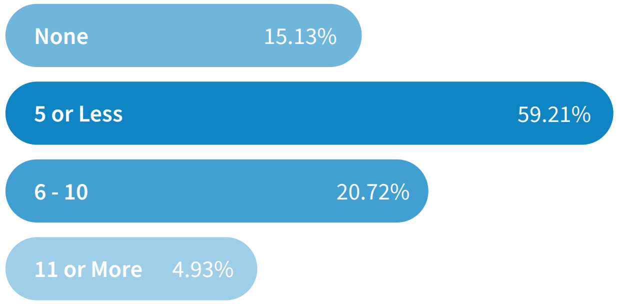
Q9

What is your primary type of residential real estate investment?



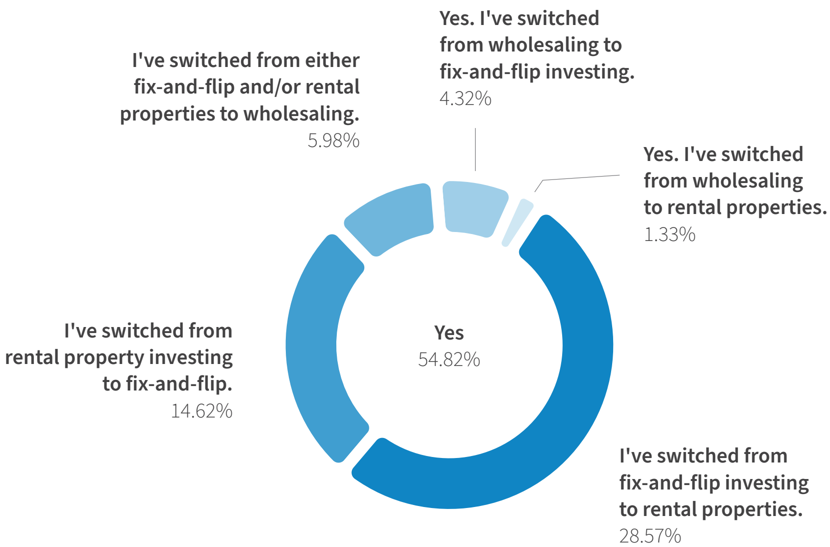
Q10

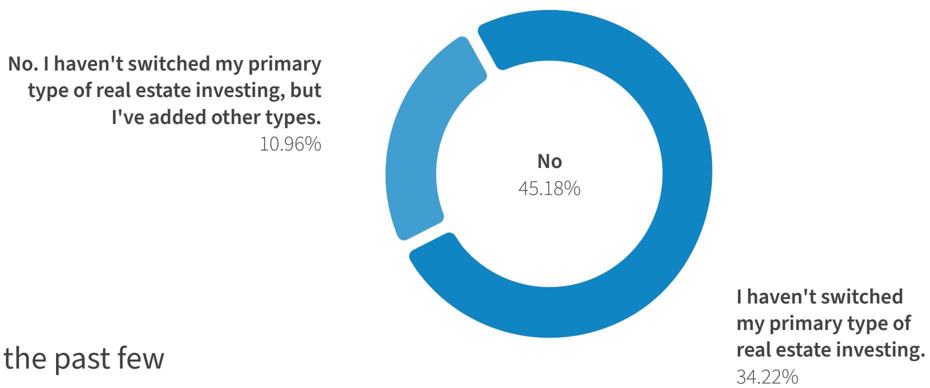
How many investment properties do you currently own?



Perhaps because of changing market conditions, rental property investors comprised the largest group of respondents at 44%, followed by flippers at 38% and wholesalers at 17%.

Mirroring recent reports that show investors with 10 or fewer properties comprise 91% of the investor-owned inventory, respondents to the Fall survey also tended to be smaller investors. Just under 80% of those surveyed own 10 or fewer properties. There was virtually no difference between flippers (81%) and rental owners (82%) in this category.





Q11

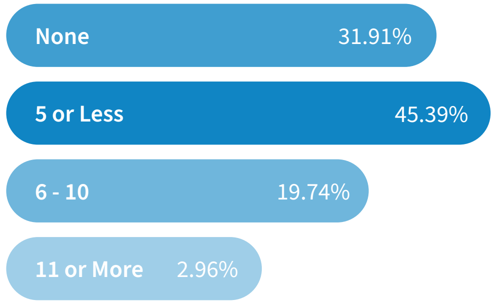
Have market conditions over the past few years caused you to change your primary type of residential real estate investing?

Digging into the survey data showed how market dynamics might be affecting investing strategies. While 34% of the respondents said they have stayed true to their primary type of investment - flipping, renting, or wholesaling - almost 55% said they've switched their primary model over the past few years, and another 11% said they've added a secondary form of investment.

The switch has been much more prevalent among flippers than rental investors. Almost 52% of flippers have switched to a rental strategy, and another 8% have added rentals to their business. Meanwhile, over 55% of rental investors have remained solely in that business, just over 7% have moved into a flipping model, and almost 16% have added other investment options to their rental portfolios.

Q12

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

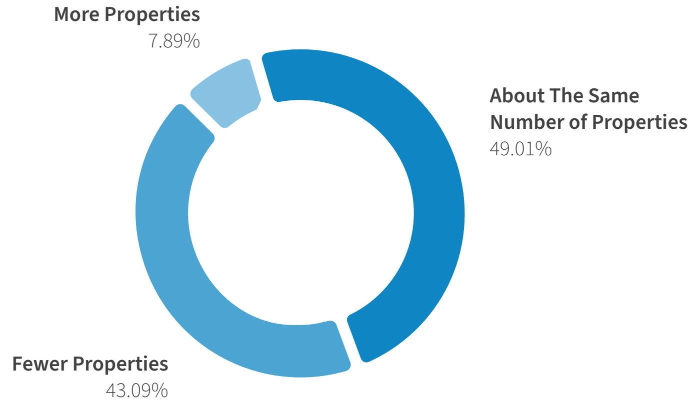


The ownership levels seem unlikely to change in the near term, with under 3% of respondents planning to buy 11 or more homes in the coming year. In contrast, 45% plan to buy five or fewer properties, and 20% expect to buy between 6-10. It's worth noting that, perhaps due to difficult market conditions or concerns about the economy, 32% of respondents don't plan to buy any properties in the next 12 months.

Flippers - whether they actually flip homes or hold them as rentals - are more aggressive in their plans than their rental counterparts: 49% plan to buy five or fewer properties, 25% plan to buy between 6-10, and 23% plan to stay on the sidelines. Rental investors are much more likely to stay out of the market next year, with over 43% not planning to make any purchases. Still, almost 42% plan to buy five or fewer homes, and 13% are looking to buy between 6-10.

Q13

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



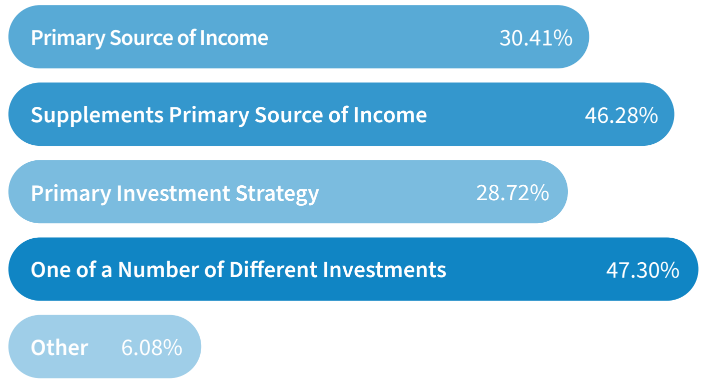
In comparison to the past year, almost half (49%) of the respondents said that this was the same level of purchase activity they'd had in the last 12 months. For 43%, it was fewer properties, and for 8% it was more.

While more flippers plan to buy, it appears that they plan to buy a smaller number of homes: 59% said their forecast was to buy fewer properties than a year ago; 34% said it was about the same number of homes; and 7% said it was more.

Rental investors were much more likely to continue their buying patterns, with 62% saying their purchases would be at the same level; 29% planning to buy fewer homes, and 9% expecting to buy more.

Q14

Why do you invest in real estate?

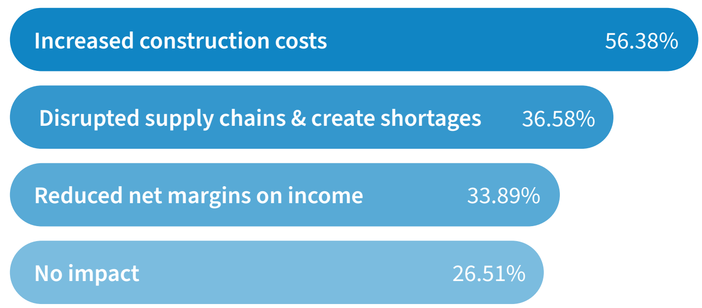


Just over 30% of respondents said real estate investing was their primary source of income; 46% said it supplemented their primary source of income. Almost 29% claimed real estate investing was their primary investment strategy, while 47% said it was one of a number of investments, which included stocks, bonds, crypto and other investments.

Again, there were some areas where there were stark differences between flippers and rental investors. Almost 48% of flippers invest as their primary source of income compared to 11% of rental investors. Interestingly, 45% of both groups said real estate investing supplemented their income. More flippers (41%) than rental investors (18%) said real estate was their primary investment strategy, while many more rental investors (63%) than flippers (37%) viewed real estate as just one of their investments.

Q15

Have new tariffs on goods imported from Canada, Mexico, and China had any impact on your investing?



A majority of respondents believed that Trump Administration tariff policies are having an impact on their businesses. Over 56% said that tariffs on goods imported from Canada, Mexico, and China were increasing their construction costs. Almost 37% said they'd seen a disruption in supply chains, and 34% said increased materials costs had reduced their profit margins. Almost 27%, however, claimed to have seen no impact on their business from tariffs.

Q16

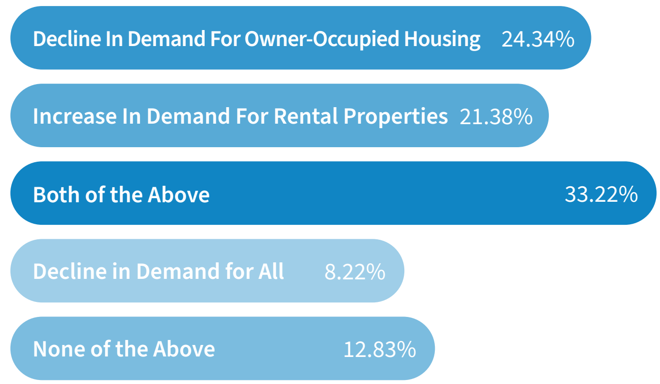
Has the deportation of undocumented migrants had any impact on your investing?

Almost half (46%) of respondents said that the Administration's deportation policies have made it more difficult for them to find labor - unsurprising in a labor market where 33% of construction workers are immigrants. Just over 34% claim the policies have increased construction costs, and about 21% say they have fewer opportunities for home sales or rentals. But a large number of respondents - almost 38% - say they've seen no impact on their business operations.

Flippers - who are likely much more dependent on contract labor - and rental investors are at opposite ends of the spectrum when it comes to deportation policies: 62% of flippers say they've had a harder time finding labor compared to 30% of rental investors. Conversely, more than half - over 55% - of rental investors have seen no impact on their businesses, compared to just 23% of flippers.

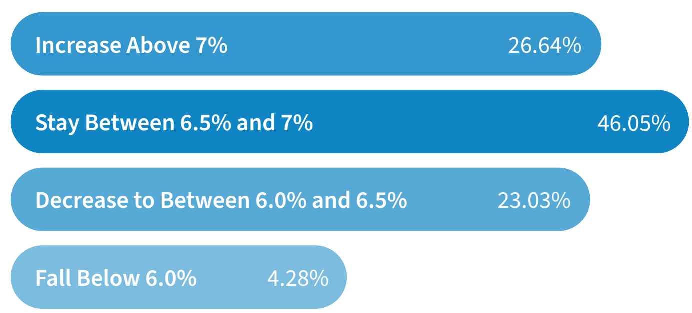
Q17

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



Q18

What do you expect mortgage rates to do by the end of 2025?

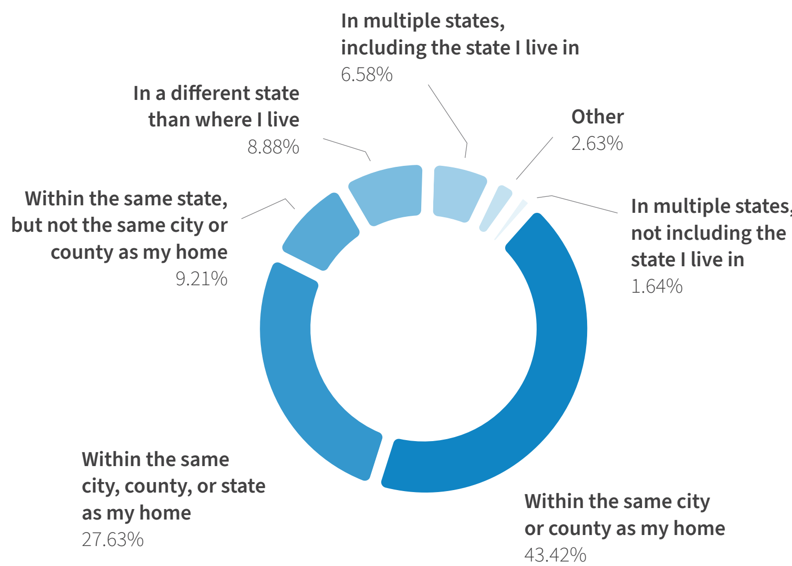


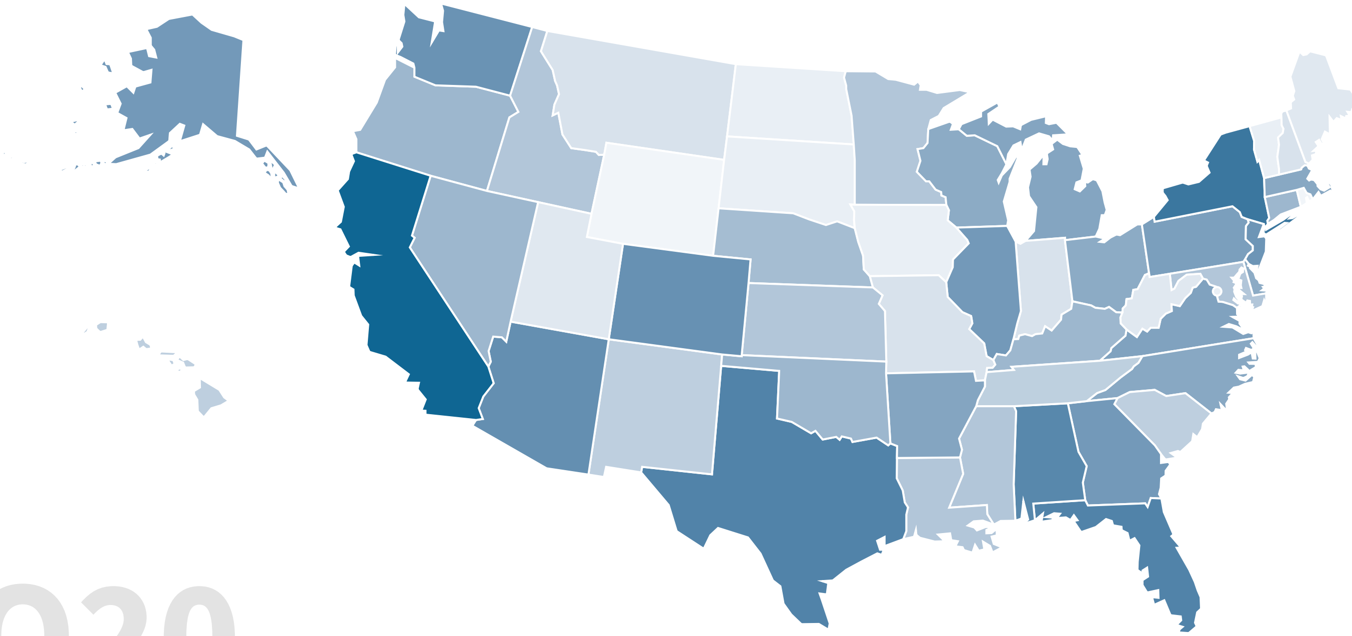
Just under half of the respondents - 46% - expect mortgage rates to stay between 6.5-7.0% for the next year. Almost 27% expect them to rise above 7%. About 23% hope to see rates fall between 6.0-6.5%, and 4% are optimistic that rates will fall below 6%.

These rates have had an impact on market dynamics for real estate investors. Since rates rose in 2022, 24% of respondents say that demand for owner-occupied properties has declined; 21% say demand for rentals has increased; and 33% say that both of these have happened in their markets.

Q19

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



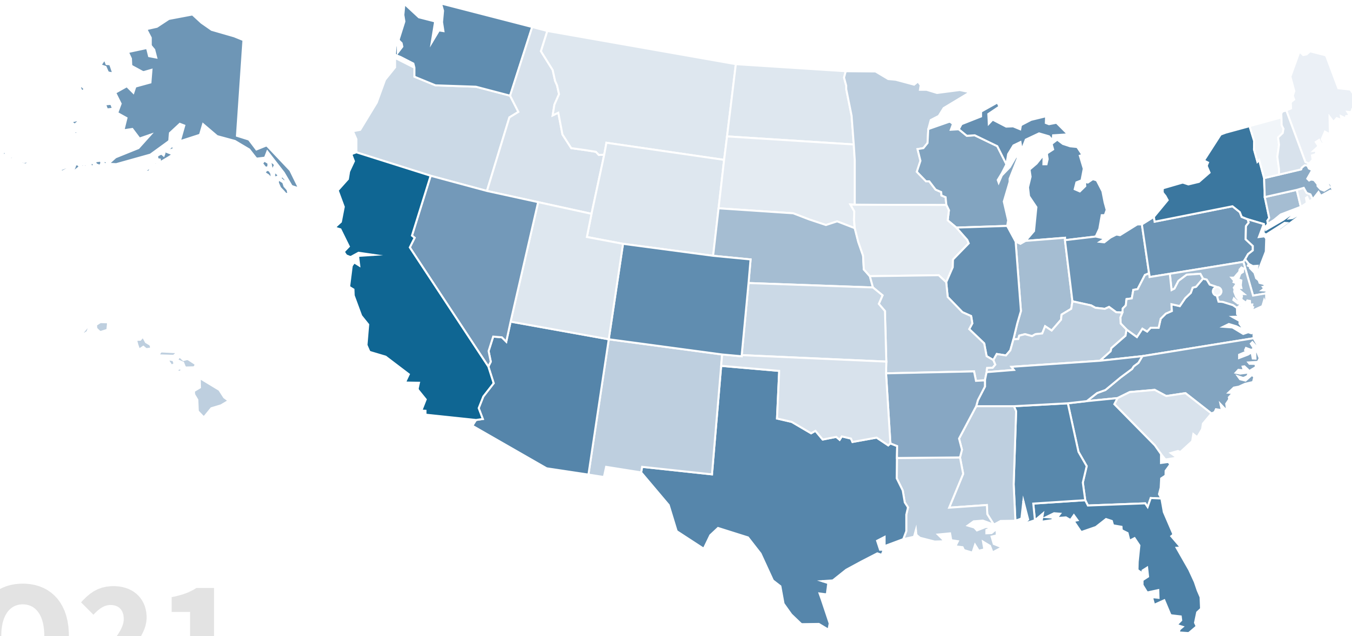


Q20

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

Alabama	7.89%	Kentucky	2.30%	North Dakota	0.33%
Alaska	4.93%	Louisiana	1.64%	Ohio	2.96%
Arizona	6.58%	Maine	0.66%	Oklahoma	2.30%
Arkansas	3.62%	Maryland	1.64%	Oregon	2.30%
California*	23.68%	Massachusetts	3.29%	Pennsylvania	4.28%
Colorado	6.25%	Michigan	3.62%	Rhode Island	0.00%
Connecticut	2.30%	Minnesota	1.64%	South Carolina	1.32%
Delaware	2.96%	Mississippi	1.64%	South Dakota	0.33%
District of Columbia	0.99%	Missouri	0.99%	Tennessee	2.96%
Florida*	9.54%	Montana	0.99%	Texas*	9.54%
Georgia	4.93%	Nebraska	1.97%	Utah	0.66%
Hawaii	1.32%	Nevada	2.30%	Vermont	0.33%
Idaho	1.64%	New Hampshire	0.99%	Virginia	3.95%
Illinois	4.93%	New Jersey	5.59%	Washington	5.92%
Indiana	0.99%	New Mexico	1.32%	West Virginia	0.66%
Iowa	0.33%	New York*	14.47%	Wisconsin	2.96%
Kansas	1.64%	North Carolina	3.29%	Wyoming	0.00%

*Most investment activity occurs in the starred states, which are among the nation's most populous.



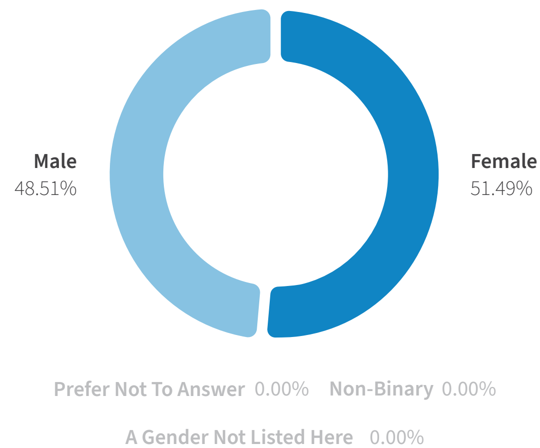
Q21

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

Alabama	7.57%
Alaska	4.93%
Arizona	8.55%
Arkansas	2.96%
California	23.68%
Colorado	6.58%
Connecticut	2.30%
Delaware	2.63%
District of Columbia	2.63%
Florida	10.53%
Georgia	6.25%
Hawaii	1.97%
Idaho	1.32%
Illinois	5.92%
Indiana	2.30%
Iowa	0.66%
Kansas	1.64%
Kentucky	1.97%
Louisiana	1.97%
Maine	0.33%
Maryland	2.30%
Massachusetts	2.63%
Michigan	5.92%
Minnesota	1.97%
Mississippi	1.97%
Missouri	1.97%
Montana	0.99%
Nebraska	2.30%
Nevada	4.28%
New Hampshire	1.32%
New Jersey	5.92%
New Mexico	1.97%
New York	14.80%
North Carolina	3.29%
North Dakota	0.99%
Ohio	4.93%
Oklahoma	1.32%
Oregon	1.64%
Pennsylvania	5.26%
Rhode Island	0.66%
South Carolina	1.32%
South Dakota	0.66%
Tennessee	4.28%
Texas	8.22%
Utah	0.99%
Vermont	0.00%
Virginia	4.61%
Washington	6.58%
West Virginia	2.30%
Wisconsin	3.29%
Wyoming	0.99%

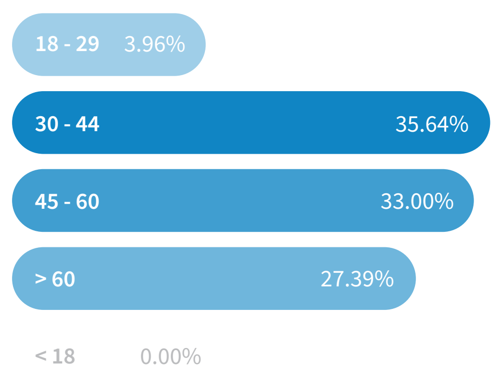
Q22

What is your gender?



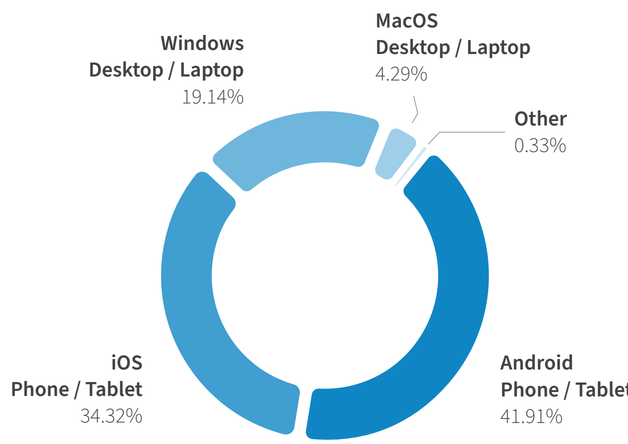
Q23

What is your age?



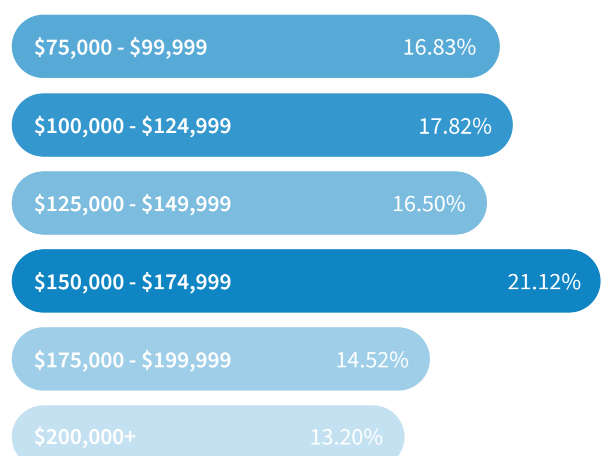
Q24

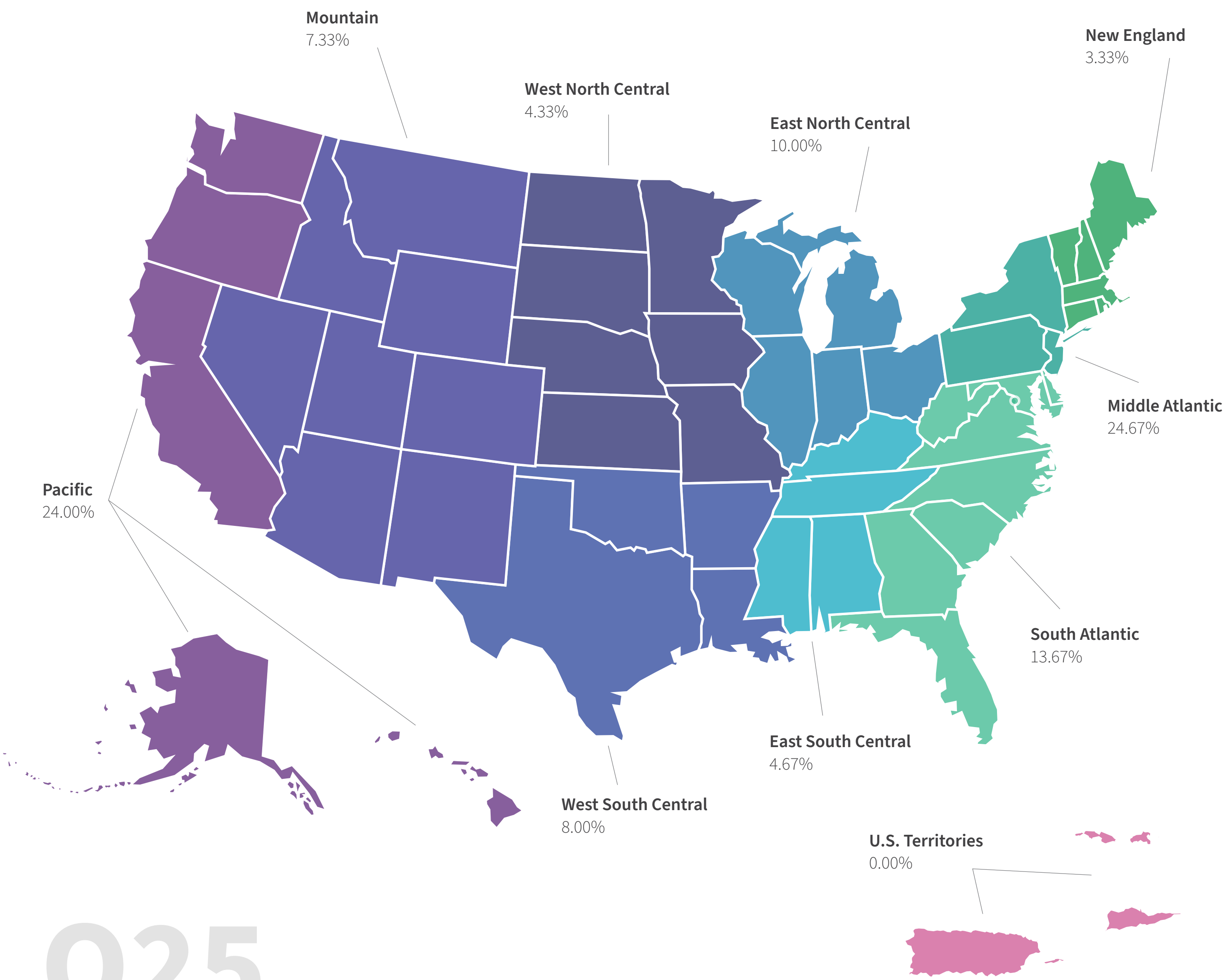
What type of device are you using?



Q25

What is your household income?

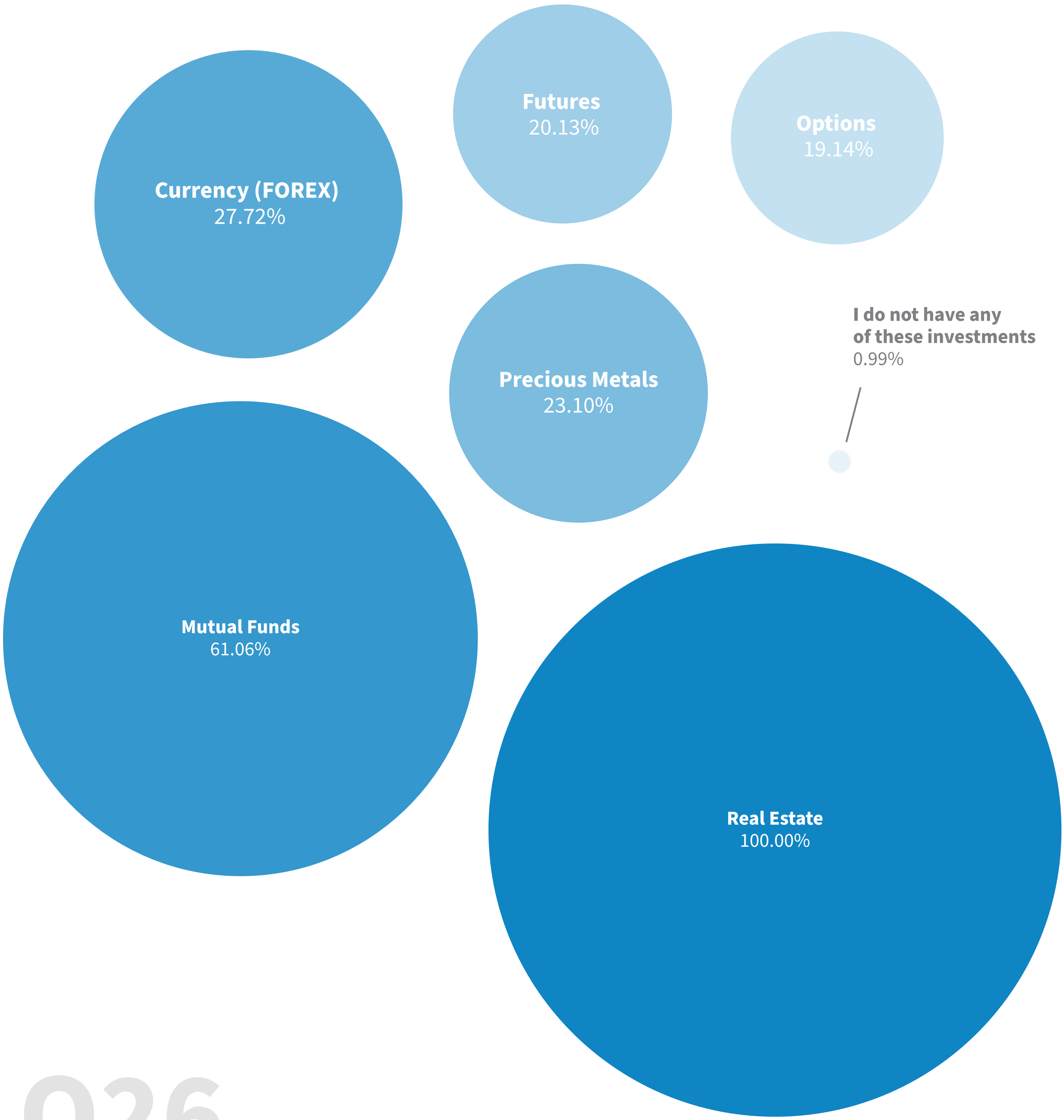




Q25

In which major US region do you reside?

Pacific	24.00%
Mountain	7.33%
West North Central	4.33%
West South Central	8.00%
East North Central	10.00%
East South Central	4.67%
Middle Atlantic	24.67%
South Atlantic	13.67%
New England	3.33%
U.S. Territories	0.00%



Q26

What investments do you hold?

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Investor Sentiment Index (ISI)

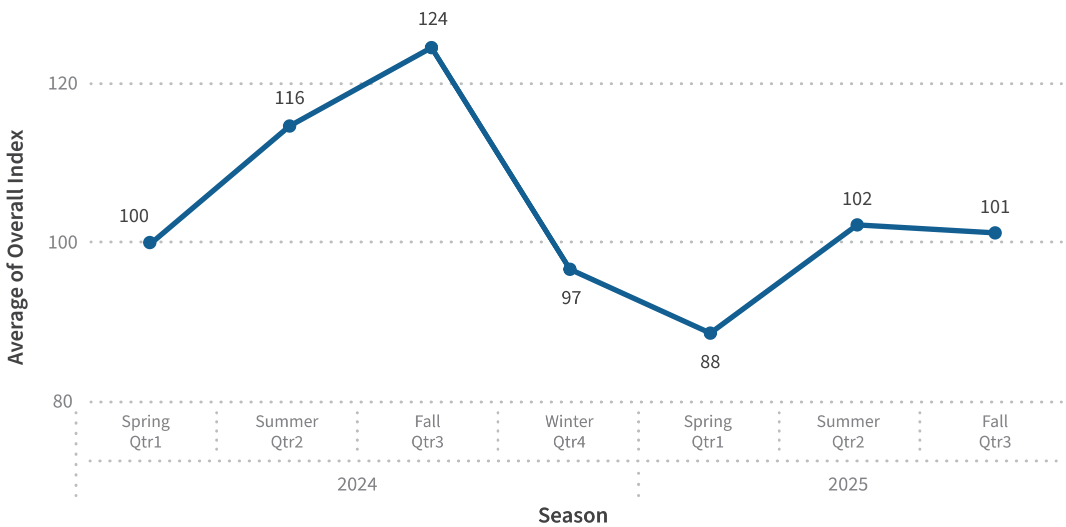
RCN Capital Investor Sentiment Index

The RCN Capital/CJ Patrick Investor Sentiment Index (ISI) was designed to track the pulse of real estate investors across the country and gauge market outlook. The ISI is based on a quarterly survey of residential real estate investors and focuses on their responses to four specific questions:

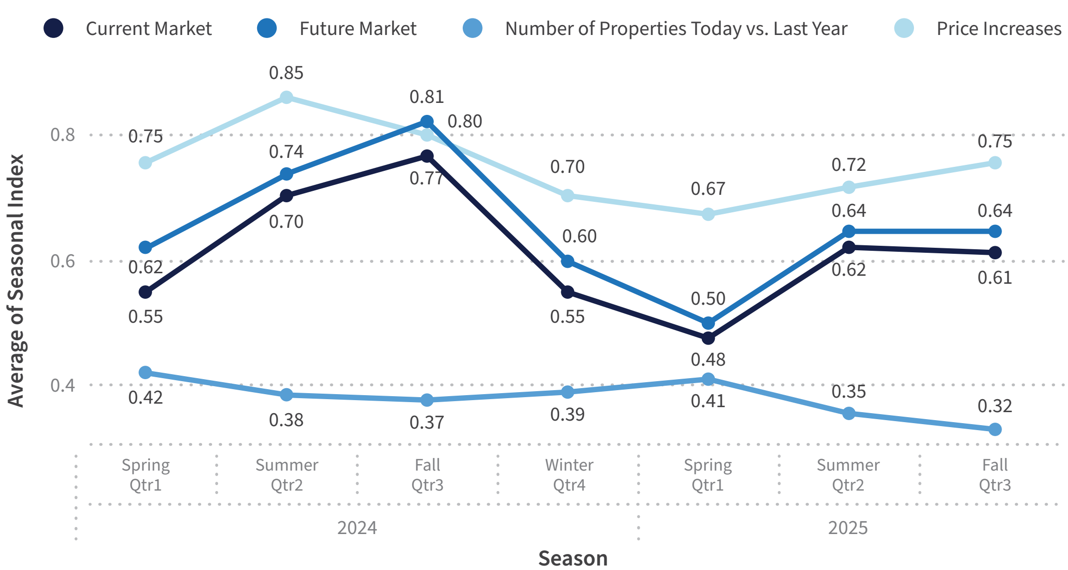
- **Current Market Outlook -** How does the environment for residential real estate investing compare to one year ago?
- **Future Market Outlook -** What's your outlook for residential real estate investing over the next 6 months compared to today?
- **Expected Home Price Increases -** What do you expect home prices to do over the next 6 months?
- **Number of Properties Compared to Past 12 Months -** How does the number of properties you plan to invest in over the next 12 months compare to the number of properties you've invested in over the past 12 months?

Each quarter, the ISI depicts the overall sentiment of residential real estate investors toward industry conditions starting with a baseline scale of 100. The initial baseline value of 100 was established from the results of the Summer 2023 Investor Sentiment Survey, serving as our reference point when we began the survey. A higher reading (>100) is an indication that the majority of residential real estate investors are confident about the current and near-term outlook for residential real estate investing. Lower readings (<100) signify less optimism among residential real estate investors.

Average of Overall Index by Year, Period and Season



Average of Seasonal Index by Year, Period, Season and Market

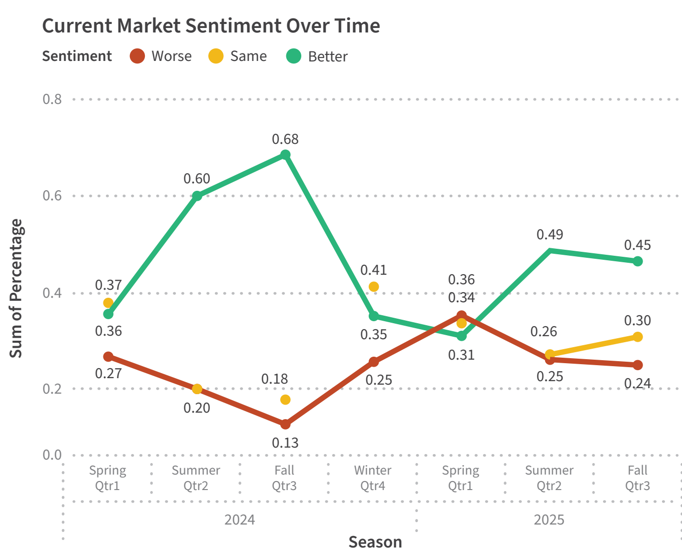


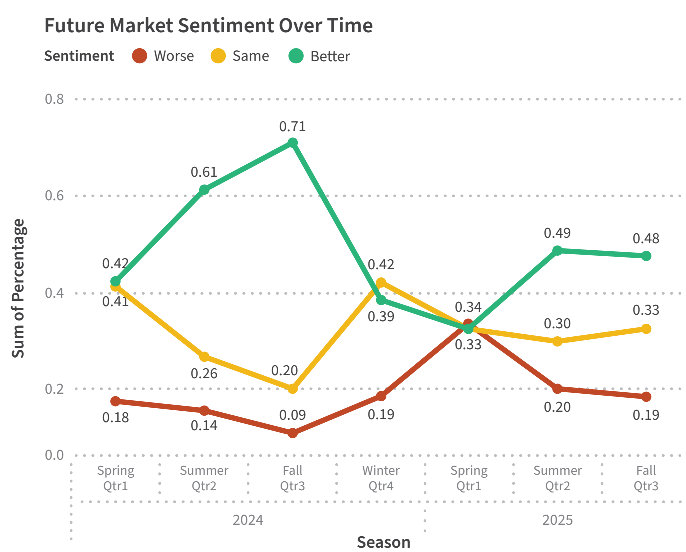
RCN Capital Investor Sentiment Index Methodology

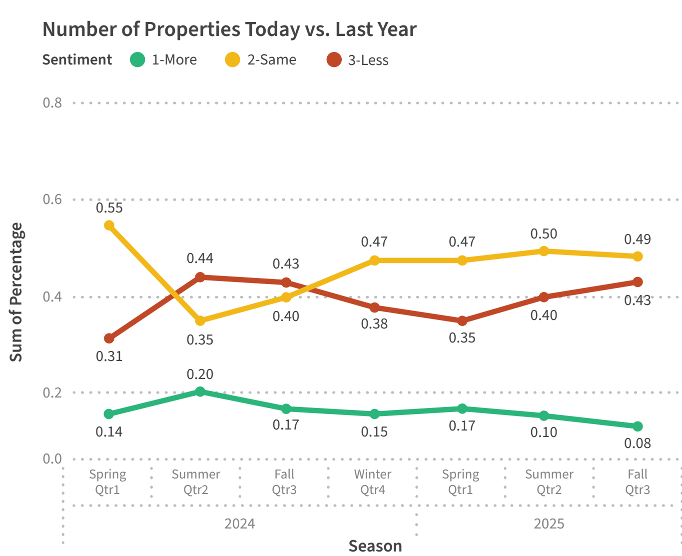
The ISI is a weighted average of four of the components of the quarterly Investor Sentiment Survey: current market outlook, future market outlook over the next 6 months, expected home price increases over the next 6 months, and number of investment property purchases compared to the past 12 months.

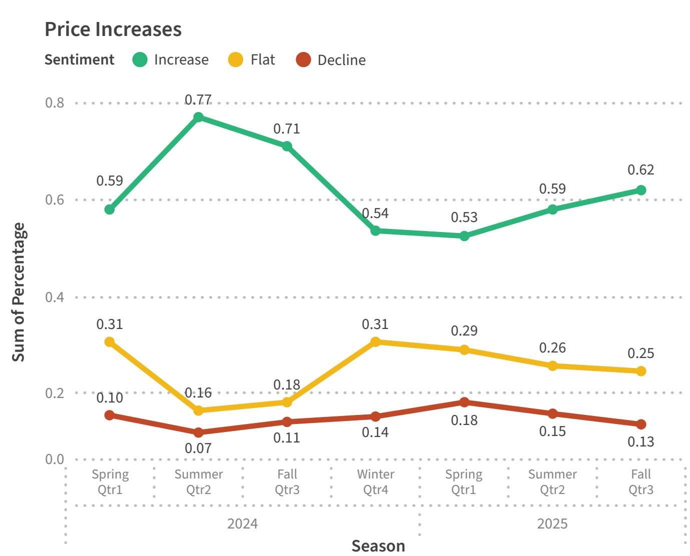
Survey respondents, who are residential real estate investors, rate the first two on a scale of "better", "same", or "worse", the third on a scale of "increase", "remain flat", or "decline, and the last on a scale of "more", "same", or "less".

- **The index is calculated for each season by applying these formulas:**
  - Current Market Outlook - "(Better –Worse + 1)/2"
  - Future Market Outlook - "(Better –Worse + 1)/2"
  - Expected Home Price Increases - "(Increase - Decline + 1)/2".
  - Number of Properties Compared to Past 12 Months - "(More - Less + 1)/2"
- **Subsequently, each resulting index is weighted according to the following percentages to derive the Overall Index for each season:**
  - Current Market Outlook - 40%
  - Future Market Outlook - 25%
  - Expected Home Price Increases - 10%
  - Number of Properties Compared to Past 12 Months - 25%









RCN Capital Investor Sentiment Index

The index was created this way to make it relatively easy to interpret and easily show market sentiment over time. In particular, the Overall index:

- Lies on a scale of +/- 100
- Is <100 only when respondents say sentiment is less optimistic
- Is >100 only when respondents say sentiment is more optimistic

The survey respondents represent residential real estate investors with diversified investing strategies from all over the United States. The survey is conducted quarterly with varying participants to ensure optimal response rates and balanced participation from residential real estate investors from across the country.