

RCN  CAPITAL

INVESTOR

SENTIMENT

SURVEY

SPRING 2026

PRESENTED BY:
C J PATRICK COMPANY

Investor sentiment plummeted in the first quarter of 2026, dropping 14 points to a score of 87 in the latest RCN Capital Investor Sentiment Index (ISI). This marked a decisive reversal after sentiment had plateaued at 101 for the last two consecutive quarters, following a steady recovery from the Summer 2025, when the Index rose from 88 to 102. With this latest decline, investor sentiment now sits at its lowest level since the index launched eleven quarters ago.

The decline in investor confidence isn't unique; it's part of a broader shift in sentiment across the housing and consumer landscape. Consumer confidence, per [the University of Michigan's preliminary April 2026 survey](#), fell to a record low, while the [homebuilder sentiment index dropped four points, its weakest April reading since 2012, during the aftermath of the housing downturn](#). Together, this data points to growing concern about near-term housing market conditions.

Market fundamentals also weighed on sentiment during the quarter. Existing home sales declined year-over-year in January, February, and March, signaling a slower start compared to 2025. Severe winter weather across the Northeast and Midwest during the first two months of the year appears to have further constrained both new and existing home sales activity in those regions, contributing to softer overall market performance.

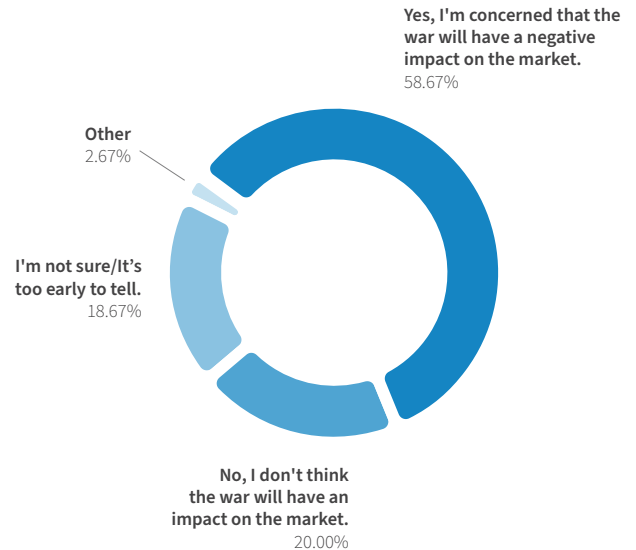
Geopolitical uncertainty added another layer of complexity. The war in Iran drove oil prices up and indirectly drove mortgage rates higher, factors that likely dampened demand toward the end of the quarter. Not surprisingly, a majority of survey respondents expect the conflict to negatively affect their business in the months ahead, pushing sentiment from cautiously optimistic to more clearly negative relative to the prior quarter.

Notably, this quarter marked the first instance in which all four components of the Investor Sentiment Index declined simultaneously. Investors reported weaker views of current market conditions versus a year ago, more tempered expectations for the next six months, reduced acquisition plans over the next twelve months, and fewer respondents felt that prices would rise compared to the previous survey. As a result, the overall decline in the Index reflects a broad-based shift in outlook rather than weakness concentrated in any single category.

That said, while the current reading is among the lowest recorded, sentiment has proven to be reactive. The last time the Index approached this level, in Spring 2025, sentiment rebounded by 14 points in the following quarter. If market conditions stabilize or geopolitical pressures ease, we could see a similar rebound in investor confidence emerge in the Summer 2026 report.

Q1

Has the war in Iran changed your outlook for real estate investing in 2026?

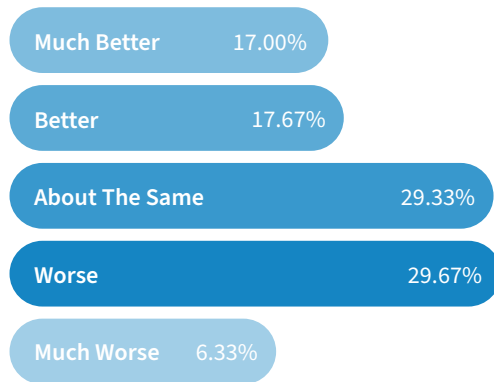


Almost 59% of the investors surveyed believed that the war in Iran will have a negative impact on the housing market, and on their business. This concern was more prevalent among fix-and flip investors, where 66% felt the war would hurt their business, versus rental property investors, of which 46% shared those concerns.

This may reflect consumer behavior, as historically consumers are more reluctant to enter into major, long-term financial commitments, like buying a home, during periods of uncertainty such as this war and the potential impacts it may have on oil markets and the global economy.

Q2

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

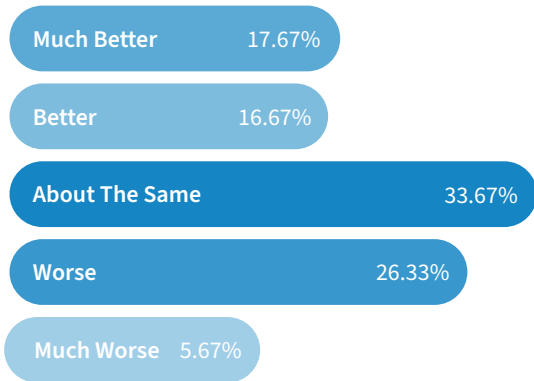


Investor sentiment about current market conditions soured in the Q1 of 2026, probably due in part to the war in Iran, but also probably due to home sales activity that lagged behind a relatively weak Q1 2025.

As has often been the case, rental property investors were much more dour than their fix-and-flip counterparts: 45.9% of rental investors felt conditions had deteriorated, compared to just 29.5% of flippers.

Q3

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

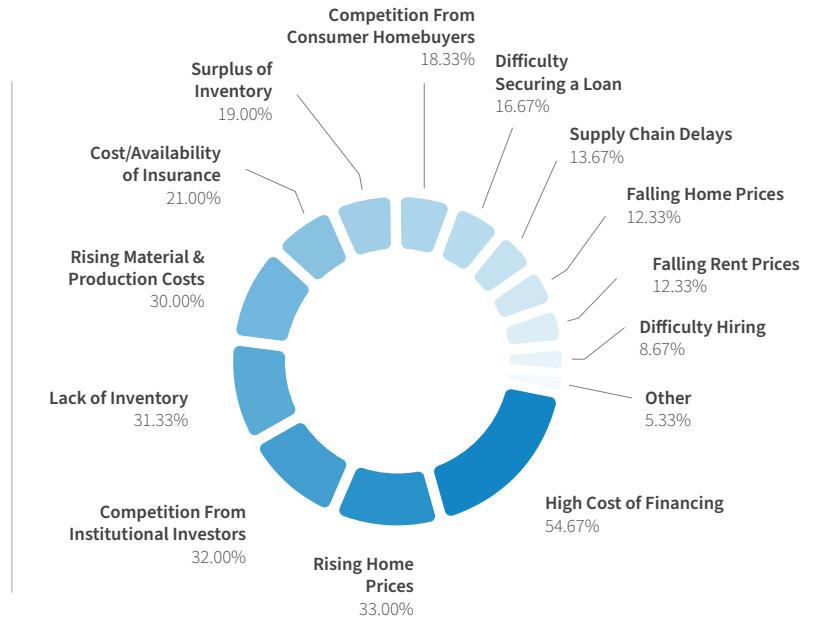


The outlook from investors was similarly tepid, with 32% expecting conditions to further worsen, up from just 27.2% last quarter. A slightly larger number, 34.3%, expected the market to improve, and 33.7% believed that conditions would stay the same.

Once again, rental property investors were more glum: 36% expected things to get worse; 41% expected status quo; and only 23% expected improvements. Flippers, on the other hand, were more optimistic: 44.1% hoped for better conditions; 23.6% expected no change; and 32.2% expected conditions to deteriorate.

Q4

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



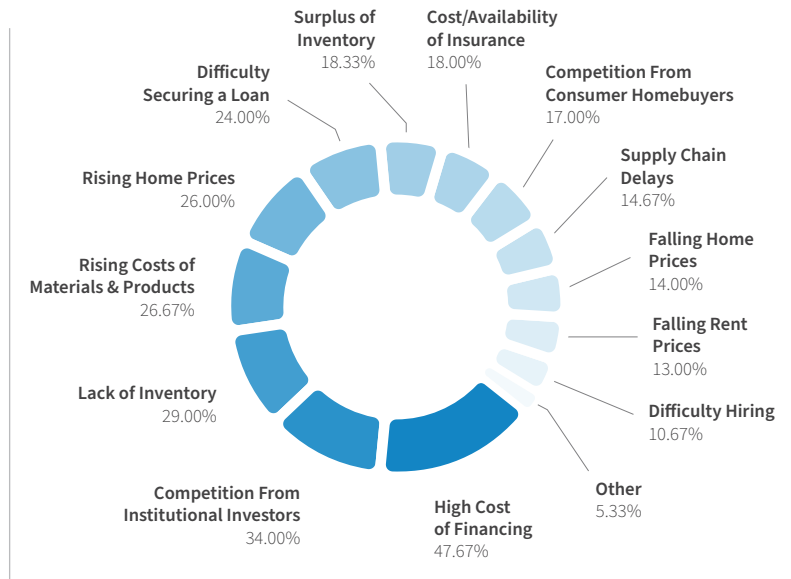
Once again, the high cost of financing was cited as the biggest challenge facing real estate investors, being cited by 54.7% of respondents. This was followed by rising home prices (33%), competition from other investors (32%), lack of inventory (31.3%), and rising material and product costs (30%). The cost and/or availability of insurance was the only other challenge cited by more than 20% of the respondents.

The same challenges were noted most frequently by fix-and-flip investors, with slight variations in severity. The high cost of financing was cited by 63% of flippers, followed by the lack of inventory (38.7%), rising material and production costs (35.4%), competition from other investors (34.7%), and rising home prices (33%). Insurance issues were mentioned by 19.7% of those surveyed.

Results were similar among rental property investors, with high financing costs again cited the most at 51.6%, followed by rising home prices (36.9%), competition from other investors (31.2%), rising material and production costs (28.8%), and lack of inventory (27%). Insurance was noted by 23.8% of rental investors as a major challenge.

Q5

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



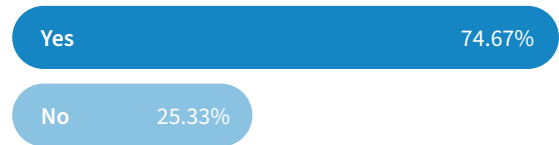
Future challenges mentioned by real estate investors were similar to current challenges, but with somewhat less severity. The high cost of financing was expected to continue to be the biggest challenge, and was mentioned by 47.7% of the respondents, followed by competition from other investors (34%), lack of inventory (29%), rising costs of materials and products (26.7%), and rising home prices (26%). Insurance issues were considered less of a future problem, cited by just 18% of respondents, but there was more concern about capital availability, with 24% of the investors concerned about their ability to secure a loan.

Rental investors' concerns were similar, and also led by the high cost of financing at 41.8%. This was followed by the rising cost home prices and the rising cost of materials and products, both at 28.7%, competition from other investors at 27.9%, and lack of inventory at 22.1%. Insurance was noted by 21.3% of rental investors.

Fix-and-flip investors followed a similar pattern. The high cost of financing was mentioned by 59.1% of flippers, followed by competition from other investors at 41.7%, lack of inventory at 36.2%, the rising cost of products and materials at 28.4%, difficulty securing a loan at 26.8%, and rising home prices at 23.6%. Only 18.9% of flippers expect insurance issues to be major challenges in the future. Interestingly, 26.8% of respondents also expect that there will be an inventory surplus in the months ahead.

Q6

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



While not mentioned as often as some other issues when citing major challenges, insurance costs and availability continue to be a top-of-mind issue for real estate investors, with 74.7% of the respondents acknowledging that insurance issues are a factor in their real estate investment decisions. Some 79.5% of flippers said this was the case, and 64.8% of rental properties agreed.

Insurance issues were cited more frequently in states most often impacted by extreme weather events. In California, 71.4% of rental property investors said insurance was part of their decision-making process, as did 100% of the state's fix-and-flip investors. This was also true for 88.2% of flippers and 66.7% of rental property investors in Florida.

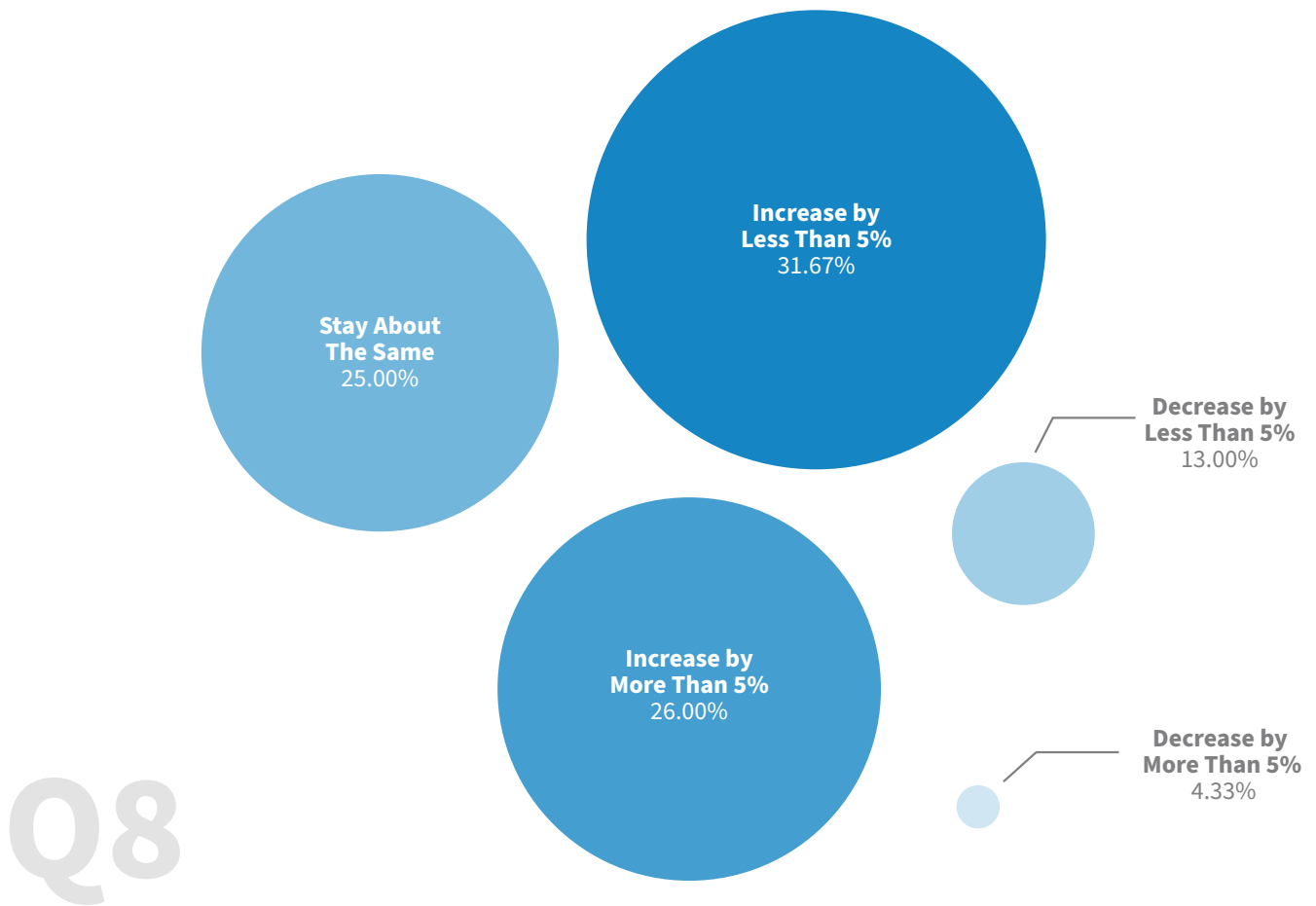
Q7

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



Insurance issues appear to be costing more investors business. Over a half of the respondents—53.3%—said that insurance costs or unavailability caused them to miss out on an opportunity to buy or sell investment properties, up from 32% in the previous quarter.

This appears to be less of a problem for rental property investors, as only 39.3% of them believed this to be the case, compared to 65.4% of fix-and-flip investors. In California, 84.6% of flippers had this problem, compared to only 33.3% of rental investors. Similarly, in Florida, 41.7% of rental investors have missed out on an opportunity due to insurance issues compared to 64.7% of flippers.



Q8
What do you expect home prices to do over the next 6 months?



A majority of investors—51.7%—believe that home prices will continue to rise in the next six months. Only 17.3% expect prices to fall, while 25% expect them to stay where they are. Once again, flippers are more bullish on the market, with 67.7% expecting price hikes and just 14.9% anticipating falling prices. Meanwhile, 50.8% of rental investors anticipate price increases, and 19.6% expect declines.

Q9

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



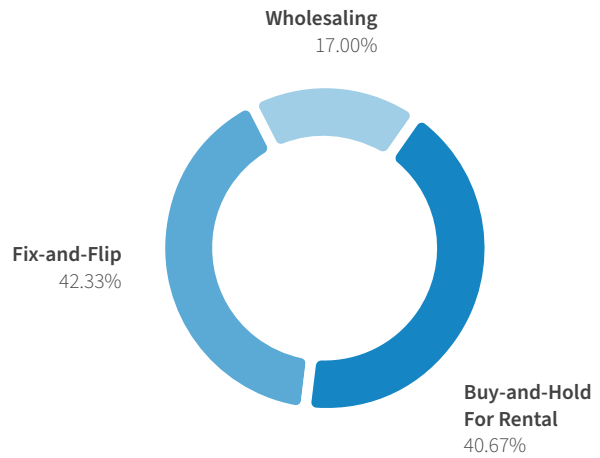
Market conditions vary, and price appreciation has slowed considerably while prices have declined year-over-year in about one-third of all major metro markets across the country.

These local trends are reflected in survey results, as 24.3% of the respondents have had to reduce sales prices or asking rents; 20.7% have scaled back their investing; and 29.7% anticipate having to adjust their business due to prices weakening before the end of the year.

Only 8.7% claim that prices are continuing to increase in their markets, while another 13% don't anticipate changing price trends to impact their business this year.

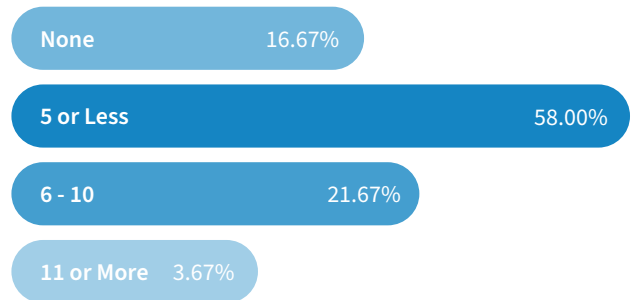
Q10

What is your primary type of residential real estate investment?



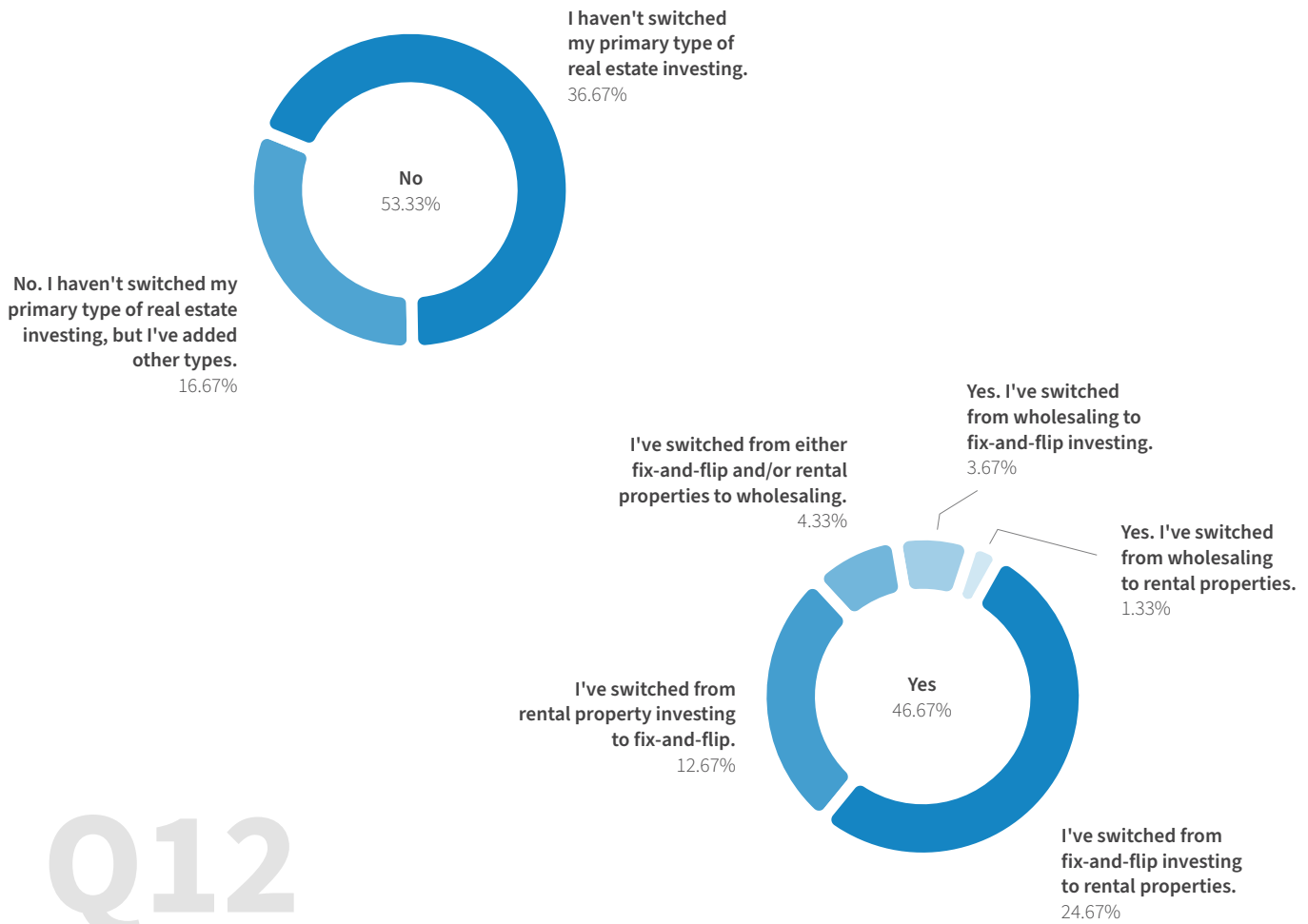
Q11

How many investment properties do you currently own?



For the first time in several quarters, more respondents cited flipping (42.3%) rather than rental investing (40.7%) as their primary type of investment. Wholesaling was cited by 17% of the respondents.

Small investors continue to dominate the number of respondents to these quarterly surveys, mirroring industry reports that mention investors who own between 1-10 homes comprise about 96% of the investor-owned home market. Respondents to the Spring 2026 survey followed a similar pattern, with 58% owning between 1-5 properties and 21.7% owning between 6-10. Only 3.7% owned more than 11 investment properties, while 16.7% currently hold no investment homes.



Q12

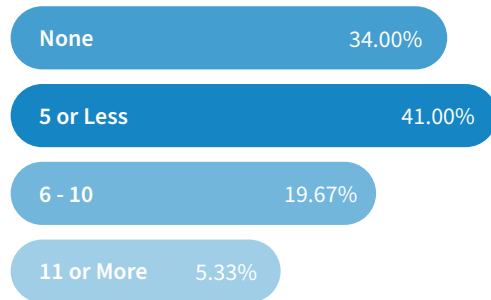
Have market conditions over the past few years caused you to change your primary type of residential real estate investing?



Market conditions over the past few years have caused 46.7% of the respondents to change their investment strategy. The largest shift was among fix-and-flip investors, as 24.7% of them switched from flipping to renting. Another 12.7% moved into flipping instead of renting properties, and 16.7% have added a second type of investing to their primary model. Over one-third—36.7%—haven't changed or added a second investment type.

Q13

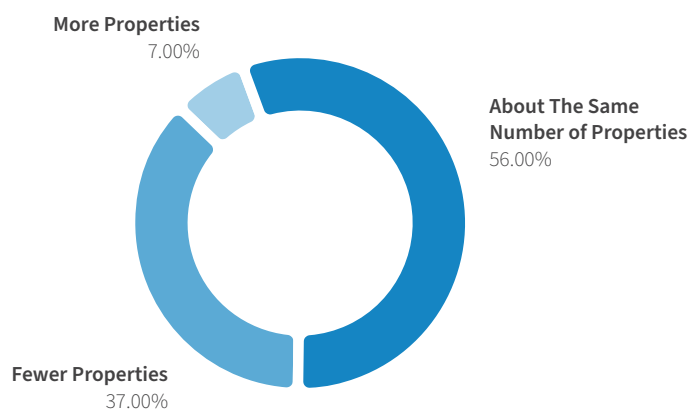
How many properties do you plan to invest in over the next 12 months?



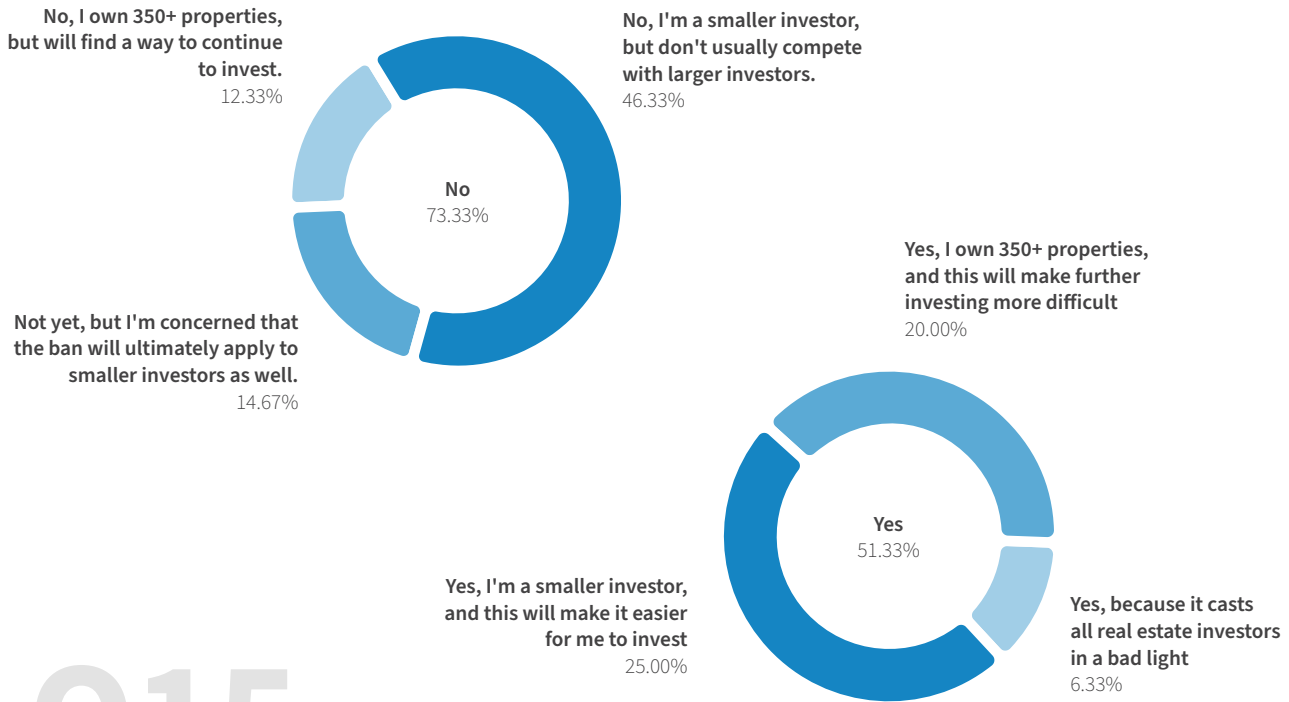
Purchase plans resemble current ownership levels: 41% of the respondents plan to buy five or fewer homes in the next 12 months; 19.7% plan to buy between 6-10; and 5.3% plan to buy 11 or more. As perhaps a reflection of the less-than-optimistic mood across the real estate investment community, over one-third (34%) have no plans to buy more properties in the next year.

Q14

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



For 56% of the respondents, this is about the same number of properties they purchased in the prior 12 months; just 7% claim that it's a larger number of purchases; and 37% say it's fewer. It will be interesting to see if buying activity picks up if market conditions improve later in the year.



Q15

Q15. Will the proposed ban on investors holding 350+ homes have an impact on your business in 2026?

Other
3.00%

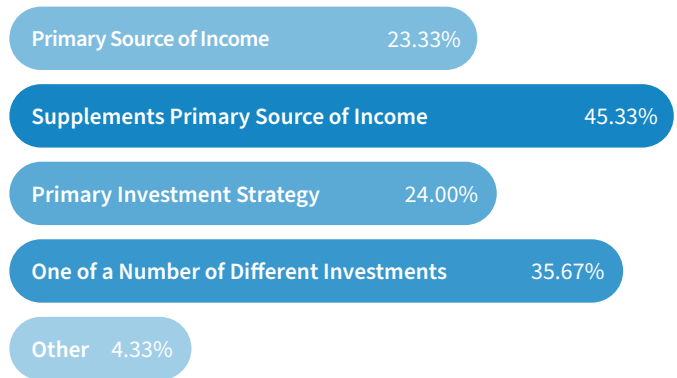


The Senate's 21st Century Road to Housing bill calls for a ban on home purchases by investors who currently own 350 or more properties. Responses to that investor ban in this survey were varied: 20% of the respondents say they own 350 or more properties, and the ban will make further investing more difficult; another 12.3% say they also own that many properties, but will find a way to continue to invest in more. Meanwhile, 25% say they are smaller investors and believe the ban will make it easier for them to invest, and 46.3% also claim to be smaller investors, but don't believe the bill will affect them one way or the other since they usually don't compete with the larger investors anyway.

Interestingly, 14.7% of the respondents are concerned that the ban will ultimately apply to smaller investors, and 6.3% think the bill casts all investors in a bad light.

Q16

Why do you invest in residential real estate?



Respondents continue to cite a variety of reasons for investing in real estate: 23.3% claim that investing is their primary source of income; 45.3% say it supplements their primary source of income. Another 24% claim that real estate is their primary investment, while 35.7% say it's one of several different investments.

Fix-and-flip investors more often (38.6%) cite real estate investing as their primary source of income and secondary source of income (48.8%). A slightly higher percentage (28.4%) say it's their primary form of investment, while fewer (27.6%) cite it as one of several investments.

Rental investors have a much different profile, with just 9% saying real estate investing is their primary source of income, and 43.4% saying it supplements their main source of income. Similarly, just 13.1% say it's their main investment type, while 46.7% claim real estate is just one of the investment types they deploy.

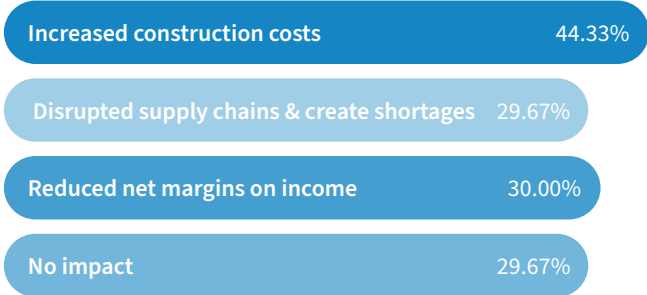
Q17

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



Q18

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

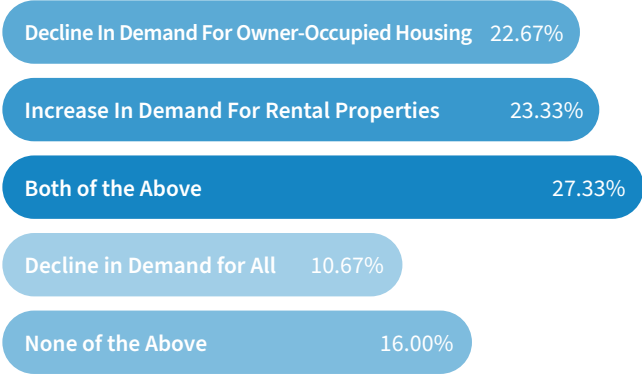


A significant percentage of investors, 42.3%, say that the Administration’s deportation policy has had very little or no impact on their real estate investing business. Others believe that the policy has had a negative impact in the following areas: making it harder to find and keep skilled workers (36.3%); increasing construction costs (35%); and reducing sales and rental opportunities (21%). Over half (53.3%) of rental property investors say the policy has had no impact on their business, compared to 40.1% of fix-and-flip investors.

On the other hand, a smaller number of respondents, 29.7%, claimed that tariffs hadn’t had an impact on their business. Respondents cited higher construction costs 44.3% of the time, reducing net margins on sale or rental income 30%, and supply chain disruptions 29.7%. Over half of flippers (52%) said tariffs had increased their construction costs, as did 41.8% of rental property investors.

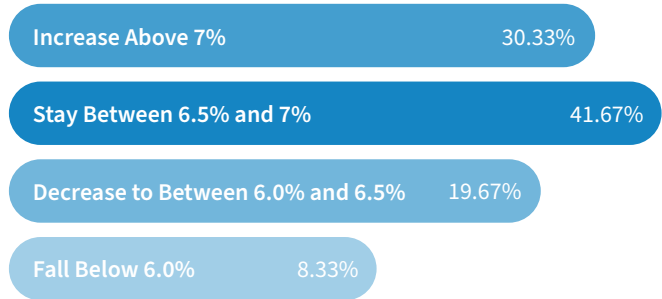
Q19

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



Q20

What do you expect mortgage rates to do by the end of 2026?

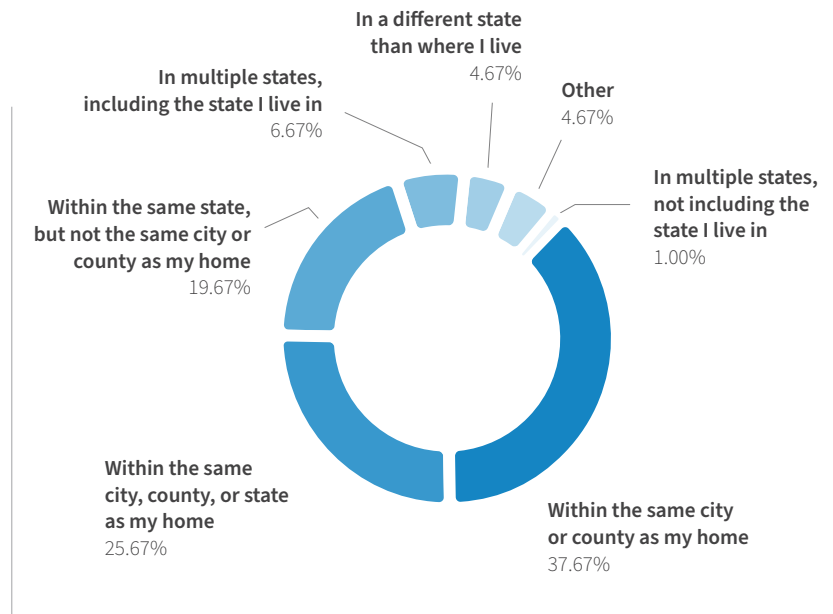


When asked where they expect mortgage rates to go by year end, 41.7% believe rates will be between 6.5-7%; 30.3% expect them to increase above 7%; 19.7% anticipate interest rates between 6-6.5%; and 8.3% are hopeful that they'll dip below 6%.

Rates are important to these investors because when interest costs rose sharply in 2022, they had an impact on investor markets, which continue today. Among changes cited by investors: 22.7% said demand for owner-occupied properties declined; 23.3% said demand for rental properties increased; 27.3% said both of those were true; and 10.7% said that demand for both property types declined.

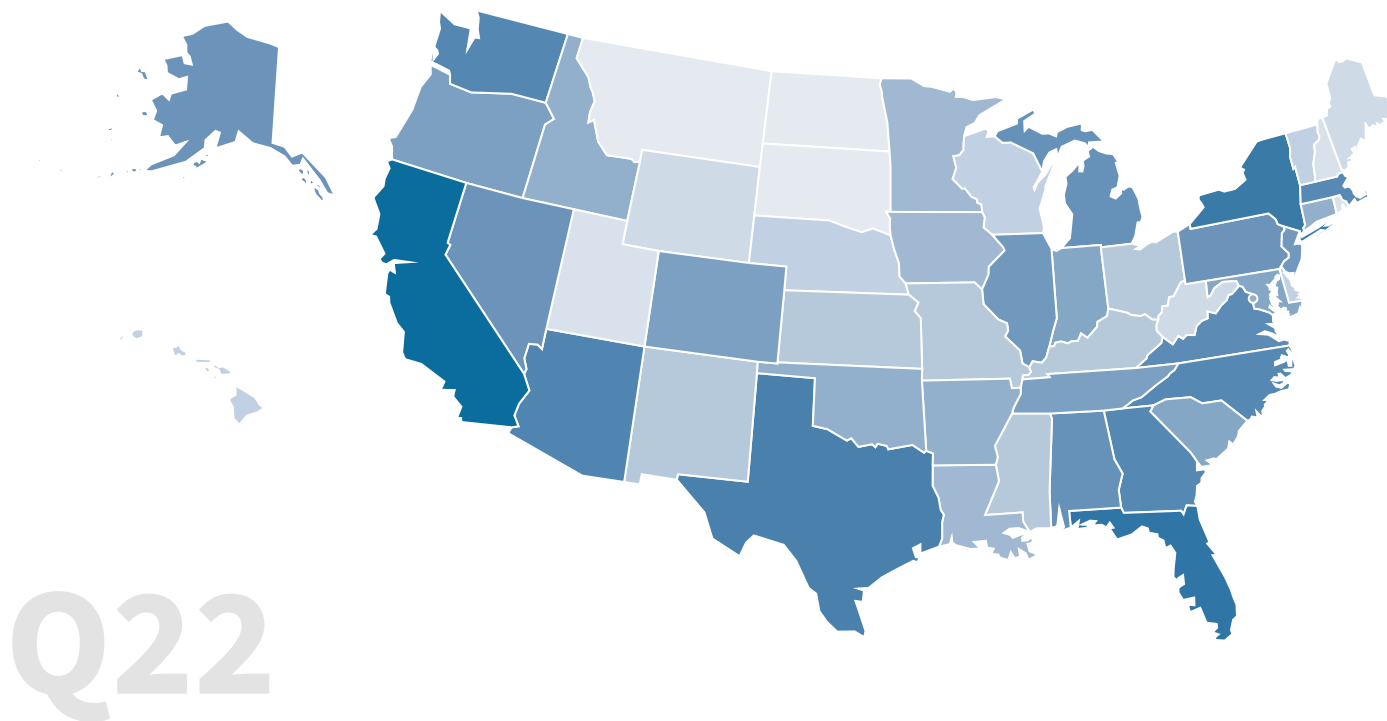
Q21

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



As in past surveys, the overwhelming majority – 83% - invest in their home state, with 63.3% investing in the city or county in which they live. These numbers are virtually identical to those regarding rental property investors; fix-and-flip investors are even more likely to focus locally, with 70.1% working in the same city or county they live in, and almost 86% exclusively within their home state.

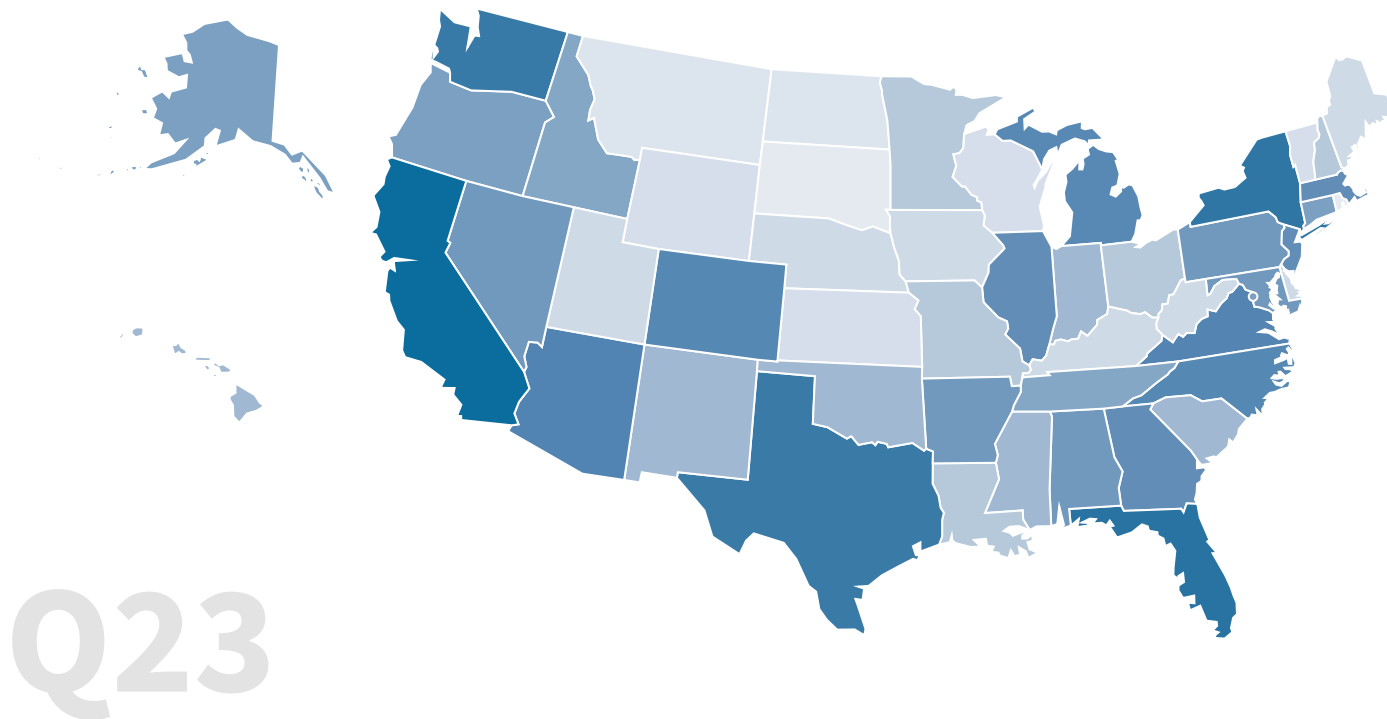
The respondents largely invested in the most populous states: California was the first choice for 19.7% of the investors, along with Florida (12%), New York (7.7%), and Texas (6.7%). Other states with significant investment activity were all in the Southeast, and included Alabama (7%); North Carolina (6.3%); and Georgia (6%).



Q22

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

Alabama	7.00%	Kentucky	2.33%	North Dakota	0.33%
Alaska	5.67%	Louisiana	1.33%	Ohio	1.00%
Arizona	5.00%	Maine	1.33%	Oklahoma	2.33%
Arkansas	3.00%	Maryland	3.33%	Oregon	2.00%
California*	19.67%	Massachusetts	3.33%	Pennsylvania	2.33%
Colorado	3.67%	Michigan	4.33%	Rhode Island	0.67%
Connecticut	2.00%	Minnesota	2.00%	South Carolina	4.00%
Delaware	2.67%	Mississippi	0.67%	South Dakota	1.67%
District of Columbia	0.33%	Missouri	1.67%	Tennessee	3.67%
Florida*	12.00%	Montana	0.67%	Texas*	6.67%
Georgia	6.00%	Nebraska	2.00%	Utah	1.67%
Hawaii	2.00%	Nevada	2.67%	Vermont	0.67%
Idaho	0.67%	New Hampshire	1.33%	Virginia	3.00%
Illinois	5.67%	New Jersey	4.33%	Washington	5.00%
Indiana	2.33%	New Mexico	1.33%	West Virginia	1.67%
Iowa	1.00%	New York*	7.67%	Wisconsin	1.00%
Kansas	2.33%	North Carolina	6.33%	Wyoming	0.33%



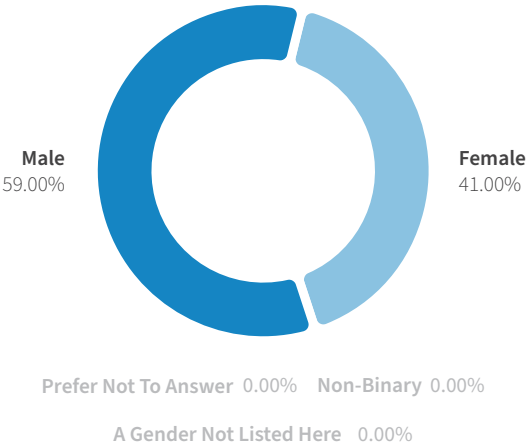
Q23

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

Alabama	6.67%	Kentucky	2.67%	North Dakota	1.00%
Alaska	3.33%	Louisiana	2.33%	Ohio	1.67%
Arizona	5.00%	Maine	1.67%	Oklahoma	2.00%
Arkansas	4.67%	Maryland	4.67%	Oregon	2.67%
California	20.33%	Massachusetts	3.33%	Pennsylvania	2.33%
Colorado	3.00%	Michigan	5.00%	Rhode Island	0.67%
Connecticut	2.67%	Minnesota	2.00%	South Carolina	3.67%
Delaware	2.33%	Mississippi	1.67%	South Dakota	1.00%
District of Columbia	0.33%	Missouri	2.67%	Tennessee	2.67%
Florida	13.67%	Montana	1.00%	Texas	6.67%
Georgia	5.00%	Nebraska	1.00%	Utah	1.67%
Hawaii	1.67%	Nevada	3.00%	Vermont	0.67%
Idaho	1.33%	New Hampshire	1.00%	Virginia	4.33%
Illinois	4.67%	New Jersey	4.67%	Washington	5.67%
Indiana	2.33%	New Mexico	3.00%	West Virginia	2.67%
Iowa	2.00%	New York	8.67%	Wisconsin	0.67%
Kansas	2.00%	North Carolina	5.67%	Wyoming	1.00%

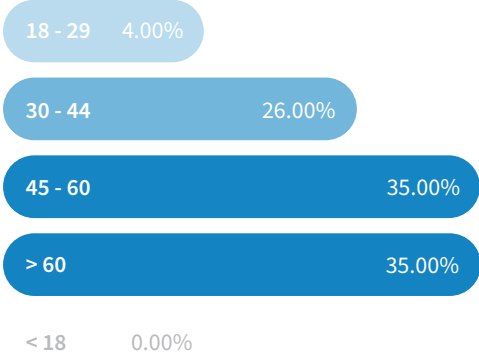
Q24

What is your gender?



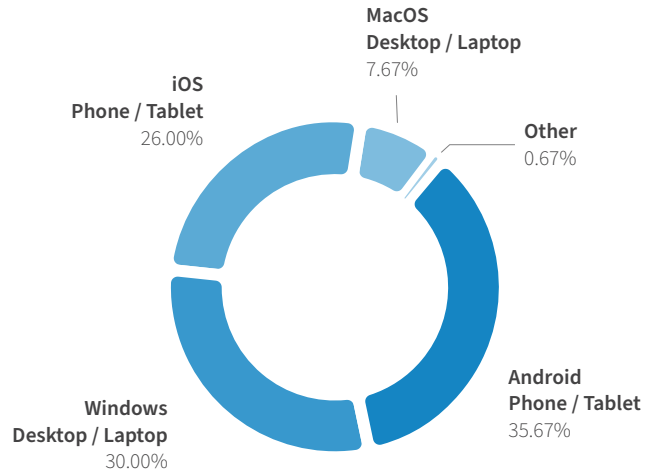
Q25

What is your age?



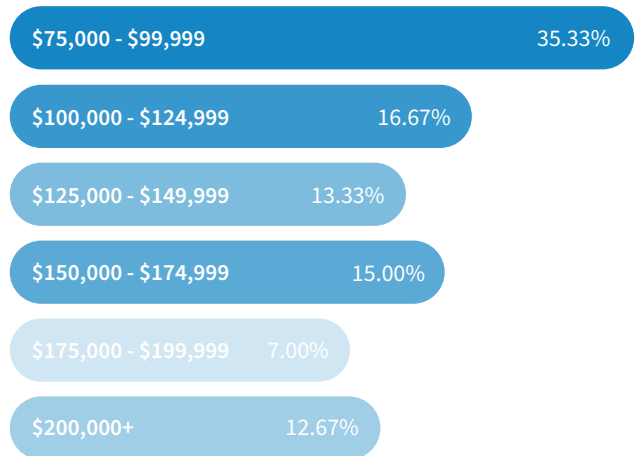
Q26

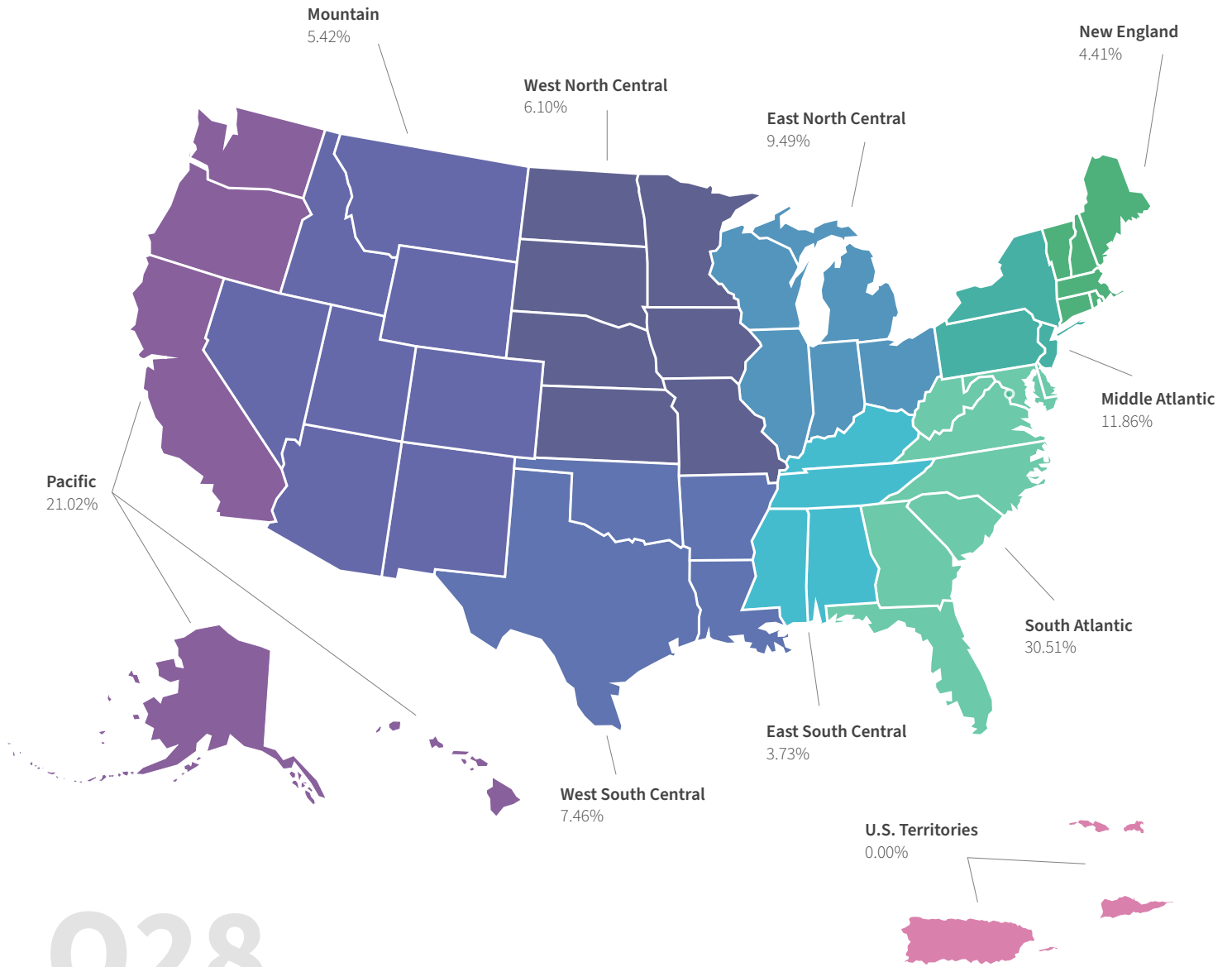
What type of device are you using?



Q27

What is your household income?

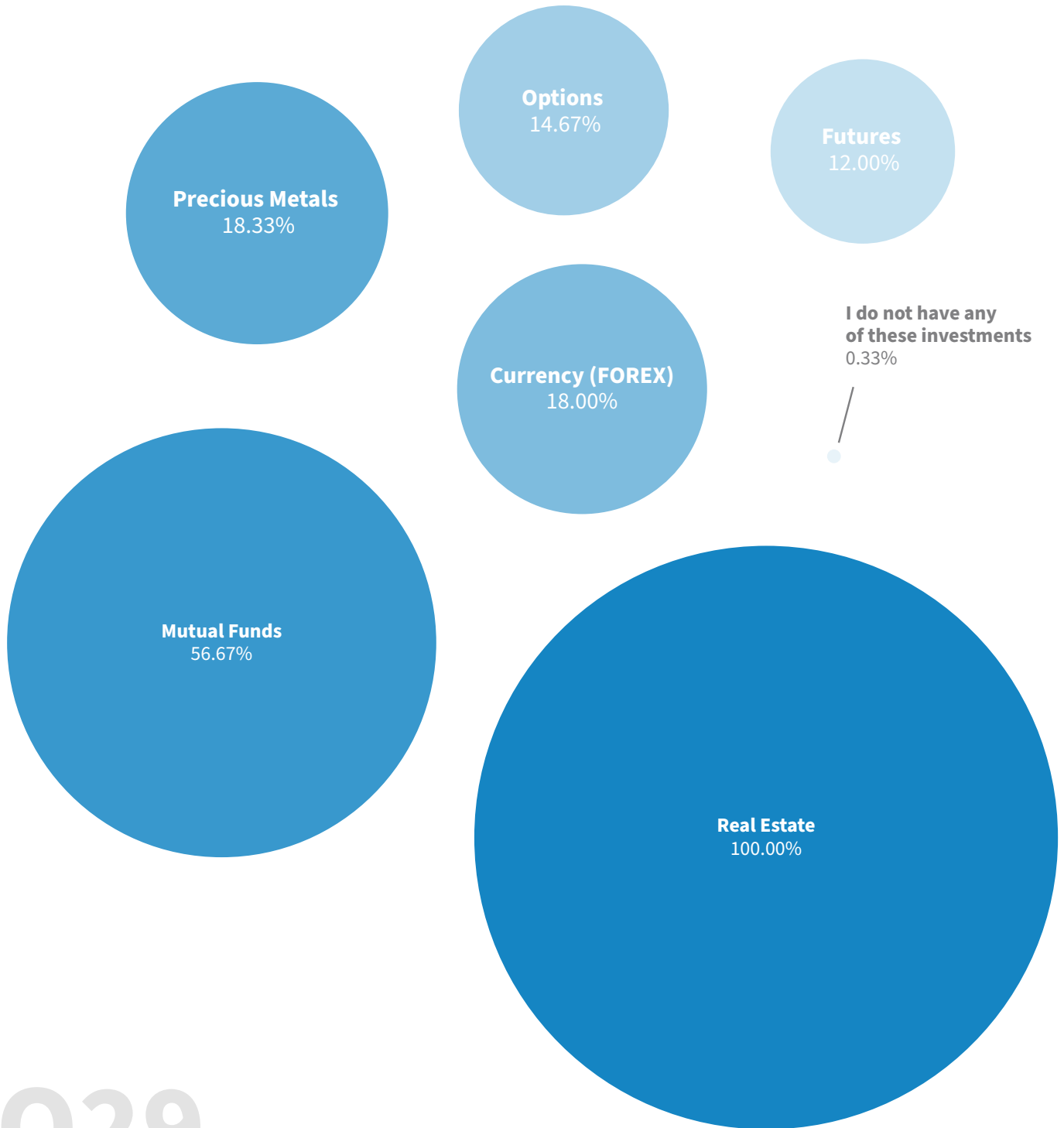




Q28

In which major US region do you reside?

Pacific	21.02%	Mountain	5.42%	West North Central	6.10%	West South Central	7.46%
East North Central	9.49%	East South Central	3.73%	Middle Atlantic	11.86%	South Atlantic	30.51%
		New England	4.41%	U.S. Territories	0.00%		



Q29

What investments do you hold?

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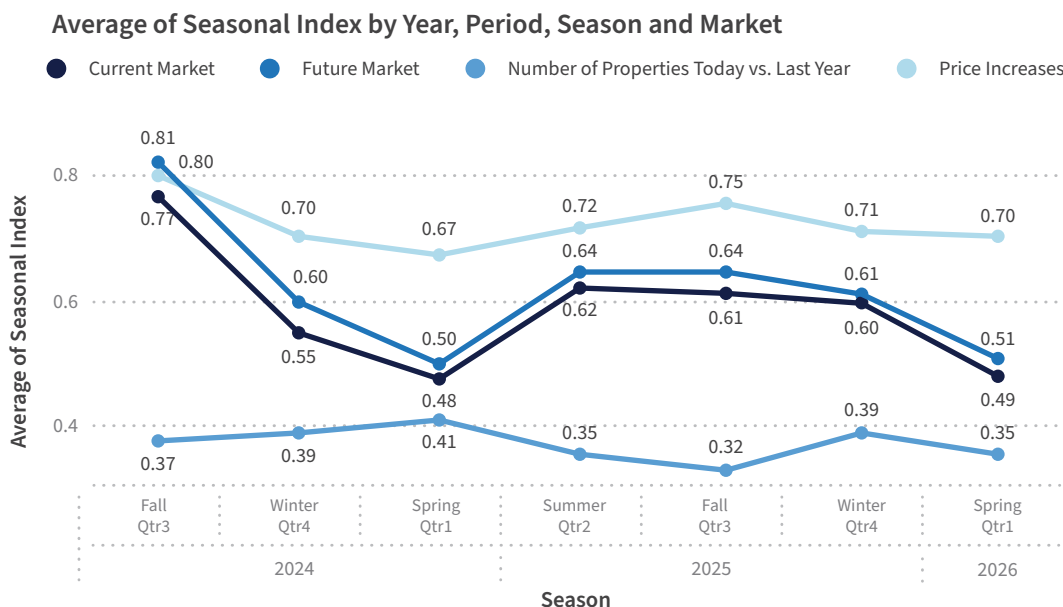
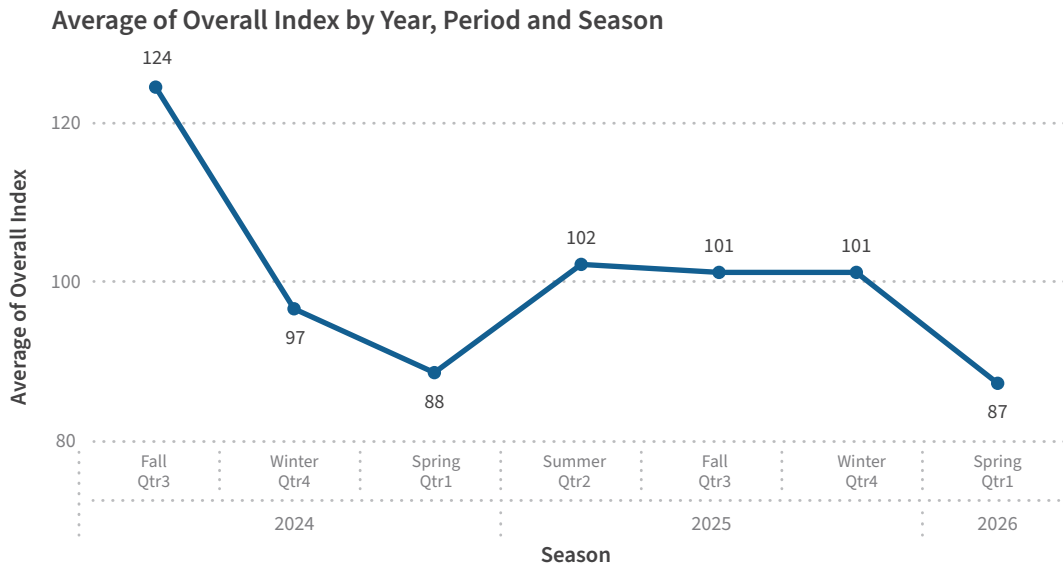
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Investor Sentiment Index (ISI)

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.



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:**

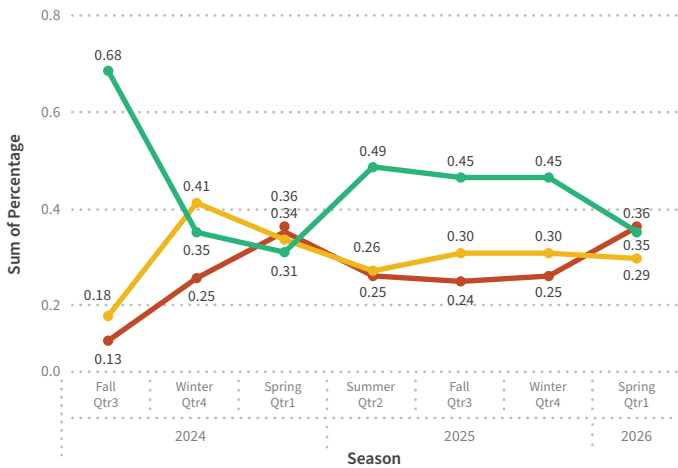
- Current Market Outlook - $“(Better - Worse + 1)/2”$
- Future Market Outlook - $“(Better - Worse + 1)/2”$
- Expected Home Price Increases - $“(Increase - Decline + 1)/2”$.
- Number of Properties Compared to Past 12 Months - $“(More - Less + 1)/2”$

• **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%

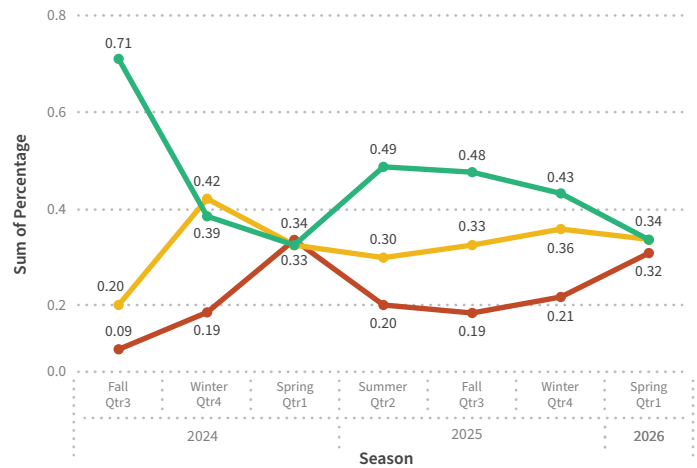
Current Market Sentiment Over Time

Sentiment ● Worse ● Same ● Better



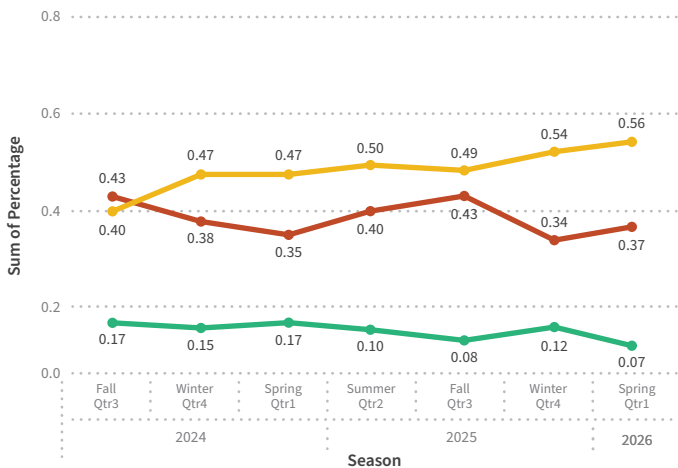
Future Market Sentiment Over Time

Sentiment ● Worse ● Same ● Better



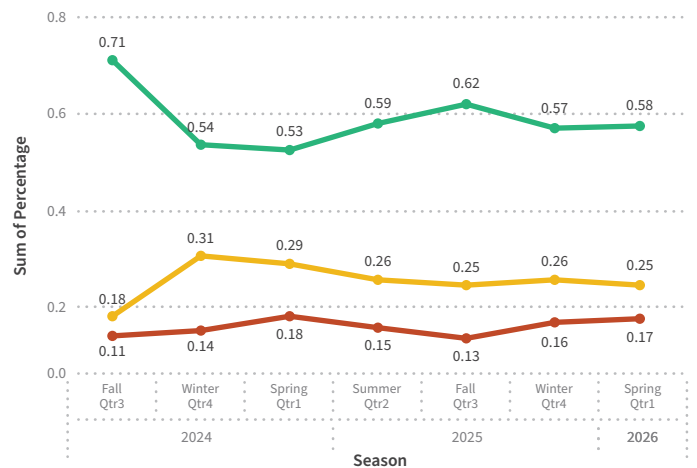
Number of Properties Today vs. Last Year

Sentiment ● 1-More ● 2-Same ● 3-Less



Price Increases

Sentiment ● Increase ● Flat ● Decline



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.

