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2.0

An Outlook for Residential
Real Estate Investing in 2023

BY

NW NEW WESTERN®

Opportunity Delivered.

New Western is the largest private marketplace for fix-and-flip and fix-and-rent residential investment properties in the U.S., **garnering \$15 plus billion in transactions in over 40 markets with 150,000 investors in its marketplace.**

*A survey was conducted in June 2023 with **1358** U.S. real estate investors who have previously purchased property through New Western or plan to in the future.*

NW NEW WESTERN®



Mid-year 2023– What’s happening inside residential real estate investing?

As forecasted in early 2023, individual investors leaned into the market and their business has grown despite the negative news and trends in the traditional housing market.

In this report, we reveal how local single-family investors continue to expand their business and sell properties while the traditional housing market is flailing due to lack of inventory.

Investors deliver inventory even in a housing shortage.



93%

of investors plan to purchase a property in 2023 even though inventory remains low.

The number of homes for sale has dropped to the lowest level on record since 2012, according to Redfin in May 2023.

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In the U.S. housing market, a dramatic shortage of affordable listings for middle-income buyers persists. Independent local investors, as small businesses, are stepping up to address this critical need. The result is substantial returns for themselves as well as the community.

Kurt Carlton

Co-founder and President of New Western

The National Association of Homebuilders projects 830,000 new homes will be built this year. But the 350,000 vacant homes expected to be flipped by rehabbers goes unnoticed.

No one else is solving the shortage problem.

Independent investors are strategically filling the gaps in housing inventory where the government and new home builders fall short.

Investors are changing neighborhoods.



They have expertise in high-demand locations

Investors are delivering much-needed supply where buyers are looking for more attainable housing options.



They provide mid-range priced homes

Investors are buying and rehabbing properties in neighborhoods that middle-income buyers can afford. And, investors are selling renovated homes for **31 percent less than** the median home price in the same market.

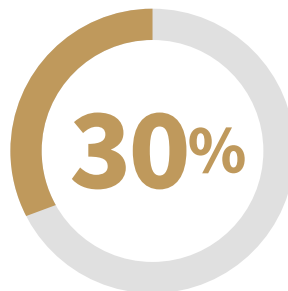
They know what buyers want

Following the pandemic years, you might expect buyers to prioritize homes with great outdoor space and more square footage.

That's not the case.



of investors said that location and neighborhood are the top priority for their buyers



of buyers wanted homes with good bones and desirable aesthetics



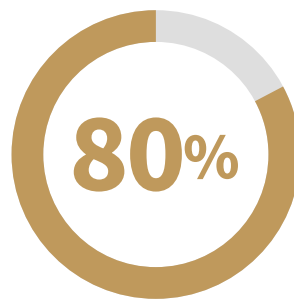
The #1 rule of real estate - **location, location, location** - came out on top

Investors dig in while the traditional market stalls.

A proven success rate

Investors understand in-demand design trends and what buyers want in a remodeled home.

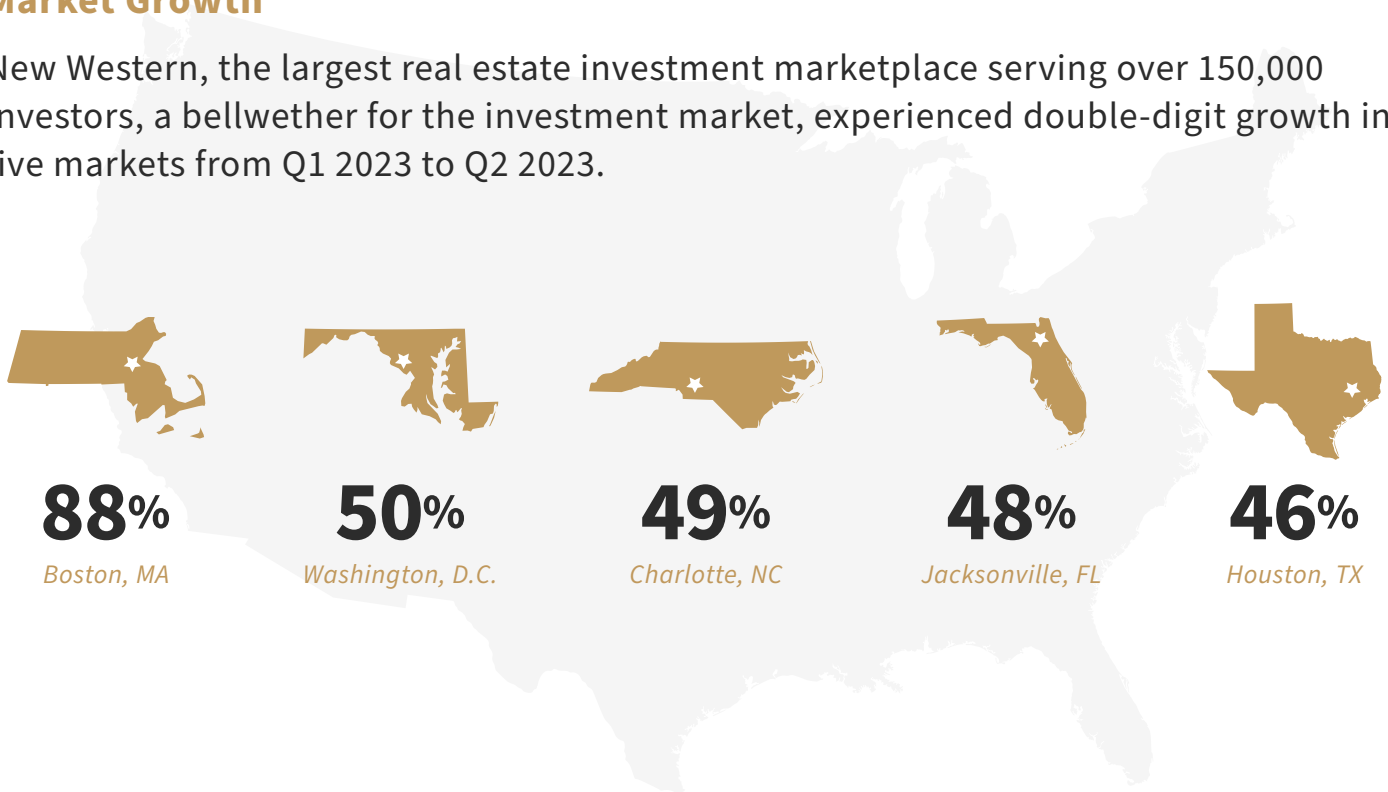
The Result?



of homes rehabbed by investors are selling at or above the asking price.

Market Growth

New Western, the largest real estate investment marketplace serving over 150,000 investors, a bellwether for the investment market, experienced double-digit growth in five markets from Q1 2023 to Q2 2023.



Establish and Expand

As individual investors continue to thread the needle in the residential real estate market, their confidence grows.

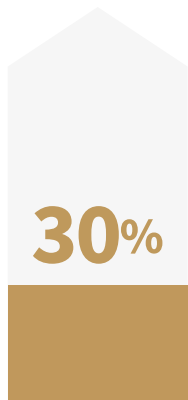


75%

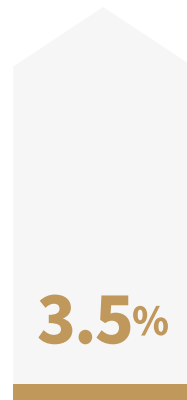
saw business growth from the second half of 2022 to date.

The top reason for nearly 50% of investors to purchase an investment property this year is

PASSIVE INCOME.



Almost 30% invest in real estate for a **living.**



And 3.5% exclusively invest as a **creative outlet.**

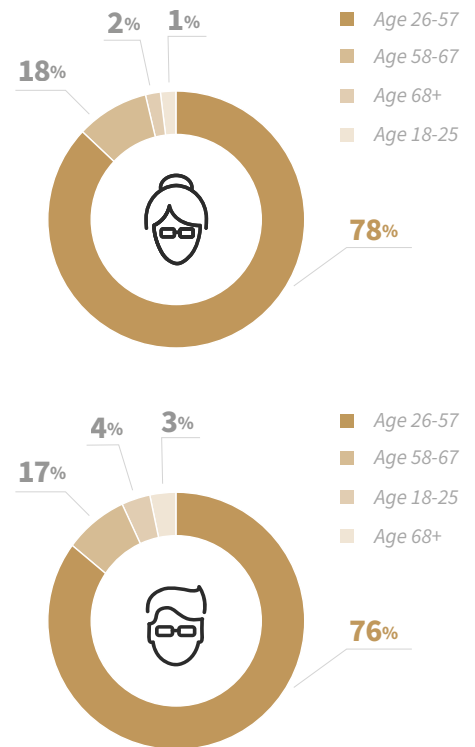
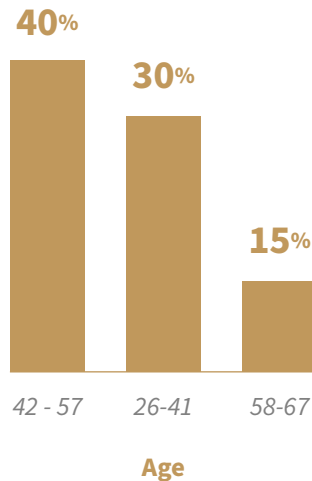
Investor stats.



75%
Male



25%
Female



A silver lining has developed

Nearly **5%** of investors who rehab for a living are above the age of **68**. Of that 5%, half of those investors are above the age of **77**. And the primary reason those investors in the 77-and-up club invest in real estate is for a **creative outlet**.



Location

70% invest in the Southwest and Southeast regions of the U.S.

The Midwest comes in third place, followed by East and West coasts.



Biggest Challenge

Not surprisingly, the big challenges for investors remain the same year-over-year, finding more properties and securing financing.



Top Strategy

With a shift in the market, investors became more balanced in their investment strategy with nearly half utilizing fix-and-flip and half the fix-and-rent approach.



Funding

70% of investors use financing
30% of investors use cash
The biggest group of cash buyers are **18-25 year-olds and 58 and up**.

Investors deliver opportunity in a tight traditional market.



Redfin data projects that the traditional market will see a decrease of 40 percent or more in homes sold from Q1 to Q2 2023. In contrast, New Western data shows that investors are bullish on finding opportunities despite negative market sentiment.

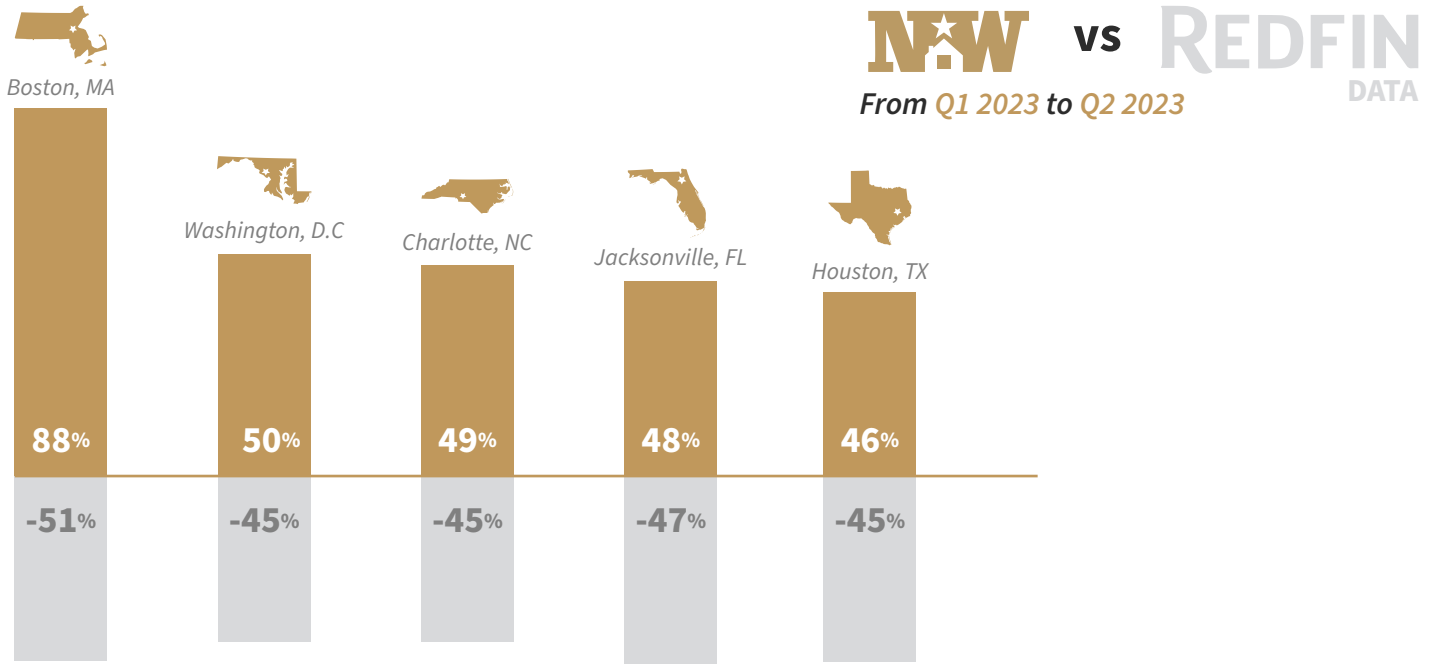


Clearly, the survey shows that the housing dynamics have changed in the mind of some investors. New listing data is trending at all-time lows; active inventory growth has been so slow in 2023 that we will see some negative year-over-year prints soon in the weekly inventory data. Also, housing demand stabilized from its waterfall collapse in 2022. In this environment, the opportunity to fill in the need due to the housing shortage is being tackled by investors. Also, this is all happening with higher rates; if rates fall in this environment, demand has nowhere to go but up from such low levels.

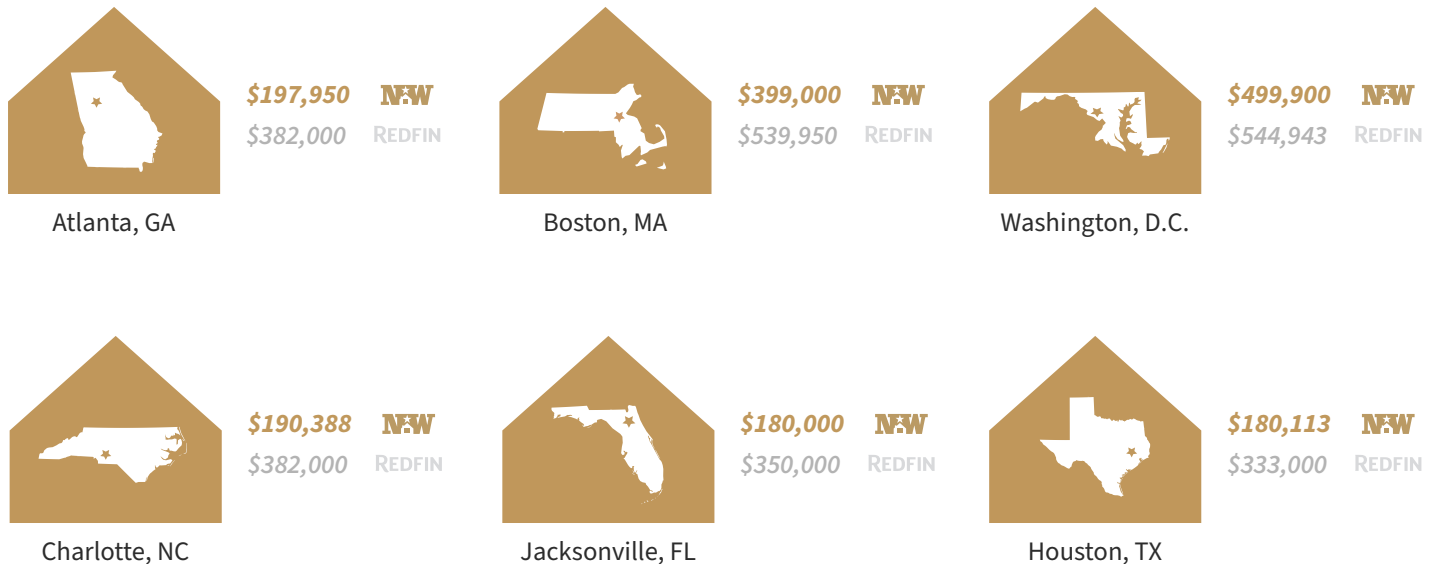


Logan Mohtashami | Lead Housing data analyst and financial writer at [HousingWire](https://www.housingwire.com).

Investor Market vs Traditional Market.



Median Home Prices





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APPENDIX

**All *Redfin* data was obtained from their publicly available resources.
Redfin is a national real estate brokerage.**

New Western originating data was calculated by comparing daily averages for the respective timeframes when comparing increase or decrease in unit sales.

Median New Western home prices are calculated based on the disposition price of a home.

About New Western

New Western is a real estate investment marketplace that makes investing more accessible for more people. Operating in most major cities, our marketplace connects more than 150,000 local investors looking to rehab houses with sellers. As the largest private source of investment properties in the nation, we buy a home every 13 minutes. New Western delivers new opportunity for all—a fresh start for sellers, exclusive inventory for investors, and in doing so, creates housing that is more affordable for buyers. New Western was honored with a [Glassdoor Employees' Choice Award](#) in the U.S. small and medium company category, recognizing the Best Places to Work in 2023.