



the flip side

Residential Real Estate
Investing Trends for 2024

Opportunity DELIVERED

New Western is a real estate investment marketplace for over **200,000 investors** looking for value-add properties across the country.



Established
2008



Markets Served
40+



Transactions
\$17 Billion+

This report is an analysis of insights based on New Western market sales data and opinion polling from October to November 2023 of 1,280 real estate investors.

New Western surveyed investors ages 18+ who have previously purchased property through its marketplace or plan to in the future.

Additionally, an external survey was conducted during the same time frame among consumers who are looking for a new home from [Gutcheck](#), a global market research company. The external survey includes over 820 participants ages 18+ who have considered purchasing a house in the last 12 months or who have purchased one.



At the beginning of 2024, it might be surprising to hear that residential real estate investors and consumers are feeling optimistic about the housing market.

The prevalent themes from the end of 2022 extended into 2023 and remain consistent.



There is still a housing shortage

In December 2022 there was 2.6 months supply of homes compared to 2.7 months supply in November 2023.



Inventory is stagnant

From December 2022 to November 2023 inventory has risen 7% from 996,500 homes to 1,066,111.



Mortgage rates

Mortgage rates have made historic surges and reached their highest level since the year 2000. The 30-year fixed rate was 3.22% in January 2022 and 7.76% in November 2023.



Affordability

Affordability is rare for families in the middle-income range with nearly 51% of households earning \$75,000 or less, leaving them to afford approximately 23% of listings.

OPTIMISM? STAY TUNED.

A SHIFT COULD BE COMING IN 2024.

In this report, we reveal how single-family investors are still growing their business even in contrast to the stagnant traditional real estate market. We also dive into how investors provide opportunities for homebuyers in need of options.



55%

of Consumers Feel that Local Investors Have a Role in Solving the Housing Shortage

- ✓ High-quality flips are attractive to entry-level buyers because they are turnkey and most are at a lower price point than new construction.
- ✓ Investors depend heavily on demand from entry-level buyers who historically account for 40% of all flipped home purchases, on average.



CONSUMERS ARE WAITING

In a survey of **820** consumers who have considered purchasing a house in the last 12 months, 79% have not yet purchased a home.

A little over half of those consumers, who have not purchased a home yet, are worried about finding a home in the next year, though they remain *optimistic*.

The 2 Biggest Barriers for Consumers Looking to Purchase

1



Mortgage Rates

2



Finding the right home that suits their family's needs

On the Flip Side

COULD REAL ESTATE INVESTORS BE AN ANSWER TO THE HOUSING SHORTAGE?



As we enter the new year with continued low inventory, local investors are providing solutions to the shortage as consumers look for housing options. Many of the investors we work with at New Western are taking uninhabitable homes, fixing them and making them livable again. These investors are fueled by the opportunity to capitalize while delivering much-needed residential properties back to the market.

Kurt Carlton

Co-founder and President of New Western

INVESTORS ARE MOTIVATED, AND ABLE TO PIVOT.



TOP 3 MOTIVATORS FOR INVESTORS IN 2024

- ✓ Profit potential
- ✓ Diversifying their portfolios
- ✓ Providing housing options that are more affordable for homebuyers

Most investors today are solopreneurs or local small businesses who are more adept at fixing and flipping in their backyard than larger institutional investors.



80% of investors are buying 1-5 properties a year to rehab and flip or rent.



52% use investor loans to fund deals.



48% use cash to fund deals.

Investors are using investor loans and cash almost equally to fund deals.

And not surprisingly, investors continue to hear that the **TOP PRIORITY** for their buyers is **LOCATION** and **NEIGHBORHOOD**.



The Fed’s stated goal of ‘higher for longer’ interest rates will keep supply muted relative to history, but we’ve already passed the point of peak ‘lock-in’ effect, and we suspect that more buyers and sellers will let go of the hope for significantly lower rates as time goes on. Flippers will continue to be a particularly important source of housing supply in markets where new home construction is limited and current homeowners cling to their low mortgage rates as long as possible.

Rick Palacios

John Burns Research and Consulting

Top Markets Experiencing New Western Investor Activity vs Homes Sales Tracked and Reported by Redfin



Houston, TX

Investor activity up **32%** from first half 2023 to second half 2023

Traditional home sales* are down **31%**



Raleigh, NC

Investor activity up **27%** from first half 2023 to second half 2023

Traditional home sales* are down **35%**



Atlanta, GA

Investor activity up **23%** from first half 2023 to second half 2023

Traditional home sales* are down **33%**



Denver, CO

Investor activity up **14%** from first half 2023 to second half 2023

Traditional home sales* are down **32%**



Austin, TX

Investor activity up **12%** from first half 2023 to second half 2023

Traditional home sales* are down **33%**

Stand Out Stat



64%

of investors say that their completed flips are selling at or above the asking price, which is still below the median in most markets.

Investors are primarily buying vacant homes in active markets, creating more affordable inventory and adding new stock to the market.

Median price New Western investors are paying in top markets for homes to rehab.



Houston, TX
\$197,555



Raleigh, NC
\$150,000



Atlanta, GA
\$190,000



Denver, CO
\$375,000



Austin, TX
\$247,000

What existing homes are selling for in the traditional market according to Redfin.



Houston, TX
\$333,000



Raleigh, NC
\$326,246



Atlanta, GA
\$386,500



Denver, CO
\$580,000



Austin, TX
\$455,000

Just like the traditional market, not all investor markets are experiencing an uptick in activity.

From the first half to the second half of 2023, New Western investors were *less active* in



Kansas City, MO



Philadelphia, PA



Tampa, FL

INVESTOR STATS—WHO ARE THEY?

From 2022 to the end of 2023 the trend remains the same with investors split by



75%
Male



25%
Female



25%
of female investors
are *Boomers*.

And an interesting development in 2023 is a rise in female investors who are Boomers.

Gen X men are the #1 age group dominating the rehab space.

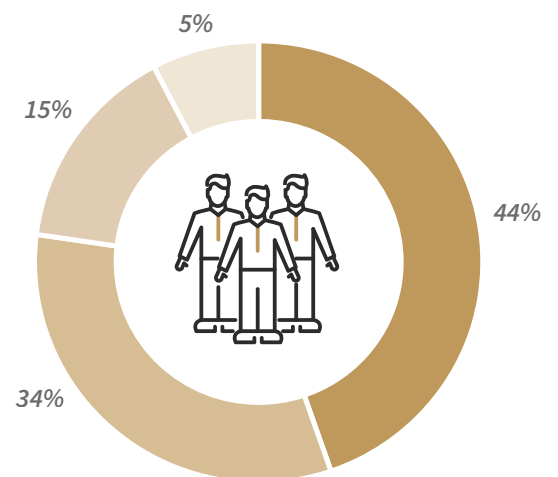


75%
of male investors are *Gen X*.

Women tend to buy in lower volumes than men, with 91% buying primarily 1-5 properties per year.

78% of male investors purchase 1-5 properties per year and 14% purchase 6-10 annually.

Millennial investors continue to grow and remain just behind Gen X investors in the generational breakdown.



- Gen X
- Millennials
- Baby Boomers
- Gen Z

THE OTHER MAJOR PLAYER IN THE INVENTORY ADDITION GAME IS NEW CONSTRUCTION.

Despite affordability challenges, the lack of resale inventory continues to provide market support for builders.

2023 kicked off with the U.S. lacking 5 million homes and the NAHB expecting 830,000 builds to be complete. Additionally, investors are expected to fix and flip 360,000 homes this year, many of which were either vacant or uninhabitable.



Homebuyers remain optimistic that housing inventory will become available in 2024. With data pointing to improving conditions for home construction in the coming months, paired with a rise in local investor activity, we should begin to see the gap shrinking between supply and demand. Further, NAHB is forecasting approximately a 5% increase for single-family starts in 2024 as financial conditions ease with improving inflation data in the months ahead.

Robert Dietz

Chief Economist and Senior Vice President for Economics and Housing Policy for [NAHB](#)



The housing market moves fast with where the bond market goes. As mortgage rates headed up toward 8%, the market did slow down, but not as much as we saw last year. The inventory growth was slower, and the year-over-year price growth % was still below 2022 levels even when mortgage rates got toward 8%. Now that the mortgage rates have fallen almost 1% from the highs, we have already seen demand pick up from the low levels, similar to what happened at the end of last year.

Logan Mohtashami

Housing Data Analyst and Financial Writer at [HousingWire](#).

PREDICTIONS FOR 2024

1

The Great Renovation is Growing

The steady beat of, what we like to call, The Great Renovation will continue into 2024. The prime remodel years for homes will rise into 2027, with 24 million homes ripe for major renovation. This widens opportunity for the fix-and-flip investor because existing inventory will absolutely require major renovations that homeowners have not wanted to tackle. These investors, most of whom are solopreneurs or local small businesses, are better equipped than institutional investors or homeowners to tackle these major repairs and renovations because they are nimble and know their local markets.

2

Affordable Inventory *IS* the Need

Housing supply is an obvious issue but a theme for 2024 is the need for a larger percentage of affordable inventory. Household formation is rising faster than homes are being built and the majority of first-time homebuyers can spend a maximum of \$256,000 on a purchase. Near the end of 2023, the median sales price for a home in the U.S. was \$430,000. Local investors will continue to service the homebuyers in need of a move-in ready home in the affordable range.

3

New Construction is Not Enough

There is no doubt that builders will continue to help fill the gaps in inventory and are actively working to get homes into the market in 2024. Demand is high for new homes but timelines are long and only a small percentage of new homes are being built in the affordable range. Builders are definitely a solution but the independent investor is an overlooked resource and often doesn't have to contend with as stringent regulations as builders.

4

Specific Factors Will Influence Migration

In 2024 people will need to move for a job or personal circumstances regardless of mortgage rates, inventory, and sales prices. But where they choose to move in 2024 could be impacted by the availability of remote work or the draw of no-income-tax states like Texas and Nevada. Spring 2024 could see a surge in activity if mortgage rates find a happy resting place between 6%-7%. The Boomer generation could have an interesting multifaceted impact on the housing market. They've been aging in place, holding on to real estate rather than moving and also participating in greater numbers in the investor market.

A FINAL STATEMENT

In 2023, independent investors tackled the housing supply gap by transforming otherwise neglected properties into desirable homes. And according to our survey, they will continue to grow their rehab businesses in 2024. They have quietly outlasted the larger institutional investors and reclaimed the single-family residential investment market, street by street.

APPENDIX

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

John Burns Research and Consulting Survey November 2023

New Western data represents a comparison of the year-over-year, daily average amount of deals from the first half of 2023 to the second half of 2023 and median acquisition prices were grouped by market.

About New Western

New Western is a real estate investment marketplace that makes investing more accessible. Our marketplace creates an advantage for 200,000-plus investors looking for rehabs by offering the largest private source of value-add properties in the nation. Operating in most major cities, we buy and sell a home every 13 minutes. New Western is the new way to source investment real estate, offering opportunity for all—a fresh start for sellers, exclusive properties for investors, and ultimately creating new affordable inventory for the housing market.

Disclaimer

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