



Redfin Reports Investor Home Purchases Plateau But Remain Well Above Pre-Pandemic Levels

Investors reacted to the slowing housing market in different ways, with some taking advantage of cooling competition and elevated rental demand, and others pressing pause in hopes of lower prices and more economic certainty in the future

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — Real estate investors purchased 87,500 U.S. homes in the second quarter, up 11% quarter over quarter and 5.9% year over year, according to a [new report](https://www.redfin.com/news/redfin-reports-investor-home-purchases-plateau-but-remain-well-above-pre-pandemic-levels) from Redfin (www.redfin.com), the technology-powered real estate brokerage. That's down from the all-time high of 93,700 in the third quarter of 2021, the height of the pandemic-driven homebuying frenzy. Still, investors are buying far more homes than they were before the pandemic; they purchased roughly 60,000 homes per quarter in 2019.

Investor market share has also started to level off but remains above pre-pandemic levels. Investors bought 19.4% of homes that sold in the second quarter, down slightly from a record 20.1% in the first quarter, the first drop after nearly two straight years of increases. But it's up from 16.2% a year earlier and roughly 15% per quarter in 2019.

In dollar terms, investors purchased a record \$60.1 billion worth of real estate in the second quarter, up from \$50.5 billion in the first quarter and \$54.5 billion a year earlier.

"The cooldown in the overall housing market motivates some investors and scares others off," said Redfin Senior Economist Sheharyar Bokhari. "Investors are contending with sky-high home prices, just like other buyers. Those who plan to turn homes into rentals are still in the market because high rental payments help offset the cost of the home, and the home will likely grow in value over time. Others are motivated by discounts from home builders looking to sell off extra inventory as individual buyers pull back. But investors in the flipping business have quicker turnaround times, so they're shying away because the prospect of falling home prices means they may lose money when they relist in six months or a year."

"Investor purchases probably won't bounce back to 2021 levels, but they'll likely remain more common than before the pandemic because the housing market is stable compared with today's volatile stock market. Those who buy properties as rentals will still cash in, with high demand and vacancies near record lows," Bokhari continued. "But investors will be less of a roadblock for regular buyers as the housing-market slowdown reduces competition. Investors and individual buyers who can afford to purchase homes have a leg up because other prospective buyers have been priced out."

Purchases of both affordable and expensive homes are plateauing after a pandemic-driven surge

Investors bought roughly 35,000 low-priced homes in the second quarter, down 6% quarter over quarter and 7.6% year over year. But investors are still buying more low-priced homes than before the pandemic; they purchased roughly 30,000 per quarter in 2019.

The story is similar for mid-priced and high-priced purchases. Investors bought about 28,000 mid-priced homes, up 25.3% from a year earlier and down from the record 31,000 in the third quarter of 2021. But that's nearly double pre-pandemic levels: Investors purchased about 15,000 mid-priced homes per quarter in 2019. Investors bought about 25,000 high-priced homes, up 8.9% year over year. While that's down from the record set in the third quarter of 2021, it's well above about 15,000 per quarter in 2019, before the pandemic.

Investors' market share is at or near record highs for both low- and mid-priced homes. Real estate investors bought 25% of low-priced homes that sold in the second quarter, comparable with the 25.1% record set in the first quarter and up from 21.6% a year earlier. They bought a record 18.8% of mid-priced homes, up from 17.9% in the first quarter and 13.5% a year earlier. Investors bought 15.3% of high-priced homes that sold in the second quarter, down from a record 16.5% at the end of 2021 but up from 13.3% a year earlier.

Purchases of single-family homes, by far the most popular property type with investors, leveled off but remain well above pre-pandemic levels

Broken down by property type, investor purchases of single-family homes, condos and multi-family properties follow the same trend as the overall investor market: They're leveling off but remain well above pre-pandemic levels. Investors bought a record number of townhouses.

Investors purchased nearly 65,000 single-family homes in the second quarter, up 8.5% from a year earlier. That's down from the record-high of about 70,000 set in the third quarter of 2021, but up from about 40,000 per quarter before the pandemic.

Investors bought about 14,000 condos, down 4.3% year over year but up from about 10,000 per quarter before the pandemic. They purchased roughly 3,500 multi-family properties, down 4.1% year over year and up from about 3,000 per quarter before the pandemic. Investors purchased a record 5,300 townhouses, up 10.9% year over year. That compares with about 3,000 townhouse purchases per quarter before the pandemic.

In Jacksonville, investor purchases were up more than 40% from a year earlier

Investors bought 31.9% of homes that sold in Jacksonville, FL in the second quarter, the highest market share of the metros in this analysis. It's followed closely by Atlanta, where investors bought up 31.8% of homes. Next come Las Vegas (31.5%), Phoenix (31.2%) and Miami (29%).

Investor purchases were up from a year earlier and a quarter earlier in all five metros with the biggest market shares. They rose 40.7% year over year in Jacksonville, 28.2% in Atlanta, 13.9% in Las Vegas, 2.3% in Phoenix and 9.3% in Miami.

Providence, RI was the least popular metro for investors, with investors taking up a 7.3% market share. Next came Washington, D.C. (8.1%), Montgomery County, PA (8.3%), Seattle (8.7%) and Warren, MI (9.5%). Investor purchases rose from a year earlier in three of those

five places. The exceptions are Seattle and Warren, where purchases declined 18.8% and 17.6%, respectively.

To read the full report, including methodology and additional metro-level data, visit: <https://www.redfin.com/news/investor-home-purchases-q2-2022/>.

About Redfin

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