

**REAL ESTATE INVESTORS PESSIMISTIC ON CURRENT AND NEAR-TERM MARKET
ACCORDING TO WINTER 2021 REALTYTRAC® INVESTOR SENTIMENT SURVEY™**

***Inflation joins lack of inventory and rising home prices as main concerns for
investors***

IRVINE, Calif. – January 20, 2022 – Real estate investors believe that the market is worse or much worse than it was a year ago, according to the Winter 2021 RealtyTrac® Investor Sentiment Survey™. About 49% of investors surveyed felt that conditions had worsened over the past year, while 30% think that conditions have remained the same over the that time period. Looking into the future, 43% believe that during next six months, their outlook for the real estate investment market is about the same as it is today, although 31% believe it will either be worse or even be much worse.

The RealtyTrac survey attempts to find out individual investors' perspectives on real estate investing, the opportunities and challenges that exist in today's market and what the trends are in home prices and foreclosure activity.

Some key findings:

- Roughly 49% of investors believed that the investment market is worse or much worse than it was a year ago.
- Approximately 63% of survey respondents cited the availability of inventory as the top challenge for the residential real estate investing business today
- Rising home prices was singled out as the second-biggest challenge today (60%) by the investors.
- The expectation from 31% of survey participants is that home prices are going to rise by 0-5% while 25% believe that they will remain at the current elevated levels in the next six months.

“Similar to our last two surveys, the problems of low inventory and rising home prices are those most often cited by individual investors across the country,” said Rick Sharga, executive vice president at [RealtyTrac](#), an [ATTOM](#) company. “Together with supply chain disruptions which have caused product shortages and increased material costs, it is not surprising that individual investors think that the market is not as healthy today as it was a year ago.”

Investors think that they will face more of the same challenges in the next six months — the lack of inventory (57%) along with rising home prices (46%) will remain the foremost obstacles for investors during this time period. Just like the previous survey, increased material costs has remained as the third biggest challenge (35%) projected in the next six months, although rising interest rates is a close fourth (34%).

Inflation a Looming Concern

Another market factor that might negatively impact real estate investing in the following six months is the specter of higher inflation. Federal Reserve Chairman Jerome Powell recently acknowledged that rising inflation is not a transitory problem as initially believed — and investors are worried. Roughly 39% of respondents believe that higher inflation will increase the cost of labor, materials and supplies, making it difficult to generate adequate profits. Meanwhile, 30% of respondents believe that more inflation can lead to higher mortgage rates that hurt affordability and weaken demand.

“A looming concern is that of inflation,” Sharga noted. “About 88% of the investors surveyed were concerned about inflation having an impact on their business, whether that was due to higher material and labor costs, higher interest rates, or rising consumer prices that might weaken demand from potential home buyers and renters.”

An increase in foreclosure activity could provide more affordable inventory for investors, offsetting some of inflation’s rising costs. A recent [ATTOM](#) report shows that foreclosures ended 2021 at historically low levels, but nearly 43% of investors think that foreclosure activity will rise to higher than normal rates, but stay below the level seen during the Great Recession.

In what could reflect current market conditions, respondents to both the Winter and Fall 2021 investor sentiment surveys included more investors who bought properties to rent than to resell. About 54% of respondents planned to buy and rent properties, while only 34% identified themselves as fix-and-flip investors.

About RealtyTrac

Founded in 1996, RealtyTrac publishes the largest database of foreclosure property information in the U.S. along with other real estate and mortgage data used by real estate investors and professionals to find, analyze and purchase residential and commercial distressed properties. RealtyTrac is owned and operated by ATTOM Data Solutions, a leading provider of publicly recorded tax, deed, mortgage and foreclosure data as well as proprietary neighborhood and parcel-level risk data for more than 150 million U.S. properties. For more information, visit www.RealtyTrac.com.

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Press Contact:

Alyson Austin
Gaffney Austin, LLC
alyson@gaffneyaustin.com
949-403-0484