RCN CAPITAL

INVESTOR SENTIMENT SURVEY

FALL 2026

PRESENTED BY:

C J PATRICK COMPANY

RCN Capital Investor Sentiment Survey

After declining and falling to historic lows for two consecutive quarters, the RCN Capital Investor Sentiment Index (ISI) recovered modestly in the third quarter of 2026, rising from 84 to 89. While this five-point improvement represents a positive shift from the Summer 2026 iteration, the score is still 12 points below the Fall 2025 index of 101. This is the third consecutive quarter where the index has fallen below 90.

The rebound in the Fall 2026 index was driven largely by a dramatic improvement in how investors feel about current market conditions. The percent of survey respondents who felt that conditions were better than or about the same as a year ago rose from a series low of 47% in the second quarter to 54% in the third quarter. Investors also remained bullish on home price appreciation, with 77% believing that prices will continue rising.

Despite stronger views on the current market, investors were slightly less optimistic when looking ahead. 49% of respondents expect market conditions to improve or remain unchanged, and perhaps because of that they were marginally less likely to buy more properties in the next 12 months than they were a year ago.

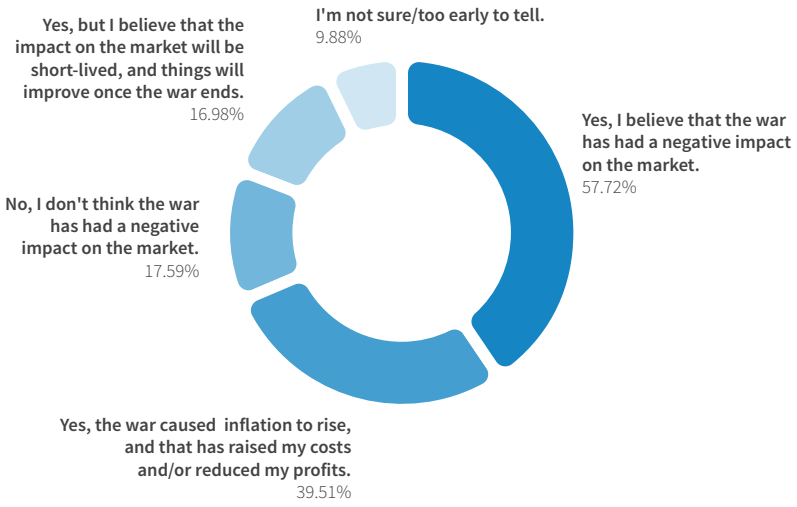
Two noteworthy external factors appear to be influencing investor sentiment. First, the war in Iran, which nearly 60% of investors feel has had a negative impact on the real estate market. Then 40% cite increased energy costs and rising inflation as contributing factors, noting the resulting impact on profitability and reduced demand from prospective homebuyers and renters.

Investors are also raising alarms over the recent action by the Federal Reserve to raise the Fed Funds rate. Over 50% of the respondents agreed that this will make borrowing more expensive, increasing their financing costs and reducing their profitability. Investors also expressed concerns that higher interest rates, which have already been reflected in mortgage rates climbing to 7.5%, will further hamper affordability for consumers looking to purchase a home, and put more strain on consumer finances for potential renters.

While significant challenges persist, market conditions may be gradually shifting in favor of real estate investors. Traditional buyer activity has slowed as mortgage rates crossed the 7% mark, while inventory continues to grow, and days on market for listed properties continue to increase. Together, these factors are creating a more favorable environment for buyers, and could provide new opportunities for investors in the months ahead.

Q1

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

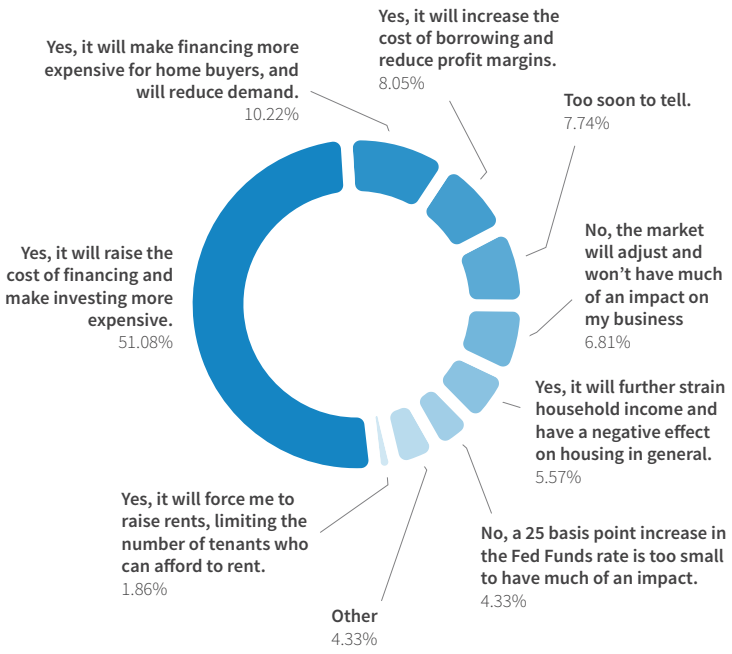


While investors already believed that the war in Iran would have a negative impact on the real estate market, their perspectives became even gloomier in the Fall. Almost 58% of the respondents felt that the war has had a negative impact – this was an almost 50% increase from the 40% of respondents who felt this way in the Summer survey. Nearly 40% noted that the war caused inflation to rise, affecting their costs and margins, a 16-point increase from the 24% of investors who felt that way in the prior quarter.

Another 17% believed that the war was having an impact on the market, but that things would return to normal quickly once it ends. This was down slightly from last quarter's 19%. And only 18% didn't think that the war has had a negative impact on the market yet, down from the 23% who felt that way previously.

Q2

Do you think that the Federal Reserve's recent increase in the Fed Funds Rate will have an impact on your real estate investing?

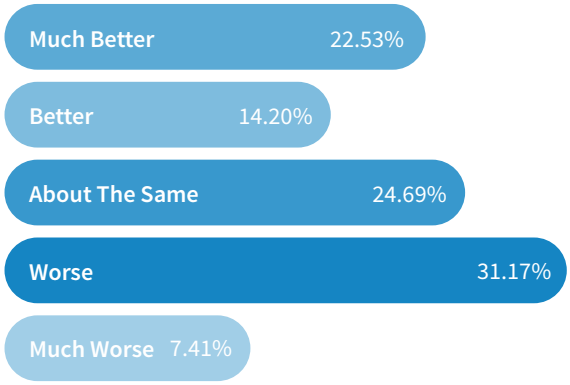


The decision by the Federal Reserve to raise the Fed Funds rate by 25 basis points was unpopular with real estate investors. Over 59% of the investors believed that the hike would increase the cost of financing – already their biggest concern – make investing more expensive, and reduce their profit margins. Another 16% noted that the rate hike was likely to increase financing costs for prospective homebuyers, and put further strain on household incomes, which could negatively affect demand.

Only 4% believed that the rate hike was too small to have much of an impact on the market. And just under 7% believed that the market would be able to adjust and absorb this increase without any real downside risk.

Q3

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



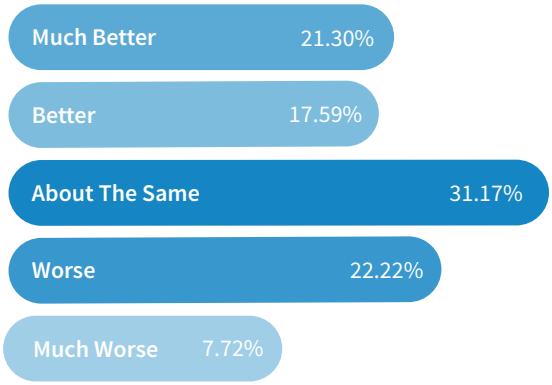
Investors remained marginally more negative than usual when comparing market conditions to the prior year, with over 38% saying conditions were worse or much worse than a year ago. But these scores were an improvement from the Summer survey, when almost 44% of the respondents felt that way.

Similarly, positive feelings improved dramatically, with about 37% of the investors saying that conditions were better or much better in the Fall compared with only 26% last quarter. Significantly, the biggest increase was among the responses for "much better," with almost 23% of the Fall respondents surpassing the Summer response rate of under 13%.

Fix-and-Flip investors have consistently been more optimistic than rental property investors, and this quarter's results were no exception. Just under 53% of flippers felt today's conditions were better than last year's compared to less than 13% of rental investors. Along the same lines, 27% of flippers felt conditions were worse, while almost 59% of rental property investors felt that conditions had declined.

Q4

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

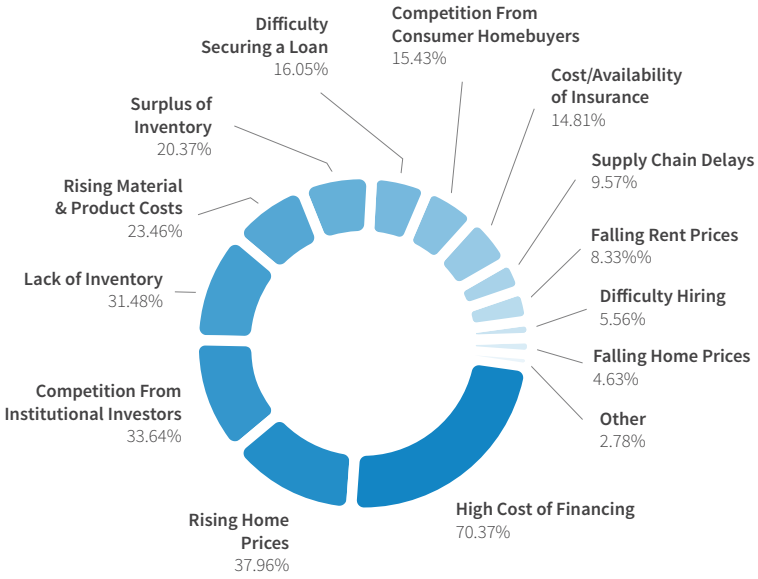


Investor sentiment looking six months out didn't shift dramatically in the Fall from the Sumer survey. Almost 39% of respondents expected conditions to improve in the most recent poll, compared to 36% last quarter. Meanwhile, 30% of the Fall respondents expected deteriorating conditions, while 29% did in the Summer survey.

But the contrast was stark between rental property and fix-and-flip investors. Only 13% of rental investors expected market conditions to get better in this most recent survey, while over 50% expected them to worsen. Flippers' sentiments were almost diametrically opposed, as over 56% of them believed conditions would improve, and just 17% feared that situations would be less favorable in the months ahead.

Q5

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

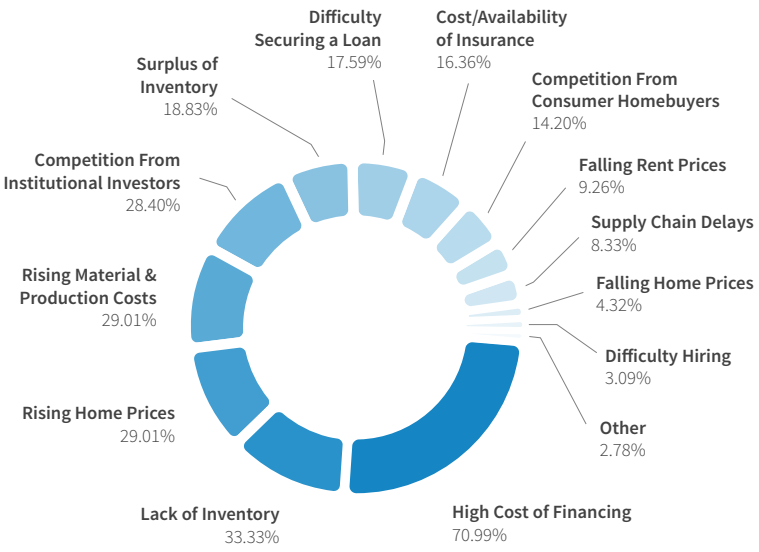


With mortgage rates moving past 7% in recent weeks, and the Federal Reserve signaling the likelihood of a "higher for longer" interest rate environment, it's unsurprising that the high cost of financing was cited as the biggest challenge facing investors today, cited by over 70% of survey respondents, up from about 55% a quarter ago. Rising home prices (38%), competition from other investors (34%), lack of inventory (31%) and rising material and product costs (23%) were other frequently mentioned challenges.

These were the same five challenges cited most frequently in the Summer survey as well, although the percentages and order varied.

Q6

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



There was little difference in the challenges investors anticipate six months from now compared to those faced in today's market. High financing costs (71%) were again cited by the largest number of investors, followed by lack of inventory (33%), rising home prices (29%), rising material costs (29%), and competition from other investors (28%).

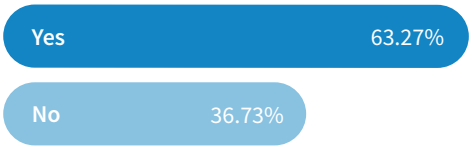
Fix-and-flip investors are especially concerned about financing costs, citing that challenge 80% of the time. Lack of inventory was their second biggest concern, but noted by less than half as many respondents at 39%. Just under 62% of rental property investors also cited high financing costs, far outpacing the second most mentioned concern, lack of inventory, which was noted by 25% of these investors.

Q7

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

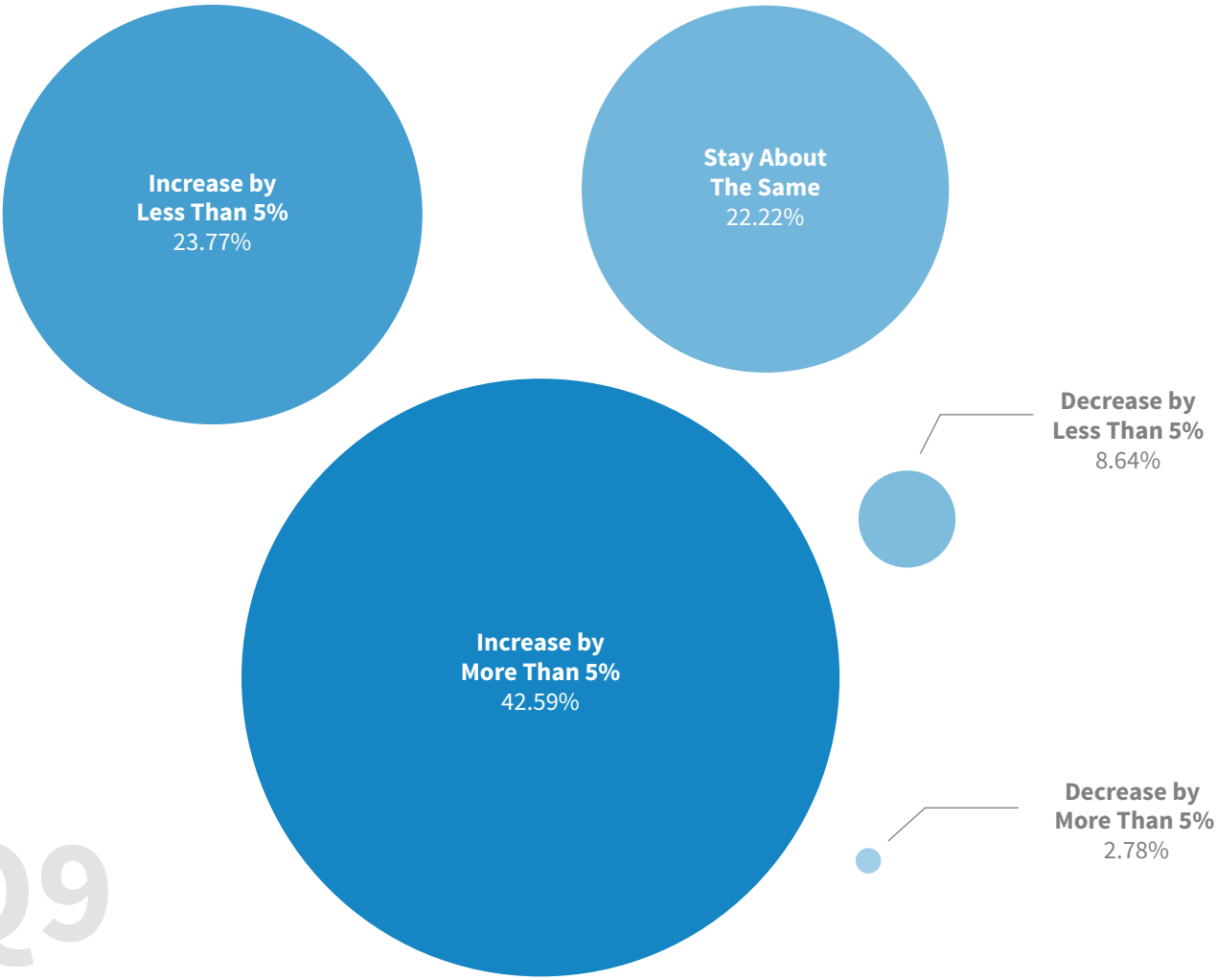
Q8

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



There was a 10-point jump in the number of investors who mentioned that insurance costs or the inability to insure properties was a factor in their decision-making, with 80% of respondents saying this was the case in the Fall survey compared to 70% in the Summer. So clearly, investors are factoring insurance costs into their profit calculations and making sure properties they're buying are insurable.

Interestingly, this increase, may be due to a higher number of investors claiming to have lost out on an investment opportunity – over 63% in the Fall versus 50% in the Summer survey. Almost 90% of fix-and-flip investors claim that insurance issues are part of their decision-making process, compared to 69% of rental property investors. And flippers have also lost out on more deals than rental investors, 73% vs. 50%.



Q9

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

Over 66% of investors expect home prices to rise in the next six months, despite higher mortgage rates, a 10% increase from the 60% who felt that way a quarter ago. Moreover, almost 43% of the respondents believed that prices will rise by more than 5% during this period, an 8-point jump from the Summer survey's 35%. About 11% of investors believe that prices will decline, a similar number to the previous survey's 13%.

Here again, flippers are more optimistic: 74% of flippers expect home prices to rise, compared to 55% of rental property investors.

Q10

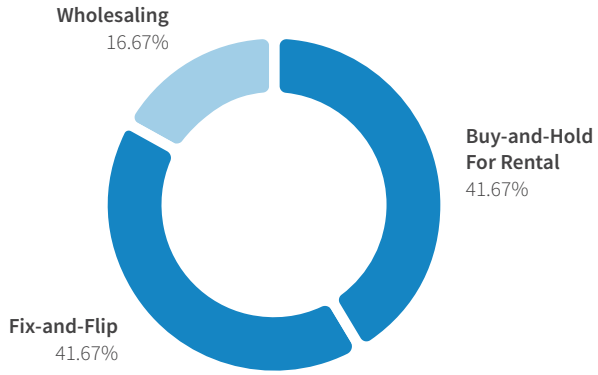
Home prices and asking rents have slowed down and even turned negative in some markets. Is this affecting your investing?

Home price appreciation has slowed down nationally, with annual price increases below two percent. Asking rents have also flattened, and even gone negative on a year-over-year basis in many markets. Investors aren't immune to these trends, and the impact is evident in this quarter's responses.

Almost 35% of the respondents noted that they've had to reduce sales prices or rental rates, almost double the 19% who made that claim a quarter ago. And the number of respondents saying that they haven't had to make these changes dropped from 59% to 43%.

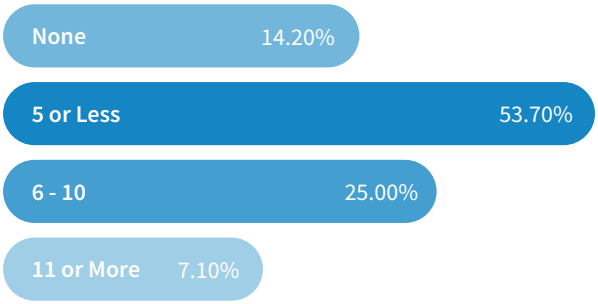
Q11

What is your primary type of residential real estate investment?



Q12

How many investment properties do you currently own?

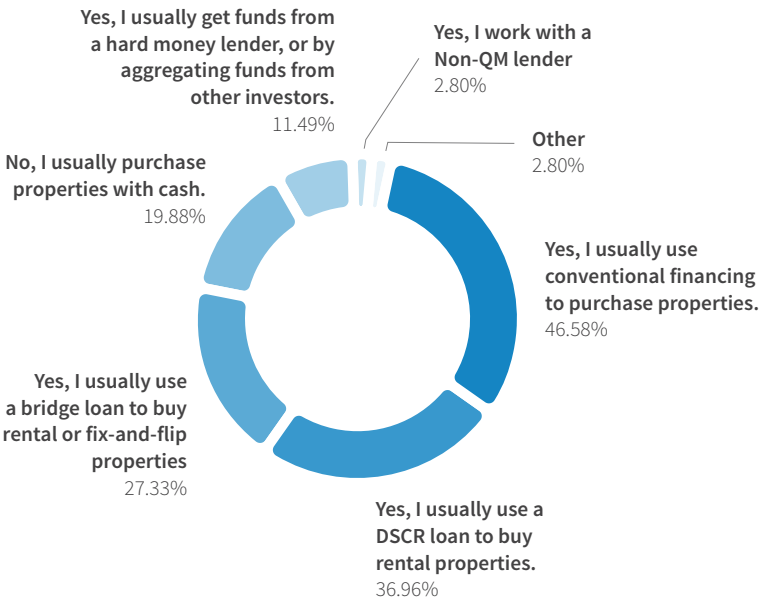


As in prior surveys, the majority of respondents are mom-and-pop investors – those who own or purchase 10 or fewer properties. In the Fall survey, about 54% of the respondents owned 5 or fewer properties; 25% owned between 6-10; and just over 7% owned 11 or more homes. This group held a few more properties than the respondents to the Summer survey, where over 68% of those surveyed owned fewer than five homes; about 15% owned between 6-10; and only 3% held more than 11 homes. In both surveys, about 14% of respondents (likely fix-and-flip investors) were currently holding no assets.

In most of the previous investor sentiment surveys rental investors outnumbered fix-and-flip investors. But in the Fall survey, the numbers were exactly even: 42% flippers and 42% rental investors, with the balance being primarily wholesalers.

Q13

Do you typically finance your real estate purchases?

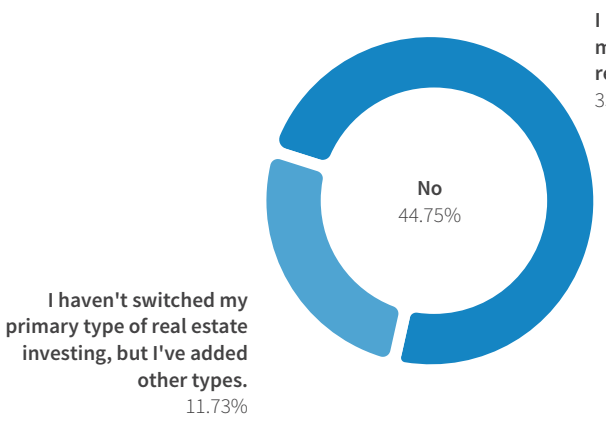


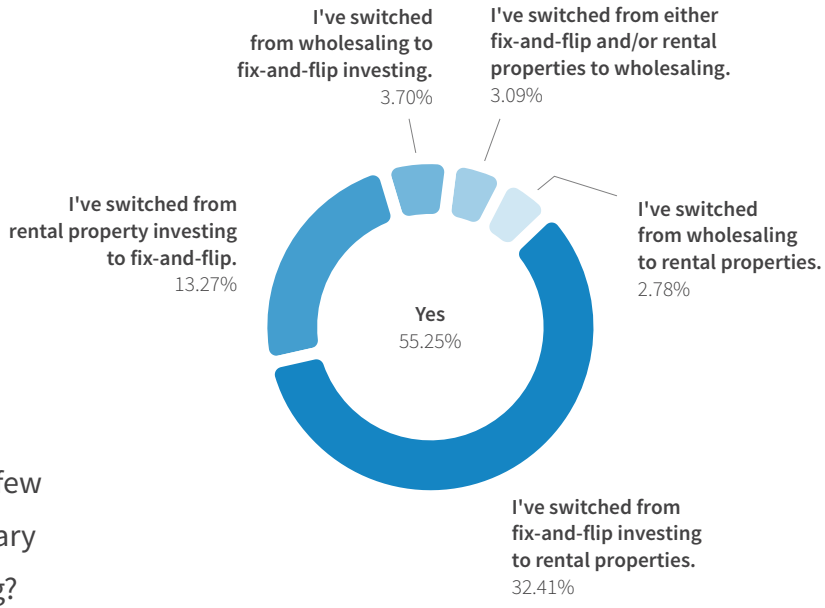
Responses to the question of financing had some large shifts from the previous survey. Most notably, the percentage of investors who used cash for their property purchases fell from just under 28% to under 20%. And the percent who claimed to use DSCR (debt service coverage ratio) loans more than doubled, rising from 18% in the Summer to 37% in the Fall.

Over 27% of respondents said they used short-term bridge loans, up from 22% in Q2, and almost 47% said they were able to use conventional 30-year fixed-rate loans to finance their purchase, up from a little over 40%.

Financing patterns between rental investors and flippers varied quite a bit. Rental investors were more likely to purchase with cash than flippers (21% to 17%), and much more likely to use conventional financing (59% to 32%). This suggests that many of the smaller rental property investors may be converting their primary residence into a rental property and using conventional financing to buy their next property.

More than 35% of fix-and-flip investors use bridge loans to purchase homes they plan to flip; and over 53% use DSCR loans for properties they plan to fix and rent out – a growing trend in today's market where flippers have shifted to rentals due to current market conditions.





Q14

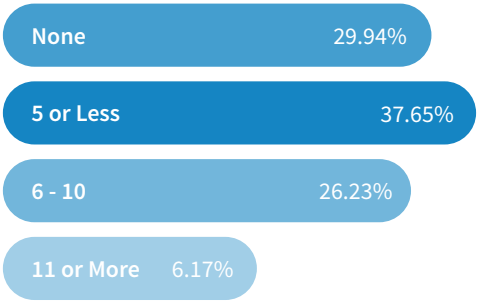
Have market conditions over the past few years caused you to change your primary type of residential real estate investing?

Survey responses suggest that many fix-and-flip investors may temporarily be shifting their focus towards rental properties as home sales have faltered. The data supports this theory: 48% of flippers say they've switched from flipping to renting due to difficult market conditions.

Overall, the number of investors who've changed their business model to accommodate today's market is up on a quarter-over-quarter basis. Over 55% of the respondents to the Fall survey have shifted their business model, with the largest group (32%) moving from primarily flipping to primarily renting properties. A little over 44% haven't changed their business strategy, but a quarter of those investors have added other types of investing to their primary model. Last quarter, over 51% of investors hadn't changed their business, while under 48% had done so.

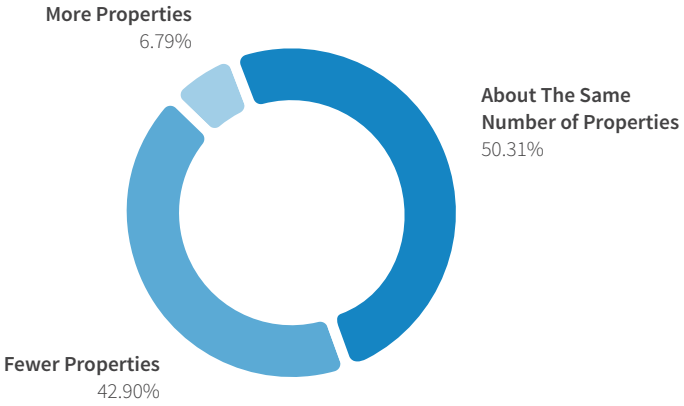
Q15

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



Q16

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

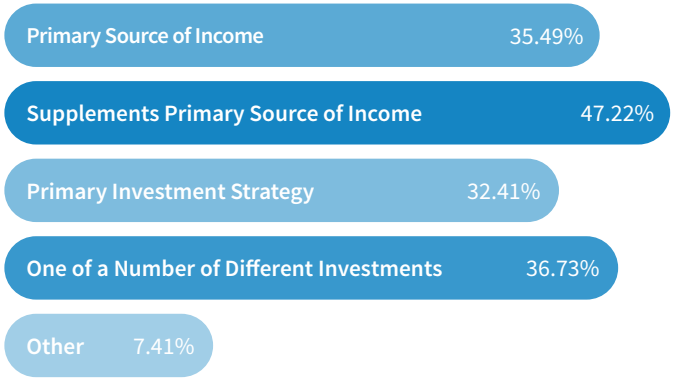


Almost 36% of the respondents plan to buy 5 or fewer homes in the next 12 months, far fewer than the 55% who said they planned to do this when surveyed in the Summer. On the other hand, the percent who said they planned to buy between 6-10 rose from 10% last quarter to over 26% in the Fall. And the percent planning to buy 11 or more homes doubled from 3% to 6%. The number of investors not planning to buy any properties also declined slightly, from 32% to 30%.

Perhaps reflecting the slightly larger number of homes already held by the Fall respondents, these forecasts represent slightly less purchase activity overall. Almost 43% of the investors said they'd be buying fewer properties than they did in the prior 12 months, and just over 50% said they'd be buying roughly the same number of homes. Only 7% believed that they'd buy more over the next year.

Q17

Why do you invest in residential real estate?

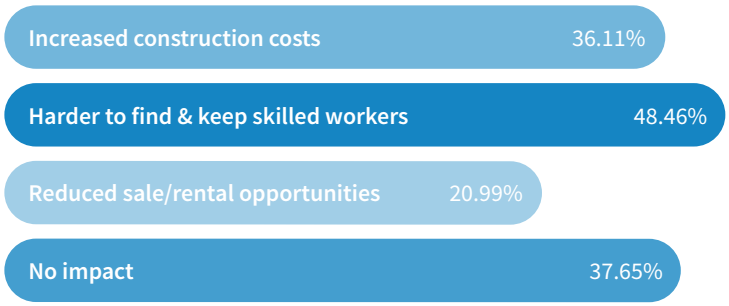


Over 35% of the Fall survey respondents said that real estate investing was their primary source of income, almost double the 18% who made that claim in the Summer survey. About 47% said that it supplements their primary source of income, down from 54% last quarter. The number of respondents who cited real estate investing as their primary investment strategy rose from 25% to over 32%; while those who claimed it was one of a number of investments stayed at roughly the same level, 37% vs. 36%.

Real estate investing appears to be much more important to fix-and-flip investors. About 53% of flippers say real estate investing is their primary source of income compared to under 10% of rental investors. And 41% of flippers cite real estate as their primary investment, versus 16% of rental owners.

Q18

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

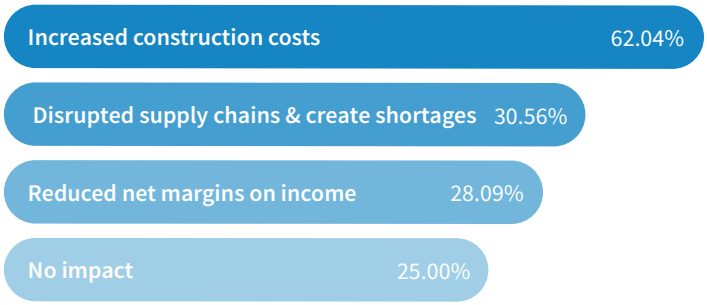


In a bit of a reversal from recent surveys, the Fall survey showed an increase in the impact of the Administration's immigration and tariff policies.

Over 48% of the respondents said that immigration policies have made it harder to find and keep skilled workers, up 16 percentage points from the last survey. Similarly, the percent of investors who said that these policies had increased construction costs rose from 29% to over 36%; and 21% responded that they've seen a reduction in sales or rental opportunities, up from last quarter's 12%. The number of investors who said the policies hadn't had much or any impact on their businesses fell from over 50% to just under 38%.

Q19

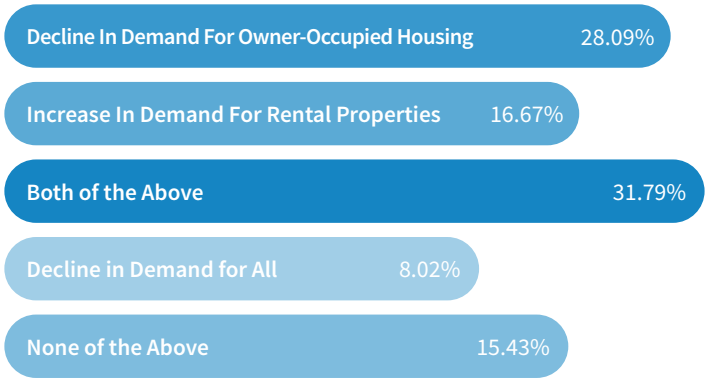
Have new tariffs on goods imported from Canada, Mexico, and China had any impact on your investing?



Tariffs on goods imported from Canada, Mexico, and China were also regarded negatively. Over 62% of the respondents said the tariffs had increased construction costs, up from 48% last quarter. Those claiming tariffs had reduced their net margins rose from 26% to 28%. References to supply chain disruptions and product shortages rose from 26% to over 32%. And the number of respondents who felt that the tariffs had little or no impact on their businesses dropped from 30% to 25%.

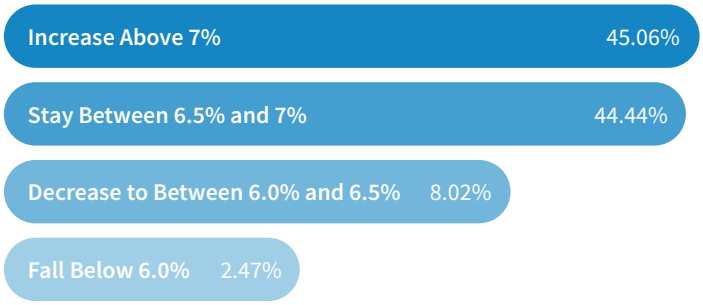
Q20

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



Q21

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

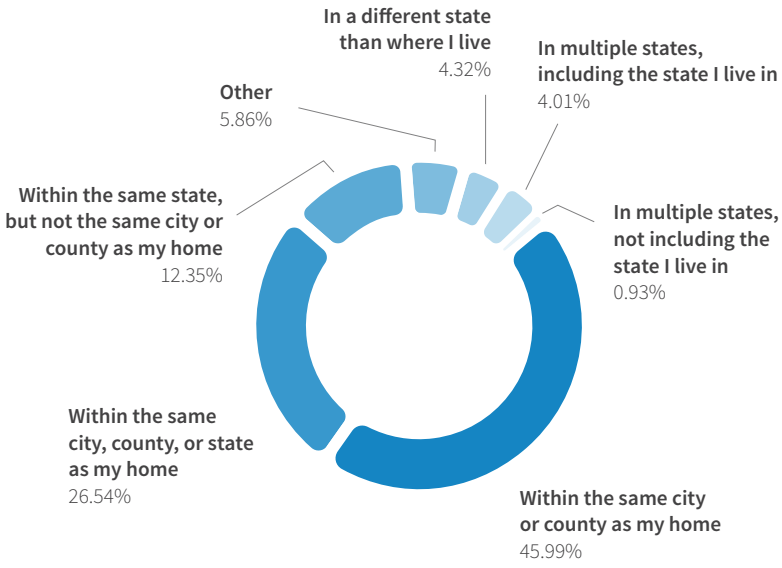


Almost 85% of respondents said that higher mortgage rates had resulted in a decline in demand for owner-occupied housing, and increase in the demand for rental properties, or both – a percent virtually identical to the prior quarter's results.

Investors also believe that mortgage rates will continue to rise: 45% said they expect rates to stay above 7% for the rest of 2026, up from 28% who said that in the Summer survey. Only 10% hope to see rates at or below 6.5% during that period, far fewer than the 27% who were forecasting those lower rates a quarter ago.

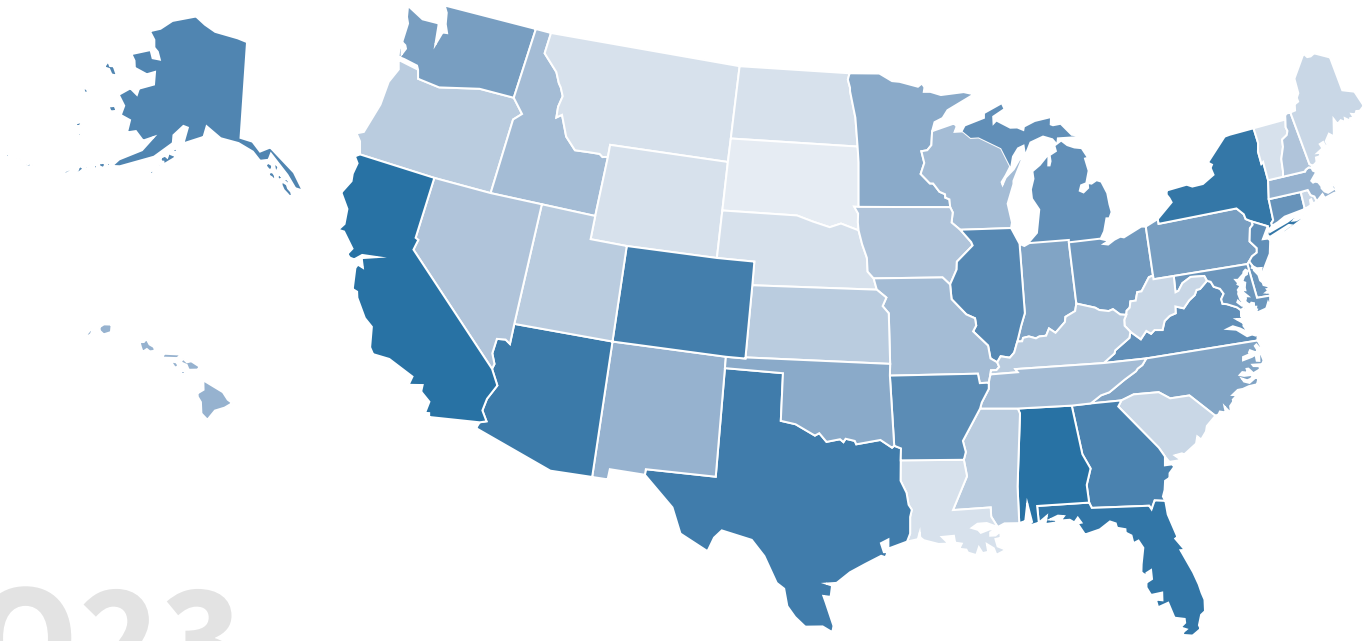
Q22

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



Over 85% of investors focus their purchase activity in their home state, with over 72% buying in their home city or county. Less than 1% buy exclusively outside of their home state.

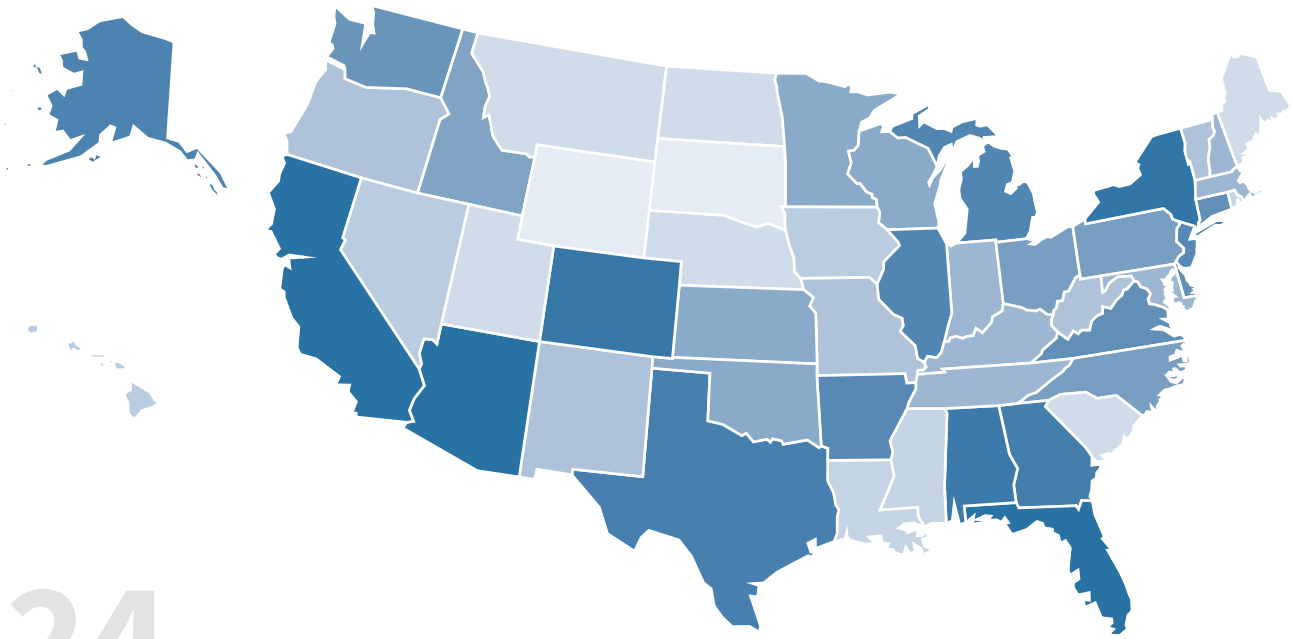
California (23%), Alabama (12%), Florida (11%), New York (10.5%), Arizona (9%), and Texas (8%), were the most frequently mentioned states.



Q23

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

Alabama	12.35%	Kentucky	0.93%	North Dakota	0.31%
Alaska	5.86%	Louisiana	0.31%	Ohio	3.09%
Arizona	9.26%	Maine	0.62%	Oklahoma	2.16%
Arkansas	4.63%	Maryland	3.40%	Oregon	0.93%
California*	23.15%	Massachusetts	1.85%	Pennsylvania	2.78%
Colorado	7.72%	Michigan	4.01%	Rhode Island	0.62%
Connecticut	3.70%	Minnesota	2.16%	South Carolina	0.62%
Delaware	3.40%	Mississippi	0.93%	South Dakota	0.00%
District of Columbia	0.93%	Missouri	1.54%	Tennessee	1.54%
Florida*	10.80%	Montana	0.31%	Texas*	8.33%
Georgia	6.48%	Nebraska	0.31%	Utah	0.93%
Hawaii	1.85%	Nevada	1.23%	Vermont	0.31%
Idaho	1.54%	New Hampshire	1.23%	Virginia	4.01%
Illinois	5.25%	New Jersey	4.01%	Washington	2.78%
Indiana	2.47%	New Mexico	1.85%	West Virginia	0.62%
Iowa	1.23%	New York*	10.49%	Wisconsin	1.54%
Kansas	0.93%	North Carolina	2.47%	Wyoming	0.31%



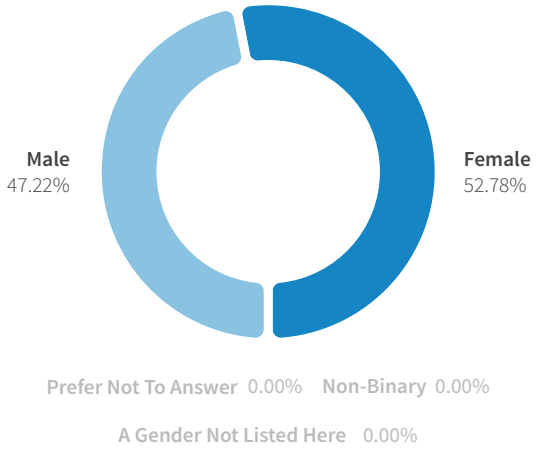
Q24

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

Alabama	7.72%	Kentucky	1.85%	North Dakota	0.62%
Alaska	5.56%	Louisiana	0.93%	Ohio	2.78%
Arizona	10.19%	Maine	0.62%	Oklahoma	2.16%
Arkansas	4.94%	Maryland	1.85%	Oregon	1.54%
California	22.53%	Massachusetts	1.85%	Pennsylvania	2.78%
Colorado	8.33%	Michigan	5.25%	Rhode Island	0.93%
Connecticut	4.32%	Minnesota	2.16%	South Carolina	0.62%
Delaware	4.32%	Mississippi	0.93%	South Dakota	0.31%
District of Columbia	1.85%	Missouri	1.54%	Tennessee	1.85%
Florida	10.19%	Montana	0.62%	Texas	5.86%
Georgia	6.48%	Nebraska	0.62%	Utah	0.62%
Hawaii	1.23%	Nevada	1.23%	Vermont	1.54%
Idaho	2.47%	New Hampshire	1.85%	Virginia	4.32%
Illinois	5.25%	New Jersey	4.94%	Washington	3.70%
Indiana	1.85%	New Mexico	1.54%	West Virginia	1.54%
Iowa	1.23%	New York	8.95%	Wisconsin	2.16%
Kansas	2.16%	North Carolina	2.78%	Wyoming	0.31%

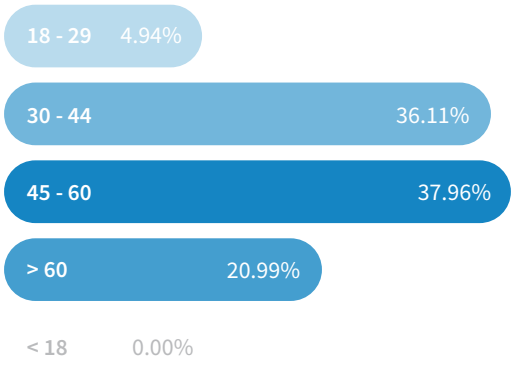
Q25

What is your gender?



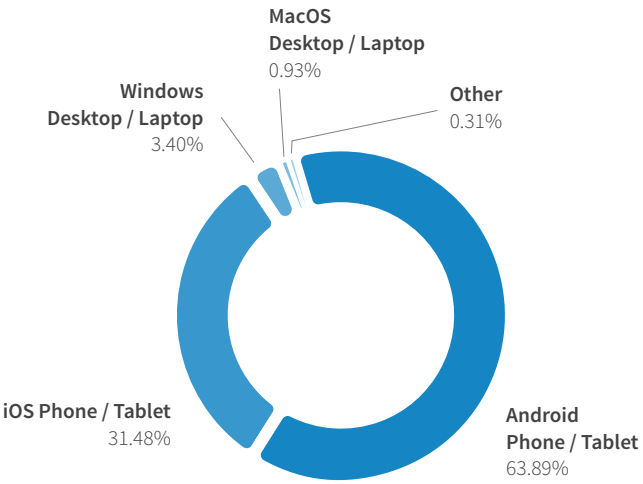
Q26

What is your age?



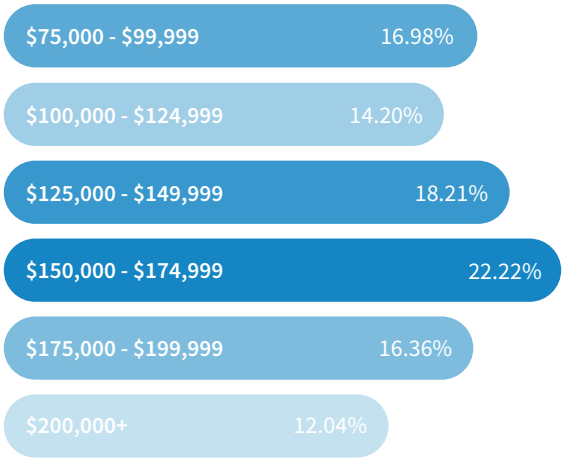
Q27

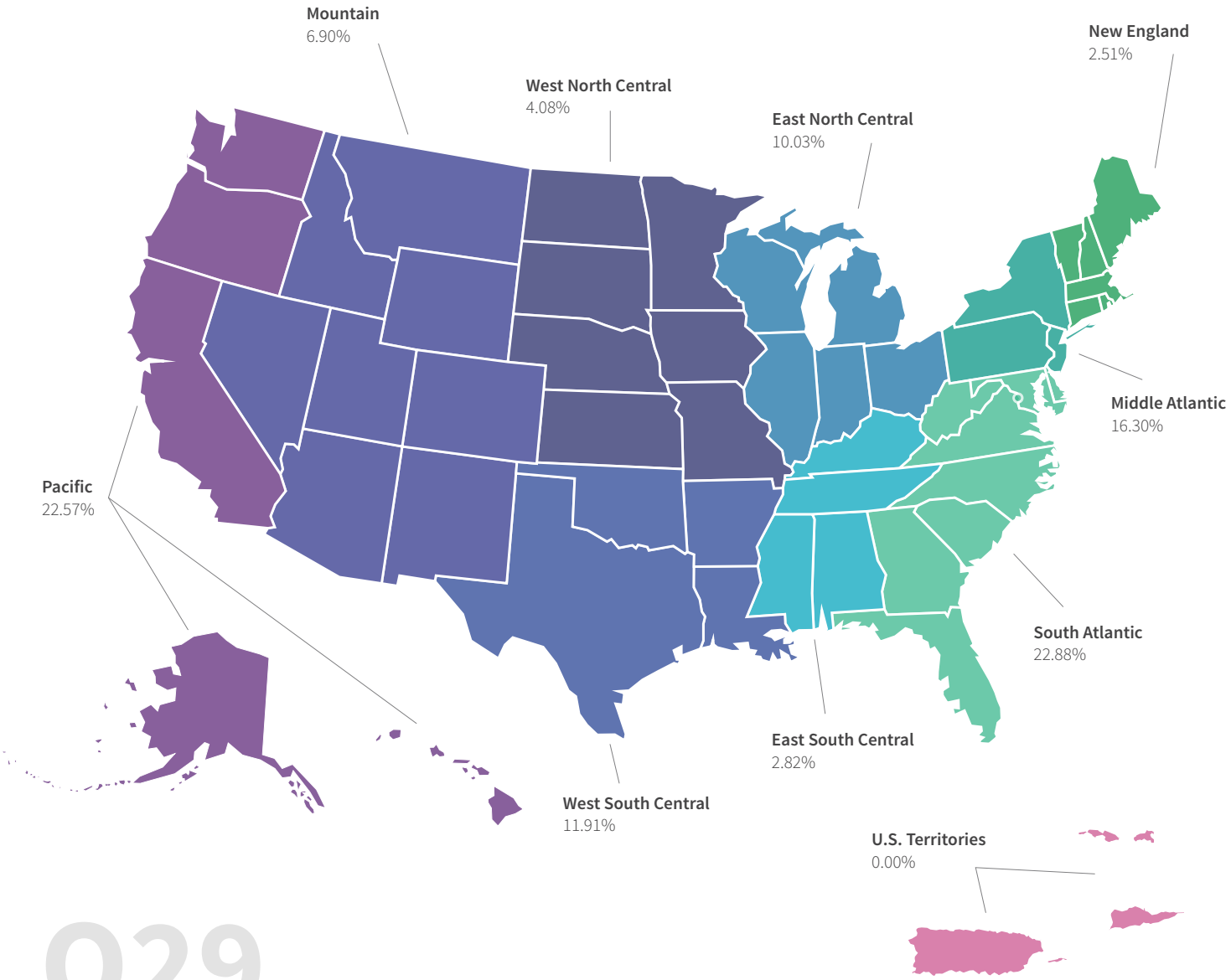
What type of device are you using?



Q28

What is your household income?

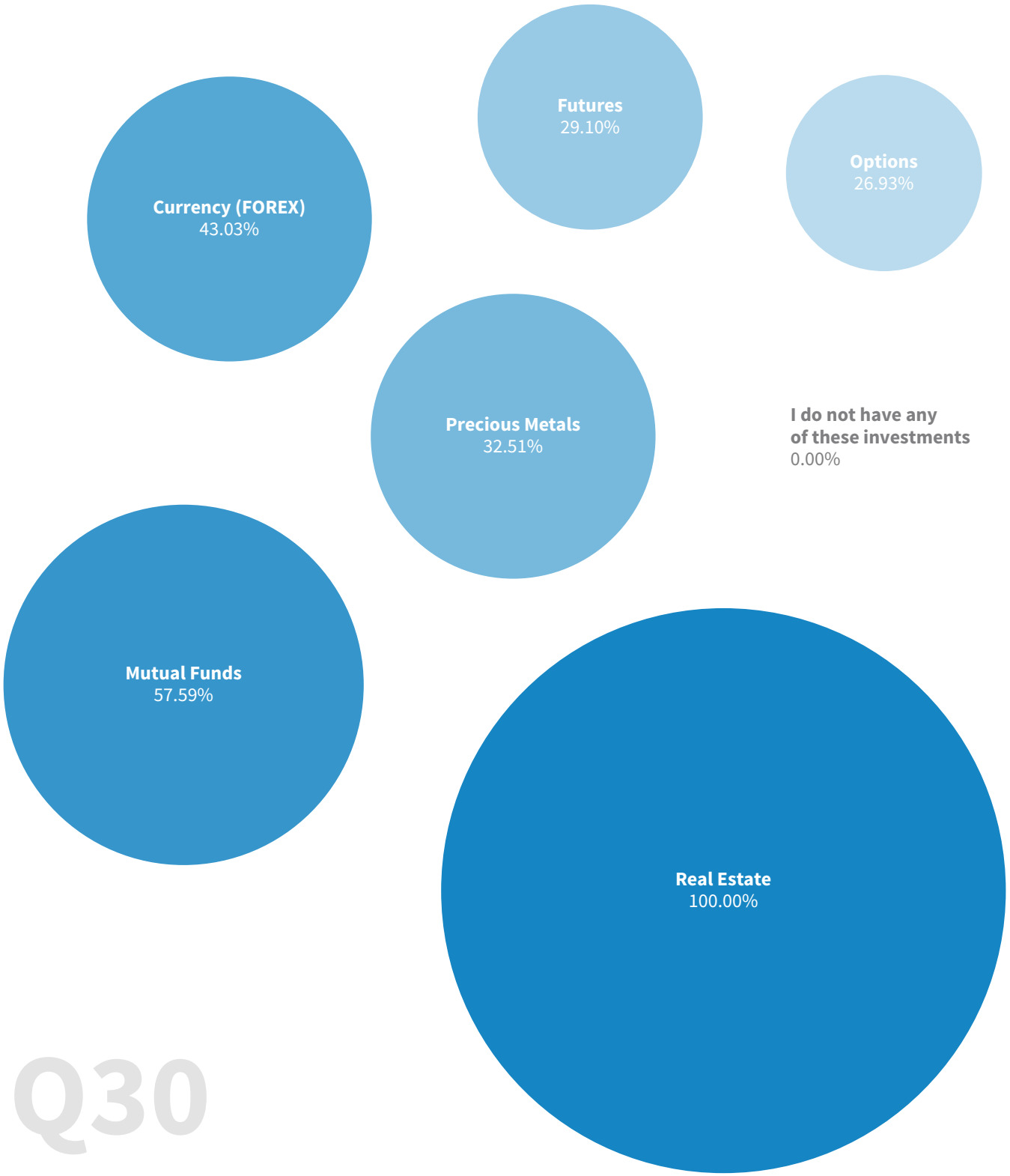




Q29

In which major US region do you reside?

Pacific 22.57%	Mountain 6.90%	West North Central 4.08%	West South Central 11.91%
East North Central 10.03%	East South Central 2.82%	Middle Atlantic 16.30%	South Atlantic 22.88%
	New England 2.51%	U.S. Territories 0.00%	



Q30

What investments do you hold?

RCN CAPITAL

C J PATRICK COMPANY

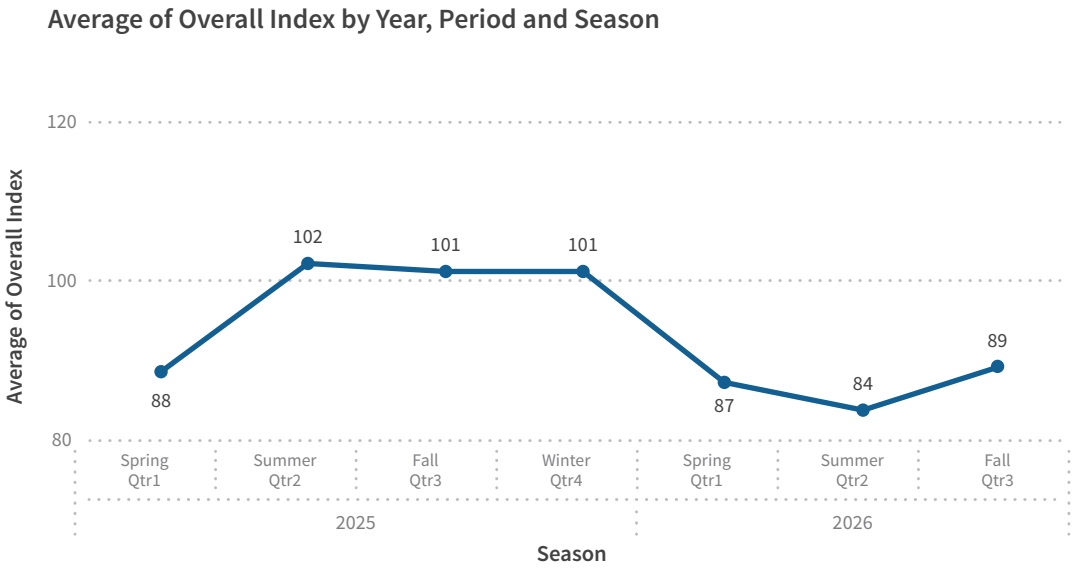
Investor Sentiment Index (ISI)

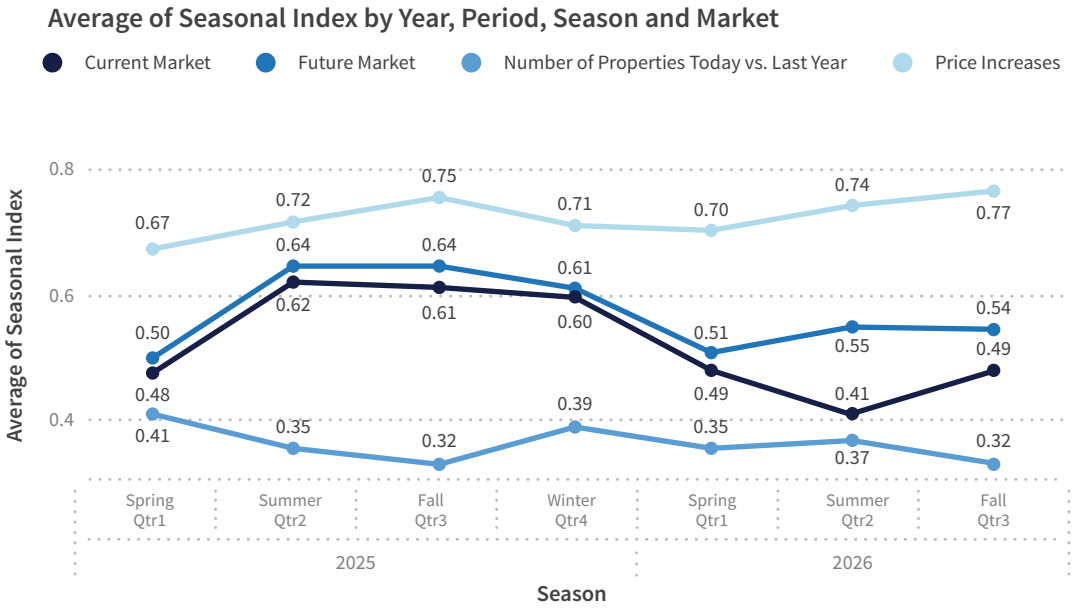
RCN Capital Investor Sentiment Survey

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.



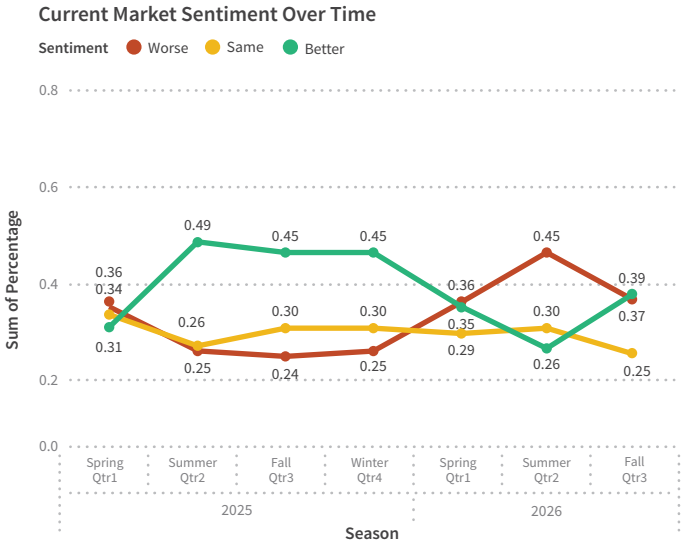


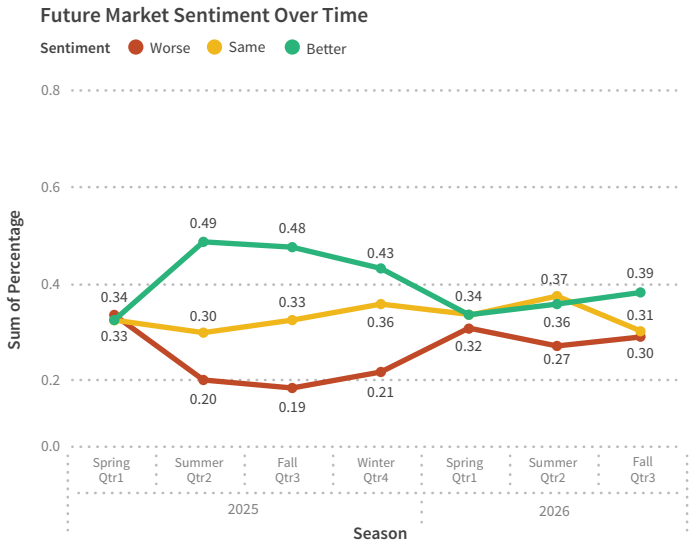
RCN Capital Investor Sentiment Index

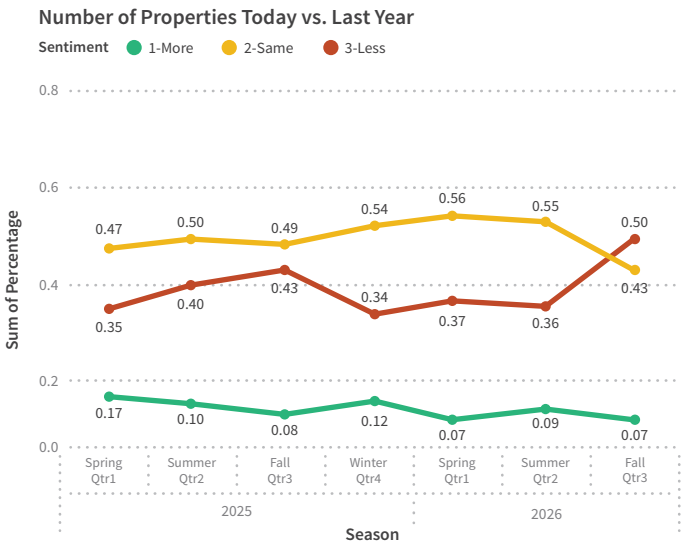
The ISI is a weighted average of four of the components of the quarterly Investor Sentiment Survey: current market outlook, future market outlook over the next 6 months, expected home price increases over the next 6 months, and number of investment property purchases compared to the past 12 months.

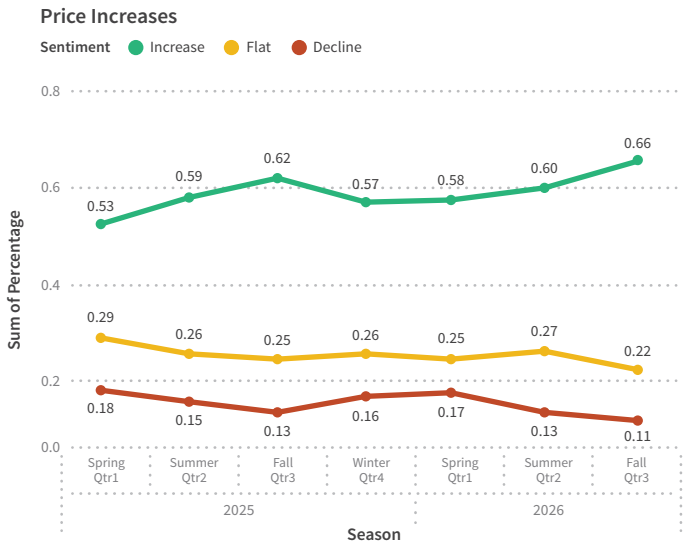
Survey respondents, who are residential real estate investors, rate the first two on a scale of “better”, “same”, or “worse”, the third on a scale of “increase”, “remain flat”, or “decline, and the last on a scale of “more”, “same”, or “less”.

- **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%









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.