Temple View

A Year in Review 2022

What's in Store for Real Estate Investors in 2023

Introduction

As good stewards of our industry, Temple View is always looking to understand more about the current lending environment and how it's impacting our borrowers. Based on our audience of experienced borrowers, Temple View collected educational experiences over the past year and expectations headed into 2023. Here's the findings from those we surveyed on the 2022 market and predictions for the 2023 market.

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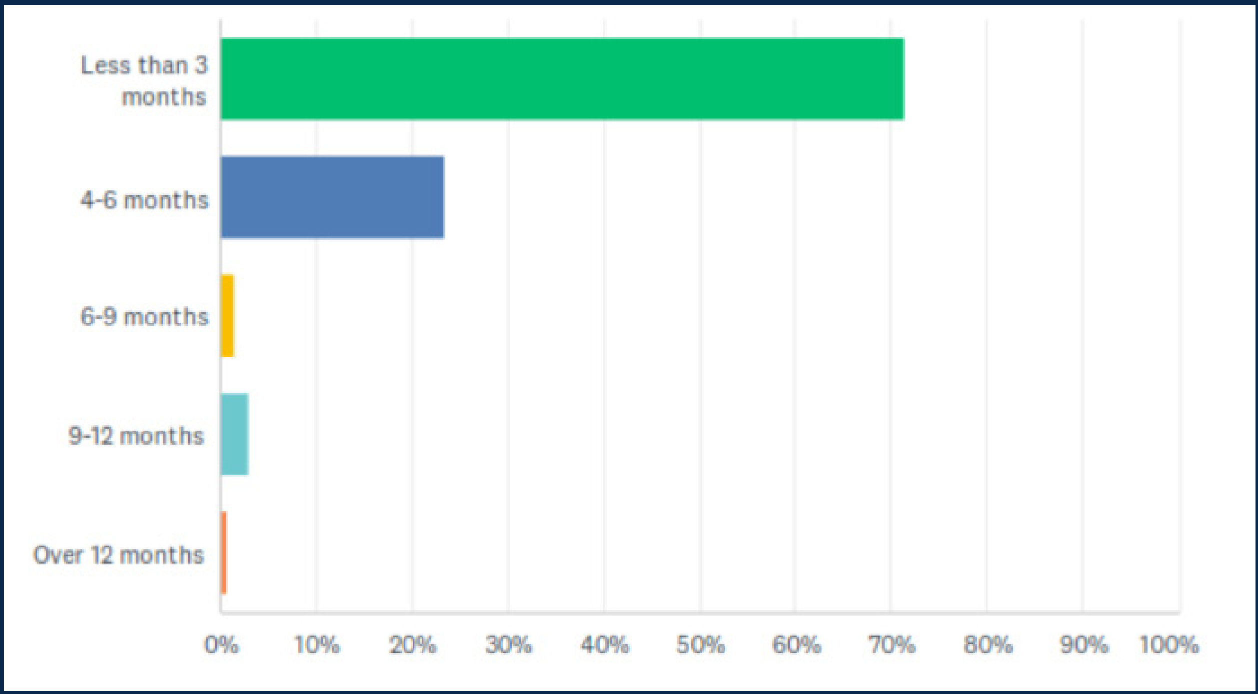
Looking Back: 2022

The New Year is the perfect time to look back on the ups and downs of the 2022 housing market and also, expectations going into 2023. In 2022, interest rates more than doubled over the course of the year while housing prices only continued to climb. However, real estate investment continued to prove itself a great investment. Due to house prices tending to rise over the long-term - investors were still making money. Housing experts are also reporting that mortgage rates have been on a downward path in recent weeks, a trend that is likely to continue throughout 2023.

With higher interest rates, we also need to take a look back at the correlation between average marketing times. Where did they start and where did they end up? According to Realtor.com, "nationally, the typical home spent 61 days on the market in January" whereas, by the end of the year, "time on market was 56 days". In the data we collected from our 2022 Market Survey, we saw that most of our clients saw that their marketing time was less than 3 months. Surprisingly, with interest rates as high as they were, there was no significant correlation with average marketing times.

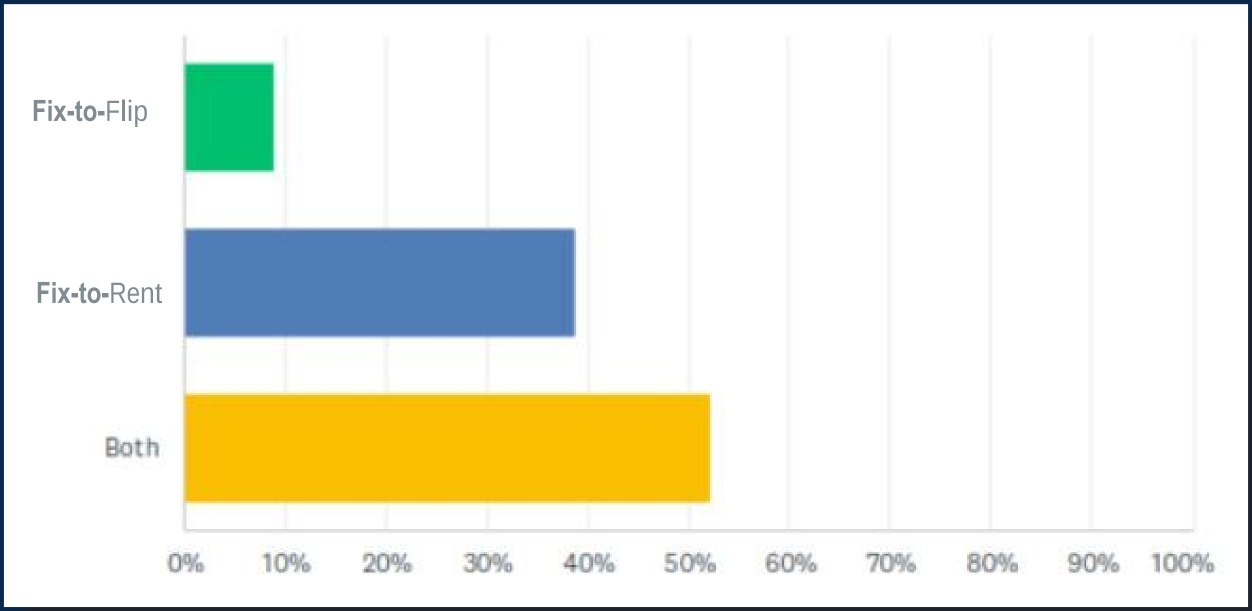
What are the average days on market you are seeing for your properties?



Looking Forward: 2023

Housing experts expect 2023 to bring many profitable opportunities to real estate investors. The biggest opportunity for investors will be that rental rates will continue their upward path. Since the beginning of 2022, rental rates have gone up by 6.8%. The main reason behind this trend is the unaffordable property prices, forcing many to rent rather than buy a home. This is good news for investors – increased rental demand and high rental rates are a great combination for maximizing return. In our 2022 Market Survey, we discovered that our clients are doing both fix-to-flip and fix-to-rent. With both of these options, you'll end up getting longer-term financing that can help you use your property as a rental and you can expect a predictable cash flow as the asset appreciates over time.

What is your current strategy with your properties fix-to-flip or fix-to-rent?



Looking Forward: 2023

Another positive aspect for the housing market in 2023 that real estate investors can take advantage of is population growth. Going into 2023, population growth is concentrated heavily in the South and West of the United States. Ken Johnson, Ph.D., a real estate economist states, “in places with significant expansion in population and inventory shortage, you’re going to see prices pretty stable.”

Fastest Growing States

Texas

Arizona

Florida

Tennessee

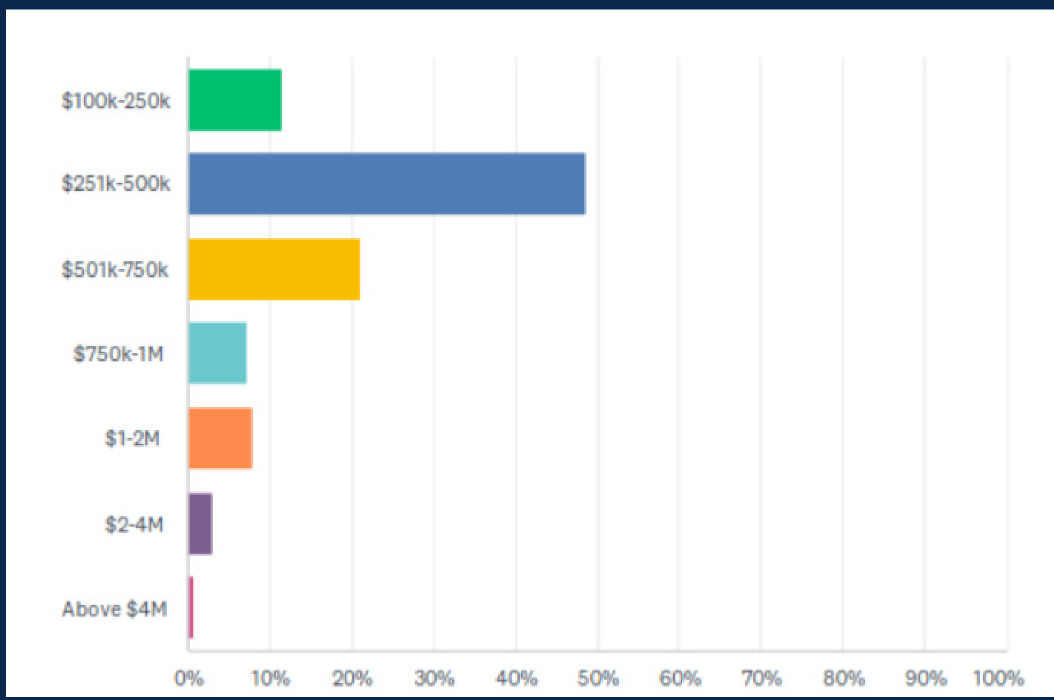
Idaho

The US housing market predictions are pointing toward positive trends and outcomes for investors in 2023. The market is expected to cool down, without heading for a recession or a crash. The anticipated switch towards a buyer’s market with more inventory and home prices growing more slowly will open new opportunities for investors. As always, the key to success in real estate investing is finding the right location, selecting a profitable property, relying on trustworthy data, and using the best tools.

Key Takeaways

Using Zillow data, The Zebra found that "at the beginning of 2022, the average home price in the U.S. reached $348,079." By the end of 2022, the average home price was $416,000- almost a 20% increase. From this data, it's not surprising that the sweet spot for our clients for their investment properties is between $250,000 and $500,000.

What are you seeing for the average sales price in your market?



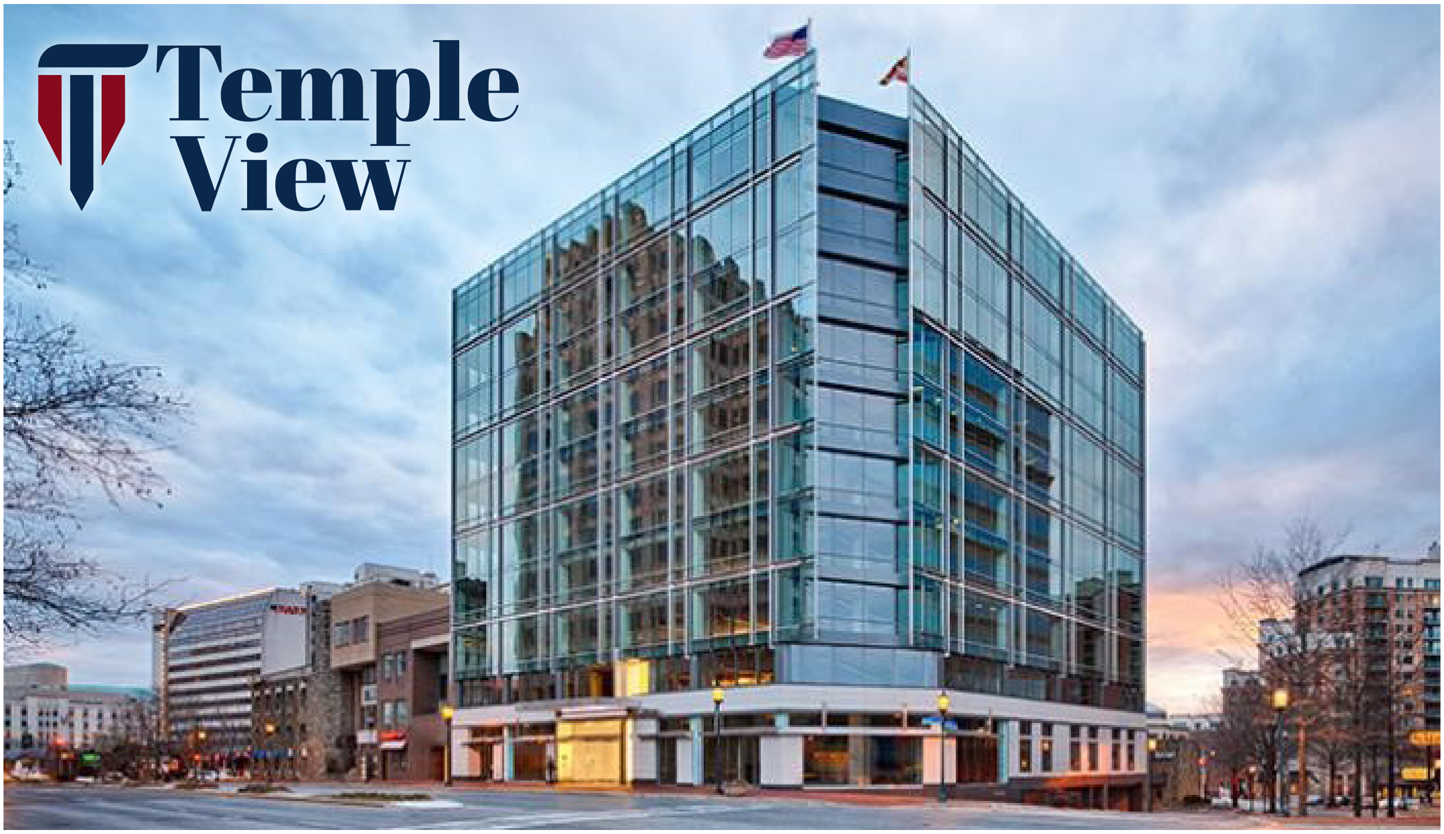
Our Clients' Top 5 Markets

Key Takeaways

Permitting and supply chain timelines continue to be challenging. Our 2022 Market Survey showed that a majority of our clients are able to get permits, however, there are a significant portion that are waiting 6-12 months. As a result, investors have been looking at whether or not they are able to take the risk of not securing one. What exactly are these risks?

- **Local government can fine you**
- **May have to demolish your work**
- **Void homeowner's insurance**
- **Hard time selling home**
- **Safety**

In our survey, we asked our clients if, based on current market conditions has their previous strategy changed? It was surprising that multiple people stated that their strategies have not changed. This leads us to believe that we have clients that have been through similar market conditions before, and they've prepared themselves to weather the storm of the market. Our clients believe they will see less competition in buying into real estate investment properties and take advantage of housing prices decreasing. Although home prices will not fall dramatically, it's likely that investors can find more affordable housing in 2023.



Temple View Capital Funding, LP ("Temple View") offers nationwide private money loans for experienced builders and investors. We provide innovative, industry-leading products, competitive rates, and creative financing solutions to meet investors' unique real estate scenarios. Founded by entrepreneurs with more than 20 years of combined residential, mortgage, and real estate investment experience, Temple View has been at the forefront of innovative product development since its inception.

Turn to Temple View for financing for your next project and let our lending experts make your investment a success. Contact us today to get started.

Our Products

Fix & Flip | **Rental** | **Ground Up** | **Bridge**

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