

Home-flipping rate falls in Q3; still higher than recent years



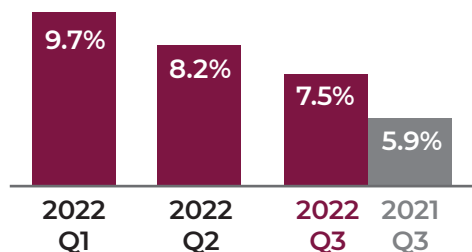
FEB 2023 — **Despite the recent decline, the home-flipping rate during the third quarter of 2022 stood at the third-highest level in the past decade**, below the high point of 9.7 percent registered in the first quarter, according to new reporting from ATTOM.

“This is a classic good news/bad news report for fix-and-flip investors,” said Rick Sharga, executive vice president of market intelligence at ATTOM, in a release. “While flipping activity in the third quarter was among the highest on record, gross profits and profit margins declined significantly, reflecting the overall pricing weakness in today’s housing market.”

Data shows that as homeselling by investors decreased, typical gross profits on those deals also dropped in the third quarter, hitting their lowest point in almost three years. With the national housing-market boom stalling, gross flipping profits declined in the third quarter as well, at the fastest quarterly pace since 2009. More importantly, profit margins on flips also fell precipitously during the third quarter, to a point not seen in 13 years.

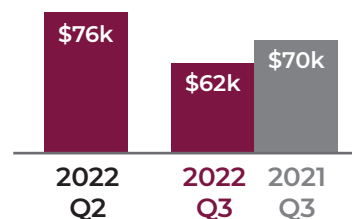
“It’s apparent that fix-and-flip investors aren’t immune to the shifting conditions in the housing market,” Sharga noted. **“With demand from buyers weakening, prices trending down over the past few months, and financing rates significantly higher than they were at the beginning of the year, flippers face a much more difficult environment today, and probably will in 2023 as well.”**

Percentage share of all homes sales that were home-flips



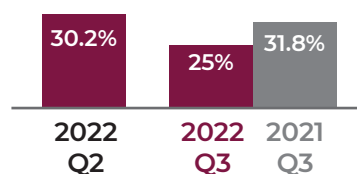
Average Gross Profit

Homeselling by investors hit lowest point in 3 years



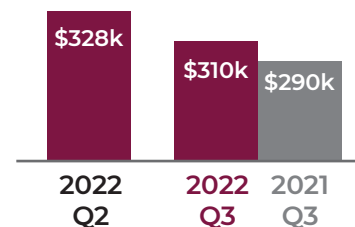
Typical Profit Margins

Sank in Q3 after rising in prior two quarters



Typical Resale Price

Down 5.5% in Q2 but still up from 6.9% in Q3 2021



CALIFORNIA REPORT

San Jose

Had one of the **highest gross profits** on median priced home flips at **\$160,000**

Modesto; Vallejo

Had one of **highest percentage of flipped properties sold to FHA Buyers** (typically 1st time home purchasers). **Modesto (23.8%) and Vallejo (23.3%)**

Santa Barbara

One of the **weakest returns** on typical home flip at **3.2% profit**