

INVESTORS BOUGHT RECORD SHARE OF HOMES IN THIRD QUARTER

Investors bought a record 90,215 homes in the third quarter, up 10.1 percent from the second quarter and 80.2 percent year-over-year, the second-largest year-over-year gain on record. In dollar terms, investors bought a record \$63.6 billion worth of homes in the third quarter, up from a revised \$58.8 billion in the second quarter and \$35.7 billion a year earlier.

Real estate investors bought a record 18.2 percent of the homes purchased during the third quarter of 2021, up from a revised rate of 16.1 percent in the second quarter and 11.2 percent a year earlier, according to a Redfin report.

“Increasing home prices fueled by an intense housing shortage have created opportunities for investors to reap big profits,” Redfin Senior Economist Sheharyar Bokhari said in a release. “With cash-rich investors taking the housing market by storm, many individual homebuyers have found it tough to compete. The good news for those buyers is that the housing market has started to cool. Bidding wars are on the decline, and if home-price growth continues to ease, we may see investors slow their roll.”

Single-family homes represented nearly three in four (74.4 percent) of investor purchases in the third quarter, the highest level on record. That’s up from 70.6 percent a year earlier. Condos/ co-ops made up 16.9 percent of investor purchases, a record low and a drop from 19.8 percent a year ago. Townhouses represented 5.5 percent of investor purchases, and multifamily housing 3.4 percent.

Low-priced homes represented 36.1 percent of investor purchases in the third quarter, down from 47 percent year-over-year to a record low. High-priced homes made up 30.8 percent of investor purchases, down slightly from 32.3 percent year-over-year.

Mid-priced homes represented a record one-third (33 percent) of investor purchases, up from 20.8 percent a year ago. This was the first quarter on record in which mid-priced homes represented a larger share of investor purchases than high-priced homes.

In Atlanta, nearly one-third (32 percent) of homes that sold in the third quarter were purchased by investors, the highest share of the 40 metro areas Redfin analyzed. Next came Phoenix (31.7 percent), Charlotte, N.C. (31.5 percent), Jacksonville, Fla. (28.3 percent) and Miami (28.1 percent).

Atlanta also saw the largest year-over-year gain, with investor market share rising to 32 percent in the third quarter from 12.9 percent a year earlier (+19.1 percentage points). The second-biggest jump was in Charlotte (+18.2 ppts), followed by Phoenix (17.7 ppts), Jacksonville (+15.2 ppts) and Las Vegas (+14.6 ppts).