



## Investors Increase Market Share, Especially in Distressed Sector

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Investors are making up an increasing share of home purchase transactions, especially in the distressed sector, according to a HousingPulse Tracking Survey released Tuesday by Campbell Surveys and *Inside Mortgage Finance*.

In October, investor purchases accounted for 22.3 percent of transactions, in keeping with the last three months during which the rate has remained above 20 percent.

At the same time, distressed property transactions grew to take up a larger portion of the market, increasing from 44.4 percent in September to 48.4 percent in October, according to the HousingPulse Distressed Property Index.

Campbell and *Inside Mortgage Finance* reason that falling prices – especially among distressed properties – combined with rising rents makes purchasing properties to repair and rent a good option for investors.

While residential properties averaged \$266,700 in October, damaged REOs averaged \$101,100, their lowest price in two years, according to the survey.

About 61.6 percent of properties sold to investors in October will be rented rather than flipped, according to Campbell Surveys' estimate.

“Renting single family homes is an extremely viable option and seems to be a growing trend in the valley with the decreasing of prices,” a Nevada real estate agent told Campbell Surveys in the recent HousingPulse survey.

A California agent expressed a similar outlook: “[A]t this point renting homes is a better option than flipping because the gap between what an investor can buy a house, fix it and flip it does not cover the cost of re-selling it.”

While investors increase their share of the distressed market, the absorption gap between investors and first-time homebuyers is widening. At 8.8 percent in September, the gap grew to 13.7 percent in October.

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