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A Quarterly Insight into the Current Real Estate Market for Real Estate Professionals

We are the partner of choice for broker across the nation

Housing Market Insights



current topics >>>

.... As Hard Money Lenders Jump 40%

The American Association of Private Lenders says the number of hard money lenders is approximately 8,300, up 40% since 2016, reported Bloomberg.

A hard money loan is an asset-based loan financing through which a borrower receives capital secured by the property. The volume of these loans to house flippers last year rose to \$20 billion. That's up 37% from 2016 and about double the figure from 2014. ATTOM Data Solutions believes hard money is a significant source of lending for house flippers.

Home-Flipping Trend Stalls After a Q1 2019 Nine-Year High

ATTOM Data Solutions, curator of the nation's premier property database and first property data provider of Data-as-a-Service (DaaS) released home-flipping trend weakens after its impressive Q12019 numbers,

The 49,059 homes flipped in the first quarter represented 7.2 percent of all home sales during the quarter, up from 5.9 percent in the previous quarter and up from 6.7 percent a year ago — the highest home flipping rate since Q1 2010. Among the 138 metropolitan statistical areas analyzed in the report with at least 50 home flips completed in Q1 2019, those with the highest average gross flipping ROI

“ In Atlanta, house flippers want to put up smaller down payments than ever before”

were Pittsburgh, Pennsylvania (131.2 percent); Flint, Michigan (127.6 percent); Shreveport, Louisiana (112.5 percent); Scranton, Pennsylvania (112.0 percent); and Knoxville, Tennessee (105.0 percent).

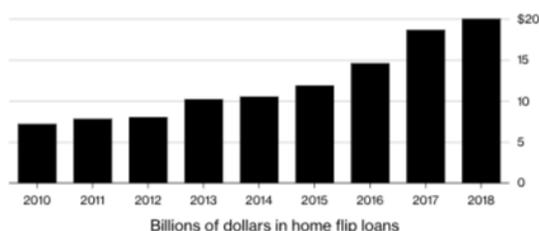
While this could be interpreted as a sign of continued progress, it also may suggest that investors are unloading their homes while they still can, Attom's Todd Teta told Bloomberg this month.

In Atlanta, house flippers want to put up smaller down payments than ever before, said Michael Braswell, a broker who works with hard money lenders.

“I would say, probably more than half the deals that come across my desk are not viable deals,” Braswell said.

Now, a slowdown in the flipping business might be right at the corner, Some Western cities are seeing big declines in home flips, including in Seattle and San Jose, California, based on the rate of those types of transactions as a percentage of all sales.

Hard Money Homes
Loans for real estate flips, many assumed to be hard money, have doubled.
■ Value of Home Flip Loans

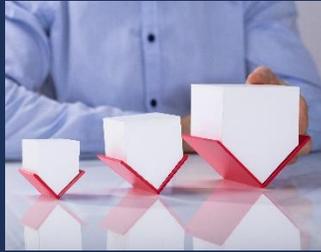


Source: Attom Data Solutions

Fix-And-Flip >>>

Flippers are Playing a Different Game

The flipping game is different this time around, with short-term investors focusing more on adding value than speculating on prices.



After 2007

After 2007, returns skyrocketed for flippers to a median of around 40 percent (and near 100 percent when annualized), presumably because they were able to purchase distressed properties at deep discounts and quickly resell them at a profit.

Today's shift

Flippers are shifting away from price speculation and toward adding value to properties.

we've seen growing signs that flippers are getting increasingly good at buying properties at a discount while the premium they're selling for has remained mostly constant. This is yet more evidence that flipping today is less risky and less speculative than during the 2000s.



Corp flippers entering the market

What's more, the trend away from speculation and toward value-add might be due to an entrance of more experienced, professional flippers into the market.

Success Story >>>

Congratulation to the Investor of the Month!



Bull Run Dr, Decatur GA

SOLD \$199,000

Sold on 8/2/2019
3 beds – 2 baths – 936 sqft

Loan Amount : \$125,000
Purchase: \$ 72,000
Renovation: \$ 75,000

Hottest Neighborhoods In Atlanta!

- #1 Reynoldstown
- #2 East Atlanta
- #3 Dunwoody
- #4 East Cobb
- #5 Decatur

Metros with the Highest Median Flipping Return

Tend to be highest in Areas with Older Housing stocks

Metros With Lowest Flipping Returns	Flipping Return	Metros With Lowest Flipping Returns	Flipping Return
Raleigh, NC	5.1%	Austin, TX	9.4%
Colorado Springs, CO	7.7%	Phoenix, AZ	9.9%
Charlotte, NC	7.8%	Nashville, TN	10.3%
Fayetteville, AR	8.4%	Orlando, FL	10.3%
Kansas City, MO	9.4%	Las Vegas, NV	10.8%

Source: CoreLogic Public Records and Author's Calculations

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Tend to be highest in Areas with Newer Housing stocks

Metros With Highest Flipping Returns	Flipping Return	Metros With Highest Flipping Returns	Flipping Return
Detroit, MI	95.9%	Baltimore, MD	63.6%
Philadelphia, PA	92.8%	Buffalo, NY	62.3%
Pittsburgh, PA	75.0%	Wilmington, DE	60.1%
Cleveland, OH	70.0%	Toledo, OH	59.4%
Akron, OH	65.7%	Milwaukee, WI	58.9%

Source: CoreLogic Public Records and Author's Calculations

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US. Real Estate Trends & Market Info

Truth is U.S. housing market is gradually cooling...demand and construction activity are falling, amidst rising interest rates. Homebuilder sentiment is also at its lowest in more than three years. But US economic growth is VERY strong and offers still great opportunities to investors who can spot them!

DEMOGRAPHICS

- 🇺🇸 Population: 303,965,272
- 💰 Household Median Income: \$51,914
- 📁 Unemployment: 4.10%
- 🏠 Percentage of vacant homes: 12.15%



House Price Change, Annual (%)



After six years of strong house price growth, the U.S. housing market is now cooling. House price rises are decelerating gradually. Demand and construction activity are falling, amidst rising interest rates. Homebuilder sentiment is also at its lowest in more than three years.. The S&P/Case-Shiller shows a deceleration, with a national monthly growth of + 0.58%. Home price gains continue to trend down, but may be leveling off to a sustainable level,” says Philip Murphy, Managing Director and Global Head of Index Governance at S&P Dow Jones Indices.

Interest Rates cut by Another Quarter Point

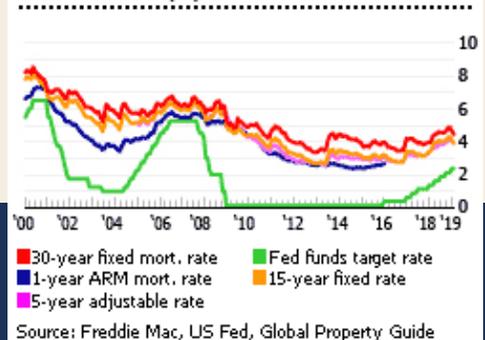
In line with market expectations, the Federal Reserve cut interest rates to the 1.75% to 2% range last week (9/18) in its effort to protect the U.S. economy against uncertainty over trade and slowing global economic growth.

A few more rate cuts could be needed to prop up a slowing U.S. economy as well as reduce pressure on the inverted yield curve. It remains to be seen whether the Fed plans on additional rate cuts beyond this year, as further accommodation could be needed to thwart geopolitical risks including the China trade war, tensions in the Persian Gulf and even Brexit.

“The average YOY gain declined to 3.0% in June, down from 3.1% the prior month. However, fewer cities (12) experienced lower YOY price gains than in May (13).

“The southwest (Phoenix and Las Vegas) remains the regional leader in home price gains, followed by the southeast (Tampa and Charlotte). With three of the bottom five cities (Seattle, San Francisco, and San Diego), much of the west coast is challenged to sustain YOY gains. For the second month in a row, however, only Seattle experienced outright decline with YOY price change of -1.3%. The U.S. National Home Price NSA Index YOY price change in June 2019 of 3.1% is exactly half of what it was in June 2018. While housing has clearly cooled off from 2018, home price gains in most cities remain positive in low single digits. Therefore, it is likely that current rates of change will generally be sustained barring an economic downturn.”

Interest Rates (%)



ask the experts >>>



Q: Should I Lock in?
A: Mortgage rates are notoriously fickle, and tend to rise much more quickly than they fall

That being the case, if a small rise in rates is enough to ruin your chance at buying or refinancing a home, you should strongly consider locking in the rate which will make your deal work, no matter what it might be.



TRENDIEST HOUSING MARKETS FOR FIX-AND FLIP



final thoughts...

Watching HGTV, it just looks so easy to transform a home into a big bucket of dollars...From established investors to new investors, everyone wants a piece of this action.. Make sure you got your numbers in order, read about economics and meet people in the industry...



Need our help for financing your

- *Fix-And Flip*
- *New Construction*
- *Multi Family*



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