

Veritas Residential Real Estate Investment Property Survey

*Understanding how real estate investors
could impact future house prices*

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What we did: We informally surveyed residential real estate property investors from November 11 to November 26, 2020 to get of picture of what their intentions are in the next 12 months. The survey was brief at five questions and is similar to our 2019 real estate investor survey.

Why we did it: Our belief is that house prices in the future will be driven by supply with residential real estate property investors serving as a potential source of incremental supply.

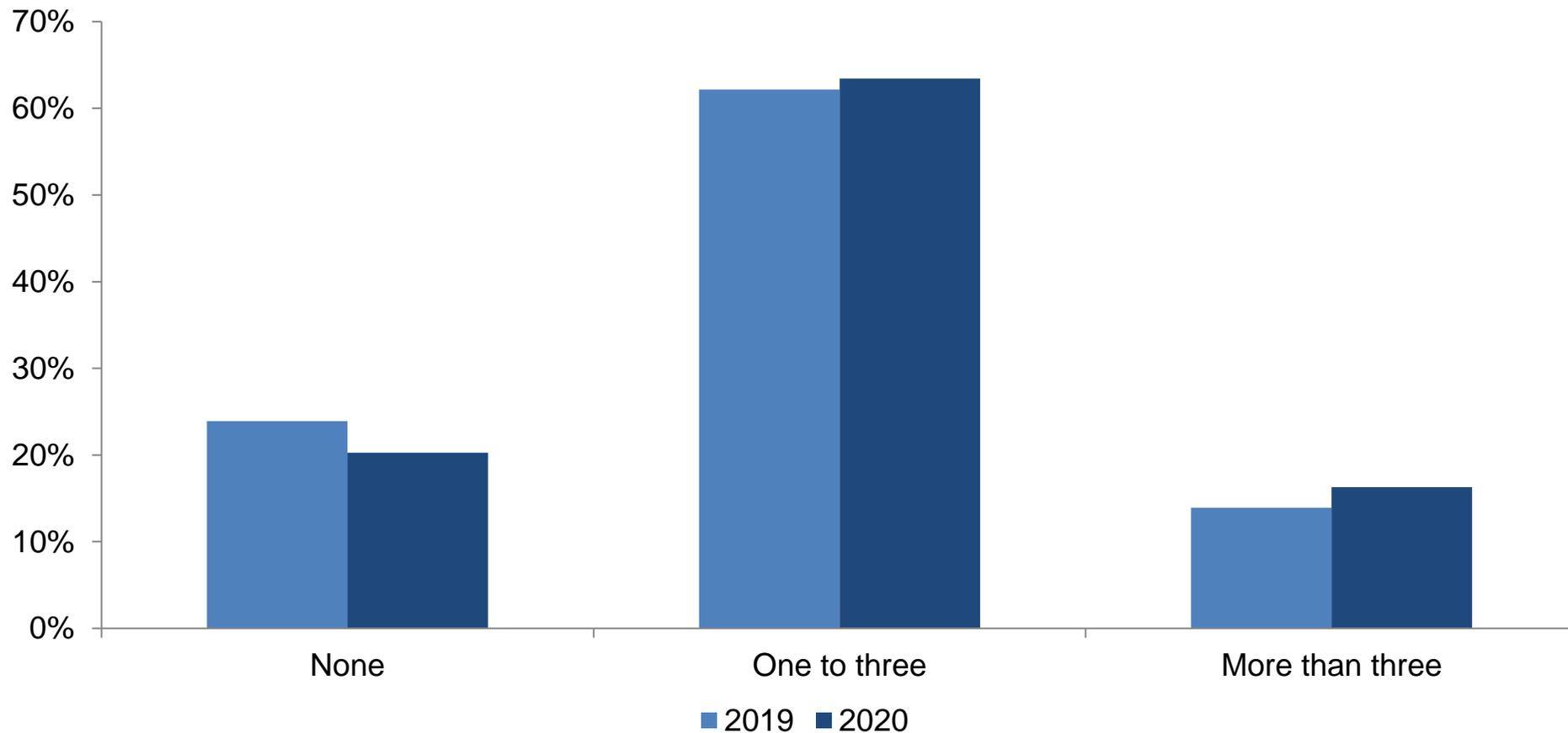
Who we surveyed: This was an informal survey of Veritas clients and associates and it was our second survey of its kind. It therefore is not a statistically significant survey, but did convey some meaningful results.



Survey Results



Question 1: How many residential real estate investment properties do you own?

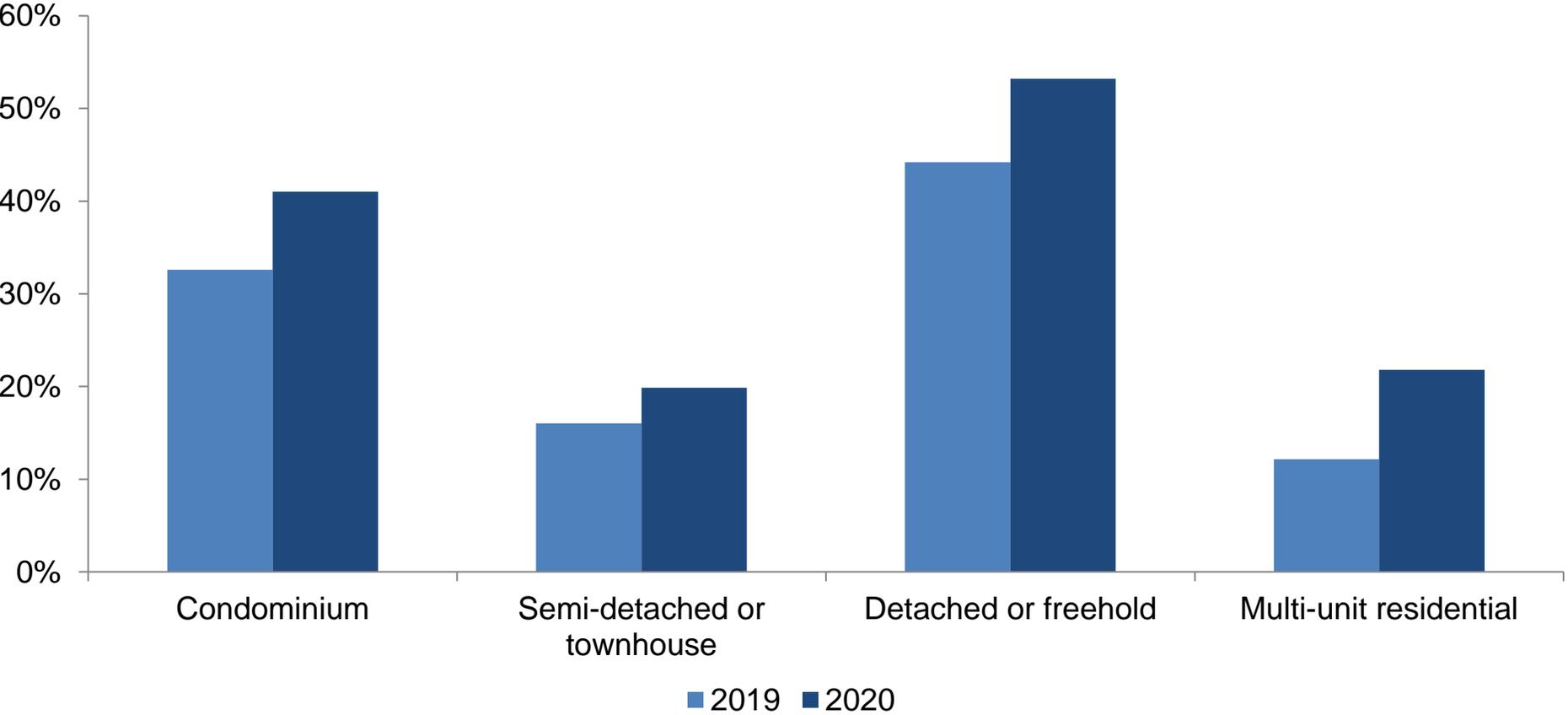


Most real estate investors own 1 to 3 properties

Source: Veritas



Question 2: What type of investment property do you own?

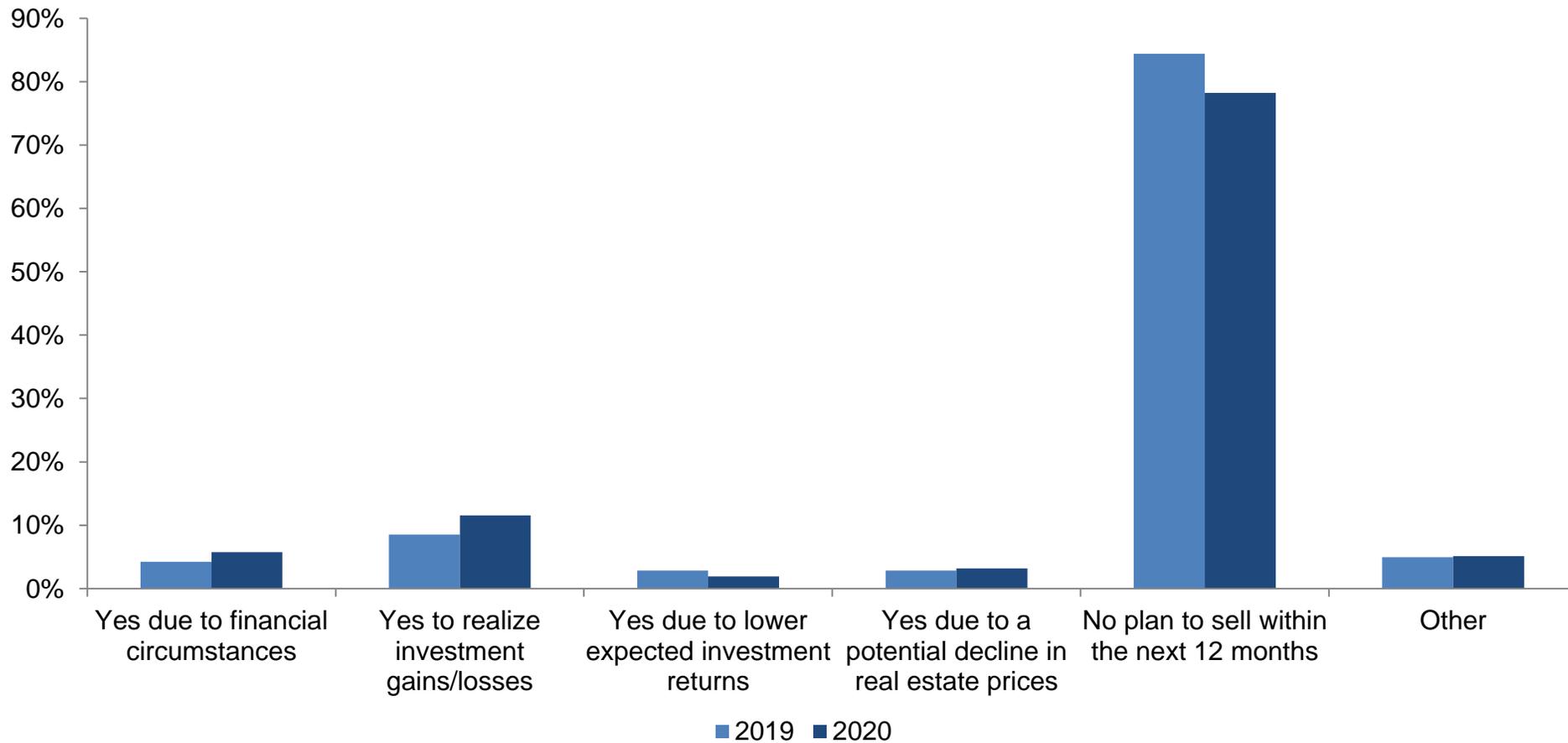


Detached and condo units make up majority of investment properties

Source: Veritas



Question 3: Do you plan to sell one or more investment properties within the next 12 months?

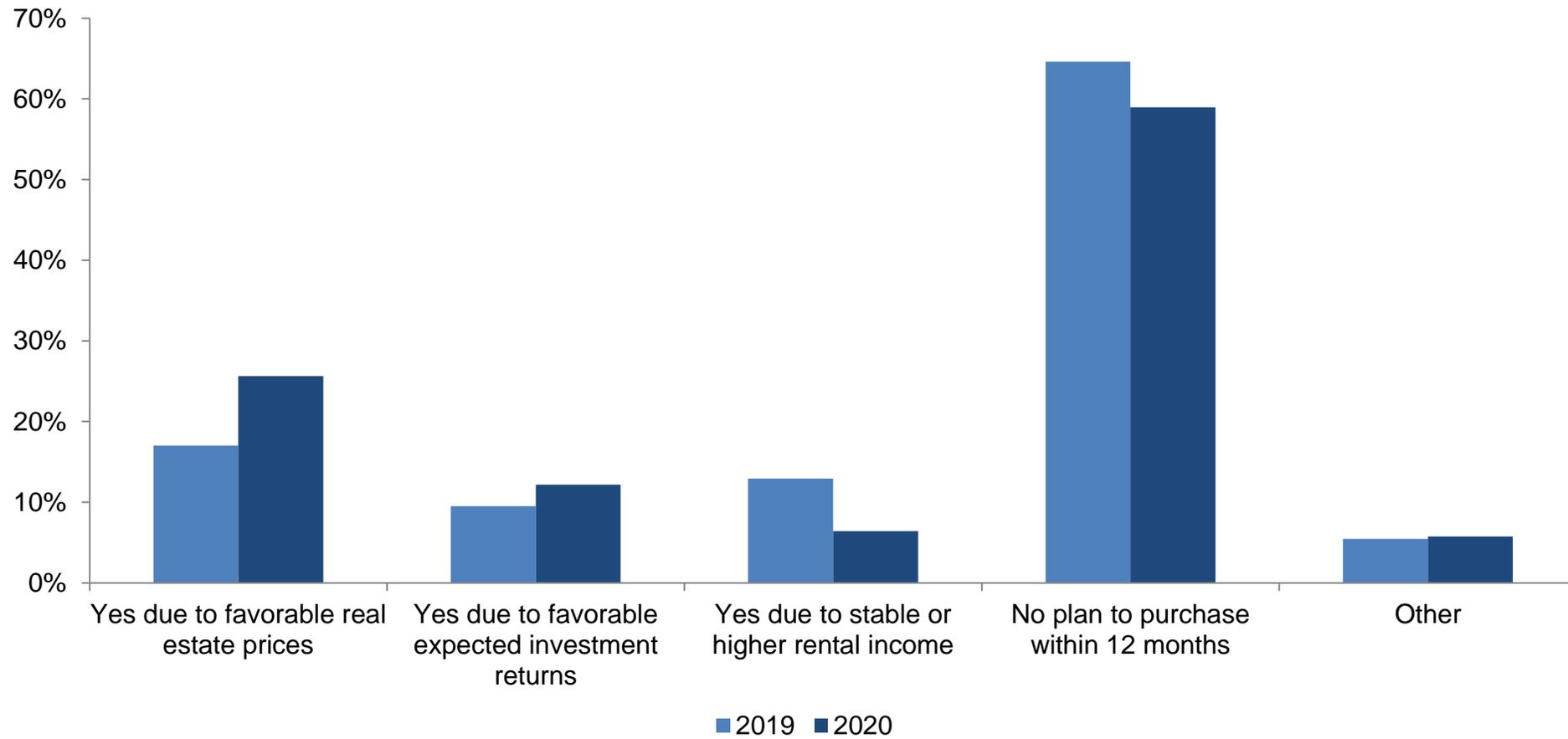


Investors planning to sell their investment property increased YoY

Source: Veritas



Question 4: Do you plan to purchase one or more investment properties within the next 12 months?

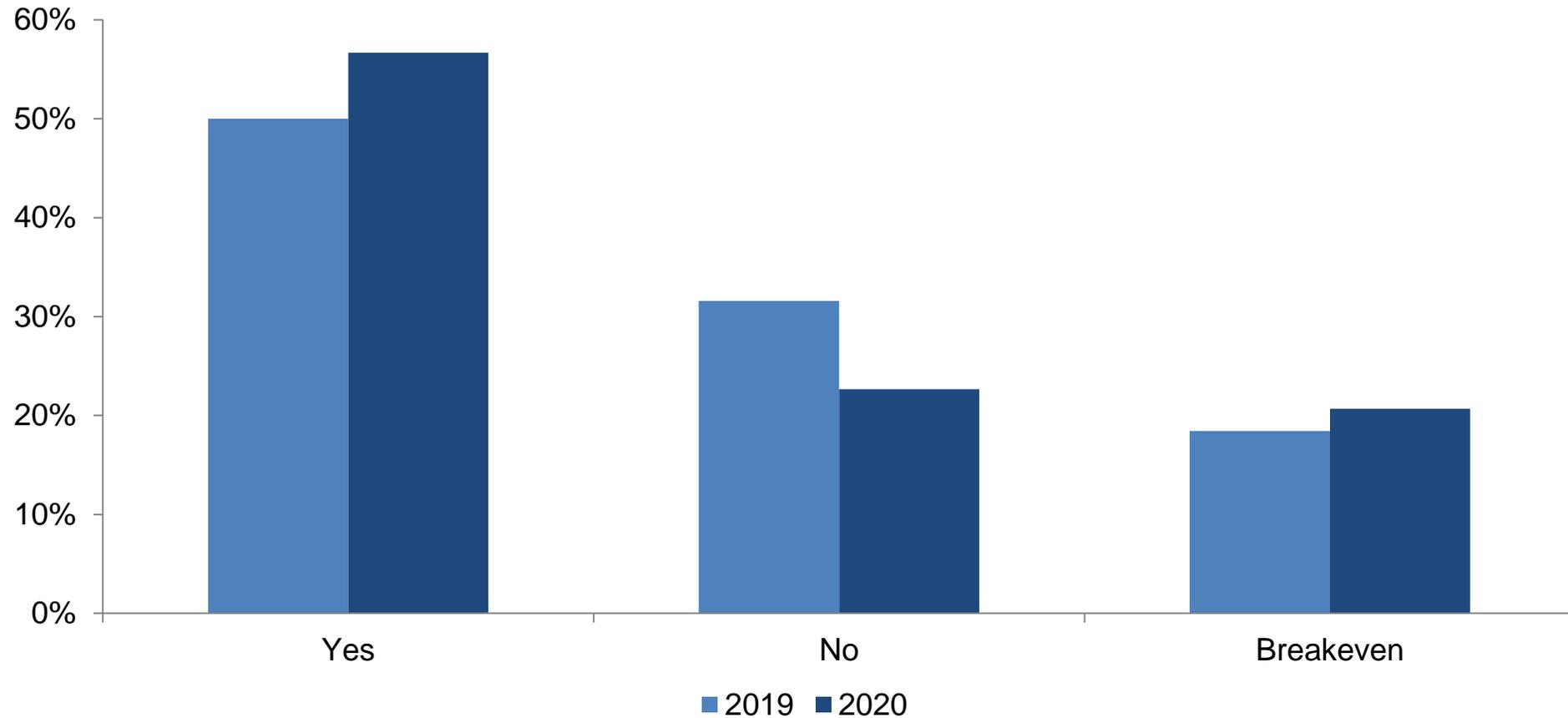


Investors planning to purchase an investment property has also increased YoY

Source: Veritas



Question 5: Do your investment properties generate positive cash flow net of all expenses?



More real estate investors are cash flow positive or breakeven

Source: Veritas



Takeaways from our Real Estate Investor Survey

The good: Fewer real estate investors are experiencing negative cash flows from real estate investment properties.

The yellow flag: A higher portion of real estate investors are looking to sell their investment properties.

What this means for the big picture: With more real estate investors planning to sell their properties, supply needs to be absorbed by new buyers. However, real estate investors looking to buy are expecting favorable purchase prices. A price gap between potential sellers and buyers could lead to a correction in real estate categories with a higher concentration of investment properties.

Where could we see a future supply shock come from? In our view, two main sources of potential supply are on the horizon; the first from properties tied to mortgage deferrals that are experiencing financial hardship and the second from real estate investors planning to sell due to a softening rental market.



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