

Dominant Real Estate Home Buying Companies Hit Hard By Housing Market: Cash Home Buyers Are Dead

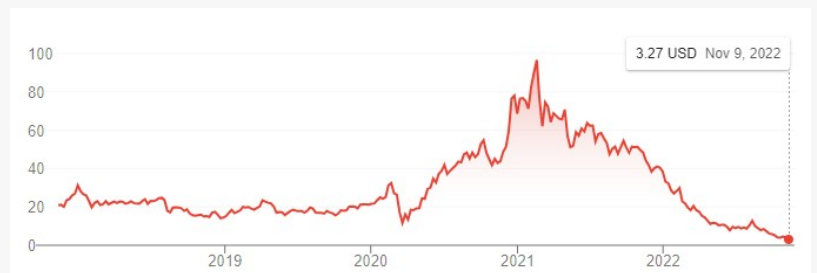
Household names like Zillow and Redfin have seen stock prices plummet amid the looming housing crisis. Where is the real estate market headed for cash buyers?

DENVER, CO, UNITED STATES,
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EINPresswire.com/ -- Institutional cash home buyers like Zillow and Redfin have shown bigger is not always better in housing markets favored by real estate investors like Denver, CO, San Diego, California, and Indianapolis, Indiana. Over the past 18 months, we have witnessed an unprecedented decline in stock prices. Despite this, smaller home-buying companies are excited at the opportunities arising in the changing real estate markets across the country.



cash-home-buyers-and-property-buyers-near-me



home-buying-company-we-still-have-cash-to-buy-your-house

Are cash home buyers a thing of the past? Is paying cash for houses not viable in a down market?

Small and large companies that buy houses for cash combined to gobble up over 30% of the homes sold in July 2022. While Zillow had announced they were exiting the cash buying, fix and flip business, Redfin had not yet pulled the plug. It wasn't until October 2022 that Redfin finally announced they were relinquishing their fixer-upper business.

Many seasoned real estate investors believe the record number of homes bought for cash resulted from rising inflation and mortgage interest rates. "As the federal reserve increased interest rates, it has had the desired effect by slowing down, and even reversing the appreciation of real estate prices in some cities, like Denver, CO stated Shaun Martin, a [Denver cash home](#)

[buyer](#), who continued, "And an unexpected result is people needing to sell their homes have been increasingly reaching out to cash home buyers like me because they can sell their home without making repairs which is a lot less risky and cash-intensive because there are no upfront costs which, in a down market, can make for a lot less risk, especially in a real estate market that was inflated such as Denver, CO."

"Interest and mortgage rates are good reasons for cash buyers taking up more of the market. But we see that just because you pay cash for houses doesn't make you infallible to a downturn in house prices," said Shaun Martin of WeBuyHousesInDenver.org.

Over the past 18 months, Zillow has dropped from \$200 a share to \$31. Redfin has feared worse with a more significant percentage drop. Redfin dropped from \$100 to \$3.27 a share on November 9th, 2022. What's next for cash home buyers? Are cash home buyers dead?

"When institutional investors like Zillow and Redfin fail, it can seem that paying cash for houses is a thing of the past," said Jon Sanborn, a real estate investor and cash buyer in San Diego, CA, who continued, "These massive companies were not able to stay ahead of market conditions and didn't account for local market conditions and costs, for example, it would seem their algorithms didn't account for things like [closing costs](#) in San Diego California compared to closing costs in Philadelphia, PA or Denver Colorado all of which have different levels of closing costs because of local government, insurance, property taxes, and other line items found on a settlement statement that absolutely must be considered and accounted for as closing costs."

"[Real estate investing](#) is multi-dimensional and is not one algorithm-fits-all situation," continued Jon, "and because of this, we are seeing smaller, local companies that buy houses for cash, starting to take the market back because they can offer sellers a solution that is tailored to local market conditions, something I would certainly look for if I needed to sell my house fast so that I could maximize the amount of money I walked away with after closing."

CONCLUSION:

Large cash buyers have not been able to compete with local home-buying companies. Specialized home buyers that are laser-focused on individual markets seem poised to take back control.

Local home buyers can offer an individualized cash offer that can account for the quickly changing housing markets in cities such as San Diego, CA, Denver, CO, and Philadelphia, PA. 2023 looks like a shake-up for the entire real estate industry as mortgage rates and the federal reserve continue to battle inflation.

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