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Cash Sales Continue Year-over-Year Retreat

The level of cash sales remains high in several states, mostly those also still experiencing a high level of **foreclosures**. CoreLogic said on Tuesday however that on a national basis the level of those sales has now fallen to the lowest percentage since July 2008.

Cash sales made up **31.9 percent** of total home sales in May 2015, down from 35.1 percent in May 2014 and continuing a 29 month streak of year-over-year decreases dating back to January 2013. Month over month, the cash sales share fell by 1.7 percentage points. According to CoreLogic seasonality in the housing market means that comparisons should be made on a year-over-year basis.

The national share of cash sales is **highest** for sales of lender-owned real estate (REO), accounting for 56.1 percent of those sales and reflecting the high level of investor involvement in that sector. REO represents a shrinking portion of the overall home market, only 6.4 percent in May, and thus has a lessening impact on the total cash percentage. When cash transactions peaked at 46.5 percent of sales in January 2011 REO sales made up 23.8 percent of the market.

Resales had the second highest share of cash sales at 14.7 percent. Resales typically make up the **majority** of home sales (about 82 percent in May 2015), and therefore have the biggest impact on the total cash sales share. About 30.1 percent of short sales, which have a very small market presence were all cash as were just under 15 percent of new home purchases.

National Average Mortgage Rates



| | Rate | Change | Points |
|--------------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 6.87% | -0.02 | 0.00 |
| 15 Yr. Fixed | 6.32% | -0.01 | 0.00 |
| 30 Yr. FHA | 6.33% | 0.00 | 0.00 |
| 30 Yr. Jumbo | 7.05% | 0.00 | 0.00 |
| 5/1 ARM | 6.59% | +0.01 | 0.00 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.77% | -0.09 | 0.00 |
| 15 Yr. Fixed | 6.05% | -0.11 | 0.00 |
| Mortgage Bankers Assoc. | | | |
| 30 Yr. Fixed | 7.00% | -0.03 | 0.60 |
| 15 Yr. Fixed | 6.63% | +0.07 | 0.61 |
| 30 Yr. FHA | 6.87% | -0.03 | 0.92 |
| 30 Yr. Jumbo | 7.13% | +0.02 | 0.38 |
| 5/1 ARM | 6.22% | -0.16 | 0.60 |

Rates as of: 7/23

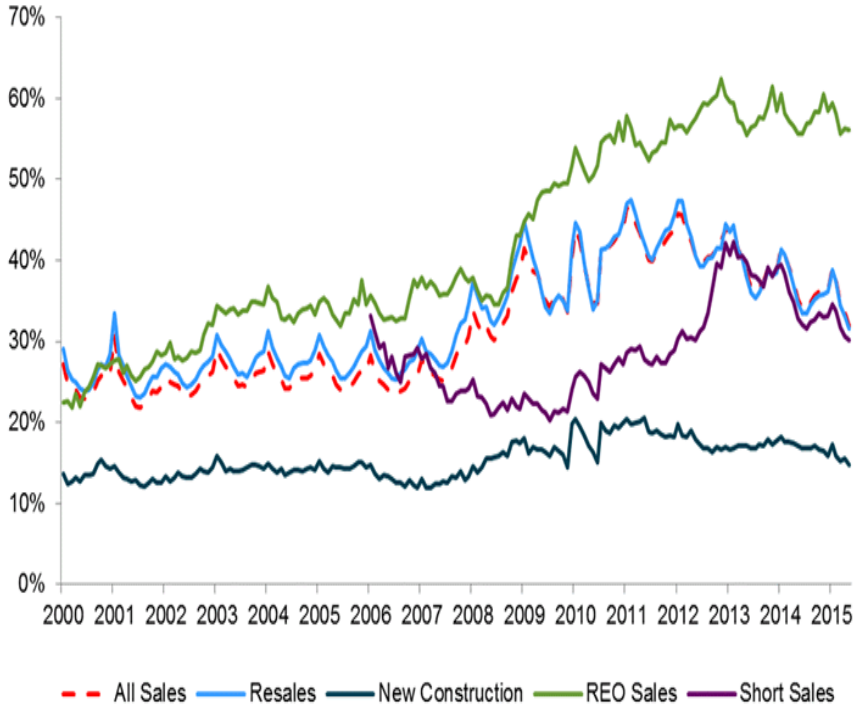
Recent Housing Data

| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Jul 10 | 206.1 | -0.19% |
| Building Permits | Mar | 1.46M | -3.95% |
| Housing Starts | Mar | 1.32M | -13.15% |
| New Home Sales | Mar | 693K | +4.68% |
| Pending Home Sales | Feb | 75.6 | +1.75% |
| Existing Home Sales | Feb | 3.97M | -0.75% |

| | | Value | Change |
|--------------------|-----|-------|--------|
| Builder Confidence | Mar | 51 | +6.25% |

Figure 1: Cash Sales Share by Sale Type

Cash Sales Percent



Source: CoreLogic: May 2015

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CoreLogic said if the cash transaction share continues to drop at the same rate it did in May it should return to its pre-housing crisis level by **mid-2017**. Prior to the crisis cash sales typically had about a 25 percent share.

The largest cash sale share was in **Florida** at 47.8 percent. The state remains at or near the top in the number of properties in foreclosure. It was followed by **New York** with a cash share of 45.8 percent and New Jersey at 45.8 percent. Both states are also ranked in the top five for distressed properties as is Michigan. It was fifth in cash sales at 38.4 percent. Alabama was number four at 44.2 percent.

Among the nation's largest 100 Core Based Statistical Areas (CBSAs) the **four of the top five** for cash sales in May were in Florida; West Palm Beach-Boca Raton-Delray Beach at 58.1 percent, Sarasota-Bradenton, (55.9 percent), and Cape Coral-Fort Myers (55 percent) and Detroit and Miami both with 54.6 percent shares.

Expert advice, exceptional customer service

I am a seasoned Mortgage Broker with over 20 years of experience and a proven track record of closing loans in a timely manner. My goal is to provide clients throughout California with the best possible financing solutions by leveraging my experience and extensive network of lending partners. My professional background includes managerial positions at EarthLink and Mattel.

Previously I was a professional musician in Los Angeles having worked on numerous studio sessions and with Doc Severinsen and The Tonight Show Band. I have an MBA from the University of Southern California and a Bachelor's Degree from the Eastman School of Music in Rochester, NY.

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