

Central Valley Business Times



Cash sales accounted for 31 percent of all home sales in June

IRVINE

September 29, 2015 5:25am



- Central Valley cash sales decrease year over year
- Cash sales share peaked in January 2011



When it comes to home sales, the adage “show me the money” still applies as sales for cash made up 31.3 percent of total home sales in June, according to a new report Wednesday from financial information company CoreLogic Inc. (NYSE: CLGX) of Irvine.



But that’s down from 33.9 percent in June 2014. The year-over-year share has fallen each month since January 2013. Month over month, the cash sales share fell by 0.7 percentage points in June compared with May, says CoreLogic.

Due to seasonality in the housing market, cash sales share comparisons should be made on a year-over-year basis, the report notes.

The cash sales share peaked in January 2011 when cash transactions made up 46.5 percent of total home sales nationally. Prior to the housing crisis, the cash sales share of total home sales averaged approximately 25 percent. If the cash sales share continues to fall at the same rate it did in June 2015, the share should hit 25 percent by mid-2017.

Here’s how CoreLogic sees cash sales for June in selected Central Valley markets:

• Cash Sales in Fresno Down

The cash sales share in Fresno was down for the month of June over the same period last year and sits at 21.7 percent, a 4.8 percentage point decrease compared with June 2014. The cash sales share in Fresno was lower than the 31.3 percent national rate.

• Cash Sales in Metro Sacramento Down

The cash sales share in metropolitan Sacramento, which includes the city of Roseville and the unincorporated county area known as Arden-Arcade was down for the month of June over the same period last year and sits at 21.8 percent, a 2.9 percentage point decrease compared with June 2014. The cash sales share in metro Sacramento was lower than the 31.3 percent national rate.

• Cash Sales in Bakersfield Down

The cash sales share in Bakersfield was down for the month of June over the same period last year and sits at 24.7 percent, a 1.3 percentage point decrease compared with June 2014. The cash sales share in Bakersfield was lower than the 31.3 percent national rate.

CoreLogic reports for other Central Valley markets were not immediately available.

Real estate-owned (REO) sales had the largest cash sales share in June at 57 percent and was the only sales category to see a year-over-year increase in the cash sales share. Resales had the next highest cash sales share at 30.8 percent, followed by short sales (28.7 percent) and newly constructed homes (15.6 percent).

While the percentage of REO sales that were all-cash transactions remained high, REO transactions made up only 6 percent of all sales in June. In January 2011 when the cash sales share was at its peak, REO sales made up 23.8 percent of total home sales. Resales typically make up the majority of home sales (about 83 percent in June) and therefore have the biggest impact on the total cash sales share.

New York had the largest share of any state at 47 percent, followed by Florida (45.8 percent), Alabama (44.8 percent), New Jersey (40.7 percent) and Oklahoma (39.6 percent).

Of the nation's largest 100 Core Based Statistical Areas (CBSAs) measured by population, West Palm Beach-Boca Raton-Delray Beach, Fla. had the highest cash sales share at 55.5 percent, followed by Philadelphia, Pa. (55.1 percent), North Port-Sarasota-Bradenton, Fla. (54.5 percent), Miami-Miami Beach-Kendall, Fla. (53.5 percent) and Detroit-Dearborn-Livonia, Mich. (52.9 percent). Washington-Arlington-Alexandria, D.C.-Va.-Md. had the lowest cash sales share at 13.4 percent.



Copyright ©2015 Central Valley Business Times
No content may be reused without written permission.
An online unit of BizGnus, Inc.
All rights reserved.