

## ALL-CASH SHARE OF U.S. RESIDENTIAL SALES REACHES NEW HIGH IN FIRST QUARTER EVEN AS INSTITUTIONAL INVESTOR SHARE OF SALES DROPS TO LOWEST LEVEL SINCE Q1 2012

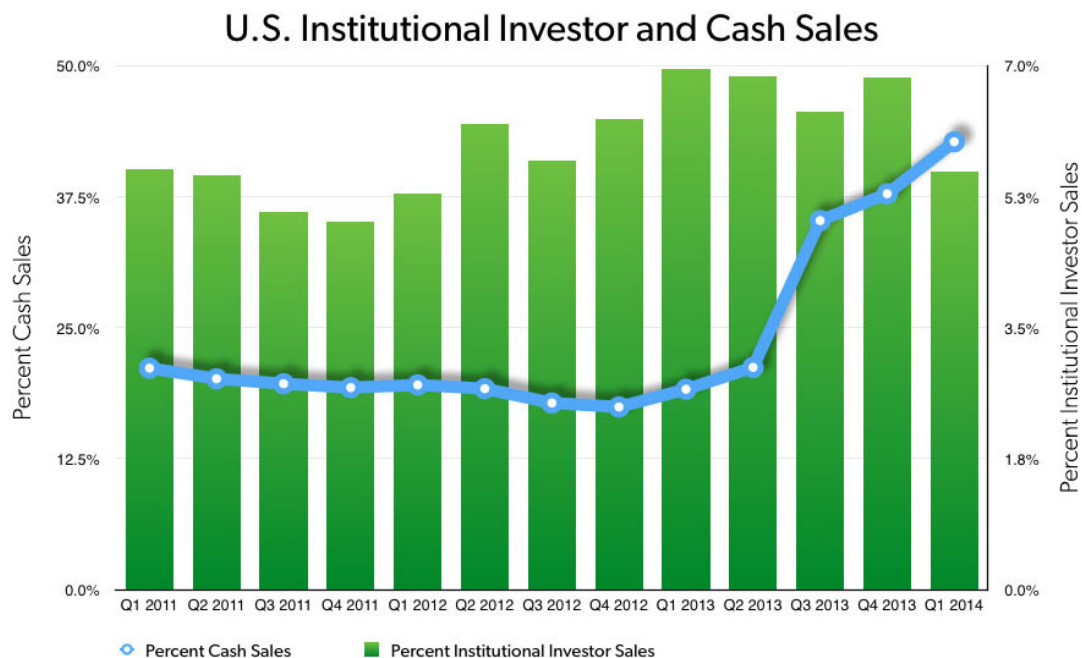
May 5, 2014  
By RealtyTrac Staff

*All-Cash Purchases Climb to 42.7 Percent of All Sales in First Quarter; Institutional Investor Share Increases Annually in Dallas, Miami, Atlanta, Las Vegas*

IRVINE, Calif. - May 8, 2014 — RealtyTrac® ([www.realtytrac.com](http://www.realtytrac.com)), the nation's leading source for comprehensive housing data, today released its Q1 2014 U.S. Institutional Investor & Cash Sales Report, which shows the share of all-cash sales reached a new high in the first quarter even as the share of institutional investor purchases dropped to the lowest level since the first quarter of 2012.

The report shows 42.7 percent of all U.S. residential property sales in the first quarter were all-cash purchases, up from 37.8 percent in the previous quarter and up from 19.1 percent in the first quarter of 2013 to the highest level since RealtyTrac began tracking all-cash purchases in the first quarter of 2011.

Institutional investors — entities that have purchased at least 10 properties in a calendar year — accounted for 5.6 percent of all U.S. residential sales in the first quarter, down from 6.8 percent in the fourth quarter of 2013 and down from 7.0 percent in the first quarter of 2013 to the lowest level since the first quarter of 2012.



“Strict lending standards combined with low inventory continue to give the advantage to investors and other cash buyers in this housing market,” said Daren Blomquist, vice president at RealtyTrac. “The good news is that as institutional investors pull back their purchasing in many markets across the country, there is still strong demand from other cash buyers – including individual investors, second-home buyers and even owner-occupant buyers – to fill the vacuum of demand left by institutional investors.

“While the institutional investor purchase share declined in the first quarter in 18 of the top 20 markets for institutional investor share a year ago, home prices continued to appreciate in most of those markets, albeit at a slower pace in many cases,” Blomquist continued. “There are a couple notable exceptions that could be cause for concern: Jacksonville, Fla., where the institutional investor share of purchases was down to 13.5 percent in the first quarter compared to 18 percent a year ago and where median home prices decreased 1 percent from a year ago in March after 15 consecutive months of annual increases; and Greensboro, N.C., where the institutional investor of purchases was down to 6.4 percent in the first quarter compared to 10 percent a year ago and where median home prices decreased 8 percent from a year ago in March following 14 of 16 months where median home prices increased annually.”

#### **Cash sales more than half of all sales in Miami, New York, Detroit, Atlanta, Las Vegas**

Among metropolitan statistical areas with a population of at least 500,000, those with the top five highest percentages of cash sales were all in Florida: Cape Coral-Fort Myers, (73.6 percent), Miami (67.1 percent), Sarasota, (65.1 percent), Palm Bay, (64.1 percent), and Lakeland, (61.8 percent).

Other major metro areas with more than 50 percent all-cash sales included New York (57.0 percent), Columbia, S.C., (56.1 percent), Memphis (54.9 percent), Detroit (53.5 percent), Atlanta (53.2 percent) and Las Vegas (52.2 percent).

“The cash buyer segment of the Northern Nevada housing market is very strong. More than 50 percent of transactions in our Reno office were cash sales. High-end home sales are strong as well, and we typically see a higher percentage of those buyers purchase with cash,” said Craig King, COO of [Chase International](#), covering the Lake Tahoe and Reno, Nev., markets. “As the level of inventory dwindles in the price points sought after by investors, so do the number of institutional investor sales. We continue to see a strong interest from investors, but the inventory to support the demand just isn’t there.”

“The Ohio housing market is experiencing low available inventory, which has created heightened competition amongst investors positioning for investment purchases on an institutional and individual basis,” said Michael Mahon, executive vice president/broker at [HER Realtors](#), covering the Cincinnati, Columbus and Dayton, Ohio, markets. “Due to this heightened competition, we have equally noticed an increase in cash sales during the first quarter of 2014, as a negotiation tactic in capturing

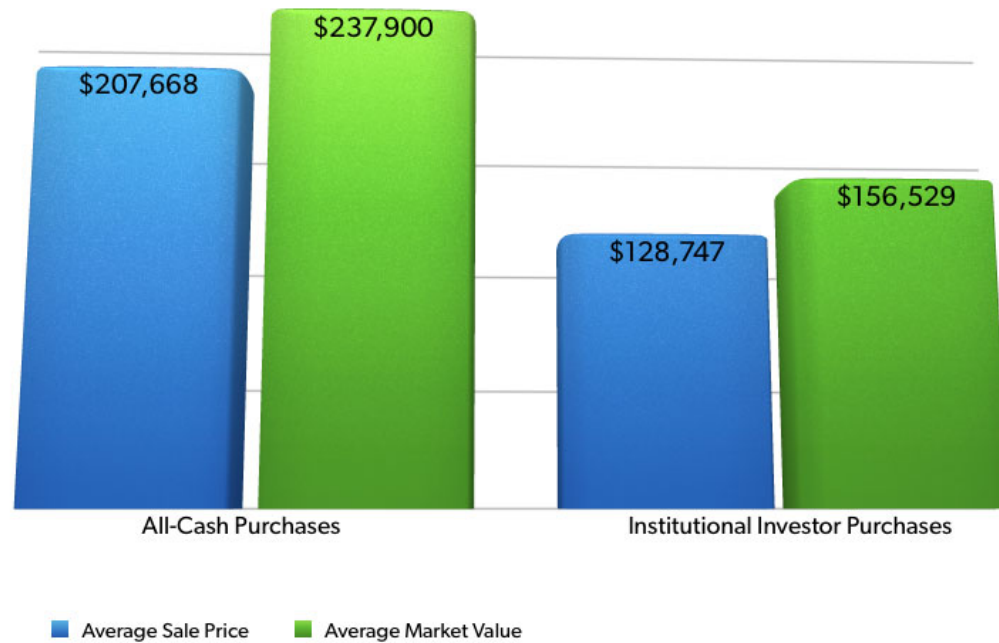
inventory on more advantageous pricing terms. Institutional investors maintained their active roles in purchasing Ohio housing inventory, contributing to increases in equity and property values across the state."

"We are noticing an increase in cash purchases in the Denver market because buyers are not seeing strong alternatives for cash investments, so real estate has become a safe haven for investing," said Greg Smith, broker owner at [RE/MAX Alliance](#), **covering the Denver, Colo. market**. "We are also seeing an increase due to the competitive market where cash offers are winning the bidding wars."

Other high-level findings from cash purchases data:

- 15 percent of all-cash purchases in the first quarter were properties in the foreclosure process, and 10 percent were bank-owned properties.
- 11 percent of all-cash purchases in the first quarter were to institutional investors, investors buying at least 10 properties in a calendar year.
- 52 percent of all-cash purchases in March (most recent month's data only available for this metric) were sold to buyers with a different mailing address than the property address — indicating investors or second-home buyers. That compares to 34 percent of all sales — cash and financed — sold to investors or second-home buyers in March.
- The average sales price of an all-cash purchase in the first quarter was \$207,668 — 13 percent below the average estimated full market value of the properties that were purchased: \$237,900.

## Institutional Investor & Cash Sales Discounts



**Institutional investor share up in San Francisco, Dallas, Miami, Atlanta, Las Vegas**  
Among metropolitan statistical areas with a population of at least 500,000, those with the biggest annual increase in share of institutional investor purchases were Baton Rouge, La., (up 131 percent), San Francisco (up 92 percent), McAllen, Texas (up 62 percent), Allentown, Pa., (up 49 percent), and Omaha, Neb., (up 49 percent).

Other major metro areas with an annual increase in the share of institutional investor purchases included Dallas-Fort Worth (up 45 percent), Miami (up 8 percent), Atlanta (up 38 percent), Minneapolis (up 8 percent), Tampa (up 17 percent), San Antonio (up 25 percent), and Las Vegas (up 24 percent).

Major metro areas with an annual decrease in the share of institutional investor purchases included New York (down 44 percent), Los Angeles (down 80 percent), Chicago (down 41 percent), Washington, D.C. (down 52 percent) and Phoenix (down 14 percent).

“Institutional investors have bought up much of the affordable inventory they are traditionally interested in, which explains the decrease in institutional investor sales,” said Chris Pollinger, senior vice president of sales at [First Team Real Estate](#), covering the Southern California market. “We are seeing a rise in foreign buyers purchasing high-end homes, which is contributing to the rise in all-cash purchases.

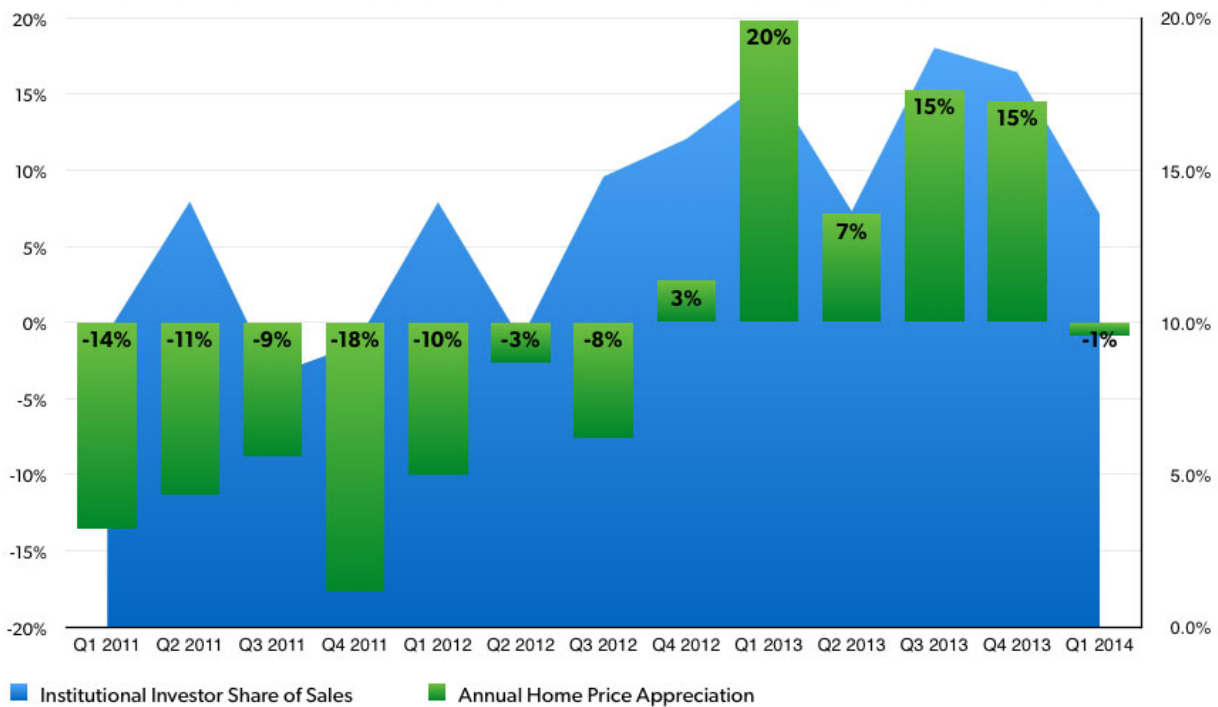
“Inventory shortages as well as lending regulations favor the all-cash buyer, which explains the increase in cash sales on both a national and local level,” Pollinger added.

“There just aren’t as many listings to satisfy the demands of institutional investors in the Oklahoma market. Listing inventory is down 50 percent in Oklahoma City from a year ago and down 20 percent in Tulsa,” said Sheldon Detrick, CEO of [Prudential Detrick/Alliance Realty](#), covering the Oklahoma City and Tulsa, Okla. markets — both of which saw an annual decrease in the share of institutional investor purchases in the first quarter. “So you have more investors chasing a much smaller pie, resulting in fewer institutional investor sales.”

Other high-level findings from institutional investor data:

- 84 percent of all institutional investor purchases were all-cash purchases in the first quarter.
- 35 percent of institutional investor purchases were properties built in 2000 or later, and 50 percent were built in 1990 or later.
- 30 percent of all institutional investor purchases were properties in the foreclosure process, and 15 percent were bank-owned properties.
- The average sales price of institutional investor purchases in the first quarter was \$128,747 — 18 percent below the average “after repair” estimated market value of the homes being purchased: \$156,529.

## Institutional Investors & Home Prices in Jacksonville, Fla.



### Report methodology

The RealtyTrac U.S. Institutional Investor & Cash Sales Report provides percentages of all sales that are sold to institutional investors and cash buyers, by state and metropolitan statistical area. Data is also available at the county and zip code level upon request. The data is derived from recorded sales deeds and loan data. Statistics for previous quarters are revised when each new quarterly report is issued as more deed data becomes available for those previous months.

### Definitions

*All-cash purchases:* sales where no loan is recorded at the time of sale and where RealtyTrac has coverage of loan data.

*Institutional investor purchases:* residential property sales to non-lending entities that purchased at least 10 properties in the last 12 months.

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### **About RealtyTrac**

RealtyTrac is a leading supplier of U.S. real estate data, with nationwide parcel-level records for more than 125 million U.S. parcels that include property characteristics, tax assessor data, sales and mortgage deed records, Automated Valuation Models (AVMs) and 20 million active and historical default, [foreclosure](#) auction and [bank-owned](#) properties. RealtyTrac's housing data and [foreclosure reports](#) are relied on by many federal government agencies, numerous state housing and banking departments, investment funds as well as millions of real estate professionals and consumers, to help evaluate housing trends and make informed decisions about real estate.

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