



Jeff Statz

Sr. Loan Officer, Statz Team

NMLS #36442

6226 Jeffers Drive Madison, WI 53719

Office: 608-572-7811

Mobile: 608-301-5112

Fax: 888-466-4068

jeff@statz.us

[View My Website](#)

A Message from Jeff Statz:

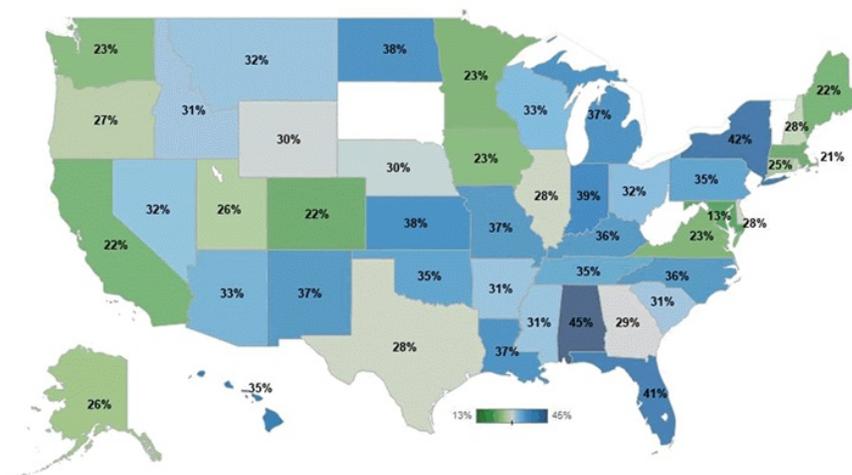
"Alabama with 44.9% of offers are cash."

Distressed Sales at Nine-Year Low

All-cash sales represented 31.1 of the total home sales recorded in August, according to a CoreLogic report on cash and distressed home sales. This was a **decline of 1.5 percentage points** from cash sales in August 2015. The company said that, if cash sales continue to decrease at the August rate, they should hit the pre-crisis rate of 25 percent by mid-2019.

Cash sales were **highest in Alabama** with a 44.9 percent share. Other states with elevated cash sales include New York (42 percent), Florida (40.9 percent), Indiana (38.6 percent) and Kansas (38 percent).

Figure 3: Cash Sales Share of Total Sales



Source: CoreLogic August 2016

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Cash transactions **peaked in January 2011** at 46.6 percent of all home sales, and at approximately the same time sales of lender-owned real estate typically made up around 27 percent of the home sales market. While cash still accounts for a large share of REO sales, 58.8 percent, those sales now have only a 4.6 percent share and have very little impact on overall cash statistics.

National Average Mortgage Rates



| | Rate | Change | Points |
|--------------------------------|-------|--------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 6.86% | -0.05 | 0.00 |
| 15 Yr. Fixed | 6.31% | -0.02 | 0.00 |
| 30 Yr. FHA | 6.32% | -0.06 | 0.00 |
| 30 Yr. Jumbo | 7.04% | -0.03 | 0.00 |
| 5/1 ARM | 6.53% | -0.02 | 0.00 |
| Freddie Mac | | | |
| 30 Yr. Fixed | 6.78% | -0.08 | 0.00 |
| 15 Yr. Fixed | 6.07% | -0.09 | 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: 7/26

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 | 51 | +6.25% |
| MBA | | |

Home resales make up the **largest share** of home sales and 31 percent of those sales were for cash, as were 29.1 percent of short sales, but that sector was so small as to have negligible impact on the total. Cash sales represented a 15.6 percent share of newly constructed home sales.

Figure 1: Cash Sales Share by Sale Type
Cash Sales Percent



Total distressed sales, including sales of **REO** are also down, a 7.3 percent total share with the remaining 2.7 percent being short sales. The REO share in August was the lowest for any month since August 2007 and the total distressed sales share was the lowest since September 2007. CoreLogic estimates that, at the current rate of decline, the distressed sales share will reach a "normal" rate of 2 percent by mid-2018.

All but eight states recorded a lower distressed sales shares in August 2016 than a year earlier. Maryland had the largest share of any state at 19.1 percent, followed by Connecticut (18.5 percent), Michigan (17.7 percent), New Jersey (15.9 percent) and Illinois (15.3 percent).

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