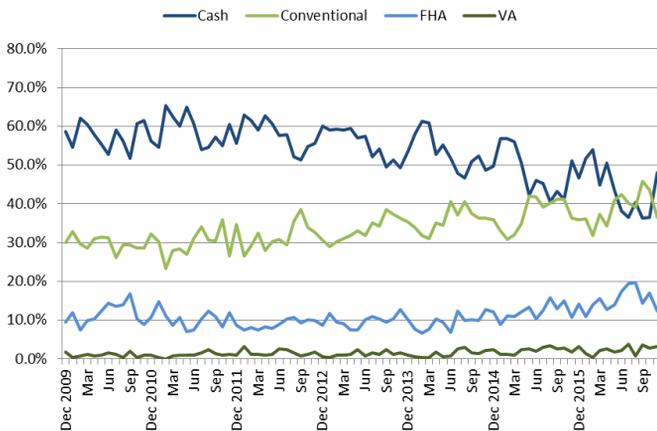


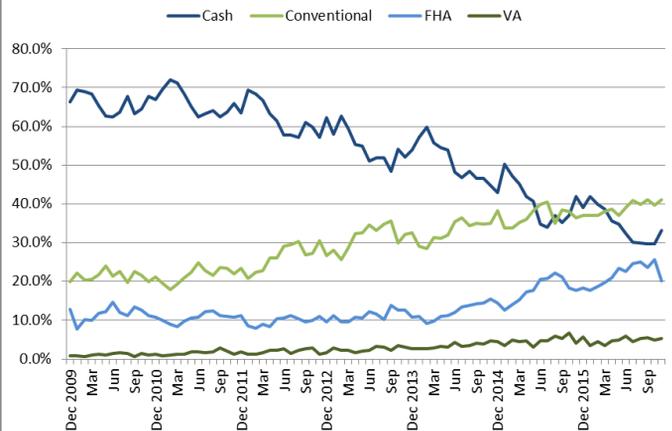


Residential Cash VS Financing

Collier County Percentage of Sales



Lee County Percentage of Sales



After the housing market crash, cash was king. With the prices of homes plummeting, it was the prime time to invest (if you weren't one of the many trying to stay above water, that is). In February of 2011, the percentage of cash sales for single-family homes reached its peak at 72.1% and 65.4% in Lee and Collier counties, respectively (statistics measured from December of 2009 to November of 2016 among cash, conventional, FHA and VA single-family home sales).

As our local markets began to recuperate, a decline in cash sales could be seen (particularly in Lee County) while other financing methods made a comeback; even though interest rates are creeping back up, so are prices, diminishing

cash investors. (See last month's [residential snapshot](#) for a study on the effect the 30-year fixed interest rate has on median sales price.) In Lee County, conventional loans have been the predominate form of financing since March of this year, meanwhile, FHA loans are closing the gap for second place, surpassing other financing types in the market for homes under \$250,000 across both counties. Compared to Lee County, there has been less of a gap between cash and conventional financing in Collier since December of 2009, but the gap has become increasingly narrower, and has crisscrossed several times, since May of last year. Furthermore, Collier hasn't seen as much of an uptick in FHA and VA loans as Lee

has, but this may be attributed to the fact that Lee contains more communities that accommodate working families and veterans (e.g., Cape Coral and Lehigh Acres).

Since December of 2009, the number of cash sales has decreased by roughly 84% for homes that were sold for less than \$250,000. In fact, each financing type observed has seen a decrease in the number of sales for that price range, except for VA loans. However, cash sales are the only financing type that saw a decrease during this timeframe for homes priced between \$250,000 and \$500,000, and it was a minimal 2%. Additionally, homes priced above \$500,000 have seen increases in both cash and conventional sales.

It is difficult to predict what the New Year will bring us, but as inventory in the lower price ranges decrease, so will our cash investors.

