

SalesType

An Analysis of Who's Buying Residential Homes in Tampa Bay
For All Residential Sales in Hillsborough, Pasco and Pinellas Counties Year To Date



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Who's Buying Residential Real Estate in Tampa Bay?

Home sales are up year to date. That's undeniable. Since the start of 2009, this increase in homes sales has been attributed to first time home buyers who have been enticed into the market by historically low prices, the greater availability of FHA loans, and the federal first-time-home-buyer tax credit.

Home Encounter set out to test the theory that first-time home buyers are the driving force behind the rebound in sales. The Tampa Bay MLS requires that Realtors report the terms of every sale brokered by a licensed real estate agent. So using Realtor-provided sales-term data for all sales year to date in Tampa Bay (Hillsborough, Pasco and Pinellas Counties), Home Encounter was able to estimate what kind of buyer is truly behind the increase in residential real estate sales. Our findings may surprise you....

Sale Terms (Type of Buyer)	% of All Sales	Average Sold Price/Sq.Ft	Average Sold Price	Average Down Payment Required (%)	Average Down Payment Required (\$)	Likely Buyer
All Cash	41.30%	\$78	\$121,400	100%	\$121,400	Investor, Owner Occupant (not first-time)
ARM	0.06%	\$118	\$198,608	15%	\$29,791	Undetermined
Assume Conventional	0.84%	\$120	\$247,205	30%	\$74,162	Owner Occupant (not first time buyer)
Assume FHA/VA	0.73%	\$101	\$160,512	3%	\$4,815	First Time Home Buyer
Assume Private	0.01%	\$115	\$135,000	15%	\$20,250	Undetermined
Balloon Mortgage	0.06%	\$145	\$232,253	15%	\$34,838	Undetermined
Combination	0.28%	\$155	\$431,600	30%	\$129,480	Owner Occupant (not first time buyer)
Deed Agreement	0.01%	\$43	\$80,000	100%	\$80,000	Undetermined
New Conventional	32.90%	\$115	\$232,269	30%	\$69,681	Owner Occupant (not first time buyer)
New FHA	17.87%	\$88	\$147,327	3%	\$4,420	First Time Home Buyer
New Private	0.87%	\$91	\$150,907	15%	\$22,636	Undetermined
New VA	4.25%	\$99	\$193,464	3%	\$5,804	First Time Home Buyer
Not Applicable	0.21%	\$108	\$257,777	15%	\$38,667	Undetermined
Other	0.61%	\$89	\$172,948	15%	\$25,942	Undetermined
Wrap-Around	0.01%	\$84	\$118,900	15%	\$17,835	Undetermined
Total	100%	\$94	\$168,737			

Conclusions

- 41.3% of all sales were cash sales with an average purchase price of \$121,400. It's unlikely that first time home buyers are represented in this group.
- Of the 15 defined sales terms, only 3 can be assumed to be controlled by first time home buyers (bolded in blue). This represents 22.8% of sales year to date.
- It is possible that a portion of conventionally-financed sales were purchased by first time home buyers, but given that the average down-payment required for a conventional loan was \$69,800 (30% of purchase price), and the average Tampa Bay household income is \$45,000, this seems unlikely.
- Even if we assume that half of all conventionally-financed sales were purchased by first time home buyers, first time home buyers would still represent no more than 40% of all buyers year to date.
- Although a National Association of Realtors (NAR) practitioner survey indicated that first-time home buyers accounted for 53% of transactions nationwide during the first quarter of 2009, home sales data in Tampa Bay suggests something different.
- The real driving force behind home sales in Tampa Bay is cash buyers and buyers who can afford to put down at least \$70,000. An unlikely proposition for first time buyers.