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Investors back in real estate

Survey finds all-cash deals increasing

By Stephanie Armour
USA Today

More home buyers are snapping up properties with cash, a trend driven in large part by investors returning to the market after four years of falling prices.

The share of home sales involving all-cash transactions was 26 percent in January, up from 18 percent a year earlier, according to the National Association of Realtors. The figures come from a survey of members. Many home buyers also are paying cash, but investors are largely using cash so they can avoid paying interest charges on loans and get a larger return.

Other NAR data also show a pickup in investment activity.

Home purchases made by buyers identified as investors climbed to 17 percent in January, up from 15 percent in December and 12 percent in November.

"We bottomed out in 2008, and in late 2009, prices stabilized and investors have returned," says Mark Fleming, chief economist at First American CoreLogic. "It's a different type of investor going after foreclosed properties and expecting to hold on for longer time frames."

Evan Spinrod of San Francisco bought three rental properties in November and February and now owns 21 in four states

market

The rent he collects gives him an 8.5 percent annual return on his investment.

"You can't build these houses for the prices they're selling them," he said.

Some investors say the current real estate market is an ideal time to buy because homes are so low priced, they are bound to hold their value.