



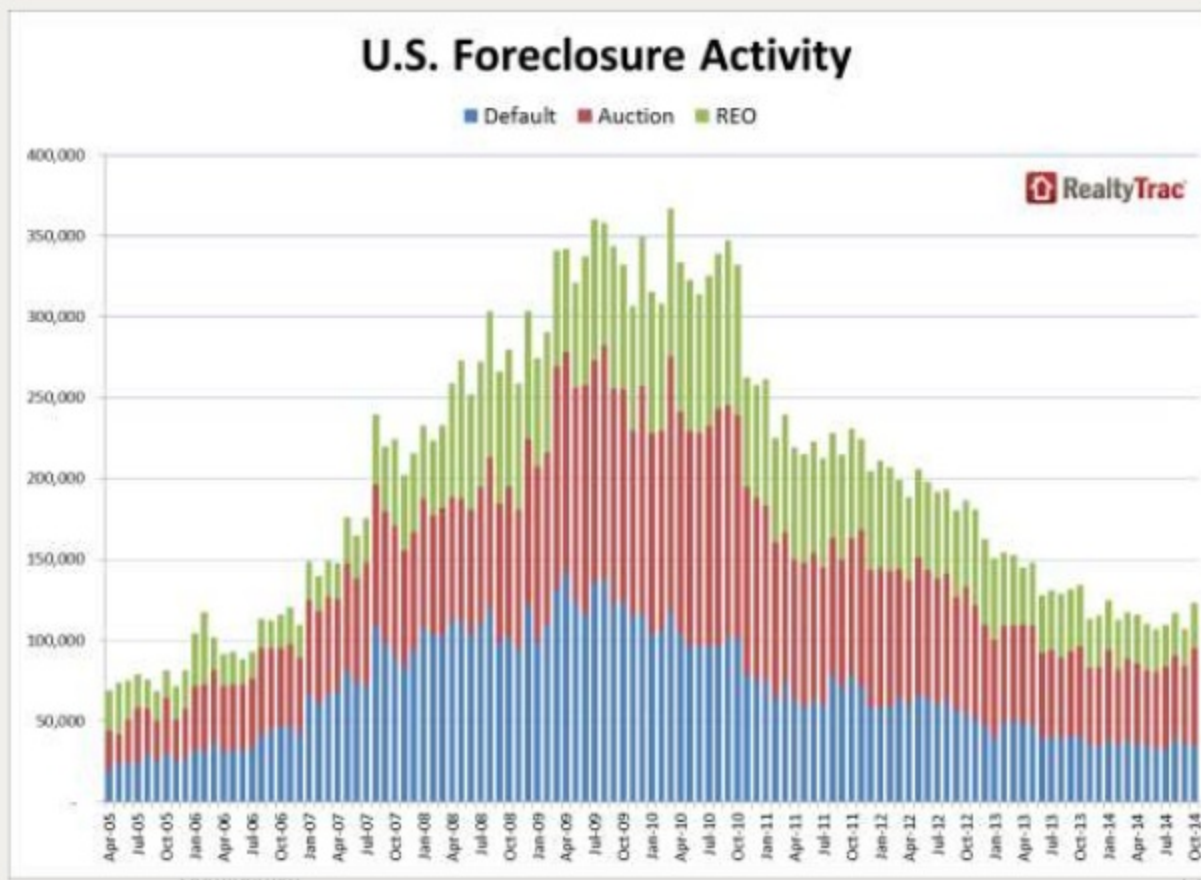
# Distressed Market Trends

# AGENDA

- Foreclosure trends
- Distressed sale trends
- Single family rentals and flipping
- Where are biggest discounts?
- Investor options for purchasing properties
- Buying with Auction.com

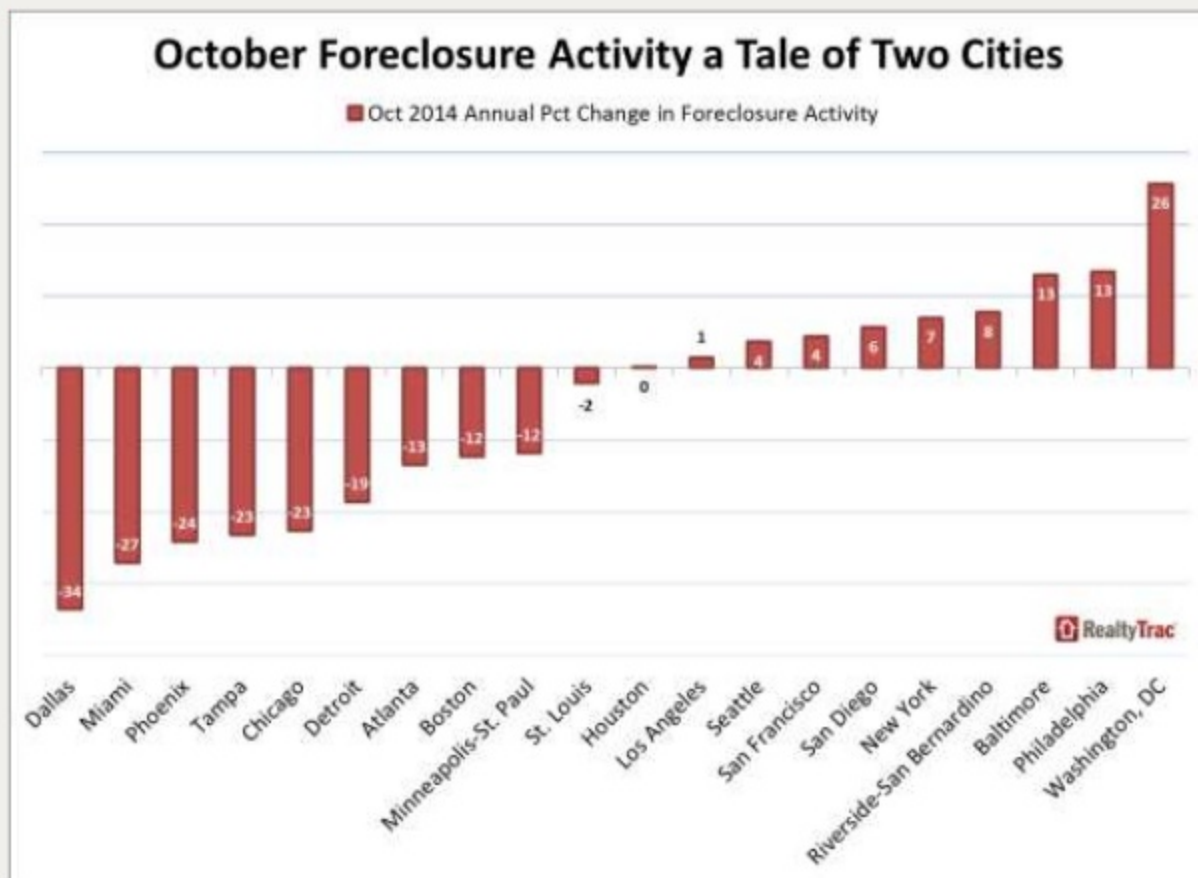
# Foreclosures Down

Overall foreclosure activity down from a year ago for 49<sup>th</sup> consecutive month in October, although there was a 15 percent monthly spike – the biggest monthly increase since foreclosure activity peaked in March 2010.



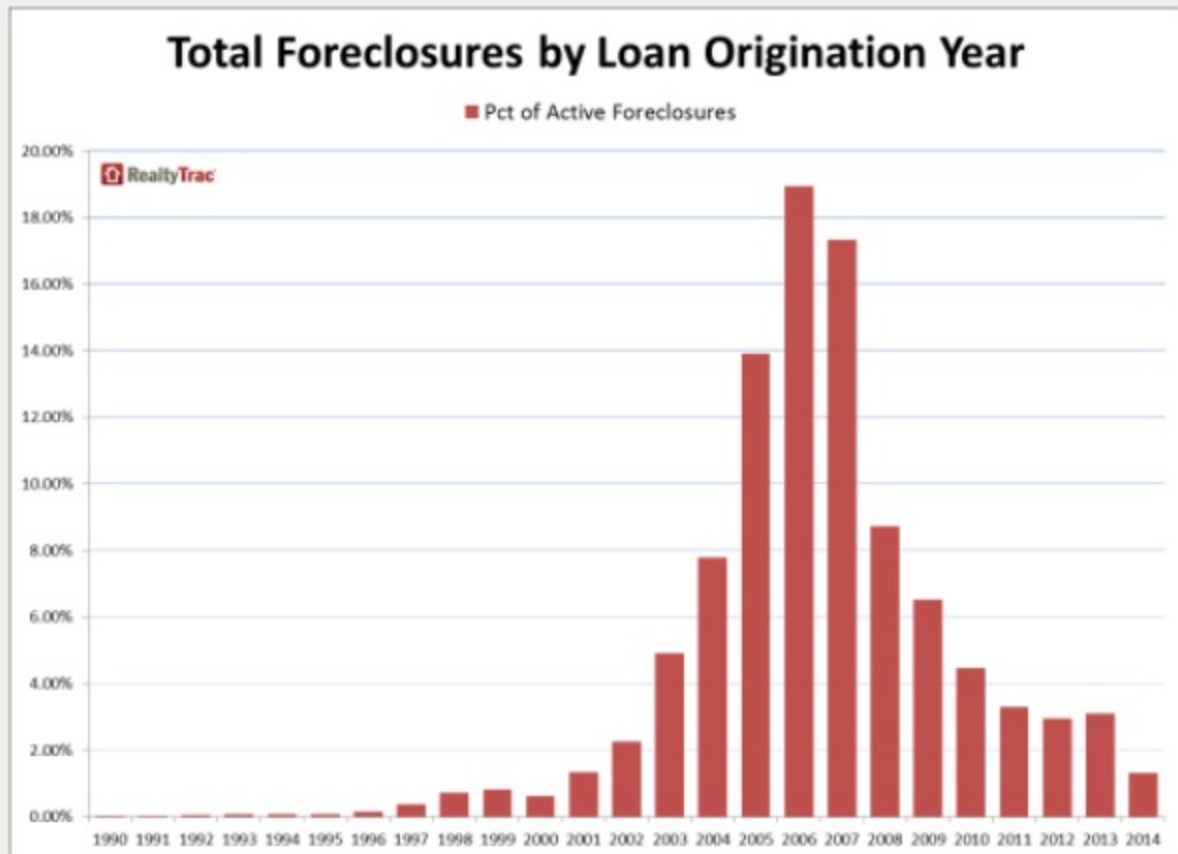
# But Not Out

Foreclosure activity was actually up from a year ago in 10 out of the 20 largest metro areas nationwide. Washington DC led the way with a 26 percent increase.



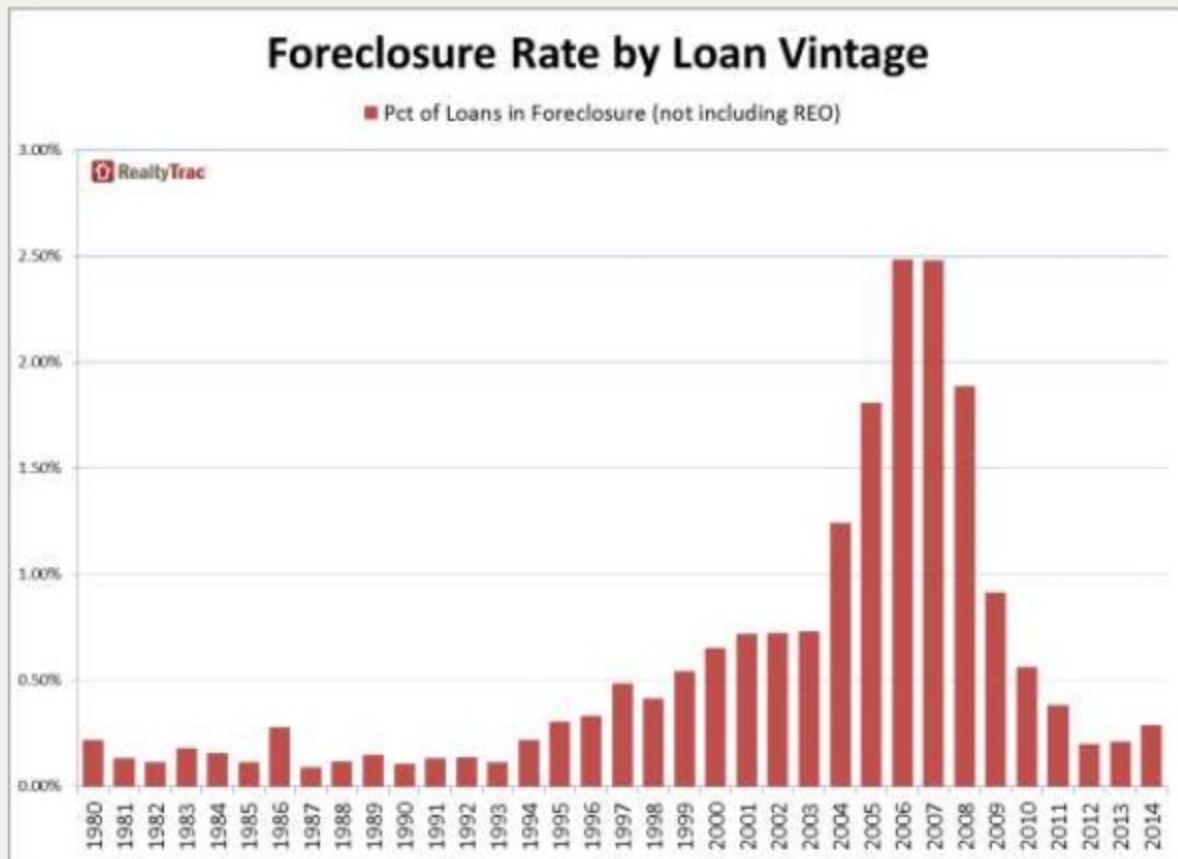
# Old Distress

- 78 percent of all loans in the foreclosure process were originated in 2008 or earlier.
- Two-thirds were originated between 2004 and 2008.



# But Wait!

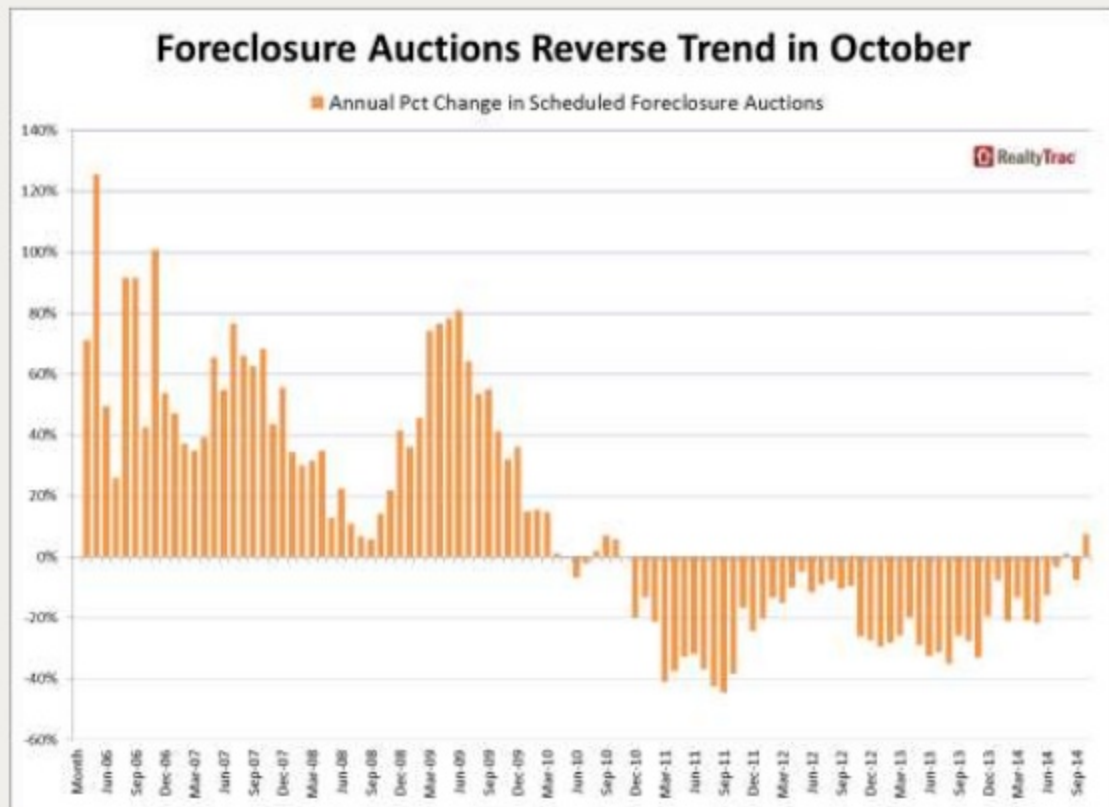
After five consecutive loan vintages with lower foreclosure rates between 2008 and 2012, foreclosure rates on the 2013 and 2014 loan vintages have increased – albeit slightly.





# Auctions Bucking Trend

Scheduled foreclosure auctions nationwide increased 1 percent annually in August after 44 consecutive months of decreases, and then increased again in October, 7 percent annually.



# Not just judicial

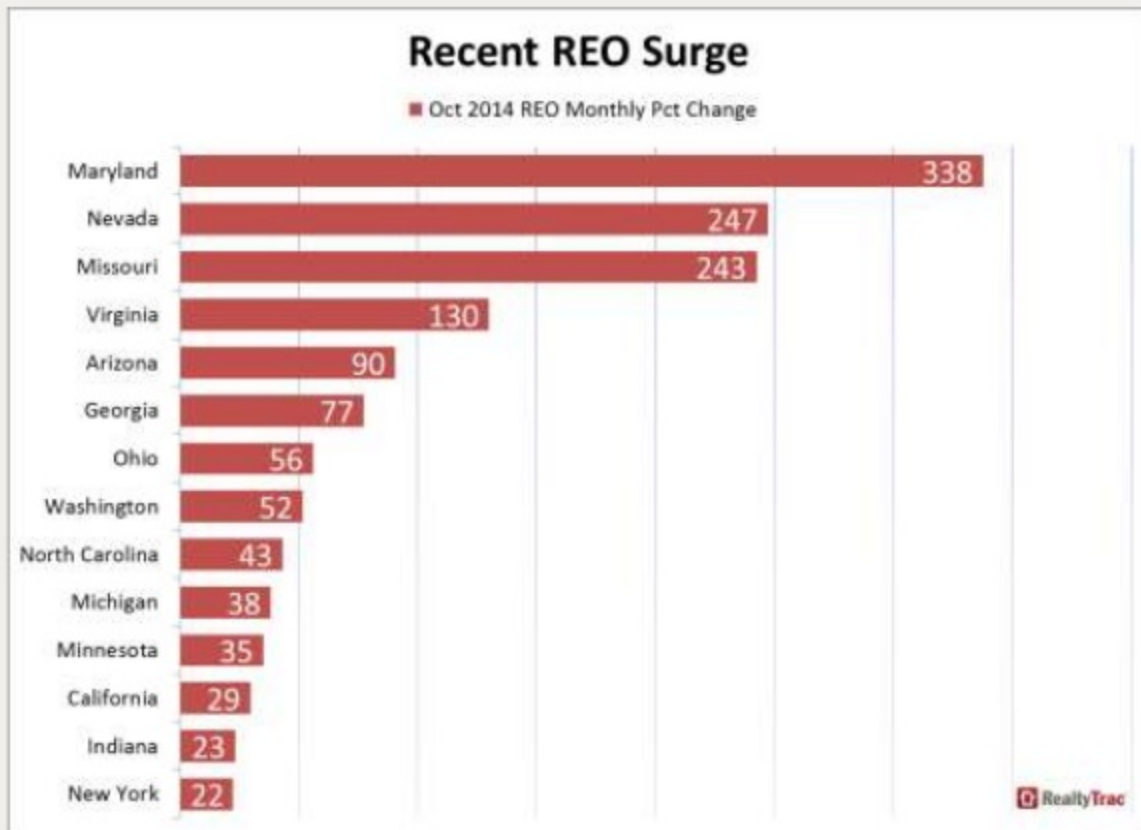
29 states posted year-over-year increase in scheduled foreclosure auctions in October. States with biggest increases include both judicial and non-judicial states, although the increases are more dramatic in the judicial states.





# REO Rebound

32 states posted monthly increases in REO activity in October, led by Maryland (338 percent increase), Nevada (247 percent increase), Missouri (243 percent increase) and Virginia (130 percent increase).



# Distressed Sales

Sales of homes in foreclosure averaged 2.33 percent of all sales pre-recession and are back to an average of 8 percent of all sales so far in 2014 after hitting a peak monthly average of 27 percent of all sales in 2009.



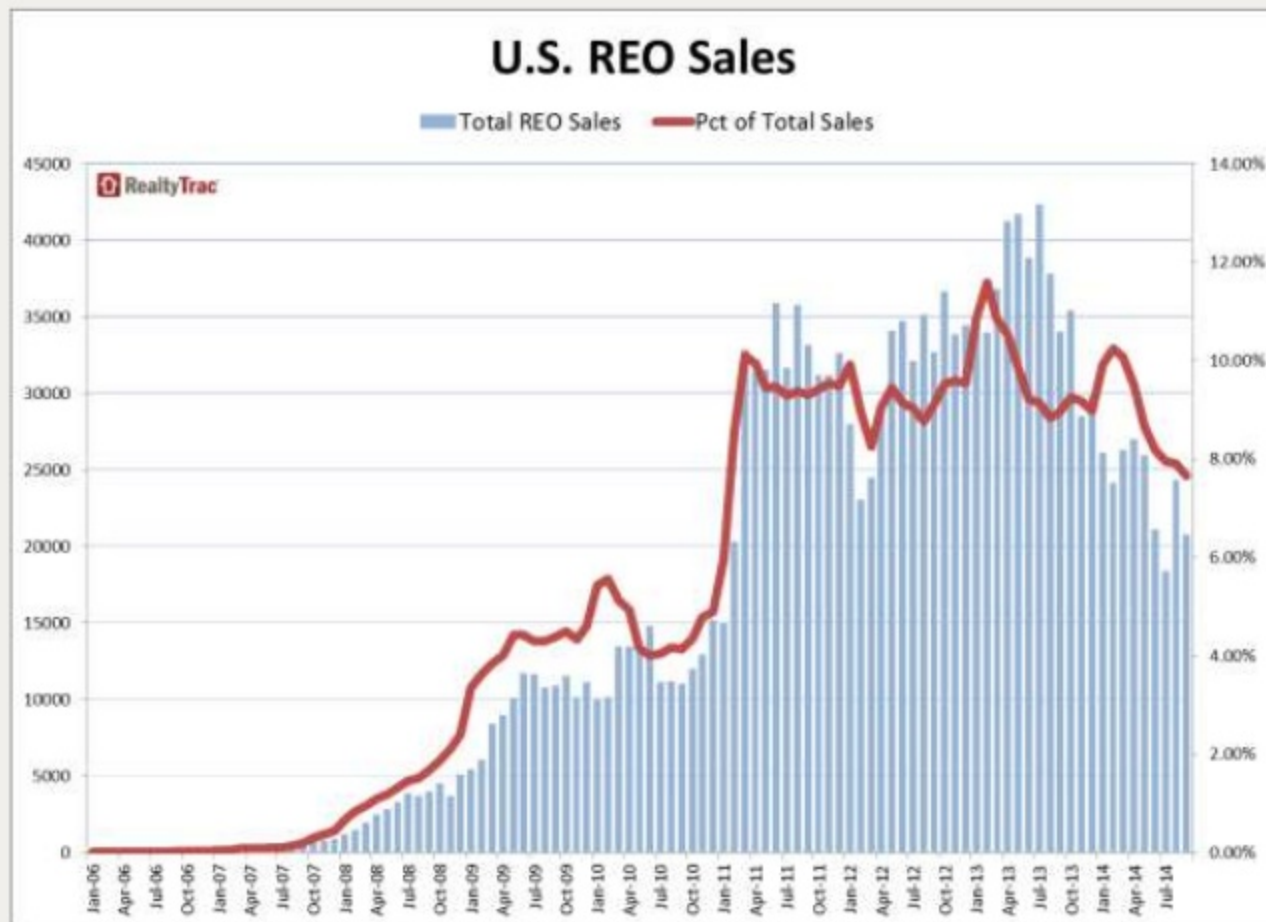
# Short Sales

Short sales are back to normal, averaging 5 percent of all sales monthly in 2014, the same share as prior to the recession in 2006 and 2007.



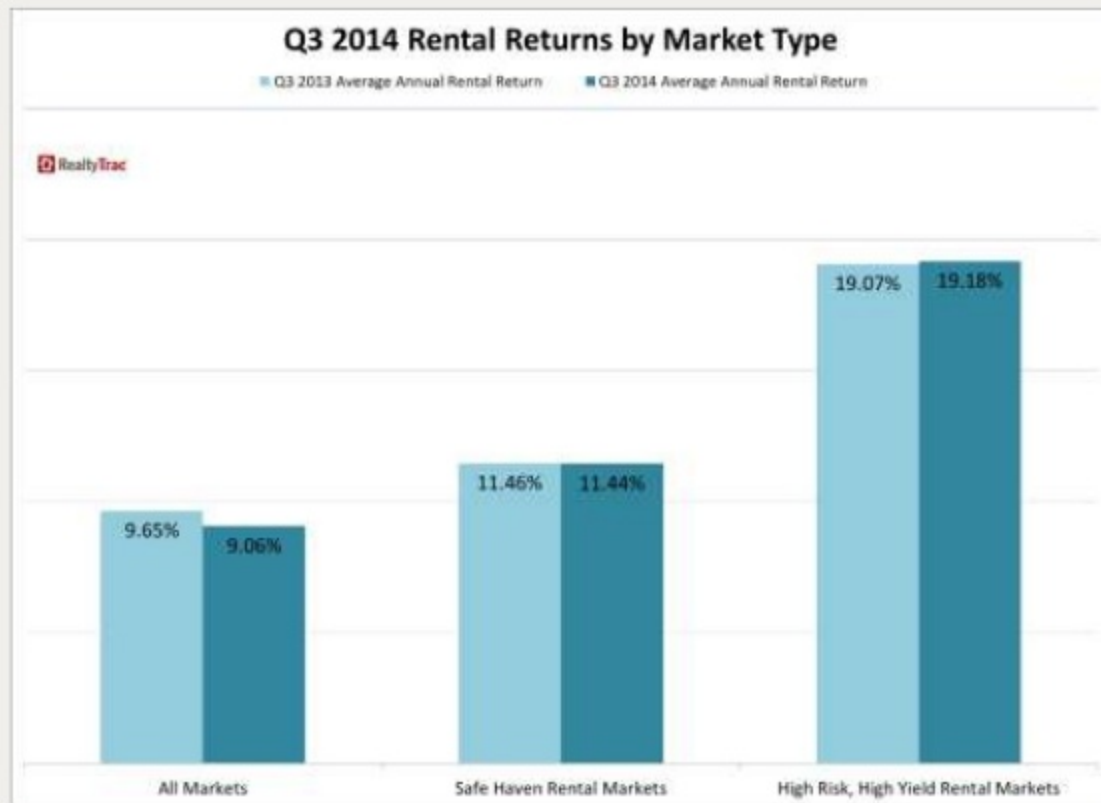
# REO Sales

REO sales are still well above normal, averaging 9 percent so far in 2014 compared to one-tenth of a percent – yes that's right – pre-recession.



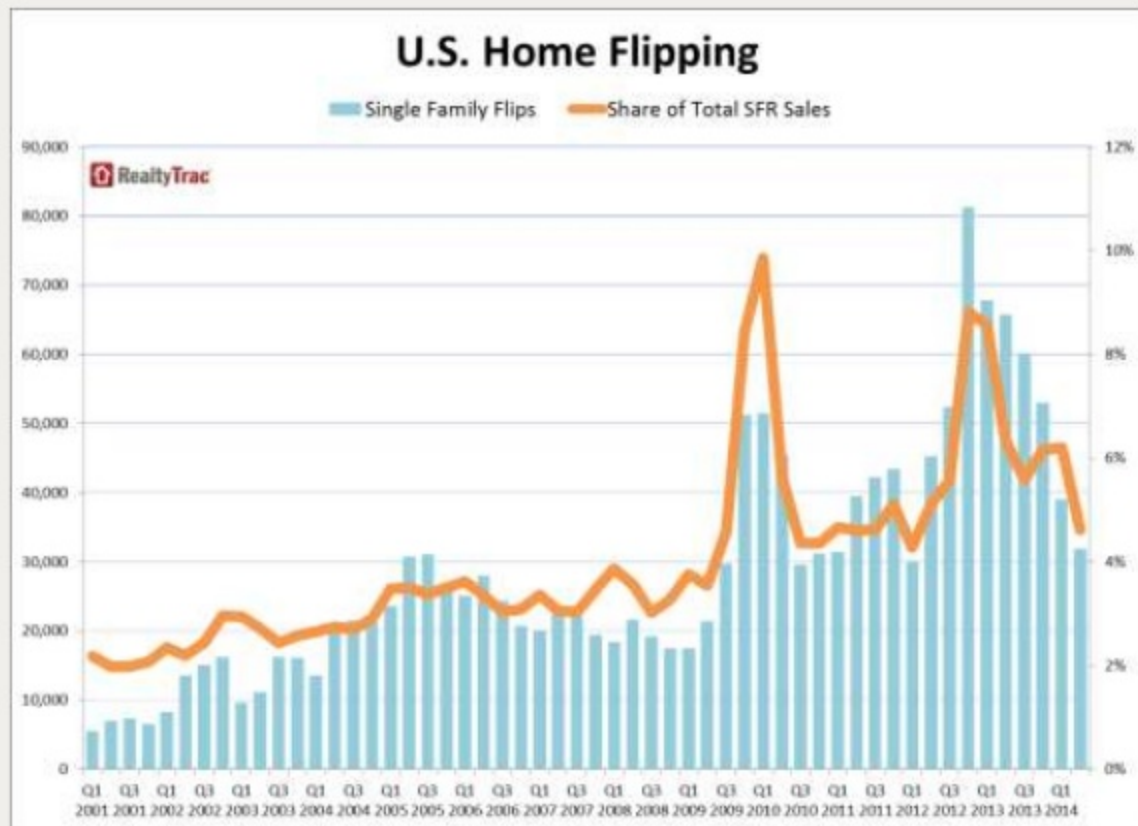
# Single Family Rentals

Average gross yield across 586 counties analyzed by RealtyTrac was 9 percent in the third quarter of 2014, down from nearly 10 percent in the third quarter of 2013.



# Home Flipping

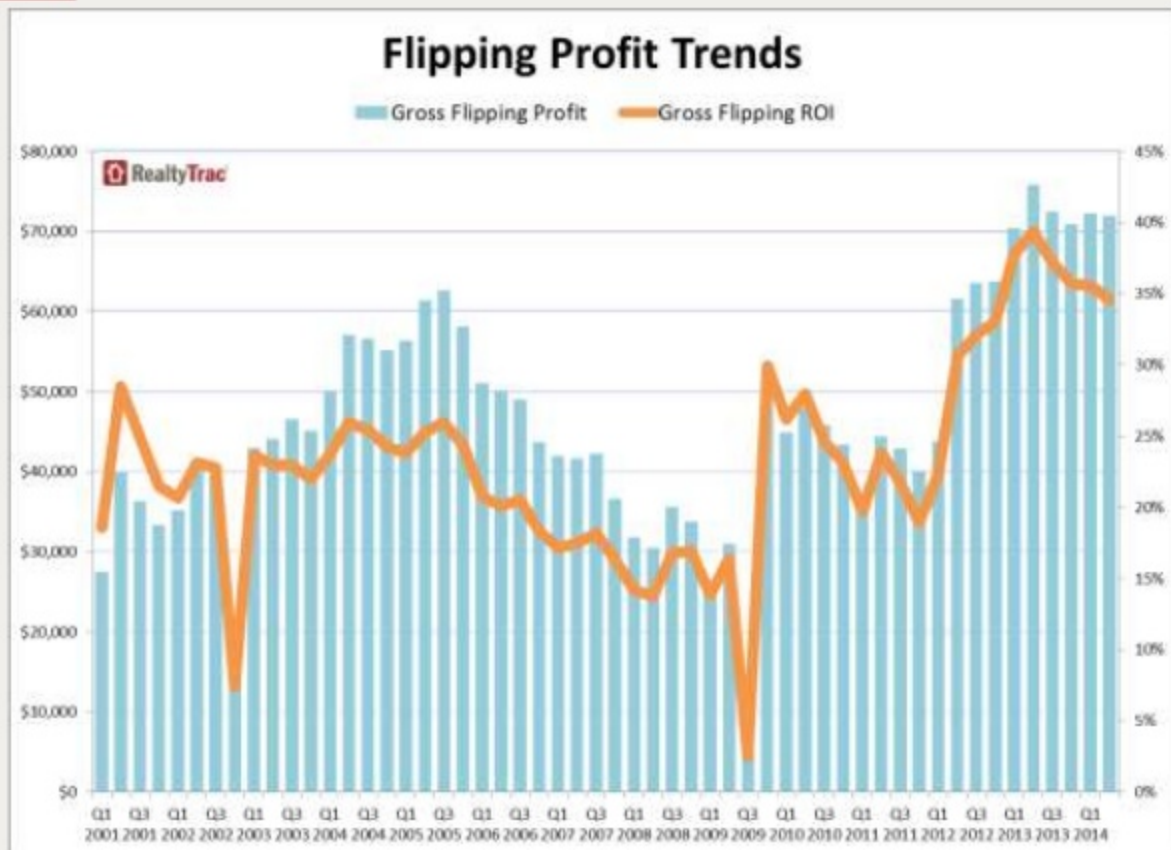
Home flipping spiked briefly at the end of 2009 and beginning of 2010, possibly relating to homebuyer tax credit, and then again at the end of 2012 and beginning of 2013 as the recovery took hold. It has dropped off since as appreciation slows.





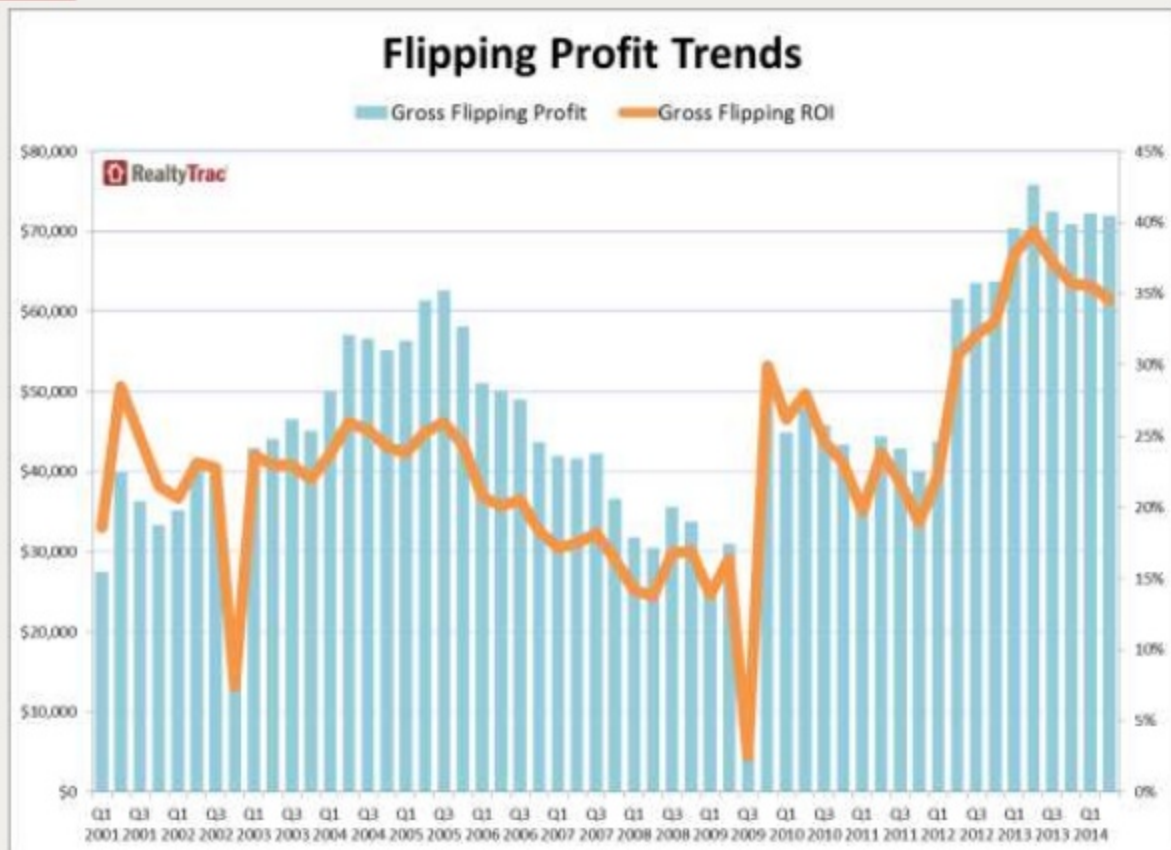
# Home Flipping

Flippers are operating much more shrewdly in this recovery, with increasing gross profits and ROI even as the number of flips decreases. Avg gross flipping profit in Q2 was nearly \$72,000, a 35 percent ROI.



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# Biggest Discounts

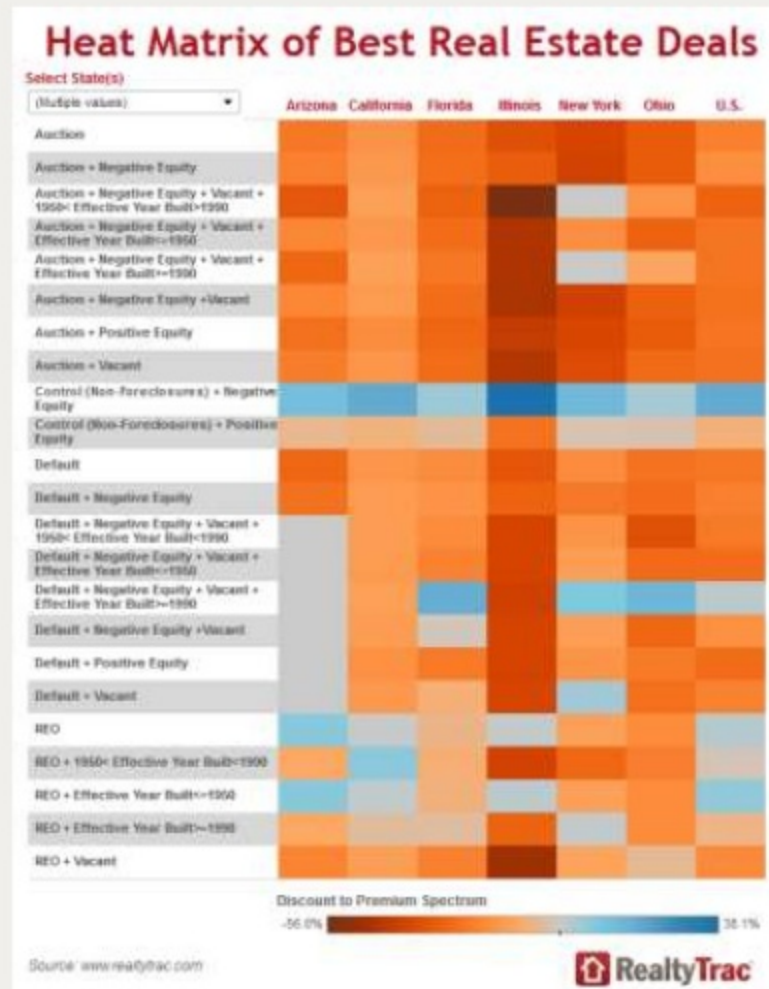
Since 2006 average:

- Non-distressed buyers pay 91 percent of market value
- REO buyers pay 84 percent of market value
- In-foreclosure buyers pay 81 percent of market value
- Foreclosure auction buyers pay **71 percent of market value**



# The Matrix!

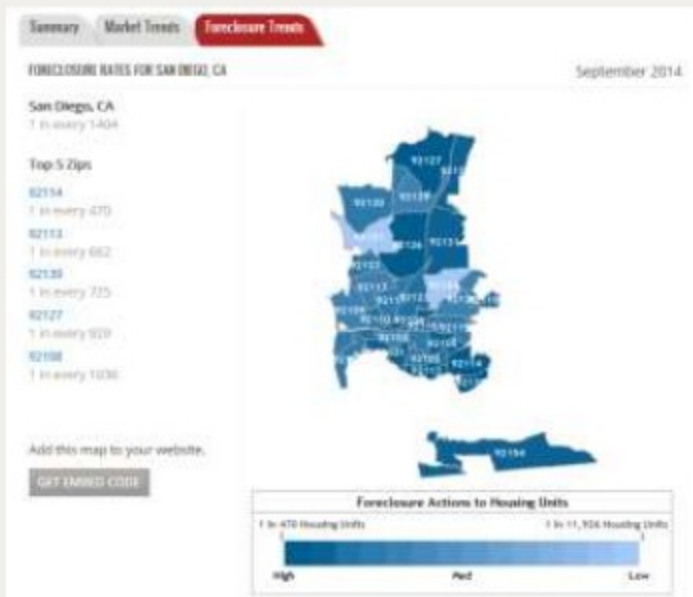
- Google “best real estate deals” to find this interactive matrix
- Or go to [www.realtytrac.com/content](http://www.realtytrac.com/content) and search for “matrix”
- Here is direct link: <http://ow.ly/EbWdd>



# Local Market Trends

Local market stats and trends down to county, city, zip level:

<http://www.realtytrac.com/statsandtrends>



## FORECLOSURE FILINGS FOR SAN DIEGO, CA

The number of new foreclosure filings by foreclosure type.

### Pre Foreclosures

Prior Month	Prior Year
↓ 9.1 %	↓ 21.8 %

### Auction

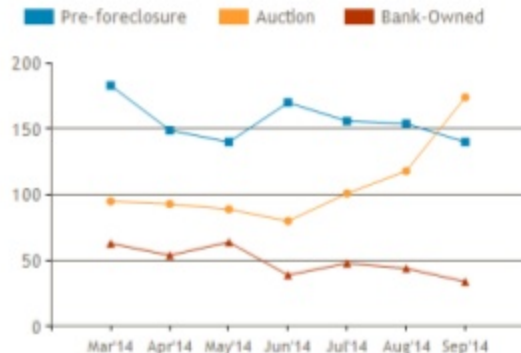
Prior Month	Prior Year
↑ 47.5 %	↑ 13.7 %

### Bank Owned

Prior Month	Prior Year
↓ 22.7 %	↓ 57.0 %

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