

# Q1

## 2019 Distressed Market Outlook

Auction.com Market Research & Analysis

Executive  
Summary

Distressed  
Supply

Distressed  
Demand

Distressed  
Prices

Distressed  
Discounts



**AUCTION.COM**

# Average Foreclosure Auction Prices Increase 7 Percent From Year Ago to New High in Q1 2019

- **Demand From Investors Bounces Back After Falling Off in Late 2018**
- **Future Foreclosure Auction Supply Shifting West**

Irvine, Calif. — July 25, 2019 — Auction.com, the nation's largest distressed real estate marketplace, today released its Q1 2019 Distressed Market Outlook, which found the average sales price for properties sold at foreclosure auction in the first quarter was \$147,115, up 8 percent from the previous quarter and up 7 percent from a year ago to the highest level as far back as data is available (Q1 2016).

The report combines proprietary data from properties brought to foreclosure auction via the Auction.com platform with public record real estate data. In 2018, properties sold to third-party buyers at foreclosure auction through the Auction.com platform accounted for 47.2 percent of all third-party foreclosure auction sales nationwide.

## Other High-level Findings:

- Scheduled foreclosure auctions decreased 1 percent from a year ago nationwide but were up in 30 states, including California, Texas, Colorado and Nevada.
- A declining rate of completed foreclosure auctions as a percentage of scheduled foreclosure auctions in the first quarter shows more distressed homeowners who fall into foreclosure are able to avoid a completed foreclosure.
- The rate of third-party purchases at foreclosure auction increased in the first quarter from a two-year low in the previous quarter, indicating strengthening demand from real estate investors.



*"Auction.com has digitized much of the foreclosure auction process over the past several years, giving us access to real-time transactional data from our leading marketplace that provides forward-looking insight for the distressed market as well as a good barometer for the larger retail housing market." --Jason Allnutt, CEO, Auction.com*

# Future Foreclosure Auction Supply Shifting West

Scheduled Auctions Up in 30 States, Including California, Texas, Colorado, Nevada

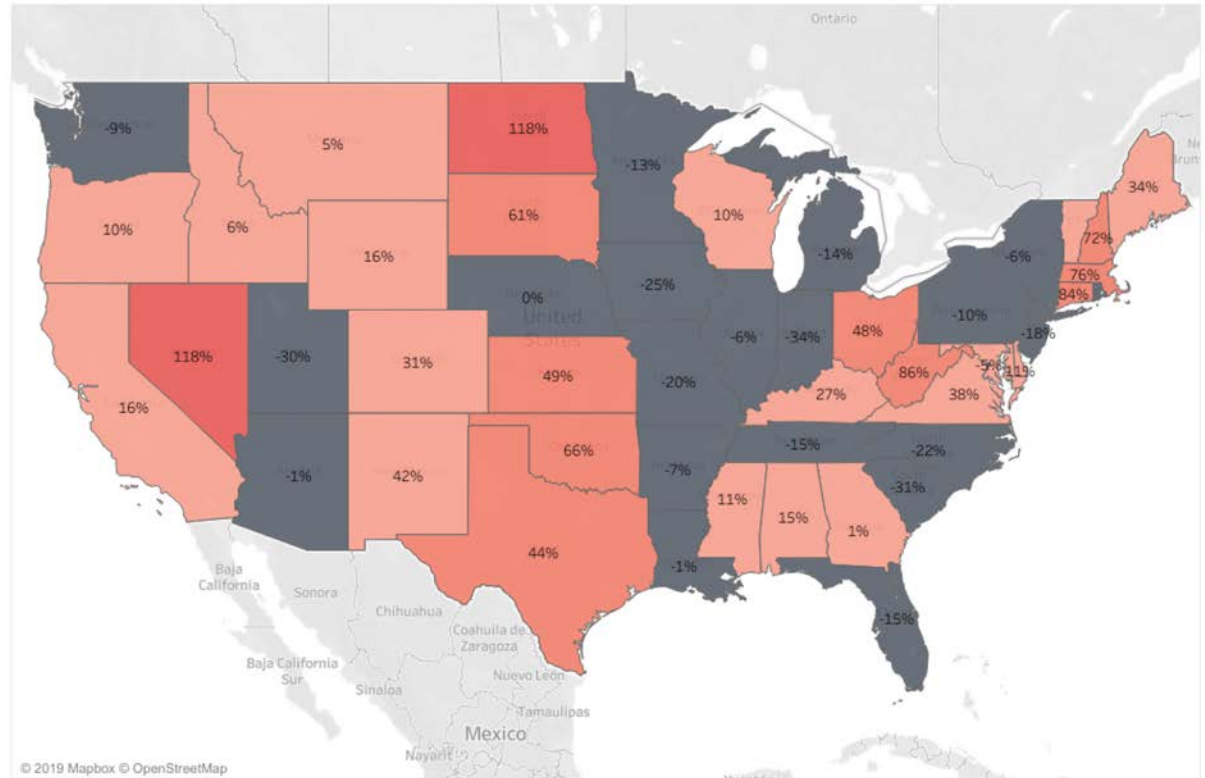
U.S. properties scheduled for foreclosure auction in Q1 2019 increased 4 percent from the previous quarter but were still down 1 percent from a year ago, according to proprietary foreclosure auction data from Auction.com.

“Scheduled foreclosure auctions provide a forward-looking metric for distressed inventory...”

“Scheduled foreclosure auctions provide a forward-looking metric for distressed inventory and the increases we’re seeing in many of the western markets signal more distressed sales in that region over the next several months,” said Daren Blomquist, Auction.com VP of Market Economics.

## Scheduled Foreclosure Auction Trends

Q1 2019 Annual Percent Change in Scheduled Foreclosure Auctions



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States posting year-over-year decreases in scheduled foreclosure auctions included New Jersey (down 18 percent), Florida (down 15 percent), Illinois (down 6 percent) and New York (down 6 percent).

Counter to the national trend, scheduled foreclosure auctions increased in 30 states, including California (up 16 percent), Texas (up 44 percent), Colorado (up 31 percent) and Nevada (up 118 percent).

# More Distressed Homeowners Avoiding Foreclosure

## Declining Rate of Completed Foreclosure Auctions

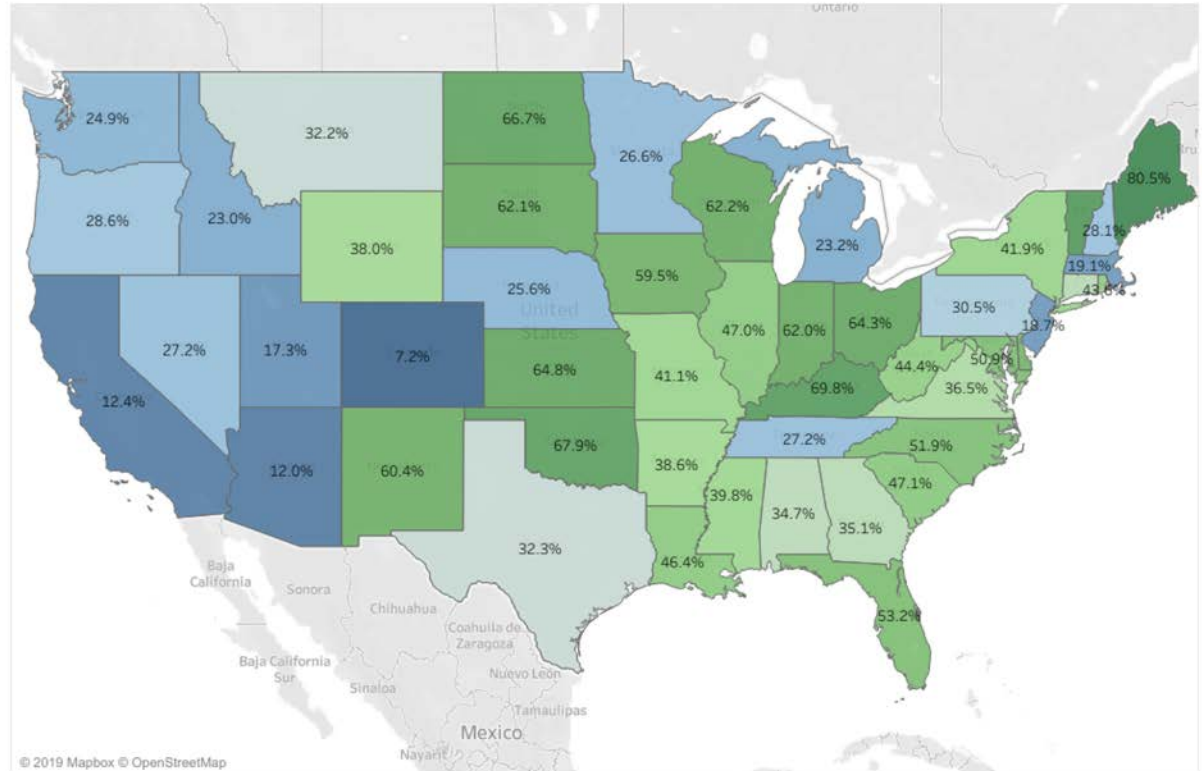
Auction.com data shows completed foreclosure auctions — those that either sold to third-party buyers or reverted back to the foreclosing lender (REO) — were down 1 percent in Q1 2019 compared to the previous quarter and down 9 percent from a year ago.

“...an indication of increased loss mitigation efforts on the part of mortgage servicers...”

Counter to the national trend, completed foreclosure auctions increased on a year-over-year basis in 26 states, including Texas (up 27 percent), Ohio (up 35 percent), Virginia (up 24 percent), Maryland (up 3 percent), and Oklahoma (up 67 percent).

## Completed Foreclosure Auction Rates

Q1 2019 Completed Foreclosure Auctions Rate (Pct of Scheduled)



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### Completed Auction Rate Declining

Completed foreclosure auctions represented 32.6 percent of all scheduled foreclosure auctions Q1 2019, down from 34.4 percent in Q4 2018 and down from 35.6 percent in Q1 2018.

“The downward trend in the completed foreclosure auction rate is an indication of increased loss mitigation efforts on the part of mortgage servicers combined with a bigger home equity cushion for many borrowers falling into foreclosure,” said Blomquist.

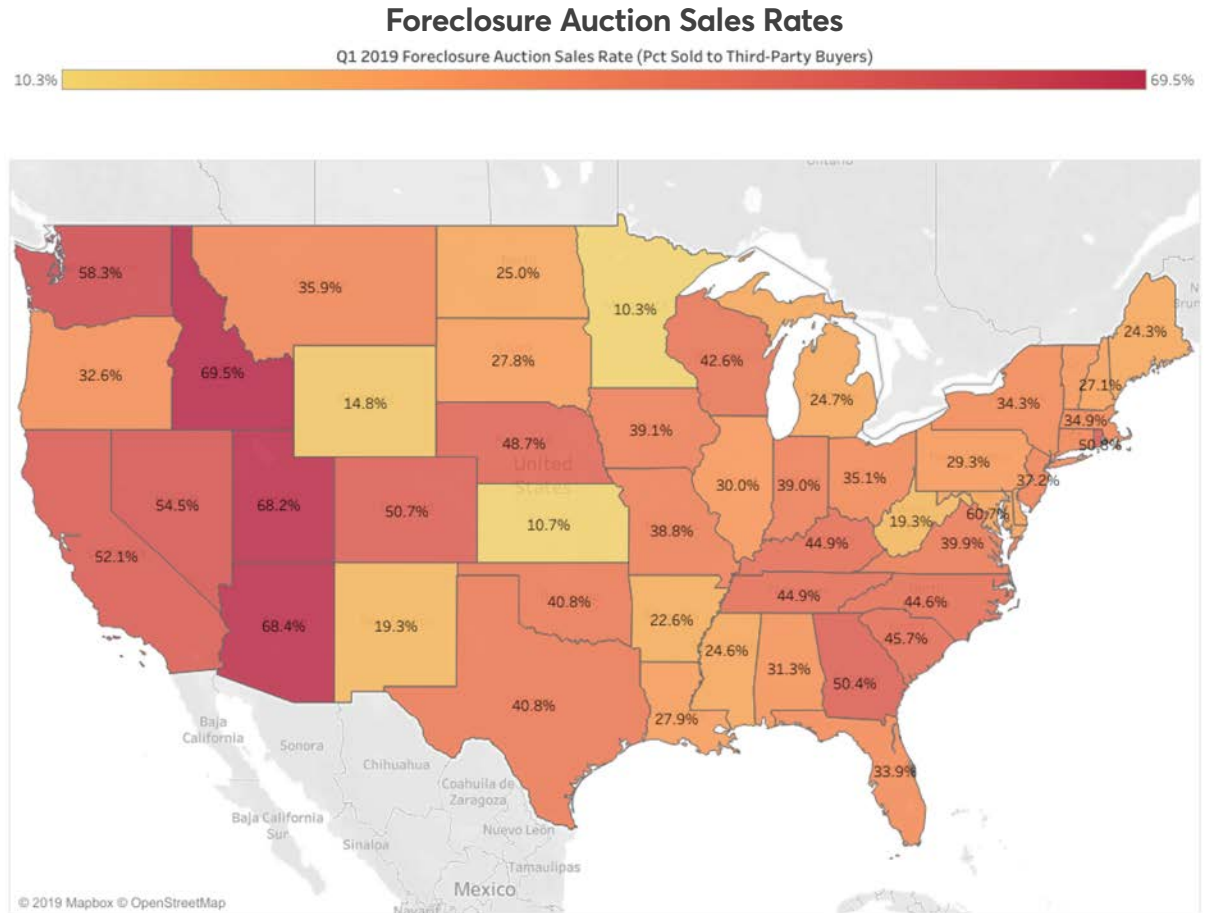
# Distressed Demand Bouncing Back

## Nearly 37 Percent of Foreclosure Auctions Sold to Third-Party Buyers

Third-party buyers purchased 36.9 percent of all properties that completed the foreclosure auction in Q1 2019, up from a two-year low of 35.0 percent in the previous quarter but down from 37.5 percent a year ago.

**Rate of sales to third-party buyers provides a good measure of distressed demand.**

Counter to the national trend, 25 states posted a year-over-year increase in the third-party buyer sales rate at foreclosure auction, including New Jersey (up 22 percent), Florida (up 2 percent), North Carolina (up 7 percent), Missouri (up 3 percent), and Virginia (up 6 percent).



The number of U.S. properties sold to third-party buyers at the foreclosure auction was up 4 percent from the previous quarter but was down 10 percent from a year ago, according to proprietary foreclosure auction data from Auction.com.

### Foreclosure Auction Sales Up in 25 States

Twenty-five states posted an annual increase in third-party foreclosure auction sales, including Texas (up 11 percent), Ohio (up 34 percent), Virginia (up 32 percent), Wisconsin (up 47 percent), and Oklahoma (up 130 percent).

# Average Foreclosure Auction Prices Rise to New High

Average Prices Up in 36 States, Including New Jersey, Florida, Texas

Homes purchased by third-party buyers at foreclosure auction in Q1 2019 sold for an average price of \$147,115, up 8 percent from the previous quarter and up 7 percent from a year ago to the highest level as far back as data is available (Q1 2016).

Average foreclosure auction sales prices increased from a year ago in 36 states, including New Jersey (up 22 percent), Florida (up 2 percent), Texas (up 4 percent), Georgia (up 3 percent), and Illinois (up 12 percent).

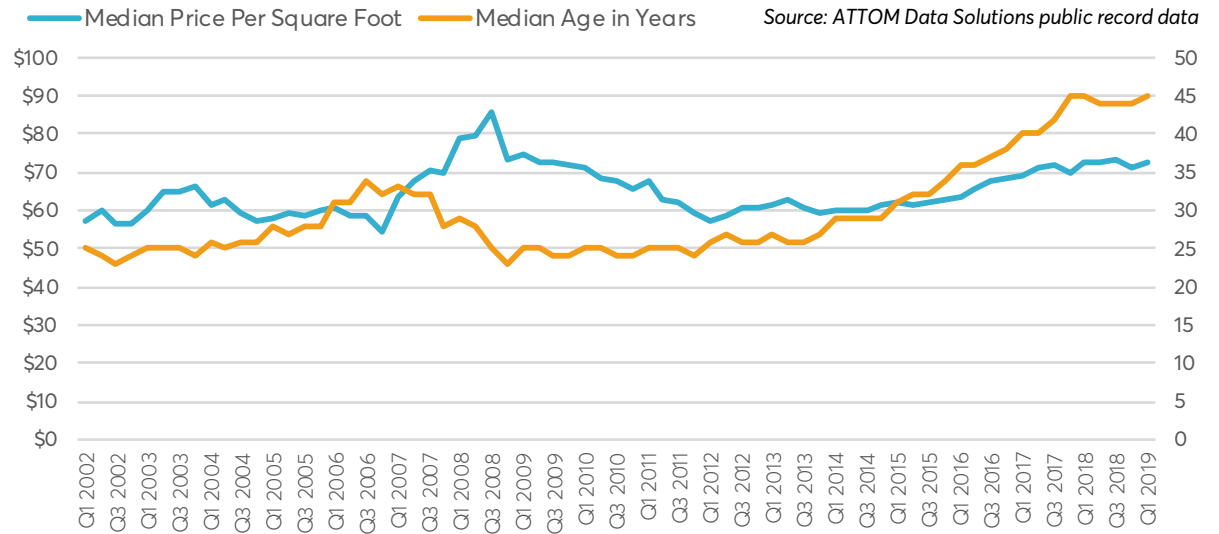
### Where Average Prices Decreased

Counter to the national trend, 13 states posted a year-over-year decrease in

average foreclosure auction sales price, including Virginia (down 20 percent), Washington (down 2 percent), Wisconsin (down 14 percent), Arkansas (down 1 percent), and Massachusetts (down 15 percent).

"Solid real estate investor demand and a limited supply of distressed properties continues to push average prices up in most parts of the country," said Ali Haralson, Chief Business Development Officer at Auction.com. "Even in areas with decreasing prices, the decrease can often be explained with a shift in the type of inventory being sold at auction."

Median Price & Age of Homes Sold at Foreclosure Auction



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## Market Research & Analysis



Survey results were analyzed and summarized for this report by the Auction.com Market Research & Analysis team. Led by VP of Market Economics Daren Blomquist, this team leverages proprietary Auction.com data along with public record data to provide [data-driven insights](#) on distressed housing trends to the marketplace.

### About Auction.com

Auction.com is the nation's largest online real estate transaction marketplace focused exclusively on the sale of bank-owned and foreclosure properties. The company brings a breadth of quality assets to the market, attracting prospective buyers through world-class marketing and leveraging a scalable technology platform to conduct transactions in a transparent, efficient manner.

Auction.com is a Thomas H. Lee Partners company and is headquartered in Irvine, California, with offices in Silicon Valley, California, and Plano, Texas. Investors include CapitalG (formerly Google Capital) and Stone Point Capital.

### Report Methodology

The Auction.com Distressed Market Outlook report combines proprietary data from properties brought to foreclosure auction via the Auction.com platform with public record real estate data. In 2018, properties sold to third-party buyers at foreclosure auction through the Auction.com platform accounted for 47.2 percent of all third-party foreclosure auction sales nationwide.

*Foreclosure Auction:* the public auction of a property in foreclosure that is legally required as part of the foreclosure process. Often these auctions are on the county courthouse steps or in some other public location.

*Scheduled Foreclosure Auction:* a property that is scheduled for a foreclosure auction in a given quarter, but may or may not actually complete the foreclosure auction process.

*Completed Foreclosure Auction:* a property that goes to the foreclosure auction and either sells to a third-party buyer or reverts back to the foreclosing lender (REO).

*Third-Party Sales:* properties that sell to third-party buyers at the foreclosure auction.

*REO:* properties that revert back to the foreclosing lender at the foreclosure auction.

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