

Q1

2020 Foreclosure Market Outlook

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AUCTION.COM
MARKET RESEARCH & ANALYSIS

Demand at Foreclosure Auction Surges in Early 2020 with 21 Percent Jump in Third-Party Sales Rate and 11 Percent Increase in Average Sales Price in January

- Foreclosure auction sales rate at 29-month high in January
- Preliminary February data show continued strong sales rate
- Average sales prices up annually for 39th straight month
- Share of distressed homeowners avoiding foreclosure increases to highest level for a January since 2014

Irvine, Calif. — April 1, 2020 — Auction.com, the nation's leading distressed real estate marketplace, today released its Q1 2020 Foreclosure Market Outlook report, which showed demand at foreclosure auctions surging in early 2020 as evidenced by a 21 percent year-over-year increase in the sales rate to third-party buyers and an 11 percent year-over-year increase in average sales price in January.

Preliminary data from February show both the foreclosure sales rate and average sales price continuing to increase on a year-over-year basis.

The report combines proprietary data from properties brought to foreclosure auction via the Auction.com platform with public record real estate data. In 2019, properties sold to third-party buyers through the Auction.com platform accounted for more than 50 percent of all third-party sales nationwide.

Other high-level findings from the report:

- The highest foreclosure sales rates were in Colorado Springs, Phoenix, Huntsville, Seattle and Denver
- The Auction.com foreclosure sales rate has outperformed the overall market foreclosure sales rate by more than 13 percentage points on average over the past three years.
- The rate of price appreciation at foreclosure auction outperformed price appreciation in the overall retail market for the 26th consecutive month in January
- Foreclosure auction properties sold for 117 percent of the seller's credit bid on average in January, up from the previous month and a year ago.



“The sharp increases we’re seeing in demand from foreclosure auction buyers on the Auction.com platform reflect continued confidence in the long-term fundamentals of the housing market coupled with the technology-empowered transparency we’ve brought to this marketplace that consistently draws a broad base of competing buyers and achieves truly market-driven price realization for our sellers – even outperforming the retail housing market when it comes to price appreciation in the last two years.”

-- Jason Allnutt, CEO, Auction.com

Foreclosure Auction Sales Rate Jumps 21 Percent From a Year Ago in January 2020

Annual increases on track to continue in February

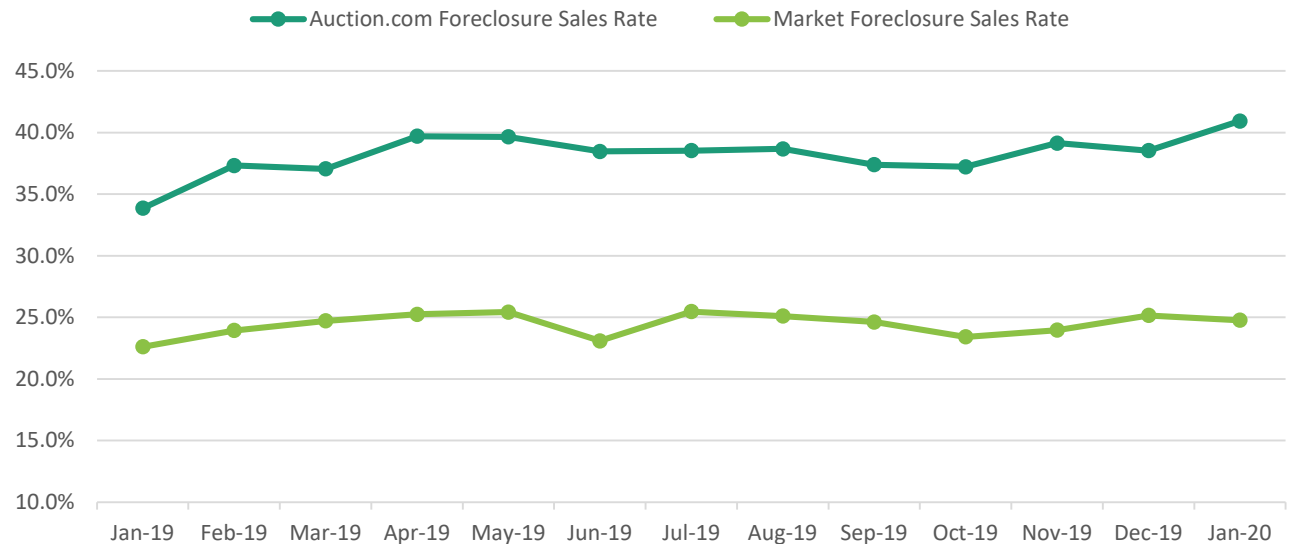
Auction.com sales rate outperforming market by 13 percentage points

Third-party buyers purchased more than 40 percent of all properties brought to foreclosure auction via the Auction.com platform in January 2020, up 21 percent from a year ago to the highest level since August 2017.

Preliminary data from February shows the foreclosure sales rate continuing above 40 percent for the month.

An Auction.com analysis of public record data from ATTOM Data Solutions shows a market-wide foreclosure sales rate of 24 percent on average over the past three years, more than 13 percentage

Foreclosure Sales Rate Trends



points below the average foreclosure sales rate for properties sold through the Auction.com platform.

Markets with Most Demand

The highest metro foreclosure auction sales rates in January 2020 were in Colorado Springs, Colorado, Phoenix, Arizona, Huntsville, Alabama, Seattle, Washington, and Denver, Colorado.

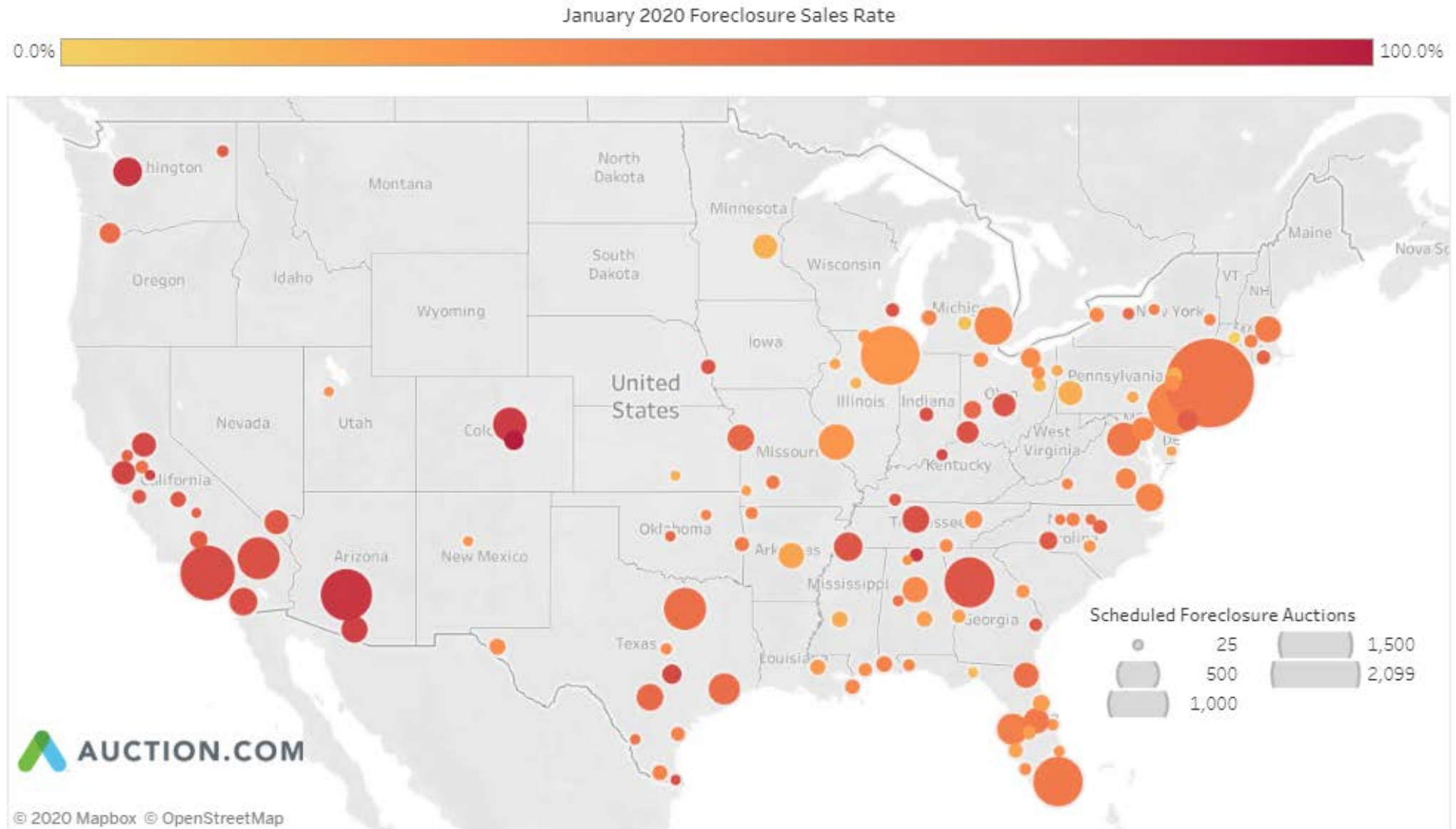
States with the highest rates were Utah, Arizona, Colorado, Nevada and California.



“Auction.com outperformed industry foreclosure sales rates by driving demand from third-party buyers at foreclosure auction. Our field team, product innovation and marketing expertise together are creating more opportunities for investors to access exclusive inventory without barriers. Increased demand with increased competition means better outcomes for our sellers.”

-- Min Alexander, Chief Operating Officer, Auction.com

January 2020 Foreclosure Sales Rate by Metro



Average Sales Price at Foreclosure Auction Increases 11 Percent From a Year Ago in January 2020

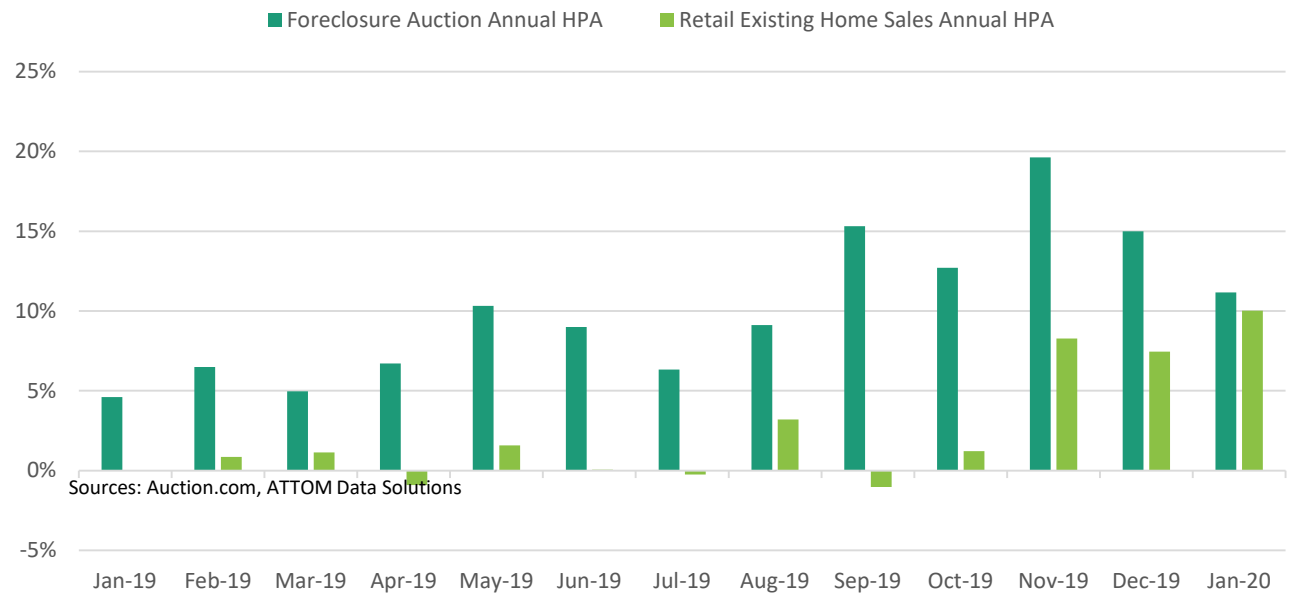
39th consecutive month with an annual increase in average sales price at foreclosure auction

Annual increases on track to continue in February

The average price of homes sold to third-party buyers at foreclosure auction in January 2020 increased 11 percent from a year ago.

January marked the 39th consecutive month where the average sales price at foreclosure auction increased on an annual basis, and it was the 26th consecutive month where annual price gains at foreclosure sale were bigger than annual price gains for existing retail home sales nationwide, according to public record data from ATTOM Data Solutions. Since January 2018, the average sales price at foreclosure auction has risen 16

Foreclosure Auction & Retail Market Home Price Appreciation



percent while the average sales price for retail existing homes has risen 10 percent.

Preliminary data from February shows average sales prices at foreclosure auction on track to continue to increase annually.

Markets with Highest Sales Prices

Among 58 metropolitan statistical areas analyzed, those with the highest average sales price at foreclosure auction in January 2020 were Los Angeles, California, San Diego, California, New York-Newark-Jersey City, Boston, Massachusetts, and Seattle, Washington.



“The Auction.com marketplace has handily outperformed the larger retail housing market over the past two years when it comes to price appreciation, evidence that innovative thinking and technology are helping to transform the foreclosure auction into a much more transparent, competitive marketplace that performs well in a wide variety of market conditions.”

-- Ali Haralson, Chief Business Development Officer, Auction.com

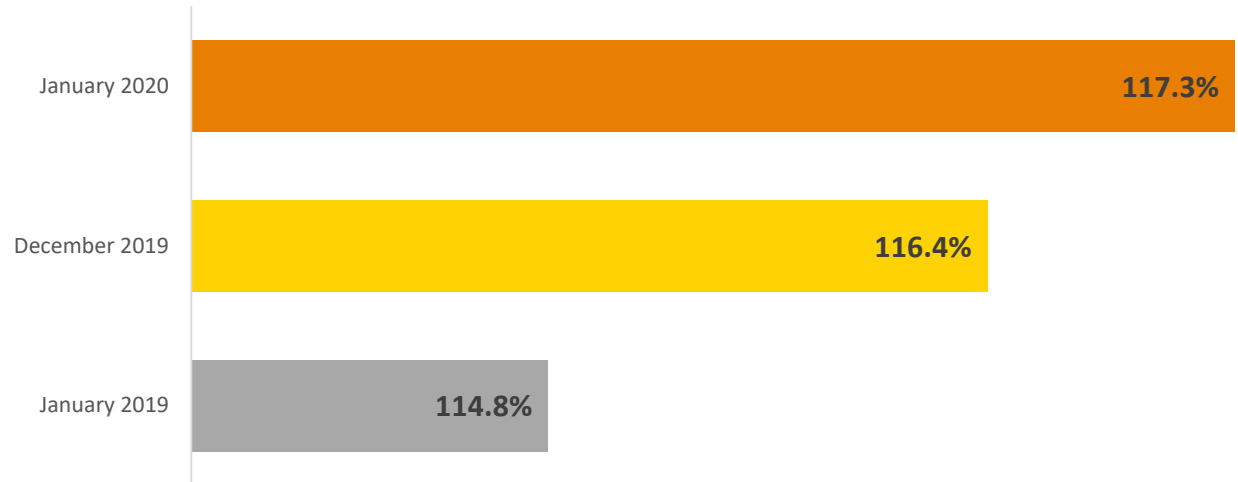
Price Execution at Foreclosure Auction Increases in January 2020

Foreclosure auction properties sold for 117 percent of seller’s credit bid, up from previous month and year ago

Foreclosure auction properties sold via the Auction.com platform in January 2020 were purchased for 117.3 percent of the seller’s credit bid on average, up from 116.4 percent in the previous quarter and up from 114.8 percent a year ago. The seller’s credit bid is the minimum amount sellers will take to sell a property.

“...well-priced assets are attracting multiple bidders, pushing the winning bid well above the seller’s reserve...”

Sales Price-to-Credit Bid Ratio at Foreclosure Auction



“Strengthening demand from buyers at foreclosure auction means that well-priced assets are attracting multiple bidders, pushing the winning bid well above the seller’s credit bid — the minimum threshold set to sell the property,” said Daren Blomquist, VP of market economics at Auction.com. “That matches the highest price execution relative to seller credit bid we’ve seen in the last three years.”

Price execution by market

States with above-average price execution in January included Utah, California, Colorado, Pennsylvania and Nevada – all with price

execution relative to credit bid of above 125 percent.

Among 58 metropolitan statistical areas analyzed, those with the highest price-to-value execution in January 2020 were Los Angeles, California, Savannah, Georgia, Raleigh, North Carolina, Seattle, Washington, and Denver, Colorado.

Metro areas with the lowest price-to-value execution in January 2020 were Birmingham, Alabama, Fort Smith, Arkansas, Akron, Ohio, Cape Coral-Fort Myers, Florida, and Toledo, Ohio.

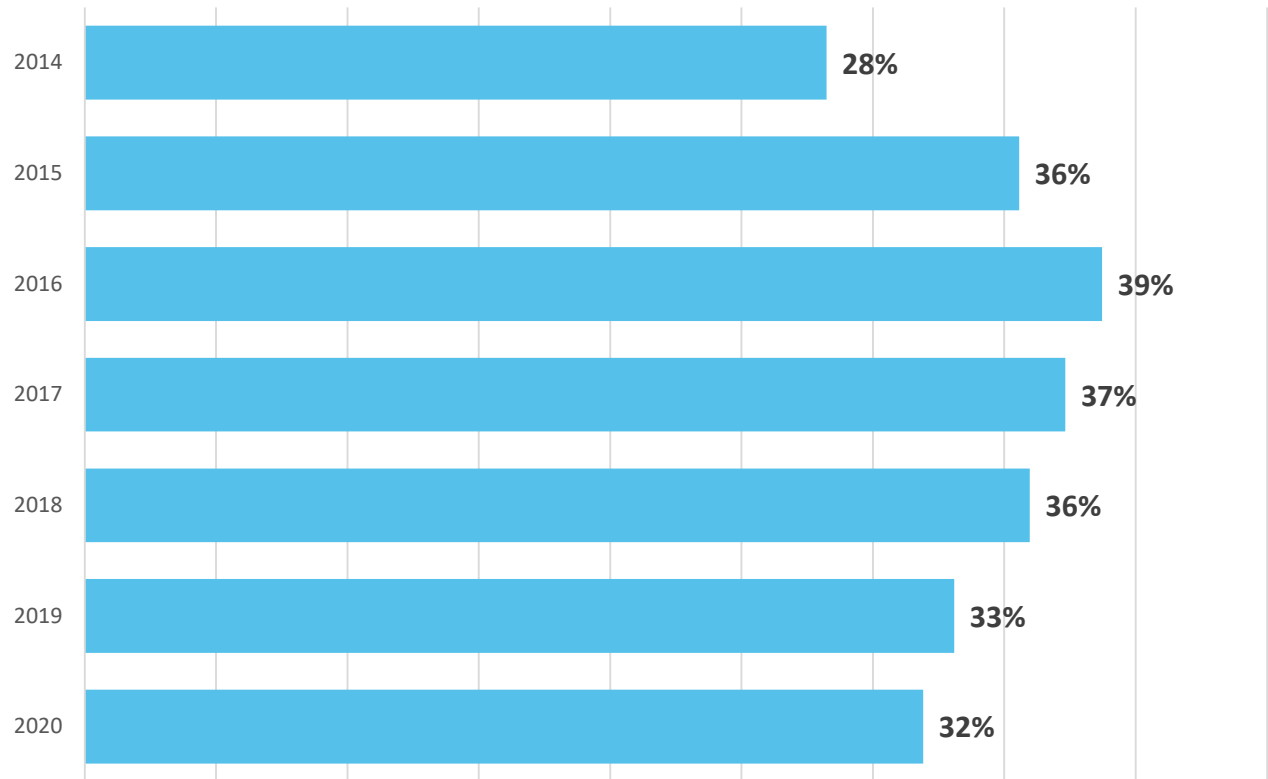
Rate of Completed Foreclosures Drops to Lowest Level for a January Since 2014

32 percent of scheduled foreclosure auctions made it to auction in January 2020

Fewer than one in three properties scheduled for foreclosure auction in January 2020 were brought to auction during the month (32 percent), down from 33 percent in January 2019 to the lowest completed foreclosure rate for a January since 2014.

A declining rate of completed foreclosure auctions means that a growing share of distressed homeowners are avoiding foreclosure.

January Completed Foreclosure Rate by Year



Completed foreclosure rate by market

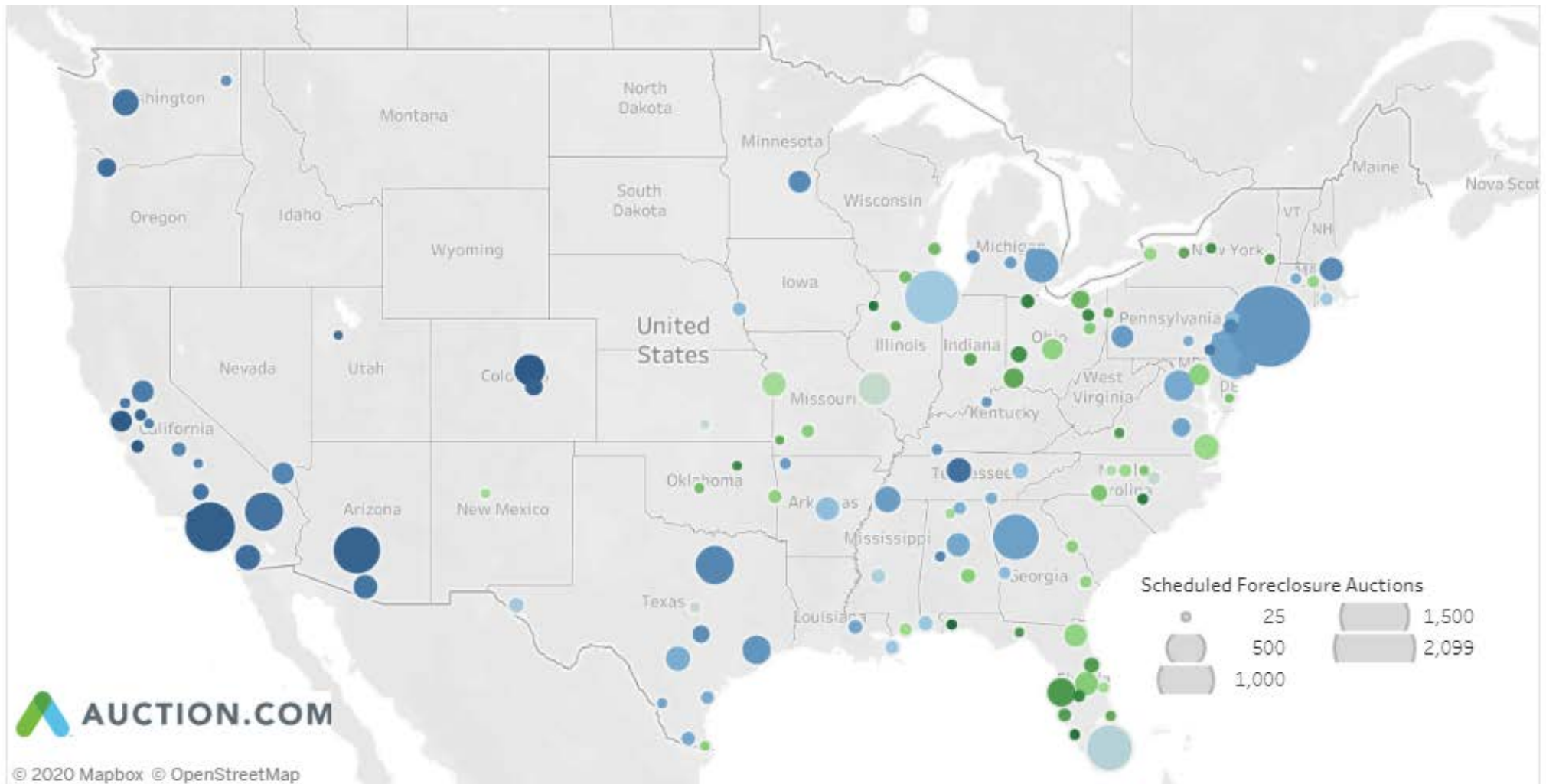
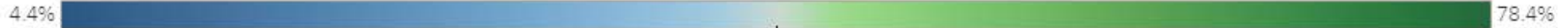
Among 126 metropolitan statistical areas analyzed, those with the lowest completed foreclosure rates in January 2020 were Oxnard-Thousand Oaks-Ventura, California (4 percent), San Jose, California (6 percent), Denver, Colorado (6 percent), San Francisco, California (6 percent), and

Los Angeles, California (7 percent).

Metro areas with the highest completed foreclosure rates in January 2020 were Pensacola, Florida (78 percent), Cape Coral-Fort Myers, Florida (76 percent), Davenport-Moline-Rock Island, IA-IL (74 percent), Fayetteville, North Carolina (73 percent), and Toledo, Ohio (71 percent).

January 2020 Completed Foreclosure Rate by Metro

January 2020 Completed Foreclosure Auction Rate



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.

For more Market Research & Analysis, visit us at www.Auction.com/InTheNews

Or follow Auction.com on LinkedIn

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 2019, properties sold to third-party buyers at foreclosure auction through the Auction.com platform accounted for 50.5 percent of all third-party foreclosure auction sales nationwide, according to an analysis of public record data from ATTOM Data Solutions.

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.

Foreclosure Auction Inflow: a property in foreclosure that is referred to Auction.com for a potential future foreclosure auction.

Completed Foreclosure Auction: a property that is brought 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.

Average Foreclosure Auction Price: the average winning bid for properties sold at foreclosure auction via the Auction.com platform.

Completed Foreclosure Auction Rate (BTA Rate): the number of completed foreclosure auctions as a percentage of the number of scheduled foreclosure auctions in a given quarter.

Foreclosure Auction Sales Rate: the number of third-party sales at the foreclosure auction as a percentage of total completed foreclosure auctions in a given quarter.

Foreclosure Auction Price-to-Value Execution: the cumulative winning bid amount of all third-party sales at the foreclosure auction as a percentage of the cumulative estimated market value of those same properties at the time of the sale. Only calculated for third-party sales where an estimated market value is available.

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.