

## **RealtyTrac: 40 percent of Florida homes sales are foreclosures**

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Sales of foreclosed homes in Florida made up nearly 40 percent of all purchases in the first part of this year, a "terrifying" statistic, one analyst said, and one that led to deeply discounted prices on distressed properties.

In Miami-Dade County, foreclosure sales made up nearly half -- 47 percent -- of all homes sales in the first five months of 2010, according to a new report from Irvine, Calif.-based RealtyTrac, which aims to measure foreclosure sales and their impact on home pricing. In Broward County, 46 percent of all homes sales involved distressed properties.

To compare, less than 1 percent of Florida home sales in 2005 were of foreclosed properties, RealtyTrac found.

The report, released Wednesday, defines foreclosure sales as those of homes that are bank owned or where the owners have defaulted on the mortgage and received at least one foreclosure notice.

"Forty percent is a significant number," said Michael Sichenzia, president of Dynamic Consulting Enterprises in Deerfield Beach. "When you look at where it should be, it's a terrifying number in the short term and will reverberate throughout the whole system."

Sichenzia said distressed property sales should make up about 2 percent of total sales.

By 2007, foreclosure sales grew to 4 percent of the total market in Florida. It rose to 38 percent last year.

Yet Florida didn't even make it into the top three states nationally for distressed property sales, and even showed a small decrease of 3 percent compared to the fourth quarter of 2009.

Coming in first was Nevada, where 64 percent of all sales were foreclosures. California and Arizona followed with 51 percent and 50 percent, respectively.

Nationally, foreclosed property sales during the first quarter made up 31 percent of all

sales and had an average sales price of \$171,971 -- 15 percent below that of regular sales.

Average sales prices for distressed properties in Miami-Dade County were \$149,236 in May, reflecting a 33 percent discount compared to traditional sales. Those buying foreclosures in Broward paid an average of \$127,258, a 21 percent discount compared to traditional sales.

Statewide, foreclosure sales were discounted 28 percent compared to regular sales.

Banks became more aggressive this year in taking over foreclosed properties as homeowners in trial loan modifications dropped out or were refused permanent payment reductions.

In May, 10,491 Floridians lost their homes to bank takeovers -- the final step in the foreclosure process. That was an 81 percent increase compared to May 2009, according to RealtyTrac.

Nationally, 93,777 homes were repossessed by banks in May.

“As lenders have begun repossessing homes at record levels over the first half of 2010, it will be interesting to watch how they will manage the inventory levels of distressed properties on the market in order to prevent more dramatic price deteriorations,” said James Saccacio, chief executive officer of RealtyTrac.

Sichenzia said he doesn't believe there is a management plan, and that sales prices will continue to decrease.

“There is a lot of pain that needs to happen between now and the bottom,” he said.