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South Florida foreclosures surge

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In the first half of the year, foreclosures continued to ravage South Florida's housing market, with one out of every 30 homes experiencing distress, according to a report released Thursday by RealtyTrac. The Irvine, Calif., company predicted little change in the picture for the last six months of 2010 -- more than 3 million homes nationwide are forecast to fall victim to foreclosure this year, pushing home prices further down.

Between January and June, there were 95,357 foreclosures in South Florida -- an increase of 9.5 percent over the same six-month period in 2009. RealtyTrac's figures combine initial foreclosure filings, auction notices and bank repossessions, the final step in the foreclosure process.

In Miami-Dade County, 38,395 properties were in foreclosure between January and June, representing an increase of 11.5 percent over the same period last year, according to RealtyTrac's Midyear 2010 U.S. Foreclosure Market Report.

As these properties continue to pour on to the market, they put downward pressure on home prices and stand squarely in the way of a housing market recovery, said Jack McCabe, chief executive of McCabe Research & Consulting in Deerfield Beach.

"We're not going to see any stability in our housing markets, until these distressed properties wind their way through the system," he said, predicting a return to normalcy sometime in 2012.

Broward County had 37,988 foreclosures in the first half of the year -- one in every 21 homes -- and saw a 3.6 percent increase in foreclosure activity compared to last year.

In Monroe County, there were 891 foreclosures between January and June, down about 2 percent.

While the number of distressed properties has increased this year, the first half of 2010 showed a slowdown in brand new foreclosure filings when compared to the first half of 2009, when foreclosure filings reached peak levels.

Anthony Askowitz, a broker and owner of two Re/Max offices, said the market is continuing to work through a large backlog of distressed homes, with many properties taking more than a year to slog through the process.

"In many cases, some of these foreclosure suits took a year and a half," said Askowitz, who has represented banks involved in foreclosures. "It's a steady flow -- we're busy, but we were busy last year and the year before that."

South Florida continues to outpace the nation in foreclosure action with one in every 30 homes under distress. Nationally, that number is one in every 78 homes. Florida ranked second in the nation in total foreclosures, behind California, the report found.

Nationwide, there were more than 1.9 million foreclosures in the first half of the year, an increase of 8

percent compared to the first half of 2009.

One trend highlighted in both the national and local figures was an increase in bank repossessions and a deceleration of new foreclosure filings.

A recent report by Bal-Harbour Based Condo Vultures showed that more than 24,000 properties in South Florida were repossessed by the bank in the first six months of the year. That's an increase of 83 percent compared to the same period last year. New foreclosure filings were down 34 percent to just under 35,000, that report found. Nationally, bank repossessions were up 38 percent and new filings were down about 4 percent.

With foreclosures dominating home sales in South Florida -- nearly half of all Miami-Dade home sales this year involved distressed properties -- the pressure on home prices has been significant, RealtyTrac found.

Statewide, foreclosure sale prices were 28 percent below regular sales. In Miami-Dade, foreclosure sale prices averaged \$149,236 in May, reflecting a 33 percent discount compared to traditional sales. In Broward, the average foreclosure price was \$127,258, a discount of 21 percent.

“A big chunk of the inventory is going to be short sales and foreclosures,” said McCabe. “These distressed sales are going to be the price drivers moving forward.”

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