

REGIONAL SNAPSHOT

July 2011

A Look at Foreclosures in the Atlanta Region

Foreclosures remain one of the primary impediments to a housing recovery. Although data suggest that foreclosures are waning somewhat when compared to previous years, levels still remain at near historic highs. There are still several thousand mortgages in the foreclosure “pipeline,” and as long as foreclosures continue to flood the market with a shadow inventory, new home building will stay muted.

This *Regional Snapshot* explores several sources of foreclosure and mortgage-related data. The data show that metro Atlanta still has a relatively high rate of serious delinquent mortgages, meaning that more foreclosures are in the offing. At the same time, however, foreclosure filings are well below last year’s levels. According to Equity Depot, a local firm that tracks foreclosures and real estate trends, the dropoff seen this year is likely due to a change in lender practices that may have temporarily stalled foreclosure proceedings (as reported in the Atlanta Journal-Constitution’s “The Biz Beat,” on April 10, 2011).

The data compare metro Atlanta to other large metro areas and explore county-level and small-area trends.

ALMOST 12 PERCENT OF ALL METRO ATLANTA MORTGAGES ARE SERIOUSLY DELINQUENT

Among the 20 most populous metros in the nation, metro Atlanta ranks fifth (tied with Chicago) in the percent of all mortgages that are 90 or more days delinquent or already in the foreclosure inventory (referred to as “seriously delinquent”) as of December 2010. It should be noted, however, that when compared to the top 100 metro areas (which space prevents showing here), metro Atlanta ranks 19th.

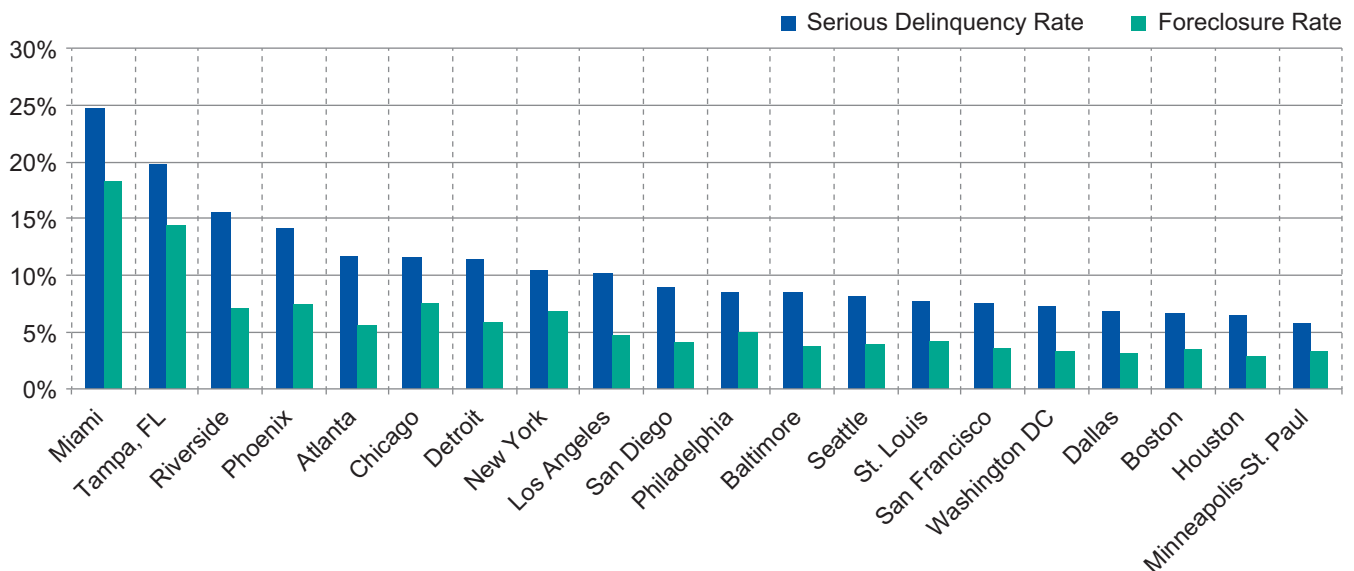
A high percentage of seriously delinquent mortgages portends more properties falling into foreclosure in the coming months, if they haven’t already been foreclosed upon. As Chart 1 shows, almost a quarter of all mortgages in Miami are seriously delinquent, which is the highest rate in the country.

Chart 1 also shows the foreclosure rate, which is the percent of all mortgages that are either in foreclosure or bankruptcy prior to an auction or trustee sale. Among the 20 most populous metros, Atlanta ranks 8th in this measure, while among the top 100 metros, Atlanta ranks 32nd. Miami, again, has the highest foreclosure rate of any metro in the nation.

METRO ATLANTA ALMOST DOUBLE THE NATIONAL AVERAGE FOR NUMBER OF LENDER-OWNED PROPERTIES

Chart 1 showed foreclosure and mortgage trends *prior* to a property going to auction. REOs, on the other hand, are a measure of properties that reverted back to the lender *after* an auction. As Table 1 shows, 10 out of every 1,000 mortgageable properties are lender-

Chart 1 – Serious Delinquency and Foreclosure Rate, December 2010



Source: Analysis of LPS Applied Analytics data by Local Support Initiatives Corporation (LISC)

Table 1. Lender-Owned Properties (REOs) in 20 Most Populous Metros

	REOs per 1,000 mortgageable properties		
	December 2010	March 2011	Percent Change
Phoenix	14.84	14.55	-1.9%
Detroit	11.89	12.24	2.9%
Miami	14.13	11.84	-16.2%
Riverside	11.59	11.20	-3.4%
Atlanta	10.18	10.12	-0.6%
Minneapolis-St. Paul	10.14	10.06	-0.7%
Tampa, FL	8.24	6.19	-24.9%
San Diego	6.15	5.81	-5.5%
San Francisco	5.76	5.71	-1.0%
Washington DC	6.50	5.44	-16.3%
Chicago	5.77	5.22	-9.6%
Los Angeles	5.15	5.03	-2.4%
Seattle	4.56	4.97	8.9%
Dallas	4.09	3.94	-3.8%
Houston	3.70	3.70	0.1%
Baltimore	4.54	3.64	-19.7%
St. Louis	3.38	3.35	-0.8%
Boston	2.21	2.02	-8.8%
Philadelphia	1.78	1.58	-11.0%
New York	1.51	1.21	-19.6%
Top 100 metro average	5.19	4.84	-6.7%

Source: McDash Analytics (from Brookings Metro Monitor)

owned in metro Atlanta, a rate that is more than twice as high as the average for the top 100 metros. Atlanta ranks 5th among the 20 most populous metros, and it ranks 9th among the 100 most populous metros (not shown because of space limitations).

Furthermore, the REO inventory isn't shrinking as much in metro Atlanta as in the other large metro areas. Metro Atlanta experienced a 0.6 percent decrease in the number of lender-owned properties between December of 2010 and March of 2011. The average change during the same time period for the top 100 metros was a 6.7 percent decline.

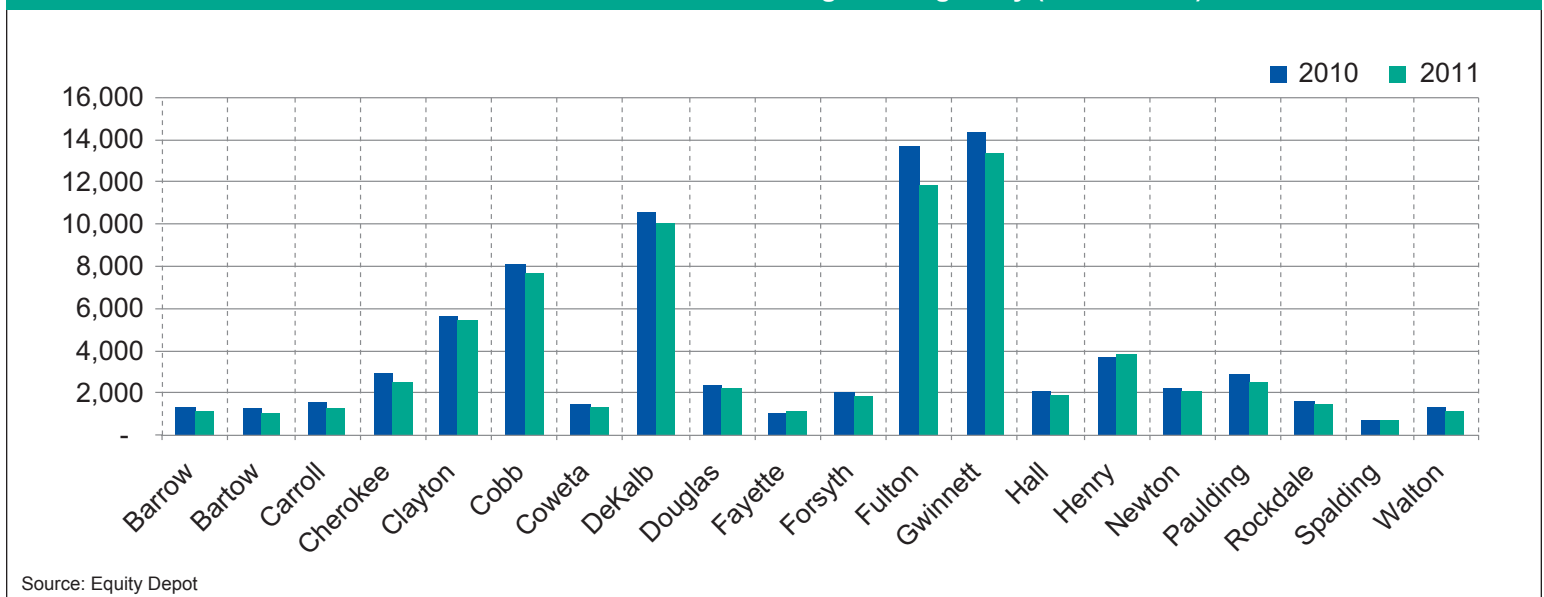
LOCALLY, FORECLOSURE FILINGS ARE DECLINING (MAYBE)

Including the July auction date (foreclosed properties go to auction the first Tuesday of every month), there have been 6,400 fewer foreclosure filings this year than during the same time period last year, according to Equity Depot. It is uncertain, however, whether this decline in foreclosure filings represents an actual dropoff, or if it only represents a delay in filing due to problems most lenders are having in processing paperwork associated with foreclosures.

As Chart 2 shows, almost every county in the 20-county Atlanta region has seen fewer foreclosure filings this year compared to last year. The only exceptions are Henry (+125), Fayette (+32) and Spalding (+3), but, as can be seen, these increases are so small as to barely warrant mention.

Table 2 shows that July had almost 8,600 foreclosure filings. That is 46 percent lower than March's totals, which are the highest recorded this year. It also shows that Gwinnett County has the most foreclosure filings in the region.

Chart 2 – Number of Foreclosure Filings Through July (2010 & 2011)



Source: Equity Depot

Table 2. Monthly Foreclosure Filings, 2011

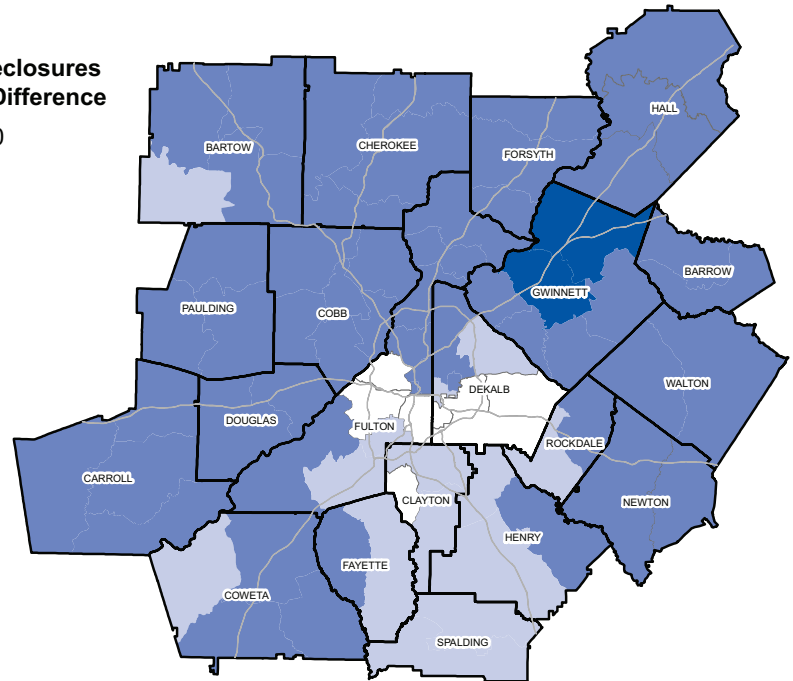
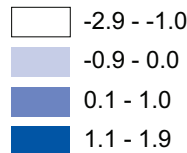
	January	February	March	April	May	June	July	Total 2011
Barrow	208	207	180	116	159	158	152	1,180
Bartow	162	198	148	140	149	124	155	1,076
Carroll	216	220	238	136	199	148	179	1,336
Cherokee	394	428	424	306	381	299	364	2,596
Clayton	864	956	932	631	790	603	688	5,464
Cobb	1,263	1,192	1,235	958	1,152	895	1,019	7,714
Coweta	215	228	232	163	183	169	154	1,344
DeKalb	1,572	1,621	1,683	1,240	1,472	1,164	1,332	10,084
Douglas	360	402	384	262	323	240	265	2,236
Fayette	162	199	170	151	157	123	148	1,110
Forsyth	292	339	312	223	252	222	245	1,885
Fulton	1,871	1,946	1,929	1,463	1,804	1,363	1,581	11,957
Gwinnett	2,135	2,299	2,338	1,567	1,967	1,477	1,818	13,601
Hall	291	295	318	230	322	235	268	1,959
Henry	540	721	666	446	565	446	501	3,885
Newton	299	334	361	295	289	218	245	2,041
Paulding	390	424	458	290	383	311	340	2,596
Rockdale	249	252	233	189	190	183	212	1,508
Spalding	134	119	133	84	104	85	82	741
Walton	168	155	180	148	184	133	134	1,102
20-County Total	11,785	12,535	12,554	9,038	11,025	8,596	9,882	75,415

Source: Equity Depot

Map 1 – Percentage Point Change in the Share of Total Foreclosure Filings, 2007-2010

Map 1 shows the shifting nature of the foreclosure crisis. It shows the percentage point change in an area's share of all foreclosure filings between 2007 and 2010. The dark blues show where the share has increased (meaning relatively more foreclosure filings), while the white and light purple show where the share has decreased. Essentially, the areas where the foreclosure crisis began – the City of Atlanta, South DeKalb, Clayton and other areas on the Southside, have seen their share of foreclosure filings decrease, while almost every other area in the region has seen an increase, particularly northern Gwinnett along I-85.

**Change in Foreclosures
Percent Point Difference**

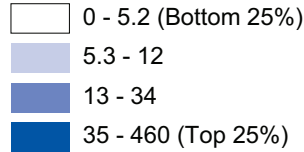


Source: Equity Depot

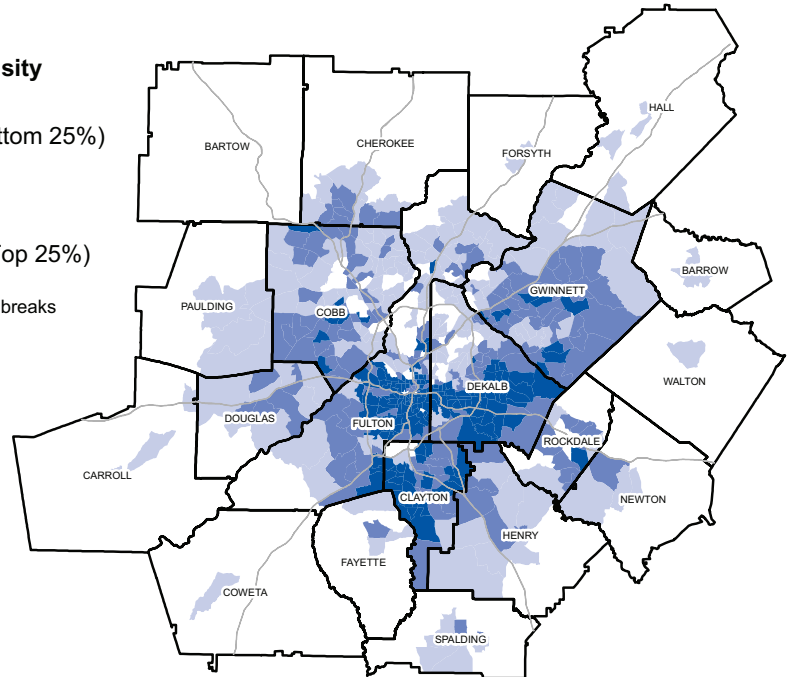
Map 2 – Foreclosure Filings per Square Mile, 2007

Maps 2 and 3 further show how the foreclosure crisis is shifting. They show the number of foreclosure filings per square mile for both 2007 and 2010. In 2007, foreclosures were relatively concentrated in the City of Atlanta, South DeKalb and Clayton counties, although there were pockets of foreclosure filings in both Gwinnett and Cobb.

Foreclosure Density per Square Mile



Quantiles are used for breaks

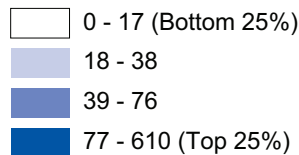


Source: Equity Depot

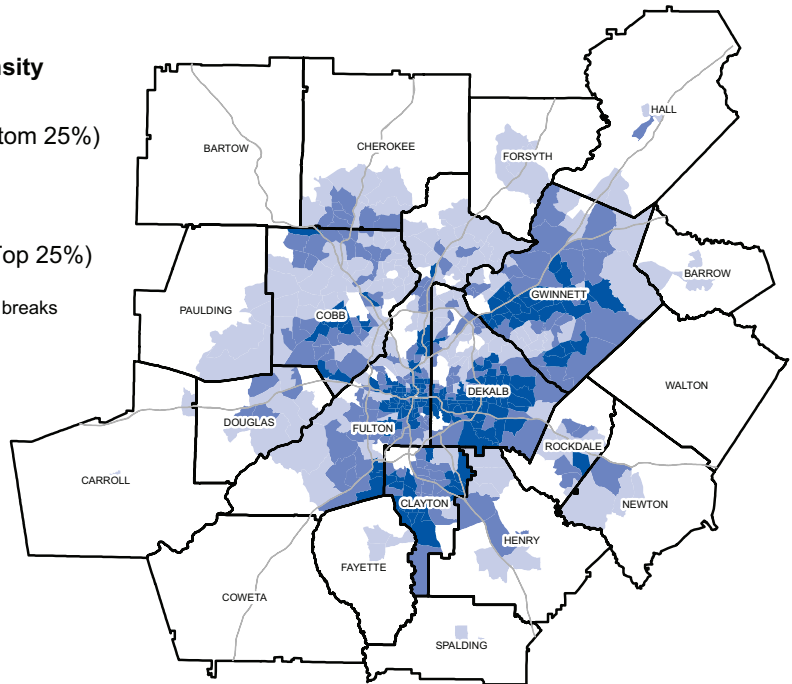
Map 3 – Foreclosure Filings per Square Mile, 2010

By 2010, there has been a distinct shift into Gwinnett County. While there still are significant concentrations in the same places they have always been – Atlanta, South DeKalb and Clayton – Gwinnett County, particularly those areas south and east of I-85 has seen a dramatic increase in activity over the past four years

Foreclosure Density per Square Mile



Quantiles are used for breaks



Source: Equity Depot

For more information on these issues or to suggest new subjects, please email mcarnathan@atlantaregional.com.

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