

Florida leads nation in foreclosure activity in 2012

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Florida ended 2012 as the top state in the nation for foreclosure activity with a 53 percent increase in filings that some analysts predict could stifle the momentum of rising home prices.

It's the first time Florida has held the yearlong designation as top foreclosure state, knocking five-year title holder Nevada to second place, according to a new report from the Irvine, Calif.-based RealtyTrac. Florida ranked seventh in 2011.

More than 279,200 Florida homes received a foreclosure filing last year. That means one in every 32 homes statewide was sent either an initial filing, notice of foreclosure auction or a notice of final bank repossession.

In Palm Beach County, 21,232 homes received a foreclosure notice last year, a 16 percent increase from 2011.

Slowing activity in other states as well as lenders making up for lost time following the robo-signing scandal contributed to Florida's top rank. Nationwide, total foreclosure filings in the fourth quarter were at their lowest level since 2007.

But it was also increases in new mortgage defaults — the beginning stage of the foreclosure process — as well as bank repossessions — the final stage — that pushed up Florida's rates.

RealtyTrac Vice President Daren Blomquist said foreclosures won't start to taper off in Florida until the second half of the year, adding that the higher level of activity is both good and bad for the real estate market.

"The increase in bank repossessions statewide should mean more bank-owned inventory available for sale in 2013, which may be good for many markets in Florida where buyers are hungry for more inventory," Blomquist said. "But the increased sales of those bank-owned homes may cause some short-term softness in prices."

Last year was marked by rising home prices statewide and in Palm Beach County. The median sales price of a Palm Beach County single-family home in November was \$219,500, up nearly 20 percent from 2011.

The bump in prices may have contributed to the reduction of underwater mortgages in the state, according to the RealtyTrac report. In January 2012, about 2.6 million Florida homeowners were seriously underwater, meaning they owed at least 25 percent more on their mortgage than their home is worth. This month, seriously underwater mortgages in Florida were measured at 1.9 million.

“Granted, that is still a lot of homeowners and represents 43 percent of all Florida homeowners with a mortgage, but it is a significant improvement,” Blomquist said.

Some real estate experts said despite the foreclosure increase, Florida’s housing market is still on the upswing.

“It’s a little like divining tea leaves, but I don’t think even this kind of bad news will impact pricing,” said Ken Johnson, a professor with Florida International University’s Hollo School of Real Estate. “I just think we’ve finally reached the bottom.”

Although Florida foreclosure activity was higher in 2012 than 2011, it was still 45 percent lower than in 2009, when more than 500,000 homes received a foreclosure filing.

The RealtyTrac report made a distinction between activity in states that require foreclosures to go through the court system, such as Florida, and those where a judicial foreclosure is less common.

In 25 states that saw foreclosure activity increase last year, 20 were judicial foreclosure states. Of the 25 states that saw foreclosures drop last year, 19 were non-judicial states, including Nevada, which experienced a 57 percent decrease in activity.

Florida had the third-longest timeline to foreclose in the nation at 853 days. New York foreclosures take an average of 1,089 days, while New Jersey is at 931 days. The nationwide average foreclosure timeline is 414 days.

Florida lawmakers will again debate a fast-track foreclosure bill in Tallahassee this year. They will also be asked to extend a stipend awarded last year to the court system to hire additional foreclosure judges.

Foreclosures: the numbers

Last year, there were 155,938 new foreclosure notices sent to Florida homeowners, a 23 percent increase from 2011. Bank repossessions were up 24 percent during the same period.

Palm Beach County had 15,419 new cases filed last year, a 27 percent increase from 2011 and the first year-over-year increase since 2009, according to a Clerk & Comptroller’s report released Wednesday.

Since 2006, 1.5 million initial foreclosure notices were filed against Florida homes.

Top five states for foreclosure activity in 2012

1. Florida
2. Nevada
3. Arizona
4. Georgia
5. Illinois

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