

Foreclosures Skyrocketing for High-Priced Homes

By: Jann Swanson | Wed, Dec 4 2013, 12:37 PM

While the numbers are small - less than 200 homes - the incidence of foreclosure among ultra-high end homes has **skyrocketed** recently, even as the rate for more mundane homes has plunged. RealtyTrac said today that foreclosure activity on homes valued at \$5 million or more has **jumped by 61 percent** since October 2012 while the overall rate of filings has dropped 23 percent so far this year.

The 200 or so very expensive homes that have received a foreclosure notice this year pales in comparison to the total of 1.2 million homes in less rarified price ranges that have also received notices, but as RealtyTrac points out, each of these homes represents a much bigger potential loss to the lender than do median priced homes.

The company said the uptick in activity may indicate that **lenders are now financially stable enough** to face the potential big-ticket losses on these homes or it may indicate that they are looking at an improved market for more expensive homes and seeing the possibility of better recoveries through foreclosure.

"A home selling for \$5 million or above represents the ultra-luxury end of the market, and so far in 2013 we've had 34 properties close over that price with the average sale being \$7.7 million," said Emmett Laffey, CEO of Laffey Fine Home International, covering the five boroughs of New York. "Any foreclosure properties in this type of ultra-luxury market **usually get purchased very quickly** since there is one thing all super rich buyers want - an outstanding deal on a real estate transaction, and in most cases foreclosures of this magnitude come with several million more dollars of built-in value."

RealtyTrac said that the delayed rise in foreclosure activity on these high-end properties may not all be the doing of the lenders. Some of the homeowners may have had the means to hold out against foreclosure longer than most homeowners.

More than 60 percent of the high-end foreclosure activity was not surprisingly in Florida and California. Both states had notable real estate booms and busts and their coastal cities in particular have larger shares of expensive homes than in most of the U.S.

View this Article: <https://www.mortgagenewsdaily.com/news/12042013-realtytrac-foreclosures>