



Distressed Home Sales Reach New Low



Housing Shortage Update

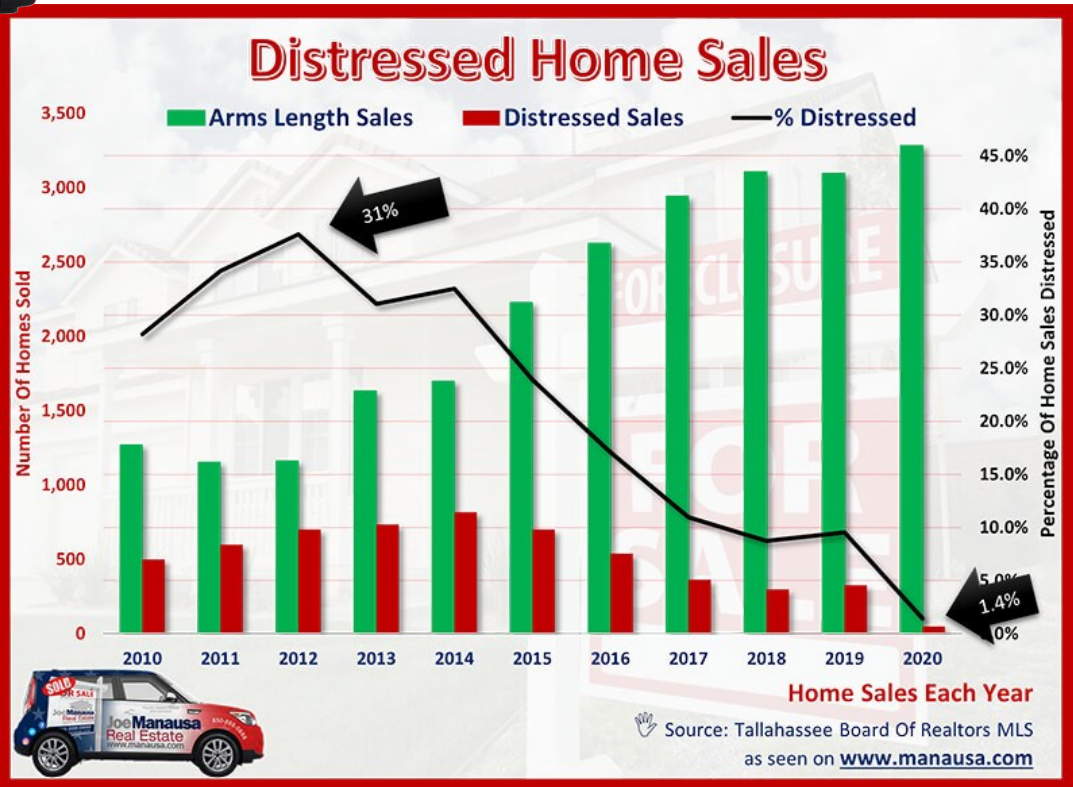


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One way to measure the health of the housing market is to evaluate the strength of distressed home sales. These include homes that are sold in short sales, foreclosures, pre-foreclosures, and bank owned properties.

The graph above plots the number of healthy arms-length home sales in green and distressed home sales in red. The resulting ratio of distressed sales to arms-length sales is plotted in black and measured on the right vertical axis.

At the bottom of the market in 2012, nearly one in every three homes sold fell into the “distressed” category. In 2020, just one of every 72 homes

sold was done so in a distressed capacity. The graph only goes back to 2010, but this certainly is the lowest ratio of distressed home sales in the past thirteen or more years.

Equity Returns To Real Estate

What makes 2020 so different than previous years is that home values are moving higher, thus most homeowners have equity in their homes. If they are forced to sell their homes due to the reasons that often cause distressed situations, most are able to do so and pay off the debt and liens on the property. With values certain to rise even higher in 2021, don't be surprised to see distressed homes represent an even smaller segment of the homes sold.