



## Record Low For Distressed Properties



### Do You Buy Now Or Wait For 2023?

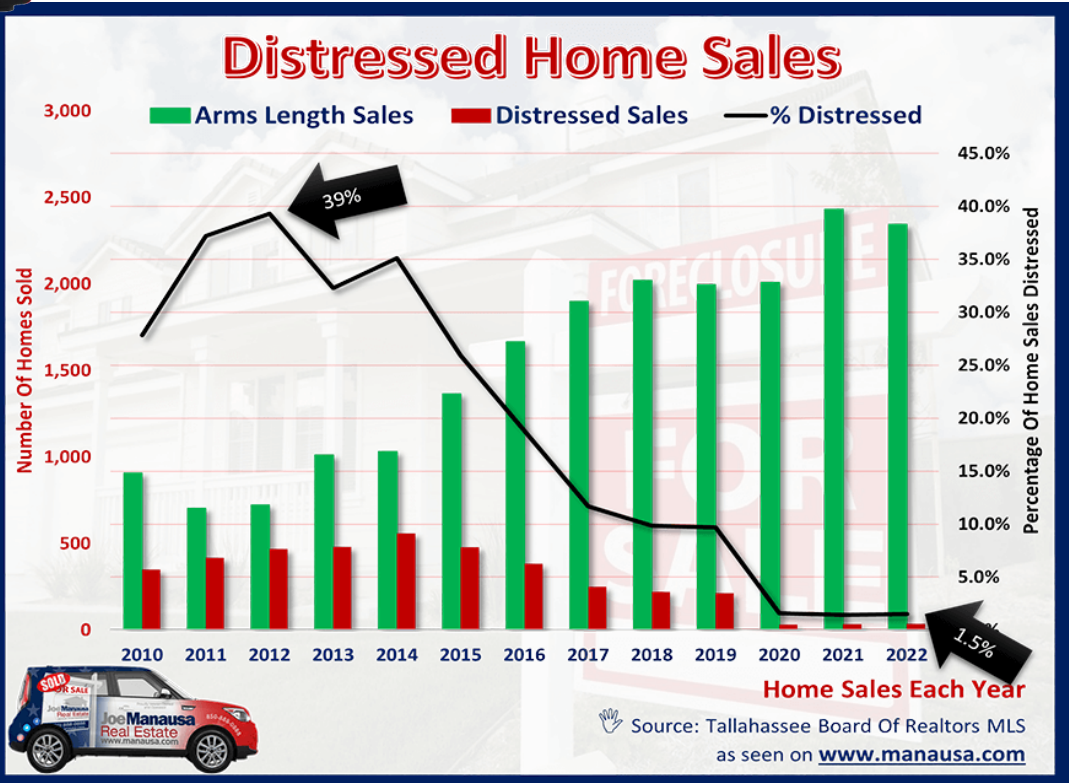


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There is a general concern that I'm hearing from buyers that home prices might have peaked and they believe we could see them dropping soon. Sadly, they are just wrong.

I often go about showing them that the supply imbalance makes it nearly impossible for values to turn around in the next few years. Today, I'm going to share a "market health check" that confirms what the supply imbalance implies.

The graph above examines the active inventory of homes for sale since 2010, segmented by arms-length (healthy) sellers shown in green, and distressed (unhealthy) sellers shown in red. The black line reports the percentage of homes on the market that are distressed.

Currently, just 1.5% of all active listings are distressed properties (short sales, pre-foreclosures, and foreclosure sales). This is tied for the record low as we saw it during pre-COVID market conditions.

At the peak of the housing market recovery, 39% of all sales were distressed properties. Today, it's fairly rare to find [homes selling under distressed conditions](#).

We won't see the market threaten home values until we see significantly more activity in the distressed homes market. Remember, homes are appreciating rapidly and there is not enough inventory, so most people who are in a forced-sale situation are likely to be able to pull some equity from their homes, even after catching up with very late payments on their mortgages.

