

Thursday, August 14, 2008 - 10:42 AM CDT

Home foreclosures in Texas trending downward in still 'bloated' housing market

Austin Business Journal

The Texas residential real-estate market is experiencing a reduction in the number of homes hitting the foreclosure block.

According to the July report compiled by Irvine, Calif.-based RealtyTrac, over the month of July, a total of 10,354 homes in Texas entered the foreclosure process -- marking a 6.3 percent decline from the volume of filings posted in June 2008.

Meanwhile, foreclosure filings were down 16.8 percent between July 2007 and July 2008.

With more than 10,000 filings in July, Texas ranks among the Top 10 states in the volume of foreclosure filings. Texas ranked sixth in the country between No. 5 Michigan, which reported 11,591 foreclosure filing during July, and No. 7 Georgia, which had 10,061 filings.

Nationwide, a total of 272,171 residential foreclosure filings were reported over the course of July -- representing an 8 percent increase from figures posted in June. However, compared with July 2007, the number of residential foreclosure filings was up 55 percent.

RealtyTrac figures are based on filings for all three phases of foreclosure: Default, auction and real estate owned. (Real estate owned, or REO, means that the property has been foreclosed on and is now owned by a lender).

It is the last category that showed a significant spike. Over the course of July, 77,295 properties nationwide fell into REO status -- marking a 184 percent increase from the number reported for July 2007, RealtyTrac reports.

It is a phenomenon that has created an unbalanced housing market, according to James J. Saccacio, CEO of RealtyTrac.

"The sharp rise in REOs, combined with slow sales, has resulted in a bloated inventory of bank-owned properties for sale," Saccacio says.

At present, more than 750,000 homes nationwide are categorized by RealtyTrac as REO properties, Saccacio adds.