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## Demand for Foreclosures Triples Among Homebuyers

### Public Concern Mounts Over Potential Foreclosure Flood Following AG Settlement

CAMPBELL, Calif., May 30, 2012 /PRNewswire/ -- Interest in buying foreclosures has almost tripled among potential home buyers in the past two and half years, and 92.1 percent of those buyers plan to live in them rather than use them as investments, according to a new national survey released today by [Realtor.com](http://Realtor.com). This suggests the stigma once associated with buying a foreclosure as a home has faded, and significant demand among potential owner occupants has developed for the more than 1.5 million foreclosures that accumulated leading up to the recently signed 49 state Attorneys General Agreement. Realtor.com is the #1 homes for sale site operated by Move, Inc. (NASDAQ: MOVE), the leader in online real estate.

According to the [Realtor.com](http://Realtor.com) survey, homebuyer interest in foreclosures jumped 159 percent since October 2009 when foreclosures accounted for 29 percent[i] of all home sales. In fact, more than two-thirds (64.9%) of today's homebuyers said they're likely to buy a foreclosure compared to 25.3 percent two and a half years ago. Only 6.9 percent of today's potential home buyers are interested in buying a foreclosure as an investment, down from 13.2 percent in October 2009.

"We see a combination of factors coming into play explaining the unexpected interest in foreclosures," said Steve Berkowitz, chief executive officer of [Realtor.com](http://Realtor.com) operator Move, Inc. "Reductions in supply, expectations that home prices will rise, and changing attitudes towards foreclosures are contributing to the increased demand, especially among owner-occupants. As lenders begin processing their distressed inventories and releasing them for sale at the local level, we look to them to move carefully and monitor conditions so recently gained home values aren't diminished."

### CONCERN POST-SETTLEMENT FORECLOSURE WAVE WILL LOWER HOME VALUES

The [Realtor.com](http://Realtor.com) survey found that more than half of all Americans (55.7%) are concerned the more than 1.5 million backlogged foreclosures expected to be released by major lenders will lower home values in their markets. Midwesterners (62.2%) are more concerned than those in other regions while people in the Northeast are least concerned (42.8%). The majority of backlogged foreclosures are expected to be released in the 26 judicial states that require court orders before distressed properties can be processed and released for sale. Many judicial states are located in the Midwest and Northeast. Homeowners (56.1%) and non-homeowners (54.5%) are equally concerned.

### FEAR OF FACING FORECLOSURE DECLINES, NO IMPROVEMENT SEEN IN FORECLOSURE PICTURE

As the stigma associated with buying a foreclosure has declined in the past few years, so has the fear of losing a home to foreclosure. Today, approximately one third of Americans (34.9%) fear they or someone they know will face foreclosure in the next year, down -33.5 percent from March 2009 levels when 52.5 percent expressed this concern. Fear of facing foreclosure today is greatest among those earning less than \$30,000 a year and slightly higher among non-homeowners (38.6%) than homeowners (33.6%).

While foreclosure activities have declined 34 percent[ii] in the past year, most Americans say they haven't seen improvement in the foreclosure situation where they live. The [Realtor.com](http://Realtor.com) survey found most Americans (49%) think the foreclosure situation is about the same as it was last year, while close to one in six (17.6%) say the foreclosure situation is worse. Only 21.3 percent think the foreclosure situation in their market is better. Foreclosures have in fact declined by 34 percent in the past 12 months.

### AMERICANS HOLD ECONOMY, LENDERS AND GOVERNMENT RESPONSIBLE

Americans blame the economy and job losses (22.2%), lenders (24.8%) and the government (22.1%) equally responsible for the foreclosure problems facing the nation today. Defaulting homeowners (10.3%) and Wall Street (9.4%) were least blamed by survey respondents. Homeowners with annual incomes of \$40,000 or more (30%) and those age 25 to 64 (29%) blame lenders more than other groups, while older Americans 65+ (32.8%) and those earning over \$50,000 (26%) blame government most. Younger consumers (18-24) are more likely to blame the economy (28.7%) and defaulting homeowners (26.9%) for today's foreclosure problems.

### AMERICANS CALL ON LENDERS TO ENACT LEASE-PURCHASE PROGRAMS FOR FORECLOSURES

To keep the 'shadow inventory' of foreclosures from lowering home values, more Americans want lenders to offer lease-purchase programs to help reduce their foreclosure inventories compared to other options. In fact, one in four (28.3%) Americans prefer the lease-purchase option instead of: Selling them slowly to preserve home values (12.8%); Selling them to investors to fix up and rent out (11%); Continuing business as usual (10.8%); Selling them quickly to eliminate the backlog even if home values suffer (10.6%); And renting them out until prices improve (8.7%).

## **FORECLOSURE BUYERS ARE SAVVY ABOUT DISCOUNTS AND EXPECTED APPRECIATION RATES**

The [Realtor.com](#) survey found prospective foreclosure buyers have a fairly accurate picture of the discounts and appreciation that comes with foreclosures, suggesting they're savvy consumers that are informed, serious and likely successful buyers. Most foreclosure buyers expect to receive a discount of anywhere from 10% to up to 30 percent on their property purchase, which is in line with today's average discount of approximately 29 percent<sup>[iii]</sup>. Also interesting, the lower the income level of a prospective foreclosure buyer, the more realistic their expectations are about the discount.

More than half of all prospective foreclosure buyers (56.4%) expect their purchases to appreciate 10 percent or less over five years, or 2 percent a year. Younger buyers (age 18-34) are most realistic. More than half those in the first time buyer age group, 25-34 (57.1%), expect their purchases to appreciate less than 5 percent, or 1 percent a year. Most (54.8%) middle income buyers (\$30-40K) are more conservative and anticipate an appreciation of less than 5 percent in five years.

"Foreclosures can present a new opportunity for buyers to become homeowners, especially considering the discounted purchase prices and lower down payment requirements. This is especially true for owner-occupants interested in improving the property, and holding to it long enough to realize appreciation that can be carried over to future home purchases," said [Realtor.com](#) President Errol Samuelson. "Working with a Realtor who specializes in distressed properties can help foreclosure buyers be more successful as they navigate the process unique to this type of purchase."

Today, [Realtor.com](#) surfaces foreclosure properties listed for sale by local brokers on their MLS across the country on both the desktop and mobile search experiences. Potential foreclosure buyers can connect with Realtors specializing in foreclosures through the Find a Realtor tab on [Realtor.com](#). All listings on [Realtor.com](#) are updated every 15 minutes to 24 hours directly by each local MLS. [Realtor.com](#) mobile search apps can be downloaded at: <http://www.realtor.com/mobile?source=web>

### **About the Survey**

The survey was conducted May 4-6, 2012, by GfK Custom Research North America, via OmniTel, their weekly national telephone omnibus service. The study consisted of 1,004 completed interviews, among adults 18 years of age and over. The margin of error on weighted data is +/- 3 percentage points for the full sample and higher for subgroups.

### **About MOVE, Inc.**

Move, Inc. (NASDAQ:MOVE) is the leader in online real estate and operator of REALTOR.com®, the official website of the National Association of REALTORS®; [Move.com](#), a leading destination for new homes and rental listings, moving, home and garden, and home finance; ListHub, the leading syndicator of real estate listings; [Moving.com](#); SeniorHousingNet; SocialBios; and TOP PRODUCER Systems. Move, Inc. is based in Campbell, California.

### **ABOUT REALTOR.COM®**

[REALTOR.com®](#), where the world shops for real estate online, is operated by Move, Inc., (NASDAQ: MOVE) and is the official Web site of the National Association of REALTORS®. As the #1 homes-for-sale site, Realtor.com® currently offers potential home buyers access to over four million property listings. It also provides REALTORS® and the home sellers they represent with the Internet's largest real estate marketplace. Agents and companies have the power to customize [REALTOR.com®](#) resources to maximize their brand and productivity.

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[i] <http://www.realtytrac.com/content/foreclosure-market-report/2010-year-end-and-q4-foreclosure-sales-report-6402>

[ii] CoreLogic National Foreclosure Report 5/1/12

[iii] LPS Mortgage Monitor Report, March

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