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## Indicators of the Metroscope: Foreclosures

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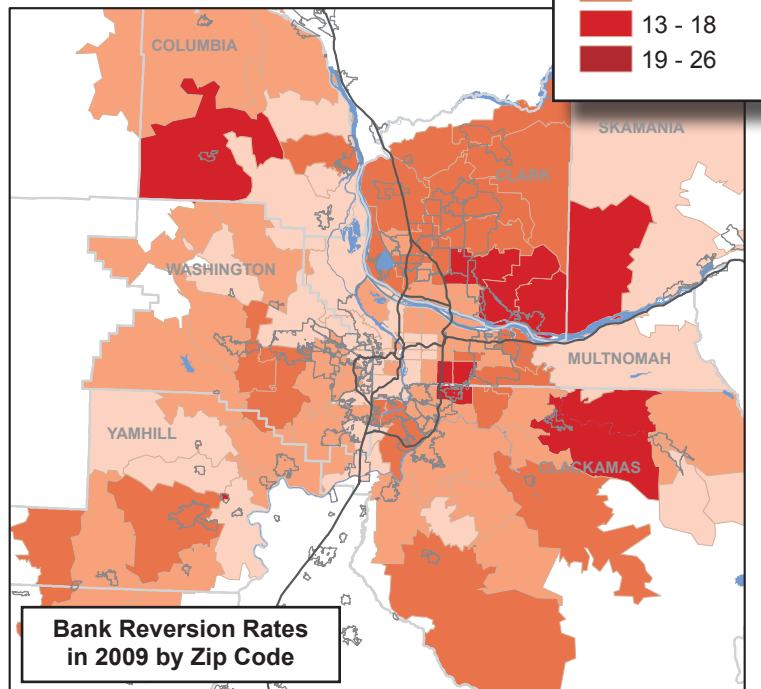
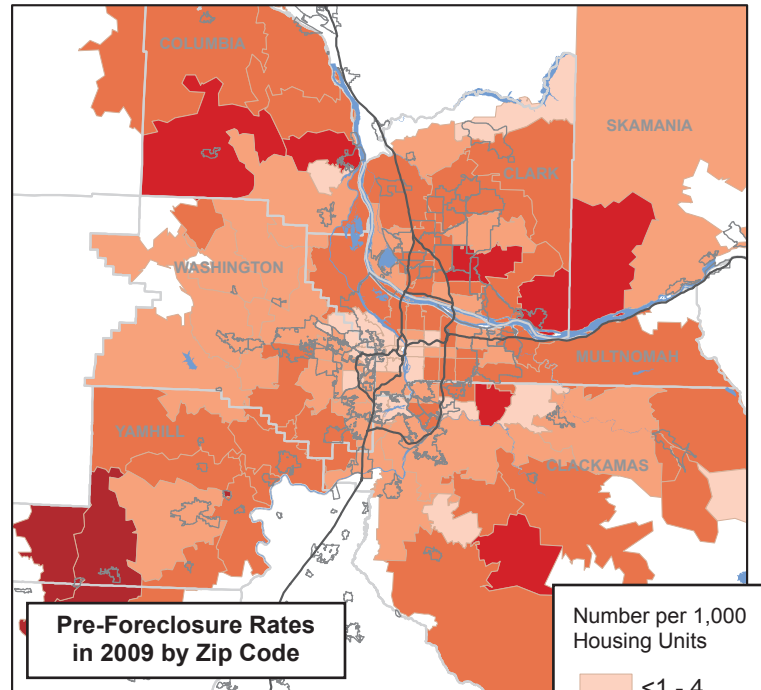
## Foreclosures

by Webb Sprague

Foreclosures began to affect the USA two to three years ago when homes stopped increasing in value each year and when "toxic" loans began coming due. Foreclosures became even more of a problem after unemployment soared in late 2008 due to the recession. While the Portland-Vancouver region has not seen a foreclosure problem on the scale of other markets, there has been strong foreclosure activity here in the last two years. Foreclosures affect both the families involved and the market overall because all homes lose value as the supply of low-priced and vacant properties increases.

The maps show the distribution of foreclosure activity by zip code in 2009. After a notice is mailed, there can be anywhere from three to six months before the foreclosure happens. The homeowner may sell the house or make other arrangements to prevent a foreclosure. The maps indicate a pattern in which areas with more recent growth have relatively high levels of foreclosure-related activity. In addition, bank reversions appear to be concentrated in outer southeast Portland, east of I-205, and at the fringes of the metroscope in Clackamas, Clark, and Columbia counties.

The time series graph shows the total number of foreclosure notices and bank reversions in the 7-county region (including Skamania County, Washington) by month. Here we see the climb since the end of the real estate bubble in mid 2007. For notices, we see a peak in late 2008 and a subsequent decline; the problem shows no sign of subsiding soon, however. With bank reversions the trend is upward, a cause for concern regarding a possible market recovery.



**Total Number of Foreclosure Notices & Bank Reversions in the Portland-Vancouver Region May 2007 - October 2009**

