

U.S. Home Vacancies Rise to 18.8 Million on Defaults

Oct. 29 (Bloomberg) -- About 18.8 million homes stood empty in the U.S. during the third quarter as banks seized properties from delinquent borrowers and new home sales fell in September.

The number of vacant properties, including foreclosures, residences for sale and vacation homes, rose from 18.4 million a year earlier and 18.7 million in the second quarter, the U.S. Census Bureau said in a report today. The record high was in the first quarter, when 18.95 million homes were vacant. The homeownership rate, meaning households that own their own residence, stood at 67.6 percent.

The worst U.S. housing crash since the Great Depression has led to a record number of foreclosures and shaved almost a third off property values. The S&P/Case-Shiller Index of 20 cities in August was 29 percent below its 2006 high, after rising for four consecutive months.

"We are bumping along the bottom of the housing market," said James Lockhart, vice chairman of WL Ross & Co. and the former director of the Federal Housing Finance Agency. "There is the potential for another swing down."

Sales of new U.S. homes fell 3.6 percent in September to an annual pace of 402,000, the Commerce Department said yesterday. That was lower than the 440,000 median forecast of 75 economists surveyed by Bloomberg News.

Vacancy Rate

The percentage of all U.S. homes empty and for sale, known as the vacancy rate, rose to 2.6 percent from 2.5 percent in the second quarter. It hit an all-time high of 2.9 percent in the first and fourth quarters of 2008, the Census Bureau said.

There were 130.3 million homes in the U.S. in the third quarter, according to the report. In addition to the 2 million empty properties for sale, the report counted 4.6 million vacant homes for rent and 4.6 million seasonal properties that are only used for part of the year.

Foreclosures are included in a part of the Census Bureau that also includes vacation homes intended for year-round use and homes that are unoccupied because they are under renovation or tied up in legal proceedings. There were 7.7 million such properties empty in the first quarter, up from 7.5 million a year earlier, the report said.

Foreclosures could also be counted as vacant homes for sale or rent, or as owner-occupied properties if lenders have not yet evicted previous owners, the federal agency said.

Job Losses

Companies have shed more than 7 million jobs since the recession began in December 2007, cutting demand for homes and eroding the consumer spending that makes up about 70 percent of the world's largest economy. In September, the unemployment rate rose to 9.8 percent, the highest in more than a quarter century.

U.S. foreclosure filings climbed to a record in the third quarter as lenders seized more properties from delinquent borrowers, according to RealtyTrac Inc. in Irvine, California. A total of 937,840 homes received a default or auction notice or were repossessed by banks, a 23 percent increase from a year earlier, the data company said.

U.S. banks in the second quarter held \$34 billion of properties acquired through foreclosure, including repossessed homes and condominium projects gone bust, according to the Federal Deposit Insurance Corp. in Washington. That's almost double the \$18.9 billion of real estate a year earlier.

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