



Market Trends & Opportunities

FinServ Summit, San Diego, CA

Sept. 27, 2023



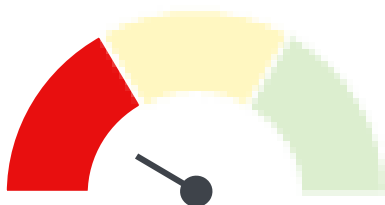
AUCTION.COM
MARKET RESEARCH & ANALYSIS

- Macroeconomic trends
- Housing market trends
- Distressed market trends
- Distressed disposition trends
- Spotlight: how transparent disposition benefits underserved communities
- Appendix: anatomy of distressed property buyers



Macroeconomic Trends

• MARKET DASHBOARD



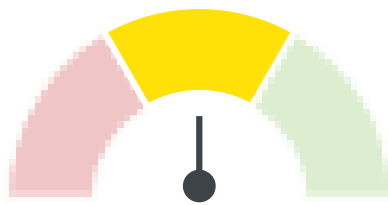
● YIELD CURVE

Aug 2023 **-1.39**

Prev. Month **-1.49**

Prev. Year **+0.18**

*Source: New York Federal Reserve Bank



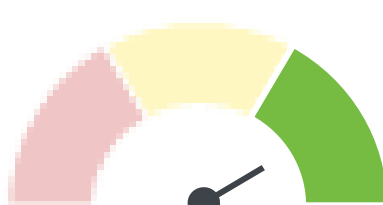
● MANUFACTURING INDEX

Aug 2023 **47.6**

Prev. Month **46.4**

Prev. Year **52.8**

*Institute for Supply Management



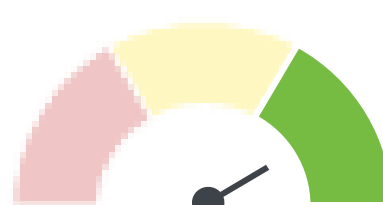
● CONSUMER SENTIMENT

July 2023 **71.6**

Prev. Month **64.4**

Prev. Year **47.3**

*University of Michigan Consumer Surveys



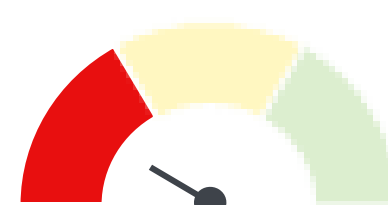
● UNEMPLOYMENT RATE

Aug 2023 **3.8%**

Prev. Month **3.5%**

Prev. Year **3.7%**

*Bureau of Labor Statistics



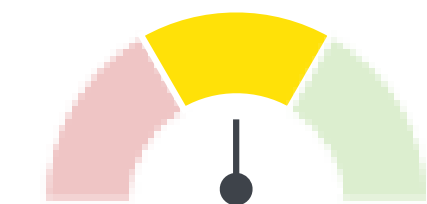
● 30-YEAR FIXED-RATE MORTGAGE

Aug 2023 **7.07%**

Prev. Month **6.84%**

Prev. Year **5.22%**

Source: Freddie Mac



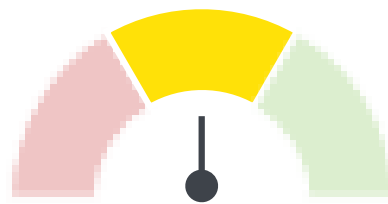
● HOME PRICE APPRECIATION

July 2023 **1.9%**

Prev. Month **-0.9%**

Prev. Year **8.4%**

Source: NAR



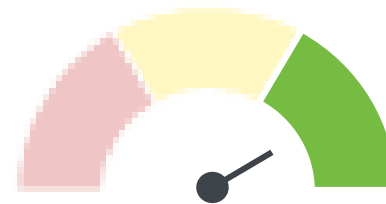
● REAL ESTATE NET WORTH

Q2 2023 **71.1%**

Prev. Quarter **69.6%**

Prev. Year **72.3%**

*Board of Governors of Federal Reserve System



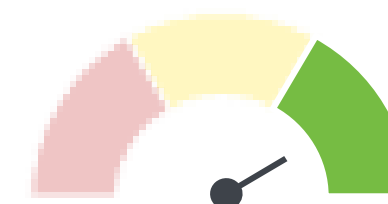
● SDQ RATE

Q2 2023 **1.61%**

Prev. Quarter **1.73%**

Prev. Year **2.12%**

Source: Mortgage Bankers Association



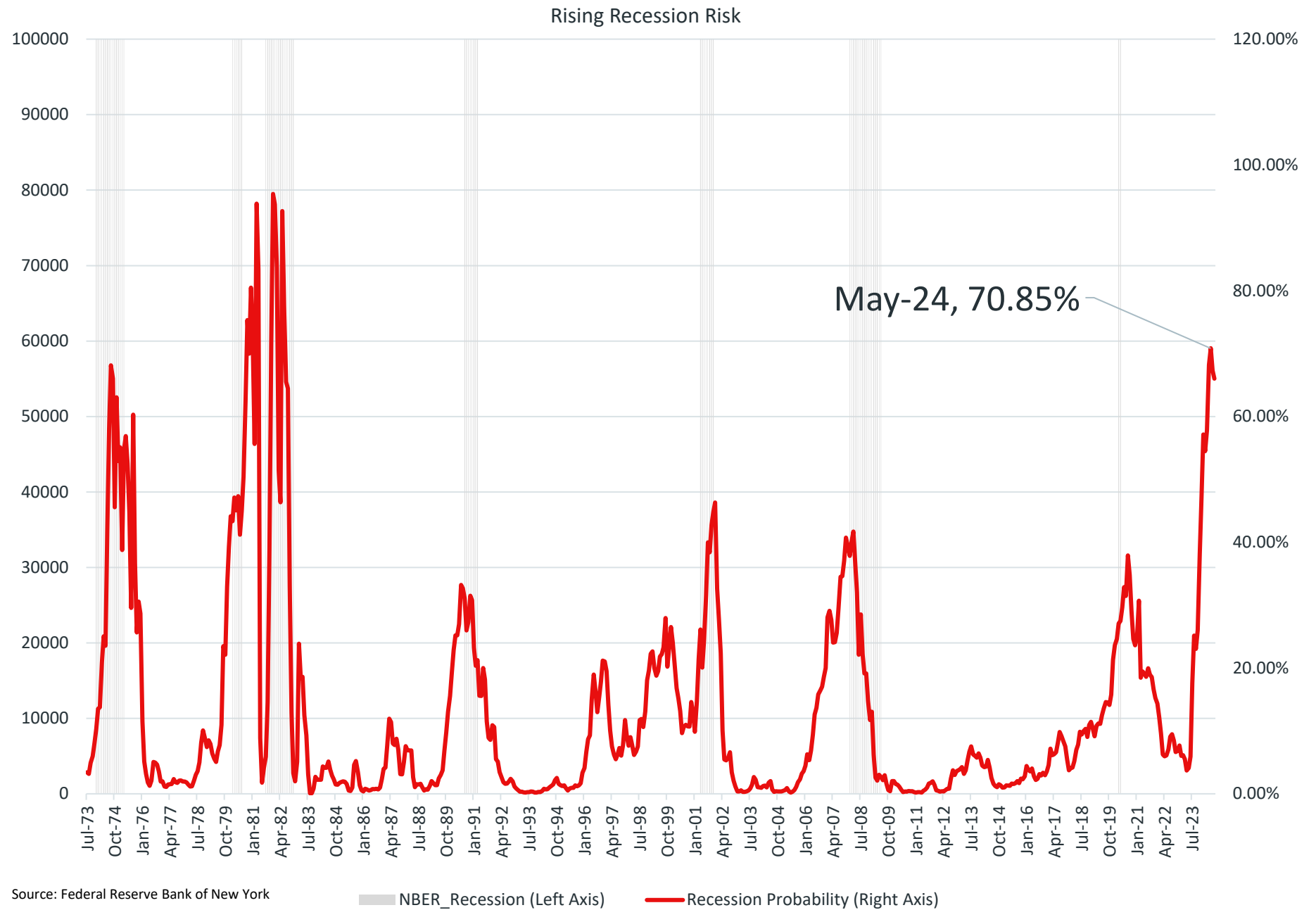
● FORECLOSURE STARTS

Aug 2023 **22,646**

Prev. Month **22,761**

Prev. Year **22,540**

*ATTOM Data Solutions
*Trailing 3-month average





Fannie Mae™

Economic Forecast: August 2023

	----- 2022 -----				----- 2023 -----				----- 2024 -----				2022	2023	2024
	22.1	22.2	22.3	22.4	23.1	23.2	23.3	23.4	24.1	24.2	24.3	24.4	2022	2023	2024
Percent Change: Quarterly SAAR, Annual Q4/Q4															
Gross Domestic Product	-1.6	-0.6	3.2	2.6	2.0	2.4	2.2	1.1	-0.1	-0.9	-0.4	0.6	0.9	1.9	-0.2
Personal Consumption Expenditures (PCE)	1.3	2.0	2.3	1.0	4.2	1.6	1.8	1.3	0.3	-0.5	-0.1	0.7	1.7	2.2	0.1
Residential Fixed Investment	-3.1	-17.8	-27.1	-25.1	-4.0	-4.2	6.6	-2.3	-4.7	-3.7	-0.3	2.5	-18.8	-1.0	-1.6
Business Fixed Investment	7.9	0.1	6.2	4.0	0.6	7.7	0.3	1.4	-2.4	-4.8	-4.4	-2.5	4.5	2.5	-3.5
Government Consumption & Investment	-2.3	-1.6	3.7	3.8	5.0	2.6	2.3	1.0	0.7	1.0	1.0	0.9	0.9	2.7	0.9
Billions of Chained 2012\$															
Net Exports	-1480	-1421	-1260	-1230	-1199	-1197	-1190	-1208	-1214	-1204	-1186	-1171	-1348	-1198	-1194
Change in Business Inventories	215	110	39	137	4	9	17	24	26	16	5	3	125	13	13
Percent Change: Quarterly YoY, Annual Q4/Q4															
Consumer Price Index	8.0	8.6	8.3	7.1	5.8	4.1	3.5	3.2	2.9	2.9	2.8	2.8	7.1	3.2	2.8
Core Consumer Price Index (ex. Food & Energy)	6.3	6.0	6.3	6.0	5.6	5.2	4.6	4.2	3.7	3.3	3.0	2.8	6.0	4.2	2.8
PCE Chain Price Index	6.4	6.6	6.3	5.7	4.9	3.7	3.4	3.1	2.7	2.7	2.6	2.5	5.7	3.1	2.5
Core PCE Chain Price Index (ex. Food & Energy)	5.3	5.0	4.9	4.8	4.6	4.4	4.1	3.8	3.2	3.0	2.8	2.5	4.8	3.8	2.5
Change: Quarterly Avg Mo. Chg, Thous., Annual Mil.															
Employment, Total Nonfarm	561	329	423	284	312	228	114	19	-74	-82	-108	-117	4.8	2.0	-1.1
Percent Change: Q4/Q4													3.4	1.5	-0.6
Percent: Quarterly Avg, Annual Avg															
Unemployment Rate	3.8	3.6	3.6	3.6	3.5	3.5	3.5	3.6	3.8	4.1	4.5	4.9	3.6	3.5	4.3
Federal Funds Rate	0.1	0.8	2.2	3.7	4.5	5.0	5.3	5.4	5.2	5.0	4.7	4.4	1.7	5.0	4.8
1-Year Treasury Note Yield	1.0	2.2	3.4	4.6	4.8	4.9	5.3	5.1	4.8	4.6	4.3	4.1	2.8	5.0	4.4
10-Year Treasury Note Yield	1.9	2.9	3.1	3.8	3.6	3.6	3.9	3.9	3.9	3.8	3.8	3.8	3.0	3.8	3.8

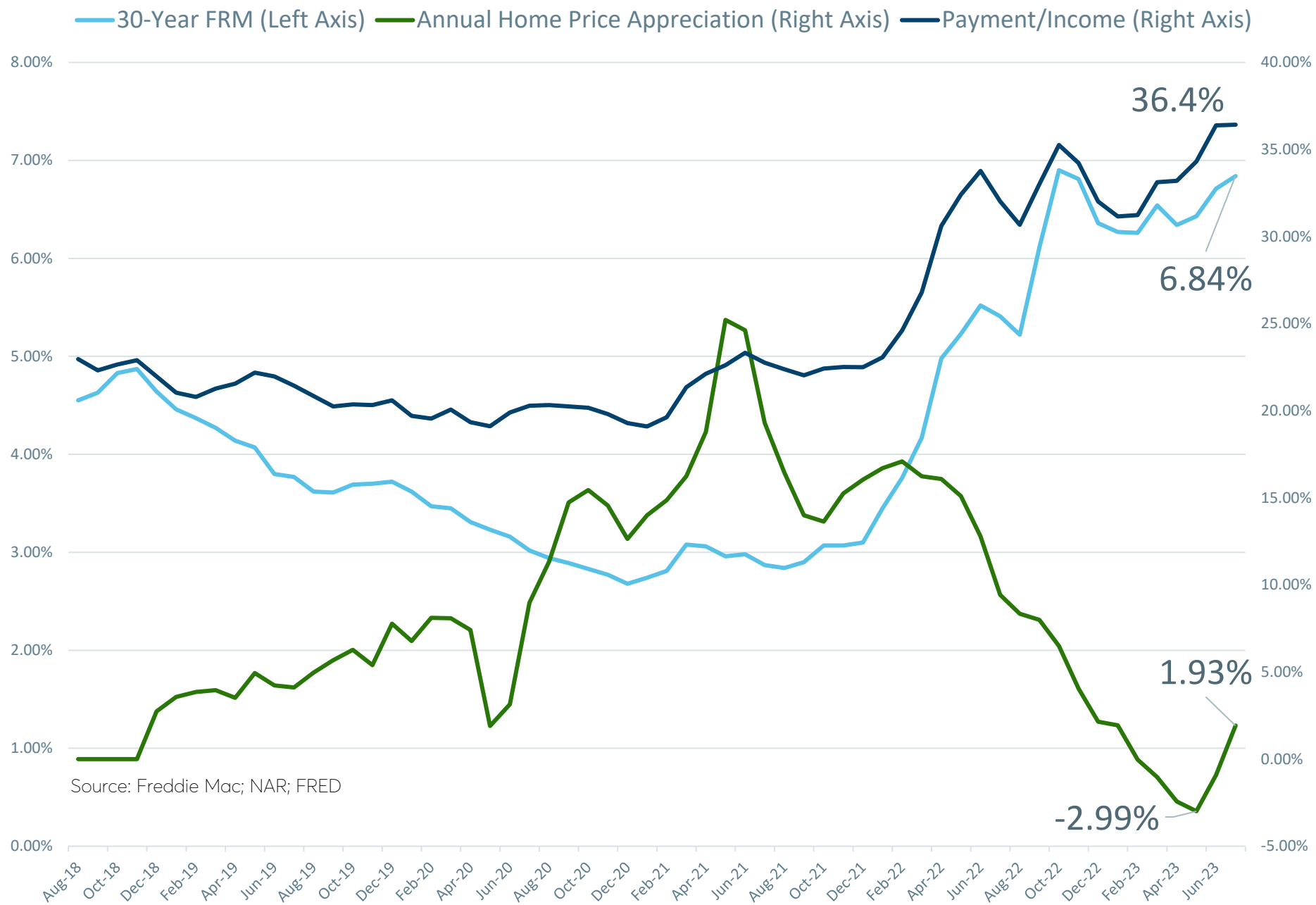


MBA Economic Forecast

August 21, 2023

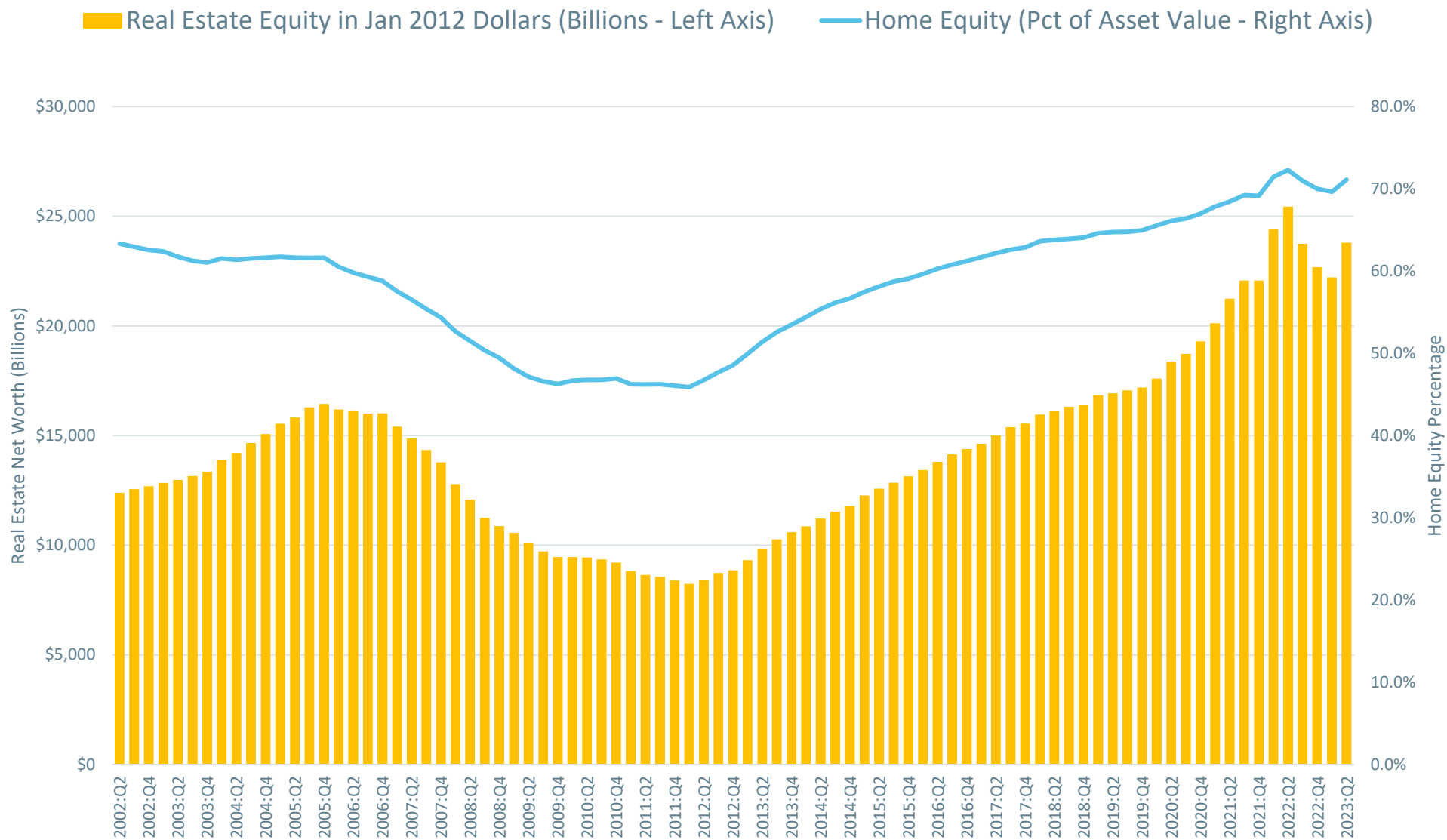
	2022				2023				2024							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023	2024	2025
Percent Change, SAAR																
Real Gross Domestic Product	-1.6	-0.6	3.2	2.6	2.0	2.4	1.5	0.3	-0.3	-0.3	1.0	1.9	0.9	1.5	0.6	1.8
Personal Consumption Expenditures	1.3	2.0	2.3	1.0	4.2	1.6	1.4	1.0	0.8	0.6	1.4	1.4	1.7	2.0	1.1	1.5
Business Fixed Investment	7.9	0.1	6.2	4.0	0.6	7.7	-1.0	0.2	-2.2	-2.6	-1.3	1.3	4.5	1.8	-1.2	1.5
Residential Investment	-3.1	-17.8	-27.1	-25.1	-4.0	-4.2	5.8	2.3	9.1	5.2	4.5	5.9	-18.8	-0.1	6.2	5.4
Govt. Consumption & Investment	-2.3	-1.6	3.7	3.8	5.0	2.6	2.3	1.5	0.9	0.7	0.7	0.6	0.9	2.8	0.7	0.6
Net Exports (Bil. Chain 2012\$)	-1260.3	-1207.6	-1063.8	-1037.8	-1010.3	-1009.2	-1021.3	-1068.9	-1126.5	-1167.2	-1176.1	-1168.0	-1142.4	-1027.5	-1159.4	-1184.5
Inventory Investment (Bil. Chain 2012\$)	182.4	93.7	32.9	116.1	3.0	7.9	15.0	14.1	8.3	3.2	1.7	10.7	106.3	10.0	6.0	44.9
Consumer Prices (YOY)	8.0	8.6	8.3	7.1	5.8	4.1	3.2	2.9	2.7	2.6	2.5	2.3	7.1	2.9	2.3	2.2
Percent																
Unemployment Rate	3.8	3.6	3.5	3.6	3.5	3.5	3.7	3.9	4.2	4.6	4.9	4.7	3.6	3.7	4.6	4.5
Federal Funds Rate	0.375	1.625	3.125	4.375	4.875	5.125	5.375	5.375	5.375	4.875	4.375	3.875	4.375	5.375	3.875	2.875
10-Year Treasury Yield	1.9	2.9	3.1	3.8	3.6	3.6	4.0	3.6	3.4	3.3	3.2	3.1	3.8	3.6	3.1	2.9

Housing Market Trends





Historical Real Estate Equity



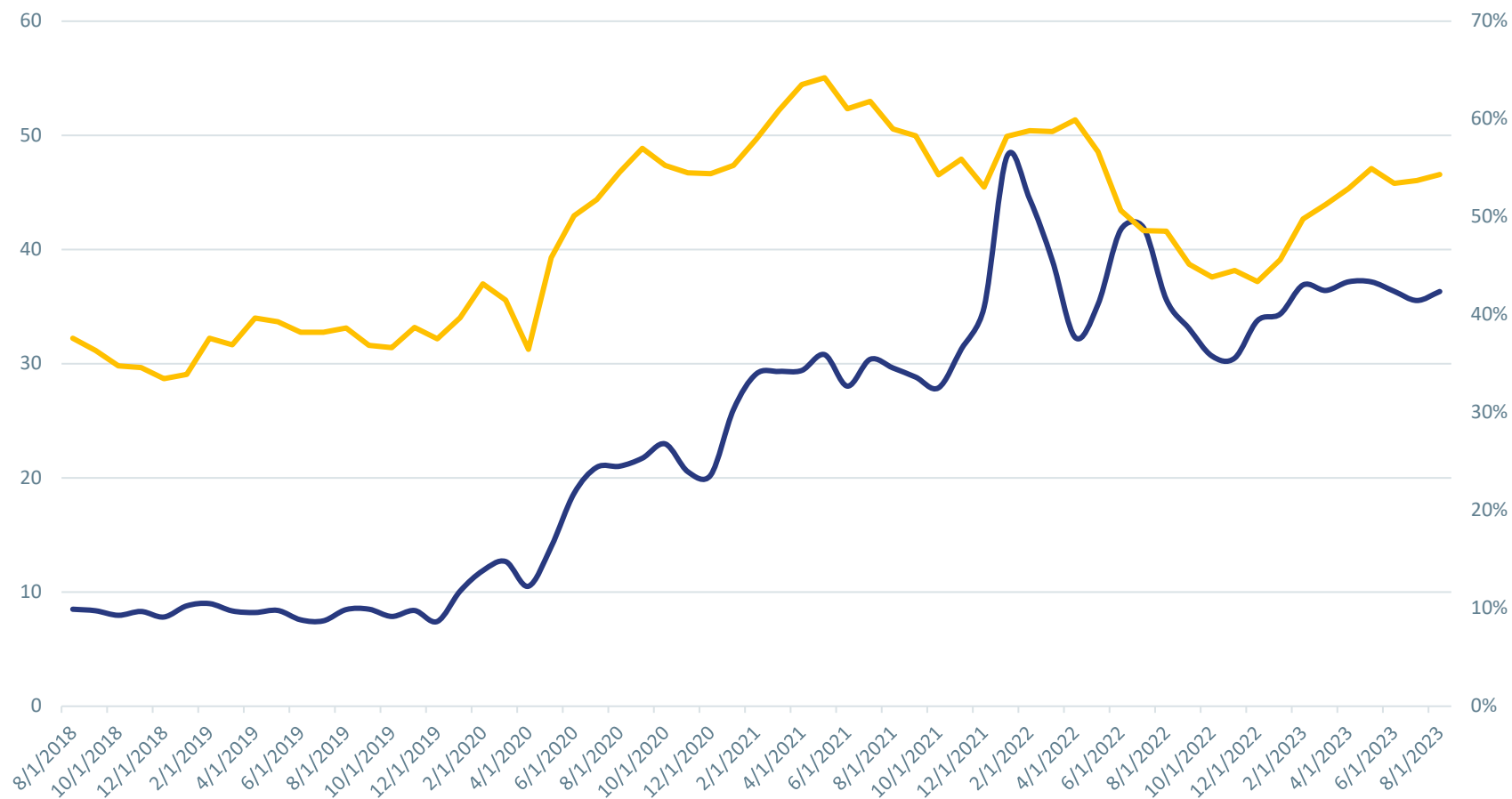
Source: Federal Reserve



Source: Auction.com

Foreclosure Auction Quantity Demanded

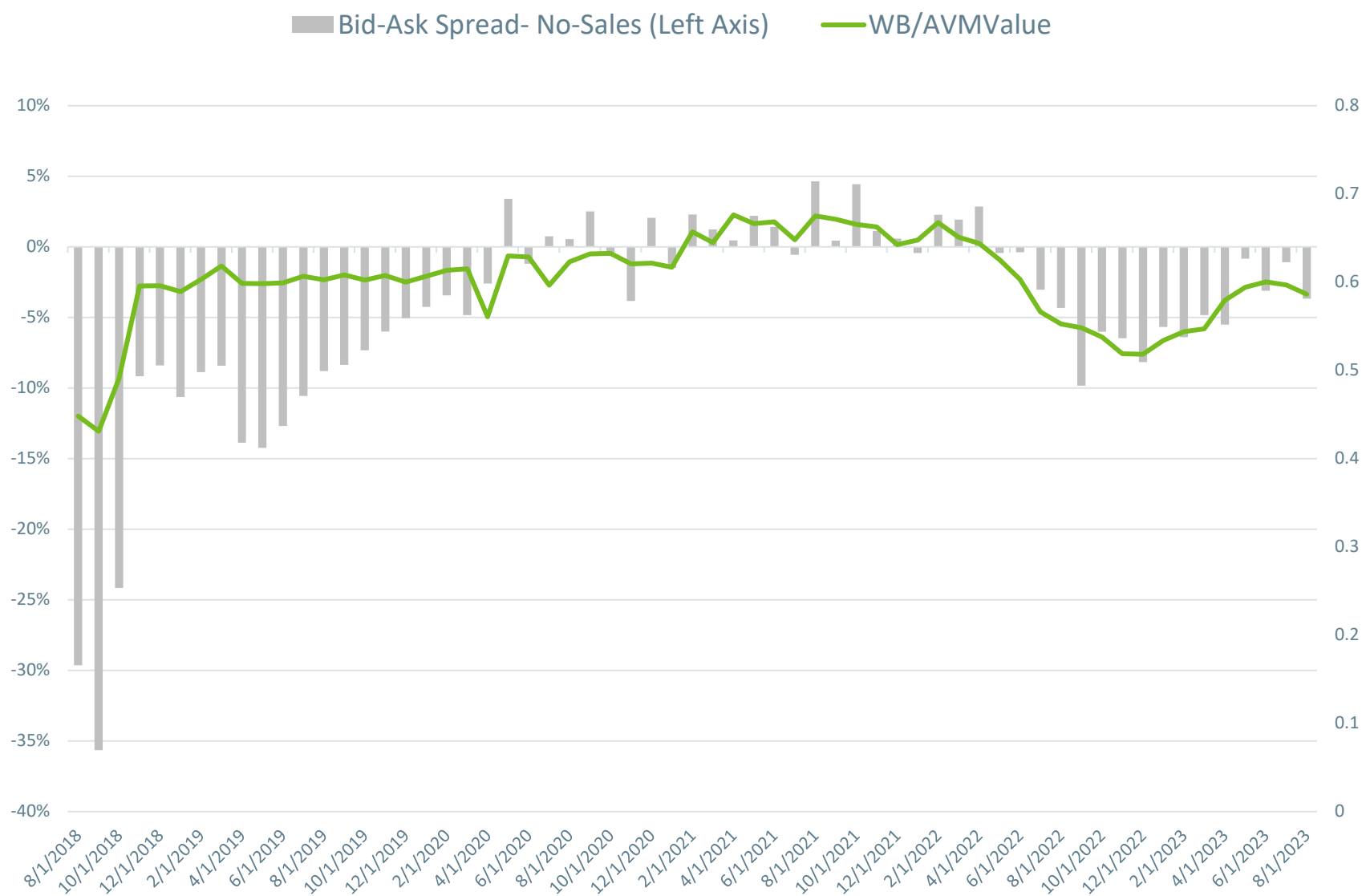
—SavesPerSold —SalesRate





Foreclosure Auction Price Demanded

Auction.com, LLC
Confidential & Proprietary



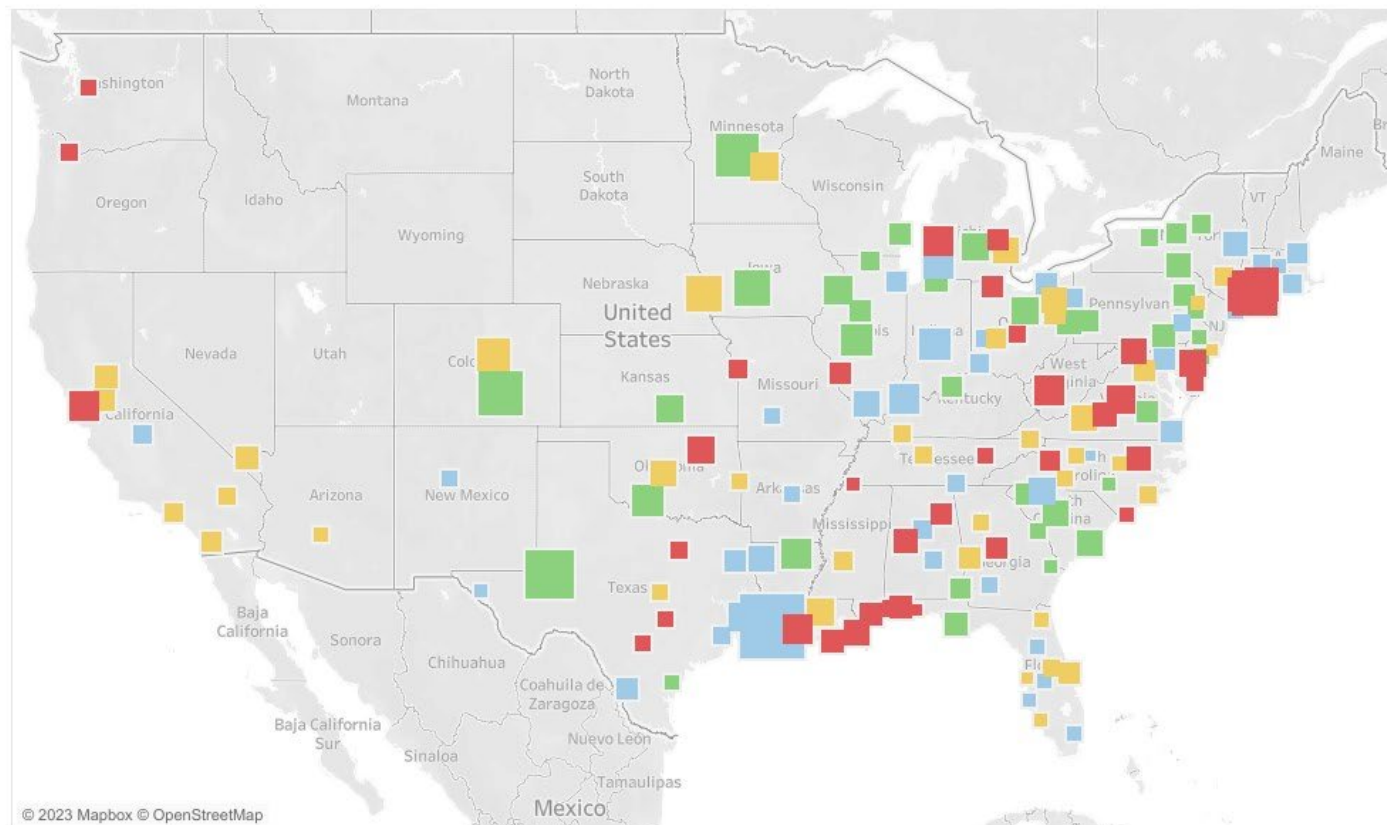
Source: Auction.com



Second-Half 2023 Home Price Correction Risk Based on Foreclosure Auction Bidding Behavior in Q2 2023

Second-Half 2023 Home Price Correction Risk

High Moderate Low Minimal



Q2 2023 Foreclosure Auction Volume - Pct of 2019 Level

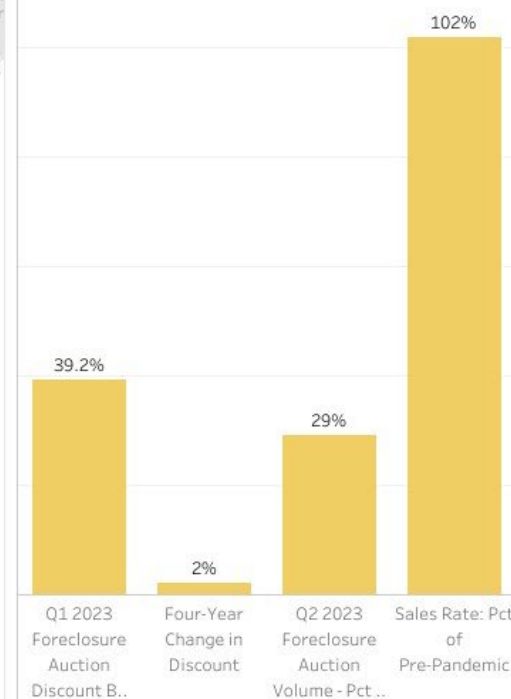
13% 100% 200% 300% 400% 500%

Metro Area (Select from Dropdown)

Atlanta-Sandy Springs-Roswell, GA

Metro Area / Risk

Atlanta-Sandy Springs-Roswell, GA
Moderate



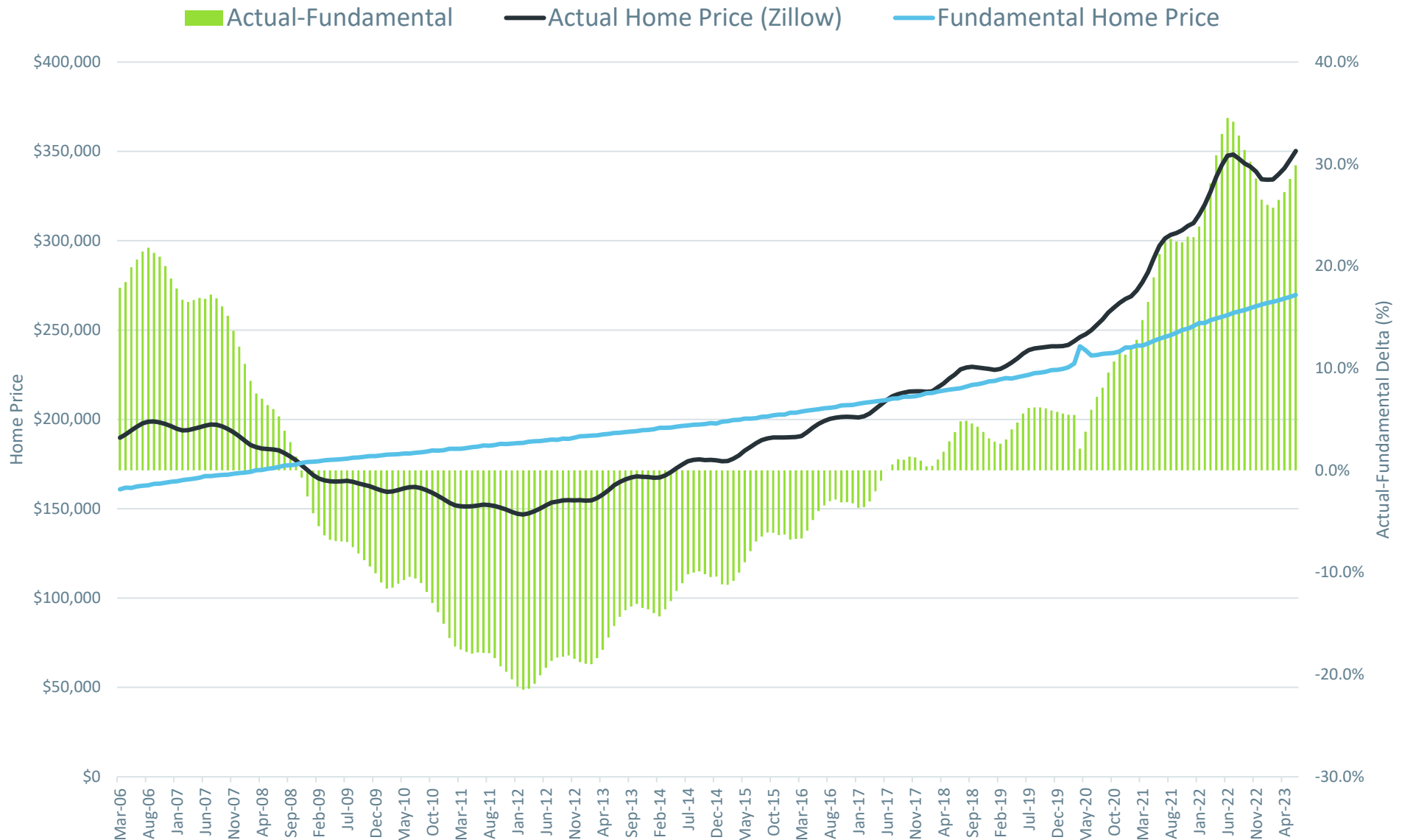
Scan the QR code with your mobile device camera to interact with this map



Home Price Fundamentals vs Actuals

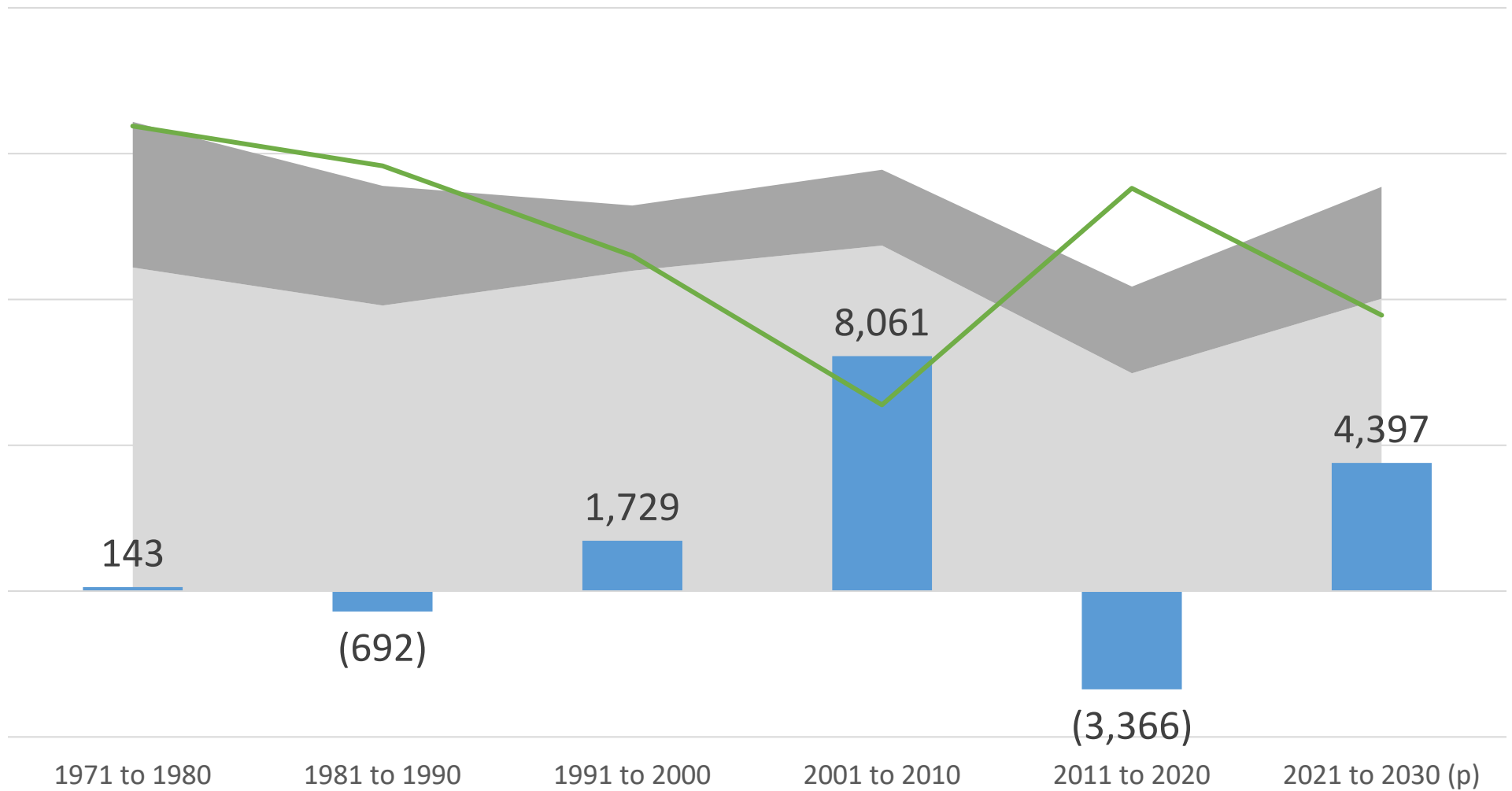
Auction.com, LLC
Confidential & Proprietary

- Fundamental home price is based on average price to income ratio going back to 2006 (3.86)
- Actual home prices were as much as 35% above fundamentals in June 2022
- Now down to 30% above fundamentals in June 2023



Switch Back to Oversupply?

Single Family Housing Units Added
 Multi-Family Housing Units Added
 Over or (Under) Supply - Thousands of Units
 Household Growth





Fannie Mae™

Housing Forecast: August 2023

	2022				2023				2024				2022	2023	2024
	22.1	22.2	22.3	22.4	23.1	23.2	23.3	23.4	24.1	24.2	24.3	24.4	2022	2023	2024
SAAR, Thous. Units															
Total Housing Starts	1,718	1,636	1,446	1,405	1,385	1,447	1,438	1,361	1,302	1,286	1,302	1,327	1,553	1,408	1,304
Percent Change: YoY													-3.0	-9.3	-7.4
Single-Family (1 Unit)	1,182	1,084	901	850	834	929	958	925	903	896	906	921	1,005	912	907
Percent Change: YoY													-10.8	-9.3	-0.5
Multifamily (2+ Units)	535	551	545	556	552	518	480	436	399	390	396	405	547	496	398
Percent Change: YoY													15.5	-9.3	-19.9
Total Home Sales	6,747	5,970	5,359	4,795	4,965	4,944	4,866	4,814	4,799	4,870	4,969	5,069	5,671	4,897	4,927
Percent Change: YoY													-17.7	-13.6	0.6
New Single-Family	763	603	583	598	638	694	715	705	675	684	691	696	641	688	687
Percent Change: YoY													-16.9	7.3	-0.2
Existing (Single-Family, Condos/Co-Ops)	5,983	5,367	4,777	4,197	4,327	4,250	4,151	4,109	4,124	4,186	4,278	4,373	5,030	4,209	4,240
Percent Change: YoY													-17.8	-16.3	0.7
Percent Change: Quarterly YoY, Annual Q4/Q4															
Fannie Mae HPI	19.4	18.2	12.5	8.3	4.7	3.4	3.5	3.9	2.6	0.0	-0.1	-0.7	8.3	3.9	-0.7
Percent: Quarterly Avg, Annual Avg															
30-Year Fixed Rate Mortgage	3.8	5.2	5.6	6.7	6.4	6.5	6.8	6.7	6.5	6.3	6.2	6.0	5.3	6.6	6.3
NSA, Bil. \$, 1-4 Units															
Single-Family Mortgage Originations	774	683	534	396	320	442	429	410	347	504	565	502	2,386	1,601	1,918
Purchase	386	495	426	327	261	367	369	343	268	396	423	375	1,633	1,341	1,462
Refinance	388	188	108	69	59	74	59	68	79	108	142	127	753	261	456
Refinance Share (Percent)	50	27	20	17	19	17	14	16	23	21	25	25	32	16	24



MBA Mortgage Finance Forecast

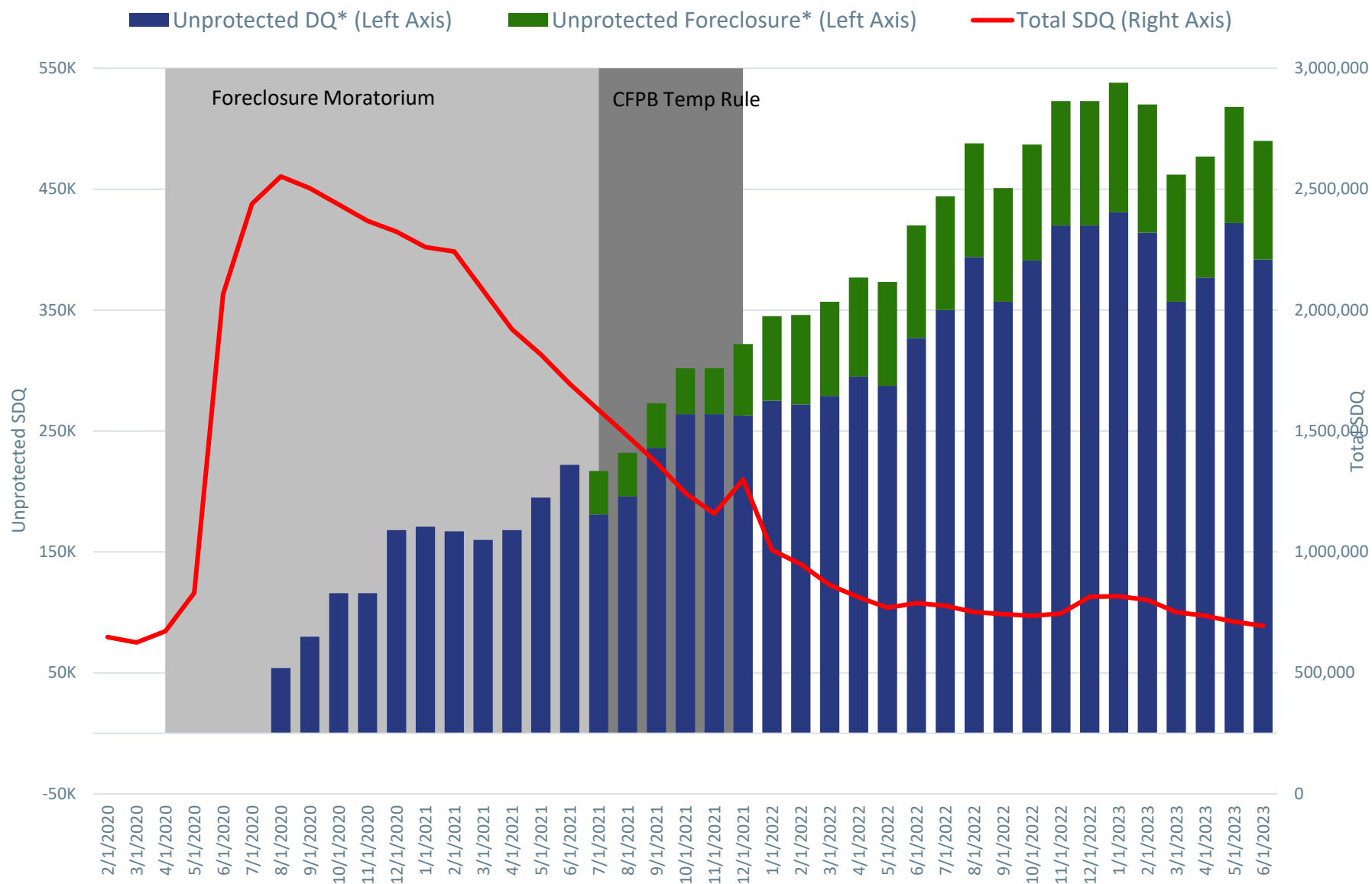
August 21, 2023

	2022				2023				2024							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023	2024	2025
Housing Measures																
Housing Starts (SAAR, Thous)	1,718	1,636	1,446	1,405	1,385	1,447	1,443	1,452	1,465	1,456	1,466	1,499	1,551	1,432	1,472	1,555
Single-Family	1,182	1,084	901	850	834	929	927	976	1,010	1,018	1,039	1,078	1,004	916	1,036	1,125
Two or More	535	551	545	556	552	518	516	476	455	438	427	421	547	515	435	430
Home Sales (SAAR, Thous)																
Total Existing Homes	6,057	5,373	4,770	4,197	4,327	4,250	4,182	4,283	4,370	4,489	4,665	4,896	5,099	4,298	4,605	5,027
New Homes	776	609	580	598	638	694	705	731	743	751	755	769	641	692	755	785
FHFA US House Price Index (YOY % Change)	18.8	17.9	14.2	8.3	4.3	2.0	0.7	0.0	-0.2	-0.1	0.3	1.0	8.3	0.0	1.0	3.9
Median Price of Total Existing Homes (Thous \$)	365.8	405.9	391.5	372.8	366.7	397.5	398.4	386.1	384.7	383.6	384.1	384.2	384.0	387.2	384.2	386.2
Median Price of New Homes (Thous \$)	431.3	447.0	465.4	479.5	434.8	414.4	409.6	430.3	435.3	430.5	430.5	433.2	455.8	422.3	432.4	440.9
Interest Rates																
30-Year Fixed Rate Mortgage (%)	3.9	5.3	5.7	6.6	6.4	6.5	6.8	6.2	5.9	5.6	5.3	5.0	6.6	6.2	5.0	4.6
10-Year Treasury Yield (%)	1.9	2.9	3.1	3.8	3.6	3.6	4.0	3.6	3.4	3.3	3.2	3.1	3.8	3.6	3.1	2.9
Mortgage Originations																
Total 1- to 4-Family (Bil \$)	708	696	493	409	333	463	444	465	429	532	552	535	2,305	1,705	2,048	2,355
Purchase	391	489	398	341	267	371	363	371	324	406	405	382	1,619	1,372	1,517	1,707
Refinance	317	207	95	68	66	92	81	94	105	126	147	153	686	333	531	648
Refinance Share (%)	45	30	19	17	20	20	18	20	24	24	27	29	30	20	26	28
FHA Originations (Bil \$)													228	139	150	149
Total 1- to 4-Family (000s loans)	2,223	2,031	1,364	1,102	895	1,239	1,181	1,243	1,158	1,434	1,496	1,453	6,720	4,558	5,542	6,279
Purchase	1,110	1,334	1,054	884	686	948	926	946	827	1,036	1,033	972	4,382	3,505	3,867	4,272
Refinance	1,113	697	310	218	210	291	256	297	332	398	464	482	2,338	1,053	1,675	2,007
Refinance Share (%)	50	34	23	20	23	23	22	24	29	28	31	33	35	23	30	32
Mortgage Debt Outstanding																
1- to 4-Family (Bil \$)	12,708	12,989	13,217	13,381	13,430	13,554	13,652	13,733	13,793	13,855	13,916	13,971	13,381	13,733	13,971	14,255

Distressed Market Trends



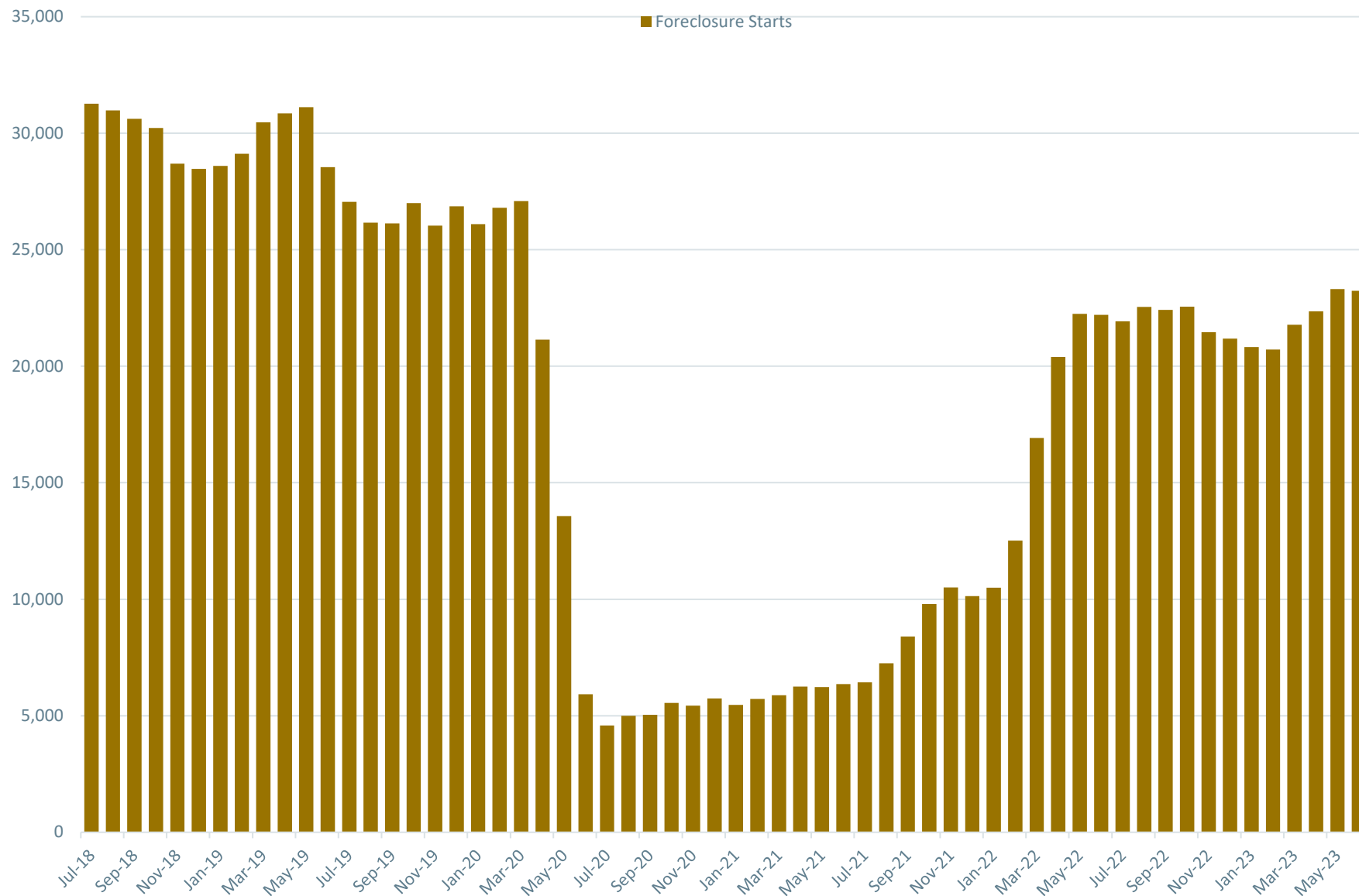
Unprotected DQ Inventory



Source: Black Knight Mortgage Monitor



Foreclosure Starts



Source: ATTOM Data Solutions

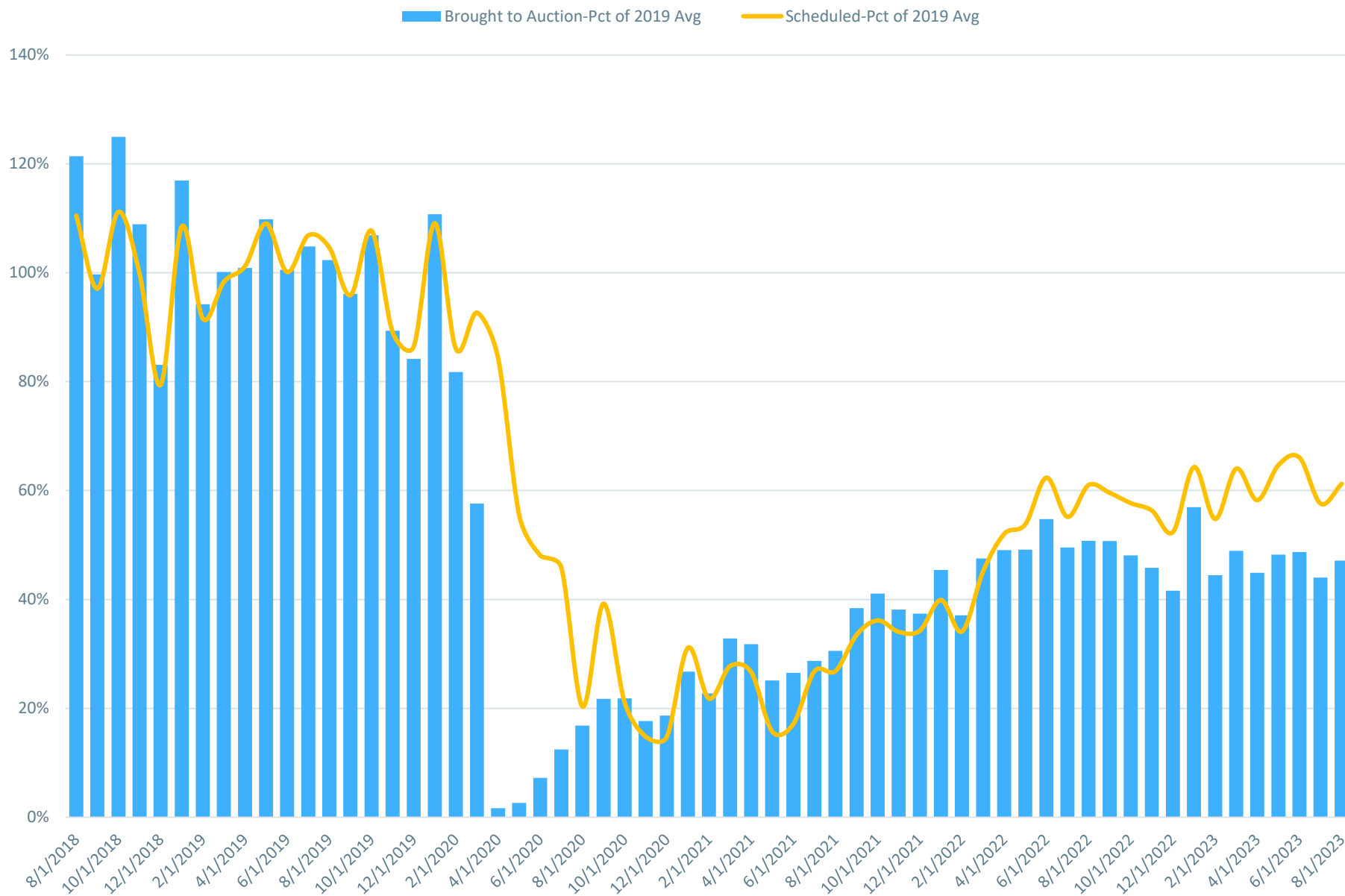


Foreclosure Auction Supply

Auction.com, LLC
Confidential & Proprietary

Source: Auction.com

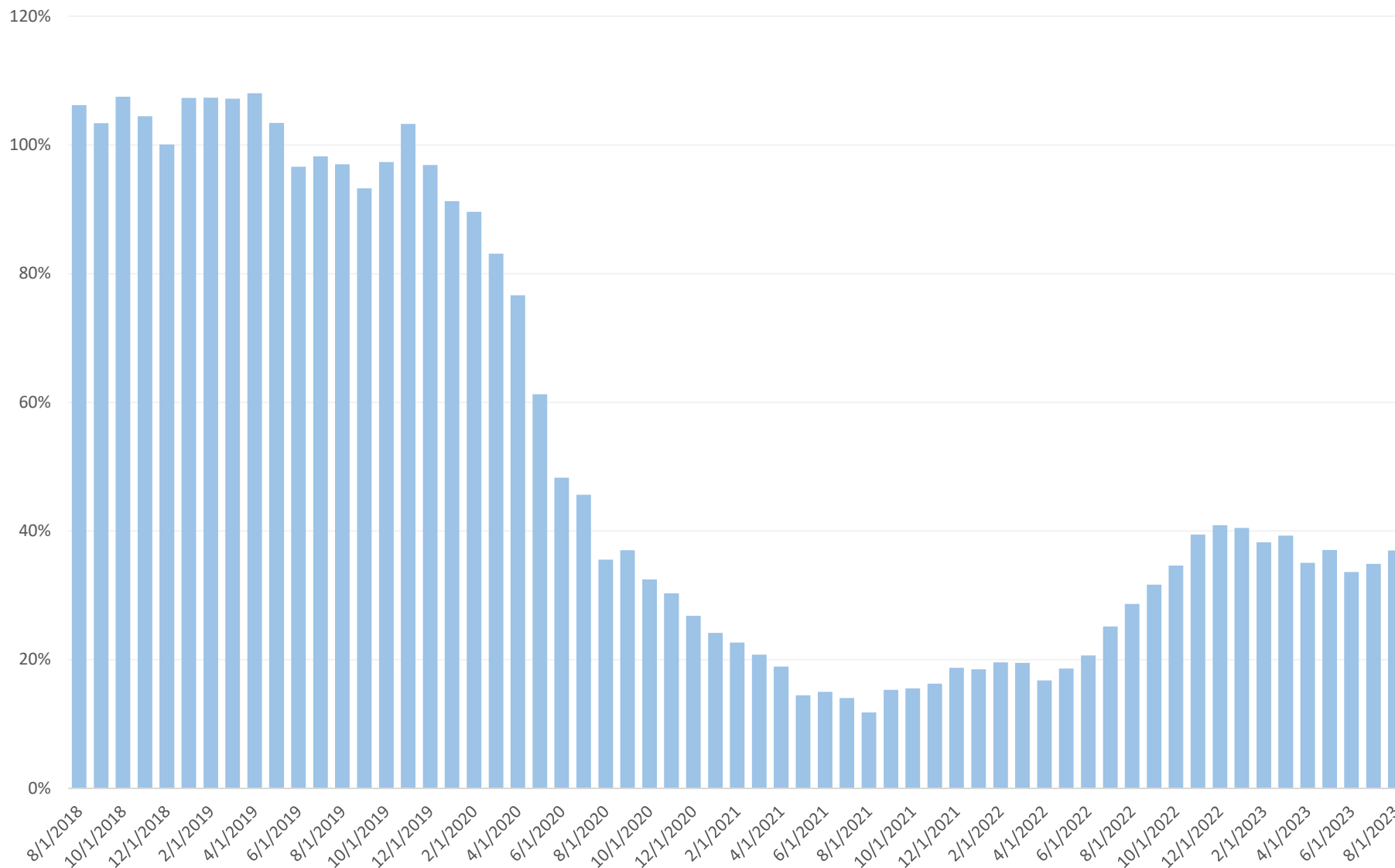
Foreclosure Auction Supply





REO Auction Supply

■ Brought to Auction-Pct of 2019 Avg

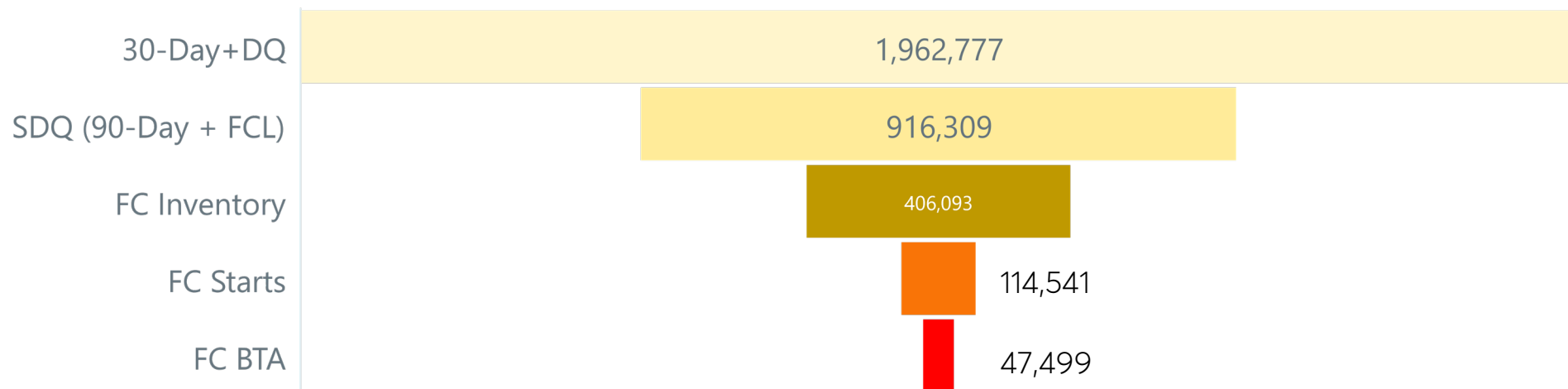




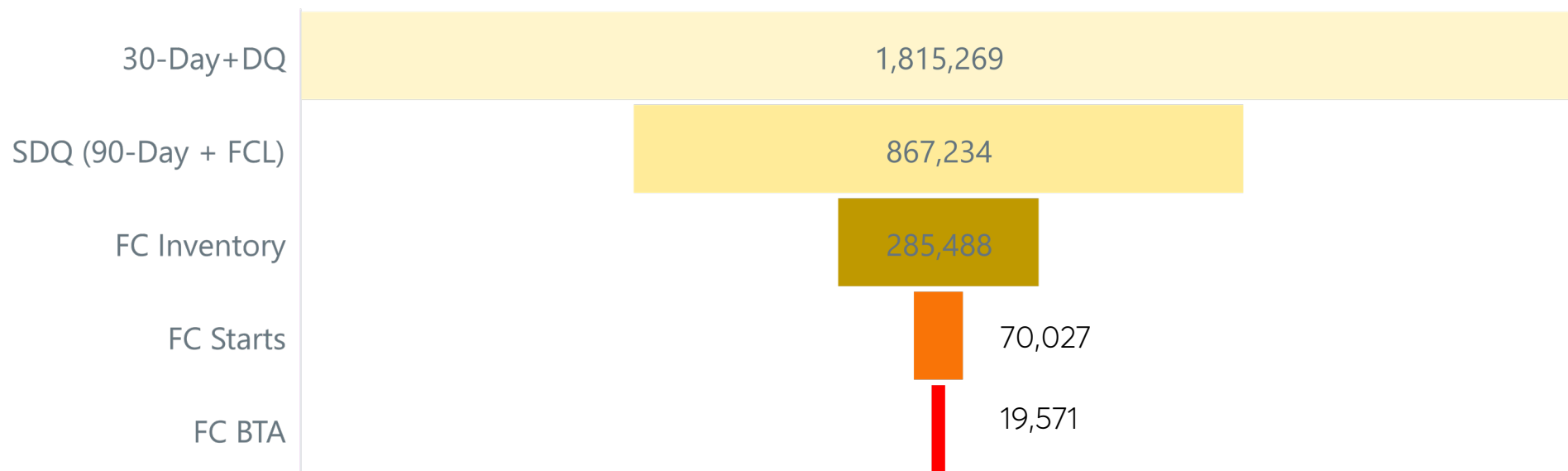
Top-heavy distressed market funnel suggests pent-up foreclosure volume

Auction.com, LLC
Confidential & Proprietary

SDQ to Foreclosure Funnel (Q4 2019)



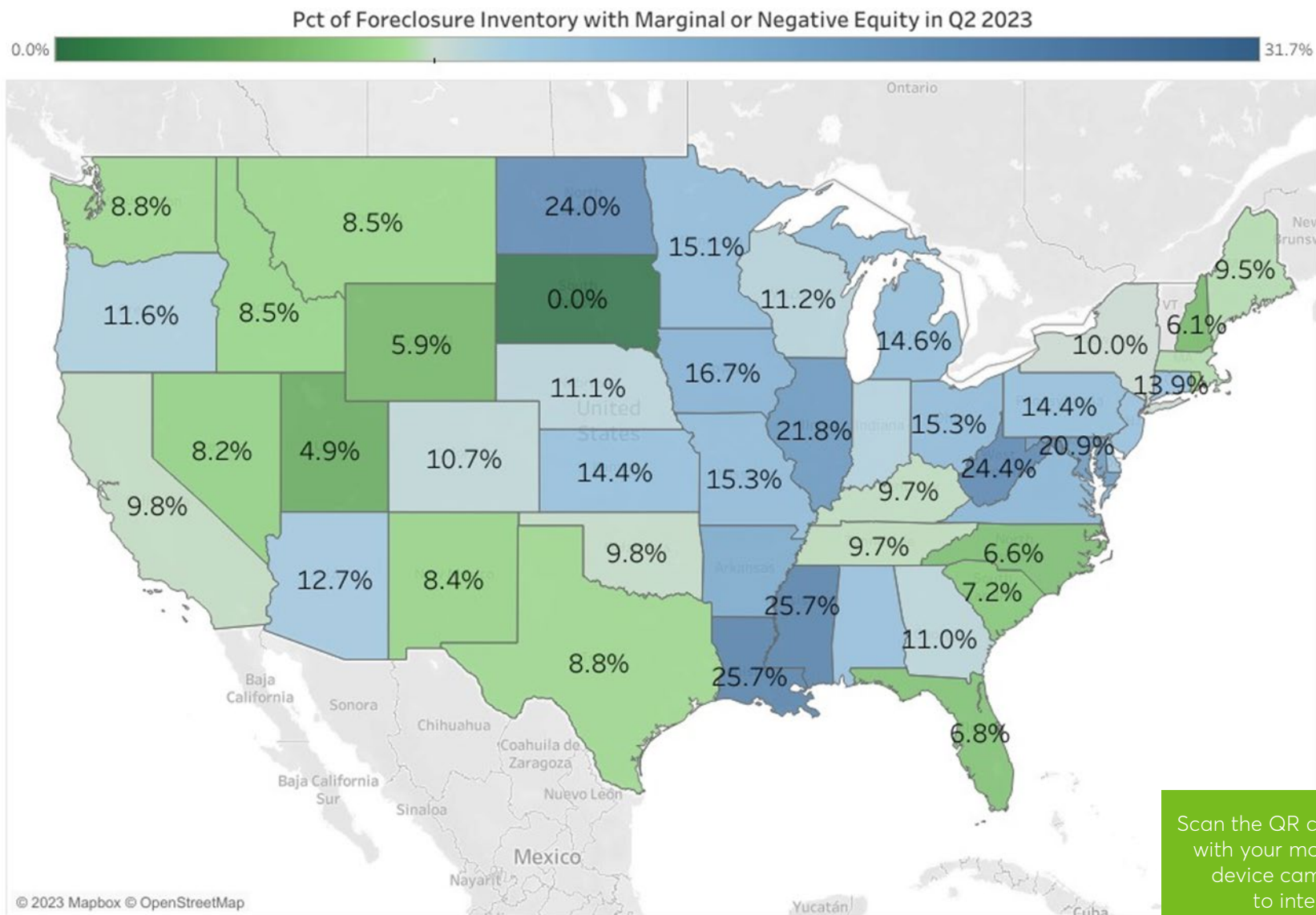
SDQ to Foreclosure Funnel (Q2 2023)



Source: ATTOM Data Solutions, MBA



Foreclosure Inventory with Marginal or Negative Equity



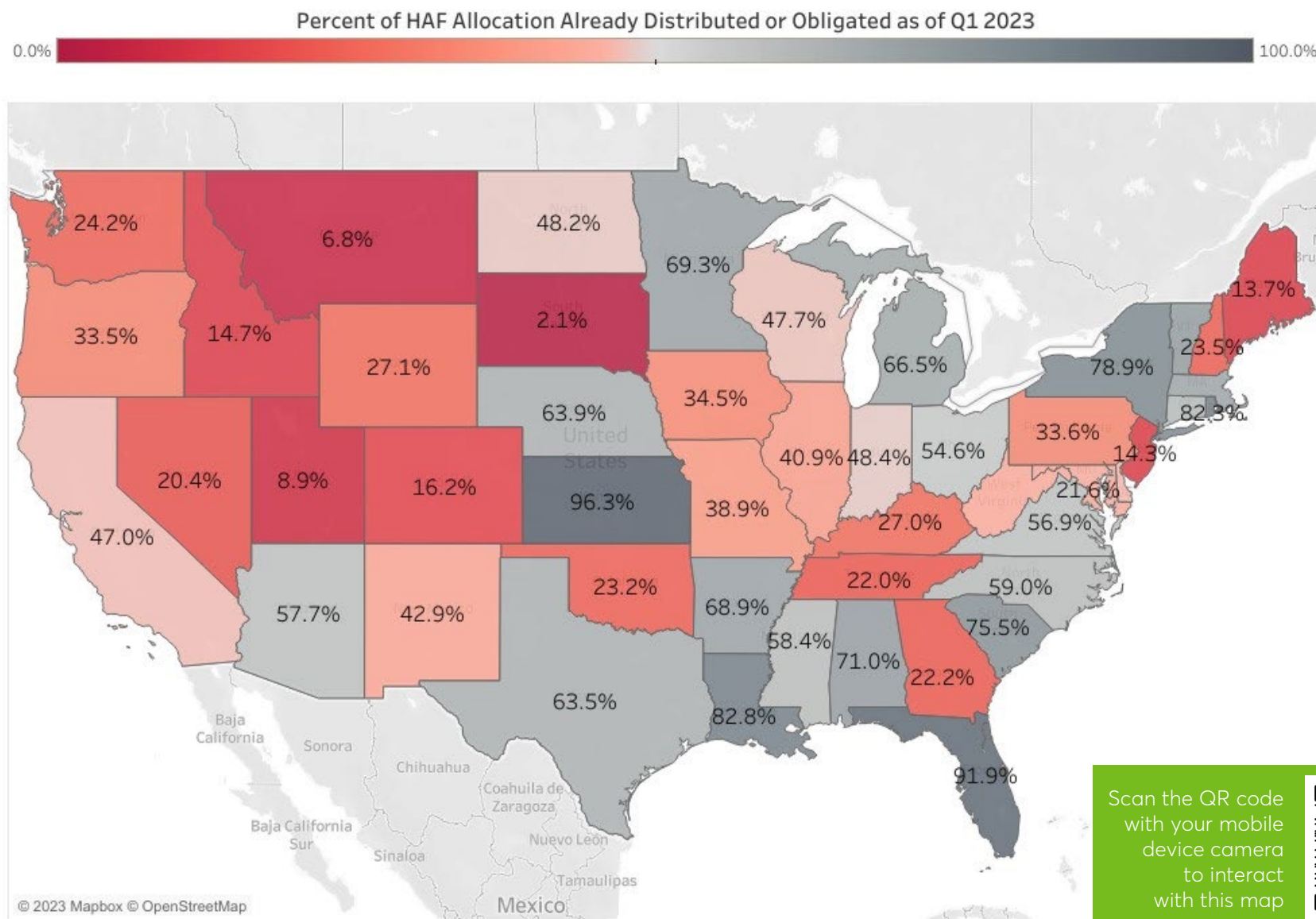
Source: ATTOM Data Solutions

Scan the QR code
with your mobile
device camera
to interact
with this map





Homeowner Assistance Fund Usage by State



Source: U.S. Department of Treasury

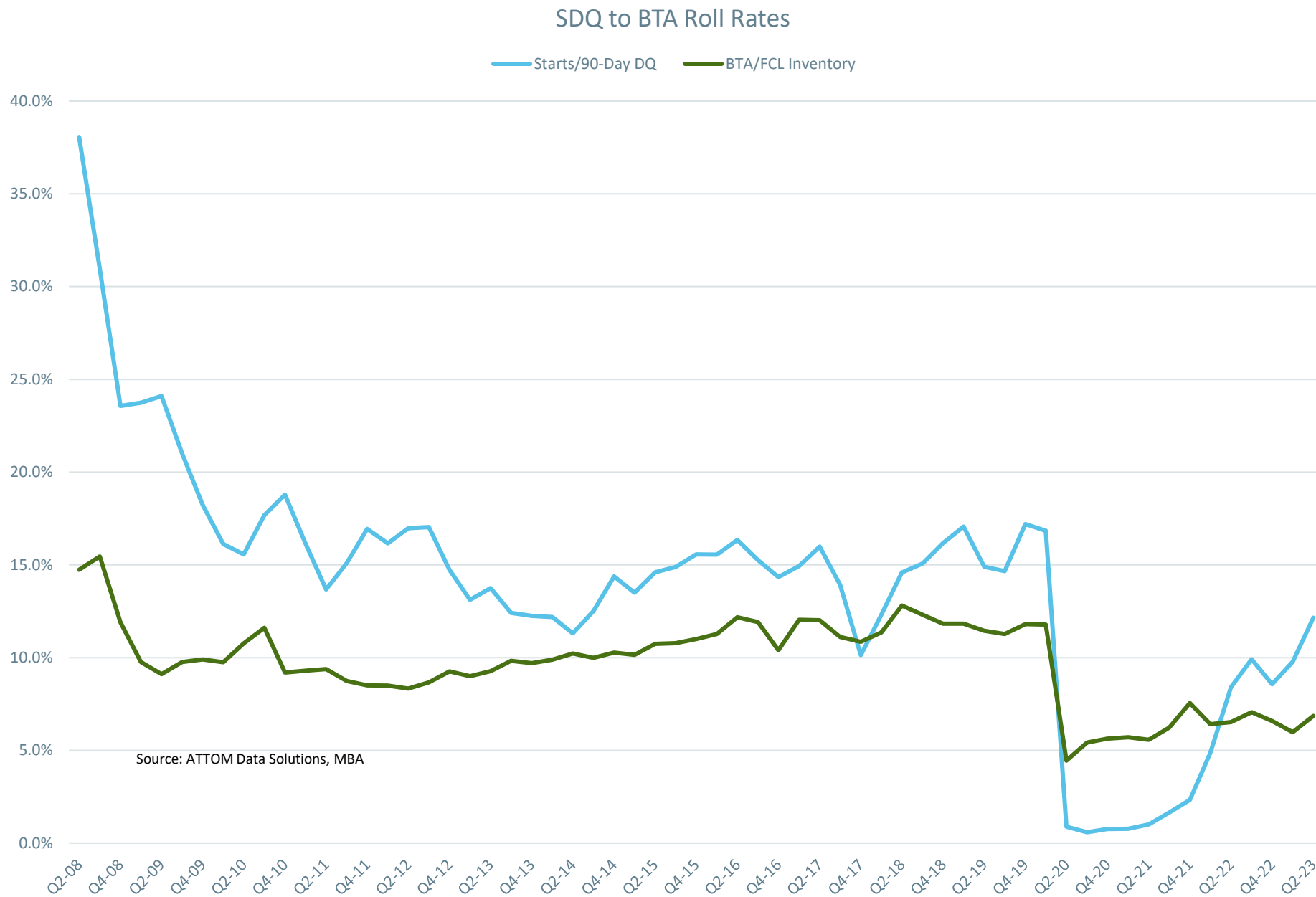
Scan the QR code
with your mobile
device camera
to interact
with this map





SDQ to BTA Roll Rates

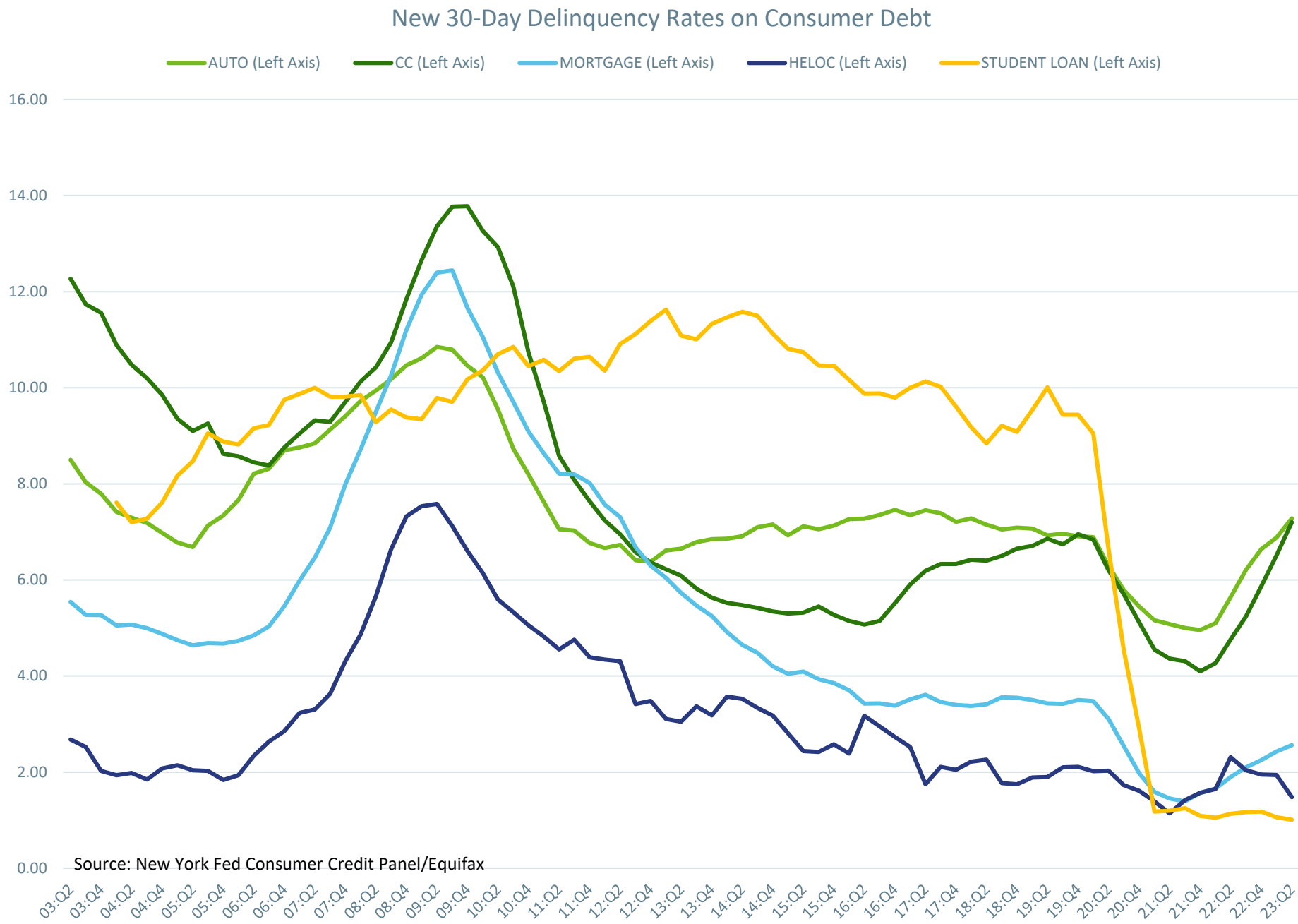
Auction.com, LLC
Confidential & Proprietary





New 30-Day Delinquency Rates on Consumer Debt

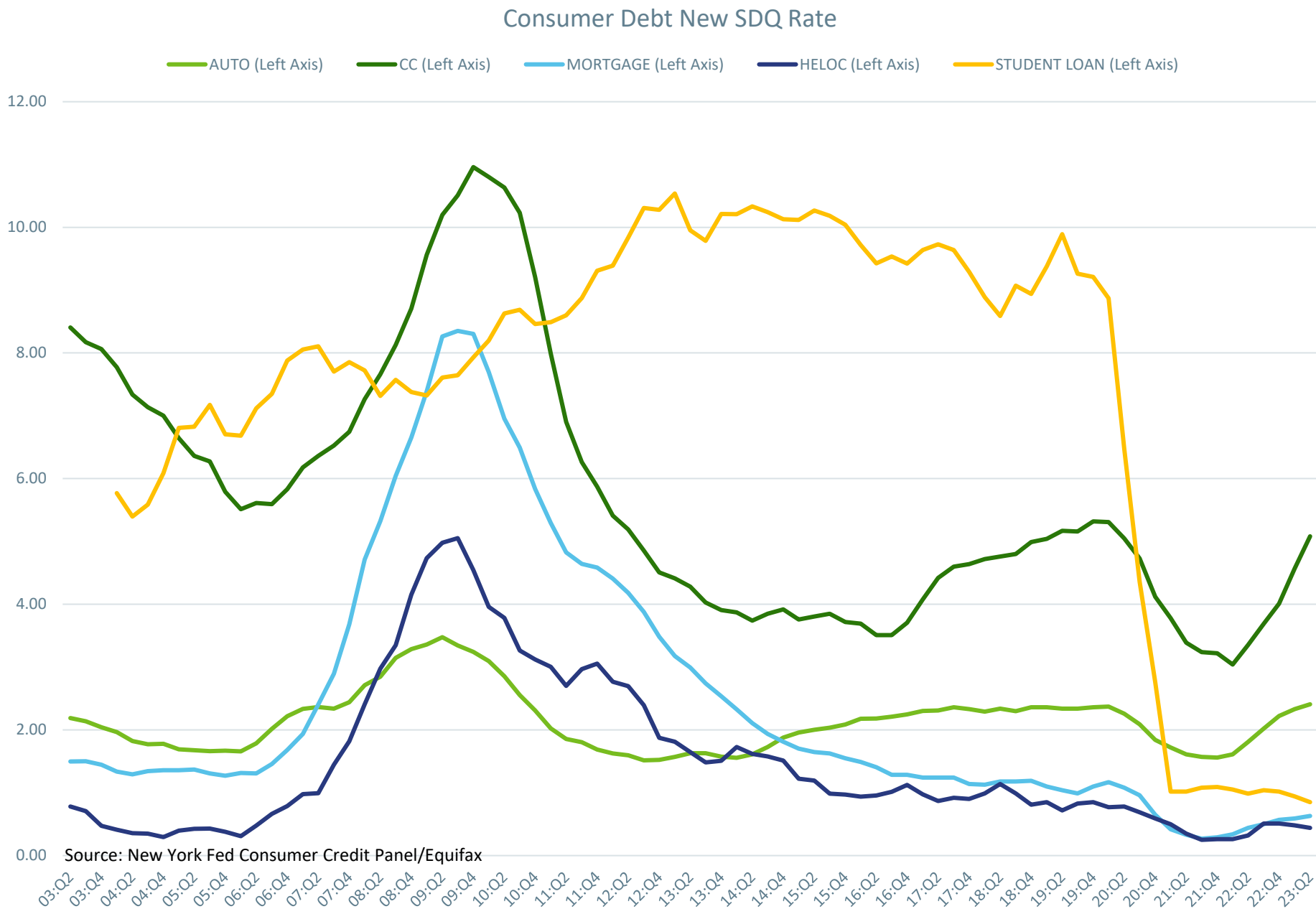
Auction.com, LLC
Confidential & Proprietary





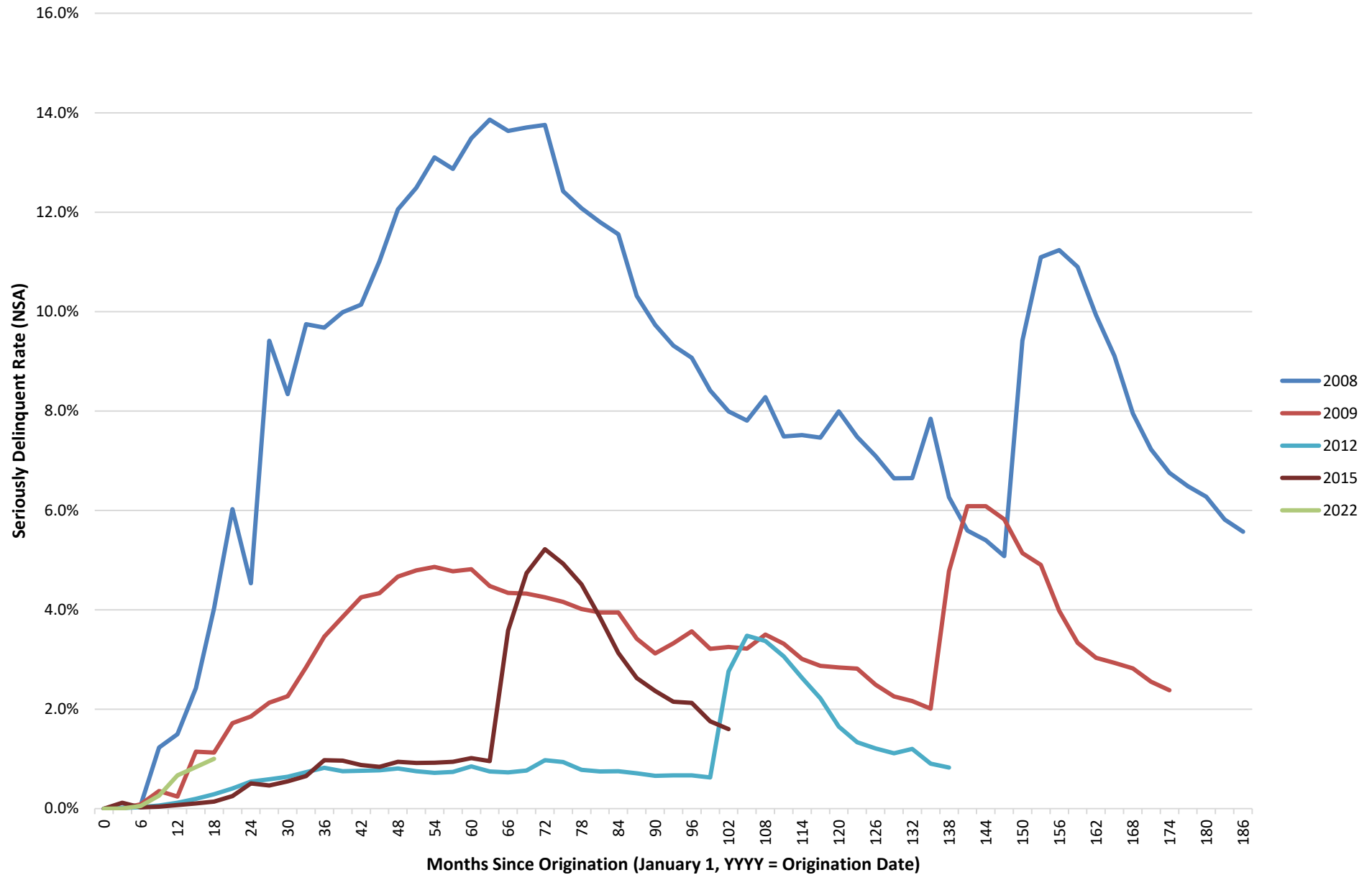
Consumer Debt New SDQ Rate

Auction.com, LLC
Confidential & Proprietary



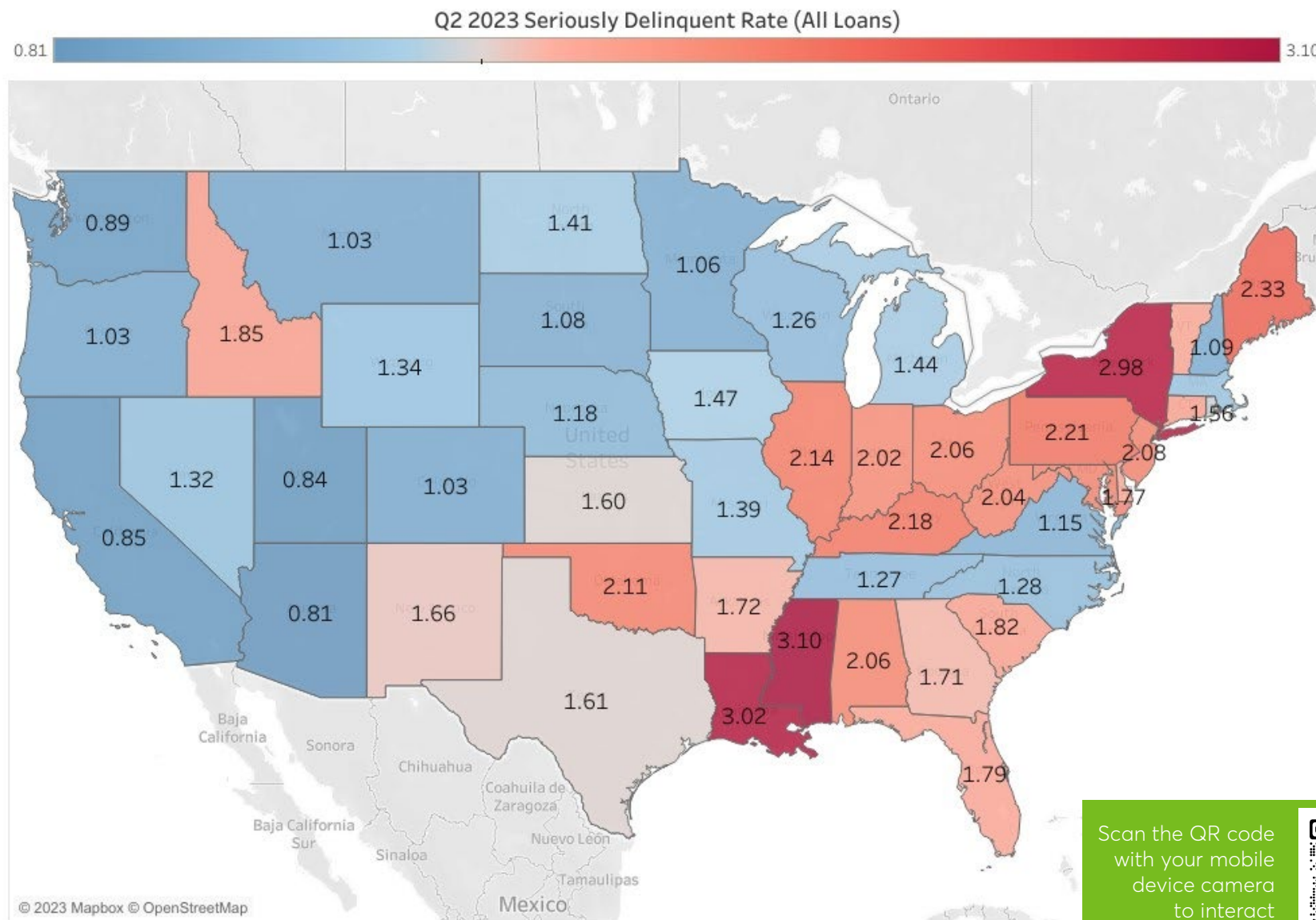


All Loans: Trend in Seriously Delinquent Rate





Home Loan Seriously Delinquent Rates Q2 2023



Source: MBA National Delinquency Survey

Scan the QR code
with your mobile
device camera
to interact
with this map



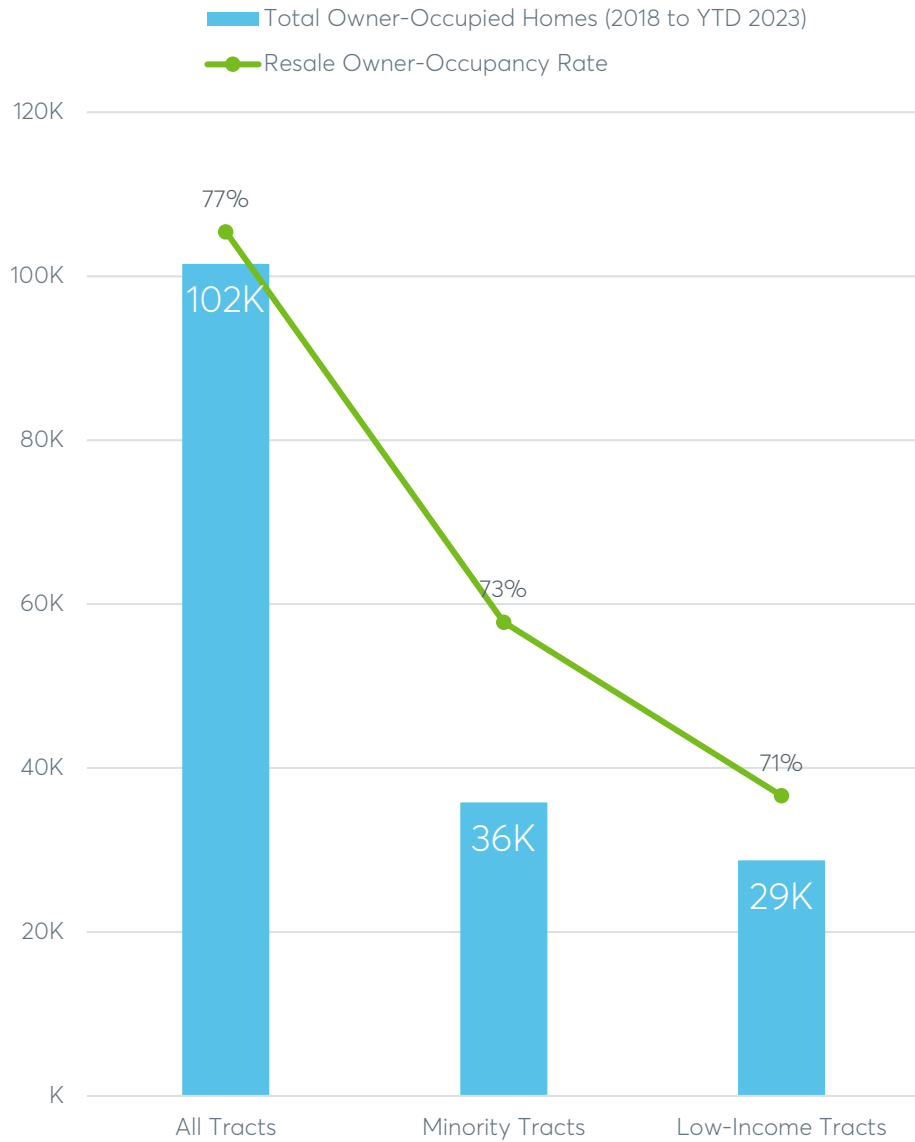
Spotlight

How transparent disposition benefits
underserved communities

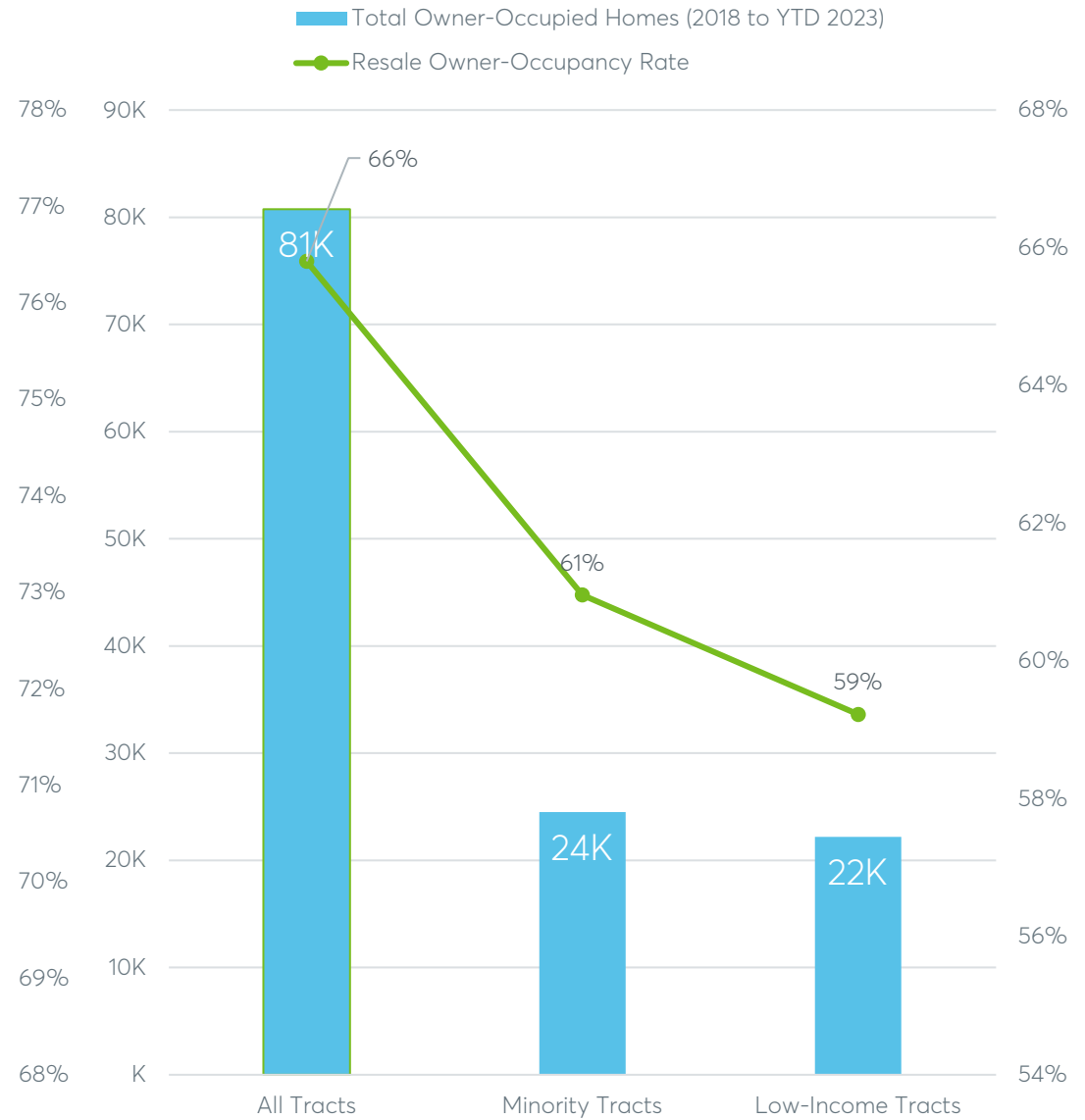
Neighborhood Stabilization: Homeownership Rates

Auction.com, LLC
Confidential & Proprietary

Foreclosure & REO Auction Homeownership Rates

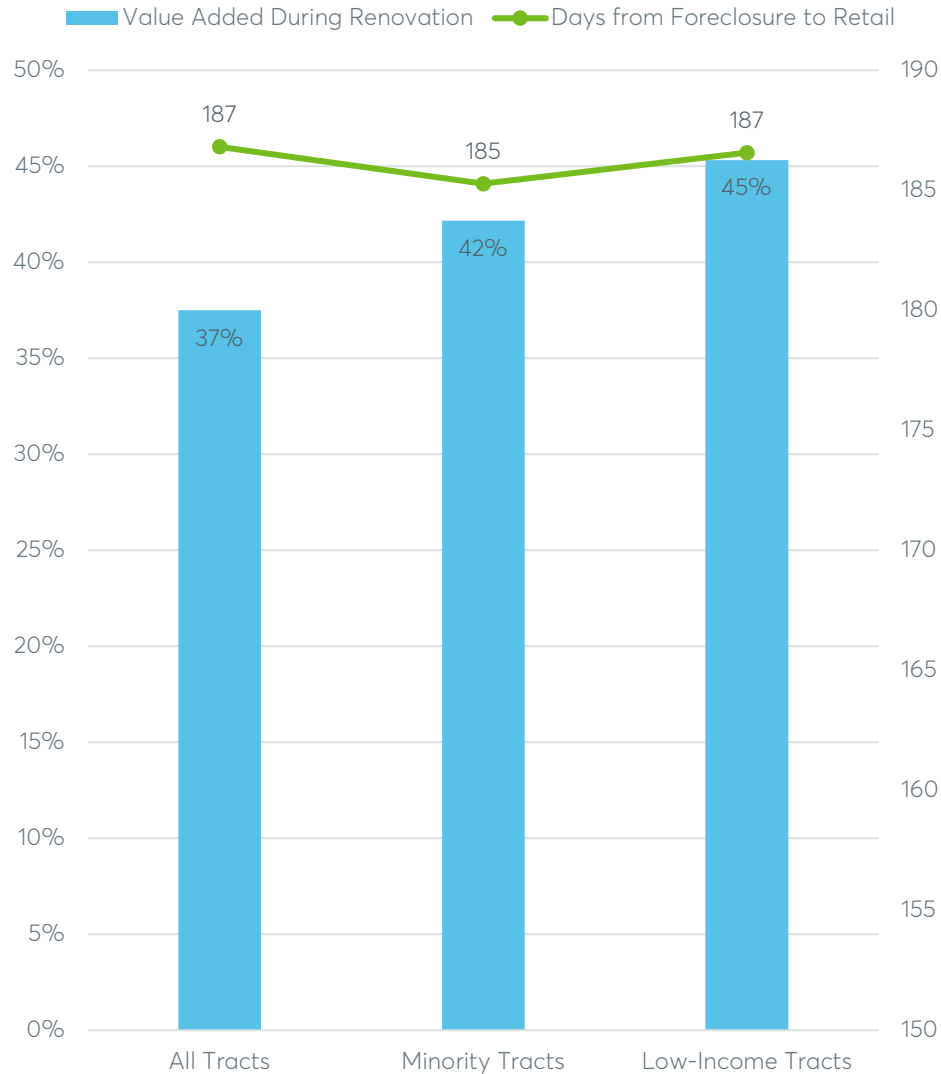


Traditional REO Sales Homeownership Rates

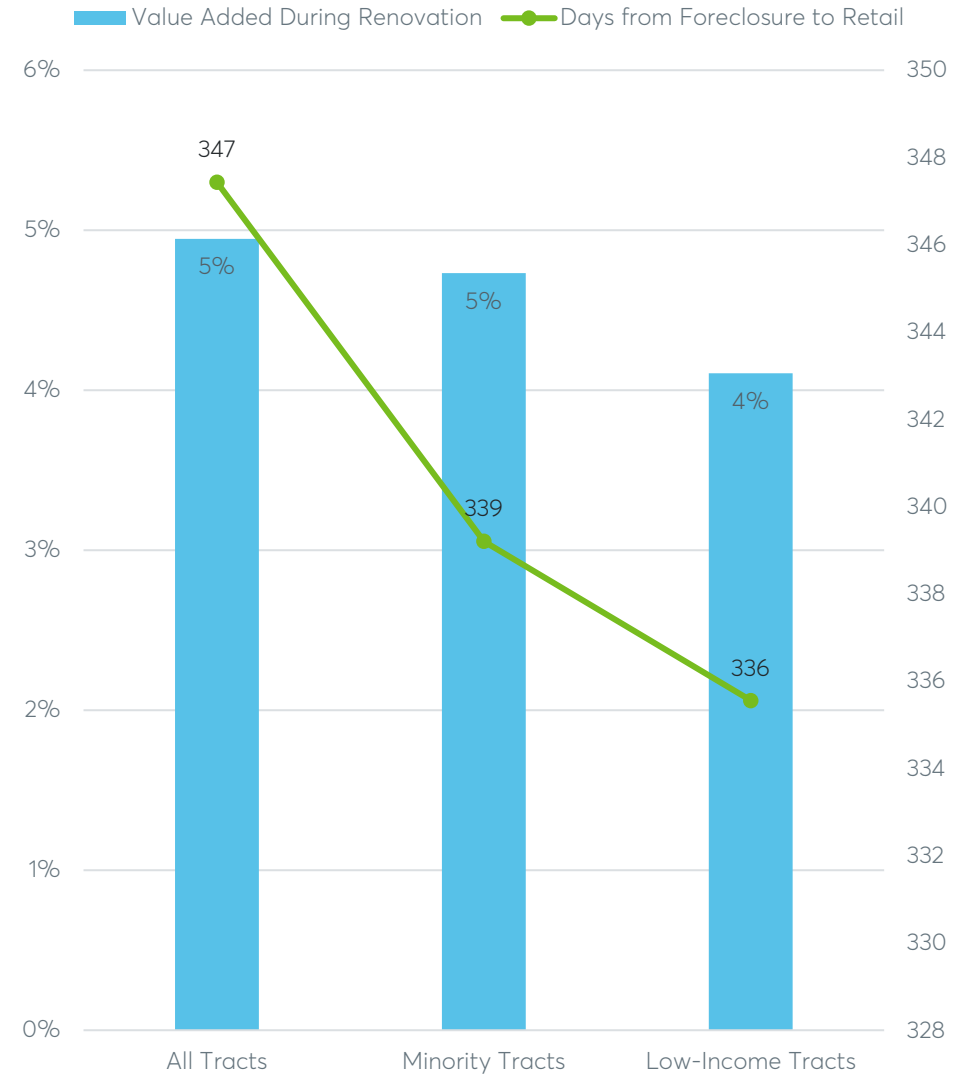


Based on an analysis of more than 324K properties brought to foreclosure auction on the Auction.com platform from Jan 2018 to Jun 2023, matched against public record data to identify subsequent resales and owner-occupancy status. Census tract data is from the FHFA underserved area data.

Auction Sales Value Added During Renovation

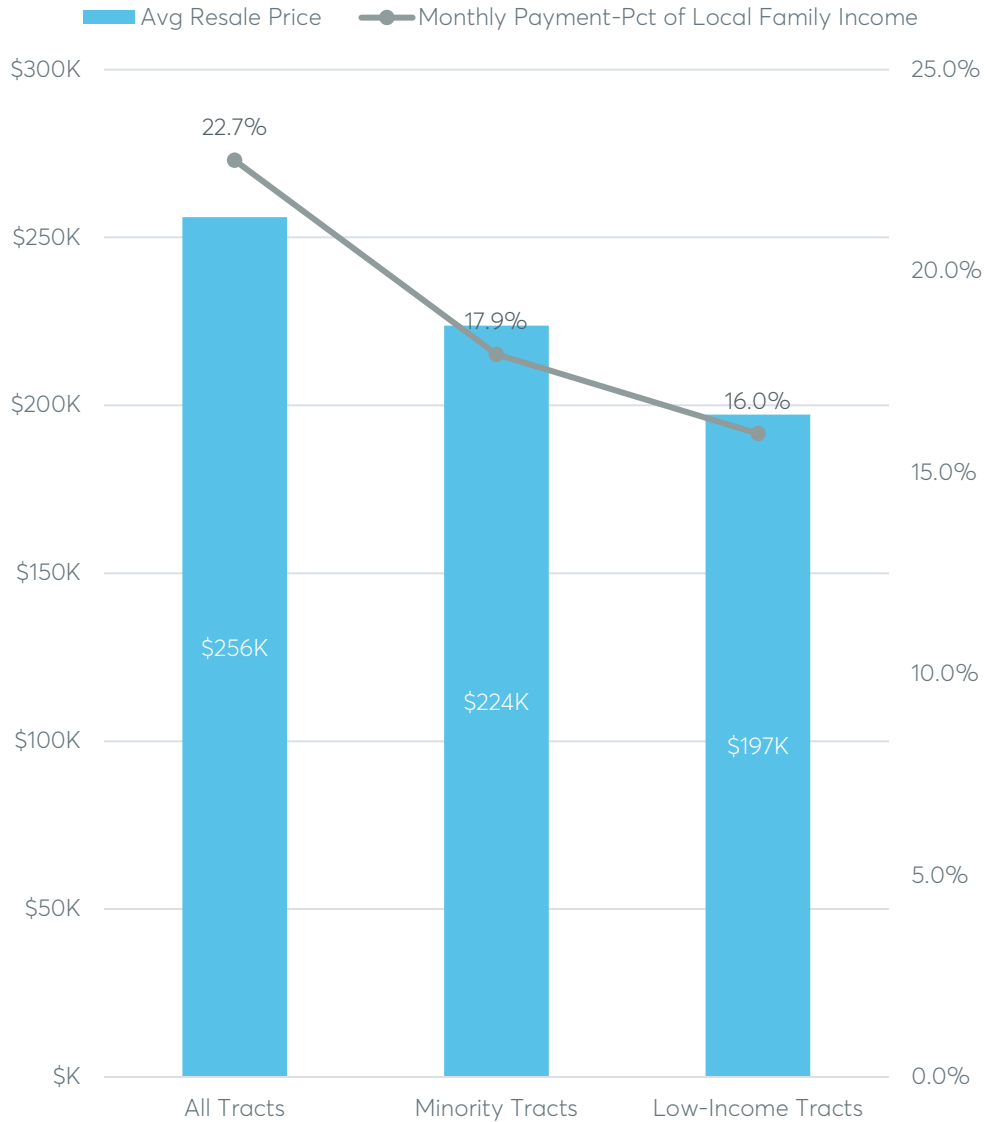


Traditional Sales Value Added During Renovation

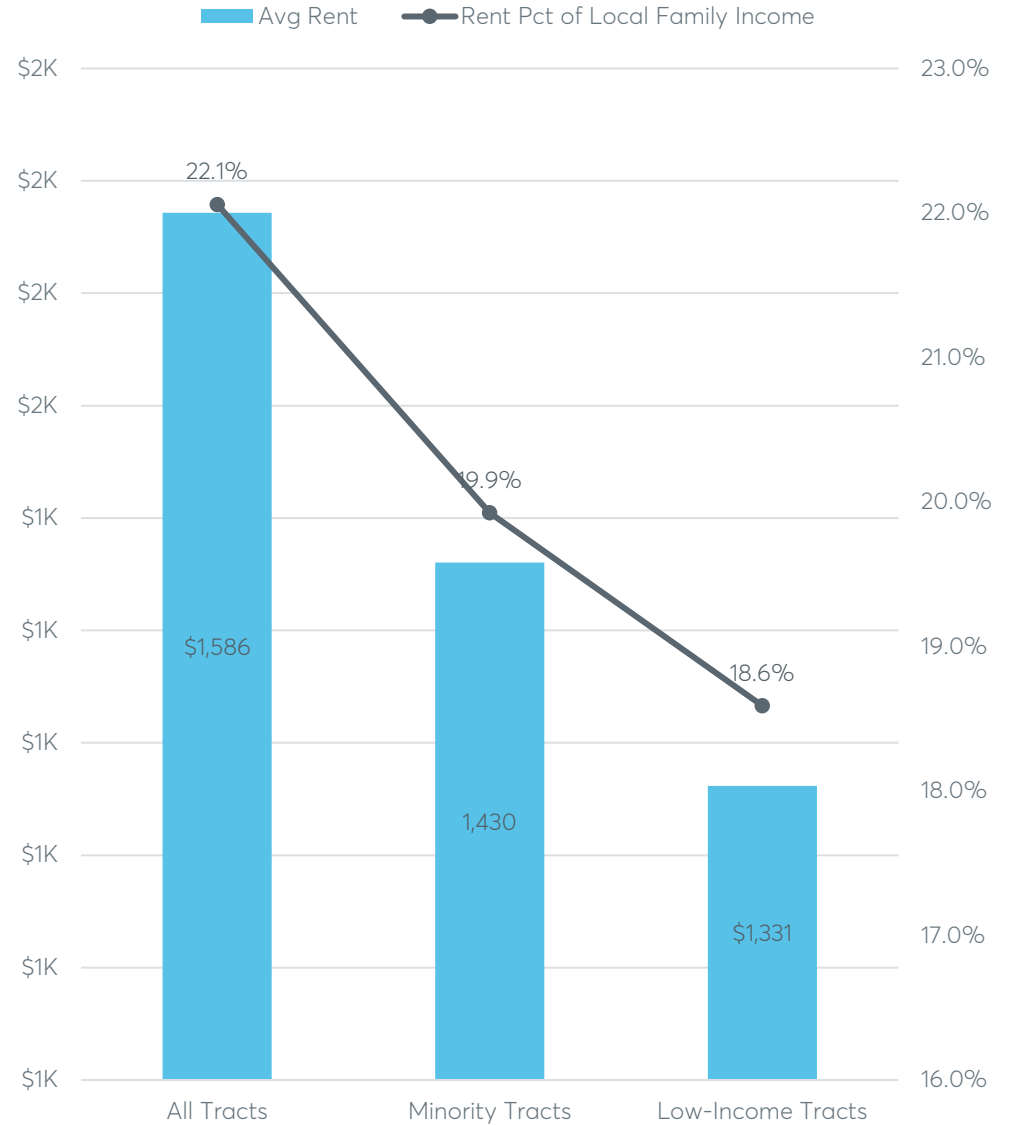


Based on an analysis of more than 155K properties brought to foreclosure auction on the Auction.com platform from Jan 2018 to Jun 2023 and subsequently resold on the retail market. The Auction.com data was matched against public record data to identify subsequent resales and prices relative to the after-repair value at the time of foreclosure. Resales of auction sales only include those resold within a year of foreclosure auction since investors holding for longer than that are likely holding as a rental. Census tract data, is from the FHFA underserved area data.

Renovated Auction Resales: Affordability



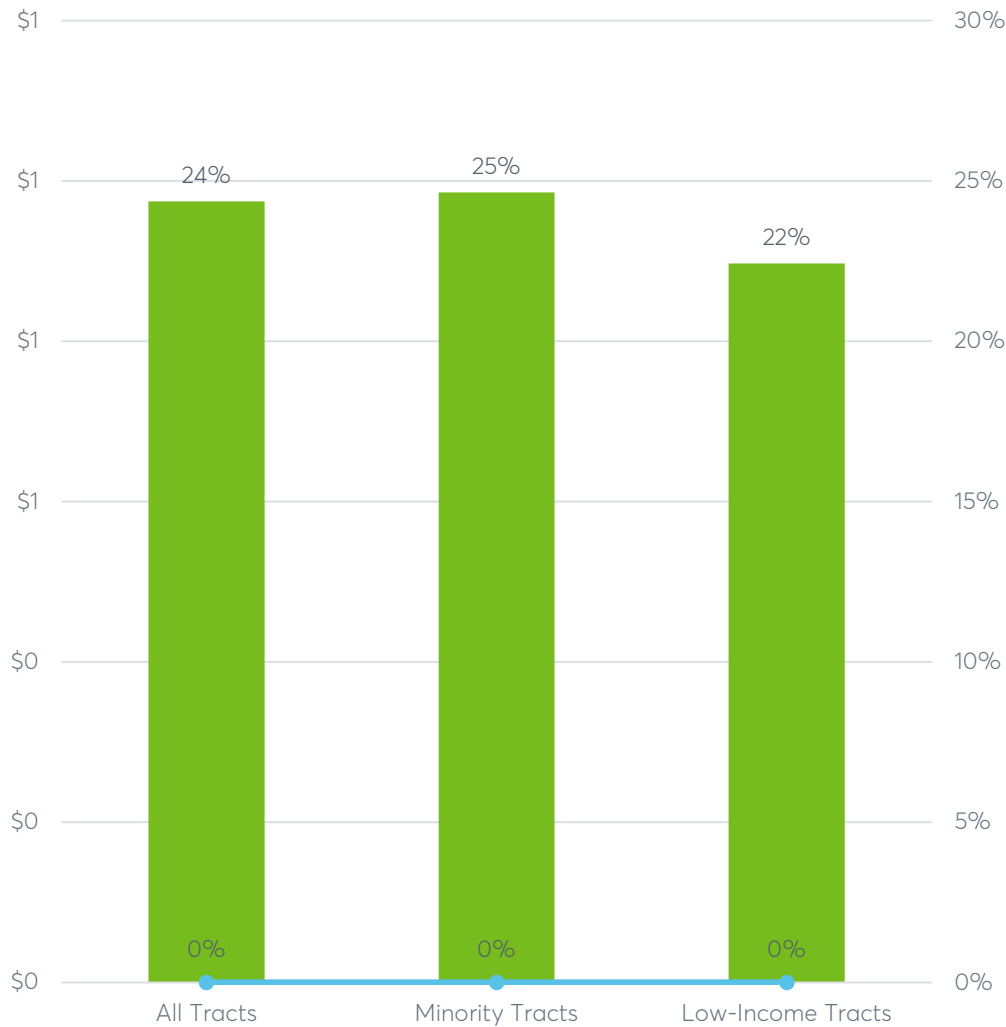
Renovated Auction Rentals: Affordability



Based on an analysis of more than 324K properties brought to foreclosure auction on the Auction.com platform from Jan 2018 to Jun 2023. The Auction.com data was matched against public record data to identify subsequent resales and prices. Properties not resold are assumed to be rentals, and estimated rents for those properties were determined using an automated valuation model. Census tract data, including median family income, is from the FHFA underserved area data.

Share of Sales with Potential Surplus Funds for Distressed Homeowners

Auction Sales Traditional REO Retail Sales



Average Surplus Funds for Distressed Homeowners

Avg Surplus Traditional REO Retail Sales



Based on an analysis of more than 324K properties brought to foreclosure auction on the Auction.com platform from Jan 2018 through Jun 2023. Potential surplus funds are generated when the winning bid at foreclosure auction is above the total debt owed to the foreclosing lender. Surplus funds are not available for the distressed homeowner after the foreclosure auction.

Appendix

Anatomy of distressed property buyers



"Just purchased my first one ... Making improvements quickly to benefit value of neighborhood."

-Kathy, New York



Most Buyers Are Main Street, Not Wall Street

94% of buyers purchased 10 or fewer properties in 2022

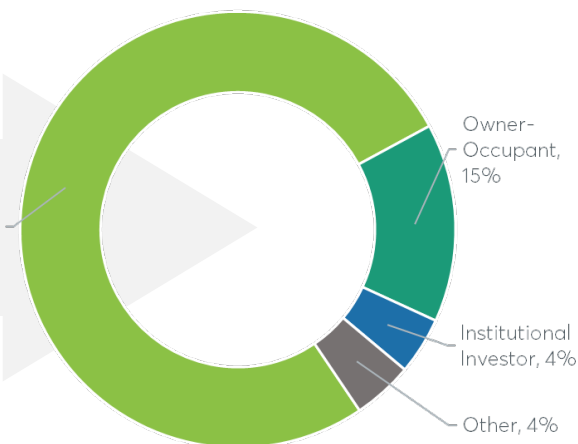
15 miles median distance between buyers and properties purchased in 2022

77% of buyers describe themselves as local community developers

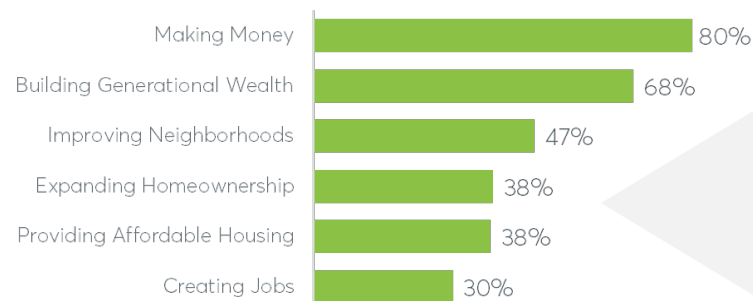
89% rank a neighborhood-stabilizing outcome as one of their top three motivations for buying and renovating distressed properties

Auction.com buyers describe themselves as:

Local Community Developer (Individual Investor), 77%



Pct of Buyers Ranking as a Top-3 Motivation

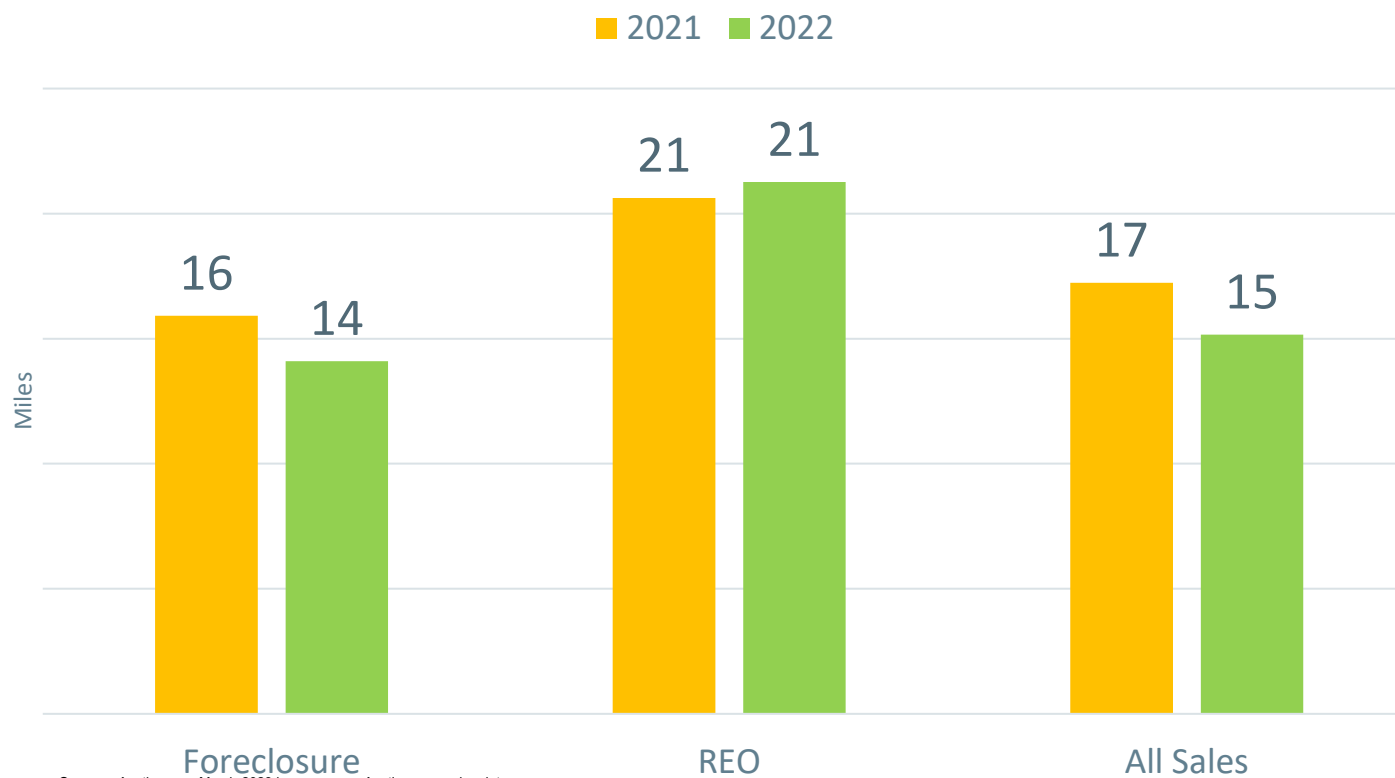


Top motivations for buying and renovating distressed homes:

Sources: Auction.com March 2023 buyer survey, Auction.com sales data



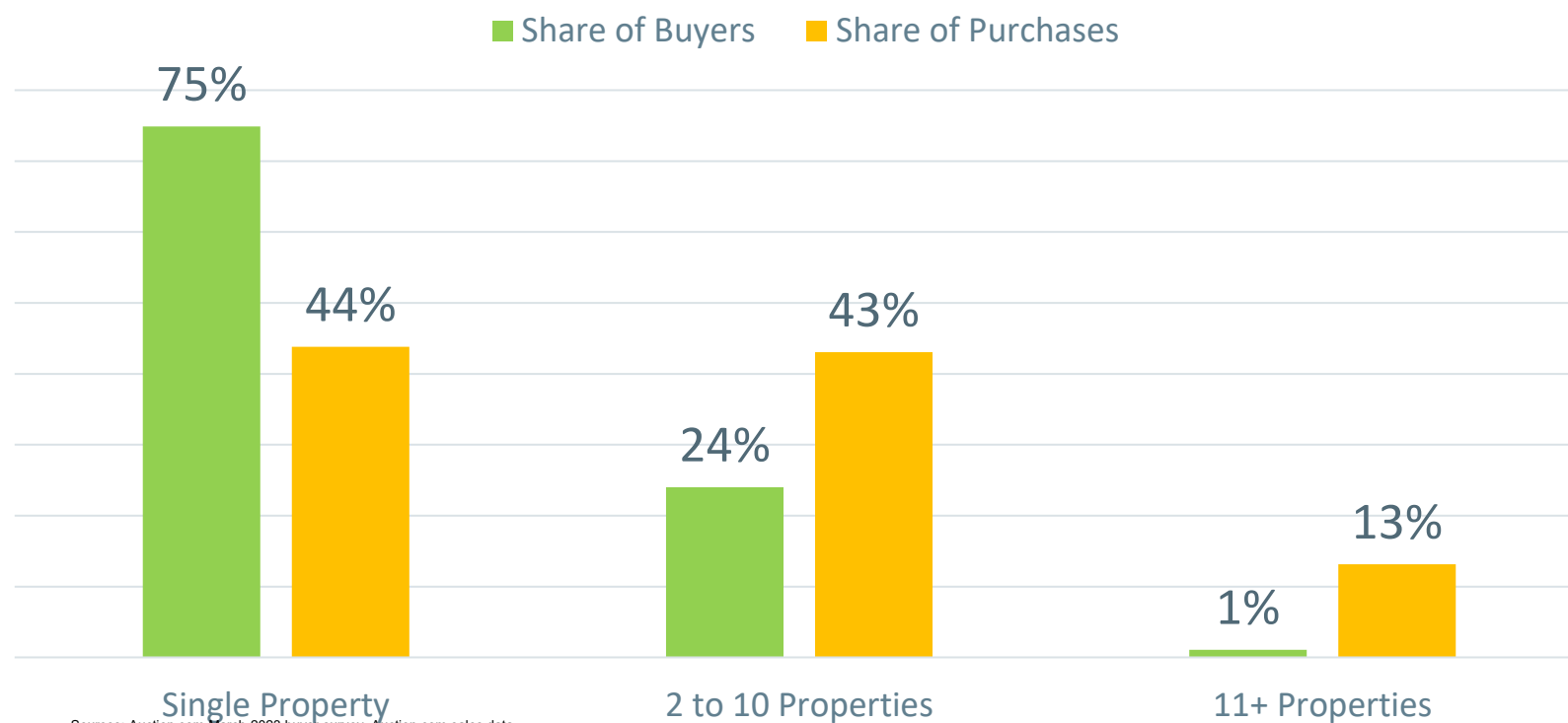
Median Distance Between Buyers & Properties Purchased



Sources: Auction.com March 2023 buyer survey, Auction.com sales data



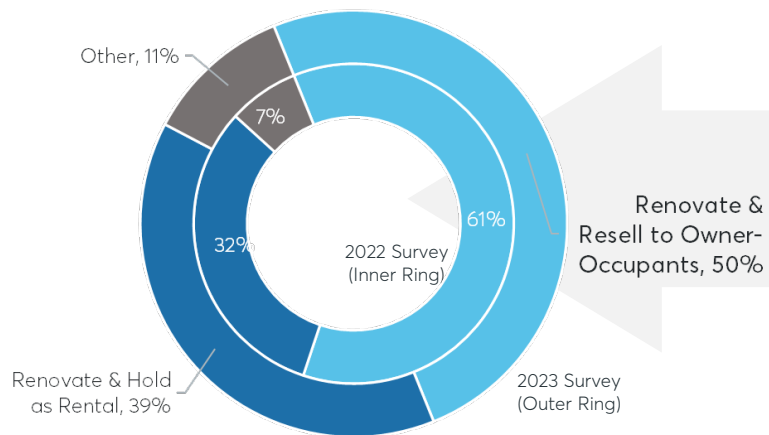
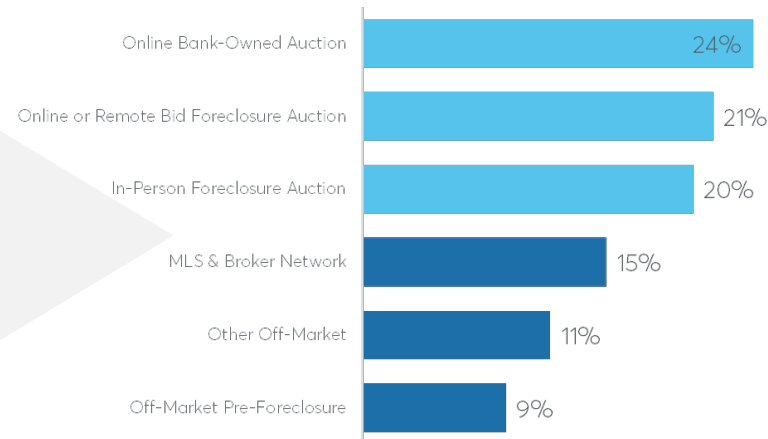
Auction.com Buyers By Purchase Volume (2022)



Sources: Auction.com March 2023 buyer survey, Auction.com sales data



Auction.com buyers' top acquisition methods:



Sources: Auction.com March 2023 buyer survey, Auction.com sales data

"The online bidding experience was a simple and safe process and I highly recommend Auction.com to other buyers."

- Jennifer, Wisconsin



Buyers Employ Safe & Responsible Strategies

65% of buyers ranked auctions as top purchase method

50% of buyers renovate and resell to owner-occupants as primary investing strategy

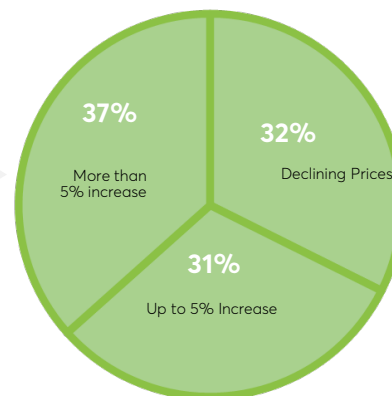
39% renovate and rent as primary investing strategy

88% spend more than \$10,000 on renovations

9 in 10 local community developers who buy occupied properties offer a graceful exit to current occupants



Auction.com buyers' outlook for home prices in 2023:



"Right now we're very, very bullish, but cautiously bullish, too, because I don't know what events are going to come in that could throw a monkey wrench into my plans. ... If they aggressively drop it (price), I'm going to be aggressively buying, that's for sure."

Paul, Florida



Buyers Cautiously Bullish for 2023

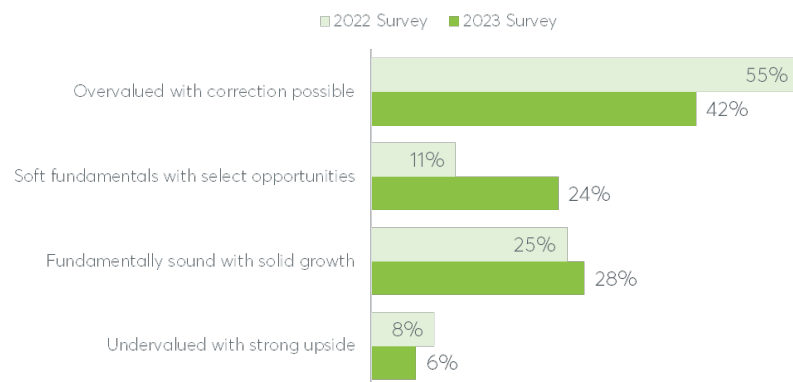
32% of buyers expect declining home prices in 2023

16% of buyers expect declining rents in 2023

42% of buyers describe their market as overvalued with correction possible

87% expect their property acquisitions to increase or remain the same in 2023

How Auction.com buyers describe their local housing markets:



Sources: Auction.com March 2023 buyer survey, Auction.com sales data