



LegalShield®

Special Housing Report

2026

Overview

The big picture: Foreclosure pressure in the South has reached its highest level since 2019, up 46.4% year over year, even as the U.S. existing-home sales market posted its first year-over-year gain in 12 months. The West is the bright spot improving across all housing indices.

About the data: The report is built on three proprietary leading indicators of foreclosure filings, housing starts, and existing-home sales.

Together they show a housing market entering the summer in a slow-moving stall: foreclosure activity is climbing for a second straight year as homeowners increasingly can't pay their monthly obligation. Builder-side activity has hovered at or below pre-pandemic norms for nearly three years, and existing-home sales are beginning a fragile recovery off multi-year lows.

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- South Foreclosure Index up 46.4% year over year; national Foreclosure Index up 13.5%
 - Housing Sales Index posts its first year-over-year gain in 12 months (+1.3%), hinting at a tentative thaw
 - West is the only U.S. region above pre-pandemic activity levels across Foreclosure, Construction, and Sales indices

Methodology

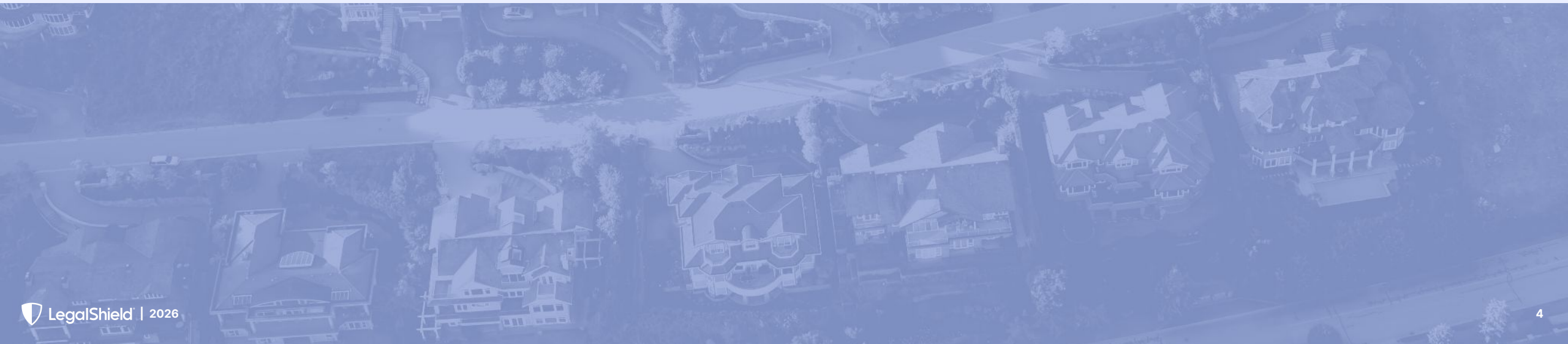
How the indices are built: The report draws on three subindices of the LegalShield Consumer Stress Legal Index (CSLI): the Foreclosure Index, the Housing Construction Index, and the Housing Sales Index. Each is built from real demand for legal services across LegalShield’s nationwide provider law firm network — an average of 150,000 consumer legal intakes every month, drawn from more than 36 million records dating to 2002.

Each index is a leading indicator: the Foreclosure Index leads residential foreclosure filings, the Housing Construction Index leads housing starts, and the Housing Sales Index leads existing-home sales. Unlike sentiment surveys, the indices capture the moment Americans take legal action.

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- **Index baseline:** Each index is set to 100 at its January 2002 starting point; readings above or below 100 show activity relative to that base.
 - **What counts as an intake:** A member reaching out for legal help by phone or through the LegalShield website or app.
 - **Coverage and timing:** More than 36 million records since 2002; this report reflects data through April 2026.



Regional



Regional comparison

Region	Foreclosure Index	Housing Construction Index	Housing Sales Index
National	49.7 +13.5%	110.0 -1.4%	94.2 +1.3%
West	35.0 +21.8%	146.3 +4.5%	125.2 +11.9%
South	52.4 +46.4%	107.5 -3.3%	92.7 +5.7%
Midwest	55.4 +11.2%	96.7 +0.3%	83.5 +3.1%
Northeast	52.5 -10.4%	75.9 +7.4%	59.5 +6.3%

Index value (100 = January 2002 baseline) with year-over-year change. Green = improving, red = deteriorating.

South

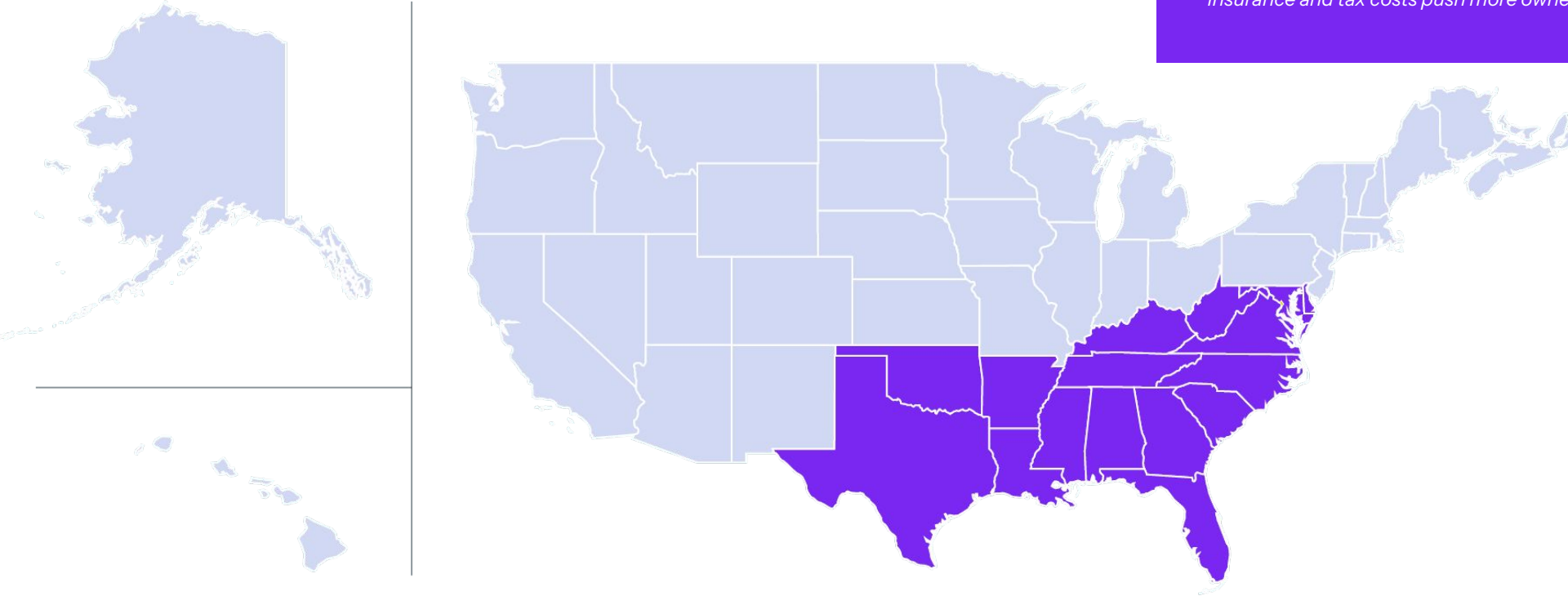
SPIKING FORECLOSURE PRESSURE

Foreclosure Index: 52.4 (+46.4% YoY) — *the steepest year-over-year increase of any region, and the South's highest reading since October 2019.*

Housing Construction Index: 107.5 (-3.3% YoY) — *builder activity moderating after years of leading the country.*

Housing Sales Index: 92.7 (+5.7% YoY) — *modest thaw, but still 10.2% below its February 2020 level.*

Why it matters: *The South's COVID boom is running in reverse as rising insurance and tax costs push more owners toward default.*



Midwest

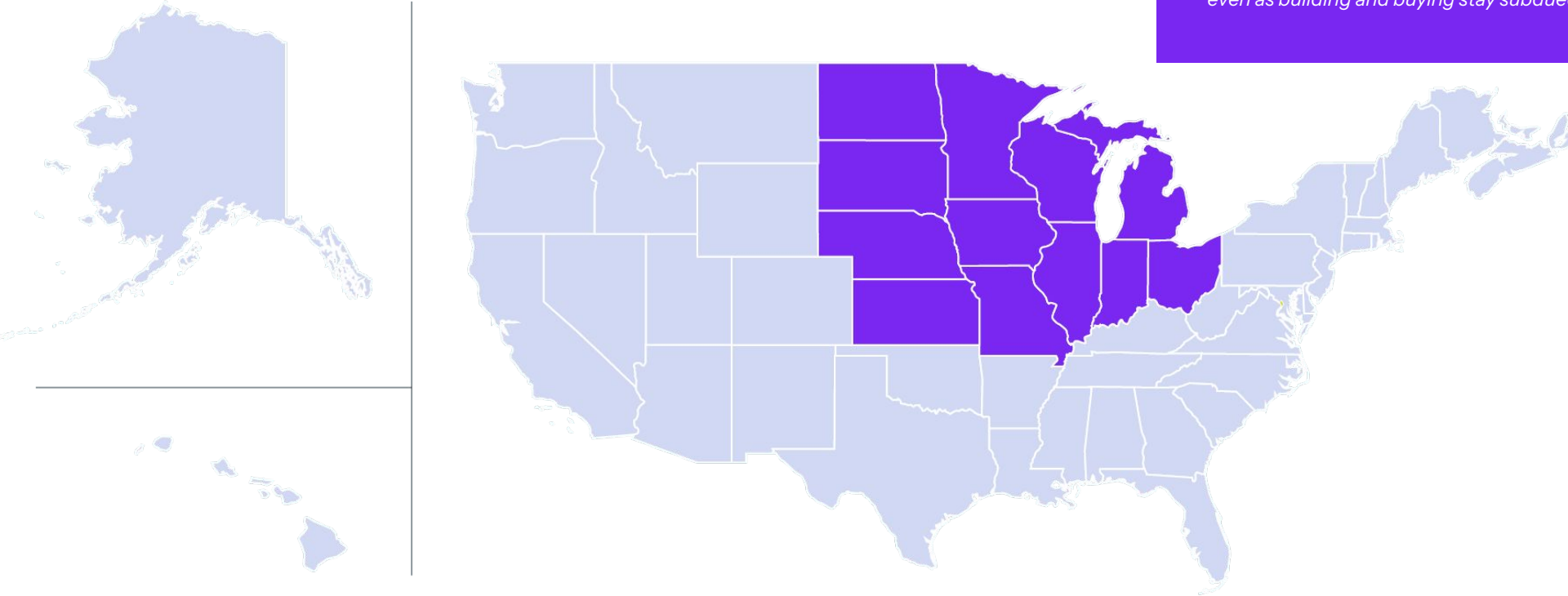
ELEVATED STRESS, WEAK ACTIVITY

Foreclosure Index: 55.4 (+11.2% YoY) — *the highest absolute foreclosure reading of any region.*

Housing Construction Index: 96.7 (+0.3% YoY) — *the largest decline from a 2020-era peak of any region (-36% from Oct 2020).*

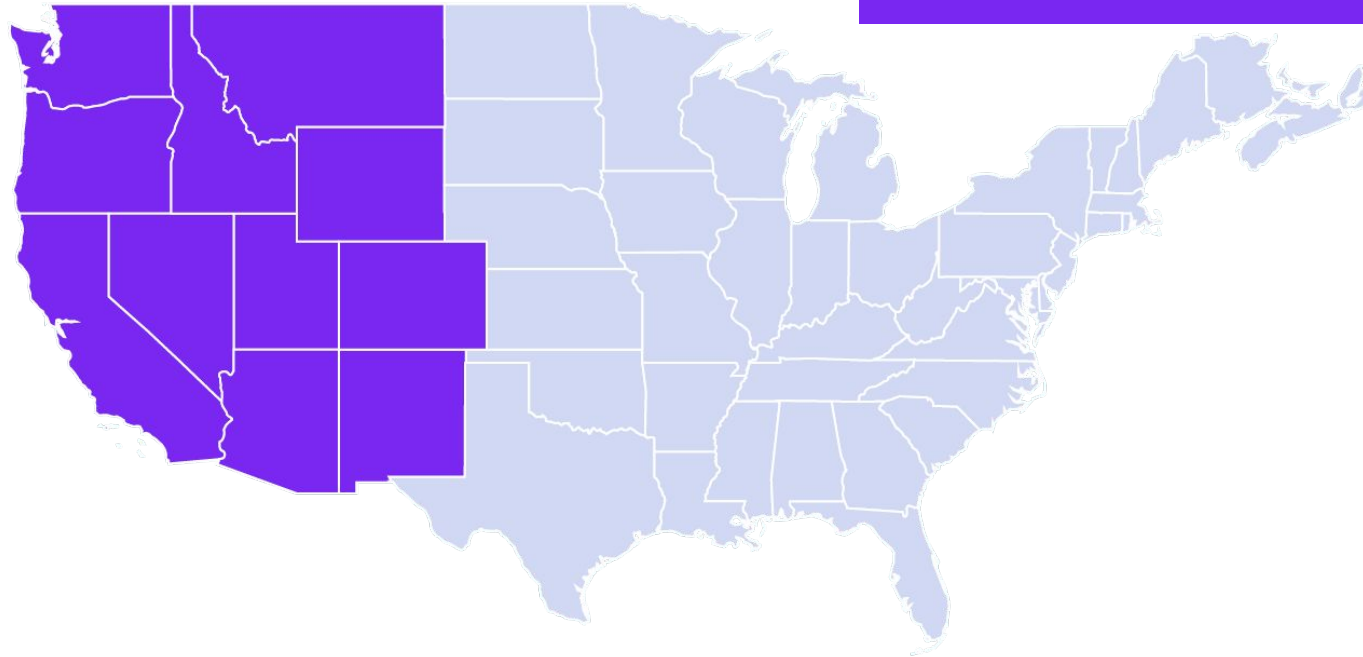
Housing Sales Index: 83.5 (+3.1% YoY) — *modest year-over-year improvement, still 13.8% below the 2018-19 baseline.*

Why it matters: *The region carries the country's heaviest foreclosure load even as building and buying stay subdued.*



West

THE OUTPERFORMER



Foreclosure Index: 35.0 (+21.8% YoY) — *the lowest regional reading in the country, still 39.6% below February 2020.*

Housing Construction Index: 146.3 (+4.5% YoY) — *the only region above its pre-pandemic level (+15.5% vs. 2018-19 average) and continuing to grow from that elevated base.*

Housing Sales Index: 125.2 (+11.9% YoY) — *the strongest regional sales rebound and the only region above its pre-pandemic baseline.*

Why it matters: *The only region building, selling, and avoiding distress above pre-pandemic norms — the clearest picture of housing health.*

Northeast

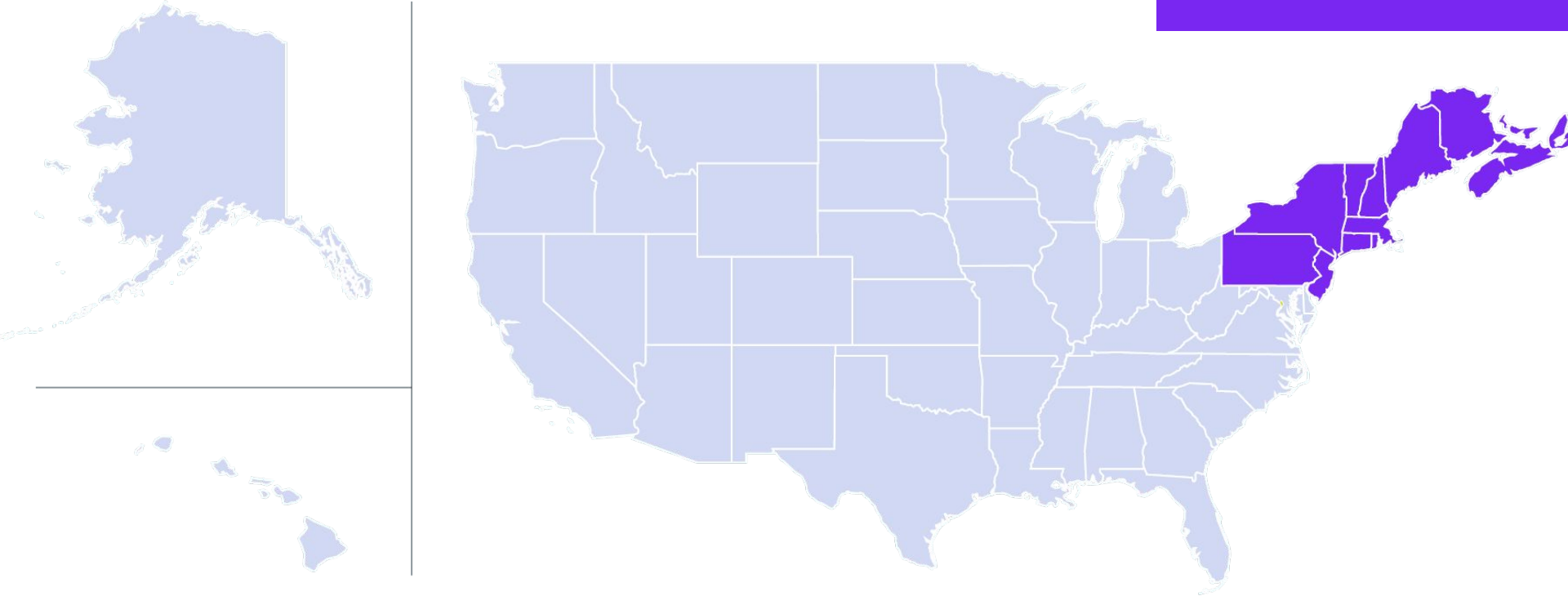
SLOWEST MARKET, FORECLOSURE PRESSURE EASING

Foreclosure Index: 52.5 (-10.4% YoY) — *the only U.S. region where foreclosure pressure is declining year-over-year.*

Housing Construction Index: 75.9 (+7.4% YoY) — *the lowest construction reading in the country.*

Housing Sales Index: 59.5 (+6.3% YoY) — *still 27.1% below February 2020, the most frozen regional market in that time.*

Why it matters: *Tight supply keeps activity lowest in the nation, but easing foreclosures signal stabilizing household finances.*





National

Foreclosure Index

Summary: The Foreclosure Index reflects the number of intakes related to foreclosure as a share of total intakes across all areas of law.

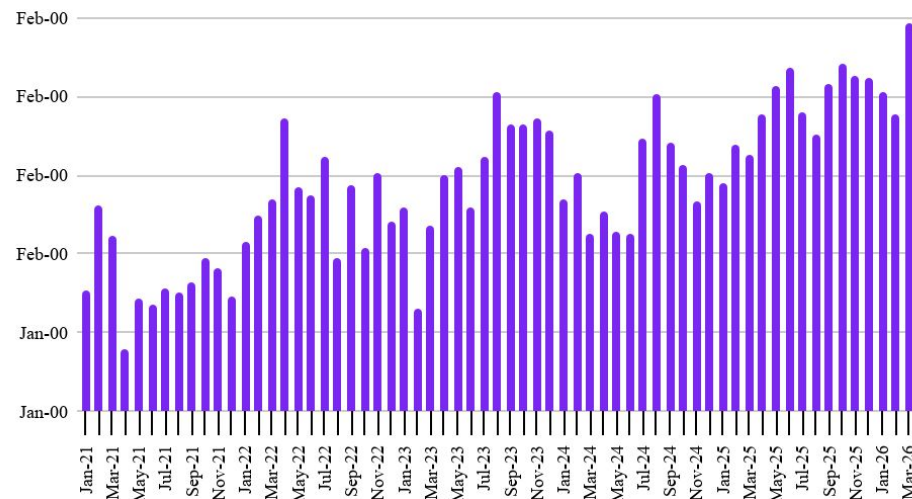
+13.5% YoY

Foreclosure Index | April 2026
49.7 | 71.4% above April 2021 trough

Insights: “The Foreclosure Index leads court filings by one to two quarters, and the direction is unmistakable,” said Matt Layton, SVP of Consumer Analytics at LegalShield. “This is nowhere near a 2008-style crisis, but foreclosure pressure is in its second year of double-digit gains — driven largely by escrow shock as insurance and property taxes climb.”

Why it matters: Because the index leads court filings by one to two quarters, the rise points to more actual foreclosures into Q3.

Foreclosure Index



Housing Construction Index

Summary: The Housing Construction Index is a leading indicator of housing starts.

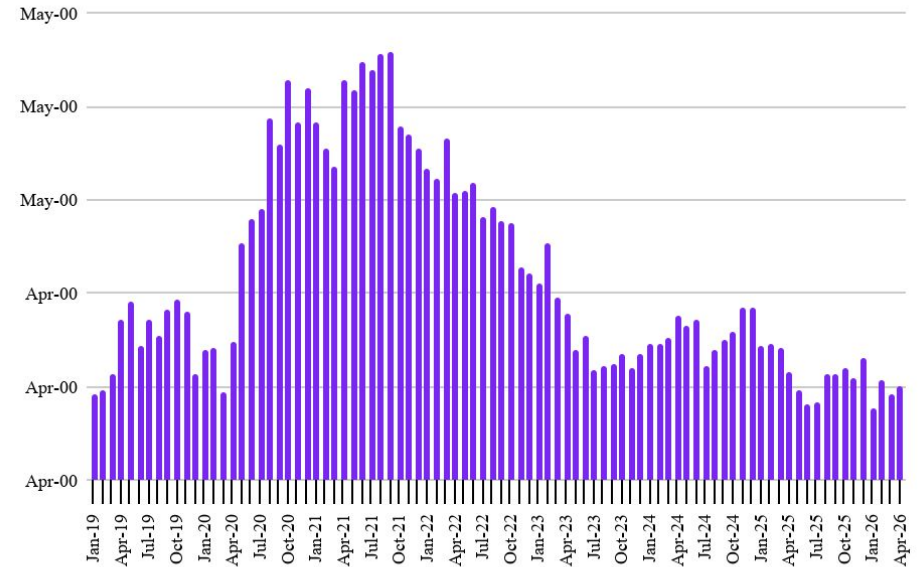
-1.4% YoY

Housing Construction Index | April 2026
110.0 | 23.0% below Sept 2021 peak

Insights: “The post-pandemic building boom ended in mid-2023, and construction activity has been treading water ever since,” Layton said. “The supply response to the affordability problem simply isn’t materializing — financing costs, materials uncertainty, and labor are limiting shovels in the ground.”

Why it matters: Soft building activity means the new supply needed to ease affordability isn’t on the way.

Housing Construction Index



Housing Sales Index

Summary: The Housing Sales Index leads existing-home sales by reflecting contract review, title work, and closing inquiries.

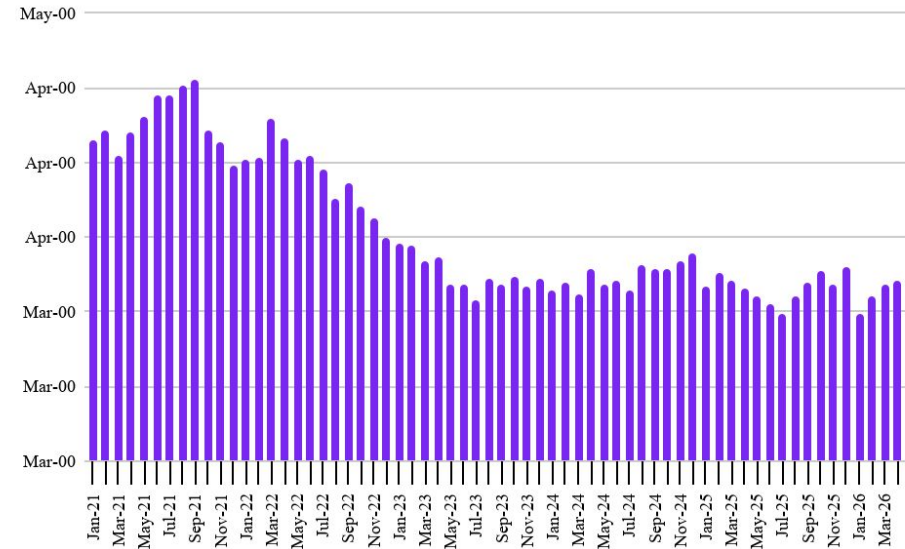
+1.3% YoY

Housing Sales Index | April 2026
94.2 | 11.3% below Feb 2020 level

Insights: “After twelve straight months of a frozen market, this is the first signal of a thaw,” Layton said. “It’s far too early to call it a recovery, but April was the first time since September 2024 that all four regions posted positive sales readings at once.”

Why it matters: A first uptick after a year of freeze suggests existing-home sales may improve in the months ahead.

Housing Sales Index





About LegalShield



Leader of subscription-based legal plans to households across North America



Serving **140,000** businesses across North America



39 law firms in 50 states and Canada with a total of 900 lawyers, and a referral network of 6,000 lawyers, with average of 22 years experience

1.8 million+
memberships

50+ year
history

40,000+
organizations served by our
dedicated B2B division



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