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## SUMMARY & EDITORIAL

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ERIC FRUITS

In the May issue of the *Quarterly*, we noted that the economy was experiencing the “turbulence of a turnaround.” Just a few short months later, we are still seeing many signs of turbulence, but relatively few signs of a turnaround.

Fannie Mae’s second-quarter national housing survey shows that 64 percent of American homeowners and renters say the economy is on the wrong track. This is the most pessimistic view since the survey’s inception in the first quarter of 2010. The National Association of Home Builders/Wells Fargo Housing Market Index came in at 15 out of 100, which is unchanged from July’s reading. With the sector still facing weak consumer demand, competition from foreclosed homes, and tight lending standards.

On the upside, the *Oregon Daily Journal of Commerce* reports that online publication *Business Insider* ranked Bend, Oregon as number two in the country on its list of the best housing markets for the next five years. Using data from Fiserv and Moody’s Analytics, the *Wall Street Journal* projects increasing home prices over the next two years in all the Oregon markets it surveyed (Figure 1).

As a bit of a side note, recent academic research has found that the addition of photos to an MLS listing increases the selling price of a home.<sup>1</sup> They also found that

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<sup>1</sup> Benefield, J. D., Cain, C. L., and Johnson, K. H. (2011). On the relationship between property price, time-on-market, and photo depictions in a multiple listing service. *Journal of Real Estate Finance and Economics*, 43(3):401–422.

more photos are associated with higher selling prices. The authors urge agents to include the maximum number of photos allowed by the listing service.

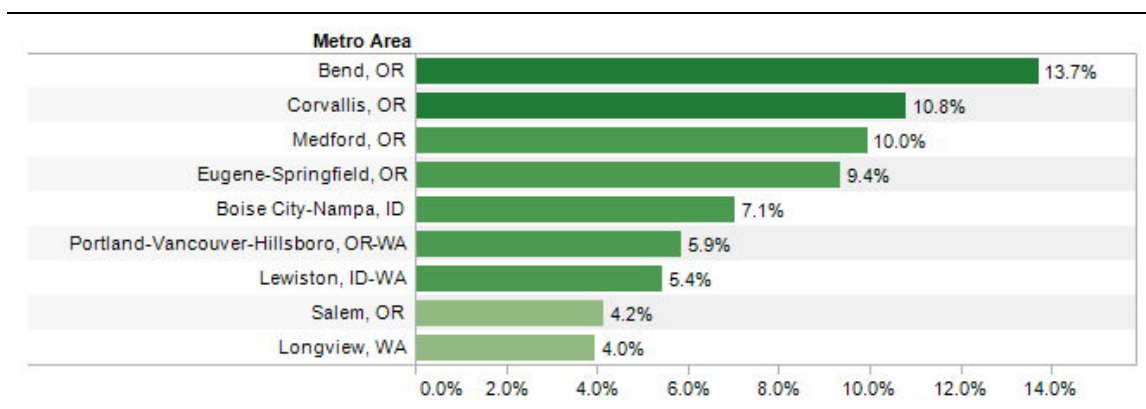
In another upside, record low mortgage interest rates are contributing to a recent spike in refinancing activity. **Steven Del Percio** provides this issue's feature article, describing some recent legal and land use developments in LEED design and construction. He reports that Oregon is home to the first case in which LEED certification issues are an key issue in an appeal of a property tax assessment.

With this issue, **Evan Abramowitz** joins the Quarterly as a Oregon Association of Realtors fellow, writing analysis on the multifamily and residential markets. He is also a broker at Joseph Bernard Investment Real Estate. We welcome him aboard and look forward to his reports.

**David West** continues to provide analysis of the office, retail, and industrial markets. This quarter, he reports on improvements—and some turbulence—in all three markets.

Figure 2 shows that the market has not seen this level of refinance activity since last year. Nevertheless, although refinance activity has picked up, it is still much lower than the levels seen during the refinance boom of 2002-03, and below the smaller refinance peaks in 2008 and 2009.

**Figure 1: Forecasted change in home prices  
from the first quarter of 2012 to the first quarter of 2013**



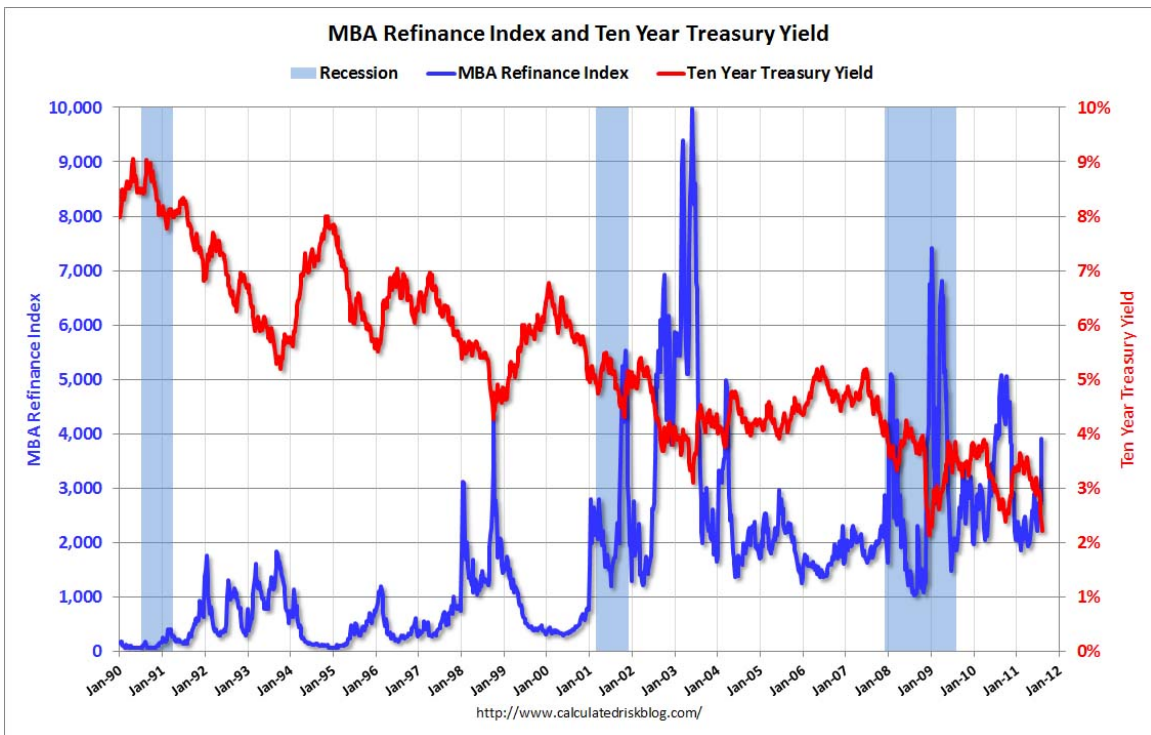
Source: Wall Street Journal / Fiserv and Moody's Analytics

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**Figure 2: Mortgage Refinancing and Treasury Yield**



Source: Calculated Risk / Mortgage Bankers Association