

Housing Market Analysis

By Scott Aster, Certificate of Real Estate Development Graduate Student & Oregon Association of Realtors [OAR] Fellow

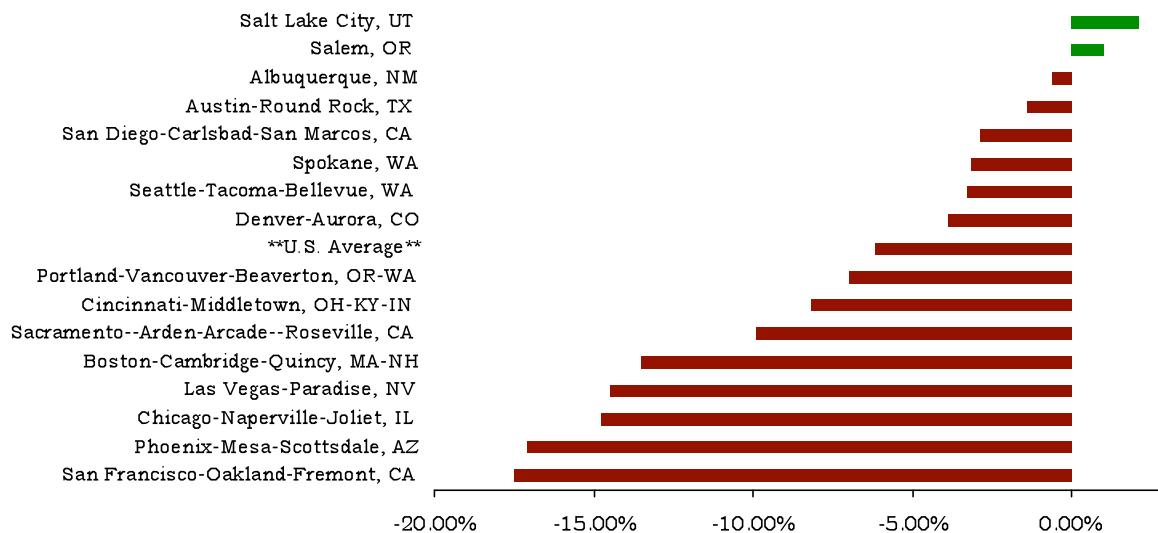
Median Home Values of Existing Detached Homes

	U.S.	West	Portland Metro Area
May 2008 Median Sales Price	\$ 206,000	\$ 290,200	\$ 297,500
May 2009 Median Sales Price	\$ 172,900	\$ 202,200	\$ 259,000
% Change in Median Sales Price	-16.1%	-30.3%	-12.9%
% Change in Number of Sales			
May[June??] 2008-2009	-3.0%	-10.6%	-27.3%

Source: National Association of Realtors (May 2009) and RMLS (May 2009)

The housing market statistics of the second quarter of 2009 reflect the continued downward trend in home prices nationwide. Median home prices were down 16.1% annually in May, and 30.3% for the western part of the nation. According to May's Standard & Poor's Case-Shiller index, the metro areas with the greatest annual depreciation rates are Phoenix (-35%), Las Vegas (-32%), San Francisco (-28%), and Miami (-27%). However, prices are still substantially higher than they were before the housing bubble. For Portland, the index based on a home valued at \$100,000 in 2000 stood at \$146,850 at the end of April 2009. RealtyTrac's May foreclosure report put Oregon at 22nd in the nation for notices of default, auctions and other forms of foreclosure action. The foreclosure activity count indicates that there are 3,067 foreclosure properties representing one in every 524 housing units within the state. The number of building permits issued was down 43% nationally, with a reduction of 45% in Oregon.

Median Sales Prices of Existing Single Family Homes By Metropolitan Area



Source: <http://www.realtor.org/Research.nsf/Pages/MetroPrice>

Building Permits Issued

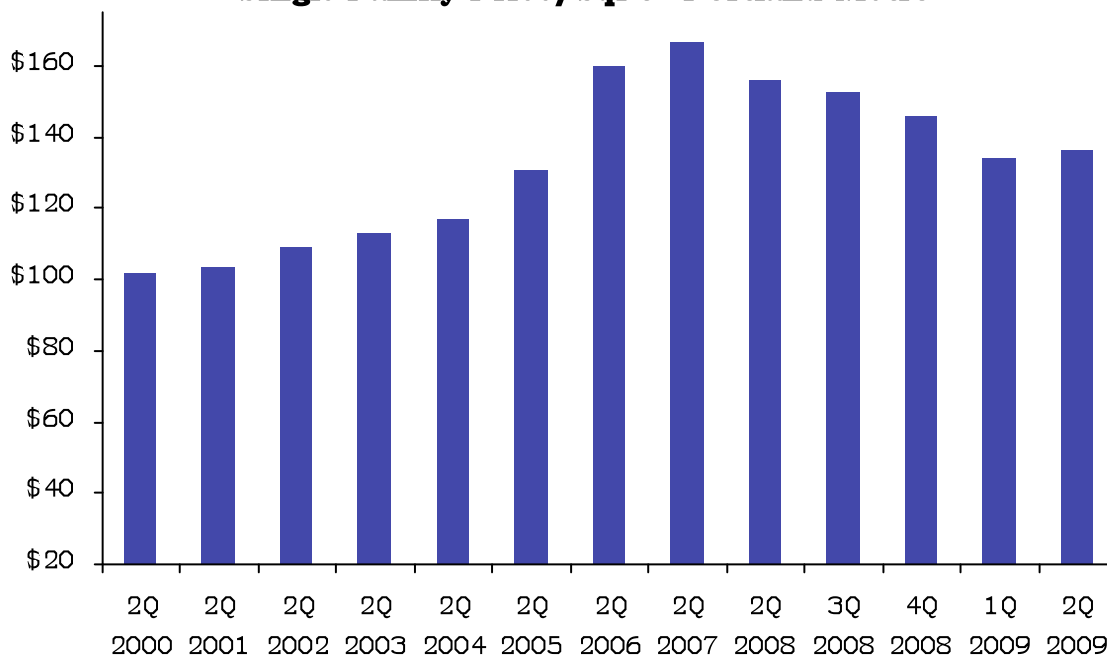
Year to Date

	SINGLE-FAMILY			MULTIFAMILY		
	May-09	May-08	PCT CHG	May-09	May-08	PCT CHG
UNITED STATES	156.9	273.8	-43%	59.2	139.0	-57%
OREGON	2.13	3.90	-45%	1.27	1.83	-31%
Bend OR	0.14	0.31	-56%	0.03	0.07	-60%
Corvallis OR	0.01	0.01	0%	-	-	-
Eugene-Springfield OR	0.16	0.32	-51%	0.05	0.09	-44%
Medford OR	0.12	0.18	-31%	0.01	0.01	80%
Portland-Vancouver-Beaverton OR-WA	1.11	2.07	-47%	0.45	1.54	-71%
Salem OR	0.11	0.27	-60%	0.09	0.10	-8%

Portland

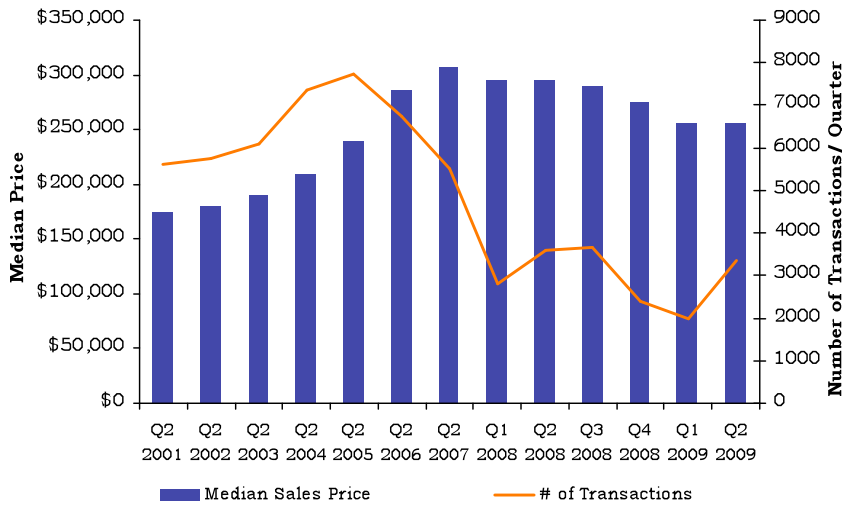
The number of Portland metropolitan area home sales increased by 67% over the first quarter, as buyers closed purchases on 3,342 existing homes. However, the results are still down 7% from the previous year. Median prices for the second quarter were at \$255,550, a slight increase over the previous quarter, but a 13% reduction annually. Though prices are still being marked down, with average sales taking place at 91.75% of the original list price, sellers saw an improvement of 0.12% annually. Sellers in the Portland area, on average, have their homes on the market for 77 days before closing, reflecting a two-week increase from 2008. Price per-square-foot values appear to have stabilized at \$136, a slight increase of 2% from the previous quarter. However, this reflects a 13% decrease annually.

Single Family Price/SqFt - Portland Metro



Median Sales Price & Number of Homes Sales Per Quarter - Existing Detached Homes

Portland Metro (Excluding Clark County)



8-Year outlook for Median Sales Price & Number of transactions

1st Quarter Median Price: \$255,550

Quarterly % Change: 0.20%

Annual % Change: -13.40%

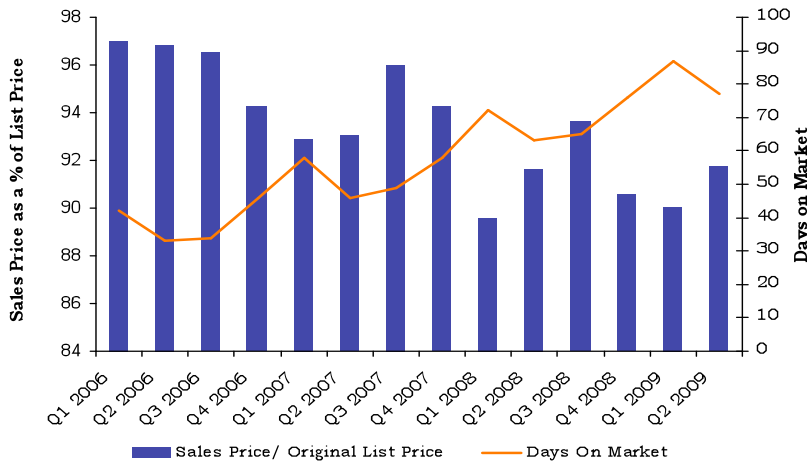
Number of Transactions: 3,342

Quarterly % Change: 67.44%

Annual % Change: -6.86%

Sale Price/Original List Price & Average Days on Market - Existing Detached Homes

Portland Metro (Excluding Clark County)



8-Year outlook for Average DOM and Sales Price/Original List Price ratio

1st Quarter Sale/Original ratio: 91.75

Quarterly % Change: 1.89%

Annual % Change: 0.00%

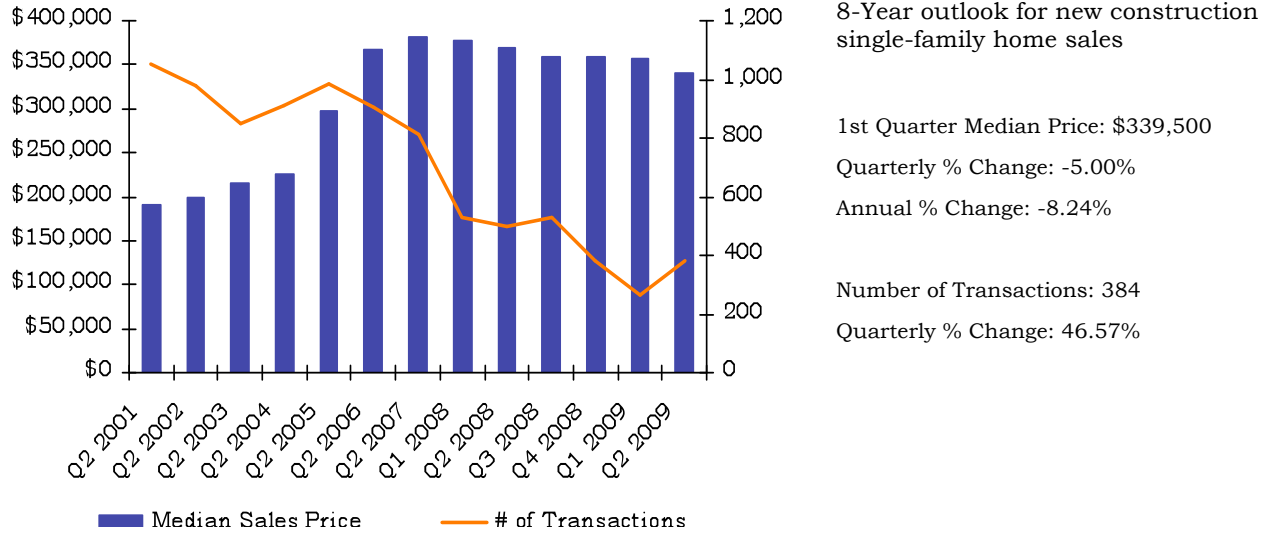
Days on Market: 77

Quarterly % Change: -11.49%

Annual % Change: 22.22%

Median Sales Price & Number of Transactions – New Detached Homes

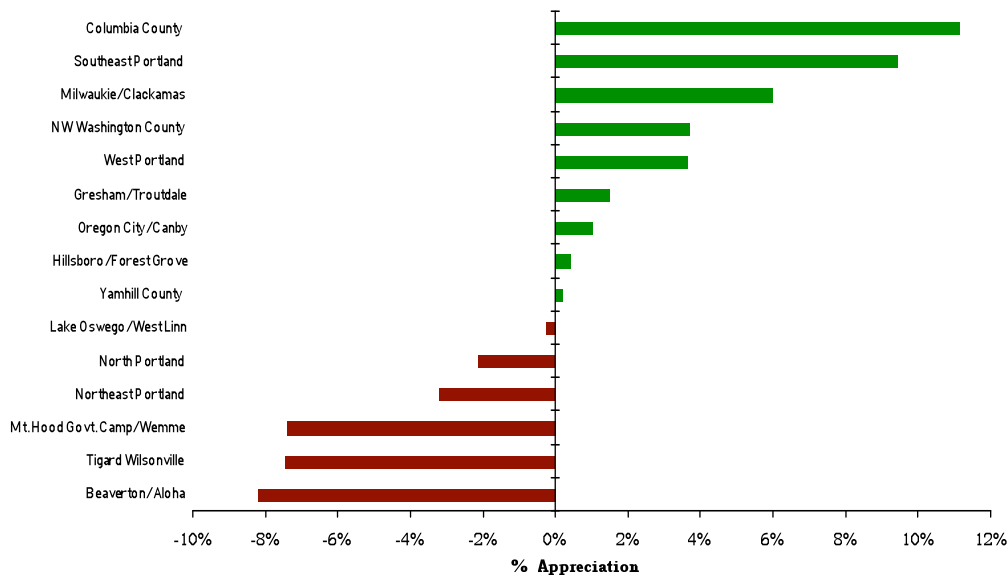
Portland Metro (Excluding Clark County)



Perhaps somewhat surprisingly, some Portland submarkets experienced quarterly price appreciation, although the mix of houses actually sold in different time periods may account for the differences. Columbia County home prices rose at 11.14% followed by Southeast Portland at 9.43%.

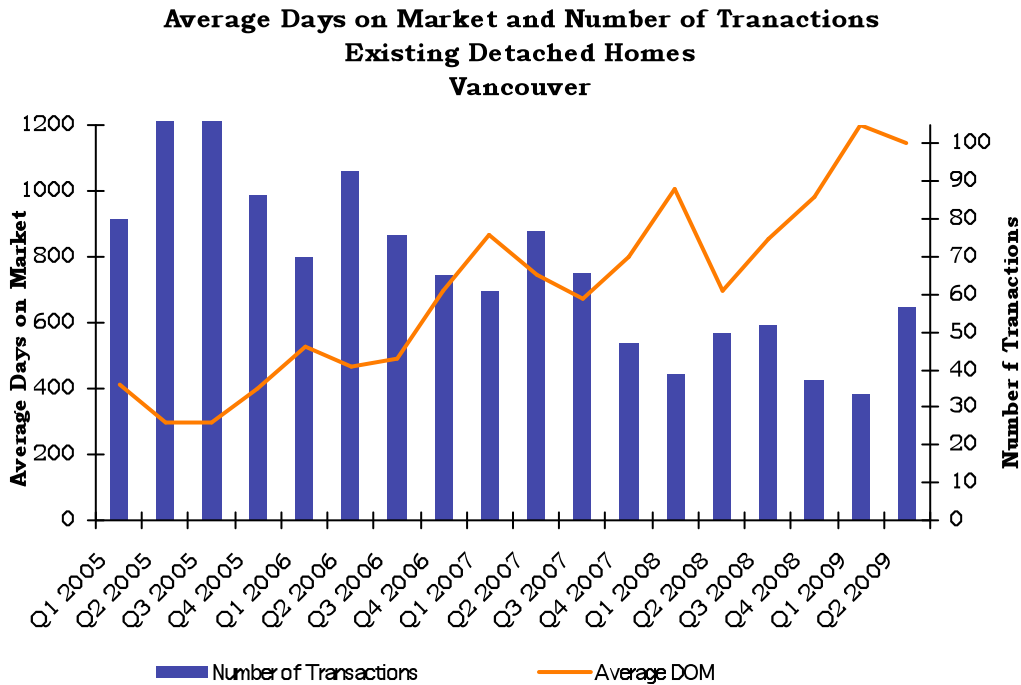
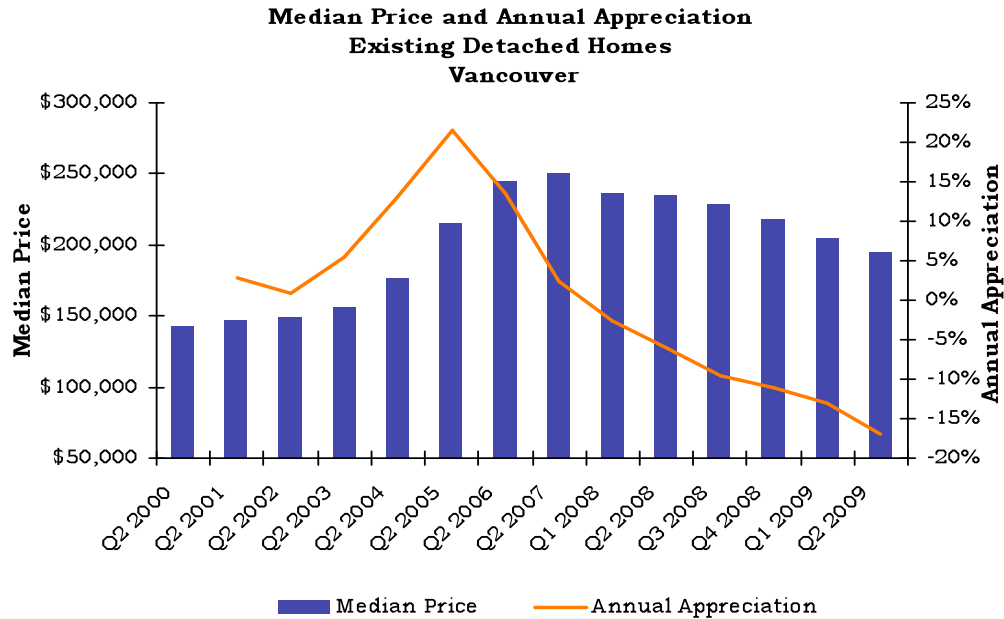
Conversely, the Beaverton/Aloha area experienced the highest depreciation rate at (-8.2%), followed by Tigard/Wilsonville at (-7.43%) and Mt. Hood (-7.39%). However, annual results are negative for all Portland submarkets. Lake Oswego (-20.2%), Oregon City/Canby (-16.5%), and Beaverton/Aloha (16.3%) home values decreased the most from the previous year. Mt Hood (-3.4%) and West Portland (-4.0%) home values depreciated the least from 2008.

Appreciation Rates of Existing Detached Homes - Portland Sub-Market
 Q1 2009- Q2 2009



Vancouver

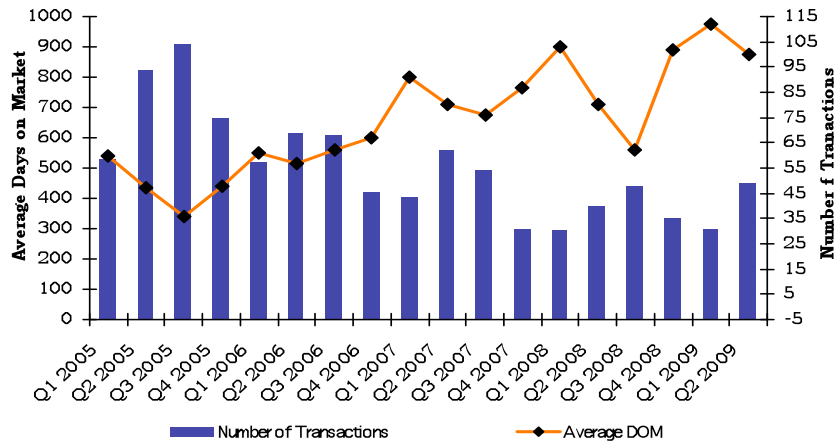
Vancouver’s second quarter statistics indicate a continuance of the city’s decreasing home values. Vancouver’s median home price was \$195,000 resulting in depreciation rates of (-5%) quarterly and (-17%) annually. On a positive note, the number of home sales increased to 650, up 71% quarterly and 14% annually. However, the number of days on the market is up to 100, a 64% increase from 2008.



In the suburbs of Clark County, home prices have stabilized at \$245,000 as they remained within a percentage point of the previous quarter’s median price. However, an annual outlook

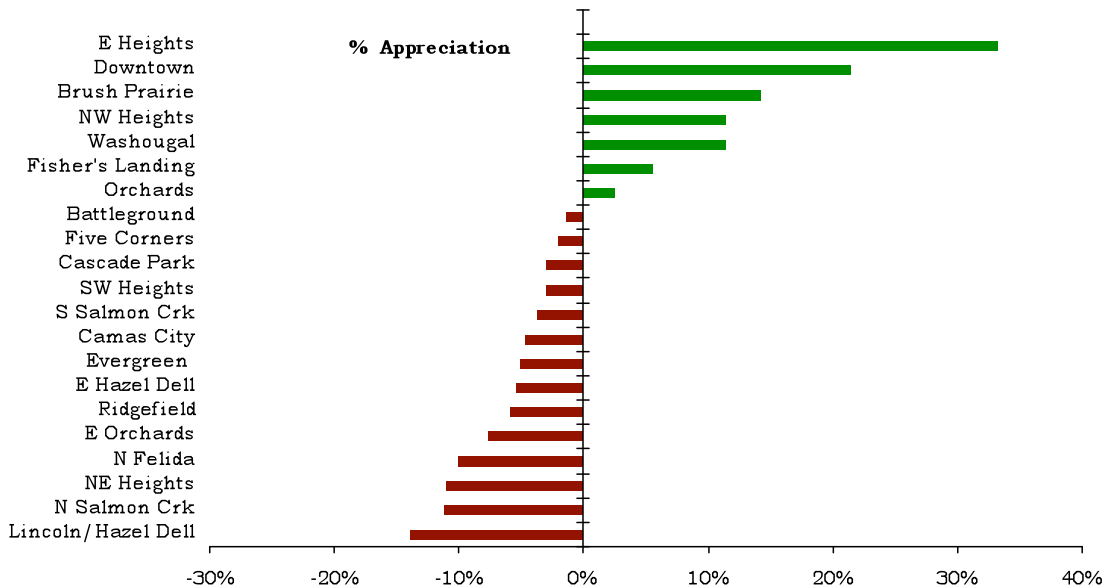
indicates that home prices are down 11% from 2008. Similar to Vancouver, the number of home transactions in the Clark County suburbs is up 48% for the quarter and 19% annually. But the number of days on the market has increased 25% annually and is up to 100.

**Average Days on Market and Number of Transactions
Existing Detached Homes
Clark County (excluding Vancouver)**



The Vancouver/Clark County submarket is primarily down for the quarter. However, the East Heights area had a stronger quarter with an appreciation rate of 33%. Downtown Vancouver and Brush Prairie also had solid quarters with appreciation rates of 21% and 14%. Conversely, the Lincoln/Hazel Dell area had the highest depreciation rate at (-19%) followed by North Salmon Creek and Northeast Heights at (-14%) and (-11%). Annual changes show that only Five Corners had an increase in home values, of 14%. The rest of the submarket depreciated led by North Felida at (-33%).

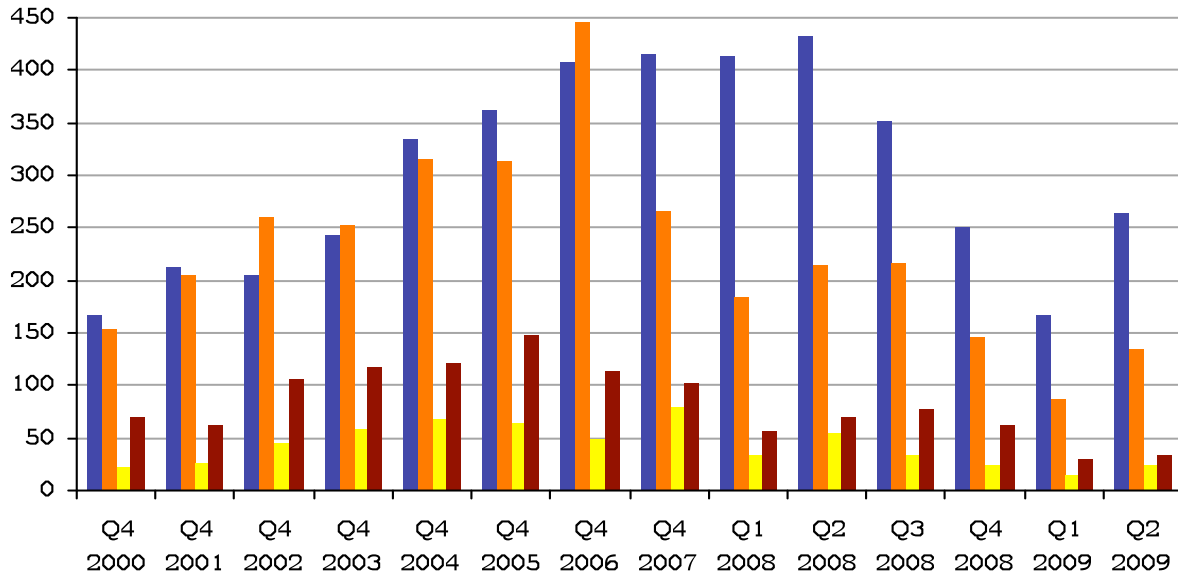
**Appreciation Rates of Existing Detached Homes
Vancouver and Clark County Sub Market - Q1 2009 - Q2 2009**



Condominium and Attached Market¹

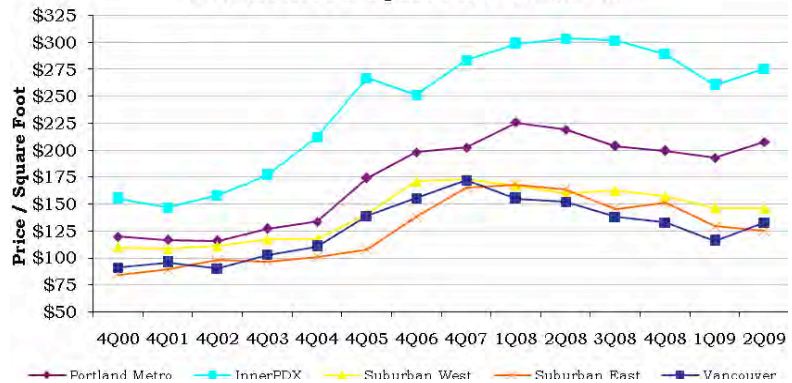
The number of condominium sales in the Portland metropolitan market is up from the previous quarter but is still down significantly from 2008. Across the metropolitan area, the number of sales is up 55% for the quarter while the number of Vancouver sales increased 13%. The Portland metropolitan area’s price per square foot is at \$208, an 8% quarterly increase but 5% annual decrease. The median price per Portland condominium unit is \$200,000, the same as the first quarter. Vancouver, at a price per square foot of \$133, is up 15% for the quarter but down 13% for the year. Vancouver’s median price per condominium is up to \$155,450 an increase of 14% for the quarter.

Number of Transactions - Condominium Market



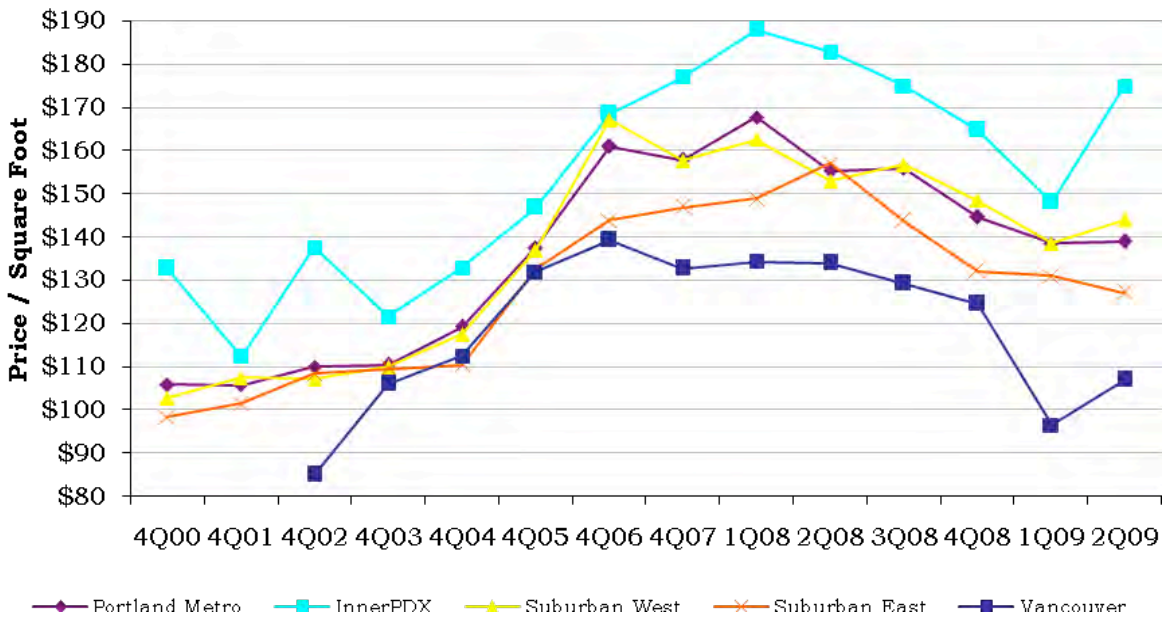
Similar to the **Inner PDX** **Suburban West** **Suburban East** **All Vancouver** condominium market, results for single-family attached housing are up for the quarter but down annually. The number of attached home sales in the Portland metropolitan area increased 73% from the first quarter to 291. However, the number of sales of attached homes is down -28% annually with a median price of \$211,000. The Vancouver area saw both quarterly (+130%) and annual (+25%) increases as the number of attached homes sold increased to 76. For Portland, price-per-square-foot numbers (\$139) stayed the same from the first quarter but decreased by 11% annually. Vancouver, at \$107 per square foot, saw a quarterly increase of 11% but an annual decrease of (-20%). The median price for attached homes in Vancouver was \$169,900.

Median Price Per Square Foot - Condominium

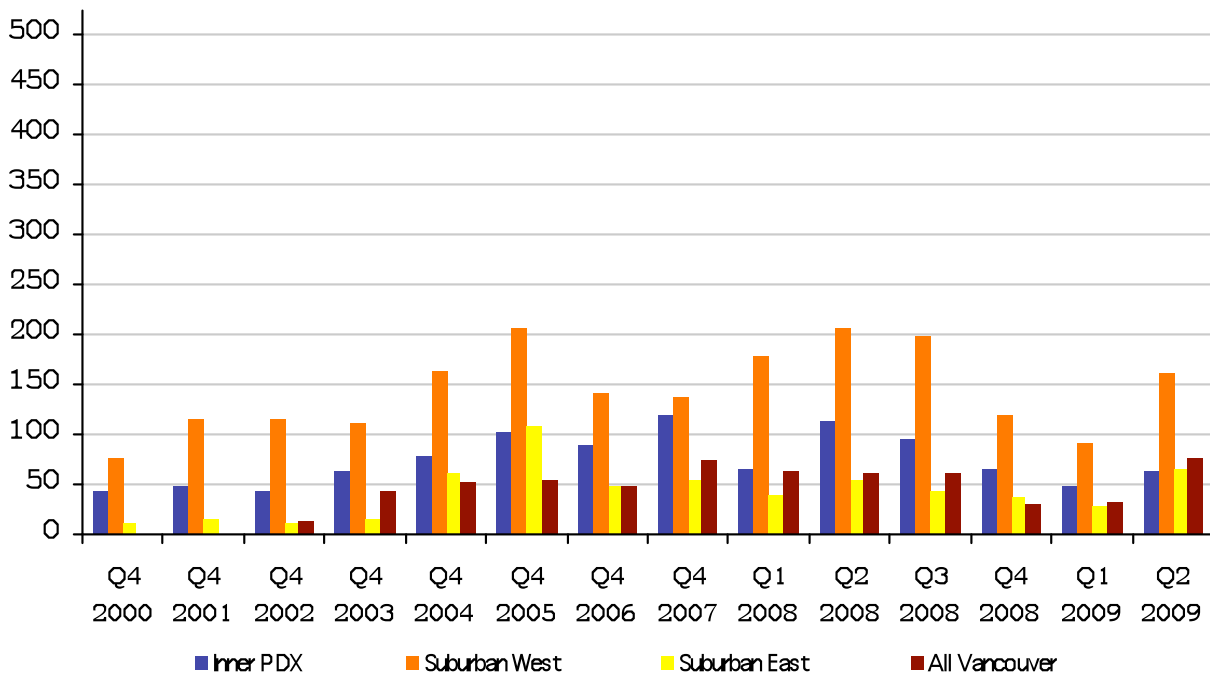


¹ RMLS defines attached as “an element of the residence construction is shared with another property. Condominiums excluded. Condominiums are defined as an attached or stand-alone residence for which the owner has title to the space inside the unit and shares common spaces with other unit owners in accordance with specific legal guidelines.

Median Price Per Square Foot - Attached

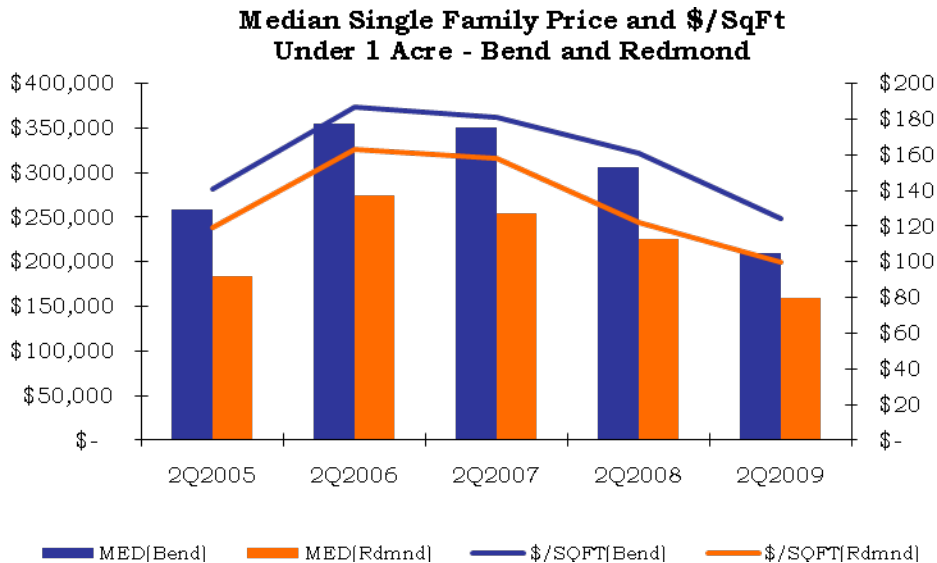
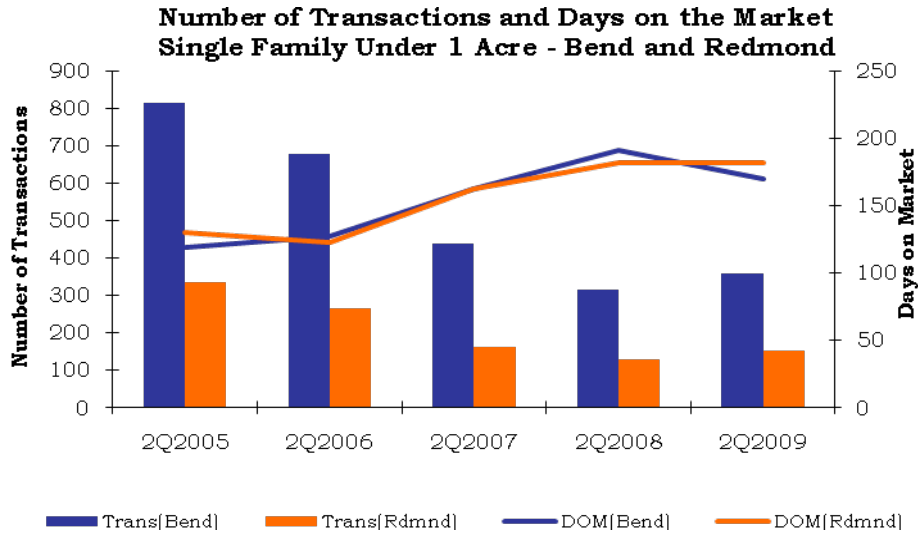


Number of Transactions - Attached Single Family



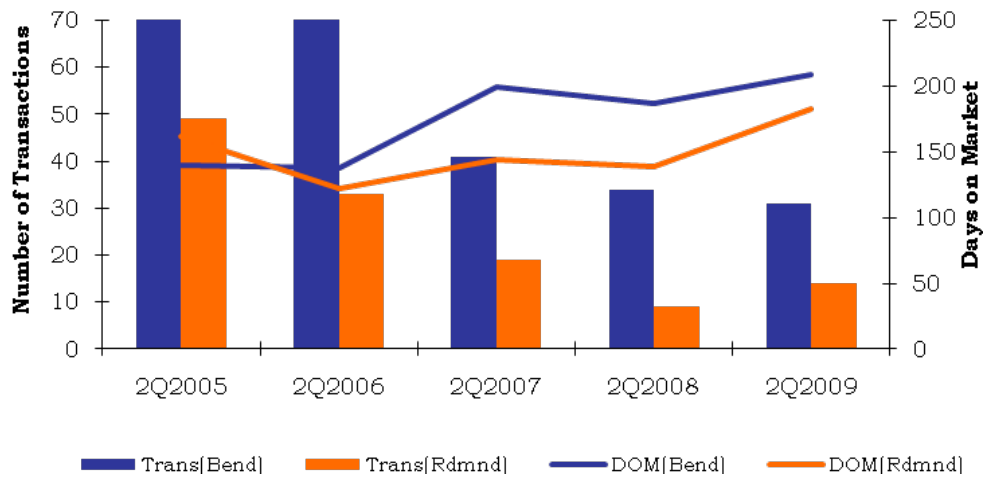
Central Oregon

Both Bend and Redmond experienced a slight increase from the previous year with respect to the number of homes sold. Bend home sales are up 14% to 358 while Redmond's increased 18% to 153. The number of days on the market declined to 170 for Bend while remaining at 182 for Redmond. However, the median home prices declined significantly for both Central Oregon submarkets. Bend home prices plummeted (-32%) to \$209,500 while Redmond prices slipped (-29% to \$160,000. Price-per-square-foot numbers also declined significantly for Bend and Redmond at \$124 and \$100.

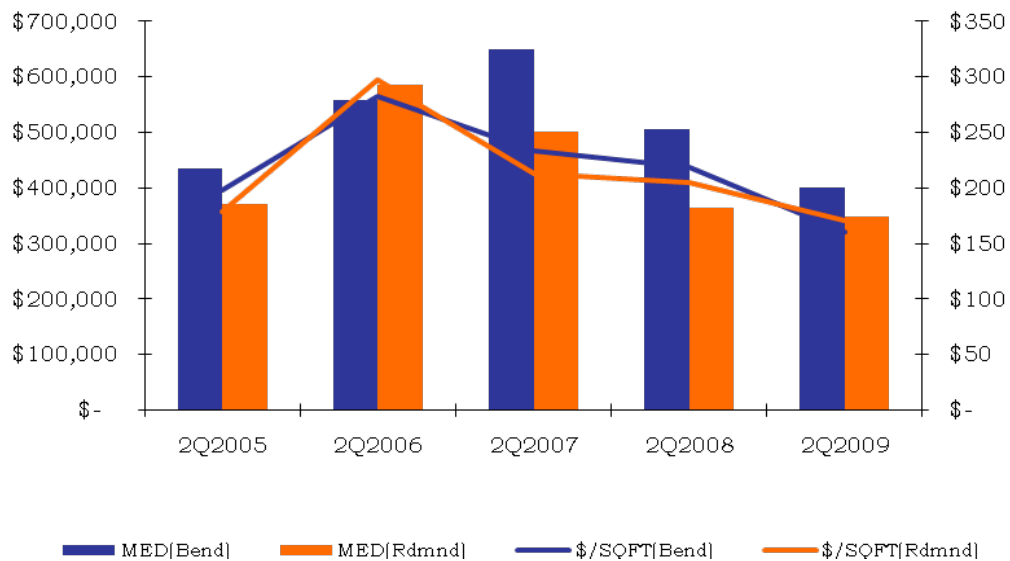


As it is commonly reported in Central Oregon’s reports, the housing stock is separated by lot size – properties under one acre and those between one and five acres. Price per square foot is provided to control for lot size between both categories. Second quarter statistics are almost entirely negative for Central Oregon homes lying on acreage. Bend transactions declined almost (-10%) from 2008 while Redmond experienced a slight increase. Meanwhile, Bend home prices plummeted (-21%) to \$399,900 while Redmond prices slipped (-5%) to \$347,500. Price per square foot is down to \$160 for Bend and \$171 for Redmond. The number of days on the market increased significantly for both areas as Bend is up to 209 and Redmond is at 183.

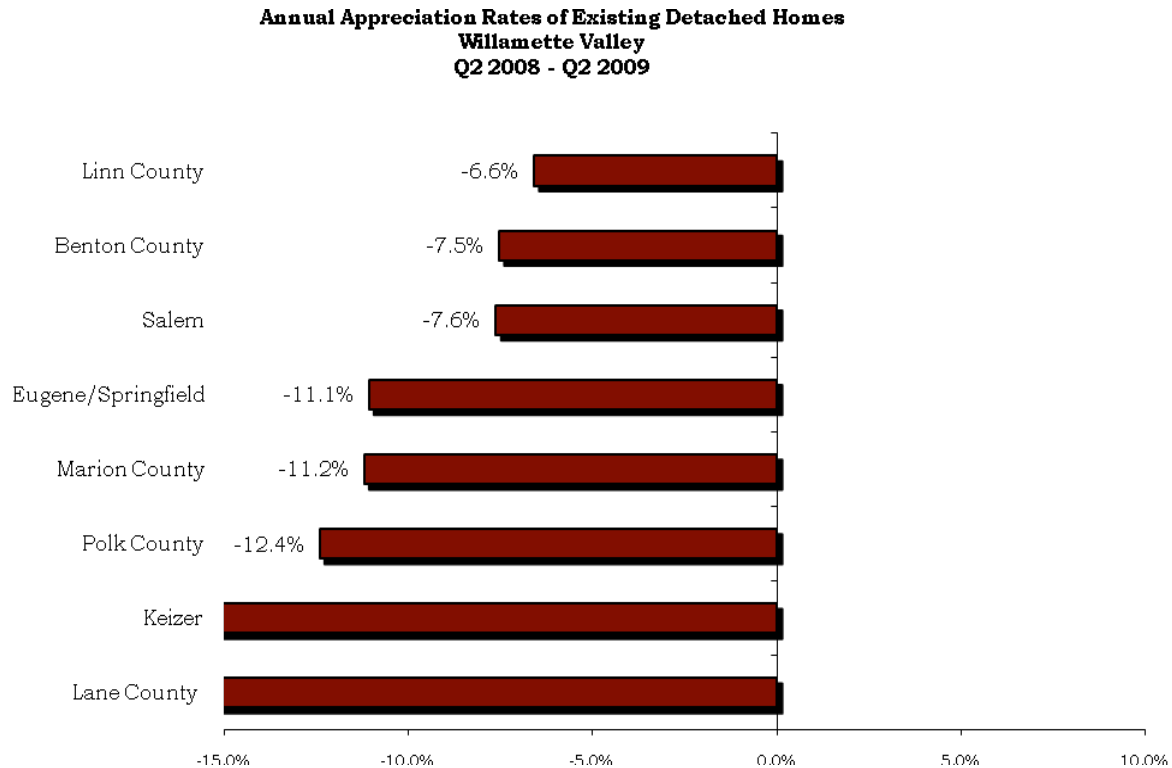
**Number of Transactions and Days on the Market
Single Family 1-5 Acres -Bend and Redmond**



**Median Single Family Price and \$/SqFt
1-5 Acres - Bend and Redmond**



Willamette Valley

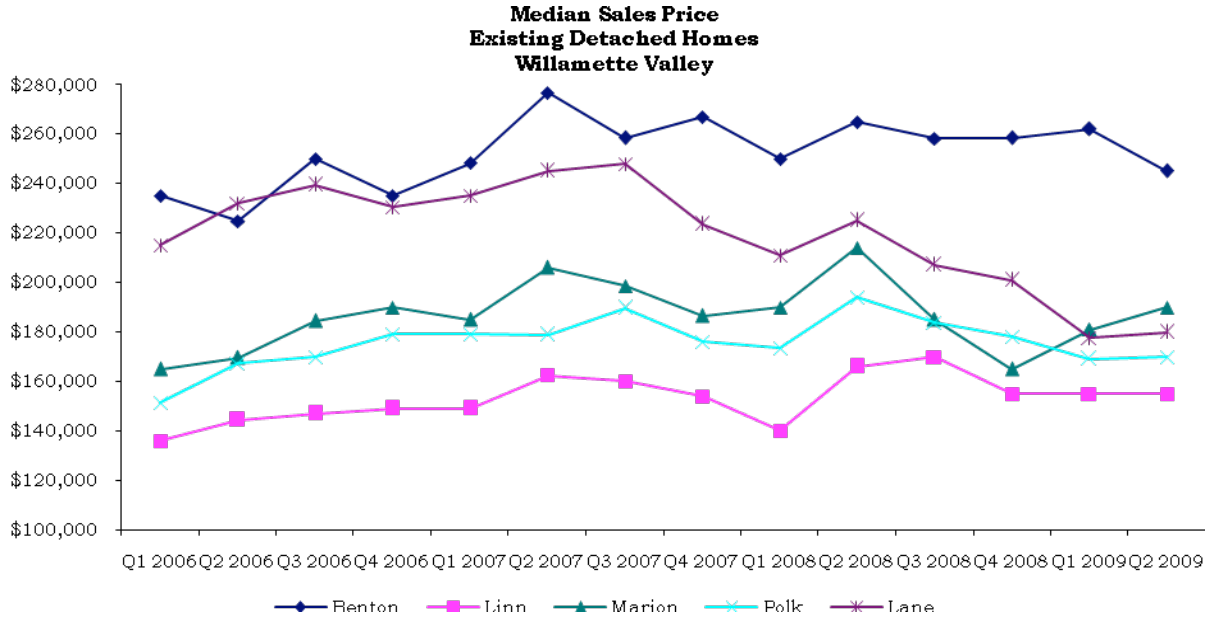


Second quarter results for the Willamette Valley are consistent with those of the northern parts of the state. All Willamette Valley submarkets experienced annual depreciation on existing home prices.

Lane County has once again suffered the worst quarter in the valley with declining prices of (-20%) annually followed closely by Keizer at (-19.8%).

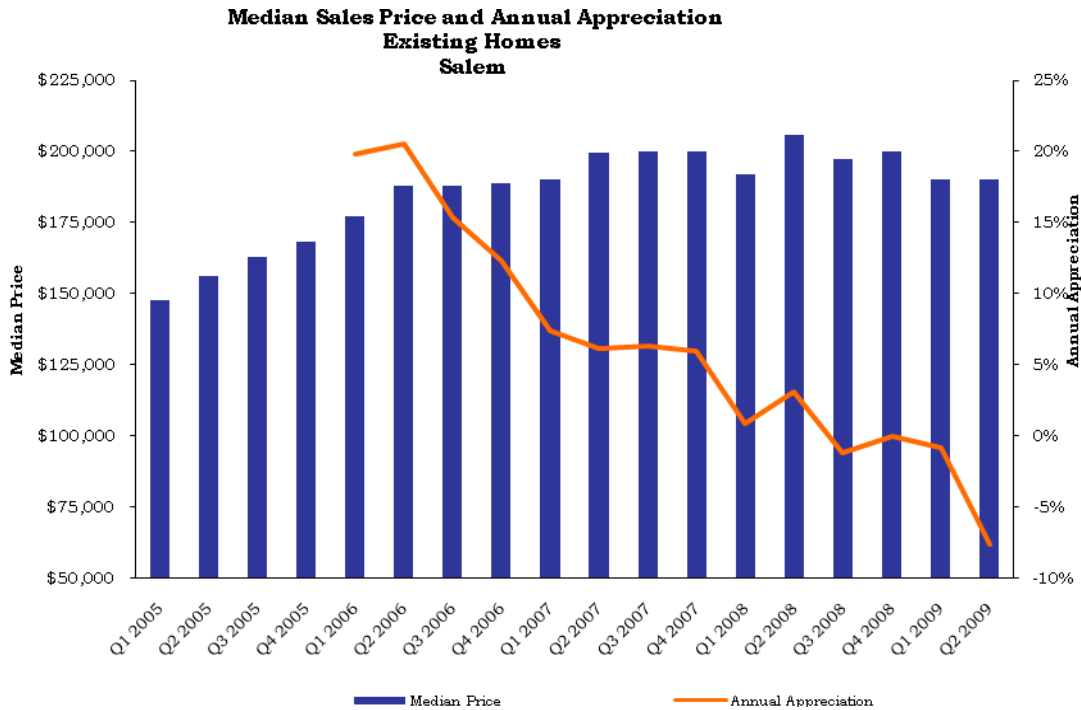
Linn County was once again the stronger submarket but still suffered a (-6.6%) depreciation rate. The number of transactions over the past year also declined for these areas at (-3%) for Lane County and (-23%) for Keizer.

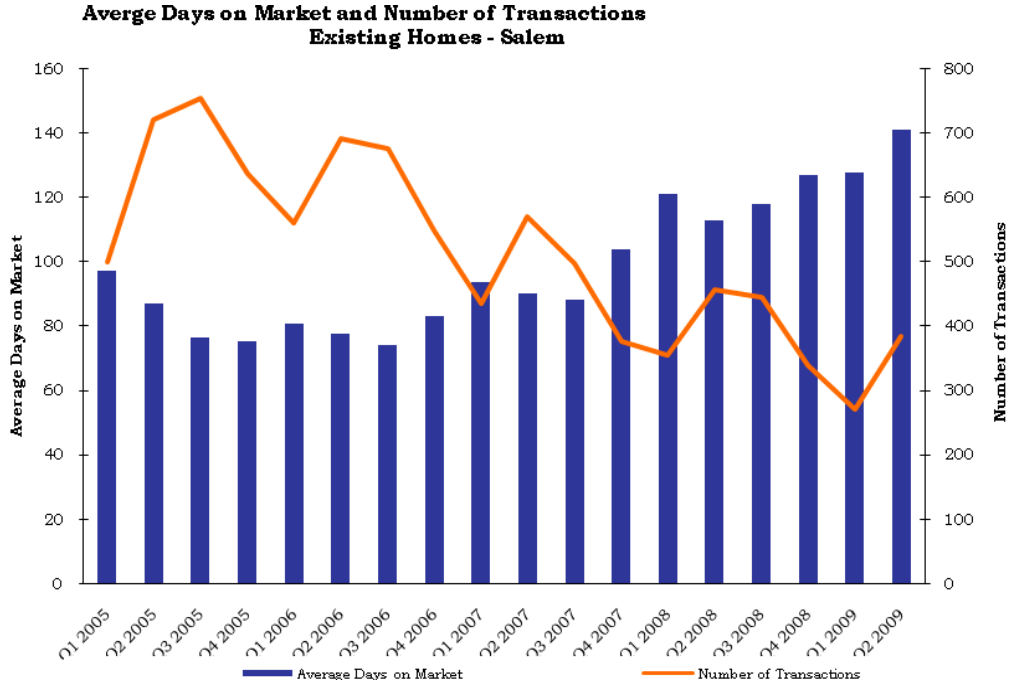
Although the rest of the valley experienced less depreciation, the number of days on the market increased while the number of transactions decreased annually in all submarkets.



Salem

Salem’s housing market continues to suffer annual depreciation of home prices, fewer home transactions, and a greater number of days on the market. Prices declined (-8%) from the previous year to \$190,000. Meanwhile, the number of average days on the market increased to 141, over four and a half months. The number of transactions declined (-16%) from the previous year to 385.





Eugene/Springfield

The Eugene/Springfield area experienced declining home prices as well as fewer transactions relative to the second quarter of 2008. The number of transactions fell 4% annually to 488 while the median price was down 11% at \$213,375. Sellers currently have their houses on the market for 83 days before closing and are only realizing 78% of their original listing price on the sale.

