

Housing Market Analysis

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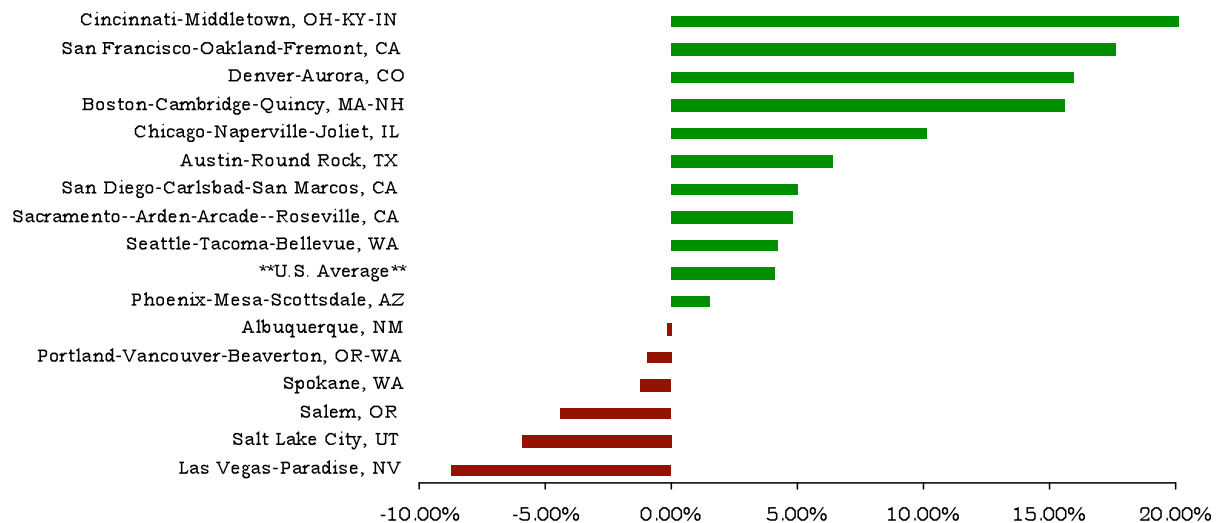
Median Home Values of Existing Detached Homes

	U.S.	West	Portland Metro Area
August 2008 Median Sales Price	\$ 201,900	\$ 254,900	\$ 290,000
August 2009 Median Sales Price	\$ 177,500	\$ 225,600	\$ 260,000
% Change in Median Sales Price	-12.1%	-11.5%	-10.3%
% Change in Number of Sales Aug 2008-2009	2.5%	7.1%	27.3%

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

Once again the housing market statistics reflect a decrease in value from the prior year. Median home prices were down 12.1% annually in August, and 11.5% 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 Las Vegas (-31%), Phoenix (-28%), Detroit (-25%), and Miami (-21%). 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 \$150,060 at the end of July 2009. The number of building permits issued was down 33% nationally, with a reduction of 38% 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 (all data in thousands)

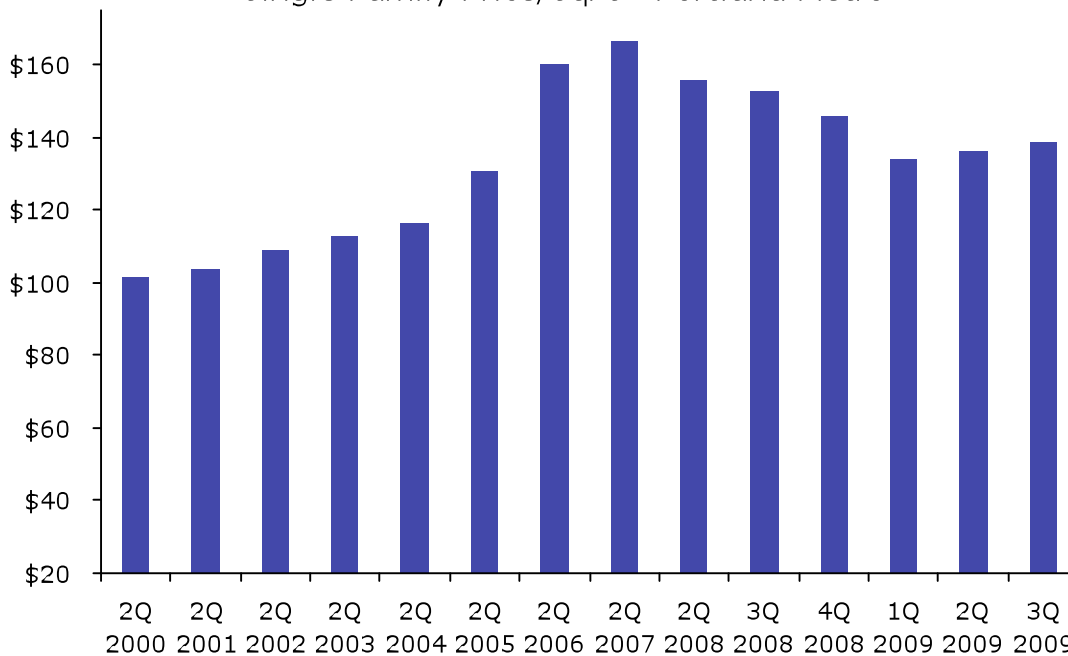
	SINGLE-FAMILY			MULTIFAMILY		
	Aug-09	Aug-08	PCT CHG	Aug-09	Aug-08	PCT CHG
UNITED STATES	291.3	435.3	-33%	92.5	245.2	-62%
OREGON	3.84	6.19	-38%	1.46	3.41	-57%
Bend OR	0.24	0.52	-54%	0.03	0.08	-67%
Corvallis OR	0.03	0.03	-4%	-	-	-
Eugene-Springfield OR	0.30	0.48	-38%	0.08	0.12	-30%
Medford OR	0.21	0.31	-30%	0.01	0.05	-89%
Portland-Vancouver-Beaverton OR-WA	1.98	3.34	-41%	0.59	2.94	-80%
Salem OR	0.24	0.42	-44%	0.10	0.21	-50%

Source: National Association of Home Builders (August 2009)

Portland

The number of Portland metropolitan area home sales increased by 25% over the second quarter, as buyers closed purchases on 4,191 existing homes. This is an increase of 14% over the previous year. Median prices for the third quarter were at \$258,000, a 1% increase over the previous quarter, but an 11% reduction annually. Prices are still being marked down, with average sales taking place at 91.68% of the original list price, 1.96% less than the previous year. Sellers in the Portland area, on average, have their homes on the market for 72 days before closing, reflecting a one-week increase from 2008. Price per-square-foot values increased slightly again to \$139, a 2% increase from the previous quarter. However, this reflects a 9% 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)



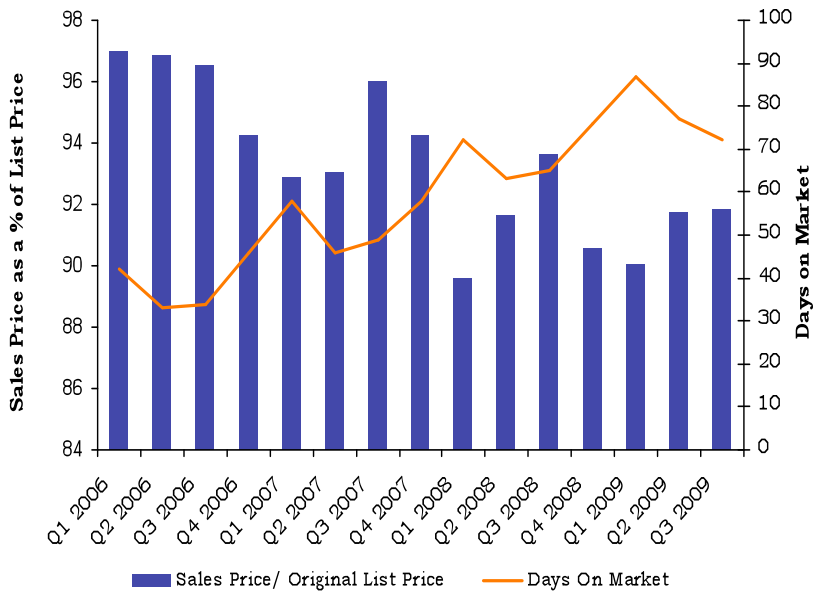
8-Year outlook for Median Sales Price & Number of transactions

2nd Quarter Median Price: \$258,000
 Quarterly % Change: 0.95%
 Annual % Change: -11.00%

Number of Transactions: 4,191
 Quarterly % Change: 25.40%
 Annual % Change: 14.13%

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

Portland Metro (Excluding Clark County)



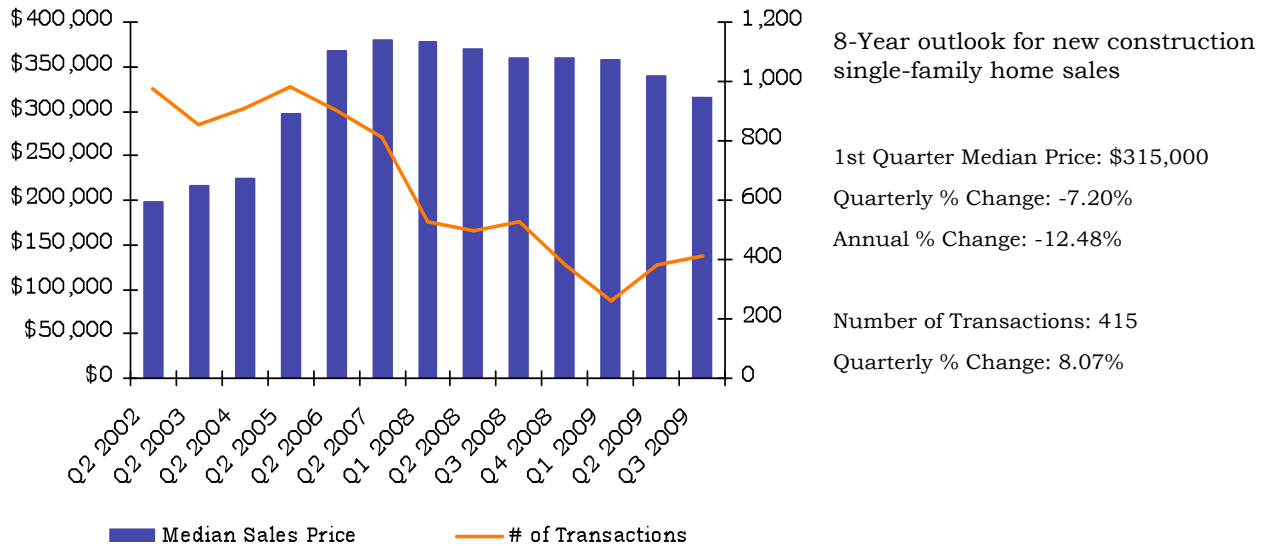
8-Year outlook for Average DOM and Sales Price/Original List Price ratio

1st Quarter Sale/Original ratio: 91.68
 Quarterly % Change: -.076%
 Annual % Change: -2.09%

Days on Market: 72
 Quarterly % Change: -6.50%
 Annual % Change: 10.77%

Median Sales Price & Number of Transactions – New Detached Homes

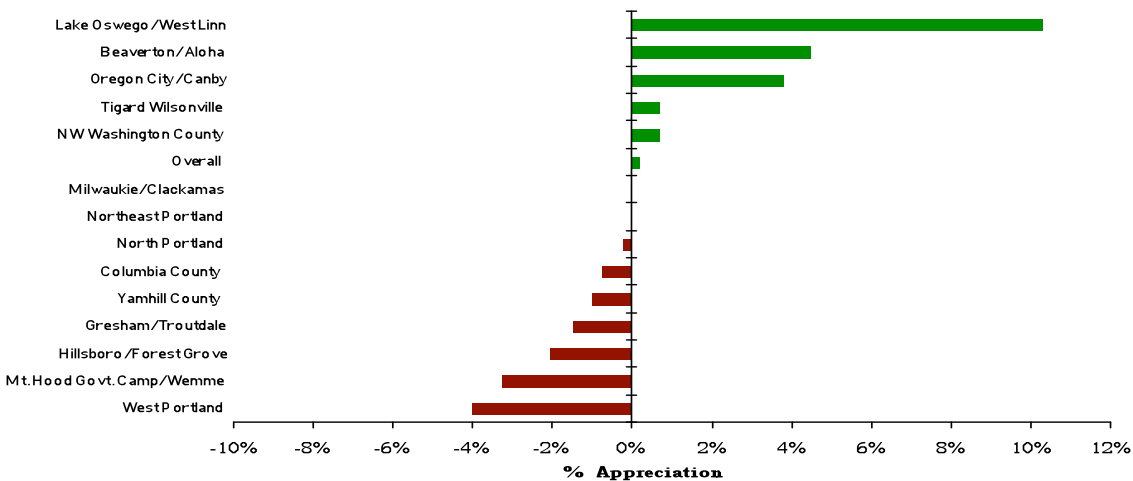
Portland Metro (Excluding Clark County)



On a note of optimism, six of the submarkets listed below experienced quarterly price appreciation while one remained unchanged. The other submarkets experienced a decline in value. Lake Oswego/West Linn home prices increased the most at 10.28% followed by Beaverton/Aloha at 4.49% and Oregon City/Canby at 3.82%.

Conversely, the Southeast Portland area experienced the highest depreciation rate at (-5.17%), followed by West Portland at (-4.00%). However, annual results are negative for all but two Portland area submarkets. Columbia County (3.5%) and Mt. Hood Government Camp/Wemme (1.4%) are the only two submarkets that experienced an increase in value from the previous year. Conversely Southeast (-15.1%) and Northeast Portland (-13.3%) home values depreciated the most from 2008.

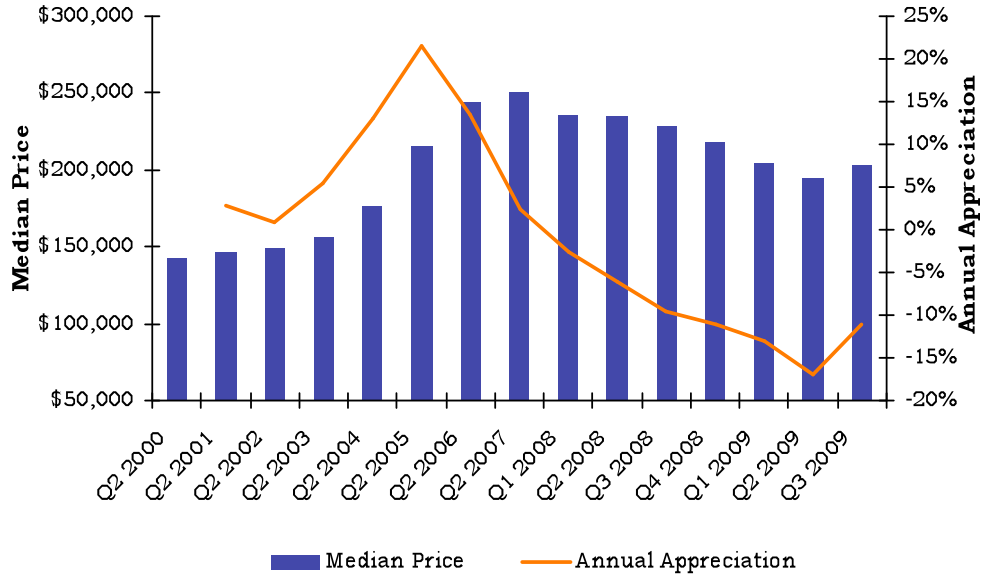
**Appreciation Rates of Existing Detached Homes - Portland Sub-Market
 Q2 2009- Q3 2009**



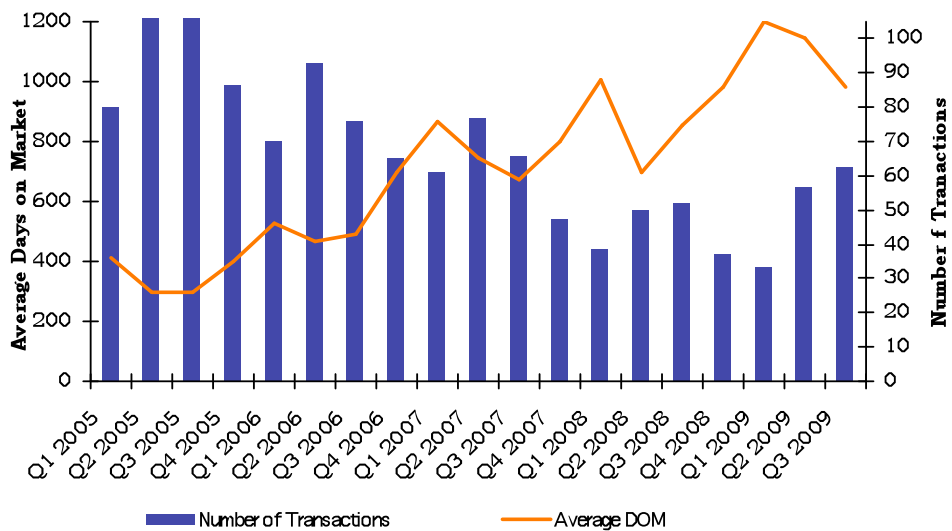
Vancouver

After declining over the previous six quarters, Vancouver’s home values finally experienced a quarterly increase. Vancouver’s median home price was \$203,825 resulting in an increase from the previous quarter (4.5%) but a decrease from the previous year (-11%) in home values. On another positive note, the number of home sales increased to 714, up 10% quarterly and 21% annually. However, the number of days on the market is up to 86, a 15% increase from 2008.

**Median Price and Annual Appreciation
Existing Detached Homes
Vancouver**

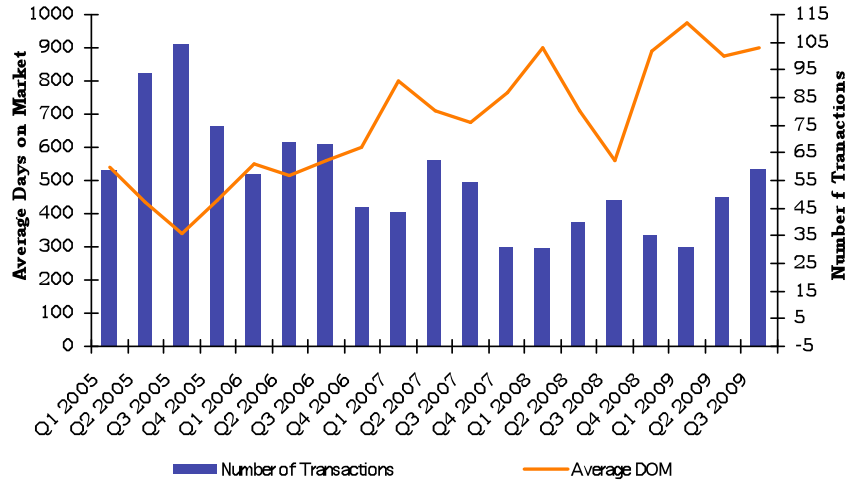


**Average Days on Market and Number of Transactions
Existing Detached Homes
Vancouver**



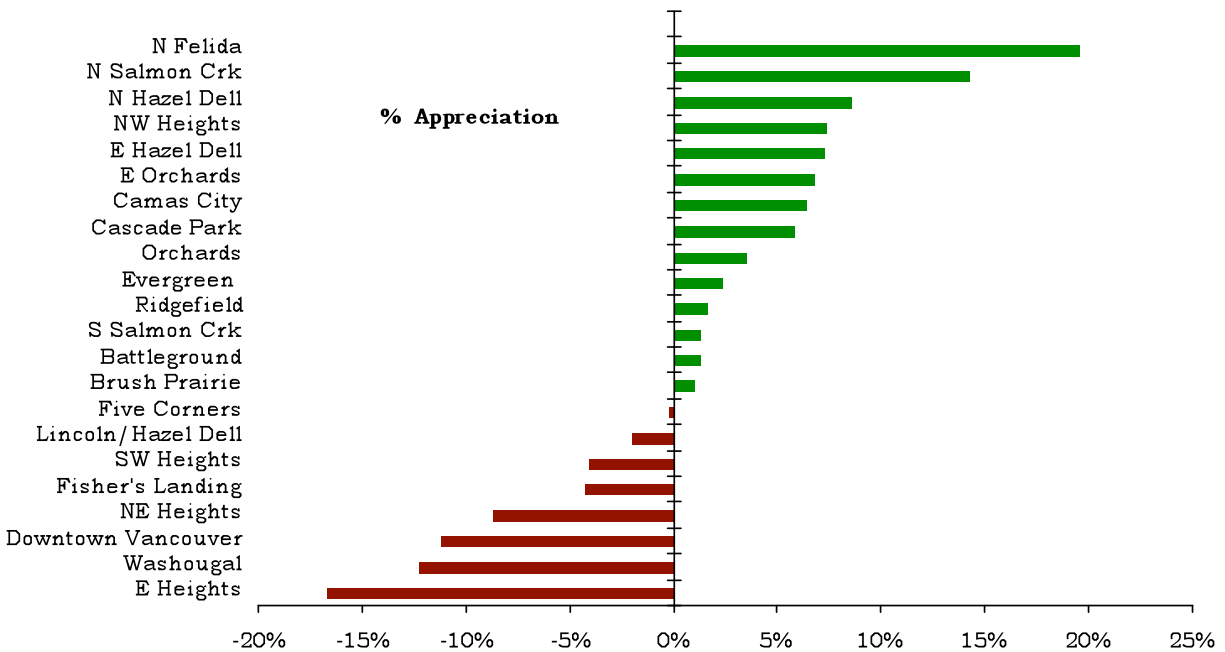
In the suburbs of Clark County, home prices have dropped to \$240,750 a 2% drop from the previous quarter's median price of \$245,000. An annual comparison indicates that home prices are down 10% from 2008. Similar to Vancouver, the number of home transactions in the Clark County suburbs is up 19% for the quarter and 22% annually. But the number of days on the market has increased 66% annually and is up to 103.

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



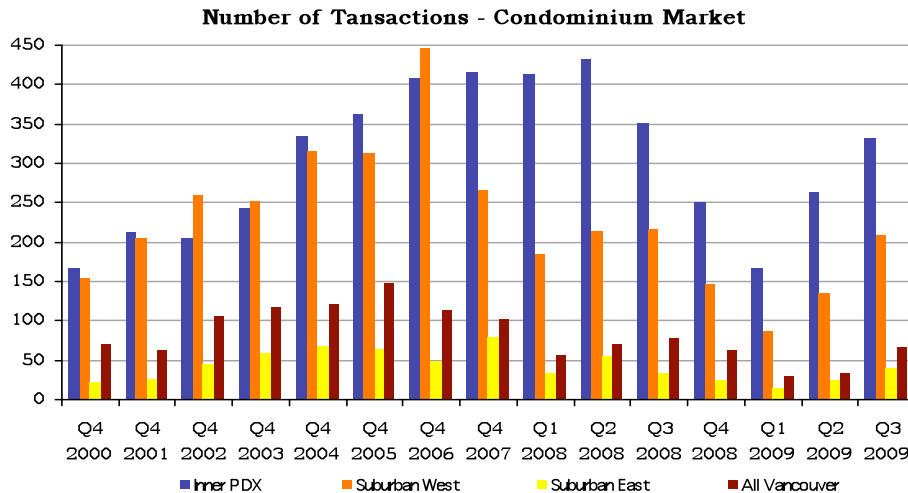
Most Vancouver/Clark County submarkets experienced price appreciation for the quarter. North Felida home values increased the most (20%) followed by North Salmon Creek (14%). Conversely, the East Heights area had the highest depreciation rate at (-17%) followed by Washougal (-12%) and Downtown Vancouver (-11%).

**Appreciation Rates of Existing Detached Homes
Vancouver and Clark County Sub Market - Q2 2009 - Q3 2009**

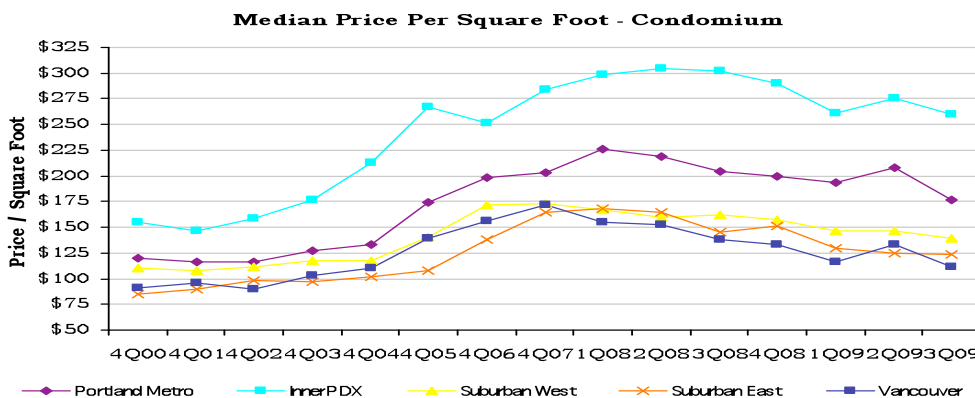


Condominium and Attached Market¹

The number of condominium sales in the Portland metropolitan market is up significantly from the previous quarter but is still down from 2008. Across the metropolitan area, the number of sales is up 38% for the quarter while the number of Vancouver sales increased 89%. The Portland metropolitan area’s price per square foot is at \$177, a decrease of 15% quarterly and 13% annually. The median price per Portland condominium unit is \$188,700 down 6% from the second quarter. Vancouver, at a price per square foot of \$111, is down 17% for the quarter and 20% for the year. Vancouver’s median price per condominium is up to \$126,950 a decrease of 18% for the quarter.

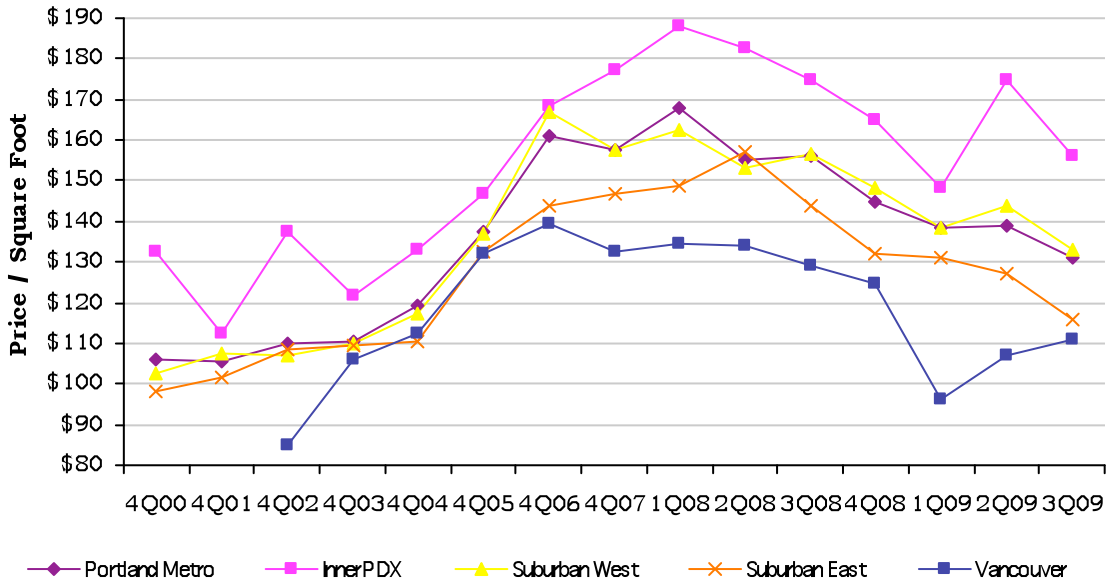


Results for single-family attached housing are up for the quarter as well as annually. The number of attached home sales in the Portland metropolitan area increased 37% from the second quarter to 398. The number of sales of attached homes is up 13% annually with a median price of \$195,000. The Vancouver area saw both quarterly (1%) and annual (24%) increases as the number of attached homes sold increased to 77. For Portland, price-per-square-foot numbers (\$131) are down 6% from the second quarter and 16% annually. Vancouver, at \$111 per square foot, saw a quarterly increase of 4% but an annual decrease of 14%. The median price for attached homes in Vancouver was \$169,900.

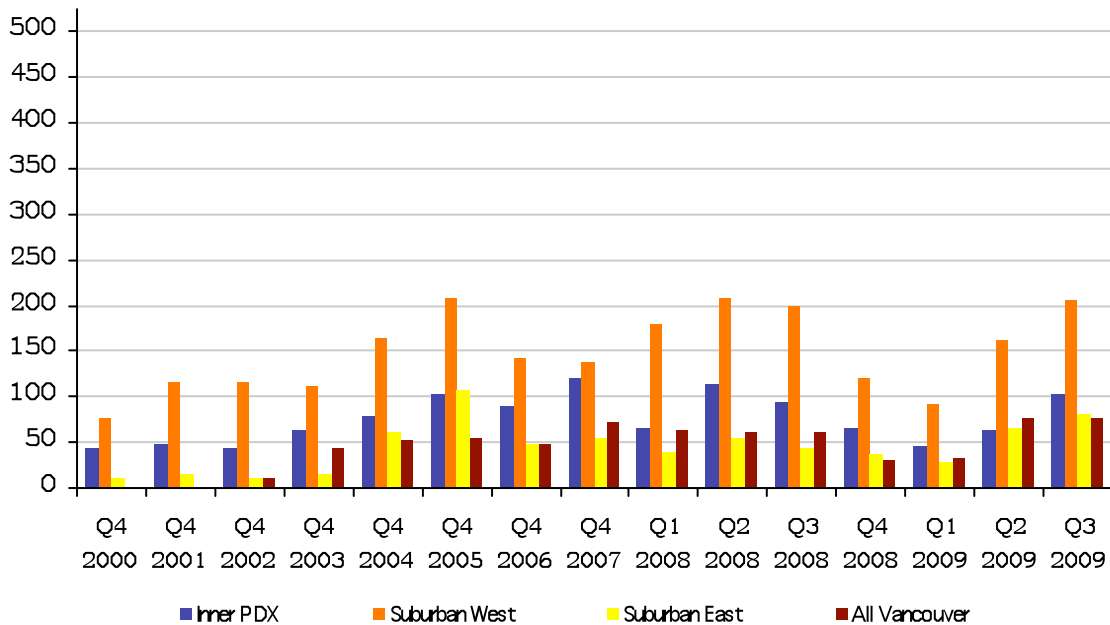


¹ RMLS defines attached as “an element of the residence construction is shared with another property. Condominiums are excluded. Condominiums are defined as an attached or stand-alone residence for which the owner has title to the space inside the unit and shares common spaces with other unit owners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

Median Price Per Square Foot - Attached

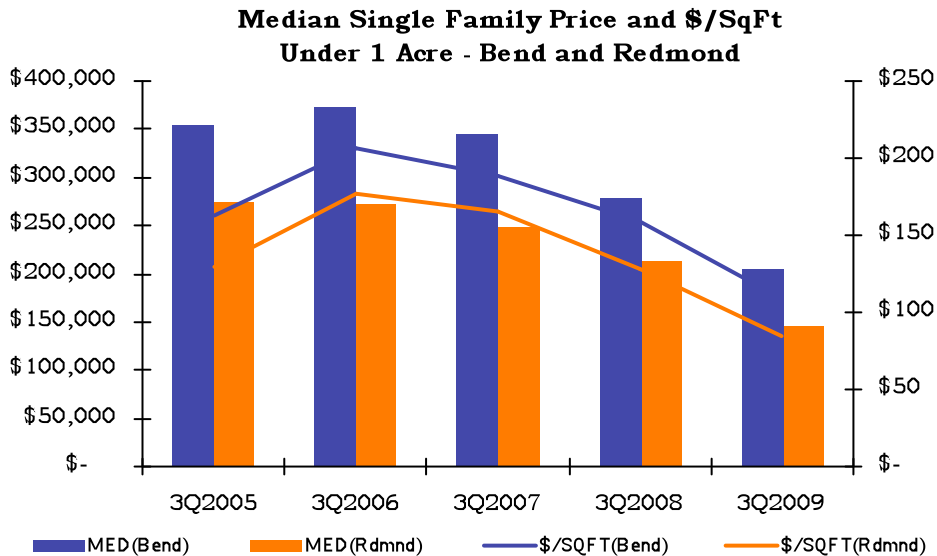
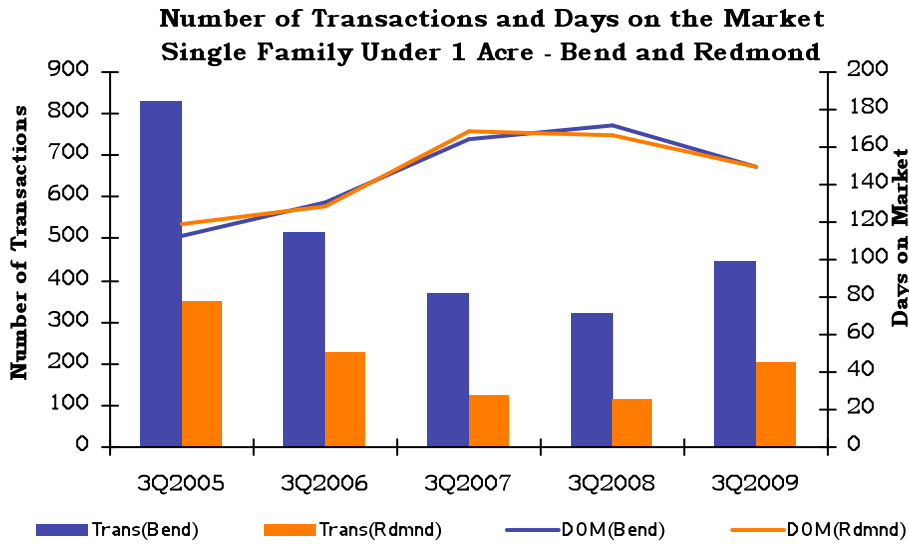


Number of Transactions - Attached Single Family



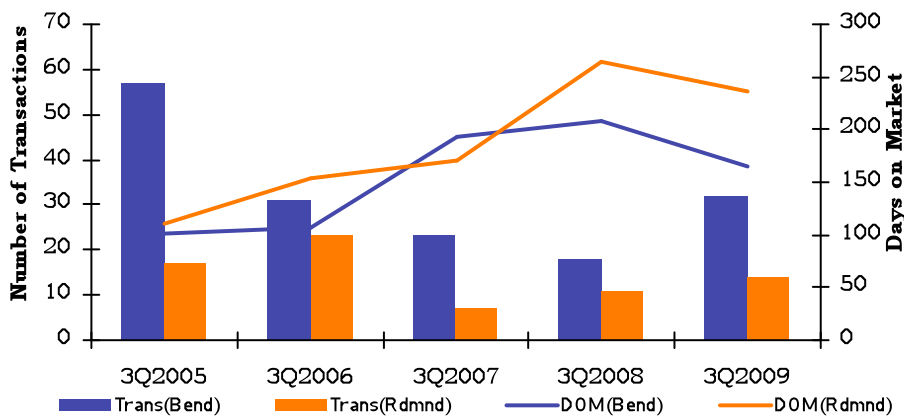
Central Oregon

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 37% to 443 while Redmond's increased 79% to 204. The number of days on the market declined to 149 for Bend and 149 for Redmond as well. However, the median home prices declined significantly for both Central Oregon submarkets. Bend home prices plummeted (-27%) to \$205,000 while Redmond prices slipped (-32%) to \$145,000. Price-per-square-foot numbers also declined significantly for Bend and Redmond at \$109 and \$85.

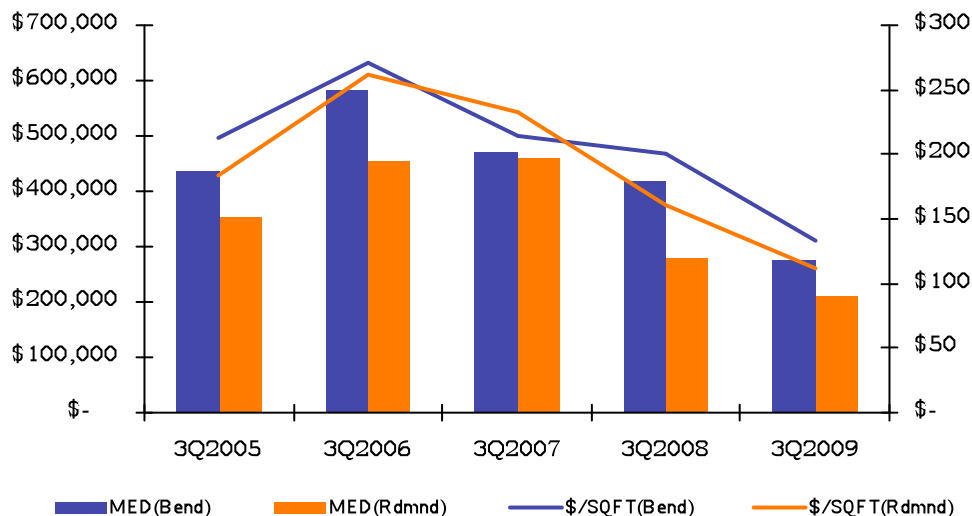


As it is commonly reported in Central Oregon’s reports, the housing stock is separated by lot size – properties under one acre and those between one and five acres. Price per square foot is provided to control for lot size between both categories. Third quarter statistics are mostly negative for Central Oregon homes on acreage. Bend transactions increased 78% from 2008 while Redmond experienced an increase of 27%. However, Bend home prices plummeted (-35%) to \$273,690 while Redmond prices slipped (-24%) to \$212,000. Price per square foot is down -34% to \$133 for Bend and -30% to \$112 for Redmond. The number of days on the market decreased for both areas as Bend is at 165 and Redmond is at 237.

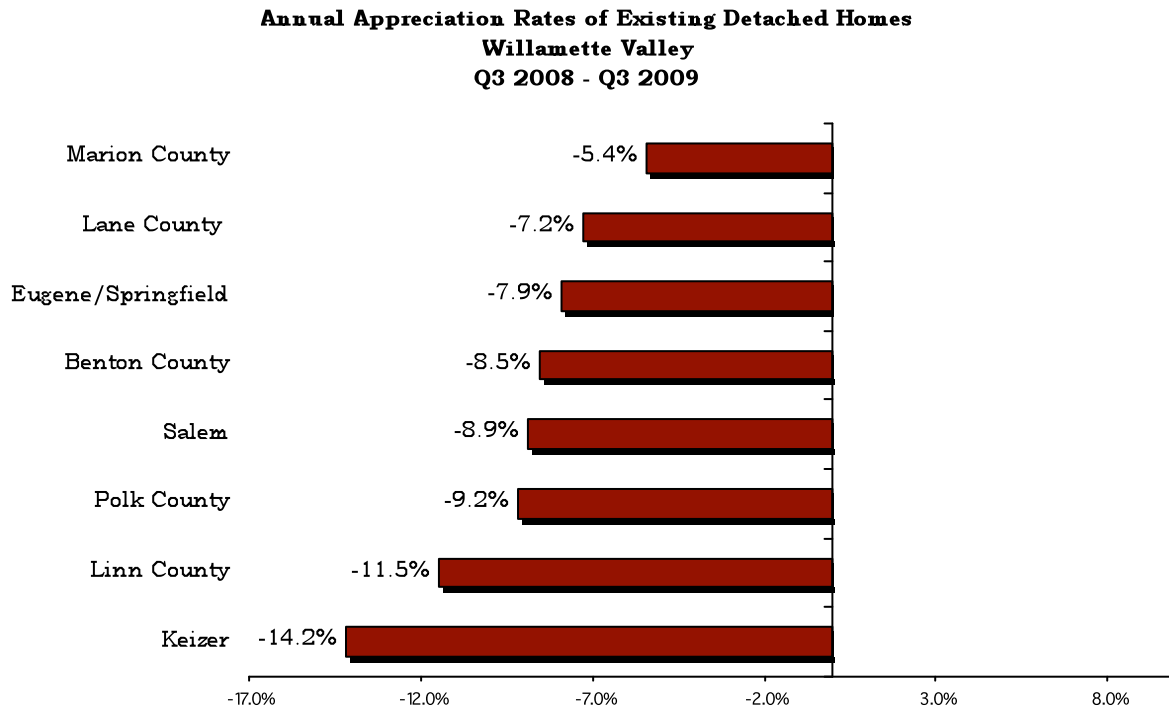
**Number of Transactions and Days on the Market
Single Family 1-5 Acres -Bend and Redmond**



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



Willamette Valley

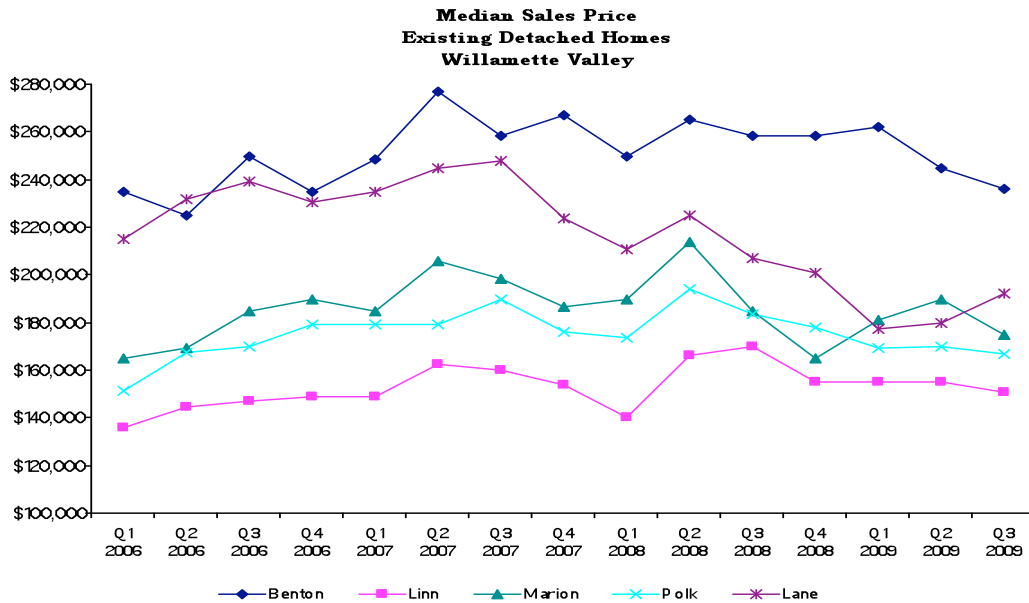


All Willamette Valley submarkets experienced annual depreciation on existing home prices.

Keizer suffered the worst quarter in the valley with declining prices of (-14.2%) followed closely by Linn County at (-11.5%).

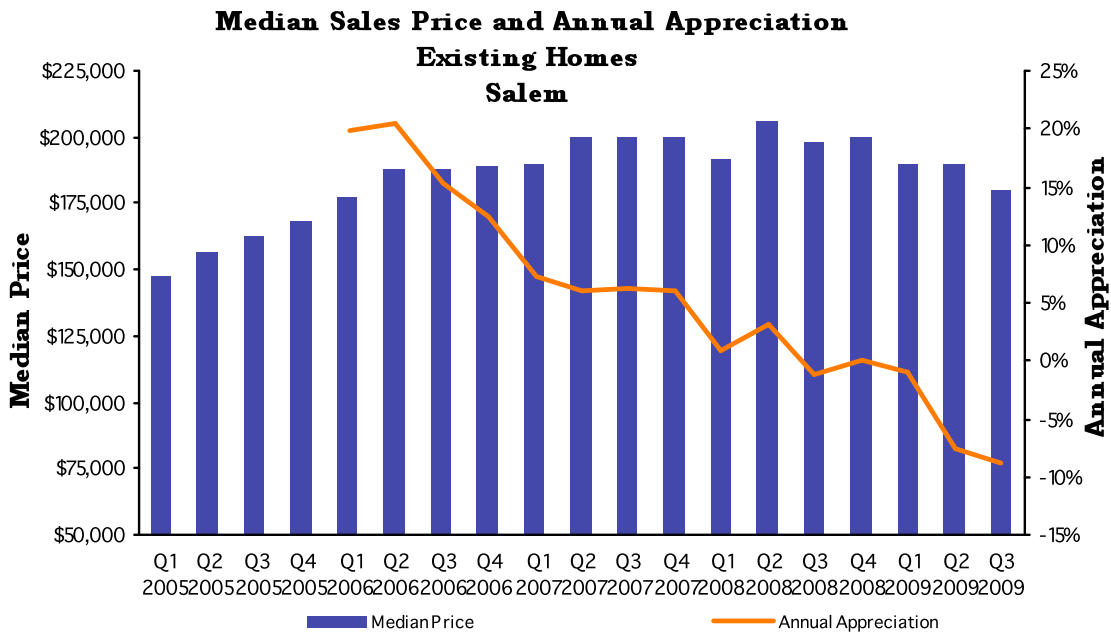
Marion County was the stronger submarket but still suffered a (-5.4%) depreciation rate. On a positive note, the number of transactions over the past year also increased for all of these areas with Benton County increasing the most (56%).

The number of days on the market decreased for all of these submarkets with the exception of Linn County.

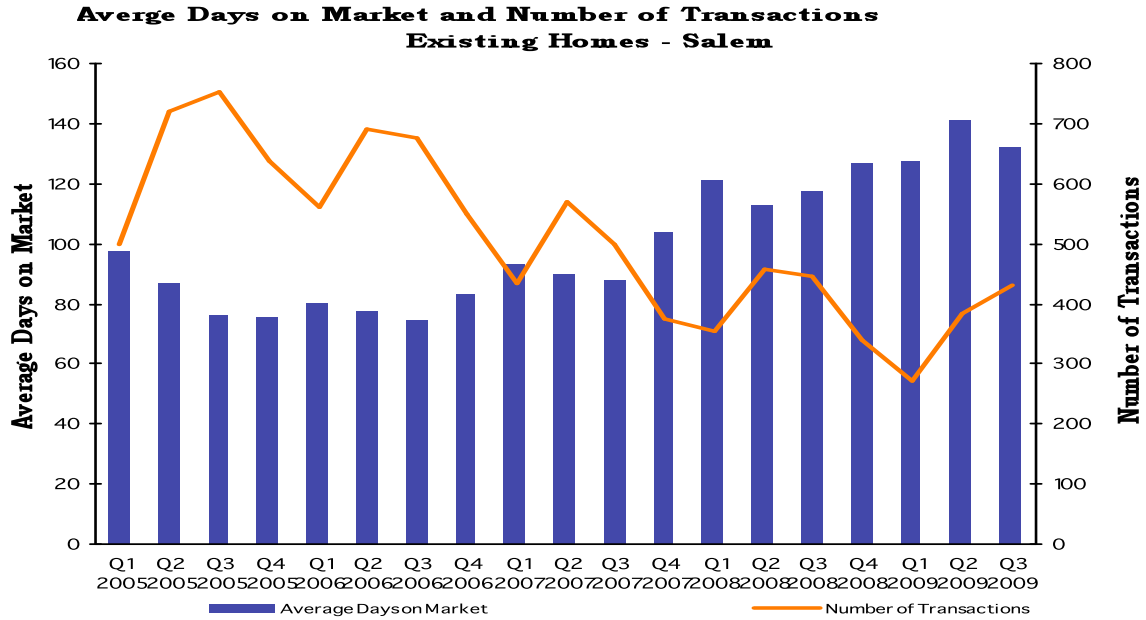


Salem

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 (-9%) from the previous year to \$179,900. Meanwhile, the number of average days on the market increased to 132, approximately four and a half months. The number of transactions declined (-16%) from the previous year to 431.



Eugene/Springfield



The Eugene/Springfield area experienced declining home prices relative to the third quarter of 2008. However, the number of transactions rose 6% annually to 579. The median price was down 8% to \$215,000. Sellers currently have had their houses on the market for 79 days before closing and are realizing 92.67% of their original listing price on the sale.

