
RESIDENTIAL MARKET ANALYSIS

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Nationally, existing homes sales increased by 2.6 percent to a seasonally adjusted annual rate of 5.04 million in June as reported by the National Association of Realtors. This is the fastest pace since October 2013, but 2.3 percent below the second quarter of 2013.

Lawrence Yun, NAR Chief Economist, stated housing fundamentals are moving in the right direction. “Inventories are at their highest level in over a year and price gains have slowed to much more welcoming levels in many parts of the country. This bodes well for rising home sales in the upcoming months as consumers are provided with more choices,” Yun said. “On the contrary, new home construction needs to rise by at least 50 percent for a complete return to a balanced market because supply shortages—particularly in the West—are still putting upward pressure on prices.”

Interest rates continue to stay low and under normal economic and lending conditions the market could be stronger. While job growth is better in 2014 the NAR reports wages are stagnant. “Hiring has been a bright spot in the economy this year, adding an average of 230,000 jobs each month,” Yun said. “However, the lack of

■ **Scott Holden** is a Senior Relationship Manager at First Republic Bank. He is currently working towards the Master of Real Estate Development degree through a joint program of the School of Business Administration and the School of Urban Studies and Planning where he is an RMLS Student Fellow. Any errors or omissions are the author’s responsibility. Any opinions expressed are those of the author solely and do not represent the opinions of any other person or entity.

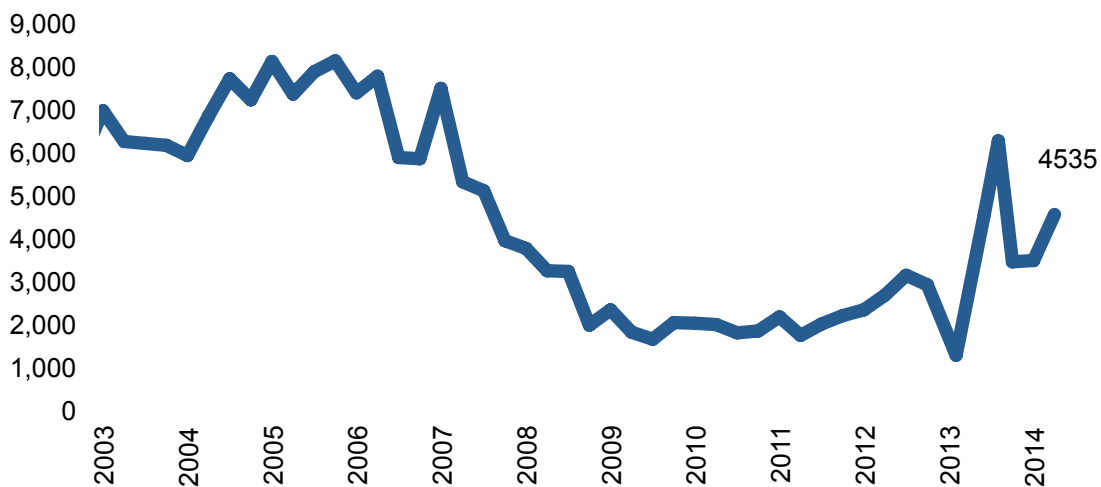
wage increases is leaving a large pool of potential homebuyers on the sidelines who otherwise would be taking advantage of low interest rates. Income growth below price appreciation will hurt affordability.”

Also, cited by the NAR in relationship to affordability is the difficulty in which young potential homebuyer’s area having raising the larger down payments that are required to qualify. While there are loans like the FHA mortgage that require a smaller down payment, the high cost of the mortgage insurance is a barrier to most first time homebuyers.

Single family building permits were up 599 units in the second quarter of 2014 compared to the second quarter of 2013 in the Portland metro area. Permits issued rose from 2,840 to 3,439 a 19 percent increase. This was the second strongest quarter since the first quarter of 2007. Only the third quarter of 2013 had more permits issued with 3,970.

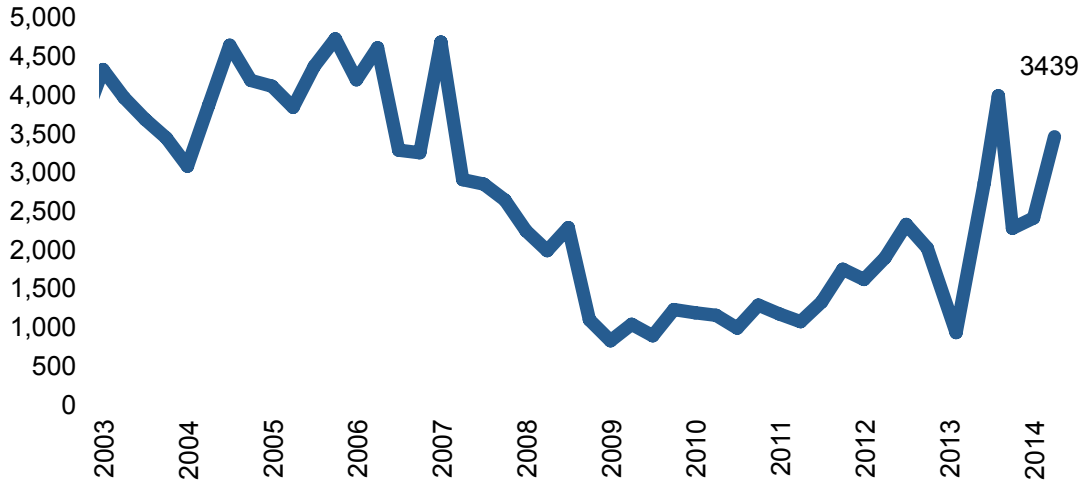
During the same time permitting the state as a whole was virtually unchanged at 4,535 permits issued. Bend and Medford both saw declines in the number of permit issued. Bend saw the largest decline falling from 580 permits issued in the second quarter of 2013 to 329 in the second quarter of 2014, a 43 percent drop. Medford dropped 51 units from 260 to 209. Eugene held steady with a slight decline from 290 to 280.

Building permits for new private housing Oregon, statewide



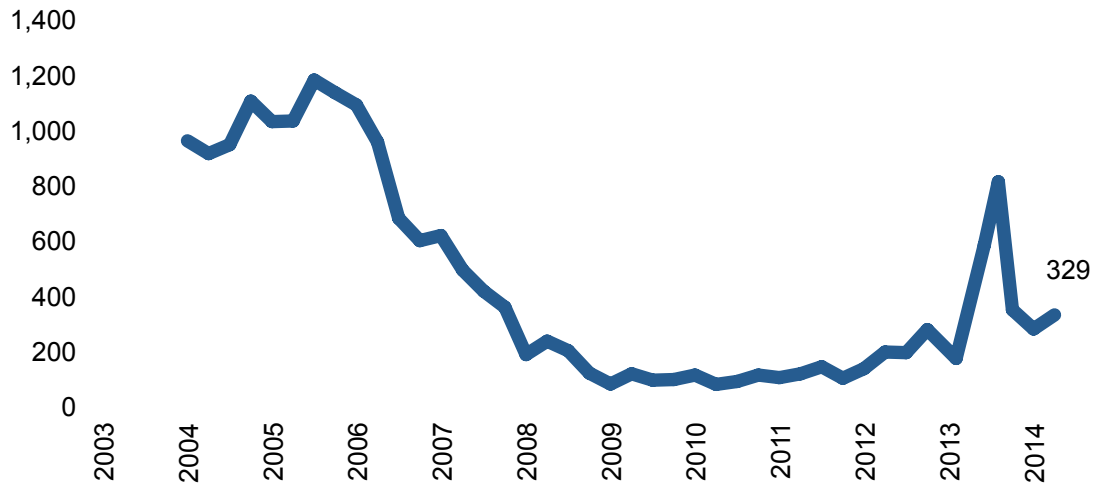
Source: U.S. Census Bureau

**Building permits for new private housing
Portland-Vancouver-Beaverton MSA**



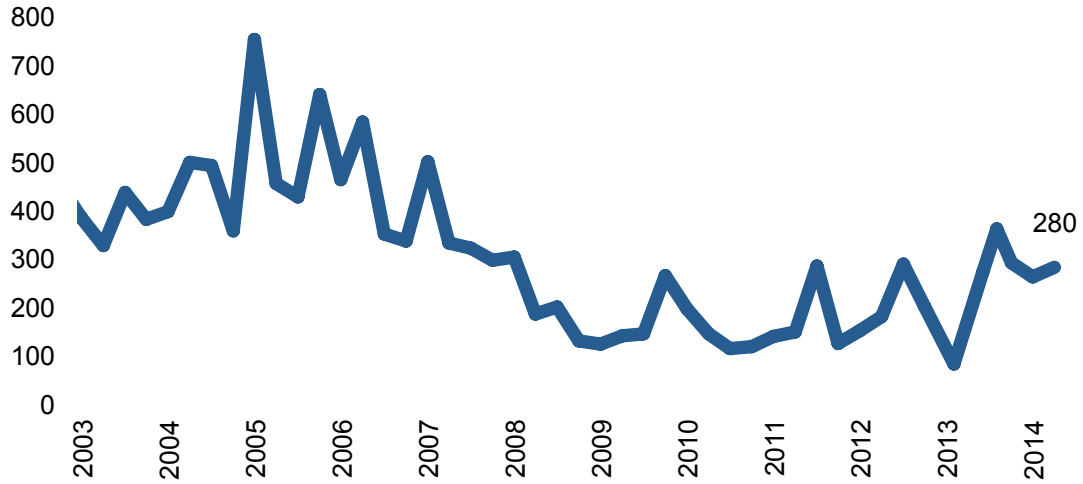
Source: U.S. Census Bureau

**Building permits for new private housing
Bend**



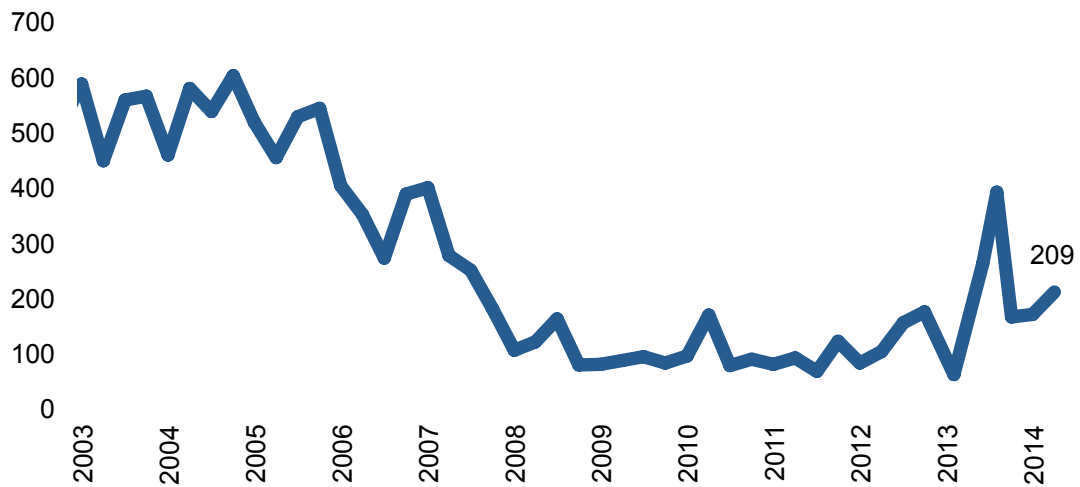
Source: U.S. Census Bureau

Building permits for new private housing Eugene-Springfield



Source: U.S. Census Bureau

Building permits for new private housing Medford



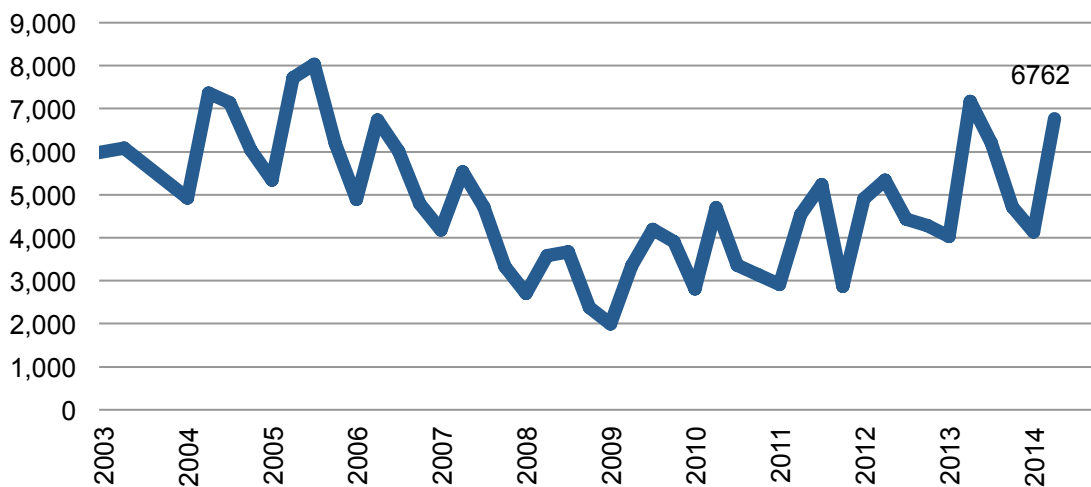
Source: U.S. Census Bureau

PORTLAND

Portland saw 6,762 closed existing single family transaction in the second quarter of 2014 that is a decrease of 5.7 percent over the 7,175 transaction in the second quarter of 2013 but the second best quarter since 2006. The median sales price for existing homes was \$284,000, up 7.1 percent from \$265,000 in the first quarter. Marketing time also fell from an average of 69 days to 47 days. RMLS reports that inventory held steady at 2.8 months for three months in a row.

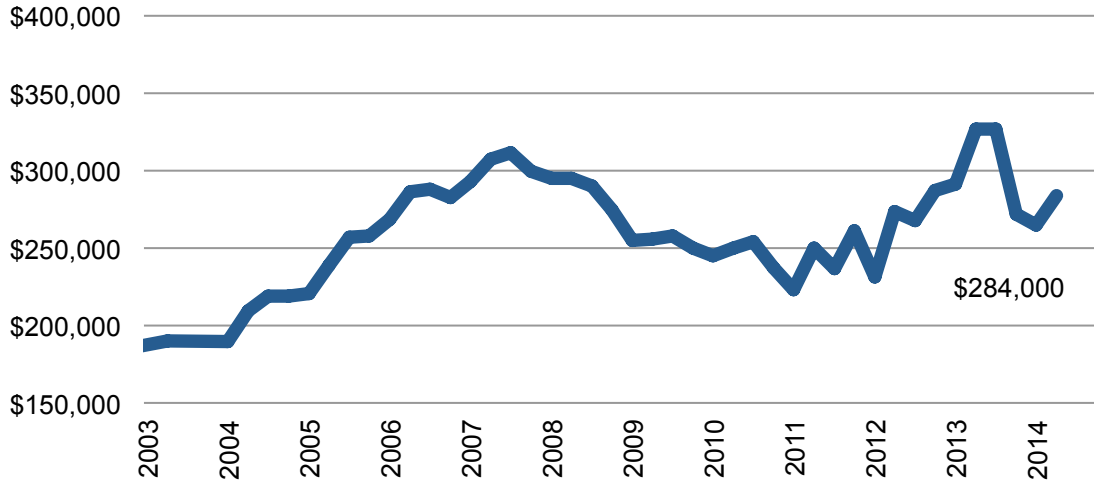
New construction is also seeing gains. Transactions are up from 308 transactions in the second quarter of 2013 to 594 in the second quarter of 2014. The median sales price increased \$10,829 from \$350,146 in the first quarter of 2014 to 360,975 in the second quarter.

**Number of transactions
Portland metro, existing homes**



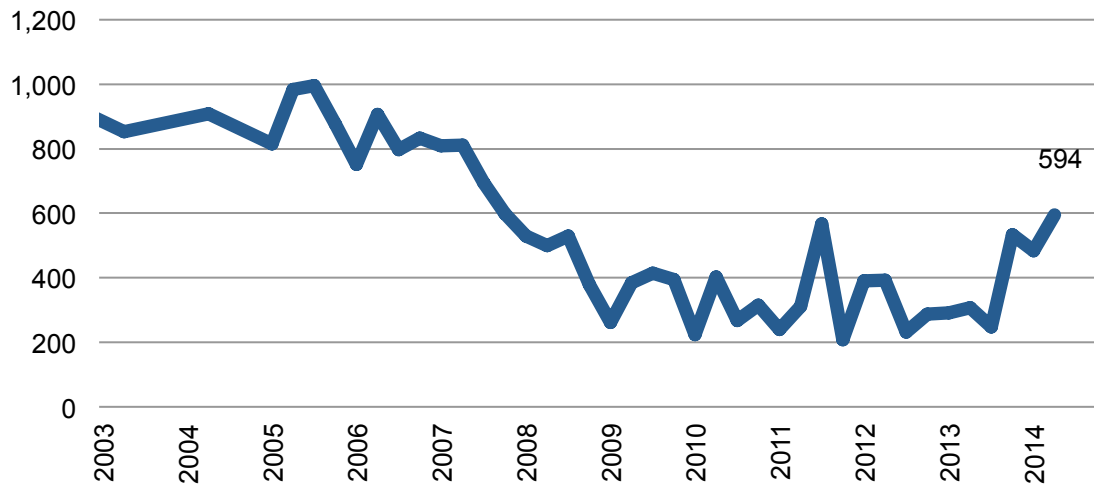
Source: RMLS

**Median sales price
Portland metro, existing homes**



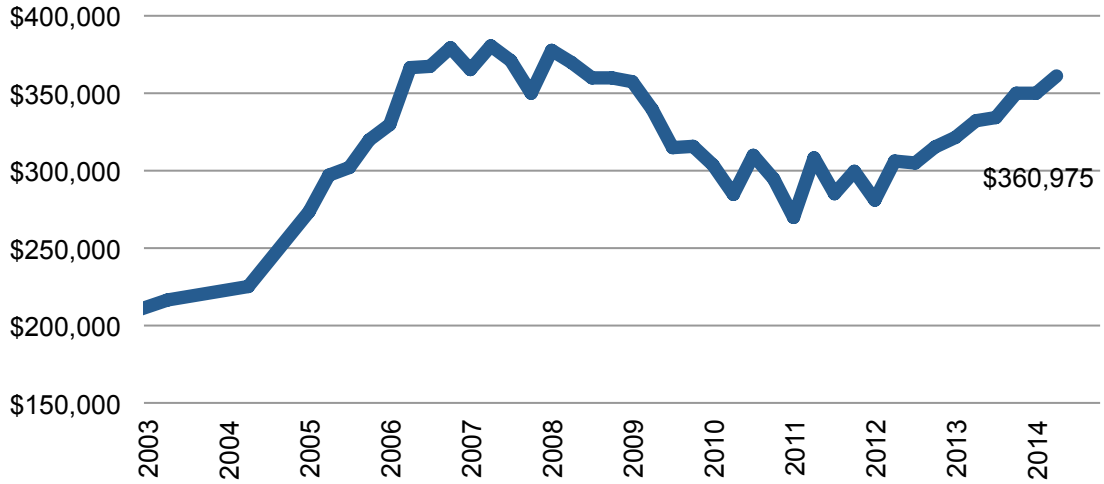
Source: RMLS

**Number of transactions
Portland metro, new detached homes**



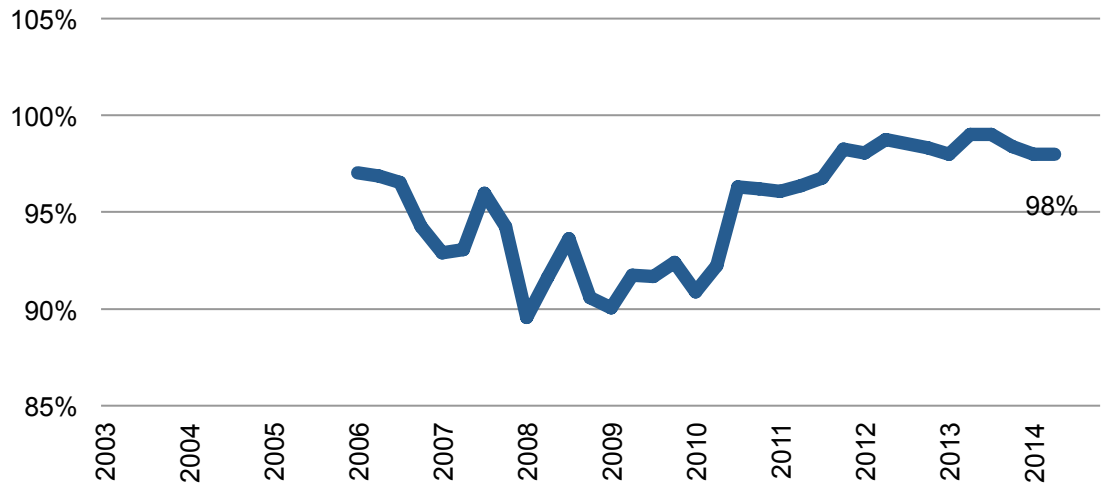
Source: RMLS

**Median sales price
Portland metro, new homes**



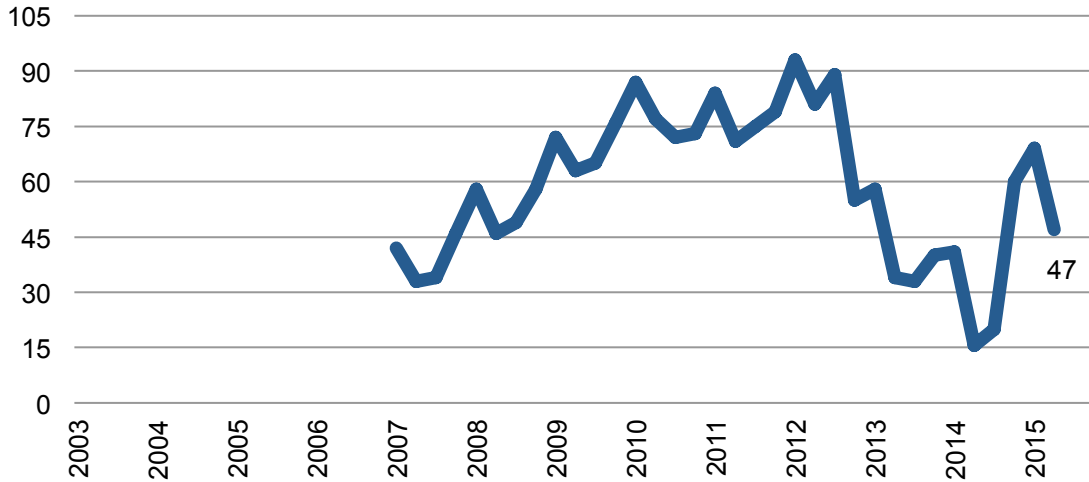
Source: RMLS

**Ratio of sales price to list price
Portland metro, existing homes**



Source: RMLS

Days on market Portland metro, existing homes



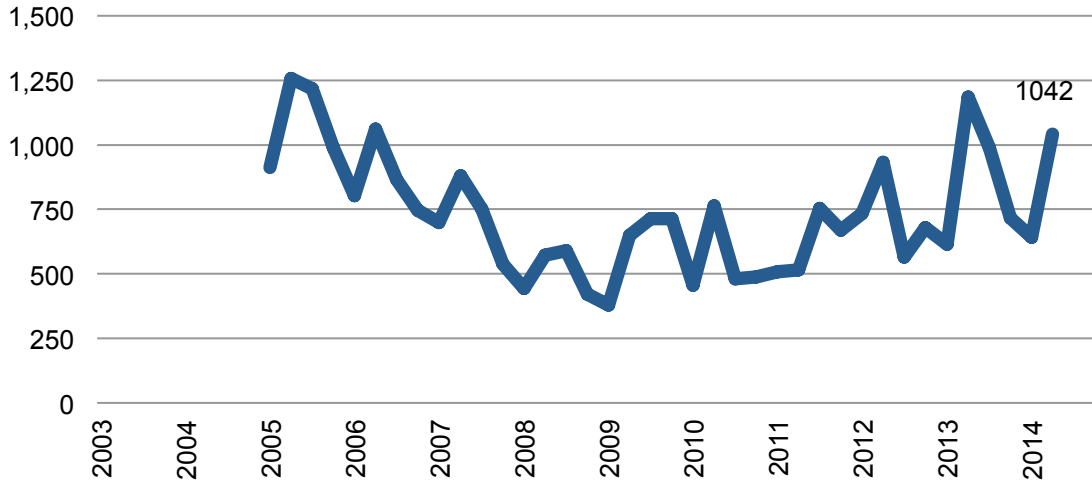
Source: RMLS

VANCOUVER/CLARK COUNTY

Vancouver's median house price rose 6.6 percent to \$218,000 from the first quarter's median of \$204,450. Even though the number of transactions dropped from 1,185 in the second quarter of 2013 to 1,042 in the second quarter of 2014, it was still the second best quarter since prior to 2007. Average number of days on the market dropped from 84 days in the first quarter to 58 days in the second quarter of 2014.

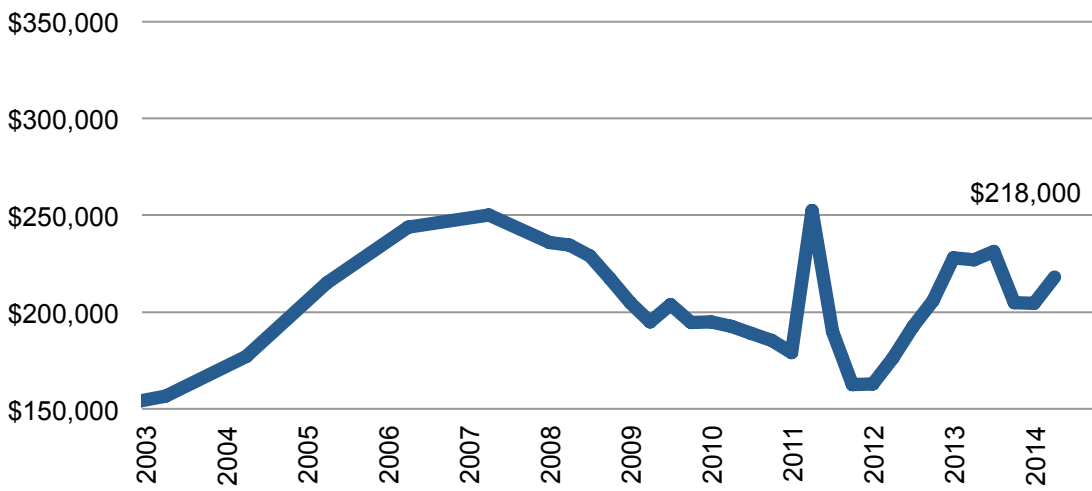
Clark County excluding Vancouver fared similarly. The median house price climbed from \$250,000 the previous quarter to \$256,475 in the second quarter of 2014, the number of overall sales was down. Sales fell from 880 in the second quarter of 2013 to 684 in the second quarter of 2014 a 22 percent decline. Days on market dropped from 94 to 83.

**Number of transactions
Vancouver, existing homes**



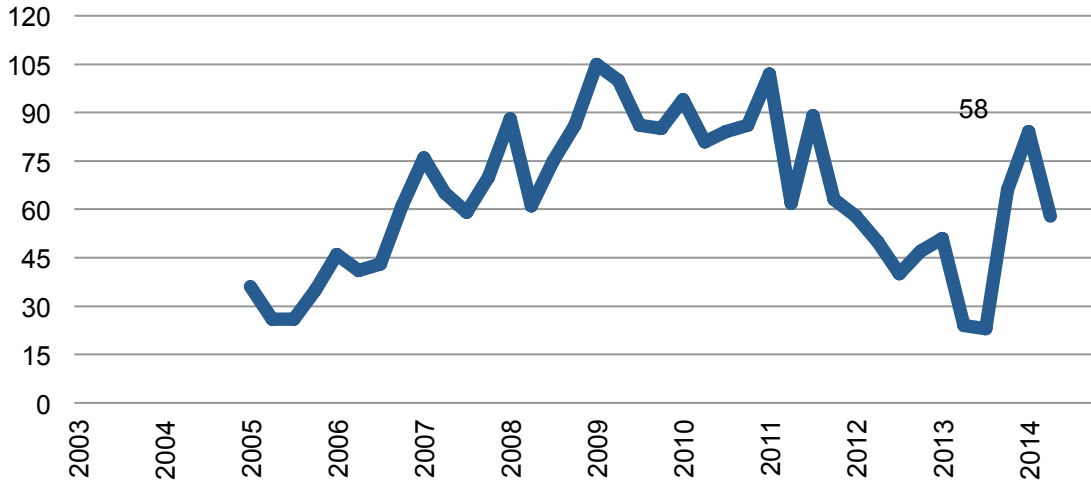
Source: RMLS

**Median sales price
Vancouver, existing homes**



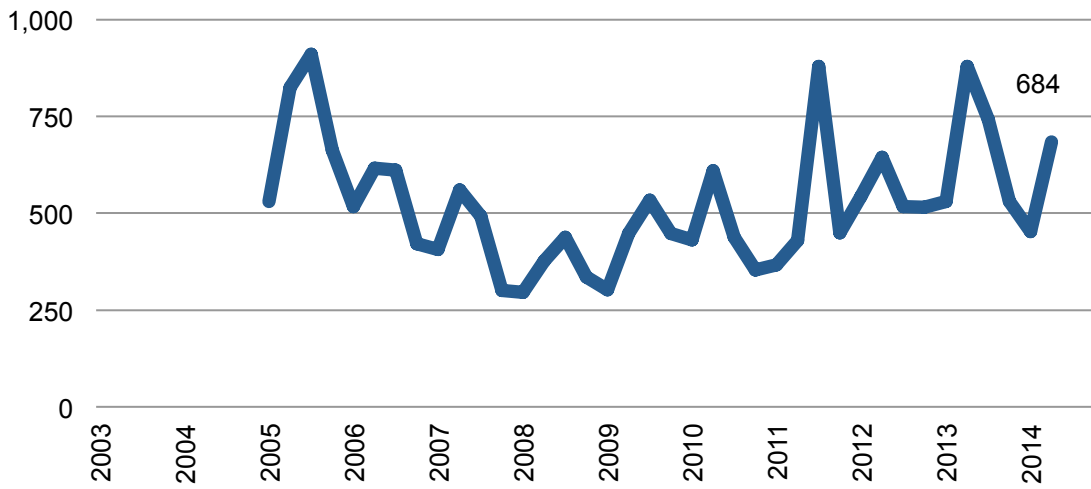
Source: RMLS

Days on market
Vancouver, existing homes



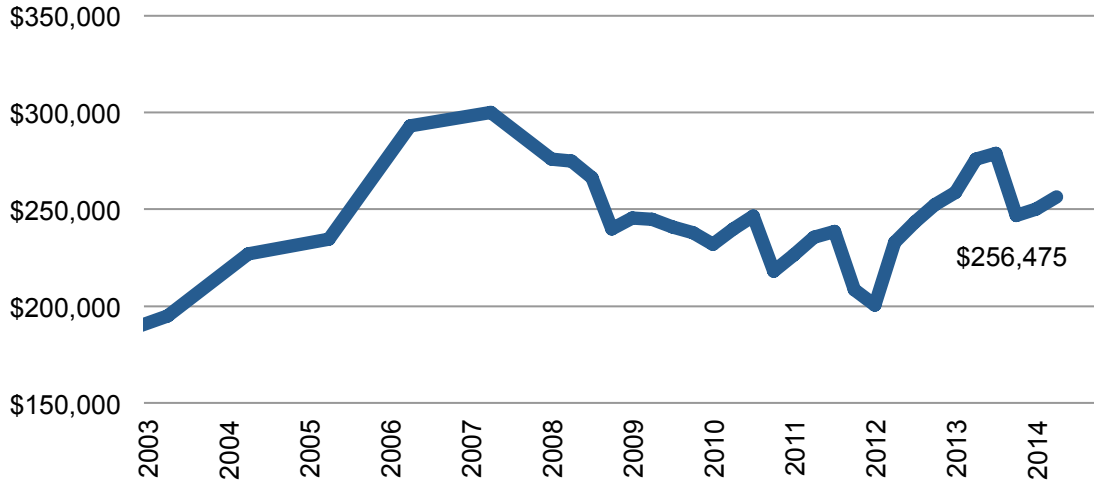
Source: RMLS

Number of transactions
Clark County, excluding Vancouver, existing homes



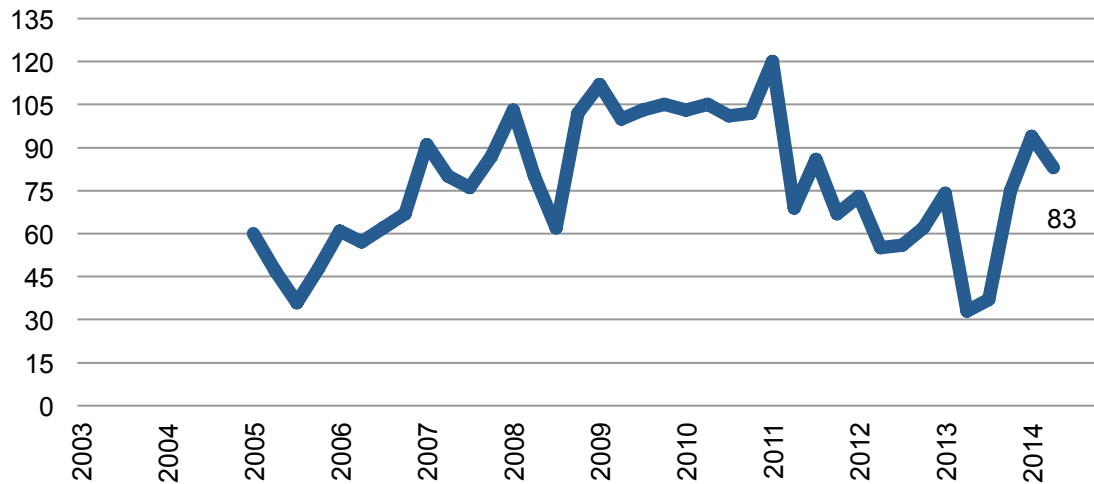
Source: RMLS

Median sales price
Clark County, excluding Vancouver, existing homes



Source: RMLS

Days on market
Clark County, excluding Vancouver, existing homes



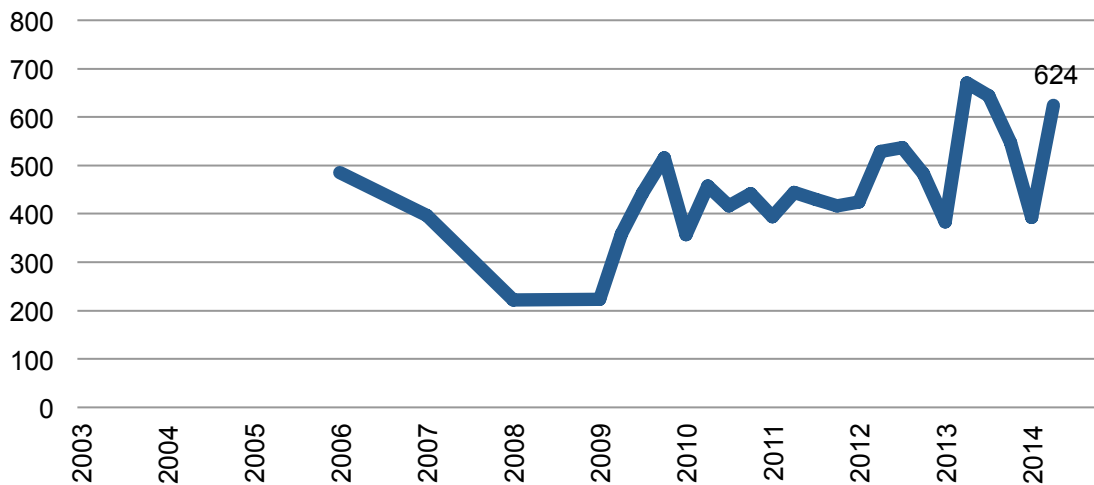
Source: RMLS

CENTRAL OREGON

Bend continues its rebound and median prices show it rising 16 percent in the second quarter of 2014 to \$290,000 compared to \$250,000 in the first quarter of 2014. Transactions were down slightly to 624 in the second quarter of 2014 compared to 670 in the second quarter of 2013. Average days on the market dropped from 126 to 120 days.

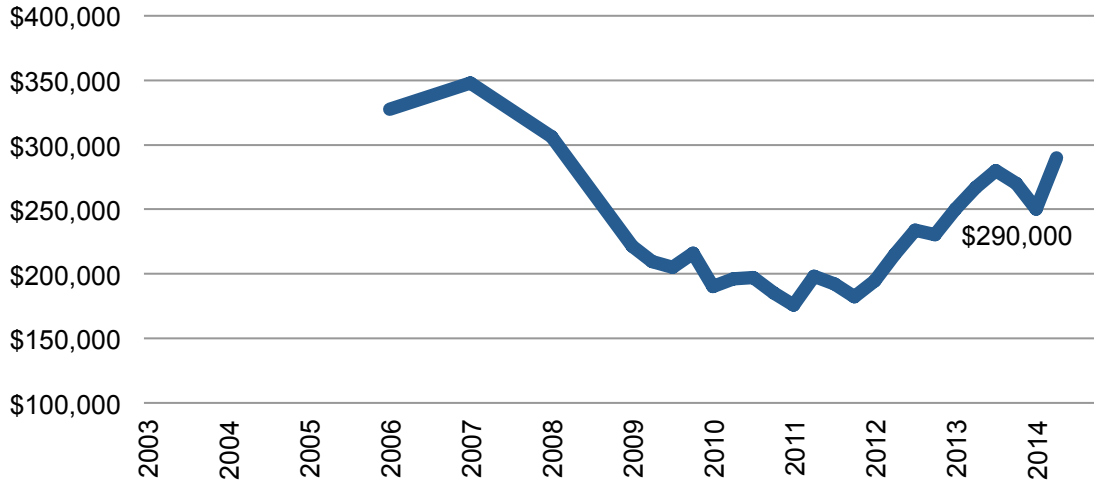
Redmond recorded its highest number of transactions at 221 since prior to 2007. That is an increase of 15 percent over the second quarter of 2013 at 191. Median price rose from \$179,945 in the first quarter of 2014 to \$192,750 in the second quarter of 2014 a 7 percent increase. Average marketing time remained steady at 137 days.

**Number of transactions
Bend, under 1 acre**



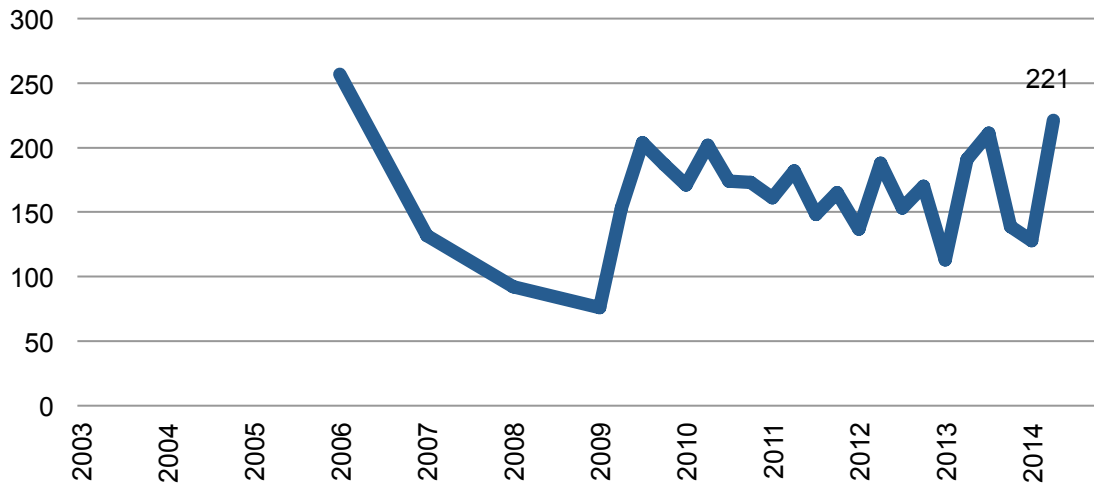
Source: RMLS

**Median sales price
Bend, under 1 acre**



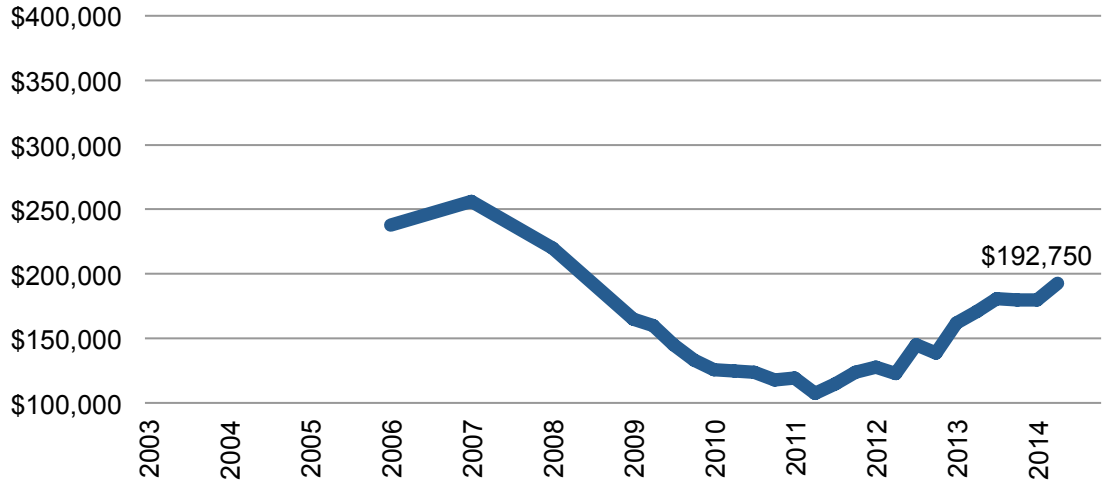
Source: RMLS

**Number of transactions
Redmond, under 1 acre**



Source: RMLS

**Median sales price
Redmond, under 1 acre**

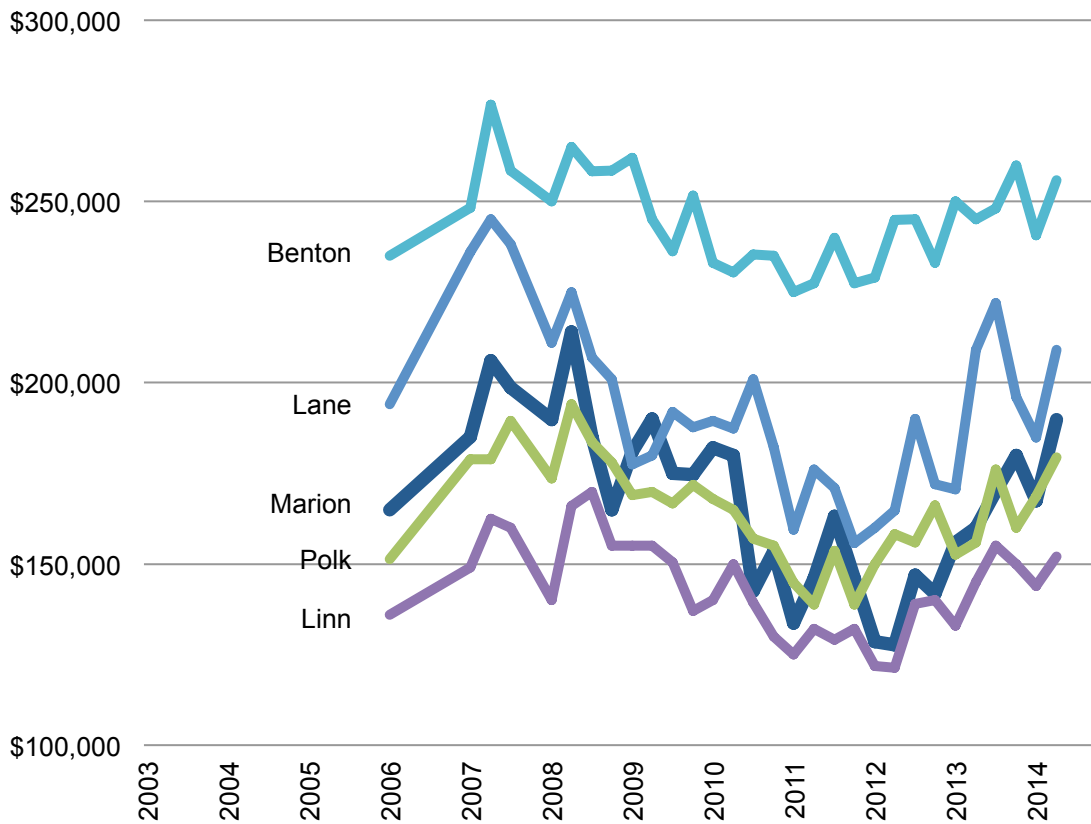


Source: RMLS

WILLAMETTE VALLEY

With the exception of Keizer, the valley areas were all up over the first quarter and only Eugene failed to post year over year gains from the second quarter of 2013. Marion and Lane Counties showed the largest increase in the second quarter over the first quarter of 2014 with a 13 percent increase in the median house price from \$184,950 to \$209,000. Marion (18.6 percent), Salem (11.7 percent), Polk (15 percent), and Keizer (12.7 percent) All counties showed double digit gains in median price from the second quarter of 2013 to the second quarter of 2014.

Median sales price Willamette Valley, existing detached homes

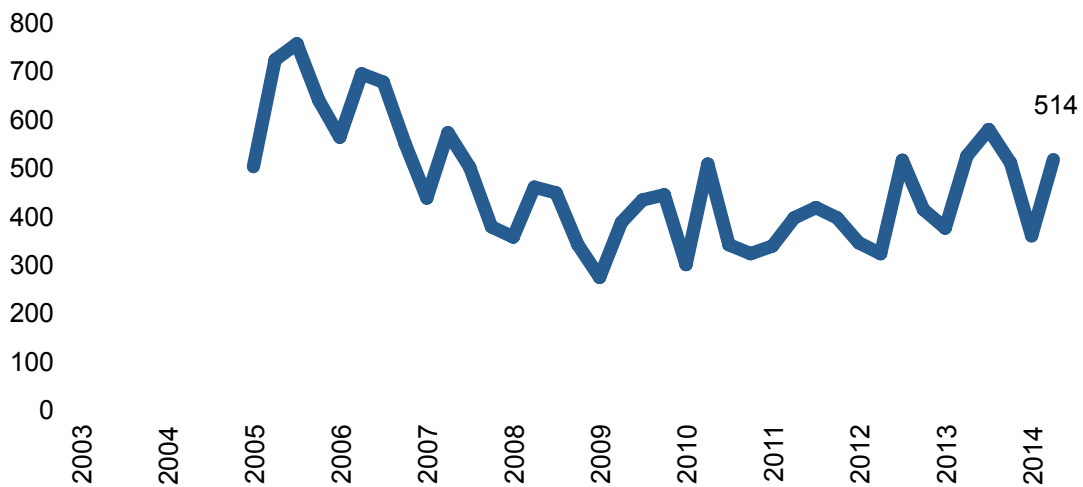


Source: RMLS

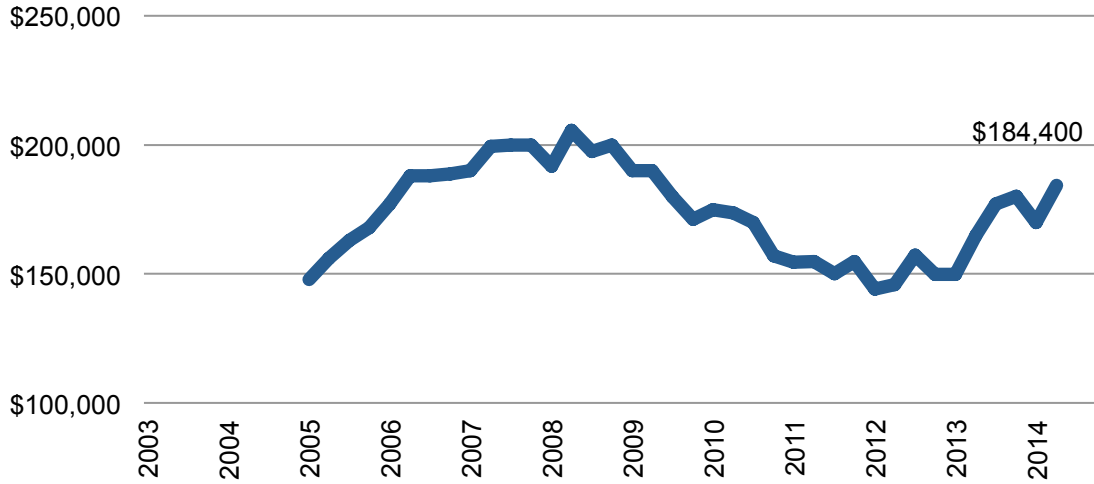
SALEM

Compared to the second quarter of 2013 the Salem median house price rose 12 percent to \$184,400. The number of sales transactions held steady at 514 while average days on the market dropped to 108 in the second quarter of 2014 relative to 128 days in the first quarter of 2014.

Number of transactions Salem, existing homes

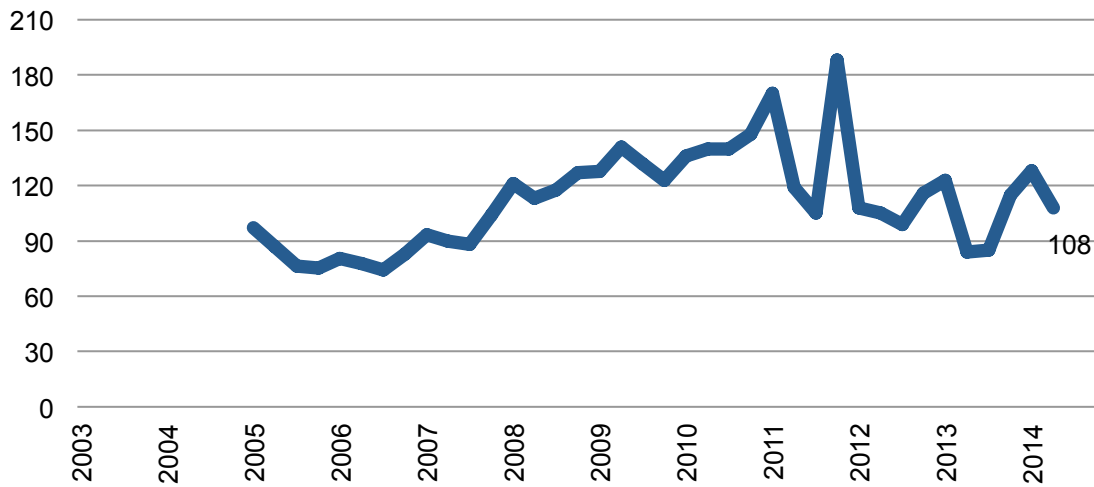


**Median sales price
Salem, existing homes**



Source: RMLS

**Days on market
Salem, existing homes**

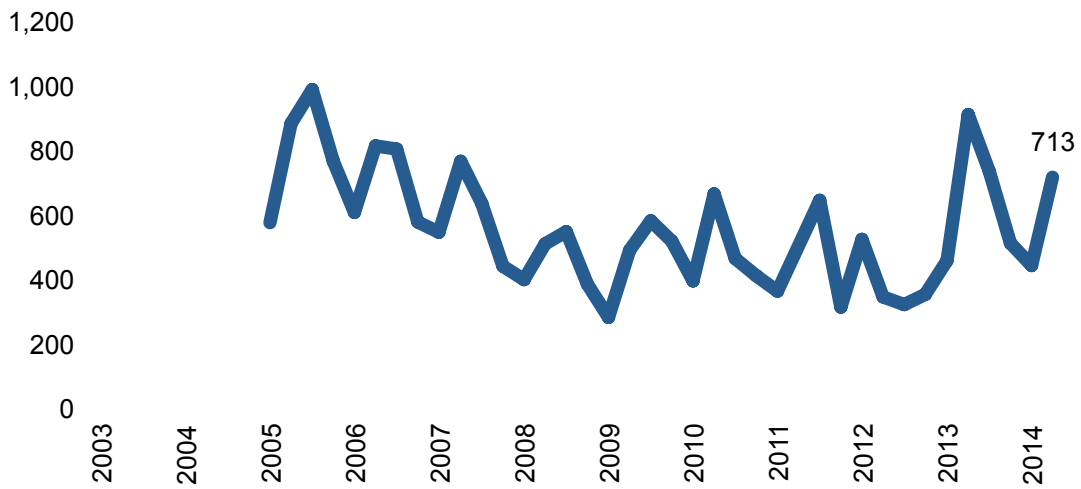


Source: RMLS

EUGENE/SPRINGFIELD

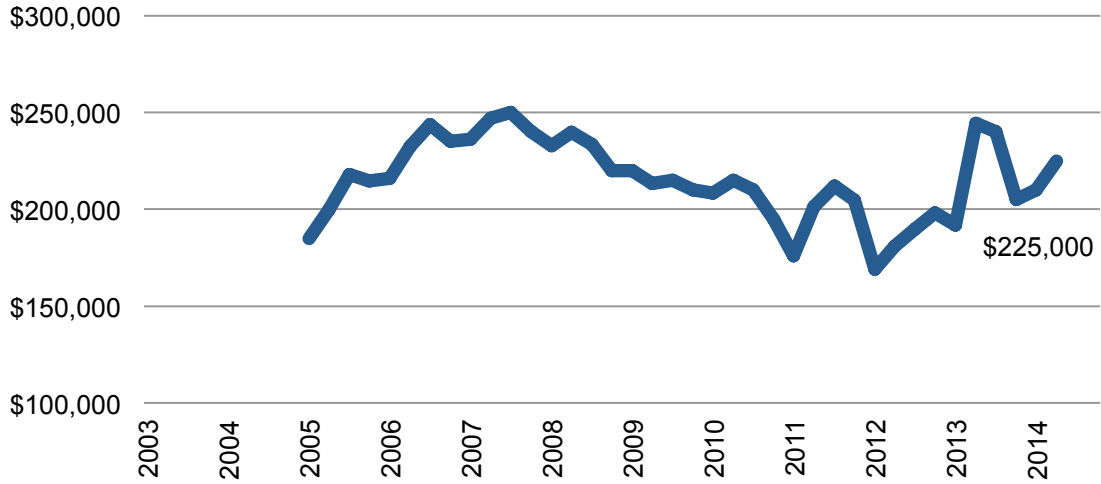
The median sales price in Eugene continues to rise, up 7 percent to \$225,000 in the second quarter of 2014 from the first quarter of 2014. The number of transactions fell from 908 in the second quarter of 2013 to 713 in the second quarter of 2013. Average days on the market also dropped from 82 to 64.

**Number of transactions
Eugene-Springfield, existing homes**



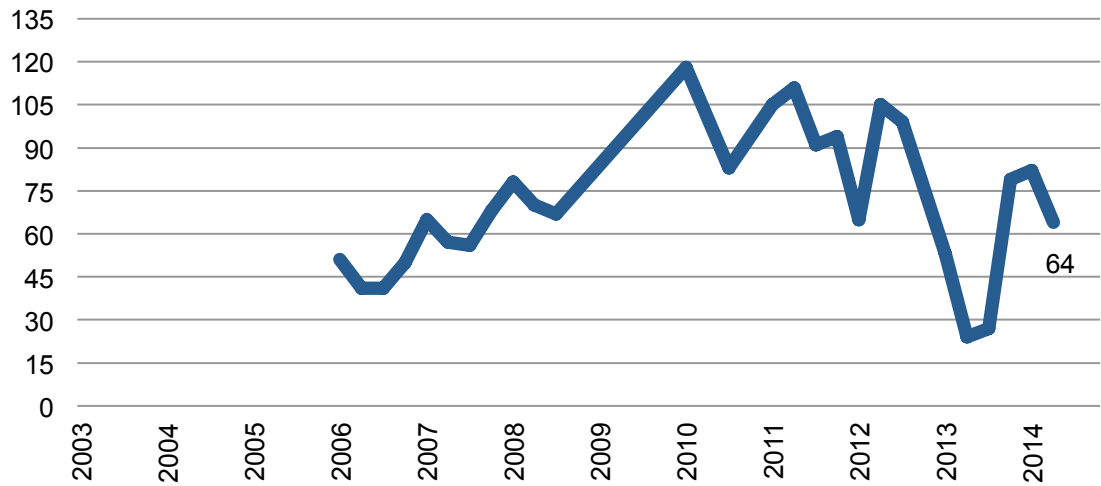
Source: RMLS

**Median sales price
Eugene-Springfield, existing homes**



Source: RMLS

**Days on market
Eugene-Springfield, existing homes**



Source: RMLS

SOUTHERN OREGON

Josephine County had a decrease in existing home sales from 127 in the second quarter of 2013 to 103 in the second quarter of 2014. Average number of days on the market increased from 63 to 72. The median price rose 7.9 percent from \$164,000 to \$177,000.

Jackson County had an increase in existing home sales from 569 in the second quarter of 2013 to 575 in the first quarter of 2014. Average days on the market fell from 52 to 42days. The median price rose 9.5 percent to \$207,000. ■