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## RESIDENTIAL MARKET ANALYSIS

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Existing-home sales continued to improve in November with low inventory supply pressuring home prices, according to the National Association of Realtors.

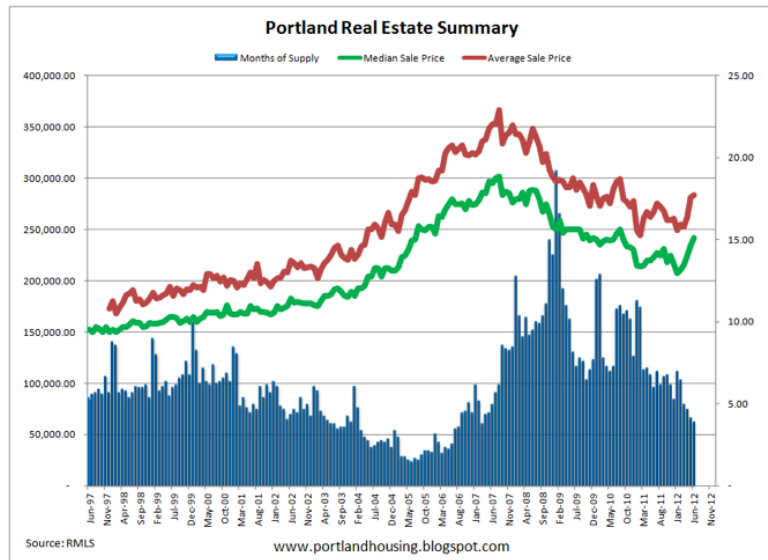
Total existing homes sales, which are completed transactions that include single-family homes, townhomes, condominiums and co-ops, rose 5.9 percent to a seasonally adjusted annual rate of 5.04 million in November from a downwardly revised 4.76 million in October, and are 14.5 percent higher than the 4.40 million-unit pace in November 2011. Sales are at the highest level since November 2009 when the annual pace spiked at 5.44 million.

Lawrence Yun, NAR chief economist, said there is healthy market demand. “Momentum continues to build in the housing market from growing jobs and a bursting out of household formation,” he said. “With lower rental vacancy rates and rising rents, combined with still historically favorable affordability conditions, more people are buying homes. Areas impacted by Hurricane Sandy show storm-related disruptions but overall activity in the Northeast is up, offset by gains in unaffected areas.”

■ Evan Abramowitz is a multifamily investment specialist with Joseph Bernard LLC Investment Real Estate. He is currently working towards the Master of Real Estate Development degree through Portland State University’s School of Business 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.

The national median existing-home price for all housing types was \$180,600 in November, up 10.1 percent from November 2011. This is the ninth consecutive monthly year-over-year price gain, which last occurred from September 2005 to May 2006.

Single-family home sales increased 5.5 percent to a seasonally adjusted annual rate of 4.44 million in November from 4.21 million in October, and are 12.4 percent higher than the 3.95 million-unit level in November 2011. The median existing single-family home price was \$180,600 in November, up 10.1 percent from a year ago.



Existing condominium and co-op sales increased 9.1 percent to a seasonally adjusted annual rate of 600,000 in November, and are 33.3 percent above the 450,000-unit pace a year ago. The median existing condo price was \$181,000 in November, which is 10.6 percent higher than November 2011.

Regionally, existing-home sales in the Northeast increased 6.9 percent to an annual level of 620,000 in November and are 14.8 percent above November 2011. The median price in the Northeast was \$232,900, down 2.0 percent from a year ago.

Existing-home sales in the Midwest increased 7.2 percent in November to a pace of 1.19 million but are 21.4 percent higher than a year ago. The median price in the Midwest was \$141,600, up 7.0 percent from November 2011.

In the South, existing-home sales increased 7.9 percent to an annual level of 2.04 million in September and are 17.2 percent above November 2011. The median price in the region was \$157,400, up 10.5 percent from a year ago.

Existing-home sales in the West rose 0.8 percent to an annual pace of 1.19 million in November and are 4.4 percent above a year ago. With continuing inventory shortages in the region, the median price in the West was \$248,300, which is 23.9 percent higher than November 2011.

Mortgage interest rates had been steadily decreasing since the first quarter of 2011 and are now at nearly 60-year lows. The national average commitment rate for a 30-year conventional, fixed-rate mortgage was 3.34 percent in January, down from 3.68 percent in June; the rate was 4.55 percent in July 2011.

First time homebuyers constituted 30 percent of homes in November, down from 31 percent in October. They were 35 percent in November 2011. Investors purchased 19 percent of homes in November, which was unchanged from November 2011.

### Median Home Values of Existing Detached Homes

	U.S.	West	Portland Metro Area
November 2011 Median Sales Price	\$164,000	\$200,400	\$223,900
November 2012 Median Sales Price	\$180,600	\$248,300	\$241,000
% Change in Median Sales Price	10.1%	23.9%	7.1%
% Change in Number of Sales Nov 2011- Nov 2012	14.5%	4.4%	13.9%

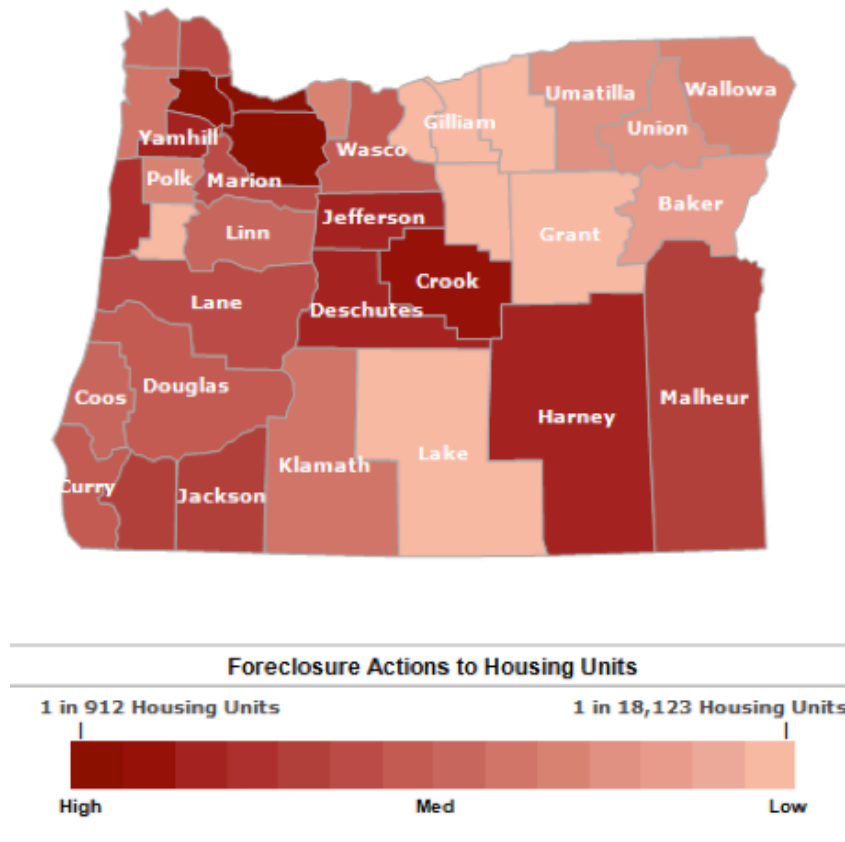
Standard & Poor's Case-Shiller Index for was 146.08 through October 2012. The represents a decrease of 0.1 percent from September 2012, and a year-over-year increase of 4.30 percent. Portland was at 142.44 in October, which is an 0.9 percent increase from September, and up 5.2 percent compared to the same time last year. The index data shows that in October 12 of the 20 major U.S. metropolitan cities, home prices declined from the previous month, 7 including Portland increased, and Denver remained unchanged.

Foreclosure filings were reported on 531,576 U.S. properties during the quarter, a decrease of 5 percent from the second quarter and a decrease of 13 percent from the third quarter of 2011—the ninth consecutive quarter with an annual decrease in foreclosure activity. This was the lowest total since 2007. The report also shows one in every 248 U.S. housing units with a foreclosure filing during the quarter.

“We’ve been waiting for the other foreclosure shoe to drop since late 2010, when questionable foreclosure practices slowed activity to a crawl in many areas, but that other shoe is instead being carefully lowered to the floor and therefore making little noise in the housing market—at least at a national level,” said Daren Blomquist, vice president at RealtyTrac. “Make no mistake, however, the other shoe is dropping quite loudly in certain states, primarily those where foreclosure activity was held back the most last year.

“Meanwhile, several states where the foreclosure flow was not so dammed up last year could see a roller-coaster pattern in foreclosure activity going forward because of recent legislation or court rulings that substantively change the rules to properly foreclose,” Blomquist added. “A backlog of delayed foreclosures will likely build up in those states as lenders adjust to the new rules, with many of those delayed foreclosures eventually hitting down the road.”

During September 2012 Oregon reported 969 foreclosure filings. Multnomah County had the state's highest level of activity in September 2012 with 275 homes. In the U.S., one in every 730 homes received a foreclosure filing while one in every 1,729 homes in Oregon received a foreclosure filing during September 2012.



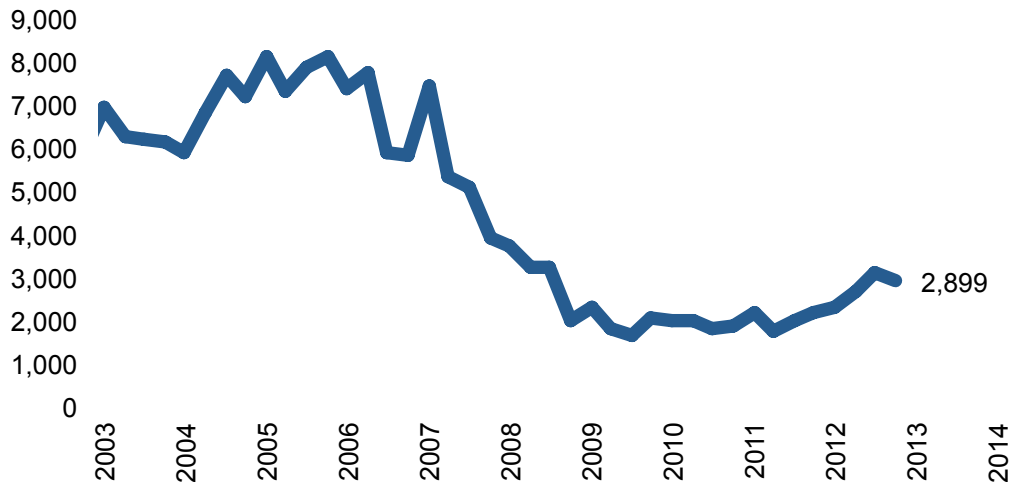
Source: RealtyTrac

According to RealtyTrac, the ten states that ranked the highest in foreclosure rates in September 2012 were Florida, Arizona, California, Illinois, Georgia, Nevada, Ohio, Michigan, South Carolina, and Colorado. Of these states, Florida posted the nation's highest state foreclosure rate, with one in every 117 housing units receiving a foreclosure filing in September 2012, more than twice the national average and the first time Florida has lead the rankings since April 2005. In Arizona one in every 125 housing units and in California one in every 125 housing units filed for foreclosure during September 2012.

Single family building permits have increased sharply thus far in 2012 in the US and Oregon. With the exception of Eugene, the state and all major Oregon markets increased more than the US average for single-family with Corvallis increasing 70 percent over this time last year. Portland had over 136,000 more permits than

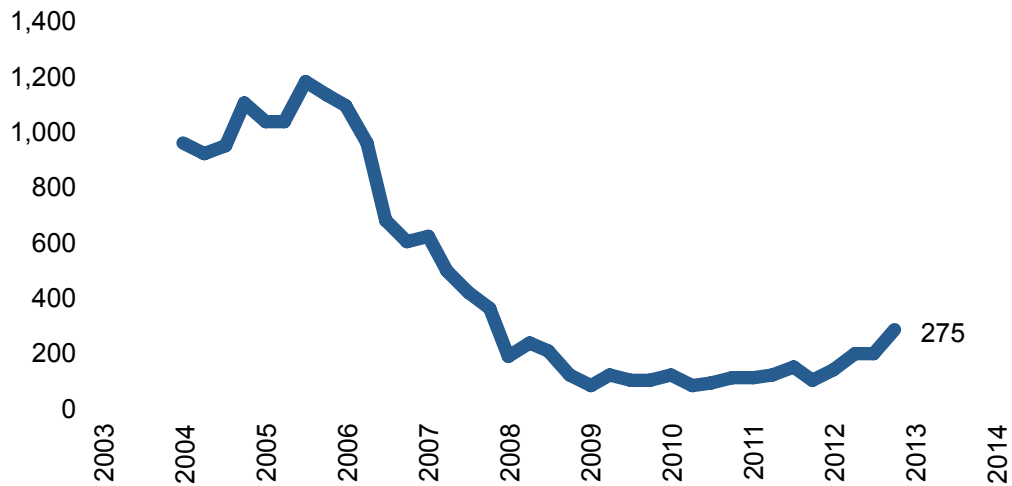
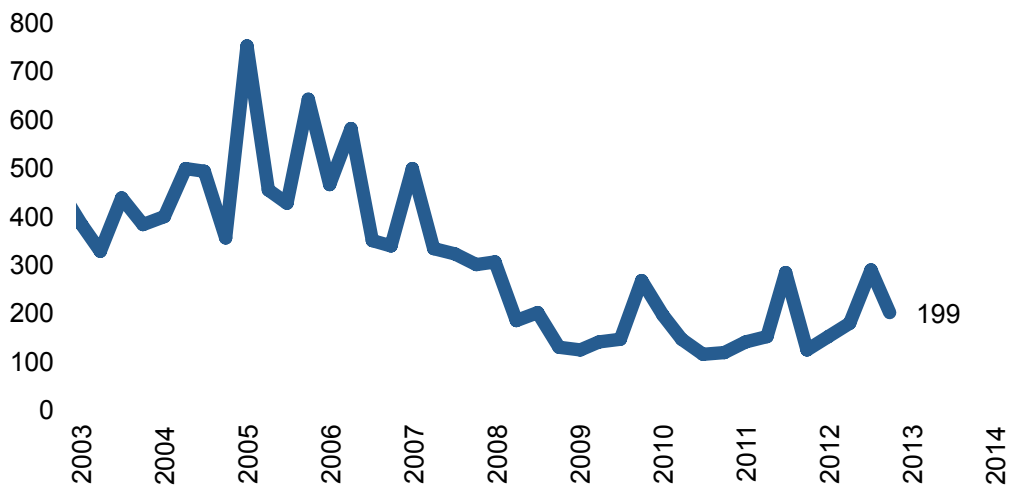
the same time last year and all major Oregon markets increasing. Multifamily new construction has increased sharply in the US and even more in Oregon. Portland increased by 69 percent with over 3,000 units built in the metro area from January-November 2012. Multifamily development returned to Bend after almost zero building in 2011, and posted a 2,900 percent increase.

### Building permits for new private housing Oregon, statewide

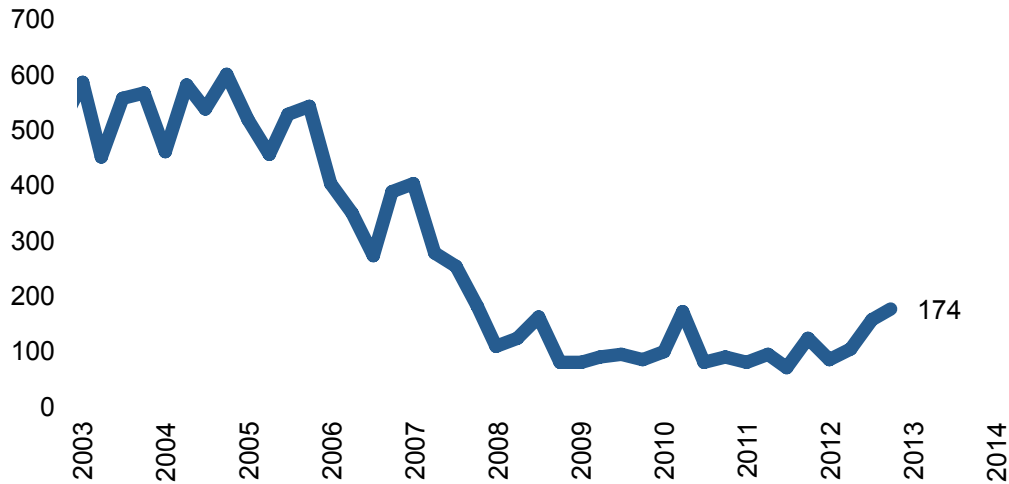


### Building permits for new private housing Portland-Vancouver-Beaverton MSA



**Building permits for new private housing  
Bend****Building permits for new private housing  
Eugene-Springfield**

### Building permits for new private housing Medford



## PORTLAND

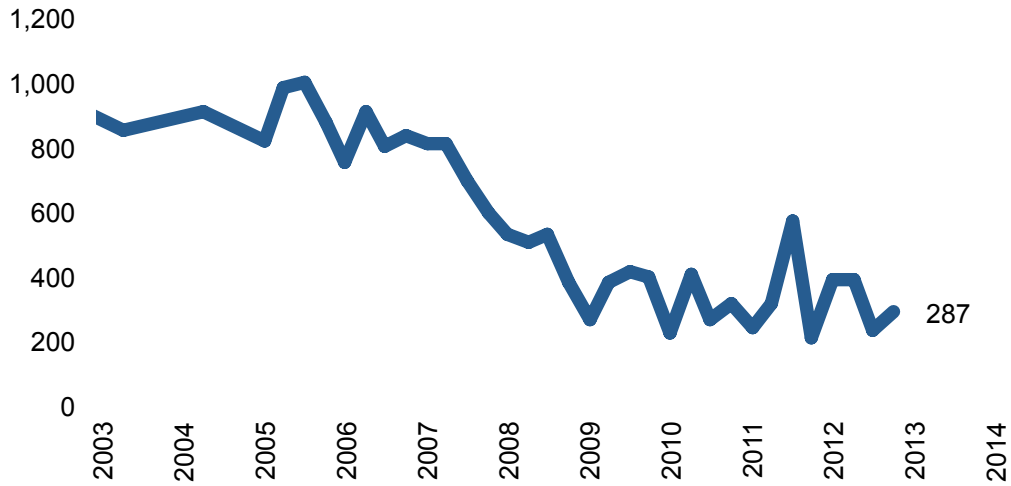
Buyers closed on purchases of 4,279 homes. The number of transactions in fourth quarter 2012 decreased 3.34 percent from last quarter, but increased 48.94 percent annually. Median prices for the first quarter were at \$287,000 which represents an 7.1 percent increase over the previous quarter and a 9.9 percent increase annually.

The data comparing sales price to list price cooled a bit from its red hot performance last quarter and number of days on the market increased slightly as well. Properties sold at an average price of 98.3 percent of the original list price. Sellers in the Portland area have had their homes on the market for an average of 40 days before closing, which is 21 percent longer than the previous quarter but 27 percent shorter than fourth quarter 2011.

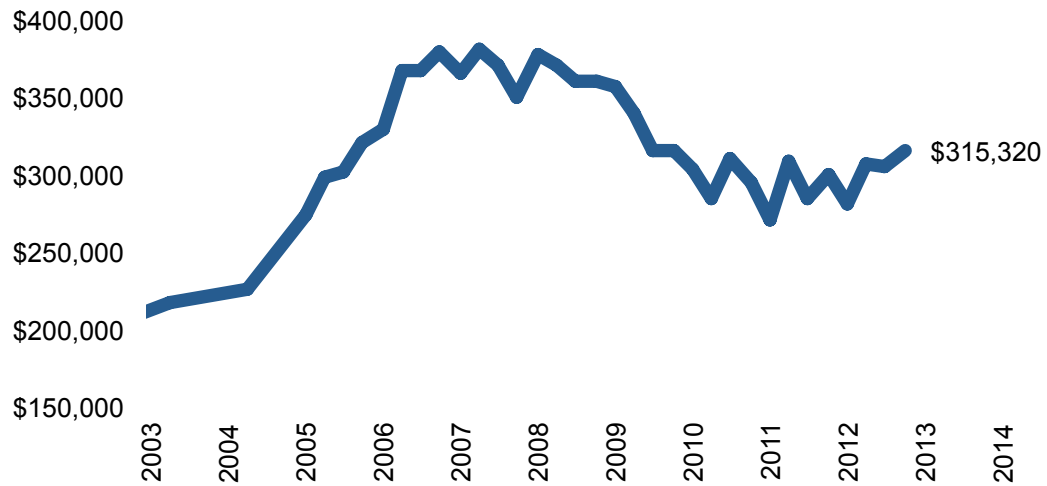
There were 287 new properties sold, compared to 231 in third quarter, and a 38 percent increase from fourth quarter 2011. The new properties sold at a median price of \$315,320 which was a 3.3 percent increase from third quarter. New home prices increased from fourth quarter 2011 by 5.3 percent.

Tigard / Wilsonville submarket had the largest annual increase of 18 percent from fourth quarter 2011. NE Portland also increased by 17.6 percent over the same period. NW Washington was the only submarket that experienced annual depreciation at -3.88 percent.

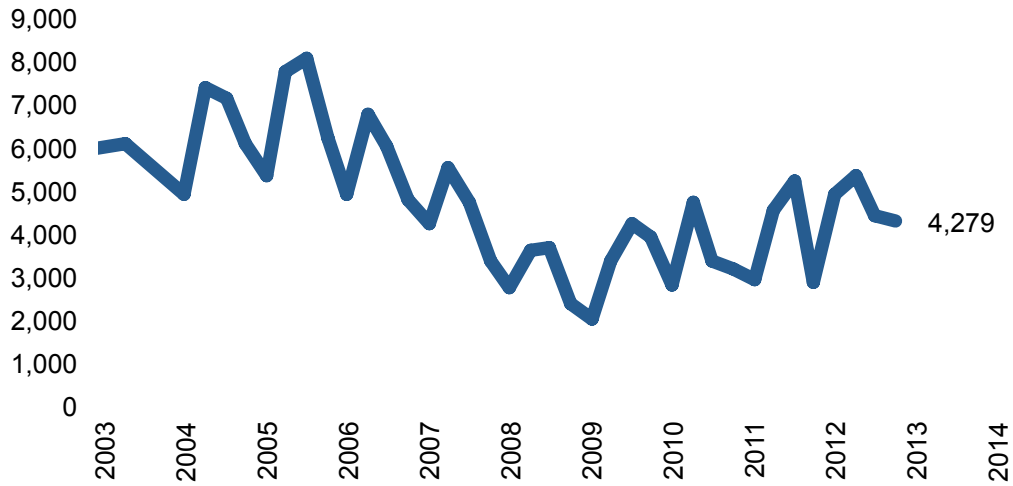
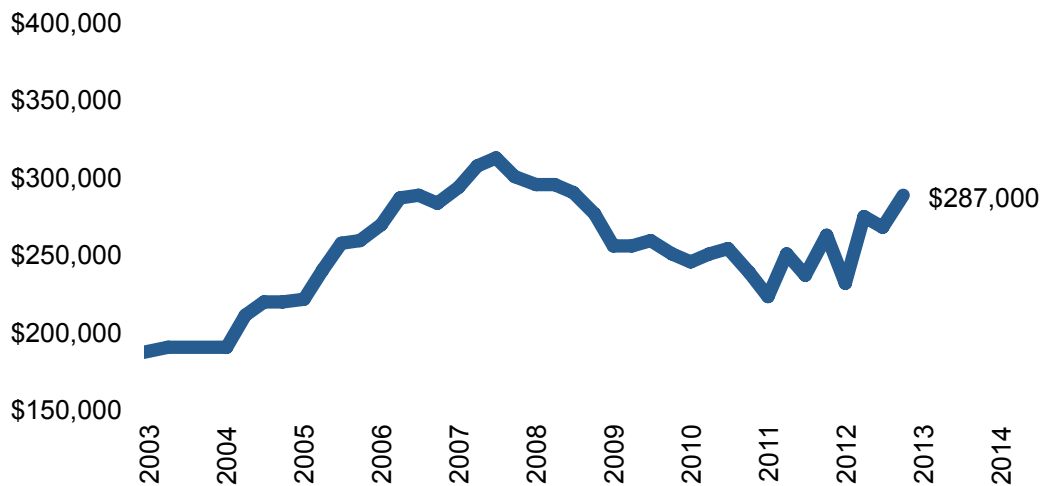
**Number of transactions**  
**Portland metro, new detached homes**

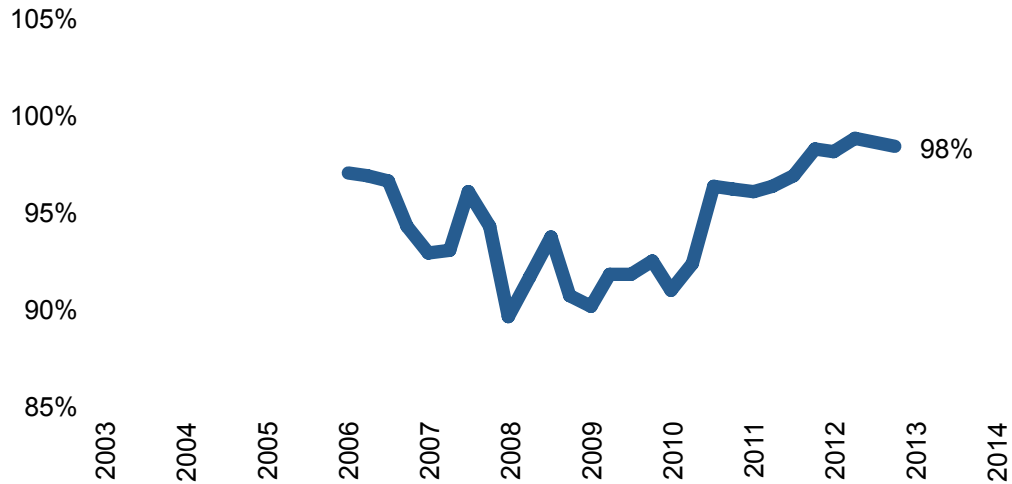
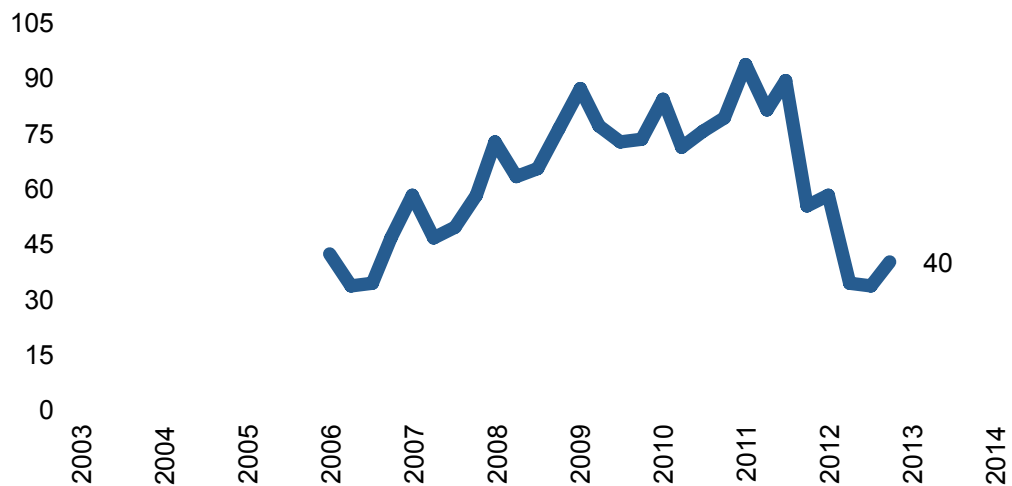


**Median sales price**  
**Portland metro, new homes**





**Number of transactions**  
**Portland metro, existing homes****Median sales price**  
**Portland metro, existing homes**

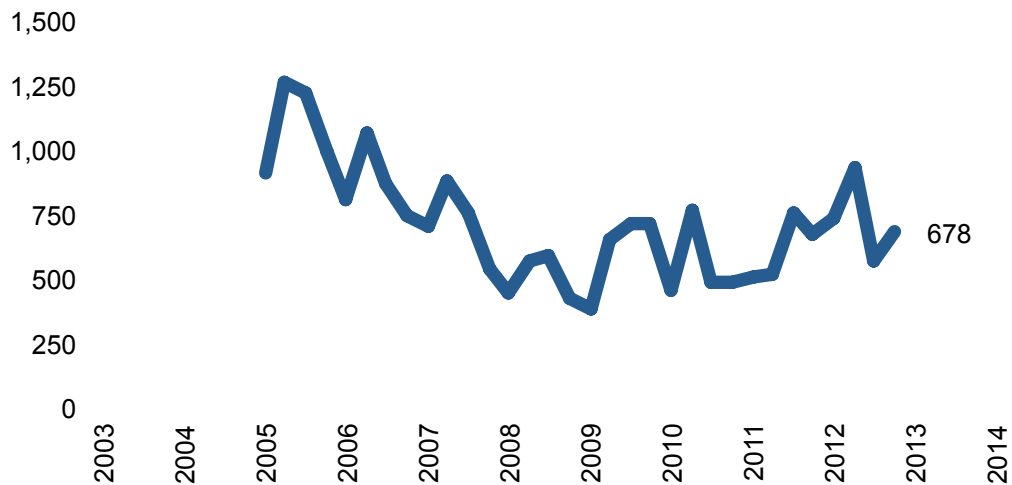
**Ratio of sales price to list price  
Portland metro, existing homes****Days on market  
Portland metro, existing homes****VANCOUVER**

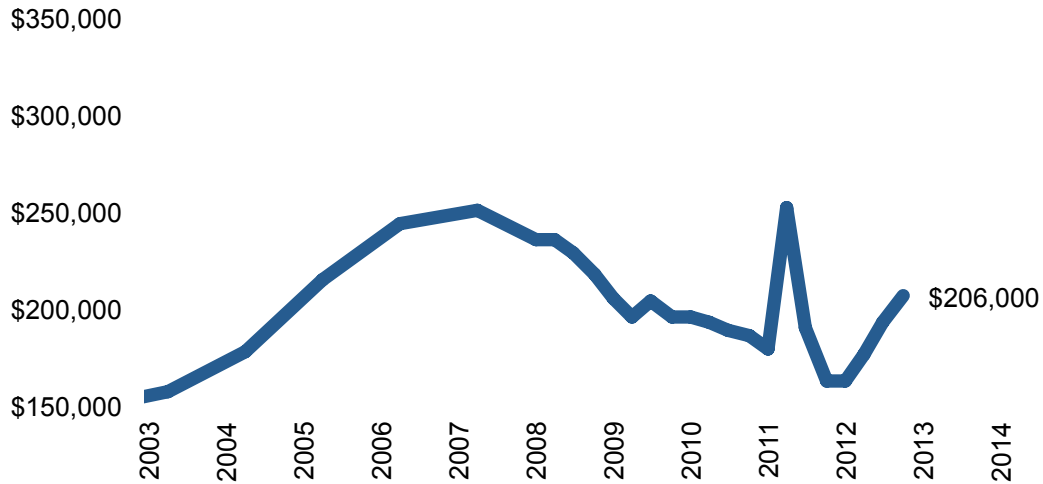
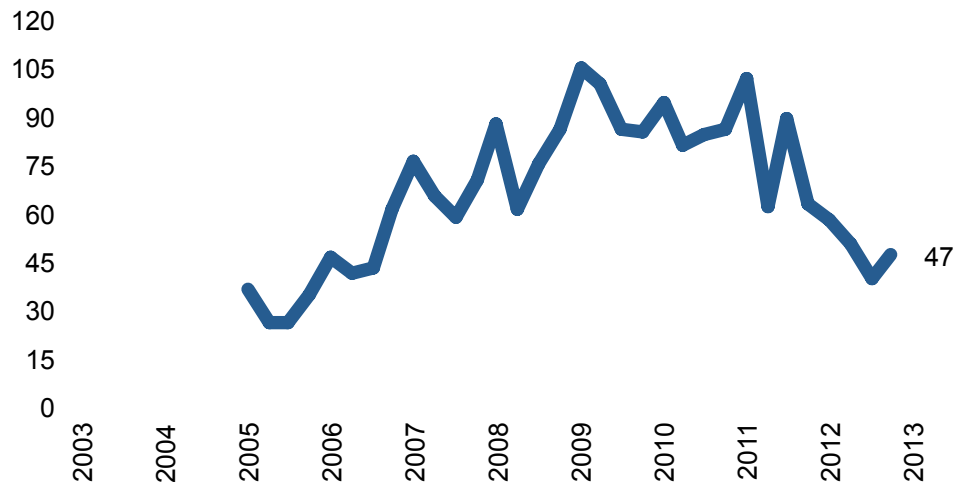
Vancouver's median home price during fourth quarter 2012 was \$206,000, a 7 percent increase from third quarter 2012 when it was \$192,500. The number of homes sold in fourth quarter was relatively unchanged from the third quarter of

2012 at 515, but it increased by 14 percent year over year. However, the number of days on the market increased to 62 from 56 in the previous quarter and 67 in fourth quarter 2011.

In the Vancouver suburbs, the median home price in fourth quarter 2012 was \$252,600, which increased 21 percent year over year. This was a 3.7 percent increase from the previous quarter. The number of homes sold in fourth quarter increased by over 20 percent from the previous quarter to 678, and by one percent annually. The number of days on market increased by 17.5 percent from the previous quarter to 47 but this was down from 63 last year at this time.

**Number of transactions**  
**Vancouver, existing homes**

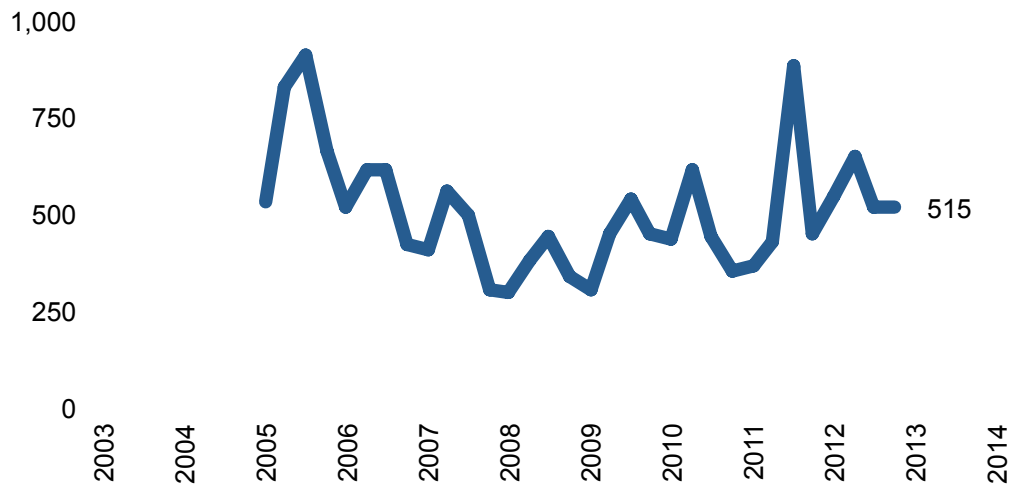


**Median sales price  
Vancouver, existing homes****Days on market  
Vancouver, existing homes**

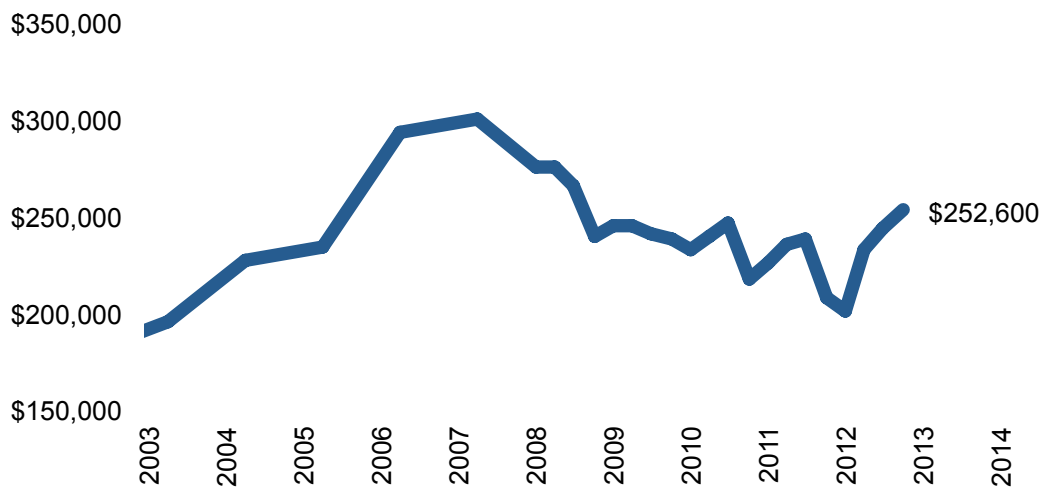
In the Vancouver suburbs, the median home price was \$243,430, which was a 2 percent increase from the third quarter of 2011, and a 4.5 percent increase from the previous quarter. The number of transactions decreased 20 percent from last quarter to 518. Properties were on the market an average of 56 days which was up

slightly from last quarter when it was 55, but a sharp decrease from 86 in third quarter 2011.

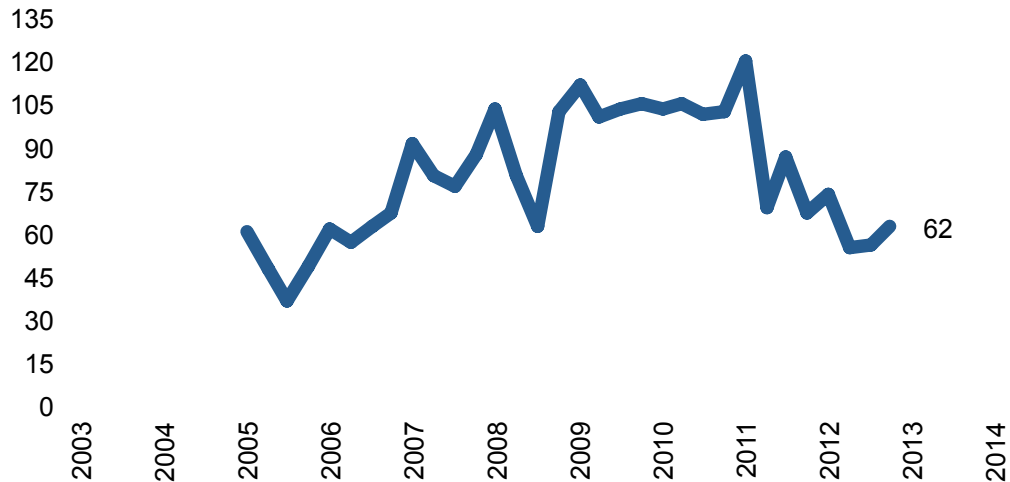
**Number of transactions**  
**Clark County, excluding Vancouver, existing homes**



**Median sales price**  
**Clark County, excluding Vancouver, existing homes**



**Days on market**  
**Clark County, excluding Vancouver, existing homes**

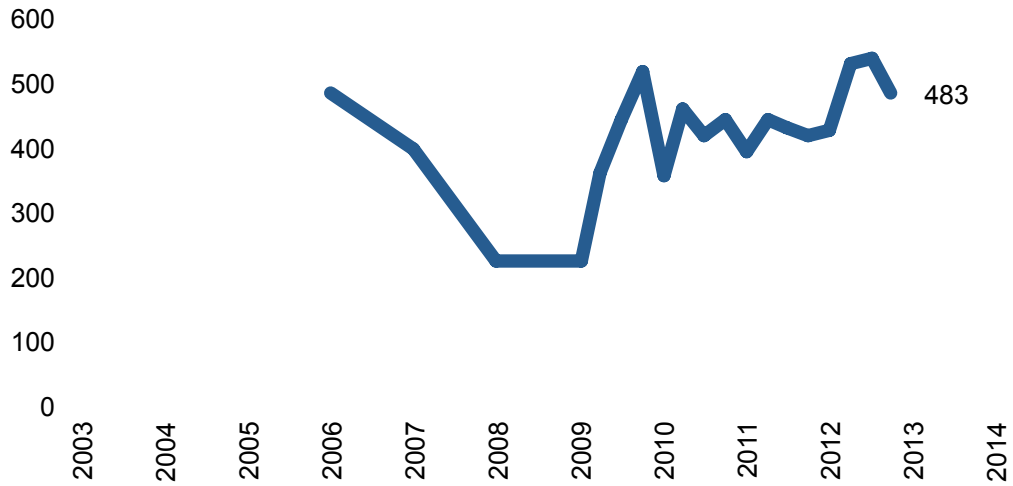
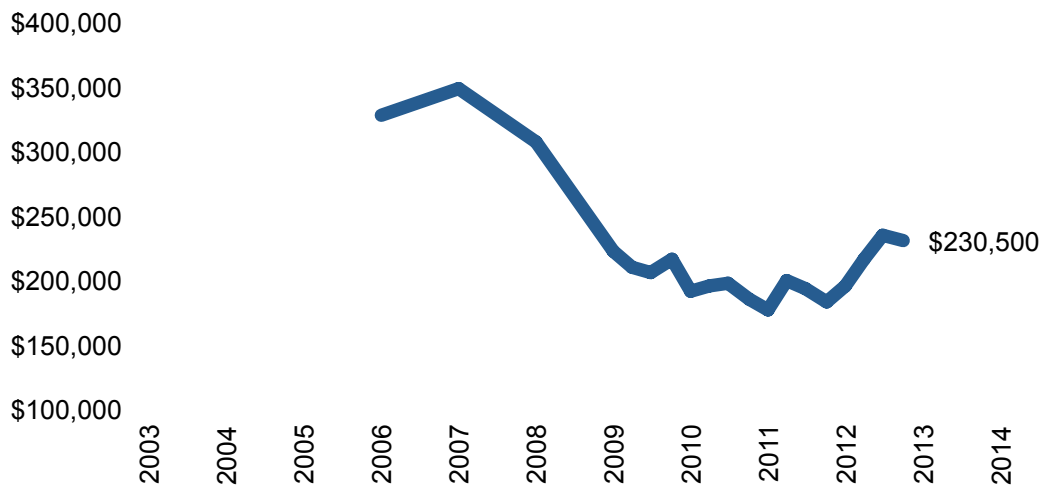


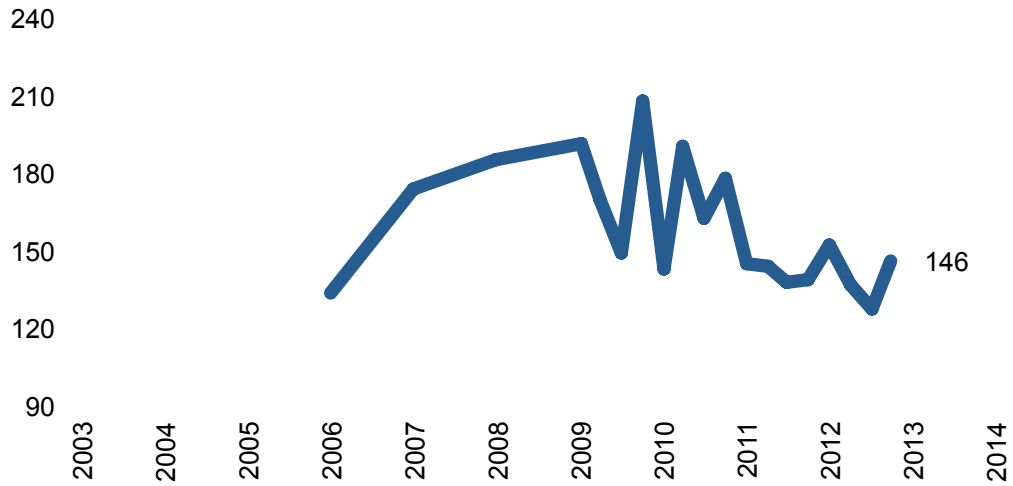
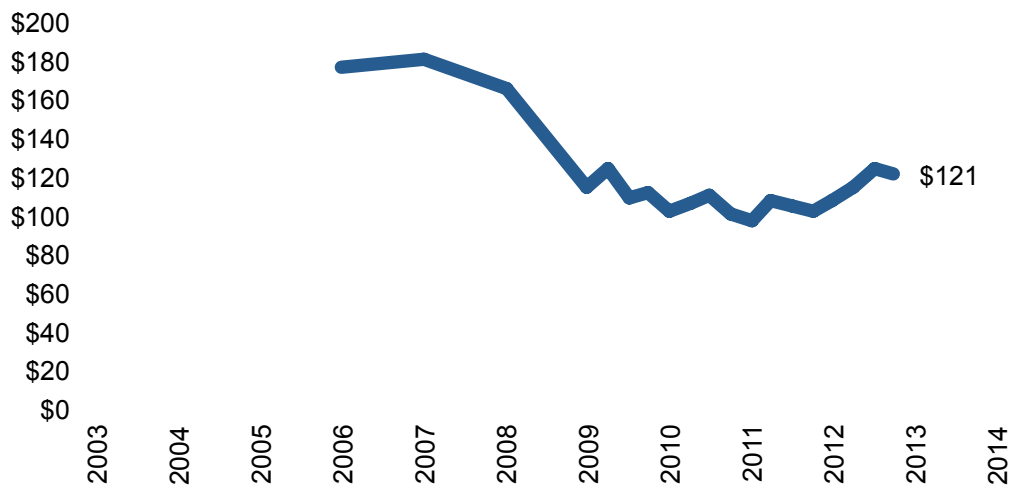
## CENTRAL OREGON

At 438 transactions, fourth quarter Bend home sales of less than one acre are up 16 percent since the same period last year. At 170 transactions of less than one acre, Redmond is up 3 percent over last year. For larger properties—homes on 1-5 acres—transactions are up 11 percent in Bend and up 53 percent in Redmond.

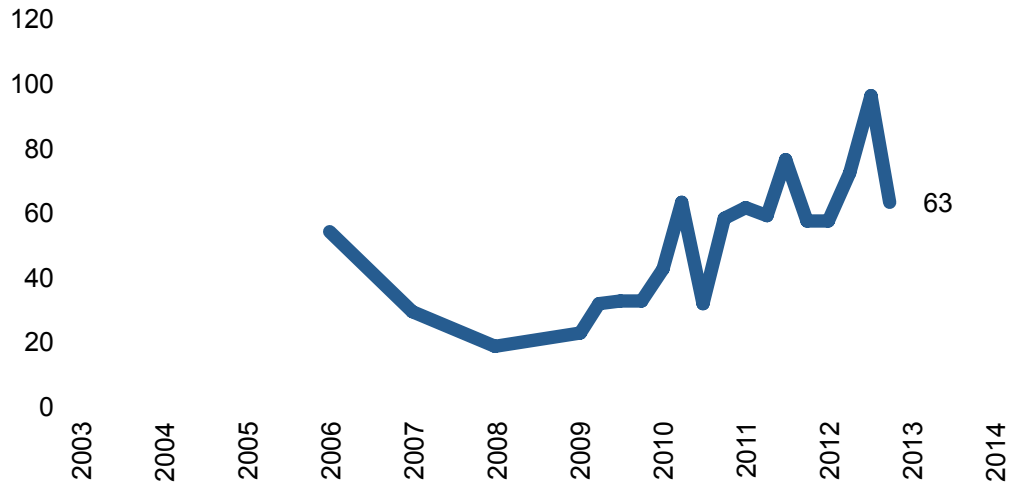
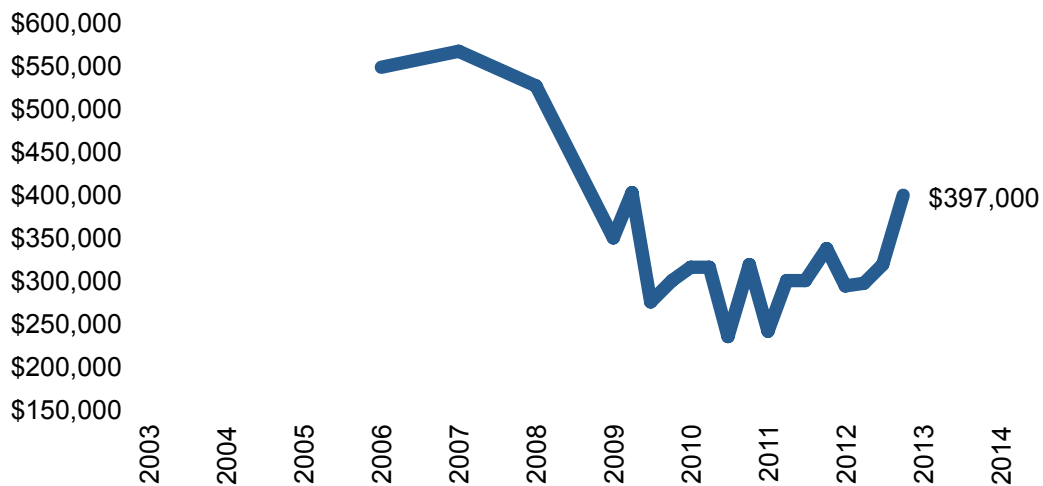
Although transaction volume is up, so is the number of days on the market for every market in Central Oregon. Properties of on less than an acre spend nearly five months on the market before sale. Larger properties average seven months in Bend and eight month in Redmond.

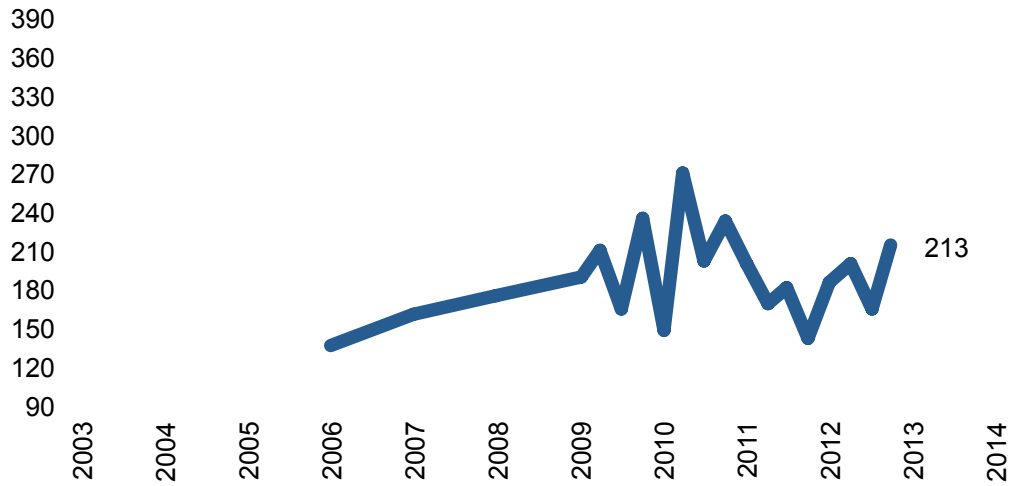
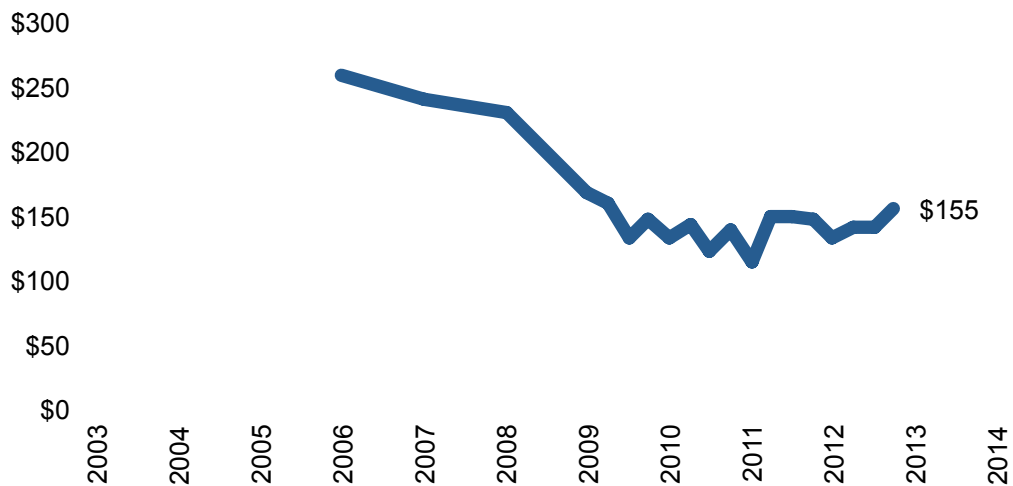
For sales under an acre, the median home prices for Bend and Redmond both since the fourth quarter of the previous year. The median price in Bend market increased 26 percent to \$230,500, while Redmond increased 12 percent to \$138,680. Results are mixed in the market for larger properties: the median price in Bend is up 19 percent, but the median price is down 4 percent in Redmond. Measured on a price-per-square-foot basis, the median price of properties of 1-5 acres is up 5 percent in Bend, but down 17 percent in Redmond.

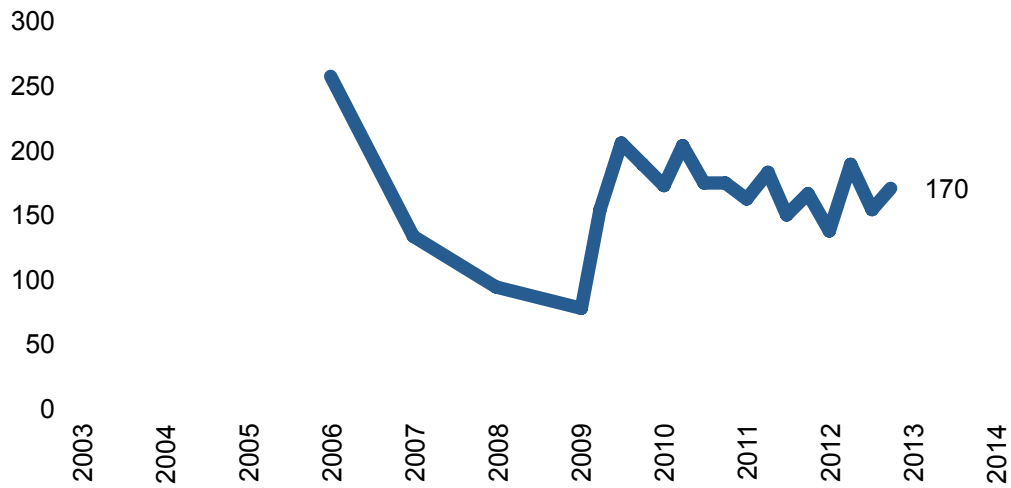
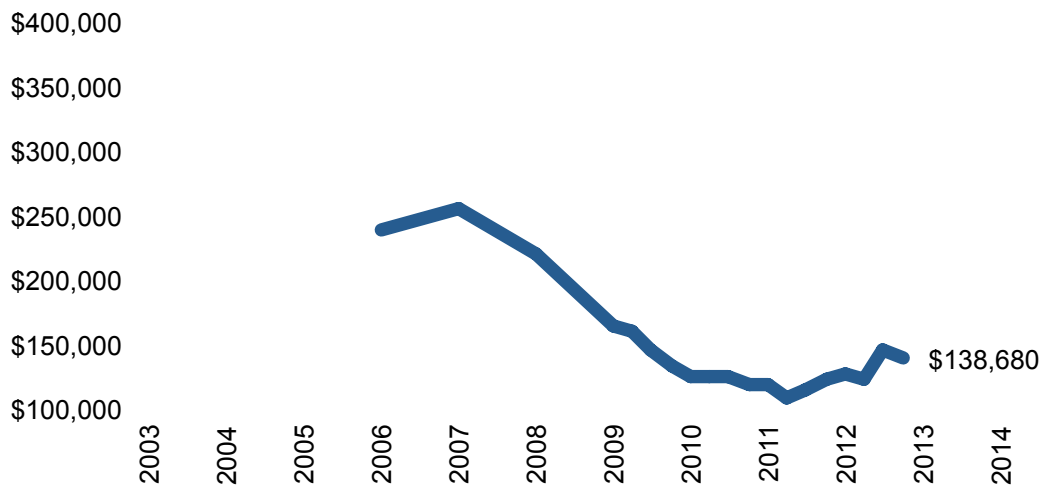
**Number of transactions  
Bend, under 1 acre****Median sales price  
Bend, under 1 acre**

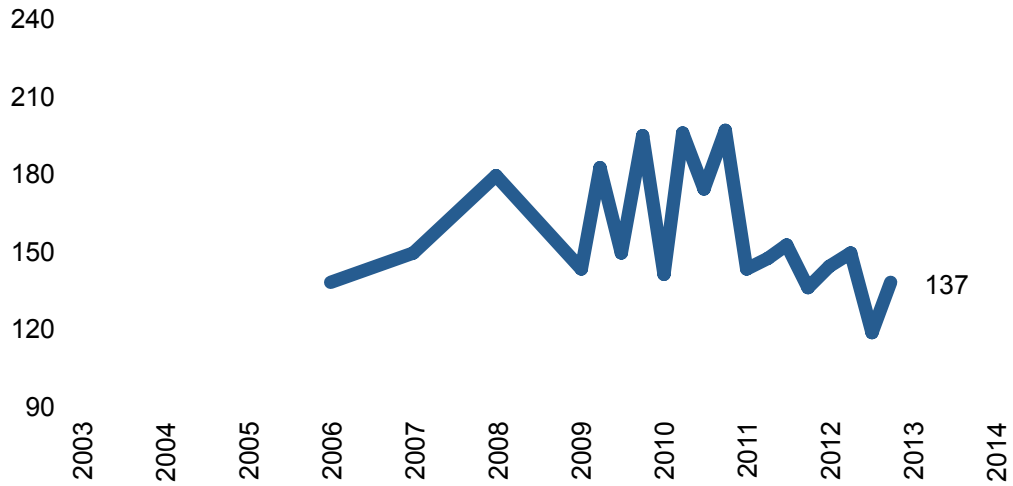
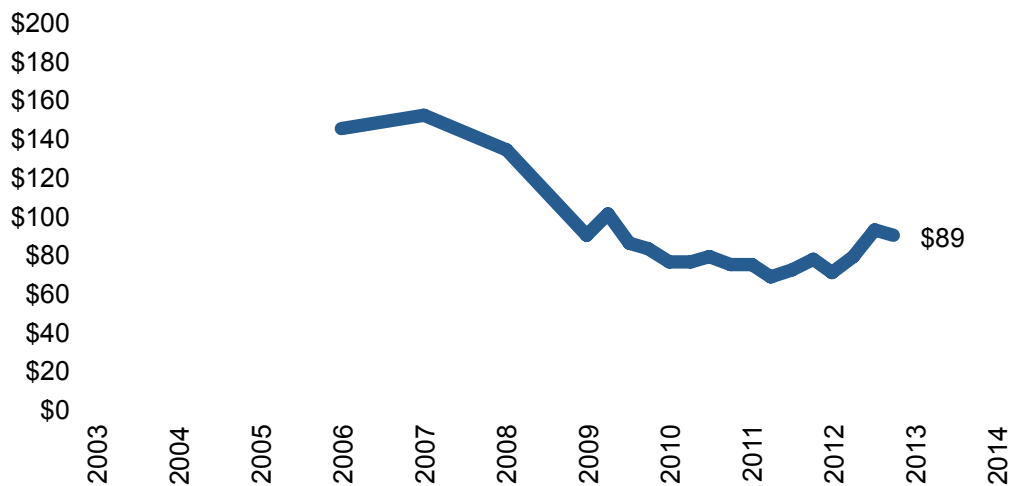
**Days on market**  
**Bend, under 1 acre****Median sales price, \$ per square foot**  
**Bend, under 1 acre**

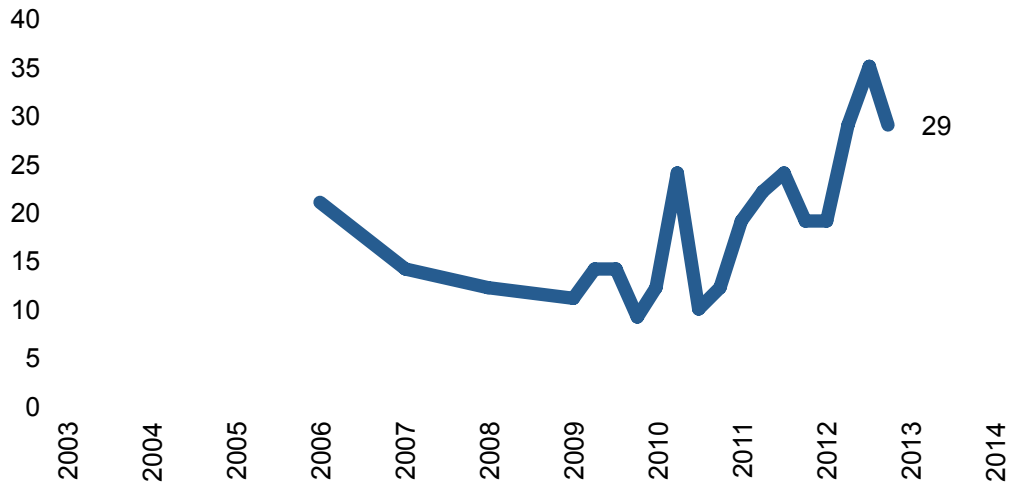
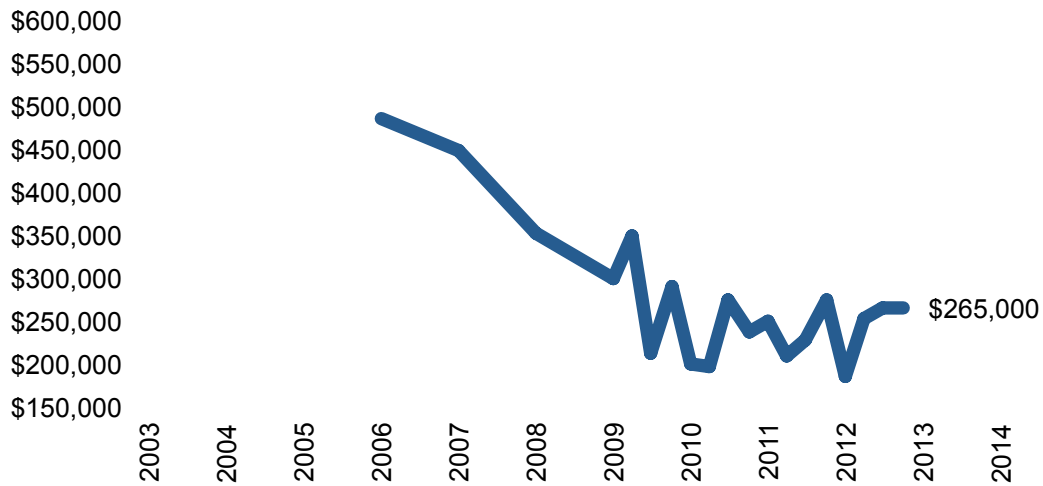


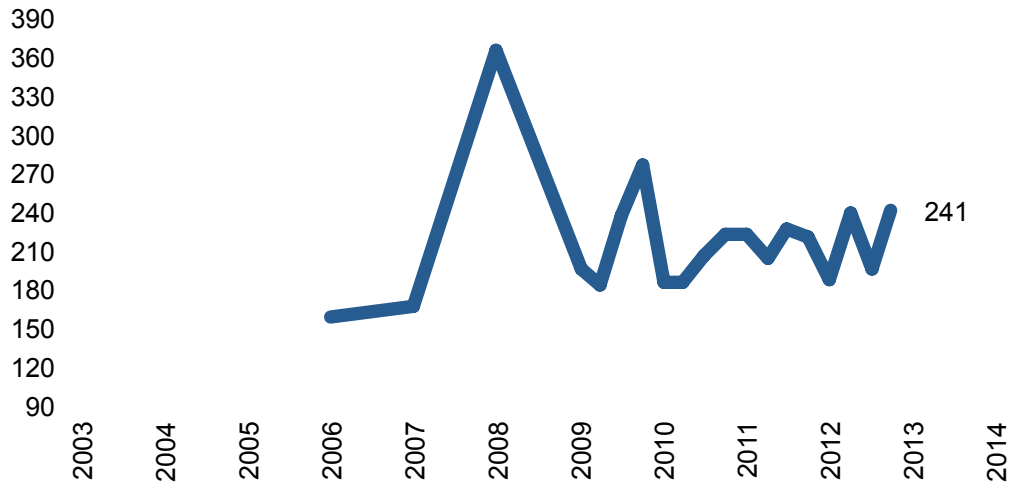
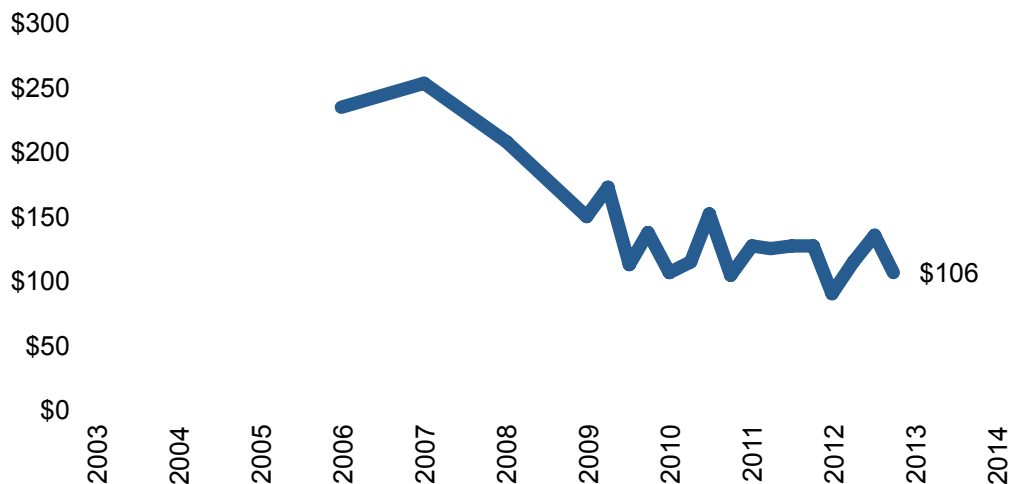
**Number of transactions  
Bend, 1-5 acres****Median sales price  
Bend, 1-5 acres**

**Days on market**  
**Bend, 1-5 acres****Median sales price, \$ per square foot**  
**Bend, 1-5 acres**

**Number of transactions  
Redmond, under 1 acre****Median sales price  
Redmond, under 1 acre**

**Days on market**  
**Redmond, under 1 acre****Median sales price, \$ per square foot**  
**Redmond, under 1 acre**

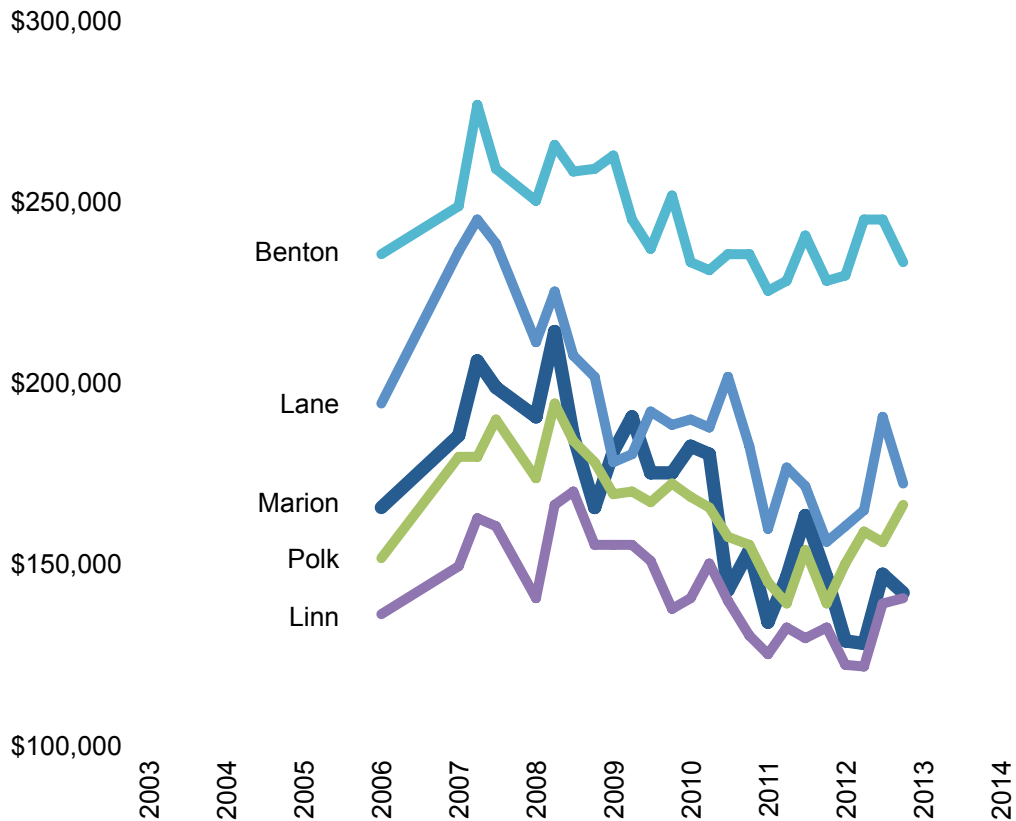
**Number of transactions  
Redmond, 1-5 acres****Median sales price  
Redmond, 1-5 acres**

**Days on market  
Redmond, 1-5 acres****Median sales price, \$ per square foot  
Redmond, 1-5 acres****WILLAMETTE VALLEY**

Marion County decreased 9.9 percent since the third quarter of 2011 to a median sold price of \$147,000. Salem and Keizer increased year over year by 7.7 percent

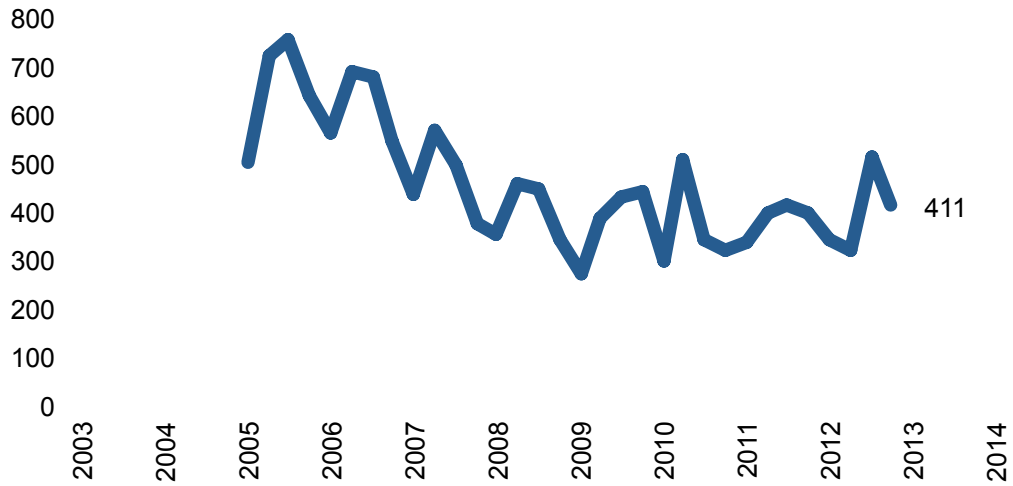
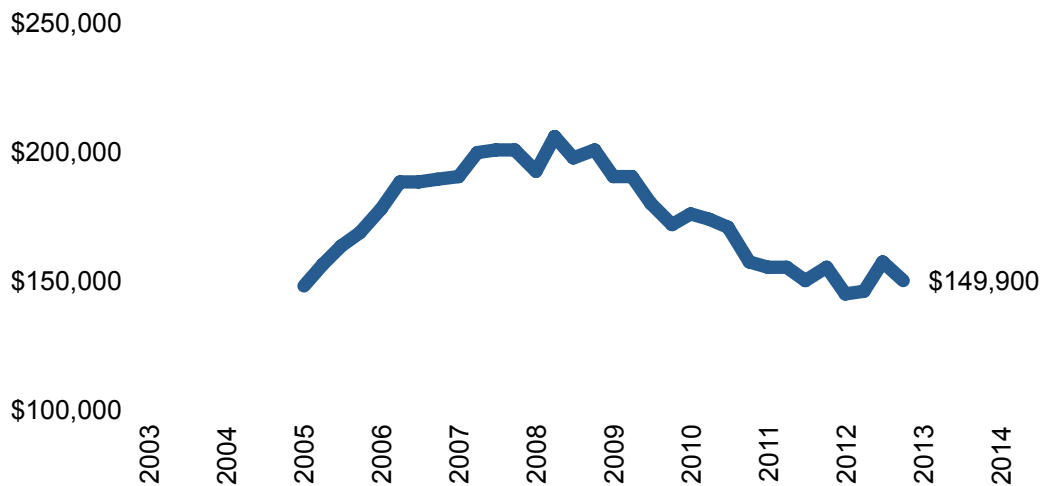
and 2.2 percent respectively. Benton County increased 2.1 percent over the past year to a median price of \$245,000.

**Median sales price**  
**Willamette Valley, existing detached homes**

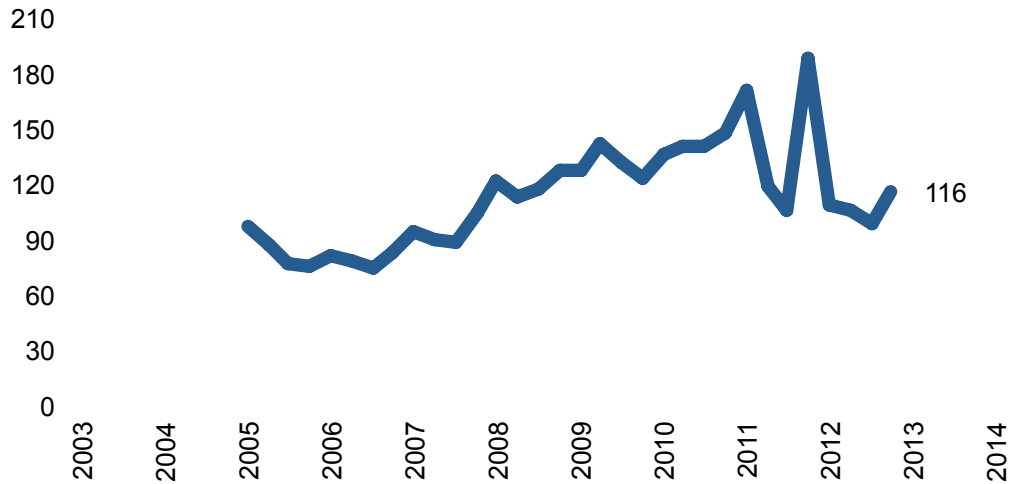


## SALEM

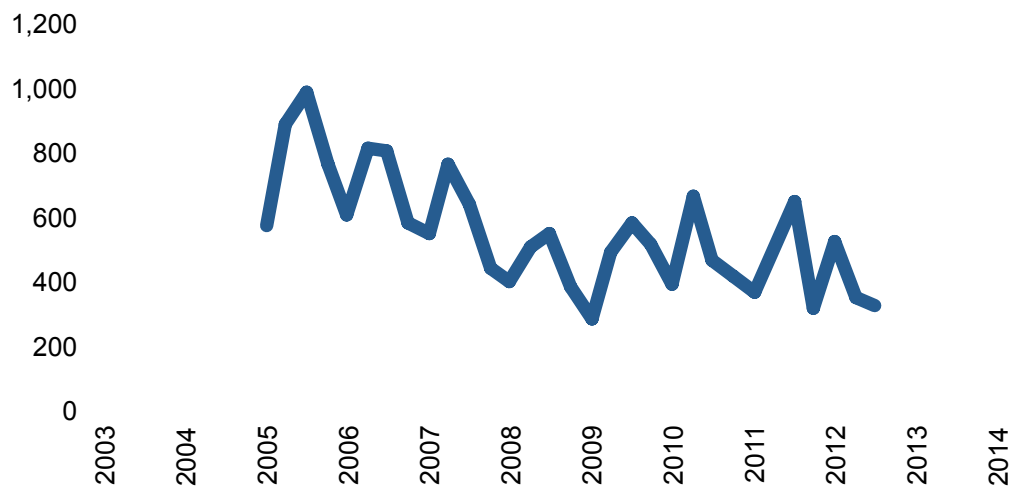
Salem's housing market again experienced annual depreciation of 3 percent since the fourth quarter of the previous year. At the same time, the number of transactions are up 4 percent, and the number of days on the market has dropped by 38 percent from 188 days in the fourth quarter of 2011 to 116 in the fourth quarter of 2012.

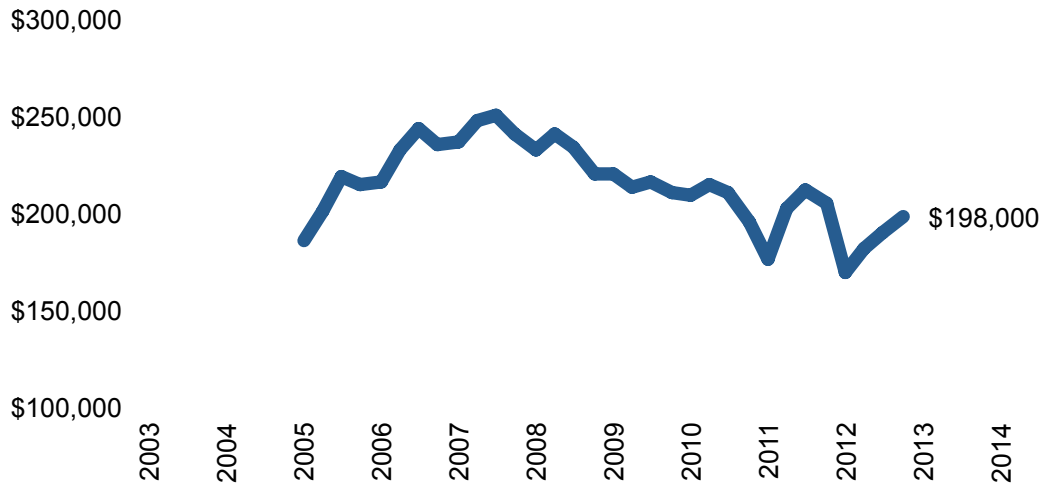
**Number of transactions**  
**Salem, existing homes****Median sales price**  
**Salem, existing homes**



**Days on market  
Salem, existing homes****EUGENE/SPRINGFIELD**

Home prices in the Eugene/Springfield area up 4 percent since the previous quarter. However, at a median price of \$198,000, the year-over-year median price is down 3 percent. At a median price of \$172,000, Lane County prices are up 10 percent over the previous year.

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

**Median sales price  
Eugene-Springfield, existing homes****Days on market  
Eugene-Springfield, existing homes**