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## RESIDENTIAL MARKET ANALYSIS

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The Oregon/SW Washington markets continue to show strength across the board. The median house price continues to rise and the third quarter was on par with any quarter since the great recession.

Lurking on the horizon, however, is a significant amount of potential REO and distressed properties. When the Oregon state legislature made it more difficult for lenders to foreclose much of our distressed inventory came back off the market. Now it's back. In the third quarter of 2014 distressed and bank owned properties accounted for 8.8 percent of the 13,763 sales in areas covered by RMLS. In the second quarter of 2014 distressed and bank owned properties accounted for 10.8 percent of the \$12,797 sales. That is a pretty significant drop and shows the strength of our markets. It does appear that trend won't last, however. Listings of distressed and bank owned real estate grew as a percentage of total listings from the second to third quarters. In the second quarter there were 22,345 new listings in areas covered by the RMLS. Distressed and REO properties accounted for 6.8 percent of those listings. Compare that to the third quarters 7.1 percent of 19,399 listings. The actual number of REO and distressed listings dropped but not nearly as rapidly as

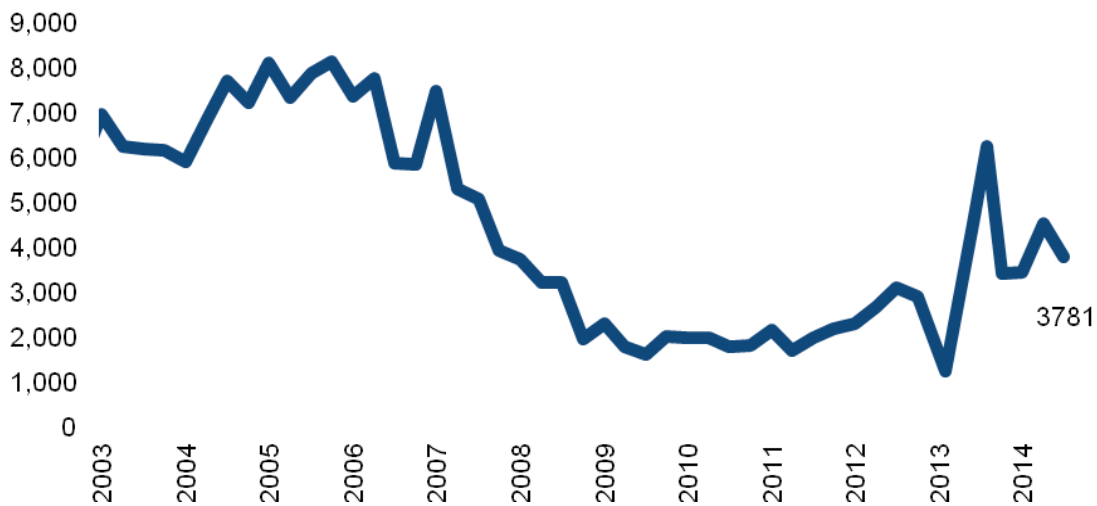
■ Scott Holden is a Senior Relationship Manager at First Republic Bank. He is currently working towards the Master of Real Estate Development degree through a joint program of the School of Business Administration and the School of Urban Studies and Planning where he is an RMLS Student Fellow. Any errors 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.

the non-distressed properties. New data released by RealtyTrac suggests that we may see the trend continue. Oregon was one of 22 states where foreclosure auctions spiked in the third quarter. Its 85 percent jump, along with North Carolina's 85 percent, topped the list of those states. Others included New Jersey, Oklahoma and New York. The difference between 2009 and 2014 will be that investors are sitting and waiting to pounce on the potential deals. While the number of REO and distressed properties on the market will increase its possible they will be picked up so fast it will barely show up in median house price data. The next 6 to 12 months could prove to be the buying opportunity investors have been looking for to jump back in.

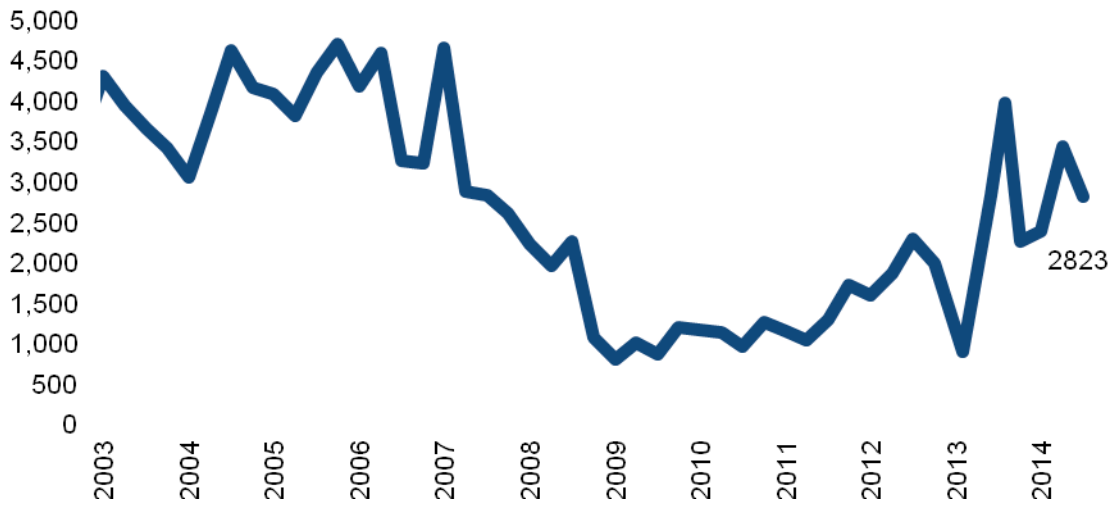
### BUILDING PERMITS

Single family building permits were down 18 percent from the second quarter and 29 percent from the third quarter of 2013. Eugene also declined from 360 permits in the third quarter of 2013 to 178 in the third quarter of 2014. That's a 51 percent drop from 2013 and a 36 percent drop from the second quarter of 2014. Both Bend and Medford stayed steady with the second quarter while dropping significantly from the third quarter of 2013. The state as a whole dropped 2469 units compared to the third quarter 2013 to 3781 units in the third quarter of 2014, a 40 percent drop. We'll be looking to the second quarter of 2015 to determine if the drop is a trend or just an anomaly.

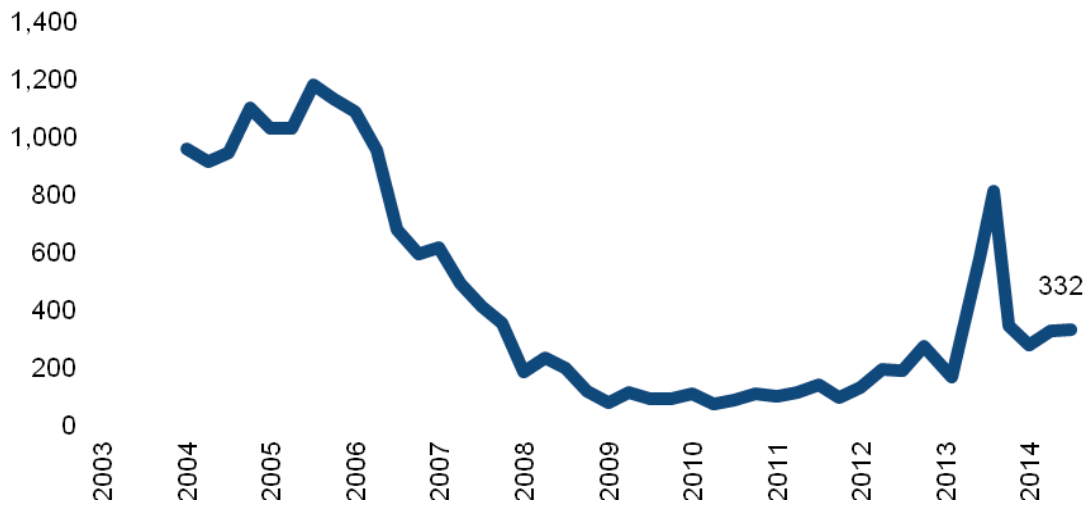
**Building permits for new private housing  
Oregon, statewide**



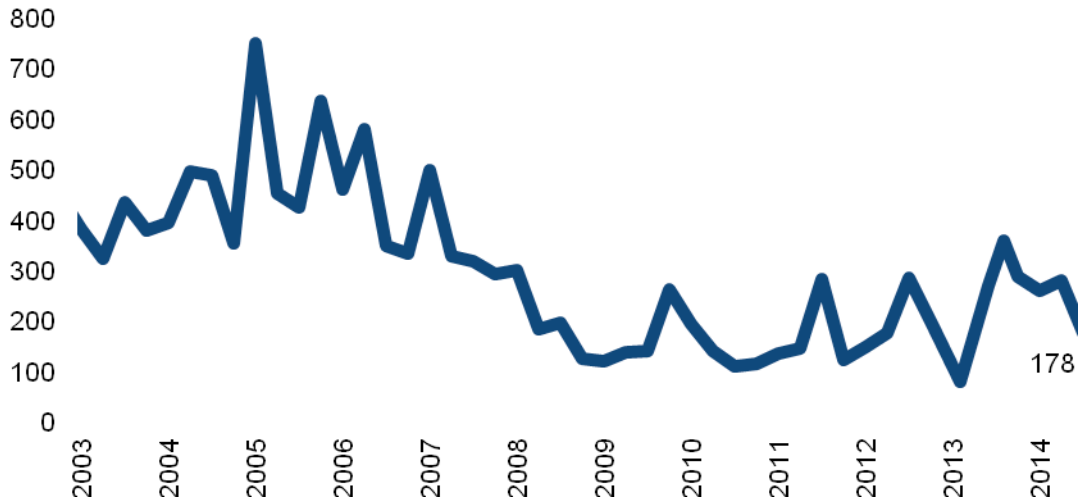
**Building permits for new private housing  
Portland-Vancouver-Beaverton MSA**



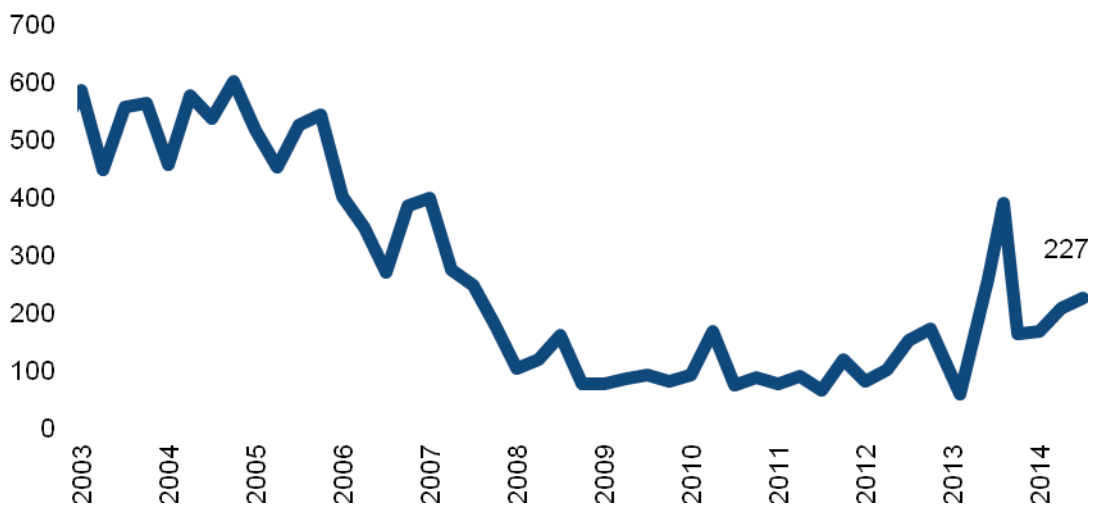
**Building permits for new private housing  
Bend**



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



**Building permits for new private housing  
Medford**

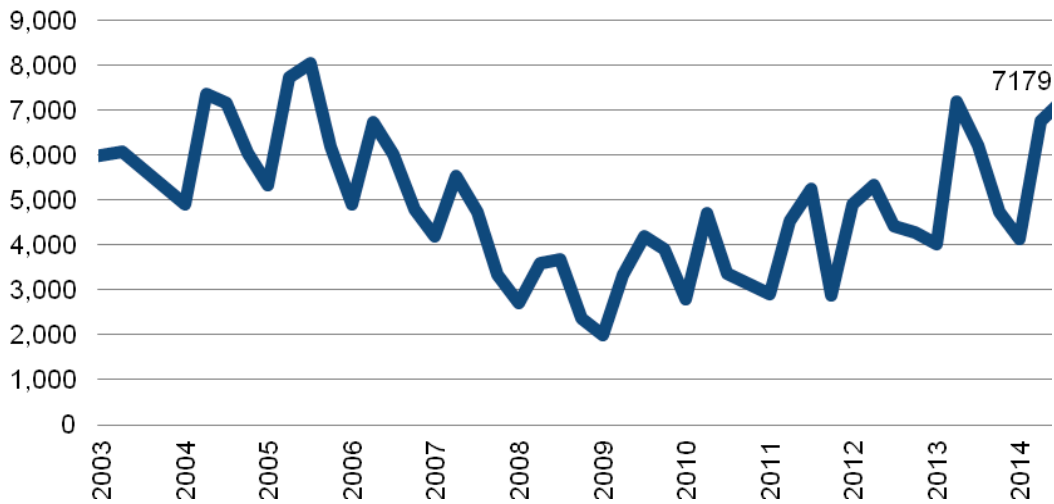


## PORTLAND

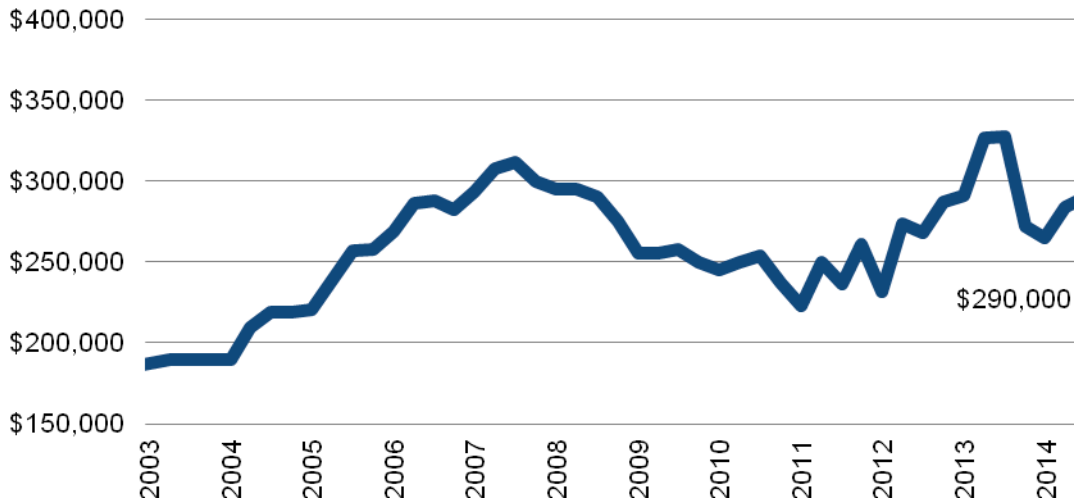
The Portland market was up again in the third quarter. Existing home transactions were up 400 units over the second quarter and posted the best quarter since the second quarter of 2013. The median sales price increased \$6,000 to \$290,000 from second to third quarters and sellers are obtaining 99 percent of the listed price. While marketing time has decreased to 43 days, inventory was up slightly to a 3.1 months' supply

New construction remained relatively flat in the third quarter at 603 transactions and a median price of \$359,000.

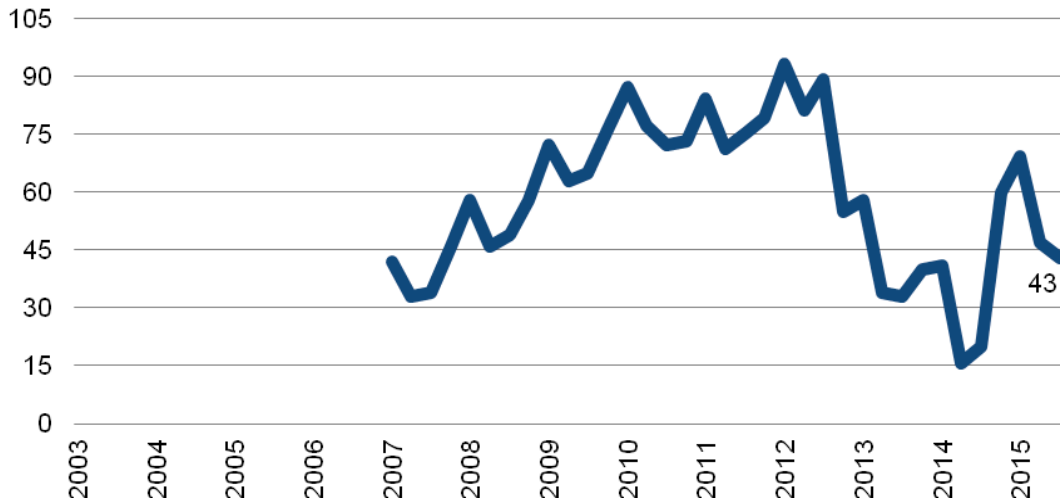
**Number of transactions  
Portland metro, existing homes**



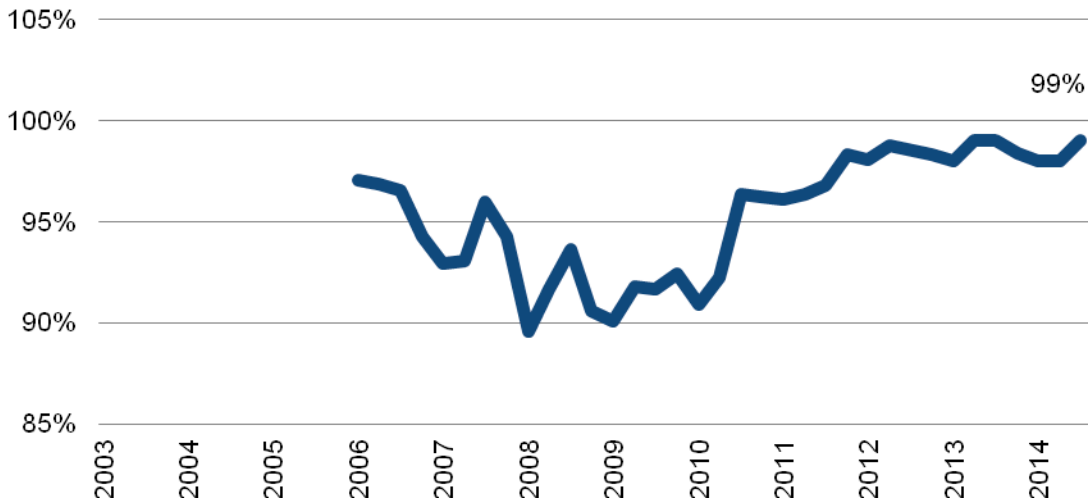
**Median sales price  
Portland metro, existing homes**



**Days on market  
Portland metro, existing homes**



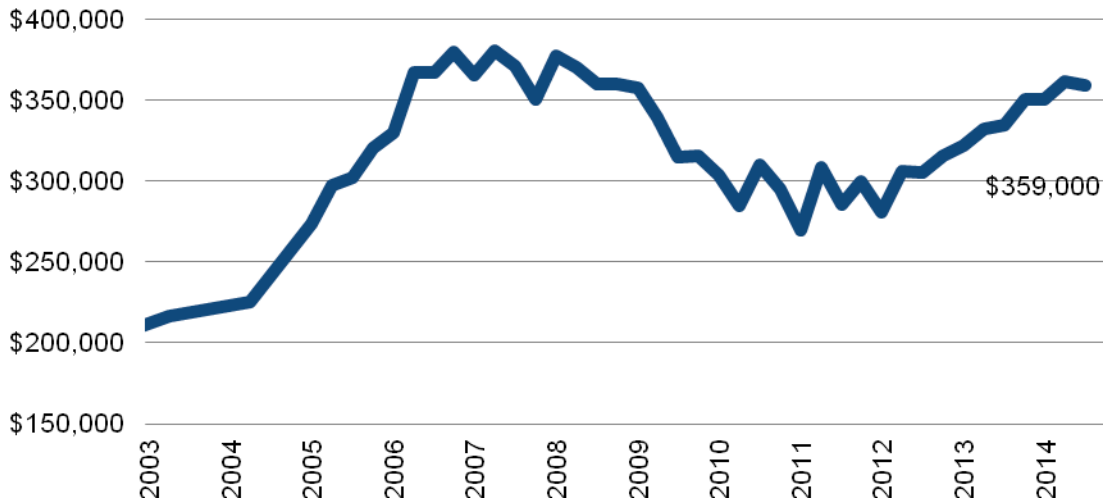
**Ratio of sales price to list price  
Portland metro, existing homes**



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



### Median sales price Portland metro, new homes



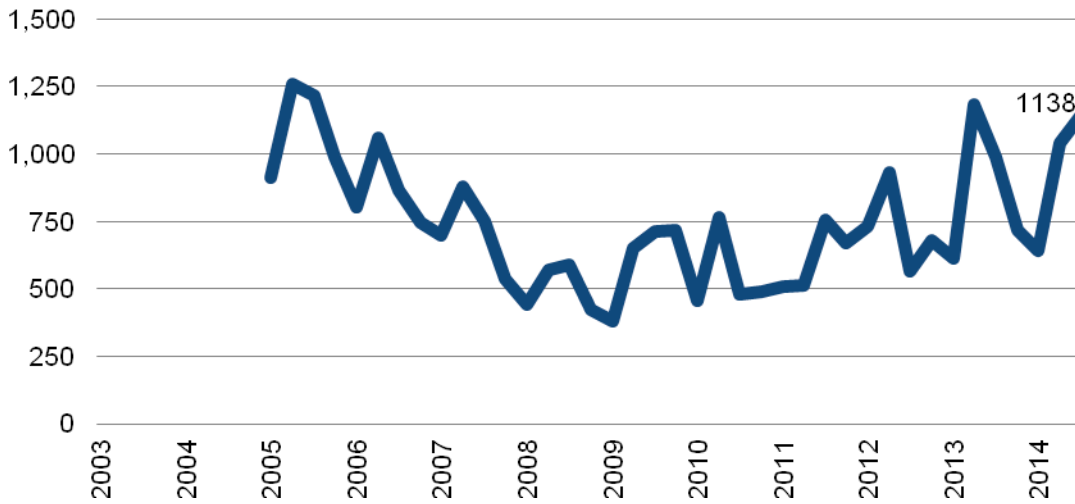
## VANCOUVER/CLARK COUNTY

Vancouver showed continued improvement in the third quarter with the number of transactions rising by 98 units and the median price rising from \$218,000 in the second quarter to \$226,000 in the third. Average marketing time dropped 2 days to 56 days.

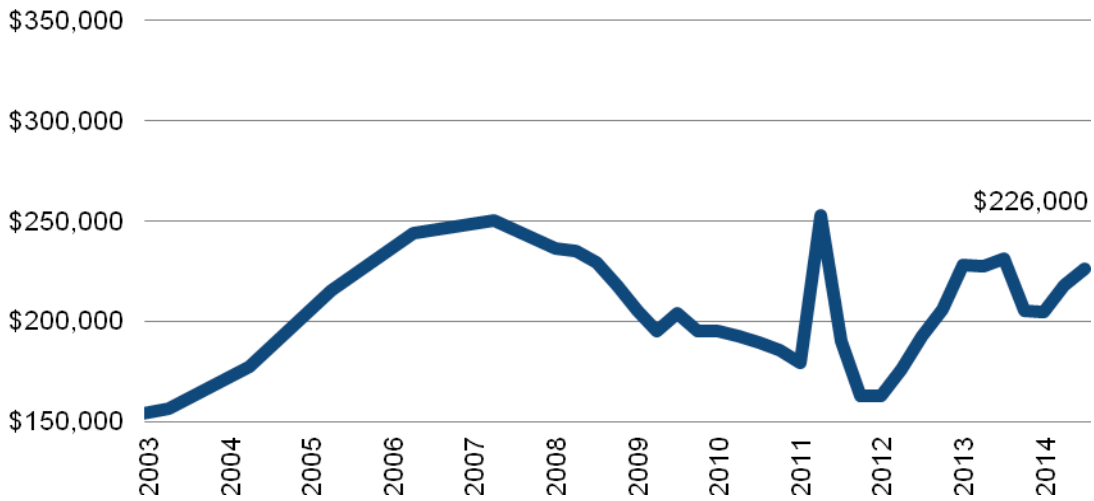
Clark County excluding Vancouver showed better strength overall than Vancouver alone with the number rising 10 percent over the second quarter to 761 and the median price 7 percent to \$274,000. Average marketing time dropped from 83 days in the second quarter to 68 days in the third. That is a 28 percent drop in marketing time from the first quarter's average of 94 days.



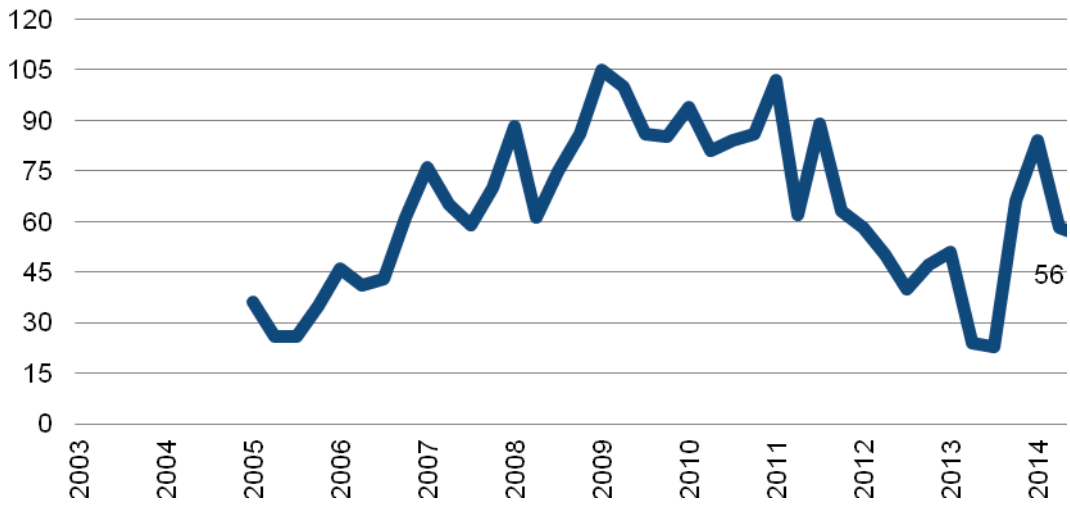
**Number of transactions  
Vancouver, existing homes**



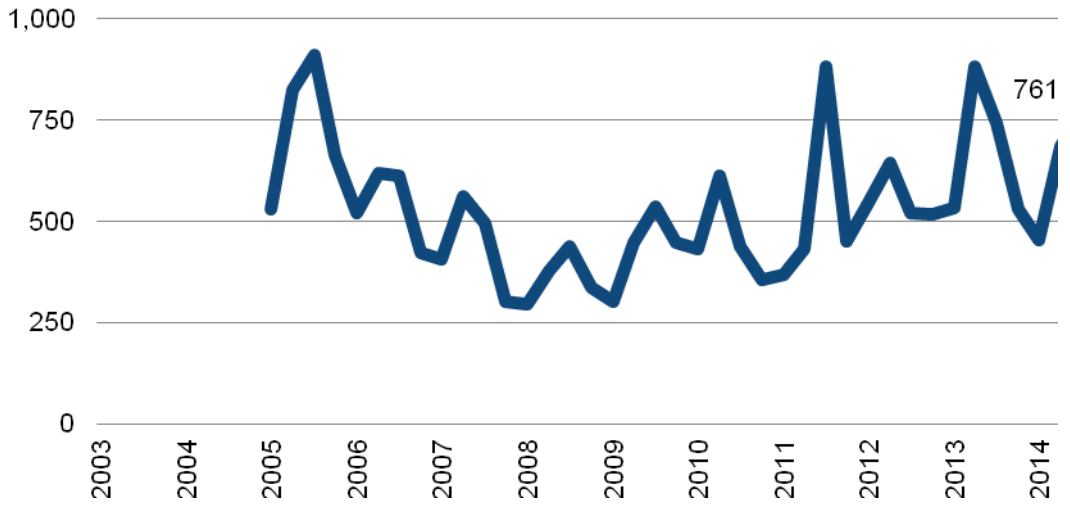
**Median sales price  
Vancouver, existing homes**



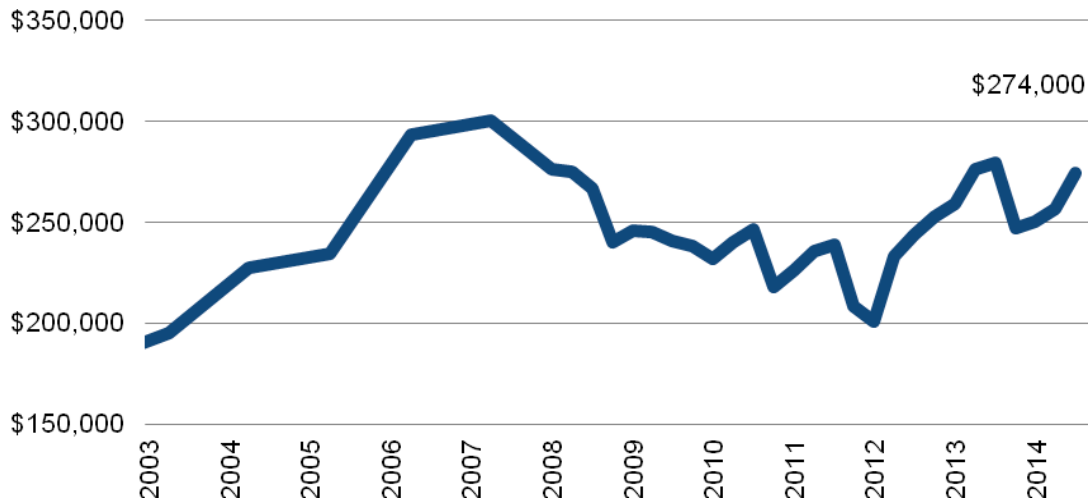
**Days on market**  
**Vancouver, existing homes**



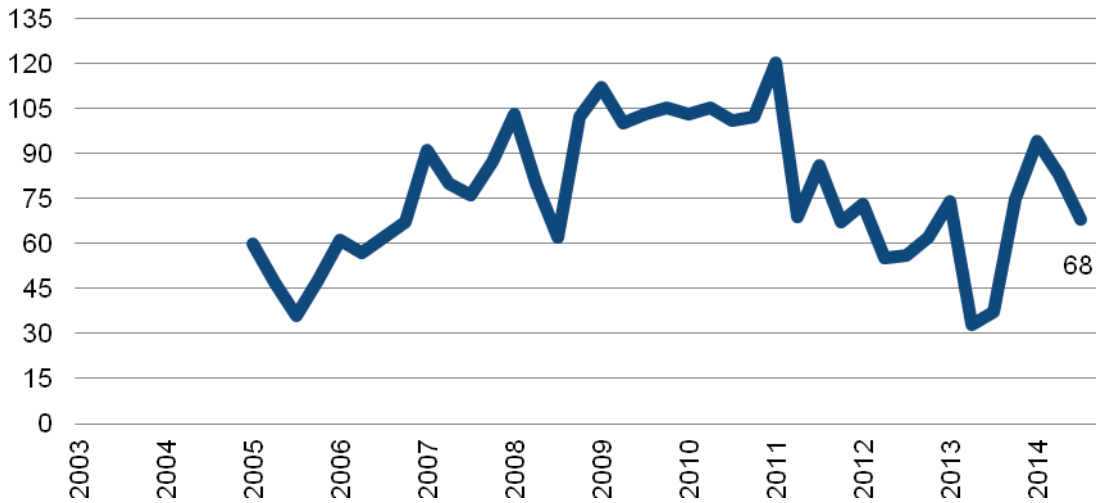
**Number of transactions**  
**Clark County, excluding Vancouver, existing homes**



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



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

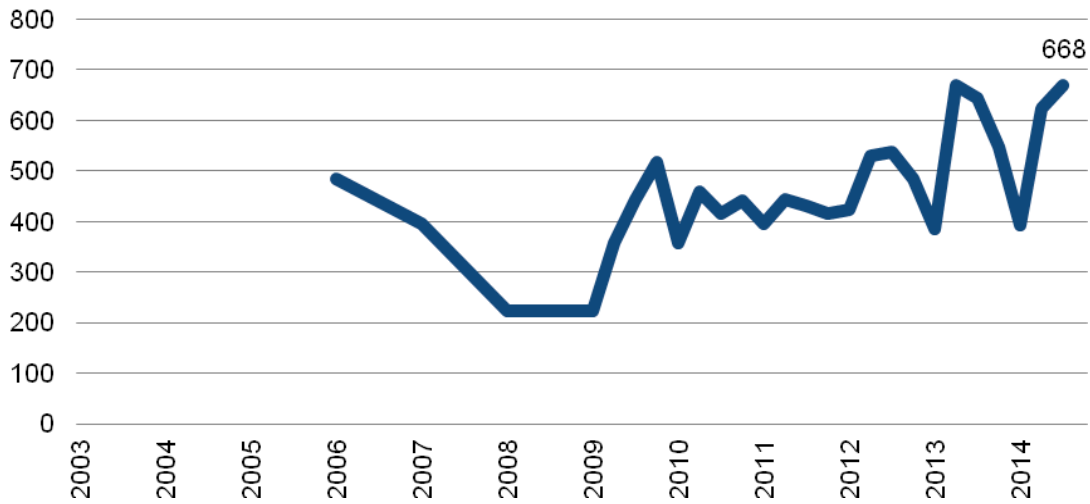


## CENTRAL OREGON

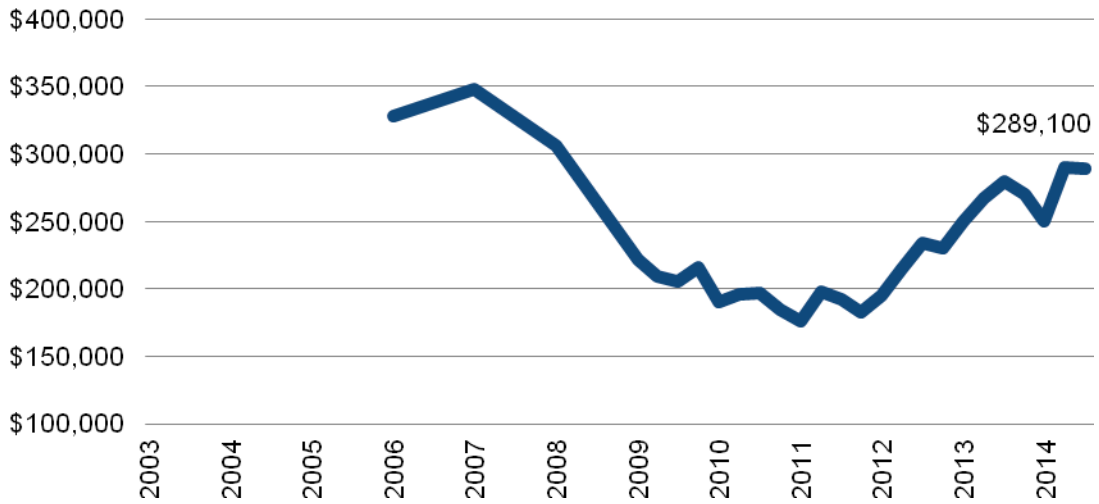
With the exception of the first quarter of 2014 Bend has had steady sales for the last 6 quarters. There were 668 transaction under 1 acre in the third quarter of 2014. This is up from 624 in the second quarter. The median sales price held steady at \$289,100.

Redmond continued on last quarter’s strong growth and posted 253 transactions under 1 acre and the median price rose to \$197,000. This is a 20 percent increase in transactions over the third quarter of 2013 and a 10 percent increase in median price over the same period last year. It appears that the growth of Bend is spilling over to Redmond as it has done in previous cycles.

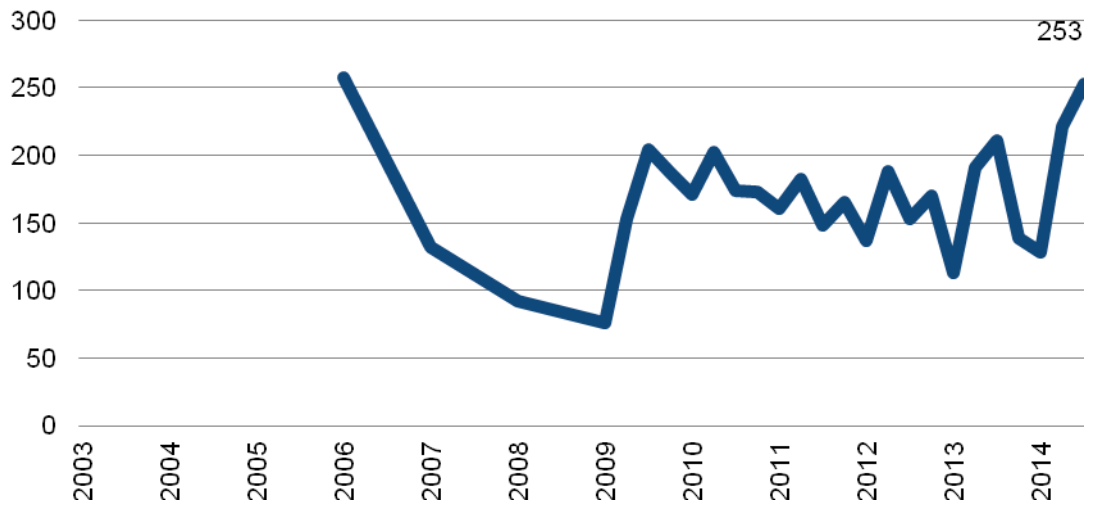
**Number of transactions  
Bend, under 1 acre**



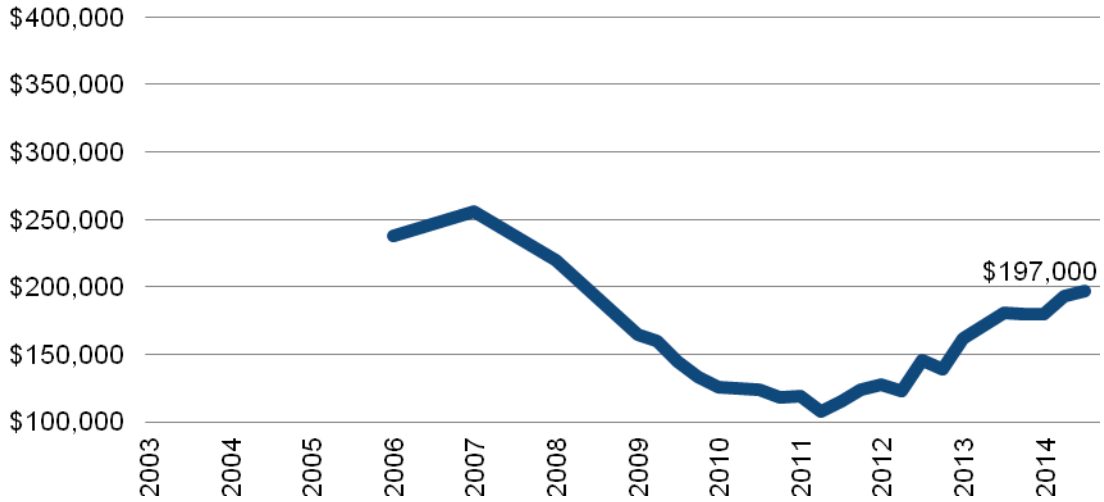
**Median sales price  
Bend, under 1 acre**



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



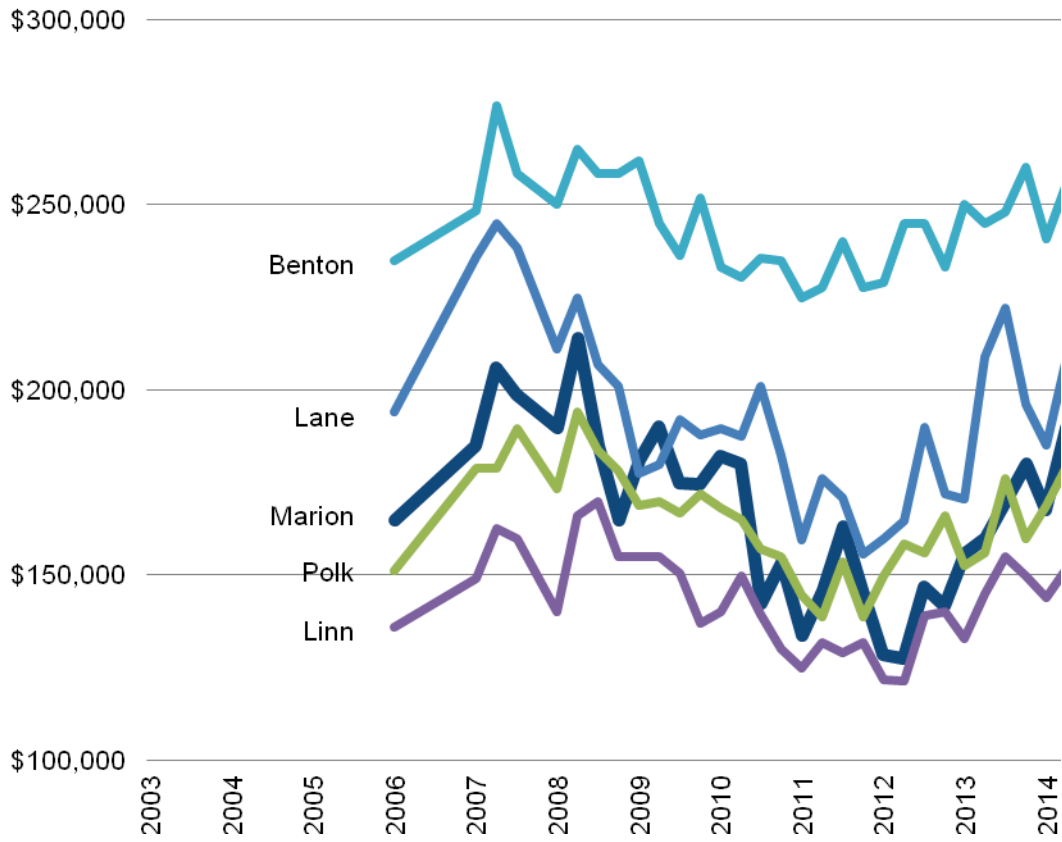
**Median sales price  
Redmond, under 1 acre**



**WILLAMETTE VALLEY**

Polk County was the only area within the Willamette valley to show a decrease in median price. The decrease was marginal however as was the growth in the areas when compared to the second quarter of 2014. Most of the Willamette valley was flat relative to the third quarter of 2013. Marion County was the exception with an increase of 18 percent in median price from \$170,000 in the third quarter of 2013 to just under \$200,000 at \$199,900 in the third quarter of 2014.

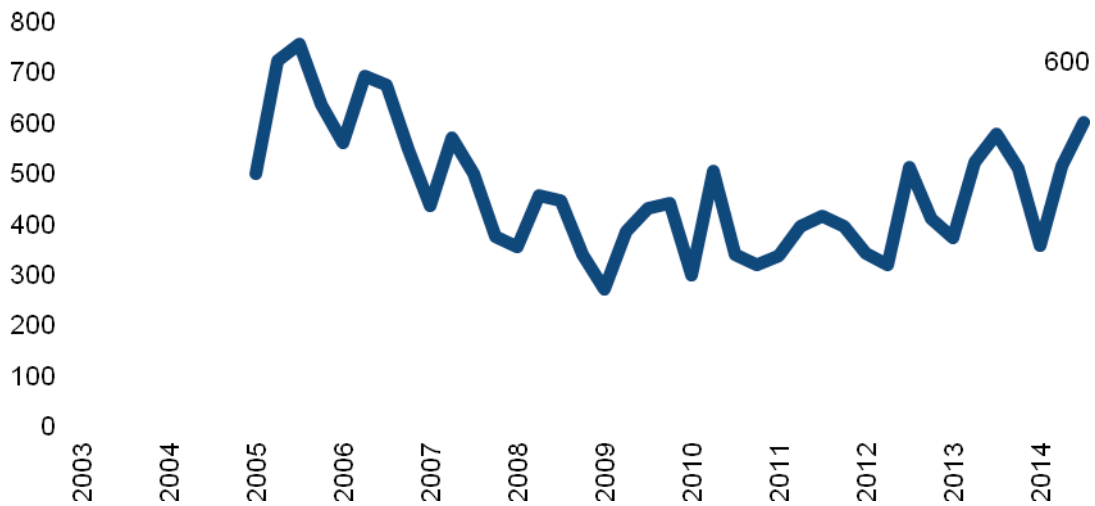
**Median sales price**  
**Willamette Valley, existing detached homes**



## SALEM

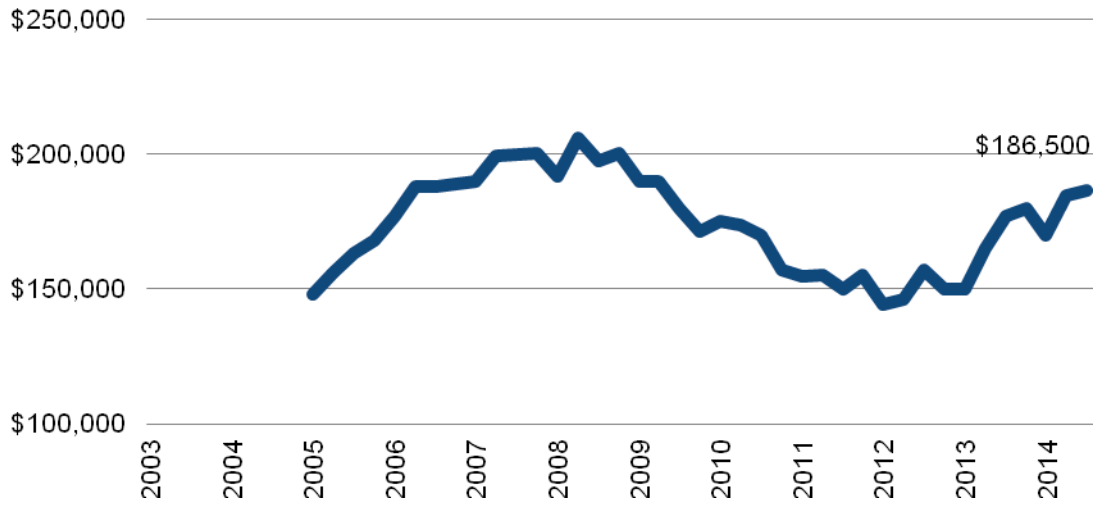
Salem posted the most transactions in the third quarter since the third quarter of 2006 with 600 transactions closed. The median price now stands at \$186,500 and average marketing time is 100 days.

Number of transactions  
Salem, existing homes

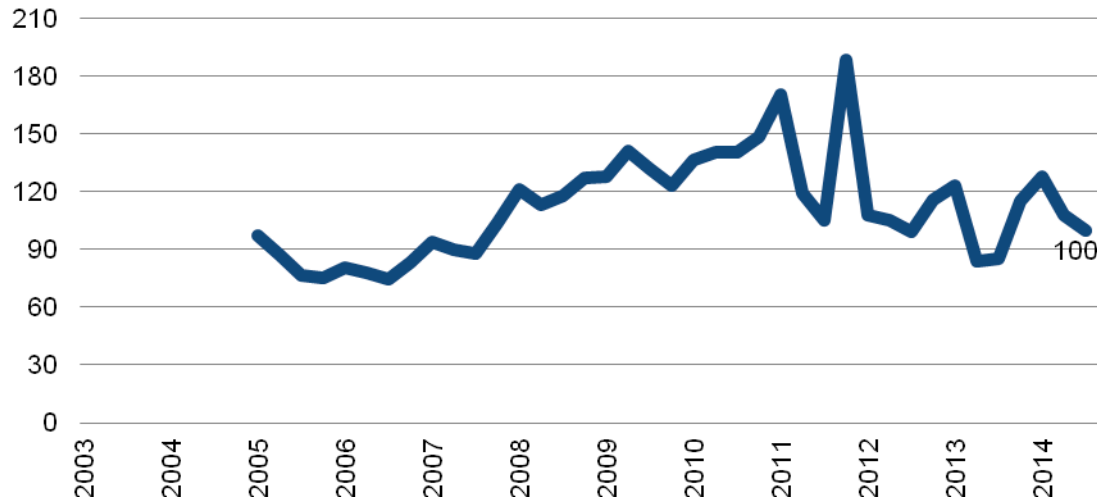




**Median sales price  
Salem, existing homes**



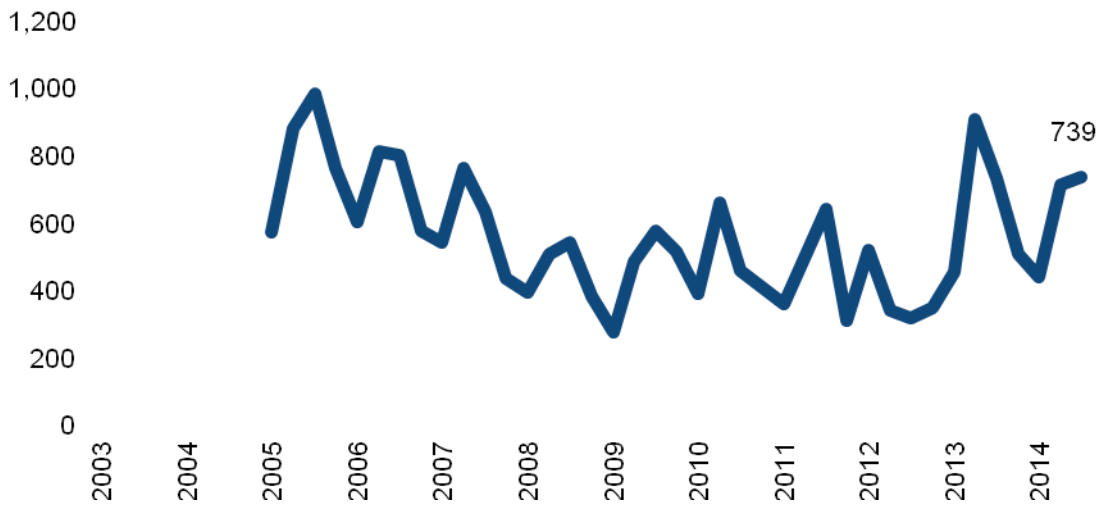
**Days on market  
Salem, existing homes**



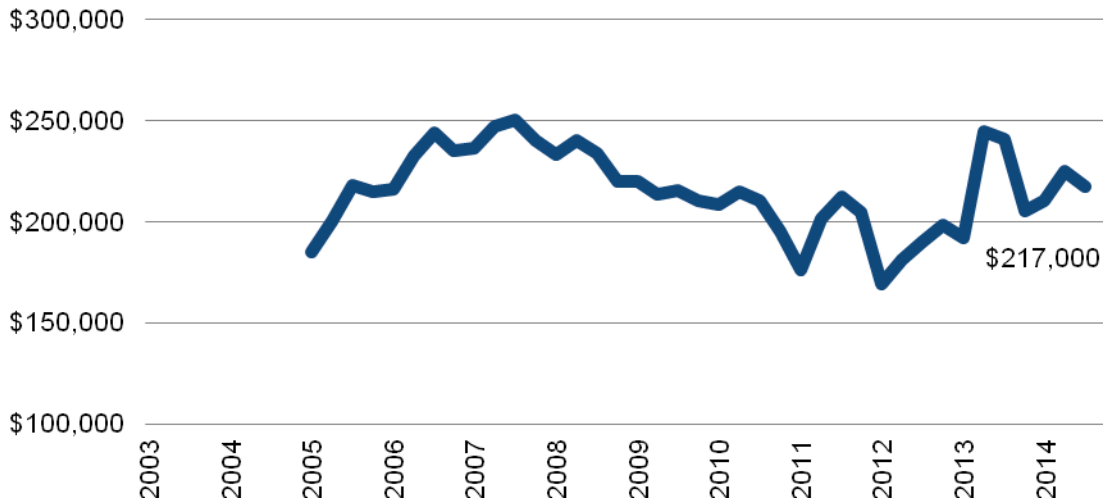
## EUGENE/SPRINGFIELD

The median sales price in the Eugene/Springfield market dipped slightly to \$217,000 on 739 sales during the third quarter. This market continues to show improvement but at a slower pace than other markets around the state.

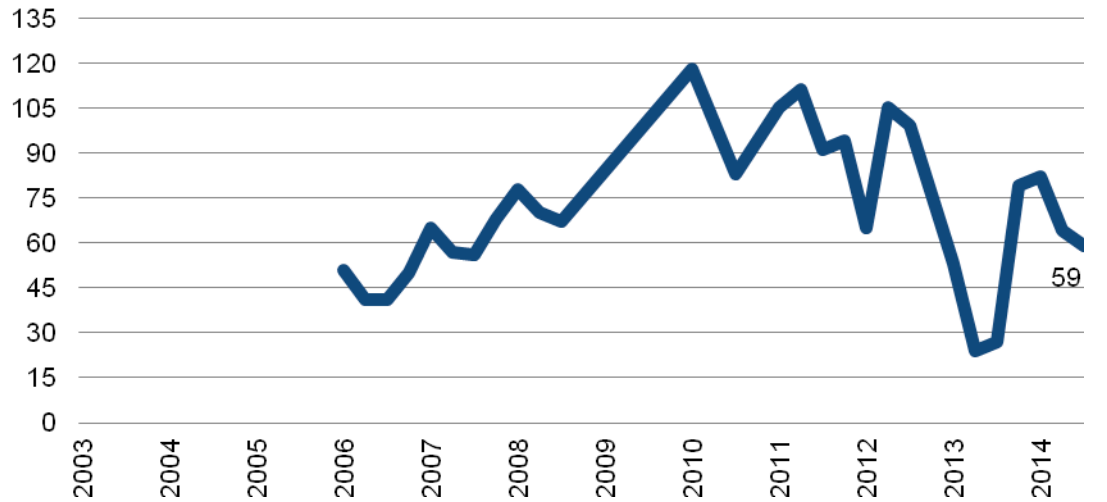
**Number of transactions**  
**Eugene-Springfield, existing homes**



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



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



## **SOUTHERN OREGON**

As of August of 2014 Josephine County had a median sales price of \$173,450. This was a 4.2 percent increase over the median of \$166,500 in August of 2013. The average number of days on the market increased from 64 to 67 days

Over the same period, Jackson County's median sales price was \$219,900. That is an increase of 11.9 percent over August 2014's median price of \$198,450. Average days on the market increased 4 days to 47. ■