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## RESIDENTIAL MARKET ANALYSIS

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In general, the gains nationally and in local Oregon markets reported for the third quarter of 2015 are more modest than those that drove the second quarter's results. Housing in particular is quite cyclical in accordance with the seasons, meaning it may be useful to interpret the third quarter's results by shifting focus to year-on-year improvements. As winter approaches, volumes will display rather normal contractions. That being said, most of the Oregon markets surveyed continue to perform strongly.

Axiometrics reports that nationally in July, single-family permitting decreased by 1.9 percent from the prior month to a Seasonally Adjusted Annual Rate (SAAR) of 679,000 units, a 6.1 percent increase year over year. Single-family starts increased 12.8 percent from the prior month to 782,000 units, which is 19.0 percent higher in year-over-year terms. Single-family completions totaled 627,000 units for the 12 months ending in July 2015.

The National Association of Realtors (NAR) reports the median sale price for existing single-family homes registered at \$235,500, a 5.8 percent premium over July 2014. Transaction volume was also up in year-over-year terms by 2.7 percent to a SAAR of 4.96 million units. Unsold inventory of all home types at the end of July

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tightened to a 4.8-month supply, down 0.4 percent from 4.9 months in June. First-time homebuyers represented a 28 percent share of the market in July.

National single-family permitting increased again in August, this time by 2.8 percent over the prior month to a SAAR of 699,000 units, an 8.7 percent year-over-year increase. For the consecutive 12 months ending in August 2015, single-family starts decreased 3.0 percent to 739,000 units (still 14.9 percent better than one year prior). Completions rose 5.4 percent to 646,000 units annually.

In August, a SAAR of 4.69 million existing single-family homes transacted, around six percent greater in year-over-year terms. The median price for these units came in at \$230,200, a five percent gain year over year. Unsold inventory of all home types increased from the prior month to a 5.2-month supply. First-time homebuyers represented an improved 32 percent of the market in August.

In September, national single-family transaction volume increased again, to a SAAR of 4.93 million units, nearly 10 percent more than one year prior. The median sale price for existing homes reached \$223,500, nearly seven percent higher year over year. National unsold inventory dropped in September to a 4.8-month supply. The share of first-time homebuyers in the market decreased to 29 percent during the month, backing off from the record set so far in 2015 in August (32 percent).

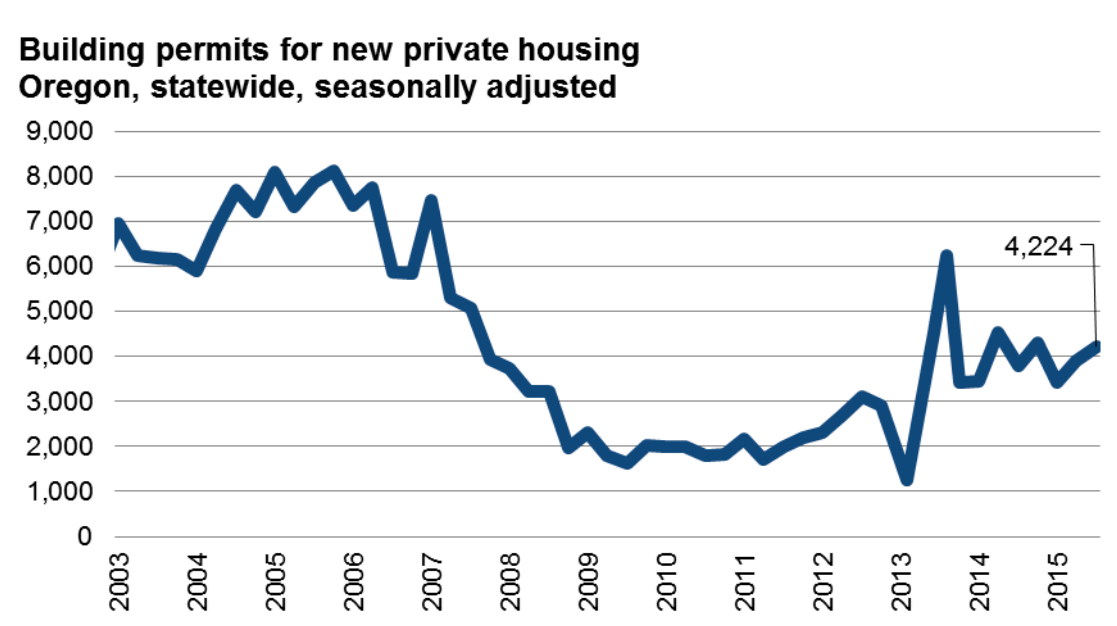
Berlinberg Properties reports that, from a national perspective in the third quarter, mortgage rates increased in July and then fell back in August and September amid concerns over turbulence in global markets and uncertain growth. The group shares that Freddie Mac's most recently reported average commitment rates are as follows:

- 30-year fixed rate: 3.91 percent
- 15-year fixed rate: 3.11 percent
- 5/1 adjustable rate: 2.92 percent

Citing the U.S. Department of Commerce, RealtyTrac's August Housing News Report indicates the national homeownership rate has fallen for the eighth consecutive year, arriving at 63.4 percent in the second quarter of 2015. This is the lowest rate of homeownership in the U.S. since 1967. The 50-year average rate is 65.3 percent. As previously documented, young adults are an important driver of this trend as they face uncertain employment prospects, relatively high personal debt burdens, "wage growth that hasn't kept up with surging home prices," and exacting mortgage underwriting standards. Of course, generationally unique tastes and preferences play a role as well.

## LOCAL PERMITTING

In the third quarter of 2015, 4,224 building permits for new private housing units were issued in total across Oregon. Despite quarter-over-quarter and year-over-year increases, statewide permitting activity has been relatively stable for the past two years.



3,548 permits for new private housing units were issued in the Portland-Vancouver-Hillsboro Metropolitan Statistical Area (MSA) in the third quarter. This is a substantial increase in quarter-over-quarter and year-over-year terms: 37 percent or 960 permits greater versus 2015's second quarter, and 26 percent or 725 permits more than 2014's third quarter.

**Building permits for new private housing  
Portland-Vancouver-Hillsboro MSA, seasonally adjusted**



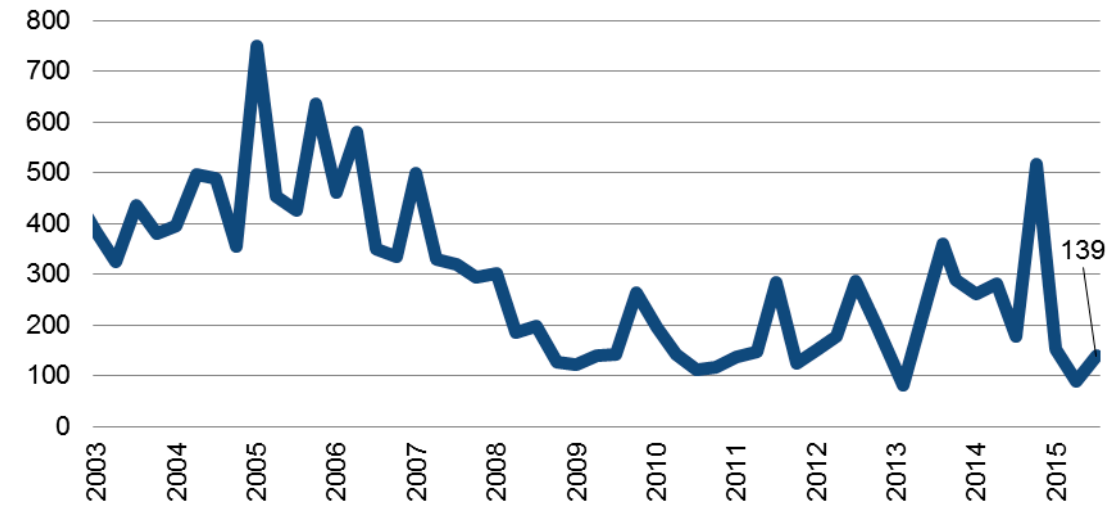
The Bend MSA received 422 permits for new private housing units. In consecutive-quarter and year-over-year comparisons, this represents much stronger gains than were reported in the second quarter. 422 permits in the third quarter represent 19 percent more than were issued in the second quarter of 2015 and 27 percent more than were issued in the third quarter of 2014.

**Building permits for new private housing  
Bend MSA, seasonally adjusted**



The Eugene-Springfield MSA's third-quarter results are mixed. Permitting for new private housing units totaled 139, 54 percent more than the prior quarter but 22 percent fewer year over year.

**Building permits for new private housing  
Eugene-Springfield MSA, seasonally adjusted**



The Medford MSA is the only market to see declines in permitting of new private housing units from both perspectives in the third quarter. 123 such permits were issued, 17 percent less than the prior quarter and 46 percent less in year-over-year terms.

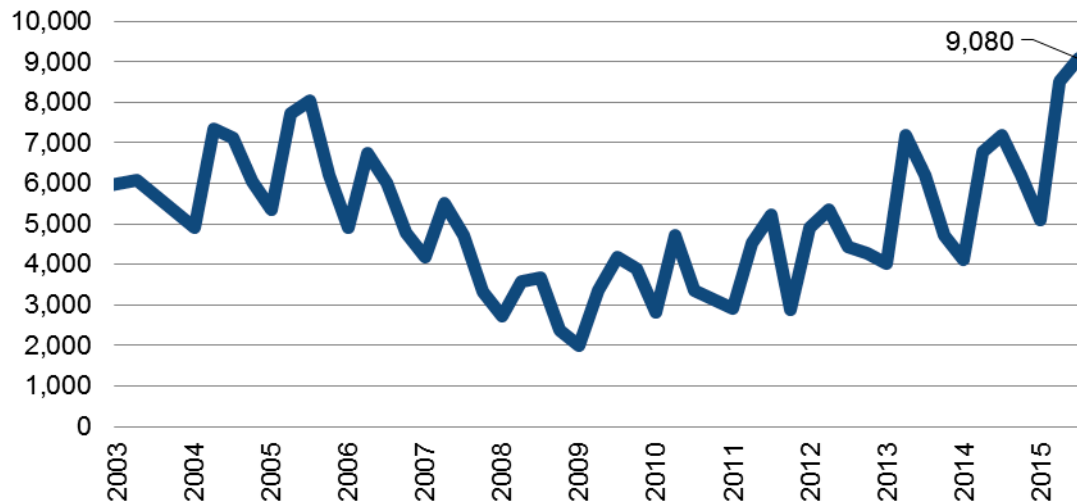
### Building permits for new private housing Medford MSA, seasonally adjusted



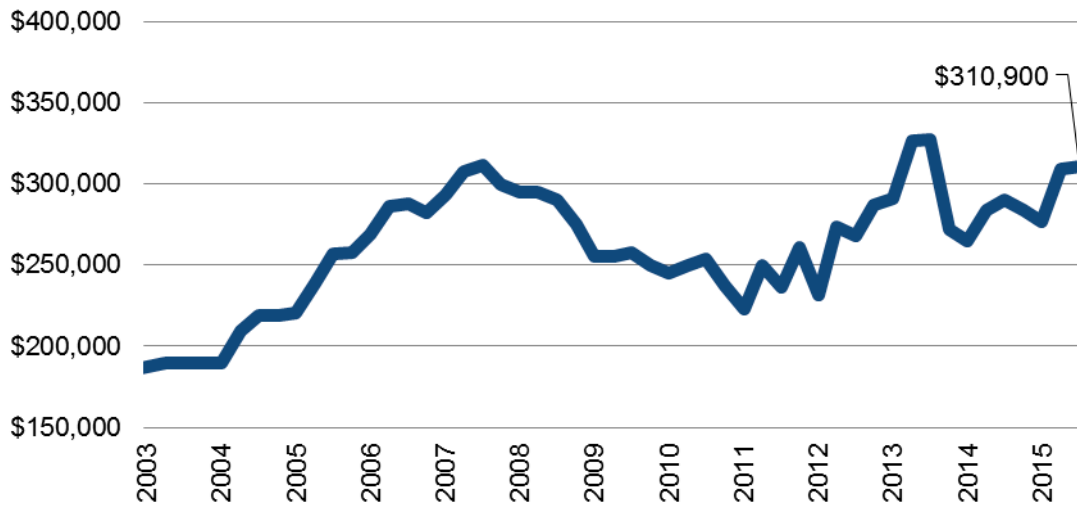
## PORTLAND TRANSACTIONS

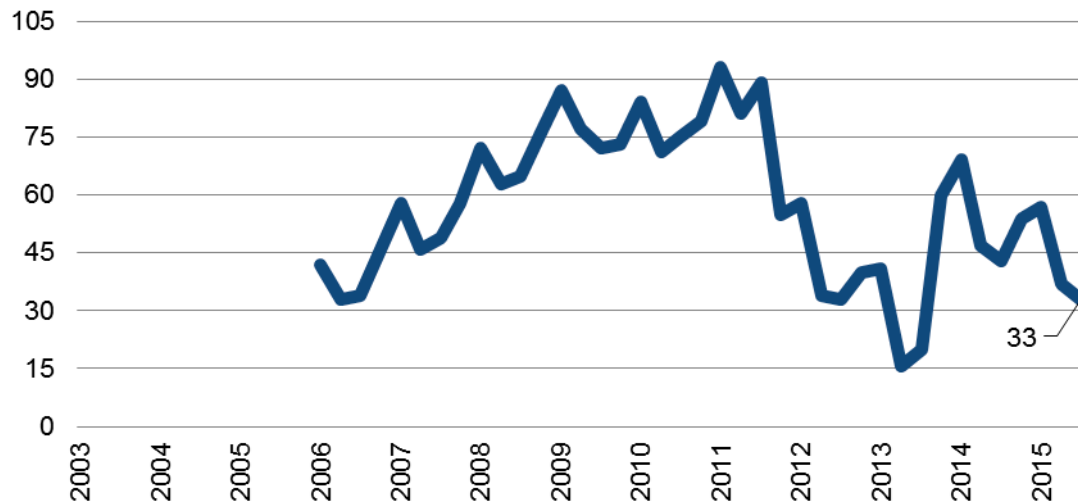
The Portland market has shown another quarter of strong growth in the residential market. In the quarter, 9,080 sales were recorded, seven percent more than the second quarter and 26 percent more than the third quarter of 2014. The median sale price inched up to \$310,900, around one percent higher than the prior quarter and seven percent higher year over year. Units averaged 33 days on the market, an 11 percent shorter timeframe than the prior quarter and two percent less time than the third quarter of 2014. Sellers continued to command 100 percent of list prices in realized sale prices.

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



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



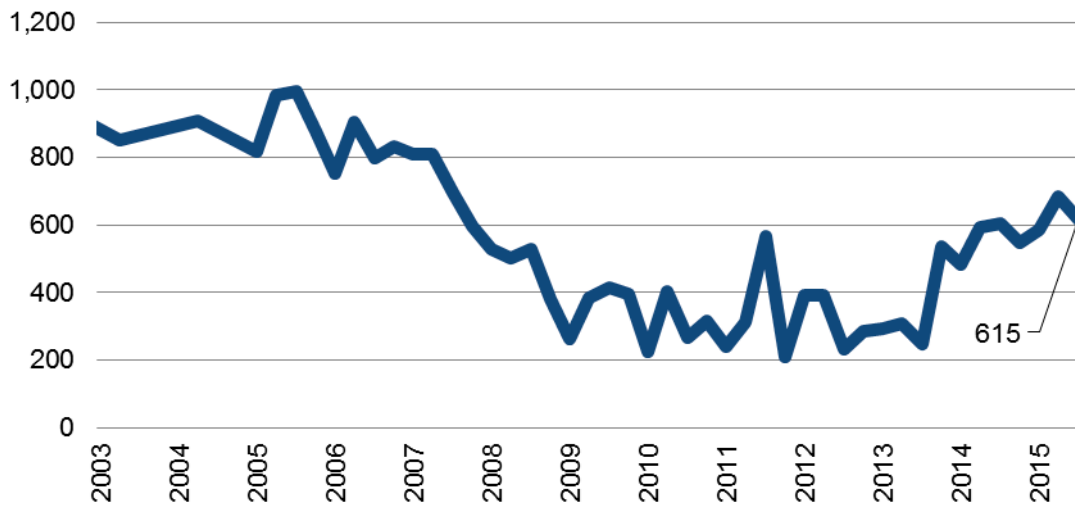
**Days on market**  
**Portland metro, existing homes****Ratio of sales price to list price**  
**Portland metro, existing homes**

In the market for newly built detached single-family units, sales volume and median price displayed modest reductions versus the second quarter and modest gains versus the third quarter of 2014. 615 new homes sold in the third quarter of 2015, 10 percent fewer than during the second quarter and two percent more than third quarter 2014. The median sale price floated down to \$391,320, around one

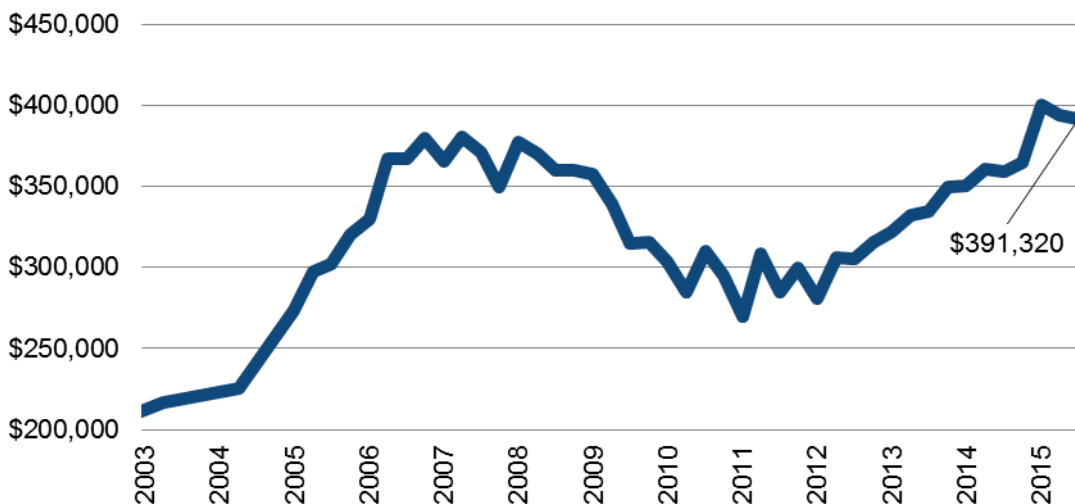


percent lower than second quarter but still nine percent better than third quarter 2014.

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



### Median sales price Portland metro, new detached homes

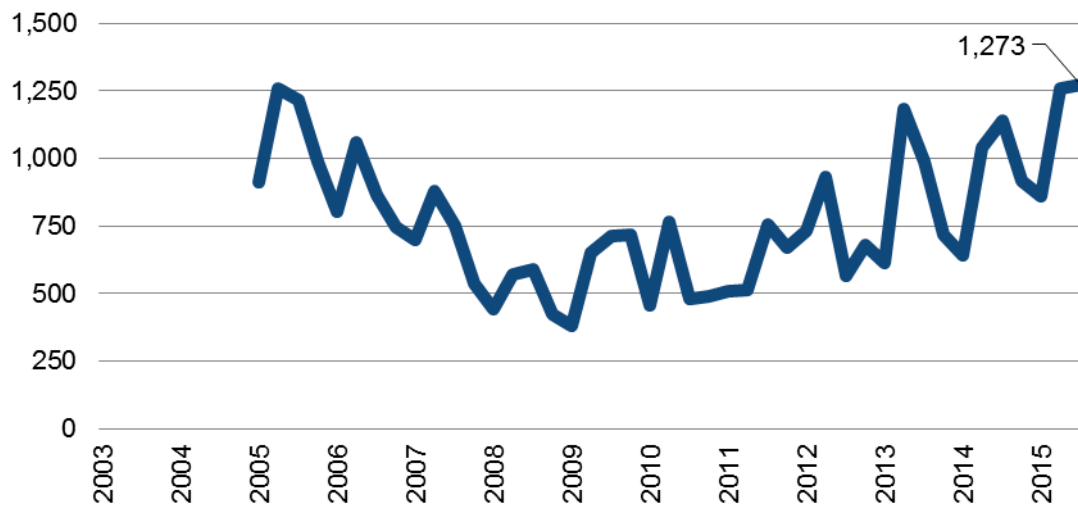


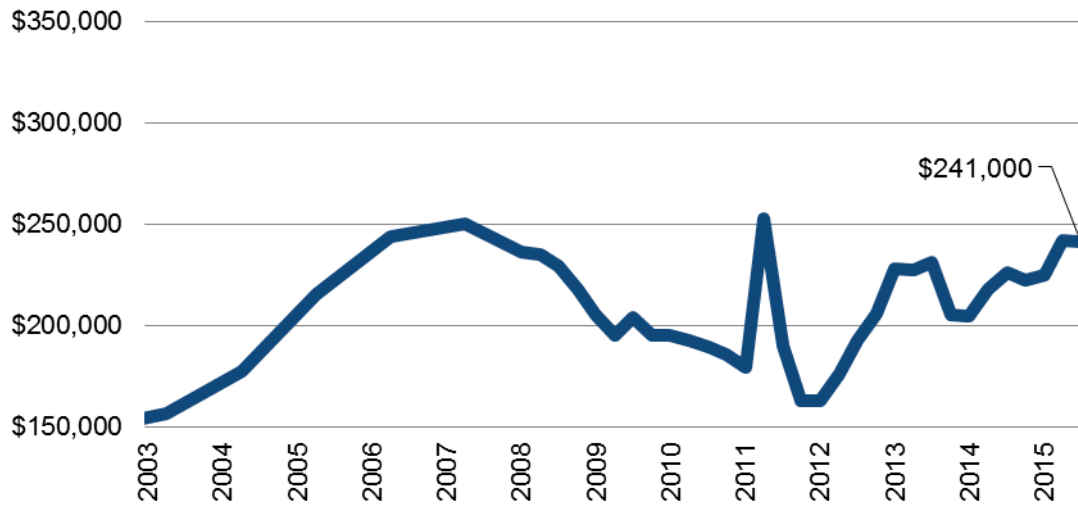
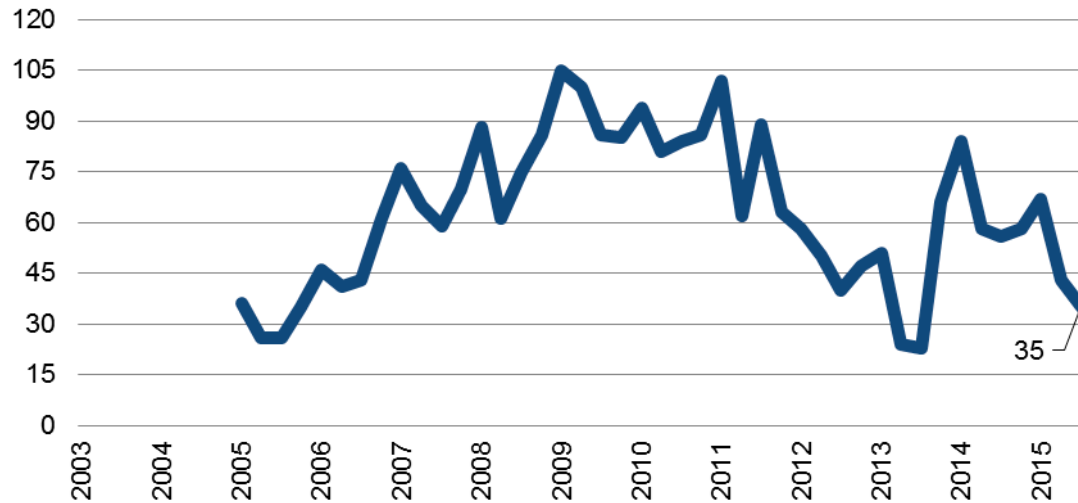
## VANCOUVER AND CLARK COUNTY TRANSACTIONS

The trend patterns in the Vancouver and Clark County markets for existing single-family units show a mixed bag of generally modest gains in the third quarter.

1,273 existing units sold in Vancouver, a one percent increase over the prior quarter and a 12 percent increase year over year. The median sale price barely moved, declining from the prior quarter less than one percent to \$241,000, a price seven percent greater than third quarter 2014. Units averaged 35 days on the market, which is 19 percent faster than the second quarter and 38 percent faster than third quarter 2014.

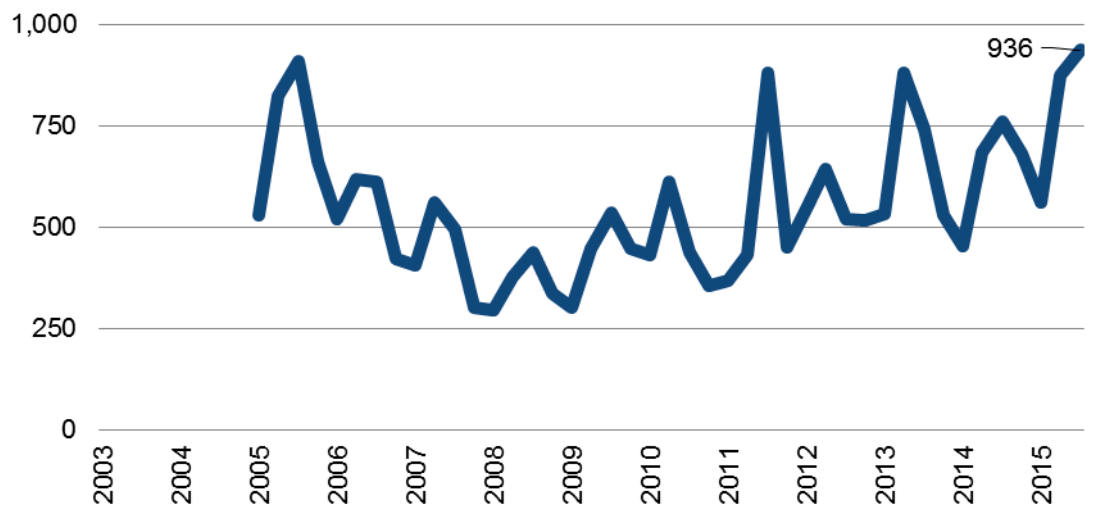
**Number of transactions**  
**Vancouver, existing homes**



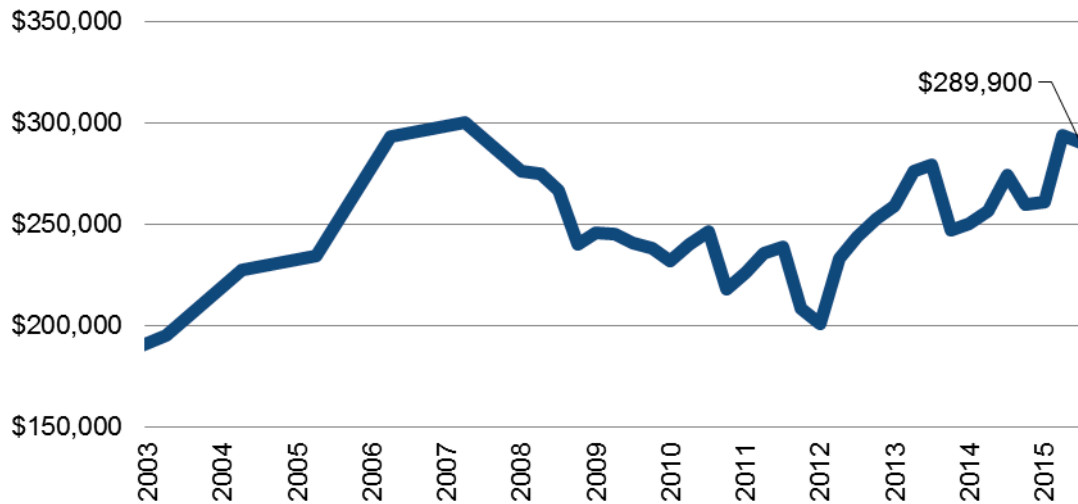
**Median sales price  
Vancouver, existing homes****Days on market  
Vancouver, existing homes**

Similarly, 936 existing units sold in the balance of Clark County excluding Vancouver during the third quarter, a seven percent increase over the second quarter and 23 percent more than third quarter 2014. The area's median price drifted down from the prior period by one percent to \$289,900, a price six percent greater year over year. The units that ultimately sold averaged 50 days on the market, which is 12 percent faster than the second quarter statistic and 26 percent less time year over year.

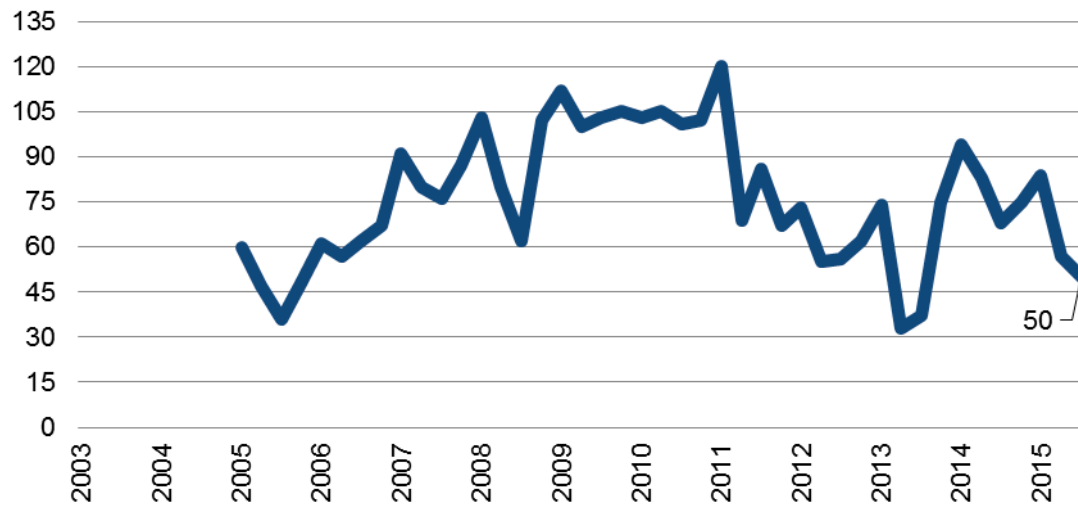
**Number of transactions**  
**Clark County, excluding Vancouver, existing homes**



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



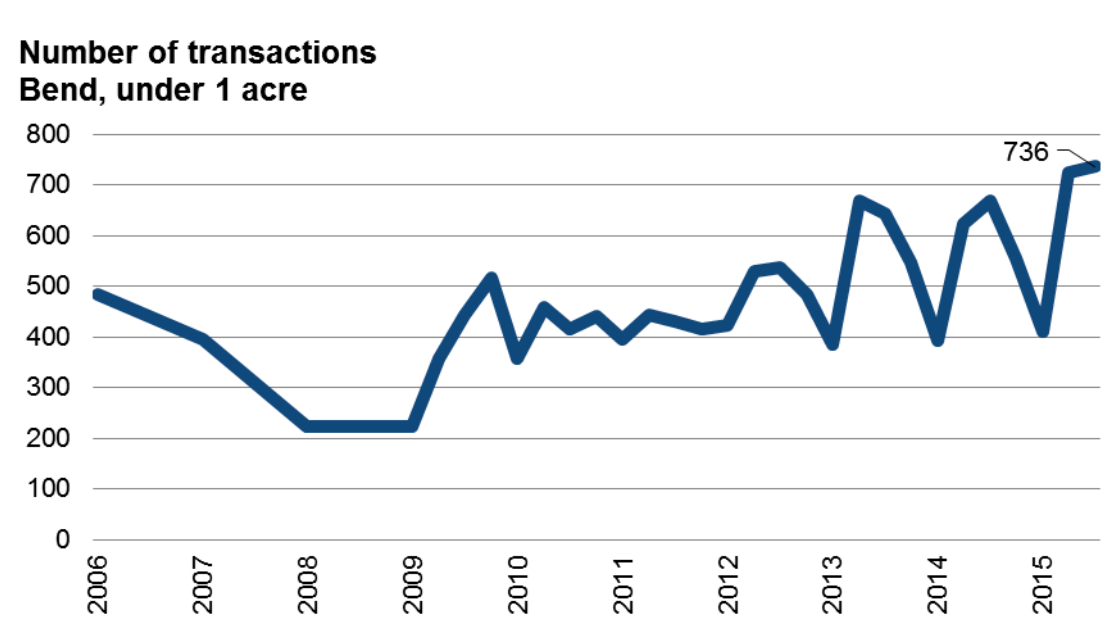
**Days on market**  
**Clark County, excluding Vancouver, existing homes**

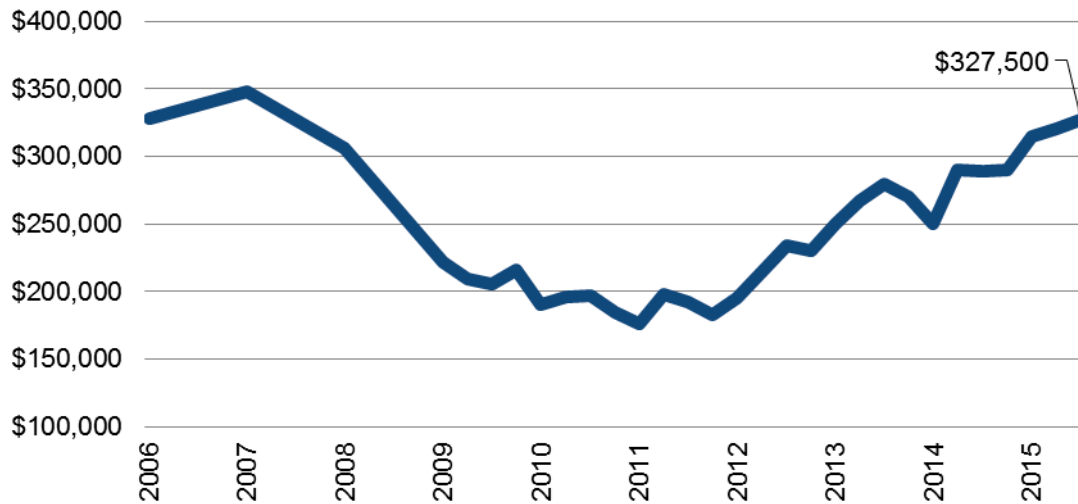
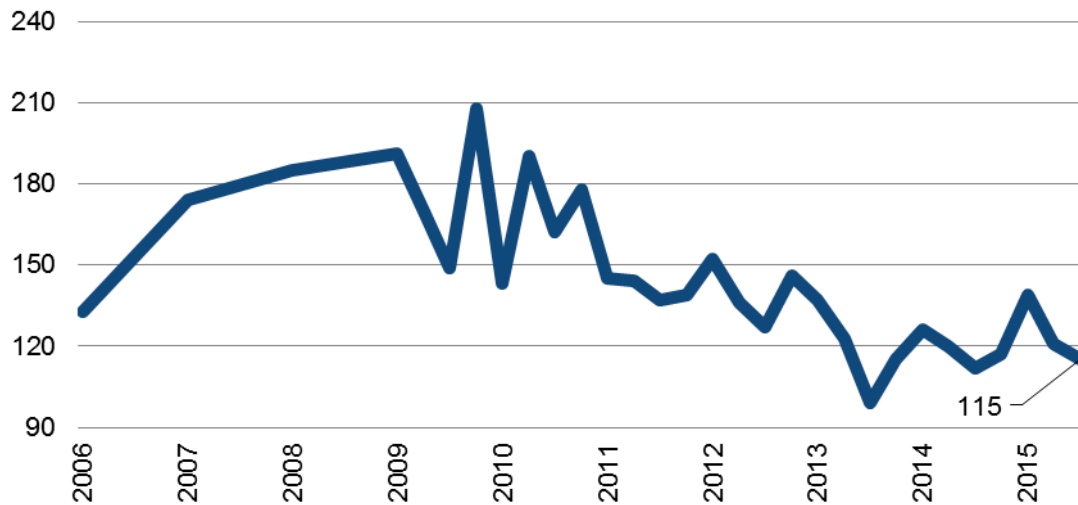


## CENTRAL OREGON TRANSACTIONS

Like its northern neighbors Portland and Vancouver, Central Oregon's market indicators generally revealed growth in the third quarter, but not at the robust rates seen during the second quarter.

The third quarter in Bend saw 736 trades of existing homes. This is one and a half percent more than the second quarter and 10 percent more year over year. The median sale price rose two percent from the prior period to \$327,500, a price 13 percent above third quarter 2014. Transacted units averaged 115 days on the market, five percent faster than in the second quarter but three percent slower than the third quarter of 2014.

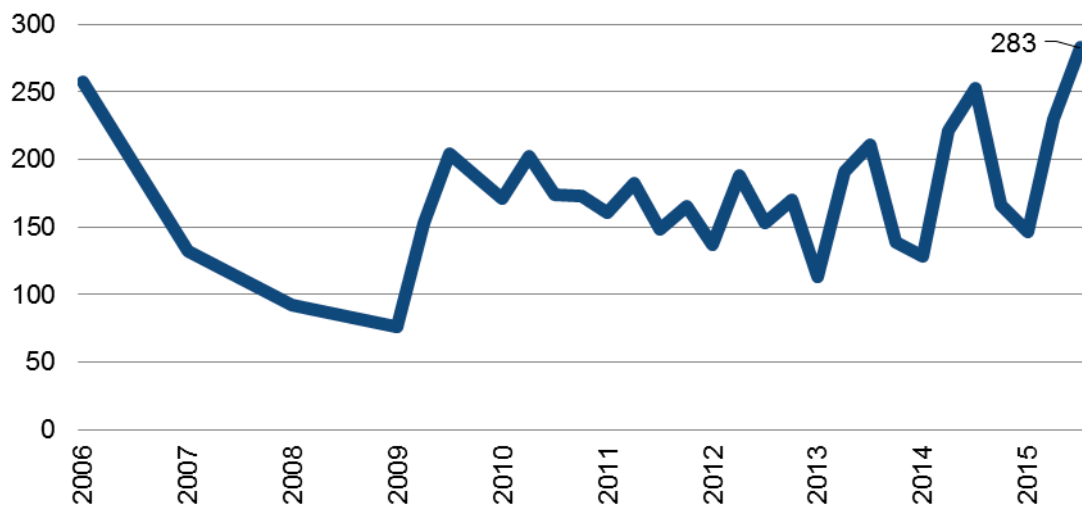


**Median sales price  
Bend, under 1 acre****Days on market  
Bend, under 1 acre**

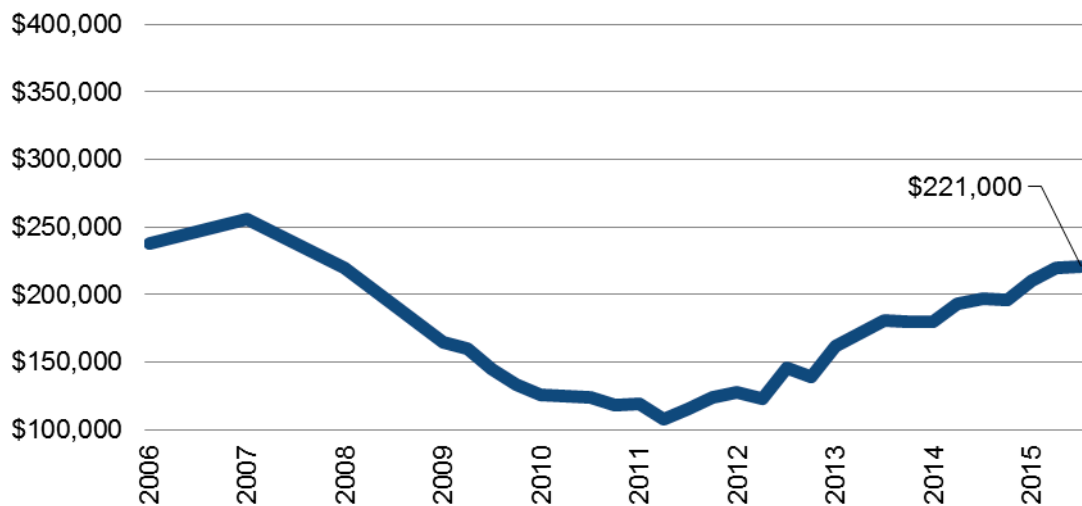
Redmond's existing single-family transaction total for the third quarter is 283 units: 23 percent more than the second quarter and 12 percent more than third quarter 2014. The median sale price increased from the prior period less than one percent to \$221,000, a price that is 12 percent higher than the level reached in third

quarter 2014. Sold units averaged 107 days on the market, six percent faster than second quarter and 15 percent faster year over year.

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

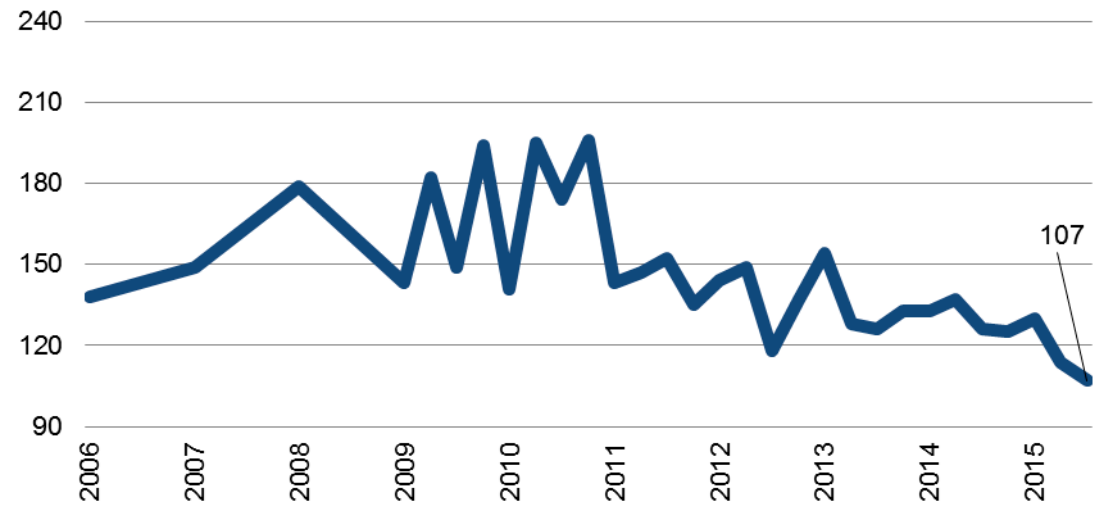


**Median sales price  
Redmond, under 1 acre**





### Days on market Redmond, under 1 acre

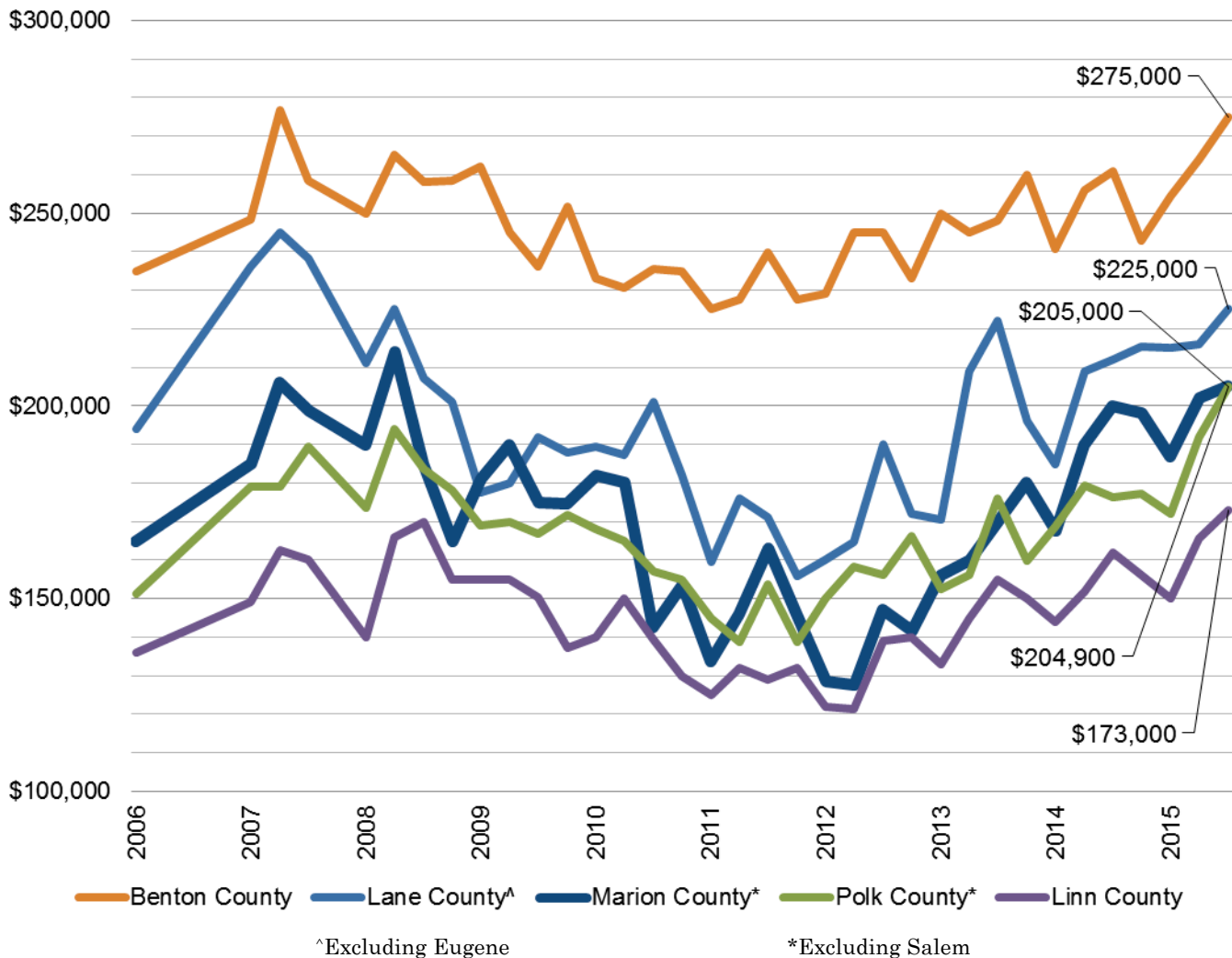


## WILLAMETTE VALLEY TRANSACTIONS

As in the second quarter of 2015, all measurements of median sale prices in the Willamette Valley counties made positive movements in the third quarter. Also similar: Linn and Polk Counties posted the most substantial increases versus the second quarter, and Linn County showed the greatest year-on-year growth.

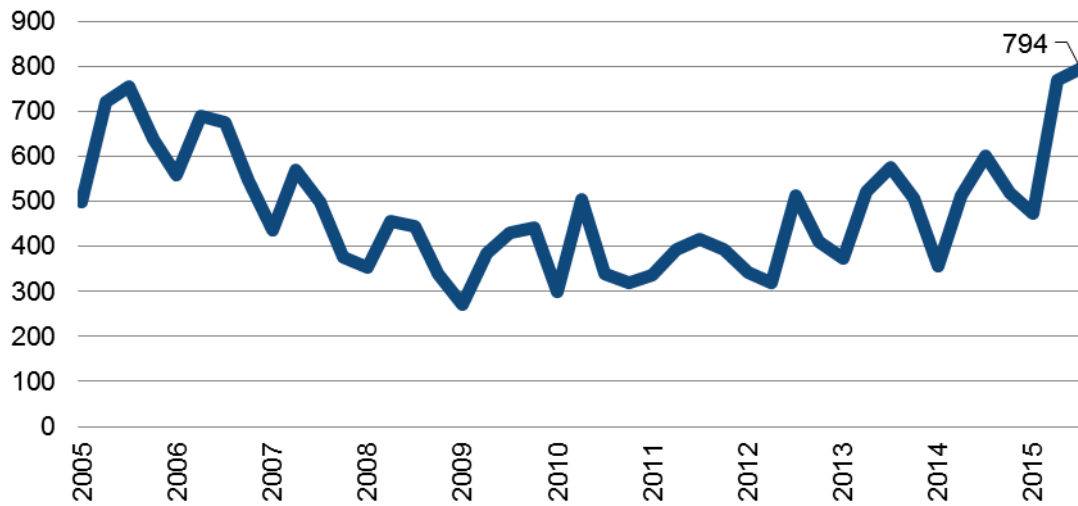
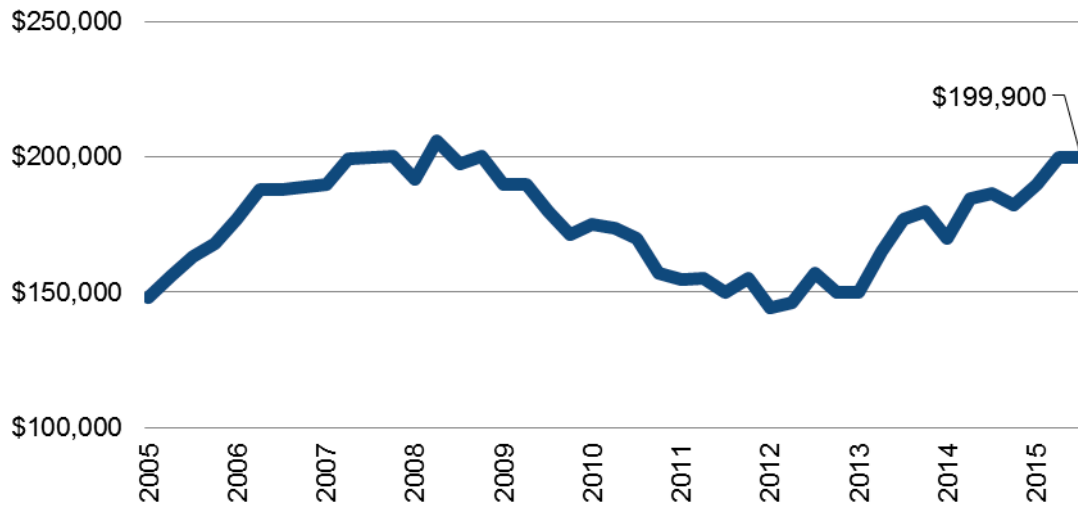
- Benton County: \$275,000 median price, a four percent increase of \$11,122 from the prior quarter and a five percent increase of \$14,000 year over year
- Lane County (excluding Eugene): \$225,000 median price, a four percent increase of \$9,000 from the prior quarter and a six percent increase of \$13,000 year over year
- Marion County (excluding Salem): \$205,000 median price, a one and a half percent increase of \$3,000 from the prior quarter and a three percent increase of \$5,100 year over year
- Polk County (excluding Salem): \$204,900 median price, a seven percent increase of \$12,900 from the prior quarter and a 16 percent increase of \$28,500 year over year
- Linn County: \$173,000 median price, a four percent increase of \$7,250 from the prior quarter and a seven percent increase of \$11,00 year over year

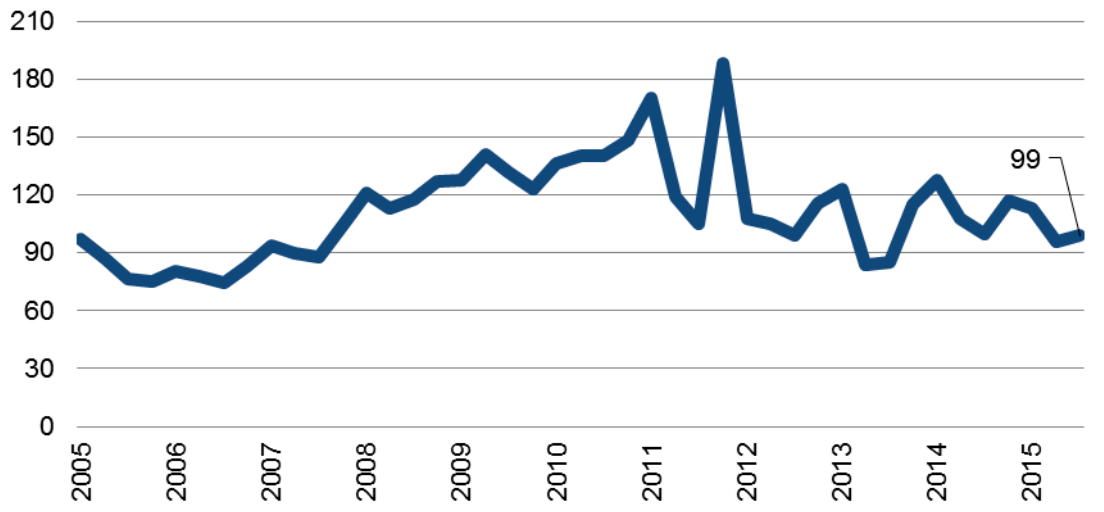
### Median sales price Willamette Valley, existing homes



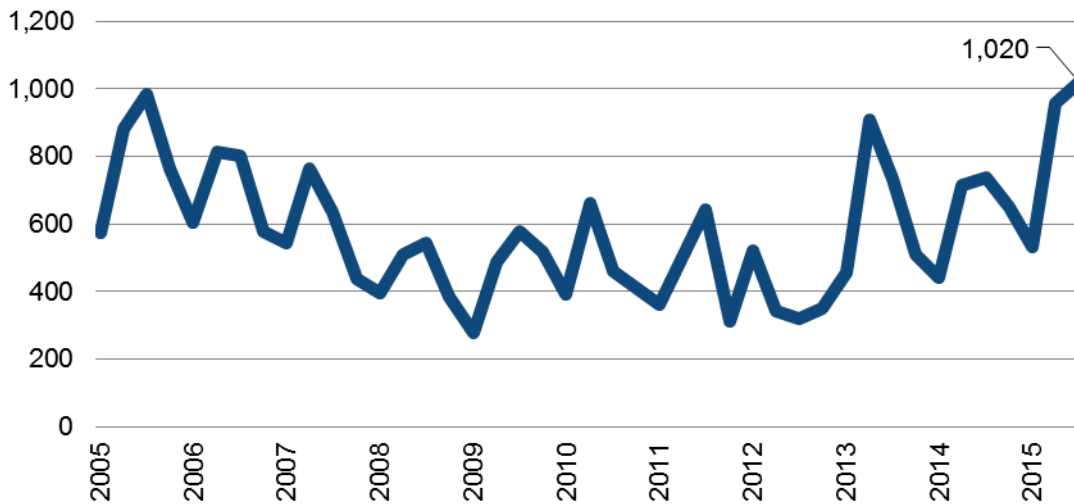
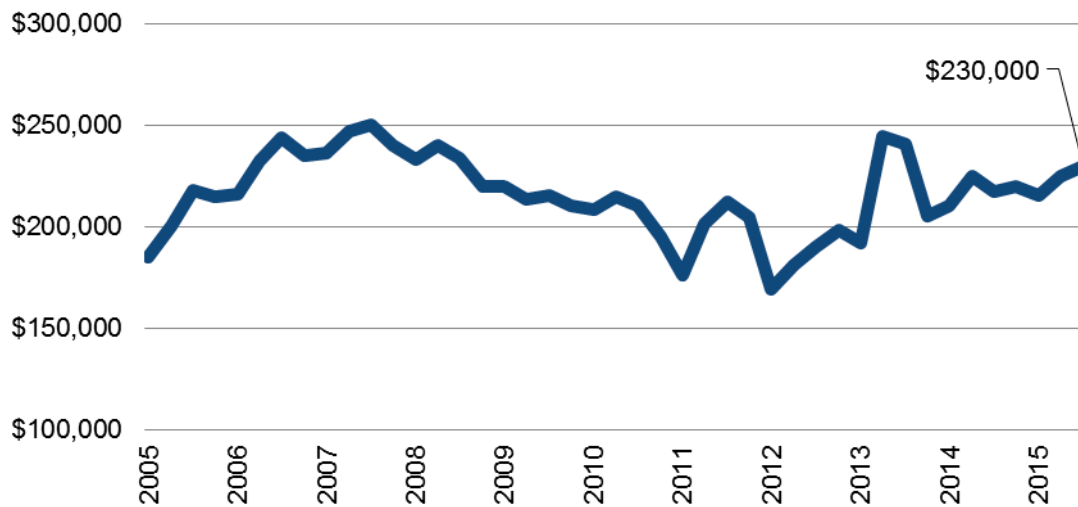
## SALEM TRANSACTIONS

Transaction volume in Salem increased from the second quarter by three percent or 25 transactions to reach 794 sales. This is also a 32 percent increase of 194 sales versus the third quarter of 2014. The median price did not change from the second quarter, remaining at exactly \$199,900. This is seven percent or \$13,400 more than the prior-year period. Units averaged 99 days on the market, three days or three percent slower than the second quarter, but one day or one percent faster than the third quarter of 2014.

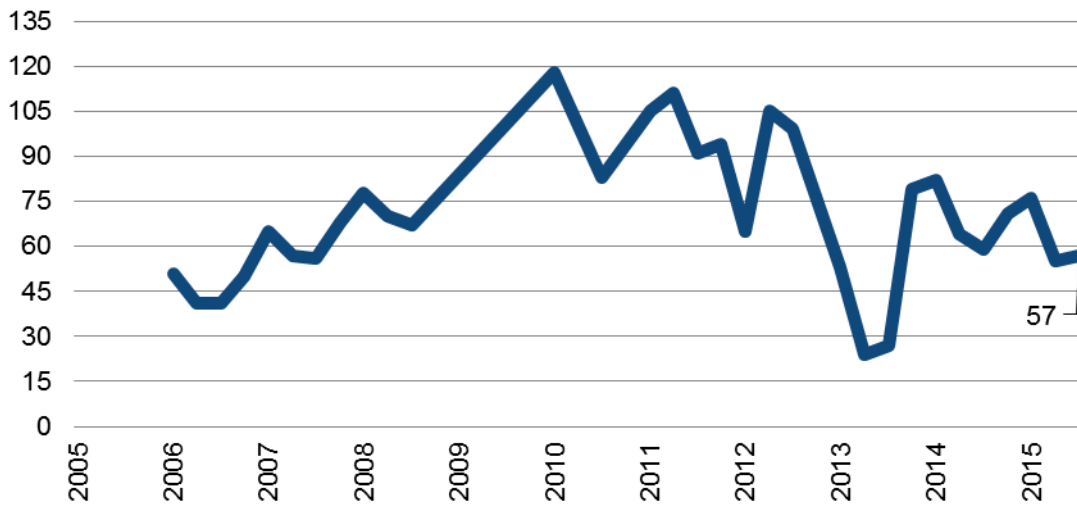
**Number of transactions  
Salem, existing homes****Median sales price  
Salem, existing homes**

**Days on market  
Salem, existing homes****EUGENE-SPRINGFIELD TRANSACTIONS**

As with most markets surveyed for the third quarter, Eugene-Springfield posted modest gains. 1,020 existing single-family units sold in the third quarter, six percent more than transacted in the second quarter and 38 percent more than third quarter 2014. The median price increased by two percent to \$230,000, six percent better than the third quarter of 2014. These sales averaged 57 days on the market, four percent slower than second quarter 2015 but three percent faster than the third quarter of 2014.

**Number of transactions  
Eugene-Springfield, existing homes****Median sales price  
Eugene-Springfield, existing homes**

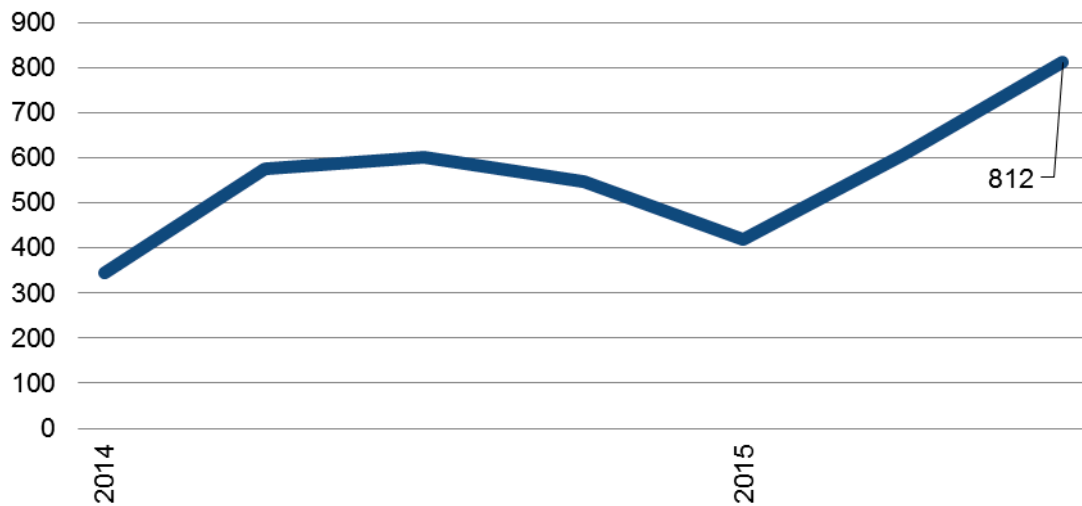
**Days on market**  
**Eugene-Springfield, existing homes**



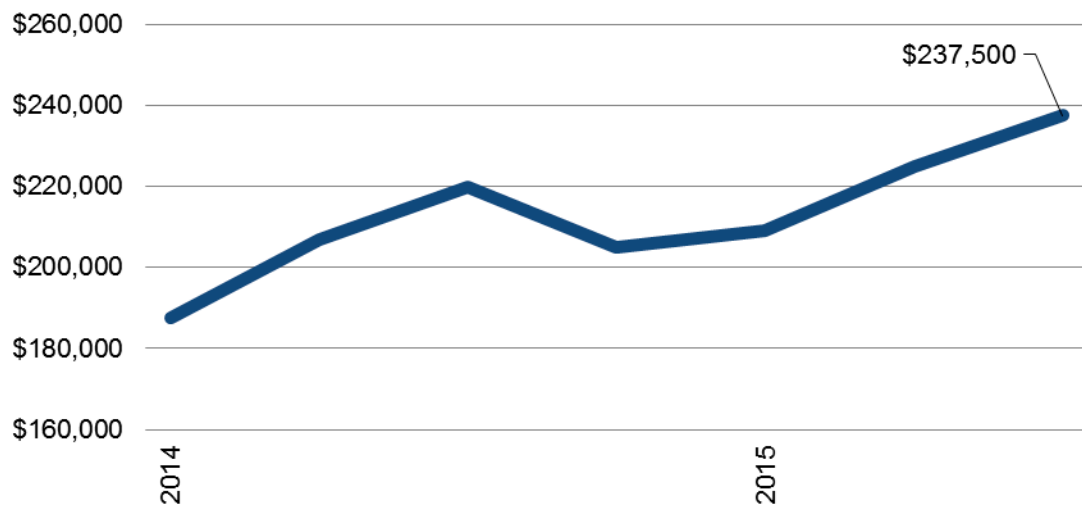
## SOUTHERN OREGON TRANSACTIONS

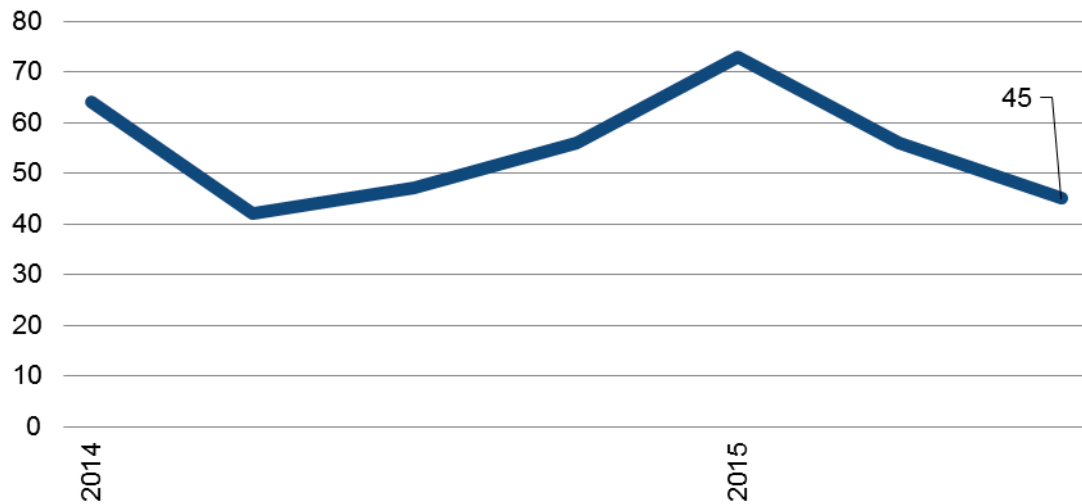
Data for southern Oregon is provided in rolling three-month groupings, and the most recent dataset available for this region covers the May 1, 2015 – July 31, 2015 time period. The following figures display the data for Jackson County.

**Number of transactions**  
**Jackson County, existing homes**

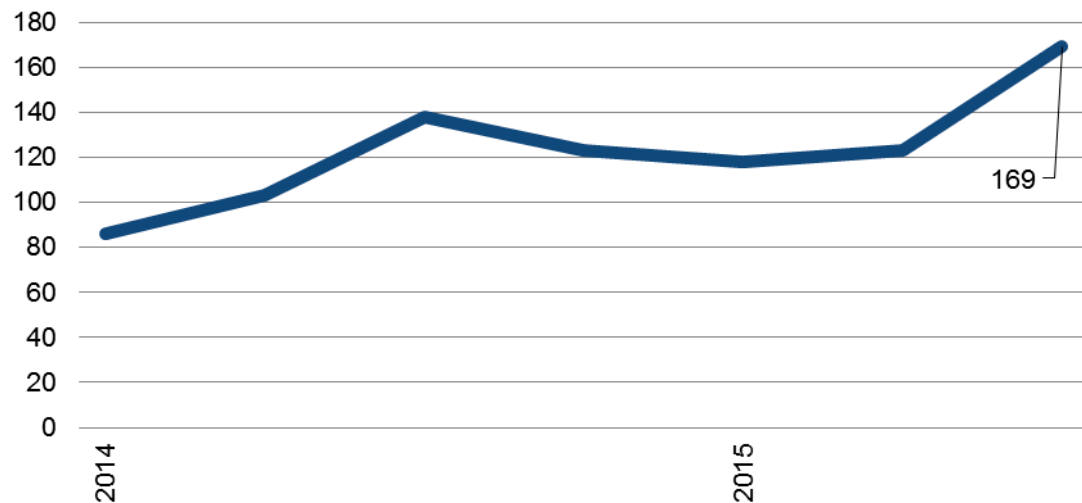


**Median sales price**  
**Jackson County, existing homes**

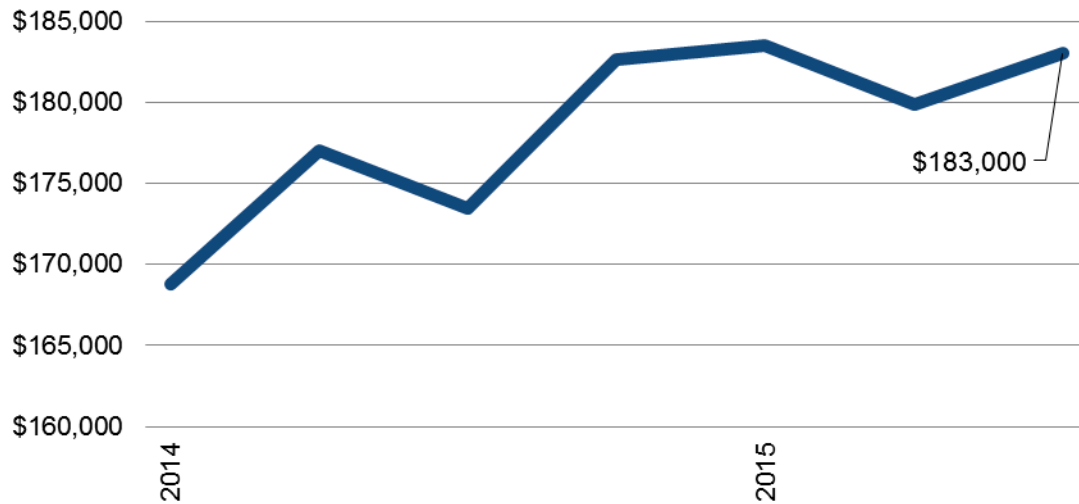


**Average days on market  
Jackson County, existing homes**

The following figures display the data for Josephine County.

**Number of transactions  
Josephine County, existing homes**



**Median sales price  
Josephine County, existing homes****Average days on market  
Josephine County, existing homes**