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## single family home

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JARROD HOWARD  
Portland State University

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JARROD HOWARD is a current Master of Real Estate Development candidate through a joint program of Portland State University's School of Business Administration and School of Urban Studies and Planning. He is the 2019 RMLS Student Fellow at PSU's Center for Real Estate.

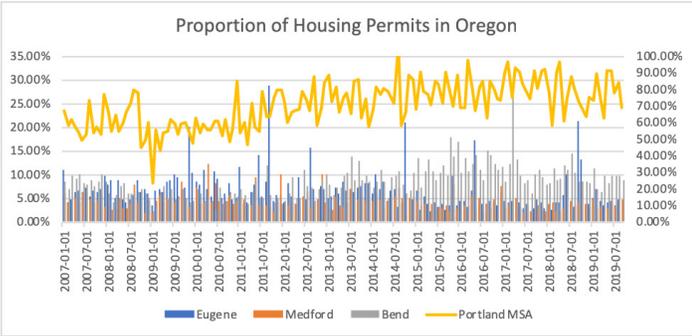
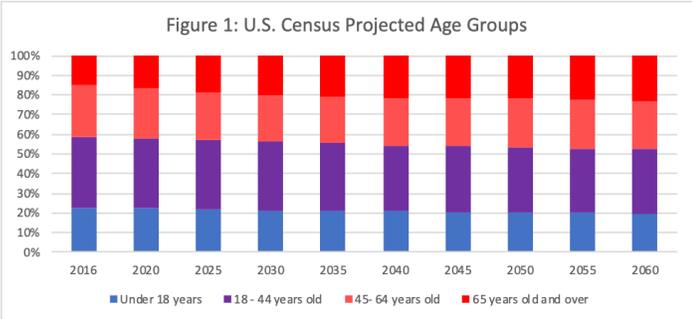
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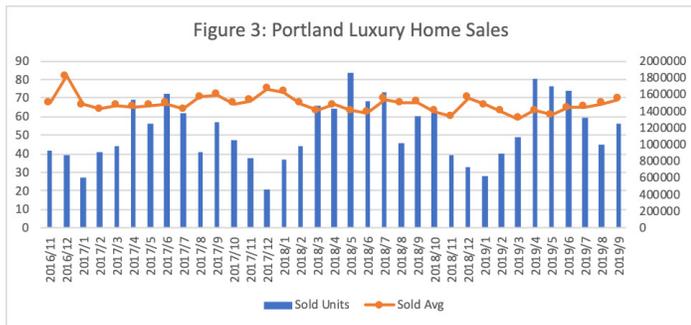
**As primary coastal markets experience greater supply and demand imbalances, cost of living still escalates within numerous submarkets such as the Bay Area, Los Angeles, and numerous others. This imbalance of supply coupled with decreasing importance of location for work thanks to telecommuting advances has drastically shifted the appeal of secondary markets.**

Since 2010, Oregon has experienced a forecasted growth in population of 10.64% according to the World Population Review’s analysis of the United States. This outstanding growth places Oregon eighth in the nation. This massive growth in the state’s population has been fueled by large growth within its cities. Portland’s ever improving economy, which has seen over a 20% increase in GDP from 2013-2017 (FRED). Oregon’s pristine environment mixed with rising employment opportunities offer residents who are being priced out of more expensive markets the ability to obtain a better standard of living in a thriving community. However, this growth is not equal amongst all of Oregon.

For example, Oregon’s rural population like the rest of the nation’s, is encountering a greying effect (see figure 1 for US Census estimate of national senior population). Central Oregon (Deschutes, Jefferson, and Crook counties) currently have a senior population that accounts for close to 1/5 of all residents (KBND). This figure is expected to continue to rise moving forward, such that by 2050 over 1/3 of all residents will be seniors. This rising proportion of the senior population within rural communities reflects ever-increasing urbanization fueled by young people electing to live within larger metros for a plethora of benefits.

Urbanization of secondary markets possesses an increasing concern over the existing housing supply within these rural communities. The Wall Street’s Journal recent article “Ok Boomer, Who’s Going to Buy Your 21 Million Homes?” highlights these concerns with the findings that within certain rural communities, over 2/3rd of homes are expected to turn ownership by 2037 because of its aging demographics. As prove of lacking demand that will lead to oversupply within rural communities locally, the cities of Cave Junction, Grants Pass, and Kerby have only three active units on the RMLS and only one listed home in the last 12 months. On top of this, there have been zero transactions in these areas in the past year in the price range of \$100K to \$999K. This is in stark contrast when comparing to more urban environments. For example, Portland’s luxury housing market (\$1M+) homes have a magnitude of average sales per month of 50x the number of listings in these rural cities (refer to figure





three for Portland’s luxury home sales in the past 36 months). While urbanization has become more of reality, it is not exclusively within true urban markets within Oregon. For example, Bend, Eugene and Medford since 2007 have all seen a positive upwards slope of growth for the number of private residents building permits issued. However, the one contrasting reality of this upward growth is that velocity is not equal for them all. The only two submarkets in figure two that have a positive slope, which would imply an increasing portion of homes being built in Oregon are in these areas are Portland and Bend. While Portland is an obvious case as to why it’s increasing supply given various demand factors, Bend at first glance appears odd. Bend as a market as encountered YoY appreciation of over 7% on homes and an average day on market of only 36 (RMLS).

This provides an interesting contrast that select suburban markets, like Bend, are seeing increasing liquidity and appreciation of their homes. This increased demand has also sparked the rampant creation of new homes within the area. As to what builds suburban markets that overcome the reality of declining communities are those that offer great amenities and opportunities. Bend encompasses this with it’s high mountain desert environment offering easy access the ski slopes, mountain paths, outstanding local artisan food and drink, increasing employment opportunities, and numerous other amenities.

In conclusion, existing housing supply in declining markets like those of Cave Junction will encounter market oversupply and face illiquidity in the future, which is in stark contrast to towns like Bend where there truly exists a shortage of homes at current pricing, which has fueled home building actives.

## SOURCES

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