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single family home

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2020 has been a year of unexpected highs and lows in all aspects, but the single-family housing market has been one of the more stable real estate sectors.

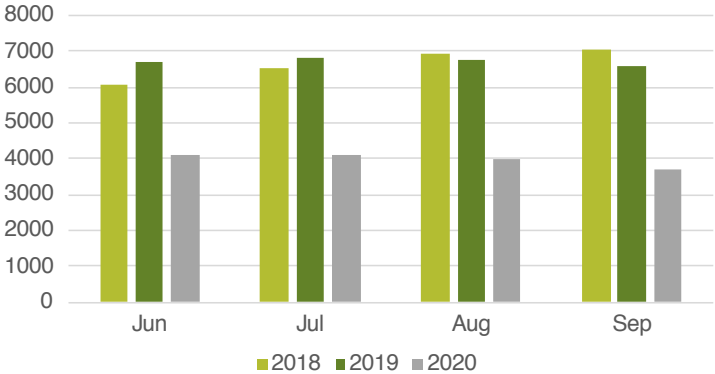
The year started out with a strong rising trend in sales and home purchases, but once the global pandemic emerged in March of 2020, the housing market and the entire economy came to a halt. Oregon and Washington both experienced a drastic decrease in sales, prices, and inventory, due to new construction of homes being stopped or delayed. However, this downhill hiccup didn't seem to last for long, as Q2 & Q3 2020 reported an upward trend in the housing market overall.

In a recent article titled 'Today's Unbelievably Good Housing Market, Explained', Ali Wolf analyzes the reasons behind the sudden success of the single family housing market just six weeks after the shut downs, restrictions, and stay at home orders from COVID-19. She emphasizes the significance of the demographics of home buyers, the consistently low mortgage interest rates, and how the relationship with homes are important as most are now active workspaces for individuals. In the past most millennials have been classified as a generation that aren't interested in owning homes and having such large spaces but are rather drawn to apartments and rental options for more flexibility. This global pandemic has somewhat turned the tables for millennials, according to Ali Wolf, millennials are "representing about 40% of all home sales.". Additionally, the low mortgage rates continue to entice new homebuyers or current homebuyers to refinance their home, as the rates have remained below 3% in August and September of 2020. Finally, with a majority of individuals being required to work from home for the remainder of 2020, many people find themselves creating a stronger relationship with their home. In other words, a home has now become not only a place of shelter and sleep, but also a workspace and office, a gym, and a school for people with children. The versatility and reliance on a home has never been in a state as such (Wolf). In addition, the need for dedicated home office space has changed space requirements.

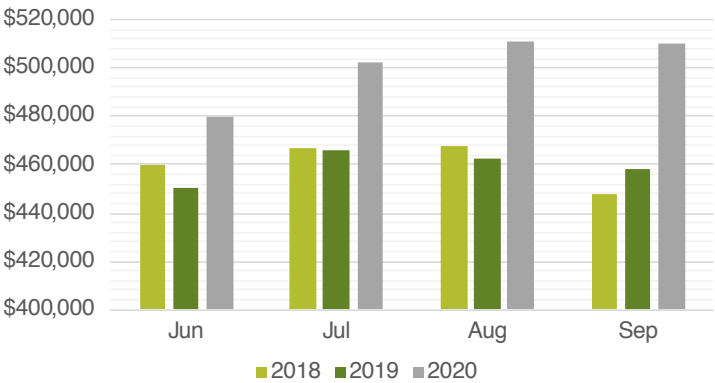
PORTLAND METRO

Through the years Oregon has reported consistent increases in its population, especially within the Portland metro area. It's no secret that in the past this area has had trouble keeping up with the housing demand. Due to COVID-19 this is no longer the case for several reasons. As was previously reported, in Q1 & Q2 2020 there was a decrease in listings, pending sales, and inventory, but a gradual increase in closed sales. The transition from Q2 2020 to Q3 2020 was fairly smooth with minimal changes overall, other than a change in the trajectory for closed sales. New listings surprisingly rose 15.8% from June to July, representing a significant jump in reported numbers. According to RMLS, there were 3,658 listings reported in June 2020, and 4,236 listing reported in July 2020. With this rise in new listings, closed sales numbers followed. Closed sales increased 25.2% from June to July 2020. More specifically, it went from 2,709 sales in June to 3,391 sales in July, which are shockingly high numbers overall given the global pandemic circumstances to say the least. Despite the excitement that this rising trend was causing, it didn't seem to last for long, as a decline seemed to be right around the corner. From July to August of 2020 new listings dropped 8.3%. In other words, it went from 4,236 listings in July to 3,885 listings in August. As could be anticipated with this dip in listings, closed sales also decreased. Portland saw a 7.1% decline, as sales in July were reported at 3,391 and sales in August were reported at 3,149. Although the area was decently managing its way through the early stages of COVID-19 in Q2 2020, with a hopeful future, it is now clearly experiencing the effects of the pandemic and seeing a decline in a majority of trends. Towards the end of Q3 2020, new listings continued to report a regression. There was a 16% decrease from August to September 2020, almost double what it was from July to August 2020. New listings dropped from 3,885 in August to 3,264 in September. Ironically, closed sales ended up increasing from 3,149 sales in August to 3,251 sales in September. Although it was only a 3.2% rise, the closed sales seemed to be on the uptick (RMLS).

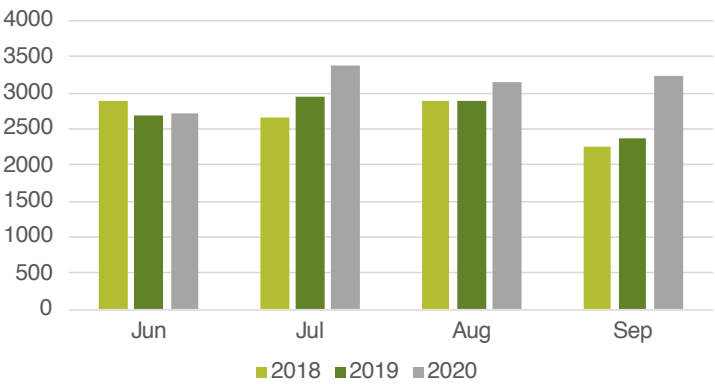
**TABLE ONE
PORTLAND ACTIVE LISTINGS**



**TABLE TWO
PORTLAND AVERAGE SALES PRICE**



**TABLE THREE
PORTLAND CLOSED SALES**



Overall, these statistics indicate that homeowners have been continuing to pull their houses off the market and/or have been reticent to list new properties as new listings have consistently declined. However, it's difficult to speculate on the reasons behind the fluctuations in closed sales, especially as individuals continue to take advantage of the mortgage interest rates being lower than 3%.

In regard to average home sale prices, they are one of the main aspects of the housing market that has continued to gradually rise. Q2 2020 reported an increase, which seemed to bleed into Q3 2020 as well. In June 2020 the average sales price was recorded at \$479,700, and in July 2020 it rose by 4.7% to an average sales price of \$502,300. Then following the month of July, August 2020 reported an average sales price of \$511,000, for a total increase of 1.7% from July to August. In these two months, the average sales price had a sizable increase of \$31,300, or roughly 6.4% overall, which is notable considering the challenges of the pandemic. To finish out Q3 2020, September reported a minimal decrease of 0.2%, as the average sales price went from \$511,000 in August to \$510,000 in September. Keeping these numbers in mind, this decrease in sales price could be attributed to the slight increase in closed sales in September 2020 as well.

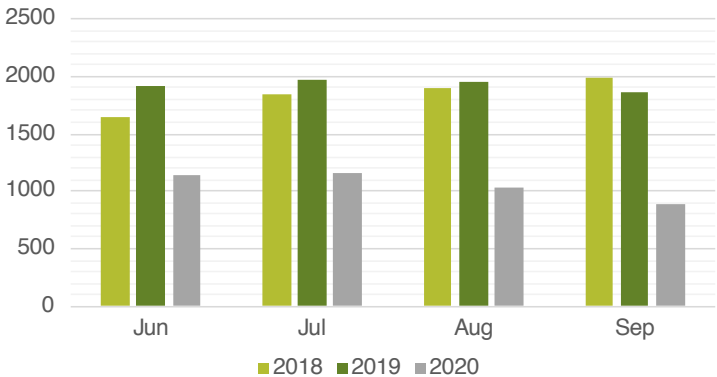
Finally, active residential listings have taken a substantial hit in 2020 compared to 2019 and 2018. Active listings during Q1 2020 ranged from roughly 3,500 to 4,300, which was lower than the 4,500 to 4,900 active listings reported for Q1 2019. The number of active listings continued to decline in Q2 and Q3 2020, which is likely attributable at least in part to COVID-19. July, August, and September 2020 reported between 3,700 to 4,200 active listings, and in comparison, to the prior year, July, August, and September 2019 reported between 6,600 to 6,800 active listings. This discrepancy in active listings year over year is largely attributable to the pandemic and its repercussions. Overall, the Portland metro area has seen a decrease in active listings for single-family housing for Q3 2020, which has likely caused the escalation in their housing prices, nevertheless, it still remains difficult to predict the future trajectory for this market.

CLARK COUNTY

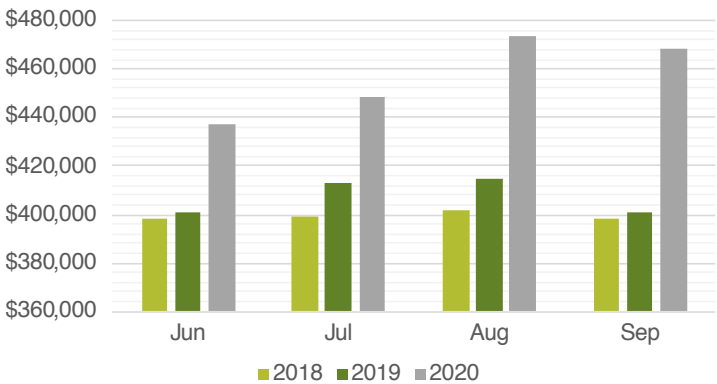
Although the Southwestern Washington area has historically followed the housing market trends of the broader Portland metro area, Q3 2020 was quite an anomaly as Clark County's experience varied significantly from the metro area. Towards the end of Q2 2020 (June), Clark County reported a substantial increase in new listings and closed sales, which continued into early Q3 2020. According to RMLS, new listings rose 19.9% from June to July, as listings in June went from 979 to 1,174 in July. This increase was likely due to two main reasons. The first was that a significant number of people were putting their houses on the market and having to downsize because of unemployment and job transitions. The second was that new construction speculative homes were arriving on the market. However, as August rolled around, new listings took a dip by 8.6%, putting the reported number of listings at 1,074. This declining trend continued into September, as new listings dropped to 979. Many have explored the possibility that this decrease was due to the inability to keep up with demand in the area. Construction activity was halted in Q2 2020 because of the pandemic and state orders, therefore, inventory saw a decline as well.

Contrary to the decline in new listings, closed sales experienced a notable upturn in the Clark County area. In June 2020, 724 closed sales were recorded, increasing to 939 in July. This reflected a substantial increase of 29.7%. While this may be largely attributable to unusually low mortgage rates enticing new homebuyers, a few credible real estate agents in the area argue that due to ongoing political and social events within the Portland metro area they have seen an increasing number of people wanting to live in a more suburban area such as Clark County. Another key aspect drawing buyers to the Washington side of the Columbia River is that, unlike Oregon, there is no income tax. Clark County did see a slight decrease of roughly 12.6% in August 2020, bringing closed sales to 821. Following this month, September surprisingly rose back up again, as they reported 940 closed sales, for a total increase of 14.5% from the prior month. With this steady

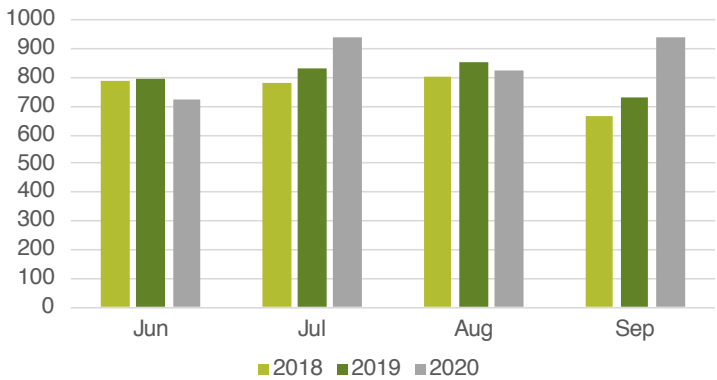
**TABLE FOUR
CLARK COUNTY ACTIVE LISTINGS**



**TABLE FIVE
CLARK COUNTY AVERAGE SALES PRICE**



**TABLE SIX
CLARK COUNTY CLOSED SALES**



increase catching the eyes of many, Mike Lamb, a local broker at Windermere Stellar, was quoted in the Columbian as "he considered September to mark three months in a row of exceptionally strong new sales activity." (Macuk). He goes on to emphasize these records sales as they surpassed the closed sales records in 2005 that had been holding strong for over fifteen years.

Keeping in mind the effects of new listings and closed sales trends, average sales prices of homes also plays a significant role in the overall housing market statistics. As was stated earlier, demand remains strong, and with new listings continuing to decline, inventory is having trouble keeping up. As a result, average sales prices have spiked to some of the highest numbers Clark County has yet to see in Q3 2020. In June 2020, the average sales price of a home was recorded at \$437,100, and in July 2020 it rose 2.5%, hitting \$448,100. Closely after, August 2020 increased even further by 5.6%, reaching an average sales price of \$473,400, which is a record high for the area. It's surprising that Southwest Washington reached its highest sales price to date while the nation is still in the midst of battling a global pandemic. The recent escalation likely reflects that inventory hasn't been this low since early Q1 2018. Typically, as inventory goes down and listings decrease, resulting in less houses available on the market, then home prices tend to go up. At the end of Q3 2020, September took a slight turn, as the average sales prices dropped a mere 1.1%, for a price of \$468,400.

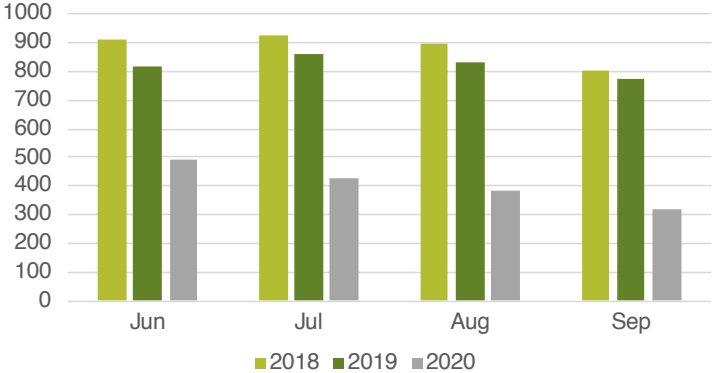
NORTH COASTAL COUNTIES

Similar to the Portland metro area and Clark County, the North Coastal Counties experienced ebbs and flows within their single-family housing market, especially in Q3 2020. To further clarify, the North Coastal Counties are the areas located in the upper North Western part of Oregon, such as Seaside, Gearhart, and Arch Cape. As it did in most counties, when COVID-19 hit the North Coastal area in late Q1 2020, the housing market experienced a sharp decrease in new listings and closed sales. Their market seemingly pushed through this challenge, as the nation adjusted to the pandemic and statewide regulations. The area started to recover its footing around May 2020 as trends began to head in a positive direction. This was clearly shown in the RMLS report, as there were 195 new listings reported in June 2020, and this number jumped significantly by 28.2%, resulting in 250 listings in July 2020. Following this increase, August and September both surprisingly saw a decrease, as there were only 209 new listings reported in August 2020 and 159 in September 2020 (RMLS). However, in comparing the new listing numbers with the rising inventory and closed sales trends, it's apparent that even though new listings and inventory were declining, closed sales were increasing, which means that there was not enough supply to keep up with demand.

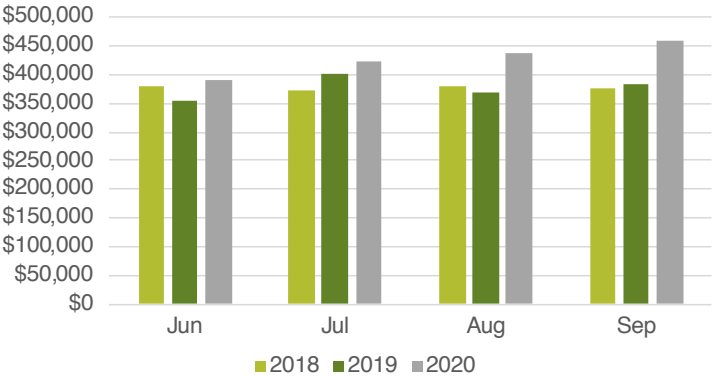
From June to July 2020, closed sales increased by approximately 22.8% in the North Coastal Counties. More specifically, June recorded 167 closed sales, which rose to 205 closed sales in July. August experienced a minimal decrease of 3.9%, which quickly turned itself around in September, as it increased by 4.6%, bringing it back to a total of 206 closed sales to end Q3 2020. Overall, the single-family home sales have remained fairly consistent throughout July, August, and September 2020, despite the challenges that the pandemic has presented.

Another aspect of this market that has a considerable contribution to the statistics is the average home sales price. The North Coastal Counties have seen a gradual increase in terms of sales prices, as this area has become highly coveted over the years, and second homes for many.

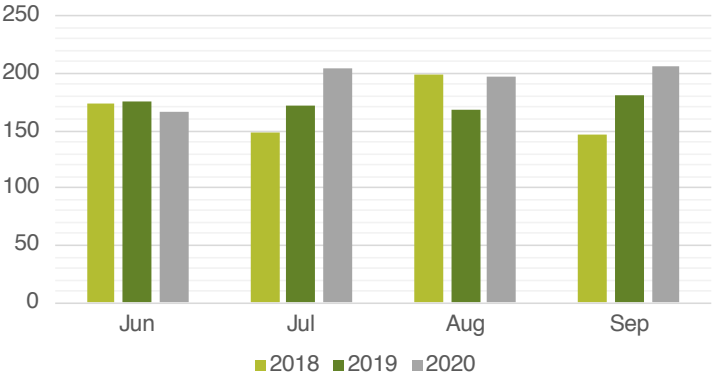
**TABLE SEVEN
NORTH COASTAL COUNTIES ACTIVE LISTINGS**



**TABLE EIGHT
NORTH COASTAL COUNTIES
AVERAGE SALES PRICE**



**TABLE SIX
NORTH COASTAL COUNTIES CLOSED SALES**



According to RMLS, the average sale price went from \$388,800 in June 2020 to \$423,600 in July 2020. This 9% increase was quite a hefty jump. If one breaks this down, this means that in just thirty days the average price rose by nearly \$34,800, that's a sizeable difference. August then continued this trend as the sales price moved upward even further to \$437,300, which then bled into September as the sales price skyrocketed even further as it hit \$457,500. Over three months, the price rose by \$68,700, which is some of the largest growth in price these counties have yet to see.

In conclusion, the single family-housing market has experienced an extensive rise in closed sales and sale prices, despite the decline in new listings and inventory in not only the Portland metro area, but Clark County and the North Coastal Counties as well. It is unusually difficult to anticipate what Q4 2020 will bring in light of the pandemic, and if 2021 will continue recent trends in the housing market as the economy slowly begins to recover. Overall, the hope is that mortgage interest rates remain low and that the housing supply and inventory increases in order to better keep up with the demand, but as most people know, this remains as an unpredictable sector of the economy.

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