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## RESIDENTIAL MARKET ANALYSIS

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Existing U.S. home sales were flat in March, while the growth in home prices moderated, according to the National Association of Realtors. Sales gains in the Northeast and Midwest were offset by declines in the West and South. Sales of existing homes slipped to a seasonally adjusted annual rate of 4.59 million in March. Sales for 2013 were 5.09 million, which was 9.1 percent higher than 2012.

Lawrence Yun, NAR chief economist, said that current sales activity is underperforming by historical standards. “There really should be stronger levels of home sales given our population growth,” he said. “In contrast, price growth is rising faster than historical norms because of inventory shortages.”

Freddie Mac has cut its forecast for home sales in 2014 to 5.5 million from a prior estimate of 5.6 million. “Tight inventory may pose a significant challenge for home buyers in many markets across the country, which may result in higher home prices and sales being lower than expected,” said Frank Nothaft, Freddie's chief economist.

■ 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.

Nationally housing inventory rose to 1.99 million existing homes available for sale, representing a 5.2 month supply at current pace.

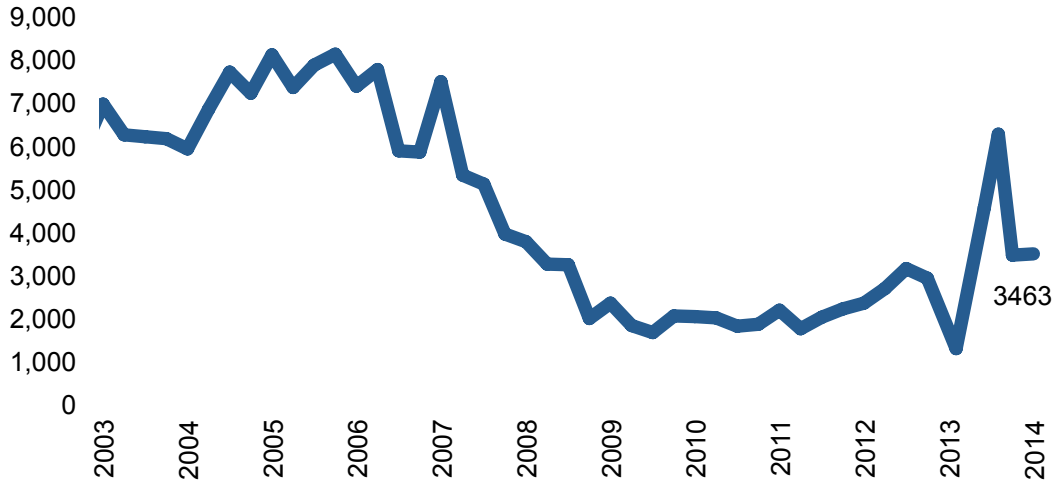
All regions showed a decline in year over year annualized sales and increases in year over year prices. Slightly higher interests rates, tighter underwriting guidelines, and reduced supply are all factors contributing to slower sales.

#### 2014 Annualized Home Sales By Region

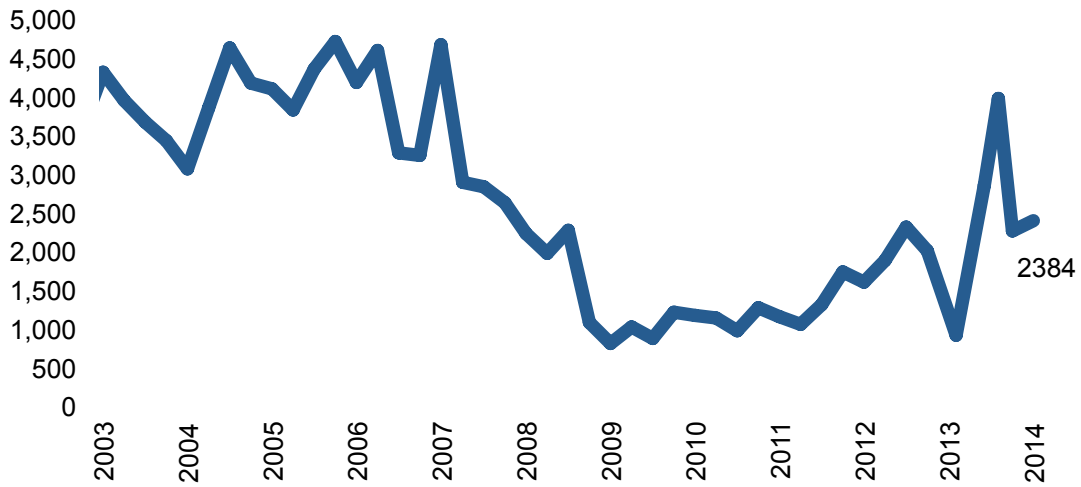
	<b>Home sales annualized</b>	<b>YOY change</b>	<b>Median Price</b>	<b>YOY Change</b>
Northeast	600,000	-4.8%	\$244,700	3.2%
Midwest	1,040,000	-10.3%	\$149,600	5.9%
South	1,920,000	-3.0%	\$173,000	6.7%
West	1,030,000	-13.4%	\$289,300	12.6%

While single family permits were flat from the fourth quarter of 2013 to the first quarter of 2014, they are up significantly compared to the first quarter of 2013. The Portland Metro area issued 2384 permits in the first quarter 2014 compared to 910 in the first quarter of 2013. Compared to the first quarter of 2013 Bend was up 157%, Eugene was up 325% from 80 permits to 260, Medford was up 280% and Oregon as a whole was up 272% from 1,260 to 3,463 permits issued.

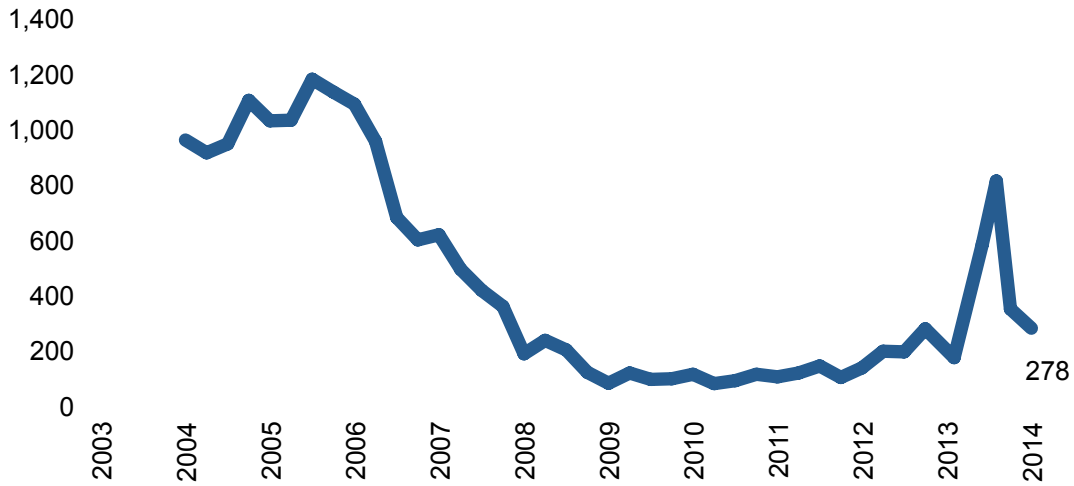
**Building permits for new private housing  
Oregon, statewide**



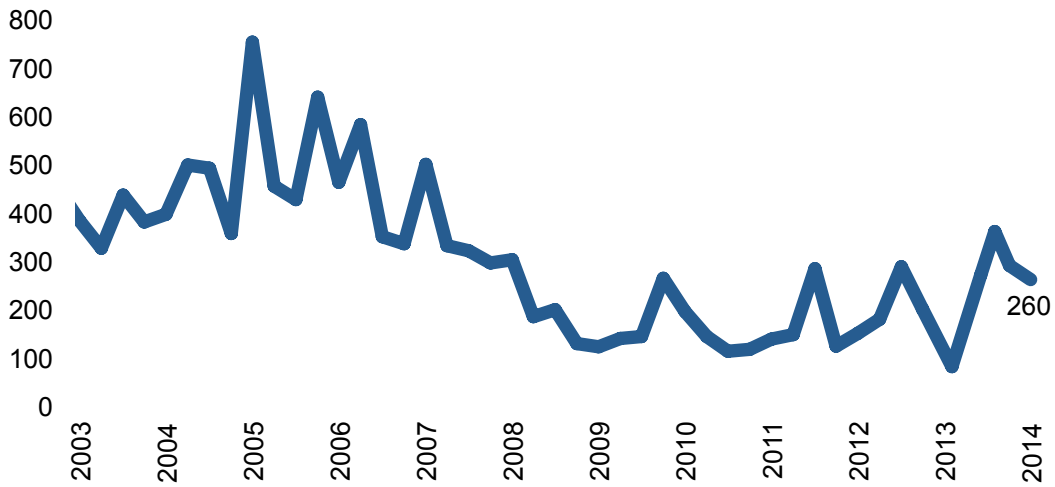
**Building permits for new private housing  
Portland-Vancouver-Beaverton MSA**



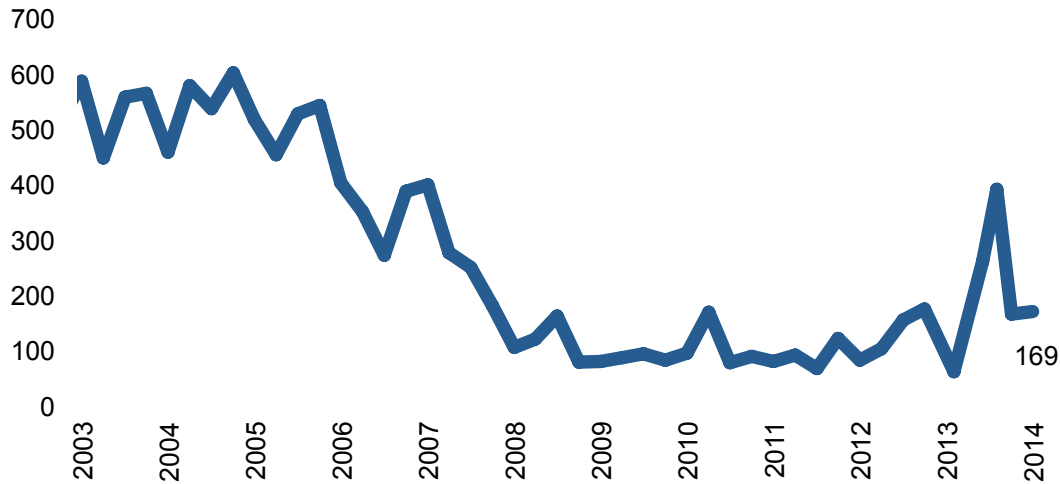
### Building permits for new private housing Bend



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



### Building permits for new private housing Medford



## PORTLAND

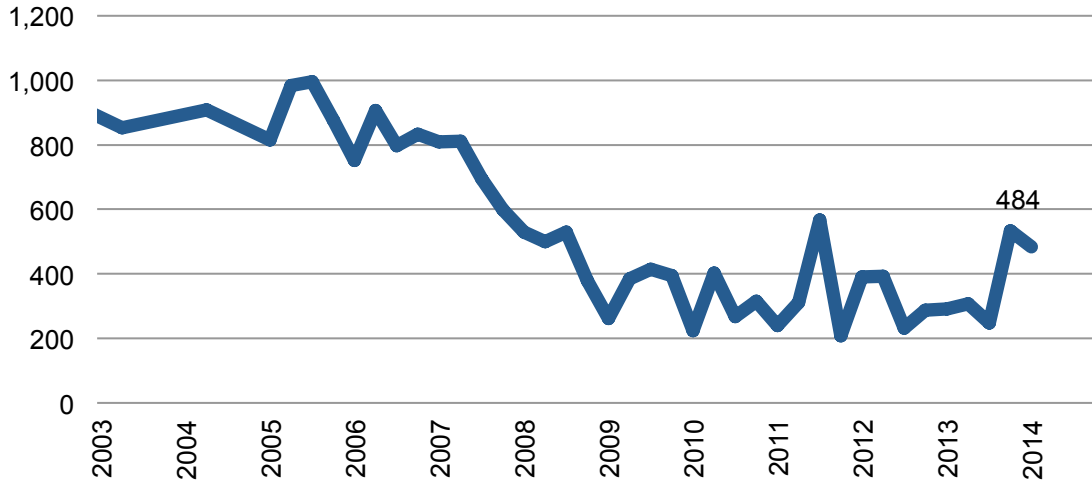
Buyers closed on 4,127 existing homes in the first quarter of 2014. This is a decrease of 12.5% from the fourth quarter of 2013 but an increase of 2.5% over the first quarter of 2013. The median price dropped to \$265,000 from \$270,000 the previous quarter.

Sellers are obtaining approximately 98% of their asking price. This percentage has been holding steady since the 3<sup>rd</sup> quarter of 2011. Average days on market were 69 for the quarter which is up from 60 the previous quarter.

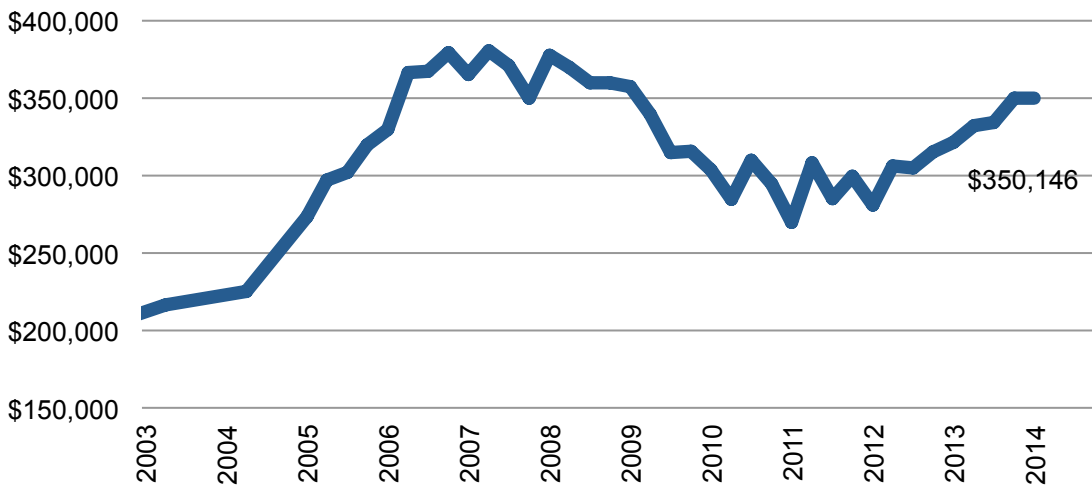
There were 484 new units sold, at a median price of \$350,000. That is a 9% decrease in units from the previous quarter. The median price was unchanged.

The Realtor Multiple Listing Service reports that inventory is still restricted and the Portland metro market currently has a 3.1 month inventory which is the lowest since August of last year.

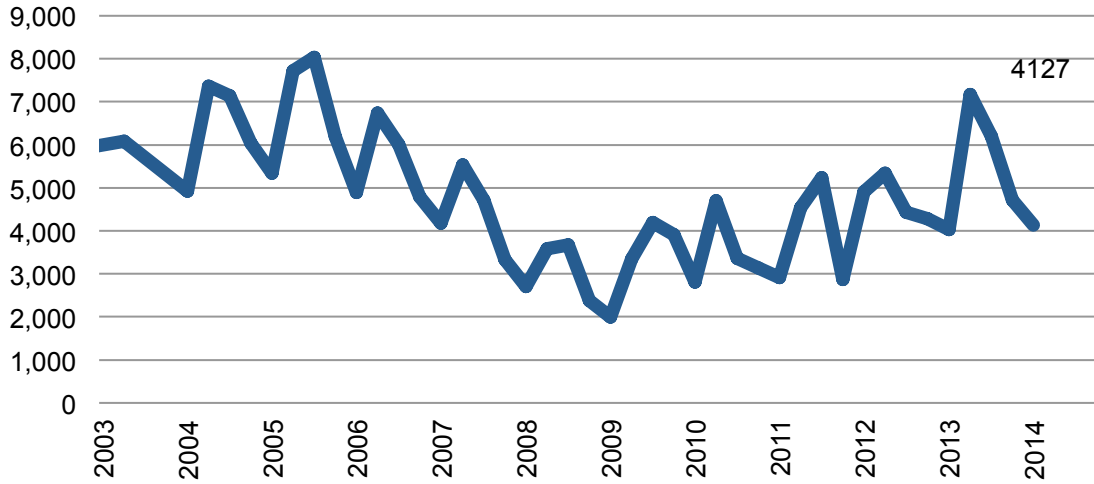
**Number of transactions**  
**Portland metro, new detached homes**



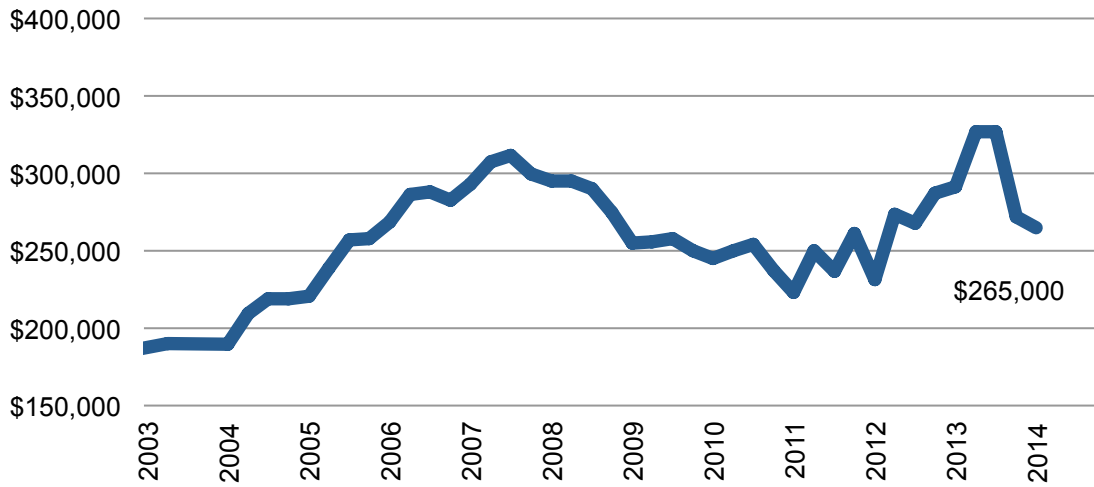
**Median sales price**  
**Portland metro, new homes**



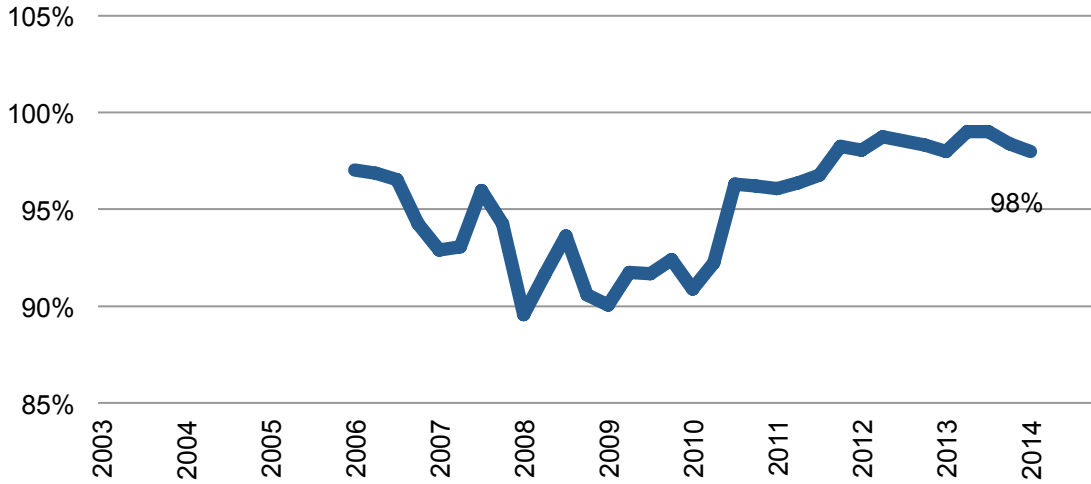
**Number of transactions**  
**Portland metro, existing homes**



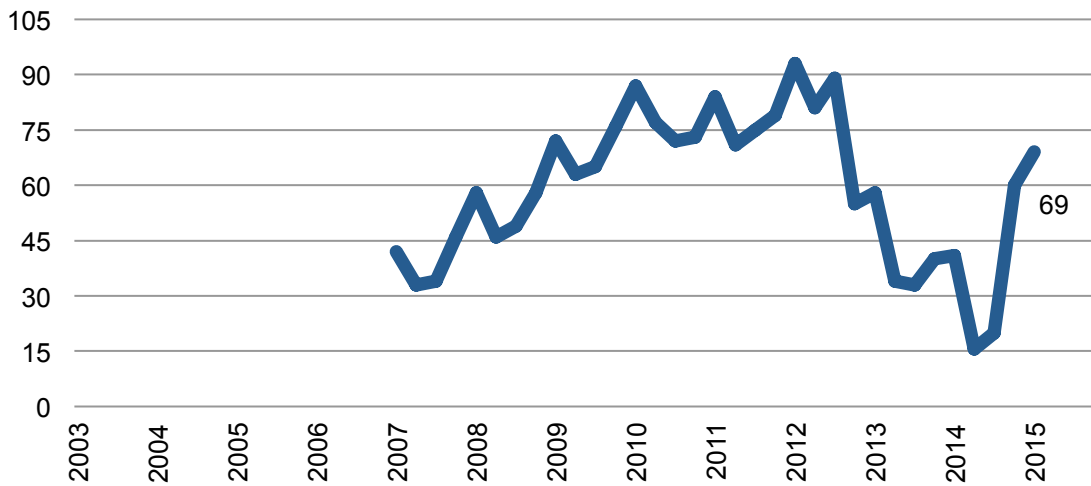
**Median sales price**  
**Portland metro, existing homes**



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



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



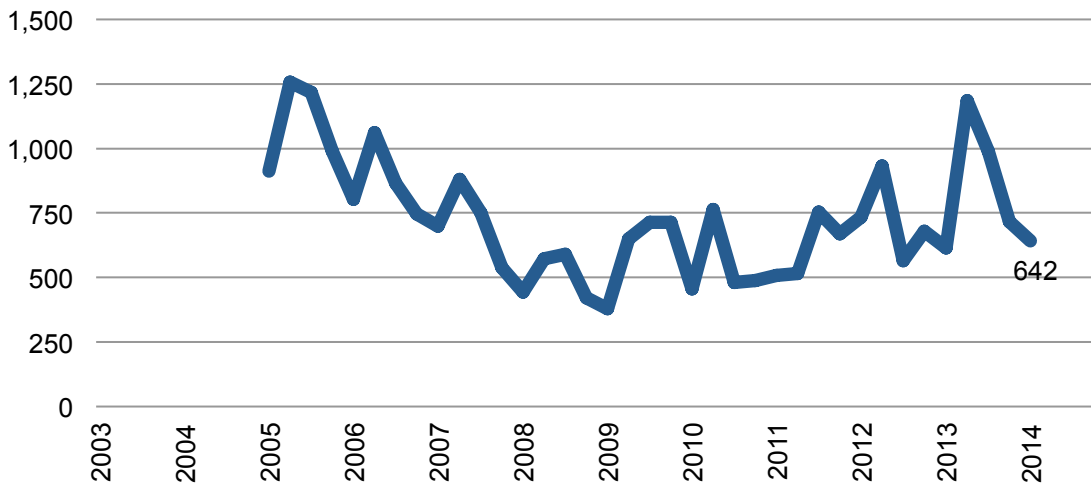


### VANCOUVER/CLARK COUNTY

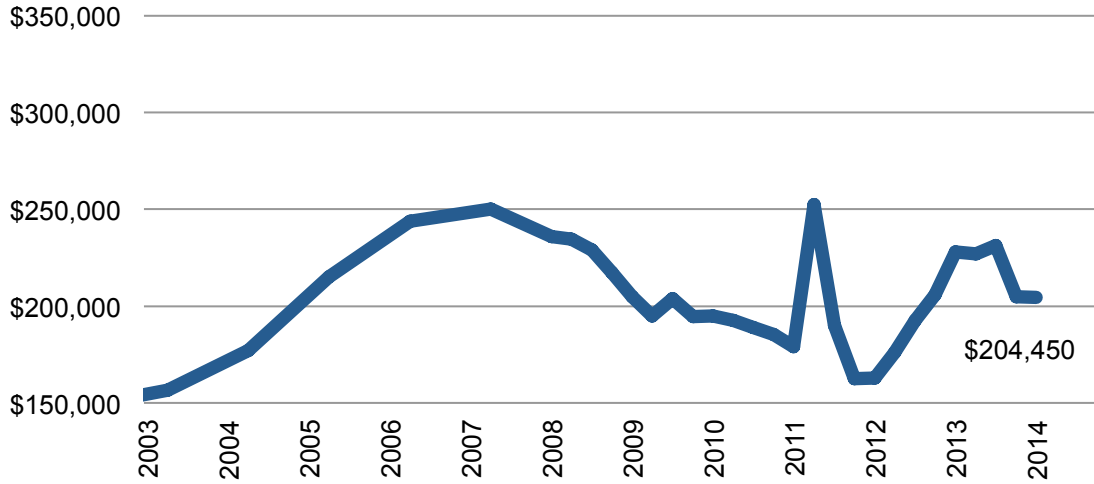
Vancouver’s median house price dropped slightly from \$205,000 in the fourth quarter of 2013 to \$204,450 in the first quarter of 2014. This drop was accompanied by a larger drop of 10.4% in overall sales of existing homes from 717 to 642 respectively. Average days on market jumped from 66 to 89 days.

Clark County excluding Vancouver fared similarly. While the median house price climbed from \$246,950 the previous quarter to \$250,000 in the first quarter of 2014, the number of overall sales was down. Sales fell from 530 in the fourth quarter to 452 in the quarter a 15% decline. Days on market jumped from 75 to 94.

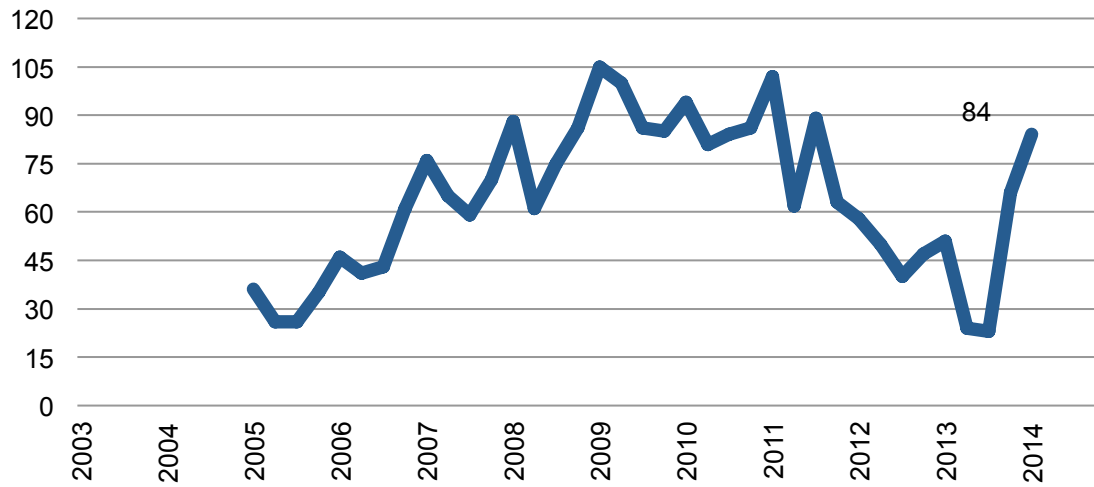
**Number of transactions  
Vancouver, existing homes**



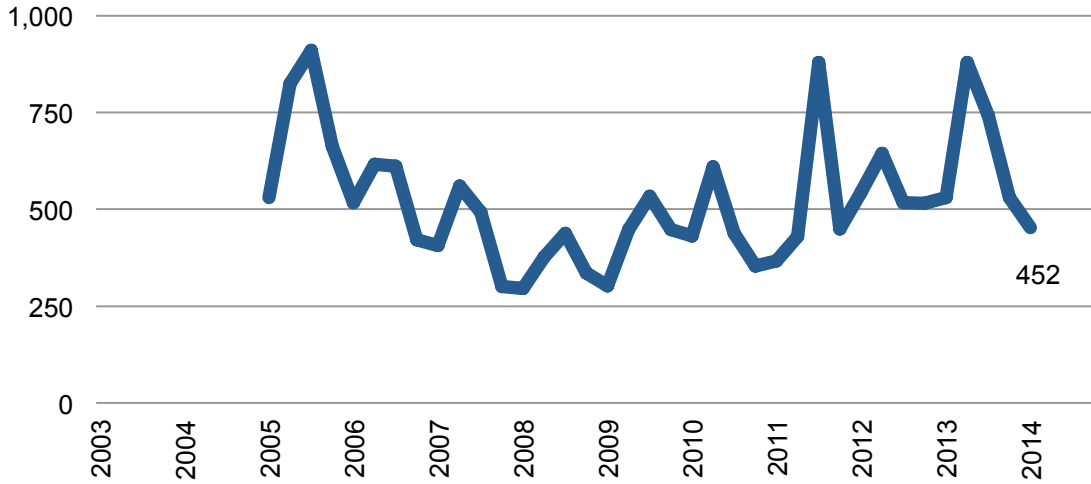
**Median sales price  
Vancouver, existing homes**



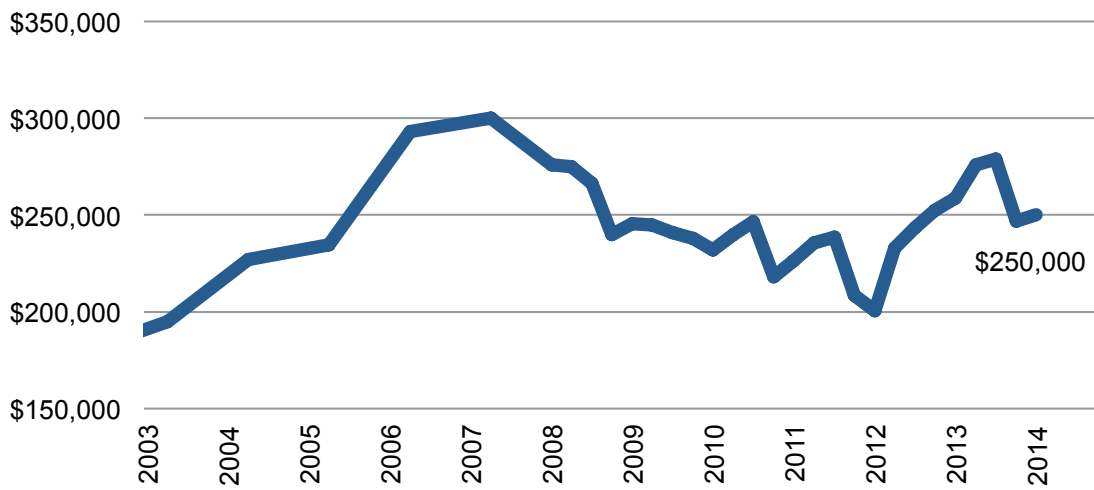
**Days on market  
Vancouver, existing homes**



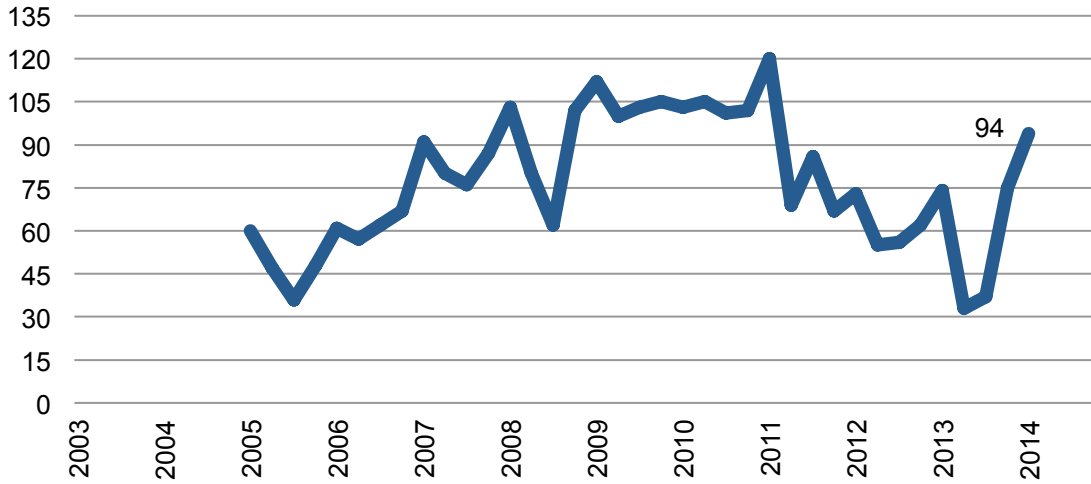
**Number of transactions**  
**Clark County, excluding Vancouver, existing homes**



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



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

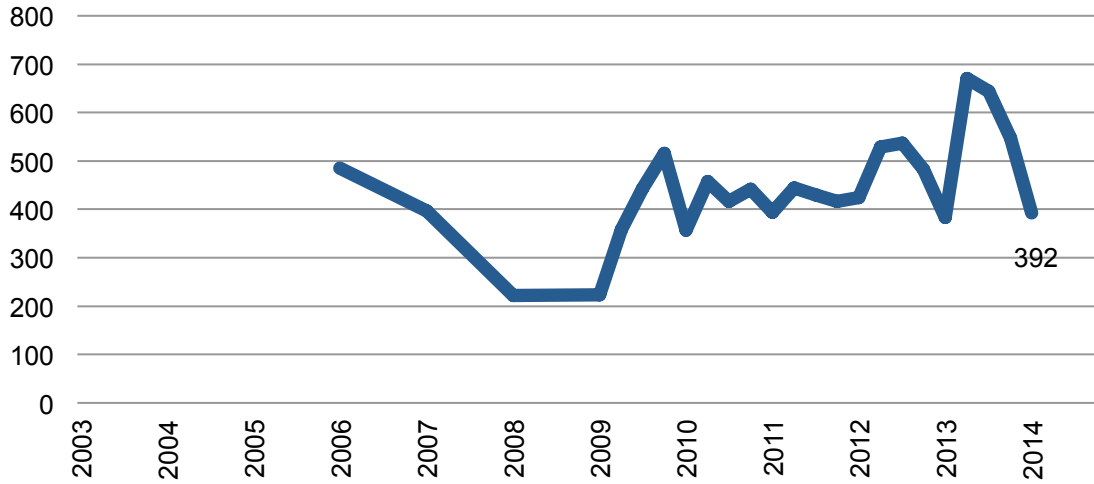


**CENTRAL OREGON**

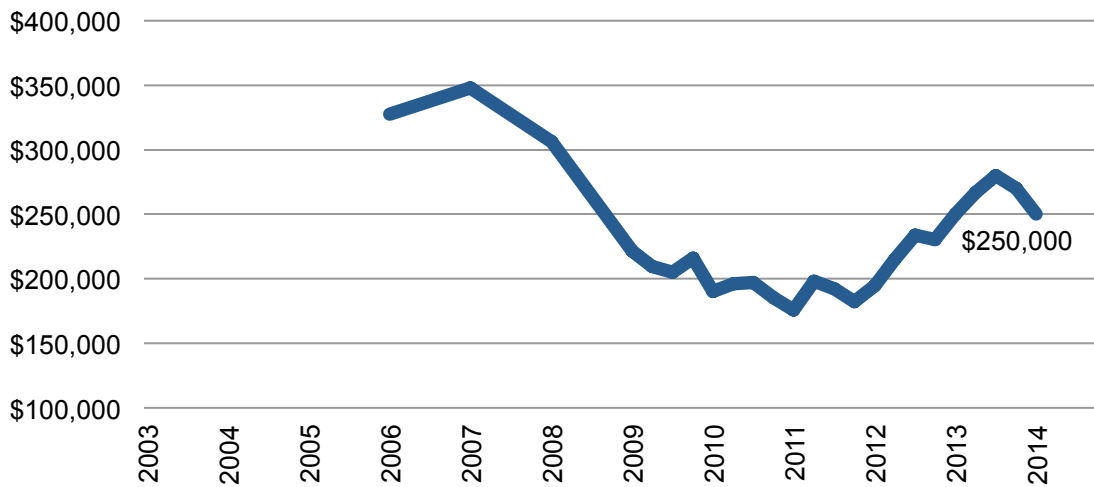
Existing home sales less than 1 acre in Bend were up slightly over the first quarter of 2013 from 384 to 392 in the first quarter of 2014 and the median house price stayed the same at \$250,000. Average days on the market dropped year over year from 137 to 126.

Redmond saw an increase in sales of 13% for existing homes less than 1 acre. Sales in the first quarter of 2014 were 128 compared to sales in the first quarter of 2013 of 113. For the same period the median house price rose 11% to \$179,945 from \$162,000. Average days on the market held steady at 133.

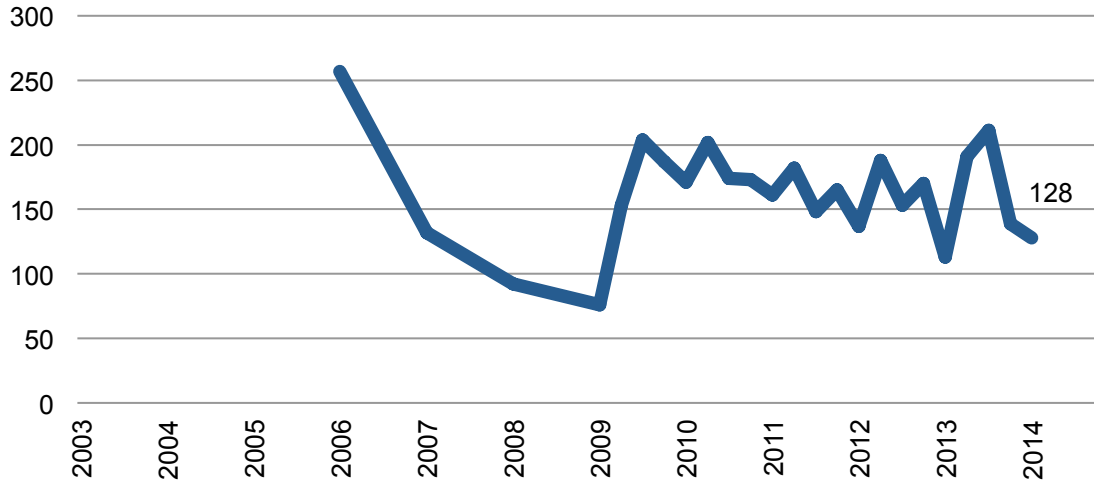
**Number of transactions  
Bend, under 1 acre**



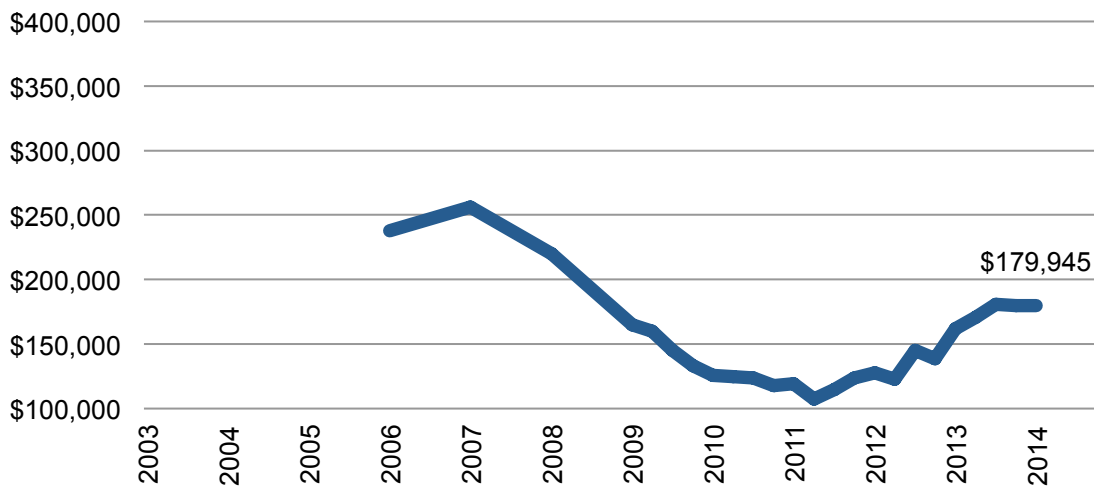
**Median sales price  
Bend, under 1 acre**



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



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

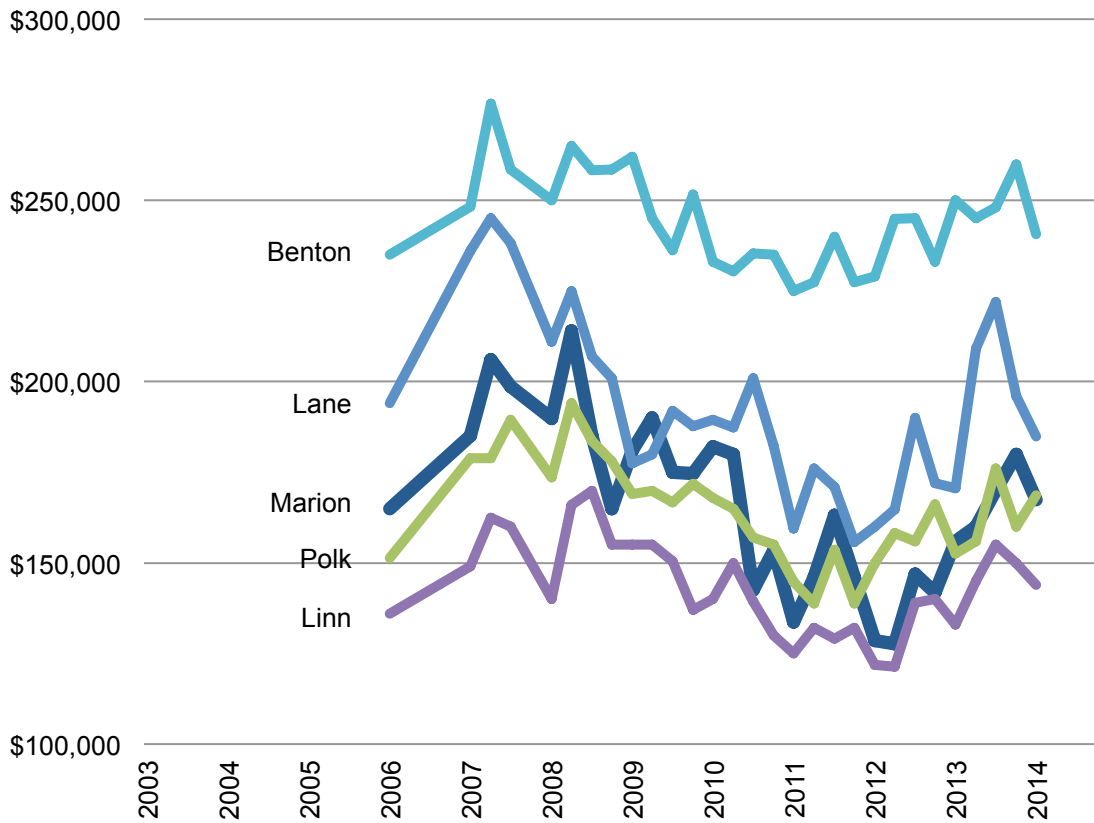


## WILLAMETTE VALLEY

The valley showed mixed results for the first quarter in median price compared to the fourth quarter of 2013. Eugene, Polk County and Keizer all showed modest gains with Polk County leading the way with a 5.5% gain in median price. Marion, Lane, Linn, Benton Counties and Salem were all steady to down in median price. Benton County was down 7.7%.

All 8 areas are up significantly from the first quarter of 2013 with the exception of Benton County which is down 2% from the first quarter of 2013.

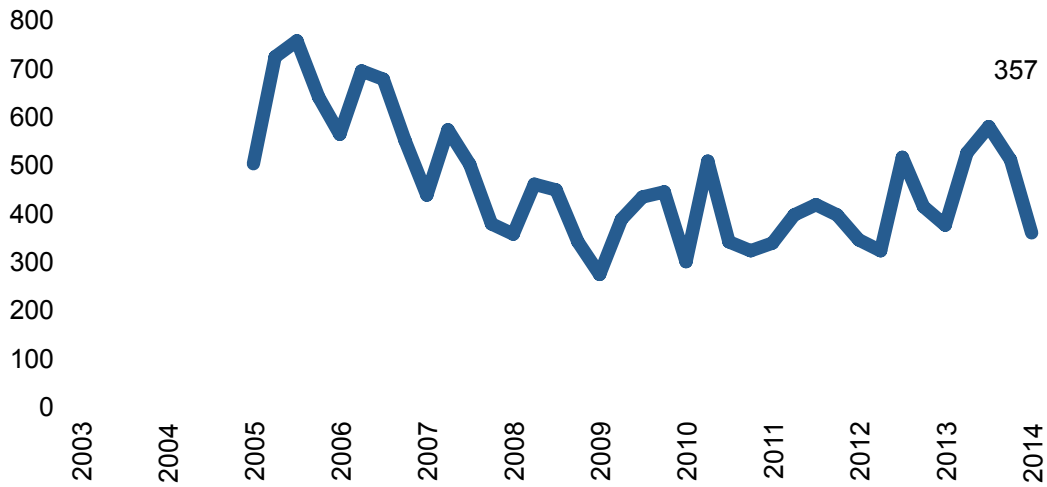
### Median sales price Willamette Valley, existing detached homes



**SALEM**

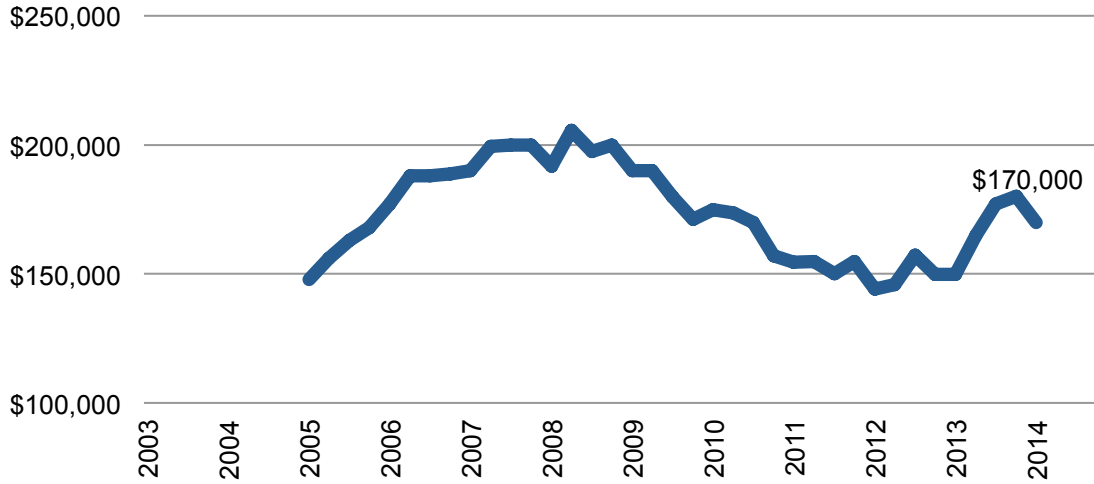
Compared to the first quarter of 2013 the median price of existing homes has risen 13.4% from \$149,900 to \$170,000. The total number of sales dropped slightly quarter over quarter from 373 to 357. Average days on the market increased from 123 to 128.

**Number of transactions  
Salem, existing homes**





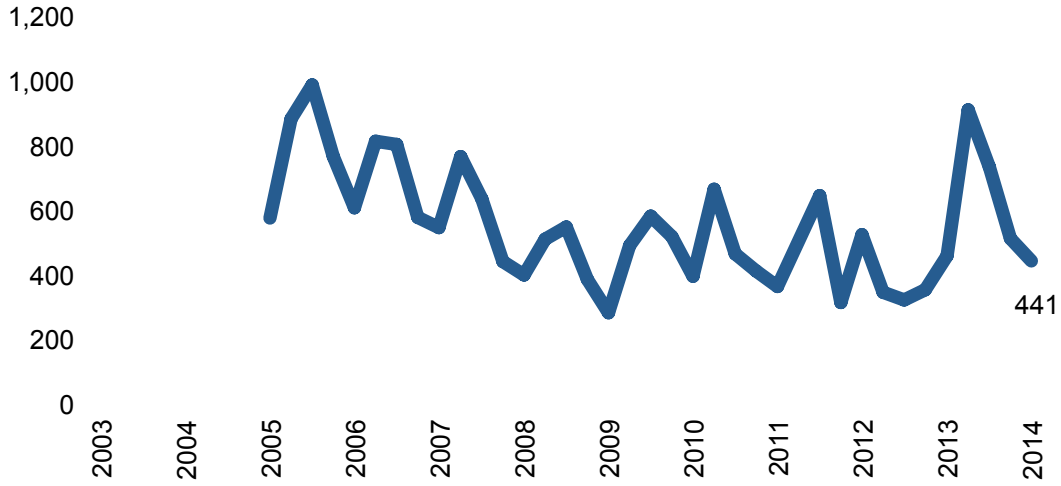
**Median sales price  
Salem, existing homes**



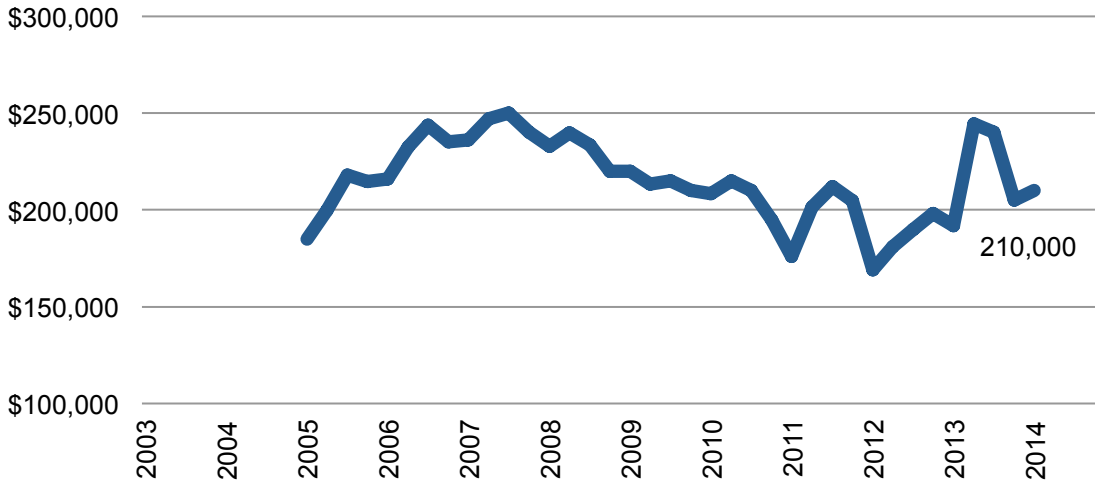
**EUGENE/SPRINGFIELD**

Home prices in the Eugene/Springfield area increased in the first quarter of 2014. The median price of an existing home increased by 9.3% over the first quarter of 2013 to \$210,000 from \$192,000. Unit sales dropped from 457 to 441 and average days on the market increased from 53 to 82 in the same period.

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



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



## **SOUTHERN OREGON**

Josephine County had an increase in existing home sales from 78 in the first quarter of 2013 to 86 in the first quarter of 2014. Average number of days on the market increased from 76 to 96. The median price rose 3.2% from \$163,500 to \$168,750.

Jackson County had a decrease in existing home sales from 389 in the first quarter of 2013 to 345 in the first quarter of 2014. Marketing time remained steady at 63 vs. 64 days. The median price rose 4.2% to \$187,500.