RESIDENTIAL MARKET ANALYSIS

ALEX JOYCE
Portland State University

In general, single family trends saw expected seasonal slowdowns compared to last quarter. However, year-over-year trends, in most cases, highlight a strong single family real estate market across Oregon and at the national level.

The National Association of Realtors (NAR) reports the median sale price for existing single-family homes registered at $226,000 in December 2015, an 8 percent premium over December 2014. Transaction volume was also up in year-over-year terms by 7.1 percent to a SAAR of 4.82 million units. Unsold inventory of all home types at the end of December tightened to a 3.9-month supply, down 25 percent from 5.2 months in November. First-time homebuyers represented a 32 percent share of the market in December.

National single-family permitting increased steadily again in the fourth quarter to a SAAR of 725,000. This climb represents a 4.9 percent increase compared to the third quarter and an 8.7 percent year-over-year increase.

Interest rates began a steady increase throughout the fourth quarter of 2015, likely in anticipation of the key interest rate increase by the Federal Reserve, which ultimately occurred in December. In October of 2015, the monthly average commitment rate for a 30-fixed rate mortgage from Freddie Mac was 3.80 percent,
and by December 2015, the rate climbed to 3.96 percent. This represents a 4.2 percent increase in interest rates during the fourth quarter.

RealtyTrac’s January Housing News Report contains housing forecasts for 2016 from six economists. Opinions range from predictions of moderated sales growth to continued strong and expanding sales. Several economists predict a stabilizing of the rapidly increasing home prices seen in recent years. The reasons cited include continued lack of real wage growth among low and moderate income families, and the resulting slim savings and difficulty affording down payments. Other economists predict a continued brisk home sale market as buyers try to lock in mortgage rates ahead of increases by the Federal Reserve and as home building continues a post-recession expansion.

LOCAL PERMITTING

In the fourth quarter of 2015, 4,978 building permits for new private housing units were issued in total across Oregon. This is 17.9 percent more permits than were issued in the prior quarter and 15.4 percent more than were issued in the fourth quarter of 2014.

3,261 permits for new private housing units were issued in the Portland-Vancouver-Hillsboro Metropolitan Statistical Area (MSA) in the fourth quarter. This
represents an 8 percent decline in permits compared to the third quarter, but a 5 percent increase in year-over-year permitting.

The Bend MSA saw a substantial uptick in permits with 740 in the fourth quarter compared to 422 last quarter – a 75 percent increase. Year-over-year increases were even greater, more than doubling from 357 in the fourth quarter of 2014.
The Eugene-Springfield MSA’s fourth-quarter results saw the opposite trend compared to Portland with strong quarterly change but a year-over-year decline. Permitting for new private housing units totaled 268, nearly double the previous quarter but 249 fewer or a 48 percent decline year-over-year.
The Medford MSA saw a strong reversal in trends from the last several quarters with 200 new permits issued in the fourth quarter, or a 62.6 percent increase over the 123 permits issued last quarter. Year-over-year permits were also up 22 percent.

**Building permits for new private housing**

**Medford MSA, seasonally adjusted**

![Graph showing building permits for new private housing in Medford MSA, seasonally adjusted.](image)

**LOCAL TRANSACTIONS**

**PORTLAND**

The trend since the low point of sale volume in the first quarter of 2009 has been a steady year-over-year increase in sales, and 2015 on the whole continues that trend. However, fourth quarter transactions experienced a 22.2 percent decline compared to the third quarter. A certain cyclical, seasonal decline is to be expected, however, this represents the most substantial decline from quarter to quarter this year. 7,063 transactions were recorded in the fourth quarter, fully 2,017 fewer than the 9,080 transactions recorded in the third quarter.

Sales compared to the same quarter in 2014 grew in the fourth quarter, but have moderated compared to the previous two quarters. Year-over-year sales were up only 13.5 percent in the fourth quarter compared to a steady 20-25 percent expansion in previous year-over-year quarter comparisons. This may simply be an anomaly or a seasonal slowdown, or perhaps a sign that housing prices are beginning to moderate or even plateau. It is difficult to say with a single quarter change in these trends.
Average days on market edged up moderately from 33 days in the third quarter to 39 days in the fourth, an 18 percent increase. Compared to the same time last year, however, the days on market has fallen nearly 28 percent from 54 in the fourth quarter of 2014.

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

**Median sales price**  
Portland metro, existing homes
In the market for newly built detached single-family units, sales volume and median price performed better than existing homes. Both sales volume and median sales price edged upward. Sales of new homes increased 14 percent compared to the third quarter and nearly 29 percent year-over-year. Median sale price increased,
though more moderately, from $391,320 to nearly $400,000, which represents a 2 percent increase over the third quarter and a 9.5 percent increase year-over-year.
Vancouver and Clark County

The trend in Vancouver and Clark County show a modest decline in quarterly sales volume compared to the third quarter. Clark County recorded 788 transactions, which represents a 15.8 percent decline from the previous quarter. Vancouver recorded 1,112 transactions, which represents a 12.6 percent decline.

Compared to the same quarter last year, both Clark County and Vancouver experienced double digit increases in transactions, however. Clark County saw a 15 percent increase in sales this quarter compared to the fourth quarter of 2014. Vancouver experienced a 21.5 percent increase.

Median sale price in Clark County declined slightly by 2.3 percent in the fourth quarter compared to last quarter, reaching $283,046. Vancouver saw a slight increase of 1.6 percent to $245,000. Compared to the same quarter last year, Clark County median prices were up 9 percent, while Vancouver increased 10 percent. Both of these year-over-year increases continue a trend of steady, modest increased pricing.

Average days on market have experienced a sustained and substantial downward trend, year-over-year, for both Clark County and Vancouver. While the average days on market in Clark County edged up 14 percent compared to last quarter to 57 days, that represents a 24 percent decline in average days on market compared to the fourth quarter in 2014 when the average was 75 days. A similar short term increase in average days on market was experienced in Vancouver. The average days on market increased 17 percent from 35 to 41 since last quarter, however, that represents a 29 percent decline from the fourth quarter in 2014 when the average was 58 days.
While permitting was brisk in Bend, sales volumes declined and median sales prices remained flat since last quarter. The fourth quarter in Bend saw 578 trades of existing homes, a decline of over 21 percent compared to the third quarter. While this represents a substantial quarterly change, Bend still saw a 4 percent increase in year-over-year transactions.

The median sale price remained flat at $327,478 in the fourth quarter but even while flat compared to last quarter, this still represents a nearly 13 percent increase compared to the fourth quarter of 2014. Average days on market continued a slight decline to 114 days, which represents a modest 2.5 percent decline year-over-year.
Number of transactions
Bend, under 1 acre

Median sales price
Bend, under 1 acre

$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000


578
$327,478
Redmond’s quarterly trends tracked with Bend but Redmond performed even better year-over-year. Sales volume declined 15 percent compared to last quarter, but was still up over 44 percent year-over-year. Median sales prices saw a slight increase of 1 percent compared to the last quarter to $223,226, but this modest quarterly increase still represents a 13.7 percent year-over-year increase. Average days on market rose 2 days to 109 compared to last quarter, but have come down 12.8 percent year-over-year from 130 days in the fourth quarter of 2014.
The trend of steady increases in median sale price of the past two quarters for the Willamette Valley counties saw a reversal for all but Lane County. The seasonal slowdowns are evident. A longer term look shows continued modest increases compared to the same quarter last year.

- Benton County: $267,400 median price, a 2.7 percent decline from the prior quarter but a 10 percent increase year-over-year
- Lane County (excluding Eugene): $226,400 median price, a 0.6 percent increase from the prior quarter and a 5 percent increase year-over-year
- Marion County (excluding Salem): $201,900 median price, a 1.5 percent decline from the prior quarter and a 2 percent increase year-over-year
- Polk County (excluding Salem): $195,990 median price, a 4.3 percent decline from the prior quarter and a 10.5 percent increase year-over-year
- Linn County: $165,700 median price, a 4 percent decline from the prior quarter and a 6 percent increase year-over-year
SALEM

Transaction volume in Salem experienced a seasonal decline in sales volume in the fourth quarter compared to last quarter. 702 sales were recorded in the fourth quarter, which represents a 11.6 percent decline compared to the 794 sales required last quarter. However, Salem continued a strong year-over-year trend of increased sales volume. Compared to the 520 sales in the fourth quarter last year, Salem recorded 702 sales this quarter – an increase of 35 percent.

Median sales prices remained nearly flat at $200,250 this quarter compared to $199,900 in the third quarter. Compared to the fourth quarter of 2014 when the
median sales price was $182,250, prices this quarter have increased nearly 10 percent. Similarly, average days on market experienced an increase compared to last quarter of 7 percent, from 99 to 107 days. However, compared to the fourth quarter of 2014, average days on market have declined 9.4 percent from 117 to 106 days.
As with most markets, Eugene-Springfield experienced a seasonal slowdown in sales volume in the fourth quarter. Eugene-Springfield sales volume declined 23.6 percent compared to last quarter from 1,020 to 779 sales. However, also like many of the markets analyzed, Eugene-Springfield continued to experience strong longer term sales volumes. Compared to the same quarter last year, sales volume is up nearly 20 percent.

Median home prices declined slightly compared to last quarter, going from $230,000 to $224,550, which represents a 2.4 percent decline. Year-over-year change edged up 2 percent, however. Days on market declined by one day on average from 57 to 56 days compared to last quarter. The year-over-year change is more substantial, dropping from 71 in the fourth quarter of 2014 to 56 days in this quarter – a decline of 21 percent.
Number of transactions
Eugene-Springfield, existing homes

Median sales price
Eugene-Springfield, existing homes

$300,000

$250,000

$200,000

$150,000

$100,000


779

$224,550
Southern Oregon

Data for southern Oregon is provided in rolling three-month groupings, and the most recent dataset available for this region covers the September 1, 2015 – November 30, 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
The following figures display the data for Josephine County.

**Average days on market**

**Jackson County, existing homes**

**Number of transactions**

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

- 2014: $189,000

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

- 2014: 120
- 2015: 54