
RESIDENTIAL MARKET ANALYSIS

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Many of the single family housing trends in the first quarter of 2017 slipped following a continuation of steadily increasing quarterly trends over the last year. The winter home buying season is characterized by lower transaction volumes, modest upticks in sales prices and an increase in average days on market within the majority of the markets analyzed here.

In many of the markets analyzed, the transaction volume declined compared to last quarter, while the year-to-year transactions generally decreased also, indications from the harsh winter season. The number of real estate transactions in Portland decreased for both existing and new homes both from last quarter to this quarter and in the first quarter of 2017 when compared to the same quarter last year. While it is difficult to determine the reason for the decreasing trend, it is interesting to note that Portland's median home sale price increased last quarter from \$343,450 to \$349,900. Redmond, Bend and most counties in the Willamette Valley experienced a slight uptick in sales price. Eugene declined with regards to transaction volume and Salem and Marion County continued to decline following a last quarter decline. Sales volume is still above the boom years of the mid 2000s but permits continue to lag behind the mid-2000s.

Permits for new single family homes were down approximately 2 percent statewide, continuing some of the trends from last quarter, with wide variation across the state. Portland's permit activity heavily influences the state figures. Portland's permitting of single family increased close to 20 percent or more compared to last quarter, while Eugene saw a 16.5 percent decline and Medford experience an

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approximately 31 percent decrease compared to last quarter. When compared to the same quarter last year, permit activity is down approximately 22 percent statewide. Leading the pack were Bend with a 17.4 percent decrease compared to the same quarter last year.

Attom Data Solutions, February 2017, published an article by John Burns, that provides great insight to demographic shifts over next 10 years. An important point he provides in the article is that 38 percent more people over the age of 65, baby boomers, are likely to keep working and using their cars. They will desire to be near their kids but look to suburban housing environments. Baby boomers are continuing to accumulate more student loan debt to help their children and grandchildren pay for college. Thus, allowing the opportunity for these younger generations to save money for a home.

The lack of land supply for new housing within the urban growth boundary continues to hurt the affordability in the Portland Metro market as seen in the existing home sale prices. As families wait for new affordable housing to be developed, suburban cities are starting to provide annual housing reports to show that Metro's growth calculations are in line with actual growth rates. An example is the City of Wilsonville's annual housing report, shown in the figure below.



In an interview with the City of Wilsonville, Planning Director, Chris Neamtzu, he indicated that the City of Wilsonville has worked to develop conceptual plans in anticipation of getting urban reserves annexed into their City. The City of Wilsonville now has more commuters traveling into the City to work in lieu of traveling to Portland. The importance of obtaining approval for the Frog Pond urban reserve for buildable land supply is vital for their community.

LOCAL PERMITTING

In the first quarter of 2017, there were 4,024 building permits for new private housing units issued in total across the state of Oregon. This is approximately

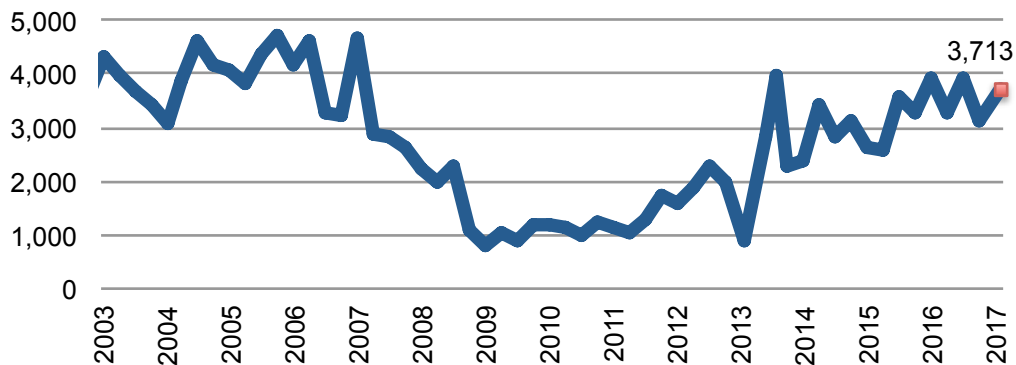
2 percent less permits than were issued in the prior quarter and nearly 22 percent less than were issued in the first quarter of 2016.

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



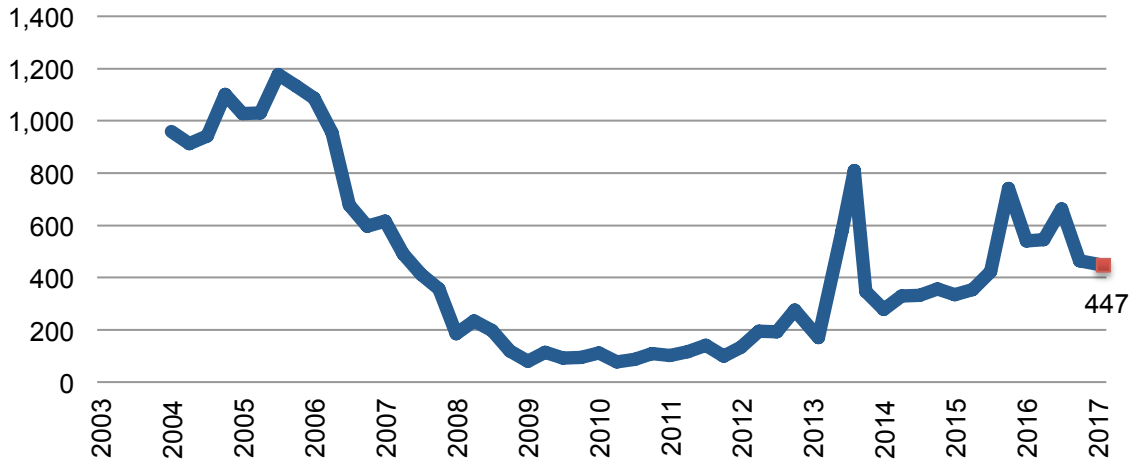
There were 3,713 permits for new private housing units issued in the Portland-Vancouver-Hillsboro metropolitan statistical area in the first quarter of 2017. This represents a 18.6 percent increase in permits compared to the fourth quarter of 2016, and a 4.9 percent decrease in year-over-year permitting. This increase could be attributed to permitting in the outer regions where land is available. The Portland market accounted for 92 percent of the new statewide permits this quarter.

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



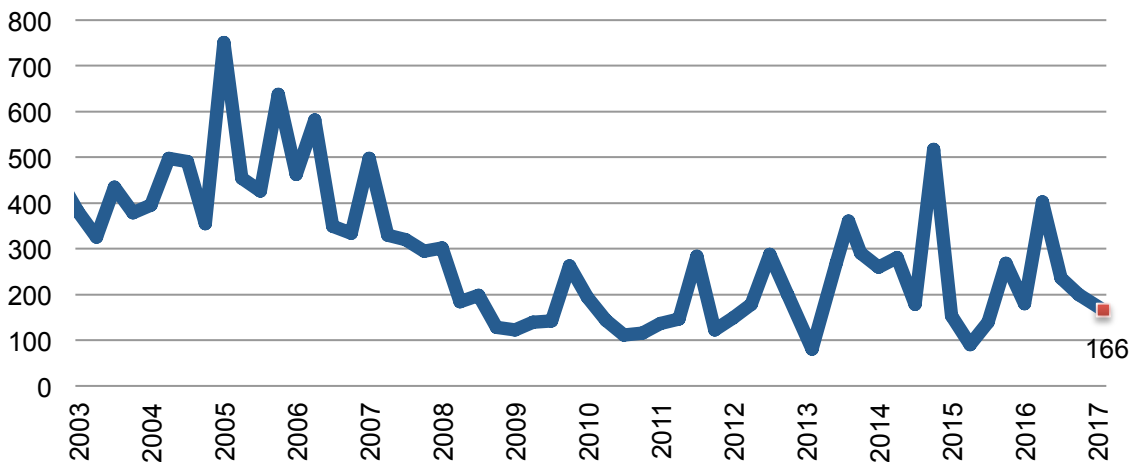
Bend MSA permitting rate declined to 447, by 3.9 percent compared to last quarter and by and even greater 17.4 percent decrease compared to the same quarter last year.

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



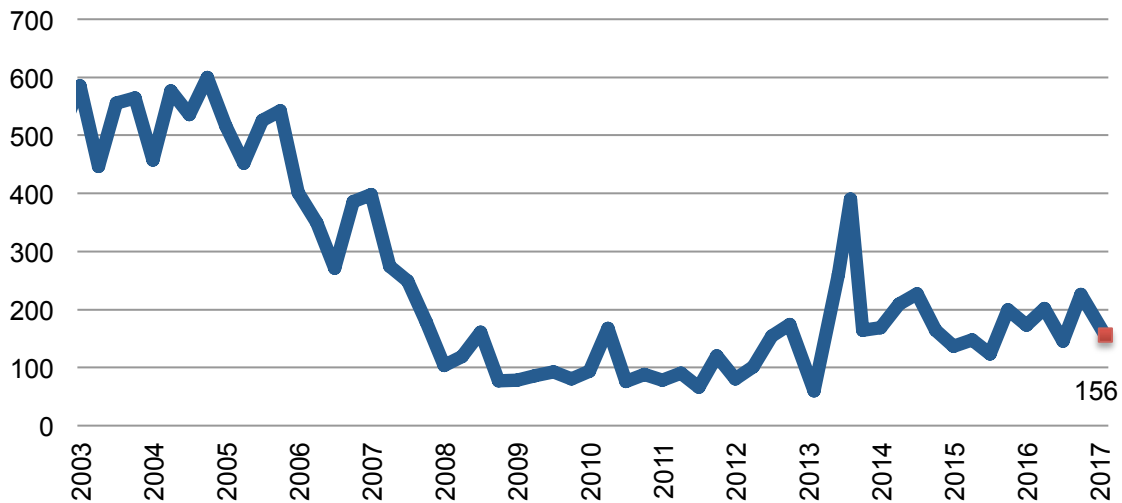
The Eugene-Springfield MSA’s fourth quarter permitting continued to declined to 166 permits resulting in a 16.6 percent decrease for this quarter from last quarter. The decline in the Eugene market is second after Medford in the state. Permitting for new private housing units totaled 166. While lower than last quarter, this still represents a 7.8 percent decrease over the same quarter a year ago. Will this declining trend continue remains to be seen in the upcoming year along with the affordability of the new housing products.

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



Like Eugene, new permits in Medford MSA decreased this quarter, 156, by nearly 31 percent. Like Eugene, even this downward movement compared to last quarter represents a nearly 9.8 percent decrease compared to the same quarter last year.

Building permits for new private housing Medford MSA, seasonally adjusted

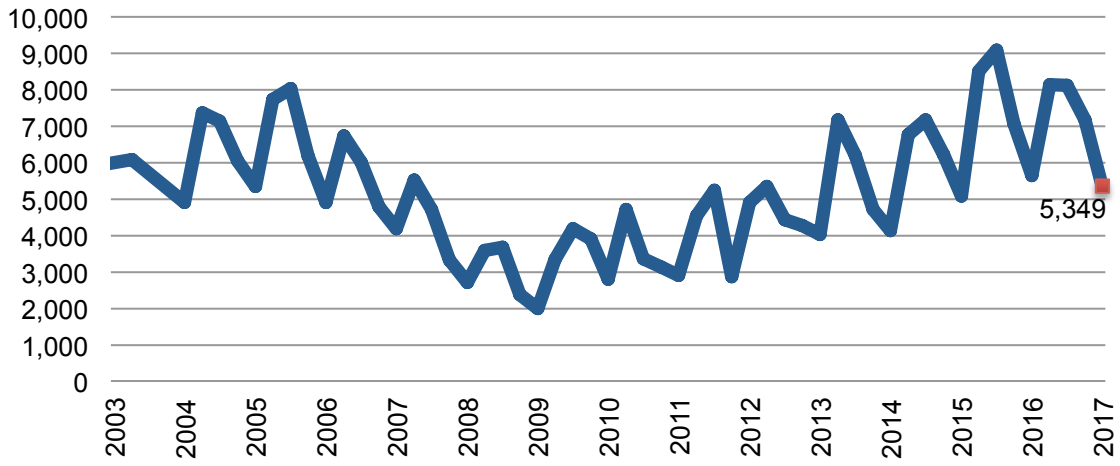


PORTLAND TRANSACTIONS

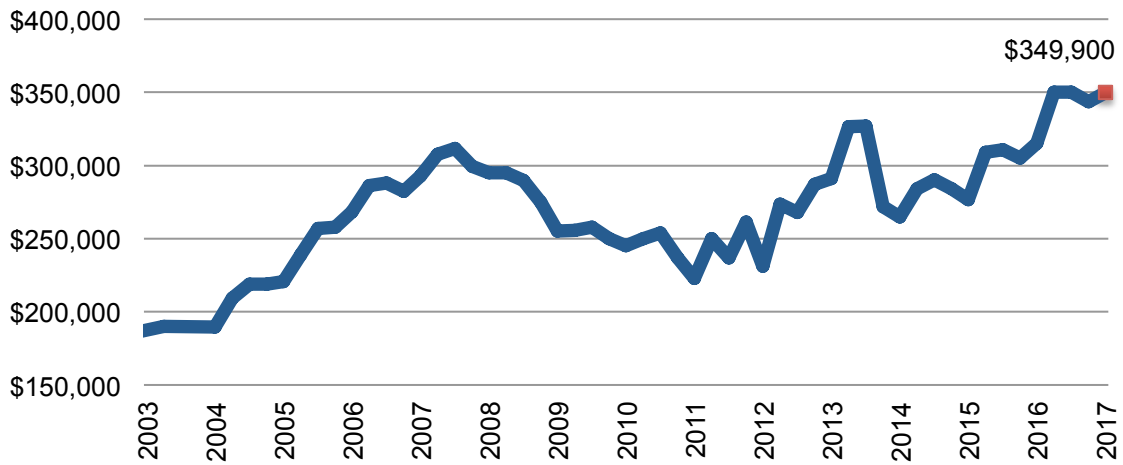
The first quarter showed signs of slipping from the previous quarter for existing home sales in the Portland market: over 5,349 transactions with a median sale price of \$349,900. This number of transactions is a slight 5.1 percent decrease over the same quarter last year. However, the median sales price for existing homes increased by nearly 11 percent compared to the same quarter last year.

The average days on market for existing homes edged up by 10 days, to 44 days from 34 days last quarter. However these 44 days in the fourth quarter of 2016 represent only a 7.3 percent increase of the average days on market compared to the same quarter last year. Final sales prices in the first quarter continued to be above list price, but rose slightly from 99.34 percent last quarter to 99.51 percent this quarter.

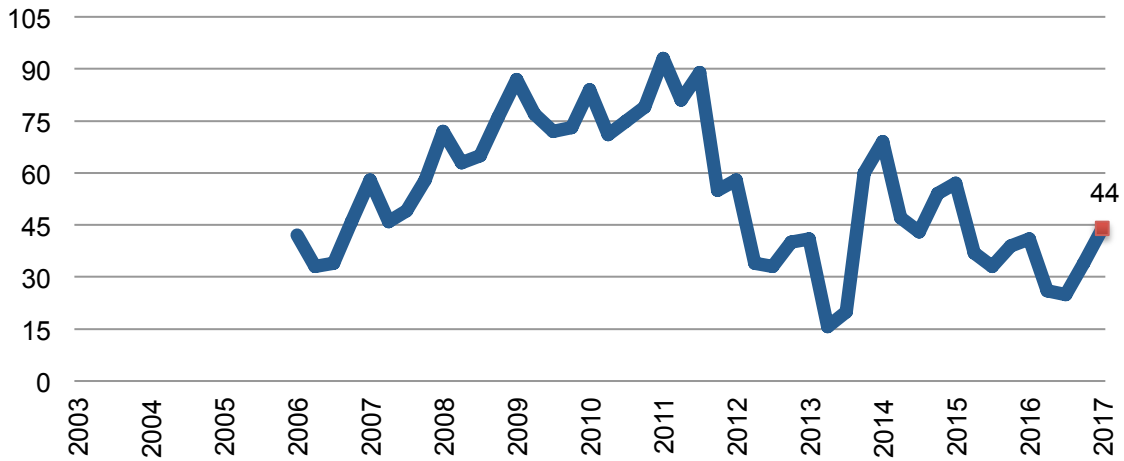
Number of transactions
Portland metro, existing homes



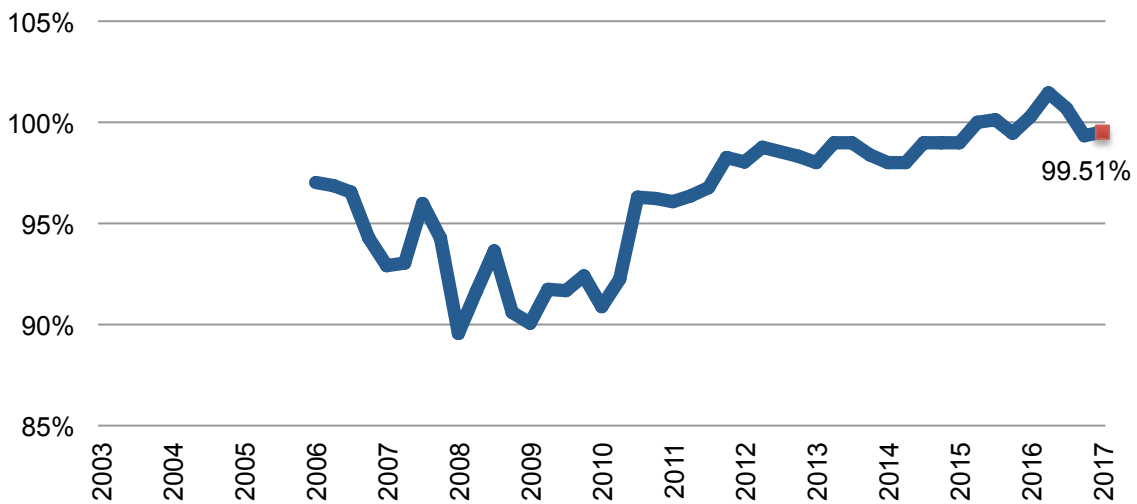
Median sales price
Portland metro, existing homes



Days on market
Portland metro, existing homes

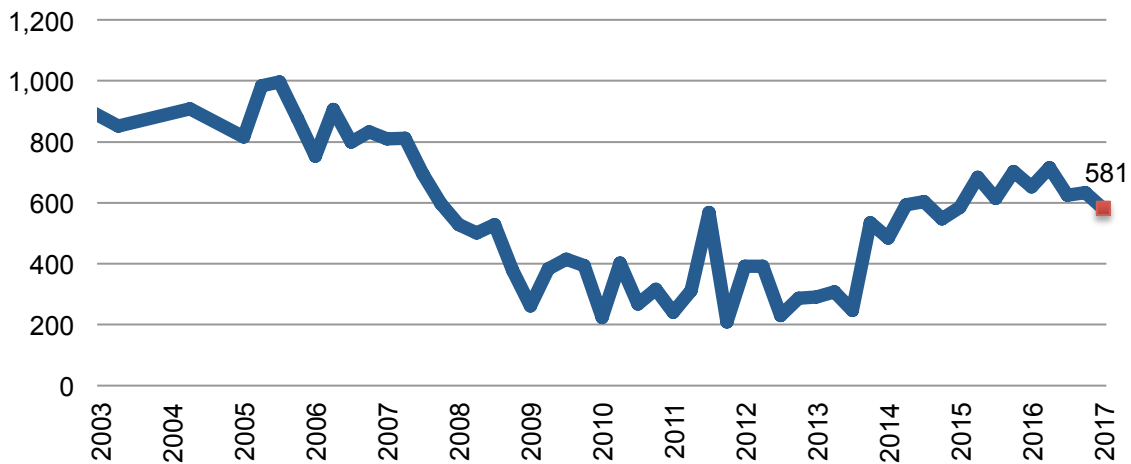


Ratio of sales price to list price
Portland metro, existing homes

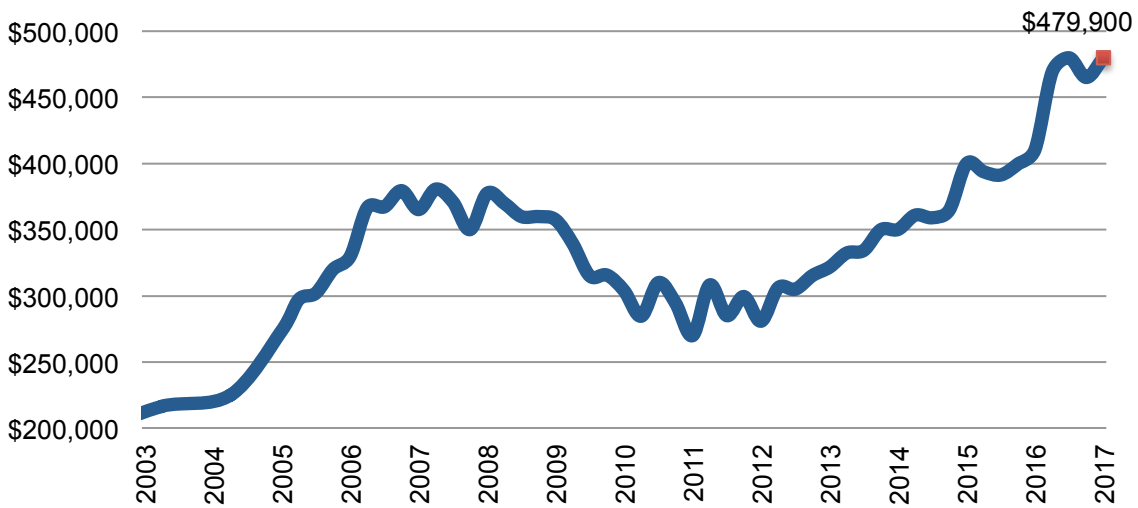


In the sale of new homes for Portland, the number of transactions, 581, saw a 8.4 percent decrease compared to last quarter along with a 10.75 percent decrease compared to the same quarter last year. New home median sales price in the fourth quarter saw a slight increase compared to the last quarter. Last quarter, the median sales price for new homes was \$465,000 compared to \$479,900 this quarter – a increase of only 3.2 percent. Compared to the same quarter last year, however, new home prices have increased \$69,400 or close to 17 percent perhaps due to the increased pricing for the land/lots and labor that is increasingly in short supply.

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



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



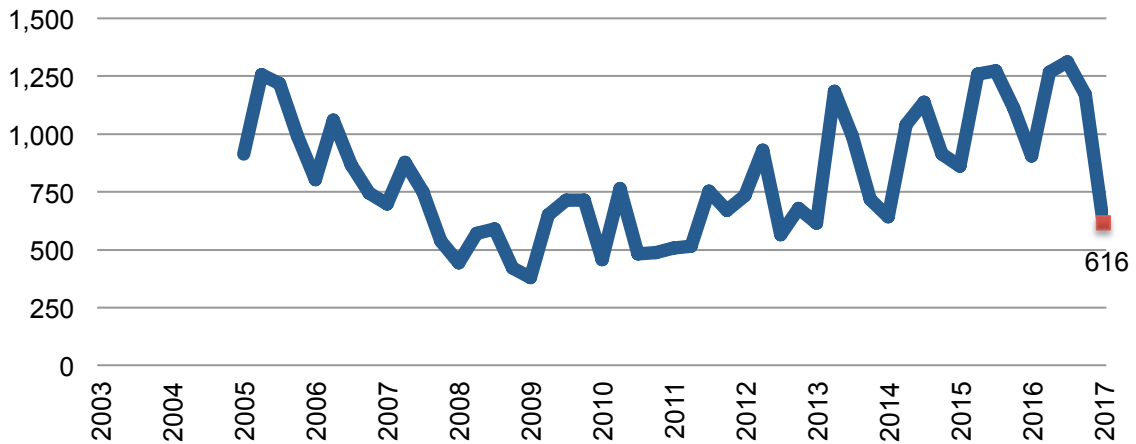
VANCOUVER AND CLARK COUNTY TRANSACTIONS

Like Portland, Vancouver experienced a significant level of decline in transactions of home sales this quarter compared to last quarter. Vancouver experienced a 47.4 percent decrease in transactions of existing homes compared to last quarter. While Portland experienced a slight decline in year over year transactions, Vancouver’s transactions decreased by 31.9 percent compared to the same quarter last year. Clark County transactions were up 6.6 percent compared to last quarter and 44.5 percent higher compared to the same quarter a year ago.

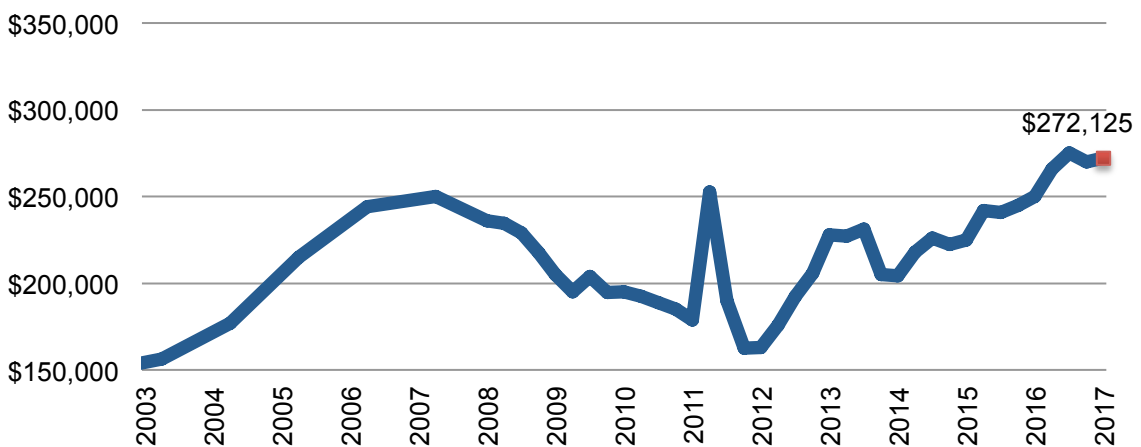
Average days on market continued to increase quarterly for both Vancouver and Clark County, a reflection of sales activity, but also are at a substantial reduction compared to the same quarter last year. The average days on market for Vancouver, 43, represent an increase of 19.4 percent compared to last quarter and a slight

increase of 2.4 percent compared to the same quarter last year. Clark County saw a 28.3 percent increase in average days on market compared to last quarter and a 15.7 percent decline compared to the same quarter a year ago. Transactions involving existing homes into Vancouver went to 616, with median sales price of \$272,125 and 43 days on the market. Clark County excluding Vancouver transactions decreased to 616, median sales price increased to \$325,000 and days on the market went up to 59.

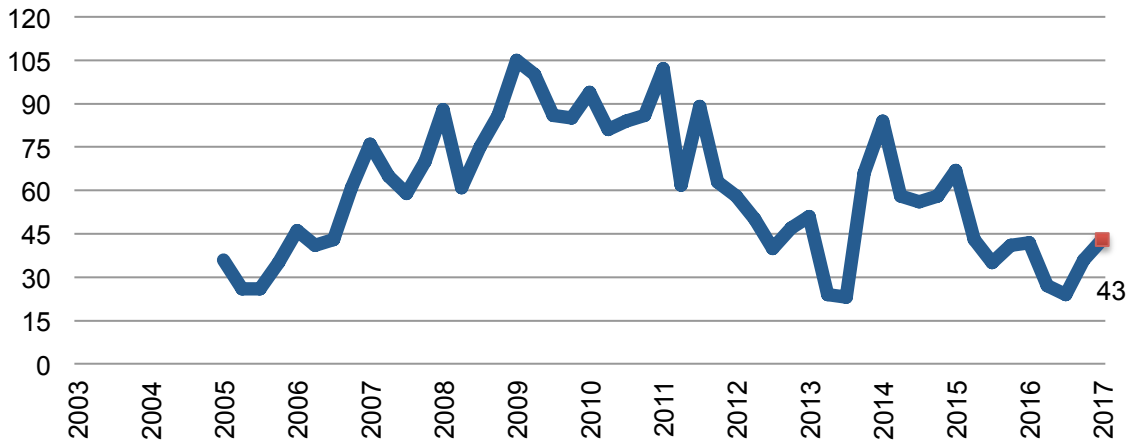
**Number of transactions
Vancouver, existing homes**



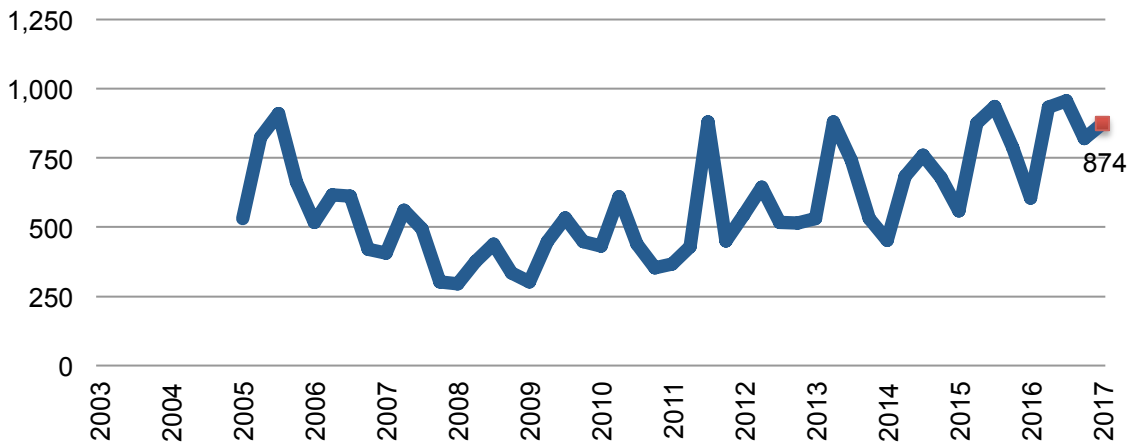
**Median sales price
Vancouver, existing homes**



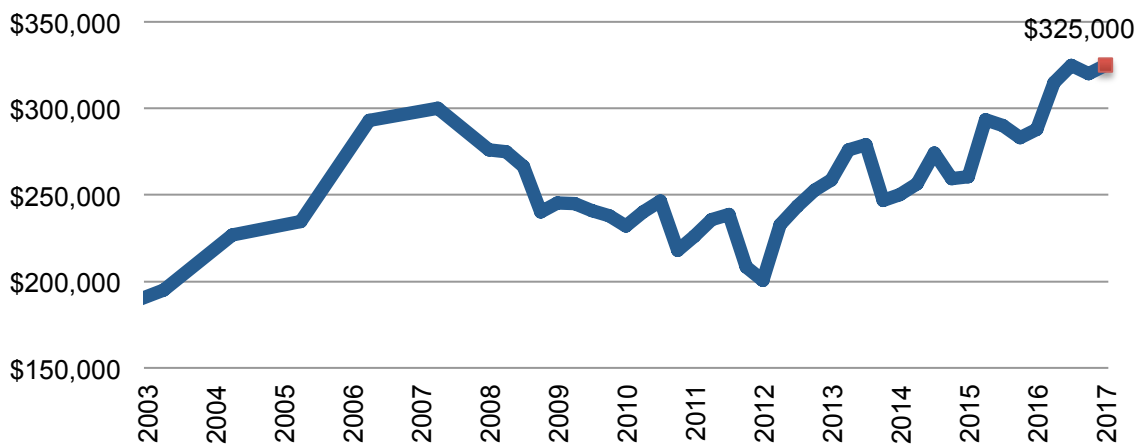
Days on market
Vancouver, existing homes



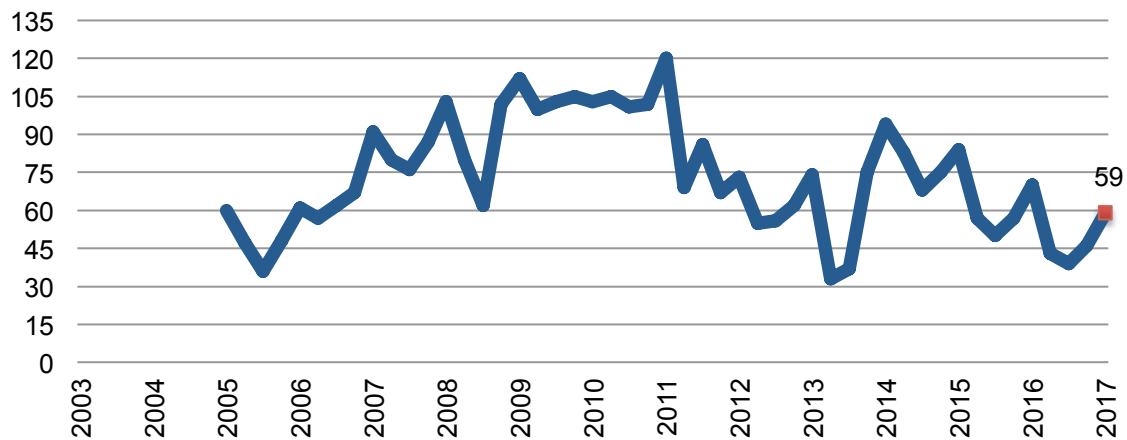
Number of transactions
Clark County, excluding Vancouver, existing homes



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



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



CENTRAL OREGON TRANSACTIONS

Transactions in Central Oregon saw decline in activity compared to the statewide continuation of upward trends from the previous quarter. Bend saw a 26.7 percent decrease compared to last quarter, and like Portland’s slight year over year decline, Bend saw a 7.8 percent decrease compared to the same quarter last year. Redmond experienced a 41 percent decrease in transactions compared to last quarter but only a 14.7 percent decrease when compared to the same quarter last year. Bend under-one-acre numbers are 439 transactions, median sales price of \$375,000 and 129 days on the market.

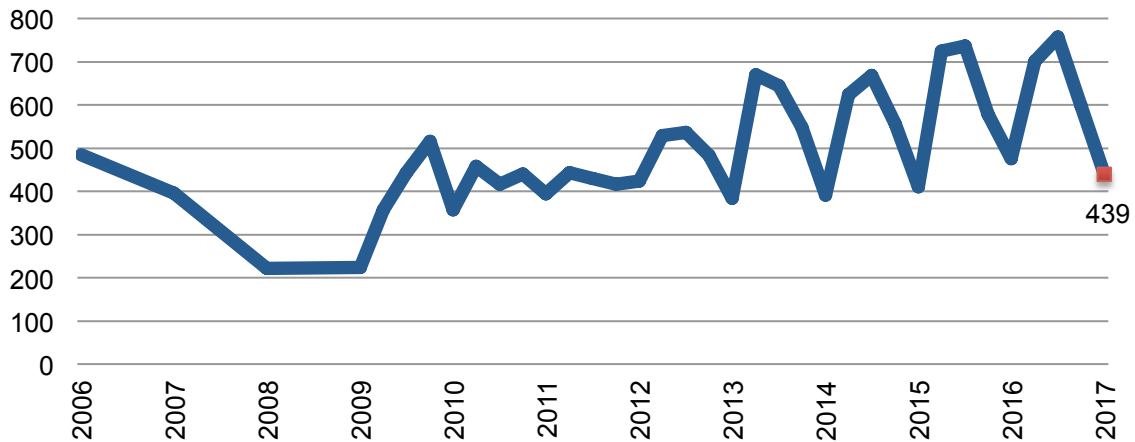
Median home prices in Central Oregon continued the steady, quarterly and year-over-year increases. Bend experienced nearly the same in median sales price at a 4.2 percent increase compared to last quarter, and nearly a 12.6 percent increase

compared to the same quarter last year. Redmond saw a 6.8 percent uptick in home prices compared to last quarter, with a 13 percent increase compared to the same quarter last year.

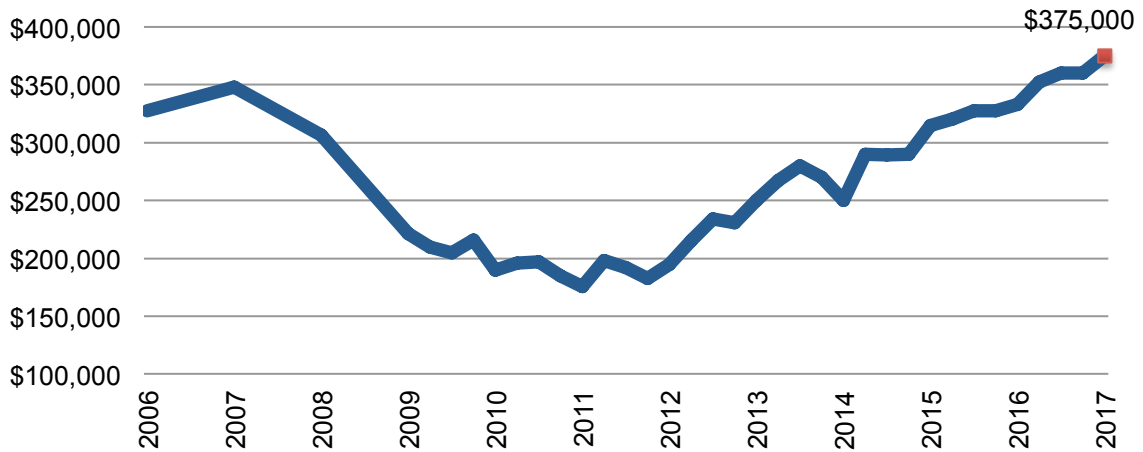
Average days on market are increasing overall from last quarter. Bend's average days on market followed suit for days on the market from 113 last quarter to 129 this quarter. Compared to the same quarter last year, where there was a 1 percent decline. Redmond saw a 30 percent increase in average days on market compared to last quarter, with a 26.4 percent increase when comparing this quarter to last year.

Redmond, the number of transactions dropped to 151 from 256. Median sales price increase to \$272,450 from \$255,000. Days on the market increased from 103 to 134.

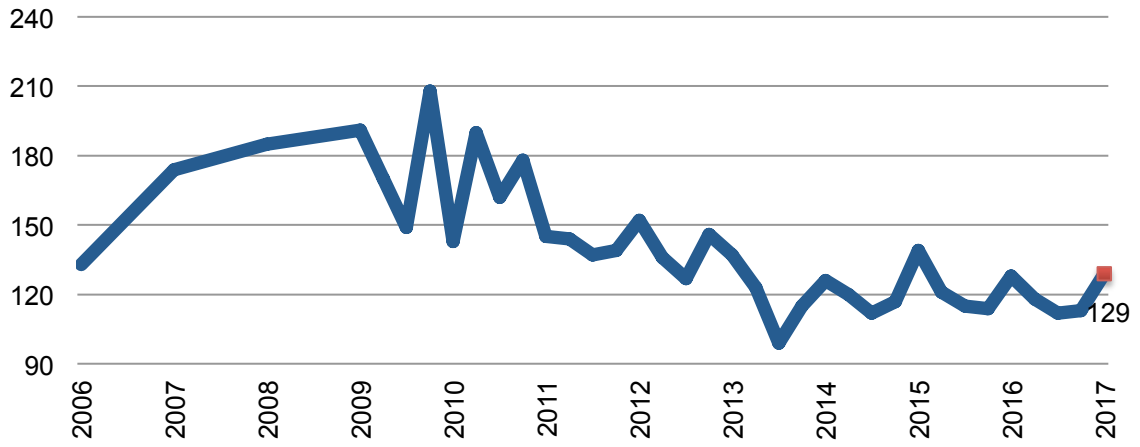
**Number of transactions
Bend, under 1 acre**



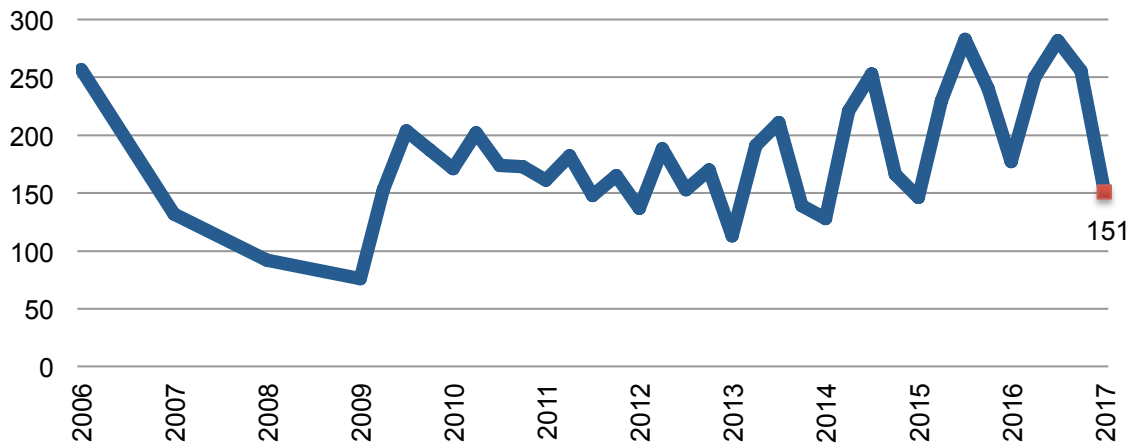
**Median sales price
Bend, under 1 acre**



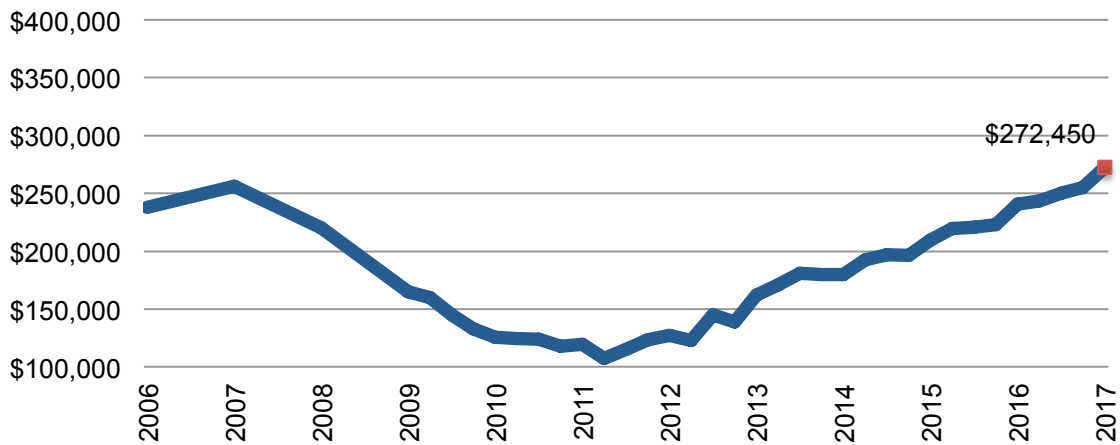
Days on market
Bend, under 1 acre



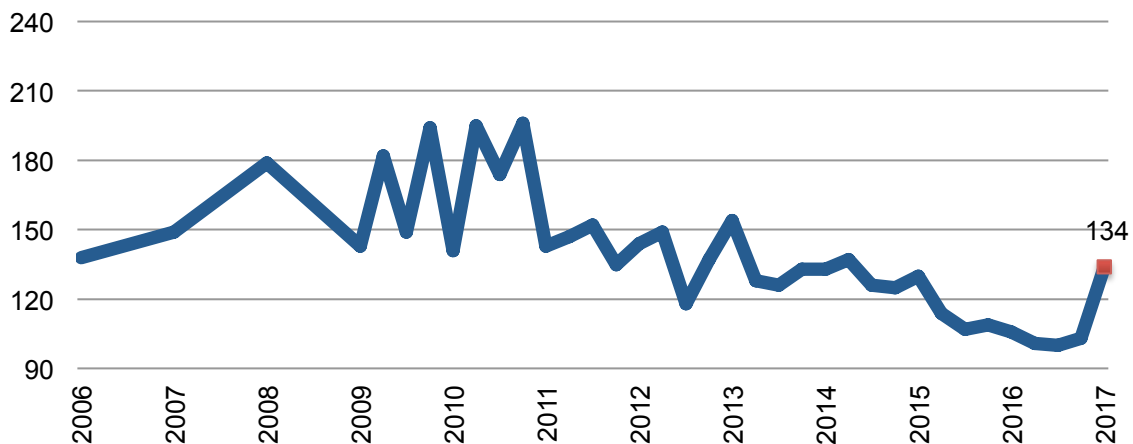
Number of transactions
Redmond, under 1 acre



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



**Days on market
Redmond, under 1 acre**



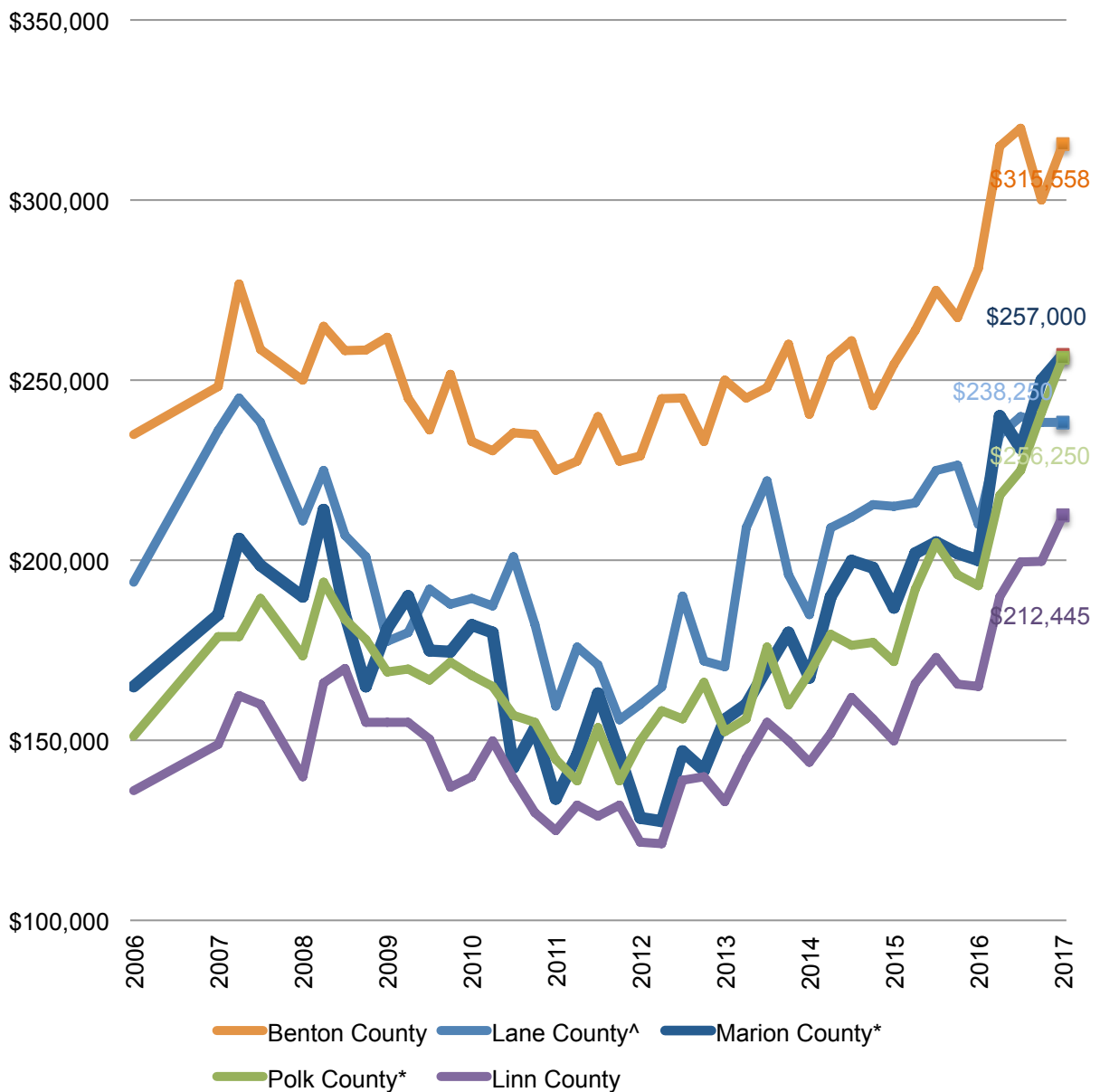
WILLAMETTE VALLEY TRANSACTIONS

The slight decrease in median sale prices seen in the Portland, Vancouver and Clark County areas this quarter was only evident in two counties across the Willamette Valley. However, Marion County, Polk County and Linn County experience increases in price when compared to both the previous quarter and the last quarter of the previous year. Data for the Willamette Valley counties including Salem is provided by Willamette Valley MLS.

- Benton County: \$315,000 median price, a 5 percent increase from the prior quarter and a 12 percent increase year-over-year
- Lane County (excluding Eugene): \$238,250 median price, flat from the prior quarter and a 5.2 percent increase year-over-year

- Marion County (excluding Salem): \$257,000 median price, an 2.8 percent increase from the prior quarter and a 23.8 percent increase year-over-year.
- Polk County (excluding Salem): \$257,000 median price, a 7 percent increase from the prior quarter and a 23 percent increase year-over-year
- Linn County: \$212,445 median price, a 6.38 percent increase from the prior quarter and a 20 percent increase year-over-year.

**Median sales price
Willamette Valley, existing homes**



^Excluding Eugene

*Excluding Salem

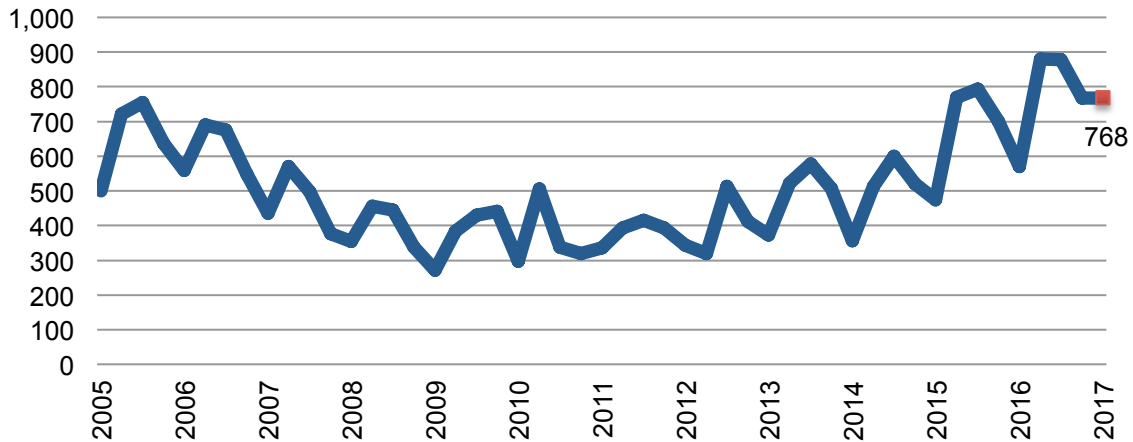
SALEM TRANSACTIONS

Transaction volume in Salem was consistent with the decline statewide of last quarter’s trend. Transaction activity declined 13 percent compared to last quarter, but that volume represents a nearly 9 percent increase compared to last year.

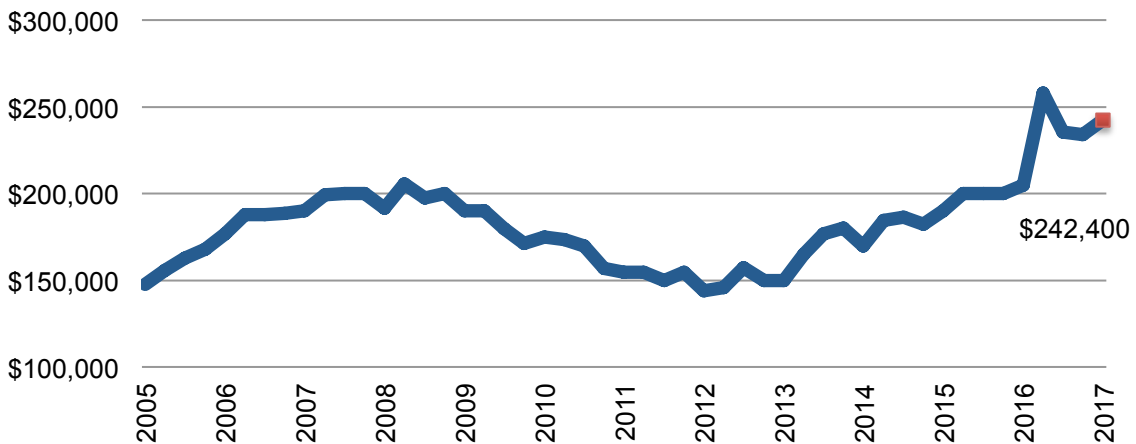
Median sales price in Salem declined as was seen across the state. Median home prices last quarter were \$234,000, while this quarter prices only reached \$242,200 – a increase of 3.4 percent. But compared to the same quarter last year, this decrease in price represents a 17 percent increase.

Average days on market also declined when compared to the previous quarter from a year ago. Compared to last quarter, average days on market decreased due to short supply, from 99 to 37.

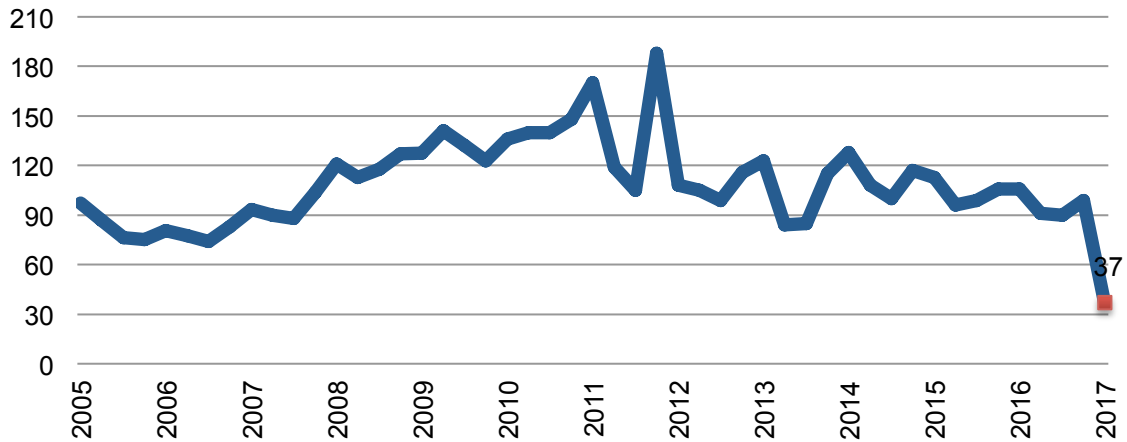
**Number of transactions
Salem, existing homes**



**Median sales price
Salem, existing homes**



**Days on market
Salem, existing homes**

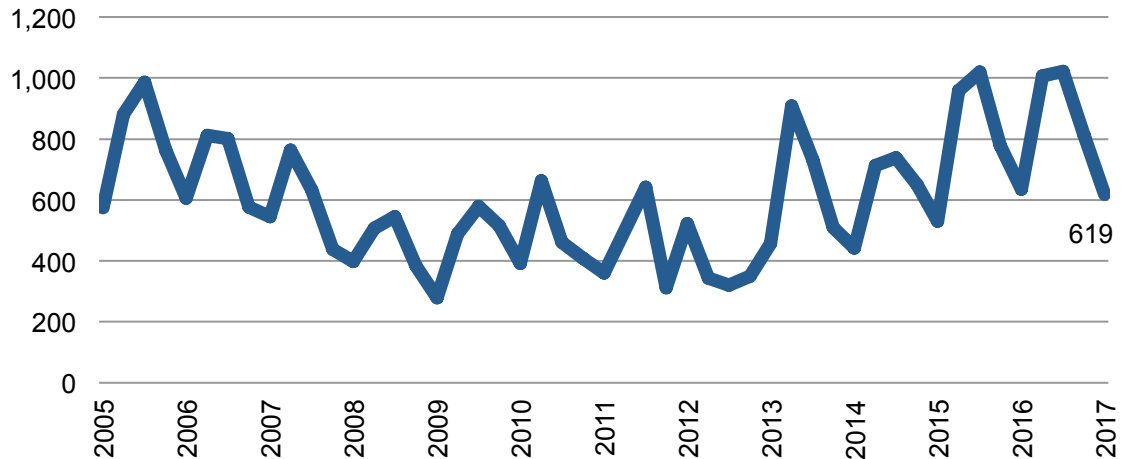


EUGENE-SPRINGFIELD TRANSACTIONS

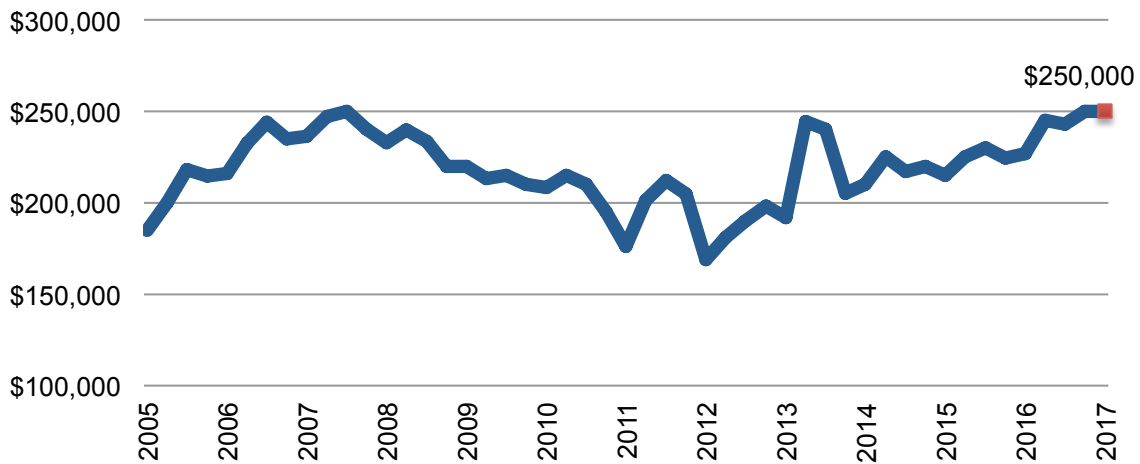
Like many other areas of the state this quarter, Eugene-Springfield experienced a decline in sales volume from last quarter combined with continued increase of average days on market. Transaction counts decreased 23.7 percent compared to last quarter, which is only a slight decrease of 2.5 percent compared to the same quarter last year. The number of transactions went from 812 down to 619.

Sales prices increased very slightly from \$249,000 last quarter to \$250,000 this quarter, a very slight increase of 0.04 percent. The percentage increase of average sales price compared to the same quarter last year is 10.1 percent. Average days on market increased a full 5 days this quarter compared to last, from 40 to 45 days on average. This represents a 12.5 percent increase compared to last quarter and a 29.7 percent decrease compared to the same quarter last year.

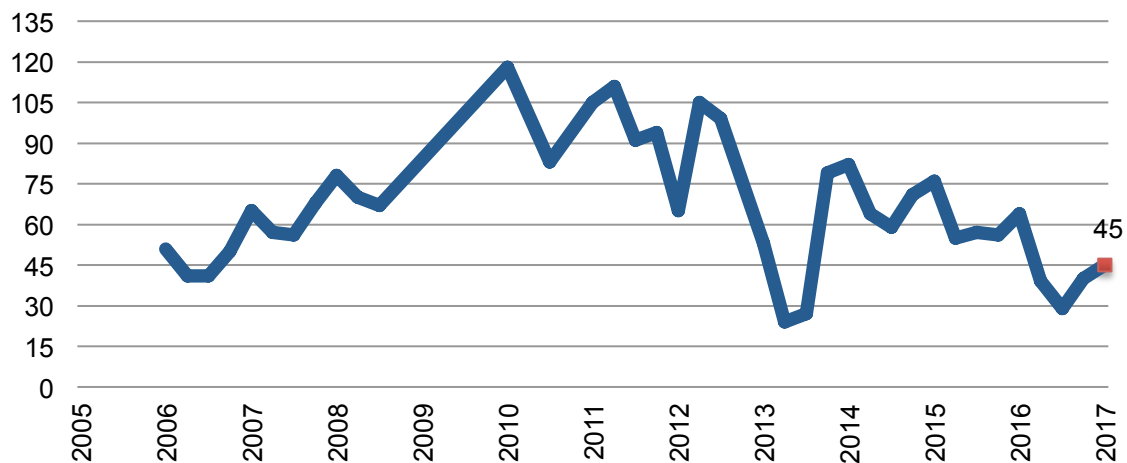
**Number of transactions
Eugene-Springfield, existing homes**



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



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



SOUTHERN OREGON TRANSACTIONS

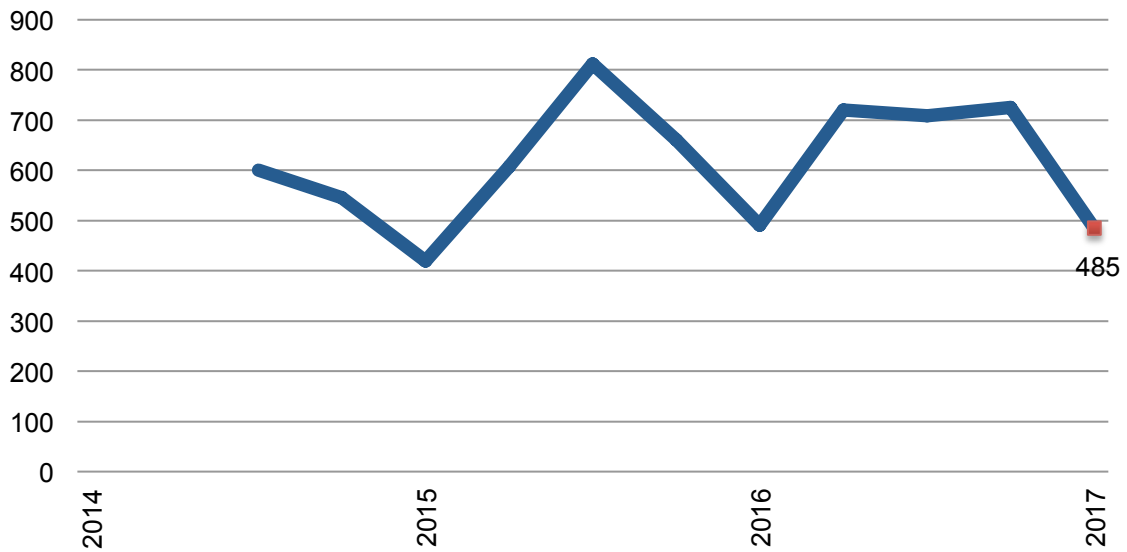
Trends in Southern Oregon tracked along side the trends across the state: largely less transaction volumes compared to last quarter from 725 to 485 for Jackson County. However, compared to last year, Jackson County saw only a 1.2 percent decrease in transaction volume while Josephine County saw 0.82 percent increase.

Median home prices decreased slightly from \$250,000 to \$243,000, compared to last quarter however increased more substantially compared to the same quarter last year. Average days on market had a slight increase compared to last quarter for Jackson County, but days on the market declined by approximately 34.7 percent in Josephine County when compared to the same quarter last year.

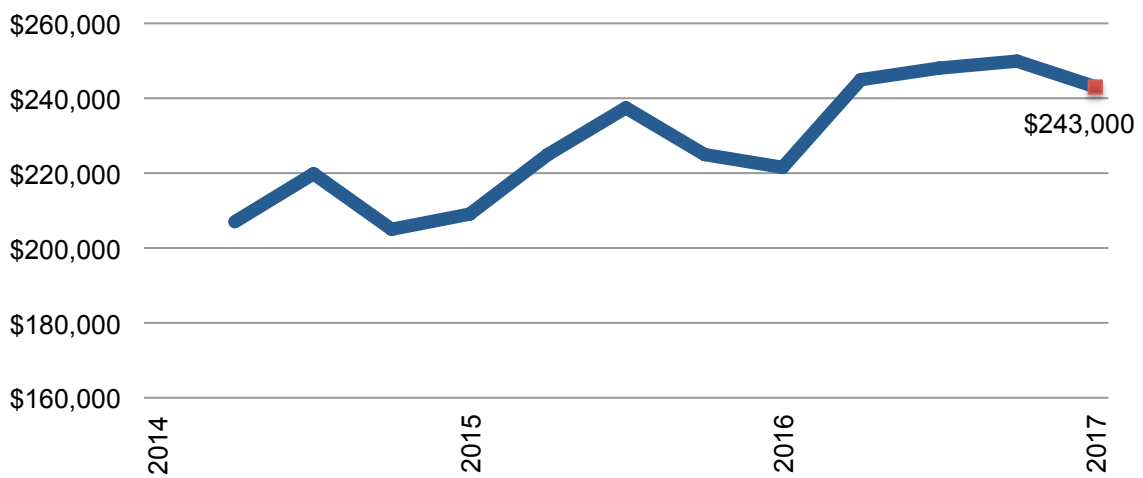
Data for southern Oregon is provided in rolling three-month groupings, and the most recent dataset available for this region covers the January first to March 31st, 2017 time period.

The following figures display the data for Jackson County and Josephine County. Josephine County existing transactions decreased from 175 to 123, median sale price increased from \$209,500 to \$216,500 and days on the market increase to 47 from 41.

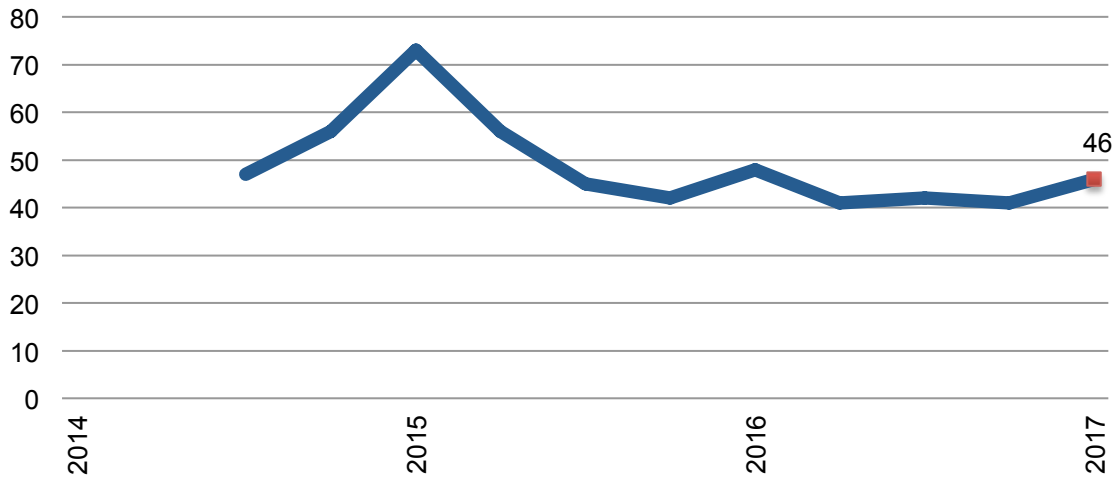
**Number of transactions
Jackson County, existing homes**



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

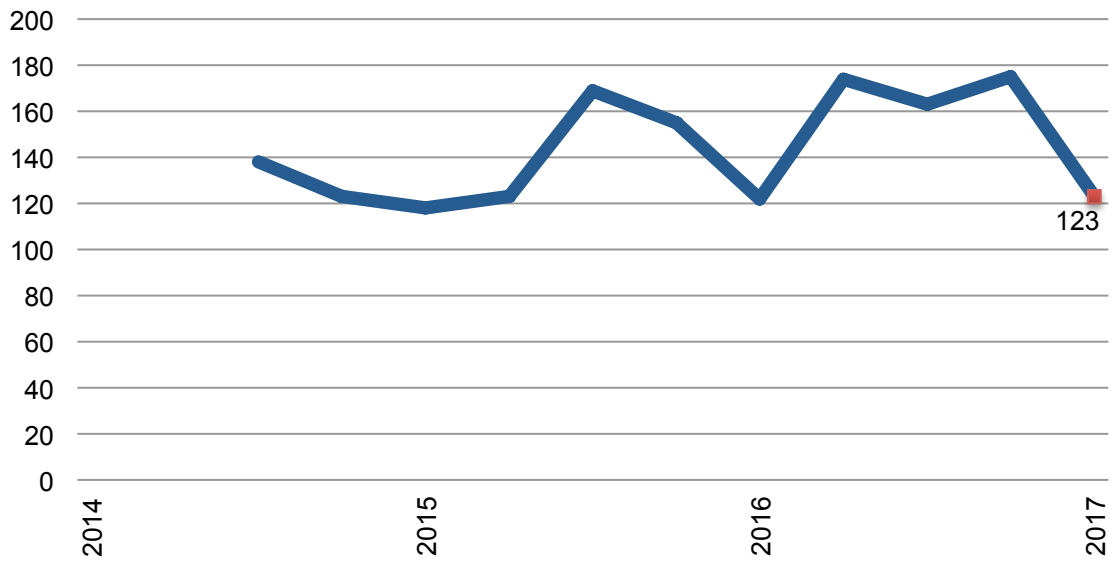


**Average days on market
Jackson County, existing homes**

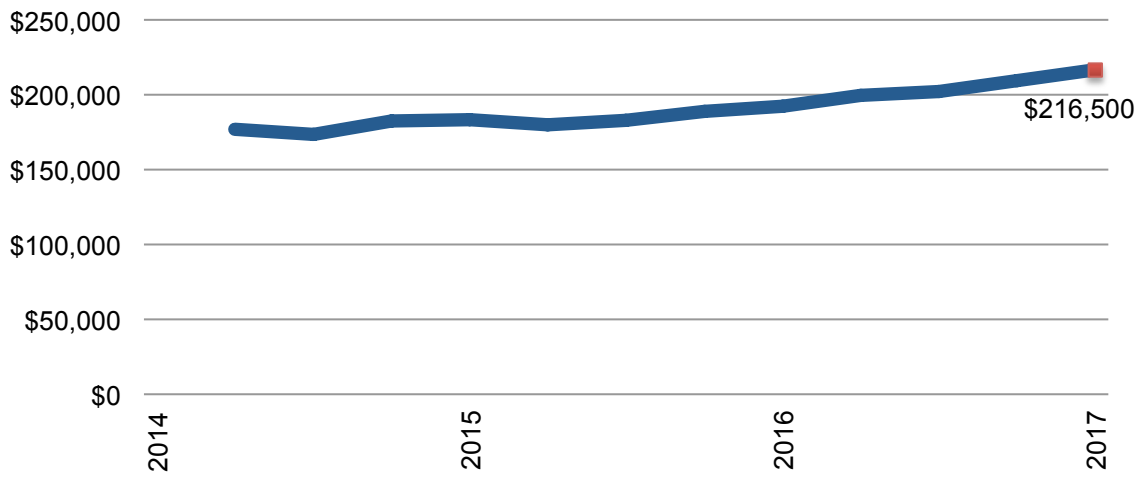


The following figures display the data for Josephine County.

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



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



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

