



Onward and Upward?

Recent data indicates the local residential housing market is on its way up.

by Kathy Oxborrow / for The Bulletin Special Projects

Many indicators point to an upward swing in the Central Oregon residential real estate market.

If you look at the sale prices, number of units sold and the average price per square foot of homes sold, the data shows that these numbers are all rising.

“We’re starting to see a trend — five to eight months — of increased sales prices and units sold,” said Lester Friedman, a broker at Coldwell Banker Morris Real Estate and past president of the Central Oregon Association of Realtors (COAR). “It’s good and steady, not spectacular, but good, steady growth in the market.”

“Prices in Bend are up almost 11 percent, and sales are 16.5 percent ahead of where they were this same time last year,” he added.

The median price of residential property sales for August 2012 in Bend was \$261,000 compared to September 2010 when the sales price was \$201,000. That’s a 29.9 percent increase.

In the Central Oregon market that includes Deschutes, Jefferson and Crook counties, the average

price per square foot of property sold also rose. In September 2010, the price per square foot for residential units was \$108.68. For home sales in August 2012, it was \$124.74.

Rob Moore, president of Arbor Mortgage Group, said he’s seeing a lot of activity at the low end of the housing market.

“Certain segments of the market that are under \$200,000 are very competitive,” he said.

But Moore pointed out that those sales don’t translate up

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to the high or middle end of the housing market. So while he believes the trend is positive, he said a broad-based recovery would be across the market, and he’s not seeing that right now. He added, though, that he is “cautiously optimistic.”

From the builders’ perspective, conditions are also improving.

Cindi O’Neil, co-owner of SolAire Homebuilders, a Bend-based green builder, said she’s seeing slow but steady progress from 2009 when her company hit the bottom.

“From October 2011 to now, we’ve had steady leads, steady appointments and fairly steady contracts for building homes,” O’Neil said.

Construction permits have been increasing. In August, the City of Bend issued 82

residential-related construction permits compared to 55 for the same month one year ago.

One of the ways SolAire Homebuilders was able to sustain itself during the recession was building spec homes funded by private investors because construction loans from banks pretty much dried up.

Loans also became harder to secure for buyers of existing homes due to increased federal regulation in response to lenders’ lax loan underwriting policies, which precipitated to the housing crisis.

“Federal regulations have held the banks back, and the banks’ reluctance to take risks have held back custom home building and speculative home building in this country, and particularly Central Oregon, because we were

designated as a very distressed area,” said O’Neil.

While credit requirements are tighter now, interest rates are at historic lows.

Moore from Arbor Mortgage says there is plenty of money to loan. Buyers just have to produce more documentation to qualify for loans now.

“Interest rates are unbelievably low, so it makes houses way more affordable,” Moore said.

Another sign that the housing market is in recovery, according to Moore, is that he’s seeing more traditional sales.

“You’ve got a willing buyer and a willing seller, and they consummate a deal and everybody is happy,” he said.

It’s a sellers’ market right now because



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inventory is low. In September 2010, there were 3,726 residential units listed for sale in Central Oregon compared to 2,698 in August 2012, a 27.6 percent decline.

Bend has seen a 33 percent drop in homes listed—in September 2010, 1,204 residential units were on the market but only 806 in August 2012.

That reduced inventory is causing competition among buyers.

Friedman said two months ago, a house in southeast Bend had 31 offers on it.

That’s made buyers with cash the winners when there are multiple offers on property. Cash sales in the Bend market accounted for 25 percent of sales from January until now, according to Friedman.

“Cash is king,” he said. “If there are multiple offers, one of the first questions I’ll ask is if any of them are cash offers. And if there are, then you know you’re probably in trouble because without an appraisal, cash will probably win the day, all else

being equal.”

That’s because lenders need appraisals to ensure that what they are financing reflects the market value of the property. But with cash, the lender is not in the picture, thus no appraisal is required, speeding up the process.

So it looks like a much rosier picture for the Central Oregon housing market on all fronts. Anecdotal evidence and the data from COAR all seem to confirm that the Central Oregon residential housing market has hit the bottom and is on its way back up.



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