

2018 Real Estate Forecast Breakfast Central Oregon Association of REALTORS®

Real Estate Market Update

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February 22, 2018



Real Estate Market Update

- ✓ Economic Contribution of Real Estate
Individual and Community Impact
- ✓ The Economy
Steady Gains
- ✓ Market Conditions
Rising Prices and Too Few Homes for Sale
- ✓ What's Next
Challenges and Opportunities

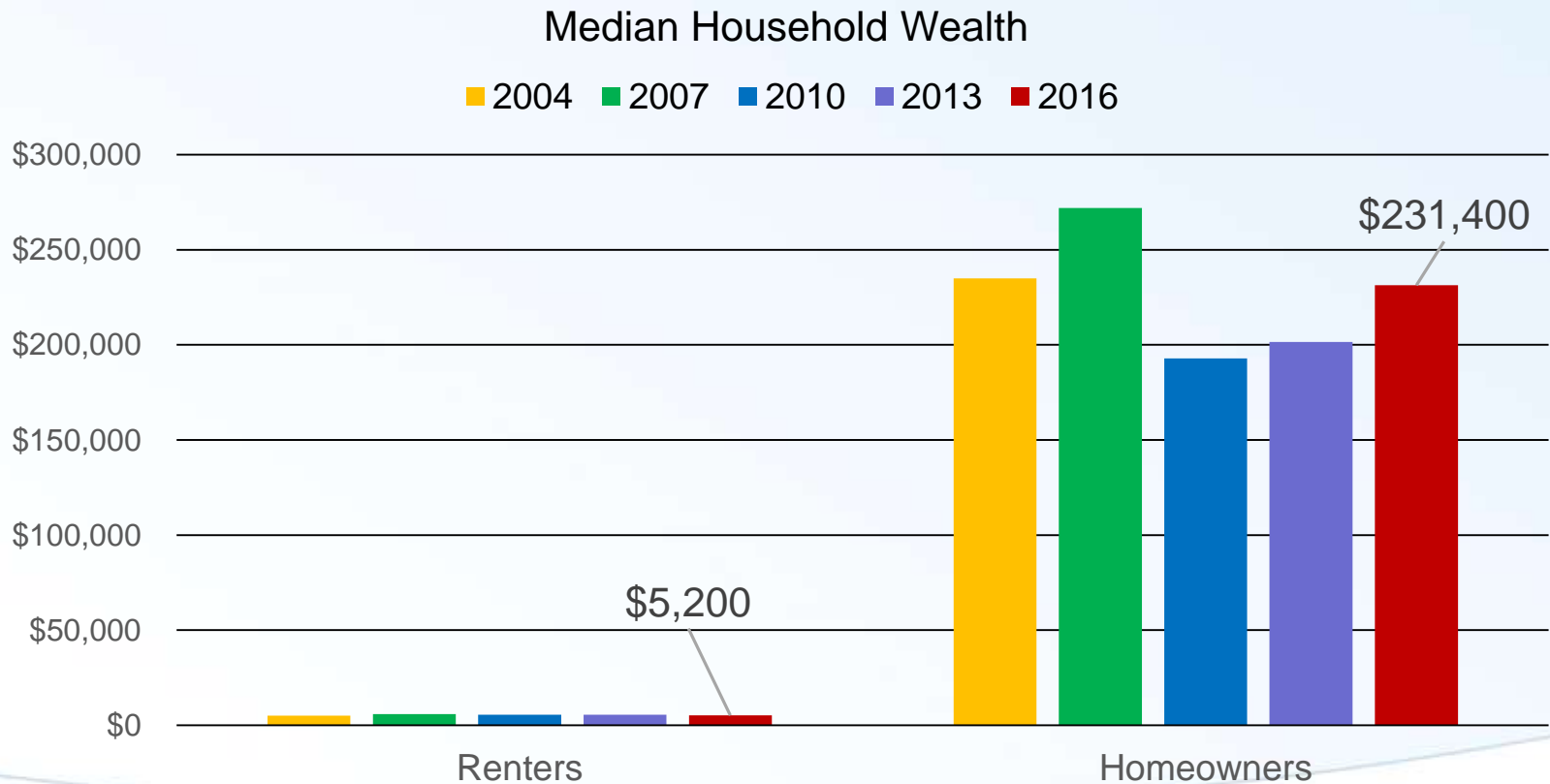
Presentation Slides Available at:
<http://bit.ly/COARForecastBreakfast2018>





Economic
Contribution of
Real Estate:
*Individual and
Community Impact*

Home Ownership is Key to Wealth Building – Wide Gap in Wealth Between Renters and Owners



Source: Federal Reserve Survey of Consumer Finances

The Economic Impact of a Home Sale is Significant

Average Impact of a Home Sale in Oregon

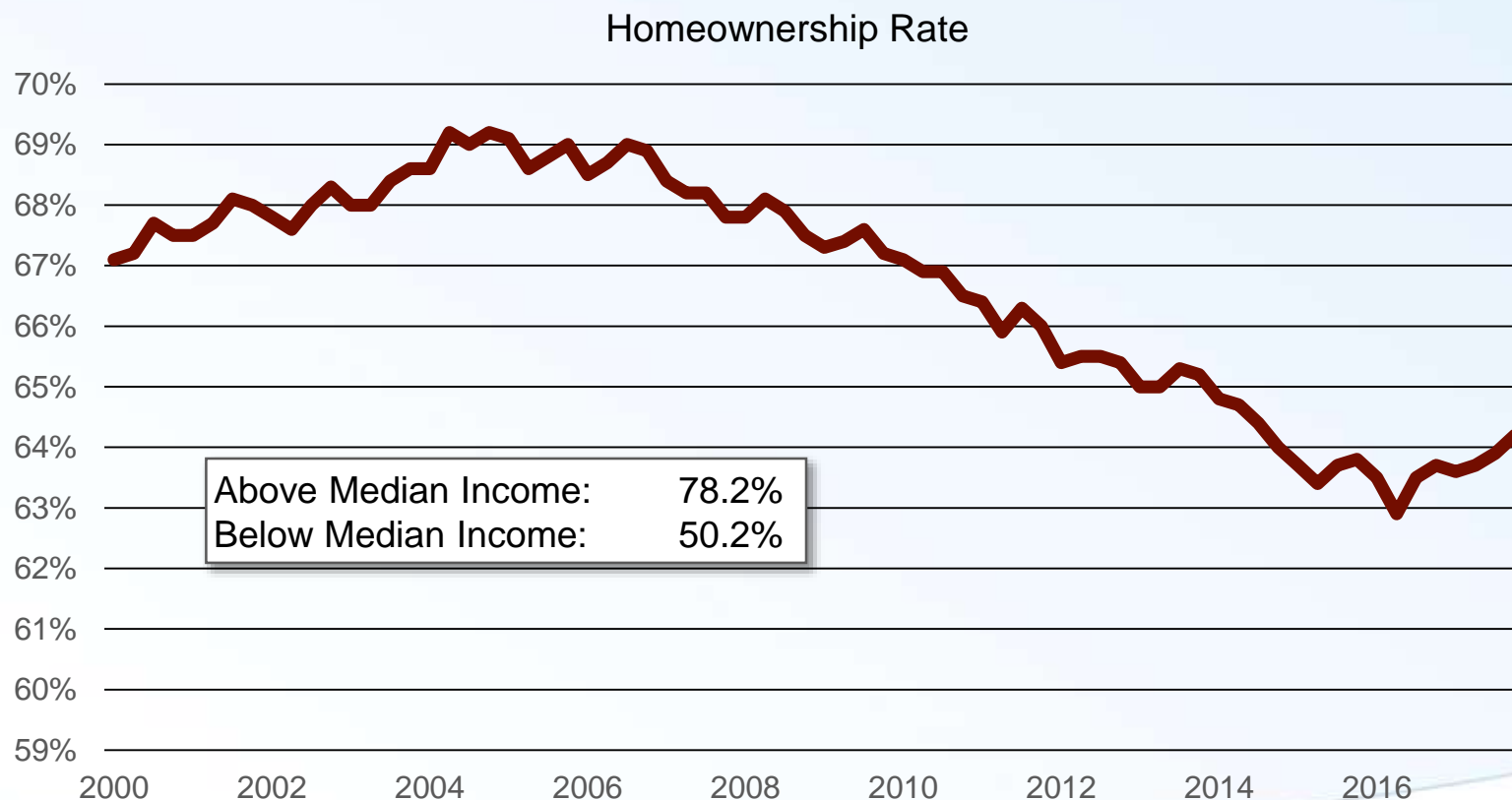
Income from real estate-related industries:	\$25,700
Furniture, appliances and remodeling:	\$4,600
“Multiplier” effect:	\$14,500
“Induced” effect:	\$35,700
TOTAL (per home sale at median price)	\$80,500

Real estate (residential and commercial) account for 18.3% of all U.S. economic activity

Source: National Association of REALTORS®



While Ownership Helps Build Wealth, Homeownership Rate is Near 50-Year Low...

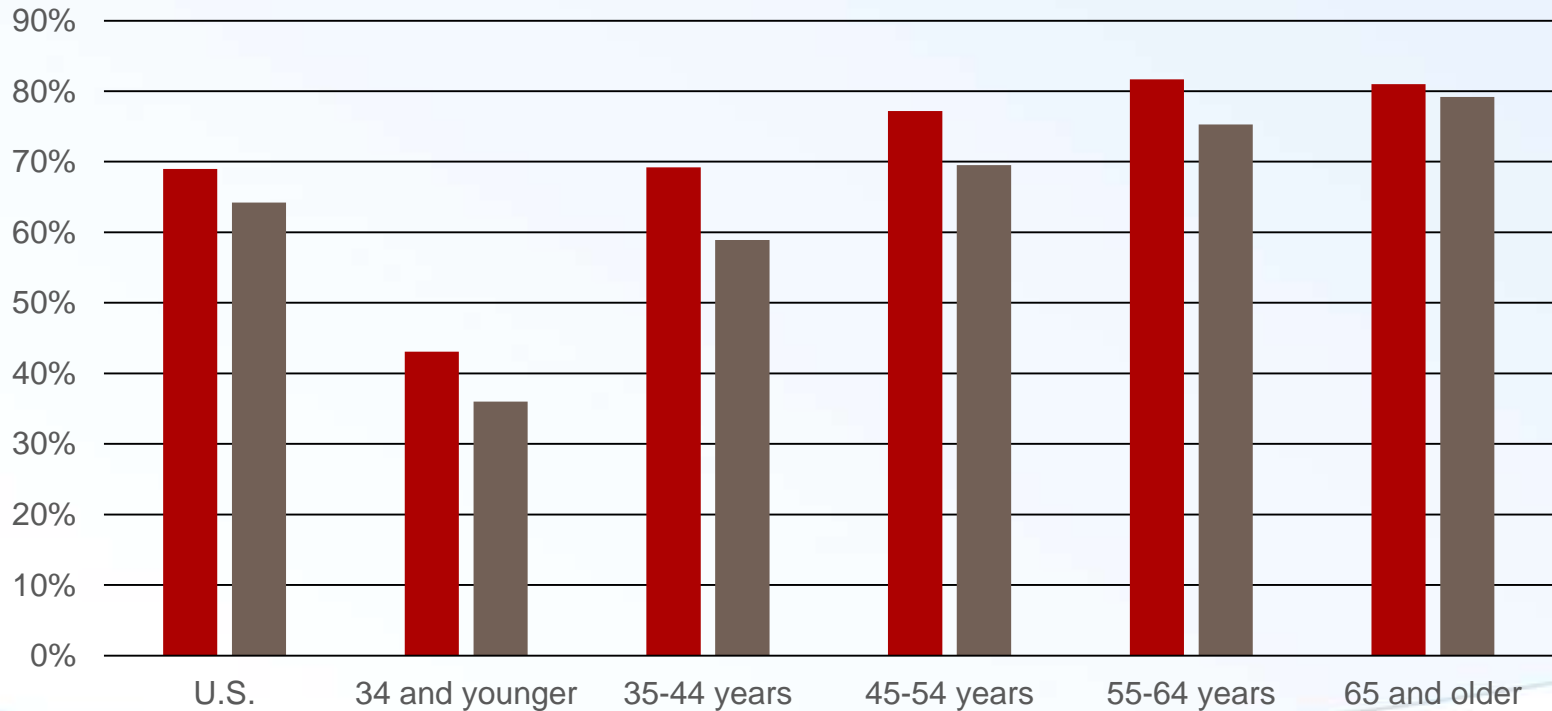


Source: Census Bureau

...and Younger Households Less Likely to Own a Home Today

Homeownership Rate

■ 2004 (Peak) ■ 2017Q4

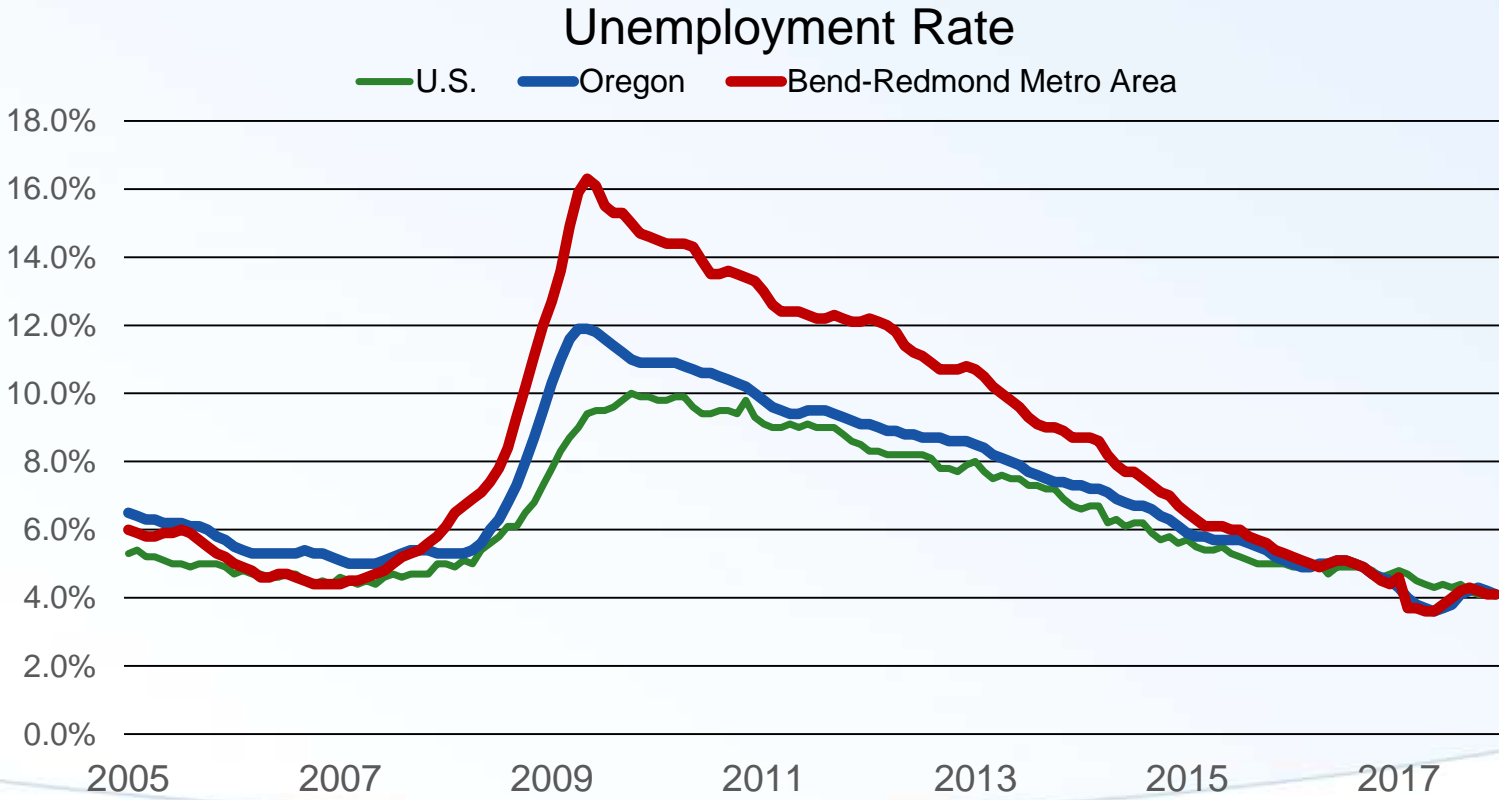


Source: Census Bureau



The Economy:
Steady Gains

Unemployment Rate Has Declined Quickly After Topping Out at 16% Locally

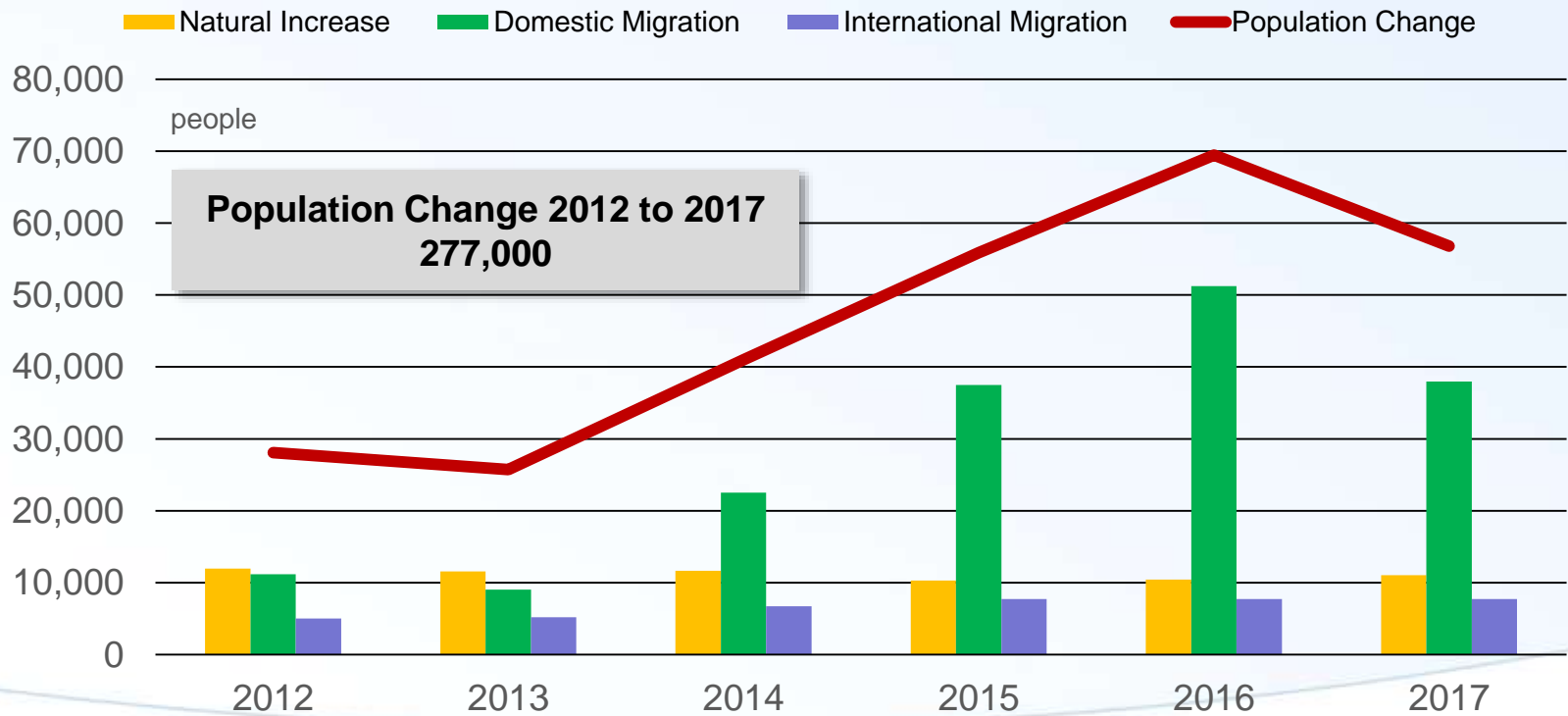


Source: Bureau of Labor Statistics



Population Growth in Oregon is Supported by Strong Gain in Residents from Out of State

Components of Population Growth in Oregon

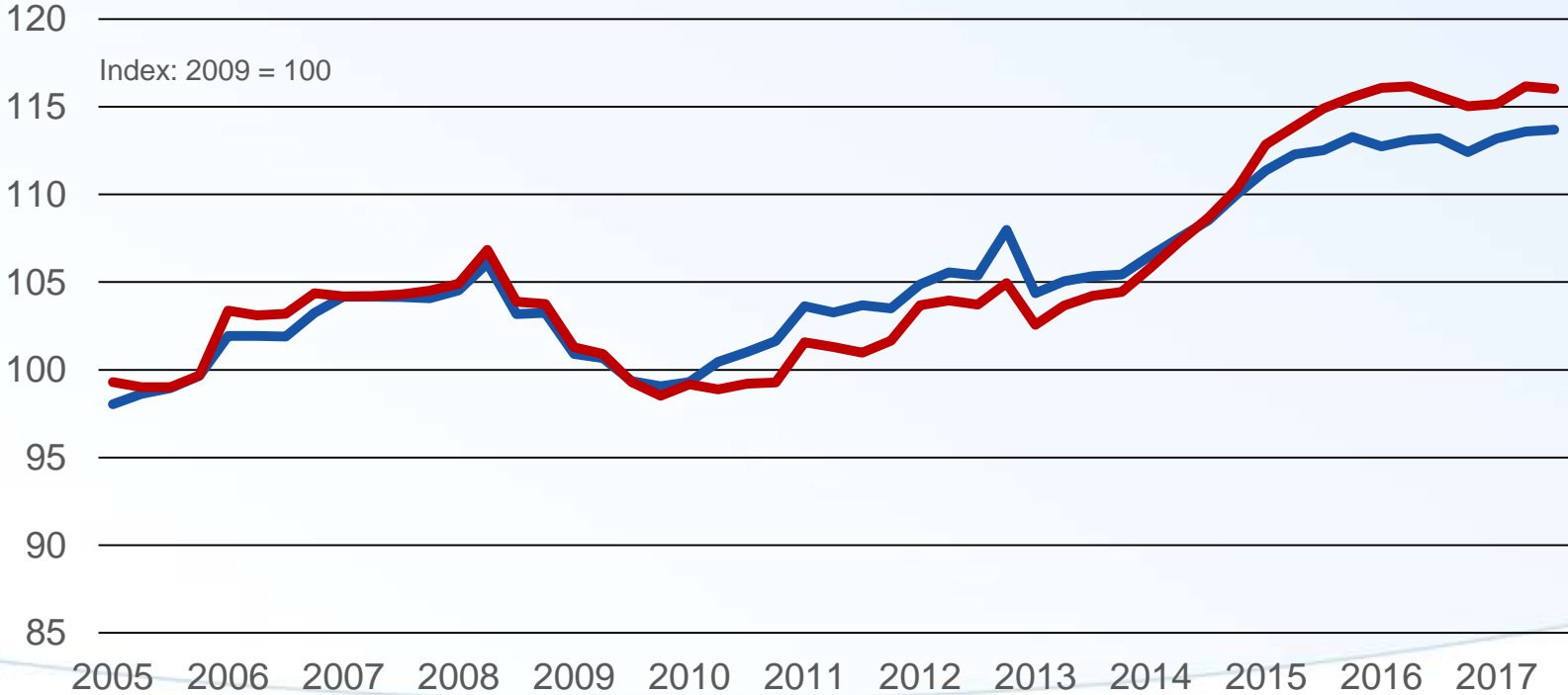


Source: Census Bureau

Income Growth in Oregon Topping U.S. Pace Since 2015

Per Capita Income
(adjusted for inflation)

— U.S. — Oregon



Source: Bureau of Economic Analysis

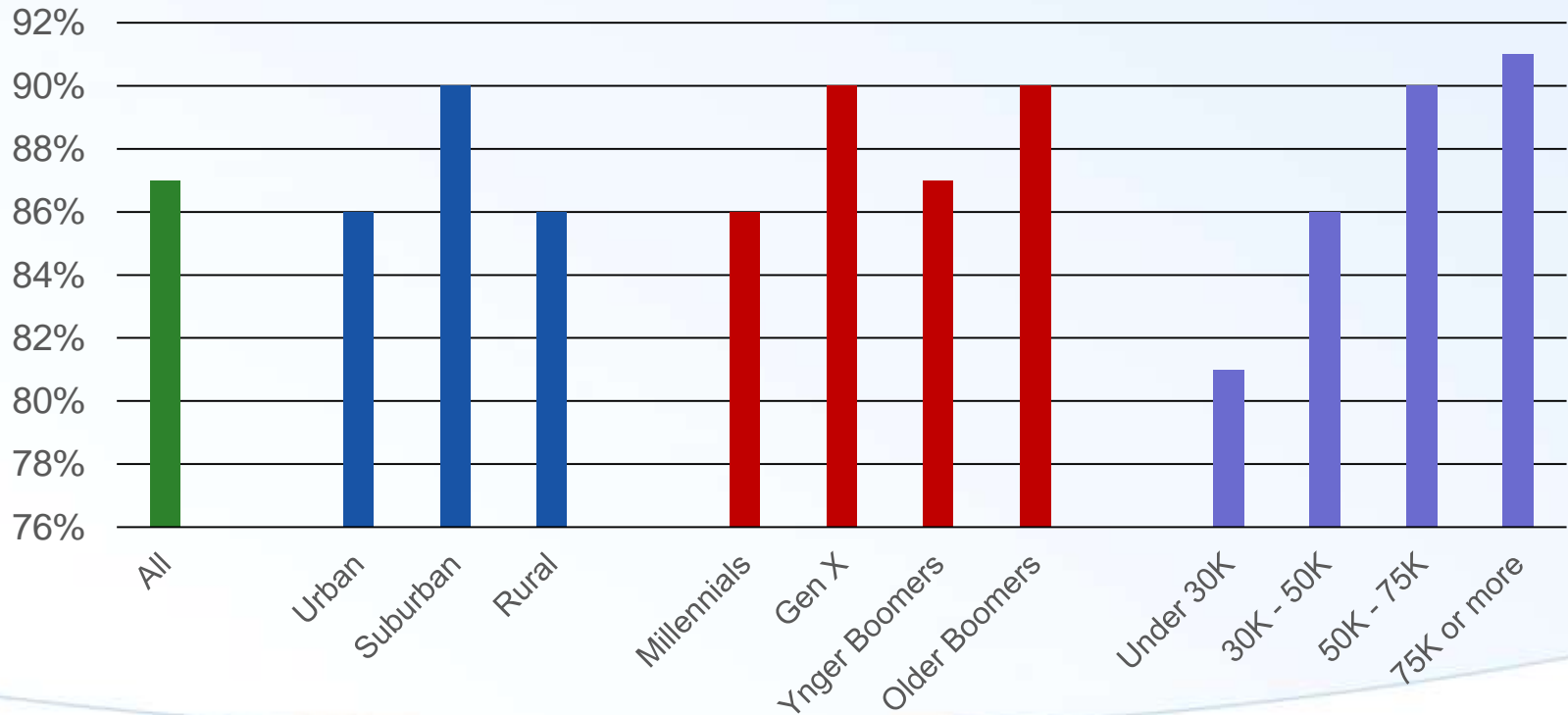




Market Conditions:
*Rising Prices and Too
Few Homes for Sale*

Consumers Believe Buying a Home is a Good Financial Decision

Agree that Buying a Home is a Good Financial Decision



Source: National Association of REALTORS® HOME Survey 2017Q4



Mortgage Rates Have Risen Sharply Since Start of the Year



Source: WSJ

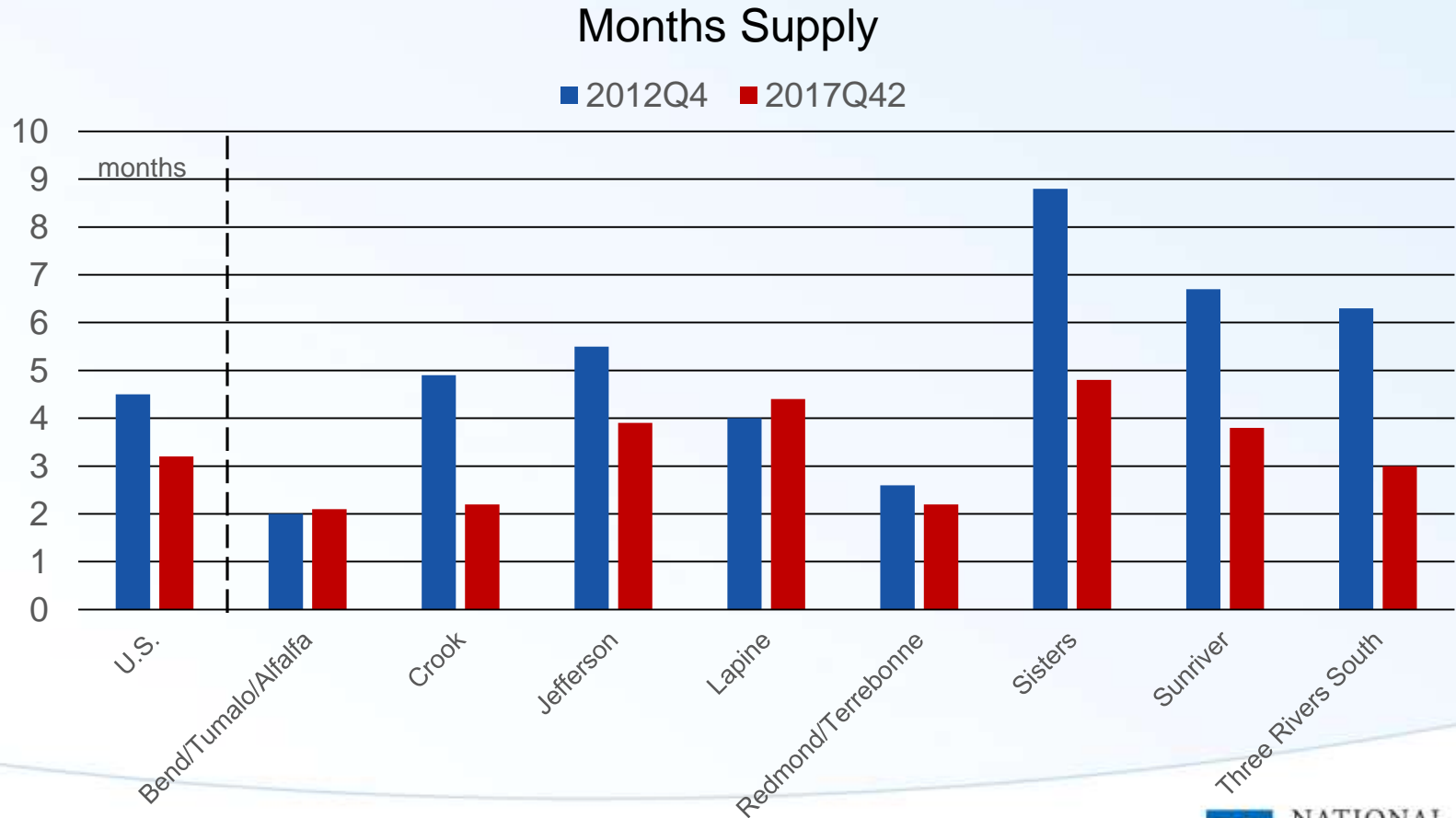
Less than 6 Months Supply of Existing Homes Since Late 2012

U.S. Months Supply



Source: National Association of REALTORS®

Months Supply Low in Most Areas Locally

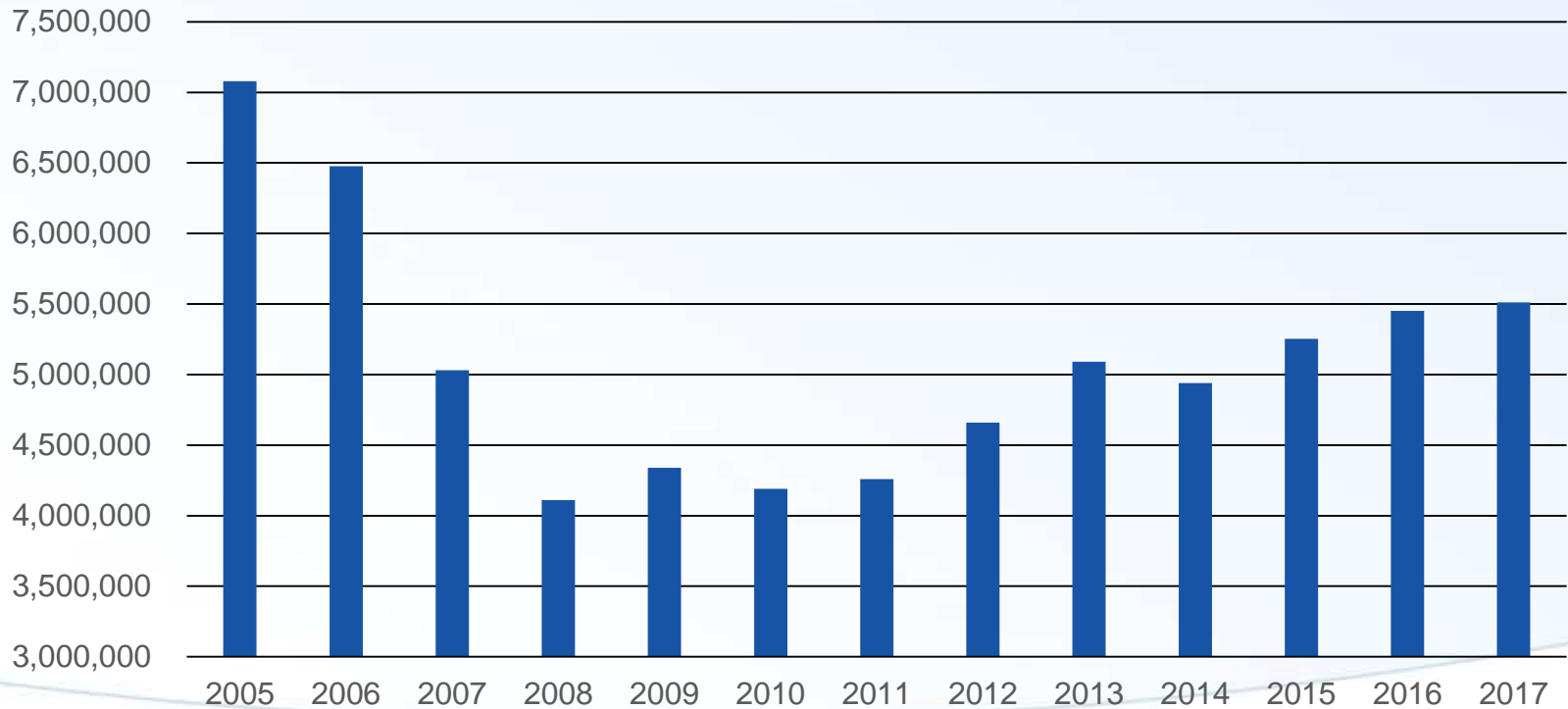


Source: Central Oregon Association of REALTORS®



Limited Inventory has Held Back Home Sales, Especially Since 2013

U.S. Existing Home Sales

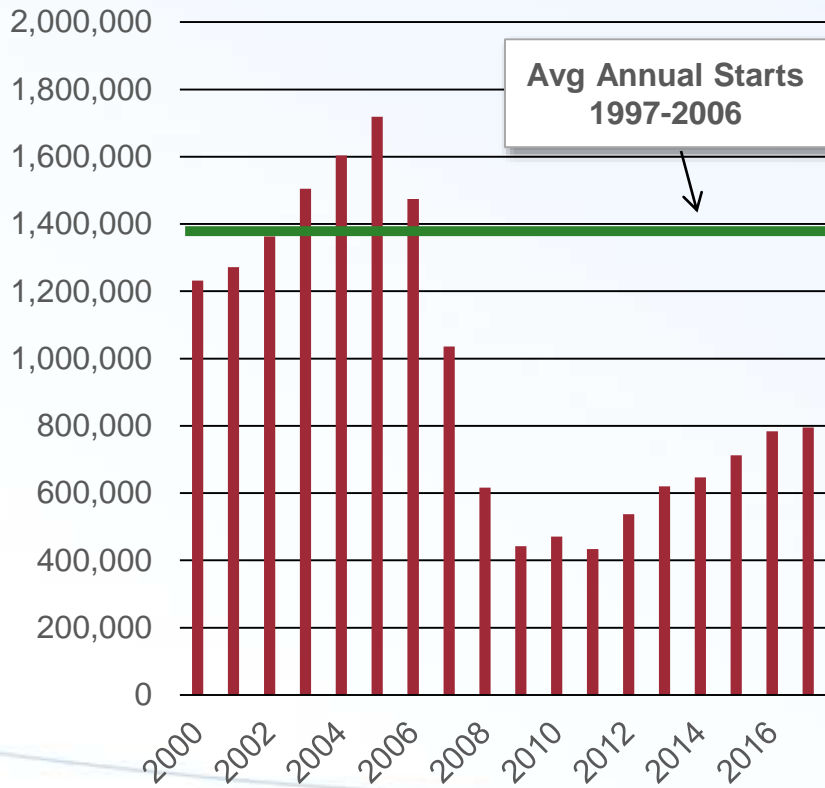


Source: National Association of REALTORS®

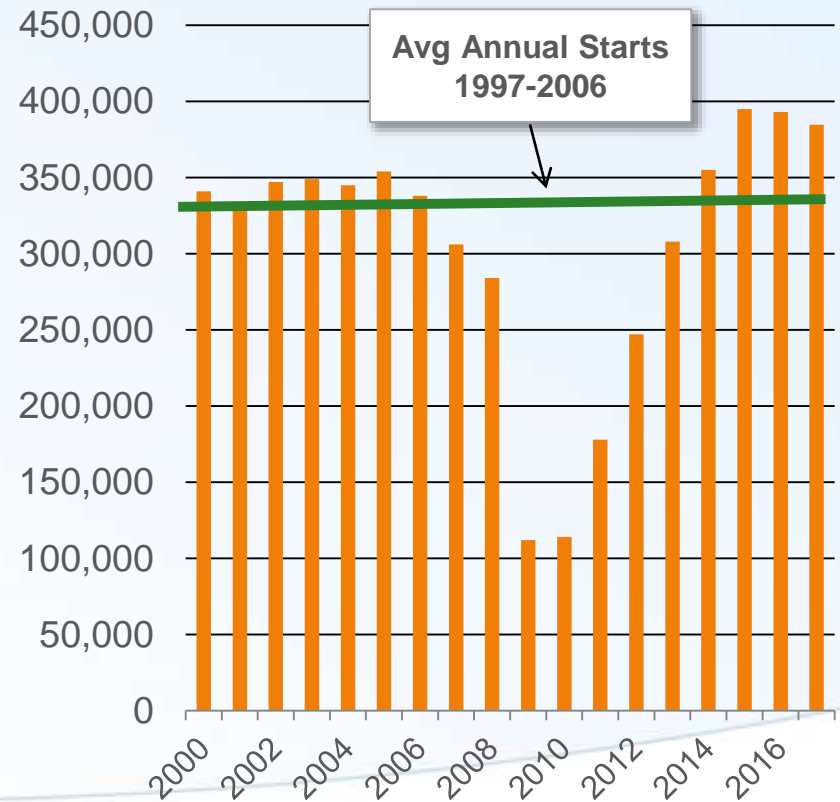


Nationally, Still not Building Enough Homes...

U.S. Single Family Starts



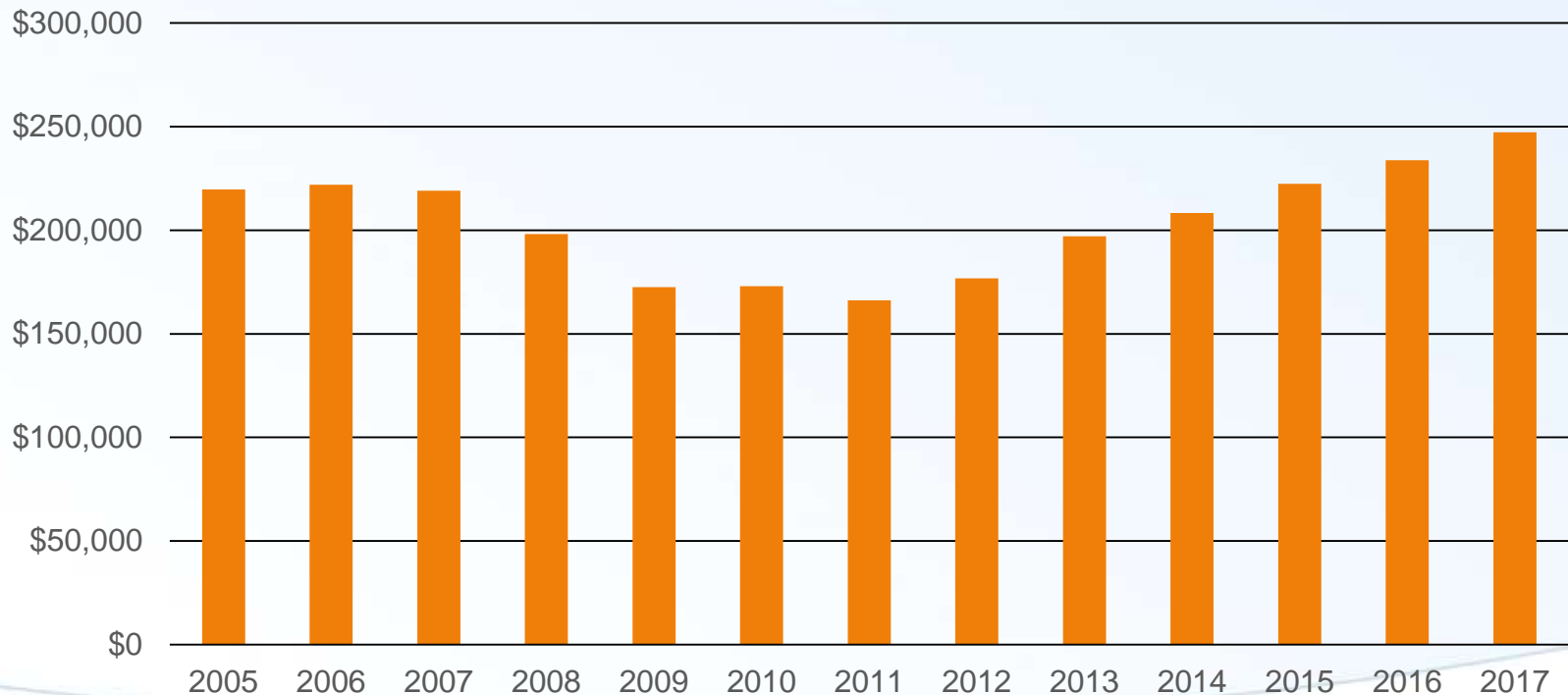
U.S. Multi-family Starts



Source: Census Bureau

Home Prices Growing at About 6% per Year Since 2012

U.S. Existing Home Sale Price Growth

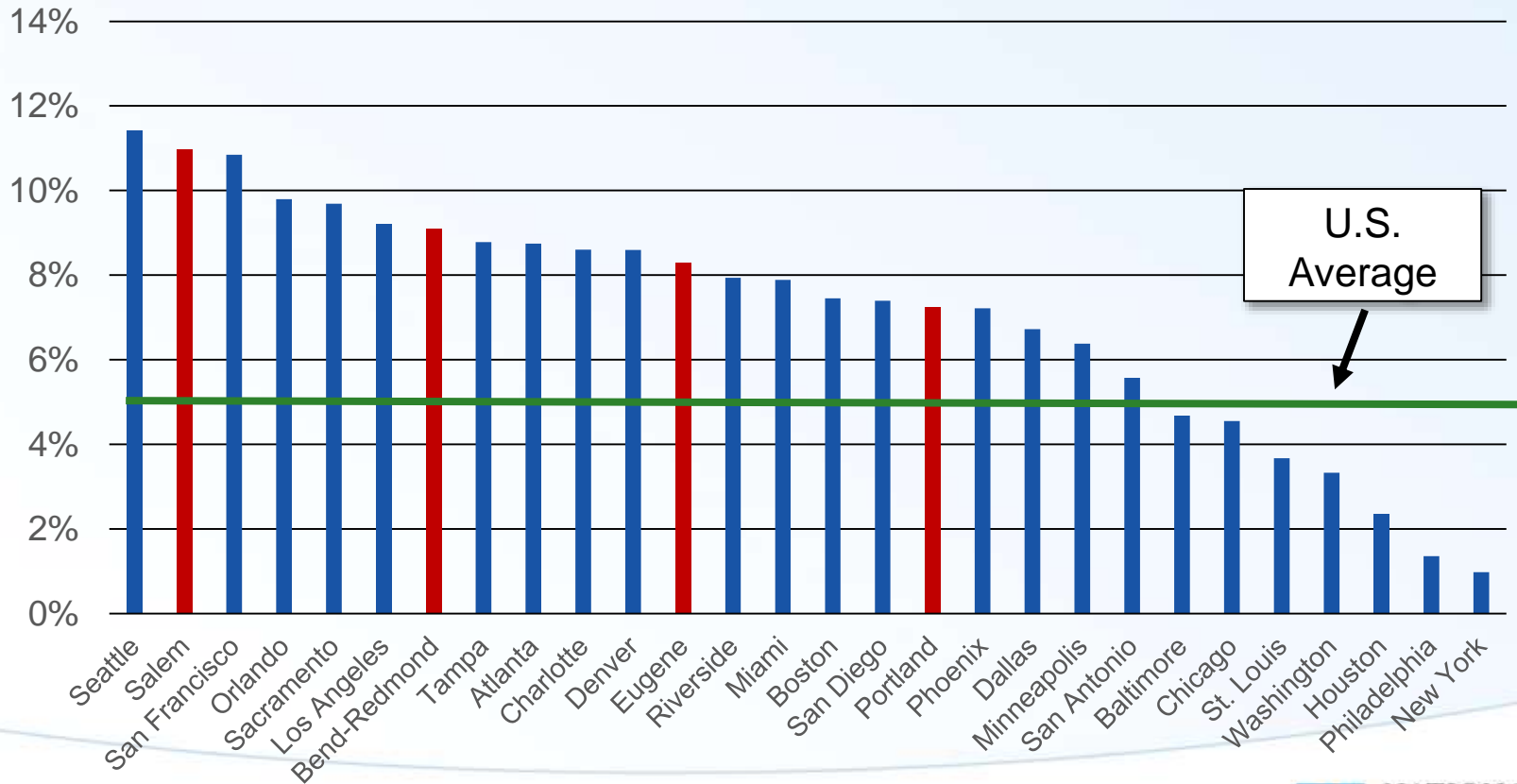


Source: National Association of REALTORS®



Several Large Metros Are Experiencing Rapid Home Price Growth

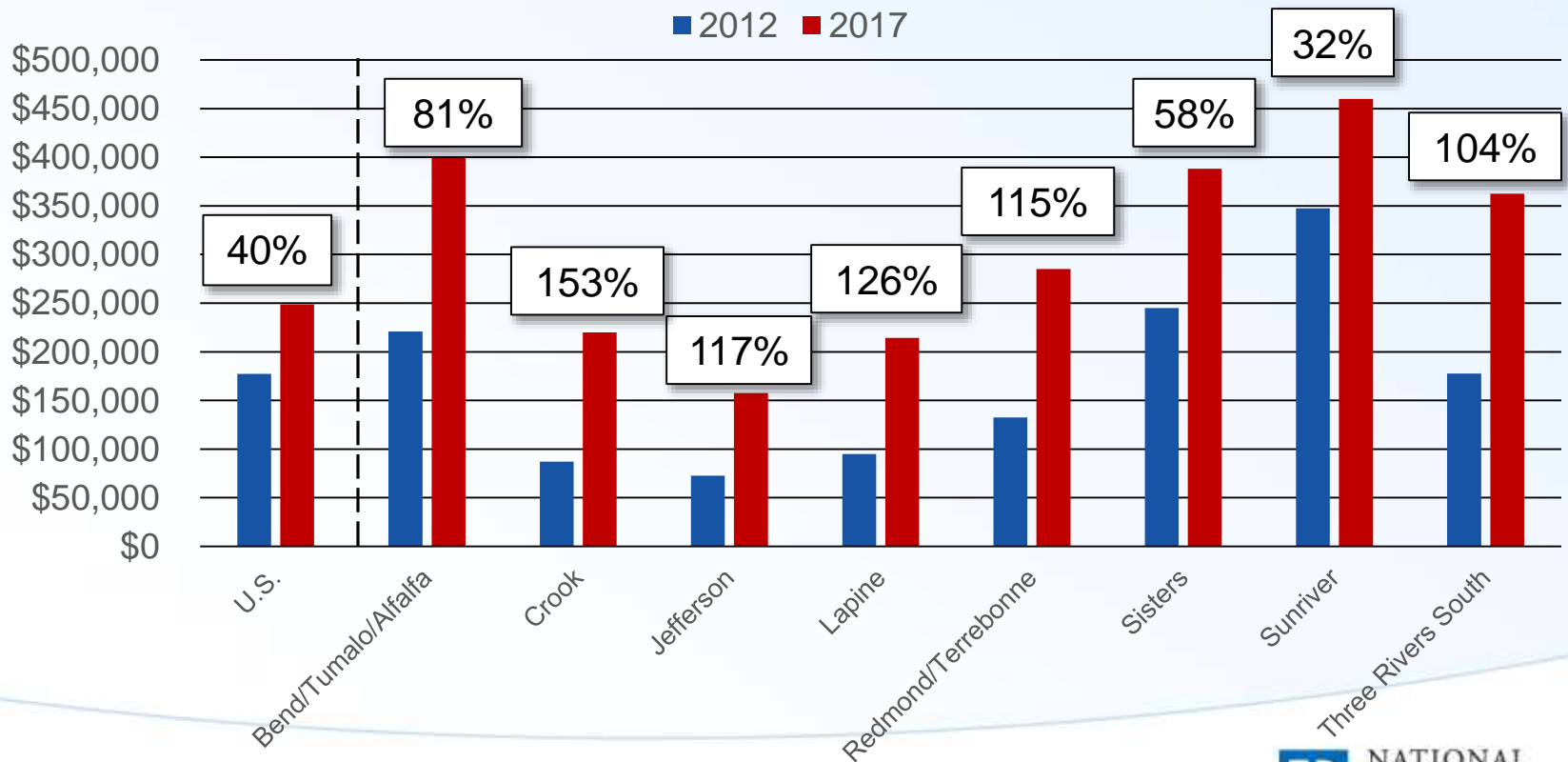
Median Metro Home Price Growth (2016Q4-2017Q4)



Source National Association of REALTORS®/FHFA

Since the Recovery, Local Home Prices Have Risen More Quickly than the National Average

Median Sale Price



Source: Central Oregon Association of REALTORS®

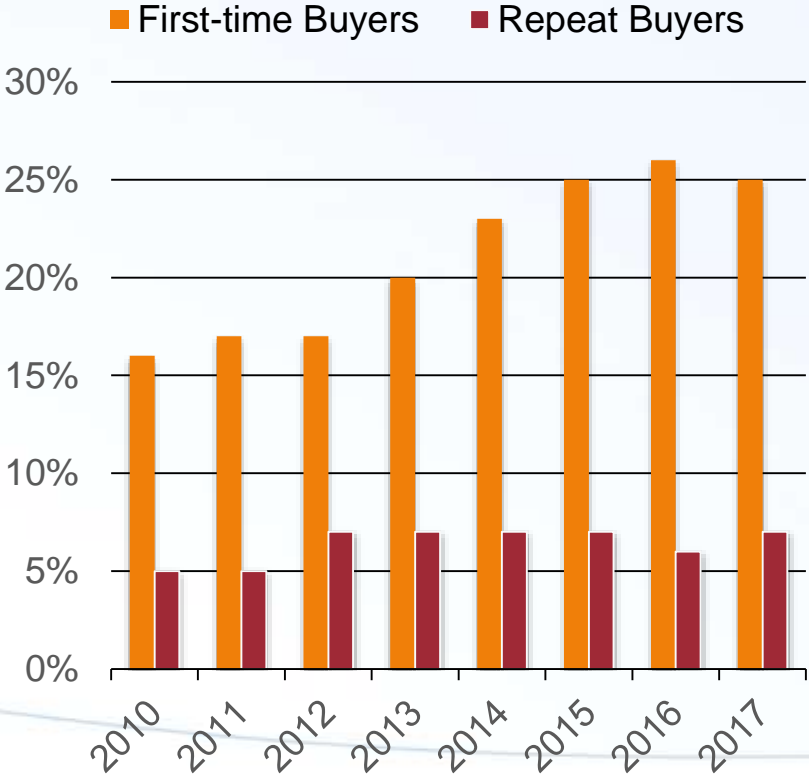




What's Next:
*Challenges and
Opportunities*

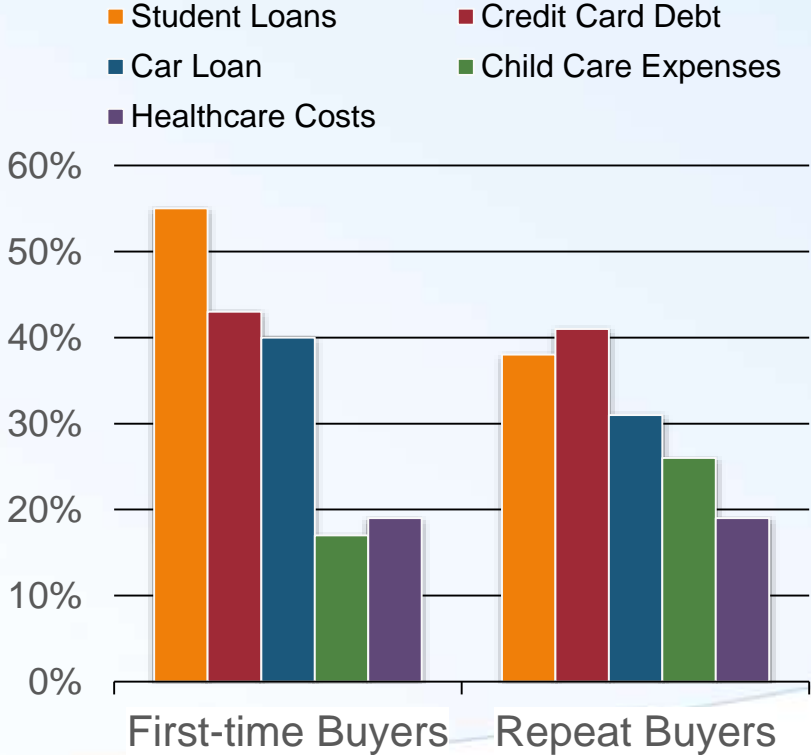
Saving for Downpayment Increasingly Difficult for First-time Buyers

Saving for Downpayment Difficult



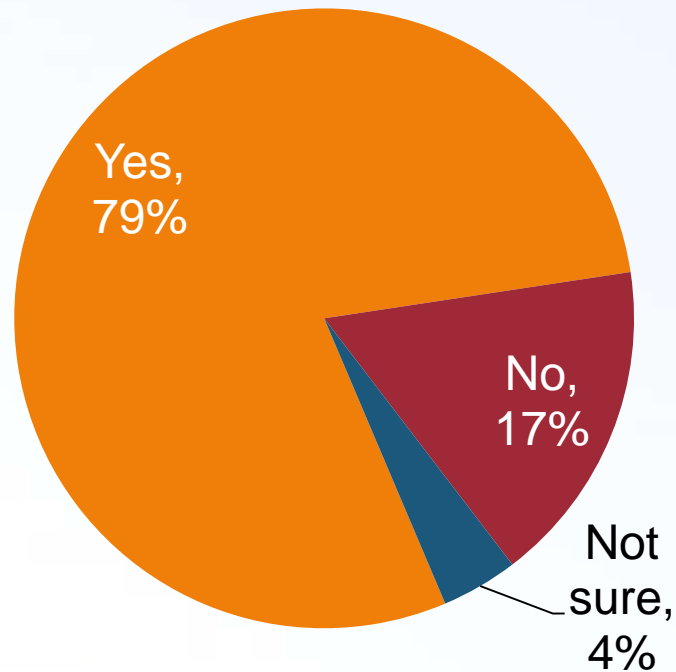
Source: National Association of REALTORS®

Expenses that Delayed Saving Downpayment
(among those who indicated difficulty saving)



Current Renters Point to Affordability as Main Hurdle to Ownership – Many Think Getting a Mortgage Would be Difficult

Do renters ever want to own a home?



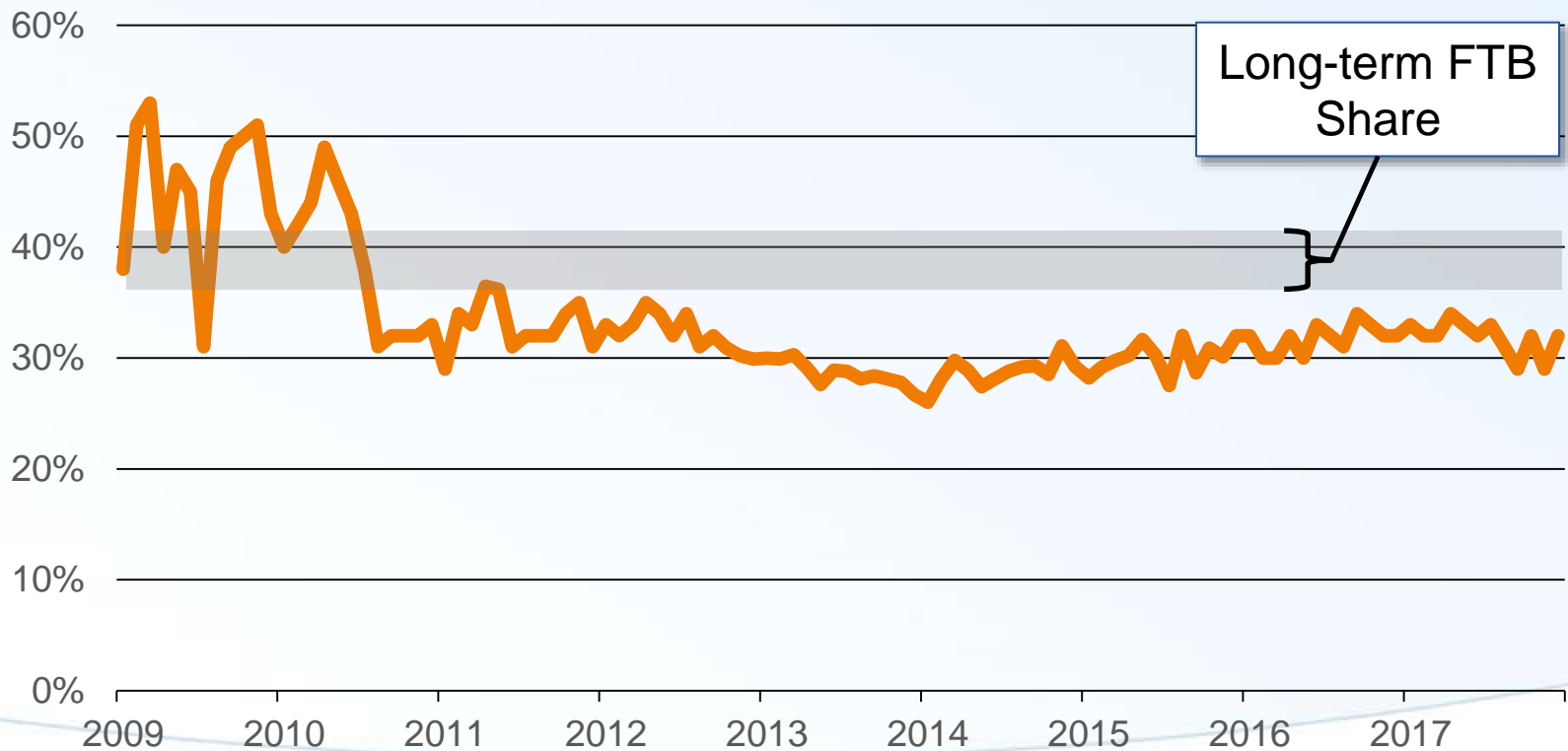
Why don't renters own a home?

Can't afford to buy	36%
Life circumstances not suitable for owning now	33%
Need flexibility of renting vs owning	16%
Don't want responsibility of owning	6%

56% of renters think it would be "difficult" to qualify for a mortgage

Although Renters Want to Own, Fewer First-time Buyers are Able to Move to Ownership

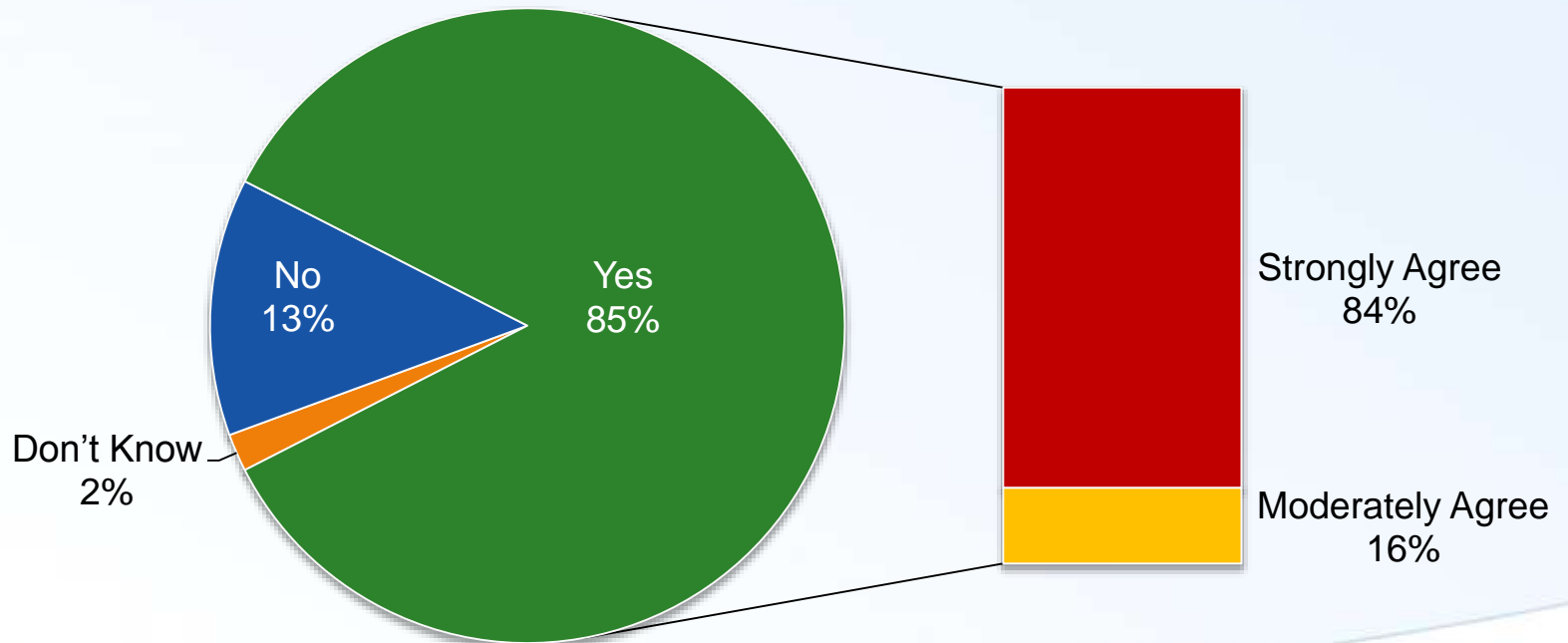
Percent of Existing Homes Sold to First-time Buyers



Source: National Association of REALTORS®

The American Dream Includes Homeownership

Is Homeownership Part of your American Dream?



What to Plan for in 2018...

- No significant change in economic outlook, even as we prepare for modestly higher interest rates
- No relief for the inventory shortage – home building up, but a big shortfall to overcome
- Prices will continue to rise due to tight inventory and solid demand for homes
- Consumers remain optimistic about home ownership

Housing Forecast

	2016	2017	2018 Forecast	2019 Forecast
Housing Starts	1,174,000	1,205,000	1,338,000	1,390,000
New Home Sales	561,000	608,000	701,000	760,000
Existing Home Sales	5,450,000	5,510,000	5,540,000	5,710,000
Median Existing Home Price Growth	5.1%	5.8%	2.5%	3.4%
30-year Mtg Rate	3.6%	4.0%	4.4%	4.8%

Source: National Association of REALTORS® (February 2018)

NAR Research

NAR Research Reports

<https://www.nar.realtor/research-and-statistics/research-reports>

Housing Statistics

<https://www.nar.realtor/research-and-statistics/housing-statistics>

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