

## The Oregonian

### **While sale prices of U.S. homes fall, the Rose City's still rise** October data - The median sale price for Portland homes was up 6 percent from last year

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**RYAN FRANK**  
The Oregonian

The Portland region remained a rare star in the gloomy U.S. housing market by reporting yet another annual price increase in October.

Home prices have dropped below 2006 levels in most U.S. metro areas this year, but Portland's median sale price for new and existing homes was up 6 percent from a year earlier. October's median price was \$287,000, compared with \$270,000 a year ago, according to a monthly survey by the Regional Multiple Listing Service, which lists most home sales in the region.

The price growth came despite a bloated inventory of unsold homes that would typically drive down prices. So far, sellers have refused to reduce their prices dramatically even though they have to wait nine weeks on average to sell. That wait is up by more than one-third from a year earlier.

"It defies explanation," Jerry Johnson, Portland housing economist, said of the market's strength.

Across the Columbia River, things aren't looking so good. The median price fell 5 percent in October from the year before, and homes take an average of 11 weeks to sell.

Like most of the country, Portlanders rode a seven-year housing boom. The region's median home prices saw annual jumps that reached 20 percent. But subprime borrowers -- those with spotty credit -- ran into trouble making payments. Since spring, the U.S. housing and mortgage markets have floundered.

The region's median price peaked at \$302,000 in August. But buyers who a year ago could qualify for mortgages now find it much harder. They must come up with more cash for a down payment or reduce their debt. That has meant fewer buyers for what has been a growing number of new sales listings.

Johnson suspects that investors have been trying to unload homes, driving up the inventory of unsold homes. He said 6 percent growth is "a very good strong position. . . . With as much inventory as we have, it's hard to believe we're still holding pricing."

But some sellers haven't had much luck.

Broker Terry Stewart of Oregon Realty Co. listed a 1966 ranch house on Southeast 153rd Avenue for \$250,000 in May. The three-bed, two-bathroom home is typical for the bedroom communities that flourished east of Portland's 82nd Avenue after World War II. Today, it's a working-class neighborhood where crime is a growing concern.

She got one offer -- which wasn't acceptable -- and then the buyer pool went dry. The owners dropped the price to \$245,000, then \$240,000.

In September, the price fell again to \$229,000. On Friday, the couple who owned the home closed on a sale at \$223,000.

Stewart said that sale was typical for what she's seeing. Home sales she works on are off about 10 percent from what they were a year ago.

The couple found a bigger place in Happy Valley that had been through similar price drops, Stewart said. The 2,170-square-foot home started at \$409,000 in April. Stewart's clients bought it for \$355,000 in

October.

She said buyers remain out there, but "if you're overpriced, you're sitting and sitting."

Johnson, the housing economist, says Portland might not continue to show price growth through the end of 2007. The region's December 2006 median price was \$273,500.

Ryan Frank: 503-221-8519; ryanfrank@news.oregonian.com; <http://blog.oregonlive.com/frontporch/>

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