

The Oregonian

Local real estate is starting to feel pinch

Signs of downturn - Price growth is still slowing, sales inventory is high and homes continue to take longer to sell

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The Oregonian

Portland's standing as a bright spot in the U.S. housing market eroded a bit in November, according to data released Tuesday.

The monthly Regional Multiple Listing Service figures show the median price for new and existing homes was \$285,000 in November. That's up just 2.5 percent from November 2006, the smallest year-over-year growth in more than three years. Homes also continue to take longer to sell and the inventory of unsold homes remains stubbornly high.

And the worst may still be on its way. "I'm not really sure we've found bottom," said Jerry Johnson, a Portland housing economist.

Yet, Portland remains one of just a few metro areas to still show some -- although small -- price growth. "If we're holding, we're doing great," Johnson said.

By comparison, the Standard & Poor's/Case-Shiller index, a key measure of the housing market, reported a 4.5 percent drop in home prices nationwide in the third quarter.

Johnson credited Portland's price growth to the fact that people keep moving to the region, driving up demand for housing. Suburban home builders also have slowed production to avoid adding to the inventory.

Nancy Wheeler can see the effects of the slowdown in a foursquare home on Northeast 21st Avenue.

The freshly renovated house, which sits in Portland's popular Irvington neighborhood, has granite countertops and cherry wood cabinets. Wheeler, a broker for John L. Scott Real Estate, listed the home for sale in July for \$800,000.

She got no offers, so she lowered the price by \$20,000 in September.

That didn't bring any offers. She lowered the price by another \$20,000 in October.

Today, the home is still for sale at \$759,900.

High-priced homes, Wheeler says, are tough to sell in the slowing market because fewer buyers can afford a \$4,000 monthly mortgage payment. "There's lots and lots of homes for sale," Wheeler said. "It's just taking longer to sell."

The November figures show the average seller needed 67 days to sell, up from 64 in October.

Wheeler's home also competes with more houses for sale than at any point in the past four years. The inventory of unsold homes has plateaued at eight months for the third straight month after a steep rise that began this spring.

The result is fewer home sales are closing now than last year.

The Regional Multiple Listing Service -- which lists 14,000 homes in Clackamas, Columbia, Multnomah,

Washington and Yamhill counties -- said closed sales fell by almost 20 percent in November. There were 2,249 closed sales in November 2006 and 1,623 in November 2007.

Since August, the Portland area hasn't reported annual price growth better than 6 percent. And, Johnson said, "The 6 percent isn't sustainable with the inventories we have."

Across the Columbia River, Clark County continued to struggle. Inventory is 11 months, and the median home value was up 2.5 percent to \$260,000.

Johnson predicts the region's home values will be flat in 2008. In other words, your house won't be worth any more in December 2008 than it is worth today.

"We've got to work out the inventory," Johnson said, "and it's going to take 2008 to do it."

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