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Portland-area median home price down 3.5 percent

April's year-over-year decline is the area's first in the current housing slowdown and the biggest since 2001

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With buyers still wary, the Portland area saw its median home price drop 3.5 percent in April compared with April 2007 -- the biggest such decline since at least 2001.

The median price for new and existing homes was \$275,000 in April, compared with \$285,000 a year earlier, according to the monthly report published by the Regional Multiple Listing Service. The year-over-year decline was the first reported by the listing service in the current housing slowdown.

"That's not startling or surprising," said Jerry Johnson, a Portland housing economist. "That's not a disaster scenario, but it's not good."

Portland's home prices have followed a weakening trend since peaking last August at \$302,000. Since that peak, the region's median has fallen 9 percent.

Even so, Portland, Seattle and Charlotte, N.C., remain hubs of the country's strongest real estate markets. Portland's mild troubles are nothing compared with painful housing downturns rolling through parts of Arizona, California, Florida and Michigan.

The Portland area saw the number of closed sales fall 39 percent in April, compared with the same month in 2007. The inventory of unsold homes rose -- typical for the season -- to 10 months for Clackamas, Columbia, Multnomah, Washington and Yamhill counties.

One bright spot: The spring buying season brought an increase in pending sales for the fourth straight month -- a potential signal of the market's future heading.

The housing market continues to be worse in Clark County. The once-fast-growing county suffers from an oversupply of new homes. Clark County home prices fell 5.7 percent in April to \$250,000, down from \$265,000 last April. The inventory of unsold homes was 12 months.

Declining prices don't mean much to homeowners who have no plans of selling or who bought years ago and have built thousands of dollars in equity. The people who are in most financial danger bought homes during the market's peak years of 2006 or 2007 with little or no down payment.

On the other hand, the continued slowdown provides opportunities. Johnson said he's hearing from out-of-town investors looking for deals. "Market adjustments are great buying opportunities if you happen to be in the position to buy," Johnson said.

But a lack of buyers across the market is part of the problem, said Kathy MacNaughton, a principal broker at Realty Trust in Portland.

MacNaughton cited three factors dampening buyers' enthusiasm:

Buyers find themselves ineligible for mortgages under lenders' new tighter credit and income standards.

They worry that prices will continue to fall.

They fear they won't be able to sell their current homes.

"This has really become apparent in the last 60 days," MacNaughton said. "There's not enough buyers out there."

To read the report, visit blog.oregonlive.com/frontporch. Ryan Frank: 503-221-8519; ryanfrank@news.oregonian.com.

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