

Bend has highest home price appreciation in US

by Bend_Weekly_News_Sources

Bend, Oregon saw the highest home price appreciation in the nation from fourth-quarter 2005 to fourth-quarter 2006 -- 21.4 percent, far above the national average of 5.9 percent. Over the last five years, Bend's home prices have appreciated 104.4 percent.

According to the Home Price Index (HPI) report released by the Office of Federal Housing Enterprise Oversight (OFHEO) on Thursday, two other Oregon Metropolitan Statistical Areas (MSAs) also made the "Top 20" list. Within the same time period, Corvallis ranked 8th with 16.2 percent appreciation, and Salem was 15th at 14.7 percent. Portland narrowly missed the "Top 20", coming in 22nd with 13.5 percent.

In state-to-state comparisons, Oregon ranked 5th in the nation at 13.5 percent.

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The rate of home price appreciation in the United States remained steady in the fourth quarter of 2006, extending a general trend of deceleration begun earlier in the year. Home prices, based on repeat sales and refinancings, were 1.1 percent higher in the fourth quarter than they were in the third quarter of 2006. This is slightly above the revised growth estimate of 1.0 percent from the second to the third quarter. Prices in the fourth quarter of 2006 were 5.9 percent higher than they were in the same quarter in 2005.

Price appreciation in 2006 was substantially smaller than the tremendous price gains of recent years, which ranged from 7.4 percent in 2002 to 13.2 percent in 2005. The figures were released OFHEO Director James B. Lockhart, as part of the House Price Index (HPI), a quarterly report analyzing housing price appreciation trends.

“These data show that, on the whole, prices are still rising, albeit at a much slower pace,” said Lockhart. “This suggests that house price appreciation is, for now, more in line with historical norms.”

House prices grew faster over the past year than did prices of non-housing goods and services reflected in the Consumer Price Index. House prices rose 5.9 percent, while prices of other goods and services, excluding shelter, rose 0.9 percent.

“The continuing strength in the economy and decreasing interest rates for borrowers prevented a harder landing in housing markets during the second half of last year,” said OFHEO Chief Economist Patrick Lawler. “Last quarter, though sharper drops occurred locally, no state had average price declines of as much as one percent,” Lawler said.

Significant HPI Findings:

Highest and Lowest Appreciation:

1) The states with the greatest rates of appreciation between the fourth quarter of 2005 and the fourth quarter of 2006 were: Utah (17.6%), Wyoming (14.3%), Idaho (14.0%), Washington (13.7%), and Oregon (13.5%). The states with the lowest rates of appreciation for the same period were: Michigan (-0.4%), Massachusetts (0.5%), Ohio (1.0%), Indiana (2.3%), and Minnesota (2.5%).

2) The Metropolitan Statistical Areas (MSAs) with the greatest rates of appreciation between the fourth quarter of 2005 and the fourth quarter of 2006 were: Bend, Oregon (21.4 %), Wenatchee, Washington (20.9%), and Provo-Orem, Utah (19.9%). The MSAs with the lowest rates of appreciation for the same period were: Kokomo, Indiana (-5.3%), Santa Barbara-Santa Maria-Goleta, California (-4.2%), and Jackson, Michigan (-3.9%).

3) Of the 282 cities on OFHEO’s list of “ranked” MSAs, 256 had positive fourth quarter

appreciation, 25 had price declines, and prices were unchanged in one city.

Other Notable Results:

- 1) Annual (four-quarter) rates of appreciation slowed in all nine census divisions relative to the third quarter.

- 2) In the Pacific Census Division, quarterly appreciation is decelerating rather dramatically. Prices grew 0.4 percent between the third and fourth quarter, nearly one full percentage point below the growth rate in the prior period.

- 3) California saw quarterly appreciation rates that were negative in 21 of the 26 cities on OFHEO's list of "ranked" metropolitan areas.

- 4) Nevada, which had the highest statewide appreciation in the nation two years ago, is now ranked 40th among the states with four-quarter appreciation of 3.9 percent.

- 5) Prices in and near areas affected by Hurricane Katrina such as: New Orleans-Metairie-Kenner, LA; Baton Rouge, LA; Houma-Bayou Cane-Thibodaux, LA; Gulfport-Biloxi, MS; Hattiesburg, MS; Pascagoula, MS; and Mobile AL; all showed double-digit increases in 2006, indicating continuing supply shortages.

6) The Mountain Division continues to show relatively robust price growth with higher quarterly and annual appreciation rates than in any other census division. However, the price trends vary widely within the division with quarterly appreciation exceeding 2 percent in Wyoming, Utah, Idaho and New Mexico. Arizona, meanwhile, experienced much lower quarterly appreciation of 1.0 percent, and Nevada prices declined 0.2 percent.

The complete 74-page OFHEO HPI report is available online in pdf format at <http://www.ofheo.gov/media/pdf/4q06hpi.pdf>.

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