

Bend's Home Appreciation Tops the Nation

by K_Guice

With all the talk of the housing market cooling, many may be surprised at recent statistics from the Office of Federal Housing Enterprise Oversight (OFHEO) that Bend had the greatest one-year increase in appreciation in the nation.

The average price of a single-family home grew 1.17 percent in the second quarter in contrast to the first-quarter growth of 2.2 percent.

Overall, the second quarter of 2006 had the lowest rate of appreciation since the fourth quarter of 1999. The decline in the quarterly rate over the past year is the sharpest since the beginning of OFHEO's House Price Index in 1975.

So while U.S home prices continued to rise overall across the nation, the rate of increase fell sharply, according to the House Price Index.

Housing prices in Bend appreciated 7.37% in the 2nd quarter of 2006. Photo by Richard Burton. In Bend, things looked a little brighter. According to the report, local housing prices rose 7.37 percent in the second quarter of 2006, for a year-to-year jump of 28.7 percent.

In the past five years, prices have nearly doubled, 99.3 percent, in Deschutes County.

Bob Wienk, a local real estate broker, is not surprised by the news. "The lifestyle in Bend is attractive to people, especially to people in metro areas tired of the hustle and bustle," he said.

“It’s an active lifestyle, there is beautiful weather, there is a little bit of everything here,” Wienk said. “We even have flights in and out of here now locally.”

In addition, he says while people in the area have watched the prices appreciate greatly over recent years; the cost of living is still appealing to many.

“We still look like a bargain to people coming from California, Washington State or the Portland, Eugene and Salem areas,” he added.

However, Wienk says people need to pay attention to the third quarter results.

“They will be very interesting,” he said. “Since the end of June, things have cooled off.”

Wienk forecasts that the third quarter is going to look different based on the current stats and what he is seeing in his day-to-day real estate dealings.

“I have seen more decreases in the prices of homes for sale that are listed,” he said. “I just tracked the month of August for curiosity sake and there are about 1,700-plus price decreases of the listed properties.”

That included everything from houses to land. On the flipside, he only found 160-plus homes that had increased in the asking price.

It is a trend that is happening all across the nation. "Interest rates have gone up and speculators have gotten out of the market," Wienk said.

Speculators are people who buy into a market that is on the way up in hopes of making profit on a home.

Wienk thinks that may be one reason Bend is seeing more of a supply of houses for sale.

"A recent survey done by a local company of homes currently for sale found that 50 percent of those homes are non-owner occupied and 30 percent of those homes are out-of-state owners," he said.

The majority of those homes, he believes, are owned by the so-called speculators. "The market here was going up so fast people were making money very fast by reselling, but that party is sort of over," Wienk said.

However, for those who bought just a couple of years ago, they are still going to make a profit.

Wienk says the numbers bear that out. The stats show a 28.7 percent appreciation in the market from June 2005. So, people who bought just a year ago are going to make money.

According to the Central Oregon Association of Realtors, the median price of a home in the area is \$343,950. That is up more than one-third from just a year ago.

Ultimately, Wienk says, the cooling period seen at the end of June doesn't mean the market is depreciating; it is just a matter of supply and demand.

Right now there are more houses on the market than there have been in the past. He adds, "Sellers just need to be realistic in pricing their houses, there are still the same number of buyers out there."

Bend Weekly Newslink: www.BobWienk.com

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