



The Pulse of the Valley 2014

CORVALLIS REAL ESTATE FORUM

Lee Eckroth



Top 10 Signs You Might Be a Real Estate Junkie

- 10) You go on vacation and visit real estate offices seeking deals
- 9) You hired a statistician to analyze the MLS Stats
- 8) You look forward to the Dave Pautsch real estate show on KGAL
- 7) You get excited when you have mail from the local realtor telling you that they have a buyer for your home
- 6) You keep a copy of Robert Kiyosaki's book Rich Dad Poor Dad on your nightstand

Top 10 Signs You Might Be a Real Estate Junkie

- 5) You own an extended, blue ray version of the movie "The Money Pit"
- 4) The HGTV logo is permanently burned into the screen of your plasma screen TV
- 3) Your nightly family hour is spent around the TV watching "Love It Or List It"
- 2) You get excited, and nervous, when you see your hourly email from Zillow with your house value update
- 1) You spend 6 hours at a real estate forum

How's The Market?

US Appreciation Rates

1980 – 1985:	25%
--------------	-----

1985 – 1990:	27%
--------------	-----

1990 – 1995:	25%
--------------	-----

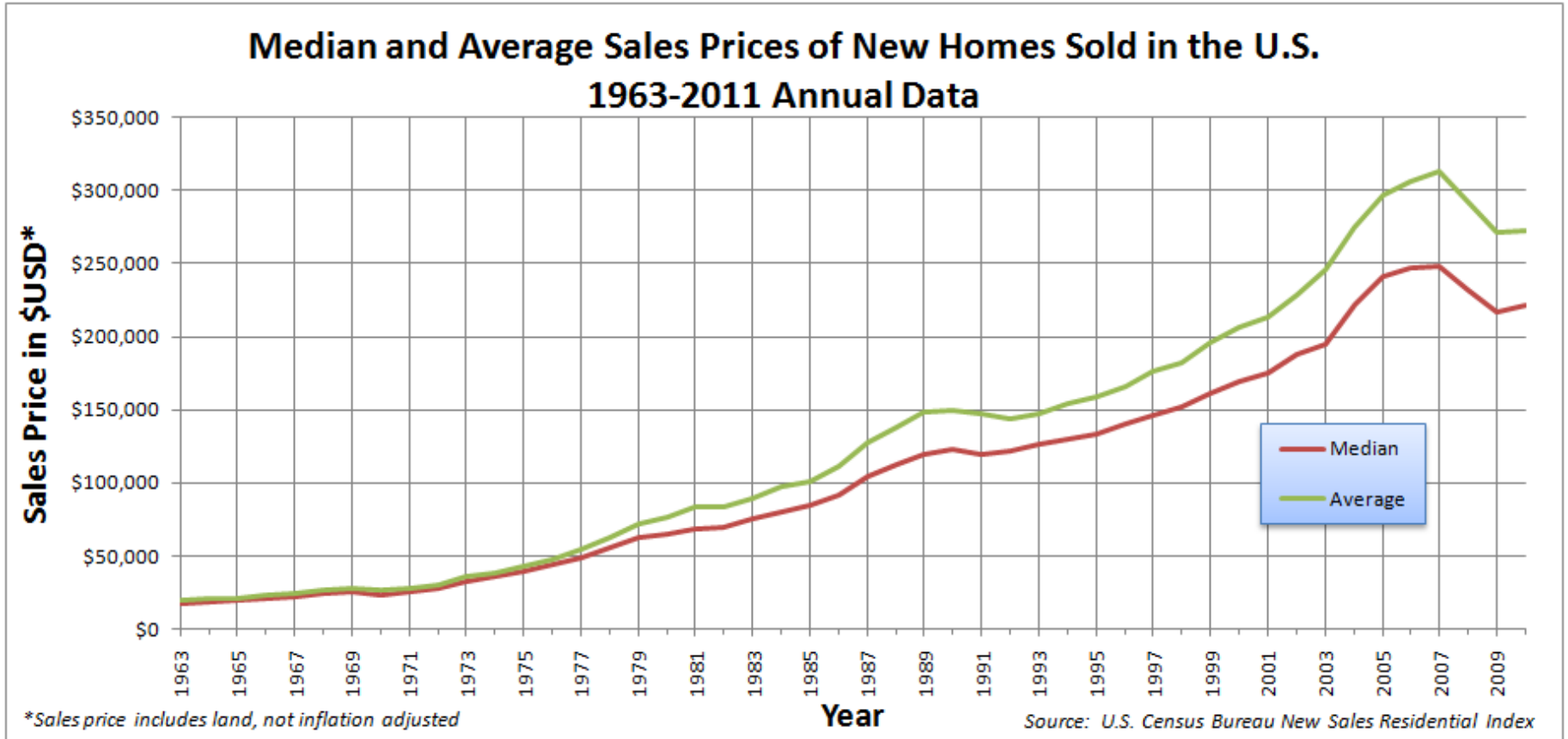
1995 – 2000:	26%
--------------	-----

US Appreciation Rates



2000 – 2006: 54%

1963 – 2011 Annual Data



US Appreciation Rates



2000 – 2006: 54%



2006 – 2012: -11%

Metropolitan Areas by Rate of House Appreciation

Rank	Metropolitan Area	1-Yr	5-Yr
1	Stockton-Lodi, CA	24.05%	0.88%
2	Las Vegas-Henderson-Paradise, NV	22.55%	-24.99%
3	Vallejo-Fairfield, CA	22.04%	-9.74%
4	Merced, CA	21.36%	-2.11%
5	Modesto, CA	20.89%	-6.83%
6	Sacramento--Roseville--Arden-Arcade, CA	20.38%	-3.99%
7	Reno, NV	19.55%	-22.93%
8	Bend-Redmond, OR	19.16%	-17.32%
9	Riverside-San Bernardino-Ontario, CA	19.02%	-3.29%
10	Oakland-Hayward-Berkeley, CA (MSAD)	18.78%	3.58%

Metropolitan Areas by Rate of House Appreciation

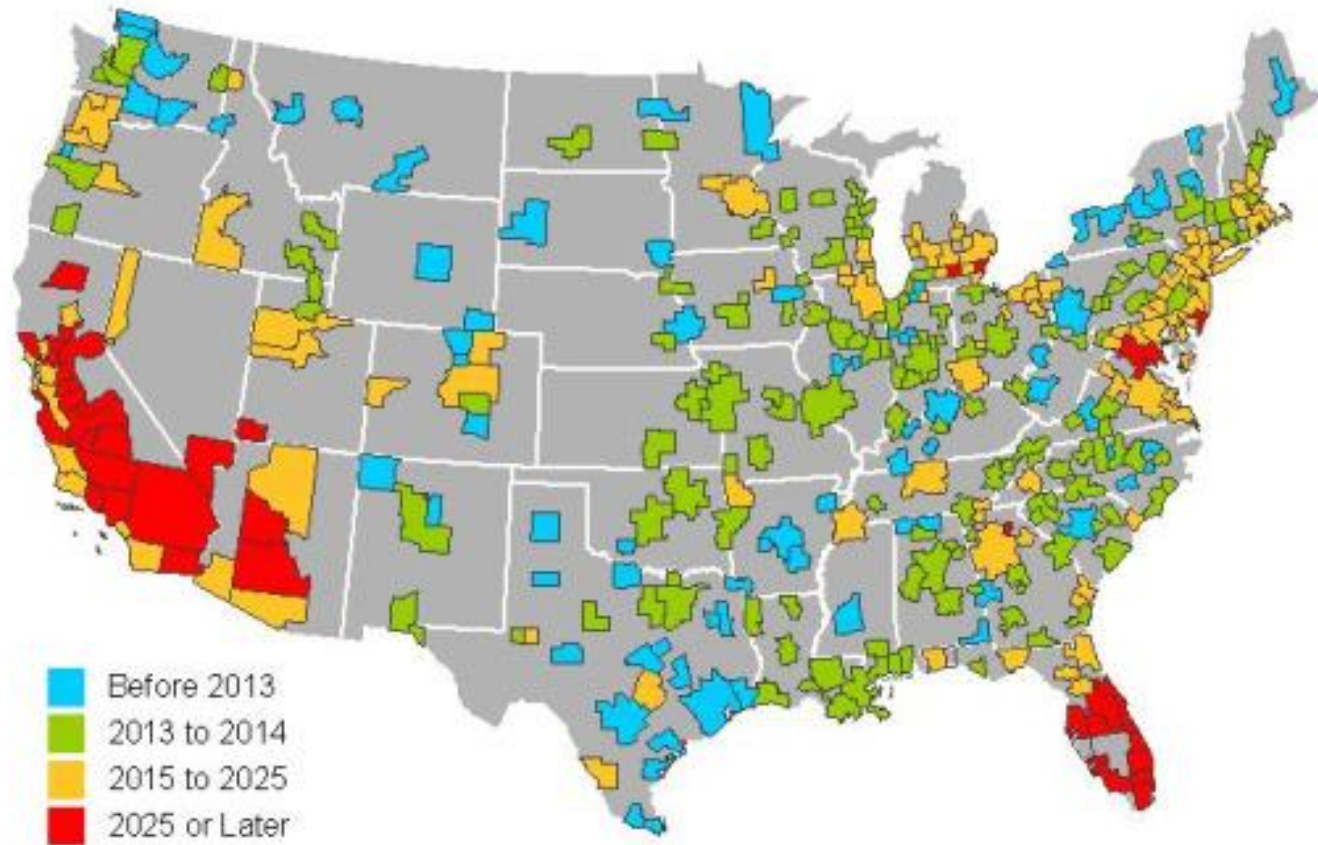
Rank	Metropolitan Area	1-Yr	5-Yr
278	Hickory-Lenoir-Morganton, NC	-2.17%	-9.67%
279	Augusta-Richmond County, GA-SC	-2.30%	-11.54%
280	Fond du Lac, WI	-2.32%	-5.36%
281	Lima, OH	-2.42%	-4.42%
282	Scranton--Wilkes-Barre--Hazleton, PA	-2.49%	-5.38%
283	Racine, WI	-2.51%	-16.11%
284	Sheboygan, WI	-2.97%	-10.34%
285	Fayetteville, NC	-3.24%	-6.01%
286	Rockford, IL	-3.84%	-18.98%
287	Ocean City, NJ	-4.13%	-15.34%

Metropolitan Areas by Rate of House Appreciation

Rank	Metropolitan Area	1-Yr	5-Yr
57	Tampa-St. Petersburg-Clearwater, FL	8.41%	-17.48%
58	Naples-Immokalee-Marco Island, FL	8.34%	-14.31%
59	Minneapolis-St. Paul-Bloomington, MN-WI	8.13%	-8.25%
60	Boulder, CO	8.11%	7.74%
61	Corvallis, OR	8.11%	-3.33%
62	Greeley, CO	7.68%	5.19%
63	Flint, MI	7.40%	-13.86%
64	Lake Havasu City-Kingman, AZ	7.40%	-19.97%
65	Gainesville, GA	7.14%	-22.53%
66	Atlanta-Sandy Springs-Roswell, GA	6.97%	-15.57%

Case-Shiller

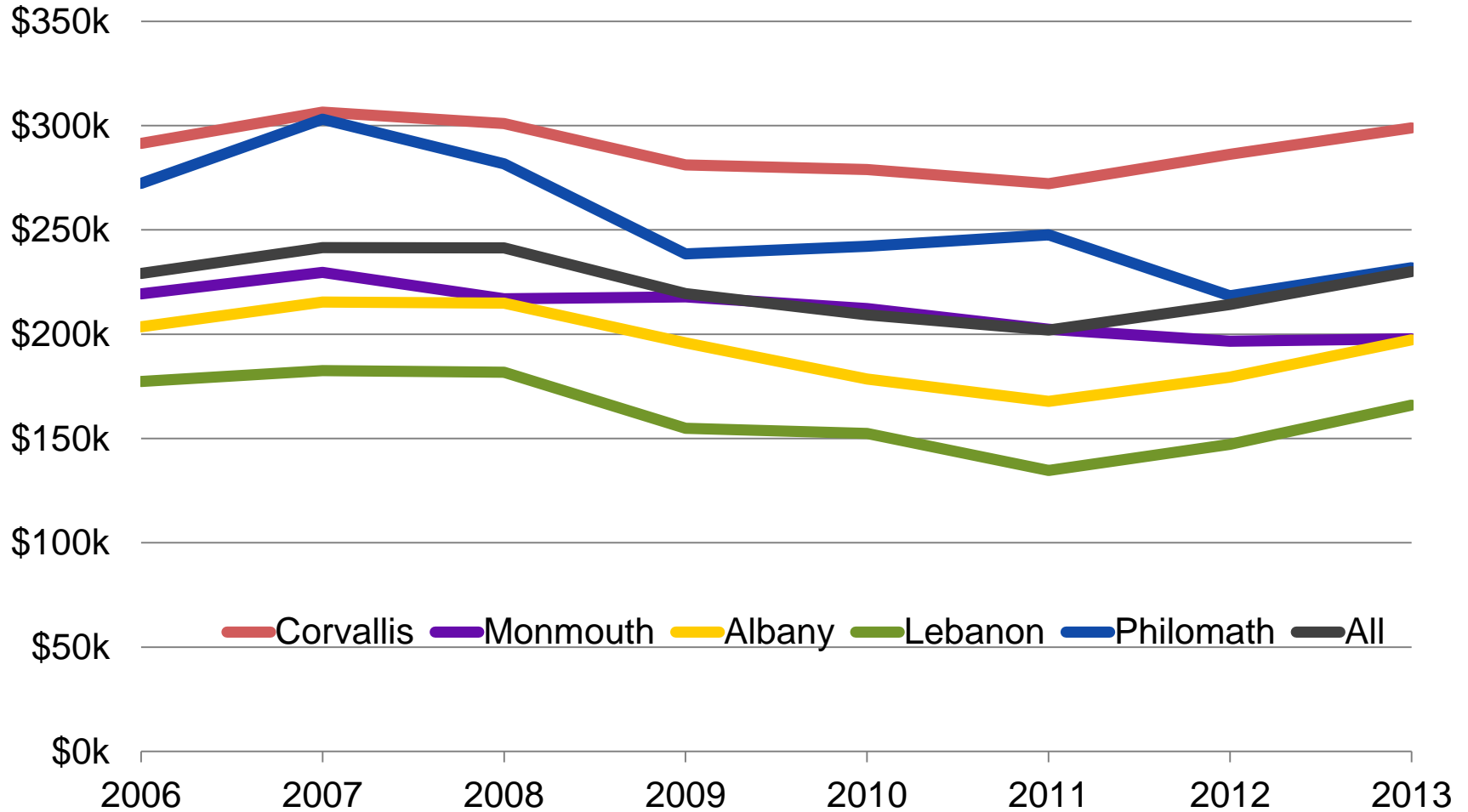
Year When Home Prices Will Return to Their Peak Level



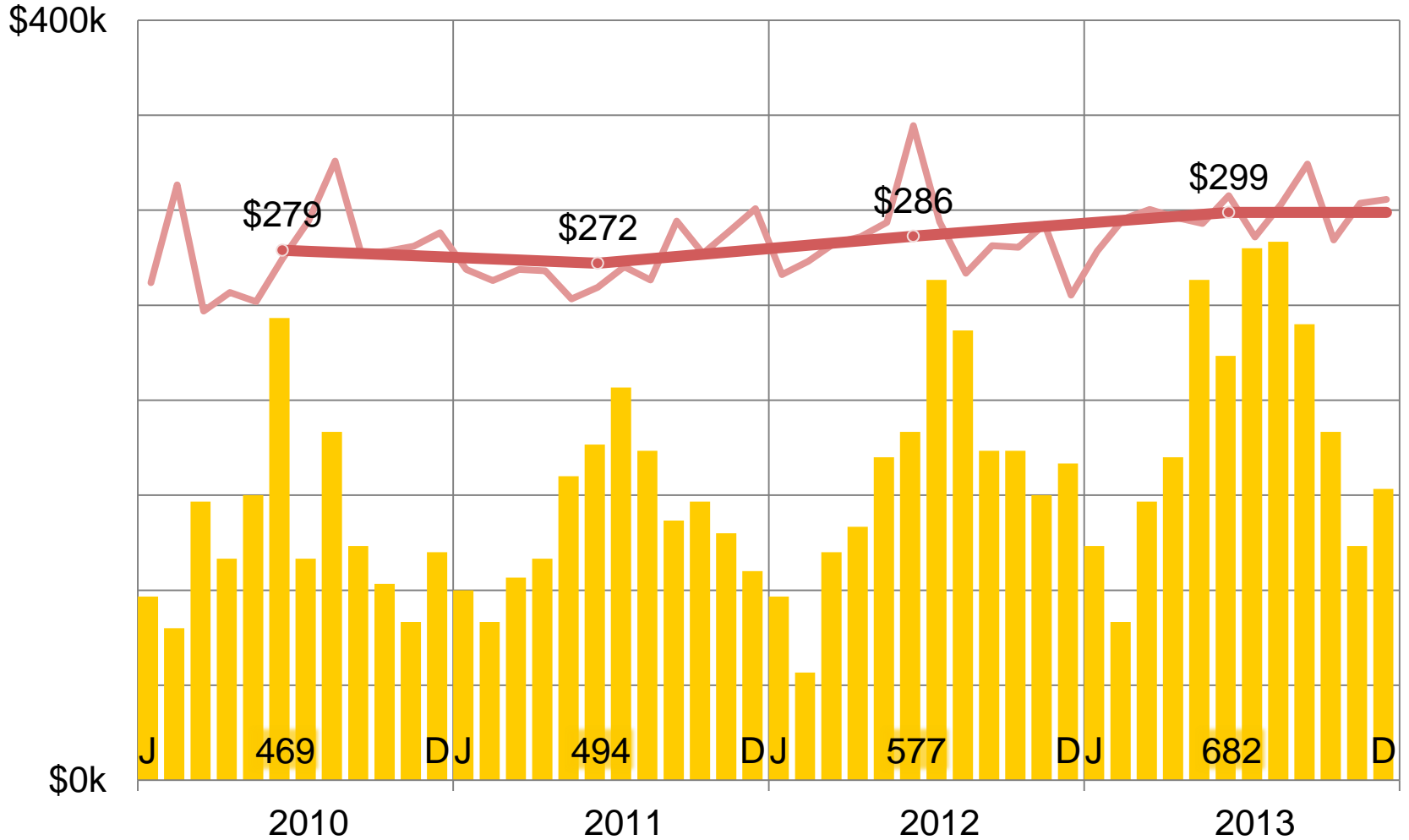
Rule #1

Location

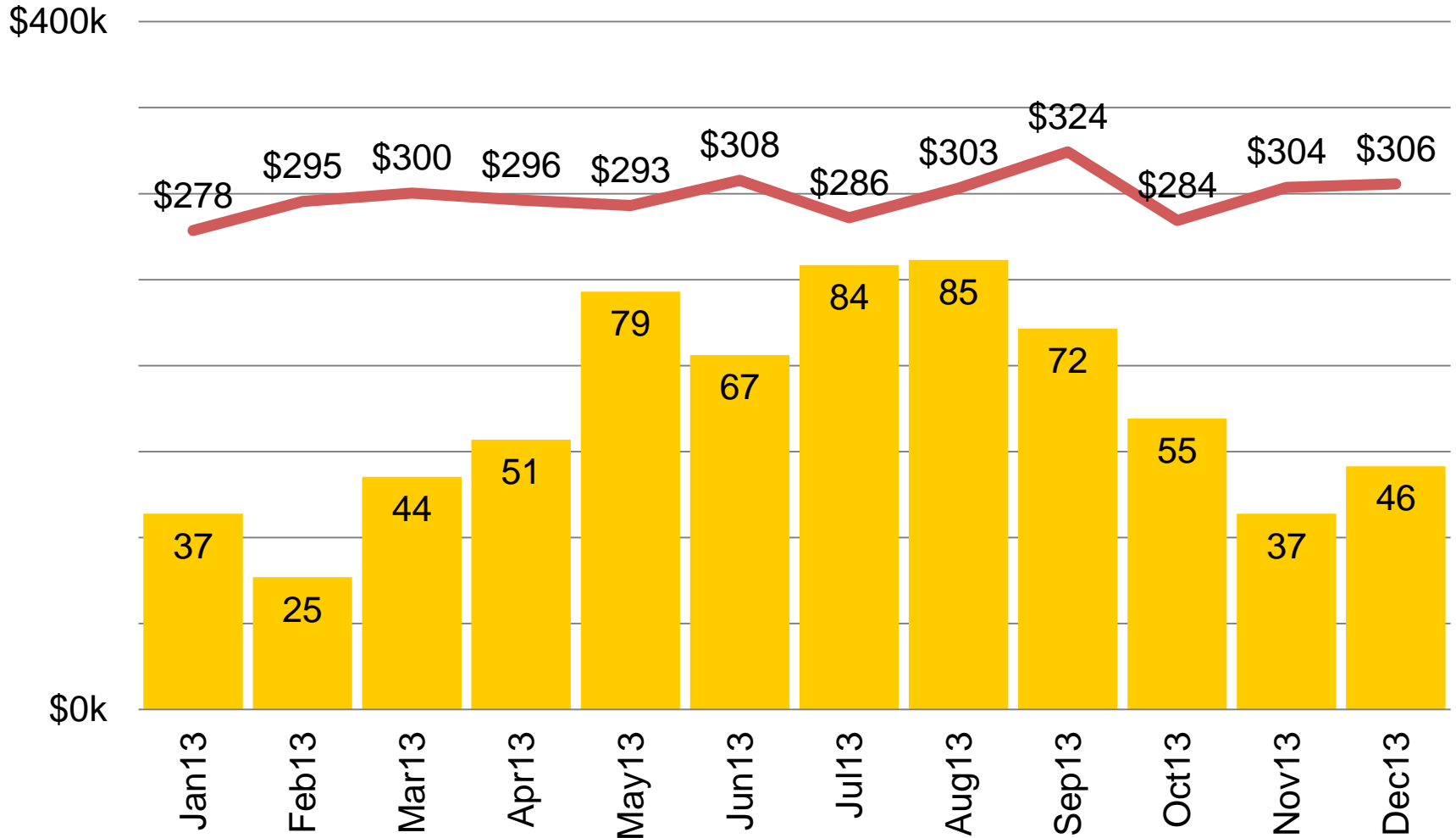
Avg Home Prices in Willamette Valley



Average Home Price & Unit Volume by Year



Average Home Price & Unit Volume in the last 12 months



Willamette Valley Months of Inventory

Single Family Homes

	Active Listings On 2/10/14	Sold Listings Last 6 months	Average Sold Per Month	Months of Inventory
\$0 - \$100k	1	4	0.7	1.5
\$100k - \$150k	2	6	1.0	2.0
\$150k - \$200k	14	29	4.8	2.9
\$200k - \$250k	33	70	11.7	2.8
\$250k - \$300k	27	45	7.5	3.6
\$300k - \$350k	14	37	6.2	2.3
\$350k - \$400k	15	21	3.5	4.3
\$400k - \$450k	12	16	2.7	4.5
\$450k - \$500k	12	8	1.3	9.0
\$500k - \$600k	7	5	0.8	8.4
\$600k +	6	1	0.2	36.0
Total	143	242	3.7	7.0

Other Factors

Neighborhood

Location in neighborhood

Views

Rule #2

Presentation

We Can Control Just Two Things

1. Price

2. Presentation

The Facts

Pricing should be ground in reality instead of wishful thinking

Corvallis average list to sales price is higher than average due to a higher level of education

Buyers are willing to pay a premium for a finished, move-in ready property. These are called “Creampuffs”.

Buyers are willing to pay a premium for a finished, move-in ready property. These are called “Creampuffs”.



Overpriced, badly
presented properties



Be Sure Your Property
Presents Well

Good



Not so Good



Good



Not so Good



Good



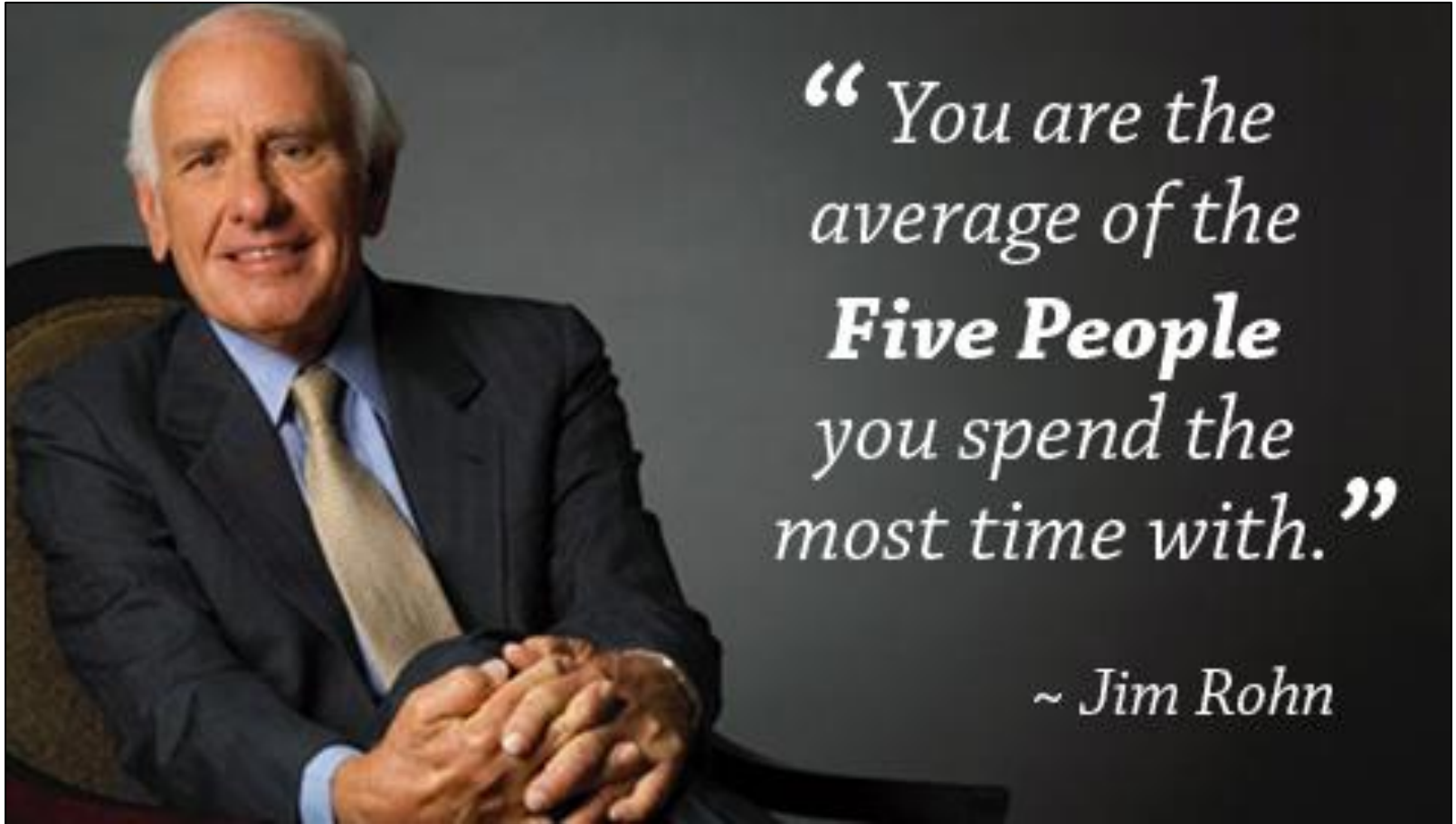
Not so Good



Rule #3:

Relationships

Why Are Relationships Important?



How's The Market?

IT DEPENDS

Location

Presentation

Relationships

Market Conditions

Sellers

- 40% of the Buyers are first time home buyers
- **Average Price is \$300,000**
- High demand for the “Average” priced homes in quality condition
- Interest rates remain at an all time low
- **Lots of “Move-Up” Buyers in the marketplace.** These are home owners who are ready to move up to their 2nd or dream home due to low interest rates.
- We need more new construction homes between \$300k-\$500k

Market Conditions

Buyers

- High demand for the “Average” priced homes in quality condition – be ready for **competitive marketplace** and multiple offers.
- Low interest rates are making homes very affordable

Market Conditions

My opinion as of February 26th 2014

- It is a great seller's market as there is **pent up demand** for quality, fairly priced homes **\$500k and below**
- Homes are getting a premium price when they are nicely updated and move-in ready
- **It is a great time to be a buyer** – for owner occupied and investment properties - with interest rates hovering in the 4% range for a buyer with good credit on a 30-yr loan.
- Lenders have become more reasonable in terms of lending conditions for most situations – and this presents **opportunities for both buyers and sellers.**

Summary

The needle is pointed more towards a sellers market in homes priced \$400k and below

Stable between \$400k-\$500k

Still a buyers market in the \$500k and above homes