

# Central Oregon Spring Housing Update

Inflation, Interest Rates, Inventory

Discussion:  
Trends, Price Forecast, Bubble?



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# Inflation:

A general increase  
in the cost of goods  
and services  
&  
decrease in the  
purchasing power  
of money



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## Inflation & Housing

“Inflation exacerbates the housing demand-supply imbalance, which means higher prices for housing. People think, ‘I need a hedge against inflation, housing has traditionally been a long-lived durable asset.’”

~ Lawrence J. White Professor of Economics New York University's School of Business

# FORTUNE

TECH • ECONOMY

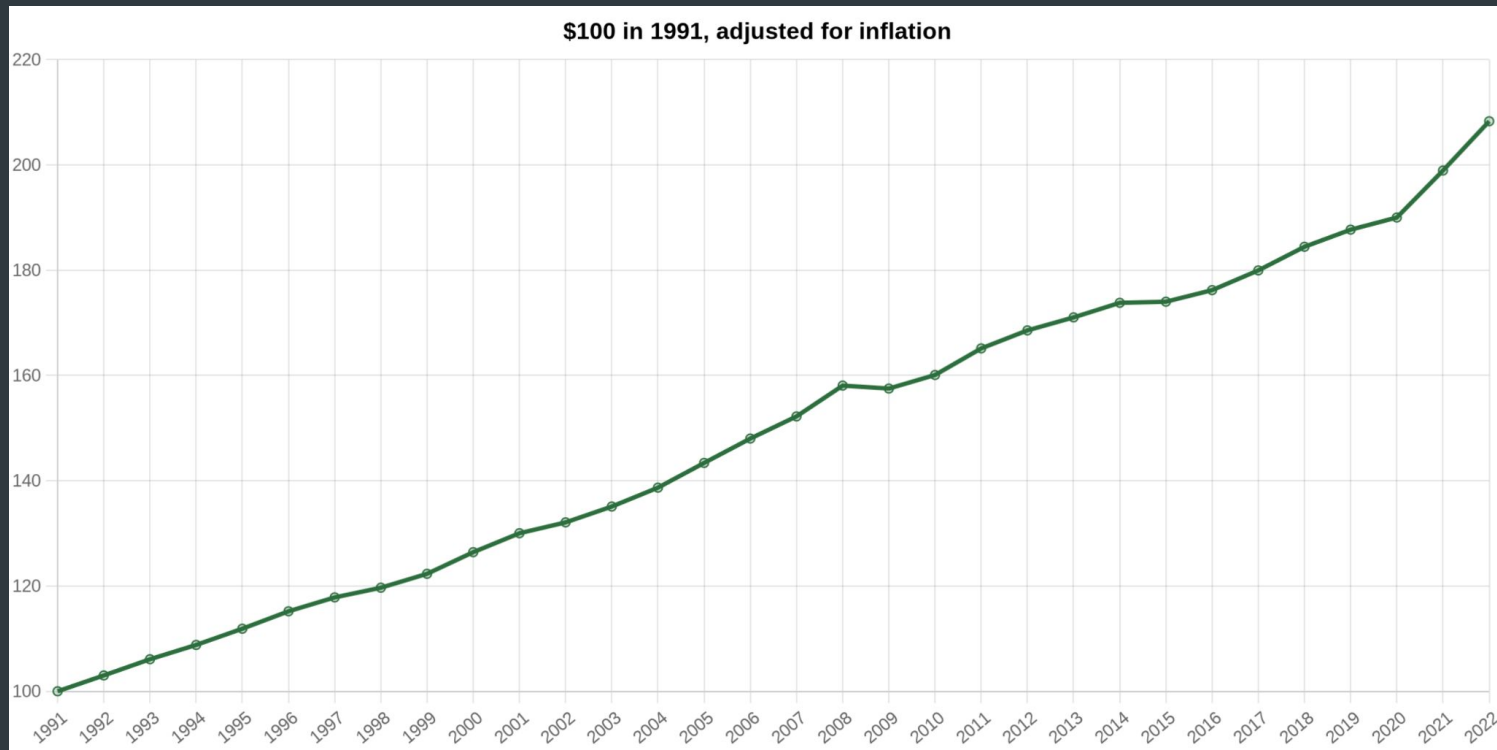
**Elon Musk sold his houses during the pandemic, but now inflation has him saying own ‘physical things’**

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**\$100 in 1991 is \$208 today (108% higher)**

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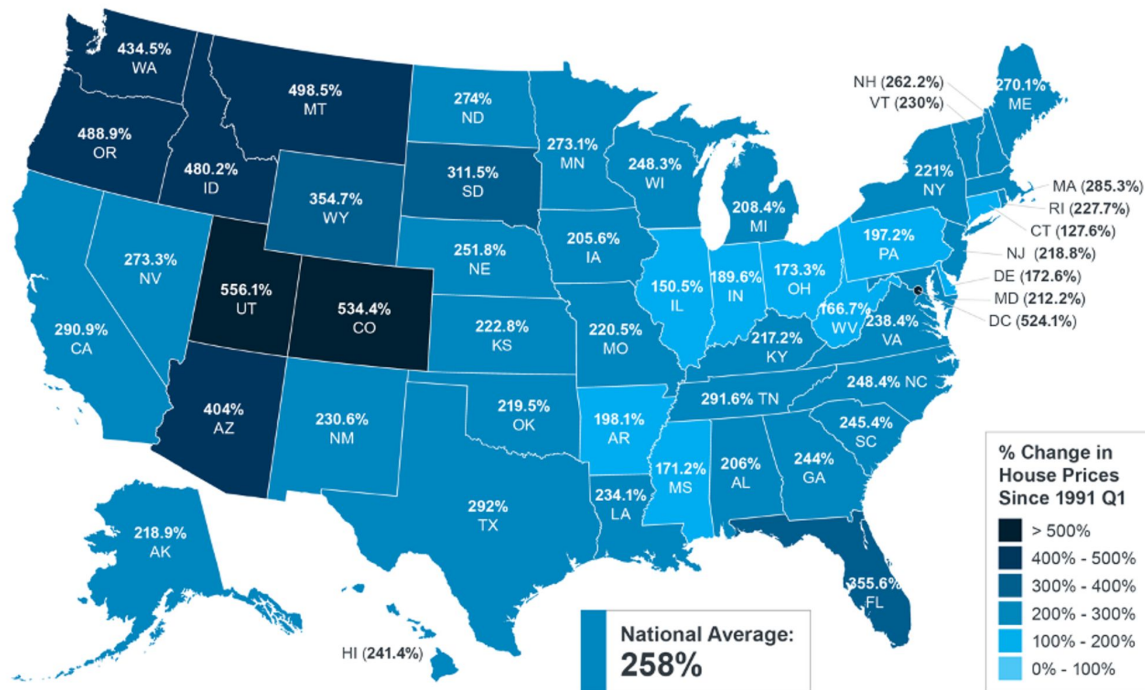


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# Change in Prices Since 1991

2021 Q4



Source: FHFA

**\$100 invested  
in housing in  
1991 is worth  
\$358 today  
(258% higher)**



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**Covid Financial Aid & Fiscal Policy**  
**+ Fewer Workers**  
**+ Increase in \$ Construction Materials**  
**+ Low Interest Rates**  
**+ Lack of Land (regulations/zoning)**  
**+ Migration (remote work)**  
**+ Housing Shortage**  
**=**  
**↑ Prices on Housing**

# Mortgage Rates

30-Year Fixed Rate,  
January 2018–March  
3, 2022



**Goodbye**  
“ultra-low”  
rates

**Hello again**  
“low” rates





# Mortgage Rates



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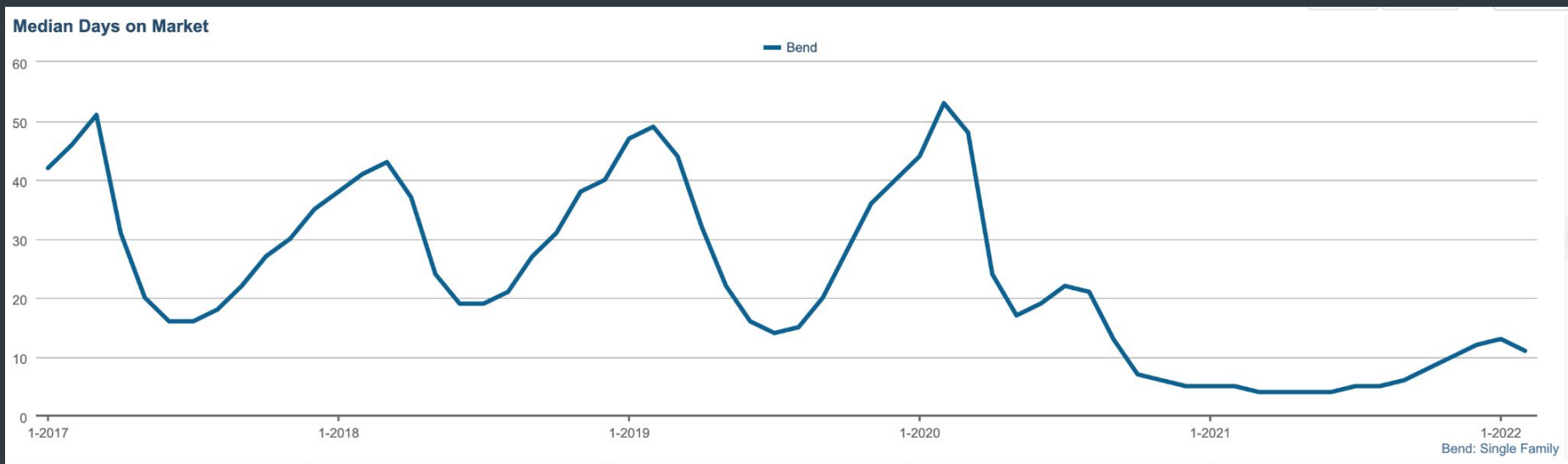
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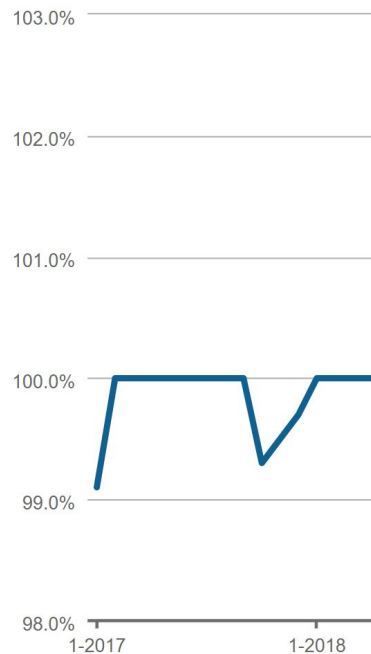


# Days on Market: Median 11, Avg. 35

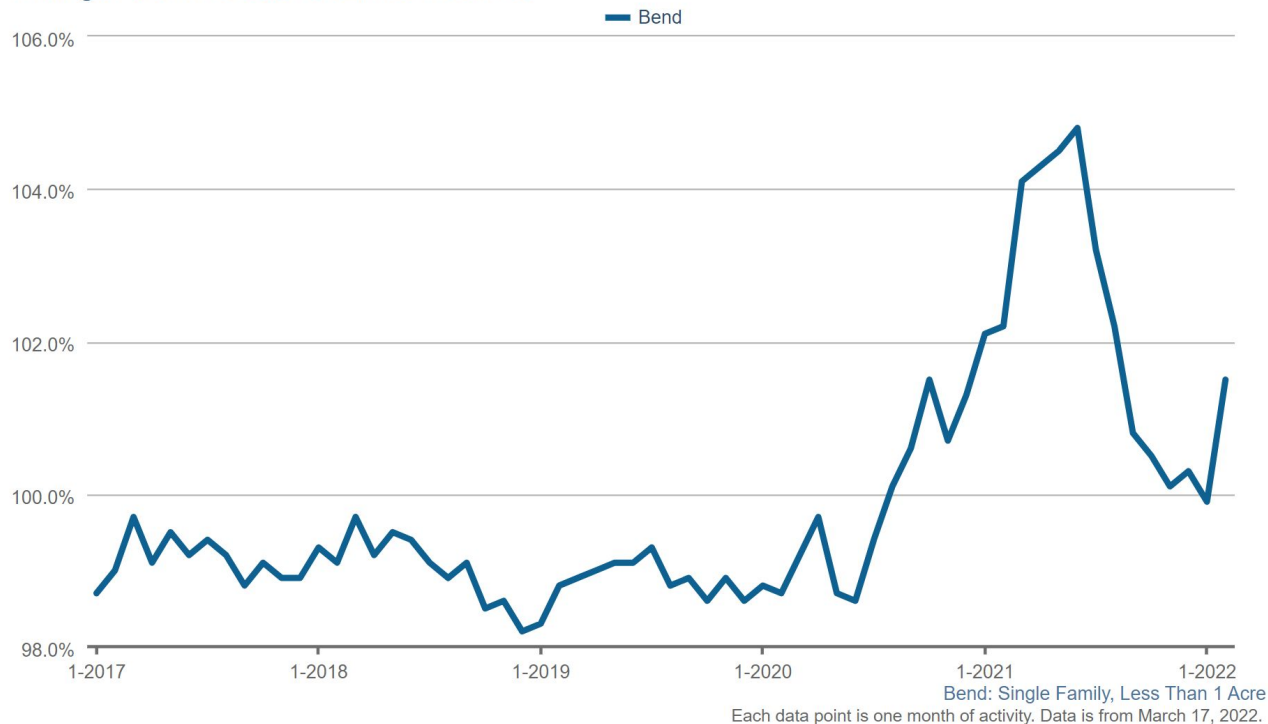


# List to Sale

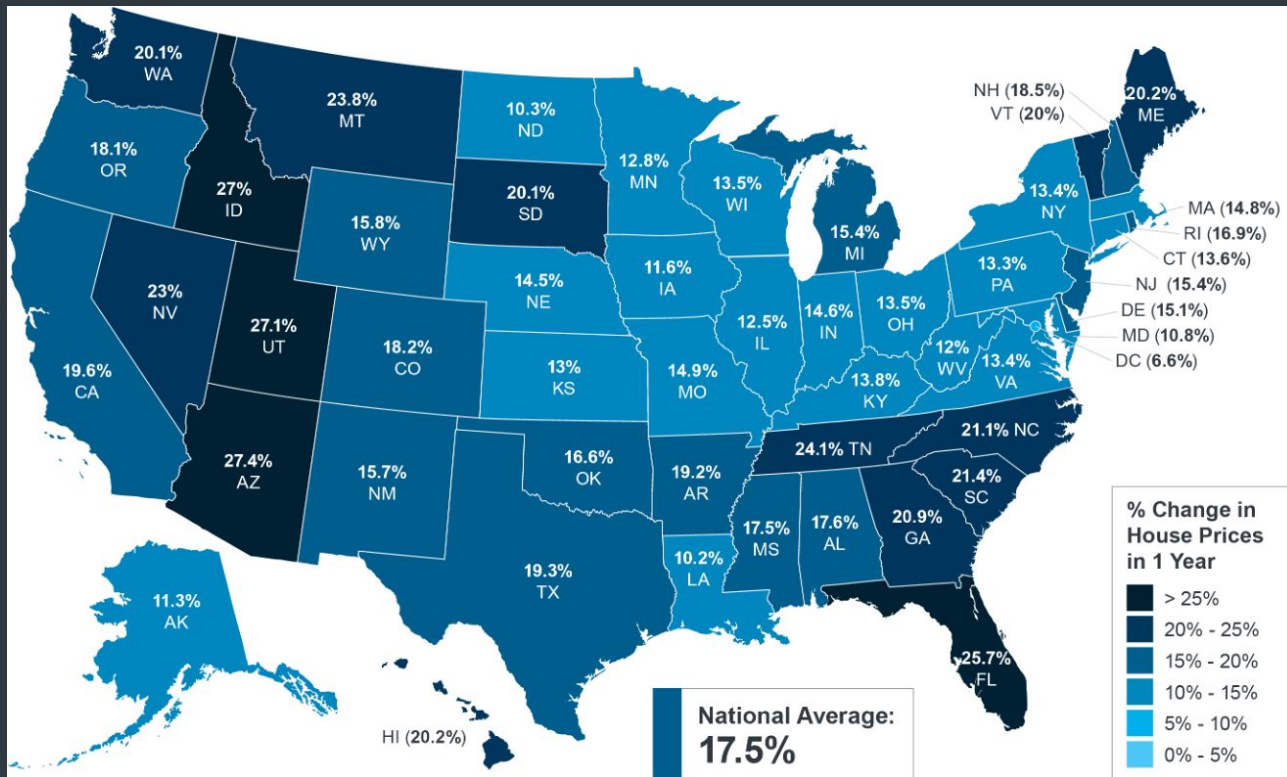
Median Percent of Last List Price



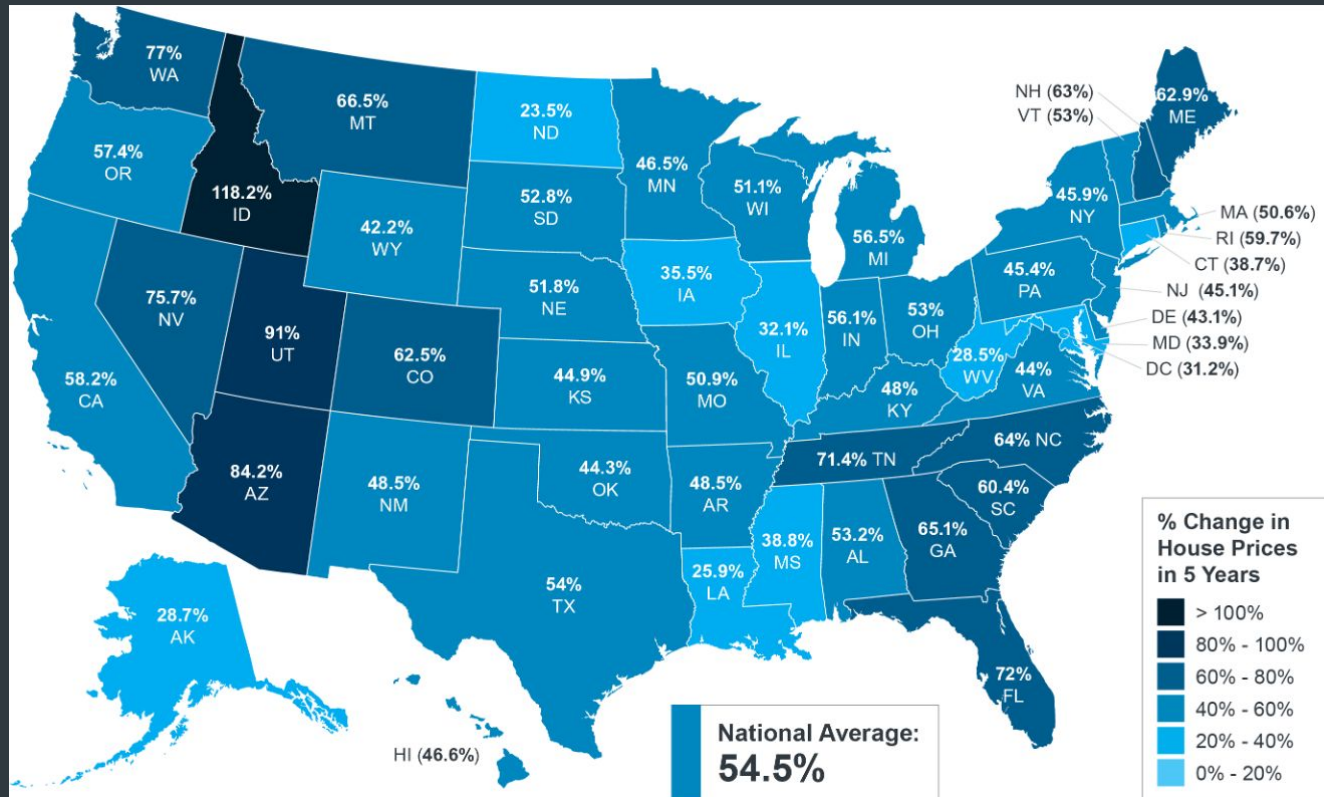
Average Percent of Last List Price Received



# Home Prices: Up 18% in 1 year



# Home Prices: Up 57% in 5 years

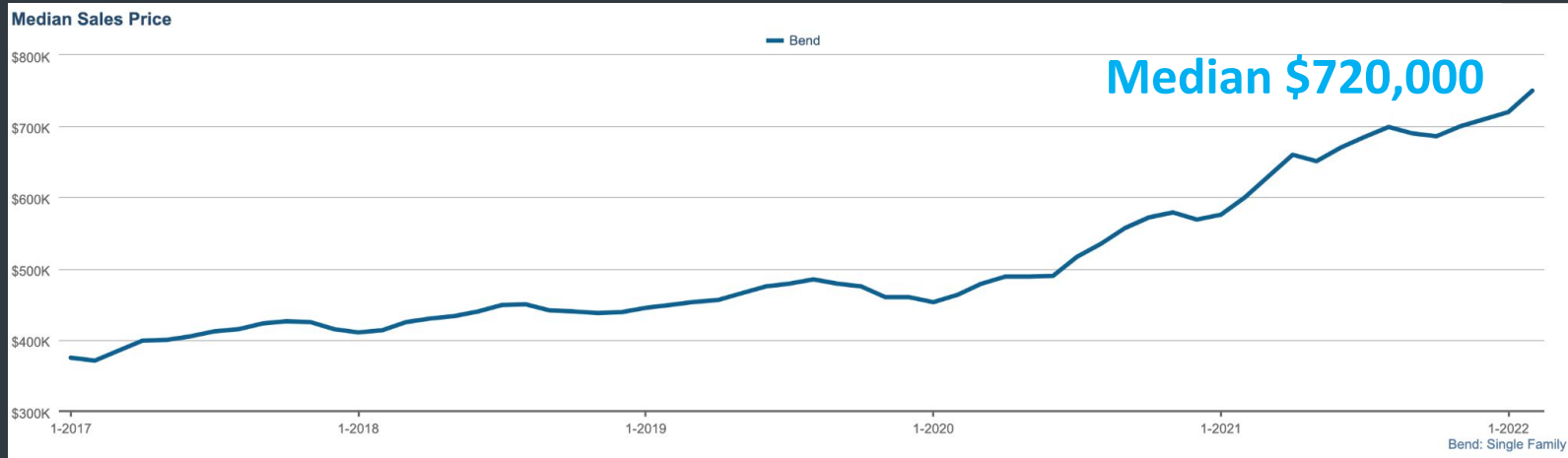


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# Home Prices: Bend up 25%

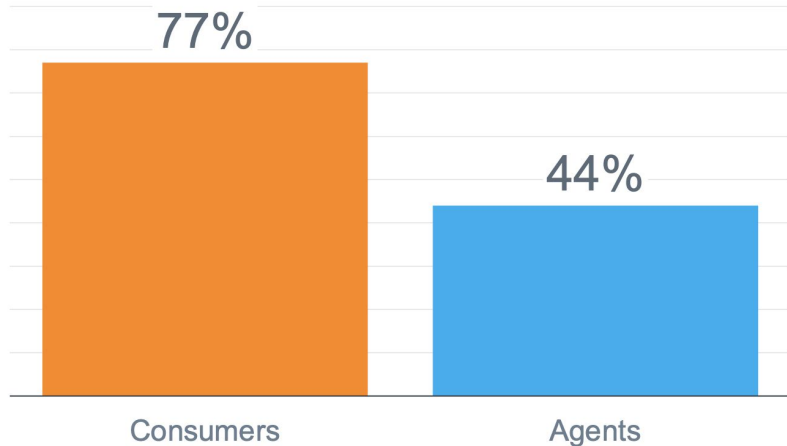


# Housing Bubble?

I understand your sentiment  
but let's review...

## Worries of a Housing Bubble Still Persist

% Who say they believe there's a housing price bubble where they live



Source: realtor.com

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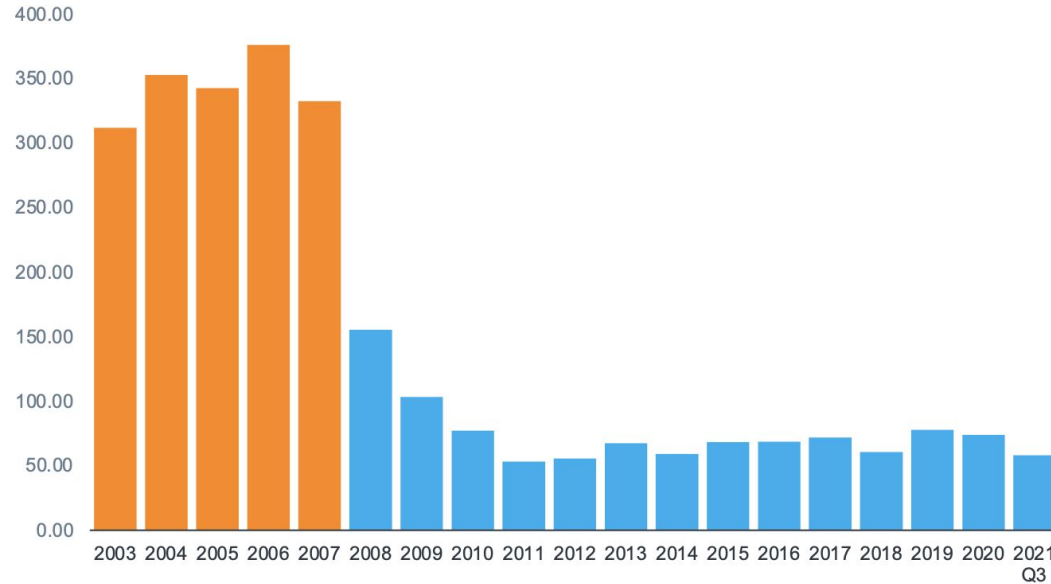
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# Housing Bubble: Risky Loans?

## This Is Nothing Like the Last Time

Volume of Loans in Billions with a Credit Score < 620



Source: Federal Reserve



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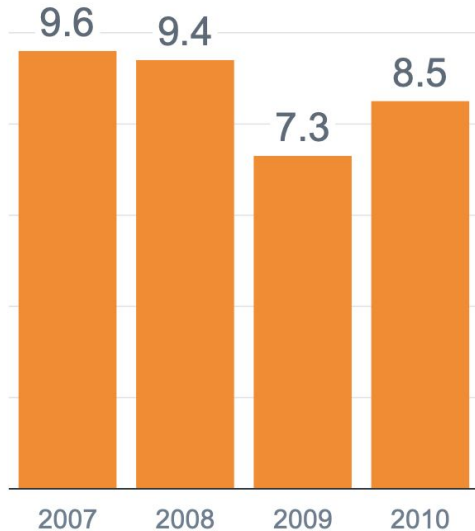
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# Housing Bubble: Too many homes?

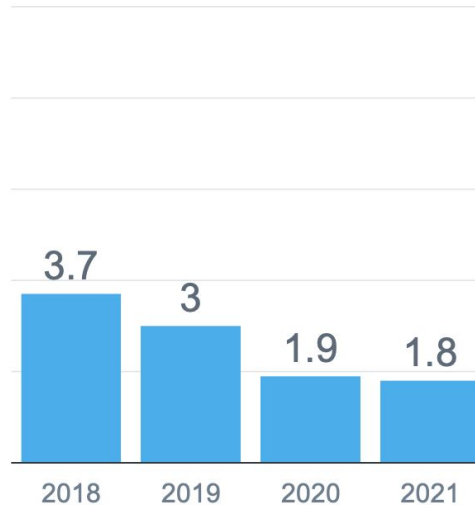
## Inventory of Homes Nothing Like Last Time

Months Supply of Existing Homes for Sale in December of Each Year

Four Years of Housing Crash



Last Four Years



Source: NAR



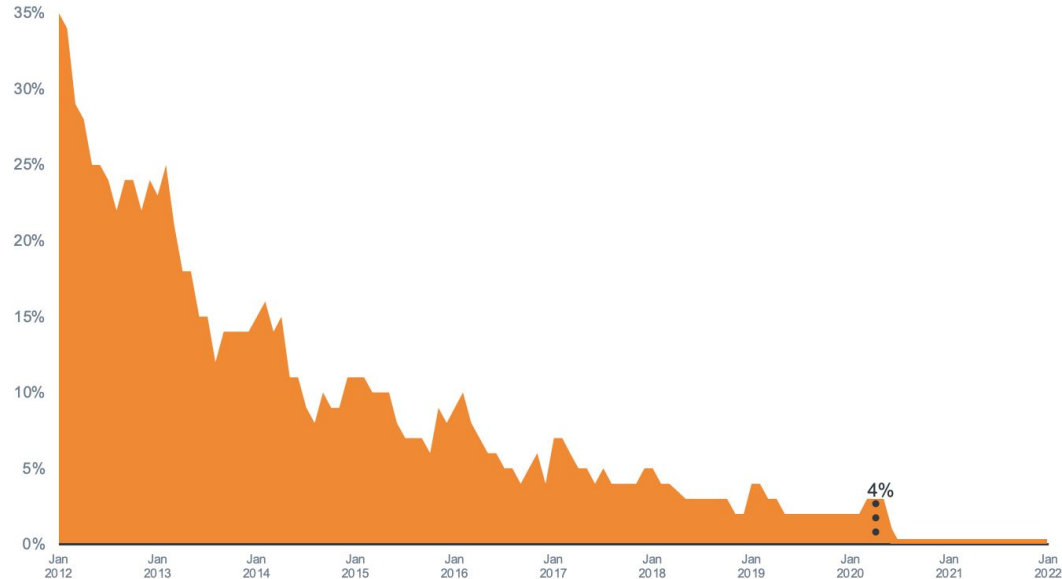
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# Housing Bubble: Foreclosures?

## Percentage of Distressed Property Sales

Distressed Sales (Foreclosures and Short Sales) Represented Less Than 1% of Sales in January.



Source: NAR

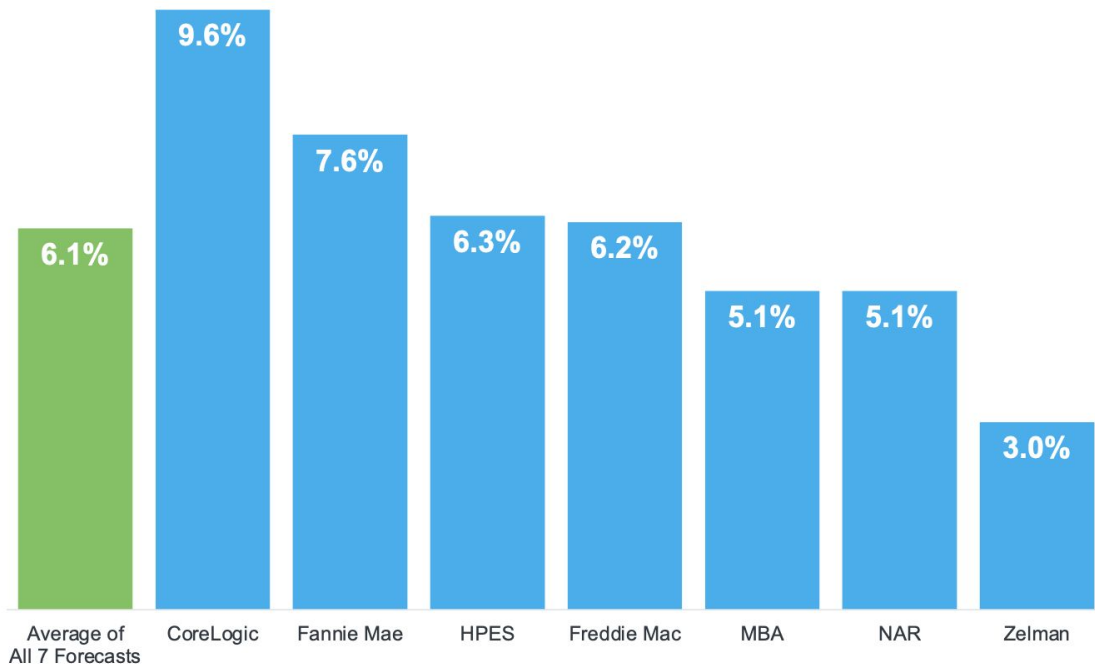


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# Home Price Forecast: Up 6.1%

## Home Price Forecasts for 2022



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# Questions?

Bend**PropertySource**.com

