

If ever there were a challenging time to break out a crystal ball to predict what is going to happen in the real estate market, it would be today. There are indicators pointing in opposite directions, and some long-term relationships are not holding as they typically have. What is clear today is persistent inflation well above the federal reserve target rate of 2%; as a result, the fed has taken the bold step of increasing the federal funds rate by 0.75% on two consecutive occasions.

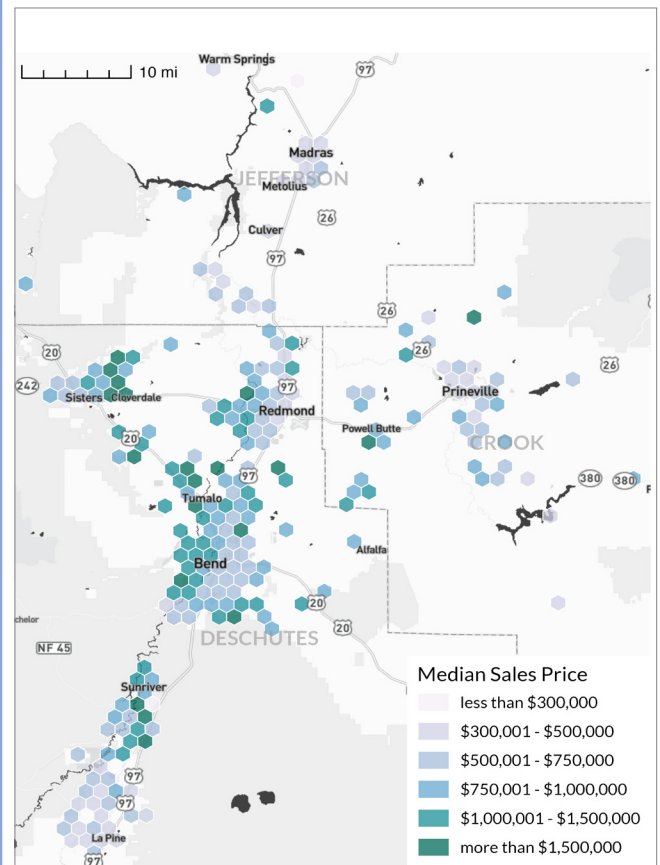
For those of you that are not close followers of the federal funds rate, why does this matter as the lead-in for a real estate market summary? The first point is that the fed hasn't raised rates this aggressively since 1994. Rates are now in line with the top of the cycle in 2019, but are still historically low. The second is that fed funds rate increases lead to increased borrowing rates across the board, including mortgages. The fed has increased the fed funds rate by 2.25% since March, but the path for mortgage rates hasn't been as steady. Mortgage rates have decreased since their recent peak in July 2022, and it is unclear how they will respond to near-certain future fed funds rate increases.

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MEDIAN SALES PRICE AND SALES VOLUME (2022)

Submarket	Price	Volume
Bend	\$770,000	729
Crook County	\$499,500	146
Jefferson County	\$383,500	84
La Pine/Three Rivers South	\$510,000	96
"Redmond/Terrebonne/ Crooked River Ranch"	\$539,000	295
Sisters	\$757,500	66
Sunriver	\$879,000	41

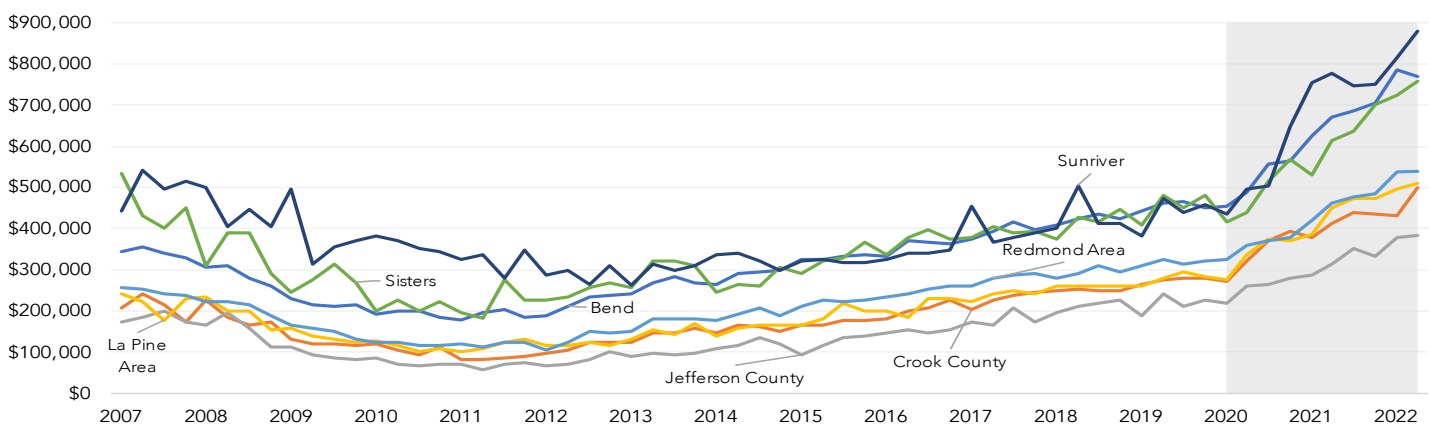
MEDIAN REGIONAL SALES PRICE (2022)



MEDIAN SALES PRICE AND SALES VOLUME BY SUBMARKET FOR ALL SUBMARKETS

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Units Sold	↑ 17.7%	↓ -15.2%
Median Price	↑ 1.1%	↑ 15.5%

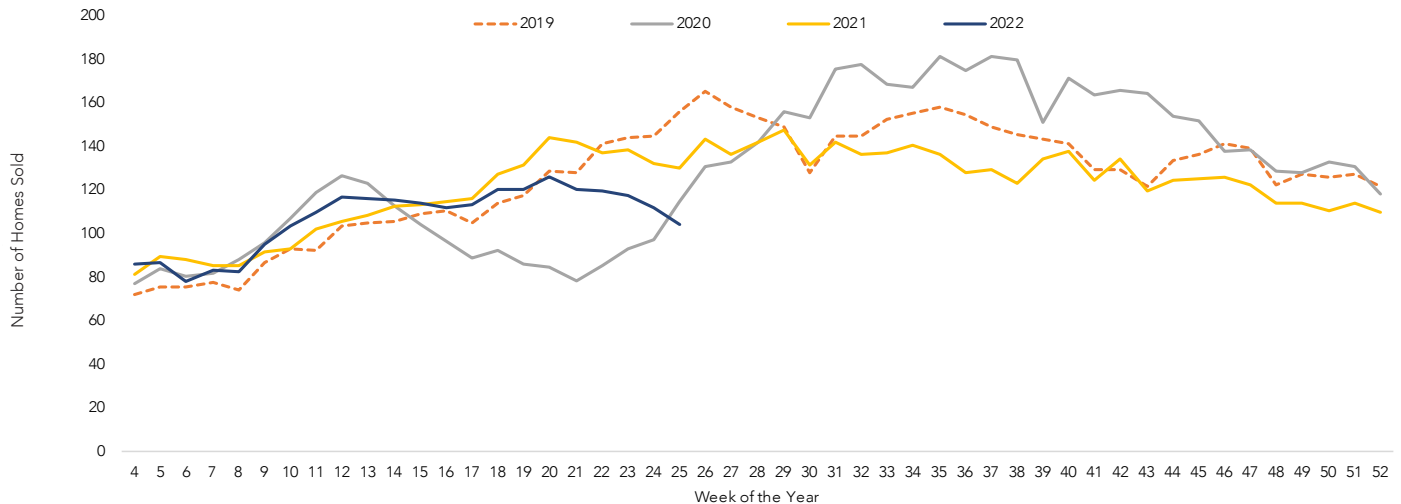
SUBMARKET COMPARISON—MEDIAN HOME SOLD PRICES, QUARTERLY, 2007-2022 Q2



About the data used in this report:

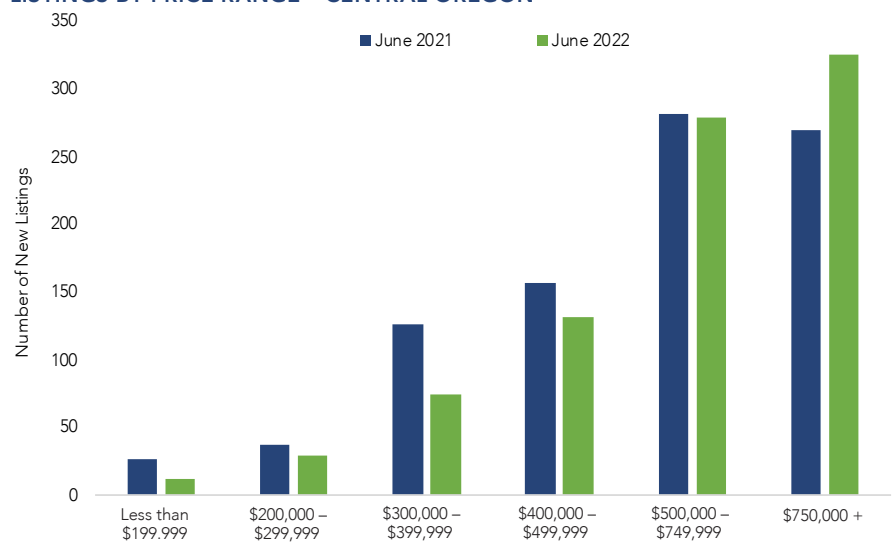
To produce this report, ECONorthwest compiled and organized data from COAR's MLS database. All questions related to data accuracy and verification should be directed to COAR.

SALES BY WEEK – CENTRAL OREGON



Mortgage rates are the driving force behind the rent changes in the market, which is to say demand has decreased as increased mortgage rates have made housing less affordable. This is making it challenging for first-time homebuyers to enter the market, while at the same time making it less likely that an existing homeowner will sell their home, as financing costs make it much more costly to purchase even a similarly-priced home. As a result, the sales volume has decreased in Central Oregon, down 5% year-to-date in 2022 compared to 2021. The decrease is more severe recently, with transactions down 20% in June 2022 compared to last year.

LISTINGS BY PRICE RANGE – CENTRAL OREGON



What is atypical is that the number of homes listed for sale in Central Oregon is also decreasing, down 5% in June 2022 compared to 2021. The combined impact of the reduction in sales along with a reduction in listings is moving the needle slightly on the number of months of supply. That is to say the reduction in demand is greater than the reduction in supply; given recent transaction volume, months of supply increased from 1 month at the beginning of the year to about 2.2 months in June. From 2015 to just before the pandemic, the months of supply in Central Oregon hovered around 3. The current trend suggests moving back to 3 months is likely, but that is still low by historic measures.

Given all this background, let's turn to the question that is top of everyone's mind: are we going to see a price correction? While there are many measures of price change, so far, the vast majority are still showing month-

over-month price increases, albeit at lower rates than a few months ago. Nationally, Black Knight Mortgage Monitor produces a monthly House Price Index (HPI), and they found prices in June slowed by 2%—the national appreciation rate dropped from 19.3% in May to 17.3% in June. The big takeaway is that prices still increased in June nationally, although there were some markets that are beginning to show monthly price drops. If we continue to see a similar trend nationally for the next 6 months, that would put annual appreciation at 5%, certainly well below recent levels, but not a price correction. Trends in mortgage rates will continue to be the most important indicator going forward. In markets where the months of supply remain steady, there will be less downward pressure on prices. It has been a long time since the risk of price decreases has been real, but that reality is no longer off the table, albeit still many months away, and highly uncertain.

Price Summary | Q2 2022

The price index for Central Oregon increased at an annual rate of 20.9% in the second quarter of 2022. The measure of the index is now 275, representing a 175% increase in market prices since 2012. Price growth measured by the index originally peaked in early 2018 at 13.2%, and steadily slowed to the rate of 9.8% in the 4th quarter of 2020. Since then, price growth has steadily increased to a rate of 20.9% in the 2nd quarter of 2022. In the last two years since the beginning of the pandemic (2Q2020), the price index has increased 35%, compared to median sales price increasing by 58%. The increased sales of higher-priced homes, along with the decreased sales of lower-priced homes, has fueled a large increase in the median sales price, now 19% higher than a year ago. While no methodology for measuring price changes is without flaws, the advantage of using of price index compared to the median price change is more pronounced in atypical market conditions. The high cost of new construction and the dwindling supply of lower-priced homes is not as reflective of broad price changes in the market, which are better captured by a price index.

WHAT IS A PRICE INDEX?

A price index tracks repeat sales of the same property to measure the change in market price over time.

WHY A PRICE INDEX?

A price index uses repeat sales and is the most accurate way to track changes in price over time. Median or average sales prices are responsive to new construction prices that are generally higher than the market average, as well as trends in listings. In order to most accurately measure how prices in a market are changing over time, tracking individual properties that sell multiple times allows for an apples to apples comparison of change over time.

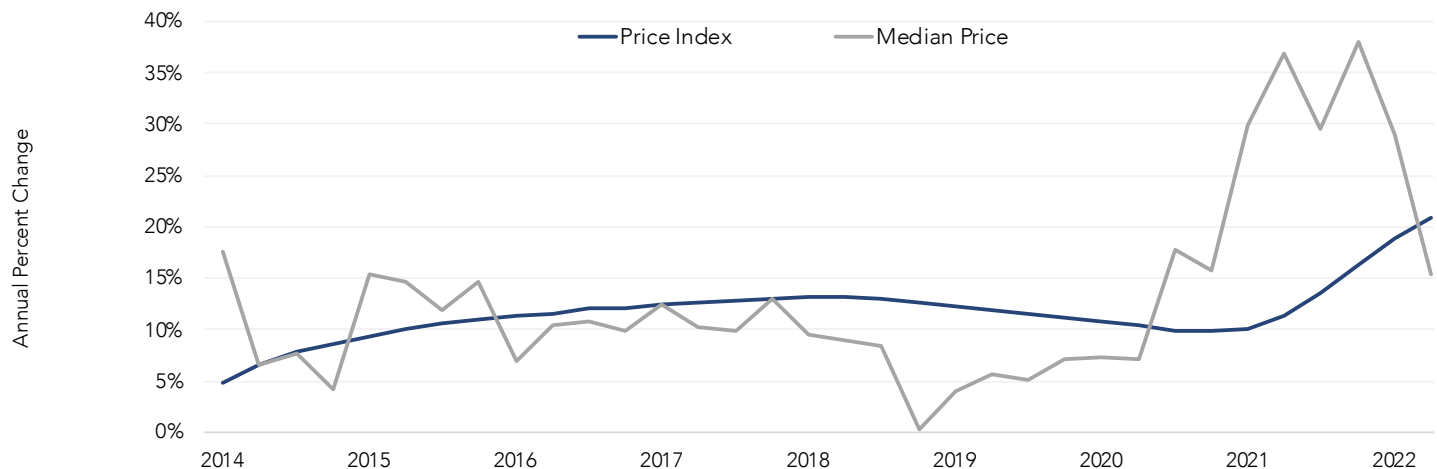
HOW DO WE CALCULATE A PRICE INDEX?

The price index is calculated using home sales data from 2007 up to the last quarter (Q2 2022). Repeat home sales are identified by matching sales based on addresses. Once homes that have been sold more than once are identified, the duration between the sales and the change in sale price are measured.

We have applied filters to the dataset to account for outliers and other transactions not representative of normal market conditions, such as flipping or substantial renovations.

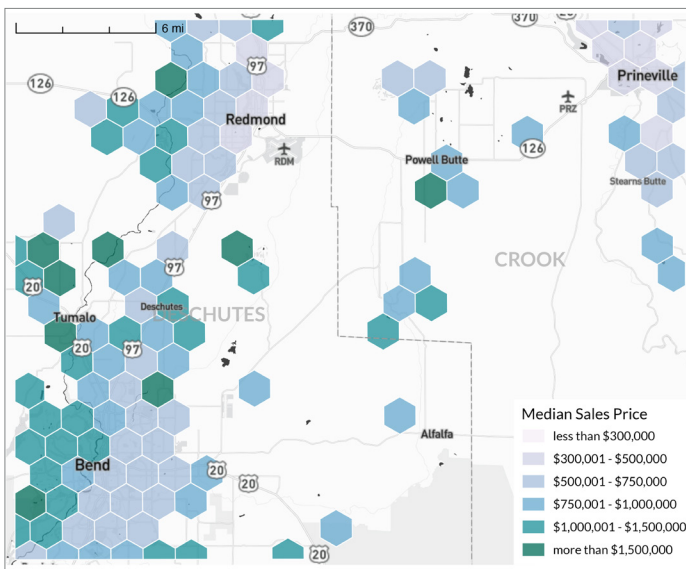
The repeat sale price index is calculated on a quarterly basis starting in the fourth quarter of 2012. Starting in the fourth quarter of 2012, the median sale price over the previous four quarters is calculated and used as the anchor price (100). For each following quarter, the median price appreciation for homes sold within the last four quarters is calculated, and this price appreciation is reflected in the change in the price index.

REPEAT SALES PRICE INDEX VS. MEDIAN PRICE CHANGE



Bend's housing market sales volume increased in the second quarter of 2022 relative to quarter one of 2022. Home sales volume in quarter two increased by about 24% from the previous quarter and were 14% lower than this same time last year. Homes sold more quickly than they did in the previous quarter and slightly slower than this same time last year, with the median days of market (DOM) decreasing by 12% and increasing by 2%, respectively. The median home sales price in Bend dropped by 2% from last quarter, and increased from the second quarter of 2021, from \$670,000 to \$770,000, or by about 15%.

MEDIAN SALES PRICE



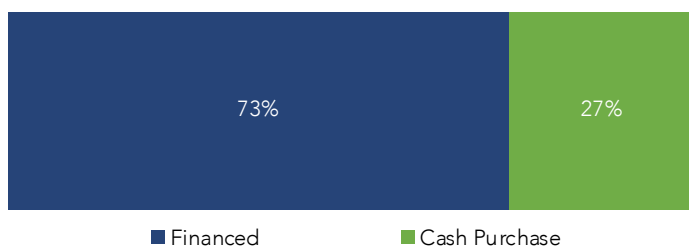
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$765,000	\$829,900	-15.8%

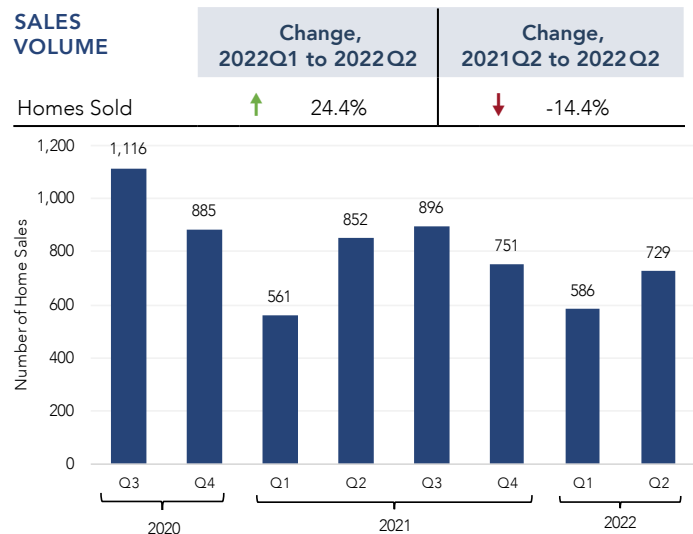
NEW CONSTRUCTION SALES

New Units Sold	New Units as a % of Total Units
89	12.2%

HOME FINANCING

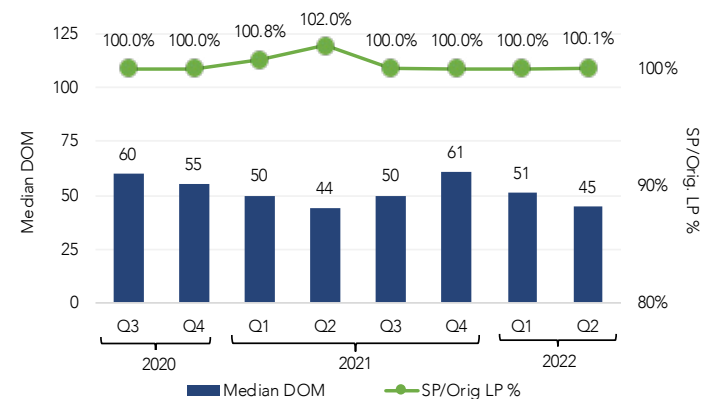


SALES VOLUME



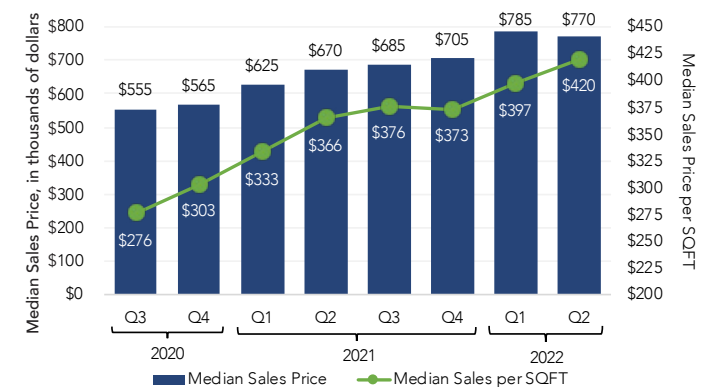
MEDIAN DOM & SALES PRICE VS. LISTING PRICE

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
DOM	↓ -11.8%	↑ 2.3%
Sold/Orig LP Diff. %	↑ 0.1%	↓ -1.9%



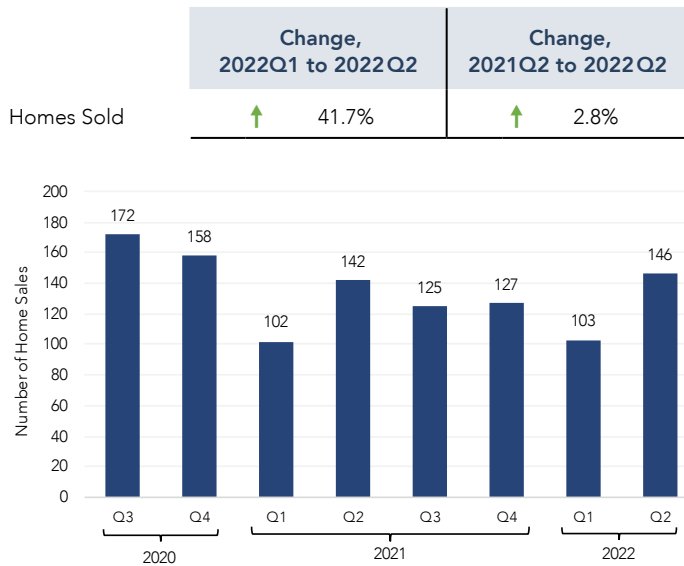
MEDIAN SALES PRICE & MEDIAN SALES PER SQFT

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Median Sales Price	-1.9%	↑ 14.9%

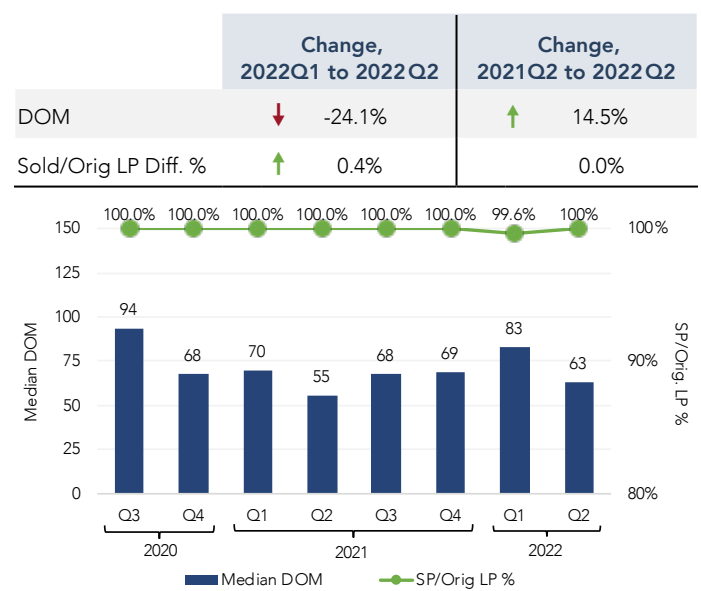


Home sales volume in Crook County increased 42% relative to the previous quarter and were 3% higher relative to this same time last year. In the second quarter of 2022, 146 homes sold in Crook County. Homes in Crook County sold less quickly than the previous quarter, with the median days on market (DOM) decreasing 24% from the previous quarter and increasing 15% from the second quarter of 2021. The median home sales price increased in Crook County relative to the previous quarter and increased relative to this same time last year, by 15% and 22%, respectively. In this same period last year, the median home sales price was \$411,038 compared to \$499,500 in the second quarter of 2022.

SALES VOLUME



MEDIAN DOM & SALES PRICE VS. LISTING PRICE



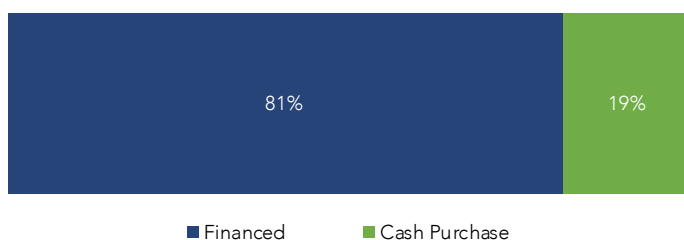
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$499,000	\$567,500	6.7%

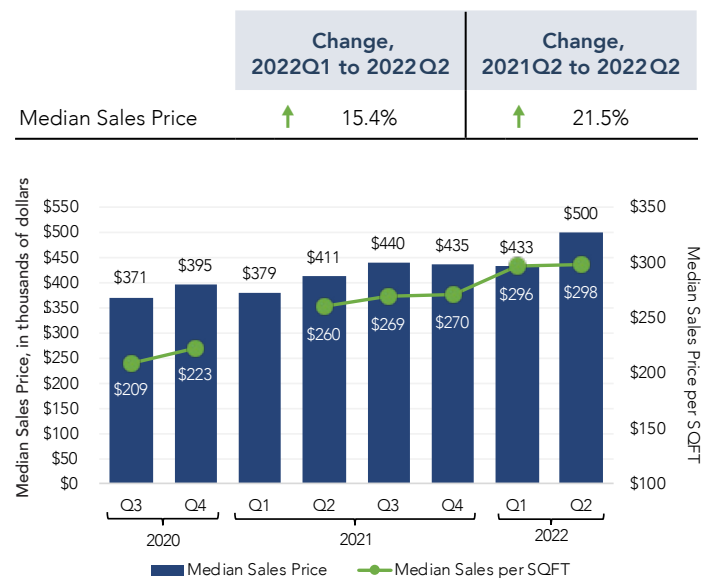
NEW CONSTRUCTION SALES

New Units Sold	New Units as a % of Total Units
15	10.3%

HOME FINANCING



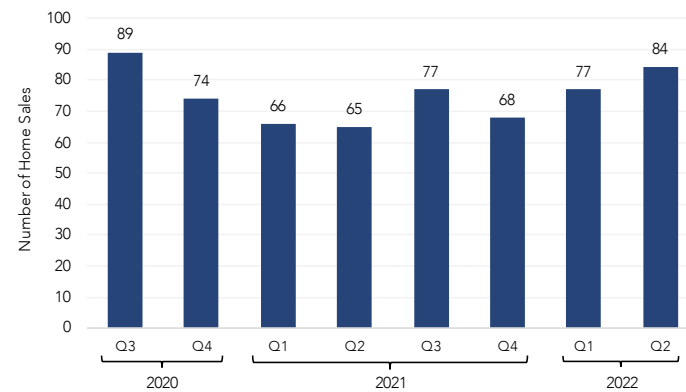
MEDIAN SALES PRICE & MEDIAN SALES PER SQFT



Jefferson County's second quarter home sales volume increased relative to the first quarter of 2022, growing by about 9%. Compared to this same quarter last year, the County's sales volume increased by over 29%. Homes sold faster this quarter compared to last quarter with the median days on market (DOM) falling 7%. Compared to this same time last year, homes sold 8% slower in quarter two of 2022. The median home sales price in Jefferson County increased 1% compared to last quarter, and the median sales price per square foot decreased from \$237 to \$229. Relative to this same time last year, the median sales price rose by about 23%, from \$313,000 to \$383,500.

SALES VOLUME

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Homes Sold	↑ 9.1%	↑ 29.2%



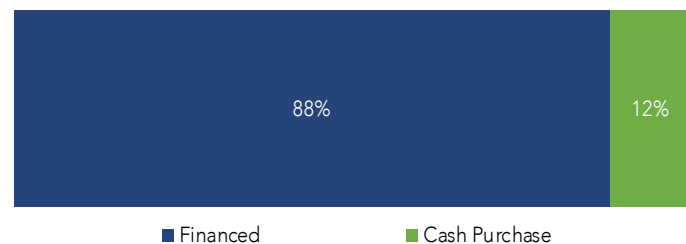
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$349,000	\$405,316	-5.7%

NEW CONSTRUCTION SALES

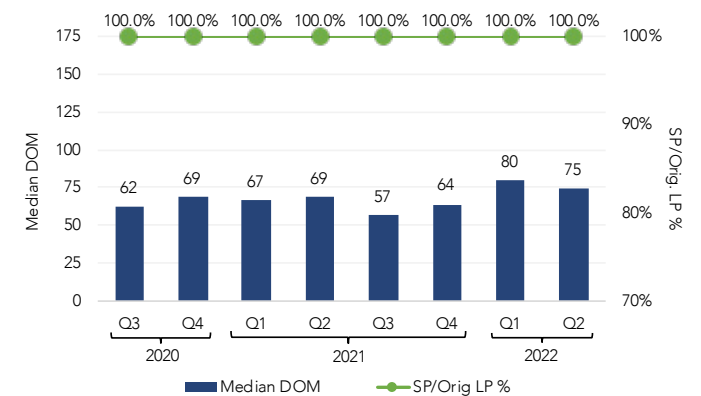
New Units Sold	New Units as a % of Total Units
33	39.3%

HOME FINANCING



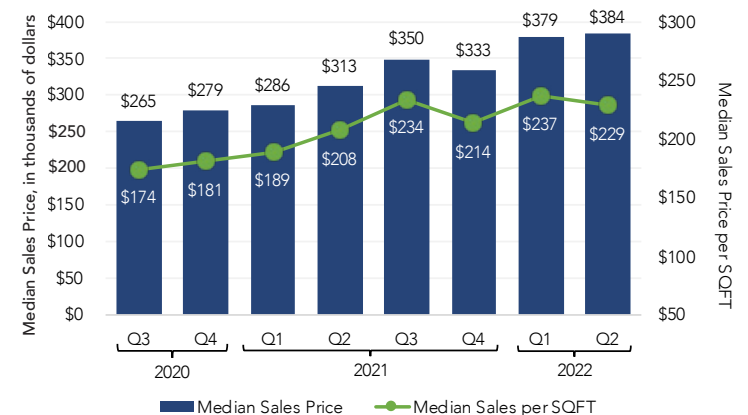
MEDIAN DOM & SALES PRICE VS. LISTING PRICE

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
DOM	↓ -6.9%	↑ 8.0%
Sold/Orig LP Diff. %	0.0%	0.0%



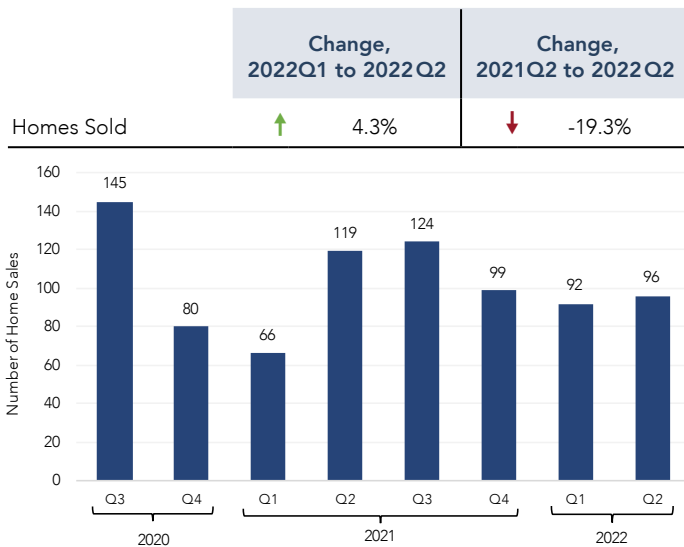
MEDIAN SALES PRICE & MEDIAN SALES PER SQFT

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Median Sales Price	↑ 1.2%	↑ 22.7%



La Pine/Three Rivers South experienced a home sales volume increase of 4% relative to the quarter one of 2022. However, compared to this same time last year, sales volume is down 19%. Homes also sold more quickly than they did in the previous quarter with the median days on market (DOM) decreasing 54% while the median home sales price increased by about 3%. At this time last year, homes spent the same number of median days on market while the median home sales price increased by 13%, from \$451,500 in quarter two of 2021 to \$510,000 in quarter two of 2022.

SALES VOLUME



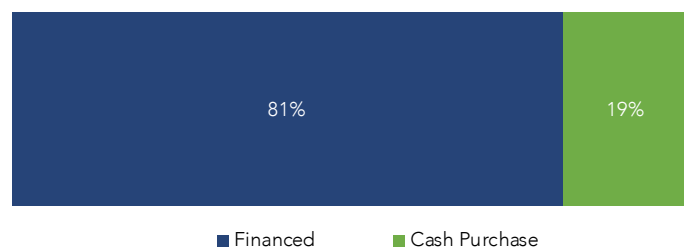
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$526,500	\$465,000	-24.0%

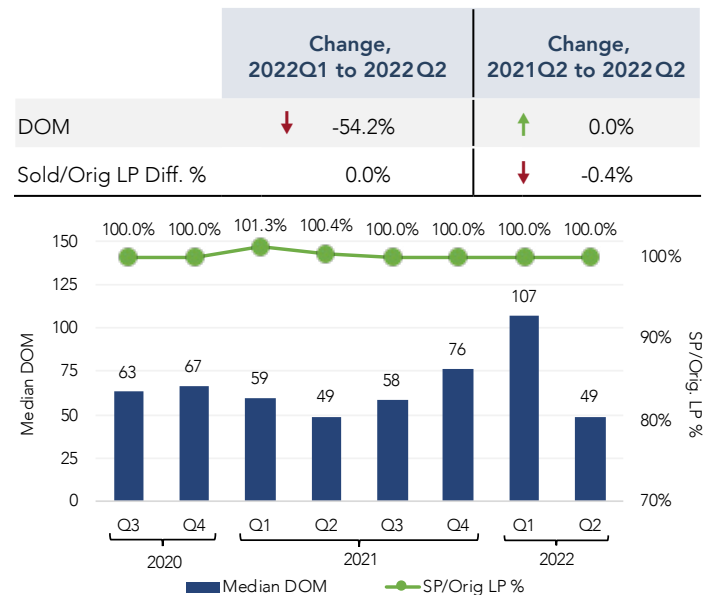
NEW CONSTRUCTION SALES

New Units Sold	New Units as a % of Total Units
15	15.6%

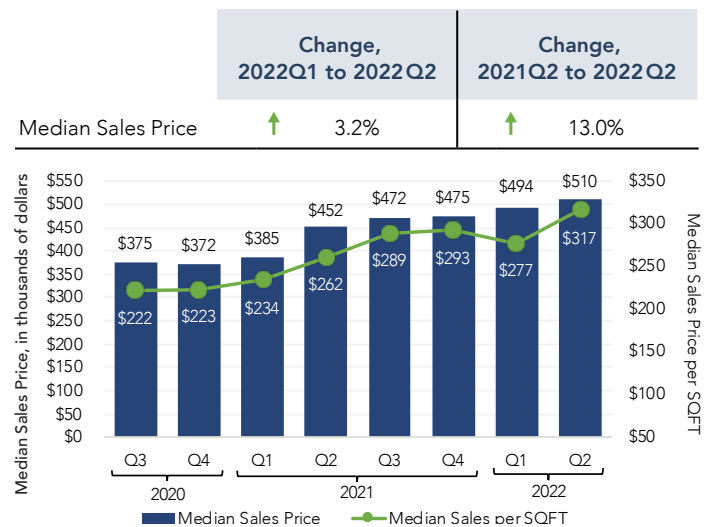
HOME FINANCING



MEDIAN DOM & SALES PRICE VS. LISTING PRICE

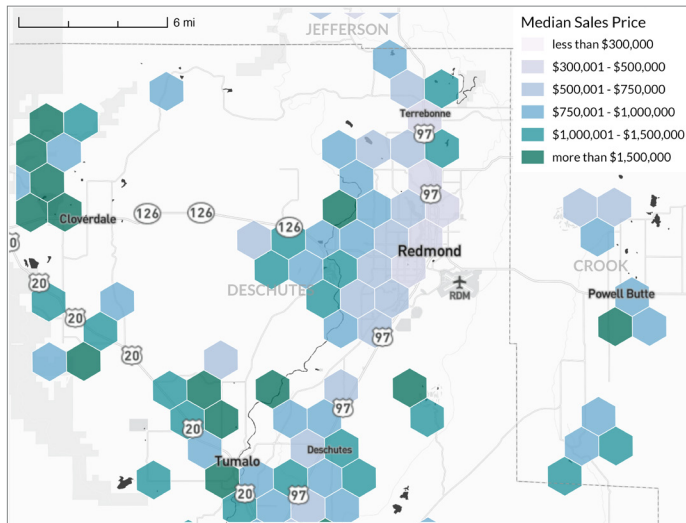


MEDIAN SALES PRICE & MEDIAN SALES PER SQFT



The Redmond/Terrebonne/Crooked River Ranch housing market increased in its home sales volume from the previous quarter by 4%, and its median days on market (DOM) decreased by 11%. Compared to this same time last year, home sales volume decreased by about 26%, and the median days on market (DOM) remained unchanged. While the median sales price grew by 0.4% compared to the previous quarter, it grew about 17% compared to the second quarter of 2021.

MEDIAN SALES PRICE



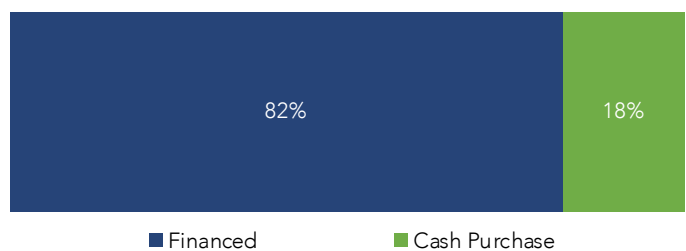
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$550,000	\$524,420	-8.1%

NEW CONSTRUCTION SALES

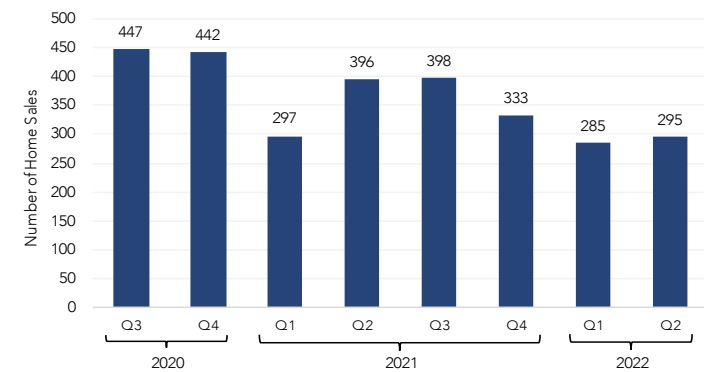
New Units Sold	New Units as a % of Total Units
53	18.0%

HOME FINANCING



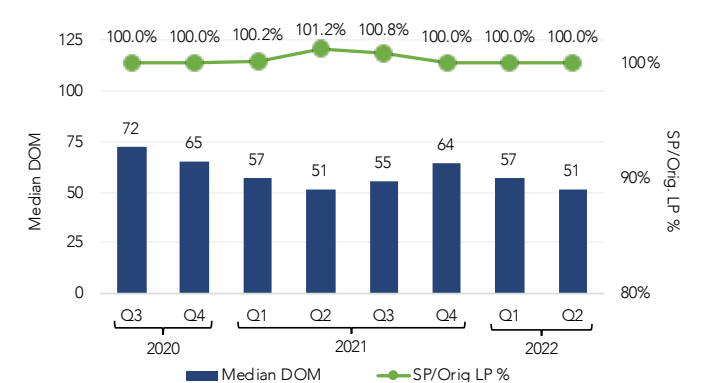
SALES VOLUME

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Homes Sold	↑ 3.5%	↓ -25.5%



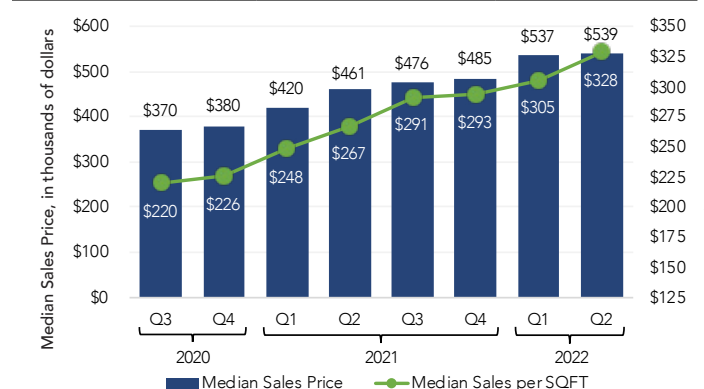
MEDIAN DOM & SALES PRICE VS. LISTING PRICE

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
DOM	↓ -10.5%	0.0%
Sold/Orig LP Diff. %	0.0%	↓ -1.2%



MEDIAN SALES PRICE & MEDIAN SALES PER SQFT

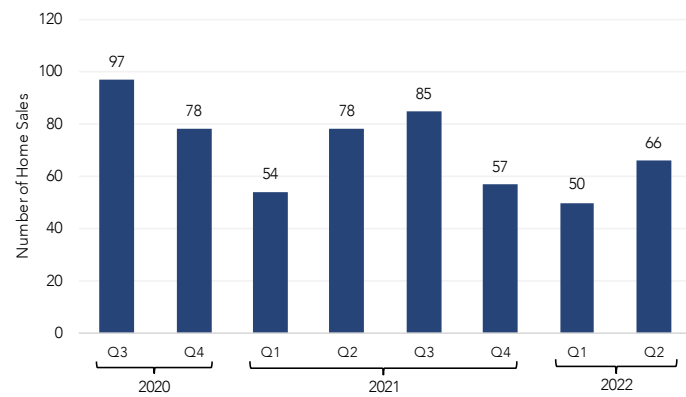
	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Median Sales Price	↑ 0.4%	↑ 16.8%



Home sales volume increased in the Sisters housing market by 32% compared to last quarter and decreased by 15% this same time last year. The median days on market (DOM) fell by 15% from last quarter and the median sales price increased by about 4%. Compared to the same time last year, the median days on market (DOM) decreased by 6% and the median sales price increased by 24%. The median sales price rose from \$725,000 in the previous quarter to \$757,500 in the second quarter of 2022.

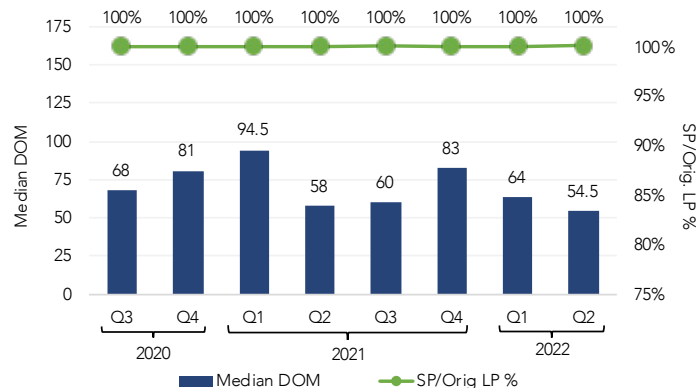
SALES VOLUME

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Homes Sold	↑ 32.0%	↓ -15.4%



MEDIAN DOM & SALES PRICE VS. LISTING PRICE

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
DOM	↓ -14.8%	↓ -6.0%
Sold/Orig LP Diff. %	↑ 0.1%	↑ 0.1%



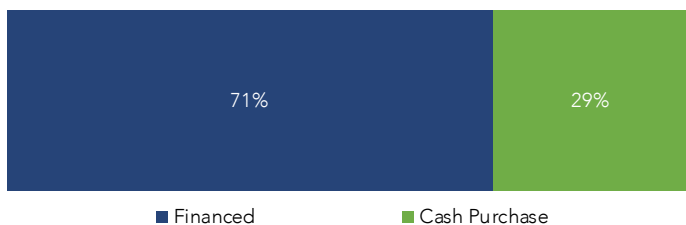
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$856,000	\$575,681	-9.8%

NEW CONSTRUCTION SALES

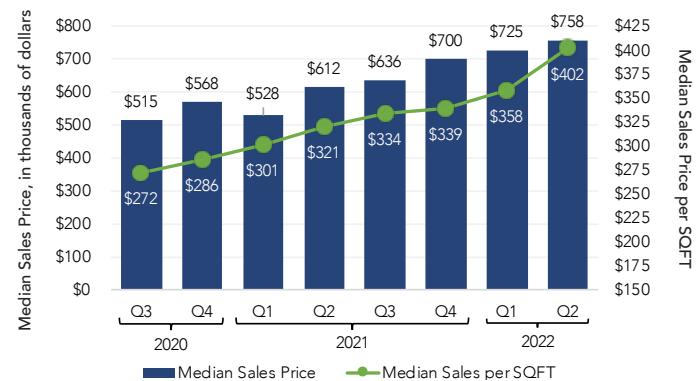
New Units Sold	New Units as a % of Total Units
20	30.3%

HOME FINANCING



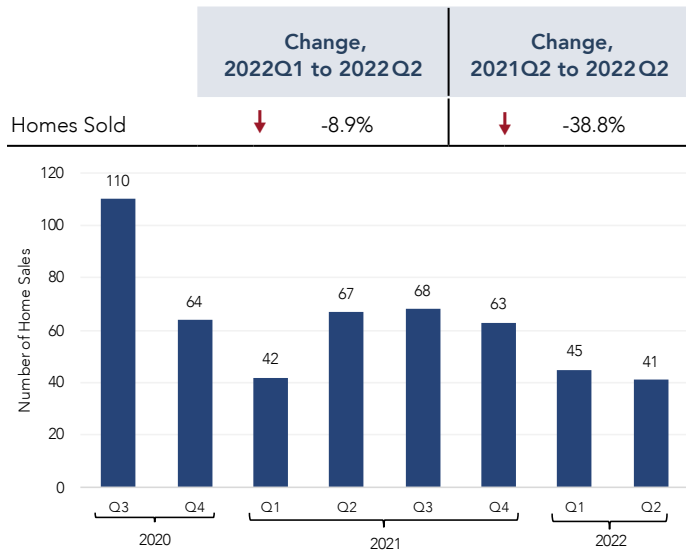
MEDIAN SALES PRICE & MEDIAN SALES PER SQFT

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Median Sales Price	↑ 4.5%	↑ 23.7%



Sunriver saw a decrease in its home sales volume from last quarter of about 9%. The median days on market (DOM) decreased by about 2%. Compared to this same time last year, home sales volume decreased by 39% with the median days on market (DOM) remaining unchanged. The median home sales price in Sunriver increased by about 13% relative to the second quarter of 2021, from \$775,000 to \$879,000 in the second quarter of 2022.

SALES VOLUME



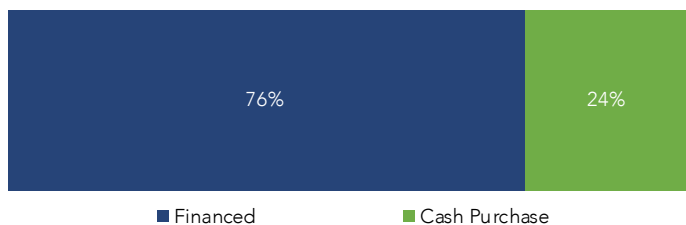
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$879,000	N/A	N/A

NEW CONSTRUCTION SALES

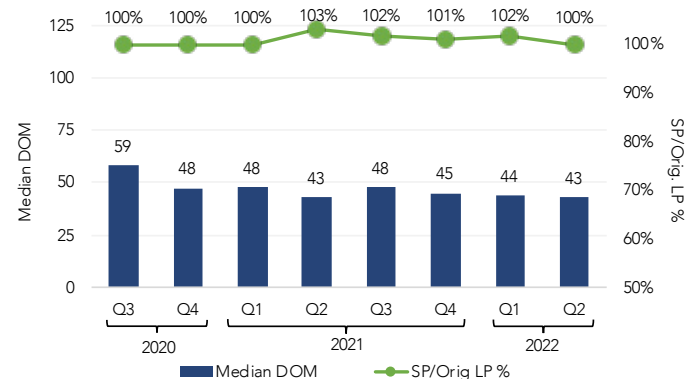
New Units Sold	New Units as a % of Total Units
0	0.0%

HOME FINANCING



MEDIAN DOM & SALES PRICE VS. LISTING PRICE

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
DOM	↓ -2.3%	0.0%
Sold/Orig LP Diff. %	↓ -2.0%	↓ -3.2%



MEDIAN SALES PRICE & MEDIAN SALES PER SQFT

	Change, 2022Q1 to 2022Q2	Change, 2021Q2 to 2022Q2
Median Sales Price	↑ 7.9%	↑ 13.4%

