



**BREAKING INTO  
PORTLAND'S  
COMPETITIVE  
HOUSING MARKET**

What's not to love about Portland, Oregon? If you're a homebuyer, you may be charmed by everything about the city— except for that competition on your dream home. Before you make an offer, we'll give you an overview of the current state of the housing stock, a comparison of the benefits of buying and renting in Portland, a forecast of the potential change to the market coming up, and advice about getting pre-approved for a loan.

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# AVERAGE MONTHLY MORTGAGE PAYMENT IN PORTLAND, OREGON FOR 2020.

Based on current home prices in Portland, Oregon, and using average mortgage rates, the average monthly mortgage payment in Portland was approximately \$1,791 as of March 2020. Of course, there are several variables that can affect a homeowner's monthly payments, so yours could be quite different from this average figure. (Please [contact us](#) if you would like a more precise estimate on your Portland home loan.)

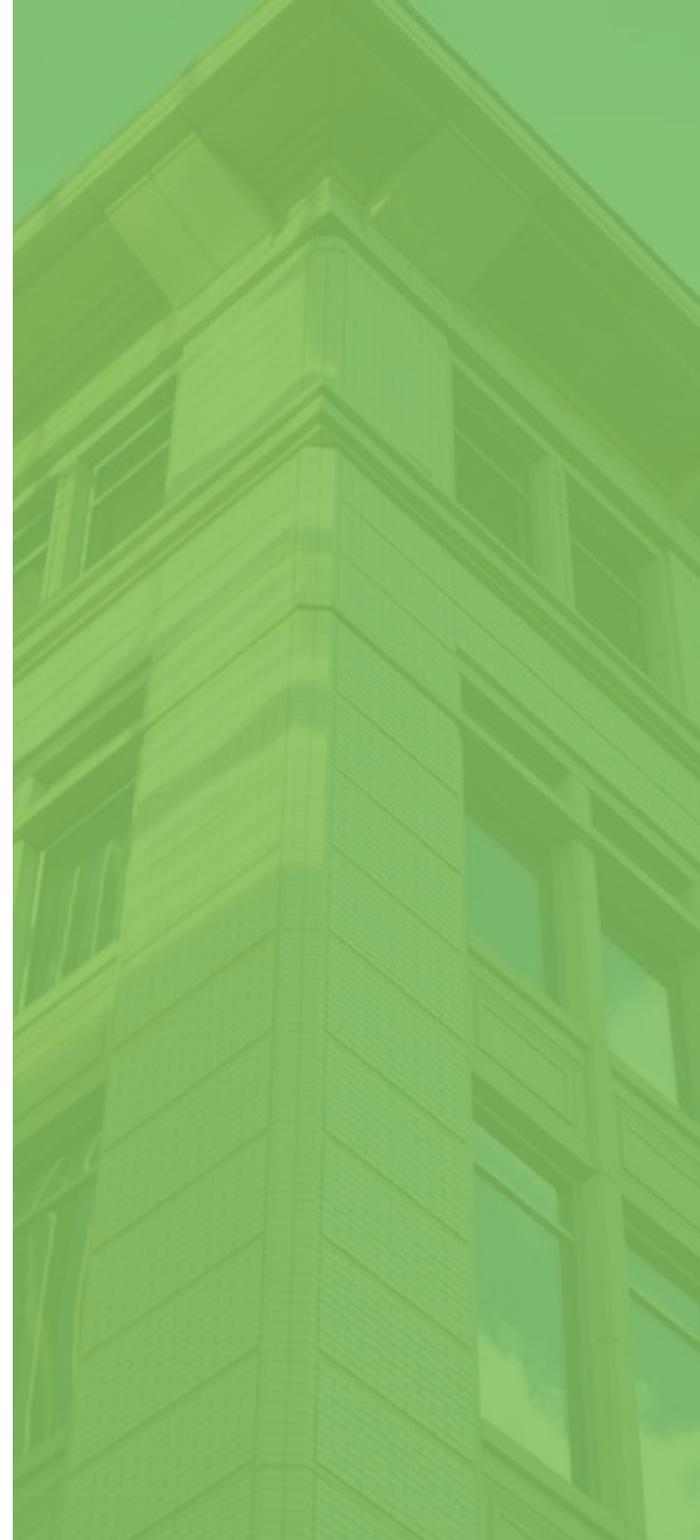
## Average Monthly Mortgage Payment in Portland, Oregon in 2020

Mortgage rates across the country are lower today than they were at the start of the year. Home prices in Portland, Oregon have remained rather steady in recent months. ([View current Portland mortgage rates.](#))

There are no official data sources that track and record average mortgage payments, at least not at the city or metro level. But we can get a ballpark estimate by examining current home prices in Portland and average mortgage rates.

This exercise is also helpful in the sense that it brings home buyers up-to-speed on current housing market conditions and mortgage rate trends. **Here's how it breaks down:**

- Home prices: According to the real estate data company Zillow, the median home price in Portland was around \$462,300, as of March 2020. There are other sources that offer slightly different numbers, but this will suffice for calculating the average mortgage payment.
- Mortgage rates: According to the weekly market survey conducted by Freddie Mac, the average rate for a 30-year fixed-rate home loan was 3.65%, in the last week of March 2020. The 30-year loan is the most popular financing option among Portland home buyers, so this is a good number to use for determining the average monthly mortgage payment in the area.
- Down payment: According to a nationwide analysis conducted by RealtyTrac, the average down payment amount among home buyers was 15%. If we apply this percentage to the median home price mentioned above (\$462,300), we get a down payment of \$69,345. Now we can figure out the amount being borrowed.





- Loan amount: By subtracting the down payment from the median home price, we get a base loan amount of around \$392,955. This is close to the average mortgage loan amount among Portland home buyers, using the figures above.
- Monthly payment: So, how much is the average monthly mortgage payment in Portland, Oregon? If we take the \$392,955 loan amount from earlier, and amortize it over 30 years with a mortgage rate of 3.65%, we end up with a monthly payment of \$1,791.

For the sake of simplicity, we've left out property taxes. Depending on the property value and the exact location, property taxes could add another \$200 to \$300 per month, or more. But this simple calculation gives us a general idea of the average monthly mortgage payment in Portland, Oregon, in the spring of 2020. [Read our Portland buyer guides](#) for more.



## **BIG DISCLAIMER:**

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As you can see, there are many variables that determine the size of a homeowner's monthly mortgage payment, and we haven't included them all. Actual payments will vary based on the exact size of the loan, the length of the term, the mortgage rate, discount points paid at closing, and other factors.

The point here is to offer some basic insight into the average monthly mortgage payment in Portland. More importantly, this section shows how you might estimate your own monthly payments, and what factors can influence them.



## RENTING VS. BUYING A HOME IN PORTLAND: A 2020 UPDATE

You know you need a place to live. But should you rent an apartment or buy a home in Portland, Oregon? Recent data relating to home prices and rents appear to make a strong case for buying in 2020, and we'll show you why.

### It's a Close Call

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Above, we determined that the average monthly mortgage payment would be somewhere around \$1,791. So how does that compare to the average rent in the Portland area? Is it more affordable to buy or rent a home here?

According to data gathered by Zillow, a real estate research firm, the costs of renting and buying a home in Portland vary slightly. As of March 2020, the average apartment rent within the city was \$1,975 (regardless of size or number of rooms).

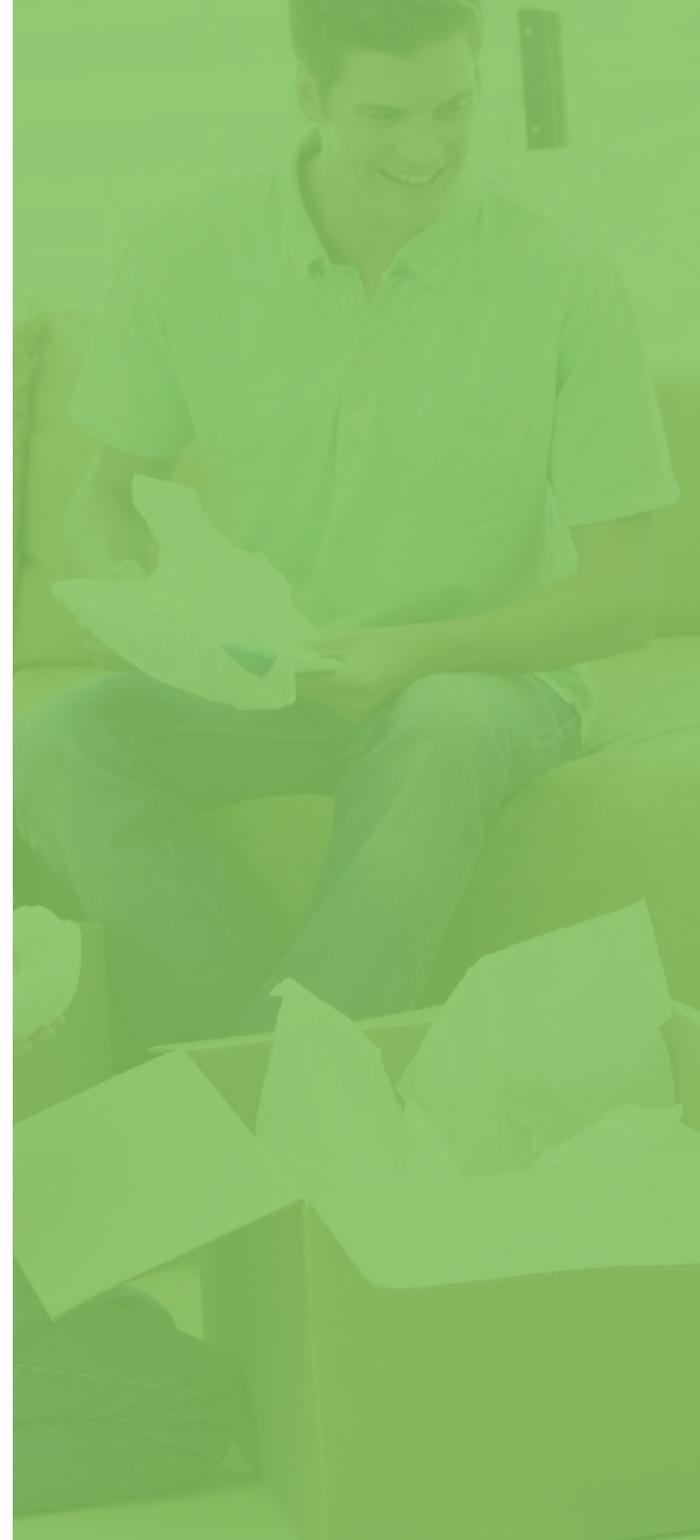
Buying a home in Portland falls somewhere just under this range. By calculating the median home price, average down payment, and current mortgage rates, we found that the average monthly mortgage payment for someone buying a home in Portland would be \$1,791. So, statistically speaking, renting in the city might actually cost you more.

## Other Rent-Versus-Buy Considerations

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Your monthly housing costs are one of the most important considerations, when deciding whether to rent or buy. But there are other factors as well.

- Maintenance and upkeep: When you rent a home or apartment in Portland, you'll have little-to-no maintenance. But when you buy a home, you're responsible for all of the upkeep and maintenance. Depending on the property, this might be a lot of work or a little. Whatever it is, you just have to make sure you're up for it before making that kind of investment.
- Home price appreciation: Your house is your home, whether you rent it or buy it. But if you do purchase the property, it becomes an investment as well. You want to consider resale value when deciding whether to rent or buy in Portland. Home prices in the area have risen significantly in recent years. Prices have actually dipped slightly over the last 12 months, but there's a good chance that we will see further increases in the not-too-distant future.





- The length of your stay: Generally speaking, buying a home makes more sense for those who are planning a relatively long stay, of a few years or more. If you think you'll be staying in the Portland area for at least the next few years, it might be a good time to buy. Renting might make more sense if you're not sure about your long-term plans, or if you know you'll be moving again in a couple of years.
- The freedom factor: You'll gain more freedom from buying versus renting a home in Portland. Homeowners are able to make all sorts of changes to their properties, from landscaping to renovations and more. Renters, on other hand, usually have limited (or no) freedom to make such changes. When you buy a home, you can truly make it your own.

As you can see, there are a lot of angles to consider when weighing the benefits of renting or buying in Portland. The cost factor is an important consideration, but it's certainly not the only one.

Having an estimate of your monthly housing costs will help you decide if renting or buying is right for you. And we can help. Our financing experts can give you an estimate of your monthly mortgage payments and closing costs, based on the amount you want to borrow. [Contact us](#) today to get started.



## LATEST PORTLAND HOUSING FORECAST HAS PRICES RISING MODESTLY

The latest housing market forecast for Portland, Oregon suggests that home prices will increase over the next 12 months. The Portland real estate market is very active right now, with stiff competition among home buyers. A recent report showed that first-time buyers, in particular, are facing challenges. Here's an updated Portland housing market forecast, and a look at other real estate-related trends in the area.

### Portland Home-Price Forecast Suggests an Increase

During the 12-month period from March 2019 to March 2020, the median home price in Portland, Oregon declined by around 0.2%. That's based on an analysis by the real estate data company Zillow. But homeowners in the Portland area can expect that this trend to reverse over the next 12 month period. Zillow's latest housing forecast for Portland suggests an appreciation of 2.8% going forward.

The company wrote: “The median home value in Portland is \$462,387 ... values have declined 0.2% over the past year and Zillow predicts they will rise 2.8% within the next year.” These figures applied to the 12 month period from March 2019 to March 2020, and then for March 2020 to March 2021.

Historically speaking, house values in the U.S. tend to rise by around 3% annually (outside of bubbles, of course). Double-digit gains are abnormal, and in this case they were the result of supply and demand imbalance. This latest home-price forecast for Portland suggests a balancing effect to counteract the large, abnormal gains seen in recent years.

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## Housing Market Still Competitive, Especially for First-Time Buyers

The Portland housing market itself will remain very active for the foreseeable future.

First-time buyers in particular appear to be having a hard time finding suitable properties, according to a recent report.

**Not long ago, *The Oregonian* reported that “starter” homes (those toward the lower end of the pricing spectrum)** were particularly hard to come by in the Portland metro area. The region’s growing population, combined with steadily rising home prices in the area, have made the Portland housing market challenging for first-time buyers.

To quote the *Oregonian* article: “[Housing] inventory in the ballpark of \$300,000 is rapidly disappearing as prices far outpace wages, a scenario exacerbated by the continuing fallout of a home-building drought, the region’s surging population and the tendency of current homeowners to stay put instead of move up.” For more on this, see “**The cost of buying in Portland.**”

In some cases, first-time buyers have to compete with house flippers, real estate investors, developers and other cash buyers. This increases the level of competition, particularly among lower-priced homes. This doesn't mean first-time home buyers can't succeed in the Portland real estate market. They certainly can. It just means that the house-hunting process might take longer than expected. Home buyers planning to enter the market in 2020 or 2021 should have their financing squared away ahead of time and should be prepared to move quickly when the right property comes along.



## ***Disclaimer:***

This section contains home price and housing market forecasts for Portland, Oregon in 2020 and 2021. These predictions were provided by third parties not associated with our company.

A large, two-story stone house with a gabled roof and a stone mailbox in the foreground. The house has a rustic, stone exterior and a dark roof. The mailbox is made of stone and has the number 4316 on it. The house is surrounded by a green lawn and trees.

# WHY YOU SHOULD GET PRE-APPROVED FOR A HOME LOAN IN PORTLAND

There's no doubt about it; competition is high among home buyers in Portland. Buyers entering the market in 2020 or 2021 need every advantage they can muster. And that's where mortgage pre-approval comes into the picture.

## What Pre-Approved Does For Buyers

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Pre-approval is basically a financial pre-screening process conducted by a mortgage lender. You'll come out of it knowing if you're a good candidate for a loan and how much the lender is willing to let you borrow.

Getting pre-approved for a home loan before house hunting will help you narrow the field. It also makes sellers more inclined to accept your offer. Here's how that relates to buying a home in Portland, specifically.

- A more efficient home search: We began this section by talking about how quickly homes are selling in the Portland area. The real estate market is constantly in flux, with available inventory changing from one week to the next. As a result, home buyers need to be as efficient as possible during their search. Mortgage pre-approval increases your efficiency by allowing you to narrow your search. It helps you avoid wasting time.
- A more enticing offer: When you make an offer to buy a home in Portland, the sellers will want to know about your finances. Cash buyers should have money in the bank with bank statements to prove it. Mortgage-backed buyers should have a pre-approval from a letter. Sellers will expect this. That's just the reality of the Portland housing market in 2020 and 2021. Being pre-approved will increase your chances for an accepted offer.



## **MORE TIPS FOR BUYING A HOME IN A HOT HOUSING MARKET!**

Mortgage pre-approval is an essential step for Portland, Oregon home buyers. But there are other things you can do to improve your chance for success. Here are four tips for buying a home in a hot housing market like Portland.

1. Get an agent. An experienced real estate agent can help you in many ways during the home buying process, particularly when it comes to reviewing the asking price and making an offer. More to the point, a Portland real estate agent can help you submit an offer quickly when the right home comes along.
2. Focus on the big picture. Quibbling with the seller over “nickels and dimes” or minor issues on a home inspector’s report could jeopardize the deal. When the ideal house comes along, the last thing you want is to lose it to another buyer. So keep the big picture in mind. Be flexible. Don’t sweat the small stuff. And remember what’s at stake — your future home.
3. Study the market. Researching the Portland real estate market before taking the plunge will pay big dividends later on. For example, if you have a pretty good idea of what homes are selling for in a certain area, you’ll be better positioned to make a timely offer.

Use the big property listing websites like Trulia and Realtor.com. Zero in on your preferred neighborhoods and look at recent sales prices. Know what you’re getting into.

4. **Contact Sammamish Mortgage.** We can help you prepare to buy a home in Portland by pre-approving you for a mortgage loan. This will allow you to shop confidently — and efficiently — within your target price range. Contact our knowledgeable staff with any mortgage-related questions you have, or to start the pre-approval process.

In a competitive real estate market like Portland, mortgage pre-approval becomes essential. **Please contact our staff if you would like to get pre-approved for a home loan, or if you have any mortgage-related questions.**

# SAMMAMISH MORTGAGE

has been serving borrowers across the Pacific Northwest since 1992. We offer a variety of mortgage loan products with flexible criteria and competitive rates.

We look forward to hearing from you about any financing questions you have, or if you would like to receive a rate quote.

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WITH ANY QUESTIONS YOU  
HAVE, OR TO APPLY FOR THE  
VA LOAN PROGRAM.

