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# WHEN TO BUY: THE 2020 GUIDE TO

The Portland Housing Market





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# IS NOW A GOOD TIME TO BUY A HOME IN PORTLAND, OREGON?

With a growing population and a bustling real estate market, this is currently a hot topic among residents. Let's look at some of the factors that would influence your decision to buy a home in Portland during the remainder of 2020.

## Home Price Trends

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In many ways, now is a good time to buy a home in Portland, Oregon. This is true whether you're a first-time or repeat buyer. But there are some things you need to know about the local real estate market before moving forward.

The first thing home buyers need to realize is that house prices in Portland have risen steadily in recent years. However, according to the real estate information company Zillow, home prices have slightly declined over the last 12 month period. Zillow forecasts that the Portland market will see another small decline during the upcoming 12 month period as well.

According to Zillow, the median home value in Portland, Oregon sits at \$462,300 in March 2020. That was a decrease of 0.2% from a year earlier.

This period of small decline was actually foreseen by Zillow's analysts in the past. Zillow predicted that the market would slow down, which is typically seen after periods of exceptional growth. In previous years, Portland's market had shown rapid gains. Things are now starting to level off, just as predicted by Zillow's economic analysts.

The market tends to be cyclical, and so current trends can be seen as an expected dip. The market will likely rebound in the near future.

From a market perspective, a case could be made for buying sooner rather than later. Zillow characterizes the Portland market as a "buyer's market" at the moment, but this won't last forever. If you're interested in buying a home in Portland, you should consider taking advantage of current market trends for as long as they last.

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## The Real Estate Market Is Competitive, With Limited Inventory

Home buyers in Portland should also know that the local real estate market is still very competitive right now. This is true despite the slight declines in average prices over the last 12 months.

Housing inventory is particularly tight in the "starter home" price range, which is loosely defined as \$200,000 to \$300,000 for this market.

## According to Recent Data:

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According to an analysis from Freddie Mac, Oregon has the biggest shortage of housing of any state in the country, and housing inventory is tight in the Portland metro area, too. At the same time, the population is steadily growing.

Portland home buyers need to enter the market with a realistic expectation of what they can get for the money and a willingness to move swiftly when the right property comes along.

It's also important to have your financing squared away before you enter the real estate market – as much as possible, anyway. Cash buyers should have the money in the bank with statements to prove it.

Portland home buyers who use mortgage loans (which is most buyers) would be wise to get pre-approved for a loan before house-hunting. Expect the sellers to ask about your financing.

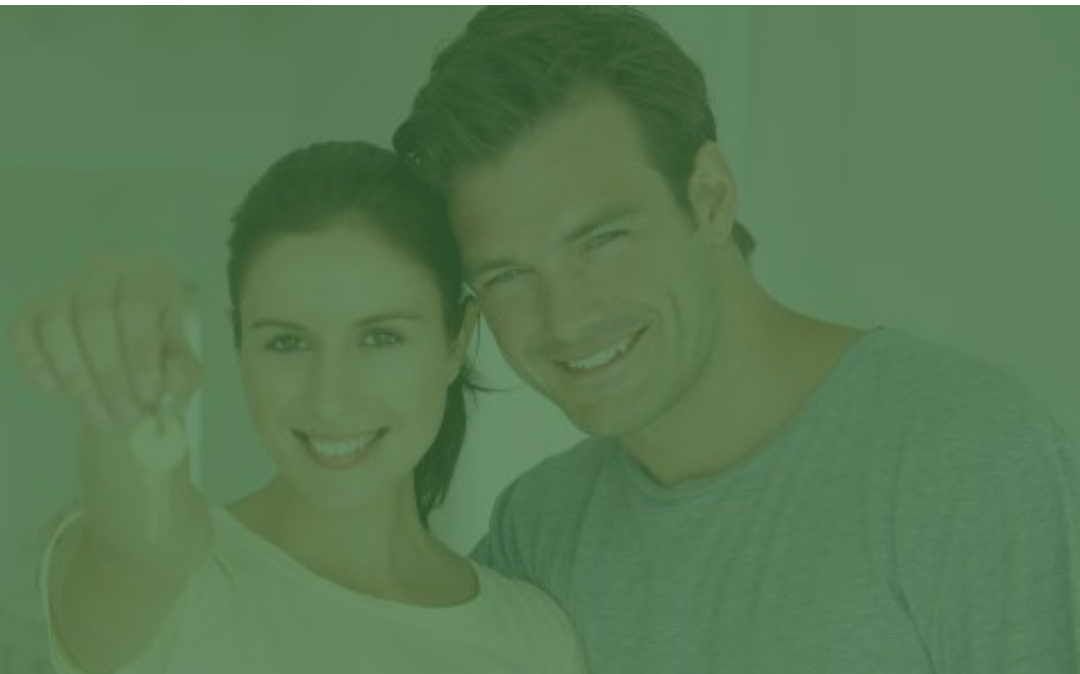
## Mortgage Rates Fall to an All-Time Low

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Here's another signal that now may be a good time to buy a home in Portland: Mortgage rates recently sank to their lowest level of 2019.

During the week of March 5, 2020, Freddie Mac reported that the average rate for a 30-year fixed mortgage loan fell to 3.29%. That was an all-time low, and certainly the lowest in 2020. At the start of this year, the average rate for a 30-year home loan was **3.72%**. This might be a great time to buy a house in Portland, particularly for those buyers who need to use mortgage financing.

Mortgage rates are at yearly lows right now, but there is no telling how long they will stay there. Experts anticipate that rates will remain under the 4% mark throughout 2020, but only time will tell what will truly happen. Considering how low rates are right now, it may be a great time to buy a home in Portland.





# PORTLAND REAL ESTATE PREDICTION 2020 and 2021: INCREASE IN HOME PRICES

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Here's a Portland real estate market prediction for 2020 and 2021 that's almost sure to come true: Low housing inventory will continue to fuel competition between buyers, and the market will experience a modest increase in median home values.

The latest readings of the Portland, Oregon real estate market suggest that tight inventory will continue to be a factor through throughout 2020 and into 2020. We should expect to see an increase in median home values. Here are the latest predictions for the Portland real estate market through as of early 2020.

## Portland Market Continues to Be Competitive

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In March 2020, the real estate research firm Zillow reported that the median sales price for homes in Portland is 462,300.

Home values across the metro area have climbed steadily over the last few years, largely due to an imbalance between real estate supply and demand.

The Portland area attracts residents from elsewhere in the country, but there aren't enough homes to go around. This has caused home prices to steadily increase in recent years. New predictions suggest modest increases in the next 12 months, but this follows impressive gains in previous years. Zillow characterizes the Portland market as neutral at the moment. The current market is not as competitive as in previous years, but buyer's should still expect a fair level of competition considering present levels of supply and demand.



As a result of these trends, home buyers should be well prepared, with their financing lined up ahead of time. It's also important to be realistic with regard to your wish lists and expectations. Being flexible and open-minded goes a long way in a hot real estate market like Portland.

## Homes Are Selling At A Moderate Pace

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Homes are currently selling at a modern pace within the Portland metro-area housing market. According to Redfin, **Portland properties listed for sale in March 2020 spent a median of 40 days on the market before going under contract.**

The national median number of days on market was 36 during that same period. This statistic illustrates the high level of demand and limited inventory in the area.

Also according to Redfin, "hot homes" in the Portland real estate market can sell particularly fast. Hot homes tend to go pending in about 5 days. When such homes do go pending, they tend to sell for above list price (around 2% higher, on average). This is more compelling evidence that the Portland market is still robust and will likely remain competitive well into the future.

## Predictions for Portland Real Estate Market Through 2020 and 2021

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Housing analysts at Zillow recently offered a 12-month prediction for the Portland real estate market, extending into March of 2021.

The company predicted that the median home value in Portland would increase by 2.8% over the next 12 months (March 2020 – March 2021). House values declined by 0.2% over the previous 12 months, by their estimation. This prediction is consistent with general real estate trends, and suggests that the rapid appreciation of previous years is now balancing out with a series of small declines.



What we are seeing now could be viewed as a normal decline in prices. Long-term rapid growth is generally unsustainable from an economic standpoint, and small dips often balance out gains. The market can be seen as going through a more or less predictable cycle.

**Disclaimer:** *This section includes projections and predictions for the Portland, Oregon real estate market through spring of 2021. Such outlooks were provided by third parties not associated with our company. We have compiled them here as an educational service to our readers.*





# BUYING A HOME IN PORTLAND NOW VERSUS WAITING UNTIL 2021

*We've passed the midpoint of the year, which means a lot of home buyers in the Portland metro area are already looking ahead to later in 2020 and into 2021. And many of them have the same question: Does it make sense to buy a house in Portland right now, or would I be better off waiting until 2021?*

*Answering this kind of question requires equal parts soul-searching and market research. To help you with the market aspects, we've compiled some recent stats and trends. The following information will help you weigh the pros and cons of buying a home in Portland now, versus waiting until 2021.*

## Population Growth and Tight Inventory Increasing Housing Demand

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The Portland metro area has been drawing in new people from all over the nation, especially those in higher-priced centers like California. People are looking for more affordable housing while still taking advantage of the perks that come with big-city living. And Portland is a great option for many.

According to the US Census Bureau, the population of Portland has grown by almost 12% from 2010 to 2018, which is almost double the 6% national growth rate over the same time period.

That, coupled with the ongoing squeeze in housing inventory, has driven up demand, which will undoubtedly increase housing prices in Portland over the next few months and into 2021.

Unfortunately, no one can predict future home-price trends with complete accuracy. But with the current supply and demand situation in the Portland real estate market, it seems likely that **house values will continue to increase through 2020 and 2021, and the market will remain relatively competitive.** Whether you buy now or later will depend on your needs.

## An Increase Ahead ?

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Housing analysts and economists are predicting an increase for the Portland real estate market over the next year or so. The general consensus is that home values in the area will start to pick up.

There is still a high level of demand and competition within the Portland real estate market.

Home prices in the area have risen much faster than wages and incomes, and this kind of trend is generally unsustainable over the long term. The real estate market “self corrected” in the form of a small decline in prices over the past year, but that trend seems to be reversing.

## Housing Inventory Remains Tight

There is still something of an inventory shortage in the area, and this will affect those buying a home in Portland now and in 2021.

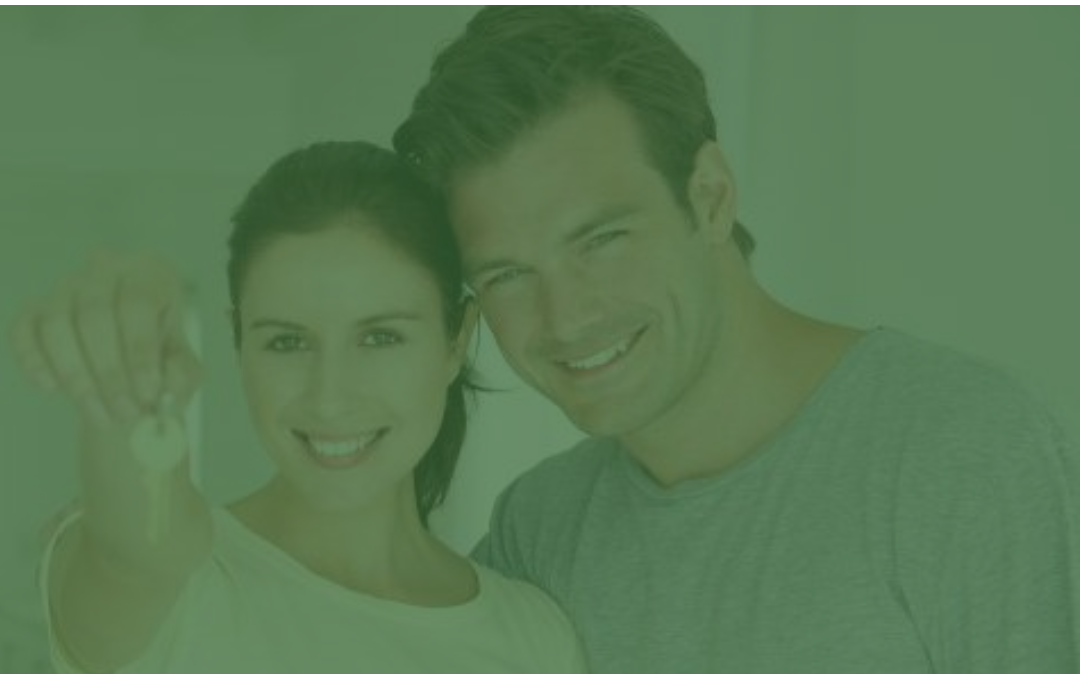
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## Will Mortgage Rates Rise Later in 2020 and in 2021?

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Mortgage rates are another big consideration for those who are considering buying a home in Portland in 2020 or 2021. The question on everyone's mind is, will mortgage rates rise between now and 2021?

Interest rates are even harder to predict than home prices. But that doesn't stop people from trying.

Each month, the Mortgage Bankers Association (MBA) publishes a finance forecast that includes a variety of economic indicators. According to their latest forecast, the industry group expects the average rate for a 30-year mortgage loan to remain low over the coming months. They predicted that rates will average around 3.8% by the fourth quarter of 2020. As of late March 2020, 30-year mortgage rates were hovering around 3.65%.

If interest rates do rise gradually over the coming months, people buying a home in Portland in 2021 could encounter higher borrowing costs. And this might coincide with higher home prices as well. But as of right now, rates are expected to stay low throughout the remainder of 2020.

**Here's the bottom line** to all of this: Nobody can predict future mortgage rates or home prices with total accuracy. But current market conditions suggest that housing costs in Portland, Oregon will likely rise over the coming months. So a case could be made for buying a home now versus 2021 — at least where costs are concerned. Home buying costs in Oregon are expected to continue rising through 2020 and into 2021 if home prices increase. So waiting until next year might cost you.

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# OUTLOOK

## Is Now the Best Time to Buy?

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Anyone who is “on the fence” about buying a home in Oregon should pay close attention to these real estate trends. Obviously, you should never buy a house until you’re fully ready to do so. **Homeownership should align with your long-term plans, your lifestyle, and your financial goals.**

With that being said, a strong case could be made for buying sooner rather than later, due to the competitive market and the high rental costs we are seeing in Oregon. Ultimately, your decision will be based on your specific needs.

## A Word About Mortgage Rates

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Most home buyers in Oregon use mortgage loans to help finance their purchases.

So mortgage interest rates are another important consideration. They’re a component of your home buying costs.

Rates are incredibly low right now, so buying today can help you lock in a low rate, which can help save you tens of thousands of dollars - or more - over the life of your loan. If you wait too long and rates rise, it will cost you. 9

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The bottom line to all of this is that housing costs across the state will likely continue to rise for the foreseeable future.

slightly declining, but they're considerably higher than where they were several years ago. And housing costs for renters may be high enough to increase demand in the buying market in the future.

# IN CONCLUSION

**Get a mortgage estimate:** We can help you prepare for the competitive Portland real estate market by pre-approving you for a home loan. This will allow you to shop confidently within a specific price range, and could also improve the chance that your offer is accepted. Please [contact our staff](#) to get started, or with any mortgage-related questions you have.

***Disclaimer:** This e-book includes various forecasts and projections relating to the Portland housing market in 2020 and 2021. These reports were produced by third parties not associated with our company. We have compiled and presented them here as an educational service to our readers.*

Please [contact our staff](#) if you'd like to get pre-approved for a loan, or if you just have mortgage-related questions.



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