

Here are some of the economic highlights from the second quarter of 2018:

- **Bend:** The Bend City Council approved Oregon State University's master plan, adding over 100 acres to the current 10 acre campus. New university construction will be rolled out in four phases, finally concluding in 2034.

Brooks Resources purchased the old Murray and Holt property in the Bend Central District area, marking what may be the first of many redevelopment projects in the area.

Bend Parks & Recreation and City of Bend both passed new System Development Charges in the last quarter, increasing SDC's on new homes by over \$2,000.

Finally, the Bend City Council approved a contract for the design and initial stages of construction for the North Interceptor Sewer Project; part of Bend's UGB expansion plan, the project will provide needed capacity for homes and businesses in the northern part of the city, including future development at Juniper Ridge. (Cont. on next page)

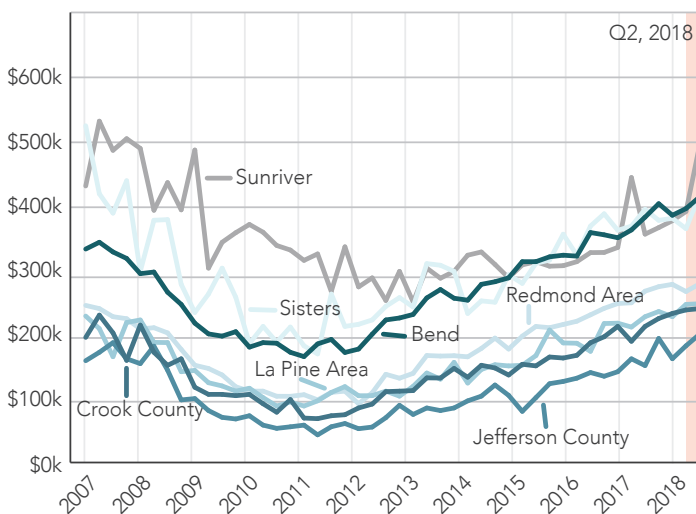
Median Sales Price and Median Sales Volume by Submarket

| | Price | Volume |
|--|-----------|--------|
| Bend | \$425,000 | 856 |
| Crook County | \$252,475 | 130 |
| Jefferson County | \$213,000 | 68 |
| La Pine/Three Rivers South | \$260,000 | 157 |
| Redmond/Terrebonne/ Crooked River Ranch | \$290,741 | 357 |
| Sisters | \$428,500 | 96 |
| Sunriver | \$505,000 | 78 |

For All Submarkets

| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------------|-----------------------|------------------------------------|
| Units Sold | ↑ 31.08% | ↓ -3.97% |
| Med. Price | ↑ 5.80% | ↑ 8.96% |

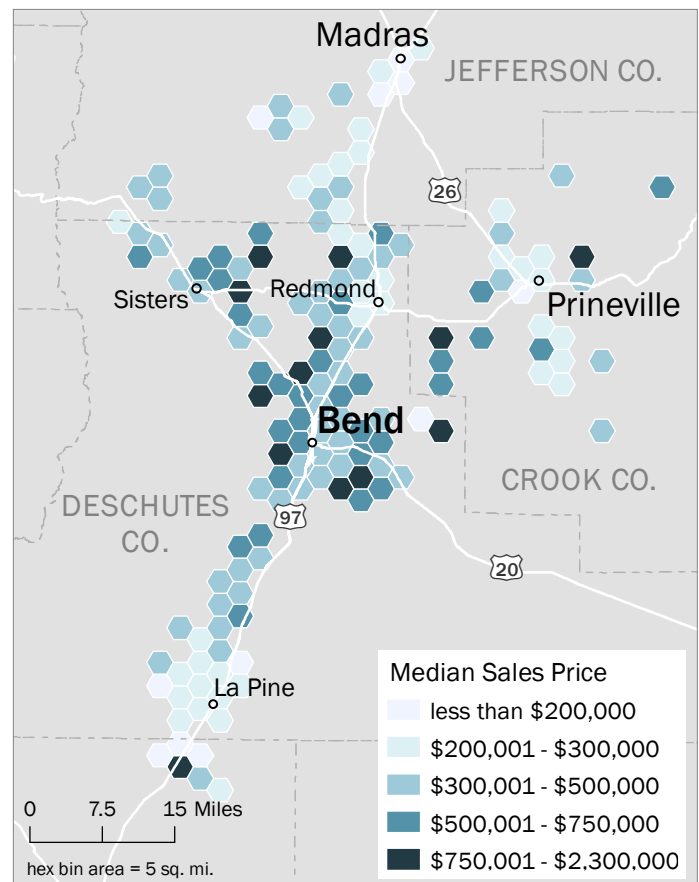
Submarket Comparison—Median Home Sold Prices, Quarterly, 2007–2018



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.

Median Regional Sales Price



Summary cont.

- **Redmond:** The City of Redmond approved the annexation of 77 acres, where a developer plans to build 500 residential units. The project will include senior housing and a mix of other housing types. Construction is proposed to begin in 2019.
- **Sisters:** The City of Sisters is considering the addition of an affordable housing excise tax to new homes at 1% of the permit value. One

of the area’s largest builders, Hayden Homes, is delaying their application for a 200 home development due to the proposal.

- **Prineville:** The Prineville Chamber of Commerce and the Central Oregon Intergovernmental Council are working on a downtown revitalization effort that will focus on long-term projects and functionality as well as strategies for property acquisition to improve biking and pedestrian access.

Price Index—2018 Quarter 2

What is a price index? A price index is an alternative measure to average sales price, utilized to measure price changes over time in a market. Our price index uses a repeat sales methodology (similar to the S&P/Case-Shiller Index) to track the sales price of a home at two points in time to see how much the price changed. This approach controls for the changing quality and sizes of homes over time that are sold in a market. One drawback is that new construction cannot be tracked in a price index, so it is helpful to use multiple metrics to track market performance.

Figure 1 is a repeat sales price index. This shows the relative value of a home through time. This index is created by comparing the difference in sale price of the same home between two sales. That price change is then divided by the number of years between sales to create an annualized change in value. As shown in the index, prices fell after 2007 and on average didn’t recover in value until 2014.

Figure 1

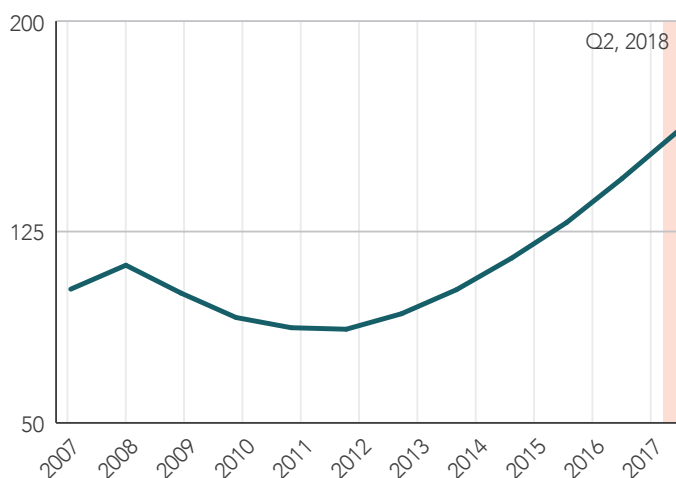


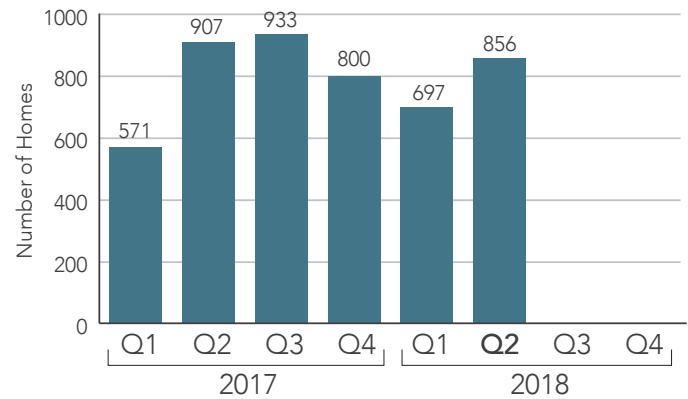
Figure 2 compares the repeated sales price index approach to that of an average price change approach. The repeated sales price index is a preferable method of calculating the change in the average market value of homes. This is because it is not biased by the higher sales price of new construction and is comparing the actual change in market value of the same homes through time. As shown on the chart, the average price change approach has more dramatic estimates, with a decrease of more than 20% in 2009, along with a 20% increase in 2013. This is in contrast to the repeated sales index methodology, which shows a 9% decrease in prices in 2009 and a 6% increase in prices in 2013. It is interesting to note that in the last three years the two methodologies have produced very similar estimates of annual price changes.

Figure 2

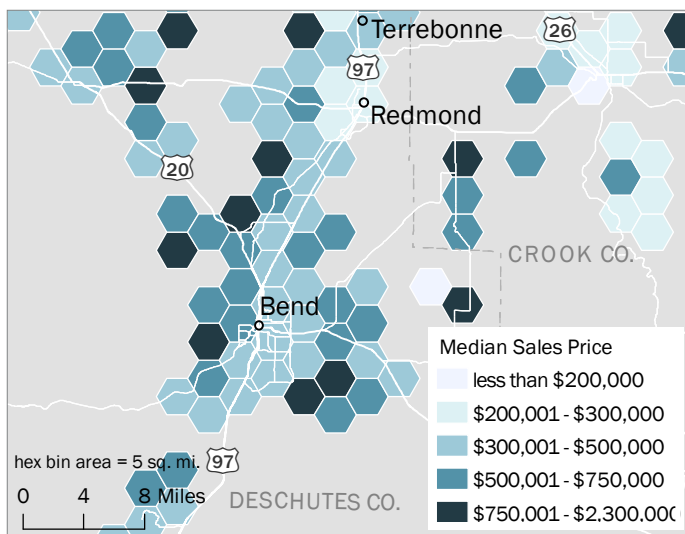


Bend home market performance is consistent with this time last year. Home sales volume and activity (days on market) are on par with the second quarter of 2017. Bend home pricing continues to incrementally increase however, with median home sale prices almost 8% higher than they were this time last year.

Sales Volume

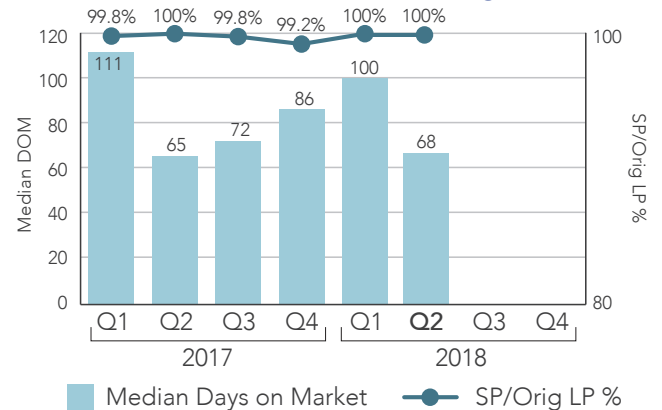


Median Sales Price



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------|-----------------------|------------------------------------|
| Sold | ↑ 22.81% | ↓ -5.62% |

Median DOM & Sales Price vs. Listing Price

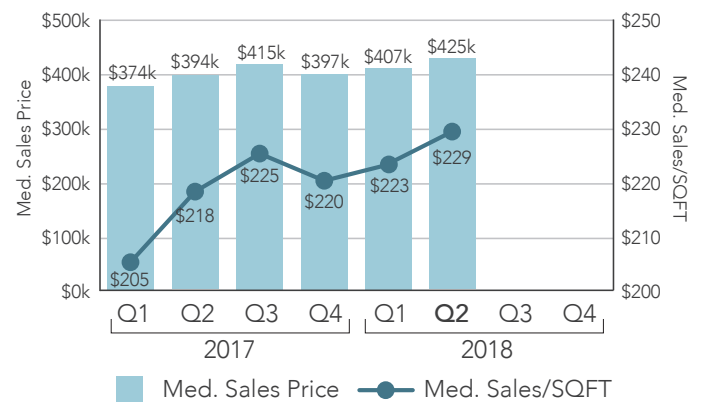


| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|----------------------|-----------------------|------------------------------------|
| DOM | ↓ -32% | ↑ 4.62% |
| Sold/Orig LP Diff. % | - 0% | - 0% |

Home Pricing

| Existing | New | New Construction Premium |
|-----------|-----------|--------------------------|
| \$425,000 | \$423,900 | -5.90% |

Median Sales Price & Median Sales per SQFT

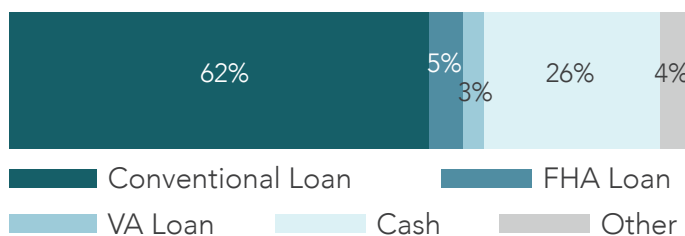


| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------------|-----------------------|------------------------------------|
| Med. Price | ↑ 4.42% | ↑ 7.94% |

New Construction Sales

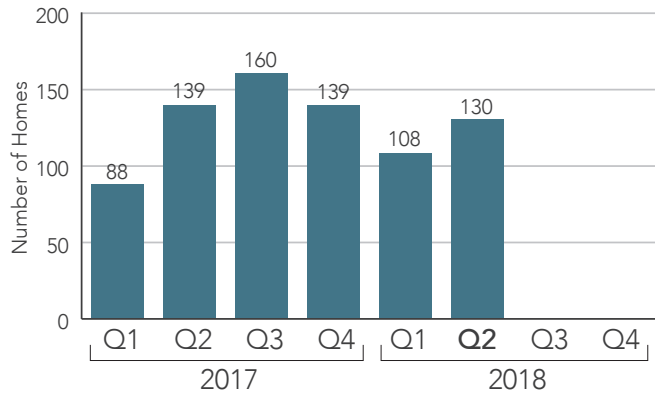
| New Units Sold | New Units as a % of Total Units |
|----------------|---------------------------------|
| 167 | 19.51% |

Home Financing

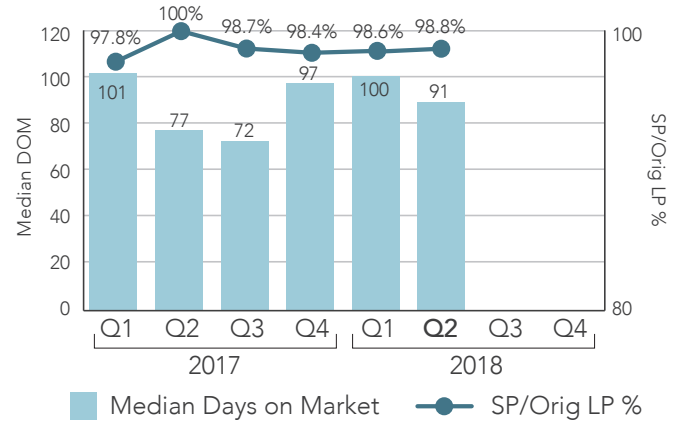


The Crook County home market continues to see incremental increases in sales volume and home pricing. As is typical of most residential markets, there have been quarter-over-quarter increases across the board as the home buying season takes off. Comparisons to the same quarter last year also reveal price appreciation.

Sales Volume



Median DOM & Sales Price vs. Listing Price



| | Current QTR vs. Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------|---------------------------------------|------------------------------------|
| Sold | ↑ 20.37% | ↓ -6.47% |

| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|----------------------|-----------------------|------------------------------------|
| DOM | ↓ -9% | ↑ 18.18% |
| Sold/Orig LP Diff. % | ↑ 0.21% | ↓ -1.22% |

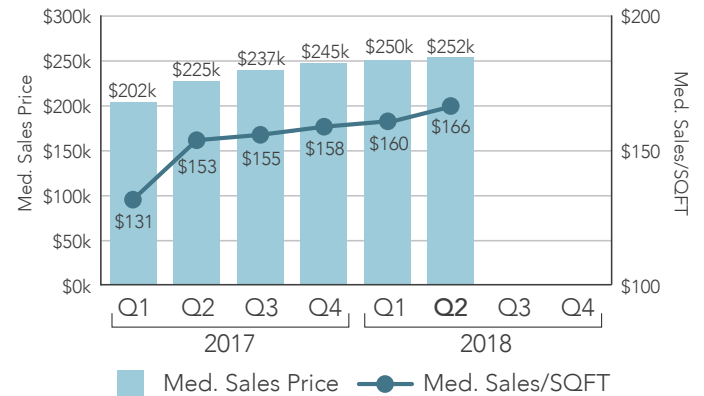
Home Pricing

| Existing | New | New Construction Premium |
|-----------|-----------|--------------------------|
| \$245,000 | \$299,950 | 13.71% |

New Construction Sales

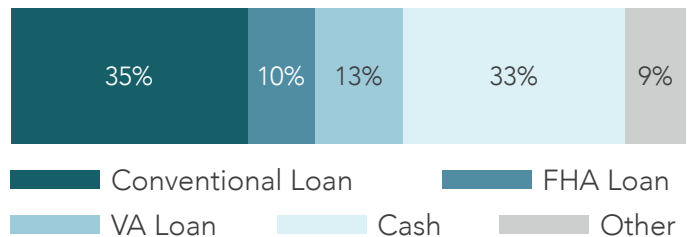
| New Units Sold | New Units as a % of Total Units |
|----------------|---------------------------------|
| 17 | 13.08% |

Median Sales Price & Median Sales per SQFT



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------------|-----------------------|------------------------------------|
| Med. Price | ↑ 0.81% | ↑ 12.21% |

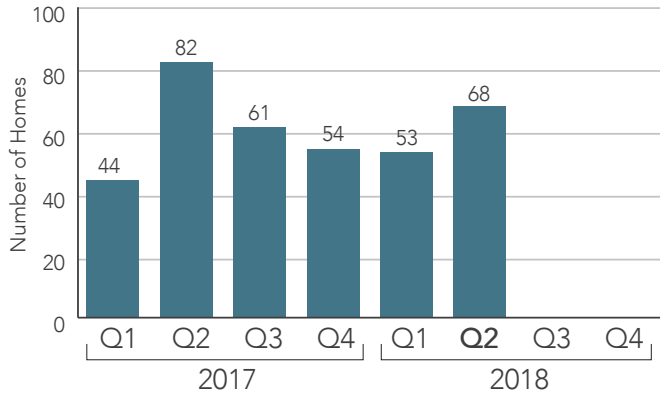
Home Financing



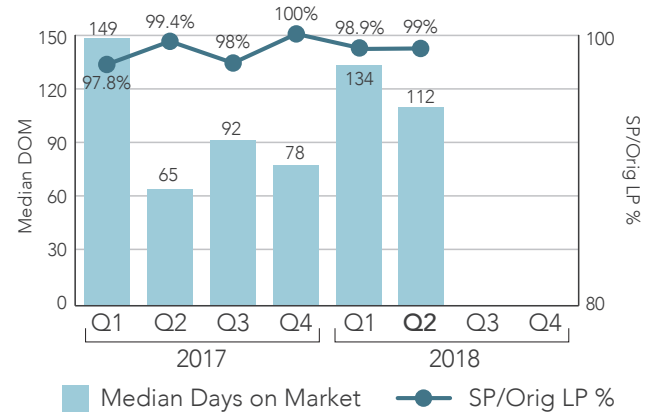
Jefferson County—2018 Quarter 2

The Jefferson County submarket is one of the smallest in the Central Oregon area, and homes in the submarket are generally the most affordable in the region. Comparing the second quarter of 2018 with the same quarter in 2017 shows a decrease in sales volume and an increase in days on market. In the same quarter to quarter comparison, median sales prices have increased by almost 30%.

Sales Volume



Median DOM & Sales Price vs. Listing Price



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------|-----------------------|------------------------------------|
| Sold | ↑ 28.30% | ↓ -17.07% |

| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|----------------------|-----------------------|------------------------------------|
| DOM | ↓ -16.04% | ↑ 73.08% |
| Sold/Orig LP Diff. % | ↑ 0.04% | ↓ -0.47% |

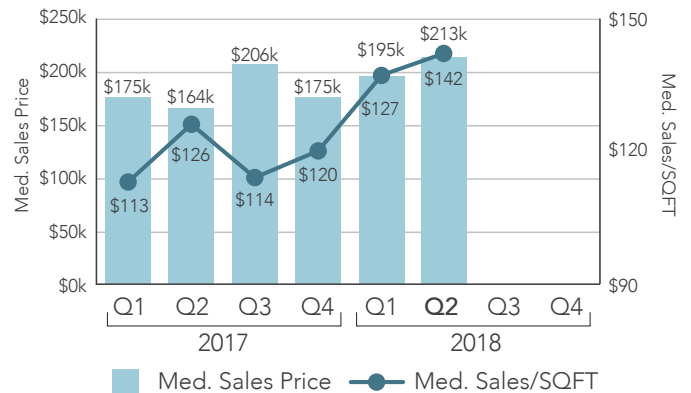
Home Pricing

| Existing | New | New Construction Premium |
|-----------|-----------|--------------------------|
| \$196,500 | \$233,090 | 19.07% |

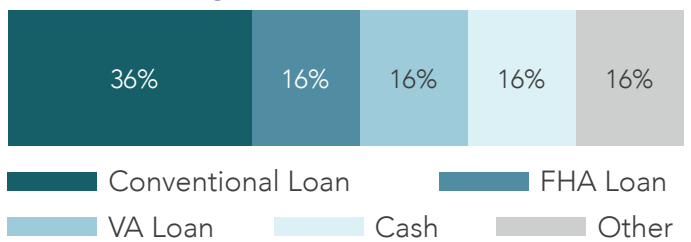
New Construction Sales

| New Units Sold | New Units as a % of Total Units |
|----------------|---------------------------------|
| 9 | 13.24% |

Median Sales Price & Median Sales per SQFT



Home Financing

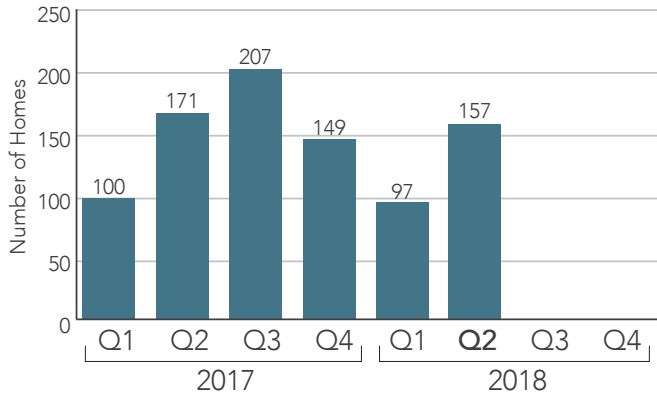


| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------------|-----------------------|------------------------------------|
| Med. Price | ↑ 9.23% | ↑ 29.50% |

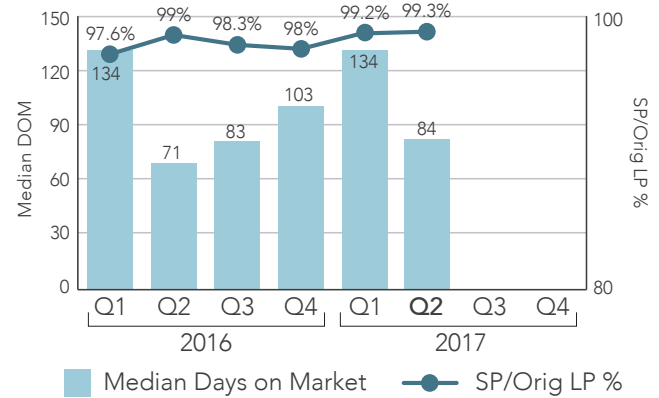
La Pine/Three Rivers South—2018 Quarter 2

The La Pine submarket continues to see consistent home pricing and sales volumes. Overall sales actively is similar to levels seen during the same quarter in 2017. Home price does continue to increase. The median sales price for home in La Pine during this quarter was \$260,000, compared to \$240,000 during the same quarter last year.

Sales Volume



Median DOM & Sales Price vs. Listing Price



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------|-----------------------|------------------------------------|
| Sold | ↑ 61.86% | ↓ -8.19% |

| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|----------------------|-----------------------|------------------------------------|
| DOM | ↓ -37.31% | ↑ 18.31% |
| Sold/Orig LP Diff. % | ↑ 0.13% | ↑ 0.31% |

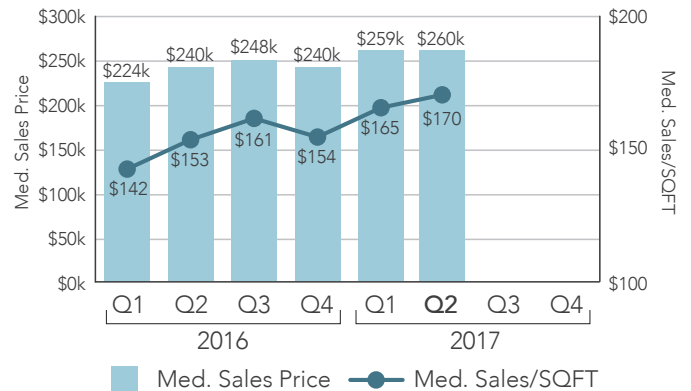
Home Pricing

| Existing | New | New Construction Premium |
|-----------|-----------|--------------------------|
| \$264,000 | \$235,700 | -14.51% |

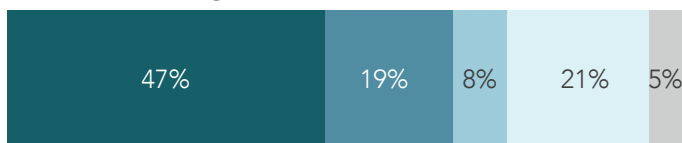
New Construction Sales

| New Units Sold | New Units as a % of Total Units |
|----------------|---------------------------------|
| 16 | 10.19% |

Median Sales Price & Median Sales per SQFT



Home Financing



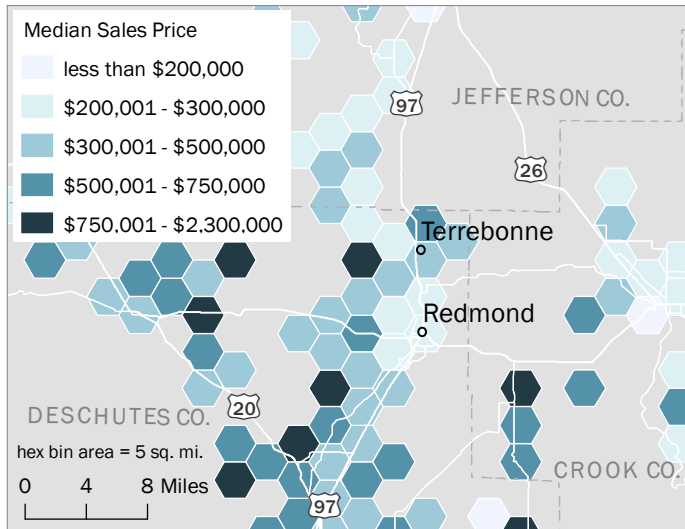
Conventional Loan
 FHA Loan
 VA Loan
 Cash
 Other

| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------------|-----------------------|------------------------------------|
| Med. Price | ↑ 0.39% | ↑ 8.33% |

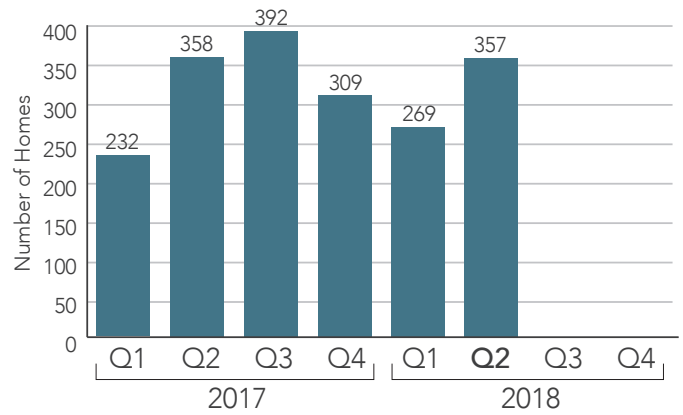
Redmond/Terrebonne/Crooked River Ranch—2018 Quarter 2

The Redmond/Terrebonne submarket performance in the second quarter of 2018 mirrors its performance during the second quarter of 2017. Sales volume and days on market are aligned. Home pricing is the only exception, with median prices continuing to trend upwards.

Median Sales Price

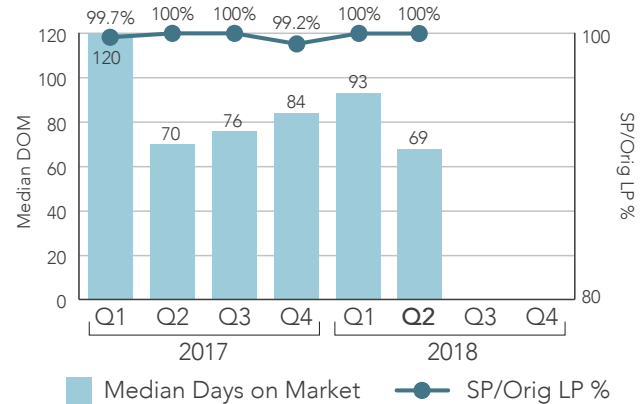


Sales Volume



| | Current QTR vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------|---------------------------|------------------------------------|
| Sold | ↑ 32.71% | ↓ -0.28% |

Median DOM & Sales Price vs. Listing Price



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|----------------------|-----------------------|------------------------------------|
| DOM | ↓ -25.81% | ↓ -1.43% |
| Sold/Orig LP Diff. % | - 0% | - 0% |

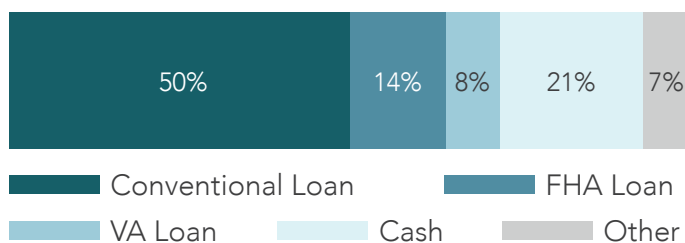
Home Pricing

| Existing | New | New Construction Premium |
|-----------|-----------|--------------------------|
| \$285,000 | \$314,900 | -3.40% |

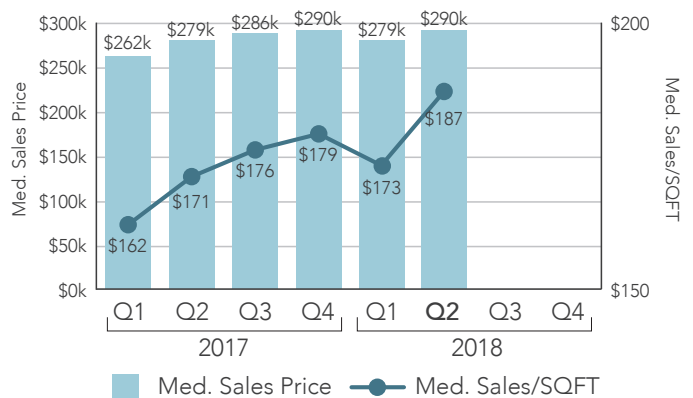
New Construction Sales

| New Units Sold | New Units as a % of Total Units |
|----------------|---------------------------------|
| 80 | 22.41% |

Home Financing



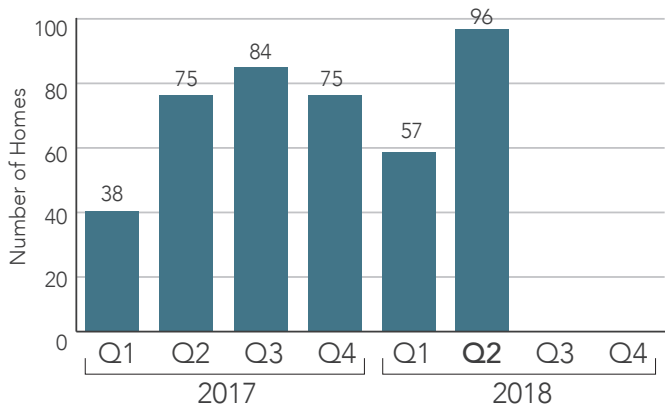
Median Sales Price & Median Sales per SQFT



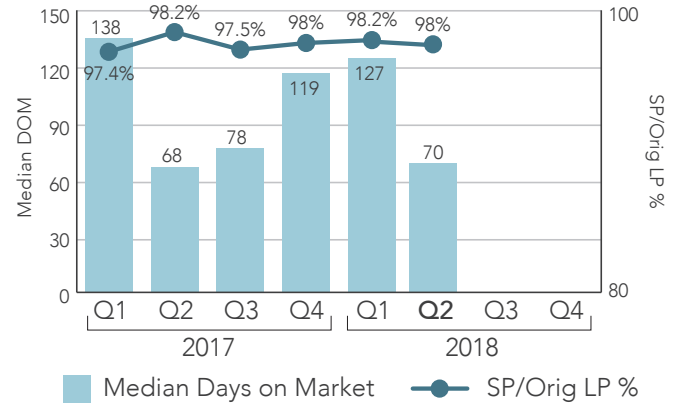
| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------------|-----------------------|------------------------------------|
| Med. Price | ↑ 4.25% | ↑ 4.04% |

The most notable statistic for the Sisters home market is the uptick in home sales volume from this time last year. Homes sales are up by over 28% from the second quarter of 2017 with 96 homes sold during the second quarter of 2018. Despite having some of the highest priced homes in the Central Oregon region, home sale prices in the Sisters submarket continue to increase. The median sales price for a home was \$429,000 in the second quarter of 2018, almost 6% higher than median prices during the same time period last year.

Sales Volume



Median DOM & Sales Price vs. Listing Price



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------|-----------------------|------------------------------------|
| Sold | ↑ 68.42% | ↑ 28% |

| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|----------------------|-----------------------|------------------------------------|
| DOM | ↓ -45.28% | ↑ 2.21% |
| Sold/Orig LP Diff. % | ↓ -0.28% | ↓ -0.87% |

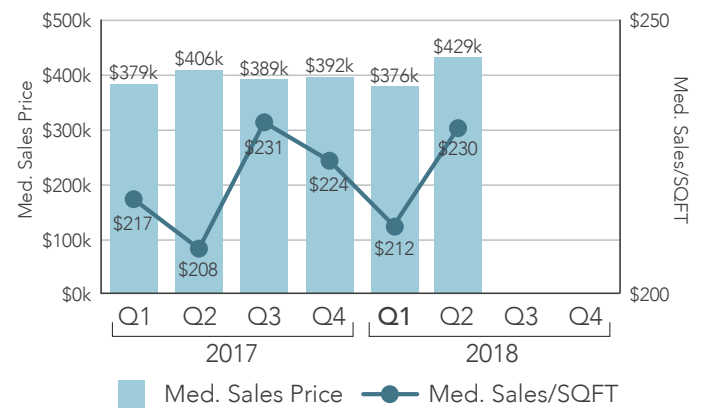
Home Pricing

| Existing | New | New Construction Premium |
|-----------|-----------|--------------------------|
| \$449,000 | \$388,500 | -3.53% |

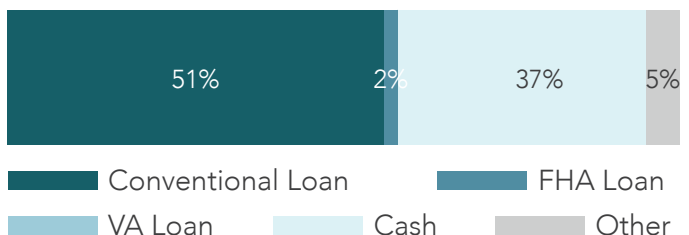
New Construction Sales

| New Units Sold | New Units as a % of Total Units |
|----------------|---------------------------------|
| 9 | 9.38% |

Median Sales Price & Median Sales per SQFT



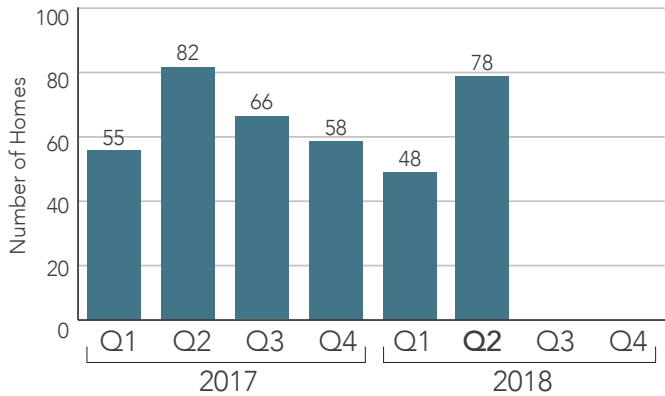
Home Financing



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------------|-----------------------|------------------------------------|
| Med. Price | ↑ 13.95% | ↑ 5.57% |

Sunriver continues to hold its place among the more expensive housing markets in the Central Oregon region. Home pricing has continued to increase in Sunriver consistently over the past five quarters. The median home price in Sunriver currently stands over \$500,000. Market activity as defined by sales volume and days on market are equal to those levels seen during the same quarter last year.

Sales Volume



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------|-----------------------|------------------------------------|
| Sold | ↑ 62.50% | ↓ -4.88% |

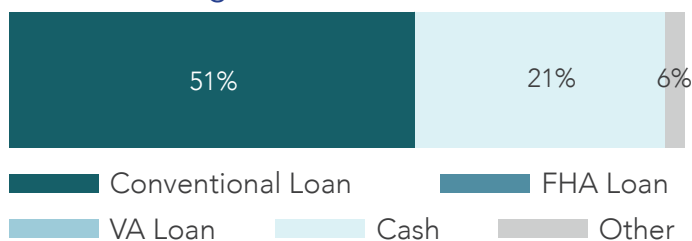
Home Pricing

| Existing | New | New Construction Premium |
|-----------|-----------|--------------------------|
| \$505,000 | \$718,000 | 36.82% |

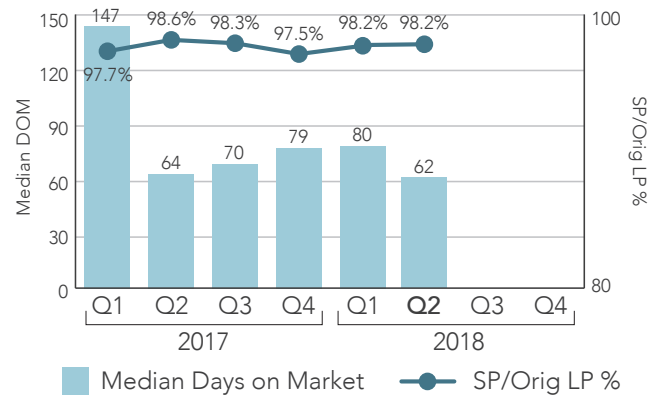
New Construction Sales

| New Units Sold | New Units as a % of Total Units |
|----------------|---------------------------------|
| 1 | 1.28% |

Home Financing

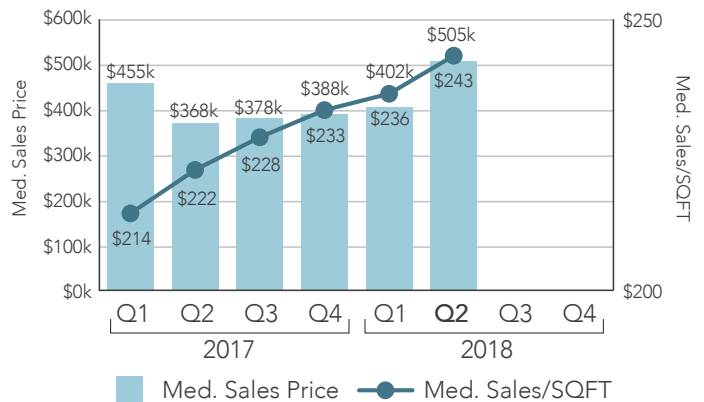


Median DOM & Sales Price vs. Listing Price



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|----------------------|-----------------------|------------------------------------|
| DOM | ↓ -21.88% | ↓ -2.34% |
| Sold/Orig LP Diff. % | ↑ 0.06% | ↓ -0.39% |

Median Sales Price & Median Sales per SQFT



| | Current vs. Prev. QTR | Current QTR vs. Same QTR Last Year |
|------------|-----------------------|------------------------------------|
| Med. Price | ↑ 25.47% | ↑ 37.41% |