

MOVE-UP/LUXURY MARKET Showing Signs of Life

Over the past several years, first-time buyers made up about 42 percent of the market. As a result of home buyer tax credits, those first timers represent close to 50 percent of buyers. However, increasing activity in the upper price ranges shows that buyers in the move-up/luxury market are sparking the housing recovery as well.

In the Portland Metro region, pending sales* of entry/first-time/move-up homes (those priced \$399,999 or less) were up 68 percent over last March. In the move-up/luxury market (\$400,000+), pending sales were up 51 percent over last year. This is clear evidence that the move-up/luxury market is doing comparably well to the broader first-time segment, especially when you consider that this market has not directly benefited from home buyer tax credits like the lower price ranges have.

Why is the move-up/luxury market improving?

- Buyers who are hoping to "time" the bottom of the market
- Low interest rates
- The increased affordability of jumbo loans

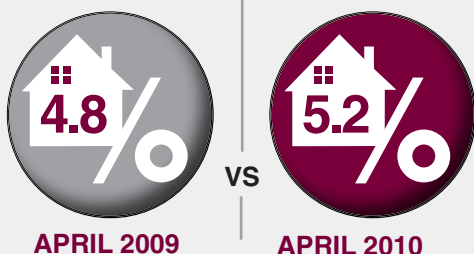
At this time last year, interest rates on a jumbo loan were in excess of 8 percent due to a large number of lenders exiting the jumbo market. Today, many of those lenders are returning, which has helped bring interest rates on jumbo loans more in line with conforming loan rates: near 5.5 percent. In addition, Portland area FHA loan limits are up to \$418,750, which means that a buyer can purchase a home with as little as 3.5 percent down payment as long as the loan does not exceed \$418,750.

With increasing optimism in employment numbers and consumer confidence, as well as the increasing availability of financing products, the housing market recovery should continue at a steady pace. And as we are already seeing, the recovery appears to be taking place throughout the price points, not just in the markets that have been bolstered by tax credits.

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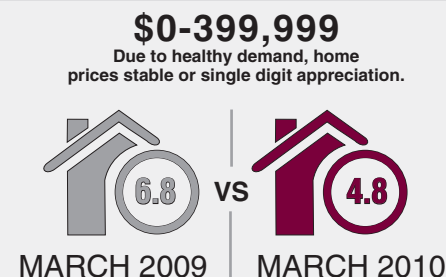
*Condos/Single Family, Resale Only. Numbers provided by Trendgraphix.

30 YR MORTGAGE INTEREST RATES



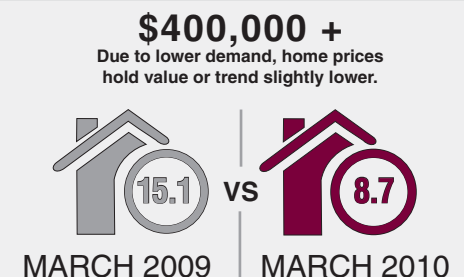
Source: FreddieMac

MONTHS OF INVENTORY



Note: *Condo/Single Family, Resale Only. At the March rate of sales, the current available inventory would be depleted in the months listed.
Source: RMLS/Trendgraphix

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