

Report: Oregon will have nation's second-biggest home price decline in 2010

By Ryan Frank, The Oregonian

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Oregon's single-family home prices will fall another 3.9 percent in 2010, the second largest decline in the country, according to [forecast out this morning](#) from First American CoreLogic.

Oregon's projected price decline between January 2010 and January 2011 trails only the firm's prediction for a 5.2 percent drop in Michigan. Nationwide, First American predicts a 4.5 percent gain in home prices in that period, according to the LoanPerformance Home Price Index.

Oregon and Michigan join Nevada, Maryland and Arizona as the markets with the largest predicted declines in 2010. The projections show that distressed sales will weigh heavily on home prices. With distressed sales excluded, Oregon's prices would actually rise 2 percent in 2010.

The index measures home prices changes over a 12-month period ending in January.

In the 12-month period ending in January, Oregon reported the nation's fourth largest home price decline at 8.9 percent compared to a year earlier. The state came in behind only Nevada (16.9 percent), Idaho (12.9 percent), Florida (9.3 percent). Oregon tied with Arizona at 8.9 percent. Home prices fell 6.2 percent in Washington state and .7 percent nationwide. Since the April 2006 peak, the national index is down 29.4 percent.

Mark Fleming, First American CoreLogic's chief economist, said: "The cumulative loss in home prices of (29 percent) is more severe than the next worst housing recession of 24 percent cumulative decline which began in Louisiana in the mid-1980s. It took Louisiana five years to recover from the bottom, we expect this recovery to take at least as long."

The report showed the housing market nationally continues to show some weakness even as the year-over-year declines lessen.

On a month-to-month basis, the decline in the national index fell 1.9 percent in January compared to .8 percent in December. First American expects that single-family home prices will fall another 3.7 percent before hitting bottom in April. That will be followed by a modest recovery

through 2010.

First American says two major unknowns not included in its forecast are the "shadow inventory" of homes that may get dumped onto the market later this year once the market shows some signs of stabilizing; and the expiration of the federal homebuyer tax credit in April, which the firm says has boosted demand.