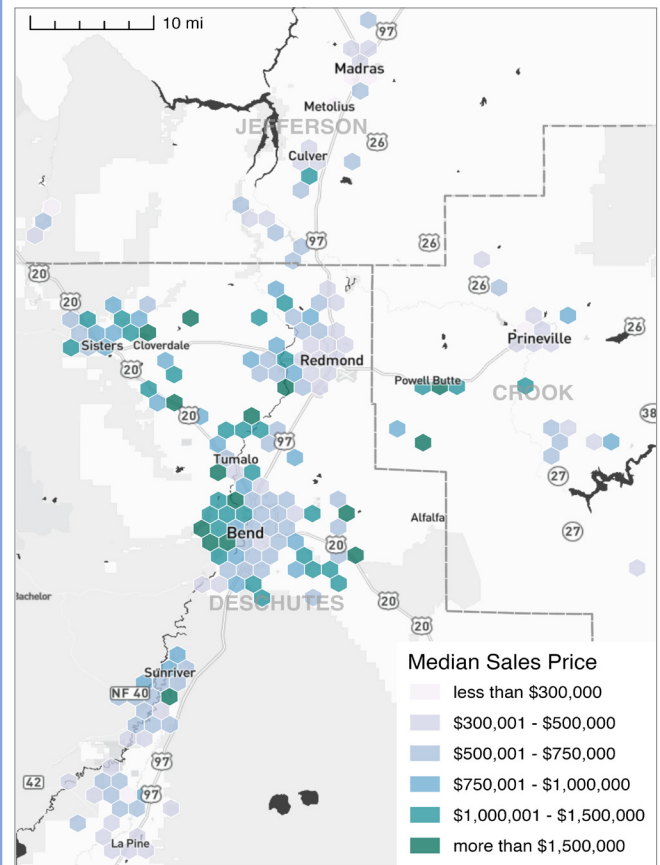


As we head into the new year, there are limited green shoots of optimism to be found when looking at economic indicators. Total sales in the region dropped by 37% in the 4th quarter of 2022 compared to 2021, and for the year were down 20% compared to 2021. Median prices in the 4th quarter of 2022 were 2% lower than a year earlier, the first drop in the median price since the aftermath of the Great Recession in 2007 and 2008. Given the recent pace of sales and total listings, there are now over 3 months of supply for the first time since 2020.

Where are the green shoots? The impetus behind the current market conditions is being driven by the Federal Reserve and their 8 consecutive Fed funds rate increases. There is a strong relationship between Fed activity and mortgage rates. As the federal funds rate has increased, so have mortgage rates. There is reason for optimism though: the 30-year fixed mortgage rate peaked at just over 7% in November and has since decreased a full percentage point. The 30-year fixed rate is on track to drop back below the 6% percent threshold.

Continues on next page.

MEDIAN REGIONAL SALES PRICE (2022)



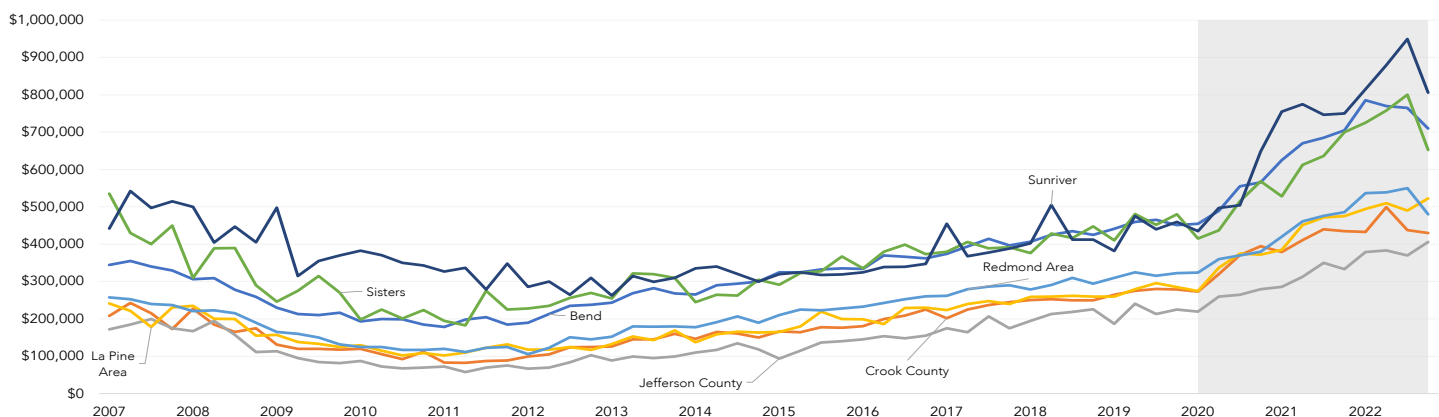
MEDIAN SALES PRICE AND SALES VOLUME (2022)

Submarket	Price	Volume
Bend	\$710,000	476
Crook County	\$430,000	82
Jefferson County	\$405,653	34
La Pine/Three Rivers South	\$522,500	56
"Redmond/Terrebonne/ Crooked River Ranch"	\$480,000	215
Sisters	\$652,172	48
Sunriver	\$805,775	26

MEDIAN SALES PRICE AND SALES VOLUME BY SUBMARKET FOR ALL SUBMARKETS

	Change, 2022 Q3 to 2022 Q4	Change, 2021 Q4 to 2022 Q4
Units Sold	↓ -27.0%	↓ -37.4%
Median Price	↓ -10.7%	↓ -2.0%

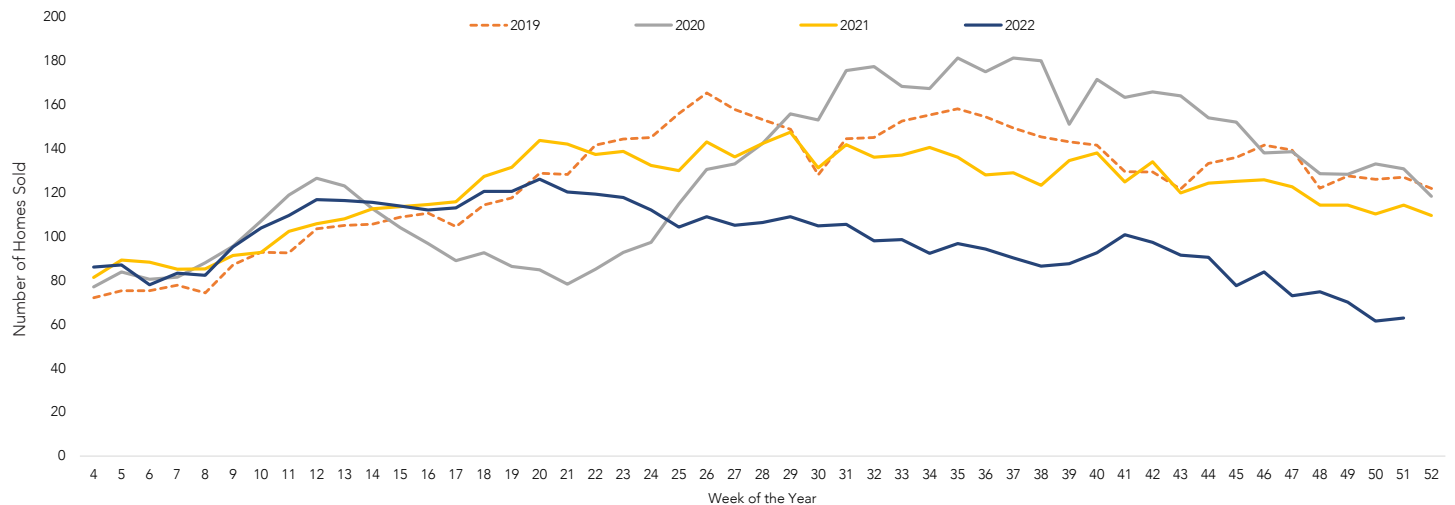
SUBMARKET COMPARISON—MEDIAN HOME SOLD PRICES, QUARTERLY, 2007-2022 Q4



About the data used in this report:

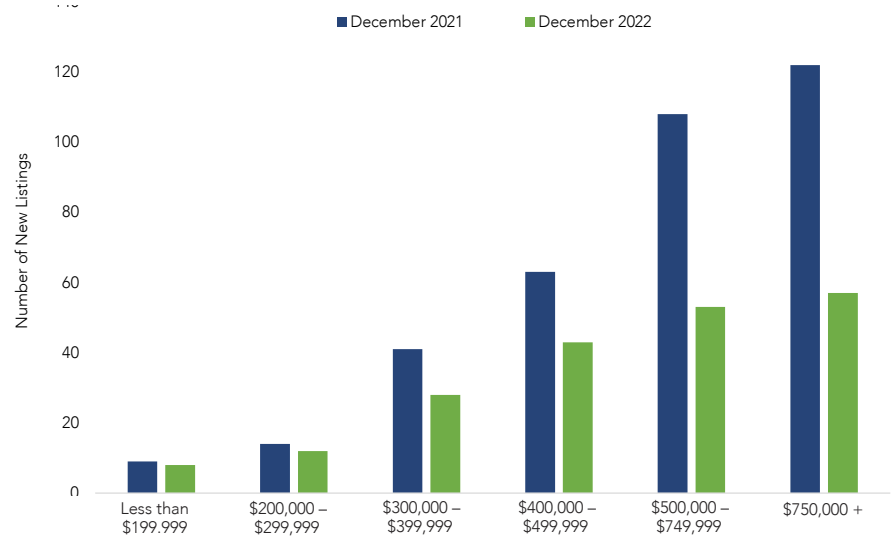
To produce this report, ECONorthwest compiled and organized data from COAR's MLS database. All questions related to data accuracy and verification should be directed to COAR.

SALES BY WEEK – CENTRAL OREGON



The Fed is increasing interest rates in an effort to reduce inflation back down towards their target of 2%. The last few months have seen effectively no meaningful increases in the Fed preferred measure of inflation. But because of high inflation six months ago, the annualized rate is still well above the target. As a result, the fed continues to increase the federal funds rate, albeit by 25 basis points, rather than the previous increases of 75 and 50 basis points. In recent comments, Fed Chair Powell noted, “we can now say I think for the first time that the disinflationary process has started”.

LISTINGS BY PRICE RANGE – CENTRAL OREGON



The Fed is optimistic of a so-called soft landing, which indicates that inflation can return to the target rate without disruption employment and causing a recession. We don't have any certainty or even strong signals that the Fed is going to cut rates this year. But even holding rates where they are would indicate that there is more room for mortgage rates to continue to decrease.

The increase in mortgages rates has caused a sellers' strike. New listings in December are down 40% in 2022 compared to 2021 levels, with the largest decrease occurring in homes listed above \$750,000. Although the number of sales has decreased, the number of listings has also decreased, which has served to stabilize prices in the market. There are other signs that market conditions may be improving. The number of active listings with a price drop has decreased over the last few months.

The broad economic market conditions are strong, with the national unemployment rate the lowest it has ever been. As prices have held steady over the last year, mortgage rates decreasing over the last two months are making homes effectively more affordable than they were. As we head into the typically strong part of year for sales, the balance between the number of buyers and sellers will ultimately determine where prices head. Either through price reductions, or further decreases in interest rates, sellers will have more of an incentive to move. This is the key to unlocking both the decline in the number of listings, as well as sales volumes. It might be premature to call a rebound in the market, but the data suggests we are approaching the bottom of the cycle.

Price Summary | Q4 2022

The price index for Central Oregon increased at an annual rate of 22.2% in the fourth quarter of 2022. The measure of the index is now 304, representing a 207% increase in market prices since 2012. Price growth measured by the index originally peaked in early 2018 at 13.2% and steadily slowed to the rate of 9.8% in the 4th quarter of 2020. Since then, price growth has steadily increased to a rate of 22.2% in the 4th quarter of 2022. In the last two and a half years since the beginning of the pandemic (2Q2020), the price index has increased 49%, compared to median sales price increasing by 42%. The increased sales of higher priced homes along with the decreased sales of lower priced homes has fueled a large increase in the median sales price, now 2% lower than a year ago. While no methodology for measuring price changes is without flaws, the advantage of using a price index compared to the median price change is more pronounced in atypical market conditions. The high cost of new construction and the dwindling supply of lower priced homes is not as reflective of broad price changes in the market, which are better captured by a price index.

WHAT IS A PRICE INDEX?

A price index tracks repeat sales of the same property to measure the change in market price over time.

WHY A PRICE INDEX?

A price index uses repeat sales and is the most accurate way to track changes in price over time. Median or average sales prices are responsive to new construction prices that are generally higher than the market average, as well as trends in listings. In order to most accurately measure how prices in a market are changing over time, tracking individual properties that sell multiple times allows for an apples to apples comparison of change over time.

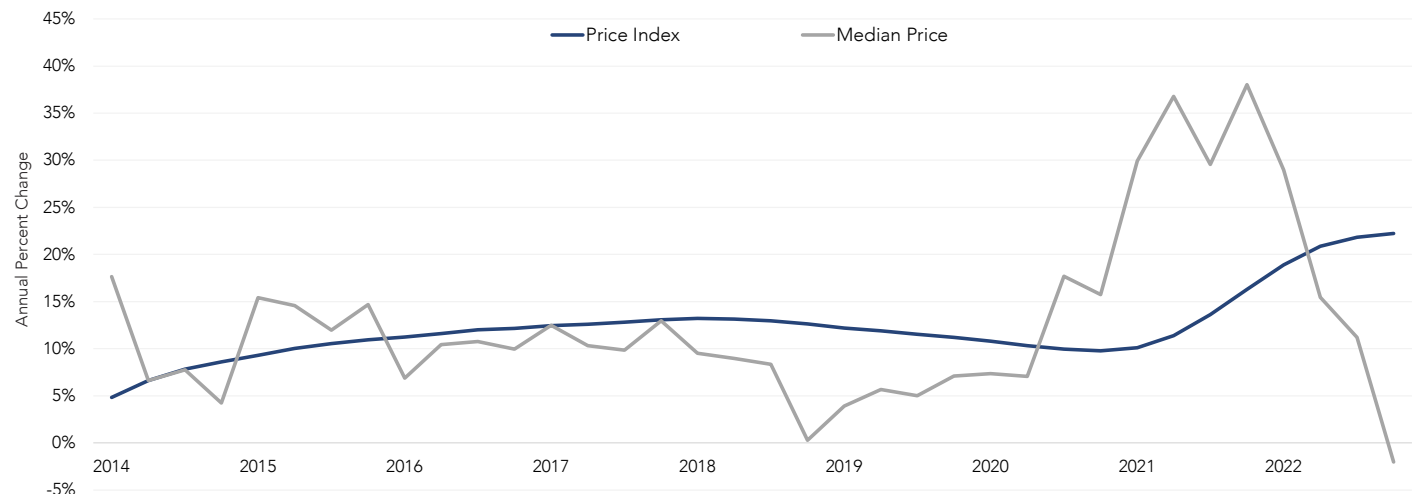
HOW DO WE CALCULATE A PRICE INDEX?

The price index is calculated using home sales data from 2007 up to the last quarter (Q3 2022). Repeat home sales are identified by matching sales based on addresses. Once homes that have been sold more than once are identified, the duration between the sales and the change in sale price are measured.

We have applied filters to the dataset to account for outliers and other transactions not representative of normal market conditions, such as flipping or substantial renovations.

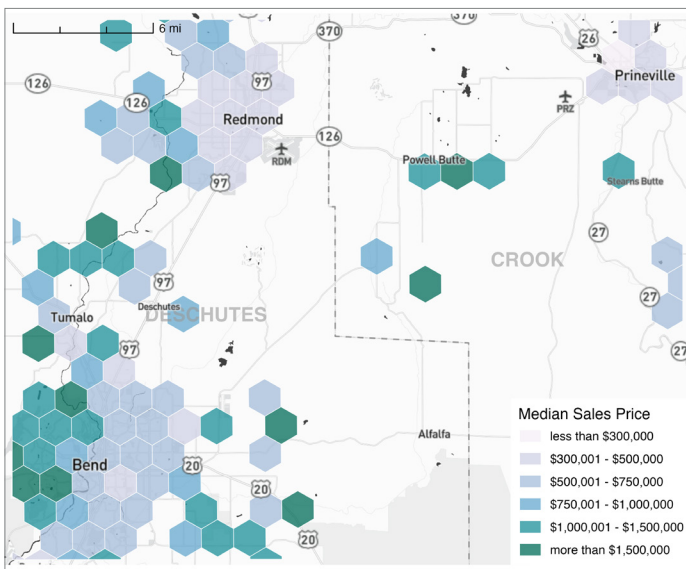
The repeat sale price index is calculated on a quarterly basis starting in the fourth quarter of 2012. Starting in the fourth quarter of 2012, the median sale price over the previous four quarters is calculated and used as the anchor price (100). For each following quarter, the median price appreciation for homes sold within the last four quarters is calculated, and this price appreciation is reflected in the change in the price index.

REPEAT SALES PRICE INDEX VS. MEDIAN PRICE CHANGE



Bend's housing market sales volume decreased in the fourth quarter of 2022 relative to quarter three of 2022. Home sales volume in quarter four decreased by about 30% from the previous quarter and were 37% lower than this same time last year. Homes sold less quickly than they did in the previous quarter than this same time last year, with the median days on market (DOM) increasing by 34% and 36%, respectively. The median home sales price in Bend dropped by 7% from last quarter and increased from the fourth quarter of 2021, from \$705,000 to \$710,000, or by about 1%.

MEDIAN SALES PRICE



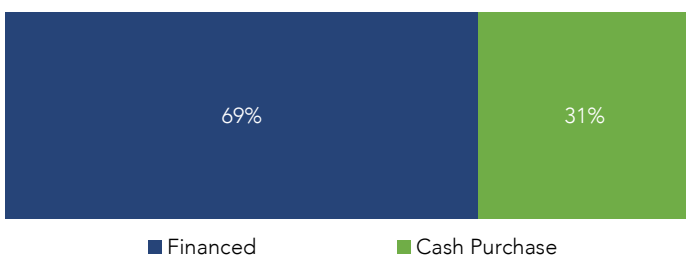
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$699,000	\$744,625	1.2%

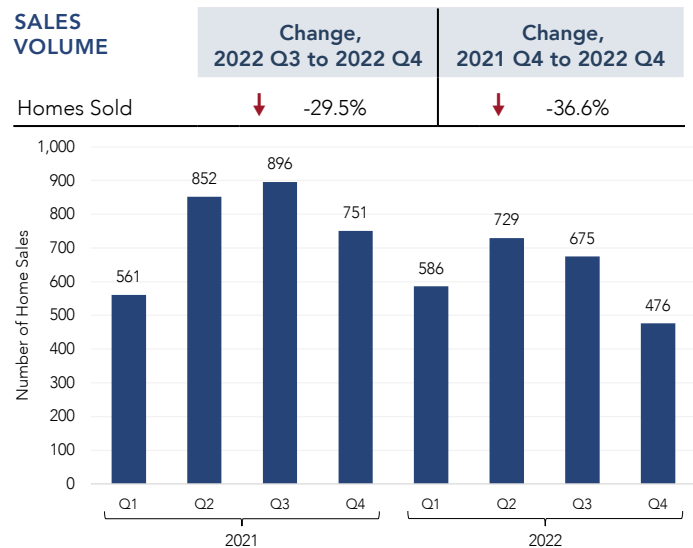
NEW CONSTRUCTION SALES

New Units Sold	New Units as a % of Total Units
97	20.4%

HOME FINANCING

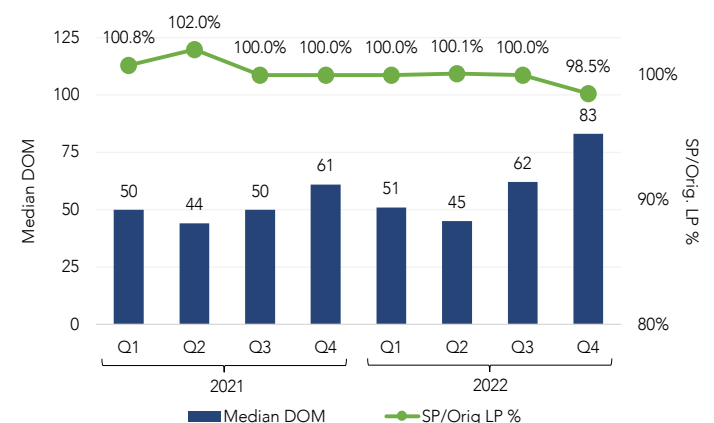


SALES VOLUME



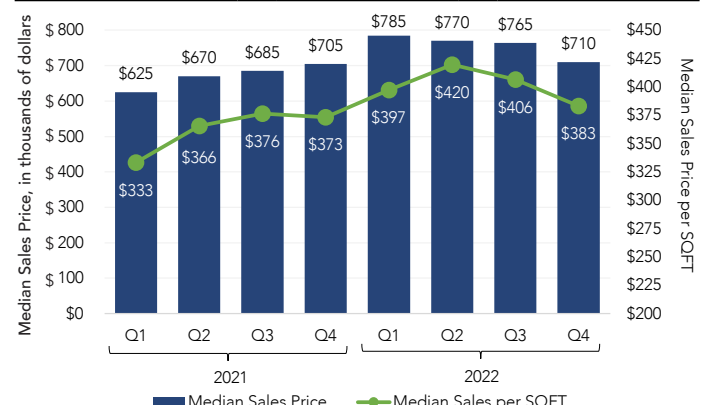
MEDIAN DOM & SALES PRICE VS. LISTING PRICE

	Change, 2022 Q3 to 2022 Q4	Change, 2021 Q4 to 2022 Q4
DOM	↑ 33.9%	↑ 36.1%
Sold/Orig LP Diff. %	↓ -1.5%	↓ -1.5%



MEDIAN SALES PRICE & MEDIAN SALES PER SQFT

	Change, 2022 Q3 to 2022 Q4	Change, 2021 Q4 to 2022 Q4
Median Sales Price	↓ -7.1%	↑ 0.7%



Home sales volume in Crook County decreased 10% relative to the previous quarter and were 35% lower relative to this same time last year. In the fourth quarter of 2022, 22 homes sold in Crook County. Homes in Crook County sold less quickly than the previous quarter, with the median days on market (DOM) increasing 47% from the previous quarter and increasing 32% from the fourth quarter of 2021. The median home sales price decreased in Crook County relative to the previous quarter and decreased relative to this same time last year, by 2% and 1%, respectively. In this same period last year, the median home sales price was \$434,900 compared to \$430,000 in the fourth quarter of 2022.

SALES VOLUME



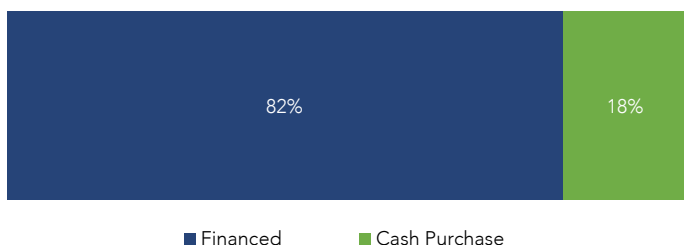
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$420,000	\$452,495	-12.3%

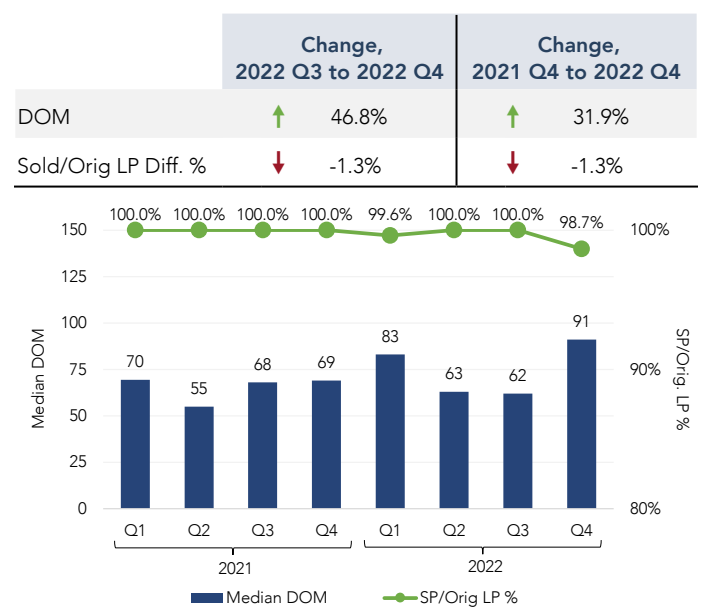
NEW CONSTRUCTION SALES

New Units Sold	New Units as a % of Total Units
22	26.8%

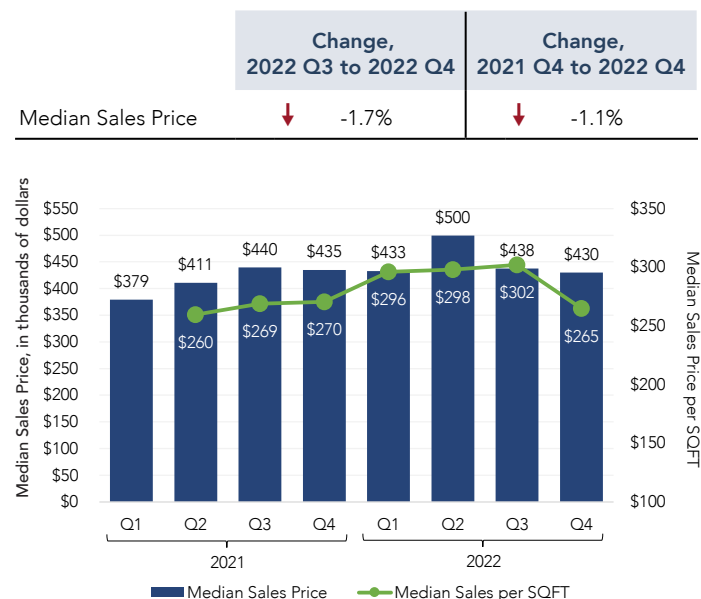
HOME FINANCING



MEDIAN DOM & SALES PRICE VS. LISTING PRICE

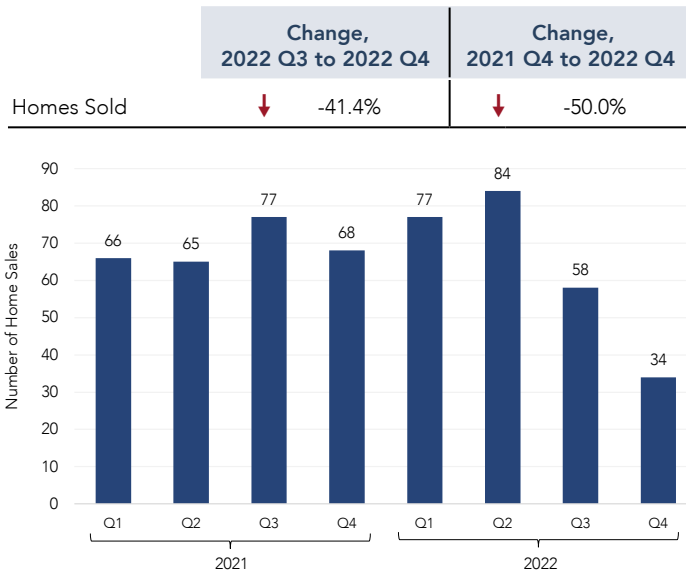


MEDIAN SALES PRICE & MEDIAN SALES PER SQFT



Jefferson County's fourth quarter home sales volume decreased relative to the third quarter of 2022, shrinking by about 41%. Compared to this same quarter last year, the County's sales volume decreased by 50%. Homes sold slower this quarter compared to last quarter with the median days on market (DOM) rising 56%. Compared to this same time last year, homes sold 59% slower in quarter four of 2022. The median home sales price in Jefferson County increased 10% compared to last quarter, and the median sales price per square foot decreased from \$244 to \$229. Relative to this same time last year, the median sales price rose by about 22%, from \$333,285 to \$405,652.

SALES VOLUME



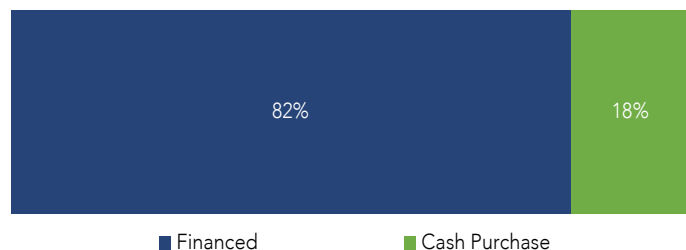
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$370,000	\$410,786	3.5%

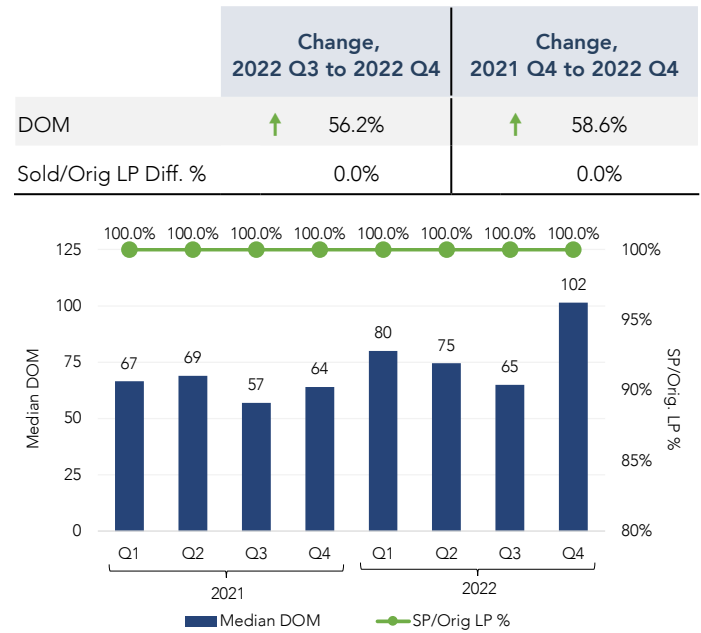
NEW CONSTRUCTION SALES

New Units Sold	New Units as a % of Total Units
8	23.5%

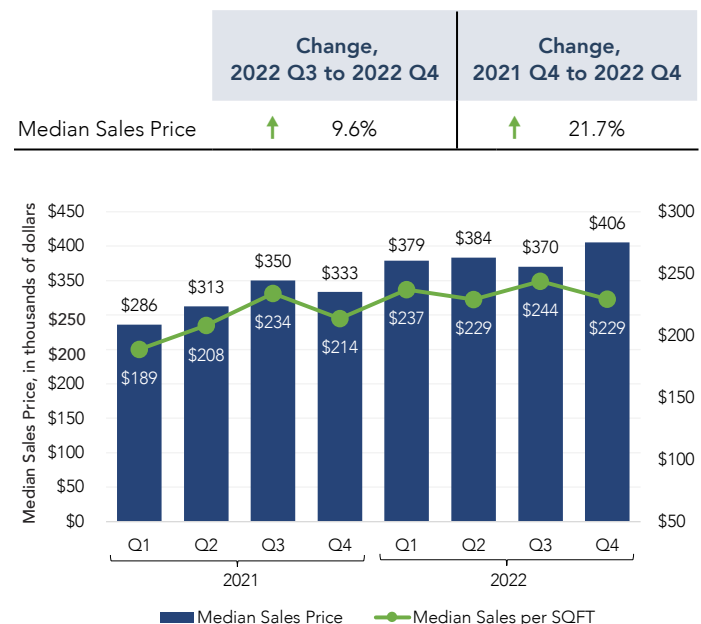
HOME FINANCING



MEDIAN DOM & SALES PRICE VS. LISTING PRICE

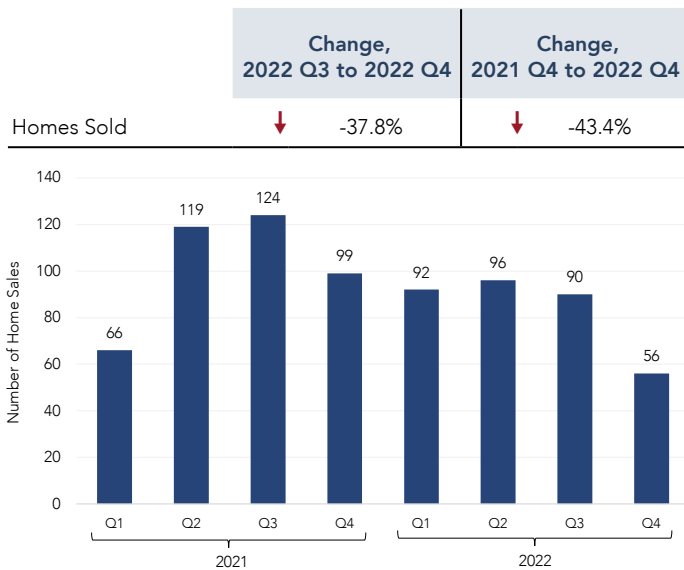


MEDIAN SALES PRICE & MEDIAN SALES PER SQFT



La Pine/Three Rivers South experienced a home sales volume decrease of 38% relative to quarter three of 2022. Similarly, compared to this same time last year, sales volume is down 43%. Homes also sold more quickly than they did in the previous quarter with the median days on market (DOM) decreasing 12% while the median home sales price increased by about 7%. At this time last year, homes spent 1% fewer median days on market while the median home sales price increased by 10%, from \$475,000 in quarter four of 2021 to \$522,500 in quarter four of 2022.

SALES VOLUME



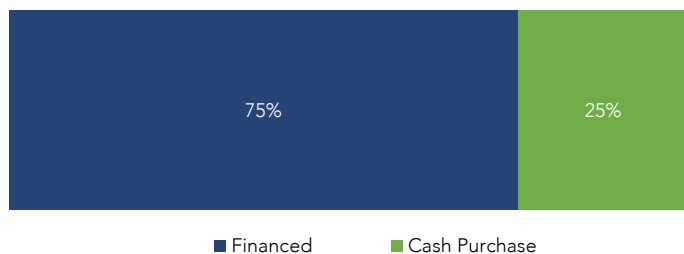
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$512,500	\$542,450	-4.1%

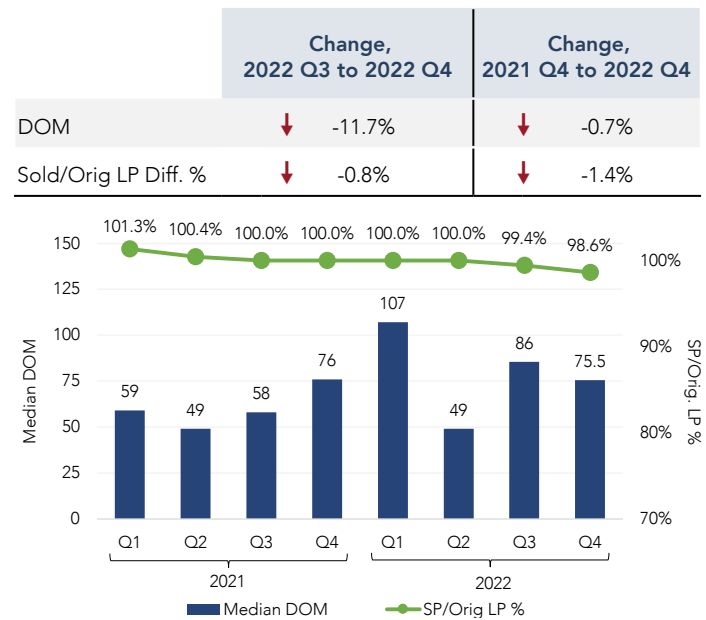
NEW CONSTRUCTION SALES

New Units Sold	New Units as a % of Total Units
6	10.7%

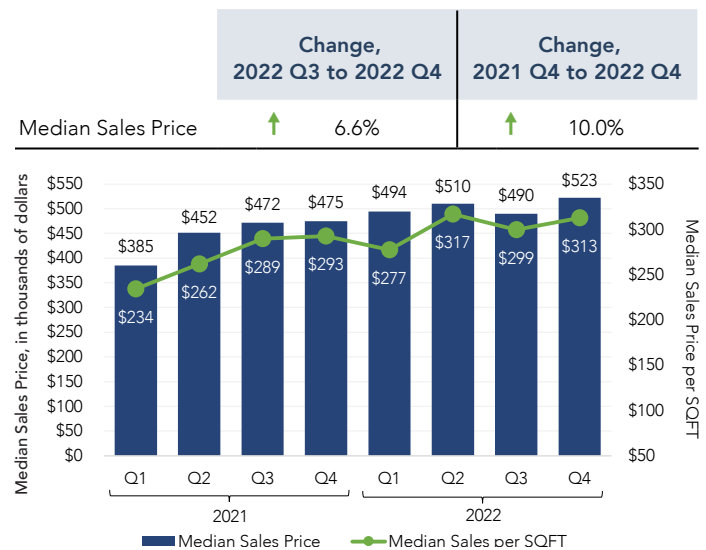
HOME FINANCING



MEDIAN DOM & SALES PRICE VS. LISTING PRICE

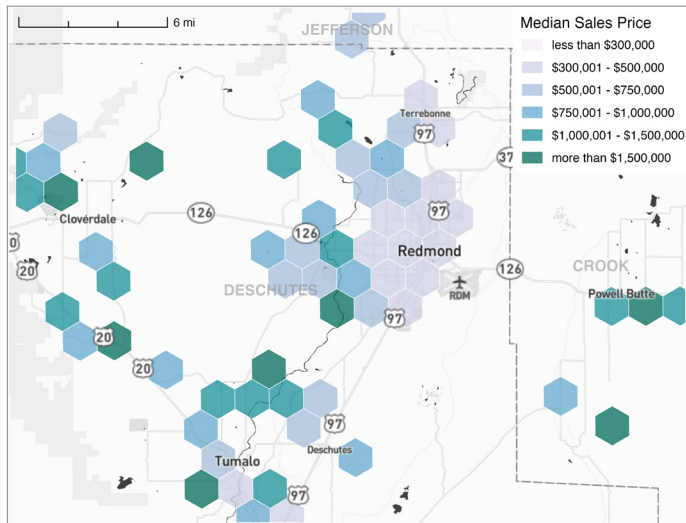


MEDIAN SALES PRICE & MEDIAN SALES PER SQFT



The Redmond/Terrebonne/Crooked River Ranch housing market decreased in its home sales volume from the previous quarter by 16%, and its median days on market (DOM) increased by 23%. Compared to this same time last year, home sales volume decreased by about 35%, and the median days on market (DOM) increased by 34%. While the median sales price remained unchanged when compared to the previous quarter, it grew about 13% when compared to the fourth quarter of 2021.

MEDIAN SALES PRICE



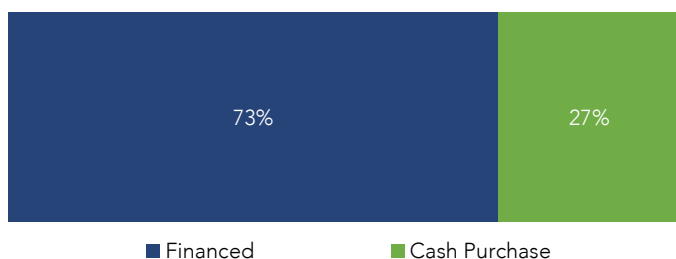
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$495,000	\$385,642	12.8%

NEW CONSTRUCTION SALES

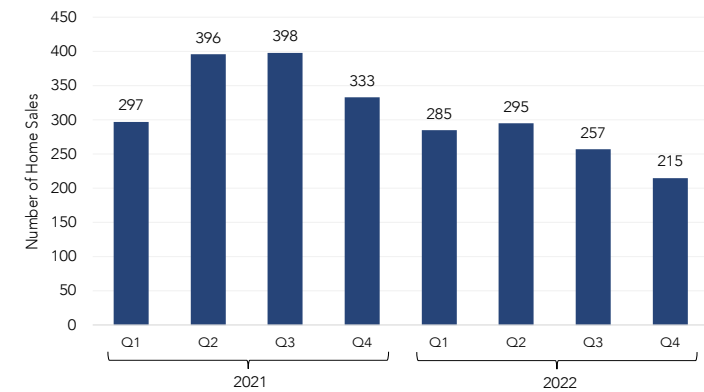
New Units Sold	New Units as a % of Total Units
48	22.3%

HOME FINANCING



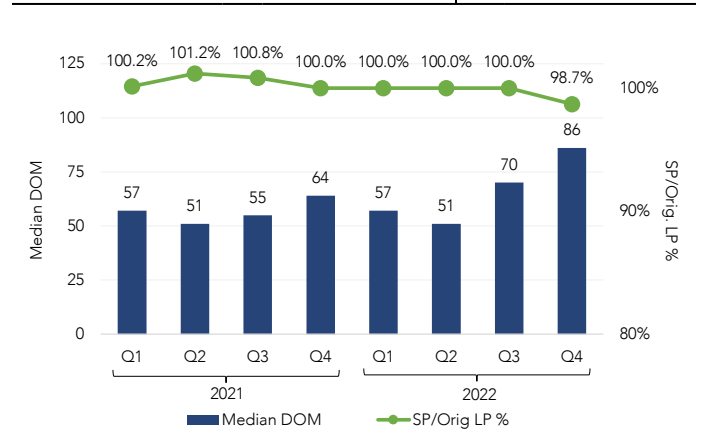
SALES VOLUME

	Change, 2022 Q3 to 2022 Q4	Change, 2021 Q4 to 2022 Q4
Homes Sold	↓ -16.3%	↓ -35.4%



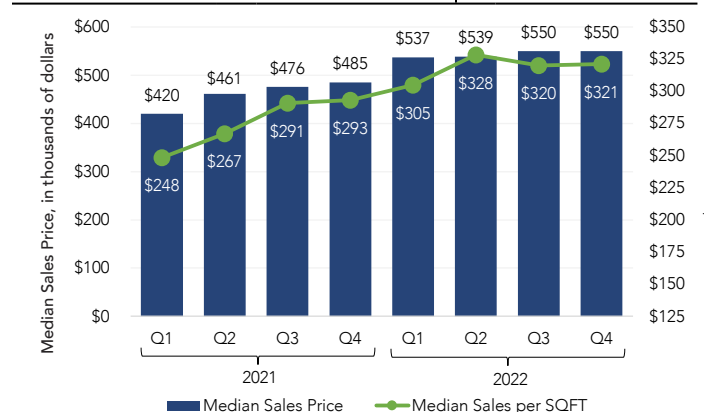
MEDIAN DOM & SALES PRICE VS. LISTING PRICE

	Change, 2022 Q3 to 2022 Q4	Change, 2021 Q4 to 2022 Q4
DOM	↑ 22.9%	↑ 34.4%
Sold/Orig LP Diff. %	↓ -1.3%	↓ -1.3%



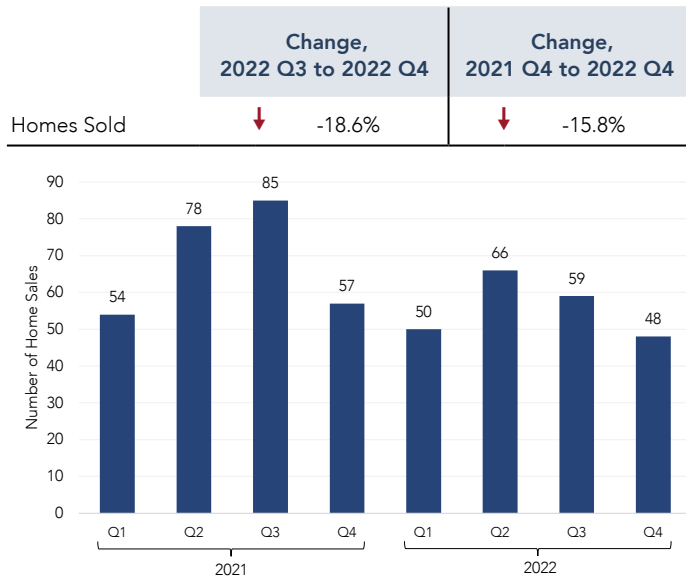
MEDIAN SALES PRICE & MEDIAN SALES PER SQFT

	Change, 2022 Q3 to 2022 Q4	Change, 2021 Q4 to 2022 Q4
Median Sales Price	0.0%	↑ 13.3%

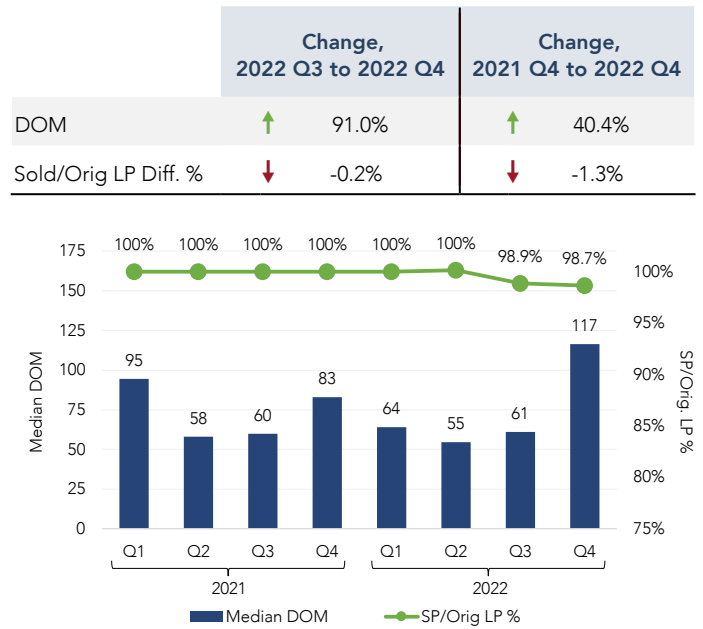


Home sales volume decreased in the Sisters housing market by 19% compared to last quarter and decreased by 16% when compared to this same time last year. The median days on market (DOM) increased by 91% from last quarter and the median sales price decreased by about 18%. Compared to the same time last year, the median days on market (DOM) increased by 40% and the median sales price decreased by 7%. The median sales price fell from \$800,000 in the previous quarter to \$652,172 in the fourth quarter of 2022.

SALES VOLUME



MEDIAN DOM & SALES PRICE VS. LISTING PRICE



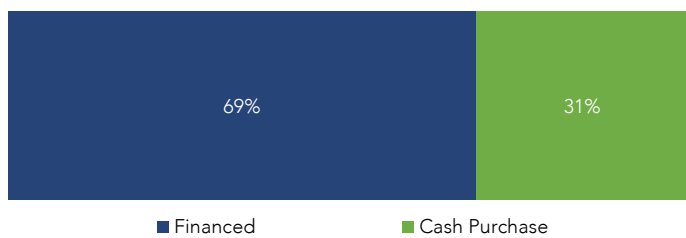
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$810,000	\$616,802	-19.06%

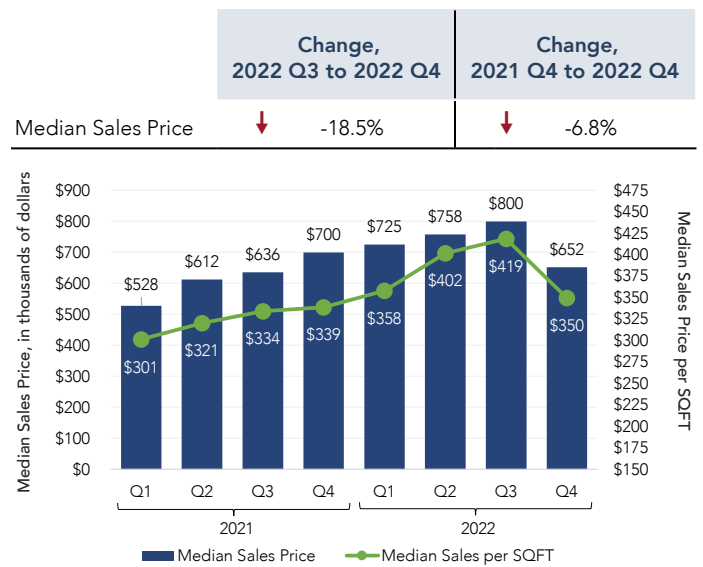
NEW CONSTRUCTION SALES

New Units Sold	New Units as a % of Total Units
19	39.58%

HOME FINANCING

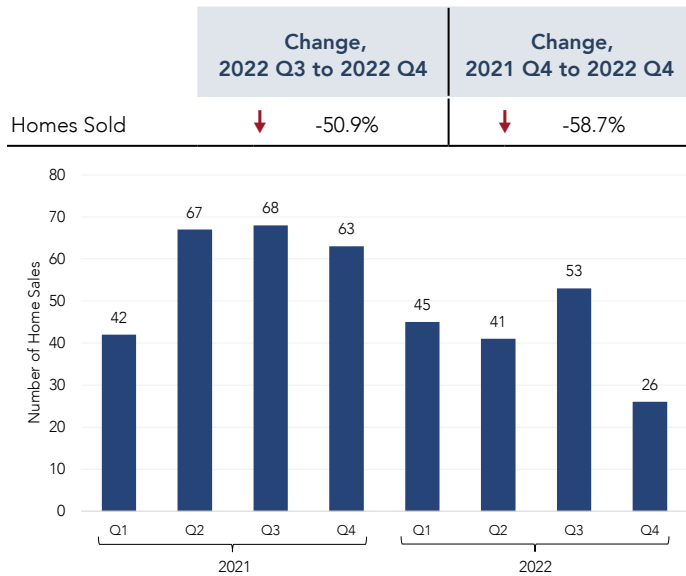


MEDIAN SALES PRICE & MEDIAN SALES PER SQFT



Sunriver saw a decrease in its home sales volume from last quarter of about 51%. The median days on market (DOM) increased by about 15%. Compared to this same time last year, home sales volume decreased by 59% with the median days on market (DOM) increasing by 19%. The median home sales price in Sunriver increased by about 7% relative to the fourth quarter of 2021, from \$750,000 to \$805,775 in the fourth quarter of 2022.

SALES VOLUME



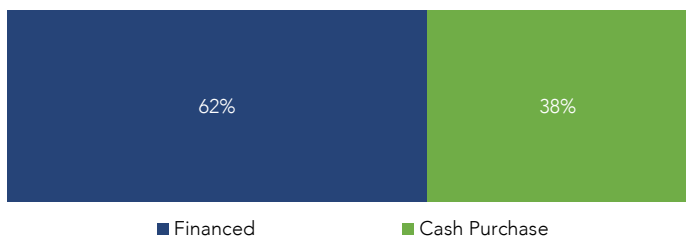
HOME PRICING

Existing	New	New Construction Premium (per sf)
\$805,775	N/A	N/A

NEW CONSTRUCTION SALES

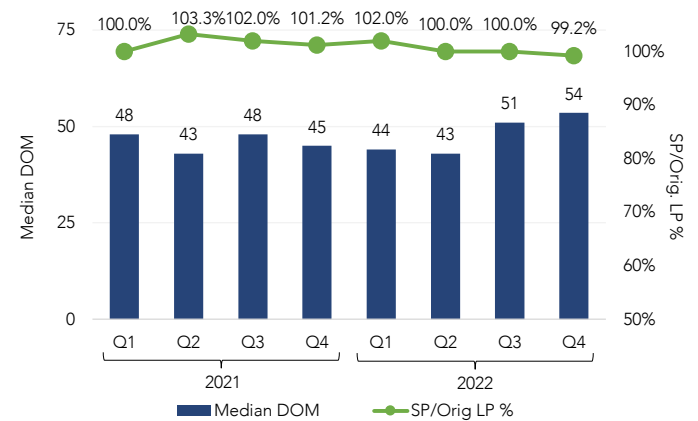
New Units Sold	New Units as a % of Total Units
0	0.0%

HOME FINANCING



MEDIAN DOM & SALES PRICE VS. LISTING PRICE

	Change, 2022 Q3 to 2022 Q4	Change, 2021 Q4 to 2022 Q4
DOM	↑ 4.9%	↑ 18.9%
Sold/Orig LP Diff. %	↓ -0.8%	↓ -1.9%



MEDIAN SALES PRICE & MEDIAN SALES PER SQFT

	Change, 2022 Q3 to 2022 Q4	Change, 2021 Q4 to 2022 Q4
Median Sales Price	↓ -15.1%	↑ 7.4%

