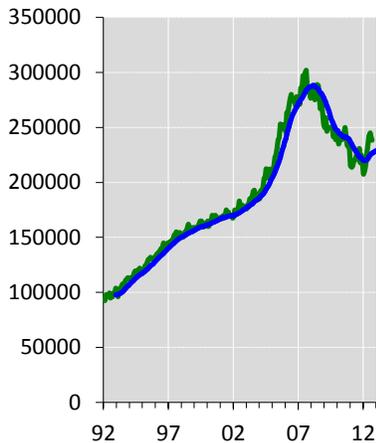


An Economic Appraisal of 2040 Planning

*Population and Employment Forecast Distribution:
An analysis of owner single family (OSF) price trend projections*

Metro Median Single Family Sale Price (nominal dollars)



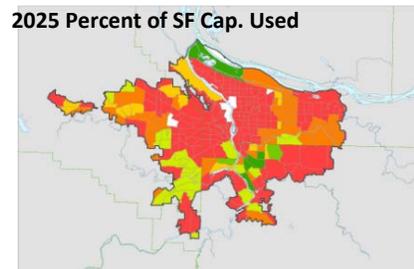
Affordability Index (year 2000 = 100)



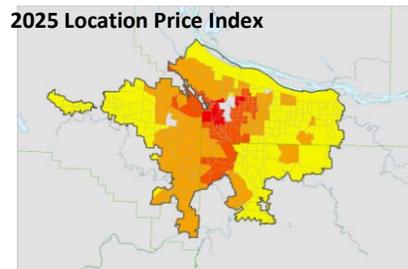
Forecast Development Notes

- ✚ Price movements in housing (or any other scarce good) respond to a combination of supply and demand.
- ✚ Over time, demand for SF housing uses up much of the available SF inventory. . . by 2025, the balance between supply and demand hit a critical *development cliff*.
- ✚ By 2035: most Metro locations are at least 90% filled up with most areas completely full (see “2035 Percent of SF Cap. Used” map)
- ✚ With dwindling SF supply by 2035, residential real estate prices climb above 3 times today’s price levels in central city locations and 2 to 3 times higher in closer-in parts of the Metro area (see “2035 Price Index” map)

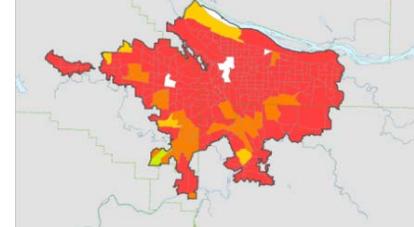
Single Family Capacity Used



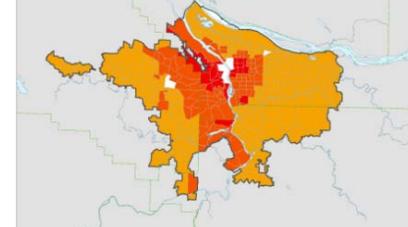
Single Family Price Trend



2035 Percent of SF Cap. Used



2035 Location Price Index



Map Legends

Percent SF Used	SF Location Price
99% - 100%	< 1.5
91% - 98%	1.5 - 2.0
76% - 90%	2.0 - 3.0
51% - 75%	> 3.0
26% - 50%	
1% - 25%	

(Inflation Adjusted 2010 = 1.0)

SF: single family includes 1-unit SF attached, detached and mobile homes
MF: multifamily apartments, 2 or more units

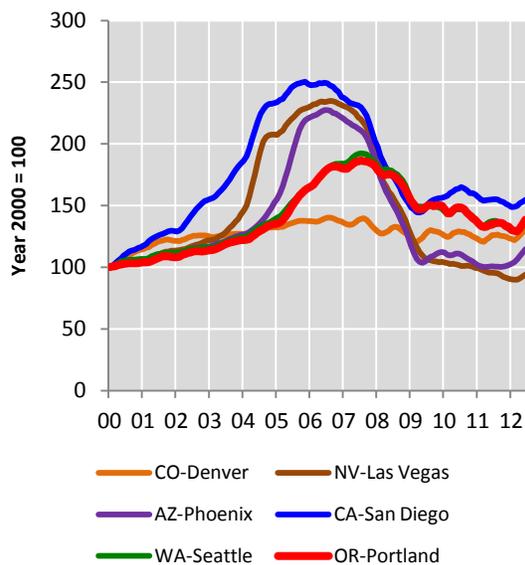
Source: RMLS (historical median sales price)
Bureau of Economic Analysis (per capita income data)
MetroScope Gamma Forecast Distribution (Scen #1221)

Near Term Single Family Product Development News and Trends

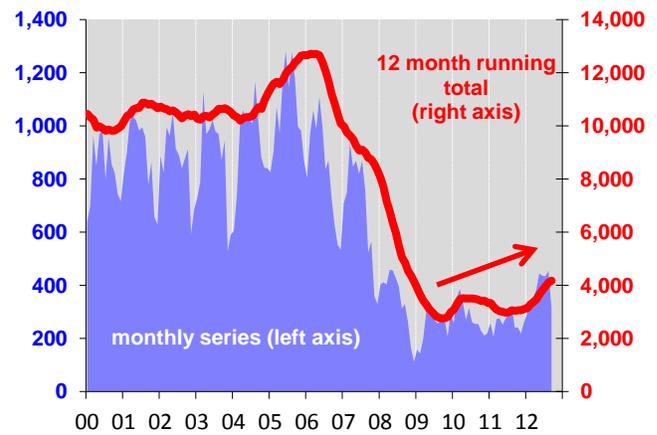
SF home prices are beginning to edge up in the last 4 months. Prices are still well below pre-recession values, but appear to be stabilizing. Portland area SF home prices didn't form as large an asset bubble as other comparable-sized west coast cities (except Denver, CO). Thus, real estate prices in Portland have seen less severe price swings during the recession and current recovery. Portland and Seattle have nearly identical price movements, with these two cities faring better against all but San Diego.

SF permits for new construction in the Portland metropolitan area have started to trend up in recent months. The upward trend in SF construction comes at a time when the manufacturing sector is slowing down. The increase in home construction activity may pick-up some of the slack in economic activity for the region.

S&P/Case-Shiller Home Price Indices



Single Family Building Permits



Source: U.S. Census