



Center for Housing Policy

1801 K Street, NW, Suite M-100

Washington, DC 20006-1301

Phone: (202) 466-2121

Fax: (202) 466-2122

Web site: <http://www.nhpc.org>



Wednesday, December 12, 2007

From the desk of Sally Jo and Steve Wickham

TO: LCOG Board of Directors

SUBJECT: Real Estate Market Past & Future Viability for the City of Lowell

Shade Tree Properties, Inc. (Shade Tree) contracted with Steve & Sally Jo Wickham, Brokers with Keller Williams Realty Eugene & Springfield, for their professional opinion of the City of Lowell's past and future real estate market viability. In particular real estate development viability for the City of Lowell based on historic growth trends and other relevant data. Shade Tree is a residential development firm that has developed and sold real estate in Lowell since 1993. Shade Tree is concerned about possible increases to the City of Lowell's coordinated population forecast and it's implications for the Lowell community to absorb any and all future development.

Steve Wickham has been in real state sales and development for 14 years including 2 years during the 1980-1982 when Lane County experienced the worst real estate market they have known. Sally Jo Wickham started her real estate career in 1996 coming from Traffic Engineering working as a Traffic Systems Analyst for the prior 15 years.

Coming from the Traffic Engineering field I look to see where an action is warranted. Is there enough relevant data to support the requested action? In providing my professional opinion below all questions were put through my personal warrant process to produce the expert professional opinion provided.

Shade Tree's primary concern is Lowell's ability to absorb new home sales as they exist now and in the future. The absorption rate is dependent upon an area's building sales, and how a specific property competes with local demand. Real-estate developers will consider the overall local demand for new properties, and how their properties compare to local supply, to determine the absorption rate.

In the past year 13 new houses were put on Lowell's real estate market place 4 have sold. Of the 9 that did not sell 4 of the houses were marketed "For Sale by Owner" about 3 months before January of 2007 when they were put on the market with a Realtor. This gives these homes a total market time of about 450 days and counting. These were considered mid range pricing and should have attracted the average family buyer. See Exhibit A for details of the Lowell Housing Inventory.

Keeping in mind the absorption rate defined above Lowell has an absorption rate of 33% (.33) (4 new properties sold in 12 months = .33 properties sold per month) indicating that there is still a 27 month supply of homes on the market at the current absorption rate (9 houses divided by absorption rate of .33)

Estate Market Past & Future Viability for the City of Lowell

Is it possible with this much new inventory lying fallow on the market that Lowell is already overbuilt for the area and population? The developers for the above mentioned houses had permits to build more homes in this subdivision and withdrew those permits. Developers are not willing to build if their products cannot be sold and there is an over supply of homes in an area.

Developers are not willing to gamble that people will come to buy houses if they provide building lots. They will want to see a new home absorption rate that will give some indication the product they build will be sold. Given Lowell's current absorption rate, the 270 acres of undeveloped land already lying within Lowell's city limits with a potential for 1080 new homes (270 x 4 homes/acre), Lowell has a 3272 month supply of property already available to them. (1080/.33)

Of concern also is our local neighbors and the outstanding inventory that exist in location closer to the major metro area and closer to employment for most of Lane Counties population. Creswell had 69 new homes on the market this last year 24 have sold that means that they have a absorption rate of 2, and a 22.5 month supply of homes to sell.

Given the current gas prices and cost of living for the average family it would be far better to be situated closer to your economic source and purchase one of the surplus homes in the Creswell area then to drive twice as far from the Lowell area.

There is a similar situation in Springfield (25 new homes sold, 2.08 absorption rate, 25 new homes still on the market leaving a 12 month supply), Eugene (46 new homes sold, absorption rate of 3.66, 94 new homes still on the market leaving a 25 month supply), and Junction City 4 new homes sold, absorption rate of .33, 32 homes still on the market leaving a 96 month supply). With all of these areas' having a surplus of new homes the likelihood of a developer choosing to build and develop in the Lowell area becomes even bleaker.

Lowell's real estate market indicates an overall slowness, not just a lack of demand for new housing. Lowell is finishing the year with 16 houses Sold (1 pending) and 20 residential properties still on the market. There is also 8 active Building Lots on the market with 2 Lot sold (1 Pending). Lowell's overall absorption rate for real estate properties of all types is a rate of 1.5 per month with a 19 month supply of real estate left in its inventory. (18 sold/12 months = 1.5 per month, 28/1.5 = 19 months) See Exhibit B for details of Lowell's 2007 Market Totals.

With the exception of the Lowell general real estate market commentary above we have been talking about houses that are built. All of the other areas listed outside of Lowell also have a large surplus of vacant lots that will not be built upon until the demand meets the already built supply.

In addition to the metro overbuilding we also will be contending with the future lots that measure 37/49 will bring to our country properties. It is projected that their will be at least 1200 new country lots available when the applications are finished being processed. These lots will be in direct competition for the country home buyer who is unconcerned with rising gas/travel costs.

The real estate market in general may have a grim out look due to the recent collapse of the sub prime mortgage market and the smaller pool of people able to obtain financing for the already existing homes.

Estate Market Past & Future Viability for the City of Lowell

Part of the slow down in our market is lack of people able to afford to move into the area from other states which has always been a big part of our real estate market. They are unable to sell their home in their area so they cannot leave and buy ours.

This is also true locally. The move up buyer is unable to sell their older home to purchase their new home.

All of these factors contribute to the general slow down in our local real estate market. Without major outside influencing factors Lowell will be unable to sustain the grossly over projected population growth.

Thank you for your consideration.

Sincerely,

Steve & Sally Jo Wickham
Brokers, CRS, ABR, GRI

Inventory - By Category & Area

Original search criteria: Prop Cat: RES, MUL, COM, LND Area: 234 Zip: 97452 SD: 1/1/2007 - 12/31/2007 Stat: ACT, BMP, CAN, EXP, PEN, SLD, SNL, WTH

Agent Name: Sally Jo Wickham 541-431-6480

Date: 12/11/2007

Time: 1:53:09 PM

RESIDENTIAL

AREA 234

Status	Total Properties	Total Value (\$ in 1000s)	Average Value
ACT	20	5,560	278,020
WTH	1	150	150,000
EXP	119	22,559	189,570
PEN	1	692	692,431
SLD	16	3,398	212,377
CAN	41	12,680	309,280

MULTIFAMILY

AREA 234

Status	Total Properties	Total Value (\$ in 1000s)	Average Value
--------	------------------	---------------------------	---------------

COMM/INDUSTRIAL

AREA 234

Status	Total Properties	Total Value (\$ in 1000s)	Average Value
ACT	1	600	600,000
EXP	9	1,940	215,556
CAN	1	325	325,000

LOTS AND LAND

AREA 234

Status	Total Properties	Total Value (\$ in 1000s)	Average Value
ACT	3	629	103,650
EXP	39	5,606	143,735
PEN	1	40	39,900
SLD	2	206	103,000
CAN	4	312	77,975

Sally Jo Wickham
541-431-6480

RESIDENTIAL
Keller Williams /Eugene-Spfd

12/13/2007 1:45:21 PM
20 Matches

MLS#	P	Type	Address	City	Area	Bed	Bath	APX SQFT	Price
Active			List Date						
7087322	1	DETACHD	23 E 4th ST	Lowell	234	3	2	1144	\$202,000
7087372	7	DETACHD	460 N Moss ST	Lowell	234	3	2	1254	\$214,900
7083197	7	DETACHD	484 N Moss ST	Lowell	234	3	2	1254	\$214,900
7072755	9	DETACHD	17 E 4th ST	Lowell	234	3	2	1388	\$219,000
7059285	8	DETACHD	360 Hyland	Lowell	234	4	2	1920	\$228,000
7059454	8	DETACHD	330 E 4th	Lowell	234	3	2.1	2080	\$241,000
7059490	8	DETACHD	318 E 4th	Lowell	234	3	2.1	2080	\$243,000
7059370	8	DETACHD	306 E 4th	Lowell	234	4	3.1	2080	\$250,000
7059454	8	DETACHD	34 Sunridge	Lowell	234	4	2.1	2867	\$489,894

Total: 9
 Average List: \$255,855
 Average DOM: 208
 Average SQFT: 1797
 Average L\$/SQFT: \$142

Canceled			List Date						
7005993	8	DETACHD	360 Hyland	Lowell	234	4	2	1920	\$275,000
7005009	8	DETACHD	330 E 4 th. ST	Lowell	234	3	2.1	2080	\$276,000
7005019	8	DETACHD	318 E 4 th ST	Lowell	234	3	2.1	2080	\$276,000
7005058	8	DETACHD	306 E 4th ST	Lowell	234	4	3.1	2080	\$295,000

Total: 4
 Average List: \$280,500
 Average DOM: 147
 Average SQFT: 2040
 Average L\$/SQFT: \$138

Expired			List Date						
7015735	5	DETACHD	11 E 4th Street	Lowell	234	3	1.1	984	\$179,900
7038441	8	DETACHD	584 E 1st ST	Lowell	234	3	2.1	2268	\$449,900
7061321	8	DETACHD	Lot 34 Sunridge	Lowell	234	4	2.1	2897	\$525,574

Total: 3
 Average List: \$385,125
 Average DOM: 123
 Average SQFT: 2053
 Average L\$/SQFT: \$185

Sold			List Date						
7084913	5	DETACHD	11 4th ST	Lowell	234	3	1.1	984	\$185,900
7019748	3	DETACHD	476 N Moss	Lowell	234	3	2	1144	\$211,200
7014529	8	DETACHD	183 Welleau DR	Lowell	234	2	2	1284	\$298,831
7076785	8	DETACHD	584 E 1st ST	Lowell	234	3	2.1	2268	\$439,000

Total: 4
 Average List: \$284,533
 Average DOM: 55
 Average SQFT: 1420
 Average L\$/SQFT: \$200
 Average Sold: \$283,983
 Average S\$/SQFT: \$200

© RMLS™ 2007. ALL RIGHTS RESERVED. - INFORMATION NOT GUARANTEED AND SHOULD BE VERIFIED.
 SQUARE FOOTAGE IS APPROXIMATE & MAY INCLUDE BOTH FINISHED & UNFINISHED AREAS - CONSULT BROKER FOR INFO.
 SCHOOL AVAILABILITY SUBJECT TO CHANGE.