

The analysis presented in this report was completed prior to the COVID-19 outbreak in the United States and therefore the forecast estimates do not take into account the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of government policies to counteract the disruption. HUD will continue to monitor market conditions in the HMA and provide an updated report/addendum in the future.

## COMPREHENSIVE HOUSING MARKET ANALYSIS

# Eugene-Springfield, Oregon

**U.S. Department of Housing and Urban Development,**  
Office of Policy Development and Research

As of October 1, 2019



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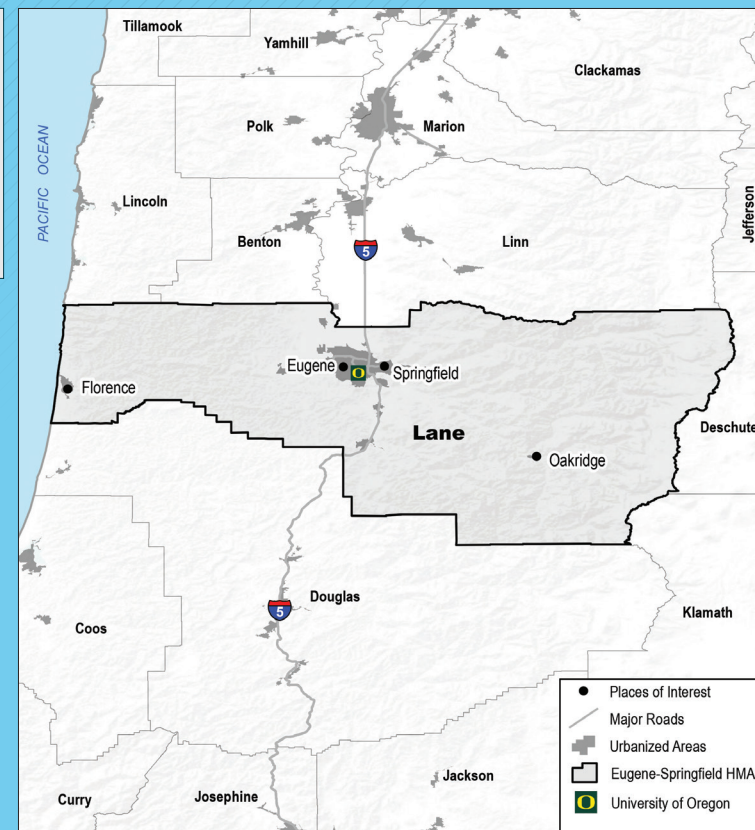
# Executive Summary

## Housing Market Area Description

The Eugene-Springfield Housing Market Area (HMA) is coterminous with the Eugene-Springfield Metropolitan Statistical Area and consists of Lane County, Oregon.

The population is currently estimated at 383,300.

The HMA is 110 miles south of the city of Portland and geographically diverse, bordered by the Cascade Mountains to the east, the Siskiyou Mountains to the south, the Pacific Ocean to the west, and the Willamette Valley to the north. The University of Oregon (UO) is located in the city of Eugene, which is the county seat and the largest city in the HMA. The university contributes stability to the diverse economy of the HMA which serves as the financial and commercial hub of the southern Willamette Valley.



## Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

## Market Qualifiers

### Economy



**Stable.** Nonfarm payrolls grew during the past 12 months, albeit, at a slower rate compared with the previous 12 months.

During the 12 months ending September 2019, nonfarm payrolls increased by 600 jobs, or 0.4 percent, to 162,000, compared with an increase of 2,600 jobs, or 1.6 percent, during the previous 12 months. Nonfarm payroll sectors leading job growth included the education and health services and the mining, logging, and construction sectors up 2.9 and 3.7 percent, or 800 and 300 jobs, respectively. Nonfarm payrolls are expected to increase at a slightly faster pace of 0.6 percent during the 3-year forecast period, partly due to major construction projects including the renovation of Hayward Field, the UO track and field facility, which will host the 2021 World Track and Field Championships.

### Sales Market



**Very Tight.** Sales housing market conditions are very tight, with a 1.0-percent vacancy rate and only a 2-month supply of homes for sale as of September 2019.

During the 12 months ending September 2019, new and existing home sales declined 11 percent, to 7,050 homes sold, relatively no change compared with the previous 12 months, due in part to steadily increasing home prices (CoreLogic, Inc., with adjustment by the analyst). The average price of a home sold increased 7 percent to \$303,300, the same percent increase during the prior 12 months due to an inadequate supply of homes for sale and land constraints on new home building activity. During the 3-year forecast period, demand for 2,250 new homes is expected in the HMA. The 200 homes under construction will satisfy a portion of that demand.

### Rental Market



**Very Tight.** Both the overall rental market and the apartment market are very tight.

The overall rental vacancy rate is currently estimated at 2.5 percent, down from 5.0 percent in 2010. The apartment vacancy rate was 2.9 percent as of the third quarter of 2019, up from 2.4 percent a year earlier (Reis, Inc.). The average apartment rent during the third quarter of 2019 was \$1,011, up 0.2 percent from a year earlier. A slowdown in rental construction activity has failed to keep up with the steady demand for rental units, contributing to the tight market conditions. During the 3-year forecast period, demand is expected for 1,575 rental units in the Eugene-Springfield HMA. The 520 units currently under construction will satisfy a portion of the demand.

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### 3-Year Housing Demand Forecast

Eugene-Springfield HMA	Sales Units		Rental Units	
	Total Demand	2,250	1,575	
	Under Construction	200	520	

**Notes:** Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2019. The forecast period is October 1, 2019, to October 1, 2022.

**Source:** Estimates by the analyst



## Economic Conditions

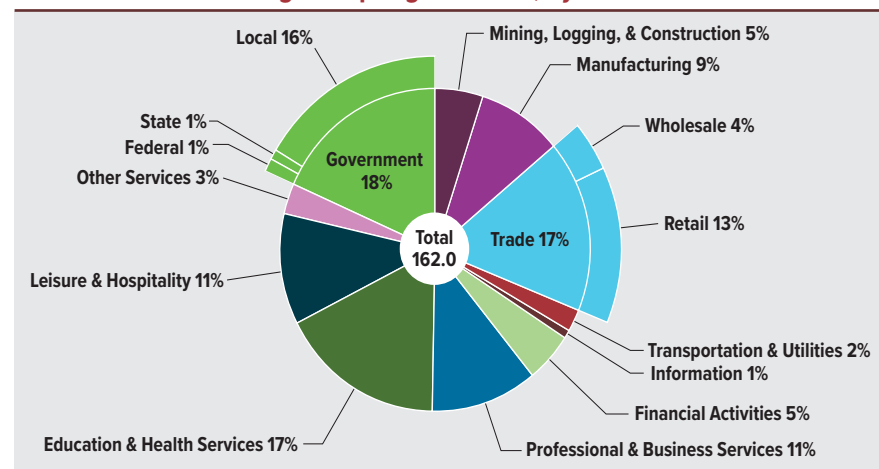
### Largest sector: Government

The government sector provides a stable base to the HMA economy, accounting for 18 percent of total nonfarm payrolls.

### Primary Local Economic Factors

The presence of UO, Lane Community College (LCC), and the city of Eugene as the county seat make the government sector a dominant contributor to the HMA economy. UO investment, especially in high-tech research, has not only had an economic impact of slightly more than \$2 billion on the state but has also played a critical role in the growth of the high-tech industry in the HMA—known as Silicon Shire—where approximately 400 high-tech firms are located (The Economic Impact of the University of Oregon, 2018). Another major influence on the HMA economy has been the ongoing expansion of the education and health services sector. Together, the government and the education and health services sectors account for 35 percent of HMA nonfarm payrolls (Figure 1).

**Figure 1. Share of Nonfarm Payroll Jobs in the Eugene-Springfield HMA, by Sector**



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through September 2019. Under Oregon Law, the University of Oregon is a public entity independent of state government, and therefore its employees are counted as local government employees. Source: U.S. Bureau of Labor Statistics

### Current Conditions—Nonfarm Payrolls

During the 12 months ending September 2019, nonfarm payrolls increased by 600 jobs, or 0.4 percent, to 162,000, compared with an increase of 2,600 jobs, or 1.6 percent, during the previous 12 months. Job gains occurred in 5 of the 11 nonfarm payroll sectors, with the fastest rate of growth in the mining, logging, and construction sector at 3.7 percent. The education and health services sector added 800 jobs, the most in the HMA. Job losses occurred in the information, the transportation and utilities, the professional and business services, and the government sectors (Table 1). Layoffs were concentrated at newspaper and software publishers as well as the state government.

**Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Eugene-Springfield HMA, by Sector**

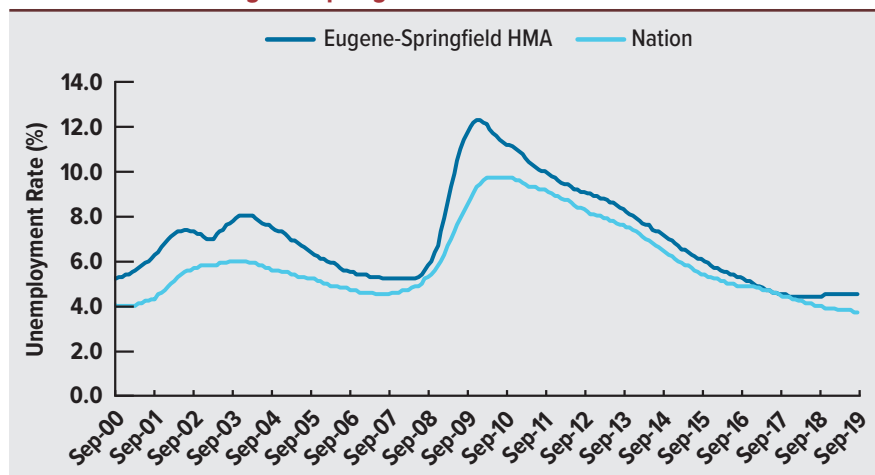
	12 Months Ending September 2018	12 Months Ending September 2019	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>161.4</b>	<b>162.0</b>	<b>0.6</b>	<b>0.4</b>
<b>Goods-Producing Sectors</b>	<b>22.3</b>	<b>23.0</b>	<b>0.7</b>	<b>3.1</b>
Mining, Logging, & Construction	8.1	8.4	0.3	3.7
Manufacturing	14.2	14.6	0.4	2.8
<b>Service-Providing Sectors</b>	<b>139.1</b>	<b>139.0</b>	<b>-0.1</b>	<b>-0.1</b>
Wholesale & Retail Trade	26.8	26.9	0.1	0.4
Transportation & Utilities	3.5	3.4	-0.1	-2.9
Information	2.6	2.3	-0.3	-11.5
Financial Activities	8.1	8.1	0.0	0.0
Professional & Business Services	18.5	18.2	-0.3	-1.6
Education & Health Services	27.5	28.3	0.8	2.9
Leisure & Hospitality	17.5	17.7	0.2	1.1
Other Services	5.3	5.3	0.0	0.0
Government	29.5	28.8	-0.7	-2.4

Notes: Based on 12-month averages through September 2018 and September 2019. Numbers may not add to totals due to rounding. Data are in thousands.

Source: U.S. Bureau of Labor Statistics

### Current Conditions—Unemployment

The unemployment rate averaged 4.5 percent during the 12 months ending September 2019, compared with 4.4 percent during the previous 12-month period (Figure 2), but is the second lowest jobless rate in HMA since 1990.

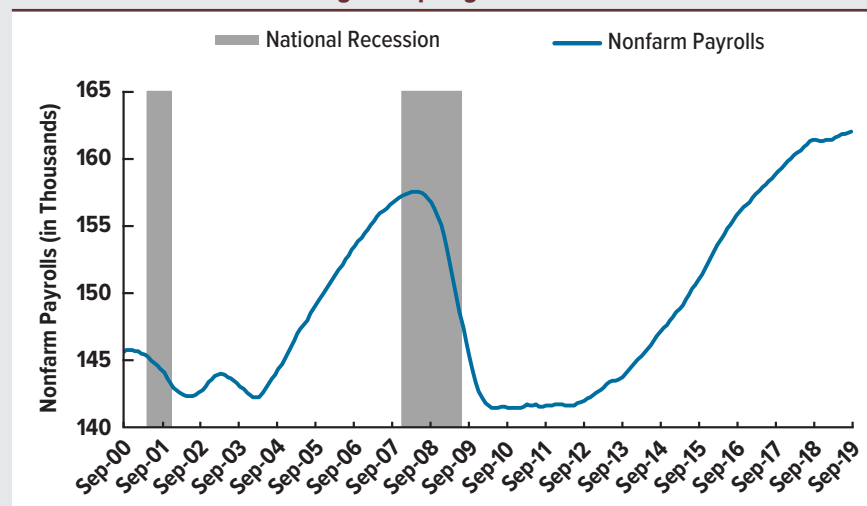
**Figure 2. 12-Month Average Unemployment Rate in the Eugene-Springfield HMA and the Nation**

Note: Based on the 12-month moving average.  
Source: U.S. Bureau of Labor Statistics

## Economic Periods of Significance

### 2000 through 2003—Fallout from the Dot-com Recession

The economy contracted at an average of 1,100 jobs, or 0.8 percent, annually from 2001 through 2003, largely due to the national dot-com recession (Figure 3). Job losses were greatest in the manufacturing and the leisure and hospitality services sectors. Approximately 1,100 jobs were lost in the manufacturing sector, partly because of decreased demand for luxury recreational vehicles from the four producers in the HMA—Country Coach, Monaco Coach—owned by the REV Group, Inc., Marathon Coach, Inc., and Safari Motorcoach Corporation. The national recession also led to layoffs in the leisure and hospitality sector, with 200 jobs lost because fewer tourists were visiting the HMA. Also contributing to job losses was the closure of several food processing firms as well as declining production in the wood products industry because of the limited availability of timber supplies from federal lands. The unemployment rate increased from 5.4 percent in 2000 to 8.0 percent in 2003.

**Figure 3. 12-Month Average Nonfarm Payrolls in the Eugene-Springfield HMA**

Note: 12-month moving average.  
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

### 2004 through 2010—Recovery, Expansion, and The Great Recession

From 2004 through 2007, nonfarm payrolls increased by 3,700 jobs, or 2.5 percent, annually, to 157,200, the highpoint of the 2000s. Resurgent demand for recreation vehicles led to hiring in the manufacturing sector, up by 300 jobs, or 1.6 percent, annually. Strong housing demand led to average annual increases of 400 jobs, or 5.6 percent, in the mining, logging, and construction sector. The financial activities sector also benefited from the strong housing market during this period, increasing by an average of 200 jobs, or 2.9 percent, annually. The onset of the Great Recession in December 2007, and the subsequent bursting of the housing bubble, led to an annual decline of 5,300 jobs, or 3.5 percent, from 2008 through 2010. Almost 50 percent of the job losses occurred in the

manufacturing sector, due in part to retrenchment in the recreational vehicle industry with the bankruptcies of Monaco Coach and Country Coach. Additionally, 1,400 jobs were lost when the Hynix Semiconductor plant closed in 2008. Payrolls in the mining, logging, and construction sector declined by 1,000 jobs, or 12.6 percent, annually, when the demand for homes decreased substantially because of a weakening labor market and tighter mortgage credit markets.

### From 2012 through 2016—The HMA Economy Recovers

The loss of major firms in the manufacturing sector slowed the pace of recovery from the Great Recession, leading to significant structural change in the HMA economy toward the service-providing sectors. In 2012, manufacturing sector jobs totaled just 12,300, compared with the pre-Great Recession peak of 20,300 jobs in 2006. Jobs in the sector have remained well below that peak level ever since. As the economy recovered, total nonfarm payrolls grew by 0.5 percent, or 700 jobs, in 2012 before accelerating to growth of 1.5 percent, or 2,100 jobs, in 2013. Overall growth in 2013, was led by the wholesale and retail trade and the leisure and hospitality sectors with gains of 700 and 600 jobs, or 2.9 and 4.1 percent, respectively, as consumer spending responded to a strengthening economy. The pace of nonfarm payroll job growth continued to gain momentum from 2014 through 2016, averaging annual gains of 4,000 jobs, or 2.7 percent, to 156,600 jobs. During this period, the professional and business services and the education and health services sectors led job growth with respective gains averaging 800 and 700 jobs, or 5.2 and 3.1 percent, annually. A majority of the increase in jobs occurred in the health services and social assistance industry in the education and health services sector. In the professional and business services sector, most of the job gains were a result of hiring at employment placement and call centers. The fastest growing sector from 2014 through 2016 was the mining, logging, and construction sector, with a gain of 6.0 percent, or 400 jobs. The construction subsector accounted for all of the job gains because of increased commercial and residential construction, with residential permit activity reaching a post-Great Recession high of 775 units permitted in 2014. Despite strong job growth, nonfarm payrolls in 2016 remained below the peak of 157,100 jobs in 2008 before the Great Recession.

## Economic Sectors of Significance

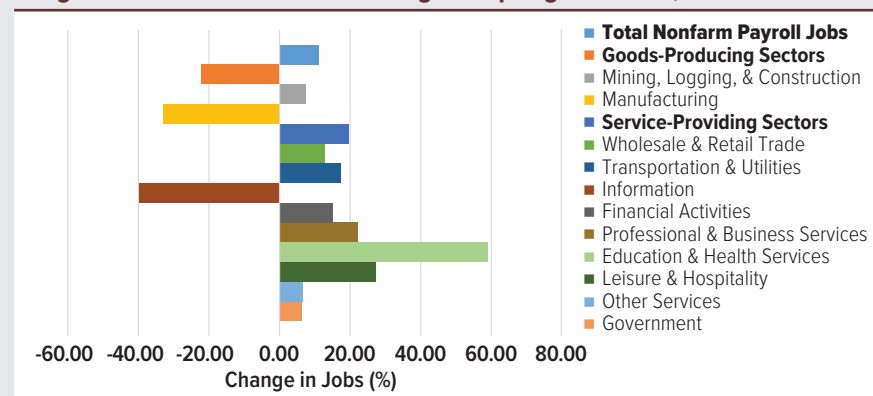
### Government

The government sector is the largest nonfarm payroll sector, consisting of 28,800 employees, or 18.0 percent of all nonfarm payroll jobs in the HMA. UO in Eugene is the second largest employer in the HMA, with 5,500 faculty and staff and an enrollment of 22,760 students during the fall semester of 2019. The university spent \$196 million on construction projects during 2017 and 2018. Projects included the Knight Campus for Accelerating Scientific Impact, the Hayward Field track and field facility, and the University Health Center renovation. At LCC, enrollment for the 2017–18 academic year was 13,375 students with 890 full- and part-time faculty and staff. The net economic impact of LCC on the HMA was estimated at \$83.7 million in 2017 (Oregon Community College Association).

### Education and Health Services

The education and health services sector is the only nonfarm payroll sector in the HMA in which jobs have increased every year since 2003. The sector has also had the greatest increase in nonfarm payrolls of any sector since 2000 (Figure 4). In 2000, nonfarm payrolls in the sector totaled 17,800, accounting for

Figure 4. Sector Growth in the Eugene-Springfield HMA, 2001 to Current



Note: The current date is October 1, 2019.

Source: U.S. Bureau of Labor Statistics



12 percent of jobs in the HMA. Since 2000, annual job growth has averaged 2.5 percent, or 550 jobs, to 28,300 jobs as of 12 months ending September 2019. The education and health services sector is now the second largest sector, along with the wholesale and retail trade sector, with 17 percent of nonfarm payrolls in the HMA. More than one-half of the job growth in the education and health services sector since 2000 occurred in the health care and social assistance industry, which includes physicians and dentists' offices, outpatient clinics, home care, diagnostic laboratories, and ambulance services. Job gains in these industries reflect both population growth and the aging of the HMA population. PeaceHealth Medical Group is the largest employer in the HMA, with 5,800 employees (Table 2).

**Table 2. Major Employers in the Eugene-Springfield HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
PeaceHealth Medical Group	Education & Health Services	5,800
University of Oregon	Government	5,550
Lane Community College	Government	1,650
Sacred Heart Medical Center University District	Education & Health Services	1,500
Walmart Inc.	Wholesale & Retail Trade	1,050
Kendall Automotive Group	Wholesale & Retail Trade	1,000
Symantec Corp.	Professional & Business Services	900
McKenzie-Willamette Medical Center	Education & Health Services	900
Safeway Inc.	Wholesale & Retail Trade	760
Bi-Mart	Wholesale & Retail Trade	740

Notes: Excludes local school districts. Under Oregon Law, the University of Oregon is a public entity independent of state government, and therefore its employees are counted as local government employees.  
Source: Moody's Analytics

## Employment Forecast

Nonfarm payrolls are expected to increase an average of 770 jobs, or 0.6 percent, annually. The mining, logging, and construction and the education and health services sectors will continue to lead job growth as the renovation

of Hayward Field continues and an aging population demands more health services. Job gains in the professional and business services sector will also improve with the arrival of Wayfair LLC's call-center, which is expected to hire 600 workers.

# Population and Households

Current population: 383,300

Since 2017, net in-migration has been the sole source of population growth in the HMA.

## Population Trends

As of October 1, 2019, the population of the Eugene-Springfield HMA is estimated at 383,300, increasing 0.9 percent, or 3,325 people, annually since 2010 (Table 3). During this period, net in-migration averaged 2,150 people a year, accounting for 75 percent of population growth. The cities of Eugene and Springfield are the two largest cities in the HMA, with populations of 171,245 and 62,979, respectively, as of July 2018, roughly 60 percent of the HMA total (U.S. Census Bureau).

**Table 3. Eugene-Springfield HMA Population and Household Quick Facts**

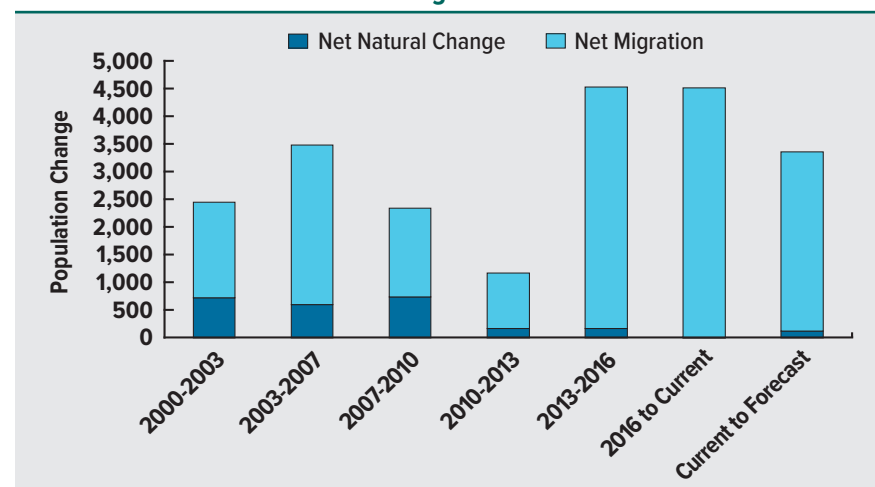
Population Quick Facts		2010	Current	Forecast
	Population	351,715	383,300	393,100
	Average Annual Change	2,875	3,325	3,275
	Percentage Change	0.9	0.9	0.8
Household Quick Facts		2010	Current	Forecast
	Households	145,966	155,700	159,100
	Average Annual Change	1,550	1,025	1,150
	Percentage Change	1.1	0.7	0.7

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (October 1, 2019), to October 1, 2022.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Since 2000, population growth has reflected nonfarm payroll trends. From 2000 to 2003, when nonfarm payrolls were contracting, annual population growth averaged a sluggish 0.8 percent, or 2,450 people, with net in-migration of 1,725 (Figure 5). During the economic expansion that followed, population growth averaged 1.0 percent, or 3,500 people, annually from 2003 through 2007, as net in-migration increased to 2,900 people. From 2007 to 2010, the impact of the Great Recession led population growth to slow to an average

**Figure 5. Components of Population Change in the Eugene-Springfield HMA, 2000 Through the Forecast**



Notes: Net natural change and net migration totals are average annual totals over the time period. The forecast period is from the current date (October 1, 2019), to October 1, 2022.

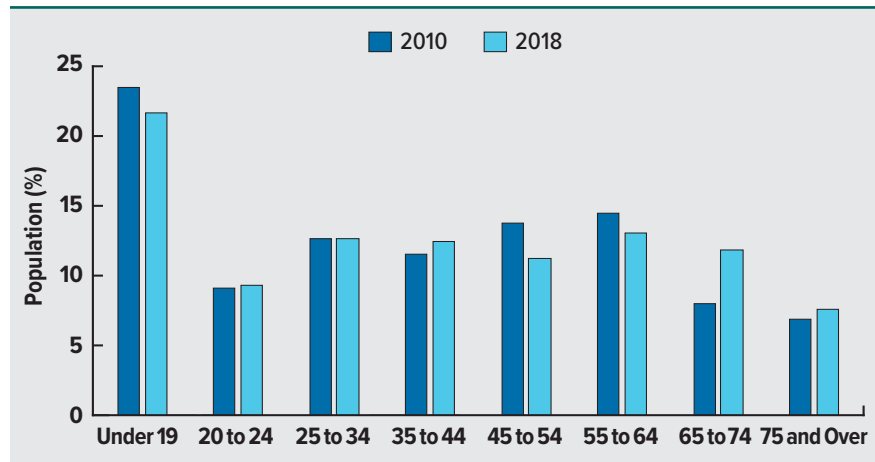
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

of 0.7 percent, or 2,500 people, annually, as net in-migration fell to 1,775 people. From 2010 to 2013, during the slow recovery from the Great Recession, population growth slowed further to an average of 0.3 percent, or 1,200 people, annually, with net in-migration falling to 1,025 people—its lowest level since 2000. As the pace of job growth increased during the later years of the recovery, from 2013 to 2016, population growth increased by an average annual rate of 1.3 percent, or 4,525 people, and net in-migration increased to 4,350 people. Net natural change dropped substantially in 2010, and it has remained at low levels since then, due in part to an aging population.

## Age Cohort and Student Enrollment Trends

From 2010 to 2018, the most significant demographic changes in the HMA have occurred in the 19-and-under and 65-to-74 age cohorts. The proportion of the population in the under 19 age-cohort has decreased slightly, from 23.5 percent to 21.7 percent, as birth rates have declined. The proportion of those aged 65 to 74 has increased substantially, from 8.0 to 11.9 percent (Figure 6).



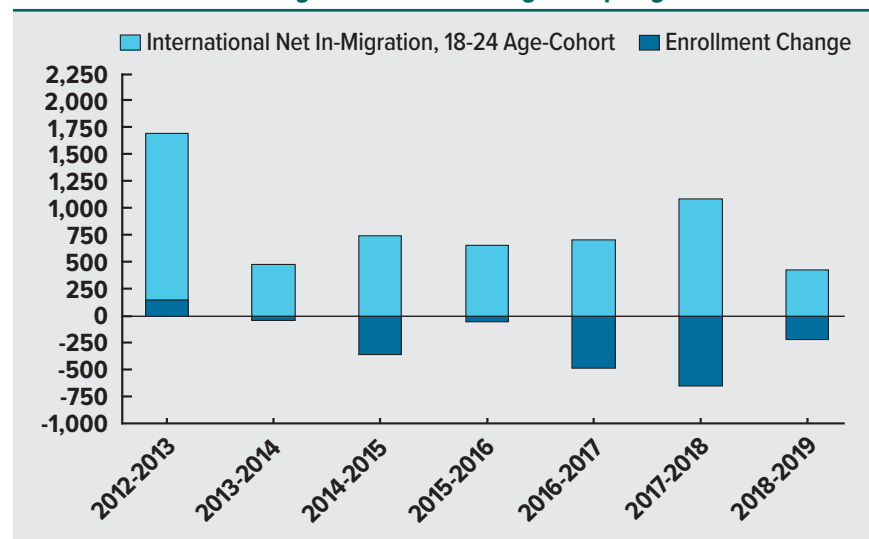
**Figure 6. Population by Age Range in the Eugene-Springfield HMA**

Sources: 2010 and 2018 American Community Survey, 1-year data

Student enrollment at UO peaked in the 2012-2013 academic year at 24,591 students and has declined every year since then at an average annual rate of 1.5 percent to 22,760 students (Figure 7). Most of the decline is attributable to nonresident undergraduate enrollment, which declined during the same period from 9,475 to 8,572 students, or by approximately 900 students, partly due to a decline in the international student population. International migration of the 18–24 age-cohort to the HMA peaked at about 1,700 people in 2013, before falling to approximately 430 people in 2018. Domestic migration to the HMA increased from approximately 2,940 people in 2015 to 5,589 in 2017, then declined to approximately 3,400 people in 2018 (U.S. Census Bureau).

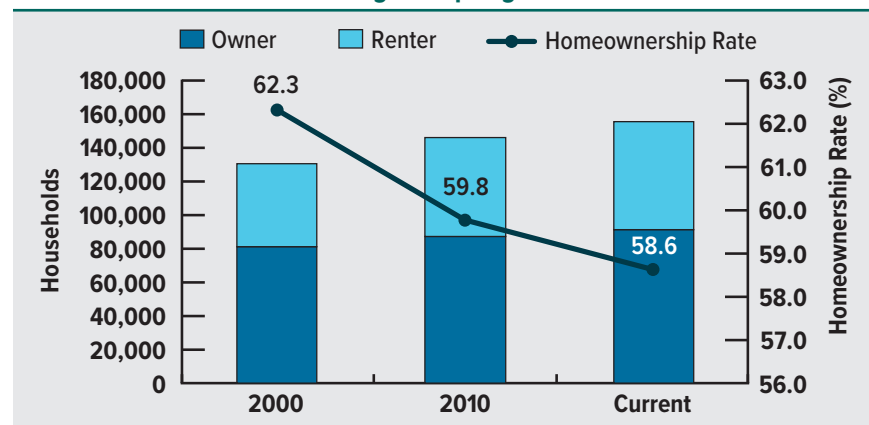
## Household Trends

As of October 2019, the number of households is estimated at 155,700, an average annual increase of 0.7 percent, or 1,025 households since 2010, compared with an average annual increase of 1.1 percent, or 1,550 households, from 2000 to 2010. From 2000 to 2010, nearly 40 percent of the growth was in owner households, consequently, the homeownership rate declined from 62.3 percent in 2000 to 59.8 percent in 2010. From 2010 to current, this trend continued with the homeownership rate declining even further to 58.6 percent. Figure 8 shows households by tenure from 2000 to current.

**Figure 7. Student Enrollment and International Net In-Migration for the 18-24 Age-Cohort in the Eugene-Springfield HMA**

Note: 2018 American Community Survey, 1-year data.

Sources: U.S. Census Bureau; Office of Institutional Research, University of Oregon

**Figure 8. Households by Tenure and Homeownership Rate in the Eugene-Springfield HMA**

Note: The current date is October 1, 2019.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

## Forecast

Population growth is expected to be modest during the forecast period, increasing by 0.8 percent a year to 393,100, nearly all of which will be due to net in-migration. The number of households is expected to increase at a slightly slower pace, averaging of 0.7 percent a year to 159,100 households (Table 3).



# Home Sales Market Conditions

## Market Conditions: Very Tight

During the 12 months ending September 2019, listings of homes for sale averaged 970 homes a month, the fewest number of homes for sale since the housing market recovery began in 2012.

## Current Conditions

Sales housing market conditions in the Eugene-Springfield HMA are very tight, with a 1.0-percent vacancy rate and only a 2.0-month supply of for-sale homes as of September 2019 (Table 4). The home sales market has tightened every year since 2014 when there was a 5.3-month supply of for-sale homes. During the 12 months ending September 2019, the number of new and existing homes sold declined 11 percent to 7,050, compared with a decline of less than 1 percent during the previous 12 months (CoreLogic, Inc., with adjustment by the analyst). The average price of a home sold increased 6 percent to \$303,300, compared with an 8 percent gain during the previous 12 months. The share of home sales was largest in the \$150,000-to-\$399,000 range for both new and existing homes (Figure 9).

## Home Sales

New and existing home sales have yet to surpass the nearly 10,800 homes sold during the 12 months ending October 2005 (Figure 10). From 2001 through 2005, during the post-dot-com economic expansion, resale homes increased 7 percent, or by 540 homes, annually to an average of 9,525 homes sold. The average sales price of a resale home increased 8 percent annually to \$202,260 (Figure 11). During the same period, new home sales increased 13 percent, or by 95 homes, annually to 1,000 homes sold. The average price increased 9 percent annually to \$235,900. From 2006 through 2011, a period which included the Great Recession, resale home sales declined 18 percent, or by 1,125 homes, annually to 2,790 homes. The average price of a resale home sold increased from \$214,500 in January 2006 to a peak of \$262,800 in October 2007, thereafter, decreasing at an average annual rate of about 7 percent to a low of \$193,400 in November 2011.

Table 4. Home Sales Quick Facts in the Eugene-Springfield HMA

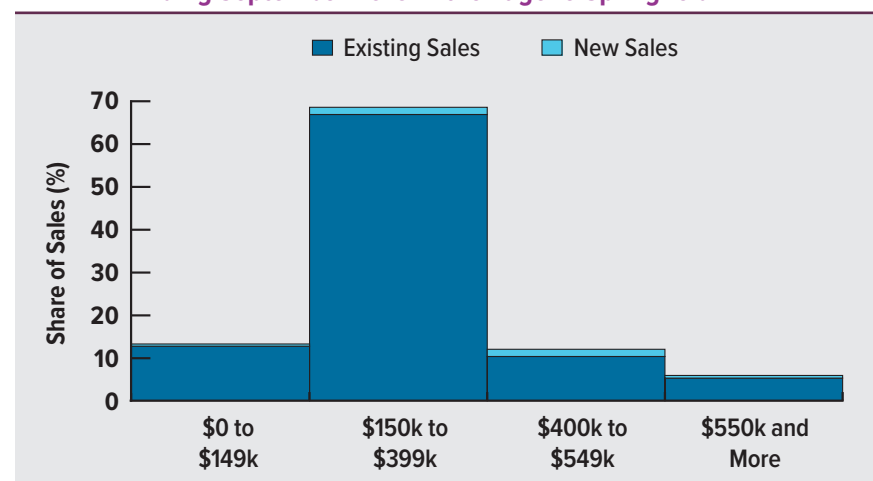
	Eugene-Springfield HMA	Nation
<b>Vacancy Rate</b>	1.0%	NA
<b>Months of Inventory</b>	2.0	3.5
<b>Total Home Sales</b>	7,050	6,113,000
1-Year Change	-11%	-5%
<b>New Home Sales Price</b>	\$371,200	\$384,500
1-Year Change	6%	1%
<b>Existing Home Sales Price</b>	\$297,300	\$298,200
1-Year Change	6%	3%
<b>Mortgage Delinquency Rate</b>	0.7%	1.4%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending September 2019; and months of inventory and mortgage delinquency data are as of September 2019. The current date is October 1, 2019.

Sources: CoreLogic, Inc.; Metrostudy, A Hanley Wood Company

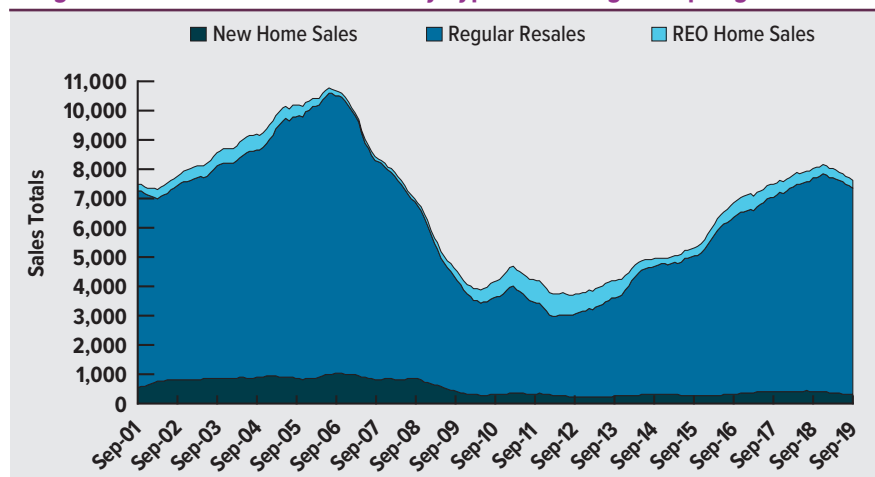
Figure 9. Share of Sales by Price Range During the 12 Months Ending September 2019 in the Eugene-Springfield HMA



Note: New and existing sales include single-family homes, townhomes, and condominiums.

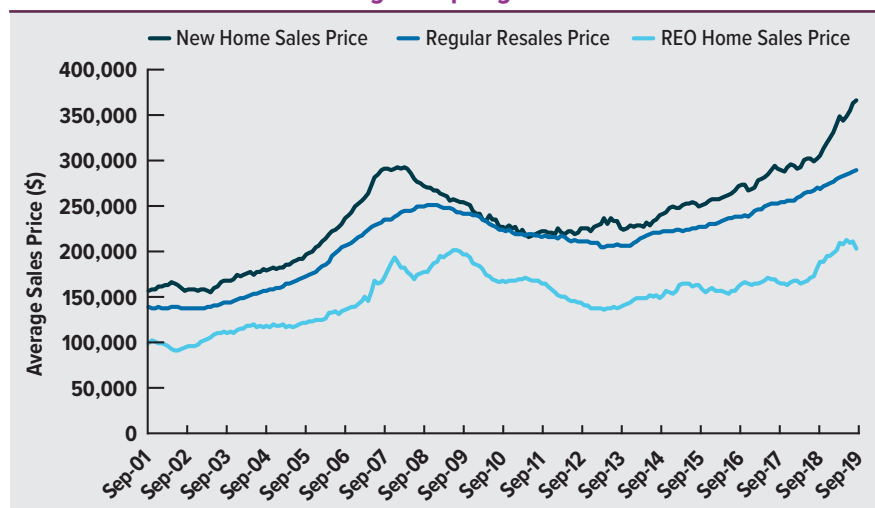
Source: Metrostudy, A Hanley Wood Company



**Figure 10. 12-Month Sales Totals by Type in the Eugene-Springfield HMA**

REO = real estate owned.

Source: CoreLogic, Inc., with adjustments by the analyst

**Figure 11. 12-Month Average Sales Price by Type of Sale in the Eugene-Springfield HMA**

REO = real estate owned.

Source: CoreLogic, Inc., with adjustments by the analyst

The impact of the Great Recession led to a substantial rise in real estate owned (REO) sales, increasing 26 percent, or by 85 sales, annually and increasing to 8 percent of existing home sales, compared with 4 percent from 2000 through 2005. New home sales peaked at about 1,025 homes sold during the 12 months ending February 2006, but then declined by an average of 23 percent, or 130 homes, annually from 2006 through 2011 to 675 homes sold. During the same period, the average price of a new home sold in February 2006 was \$271,900 increasing to a peak of \$330,500 in August 2006, and then declining at an average annual rate of about 11 percent to a low of \$182,000 in July 2011.

During the aftermath of the Great Recession from 2012 through 2017, the Eugene-Springfield HMA sales housing market began to tighten. Resale home sales increased 17 percent, or by 730 homes, annually to an average of 7,175 homes sold. The average sales price increased 7 percent, or by \$14,400 annually to \$265,300. New home sales increased at a slightly slower pace, with an average gain of 11 percent, or 30 homes, annually to about 400 homes. The average price of a new home sold increased 6 percent annually to an average of \$303,200. REO sales declined 10 percent, or by 55 sales, annually and only accounted for 4 percent of existing sales in 2017.

## Delinquent Mortgages and REO Properties

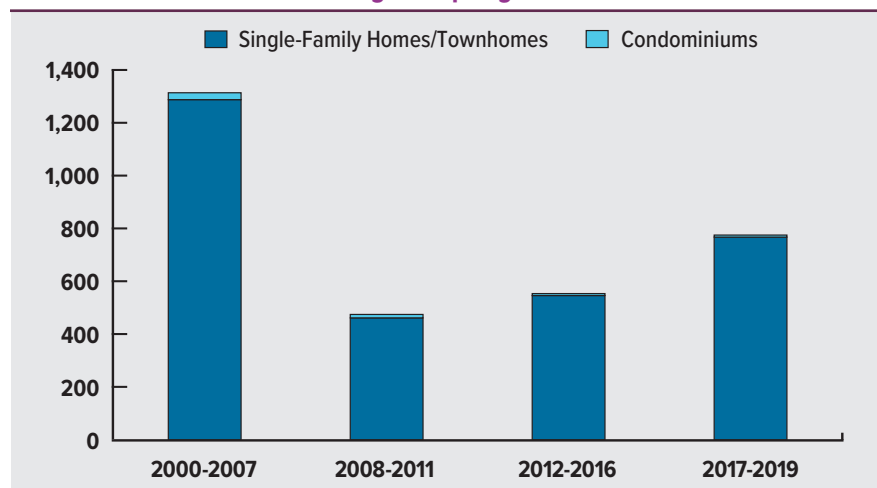
As of September 2019, the rate of seriously delinquent home loans (90 or more days delinquent or in foreclosure) and REO properties was 0.7 percent in the HMA and the state of Oregon, compared with 1.4 percent for the nation. In the early 2000s, the rate increased from 0.8 percent in September 2000 to an average of 1.4 percent in September 2002 due to the adverse impact the 2001 dot-com recession had on the sales housing market. By 2005, a strong economy contributed to the rate of delinquent mortgages and REO properties declining to 0.7 percent in June 2005. During the aftermath of the Great Recession, the rate of seriously delinquent home loans and REO properties spiked to 4.9 percent in July 2012, but that rate has declined every year since. The HMA rate was below the national rate throughout the 2000–2019 period.

## Sales Permit Activity

Sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted, has mirrored the labor market,

population, and home sales trends since 2000. From 2000 through 2007, sales permitting averaged 1,325 homes annually in response to strong demand and lenient mortgage lending standards (Figure 12). Following the onset of the Great Recession from 2008 through 2011, permit activity tumbled to just 460 homes permitted a year as weak demand, stringent lending criteria, and mounting foreclosures led to a housing crisis in the HMA. In 2012, despite the HMA sales market recovering in tandem with improving labor market conditions, which continued through 2016, sales home permitting continued to remain subdued at just 560 homes a year. During the 12 months ending September 2019, 580 homes were permitted, down 22 percent from the 745 homes permitted a year earlier, primarily because of a weakening labor market and limited supply of land (preliminary data). Land availability is constrained by a lack of land for sale and by the urban growth boundary set by the state Land Conservation and Development Commission as part of their mission to manage urban growth. The State of Oregon Land Use Appeals Board will not consider an expansion to the urban boundary until 2021.

**Figure 12. Average Annual Sales Permitting Activity in the Eugene-Springfield HMA**



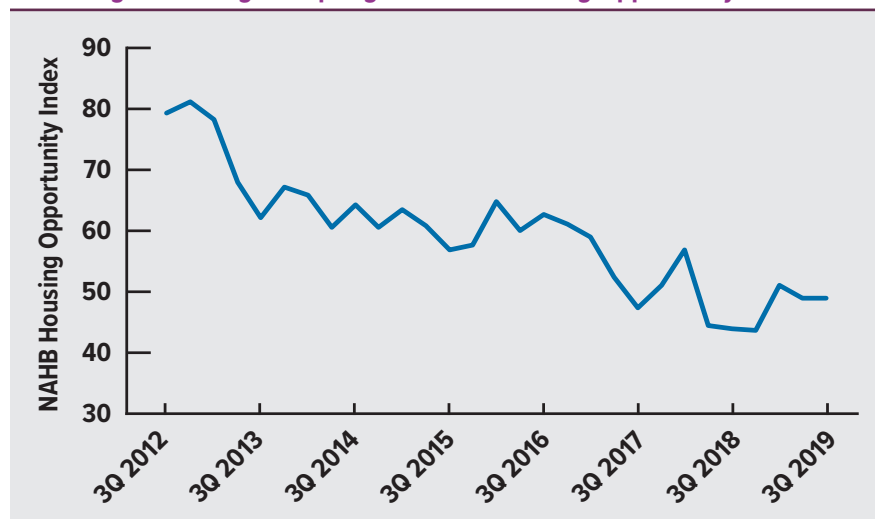
Notes: Includes single-family homes, townhomes, and condominiums. Data for 2019 are through September 2019. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst.

## New Construction

There are approximately 200 single-family homes under construction in the HMA, mostly in the city of Eugene. New homes for sale in the HMA range in price from \$195,000 for a three-bedroom, two-bathroom home in the city of Oakridge, to \$1,250,000 for a four-bedroom, three-bathroom home in the city of Florence. Subdivisions with the most homes sold during the 12 months ending September 2019 include Coburg Crossing, Addyson Creek, and Timberline Hills, all in the city of Eugene. The average price of the 36 homes sold at Coburg Crossing was \$381,000, with home prices ranging from \$276,500 to \$502,775. At Addyson Creek, 33 homes were sold with an average price of \$408,700. Home prices at the Addyson Creek subdivision ranged from \$215,995 to \$500,785. Eleven homes were sold at Timberline Hills at an average price of \$447,000, with the lowest priced home at \$395,000 and the highest priced home at \$504,900. In the city of Springfield, six homes were sold at the Osprey Park subdivision at an average price of \$484,950 and home sales ranged in price from \$456,000 to \$495,500.

## Housing Affordability: Sales

Homeownership in the Eugene-Springfield HMA is moderately expensive, and the affordability of buying a home there has declined since 2012. The National Association of Home Builders (NAHB)/Well Fargo Housing Opportunity Index (HOI) for the HMA, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 49.0 during the third quarter of 2019, up from 43.9 during third quarter of 2018 (Figure 13). During the third quarter of 2019, according to the HOI, 202 of the 237 ranked metropolitan areas in the nation, or 85 percent, were more affordable than the Eugene-Springfield HMA. By comparison, during the third quarter 2012, for-sale housing in the HMA was more affordable than 94, or 40 percent, of the ranked metropolitan areas in the nation. Rapid absorption of distressed properties has contributed significantly to the decline in affordability as home prices in the HMA have increased at a much faster rate than income since the early 2010s. The median home price in the HMA has increased a total of 64 percent since the third quarter of 2012, as compared to a cumulative increase in median income of only 10 percent during the same period.

**Figure 13. Eugene-Springfield HMA Housing Opportunity Index**

NAHB = National Association of Home Builders. 3Q = third quarter.  
Sources: NAHB; Wells Fargo

Rising sales prices have acted as a barrier to homeownership, particularly for heads of households aged 35 to 44, a prime age-cohort for first-time homebuyers. For this age-cohort, the homeownership rate in the HMA was 50.1 percent as of 2017, or 7.4 percentage points below the homeownership rate for the same age-cohort for the nation as a whole (Table 5).

**Table 5. Homeownership Rates by Age of Householder**

	Eugene-Springfield HMA			Nation		
	2000 (%)	2010 (%)	2017 (%)	2000 (%)	2010 (%)	2017 (%)
Householder Age 25 to 34 Years	36.9	38.3	34.8	45.6	42.0	38.2
Householder Age 35 to 44 Years	69.1	65.0	50.1	66.2	62.3	57.5
Total Households	62.2	59.8	59.4	66.2	65.1	63.9

Sources: 2000 and 2010 Decennial Censuses; 2017 American Community Survey, 1-year estimates

The state of Oregon offers down payment assistance grants between \$5,000 and \$15,000 for low- to moderate-income first-time homebuyers after they have completed homeowner education courses. Two additional programs offer low-interest loans to low- to moderate-income first-time homebuyers. The Oregon Bond Residential Loan Program uses funds from tax-exempt bonds to assist income qualifying first-time homebuyers in getting home loans with interest rates below the market rate. The program also provides cash assistance of up to 3 percent of the loan amount to help reduce closing costs.

## Forecast

During the 3-year forecast period, demand for 2,250 new homes is expected in the HMA. The 200 new homes under construction will satisfy a portion of demand in the first year of the forecast period (Table 6).

**Table 6. Demand for New Sales Units in the Eugene-Springfield HMA During the Forecast Period**

Sales Units	
Demand	2,250 Units
Under Construction	200 Units

Note: The forecast period is from the current date (October 1, 2019), to October 1, 2022.  
Source: Estimates by the analyst



# Rental Market Conditions

## Market Conditions: Very Tight

Despite slowing population growth since 2016, residential construction has not kept pace with the steady growth in rental housing demand.

## Current Conditions and Recent Trends

The rental housing market is very tight, with an estimated overall vacancy rate of 2.5 percent, down from 5.0 percent in 2010 (Table 7). Since 2010, the percentage of renters living in single-family homes has decreased from 41.3 to 38.0 percent, while renters living in multifamily structures of five or more units increased from 35.0 to 40.0 percent. As homeownership has become less affordable, rental households are increasing at a faster rate.

**Table 7. Rental and Apartment Market Quick Facts in the Eugene-Springfield HMA**

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	5.0	2.5
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	41.3	38.0
	Multifamily (2–4 Units)	19.4	16.0
	Multifamily (5+ Units)	35.0	40.0
Apartment Market Quick Facts	Other (Including Mobile Homes)	5.0	5.0
		Current	YoY Change
	Apartment Vacancy Rate	2.9	0.5
	Average Rent	\$1,011	0.2
	Studio	\$815	0.4
	One-Bedroom	\$899	0.1
	Two-Bedroom	\$1,041	0.1
	Three-Bedroom	\$1,262	-0.5

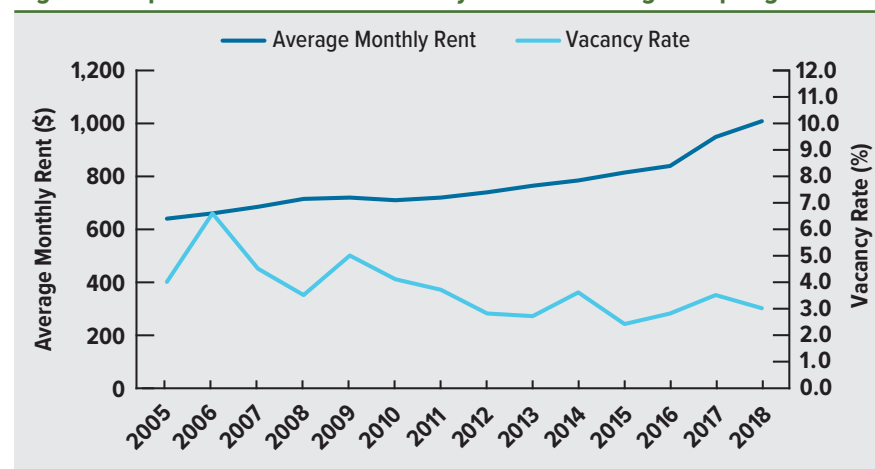
YoY = year over year.

Notes: The current date is October 1, 2019. Percentages may not add to 100 due to rounding.

Sources: 2010 and 2018 American Community Survey, 1-year data; Reis, Inc.

The apartment market is also very tight, with a 2.9 percent vacancy rate as of the third quarter of 2019, up from 2.4 percent a year earlier (Reis, Inc.). The average apartment rent during the third quarter of 2019 was \$1,011, up 0.2 percent from a year earlier. Local sources have explained that a large segment of the Eugene rental market consists of “mom-and-pop-owned” properties—including single-family homes, duplexes, 3- and 4-unit apartment buildings, and 5- to 9-unit apartment buildings—which make up 72 percent of the rental market. Owners of these properties typically prioritize retaining tenants, especially student tenants, rather than responding to overall market conditions. Thus, rent increases at large rental properties are somewhat constrained as large-property owners and managers are forced to compete with the mom-and-pop segment of the market. The apartment market has not been balanced since 2010, with the vacancy rate averaging 3.3 percent through 2018, while year-over-year rent growth has averaged 4.6 percent. The average rents for a studio, one-, two-, and three-bedroom unit were \$815, \$899, \$1,041, and \$1,262, a change of 0.4, 0.1, 0.1, and -0.5 percent, respectively, from a year ago. Figure 14 shows annual average vacancy rates and rents from 2005 through 2018.

**Figure 14. Apartment Rents and Vacancy Rates in the Eugene-Springfield HMA**



Source: Reis, Inc.

## Student Housing

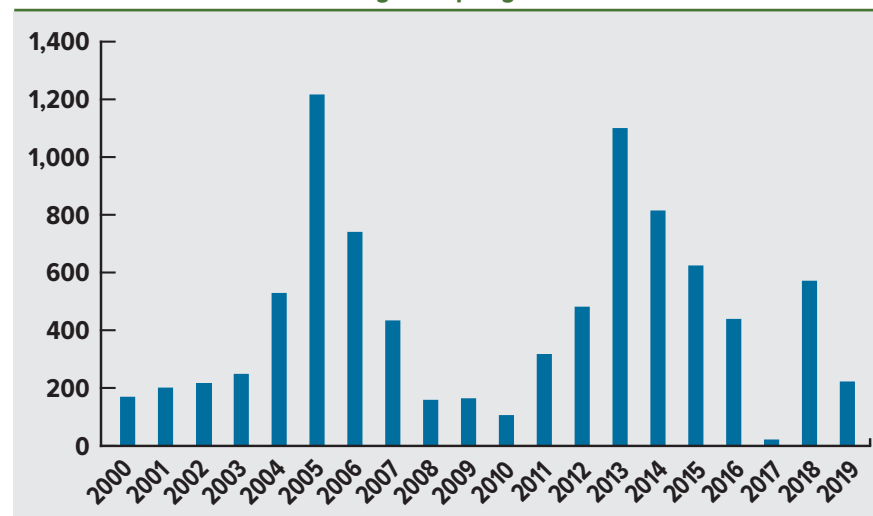
UO has 10 residence halls available for approximately 4,375 students as well as 500 off-campus single-family homes and apartments. Student renters account for approximately 10 percent all renter households in the HMA, and are predominantly located in the city of Eugene. Two new off-campus apartment complexes were completed in 2015: The 515 has 181 units, with monthly rents from \$1,059 to \$3,695; and the 2125 Franklin apartments, which consists of 192 units with rents ranging from \$575 per bed to \$1,539 for a one-bedroom, one-bathroom apartment. Another apartment complex targeted to students is 959 Franklin, with 232 furnished units, and was built in 2019. At 959 Franklin, students can lease by the unit or by the bedroom.

## Rental Construction Activity

During the 12 months ending September 2019, approximately 370 units were permitted, down 52 percent from a year earlier (preliminary data). Since 2000, rental construction trends were similar to homebuilding activity, increasing substantially from 2002 through 2006 at an average annual rate of 30 percent, or by 110 units, to a decade high of approximately 1,200 units in 2005 (Figure 15). During the latter part of the decade, the trend reversed with rental permitting activity declining at an average of 39 percent, or 160 permits, annually to a decade low of approximately 100 units permitted in 2010. In 2011, rental construction activity increased substantially with 315 units permitted. As the demand for apartments surged in response to the economic recovery and subsequent expansion from 2012 to 2018, rental construction activity increased 37 percent, or by 170 units, annually from 2012 through 2014, peaking in 2013 at approximately 1,100 units. Despite a strengthening economy, rental construction activity slowed, declining 8 percent, or by 60 units, annually from 2015 through 2018 to 570 units.

As of October 2019, there were 698 multifamily units under construction in the HMA. Apartment complexes under way in the city of Eugene include 35 Club Apartments, a 110-unit complex with studios renting from \$1,295 to \$1,495, one-bedroom units from \$1,475 to \$1,995, two-bedroom units from \$2,145 to

**Figure 15. Average Annual Rental Permitting Activity in the Eugene-Springfield HMA**



Notes: Includes apartments and units intended for rental occupancy. Data for 2019 are through September 2019. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2017—final data and estimates by the analyst; 2018 and 2019—preliminary data and estimates by the analyst

\$2,995, and three-bedroom units from \$3,045 to \$3,195. Also under construction in the city of Eugene is The McKenzie at Crescent Village, a 170-unit complex expected to be completed in November 2019, with studios renting from \$1,025 to \$1,135, one-bedroom units from \$1,390 to \$1,420, two-bedroom units from \$1,715 to \$1,760 and three-bedroom units from \$2,020 to \$2,030.

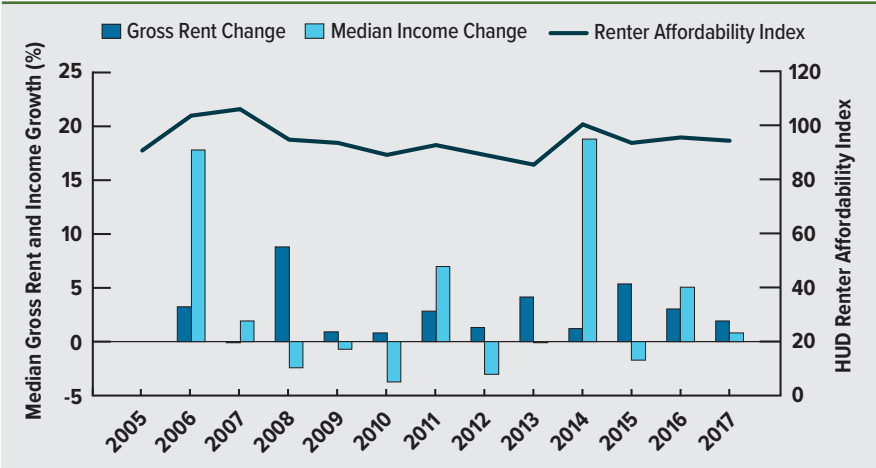
Properties under construction and scheduled to be completed in 2020 in the city of Eugene include the 106-unit Alder Springs Apartments and the 216-unit Evergreen Village at Delta Ridge, both with a projected completion date of November 2020, and Gordon Lofts, a 96-unit complex with a completion date of March 2020.

## Housing Affordability: Rental

Rental affordability in the Eugene-Springfield HMA has remained relatively constant since 2005 according to the HUD Rental Affordability Index, a measure

of median renter household income relative to qualifying income for the median-priced rental unit. The index was 94.9 during 2017, up slightly from 91.3 in 2005 because median renter household income growth averaged 3.1 percent a year from 2005 through 2017, but median gross rent increased by only 2.7 percent a year (Figure 16).

Figure 16. Eugene-Springfield HMA Rental Affordability



Note: Rental affordability is for the larger Eugene-Springfield MSA (Metropolitan Statistical Area).  
Source: American Community Survey, 1-year data

### Affordable Housing Programs

The city of Eugene acquires and prepares properties for affordable housing development through their Land Bank program. The city also offers a Low-Income Rental Housing Property Tax Exemption (LIRHPTE) for development of low-income housing targeted to renters with 60 percent or less of area median family income (AMFI). The 20-year property exemption is for rental properties constructed after February 1990 or rental properties owned by 501(c)(3) non-profits.

### Forecast

During the 3-year forecast period, demand is expected for 1,575 rental units in the Eugene-Springfield HMA (Table 8). The 520 units currently under construction will satisfy a portion of demand.

Table 8. Demand for New Rental Units in the Eugene-Springfield HMA During the Forecast Period

Rental Units	
Demand	1,575 Units
Under Construction	520 Units

Note: The forecast period is from the current date (October 1, 2019), to October 1, 2022.  
Source: Estimates by the analyst



# Terminology Definitions and Notes

## A. Definitions

<b>Demand</b>	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
<b>Other Vacant Units</b>	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.
<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
<b>Seriously Delinquent Mortgages</b>	Mortgages 90 or more days delinquent or in foreclosure.
<b>Home Sales/ Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.

<b>Distressed Home Sales</b>	Short sales and real estate owned (REO) sales.
<b>Net Natural Change</b>	Net natural change is resident births minus resident deaths.
<b>Regular Resales</b>	These are existing home sales that exclude distressed home sales.
<b>Rental Market/ Rental Vacancy Rate</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Forecast Period</b>	10/1/2019–10/1/2022—Estimates by the analyst

## B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.

## C. Additional Notes

1.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
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2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.
Cover Photo	iStock

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