

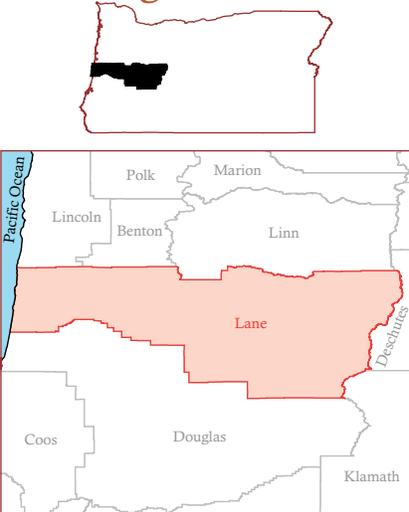


Eugene-Springfield, Oregon

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2013



Housing Market Area



The Eugene-Springfield Housing Market Area (HMA) consists of Lane County in west-central Oregon. Lane County lies in the Willamette Valley and extends west to the Pacific Ocean. The principal cities of Eugene and Springfield comprise more than 75 percent of the population and economic base of the HMA. The cities of Eugene and Springfield are regional centers for employment, healthcare services, housing, and education, which includes the University of Oregon and Lane Community College.

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Summary

Economy

Economic conditions have improved in the Eugene-Springfield HMA since mid-2012. Nonfarm payrolls increased by 700 jobs, or 0.5 percent, to 141,700 jobs, during the 12 months ending June 2013 compared with no change during the previous 12 months. During the same period, the unemployment rate declined from 9.1 to 8.3 percent, mainly because the labor force contracted by 3,625 people, or 2.0 percent. Nonfarm payrolls are expected to increase by an average of 0.6 percent a year during the 3-year forecast period. Table DP-1 at the end of this report provides additional employment data.

Sales Market

The sales housing market in the HMA is currently soft but improving, with an estimated 2-percent vacancy rate. During the 12 months ending June 2013, existing home sales increased 21 percent to 4,075 homes sold, and the average sales price increased 4 percent to \$210,400. During the forecast period, demand is expected for 900 new homes (Table 1). The 130 homes currently under construction will likely satisfy a portion of that demand. In addition, a portion of the 5,325 other vacant units in the HMA may come back on the market and satisfy some of the demand.

Rental Market

Rental housing market conditions are currently tight, with an estimated 4-percent vacancy rate. Nearly 19,700 students at the University of Oregon reside off campus in privately owned rental housing, providing a stable source of renter demand. During the forecast period, demand is expected for 1,050 new rental units; the 360 rental units currently under construction will meet a portion of that demand (Table 1).

Table 1. Housing Demand in the Eugene-Springfield HMA, 3-Year Forecast, July 1, 2013, to July 1, 2014

	Eugene-Springfield HMA	
	Sales Units	Rental Units
Total demand	900	1,050
Under construction	130	360

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2013. A portion of the estimated 5,325 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Economic Conditions

Although economic conditions began improving in mid-2012, the current level of nonfarm payrolls in the Eugene-Springfield HMA remains 10 percent below the peak level of 157,000 jobs recorded in 2008. During the 12 months ending June 2013, nonfarm payrolls increased by 700 jobs, or 0.5 percent, to 141,700 jobs, compared with no change during the previous 12 months. Table 2 shows the change in nonfarm payrolls by sector. During the 12 months ending June 2013, the unemployment rate in the HMA declined from 9.1 to 8.3 percent, mainly because the labor force contracted by 3,625 people, or

2 percent. By comparison, from 2000 through 2008 the unemployment rate averaged 6.5 percent because of strong job growth. Figure 1 shows the trends in labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2012.

The wholesale and retail trade sector, which accounts for 17.0 percent of total nonfarm payrolls in the HMA (Figure 2), began adding jobs in 2011, after losing a total of 2,600 jobs from 2007 through 2010. The rate of job growth accelerated during the 12 months ending June 2013, as the sector added 300 jobs, or 1.3 percent; including 200 jobs, or 1.3 percent, in the retail trade subsector, and 100 jobs, or 1.7 percent, in the wholesale trade subsector. Modest growth in the retail trade subsector is expected to continue during the forecast period. Firms in the sector that are expected to expand or open new operations include a Wal-Mart Neighborhood Market that will open in Springfield and hire 65 people in the near future and a Nordstrom Rack that will open in the Oakway Center in Eugene in the fall of 2013.

The education and health services sector is the only nonfarm payroll sector that avoided job losses during the most recent economic downturn, adding an average of 400 jobs annually from 2000 through 2012. The sector has also been the fastest growing sector since 2000, with the number of jobs increasing by 27 percent (Figure 3). The education and health services sector reported a gain of 200 jobs, or 0.9 percent, during the 12 months ending June 2013, despite the elimination of more than 200 jobs since June 2011 at PeaceHealth Oregon, the HMA's largest private employer

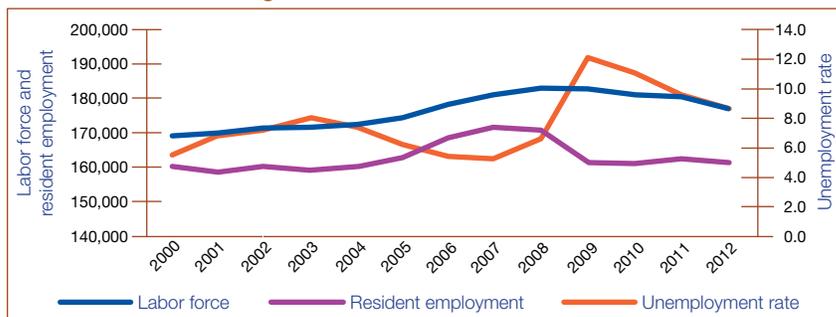
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Eugene-Springfield HMA, by Sector

	12 Months Ending June 2012	12 Months Ending June 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	141,000	141,700	700	0.5
Goods-producing sectors	18,100	18,300	200	1.1
Mining, logging, & construction	5,900	6,000	100	1.7
Manufacturing	12,200	12,200	0	0.0
Service-providing sectors	122,900	123,500	600	0.5
Wholesale & retail trade	23,800	24,100	300	1.3
Transportation & utilities	3,000	3,100	100	3.3
Information	3,200	3,300	100	3.1
Financial activities	7,100	7,200	100	1.4
Professional & business services	14,700	14,900	200	1.4
Education & health services	22,500	22,700	200	0.9
Leisure & hospitality	14,400	14,400	0	0.0
Other services	4,800	4,800	0	0.0
Government	29,400	29,000	-400	-1.4

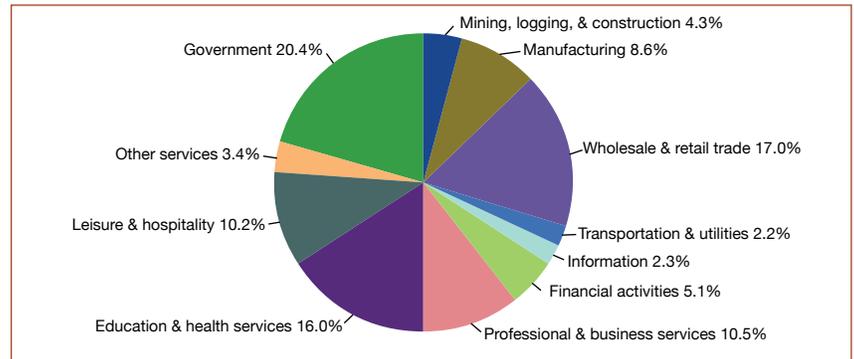
Notes: Based on 12-month averages through June 2012 and June 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

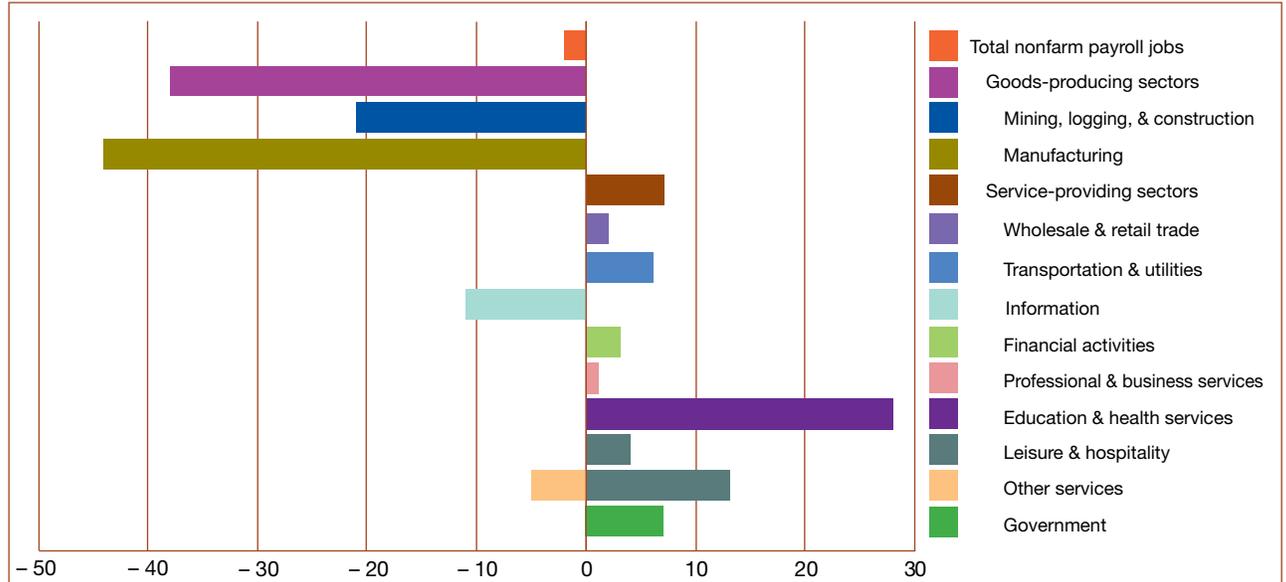
Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Eugene-Springfield HMA, 2000 Through 2012



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Eugene-Springfield HMA, by Sector

Note: Based on 12-month averages through June 2013.
Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Eugene-Springfield HMA, Percentage Change, 2000 to Current

Note: Current is based on 12-month averages through June 2013.
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Eugene-Springfield HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Oregon	Government	10,400
PeaceHealth Oregon	Education & health services	4,900
Lane County Government	Government	2,800
City of Eugene	Government	1,800
Lane Community College	Government	1,125
Wal-Mart Stores, Inc.	Wholesale & retail trade	1,100
Symantec Corporation	Information	900
Safeway, Inc.	Wholesale & retail trade	760

Note: Excludes local school districts.
Source: Eugene Chamber of Commerce, July 2011

(Table 3). Growth in this sector is expected to continue during the forecast period as the population continues to grow and age, increasing the demand for healthcare services. The U.S. Department of Veterans Affairs will open a new clinic in downtown Eugene in February 2015, which is expected to result in 235 full-time jobs and receive as many as 93,000 outpatient visits a year.

The HMA depends heavily on government employment. The city of Eugene serves as the seat of Lane County and

is home to the University of Oregon (UO) and Lane Community College (LCC). The government sector is currently the largest in the HMA, accounting for 29,000 jobs, or 20.4 percent of total nonfarm payrolls, up from 18.6 percent in 2000. The government sector continued to lose jobs during the 12 months ending June 2013, declining by 400 jobs, or 1.4 percent, a trend that began in 2010. The state government subsector gained 200 jobs because of hiring at UO, but the increase was more than offset by the loss of 600 jobs in the local government subsector. UO is the largest employer in the HMA, with 10,400 full- and part-time employees and a student enrollment that totaled 24,600 in the fall of 2012. The university supports nearly 1,600 vendors in Lane County at an estimated annual cost of \$73.3 million. The statewide economic impact of the university was estimated at \$2.12 billion in fiscal year (FY) 2010–11 (study by Tim Duy, professor at UO). In addition, fall 2011 enrollment at LCC was 12,850 (the latest data available) and payrolls totaled \$70 million. In March

2013, LCC opened a \$55 million Downtown Campus project with more than 90,000 square feet of new academic space and with 75 units, or 255 bedrooms, of student housing. The most recent economic and revenue forecast from the state of Oregon anticipates ongoing budget cuts at both state and local government levels because of revenue losses as a result of slow economic growth throughout the state. Despite being a state-funded institution, a study conducted by UO estimates that state appropriations for FY 2013 will account for less than 6 percent of the university's revenue, which will help insulate the university from state government revenue shortfalls.

A modest improvement in economic conditions is expected in the HMA during the next 3 years. UO will continue to be the main economic driver, and job growth is anticipated in the education and health services and the trade sectors. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 800 jobs, or 0.6 percent, annually.

Population and Households

As of July 1, 2013, the population of the Eugene-Springfield HMA was estimated at 355,600, reflecting an average annual increase of 1,200, or 0.3 percent, since 2010; approximately 71 percent of the increase is attributed to net in-migration (Figures 4 and 5). Population growth fluctuated during the previous decade and was strongly correlated with labor market conditions. Growth was strongest from 2004 to 2008, increasing by

an average of 3,700 people, or 1.1 percent, annually. During this time, net in-migration accounted for 84 percent of the population growth, largely a result of increased employment opportunities in the HMA. As the economy started slowing in the latter part of 2008, employment conditions began to worsen in the HMA, causing net in-migration to drop significantly. From 2009 to 2012, population growth slowed to an average of 1,225 people, or

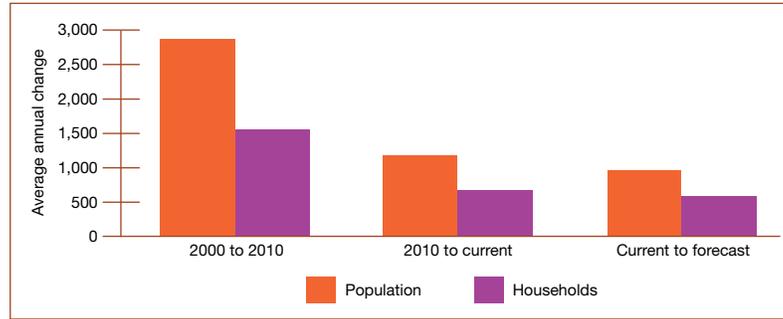
Population and Households *Continued*

0.3 percent, annually, with net in-migration accounting for 63 percent of the total. Population growth is expected to remain stable during the 3-year forecast period, resulting in an

average annual growth rate of 0.3 percent, or 970 people, reaching 358,500 people by July 1, 2016. Net in-migration is expected to slow further during the forecast period, accounting for 59 percent of population growth, because most of the job growth is expected to be absorbed by the current high level of unemployed residents in the HMA.

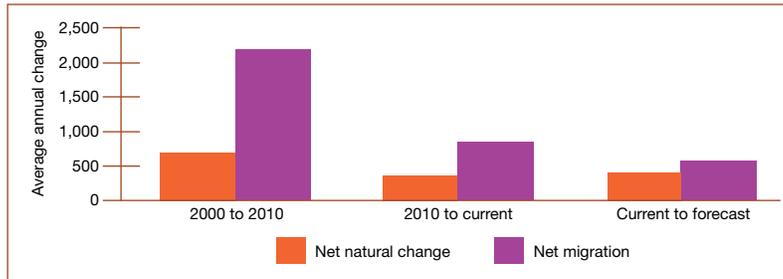
As a result of sluggish population growth during the past 3 years, the average annual rate of household growth in the HMA has been slower since 2010 than during the 2000s. Since 2010, the number of households in the HMA has increased by an average of 690, or 0.5 percent a year, compared with an average annual increase of 1,550, or 1.1 percent, from 2000 to 2010. An estimated 148,200 households currently reside in the HMA. The homeownership rate declined from 62.3 percent in 2000 to 59.8 percent in 2010 and declined further to 58.2 percent currently, because the unstable economy caused a shift in housing preferences toward renting. The number of renter households increased from 49,246 in 2000 to an estimated 61,950 as of July 2013, representing an average annual increase of 1.8 percent. Renter households accounted for nearly three-fourths of the household growth during that period. During the next 3 years, the number of households is forecast to increase by an average of 600, or 0.4 percent, annually, reaching 150,000 by July 1, 2016. Figure 6 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date.

Figure 4. Population and Household Growth in the Eugene-Springfield HMA, 2000 to Forecast



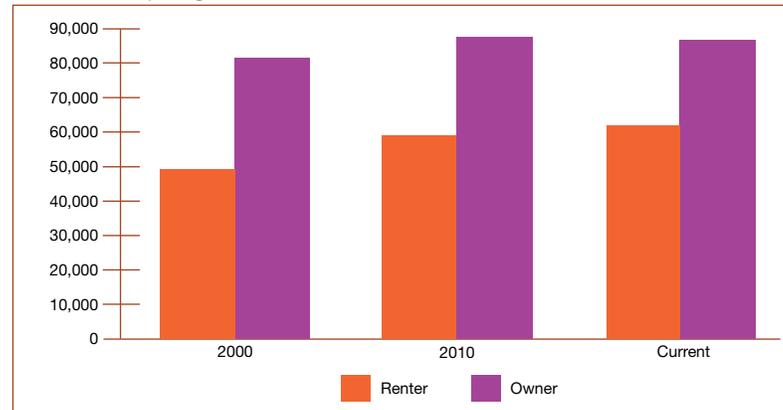
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

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



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

Figure 6. Number of Households by Tenure in the Eugene-Springfield HMA, 2000 to Current



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

Housing Market Trends

Sales Market

The home sales market in the Eugene-Springfield HMA is currently soft but improving, with an estimated vacancy rate of 2 percent. During the 12 months ending June 2013, the number of existing home sales increased 21 percent to 4,075 homes sold, which is the highest number of existing home sales recorded since 2008 (Metrostudy, A Hanley Wood Company). A reduction in available sales housing inventory combined with increased demand is putting upward pressure on prices; during the 12 months ending June 2013, the average existing home sales price increased 4 percent to \$210,400. The current increase in sales price also marks the first 12-month period of price appreciation since 2008. By comparison, during the same period in 2012, the number of existing home sales increased 10 percent to 3,375 homes sold, but the average sales price decreased 4 percent to \$201,900.

Distressed properties continue to comprise a significant share of the existing sales inventory; however, the number of such properties decreased during the past year. In June 2013, 1,950 home loans, or 4.8 percent of all home loans in the HMA, were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status compared with 2,475 loans, or 5.2 percent, in June 2012 (LPS Applied Analytics). By comparison, only 700 home loans, or 1.4 percent, were in distress in June 2008. During the 12 months ending June 2013, 440 REO sales accounted for 11 percent of the total number of existing homes sales, down from 680 REO sales during the previous 12 months. The average sales price of an REO increased

8 percent to \$150,000, which is 31 percent less than the average sales price of a regular resale home.

The volume of new home sales remains well below the peak years of 2006 through 2008, when an average of 750 new homes sold annually. During the 12 months ending June 2013, 210 new homes sold in the HMA, a small increase compared with the 190 new homes sold during the previous 12 months. This small increase is still an improvement, however, compared with an average annual decline of 26 percent in 2011 and 2012. Despite a declining number of new home sales, the average sales price of a new home began increasing toward the end of 2011, and, during the 12 months ending June 2013, the average sales price of a new home increased 5 percent from \$237,800 to \$250,700. By comparison, from 2006 through 2008, the sales price of a new home averaged \$287,800, nearly 15 percent higher than the current average sales price.

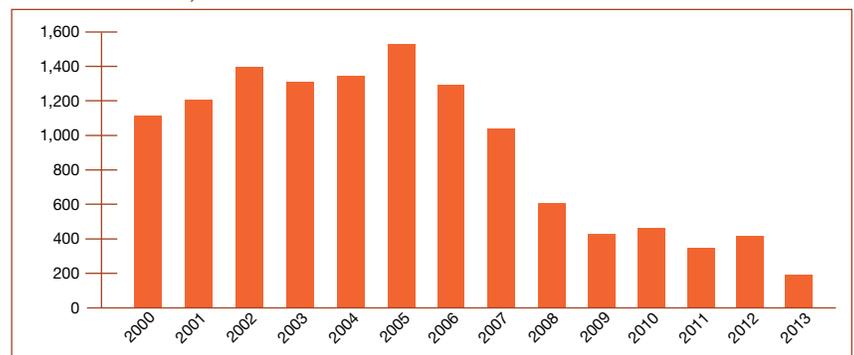
Single-family home construction in the HMA, as measured by the number of single-family homes permitted, remains well below the average of 1,300 homes permitted annually from 2001 through 2007. The recent improvement in the existing home sales market has caused homebuilders to increase construction activity, however. During the 12 months ending June 2013, 490 single-family homes were permitted, an increase of 32 percent compared with 360 homes permitted during the previous 12 months (preliminary data). By comparison, the number of homes permitted from 2009 through 2012 averaged 410 homes annually.

Figure 7 illustrates the number of single-family homes permitted in the HMA from 2000 to the current date.

Based on projected population and household growth during the next 3 years, demand is expected for 900 new single-family homes in the HMA (Table 1), with demand increasing slightly in each year of the forecast

period. A portion of this demand will be met by the 130 homes currently under construction. In addition, some of the estimated 5,325 other vacant units in the HMA may become available and satisfy a part of the demand. Demand is expected to be strongest for homes priced between \$150,000 and \$199,999 (Table 4).

Figure 7. Single-Family Homes Permitted in the Eugene-Springfield HMA, 2000 to Current



Notes: Includes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Eugene-Springfield HMA, July 1, 2013, to July 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	149,999	65	7.0
150,000	199,999	280	31.0
200,000	249,999	200	22.0
250,000	299,999	140	15.0
300,000	349,999	90	10.0
350,000	399,999	90	10.0
400,000	and higher	45	5.0

Notes: Numbers may not add to totals because of rounding. The 130 homes currently under construction and a portion of the estimated 5,325 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

Overall rental housing market conditions in the Eugene-Springfield HMA have been persistently tight since 2007, largely a result of the estimated 19,700 UO students who live off campus in privately owned housing and who comprise nearly 13.0 percent of renter

households in the HMA. In addition, stricter mortgage lending standards have encouraged renting over buying. The current overall rental vacancy rate is estimated at 4.0 percent, down from 5.0 percent in April 2010 (Figure 8). The apartment market is tighter than the

Housing Market Trends
 Rental Market *Continued*

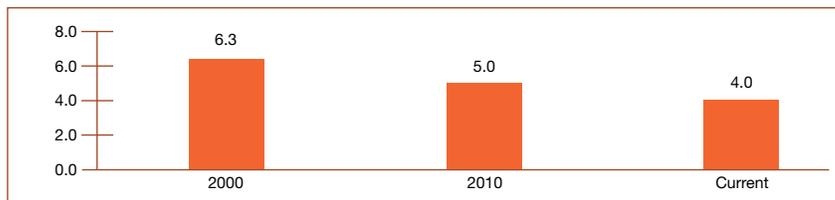
overall rental market, with a vacancy rate of 2.3 percent during the second quarter of 2013, down from 3.2 percent in 2012 and 4.4 percent in 2011 (Reis, Inc.). During the second quarter of 2013, the market was tightest for apartments built before 1979 and between 1990 and 1999, with vacancy rates of 2.4 and 1.9 percent, respectively. Units built between 2000 and 2009 recorded the highest vacancy rate, at 4.1 percent. The average asking rent in the HMA increased 2.0 percent to \$749 during the second quarter of 2013 compared with rents a year ago, and rents averaged \$599 for a studio, \$665 for a one-bedroom unit, \$768 for a two-bedroom unit, and \$1,020 for a three-bedroom unit.

Since 2011, multifamily developers have responded to the tightening rental housing market by increasing apartment construction, as measured

by the number of units permitted (Figure 9). During the 12 months ending June 2013, 460 multifamily units were permitted, a 24-percent increase compared with the 370 multifamily units permitted during the same period in 2012 (preliminary data). By contrast, multifamily construction peaked from 2004 through 2007 when an average of 540 units were permitted annually. Approximately 360 units are currently under construction, most of which are small projects concentrated around the university. 1801 University Apartments, a 20-unit complex next to the UO campus, is expected to open in August 2013, with rents for three-bedroom units at \$2,025 a month and for four-bedroom units at \$2,600 to \$2,700 a month.

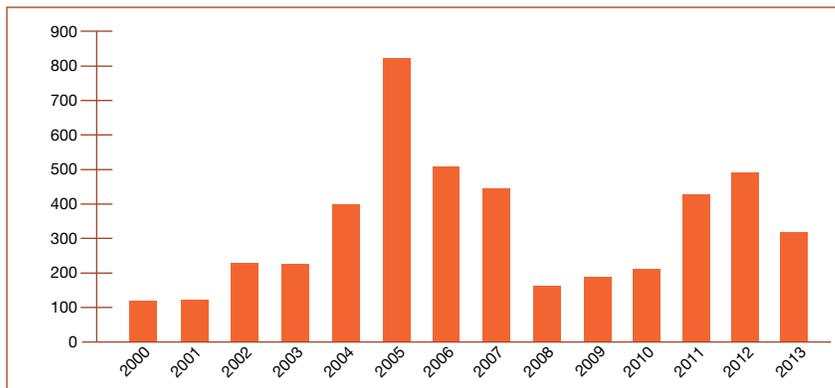
Most of the multifamily construction in the past several years has been concentrated near the UO campus, in structures with fewer than 40 units, and targeted at students. A few of these projects that opened in 2011 include The Anthony, Westgate Apartments, and The Pearl Apartments. Rents at these newer properties range from \$795 to \$895 for studios, \$1,350 to \$1,950 for two-bedroom units, \$1,995 to \$2,500 for three-bedroom units, and \$2,500 to \$2,700 for four-bedroom units. In addition, UO opened a 450-bed dormitory in the fall of 2012. Yearly rents are per bedroom, include a standard meal plan, and differ depending on the unit mix: \$11,450 to \$17,925 for singles, \$10,400 to \$15,100 for doubles, and \$9,900 to \$12,225 for triples. Titan Court, a new apartment community for LCC students, includes 15 studio units renting for \$850, 5 two-bedroom units renting for \$500 per room, and 55 four-bedroom apartments renting for between \$580 and \$599 per bedroom.

Figure 8. Rental Vacancy Rates in the Eugene-Springfield HMA, 2000 to Current



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

Figure 9. Multifamily Units Permitted in the Eugene-Springfield HMA, 2000 to 2013



Notes: Excludes townhomes. Includes data through June 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

Demand is estimated for 1,050 new rental units during the 3-year forecast period, a portion of which will be met by the 360 units currently under construction (Table 1). After accounting for pipeline completions, an additional 270 units will be needed in the second year of the forecast period, followed by

420 units in the third year. Demand is expected to be strongest for one- and two-bedroom units. Table 5 shows the estimated demand for new market-rate rental housing in the HMA, categorized by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Eugene-Springfield HMA, July 1, 2013, to July 1, 2016

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 or more	30	800 to 999	330	1,200 to 1,399	370	1,800 to 1,999	190
		1,000 to 1,199	20	1,400 to 1,599	30	2,000 to 2,199	10
		1,200 or more	20	1,600 to 1,799	25	2,200 or more	10
				1,800 or more	10		
Total	30	Total	370	Total	440	Total	210

Notes: Numbers may not add to totals because of rounding. The 360 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Eugene-Springfield HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	160,530	161,719	160,400	0.1	-0.3
Unemployment rate	5.4%	11.0%	8.3%		
Nonfarm payroll jobs	145,100	140,900	141,700	-0.3	0.2
Total population	322,959	351,715	355,600	0.9	0.3
Total households	130,453	145,966	148,200	1.1	0.5
Owner households	81,207	87,228	86,250	0.7	-0.3
Percent owner	62.3%	59.8%	58.2%		
Renter households	49,246	58,738	61,950	1.8	1.7
Percent renter	37.7%	40.2%	41.8%		
Total housing units	138,946	156,112	157,900	1.2	0.4
Owner vacancy rate	1.8%	2.0%	2.0%		
Rental vacancy rate	6.3%	5.0%	4.0%		
Median Family Income	\$41,200	\$57,200	\$58,400	3.3	1.0

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2013. Median Family Incomes are for 1999, 2009, and 2011.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 7/1/2013—Analyst’s estimates
Forecast period: 7/1/2013–7/1/2016—Analyst’s estimates

Demand: 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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, 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.

Building Permits: 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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Eugene-SpringfieldOR_13.pdf.

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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.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.