

## Real Estate: Is the Bottom in Sight Yet?

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Has the Bend real estate market hit bottom at last? It's too soon to say, but at least it looks like home prices here have finally reached a realistic level.

IHS Global Insight, which maintains huge databases of all sorts of economic data, [reported back in March](#) that as of the end of 2009, real estate in the Bend Metropolitan Statistical Area was overvalued by only 2.3%. (At the end of 2005 Bend real estate was among the most overvalued in the country – 44% above what Global Insight considered fair value based on market history, local incomes and other factors.)

And prices here have continued to fall. The real estate tracking site [Zillow reports](#) that the median Bend home value in the second quarter of this year was a mere \$176,000. That's an astonishing drop of almost 60% from the market's peak on June 1, 2006, when the median was \$374,000. During the past year the median value has dropped 18.9%, leading (if that's the right word) the nation.

Is the local market poised for a comeback? "Just last week ... a Bloomberg Businessweek report forecast that Bend would have the nation's second-strongest housing rebound by 2014, with a 33.6% uptick in prices," The Bulletin wrote Tuesday in a story about the Zillow data.

Bend financial adviser and blogger [Jesse Felder](#) isn't ready to uncork the Dom Perignon just yet, though.

"Prices can and usually do decline well below fair value after a bubble bursts," he notes. "Still, we've come a long way in working off the massive excess in local home prices and current buyers can feel good knowing that they are no longer paying a premium above fair value."