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Over the past two years, Portland has seen an almost 40 percent decrease in the number of homes for sale, with home values up 15 percent over the past 12 months.

Jun. 09, 2016

Home values are appreciating faster than experts expected, rising almost 5 percent over the past year, according to the April [Zillow](#) Real Estate Market Reports. There are 3.4 percent fewer homes for sale in the U.S. than there were 12 months ago.

Zillow forecasted home values would grow 2 percent from April 2015 to April 2016, and outside housing experts said they expect slower growth in coming years. However, Zillow's latest data show a different trend with home values currently appreciating at 4.9 percent — almost 3 percentage points faster than Zillow predicted a year ago — to a Zillow Home Value Index of \$187,000.

Shrinking inventory is the story of the summer home shopping season for those looking to buy a home and entry-level homes have been hit the hardest; the number of entry-level homes for sale is down almost 8 percent over the past 12 months. Stiff competition and high demand, in addition to low inventory, stronger wage growth and low mortgage rates, are driving up home prices across the country, especially for entry-level homes, which is forcing many want-to-be-homeowners into bidding wars.

Markets with the tightest inventory have some of the fastest rising home values. Over the past two years, Portland has seen an almost 40 percent decrease in the number of homes for sale, with home values up 15 percent over the past 12 months. Similar patterns hold true in hot markets like Dallas, Seattle, and Denver, where inventory is down more than 20 percent and home value growth is in the double-digits.

In addition to low inventory, home values are rising in response to a strong job

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Economist Dr. Svenja Gudell. “New construction has been sluggish over the past year; we’re building about half as many homes as we should be in a normal market. There still aren’t enough homes on the market to keep up with the high demand from every type of home buyer. In many markets, those looking to buy a home in the bottom or middle of the market will need to be prepared for bidding wars and homes selling for over the asking price. This summer’s selling season’s borders will most likely be blurred again as many buyers are left without homes and will need to keep searching.”

Homes in the top third of the housing market have more frequent price cuts than homes in the bottom and middle of the market — 16 percent of top-tier homes had a price cut over the past year, compared to 11 percent of bottom-tier homes and 13 percent of middle-tier. Almost 12 percent of condos had a price cut over the past year, driven by more availability in the luxury condo market.

Metropolitan Area	Zillow Home Value Index (ZHVI)	YoY Home Value Change	Percent Inventory Change for All Homes	Bottom Tier Percent Inventory Change	Middle Tier Percent Inventory Change	Top Tier Percent Inventory Change	Condo Percent Inventory Change
United States	\$ 187,000	4.9%	-3.4%	-7.8%	-8.9%	0.3%	-0.6%
New York/Northern New Jersey	\$ 385,800	2.3%	-3.8%	-10.8%	-4.1%	4.9%	-10.0%
Los Angeles-Long Beach-Anaheim, CA	\$ 567,700	6.0%	-8.0%	-19.4%	-10.8%	-1.0%	-14.2%

Chicago, IL	\$ 196,200	4.5%	-9.8%	-15.1%	-16.7%	-1.8%	-21.8%
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Washington, DC	\$ 363,600	1.7%	-5.9%	-13.7%	-5.8%	0.2%	-8.2%
Miami-Fort Lauderdale, FL	\$ 232,800	10.5%	18.0%	10.3%	16.6%	21.9%	28.7%
Atlanta, GA	\$ 164,000	6.5%	-12.5%	-19.7%	-20.7%	-3.8%	-4.2%
Boston, MA	\$ 390,300	5.5%	-6.4%	-22.3%	-14.0%	14.4%	-7.1%
San Francisco, CA	\$ 806,800	10.0%	-2.1%	-14.9%	0.1%	6.1%	11.9%
Detroit, MI	\$ 124,200	6.8%	-13.2%	-6.5%	-23.7%	-11.0%	-3.0%
Riverside, CA	\$ 307,300	7.6%	-5.2%	-2.1%	-12.8%	-0.5%	10.5%
Phoenix, AZ	\$ 220,600	8.8%	-8.0%	-20.2%	-6.6%	-4.1%	-15.6%
Seattle, WA	\$ 386,300	11.6%	-21.1%	-28.5%	-20.9%	-15.6%	-23.9%
Minneapolis-St Paul, MN	\$ 222,000	5.6%	-0.7%	-4.3%	-9.3%	5.6%	0.9%
San Diego, CA	\$ 507,100	5.6%	9.0%	-0.6%	13.3%	12.2%	8.6%
St. Louis, MO	\$ 142,900	5.4%	-8.1%	-7.0%	-12.5%	-5.1%	-11.0%
Tampa, FL	\$ 165,600	9.7%	-16.2%	-27.9%	-19.3%	-8.1%	-12.8%
Baltimore, MD	\$ 246,000	2.1%	-6.6%	-7.6%	-9.5%	-3.1%	-7.8%
Denver, CO	\$ 336,600	15.2%	0.1%	-2.3%	15.3%	-4.8%	6.8%

Pittsburgh, PA	\$ 127,200	2.0%	7.5%	14.1%	-2.3%	9.5%	-5.2%
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Orlando, FL	\$ 185,100	8.1%	-12.7%	-25.7%	-17.3%	-2.9%	-16.5%
Cincinnati, OH	\$ 143,400	3.6%	-16.7%	-19.3%	-25.6%	-8.3%	-15.7%
Cleveland, OH	\$ 126,500	3.3%	-12.8%	-16.0%	-16.7%	-6.9%	-14.0%
Kansas City, MO	\$ 148,100	5.5%	-22.5%	n/a	n/a	n/a	-16.7%
Las Vegas, NV	\$ 203,700	8.8%	-2.1%	-9.3%	-11.8%	9.9%	-3.4%
Columbus, OH	\$ 155,700	5.7%	-9.5%	-15.5%	-14.3%	-3.0%	-19.1%
Indianapolis, IN	\$ 130,200	2.0%	-18.0%	-10.1%	-27.6%	-15.7%	-29.5%
San Jose, CA	\$ 962,400	12.3%	1.3%	-3.8%	3.2%	5.8%	7.1%
Austin, TX	\$ 250,400	8.9%	2.6%	n/a	n/a	n/a	20.6%

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