



TOMSON BURNHAM

LLC

2024 YEAR-END MARKET REPORT



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It was a wild year, this year. With Boomers and Silent Gen sellers moving out of their homes and into assisted living, I was running all over the valley getting contracts and documents signed the “old-fashioned” way, with pen and paper. The wet signature was in this year, as this group of clients often don’t have email or text, for that matter, and strongly prefer pen and paper rather than electronic signatures. How did I do this for all of my clients before?

I was glad the market was a bit slower, as I did have several clients moving to assisted living who needed extra help. I’m very thankful to my client who “foster-parented” a baby grand piano for me to help another client until a new home was arranged for it. I have a client who gave me a bunch of moving blankets, which are at the office and available to you if you need to use them.

As you read about where we were in 2024 and what I think lies ahead, don’t hesitate to ask any questions.

Melina Tomson

Buyer Agent Agreements Are Now a Must-Have

It's official. Starting January 1, 2025, Oregon rolled out a new rule for home buyers: if you want representation from a buyer's agent, you must sign a formal buyer agent agreement. These agreements aren't just a handshake deal; they spell out the specifics, including:

- 1 The agent's license number and supervising broker (if they aren't a principal broker)
- 2 A clear list of services the agent will provide
- 3 Start and end dates of the agreement
- 4 Whether it's exclusive or non-exclusive
- 5 The criteria for the type of home you're looking for

Right or Left?

When it comes to buyer agent agreements, you've got two options: exclusive or non-exclusive. An exclusive agreement means you're committed to working with one agent—and they're committed to giving you their undivided attention. At our brokerage, we only offer exclusive agreements. Why? Because we're all about quality over quantity. By focusing on a smaller number of clients, we can give you the full attention and expertise you deserve. You commit to us, we commit to you. It's a win-win.

Non-exclusive agreements, on the other hand, let you work with multiple agents at the same time. Think of it as swiping right (or left) on a few agents to see who delivers. This approach is often used by newer agents who are hustling to build their business. There's nothing wrong with that—it's just important to understand that non-exclusive agents might not be able to give you the same level of attention or expertise as someone working exclusively with you.

Commit or Ghost?

The new rules allow buyer agent agreements to last up to two years, but here's a pro tip: don't do it. A shorter agreement, like 1-2 weeks, is a much smarter way to start. It gives you a chance to see if your agent is bringing value to the table. If things are working out, you can always extend the agreement—think 30-60 days at a time. Once you are sure of your agent, save yourself the paperwork hassle and sign something longer.

Why set yourself up to ghost your buyer agent? Some agreements are tough to get out of, even if the agent isn't delivering. Maybe they will commit to you verbally that they would let you get out of the contract, but remember that section up above where the agent has to tell you if they have a supervising broker? It is the principal/supervising broker that lets you out of that contract, not the broker. They might decide to assign you to another agent instead. Real estate agents are usually nice people, but being nice doesn't always mean they know what they are doing. Protect yourself by starting small and making sure you're working with someone who knows their stuff and is genuinely invested in your success.



Where Homes Gained and Lost Value

As we close out the year, it's clear the real estate market had a few plot twists. The prevailing belief was that the Fed was going to cut rates and interest rates would start to drop in the fall. Buyers hoping for home prices to drop may feel like they're waiting for a blockbuster sequel that keeps getting delayed. Thanks to ongoing inventory issues, those steep discounts aren't rolling out the red carpet just yet.

That said, some cities in the region did take a little detour. Independence, Monmouth, Stayton, and Woodburn saw modest price declines. For Independence and Woodburn, this isn't too surprising. A surge in new construction in recent years inflated prices, and as builders now face slower sales, the cooling effect is showing up in the numbers. Silverton also saw a slight dip of 0.2%, but let's be honest—at a median price of \$531,425, Silverton is still holding its ground as one of the more premium spots in the area.

Meanwhile, Dallas, Sweet Home, and Salem homeowners had plenty to smile about this year. Salem ticked up by 1.2%, holding steady as a dependable market performer. If you're in Lebanon, you're probably feeling even more smug—prices there jumped by a solid 4.2%. And while Keizer stayed flat, stability isn't a bad thing in today's topsy-turvy market.

City	Median Sales Price	Percent Increase
Albany	\$426,500	0.4
Dallas	\$436,675	2.3
Independence	\$402,000	-4.9
Keizer	\$435,000	0
Lebanon	\$370,000	4.2
Monmouth	\$422,500	-2.9
Salem	\$430,148	1.2
Silverton	\$531,425	-0.2
Stayton	\$410,000	-3.7
Sweet Home	\$322,500	2.0
Woodburn	\$391,000	-3.5

A Tale of Tight Supply

If you've been hunting for a home this year, you've likely noticed the shelves have been a bit... sparse. It's been frustrating for home buyers. Good homes are going fast with multiple offers, and the rest are overpriced fixers or outside of their price point. Housing inventory in our region continues to be as elusive as the perfect parking spot in downtown Salem. Sometimes you feel like you are just circling the same block just waiting for that one car to leave. While some cities are feeling the crunch more than others, it's clear that supply is still a problem

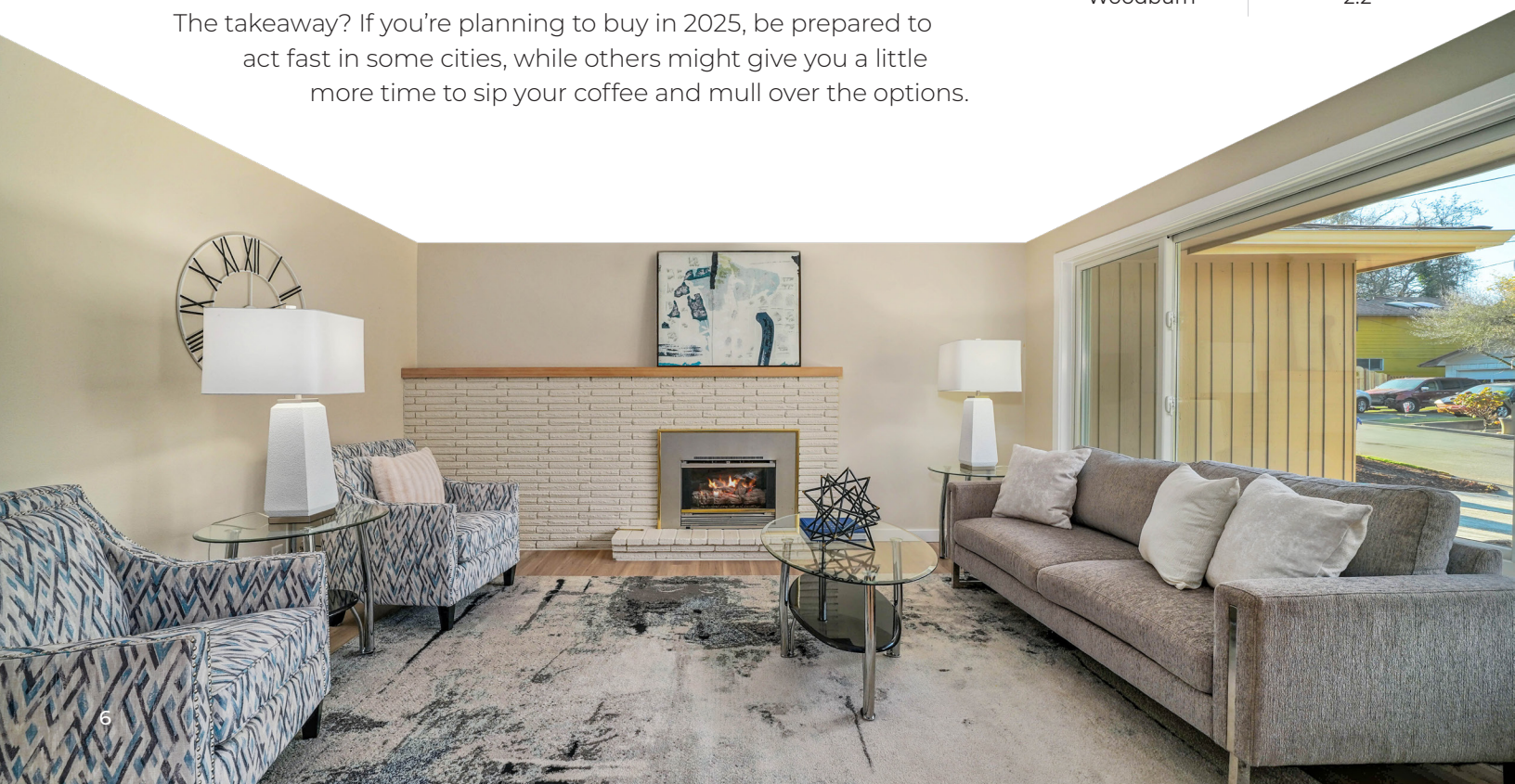
Monmouth takes the crown for the tightest market, with just 1.3 months of inventory. Stayton at 1.6 and Keizer at 1.7 aren't far behind. If you're house shopping there, you're basically racing everyone else to snag what's available. Salem isn't exactly overflowing with options either, holding steady at 2.2 months of inventory.

On the flip side, cities like Independence and Sweet Home have a bit more breathing room, each with 5.0 months of inventory. They are in neutral markets that don't favor buyers or sellers. Dallas is close with 4.5 months. All three cities have new home construction that is sitting on the market available for purchase.

Other cities like Albany, Silverton, and Woodburn are hovering around 2-2.4 months of inventory—tight, but not quite at Keizer or Monmouth levels of scarcity.

The takeaway? If you're planning to buy in 2025, be prepared to act fast in some cities, while others might give you a little more time to sip your coffee and mull over the options.

City	December Inventory
Albany	2.4
Dallas	4.5
Independence	5.0
Keizer	1.7
Lebanon	2.8
Monmouth	1.3
Salem	2.2
Silverton	2.3
Stayton	1.6
Sweet Home	5.0
Woodburn	2.2





Price Drop Fever

December's data reveals some interesting trends in the percentage of active listings with price drops, and let's just say, Monmouth is leading the markdown parade. A whopping 62% of active listings in Monmouth saw price reductions. Some sellers were waiting for interest rates to drop so that "the frenzy would begin" again. That isn't remotely what happened, and sellers are having to face the current market dynamics.

Keizer and Woodburn aren't far behind with their drop rate, with 50% and 51% of listings offering discounts. If you're shopping in these areas, you might find a deal that gives you a little extra wiggle room for decorating or upgrades. Ask for closing costs, do a 2/1 rate buydown, or just keep that cash for yourself.

Other cities, like Lebanon (45%) and Salem (44%), also show a notable number of homes with adjusted price tags, signaling sellers are taking a more flexible approach. Even Silverton and Stayton joined the party with 41% and 40%, respectively, showing price drops—proof that buyers have some leverage in these markets.

At the lower end of the spectrum, Dallas (19%) and Sweet Home (31%) seem a little less eager to negotiate. Both cities have quite a bit of new construction housing stock where builders are much less likely to drop their price. But don't let that fool you—every market has its opportunities if you know where to look.

For buyers, this data is a reminder that patience (and a little negotiation skill) can pay off. For sellers, it's a nudge to price competitively from the start and be flexible if your price isn't working. No one wants their listing hanging out on the market longer than it takes to binge-watch a favorite series. (We recommend binge-watching *Silo* if you are at all interested in *Sci-Fi*. It's a great book series too!)

City	% active listings with price drops in December
Albany	34
Dallas	19
Independence	48
Keizer	50
Lebanon	45
Monmouth	62
Salem	44
Silverton	41
Stayton	40
Sweet Home	31
Woodburn	51

What Home Sales Volume Means for Buyers, Sellers, and the Salem Market

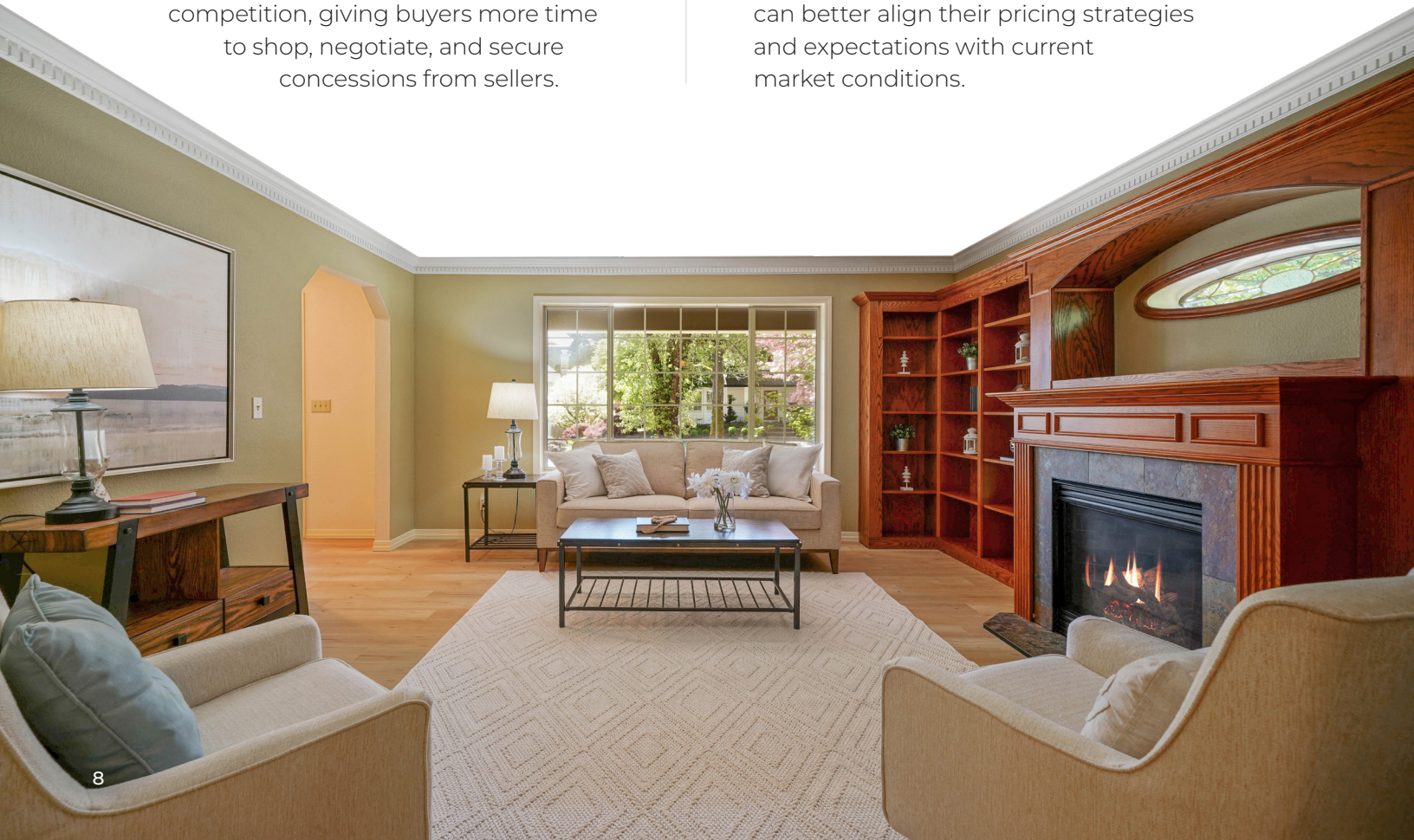
Home sales volume, the total number of homes sold in a specific market, is more than just a number—it's a critical metric that reveals the health and activity level of the real estate market. For both buyers and sellers, understanding sales volume can provide valuable insight into market dynamics, helping them strategize and make informed decisions.

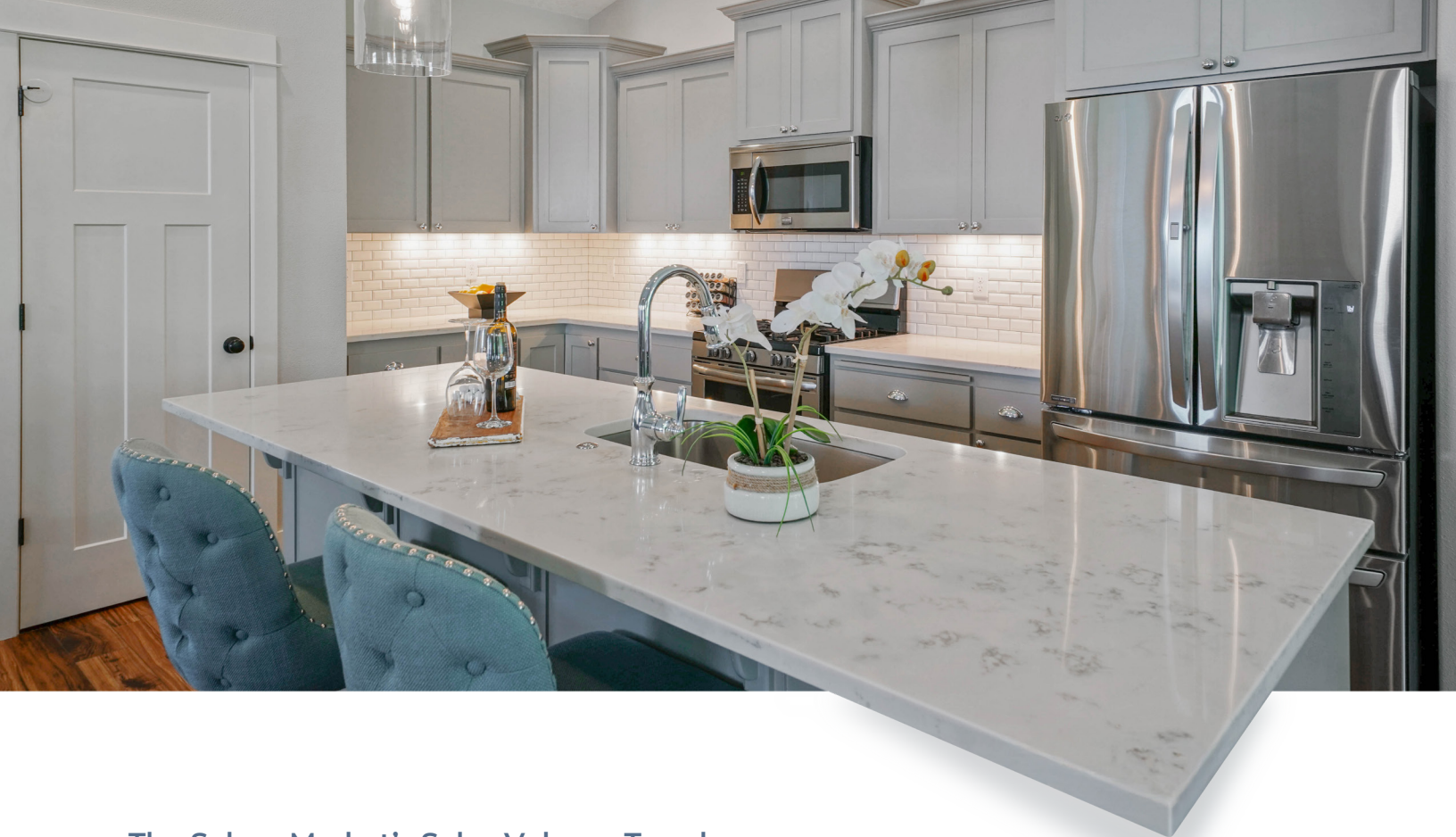
Why It Matters to Buyers

For buyers, sales volume is a window into market conditions. High sales volume signals strong buyer demand, often leading to a competitive market where quick action, strong offers, and less room for negotiation are the norm. On the other hand, when sales volume declines, buyers gain more leverage. A slower market means less competition, giving buyers more time to shop, negotiate, and secure concessions from sellers.

Why It Matters to Sellers

For sellers, sales volume is a key indicator of market confidence. High transaction volume typically means homes are selling quickly, often at or above the asking price, giving sellers the upper hand. However, when sales volume dips, sellers may face longer days on the market and the need for more competitive pricing. By tracking sales volume, sellers can better align their pricing strategies and expectations with current market conditions.





The Salem Market's Sales Volume Trends

While we are only using the dataset for the Salem market over the past decade, these trends are true for the other smaller cities in the mid-valley. We started this analysis with the 2012 dataset because it was the bottom of the Great Recession.

Salem's real estate market has experienced significant shifts in sales volume. From 2012 to 2017, the market saw a steady rise, with the homes-per-capita rate peaking at around 20 per 1,000 residents. This period reflected strong demand, bolstered by favorable mortgage rates and population growth. The market remained steady through 2021, cementing Salem's reputation as a robust housing market.

However, in 2022 and 2023, sales volume dropped sharply, with the homes-per-capita rate plunging to just 12 in 2023—a level not seen since 2012. This decline was driven by rising mortgage rates, inflation, and persistent inventory shortages, sidelining many buyers and slowing overall activity.

In 2024, the market showed signs of recovery, with 2,269 homes sold and the homes-per-capita rate climbing slightly to 13. Buyers began adapting to higher interest rates, while sellers adjusted their pricing strategies. While the market hasn't returned to its peak activity levels, it's finding a new equilibrium—one that reflects more realistic expectations for both buyers and sellers.

Years	Homes Sold	Homes Sold per capita (per 1000)
2012	1,890	12
2013	2,211	14
2014	2,250	14
2015	3,063	19
2016	3,304	20
2017	3,588	20
2018	3,195	19
2019	3,324	19
2020	3,486	20
2021	3,619	20
2022	2,843	16
2023	2,185	12
2023	2,269	13

The Bottom Line

Whether you're buying or selling, understanding home sales volume is essential for navigating the real estate market. It's like the market's pulse, offering insights into the level of competition, pricing trends, and overall market confidence.

Investors Are Back: The Quiet Buyers Making Noise Again

When most people think of investors, the image of big institutional buyers scooping up homes by the dozen might come to mind. While our area does have some properties owned by Wall Street-backed companies, the majority are still held by small, local landlords—the mom-and-pop types with 3-10 properties—or medium-sized investors and groups. This crowd had been lying low for a while, but with recent price drops, they're back in action. Those discounts I mentioned earlier? These folks are watching closely and pouncing on opportunities like cats eyeing a canary.

Who's Selling?

So, who's parting ways with their homes right now? In most cases, it's people who have to sell. Think retirees downsizing to one-story homes, couples going through divorces, estates liquidating properties, or elderly homeowners transitioning to assisted living. What this means is we're seeing a lot of homes from the Silent Generation hitting the market—and boy, do they bring some history with them.

Ever walked into a house and felt like you just time-traveled? That's what we're dealing with. Original 1950s homes, right down to the pink or blue bathroom? Check. A 1970s remodel complete with rust-colored carpet that's somehow still intact, barely but intact? Absolutely. While the aesthetics might make a first-time buyer pause, these homes are often well-maintained, which is music to a flipper's ears.

For first-time buyers, though, this isn't great news. Investors—especially cash buyers—are out in force, snapping up these competitively priced, “ugly but well-loved” properties before others have a chance.

There are also several properties hitting the market that are ugly and not well loved, and this is where the real deals are for investors. These properties are getting multiple offers though, as there is a lot of pent-up cash waiting to pounce on these properties. In the COVID frenzy, you couldn't buy a terrible dilapidated home for under \$200,000 but those homes, and prices are finally caving to market pressure and we are seeing more sub-\$200,000 deals.

Are ADUs still a thing?

The City of Salem has gone all in on trying to encourage ADU development. They have created ready-build plans that are engineered and ready for building permits. You just have to create the site plan for the permitting process. The Salem City Council has also waived the SDC (System Development Charges) for ADUs to encourage development. There is really good investment potential to create a “duplex” style investment property with the city firmly supporting this effort to create housing.

The other mid-valley cities haven't waived SDC charges for building ADUs, but there are some grant programs available for creating them, but they will come with an affordability requirement.

What's Happening with Small Multifamily Properties?

Let's talk duplexes, triplexes, and fourplexes in our area (Marion, Polk, Linn, and Benton counties). In 2024, the average duplex sold for \$500,000, with properties spending an average of 72 days on the market. But looking ahead, the landscape might shift. Salem's rental market is nearing a 7% vacancy rate, and rents are starting to flatten or even dip slightly, which could cool demand. With current interest rates, it is hard to make a duplex rental pencil out well.

As for tri- and four-plex units, they're a hot commodity. With a median price of \$675,000, these properties are showing strong appreciation—9.2% year-over-year. For investors, they're offering some of the best capitalization rates around.

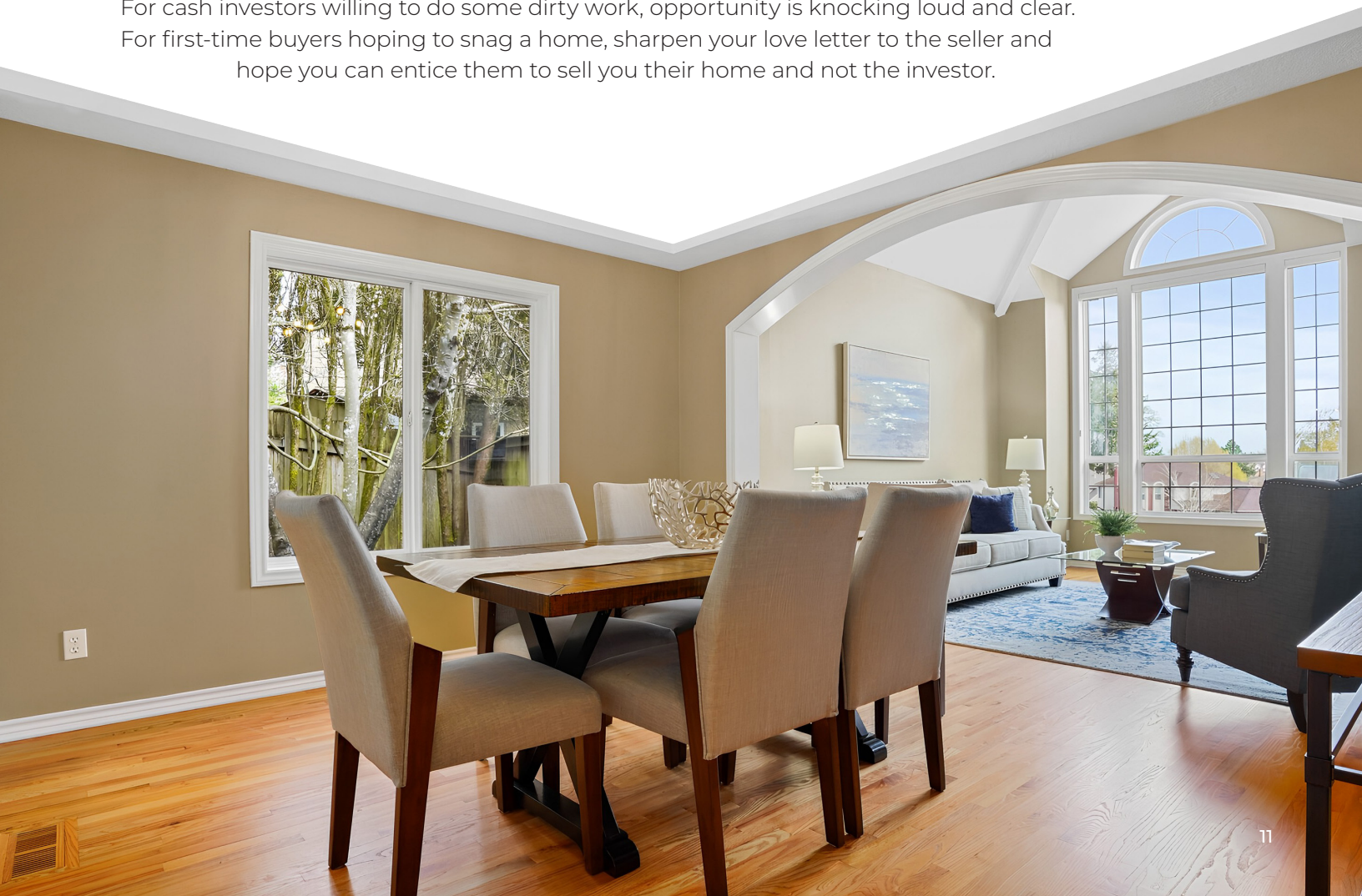
HVAC Programs

As the climate heats up, Oregon wants to help landlords get cooling systems into rentals. If you have a rental or are going to purchase one make sure to check out the colling space initiatives and see if there are funds available to help offset the costs. They are offering up to \$7,000 for heat pumps and hard-wired AC units, so make sure you ask your HVAC company and confirm if there are funds available to offset your costs.

This is good for tenants because the home is much more comfortable. It is good for landlords because you will get better tenants who stay longer.

The Bottom Line

Whether you're a first-time buyer or an investor, the 2025 market is shaping up to be an interesting one. For cash investors willing to do some dirty work, opportunity is knocking loud and clear. For first-time buyers hoping to snag a home, sharpen your love letter to the seller and hope you can entice them to sell you their home and not the investor.



The Impact of Tariffs on New Construction

When we hear about tariffs in the news, it's easy to think they only affect international trade and big corporations. But if you're in the market for a new home, you might wonder: how do these policies impact home prices? Let's break it down, starting with some facts from the National Association of Home Builders.

The Tariff Effect on Materials

A new home's price primarily consists of construction costs, which account for 61% of the total price. These construction costs can be divided into:

Wages and Salaries:

34% of the total price.

Materials:

27% of the total price.

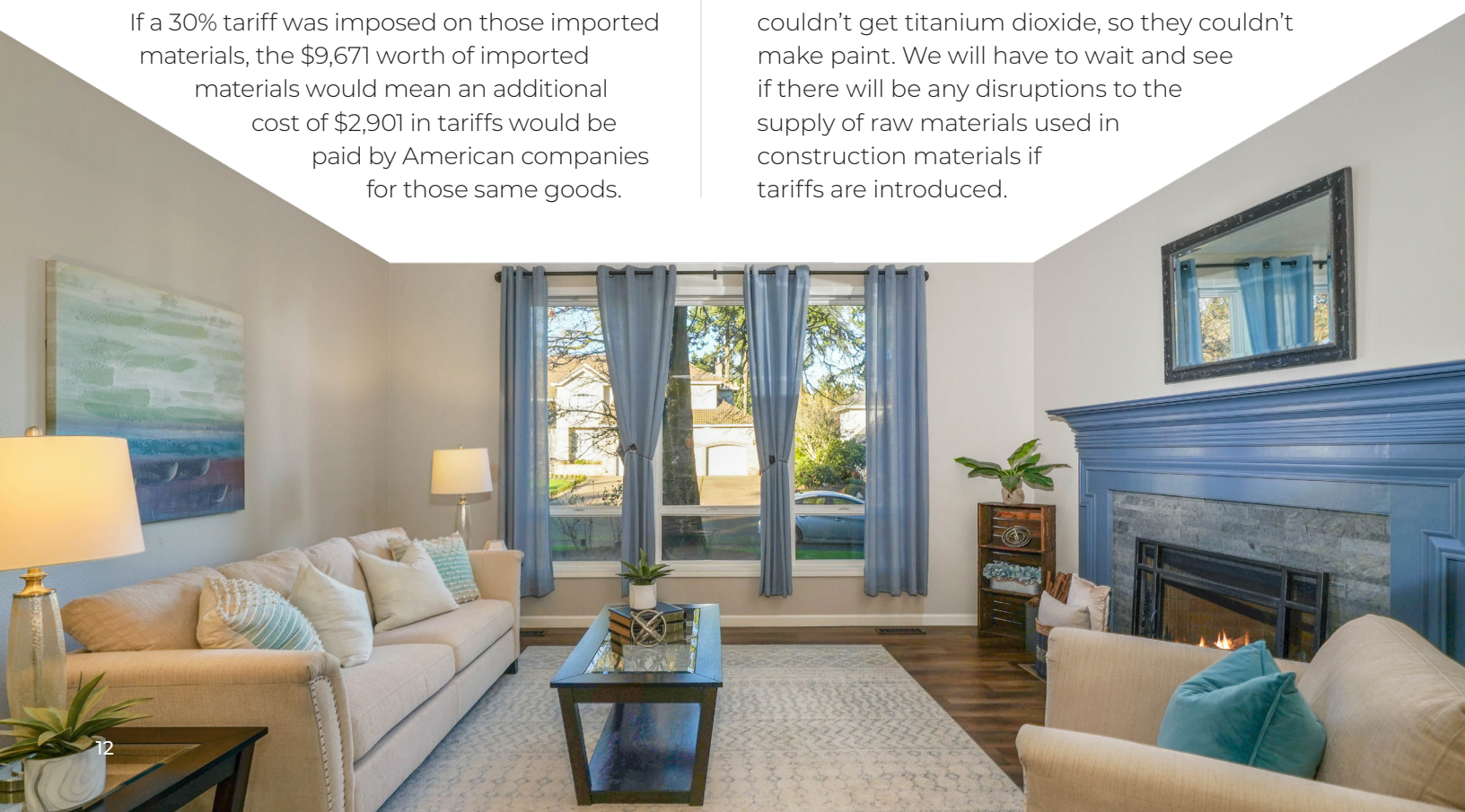
The majority of these materials are sourced domestically which is good news. On average 7.3% are imported so that is about \$9,671 for Salem's average new home price of \$490,653 in 2024.

If a 30% tariff was imposed on those imported materials, the \$9,671 worth of imported materials would mean an additional cost of \$2,901 in tariffs would be paid by American companies for those same goods.

In this case, the impact of a 30% tariff adds around \$3,000 to the cost of a new home—a 0.61% increase on the average price. So it isn't zero, but it shouldn't cause home prices to spike unless builders source more materials from imports. The local builders tend to use local sources for roofing, lumber, siding, and drywall materials, so most of this increase should come from appliances and fixtures, like light fixtures, cabinet pulls, etc, and probably paint.

China is the largest producer of titanium dioxide which is used in 90% of paint.

Anyone trying to paint a home during the COVID epidemic knows how hard it was to get paint. Paint manufacturers like Sherwin Williams couldn't get titanium dioxide, so they couldn't make paint. We will have to wait and see if there will be any disruptions to the supply of raw materials used in construction materials if tariffs are introduced.





The Ripple Effect on the Housing Market

While the direct impact on new home prices is relatively small, the tariffs could indirectly influence the market in a few ways:

1 Builders absorb costs:

Some builders might choose to absorb these costs, reducing their profit margins but maintaining competitive pricing.

2 Higher renovation costs:

Homeowners looking to renovate might feel the pinch if tariffs increase the cost of imported materials like steel or lumber.

3 Supply chain adjustments:

Builders may seek alternative suppliers, potentially delaying construction timelines.

While the tariffs on imported materials may only add a few thousand dollars to the price of a new home, every dollar matters when housing affordability is already stretched thin. The real cost of the \$3,000 tariff passed on to a home buyer, when compounded annually at a 7% interest rate over 30 years (typical mortgage right now), is approximately **\$22,836.77**.

The Journey of Moving On

Moving is never just about packing boxes. It's about sorting through a lifetime of moments and deciding which ones to carry forward.

In the attic of a cozy home, where an elderly couple had lived for 37 years, we found this beautiful Underwood typewriter. The husband, now preparing to move to assisted living with his wife, told us it was a gift from his parents. He'd used it to type every college paper, "way back then." The typewriter was still in excellent condition—only missing the "F" key, which, if he was anything like me typing before computers, probably involved a lot of white-out, frustration, and a few choice words, hence the extra emphasis on that F key.

The typewriter had been tucked away for decades, completely forgotten until this moment. Isn't it funny how we store memories in attics, under stairs, or in the backs of closets—only to rediscover them when it's time to move?

Selling a home isn't just a transaction. It's the closing of a chapter. For elderly sellers, it's often a deeply emotional journey, filled with tough decisions. One thing we remind our clients is to take the pieces of their past they hold most dear—and don't worry about the rest. (Though in this case, he accidentally left behind his clothes as well as the typewriter, so maybe don't leave quite that much behind.



This Underwood typewriter became more than just an item to sell—it became a symbol of the life lived in this home. And while it will go on to tell a new story with someone else, the memories it holds will always belong to its original owner.

We worked with Creative Concepts and Contracting to get this home ready for its next chapter, too. The new owners? A young couple buying their first home together—a fresh start filled with possibilities.

This story is a reminder that memories are meant to be shared, not stored. Instead of tucking your treasures away in the attic, why not put them on display? Every object has a story—and sharing them with friends and family is a beautiful way to keep those memories alive.



Projections for 2025: What to Expect in the Housing Market

1 **Fixer-Uppers Are the New Norm**

The housing market is full of properties that need a little—or a lot—of TLC. Some sellers are going the extra mile to make their homes market-ready, but many are listing as-is, leaving the door wide open for investors. If you're a buyer stepping into the market, prepare to see plenty of homes that need work. Turnkey properties are becoming rarer, so bring your imagination or we can share ours with you.

2 **Home Price Appreciation Slows**

With mortgage rates unlikely to drop in step with the FED, we expect home price appreciation to remain modest. This isn't necessarily a bad thing for buyers—it keeps prices from skyrocketing and offers some breathing room for those ready to purchase. It may cause problems for sellers who have to sell their home after a short period though.

3 **New Construction Challenges**

While tariffs might not heavily impact local builders who often rely on regional materials, the cost of construction loans is a different story. Private loans are the go-to for many builders, and with high interest rates, the cost of financing remains a significant hurdle. It's another factor keeping new home construction from hitting full stride.

4 **A Few Buyers Are Flying Solo**

In 2024, only 0.4% of buyers in Salem represented themselves without a buyer's agent. While it's a small slice of the market, we suspect it might grow slowly. That said, the learning curve can be steep. Case in point: the \$350,000 offer, we recently received, emailed in for a \$500,000 listing—sometimes going solo can leave you a bit out of touch with market realities.

5 **Finding the Hidden Gems**

No matter the market, there are always opportunities. Patience is required. Buyers willing to roll up their sleeves and take on fixer-uppers can find some great deals. There are loan options to help you keep your cash so that you can save it for those needed fixes, often paint and flooring are needed just to make it liveable. We know it is hard for some of you to look past the ugly, but we can help you with that. Don't pass on homes that don't have good photos online. Those are some of the best deals out there right now.

The 2025 market will bring its challenges and opportunities. Whether you're a buyer or a seller, stay informed and flexible. That will be the key to navigating the road ahead.



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