After languishing during the recession, the 107-lot Bella Vista Heights subdivision in Medford is now under construction. The activity indicates general improvement in the area’s housing market. (Coldwell Banker)

The slogan “Great performances daily” typically refers to the Rogue Valley’s theatrical presentations. But lately, it may as well apply to the housing market in Medford.

In a recent report examining 387 U.S. metropolitan statistical areas, CoreLogic identified the Southern Oregon city as the market with the highest rate of anticipated home price appreciation over the next five years. Medford's inventory of foreclosures is finally decreasing, and home values are starting to rise. Those trends, in turn, are spurring all sorts of development.

“Our market is hot right now - that’s for sure,” said Jared Hokanson, a Realtor and team leader of the Hokanson Group in Medford. “Year over year, at the end of April, we were up 27.5 percent on the median price.”

Hokanson referred to data from the Southern Oregon Multiple Listing Service that showed the median home price in Jackson County increasing from $149,000 in April 2012 to $190,000 in April 2013. In Medford specifically, prices increased between 18.5 percent and 35.8 percent (although prices in southwest Medford decreased 5.8 percent).

Meanwhile, foreclosures - which in January 2012 accounted for 60 percent of inventory for sale, according to David Stiff, chief economist for CoreLogic - now make up only 11 percent of the inventory. Stiff said that when liquidation markets transition back to regular ones, a price spike tends to result.

Now, CoreLogic forecasts 9.5 percent annualized growth in home prices through the fourth quarter of 2017.

“If (Medford) follows patterns we’ve seen in Phoenix, for example, we’re expecting there will be strong demand and strong price appreciation,” Stiff said.

With approximately 207,000 people, the Medford metropolitan statistical area is Oregon’s fourth largest. It also has an unemployment rate of 10.5 percent (2.5 points higher than the state, and 3
points higher than the nation), so economic concerns persist. However, Jeremy Leever, a commercial broker for Pulver & Leever Real Estate Co., said signs are positive.

“The commercial market has been pretty active here in the last year, and I think it kind of correlates to the residential market,” he said. “Having a healthy commercial market is kind of a result of stuff moving in the housing market and good things happening.”

Asante recently completed a $9 million neonatal intensive care unit expansion as well as a $3 million laboratory expansion at its Rogue Regional Medical Center. Last summer, Lithia Motors opened a four-story, 70,000-square-foot mixed-use office headquarters downtown with room for 300 employees.

Additionally, city officials are considering plans for a $9 million, 117,000-square-foot office project called One West Main, and a $28 million health services building in the city’s downtown core. One West Main would be the corporate offices for Pacific Retirement Services, Rogue Disposal and Recycling and ProCare Software.

Retailers REI and Trader Joe’s both recently opened stores in Medford.

“The population has steadily grown over the years, and it keeps growing, and it’s to a point now where some of those national and regional companies are saying they want to be here,” Leever said.

Another positive sign for the Medford market is that one of its casualties from the recession is being revived. Bella Vista Heights, a 107-lot subdivision, went into foreclosure before a single house was built. Cedar Coast Properties, based in Vancouver, British Columbia, bought the property for $2.2 million this past fall and is selling the lots to Bend-based Pahlisch Homes as it builds out the approximately $30 million project.

Ender Ilkay, the founder of Cedar Coast Properties, said Medford’s fundamentals have always been attractive, but the market got ahead of itself during the recession.

“It just went too extreme to the high side, too extreme to the low side, and now it’s coming back to something that’s going to be more sensible,” he said. “Real estate always goes in cycles. This is the beginning of what will likely be a long and moderate cycle. I don’t think we’re going to be seeing those 20 to 25 percent annual gains and price increases that occurred during the frenzy. That’s not sustainable anyway. But to see several years of higher, single-digit appreciation is probably the kind of thing we may see going forward.”

Clason Whitney, principal broker and owner of Coldwell Banker Pro West Real Estate, is listing the Bella Vista homes. Four have been listed, and four more are under construction.

“Things are really starting to move, and that’s going to help our inventory get back up as well,” Whitney said.

From April 2012 to April 2013, the number of active homes on the market dropped 14.6 percent. Both Whitney and Hokanson believe new home construction will combat that trend and slow increases in prices.

The demand certainly exists. Over the past year, the average number of days needed for a new home to sell dropped from 139 to 57 as the number of sales nearly doubled.

“We’re getting back to more of a normal market, and we just have to get our inventory back up,” Whitney said. “We’re at the beginning where sellers are starting to realize their homes are worth more, and we’re just starting to see more people putting their homes back on the market.”