



**Flanders, our  
6-month old  
Wirehaired Vizsla  
and Susan**

# Moving to Portland™

**August 2004 Newsletter**

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## Portland Home Market

### June Residential Highlights

June has never seen as many closed sales in the Portland metro area than it did in 2004, reaching a total 29.4% higher than in June 2003. Pending sales increased 14.2%. New listings managed to climb 1.9%.

At the end of June, 8,025 residential listings were active in the Portland metro area's market. Given the month's rate of sales, they would last only 2.4 months—setting another record low for Portland's inventory measure (4.7%).

### Second Quarter Report

Comparing the second quarters of 2004 and 2003, new listings are up 2.0% (13,257 v. 12,998), pending sales are up 23.0% (10,454 v. 8,498), and closed sales are up 15.4% (9,281 v. 8,044)

### Year-to-Date Trends

The first half of 2004 has brought increased market activity for every measure. That activity has ranged from substantial growth of 13.1% in the number of pending sales (compared to the same period in 2003) to the slight increase of 0.3% in the number of new listings. Also toward the substantial end of the range was the number of closed sales, which increased 12.2%.

### Appreciation

The area's sale price appreciation is calculated by comparing the last 12 months to the 12 months before them. For those periods, the area's average sale price climbed from \$216,600 to \$233,900, up 8.0%. The area's median sale price rose from \$181,000 to \$193,000, making for a rise of 6.6%.

## Cost of Residential Homes<sup>1</sup> in the Portland Metro Area

**For Period June 2004**

Area	Current Month	Year-to-Date For Period Ended June 2004		Percent Appreciation <sup>2</sup>
	Average Sales Price	Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes Portland, surrounding communities, and Vancouver, Washington area	\$250,200	\$238,900	\$196,900	8.0%
Portland				
North	\$174,700	\$169,700	\$160,000	11.2%
Northeast	223,400	219,300	190,000	7.7%
Southeast	209,100	193,800	170,000	6.7%
West (Includes SW and NW Portland and parts of eastern Washington County)	371,100	342,100	275,000	6.2%
Other Areas				
Corbett, Gresham, Sandy, Troutdale	\$208,900	\$198,300	\$180,000	6.5%
Clackamas, Milwaukie, Gladstone, Sunnyside	249,900	239,800	203,500	9.8%
Canby, Beavercreek, Molalla, Mulino, Oregon City	231,100	229,100	207,500	9.7%
Lake Oswego and West Linn	428,900	380,800	319,900	12.6%
Northwest Washington County & Sauvie Island	301,600	322,000	280,000	9.0%
Beaverton and Aloha	210,000	209,900	185,000	8.0%
Tigard, Tualatin, Sherwood, Wilsonville	271,800	261,000	234,000	8.4%
Hillsboro and Forest Grove	205,400	204,200	185,000	4.8%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	144,400	160,900	149,500	7.8%
Clark County (Vancouver, Washington)	228,300	220,000	185,000	12.8%
<sup>1</sup> Residential includes detached single-family houses, townhomes, condos, and plexes with four (4) or less living units. <sup>2</sup> Appreciation percents based on a comparison of average price for the last 12 months (7/1/03-6/30/04 ) with 12 months before (7/1/02-6/30/03)				

Source: Regional Market Listing Service (RMLS™).

## Mortgage Rates Slip Back as Upward Pressures Ease off

**August 5, 2004**

In [Freddie Mac's](#) Primary Mortgage Market Survey, the 30-year fixed-rate mortgage (FRM) averaged 6.32 percent, with an average 5.99 percent, with an average 0.7 point, for the week ending August 5, 2004, slipping from last week when it averaged 6.08 percent. Last year at this time, the 30-year FRM averaged 6.14 percent.

The average for the 15-year FRM this week is 5.40 percent, with an average 0.6 point, down from last week when it averaged 5.49 percent. A year ago, the 15-year FRM averaged 5.44 percent.

One-year Treasury-indexed adjustable-rate mortgages (ARMs) averaged 4.08 percent this week, with an average 0.6 point, down from last week when it averaged 4.17 percent. At this time last year, the one-year ARM averaged 3.68 percent.

(Average commitment rates should be reported along with average fees and points to reflect the total cost of obtaining the mortgage.)

### **Freddie Mac Chief Economist**

"Additional economic indicators this week confirmed that June was a weak month for the nation as a whole. Consequently, the upward pressure on interest rates eased, allowing mortgage rates to return to earlier, lower levels," said Frank Nothaft, Freddie Mac vice president and chief economist.

"Inventories of available homes for sale are very tight right now. Fortunately, mortgage rates have been most accommodating for homebuyers lately, which allows families looking for a new home the additional time needed to find their home of choice," added Nothaft.

### **Portland Area Mortgage Rates**

In late June [Washington Mutual Bank](#) was offering 6.12 percent for a 30-year FRM (APR of 6.154 percent) with zero points. Another lender, US Bank's rate was 6.125 for a 30-year FRM (APR OF 6.263 percent). Both of these rates are for a \$200,000 loan with 20% down. Many mortgage brokers in the area were advertising rates just below 6%. To check on more Portland metro area mortgage rates visit the website for [Bankrate](#).

You can learn more about mortgages by visiting [Professor Guttentag](#) website. Professor Guttentag is Finance Emeritus at the Wharton School of the University of Pennsylvania.

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## Portland Weather

*Tracking the Moisture and Sun*

### **July Heat Wave**

For two days in late July, the area had temperatures in the 100s and records were set all over the region. On July 22, the temperature reached 98 and then the next two days brought searing heat of 103 and 100. Only .04 inches of rain fell in Portland during July. The average is only .72 inches.

As an indication of Oregon dry summers, Salem, Oregon, reported that no precipitation has fallen on July 12 for 112 years.

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<b>Water Year (Oct 1 - Sep 30)</b>	<b>Average Precipitation In Inches</b>	<b>Actual Precipitation in Inches</b>
Year-to-Date	34.61	28.85
October	2.88	3.02
November	5.61	4.09
December	5.71	7.44
January	5.07	4.78
February	4.32	3.71
March	3.71	1.53
April	2.64	1.44
May	2.38	1.76
June	1.59	1.12
July	.70	.04
August	.89	
September	1.65	
Year Average	37.15	
Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September. The average precipitation is about 37 inches in the metro area.		

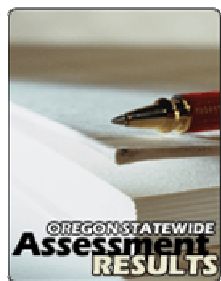
### Typical Summer Day in Portland

The sun rises in Portland and the humidity is in the low 70s and it will continue to fall all day. By late afternoon the humidity will be in the 40s. Usually we have a cloud cover at sunrise and the clouds slowly disappear so by mid to late morning we have sunshine - sometimes it takes until early afternoon. A typical day will mean a high temperature between 78-82. By nighttime, the temperature will be in the 60s and the lowest temperature will come in the morning hours - usually the high 50s.

A slight wind is more often the rule than the exception. Having the windows open with a light breeze brings on a pleasurable night's rest and agreeable dreams.

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## Oregon Statewide Assessment Test



In early August 2004, the [Oregon Department of Education](http://www.ode.state.or.us) released the 2004 Oregon Assessment Test (OAT) results for reading/literature and mathematics (grades 3, 5, 8 and 10) and writing and mathematics problem solving (grade 10). State Schools Superintendent Susan Castillo announced that most Oregon students showed little or no improvement in their performance on the 2004 statewide assessment tests in reading and math.

Many educators and parents had expected scores to rise this year because of pressure from the federal *No Child Left Behind* law. More than 300 schools -- including 60 percent of the state's high schools -- were on notice that they would make a federal troubled schools list, and possibly face sanctions, if they didn't boost scores.

### Elementary Schools at 80 Percent Mark

The state's elementary schools did better than their middle and high school counterparts. "Oregon's elementary schools continue to be the bright spot," Castillo said. "Our investment in elementary education and focus on excellent instruction in the classroom has led to steadily increasing scores over the past decade, now up at the 80% mark. That means most elementary students are learning and

getting to where we want them to be.” But elementary reading scores did not budge and only elementary math scores rose.

### Middle and High Schools Continue Decline

Castillo expressed concern at the performance of middle and high schools, whose scores have been consistently low for a decade. Among high schools, Beaverton's Science & Tech magnet school had the highest scores in the state again this year. Performance at Portland's Lincoln High was up sharply, with 83 percent of its students meeting benchmarks in each subject -- second best in the state.

Lake Oswego and Riverdale high schools, however, saw their numbers plunge. And schools ringing the Portland suburbs, including Canby, Oregon City, Sandy, Centennial, Hillsboro, McMinnville and Beaverton high schools, all saw fewer than half their students meet benchmarks.

### View Test Results for Metro Schools

THE OREGONIAN, the state of Oregon largest newspaper, has created easy to read tables for the math and reading scores for the school years 2003 and 2004. The test scores are for grades 3, 5, 8, and 10:

- [Portland schools](#)
- [Metro East Schools](#)
- [Metro West Schools](#)
- [Metro South Schools](#)

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## Home Inspections

*Repairs are the major problem for realtors*

Ask any realtor what particular issue causes them the most grief and I suspect 9 out of 10 will say, REPAIRS! I know of many realtors, who after gaining some experience, move to just selling new homes because it is much easier. No major repairs issues are involved in new homes.

### Repairs

Historic homes have charm and character, and they are one of my primary reasons for being in the real estate profession. About 90 percent of my transactions are with homeowners who purchase or sell older homes. They are full of surprises, and a good home inspector will usually undercover them.

The real work begins once the inspection is completed. That is to find out what it costs to make the repairs (getting estimates from contractors) and negotiating with the seller as to what they are willing to repair. Frequently the seller does not want to take on the responsibility of getting the repair work completed so then the buyer's agent will negotiate to have the home price adjusted for the repair cost. Sometimes the seller will provide for a repair allowance.

### Sales Agreement and Inspections

The sale agreement includes the option of having a professional inspection (at buyer's expense) of the entire property. Under Oregon law, the **seller has a legal duty to disclose all known information** about the property. As a general rule, a seller is legally required to deliver a property disclosure form. The buyer then has several days (depending on what the buyer requests for inspection period) to revoke their offer based on the information provided. A seller can be held liable for any intentional misinformation or omissions on these forms.

## General Inspection

The home inspector looks beyond the cosmetics to ascertain the condition of the home's general systems (heating, electrical, kitchen appliances, etc) and whether any large repairs are needed. The standard home inspection report will cover heating and cooling systems; interior plumbing and electrical systems; roof, attic, and visible insulation; walls, ceilings, floors, windows, and doors; foundation, basement, and visible structure.

The inspector will also look for cracks in cement walls, water stains that indicate leakage, and any indication of wood rot. The inspector will also point out the positive aspects and suggest maintenance to keep the home in good shape.

The inspector provides the report to the buyer, and buyer decides which items he might request the seller to repair before closing or provide some compensation for. The general inspection report will help determine if any specialized inspections are necessary.

## Specialized Inspections

If you are purchasing an older home, buyers and their realtors should also consider whether to call for a specialized inspection. Often the general inspection will find items that call for more expertise (and equipment). Some specialized inspections to consider:

- Geo Tech (cracks in foundation, etc.)
- Pest and Dry Rot
- Sewer
- Siding (new synthetic "stucco" and LP siding)
- Underground Oil Tank

Nothing is worse than having to face a large expenditure for a repair that you discover after living in the home a few weeks and/or months. Best to eliminate as many as the "unknowns" as possible. Pay for these specialized inspections so you can be reasonably certain of what you may face.

## In Line Sewer Inspection



It is becoming a standard practice for most realtors to have a "In Line Sewer Inspection" on homes build before 1975. An In Line Video Inspection is a process where a camera is inserted into the main sewer line between the house and the City sewer connection. As the camera travels through the sewer pipe, a monitor is viewed revealing the condition of the interior of the pipe. The conditions are all documented on a video tape.

The photo on the left shows tree roots in an older clay pipe sewer.

It is interesting to watch on the monitor as the camera works it way along the sewer line. It can be entertaining I- some months ago I saw a rat, small and kind of cute - on the monitor. Needless to say, the sewer line in that home was replaced as part of the repairs negotiations.

Maintenance of a main sewer pipe is the responsibility of the home owner to the city connection. The pipe is below ground, so the only way to determine the condition is to have the camera inspection. The camera inspection can reveal pipes that are compromised by roots or damaged from seismic activity. A main sewer line can be very costly to repair or replace.

## Underground Oil Storage Tanks

It is standard practice for most realtors to ascertain if a property ever had an underground oil tank and if so, to determine if it has been decommissioned according to Oregon law. If the property has a working oil tank, then it should be determined if the tank meets current regulations.

According to the Oregon Department of Environmental Quality (DEQ), there are approximately 210,000 residential underground heating oil storage tanks in the State of Oregon. Oregon DEQ says there are approximately 60,000 underground heating oil tanks still in use and 150,000 that have been abandoned, i.e., not properly decommissioned. Many of these tanks still contain fuel, and therefore pose potential environmental liability. Statistically 60-70% of underground heating oil tanks on record have leaked some product into the soil.

You will want to view the Oregon DEQ's [Heating Oil Tank Bulletin #2](#) entitled, **What You Should Know About Buying or Selling a Home with a Heating Oil Tank** dated August 2, 2000.

The rules and regulations about oil tanks are complicated. If you purchase a home where an underground storage tank exists (average life of a tank is 25 years) and you were unaware of the tank when you purchased the home, you could undergo considerable financial expense if the tank begins to leak when you are the home owner or should you decide to sell it later. Make certain your realtor understands how this issue is addressed when purchasing a home in Oregon.

## Repairs Addendum

The buyer could also decide to reject the inspection report and cancel the transaction. This addendum can be accepted, denied, or countered by the seller. Once mutually agreed upon, the repairs addendum becomes a part of the sale agreement. The number of days in the inspection period is established in the original sale agreement - usually ten (10) days during which inspection is done and then buyer and seller negotiate on any repairs.

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## Events

### Antiques Roadshow

[Antiques Roadshow](#) The wildly popular PBS program – will wrap up its U.S. tour with a day of appraisals in Portland on Aug. 21. The Portland show will run next season. We'll keep you posted on airdates.



### Homowo Festival of African Arts

Hosted by Ghanaian Master Drummer and Portland resident Obo Addy, [Homowo](#) is a traditional harvest festival featuring jubilant African music and dance performances, food, arts and crafts, storytelling and more. Aug. 7-8. South Park Blocks at Portland State University. 503.288.3025.

### Oregon: the Savory State

The [Bite of Oregon](#) (formerly The Bite of Portland) will tempt your taste buds Aug. 13-15. Sample Oregon's culinary pleasures; enjoy live music and comedy, chef demonstrations and wine tasting. Gov. Tom McCall Waterfront Park. 503.248.0600.

### Blue Angels over Hillsboro

Pack the sunscreen and earplugs. It's time for the annual [Oregon International Airshow](#). This year,

the U.S. Navy Blue Angels return. And don't miss the U.S. Green Beret Parachute Team, military demonstration teams, flybys and many static displays. August 13-15. Hillsboro Airport, Hillsboro, Ore. 503.629.0706.

## Pedal to the Metal



Portland's [Providence Bridge Pedal](#) is America's second largest community bike ride. Set for Sun., Aug. 10, the 25-mile route boasts unparalleled, top-deck views from the Marquam (I-5) and Fremont (I-405) bridges. It's just one of the events held during the annual summer Rose Pedal.

## Summer Music

One of the many pleasures of summer in Portland is taking in an outdoor concert. Here are a few of our favorites:

[Tuesdays by Twilight](#) a popular series set in the peaceful Portland Classical Chinese Garden; through Aug. 10; 503.228.8131.

[Oregon Zoo Summer Concerts](#) in July and August; 503.226.1561.

[Kruger's Farm Concert Series](#) offers live bluegrass and more; Thursdays July 8-Sept 2; free admission; 503.621.3489.

[Oregon Symphony in the Neighborhoods](#) in August and September; free admission; 503.228.4294.

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