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In This Issue

- Portland Home Market
- Cost of Residential Homes in the Portland Metro Area
- Long-Term Mortgage Rates
- Portland Weather
- Portland South Waterfront Development
- North Portland Interstate MAX Light Rail Line
- Power Search Reports

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Portland Home Market

March Residential Highlights

March brought the first day of spring, and, if you judge seasons based on the activity of the residential real estate market, this one looks to be quite a doozy. Compared to March 2003, new listings climbed 10.9% higher. Such growth is impressive, but actually lower than the rise in closed sales (up 14.5%) and below pending sales (up 16.7%). To further impress you with the month, examine the table to the right. The active residential inventory in the Portland metro area (8,137 listings) would last only 3.4 months at March's rate of sales. That inventory measure is well below what March has exhibited in the past few years.

1st Quarter/Year-to-Date

March did much to rally the first quarter of 2004. By its end, pending sales had grown to total 4.8% more than in the first quarter of 2003. Similarly, closed sales had climbed 1.7% higher. These gains were despite less-than-positive comparisons for year-to-date statistics during the first two months of the year. New listings, on the other hand, did not manage to break into gaining territory, and ended the quarter down 3.1%.

Appreciation

Comparing the last 12 months to those immediately prior, the area's average sale price increased by 6.4% (\$227,100 v. \$213,400). The area's median sale price has climbed by 5.9% (\$189,500 v. \$179,000).

Cost of Residential Homes¹ in the Portland Metro Area

For Period March 2004

| Area | Current Month ² | Year-to-Date ² For Period Ended March 2004 | | |
|---|----------------------------|--|-------------------|-----------------------------------|
| | Average Sales Price | Average Sales Price | Median Sale Price | Percent Appreciation ³ |
| Portland Metro Area | | | | |
| Includes Portland, surrounding communities, and Vancouver, Washington area | \$223,500 | \$227,900 | \$190,000 | 6.4% |
| Portland | | | | |
| North | \$160,400 | \$163,600 | \$150,800 | 10.1% |
| Northeast | 215,000 | 211,500 | 189,500 | 8.6% |
| Southeast | 185,100 | 184,800 | 161,000 | 7.4% |
| West (Includes SW and NW Portland and parts of east Washington County) | 330,000 | 320,000 | 261,000 | 2.9% |
| Other Areas | | | | |
| Corbett, Gresham, Sandy, Troutdale | \$194,200 | \$188,700 | \$175,000 | 6.1% |
| Clackamas, Milwaukie, Gladstone, Sunnyside | 242,400 | 235,100 | 201,700 | 8.0% |
| Canby, Beavercreek, Molalla, Mulino, Oregon City | 222,700 | 223,000 | 202,500 | 8.9% |
| Lake Oswego and West Linn | 322,100 | 339,300 | 282,900 | 7.8% |
| Northwest Washington County & Sauvie Island | 307,600 | 316,200 | 265,900 | 6.9% |
| Beaverton and Aloha | 221,800 | 206,700 | 183,500 | 5.5% |
| Tigard, Tualatin, Sherwood, Wilsonville | 259,300 | 249,500 | 229,000 | 5.3% |
| Hillsboro and Forest Grove | 188,200 | 192,000 | 175,000 | 3.2% |
| Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag | 152,300 | 157,500 | 147,800 | 8.9% |
| Clark County (Vancouver, Washington) | 217,500 | 210,900 | 175,500 | 9.7% |

¹ Residential includes detached single-family houses, townhomes, condos, and plexes with four (4) or less living units.

² The Current Month section compares March 2004 with March 2003. The Year-to-Date section compares year-to-date statistics from March 2004 with year-to-date statistic from March 2003.

³ Appreciation percents based on a comparison of average price for the last 12 months (4/1/03-3/31/04) with 12 months before (4/1/02-3/31/03)

Source: Regional Market Listing Service (RMLS™).

Mortgage Rates Climb for Sixth Straight Week

April 29, 2004

In [Freddie Mac's](#) Primary Mortgage Market Survey, the 30-year fixed-rate mortgage (FRM) averaged 6.01 percent, with an average 0.7 point, for the week ending April 29, 2004, up from last week when it averaged 5.94 percent. Last year at this time, the 30-year FRM averaged 5.70 percent.

The average for the 15-year FRM this week is 5.35 percent, with an average 0.6 point, up from last week when it averaged 5.25 percent. A year ago, the 15-year FRM averaged 5.03 percent.

One-year Treasury-indexed adjustable-rate mortgages (ARMs) averaged 3.75 percent this week, with an average 0.6 point, up from last week when it averaged 3.69 percent. At this time last year, the one-year ARM averaged 3.74 percent.

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

Freddie Mac Deputy Chief Economist

"With financial markets more optimistic that the economy is expanding nicely, mortgage rates had no where to go but up this week," said Amy Crews Cutts, Freddie Mac deputy chief economist. "Then, as a result of Gross Domestic Product (GDP) figures released today, the market began weighing which part of GDP it feels is most dominant, growth or inflation.

"Perhaps next week's Federal Reserve Board meeting and the release of April employment numbers will help the market find a balance between the two influences."

Portland Area Mortgage Rates

In late February, [Washington Mutual Bank](#) was offering 6.25 percent for a 30-year FRM (APR of 6.28 percent) with zero points. Another lender, US Bank's rate was 6.13 for a 30-year FRM (APR OF 6.28 percent). Both of these rates are for a \$200,000 loan with 20% down. Many mortgage brokers in the area were advertising rates around 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.

Portland Weather

Tracking the Moisture and Sun

Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September. Since we receive only a few inches in the summer months, the rainy months are from October through May. Over half of Portland's annual rainfall falls in the first four months of the water year (October, November, December, and January). The average precipitation is about 37 inches in the metro area.

| Water Year (Oct 1 - Sep 30) | Average Precipitation In Inches | Actual Precipitation in Inches |
|--|--|---|
| Year-to-Date | 30.02 | 25.91 |
| 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 | |
| June | 1.59 | |
| July | .70 | |
| August | .89 | |
| September | 1.65 | |
| Year Average | 37.15 | |

March and April Fourth Driest Months Since 1871

2.97 inches of precipitation fell during March and April. This is the fourth driest March-April period for the Portland area since 1871. The driest March-April period was 1.60 inches in 1926. Whereas the average maximum temperature for Portland during April is about 67 degrees, April saw three record highs and one tied record. We had 19 days of clear or partly cloudy weather.

Oregon Water in the Klamath Basis

To many of you living outside of Oregon, you hear about all our rain and you would think that we are under a constant flood watch. Oregonians view water as their life blood. For example, after the U.S. government turned drought to disaster by cutting off their irrigation water in 2001, Klamath Basin farmers drilled more than 100 new wells as insurance against going dry again. The government is now paying farmers to irrigate crops with water from the wells, leaving lake and river water for protected fish. But now the underground reservoir that feeds the wells is shrinking -- the water table is down 20 feet in places -- and some wells show signs of failing. Few farmers or agency officials think the record pumping can or should last. Yet they say it's the only way they have to keep crops going when biologists say fish need water that would otherwise flow to their fields.

Rhododendrons and Roses Blooming



The Rose Garden in Washington Park is ablaze with blooming Rhododendrons and the roses are starting to bloom. This is a rare occurrence as usually the rhodies have a wilted look when the roses start blooming. The dry warm weather the last two months gave us this plant show.

Farmers' Market Opens

On Saturday, May 1, under the canopy of landmark elm trees, the [Portland Farmers Market](#) returned to the South Park Blocks at Portland State University (PSU) in downtown Portland. Browse, sample and purchase quality produce, breads and cheeses, organic meats, seafood and flowers. The market bustles at on Saturdays (8:30 a.m.-2 p.m.) and shifts locations and times on Wednesdays and Thursdays.

South Waterfront Development



The South Waterfront, the largest and most expensive redevelopment effort in Portland history, will transform an abandoned 130-acre industrial brownfield along the Willamette River south of downtown into a \$1.9 billion high-rise neighborhood as dense as parts of Manhattan.

The [Portland Development Commission](#) (PDC) signed an agreement with Oregon Health Sciences University (OHSU) and a group of waterfront property owners that cleared the way for construction of a 31-acre central district, which includes 3,000 residential units, 1 million square feet of office space, 150,000 sq. ft. of retail and a hotel/conference center.

Part of North Macadam Urban Renewal Area

The North Macadam Urban Renewal Area is the name for the 409 total acres that was officially designated by the City as an urban renewal area in 1999. The South Waterfront Plan Area covers 130 acres within the North Macadam URA. The Central District is a 31-acre parcel located in the heart of the South Waterfront Plan Area. You can view a [map](#) of the area (Adobe PDF format).

Construction Has Begun

Work also has begun on the first public element, a bioswale for stormwater runoff, and OHSU has broken ground on a 350,000-400,000 square foot clinic and research building. A tram will connect the OHSU upper campus with their South Waterfront facility. Gerding/Edlen Development Company and Williams & Dame Development Company will begin building a 300-unit condominium tower.

Will They Come?

Developer Homer Williams, the principal private sector force behind South Waterfront (along with Gerding Edlen Development) says that South Waterfront is just one of countless urban enclaves in Portland that will continue to benefit from the larger societal trend of the baby boom generation downsizing their homes after their children leave home.

Parks and Streetcars

Living along the Willamette river sounds appealing to me. Watching the river traffic and looking east into Mt. Hood while strolling along the river walk is my kind of lifestyle. A lot will depend upon how the developers and the PDC create the kind of environment that will make the river accessible and interesting. PDC plans call for a four-acre greenway with pedestrian, habitat, and open spaces. Also included is a new two-acre neighborhood park.

Another critical issue is the proposed streetcar connection from the South Waterfront to the museums, theatres, and restaurants in the downtown area. It's too far to walk, especially after a theatre performance or meal, and too close to drive. Jumping on a streetcar is my kind of transportation for this distance. PDC in conjunction with the City of Portland Transportation Department is planning an extension of the existing streetcar line to the South Waterfront area.

Opposition to Project

The most vociferous opposition comes from residents of Hillside neighborhoods overlooking the site who fear a wall of towering buildings will block their views. They also mounted a strong protest at public hearings to the tram. Other critics, led by the League of Women Voters, have challenged the decision to divert public resources to a largely private project they claim will benefit people with high

incomes.

According to *The Portland Mercury*, condo prices are expected to average \$357,500. In regard to affordability, the Portland Development Commission says 26% of residential units will be set aside for households earning below median income. Project planners insist building designs will minimize obstruction, and they point out the extremely high residential densities will relieve pressure to build housing in the prized natural greenbelt around the city.

OHSU Building 1

Dubbed "Building 1," the \$145 million facility is being developed and designed for OHSU by the team that brought Portland the Brewery Blocks Redevelopment, Gerding/Edlen and GBD Architects.

As you exit the aerial tram from OHSU's upper campus in early 2006, you will be at the entrance to Building 1. With over 350,000 square feet of surgical, research, clinical and lab facilities, it will be "one of the most important buildings OHSU has ever built," says Steve Stadum, the university's general counsel and chief spokesman on its developments. "It will really be a place where all of our missions will come together in one place."

The south face, for instance, will feature sun shades with integrated photovoltaic panels and be topped by a glassy "solar collector" to heat the building's air and water. Inside, humming micro-turbines will use the building's own recycled heat plus a little natural gas to generate electricity. They are part of a collection of features geared to reduce energy consumption -- typically very high in medical science buildings -- by roughly half, according to Gerding/Edlen's Dennis Wilde.

Overall, several "eco terraces" will break up the building's hulking mass and process rain runoff through plants rather than the sewer, while providing a retreat for workers and researchers.

The building, along with a 20-plus-story, two-tower condo complex, has received the thumbs-up from the Portland Design Commission.

OHSU Wellness/Fitness Center

As riders of Portland's aerial tram descend Marquam Hill in early 2006, the first feature they will encounter in the new South Waterfront District will be a two-story giant picture window looking in on basketball and volleyball courts inside the 16-story Building 1 of Oregon Health & Science University's new River Campus.

Just steps from the tram's landing, Building 1's entrance will be a three-story glass box enclosing an atrium overhung by balconies where everything from aerobics to tai chi will be performed. Farther inside will be lap pools, spas, weight rooms and the usual fitness gear, plus lots of counseling for more healthful lifestyles, all in a bold expansion of "wellness center."

The 50,000-square-foot center will be open to OHSU's patients, students and faculty, but also to the public at rates competitive with the city's other major health clubs according to an OHSU spokesperson. The center is also destined to become an important lure for the district's so-called "urban pioneers" -- South Waterfront's first residents.

Hopes to Create a BioTech Industry

Atop the wellness center will be Oregon Graduate Institute's new Department of Biomedical Engineering, the first step toward the city's dream of creating a bioengineering development cluster.

North Interstate MAX Light Rail and Property Values



The new North Interstate MAX light rail yellow line opened on May 1. This line branches off the current Max (Blue) Line at the Rose Garden Transit Center and heads north onto Interstate Ave and ends at the Portland Expo Center. It traverses an area that has seen some of the fastest-appreciating home values in the Portland area.

Factions Debate the Role of the MAX Light Rail in Increasing Home Values.

Real estate agents see the rail line as a selling point for houses in the corridor. Transit agency officials tout rising home values as a benefit of light rail. Although the \$350 million public investment has brought attention to the formerly low-profile corridor, real estate agents and urban-planning experts disagree on whether the light-rail interest has caused the boost or whether the area's comparatively low prices, its neighborhood improvements, and the

increasing popularity of close-in districts have played equal or bigger roles.

Homes Buyers Want Light Rail

It's hard to pinpoint a difference in price appreciation between areas close to rail and those farther away within the North Portland corridor. Home buyers frequently mention rail access as an interest. Yet transit users account for only an estimated 5 percent of the metro area's population according to [TriMet](#), the government group that runs light rail in Portland. Regardless of the line's impact, many real-estate specialists in the area agree that the rail line caps an already remarkable neighborhood transformation.

Overlook Neighborhood Transformed

The coming rail line has fanned enthusiasm for the Overlook neighborhood, where years of neighborhood activism and vigilance from concerned business owners have helped reduce crime, home owners and real estate agents said.

The transformation of the Overlook neighborhood has taken place the last couple of years when real estate speculators replaced 'street ladies' loitering by North Interstate Avenue motels. Much of the interest has come from investors looking for a fixer-upper they can quickly improve and sell. Home sellers have taken to putting the Overlook name on properties in neighborhoods farther north, such as Arbor Lodge, in hopes of cashing in on the neighborhood's cachet.

Average Home Prices Rise in North Portland

Since 1999 the average home price in Zip code 97217, that area that encompasses most of the new Interstate MAX line, increased 38.4 percent. In 1999 the average home price was \$122,334 and by the end of March 2004, the average price had increased to \$168,353. The change in the entire metro area was 20.8 percent for the same period. The source of this information is from the Regional Market Listing Service (RMLS™).

Urban Planners Come up With Conflicting Results

Urban planners have come up with conflicting results in employing computer-assisted analyses of home prices along transit routes from California to New York, said Gerrit Knaap, executive director of the National Center for Smart Growth Research & Education at the University of Maryland.

Knaap's study of vacant residential-zoned property near the Portland westside light-rail line found land within a half-mile of the route appreciated an average of 36 percent from just before the project was

announced in 1993 to two years before the line's 1998 opening. From a half-mile to a mile, the appreciation was 9 percent, he said.

A similar Portland State University study of the MAX line to Gresham found that houses close to stations appreciated in value, but those close to the rail line and away from stations slightly diminished.

As Portland's light-rail system expands and becomes more useful, it will probably compound the benefits of living near stations, said Robert Cervero, a University of California planning professor who wrote a book on how experts should attempt to measure transit's impact on home prices.

Free Reports on Schools and ZIP Codes

If you have used our new POWER SEARCH tool to search for homes, you have probably noticed that you can obtain ZIP codes and schools reports.

How to Obtain ZIP Code Reports

While in Power Search, just click on the "neighborhood" icon. The screen will ask for you name and email address. It will also verify the ZIP code (the ZIP is taken from the property listing you are currently viewing).

How to Obtain School Reports

Within Power Search, you can click on the "Schools" icon. To make it easier, I have created a page on my website called "School Reports" and have inserted all the metro area school districts. This page is not on the menu yet but you can begin to access reports by going to [School Reports](#). You select the school district and then the school. You will be presented with a preliminary report. Should you desire a more detailed report, you can enter your name and email address. I will then email you the detailed report.

Please let me know how useful these reports are and suggest any improvements.

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