



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

Moving to Portland™

September 2004 Newsletter

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Portland Home Market

July Residential Highlights

As the heat rose above normal in July so did the number of closed sales. Following record breaking sales in June, closed sales climbed again this July, reaching a total 18.1% higher than in July 2003. Pending sales, however, decreased 4.4%. New listings also fell 5.7%.

At the end of July, 8,125 residential listings were active in the Portland metro area's market. Given the month's rate of sales, they would last only 2.5 months—still down from July 2003.

Year-to-Date Trends

Closed sales continued to climb during the first half of 2004, up 9.3% compared to January-July 2003. Total pending sales soared 6.4% (compared to the same period in 2003). However, new listings appear sparse this year, down 4.4%.

Affordability

With a higher than normal median family income (\$67,900 per HUD for a family of four in the Portland metro area) in June, the month ending 2003's second quarter, Portland families are still able to afford to buy despite ever-increasing median housing prices (\$204,000) with a 20% down payment. However, an increasing interest rate (6.29 for a 30-year fixed mortgage per Freddie Mac), brought a slightly lower affordability index. The index indicates that, per an NAR formula, median family would have 40% more income than necessary to afford the area's median-priced home.

Cost of Residential Homes¹ in the Portland Metro Area

For Period July 2004

Area	Current Month	Year-to-Date For Period Ended July 2004		Percent Appreciation ²
	Average Sales Price	Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes Portland, surrounding communities, and Vancouver, Washington area	\$254,600	\$242,000	\$199,900	8.0% ³
Portland				
North	\$180,900	\$171,500	\$161,000	10.8%
Northeast	228,500	220,800	193,000	7.5%
Southeast	209,300	196,500	172,000	7.2%
West (Includes SW and NW Portland and parts of eastern Washington County)	376,400	348,700	282,000	6.5%
Other Areas				
Corbett, Gresham, Sandy, Troutdale	\$209,000	\$200,200	\$181,000	6.5%
Clackamas, Milwaukie, Gladstone, Sunnyside	254,700	242,400	207,000	11.9%
Canby, Beavercreek, Molalla, Mulino, Oregon City	233,200	229,600	211,000	10.2%
Lake Oswego and West Linn	421,500	389,300	330,000	12.9%
Northwest Washington County & Sauvie Island	326,000	322,100	283,300	8.1%
Beaverton and Aloha	219,900	212,600	186,900	9.5%
Tigard, Tualatin, Sherwood, Wilsonville	270,700	262,600	236,000	8.4%
Hillsboro and Forest Grove	211,200	205,400	185,000	4.2%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	194,200	164,700	153,900	5.0%
Clark County (Vancouver, Washington)	223,700	220,700	185,200	12.8% ³

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

² Appreciation percents based on a comparison of average price for the last 12 months (8/1/03-7/31/04) with 12 months before (8/1/02-7/31/03)

³ As of June 2004. This figure calculated each quarter.

Source: Regional Market Listing Service (RMLS™).

Average 30-Year Mortgage Still Below Six Percent

September 2, 2004

In Freddie Mac's Primary Mortgage Market Survey, the 30-year fixed-rate mortgage (FRM) averaged 5.77 percent, with an average 0.8 points, for the week ending September 2, 2004, down from last week when it averaged 5.82 percent. Last year at this time, the 30-year FRM averaged 6.32 percent.

The average for the 15-year FRM this week is 5.15 percent, with an average 0.7 points, also down from last week when it averaged 5.21 percent. A year ago, the 15-year FRM averaged 5.66 percent.

One-year Treasury-indexed adjustable-rate mortgages (ARMs) averaged 3.97 percent this week, with an average 0.8 point, down more from last week when it averaged 4.05 percent. At this time last year, the one-year ARM averaged 3.88 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

"The drop in consumer confidence left an unsavory taste in the market, creating a fear that consumer spending will slow," said Frank Nothaft, Freddie Mac vice president and chief economist. "Because consumer spending constitutes about 2/3 of the economy, this could seriously impact economic growth. As a result, interest rates tend to retreat to lower levels.

"August employment figures are due out tomorrow and those numbers will shed more light on the future financial strength or weakness of families. And that strength or weakness is a large part of what will drive the pace of the nation's economic growth."

Portland Area Mortgage Rates

In early September Washington Mutual offering 5.875 percent for a 30-year FRM (APR of 5.904 percent) with zero points. Another lender, US Bank's rate was 5.875 for a 30-year FRM (APR of 6.011 percent). Both of these rates are for a \$200,000 loan with 20% down. Many mortgage brokers in the area were advertising rates around 5.75%. To check on more Portland metro area mortgage rates visit the website for [Bankrate](#).

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

Portland Weather

Tracking the Moisture and Sun

August Hot and Wet

August 2004 makes the lists of both the five warmest and the five wettest Augusts Portland has ever had. The month started with hot weather and then it got rainy. It started raining Saturday evening, July 21 about a half hour before the Oregon Zoo Concert featuring the Cowboy Junkies. We ate our picnic dinner under a sheet of plastic and remained relatively dry. When the Junkies came on about 8 o'clock, the rain had stopped. Having it rain at a summer zoo concert is quite rare - many people were unprepared and they left early. Choice lawn seats were easy to find.

Water Year (Oct 1 - Sep 30)	Average Precipitation In Inches	Actual Precipitation in Inches
Year-to-Date	35.52	31.53
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	2.68
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 37-38 inches in the metro area. Precipitation measured from the NOAA weather station at the Portland International Airport.		

Portland Fun Facts

Washington Park Statues and Memorials



Located in Washington Park are a number of statues, including a statue of Sacajawea, the heroic Shoshone Indian woman who helped lead the Lewis and Clark explorers through the distant mountains of the west. This 34-foot bronze effigy of Sacajawea was first unveiled in 1905 at the Lewis and Clark Centennial.

First Statue of a Women in America

This was the first statue of a woman unveiled in America up to 1905. This project was promoted and paid for by subscriptions solicited nationwide by a group of Portland women headed by Mrs. Sarah Evans. Among those present at the unveiling were Susan B. Anthony, Abigail Scott Duniway, and Eva Emery Dye. The sculpture was done by a woman, Alice Cooper, and required more than 20 tons of Oregon copper. In April 1906 the statue was placed in its current location in Washington Park.

Coming of the White Man

Coming of the White Man was given to the City by the family of David P. Thompson, an early Portland mayor and donor of the Elk statue downtown in the Plaza Blocks. This bronze statue, sculpted by H.A. MacNeil and completed in 1904, features two Native Americans. Facing eastward, they look down upon the route that ox teams trudged bringing settlers to this part of the country. The older of the two is said to be Chief Multnomah of the Multnomah people.



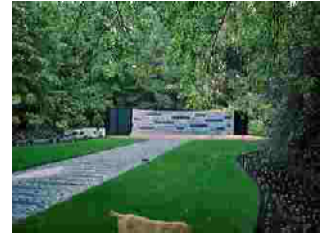
Lewis and Clark Memorial



The Lewis and Clark Memorial is a rectangular granite shaft with each side bearing a large bronze replica of the great seals of the States of Oregon, Washington, Montana, and Idaho which comprised the Northwest Territory. This was the only portion of the United States that was acquired by discovery and therefore was never under a foreign flag. Theodore Roosevelt laid the foundation stone for the statue on May 21, 1903.

Holocaust Memorial

Located near the roundabout at the corner of SW Washington Way and SW Wright, the park's newest site was dedicated on August 29, 2004. The memorial features a stone bench adorned with wrought-iron gating, screened from the street by rhododendron bushes. The bench sits behind a circular, cobblestoned area - simulating a European town square. During the Holocaust, many Jewish families were gathered in town squares before being loaded onto trains and taken to concentration camps. The square contains scattered bronzes of shoes, glasses, a suitcase, and other items to represent everyday objects that were left behind. A European-style cobblestone walkway with inlaid granite bars, simulating railroad tracks, leads to a wall of history panels - giant, stone placards that offer a brief history of the Holocaust and quotes from Holocaust survivors.



Is Portland Getting Too Pricey?

Forbes ranks Portland fourth worst in nation on affordability scale

To answer the question as to whether Portland is getting too pricey my answer is more "yes" than "no." I'm hedging my answer until we get into the late fall to see what happens to prices.

I am getting concerned that our housing prices are increasing too fast. As of the end of July, the average home price was \$242,000 in the Portland metro area. The median sales price was \$199,900. These two figures are year-to-date numbers. Combined with rising interest rates, this means that homes are becoming less affordable in the Portland metro area.

Average Appreciation 8 Percent As of the end of June, 2004, the percentage increase in appreciation in homes in the Portland metro area was 8 percent. Appreciation percents are 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). I would prefer a modest 4-6 percent annual increase.

Low Inventory of Homes Available for Sale The available supply of homes has also been steadily decreasing over the last few months. In July, the supply of homes would only last 2.5 months. In July 2002, the supply would last 4.5 months and in July 2003, the supply would last 3.6 months. This is another trend that concern many realtors. Most of us do not want a market where buyers are at the mercy of sellers. For example in the Washington, DC market, most homes are sold "as is" and buyers do not have the opportunity to have a professional home inspection.

National Association of Realtors (NAR) Affordability Formula

NAR calculates an affordability index for all the metro areas in the USA. They use the median family income as reported by HUD - Portland's metro area median family income was \$67,900 for a family of four in February 2004. Two other numbers are used: the average median house price and the interest rate for a 30-year fixed mortgage. When the scale equals 100, a household with a median income can

exactly afford a median-priced home after a 20% down payment.

As of June 2004, the Portland metro area index was 140. The last reporting period (March 2004) the index was just over 160. Throughout 2003 and in the first quarter of 2004, the index was between 148 – 166.

Forbes Magazine Ranks Portland Fourth Worst in Nation on Affordability

Portland ranks fourth in the nation on affordability according to a Forbes magazine list released in mid August. This is not an honor we cared to receive. The Rose City trails Seattle, Bergen-Passaic, N.J., and Miami on Forbes' 2004 list of the 10 most overpriced places in the United States.

Criteria Includes Affordable Housing, Job/Income Growth, and Cost of Living

Forbes rated Portland in such areas as affordable housing, job and income growth, and cost of living. On a scale of 1 to 150, with 1 the best score and 150 the worst, Portland ranks 118 in job growth, 133 in income growth, 114 in cost of living and 105 in housing affordability. They use an early 2004 median home price of \$195,100 for their analysis.

This is Portland's first appearance on the "most overpriced" list. The business magazine says Portland "has a diverse business base, but it's been saddled with high unemployment numbers and meager job growth; and while the cost of living isn't as exorbitant as places like San Francisco, the median home price there is a good \$25,000 above the national median."

"During the tech boom, Oregon became a desirable destination for professionals hoping to find an affordable alternative to the Bay Area," Forbes says, "but it ended up driving up the cost of living and the job market hasn't quite caught up."

Julie Tripp, Personal Finance Writer for THE OREGONIAN Responds

In an article on Monday, August 23rd, Julie Tripp, responded to the Forbes magazine article. Julie says that the, "Forbes magazine ranking of Portland as the country's fourth most overpriced place to live sounds dramatic, but don't get in a dither about it. The people who provided the raw statistics for the rankings say Forbes' weighting of the data probably skewed results."

Tripp also cited Economy.com's Mark McMullen and Bert Sperling of 'Sperling's Best Places.' She made these points:

- McMullen and Sperling -- both of Portland -- said the Rose City placed high on the list because of the convergence of sluggish job and income growth with rising home prices.
- In the first quarter, for example, job growth in Portland declined while the national index rose, McMullen said. Portland's per-capita household income increased only 2.8 percent in the first quarter, while national income grew 3.9 percent. The ranking "is exaggerated for Portland," said McMullen, who noted residents of cities that placed several notches below Portland on the list have it a lot worse.

Best Places to Die

Oregon second best place to die

Forbes Magazine loves lists and in their August 20th issue, they ranked the 50 states along with the District of Columbia of the Best Places to Die. Oregon ranks second behind Utah.

Forbes says that "In America, the way we die is largely determined by where we live. Geography dictates what kind of care is provided to the dying and whether death following a long illness occurs at home, in a hospital or in a nursing home."

Forbes says that patients can gain control over how they die by talking about end-of-life care with their families and physicians. If patients speak up, sheer numbers will force the health care system to take better care of the dying. Over the next 30 years, the number of people older than 85 will more than double to 9 million.

They used the following criteria to evaluate the 50 states:

- Health Care Quality Rankings of health care quality come from a recent report from the Office of Clinical Standards and Quality at the Centers for Medicare & Medicaid Services.
- Legal Protection They looked at the legislative framework of each state in terms of the quality of their elder law.
- Cancer Deaths in Hospital, in Nursing Homes, or at Home Researchers at Brown University, led by Joan M. Teno, tracked exactly where cancer patients were likely to die. Together, these factors accounted for 22% of the ranking.
- Percent of Medicare Patients Using Hospice in the Last Year of Life When patients die at home, they still need health care. That's where hospice care comes in. These data come from the Dartmouth Atlas of Health and were contained in the "Means to a Better End" report. This accounted for 22% of the total ranking.
- Estate Taxes Last, they looked at how estate tax laws vary from state to state. The results we have come up with are for an estate worth \$10 million in 2004, legated by a widow or widower to their direct heirs. The computations were provided by BNA Software using their estate and gift tax CD-ROM planner. They accounted for about 4% of the ranking.

You can view the results of the study at the Forbes magazine's Web site in a table called [BEST PLACES TO DIE.](#)

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