



**Susan  
and her  
Wirehaired Vizslas**

# Moving to Portland™

**August 2005 Newsletter**

**<http://www.movingtoportland.net>  
Voice 503.497.2984 ♦ FAX 503.220.1131  
[susan@movingtoportland.net](mailto:susan@movingtoportland.net)**

## In This Issue

- Portland Home Market
- Cost of Residential Homes in the Portland Metro Area
- Long-Term Mortgage Rates
- Portland Weather
- Oregon People: Meier & Frank
- Oregon Facts: Tillamook Forest
- The Housing Market
- Portland's Growth
- Portland Events

### Unsubscribe

Moving to Portland mailing list addresses are never sold, rented, leased, traded, swapped, exchanged, or bartered to anyone. We don't like to receive junk mail and know you don't either. To unsubscribe to the Moving to Portland newsletter, send an e-mail to [webmaster@movingtoportland.net](mailto:webmaster@movingtoportland.net) with the word "UNSUBSCRIBE" in the subject line or body.

## Portland Home Market

### June Residential Highlights

The small 2% increase in new listings when comparing June 2004 with June 2003 was overshadowed by the 4.4% increase in closed sales, leading to yet another drop in inventory in the Portland Metro area. Pending sales also increased 9.4%.

At the end of June, there were 5,423 active residential listings in the Portland Metro area's market. Given the month's rate of sales they would last only 1.5 months—setting another record low for Portland's inventory measure.

### Appreciation

The area's average sale price for the last twelve months was \$257,800—up 10.9% from the \$232,500 average for the twelve months prior. Using the same date range, the median sale price appreciated 12.2% (\$215,500 v. \$192,000).

### Year-to-Date Trends and Second Quarter Report

Closed sales continue to show growth this year, up 18% when compared to the same time frame in 2004. The number of pending sales also increased 15.2%. New listings changed by growing only 0.9%.

Comparing the second quarters of 2004 and 2005, closed sales are up 10.2% (10,255 v. 9,281), pending sales increased 9.2% (11,413 v. 10,454) and new listings dropped 1% (13,126 v. 13,257).

## Cost of Residential<sup>1</sup> Homes in the Portland Metro Area For Period June 2005

Area	June 2005 Average Sales Price	Year-to-Date For Period Ended June 2005		Average Price Appreciation <sup>2</sup>
		Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	\$286,600	\$268,700	\$225,000	10.9%
Portland				
North	\$200,900	\$196,100	\$187,600	13.8%
Northeast	268,200	252,100	221,300	11.9%
Southeast	230,900	217,300	188,900	12.6%
West (Includes SW and NW Portland and parts of eastern Washington County)	412,500	393,000	318,300	12.9%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$224,100	\$219,700	\$202,000	9.8%
Clackamas, Milwaukie, Gladstone, Sunnyside	309,000	278,500	236,700	16.9%
Canby, Beavercreek, Molalla, Mulino, Oregon City	271,000	265,100	242,000	11.4%
Lake Oswego and West Linn	473,800	443,100	359,000	13.6%
Northwest Washington County & Sauvie Island	369,200	352,900	325,000	7.2%
Beaverton and Aloha	245,700	235,000	204,900	9.0%
Tigard, Tualatin, Sherwood, Wilsonville	322,500	295,000	265,000	9.6%
Hillsboro and Forest Grove	243,100	228,500	210,000	7.9%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	233,600	219,000	223,200	22.9%
Columbia County	207,900	191,300	174,000	11.8%
Yamhill County	222,200	203,700	176,700	2.0%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$256,200	\$244,400	\$210,000	11.7%

<sup>1</sup> Residential includes detached single-family homes, condos, townhomes, manufactured homes, and multi-family (e.g., duplexes, triplexes, etc.) homes when one of the units is sold.

<sup>2</sup> Appreciation percents based on a comparison of average price for the last 12 months (7/1/04-6/30/05) with 12 months before (7/1/03-6/30/04).

Source: Regional Market Listing Service (RMLS™).

## Mortgage Rates Creep up

**August 4, 2005**

In [Freddie Mac's](#) Primary Mortgage Market Survey, the 30-year fixed-rate mortgage (FRM) averaged 5.77 percent, with an average 0.5 point, for the week ending July 28, 2005, up from last week when it averaged 5.73 percent. Last year at this time, the 30-year FRM averaged 6.08 percent. The average for the 15-year FRM this week is 5.34 percent, with an average 0.5 point, up from last week when it averaged 5.32 percent. A year ago, the 15-year FRM averaged 5.49 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.27 percent this week, with an average 0.6 point, up slightly from last week when it averaged 5.26 percent. There is no annual historical information for last year since Freddie Mac only began tracking this mortgage rate at the start of this year.

One-year Treasury-indexed ARMs averaged 4.46 percent this week, with an average 0.7 point, up from last week when it averaged 4.42 percent. At this time last year, the one-year ARM averaged 4.17 percent. The last time the one-year ARM was higher was the week ending July 19, 2002, when it averaged 4.50 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

"Although inching upwards, the average 30-year fixed-rate mortgage rate for the month of July was lower than the annual averages since our survey began in 1971," said Frank Nothaft, vice president and chief economist at Freddie Mac." And the most recent figures for housing sales are reflective of these low interest rates in the mortgage industry.

"Currently, we are experiencing a rather flat yield curve. As a result, ARMs will probably become less popular because the uncertainty of future monthly payments may outweigh the savings realized in the initial rate period."

### Portland Area Mortgage Rates

In early August, US Bank's rate was 5.95% for a 30-year FRM (APR of 6.032%) and zero points. Washington Mutual was offering 5.60% and the APR was 6.053%. The average APR for a 30-year fixed-rate mortgage was 5.58% for the Portland metro area, the low was 5.06% and the high was 6.42%. All rates are for a loan of \$165,000 to \$359,650 with 20% down. To check on more Portland metro area mortgage rates visit the website for [Yahoo! Finance](#).

## Portland Weather

### July Starts Cool, Turns Warm, Summer Arrives

July started cool and continued wet. The July 4<sup>th</sup> weekend cleared and Portland had perfect weather for the holiday. Then came some more cool weather and rain. In mid-July, summer finally arrived, and we had a few days of 90 degree plus days. The month ended with pleasant temperatures and perfect weather.

In the summer, one can look out the window in the early morning and predict with a good degree of accuracy what the temperature will be for the day. If the sky is a bit overcast, the temperature will most likely be in the low 80s. A clear blue sky with the sun shining at 6 a.m. will mean a "hot" one is in store.

Water Year (Oct 1 - Sep 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	34.47	27.11	<p>Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September.</p> <p>The average precipitation is about 37-38 inches in the metro area.</p> <p>Precipitation is measured from the NOAA Weather Station at the Portland International Airport.</p>
October	2.88	3.36	
November	5.61	2.38	
December	5.71	3.91	
January	5.07	1.94	
February	4.18	1.23	
March	3.71	3.77	
April	2.64	3.49	
May	2.38	4.20	
June	1.59	2.21	
July	0.70	.41	
August	0.89		
September	1.65		
Year Average	37.21		

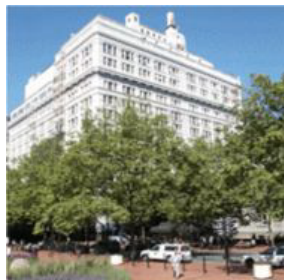
Here is the [NOAA](#) data for the month of July, 2005:

- Average Monthly Temperature: 70.3 or 2.2 degrees above normal.
- Average Maximum Temperature: 81.5
- Average Minimum Temperature: 59.1
- Average Monthly Wind Speed: 7.4 MPH.
- Clear/Cloudy Days: 15 clear days, 10 partly cloudy days, and 6 cloudy days.
- Highest Temperature: 93 on July 18 and 27.

## Oregon People: Aaron Meier & Sigmund Frank

If you said "meet me under the clock" all Portlanders knew that meant the clock in the middle of the main floor at Meier & Frank Department store in downtown Portland. Alternatively, you could meet in the Georgian Room, the genteel tearoom on the 10th floor. For nearly 150 years, style and tradition have been synonymous with the name Meier & Frank in Portland, which was founded in 1857 by Aaron Meier.

### Meier & Frank Name Will Vanish



A recent shareholder vote brought Meier & Frank Company a step closer to becoming part of Federated Department Stores and what would be the nation's largest department store chain. The \$17 billion deal, expected to be finalized this fall, merges Meier & Frank parent May Department Stores Company with Cincinnati-based Federated, creating a chain of about 950 stores with \$30 billion in annual sales.

The Meier & Frank name almost certainly will vanish as part of the merger, however, with the firm's eight stores in Oregon and one in Washington becoming Macy's. The merger aside, major changes soon will be under way at Meier & Frank's long-neglected downtown Portland flagship, where a \$137.3 million project will result in a renovated, upscale department store on the first five floors of the building, with a 334-room Marriott Renaissance Hotel on its top 11 stories.

### Aaron Meier and Sigmund Frank

Aaron Meier, a Jewish emigrant from Germany, worked his way north in the mid-1850s from the Sierra gold fields to new mines in the Rogue River Valley. He carried needles, thread, buttons, and bolts of cloth in his

traveling dry goods business. He worked hard, saved, and in 1857 opened a small retail store in Portland, then a town of 1,300 residents. The city's boom during the 1860s with opening of new mining fields in the interior and the flow of capital through the emerging city gave him the chance to expand his business. In time Sigmund Frank, his son-in-law, joined him. Meier & Frank Department Store was on its way to becoming one of the nation's largest retail outlets.

Now a Macy's "look alike," at one time, Meier & Frank had a grocery store, bakery and a delicatessen, all in the basement. They delivered — if you bought \$1 worth of groceries or a thimble. The store had a fleet of 120 trucks, which made free deliveries throughout the city.

## Oregon Facts: The Tillamook Burn

The Tillamook Burn became the collective name for the series of large fires that began in 1933 and struck at six-year intervals through 1951, burning a combined total of 355,000 acres. The fires had profound environmental, economic and social repercussions for the coastal counties of northwest Oregon. The logging industry, a mainstay of local economies, ground to a halt.

### Volunteers Planted 72 Million Seedlings: Largest Reforest Project in USA



In the years since the fires, foresters, professional tree planters and volunteers have worked painstakingly to reestablish the forest and its many resources. Oregon voters passed a constitutional amendment in 1948 authorizing \$12 million in bonds to rehabilitate the land. The long reforestation project, the largest ever undertaken, began in 1949. Helicopters were used for the first time for large-scale aerial seeding. On the ground, forestry crews, prison inmates and school groups planted trees by hand. In total, helping hands planted 72 million seedlings giving the burned-over landscape a new start.

The Tillamook Burn was officially renamed the Tillamook State Forest by Oregon Governor Tom McCall on July 18, 1973. Today the area is covered with young trees, and logging has begun. The forest is also a prime recreational area.

## Housing Market

### John Ross at South Waterfront Sells 80 Percent of Units in Six Days

[Oregon Public Broadcasting](#) (OPB) reported in mid-July on both their radio station and on their Web site that Gerding/Edlen, developers in Portland's Southwest Waterfront District, took just six days for home buyers to reserve 80% of the units in a fourth skyscraper. This is the fourth condo tower, and the 31-story elliptical building is being marketed as the tallest exclusively residential tower in Portland.

#### **Statement of the Month**

We are always amazed when a realtor and/or developer make a statement about keeping speculators out of a new project. This month, realtors for the John Ross building gave the public assurances that "quick profit" people were not welcome. According to a spokesperson for the realtors, ". . . to reserve a unit, buyers have to put up down at least a \$5,000 deposit and promise not to try to make a quick profit."

The OPB story goes on to say that "a buyer has to disclose whether it's a primary residence, a secondary residence or an investment purchase. And they've already been made aware that the project is not open for investment sales, which would include people that might be speculating to flip the units or possibly rent them out for an investment." Such an agreement is not enforceable so it is just wasted words and false hopes to

legitimate buyers who are looking for a home. If they really wanted to keep speculators out, all they would have to do is have buyers sign a statement that they could not resell the units for a specified period of time such as three years.

### **Denver Housing Goes From Frothy to Flat**

Denver's homeowners are learning the hard way about a flat real estate market. Five years ago, median house prices were rising at an annual clip of nearly 17 percent. By the first quarter of 2005 the increase had slipped to 3 percent, according to an analysis by Economy.com, a research firm. Earlier this year, Federal Reserve Chairman Alan Greenspan said some metro areas were showing signs of "froth" and warned of bubbles bursting in local markets. Denver's housing bubble didn't break but it has developed a slow leak.

With economists warning that prices in hot markets cannot continue to rise as sharply as they have in the past few years, the experience of Denver's homeowners may foreshadow what could happen if those markets start to cool. Denver's circumstances are in some ways particular to the area, driven largely by job losses in the telecom sector, but they illustrate how a moderate slowdown could play out for homeowners in other parts of the country and stand as a potent reminder that galloping price appreciation is not the norm.

Denver's housing boom never quite reached the heights of Las Vegas's, for example, where home prices increased by nearly 33 percent in the first quarter of this year, according to Economy.com. But from 1998 through the third quarter of 2001, homeowners in sprawling Denver enjoyed double-digit appreciation as telecom employers like Qwest Communications International added jobs - and homebuyers - to the market.

### ***Job Lost in Denver***

From December 2000 to September 2003, however, Denver lost about 74,000 jobs, about 6 percent of its job base, according to Economy.com. Increases in home prices stalled, then started to taper off. Houses lingered on the market, and sellers were forced to cut prices.

### **Federal Deposit Insurance Corporation (FDIC) Defines a Housing Boom**

In early 2005, the FDIC defined a housing "boom" market as one in which inflation-adjusted prices rose by at least 30 percent in a three-year period. They called it their "1/3 in 3" rule. The FDIC adjusted the nominal home price series that is published by Office of Federal Housing Enterprise Oversight (OFHEO) using the Bureau of Labor Statistics consumer price index (CPI) less the price of shelter, which is used by OFHEO to adjust home price changes for inflation.

Based on this definition, some 63 cities had experienced a boom at some point in the last 30 years, and 33 cities were experiencing a boom as of the end of 2003. Portland was not among the 63 boom cities or the 33.

The report also defined metro-area housing "busts" as markets as an average decline in nominal home prices of at least 15 percent over five years, or a nominal "15 in 5" rule. While 21 housing busts have occurred since 1978 under this definition, only nine of them have occurred on the heels of a housing boom. Again, Portland was not on the list of 21 housing busts.

### ***Conclusion: A Housing Boom Does Not Necessarily Lead to a Housing Bust***

The FDIC concluded that a housing boom does not necessarily lead to a housing bust. In fact, boom was found to lead to bust in only 17 percent of all cases prior to 1998. Moreover, when busts occurred they were typically preceded by significant distress in the local economy. The most common way for a housing boom to resolve itself was through a period of price stagnation that allowed local economic fundamentals to catch up with high home prices. In the end, however, the paper suggested the applicability of this historical experience to the current housing boom remains uncertain. The expansion of subprime and high loan-to-value mortgages, along with growing use of home equity lines of credit, could change the dynamics of home prices in future cycles.

### ***Home Price Developments in 2004***

Based on the OFHEO house price index, U.S. average home prices rose by almost 11 percent in 2004. This

was the most pronounced gain in nominal home prices since 1979 and was a substantially higher rate of appreciation than the 7 percent gains in both 2002 and 2003. Adjusted for inflation, the price of the average home in the OFHEO sample increased by 8 percent—the fastest pace recorded in 30 years.

Some 15 percent of the 362 metropolitan areas for which OFHEO publishes the HPI met the boom criteria at year-end 2004. This represents the highest proportion of "boom" markets nationwide in the 30 years of historical price data published by OFHEO. The 55 boom markets last year compare to 22 just two years earlier and to only 9 boom markets identified as recently as 2000.

To read the report for 2004, go to [FDIC](#).

## Portland's Growth

People are moving to the Portland area faster than previously estimated, according to new projections by Metro, the regional government management agency. More than 2 million people now live in the metropolitan region, about 300,000 more than Metro predicted just 10 years ago. And according to the projections, the population could approach 3 million by 2030, over 500,000 more than previously predicted.

### New Projections Introduced

The new projections, introduced to the [Metro Council](#) last month, sparked a variety of reactions among regional planners, business groups, builders and advocacy organizations. Metro President David Bragdon and other council members expressed concern that the population increases could overwhelm land use planning efforts, forcing the agency to expand the urban growth boundary, which is supposed to control expansion into farm and forest lands, in order to accommodate more housing and commuters.

This may mean that Metro needs to begin preparing to expand the urban growth boundary now. Existing state land-use laws will require Metro to reconsider it in 2007.

### Figures for Clackamas, Clark, Multnomah, and Washington Counties

The new figures predict the number of people who will move to Clackamas, Clark (Washington State), Multnomah and Washington counties between now and 2030. They are the most complete estimates Metro has worked with since 1995, when the agency used figures provided by the Bonneville Power Administration to determine how many people could live in the four-county region in 2040.

The computer program used to create the numbers assumed no significant changes in current land-use laws and zoning policies. The results were shown in a series of computer-generated maps that suggest thousands of new homes will have to be built on existing farmland in east Clackamas, west Washington and Clark counties. The maps also show that a large portion of all jobs will continue to be concentrated in south Clackamas and Washington counties, straining existing transportation networks. Projections could change if different assumptions, such as changes in zoning policies to encourage denser urban development, were programmed into the computer.

### Oregon Land-use Law: The 2040 Plan

The state of Oregon has adopted a comprehensive land-use planning system that is designed to preserve farmland and concentrate new development in existing urban areas. Under the law, Metro is responsible for managing growth in the tri-county region. It has adopted the growth boundary that separates urban from rural lands.

Metro also has adopted a long-range strategy called the 2040 Plan that calls for new development in designated centers and along major transportation corridors. The 2040 Plan was adopted in 1995 after a public involvement process that included the participation of all city and county governments in the region. When it was adopted, the plan was based on the premise that the region's population would grow from 1.5



million to 2.5 million people by 2040. But the figures show the region is growing far faster than that.

The computerized projections also point out that some elements of the 2040 Plan will not work as well as hoped. Although some growth is expected to occur in the centers and along major transportation corridors, it will not even begin to accommodate the number of people expected to flock to the region.

### ***Urban Growth Boundary will Need to Expand***

If the pattern continues, the projection indicates that Metro will have little choice but to expand the urban growth boundary into rural east Clackamas and west Washington counties, two of the few areas in the tri-county region with enough vacant land for the housing that will have to be built. The projections also say many jobs will continue to be concentrated in south Clackamas County and along Highway 217 in Washington County, requiring the new residents to commute miles to work. This will further stress the region's already congested roads.

### ***Portland Ranked 20<sup>th</sup> as Most Congested City in USA***

Portland already is ranked the 20th most congested city in the country out of 85, according to the 2005 Mobility Study conducted by the Texas Transportation Institute based at Texas A&M University. The study said annual traffic delays per traveler grew from seven hours in 1982 to 38 hours in 2003, the most recent year for which figures were available.

### **Concentration may be the Solution**

Metro has appointed task forces to study what can be done to encourage more concentrated developments. One task force is focusing on housing availability throughout the region, and another is looking at whether current zoning codes or building codes are discouraging landowners from developing their properties.

Ideas that have been discussed included a change to zoning or building codes to allow for taller buildings in historic downtowns outside of Portland. Or maybe tax laws need to be rewritten to encourage property owners to redevelop their properties.

### **Metro Area Growth**

The Portland-Vancouver, Wash., region is one of the fastest growing areas in the nation, according to the U.S. Census Bureau. Between 1990 and 2000, Clackamas, Clark, Columbia, Multnomah, Washington and Yamhill counties grew more than twice as fast as the rest of the country. Other stats:

- According to the Bureau of Statistics, the counties grew 27 percent compared with 13 percent for the United States as a whole during that decade.
- The regional population grew from 1.5 million to 1.9 million between 1990 and 2000, an increase of 400,000 people over 10 years. Today, the population is estimated at 2.1 million by the Population Research Center at Portland State University.
- The center expects the growth to continue, reaching about 2.3 million people by 2010, 2.4 million people by 2015, 2.6 million by 2020 and 2.8 million in 2025 — an increase of approximately 1.3 million people since 1990.
- According to the bureau, net migration accounted for more than 80 percent of all growth in the metropolitan region between 1990 and 2000, the last year a complete census was taken.
- Most of this migration came from western states, according to the Oregon Population Survey (Oregon Office of Economic Development). The largest numbers of people came from California and Washington, followed by Idaho, Nevada, Utah and New Mexico.

### **Fast Growing Metro Areas 1900-2000**

According to the census, the fastest growing metropolitan areas in the country between 1990 and 2000 were Las Vegas (83%); Naples, Florida (65.3%); Yuma, Arizona (49.7%); McAllen-Edinburg, Texas (48.5%); Austin-San Marcos, Texas (47.7%); Fayetteville-Springdale-Rogers, Arkansas (47.5%); Boise, Idaho



(46.1%); Phoenix-Mesa, Arizona (45.3%); Laredo, Texas (44.9%); and Provo-Orem, Utah (39.8%).

### Why People Move to Oregon

Public opinion surveys reveal that many people are moving to the Portland metropolitan area because of its quality of life. The [Oregon Values and Beliefs Survey](#) conducted every year for the state of Oregon shows that many newcomers cite the environment as a major factor in their decision to move to the area.

## Events



Visit the [Portland Visitors Association](#) for a complete schedule of events in Portland.

### Bite of Oregon

The [Bite of Oregon](#) returns Aug. 12-14 with a flavor-packed showcase of the state's culinary delights. And don't miss big-name entertainment like Little Richard, The Dirty Dozen Band, John Kay and Steppenwolf, The Violent Femmes and Portland's own indie-rockers, The Decemberists. Wine tasting and more round out the experience. Gov. Tom McCall Waterfront Park. 503.248.0600.

### Pickathon Roots Music Festival

The 7th Annual [Pickathon Roots Music Festival](#) offers two festive days of the best roots music August 13-14. Headliners include Jolie Holland, Tracy Grammer, Freakwater and the Foghorn String Band. See you – toes a' tappin' – at the Pudding River Festival Grounds in Woodburn, Oregon. A family friendly, knee-slappin' good time.

### The Shark and the Walrus

The Shark (Greg Norman), the Walrus (defending champ Craig Stadler), a Duck (U of O alum Peter Jacobsen) and many other entertaining golfers will compete August 22-28 at the [Jeld-Wen Tradition](#). The Reserve Vineyards & Golf Club hosts the fifth and final major championship on the Champions Tour. 866.503.2003.

### Action Packed August

- [Mt. Hood Jazz Festival](#) – August 5-7
- [LPGA Golf: Safeway Classic](#) – August 15-21
- [The Dew Action Sports Tour: VANS Invitational](#) – August 18-21
- [Oregon Ballet Theatre: OBT Exposed](#) – August 29-Sept. 3

---

#### Susan Marthens

Real Estate Broker/GRI

Windermere/Cronin & Caplan Realty Group, Inc.

6443 SW Beaverton-Hillsdale Hwy, Suite 100

Portland, Oregon 97221

503.497.2984

[smarthens@movingtoportland.net](mailto:smarthens@movingtoportland.net)