



# Moving to Portland™

October 2005 Newsletter

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## Portland Home Market

### August Residential Highlights

With Fall just around the corner the market activity in the Portland metro area doesn't seem to be losing any heat. In fact it's on fire! For the first time in our recorded history the average sale price was \$300,100. Up almost \$50,000 from this time last year and yet the number of closed sales did not cool down either, but increased 20.5%. The number of pending sales in August 2005 was also 14.8% greater than those in August 2004. Even the number of new listings grew 9.8%. At the end of August 2005, there were 5,908 active residential listings in the Portland Metro area. Given the current rate of sales, they would last approximately 1.6 months.

### Appreciation

The area's average sale price for a home in the Portland metro area during the last twelve months ending in August 2005 was \$268,200—up 12.7% from the \$237,900 average for the twelve months immediately prior. Using the same date range median sale price appreciated 14.8% (\$225,000 v.\$196,000).

### Affordability

Throughout the year the number of closed sales has continued to grow, and Year-to-Date numbers ending in August 2005 show more of the same, up 15.8% compared to January-August 2004. The number of pending sales also increased 15.5%. Meanwhile, there were only 3.2% more new listings.

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

Area	August 2005 Average Sales Price	Year-to-Date For Period Ending August 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	\$300,100	\$275,700	\$230,000	12.7%
Portland				
North	\$228,800	\$202,600	\$192,000	15.6%
Northeast	270,700	257,800	228,500	14.0%
Southeast	244,900	224,700	194,000	13.0%
West (Includes SW and NW Portland and parts of eastern Washington County)	430,000	401,200	328,000	14.8%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$246,600	\$224,700	\$206,700	12.2%
Clackamas, Milwaukie, Gladstone, Sunnyside	320,800	287,300	248,000	16.4%
Canby, Beavercreek, Molalla, Mulino, Oregon City	294,500	274,800	248,600	16.6%
Lake Oswego and West Linn	461,800	442,700	364,900	12.0%
Northwest Washington County & Sauvie Island	397,700	358,900	325,000	10.7%
Beaverton and Aloha	258,500	240,300	210,000	11.9%
Tigard, Tualatin, Sherwood, Wilsonville	350,600	309,100	275,000	15.1%
Hillsboro and Forest Grove	253,200	234,000	215,000	12.2%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	218,100	217,400	219,000	26.7%
Columbia County	206,100	196,500	176,900	10.7%
Yamhill County	226,500	210,500	184,900	3.1%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$276,900	\$251,400	\$216,000	13.8%

<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 (9/1/04-8/31/05) with 12 months before (9/1/03-8/31/04).

Source: Regional Market Listing Service (RMLS™).

## Mortgage Rates Cooling Housing Market

### September 29, 2005

In [Freddie Mac's](#) Primary Mortgage Market Survey, the 30-year fixed-rate mortgage (FRM) averaged 5.80 percent, with an average 0.6 point, for the week ending September 22, 2005, up from last week when it averaged 5.74 percent. Last year at this time, the 30-year FRM averaged 5.70 percent.

The average for the 15-year FRM this week is 5.37 percent, with an average 0.7 point, up from last week when it averaged 5.32 percent. A year ago, the 15-year FRM averaged 5.10 percent. Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.31 percent this week, with an average 0.8 point, up 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 4.48 percent this week, with an average 0.7 point, up slightly from last week when it averaged 4.46 percent. At this time last year, the one-year ARM averaged 4.00 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

"Mortgage rates look like they are back on track where the Fed wants them, which is gradually rising," said Frank Nothaft, vice president and chief economist at Freddie Mac. Freddie Mac's economic forecast calls for a cooling of the housing market going into next year, and gently rising rates are part of that scenario. However, the resiliency of the housing sector continues to amaze people. Mortgage applications are running at a strong pace, according to the Mortgage Bankers Association, and the most recent housing starts figures, although coming in lower than expected, were still at near record levels. 2005 will be another banner year for the housing industry.

### Portland Area Mortgage Rates

In late September, US Bank's rate was 5.875% for a 30-year FRM (APR of 5.957%) and zero points. Washington Mutual was offering 6.125% and the APR was 6.179%. The average APR for a 30-year fixed rate mortgage was 5.610% for the Portland metro area; the low was 5.060%, and the high was 6.30%. 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

### September 2005

Notice the last three months of the water year from the chart below and you will notice that Portland had just over three inches of rain during these months. On September 30<sup>th</sup> we received over half of the three inches when it rained 1.68 inches which set a record for that day. The old record was .77 inches set in 1944.

During July, August, and September, Portland's skies are clear almost 36 percent of the time. In October arrives, skies are clear about 19 percent of the time. In November, that drops to 9.6 percent. And in December, Portland's cloudiest and wettest month, skies are clear 7.5 percent of the time. The autumn equinox occurred on September 23 and the night and day were approximately the same length.

Water Year (Oct 1 - Sep 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	37.07	29.39	<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	0.41	
August	0.89	1.05	
September	1.65	1.71	
Year Average	37.07		

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

- Average Monthly Temperature: 62.5 or 1.1 degrees above normal.
- Average Maximum Temperature: 73.5
- Average Minimum Temperature: 51.5
- Average Monthly Wind Speed: 6.2 MPH.
- Clear/Cloudy Days: 12 clear days, 13 partly cloudy days, and 5 cloudy days.
- Highest Temperature: 85 on September 1.

## Oregon People: Portland's Lola Greene Baldwin, America's First Policewoman



On April 1, 1908, (four years before women could vote in Oregon) Lola G. Baldwin, aged forty-eight, was sworn in "to perform Police Service" for the city of Portland, Oregon. She was the first woman hired by an American municipality to carry out regular enforcement duties. Her unit, the Women's Protection Division, made a priority out of protecting women from the effects of prostitution, rather than simply punishing them for it.

The municipal policewoman movement originated in Portland and first proved its viability in the cities of the Northwest. The need for the urban policewoman arose out of concern for the moral and physical welfare of families, single working women, and children living in the cities. Supported by socially active women's organizations and informed by the ideals of "social hygiene," the first policewoman led a crusade against urban vice, deviance, and corruption in the Rose City.

According to her biographer, Gloria E. Myers, "Many of Baldwin's innovative ideas in the area of community and preventative policing are still in wide use today."

## Oregon Facts: Portland Art Museum's North Building



On October 2, 2005, the [Portland Art Museum](#) will unveil the renovated Mark Building to the public. The culmination of a 10-year, \$125 million master plan for the revitalization and development of the Museum's 2.5 block campus located in the downtown Cultural District of Portland, Oregon, the 141,000 square-foot Mark Building gives the Portland community one of the largest cultural expansions in the history of the state.

Included in the expansion are: the new Jubitz Center for Modern and Contemporary Art, two ballrooms, a 33,000-volume Art Study Center and Library, headquarters for the Northwest Film Center, newly refurbished curatorial and administrative offices, and an underground "link" gallery connecting the Mark Building with the Museum's historic Belluschi Building designed by renowned architect Pietro Belluschi in 1932.

The addition of the 28,000 square foot Jubitz Center for Modern and Contemporary Art brings the Portland Art Museum's total gallery space to over 112,000 square feet and positions the Museum as the largest cultural art resource center in the Pacific Northwest.

Adjacent to the Museum's Belluschi Building, the North Building, formerly a Masonic Temple, was acquired by the Museum in 1991 to allow for future expansion.

## Housing Market

### Is the Portland Home Market Overpriced?

Is the Portland home market overpriced? Not according to a recent study in the September 25th edition of SUNDAY OREGONIAN. The paper did an analysis of home prices in the Portland metro area and compared it to other West Coast cities. Although their formula was a somewhat different than the one that the National Association of Realtors uses (see NAR [affordability Calculation](#)), it did "open our eyes" to the fact that Portland homes are still a good value compared to many other areas. Here are some of their findings:

<b>City</b>	<b>Affordability 2005</b>	<b>Median Home Price</b>	<b>Percentage Change<sup>1</sup></b>
Nationwide	85.1%	\$218,210	60.8%
Oregon			
Portland	84.9%	\$234,630	36.7%
Corvallis	87.2%	\$205,150	22.6%
Eugene	82.2%	\$189,730	42.9%
Austin, TX	115.4%	\$161,760	10.9%
Boise	136.2%	\$160,050	31.5%
Denver	95.6%	\$244,800	26.9%
Minneapolis	106.7%	\$234,600	56.5%
Los Angeles	44.4%	\$474,940	123.6%
Phoenix	89.8%	\$238,130	79.2%
Sacramento	59%	\$372,920	unknown
San Francisco	38.7%	\$704,560	56.2%
Seattle	72.6%	\$335,460	43.5
Spokane	112.1%	\$156,170	50.7%

<sup>1</sup>Change in median home price from 2<sup>nd</sup> quarter 2000 to 2<sup>nd</sup> quarter 2005.

Source: THE OREGONIAN, September 25, 2005

They used a common measure of affordability: The percentage of a market's median-priced home that a household with the market's median income can afford. The calculation is based on the median household income and home price in, respectively, the first and second quarter of 2005, a 30-year fixed-rated mortgage at prevailing interest rates, and a 10 percent down payment; no other household debt; and a household's ability to spend 25 percent of gross monthly income on housing, not including homeowners' insurance, mortgage insurance and property taxes.

One of the numbers to come out of their analysis was that the Portland's five-year appreciation figure of 36.7 percent lags the national median of 60.8 percent. We have to remind ourselves that the 60.8 percent figure is "skewed by red-hot markets such as Sacramento, San Diego, Las Vegas, Washington, D.C., and some cities in Florida."

### **National Association of Home Builders Affordability Index**

Each quarter NAHB publishes an "Affordability Index." You can download the 2<sup>nd</sup> quarter 2005 report at [NAHB Affordability Index](#) (Microsoft Excel). The second quarter report shows that Portland is 89th nationally out of 158 markets and 17<sup>th</sup> in the Western region out of approximately 50 plus markets. This means that 88 markets in the nation are more affordable and 68 are less affordable. Seattle ranks 111 in the nation and 24 in the region.

The NAHB publishes a variety of housing reports (usually in Microsoft Excel format), and they can be downloaded free of charge. You can also obtain a limited number of reports from the [National Association of Realtors](#). You may want to bookmark the [NAHB Web site](#) for future reference.

### **Stall in Housing Prices Possible According to S&P Analysts**

The national's housing bubble is more likely to fizzle than pop, causing home prices to go into a stall that could linger for five years, according to a report issued on September 19 by analysts at the Standard & Poor's investment research firm. This was reported in the [Chicago Tribune](#).

David Wyss, S&P's chief economist, predicted that home prices in most areas would not see a rapid plunge and that the Midwest is less likely to experience price turbulence than other parts of the country. Overall, he expects "a re-balancing period" of about five years of home-price inertia while incomes catch up.

Wyss led a teleconference panel of S&P analysts who studied bubble scenarios for housing and related industries. "When prices get too high, they stabilize," he said. "We think that's the most likely case. People aren't going to have to sell their houses." He said the average price-to-income ratio nationally is 3.2, though in some parts of the East and West Coasts, it's significantly higher--at 10 in San Diego, for example.

But he described the Midwest as relatively "insulated" from price shocks because the ratio is low.

"It will take a 20 percent correction nationally to restore the normal ratio of home prices to income," Wyss said, adding that some red-hot markets on the East and West Coasts are likely to see a 30 percent correction. "While the overall outlook may be reasonably benign, there's a regional danger, a possibility of deeper, more disruptive corrections" to those coastal areas, which Wyss sees as "particularly vulnerable" to economic shocks or rising interest rates.

## **Part II: Where to Live When the Oil Runs Out**

In last month's issue of The Moving to Portland newsletter, we tackled the energy world by presenting some basic facts about the supply of oil. In this issue, we will address whether Portland is the place to live as the oil slowly depletes. We will also talk about what kind of a neighborhood one may want to live in when the energy picture changes drastically from cheap fossil fuels to other alternatives.

Let's make an assumption that some oil will always remain but it will be used in an entirely different manner. It will have to be allocated for specific purposes (e.g., public transportation, food growing, etc.) and tight controls will be in place. The "energy patrol" will surely nab you making that trip to the market for ice cream at 10 p.m.

### Next Month: G/Rated Homes

On September 17<sup>th</sup> we took the Green Rated (G/Rated) tour of some Portland homes. It was informative and full of surprises, all pleasant. We observed numerous energy-efficient products and practices in the homes ranging from solar panels to radiant heating. In Part III of our series about oil, we will share our findings with you in next month's issue of The Moving to Portland Newsletter.

[G/Rated](#) is Portland's gateway to green building innovation, offering initial consultation and current information specific to your green building project. G/Rated is a program of [Portland's Office of Sustainable Development](#), and it is accelerating the adoption of cost-effective green building practices as the standard of development in Portland.

### City or Country?

Living in the country on a patch of ground where one could build a energy-efficient home and grow most of one's own food is sure appealing. One would have to be farmer, mechanic, engineer, etc. to survive. Could most people obtain the basics essential for living on their patch of earth: water, food, clothing, and shelter? Even with silicon chips and satellites to assist us, most of us just don't have the skills necessary for that kind of living.



Do any of you Star Wars fans recall the scene when Luke Skywalker, as an infant, was delivered to his Uncle and Aunt's home in the desert? The home had everything: comfort, efficiency, style, and location. Now if that home comes on the market, I ready to make an offer. Especially if they throw in a couple of robots and space vehicles. Maybe some of you readers in your 20s will live to see that kind of a home, but I'm quite certain that I will remain a "city dweller" for the rest of my life.

You will have to stretch your imagination as Luke's first home actually resided on the backwater desert planet of Tatooine. You may remember that Luke spent his youth toiling away on his Uncle Owen Lars' and Aunt Beru's moisture farm.

### Is Portland Ready?

So most of us will have to live in large urban settings such as Portland as the oil begins to run out. But the city of our choice will have to have an infrastructure that supports an entirely different life style than the one we now live. And we will need a different set of skills to deal with the world and this includes interpersonal.

The city will have to have a public transportation system that can deliver people to their workplace. Portland's light rail and streetcar line meet that objective, but we will need many new miles of rail for everyone to use it. The city will have to have a climate that doesn't have extreme temperatures - it takes lots of energy to heat and cool. Not too hot and not too cold. Portland's mild temperatures seem an ideal fit. We will look more like some European cities such as Rome where motorbikes and walkers abound. Therefore, our bridges will have to have walking and bike ways like the Steel Bridge and Hawthorne Bridge.

Many of us could well live in very dense setting such as high rises (less energy than detached single-family homes). Living close together requires that we respect everyone's space and privacy. Children will not go out into their back yards to play. Instead they will go to small parks and gyms. Visit [Jamison Square](#) in The Pearl and you will get the idea as the park is about a block in size but activities take place in only 60-65 percent of the park.

And the education of its citizens will take a different turn. The new skill set could be a revival of the old such as basic agriculture, blacksmithing, and shoemaking along with the need to know how to perform maintenance on our solar panels and hydrogen engines.



## City or Suburbs

In his book on the post-oil future, *The Long Emergency*, James Kunstler predicts we must "downscale and re-scale virtually everything we do." He explains that the post-oil era will bring a transformation from a transient society to one that focuses on home and neighborhood. Sprawling suburbs and subdivisions will give way to walkable compact environments.

"Suburbia will come to be regarded as the greatest misallocation of resources in the history of the world," Kunstler says. "It has a tragic destiny." In the view of Kunstler and other post-oil activists, suburbs will disappear altogether. Developments in direct proximity to cities will be replaced by farms; those farther out will gradually be reclaimed by nature.

## Where to Buy a Home

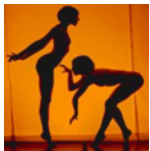
All of this has implications about where you want to buy your next home. Both from the type of home to the location of the home. And to further complicated things, you may want to make certain it's close to public transportation.

**Sources used for this article include:** "After the Oil Runs Out", an article by Tim Holt in THE OREGONIAN, Sunday, August 21.

## Events

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

### Queue the Lights



Summer has fizzled, but now Portland's stages sizzle! Catch the off-Broadway hit "Underneath the Lintel" at [Portland Center Stage](#); "Enchanted April" at [Artists Repertory Theatre](#); "The Lion King" with the [Portland Opera's](#) Broadway in Portland series; and [Oregon Ballet Theatre's](#) Fall Program. Sure to be a highlight is "Compagnie Marie Chouinard: Ballet 1" presented by [White Bird](#) October 13-15.

### An Offer You Can't Refuse

The [Portland Art Museum](#) celebrates the grand opening of the newly renovated Mark Building (formerly the Masonic Temple) with two weeks of free admission October 2-16. A host of family events rounds out the celebration.

### November Brings Oregon Bounty

You're invited to sample the flavors of fine Oregon cheeses, pears, hazelnuts and wines at more than 60 wineries, 70 lodging establishments and 50 restaurants statewide. Special tastings, menus and experiences abound. [Book your hotel stay](#) on the Portland Visitors Association Web site today.

### Open-Door Policy

Over two October weekends, nearly 100 Portland-area artists will open their studios to visitors for [Portland Open Studios](#). Get a rare behind-the-scenes look at a wide range of artistry on this self-guided tour. October 8-9 (east side); October 15-16 (west side).



**Portland Art International**

With a nod to the October 2 opening of the Portland Art Museum's newly renovated wing for Contemporary and Modern Art, a dozen of Portland's art galleries are focusing on international art. Peruse works from Japan, Britain, Germany, Holland, Mexico, Czech Republic, Italy, Australia, Switzerland and New Zealand. Runs through October. Click [here](#) for gallery and exhibition details.

**My Big Fat Greek Festival**

Bring on the dips, karithopita and kadiafi. And bring your dancing shoes. Flavorful Greek food, dancing and music make the annual Holy Trinity Church's [Greek Festival](#) a local favorite. The intimate setting in close-in northeast Portland makes it all the more authentic. September 30-October 2.

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