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Moving to Portland™

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Portland Home Market

December Residential Highlights

While 2005 saw an overall increase in market activity, the last month of the year saw a decrease across the board. Accepted offers dropped 9.5%, new listings fell 5.7% and closed sales decreased 1.3%. At the end of December there were 5,387 active residential listings in the Portland metro area. Given the month's rate of sales, they would last 2.1 months

Fourth Quarter Report

The last quarter of 2005 in the Portland metro area, when compared to the same quarter in 2004, saw some growth, with 7.9% new listings (9,357 v. 8,671) and 4.4% more closed sales (8,381 v. 8,028). Accepted offers in the Portland metro area, however, decreased a slight 1.6% (7,217 v. 7,333).

A Summary of 2005

Year's end saw an increase in overall market activity with 13.1% more closed sales, a 10.7% increase in accepted offers and a 5.9% greater number of new listings when compared with 2004. Further, we had a record-breaking total volume in real estate sales of \$10.6 billion. Compared with 2004's \$8.1 billion that is an increase of 30.9%. The 15% increase in average sale price (\$282,900 v. \$246,000) and the 16.1% appreciation of median sale price (\$237,500 v. \$204,500) may also account for the increase.

Condos Appreciate 27.2 Percent

In 2005 condo prices in the Portland metro area appreciated 27.2%. The average price of \$233,800 jumped from \$183,800 in 2004. This eclipsed the 16% appreciation in 2004 over the 2003 average price of \$158,500.

Cost of Residential¹ Homes in the Portland Metro Area December 2005

Area	December 2005 Average Sales Price	Year-to-Date For Period Ending December 2005		Average Price Appreciation ²
		Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	\$296,700	\$282,900	\$237,500	15.0%
Portland				
North	\$228,700	\$208,800	\$197,000	18.1%
Northeast	278,100	282,300	231,000	15.8%
Southeast	243,100	230,900	200,000	14.6%
West (Includes SW and NW Portland and parts of eastern Washington County)	430,700	410,700	339,000	14.5%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$238,800	\$230,000	\$214,500	12.9%
Clackamas, Milwaukie, Gladstone, Sunnyside	300,100	293,200	255,000	16.8%
Canby, Beavercreek, Molalla, Mulino, Oregon City	319,300	282,400	255,000	18.9%
Lake Oswego and West Linn	480,600	451,800	370,300	12.9%
Northwest Washington County & Sauvie Island	361,000	369,400	334,600	14.5%
Beaverton and Aloha	269,700	246,500	220,000	13.6%
Tigard, Tualatin, Sherwood, Wilsonville	352,400	328,500	290,000	24.8%
Hillsboro and Forest Grove	258,300	243,500	223,500	17.0%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	291,500	231,400	222,400	32.5%
Columbia County	211,100	199,200	183,700	15.3%
Yamhill County	263,900	223,600	192,000	12.1%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$291,200	\$260,800	\$225,000	16.4%

¹ 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.

² Appreciation percents based on a comparison of average price for the last 12 months (1/1/05-12/31/05) with 12 months before (1/1/04-12/31/04).

Source: Regional Market Listing Service (RMLS™).

Inflation Jitters Push Mortgage Rates Higher

February 2, 2006

[Freddie Mac](#) released the results of its Primary Mortgage Market Surveysm (PMMSSM) in which the 30-year fixed-rate mortgage (FRM) averaged 6.23 percent, with an average 0.5 point, for the week ending February 2, 2006, up from last week's average of 6.12 percent. Last year at this time, the 30-year FRM averaged 5.63 percent.

The average for the 15-year FRM this week is 5.81 percent, with an average 0.5 point, up from last week's average of 5.70 percent. A year ago, the 15-year FRM averaged 5.14 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.87 percent this week, with an average 0.5 point, up from last week when it averaged 5.75 percent. A year ago, the five-year ARM averaged 5.00 percent.

One-year Treasury-indexed ARMs averaged 5.33 percent this week, with an average 0.7 point, up from last week when it averaged 5.20 percent. At this time last year, the one-year ARM averaged 4.23 percent.

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

Freddie Mac Economist

"Declines in worker productivity coupled with accelerating labor costs increase the threat of inflation down the road. Inflationary pressure generated by these two factors pushes long-term mortgage rates upward, which is why we have seen rates rise these last two weeks," said Frank Nothaft, Freddie Mac vice president and chief economist. "Still, to keep things in perspective, mortgage rates are currently only about one-half a percentage point higher than they were at this time last year.

"Mortgage rates will surely fluctuate in the weeks and months ahead, but the trend now is for higher rates over the long run."

Portland Area Mortgage Rates

The average APR for a 30-year fixed rate mortgage was 6.000% for the Portland metro area; the low was 5.450%, and the high was 6.660%. All rates are for a loan with 20% down.

In late December the following lenders and mortgage brokers were offering these rates:

- American Financial Resources rate was 6.00% for a 30-year FRM (APR of 6.040%) and zero points.
- Hunter Financial Group's rate was 6.125% for a 30-year FRM (APR of 6.1218%) and zero points..

To check on more Portland metro area mortgage rates visit the website for [Yahoo! Finance](#).

Recommended Mortgage Solutions

- [Windermere Mortgage Services](#) Telephone: (503) 464-9215 or (800) 867-1337. Office: 636 NW 21st Avenue, Portland, OR 97209. [Ms. Bertha Ferran](#) is the contact.
- [Stevens Mortgage](#) Telephone: (503) 670-0535. Fax: (503) 670-0481. [David Dishman](#) is the contact.

Portland Weather

January 2006

Since late December, the rains have been with us except for a few days in late January. Snow is plentiful in the Cascades also. In a three-day period, Mount Hood received three feet of snow and the base at Timberline is approaching 150 inches. Portland's 10.92 inches of rain was the fourth wettest January on record.

January 2006 broke a number of other records: A new record for days with 0.10 inches of precipitation or more in January with 23 days; first January on record since 1941 for which the temperature never hit 32 degrees or below; and the monthly average minimum temperature is the second warmest on record with a monthly average minimum temperature of 40.8 degrees.

Water Year (Oct 1 - Sep 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	19.27	26.80	Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September.
October	2.88	3.38	
November	5.61	4.98	
December	5.71	7.52	
January	5.07	10.92	
February	4.18		The average precipitation is about 37-38 inches in the metro area.
March	3.71		
April	2.64		
May	2.38		
June	1.59		
July	0.70		Precipitation is measured from the NOAA Weather Station near the Portland International Airport.
August	0.89		
September	1.65		
Year Average	37.07		

Here is the [National Weather Service](#) data for the month of January 2006:

- Average Monthly Temperature: 45.5 or 5.4 degrees above normal.
- Average Maximum Temperature: 50.1
- Average Minimum Temperature: 40.8
- Average Monthly Wind Speed: 10.2 MPH.
- Clear/Cloudy Days: 0 clear day, 3 partly cloudy days, and 28 cloudy days.
- Greatest 24 hour Rainfall: December 9-10 with 1.42 inches.

Is This a La Niña Year?

As waves of wetness continue over the Northwest, another kind of storm has brewed up between the state's official weatherman and federal climate prognosticators, who disagree on the cause of the stubborn rains. Oregon climatologist George Taylor blames our soggy state on La Niña whereas Wayne Higgins and the National Oceanic and Atmospheric Administration, says La Niña is not responsible for the heavy rains.

The La Niña phenomenon, also called a "cold event," is the somewhat lesser-known sister to El Niño, a "warm event" in which warm ocean waters off the South American west coast cause generally drier and milder conditions in the Northwest and wetter conditions in the Southwest. But in La Niña, waters off the South American coast cool down and typically give the Northwest its wettest winters while drought holds sway in the Southwest.

Oregon People: Junki Yoshida



Junki Yoshida was born in Kyoto, Japan on December 7, 1949, the youngest of seven children. The family lived solely off income generated by the family restaurant. Little did Junki know that his ingrained survival instinct passed down by his family would later carry him to great success in another country.

In 1968, at the age of 19, Junki made a drastic life-altering decision. With \$500 in his pocket, he purchased an airline ticket, boarded a plane and arrived at the Seattle-Tacoma airport on a cold January day. Leaving Japan against his family's wishes, his only hope of returning to Japan with pride intact was to achieve a measurable success in America. And that he did.

18-Company Empire Grosses \$180 Million

Junki has created an 18-company empire, all based in Portland, starting with a line of gourmet barbecue sauces. The companies gross about \$180 million per year. But it's payback of the philanthropic kind that's spurred Yoshida's business success.

A \$250 Hospital Bill Changed Junki's Direction

Before he arrived in Portland, Junki spent a few years in Seattle working as a karate instructor and establishing a group of karate schools. One Thanksgiving weekend Yoshida and his wife, Linda, found themselves sitting in a waiting room at Seattle Children's Hospital anxiously waiting to see if doctors could save the life of their oldest daughter. The doctors were able to save the life of their young daughter, but the other good news came when the hospital bill of \$250 was handled to Junki and Linda. They had no medical insurance and they felt sure that the medical bill was far more than what they could afford to pay. The rest of the cost of coverage, doctors told Yoshida, would be covered by the donations that allowed the hospital to provide almost-free care to low-income families.

"That was the day my life changed, the day my direction changed," Yoshida says "I had to make money, money was the only way to pay back. That day I became a businessman, not because I want to be Donald Trump. Not because I want to own a Mercedes. I just simply want to pay back."

Such good fortune has allowed Junki the means to support generously an endless list of community and charitable organizations such as the Kids on the Block Program's annual Yoshida's Sand in the City fundraising event. In addition to serving as a Port of Portland Commissioner, Junki contributes his energies as a board member of Doernbecher Children's Hospital Foundation, Troutdale Booster Club, and Mt. Hood Community College Foundation.

National Historic Oregon Trail Interpretive Center



It's never too early to start planning Spring and Summer trips and one of our favorites is the Oregon Trail Interpretive Center in Baker City.

Operated by the U.S. Department of Interior's Bureau of Land Management, the National Historic Oregon Trail Interpretive Center is located at Flagstaff Hill on Highway 86, five miles east of Baker City, Oregon.

The 509-acre site features a 23,000 square-foot facility with permanent exhibits offering audio, video, dioramas and artifacts

to recreate the experiences of Oregon Trail emigrants. The Interpretive Center also includes exhibits on Native American culture, mining and history of the BLM. A 150-seat theater hosts an active schedule of lectures and performances.

View the Trail Ruts

From atop Flagstaff Hill, visitors see more than 13 miles of the Oregon Trail route. Visitors may also view close-up trail ruts at the base of Flagstaff Hill. During the summer, living history characters interpret pioneer life at a wagon encampment. These living history characters really attract the kids.

The center is open daily from 9 a.m. to 6 p.m., April 1 to October 31 and 9 a.m. to 4 p.m., November 1 to March 31. Visit their Web site at http://www.blm.gov/or/resources/recreation/oregon_trail.htm.

Places to Stay

The Baker County Chamber of Commerce's Web site is a good place to find lodging and activities – find it at <http://www.baker-chamber.com/>. We recommended the historic and restored [Geiser Grand Hotel](#). Sunset magazine says, "No finer hotel between Salt Lake City and Portland."

Portland Metro Area Housing Prices: Summary 2005

Year's end saw an increase in overall market activity with 13.1% more closed sales, a 10.7% increase in accepted offers and a 5.9% greater number of new listings when compared with 2004. The metro area had a record breaking total volume in real estate sales of \$10.6 billion compared with 2004's \$8.1 billion - that is an increase of 30.9%.

Average Price Increases 15 Percent

The Regional Multiple Listing Service (RMLS) reported that the average price for residential homes in the Portland metro area for 2005 rose 15%. The average sale price was \$282,900 compared to \$246,000 in 2004. The median sales price appreciated 16.1% (\$237,500 v. \$204,500).

The Portland metro area figures above encompass these five counties in Oregon: Clackamas, Columbia, Multnomah, Washington, and Yamhill. The RMLS report includes separate data for Southwest Washington's Clark and Cowlitz counties.

Condos Appreciate 27.2 Percent in 2005

The average sales price for condos increased 27.2 % in 2005. The average sales price was \$233,800 compared to \$183,800 in 2004.

City of Portland Prices

In West Portland (southwest and northwest), the average price was \$410,700, and the average price increase was 14.5 percent. North Portland was the leader in appreciation as the average price increased 18.1% (\$208,800 v. \$176,400) in 2005.

Suburban Communities

The two appreciation leaders in close-in metro areas suburban communities were Clackamas\Gladstone\Milwaukie\Sunnyside (CGMS) along with Sherwood\Tigard\Tualatin\Wilsonville (STTW). They had increases of 18.9 percent and 24.8 percent respectively. The 2005 average price for CGMS was \$255,000 and the median price was \$293,200. STTW average sales price was \$328,500 in 2005

and its median sales price was \$290,000.

The lowest average price in the metro area suburban communities in 2005 was the combined communities of Hillsboro and Forest Grove at \$243,500. Further out was the Mt. Hood (communities of Brightwood, Government Camp, Rhododendron, Welches, Wemme, Zigzag) area where the average sales price was \$231,400.

Southwest Washington

The RMLS report also included separate data for Southwest Washington's Clark and Cowlitz counties, where the median sales price rose 18.5 %, to \$225,000, compared with the \$189,000 median in 2004. The average sales price increased 16.4% (\$260,800 v. \$224,000). Sales activity for the area resulted in a \$2.6 billion in dollar volume—a 36.8% increase over 2004's \$1.9 billion.

Housing Index

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 mission is ensuring the capital adequacy and financial safety and soundness of two government-sponsored enterprises: Fannie Mae and the Freddie Mac. The Office of Federal Housing Enterprise Oversight ([OFHEO](#)) publishes a House Price Index (HPI). The index is a measure designed to capture changes in the value of single-family homes in the U.S. as a whole, in various regions of the country, and in the individual states and the District of Columbia.

The index is an excellent resource to track the housing market. You can download reports by state as well as Metropolitan Statistical Areas (MSAs). Although the final 2005 figures are still not on the OFHEO Web site, you can obtain reports for the period ended September 30, 2005.

The ranking:

- The Portland metro area (includes Southwest Washington) ranked 53rd (out of approximately 265 MSAs) for the one year period ended 09/30/2005. The increase was 17.49%
- Oregon was number nine (16.92% appreciation in one year) out of the fifty states and the District of Columbia.

For those that are searching for affordable housing, the OFHEO reports can be very useful.

Oregon Farm Families



Oregon has managed to buck national statistics that show each year there are fewer and fewer operating farms. The number of farms in Oregon has risen steadily, from 34,000 in 1982 to 40,000 today. These are family operated and only two percent are corporate farms.

The [Oregon Department of Agriculture](#) thinks at least some of the growth is attributable to Portland consumers choosing to buy locally grown food, both in stores and at farmers markets. Another reason is Oregon's land-use laws.

Local Food is Big in Oregon

According to a [Portland Tribune](#) article in their January 20, 2006 cover story about local food, "The godfather of local food purveying is Brian Rohter, owner of New Seasons Market, with its six Portland-area stores and three more on the way. New Seasons has taken the idea of emphasizing local products to a level no large store has yet attempted."

"Local food is generally going to come from smaller farms and ranches, and we believe there's value to all of

them staying in business," Rohter says. "People here really feel if we don't buy from local farmers and ranchers, they won't be here." The bottom line for New Seasons is that when local produce is in season, customers will buy it — even if organics from somewhere else might cost less.

A walk through New Seasons shows how different it is from traditional grocery stores. All the meat is locally produced. And in season, all produce is local. Their food tastes so good as at least 50 percent of our food budget goes to local food and most of it purchased from New Seasons.

Farmer's Markets

In the August 17, 2005 edition of the Willamette Week, Larry Lew, a marketing economist with Oregon State University said that farmers markets are growing by 10 percent a year whereas the rest of agriculture isn't growing like that. Lew commented that, "The niche is serving a lot of good ends, and one of them is bringing bright, energetic people into agriculture who never would have dreamed of it otherwise."

According to the [Oregon Farmers Market](#) Web site, the state has 73 markets.

Oregon Country Natural Beef Saves Ranches

Connie Hatfield, an Eastern Oregon rancher and one of the founders of the [Oregon Country Natural Beef](#) label says many ranchers were going broke in the early 80s. Connie and a group of ranchers came up with a solution: get out of the mainstream cattle game. They started a co-op that emphasizes meat's Oregon origins and purist, hormone-free upbringing. Country Natural Beef started out selling 10 head of cattle a week; now the group sells 900 to grocers like New Seasons. That system has created an amazing success story. More than 70 ranch families now belong to Country Natural, taking part in the co-op's all-consensus decision-making and sharing in its \$40 million in annual wholesale gross revenues.

A Bridge Between Urban and Rural

The Eastern Oregon ranchers have created a surprising cultural byproduct: a bridge between blue Portland and the red state that surrounds it. Most of the Oregon Country Natural Beef ranchers are conservative, heterosexual Christians and most of their customers are urban liberals. Each Country Natural family must head into the city once a year for a weekend of glad-handing. The face-to-face marketing leads to some interesting frissons for ranchers

"We go to the city, and we come back a little different," Connie Hatfield says. "And by having this business, we're bringing more of a home feeling back to these rural towns, because now we're all helping each other. Plus, we can pay for our kids' braces."

Hot Lips Pizza Buys Local



The Oregonian had an article about farmers on January 30, 2006, related to land-use laws. To quote from the article:

At Hot Lips Pizza, husband-and-wife team David Yudkin and Jeana Edelman are part of a budding alliance between farmers and chefs. The local chain spent about \$400,000 last year on food grown in Oregon and Washington. Potatoes come from Wallowa County; asparagus from the base of Mount

Hood; blackberries and fennel from Clackamas County.

Doing business this way takes longer and costs more. But Yudkin is convinced it attracts a diverse, talented work crew -- and customer base. Plus, he says, look at typical restaurant produce next to his. "These farmers grow for flavor and nutrient qualities, not for shipping qualities," says Yudkin.

How Oregon Farm Rules Work

Unlike most states, Oregon reserves the country for farmers. This means that rural property costs considerable less than suburban land that can be developed. In Oregon, cities must establish urban growth boundaries to separate rural uses from commercial establishment and homes. Cities can expand in the rural

areas that have low soil scale for farming (based on soil scale from the US Natural Resources Conservations Service). Other rules:

- Rural land must stay in tracts of at least 80 acres for farms or 160 acres for ranches.
- Property owners cannot build a home on farmland unless they sell \$80,000 a year in crops.
- Land being actively farmed is eligible for reduced property taxes.

Oregon farmers and ranchers can't make a big windfall profit by selling to a developer when they retire or want to "cash out." This conflict led to the passage of Measure 37 in 2004. The Oregon Supreme Court will render a decision about the legality of the measure soon.

Events

Portland Jazz Festival Sizzles!

The internationally acclaimed [Portland Jazz Festival](#) celebrates its third year Feb. 17-19. Headliners include McCoy Tyner, Dee Dee Bridgewater, Bill Frisell and Eddie Palmieri. The full festival line-up dazzles with more than 90 jazz performances at multiple downtown venues.



[Exclusive hotel packages](#) include free overnight parking, complimentary continental breakfast for two, plus discounts on dining, tax-free shopping and more.

How to book: Check out our website to book a hotel package for Feb. 17-19 and simply add your choice of the [Jazz Passport, Gold Circle](#) or individual show tickets to your booking. Or call toll-free 877.678.5263.

Oregon Seafood & Wine Festival

A new tradition is in the works with the inaugural [Oregon Seafood & Wine Festival](#) set for Feb. 3-4 at the Oregon Convention Center. Sample fine Oregon wines and the freshest seafood from more than 70 wineries and restaurants.

Blockbuster Exhibitions

Enjoy two exclusive, once-in-a-lifetime exhibitions – right across the street from each other: Lewis & Clark: The National Bicentennial Exhibition (through March 11 at the Oregon Historical Society) and Hesse: A Princely German Collection (through March 19 at the Portland Art Museum). [Hotel packages available.](#)

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