



Susan Marthens

Moving to Portland™

July 2006 Newsletter

<http://www.movingtoportland.net>

Voice 503.497.2984 ♦ FAX 503.220.1131

susan@movingtoportland.net

In This Issue

- Portland Home Market
- Cost of Residential Homes in the Portland Metro Area
- Mortgage Rates
- Portland Weather
- John Jacob Astor and his Oregon Fur Trading Business
- Oregon Places: Astoria
- More about Ethanol
- Portland Events

Unsubscribe

To unsubscribe, send an e-mail to newsletter@movingtoportland.net with the word "Unsubscribe" in the subject line or body.

Portland Home Market

May Residential Highlights

The Portland Metro area saw a mixture of weather, as well as real estate market activity in May 2006. While we enjoyed both sunshine and rain showers, the real estate market experienced a significant increase in new listings and a small decrease in closed and pending sales.

New listings continue to rise increasing a substantial 27.9%. On the other hand, the number of transactions seems to have cooled slightly. Both closed and pending sales decreased, 6.6% and 5.1%, respectively.

At the end of May 2006, there were 7,139 active residential listings in the Portland Metro area. Given the month's rate of sales they would take approximately 2.3 months to sell.

Year To-Date

The year has continued to generate growth in new listings. For example, when comparing market activity for January–May 2006 to the same time period in 2005, new listings increased 9%. On the other hand, the number of pending and closed sales decreased 10.5% and 8.4%, respectively.

Appreciation

The area's average sale price for the months of June 2005 through May 2006 was \$301,300—a 17.4% increase when compared with the \$256,700 average for the twelve months immediately prior. Also, using the same date range, the median sale price ending in May 2006 was \$253,000—up 17.7% from the \$215,000 median from the twelve months prior.

Cost of Residential¹ Homes in the Portland Metro Area May 2006

Area	May 2006 Average Sales Price	Year-to-Date For Period Ending May 2006		Average Price Appreciation ²
		Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	\$329,500	\$314,500	\$264,900	17.4%
Portland				
North	\$239,100	\$243,000	\$232,300	21.5%
Northeast	308,300	298,100	260,000	17.8%
Southeast	273,400	258,900	227,000	17.3%
West (Includes SW and NW Portland and parts of eastern Washington County)	506,900	452,100	374,000	14.5%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$242,500	\$247,600	\$238,900	13.3%
Clackamas, Milwaukie, Gladstone, Sunnyside	347,600	341,100	302,000	20.9%
Canby, Beavercreek, Molalla, Mulino, Oregon City	312,200	314,900	281,000	20.1%
Lake Oswego and West Linn	545,500	510,300	441,000	13.7%
Northwest Washington County & Sauvie Island	414,000	382,900	347,500	15.6%
Beaverton and Aloha	280,100	276,600	247,000	16.9%
Tigard, Tualatin, Sherwood, Wilsonville	337,900	350,800	315,500	27.9%
Hillsboro and Forest Grove	277,000	271,700	246,400	20.3%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	230,900	277,000	270,000	31.0%
Columbia County	212,600	219,400	200,000	16.5%
Yamhill County	255,400	244,500	215,500	22.8%
Marion and Polk Counties	235,600	220,500	194,000	23.2%
North Coastal Counties	321,800	312,600	246,500	17.1%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$286,900	\$290,000	\$252,000	19.5%

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 (6/1/05-5/31/06) with 12 months before (6/1/04-5/31/05). The average price for the metro area was \$301,300 vs. \$256,700.

Source: Regional Market Listing Service (RMLS™).

Mortgage Rates Surge on Inflation Jitters

June 29, 2006

[Freddie Mac](#) released the results of its Primary Mortgage Market Survey (PMMSSM) in which the 30-year fixed-rate mortgage (FRM) averaged 6.71 percent, with an average 0.5 point, for the week ending June 22, 2006, up from last week's average of 6.63 percent. Last year at this time, the 30-year FRM averaged 5.57 percent. The 30-year FRM has not been higher since May 31, 2002, when it averaged 6.76 percent.

The average for the 15-year FRM this week is 6.36 percent, with an average 0.5 point, up from last week's average of 6.25 percent. A year ago, the 15-year FRM averaged 5.16 percent. The 15-year FRM has not been higher since May 17, 2002, when it averaged 6.37 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 6.32 percent this week, with an average 0.6 point, up from last week when it averaged 6.23 percent. A year ago, the five-year ARM averaged 5.05 percent. This is the highest the 5-year ARM has been since Freddie Mac started tracking it on January 6, 2005.

One-year Treasury-indexed ARMs averaged 5.75 percent this week, with an average 0.8 point, also up from last week when it averaged 5.66 percent. At this time last year, the one-year ARM averaged 4.23 percent. The 1-year ARM has not been higher since August 3, 2001, when it averaged 5.77 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

Financial markets believe that the current rate of inflation is above the Fed's comfort zone, which will lead to more rate hikes in the near future," said Frank Nothaft, Freddie Mac vice president and chief economist. "A rate hike in June is thought to be a sure thing, and what was believed to be a vaguely possible hike in August is now considered to be highly likely; that change in market expectations caused mortgage rates to jump higher this week."

Portland Area Mortgage Rates

The average APR for a 30-year fixed rate mortgage was 6.64% for the Portland metro area; the low was 6.19%, and the high was 7.51%. All rates are for a loan with 20% down. In late June the following lenders and mortgage brokers were offering these rates:

- [Avant Lending Group](#): Rate of 6.000 for a 30-year FRM (APR of 6.409%) and zero points.
- Mortgage Loan Associates: Rate of 6.250 for a 30-year FRM (APR of 6.412%) and 0.67 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.
- Washington Mutual One of the largest home mortgage lenders in the Pacific Northwest with numerous offices in the Portland area.

Portland Weather

When Does Summer Begin in Portland?

You're safe if you say about the 4th of July. My husband and I have a running discussion in June every year about when summer begins in Portland. He says it is mid-June and I take the safer approach and say the 4th of July. This year, it appears that summer begin on the official calendar date: June 21st. Because just a few days later, we were hit by a hot spell and had two days of 100 plus degree heat – June 25 and 26.

Water Year (Oct 1 - Sep 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	33.77	38.30	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 is measured from the NOAA Weather Station near the Portland International Airport.
October	2.88	3.38	
November	5.61	4.98	
December	5.71	7.52	
January	5.07	10.92	
February	4.18	2.15	
March	3.71	2.96	
April	2.64	2.46	
May	2.38	3.00	
June	1.59	.93	
July	0.70		
August	0.89		
September	1.65		
Year Average	37.07		

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

- Average Monthly Temperature: 66.4 or 3.7 degrees above normal.
- Average Maximum Temperature: 76.2.
- Average Minimum Temperature: 56.5.
- Highest Temperature: June 26 with 102.
- Average Monthly Wind Speed: 7.3 MPH.
- Clear/Cloudy Days: 9 clear day, 9 partly cloudy days, and 12 cloudy days.
- Record High Temperatures: June 25 with 101 and June 26 with 102.

John Jacob Astor and his Oregon Fur Trading Business



John Jacob Astor was the first millionaire in the United States, making his fortune in the fur trade and in real estate.

In 1810, John Jacob Astor launched his Pacific Fur establishment with nine partners, five of them Scotch veterans of the Nor'westers. The group signed an agreement with Astor and he put up \$400,000 of his own money, named himself as chief stockholders and president of Pacific Fur, and agreed to bear all losses in the company's first five years of business.

He purchased a frigate by the name of Tonquin for \$40,000 and sent his party off to Oregon in September

1810 to get his fur trading business in the Pacific Northwest off the ground. As sole financier of the Oregon undertaking and a meticulous planner, Astor tried to cover all details and contingencies of the Tonquin voyage. The frigate, manned by a crew of 20 sailors, carried not only the Astor partners, a number of voyageurs, 12 clerks, a part of workmen to build the fort on the Columbia, \$50,000 in trade goods, plus tools, provisions, and even a small dismantled coastal vessel, it also carried nearly a ton of gunpowder in its hold, was armed with ten cannon, and had gun ports for ten more.

On the voyage, the passengers were a trying lot for the ship captain, Jonathan Thorn. He overreacted to their requests, and a great deal of enmity developed between Captain Thorn and the passengers.

March 1811: The Tonguin Lands at the Mouth of the Columbia River

On March 22, 1811, the ship approached the Oregon coast and the surging mouth of the Columbia River. Thorn sent four of his crew off on a suicidal mission in a boat to sound the channel and discover a safe passage to the beach while the Tonquin stood offshore. The group was led by John Fox. After waiting two days for Fox to return and the winds abating, Thorn decided to send two other boats out but both limped back to the ship. The Tonquin finally anchored in Baker's Bay after losing four more men trying to find a way to the beach.

A shed was built on the shores of Baker's Bay to store the supplies and equipment and a site was found the first week of April to build the future fur trading post. Point George, as they named it, lay opposite the site of Lewis and Clark's Fort Clatsop, 12 miles south of the Columbia entrance channel and above a good harbor where trade vessels of average size could anchor within 50 yards of shore.

According to Astor's plan, the Tonquin would become one of several trade ships making a periodic run to the Oregon coast to pick up furs, then off to China to sell the furs, sail back to New York to pick up more trading goods, and then back to the Pacific Northwest to start the process over again. Astoria would be the epicenter of the Astor-Pacific emporium.

Tonquin Crew Massacred and the Ship Destroyed

Thorn was impatient to unload his lubberly managers and fort builders on the beach and take the ship up the coast to fulfill what he considered the most important of Mr. Astor's assignments, the investigation of the fur trade potential of the entire Pacific Northwest coast. He proceeded northward to Vancouver Island in early June to trade for furs among the coastal tribes. Besides Thorn's crew of 29 (he had added more crew during the trip), aboard was Alexander McKay (a trader), McKay's clerk, and an Indian interpreter by the name of Lamanse.

They landed about 30 miles above Nootka Sound opposite a large Indian village. Lamanse warned that the people of the village were "of a perfidious character," but Thorn ignored the warning. With McKay gone to the Indian village as the overnight guest of the village chief, Captain Thorn began to bargain with the tribe members who had arrived on ship with their furs. Thorn spread his trade goods on deck which consisted of blankets, cloths, knives, beads, fishhooks, and odd pieces of iron.

The mistake that Thorn made was his inability to understand that the tribes knew how to bargain – he assumed it was going to be simple and straightforward. Over the years, the tribes had learned the art of bargaining and the value of merchandise from the casual traders along the coast. During the bargaining, Thorn exploded and rubbed one of the Indian's face with the fur, strode about the deck swearing, and kicked the furs about. The Indians retreated to their canoes and the fight was on. When McKay returned and learned of the event, he and Lamanse urged Thorn to set sail but Thorn refused.

The next day, numerous canoes approached the Tonquin with furs to bargain, and they were admitted to the ship. At some point, the crew realized that they were outnumbered and tried to set sail but it was too late. Inside the furs were hidden knives, hatchets, and war clubs. The massacre began. When it was over, the ship was blown up by the last surviving crew member. A large number of Indians who were on board plundering were killed in the blast. The only person to live was Lamanse, who was taken prisoner.

Back in Oregon, Fort Astoria was completed by late October and Astor's business venture in the Pacific Northwest finally had some good news.

Astor's fur trading ventures were disrupted once again when the British captured his trading posts during the War of 1812 but rebounded in 1817 after the U.S. Congress passed a protectionist law that barred foreign traders from U.S. Territories.

Astor Withdraws from the Fur Business in 1834

In 1834, as the cost of fur went up due to overtrapping and the demand went down due to changing fashions, Astor withdrew from the fur business, as well as his other ventures, and focused solely on Manhattan real estate. Foreseeing the rapid growth northward on Manhattan Island, Astor purchased more and more land out beyond the current city limits. Astor rarely built on his land, and instead let others pay rent to use it.

After retiring from his business, Astor spent the rest of his life as a patron of culture. He supported the famous ornithologist, John James Audubon, Edgar Allan Poe, and the presidential campaign of Henry Clay. At the time of his death, Astor was the wealthiest person in the United States, leaving an estate estimated to be worth at least 20 million dollars.

Sources for this story include the book entitled, *Pacific Destiny: The Three-Century Journey to the Oregon Country* by Dale L. Walker.

Oregon Places: Astoria



As the oldest American settlement west of the Rockies, Astoria offers a rich history. It was first visited by Captain Robert Gray in 1792, next by the Lewis & Clark Corps of Discovery in 1805 who spent the winter of 1805-06 just south of the town. In 1811, five years after the departure of Lewis & Clark, John Jacob Astor, a New York financier, sent fur traders aboard the ship Tonquin to establish a trading post. They built Fort Astoria on a site now preserved as a monument in the downtown area. It is fitting that his name was given to the company's initial enterprise.

The Astoria Column, dedicated in 1926 was patterned after Trajan's Column in Rome by architect Electus Ritchfield. The mural that spirals up the outside of the column was created by Italian artist Atillio Pusterla and shows scenes and figures of the westward expansion of the settlers and Oregon's early history.

Graveyard of the Pacific

Well over 200 major shipwrecks have occurred near the mouth of the Columbia River - known for a century as "The Graveyard of the Pacific." One, the Peter Iredale of 1906, is still visible on the beach at Fort Stevens State Park.

More About Ethanol

It was our intention to write about biodiesel, but ethanol has been in the news so much we decided to do a follow-up to our June story. The big news is that ethanol has now jumped to \$5 a gallon in the spot market, as reported by the Reuters Business Report in late June.

The New York Times, in a story entitled "Boom in Ethanol Reshapes the Economy of Heartland," reported the following on June 25: "The modern-day gold rush is driven by a number of factors: generous government subsidies, surging demand for ethanol as a gasoline supplement, a potent blend of farm-state politics and the prospect of generating more than a 100 percent profit in less than two years."

Food Fight

The article reported the possibility of a food fight between the ethanol industry and the food industry. "By the middle of 2007, there will be a food fight between the livestock industry and this biofuels or ethanol industry," according to Dan Basse, president of [AgResources](#), an economic forecasting firm in Chicago. Mr. Basse said: "As the corn price reaches up above \$3 a bushel, the livestock industry will be forced to raise prices or reduce their herds. At that point the U.S. consumer will start to see rising food prices or food inflation."

If that occurs, the battleground is likely to shift to some 35 million acres of land set aside under a 1985 program for conservation and to help prevent overproduction. Farmers are paid an annual subsidy averaging \$48 an acre not to raise crops on the land. But the profit lure of ethanol could be great enough to push the acreage, much of it considered marginal, back into production.

Gold Rush in the Ethanol Market

But the current incentives to make ethanol from corn are too attractive for producers and investors to worry about the future. With oil prices at \$70 a barrel sharply lifting the prices paid for ethanol, the average processing plant is earning a net profit of more than \$5 a bushel on the corn it is buying for about \$2 a bushel, according to Mr. Basse. And that is before the 51-cent-a-gallon tax credit given to refiners and blenders that incorporate ethanol into their gasoline.

"It is truly yellow gold," Mr. Basse said.

Ethanol Stocks in the News In early June, Vera Energy, the second largest ethanol producer in the U.S. went public. The company raised about \$420 million. Not bad for a 200-person company headquartered in South Dakota. Two more ethanol manufacturers – Hawkeye Holdings and Aventine Renewable Energy, the nations' third and fourth largest producers – have filed for IPOs. Pacific Ethanol, a public held company that produces ethanol, has seen its share price double in the last year.

"The Omnivore's Dilemma" by Michael Pollan



If you read the June 2006 Moving to Portland newsletter story called Ethanol 101, you will recall our skepticism about using corn to make ethanol. After reading a review of Michael Pollan's new book, *The Omnivore's Dilemma*, we learned that the first section of the book was about corn. That was all we needed to know for Powell's Books here in Portland to rack up another sale. His previous book, *Botany of Desire* was a classic so it didn't take much urging to obtain his new one.

Did you know that the average supermarket stocks 45,000 different items and that over a quarter of the items contain corn? The first quarter of the book is devoted to a page-turning exposé of the secret life of that most seemingly innocent of American crops, corn.

Pollan lays out the many ways in which government policy since the Nixon era — to grow as much corn as possible, subsidized with federal money — is totally out of whack with the needs of nature and the American public.

Corn in Food Products

Once milled, refined and recompounded, corn can become any number of things, from ethanol to dozens of edible, if not nutritious, products, like the thickener in a milkshake, the hydrogenated oil in margarine, the modified cornstarch that binds the pulverized meat in a McNugget and the sweetener known as high-fructose corn syrup (HFCS). Though it didn't reach the American market until 1980, HFCS has insinuated itself into every nook and cranny of the food chain. In Pollan's McDonald's meal, there's HFCS not only in his 32-ounce soda, but in the ketchup and the bun of his cheeseburger — and Pollan fingers it as the prime culprit in the nation's obesity epidemic.

Four Meals

Pollan embarks on four separate eating adventures, each of which starts at the very beginning — in the soil from which the raw materials of his dinners will emerge — and ends with a cooked, finished meal.

These meals are a fast food one at McDonald's; a "Big Organic" meal of ingredients purchased at the chain Whole Foods; a beyond-organic chicken dinner whose main course and side dishes come from a self-sustaining Virginia farm that uses no pesticides, antibiotics or synthetic fertilizers; and a "hunter-gatherer" feast consisting almost entirely of ingredients that Pollan has shot dead or foraged himself.

We'll stay with buying our food from the local farmers' markets and the Portland-based food markets, New Seasons Market and Zupans. Plus an occasional bird that my husband has shot hunting upland game.

Events

For a complete schedule of events in the Portland metro area, visit the Portland Oregon Visitors Association (POVA), Web site at http://www.pova.com/event_calendar.



Waterfront Blues Festival

They come by bicycle, on foot and even under sail. They come for the sights and sounds of the second-largest blues festival in the nation. Five jam-packed days of music feature more than 100 top blues and zydeco bands on four stages on the banks of the beautiful Willamette River. [Blues Fest](#) performers include Dr. John (pictured), Irma Thomas, Little Feat and others. June 30-July 4. Fireworks light up the sky on the 4th.

Summer Concerts

As if the Blues Fest weren't enough, these summer concerts at lush, green Portland venues are music to our ears:

- [Tuesdays by Twilight](#), a popular concert series set in the peaceful Portland Classical Chinese Garden; July 11-Aug 15; 503.228.8131. Tickets required.
- [Oregon Zoo Summer Concerts](#) in July-August. Tickets required. 503.226.1561.
- [Kruger's Farm Concert Series on Sauvie Island](#) Thursday evenings in July and August. Free admission. 503.621.3489.
- [Portland Parks Summer Concert Series](#) July-August. Free admission. Various locations. 503.823.7529.
- [Washington Park Summer Festival](#) offers free concerts in the in the Rose Garden amphitheater. August 3-17. Free admission. 503.823.7529.

Oregon Brewers' Festival

Portland's beer culture makes it the logical host of the [Oregon Brewers Festival](#), North America's largest gathering of independent brewers. Showcasing more than 20 styles of beer, from amber to wheat, the festival is a hit with locals and visitors alike. Gov. Tom McCall Waterfront Park. July 26-30.

Susan Marthens, Real Estate Broker/GRI
Windermere/Cronin & Caplan Realty Group, Inc.,
6443 SW Beaverton-Hillsdale Hwy, Suite 100, Portland, Oregon 97221.
Telephone: 503.497.2984
smarthens@movingtoportland.net