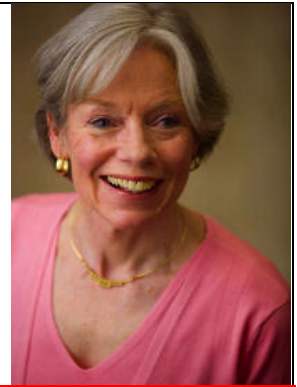


Moving to Portland™

April 2008 Newsletter

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Portland Home Market

February 2008 Residential Highlights

Activity in the Portland metro area picked up over the last month, but remained slow when compared to February of 2007.

The level of inventory also fell 2.4 months from its record high in January (12.8 months) despite an increase in the number of active listings. The decrease can be attributed to increased sales volume in February compared to January.

The 14,407 active residential listings at the end of February would last approximately 10.4 months at February's rate of sales.

Compared with January 2008, closed sales were up 27.6% (1,384 v. 1,085) and pending sales rose 9.9% (1,837 v. 1,671). On the other hand, compared with February 2007, the number of new listings grew 4%, while closed sales declined 27.1% and pending sales fell 35.2%.

Year-to-Date

When comparing market activity for January-February 2008 to the same time in 2007, statistics show that the number of new listings was up 10.4%. On the other hand, closed sales decreased 29.5%. Pending sales also fell 34.7%.

Appreciation

When comparing prices for the 12 months ending with February 2008 with the prices for the 12 months ending in February 2007, the average sale price appreciated 5.8% (\$344,700 v. \$325,800). Using the same formula, the median sale price in the Portland metro area has appreciated 5.5% (\$290,000 v. \$275,000).

Home Price for February 2008

The year-to-date average price of \$342,600 for February, 2008 dropped by \$300 from the January, 2008 year-to-date average price (\$342,900). The year-to-date average price for February, 2007 was \$323,800.

The year-to-date median price of \$280,000 in February was the same as the January, 2008 year-to-date

median price – it was \$277,000 in February 2007.

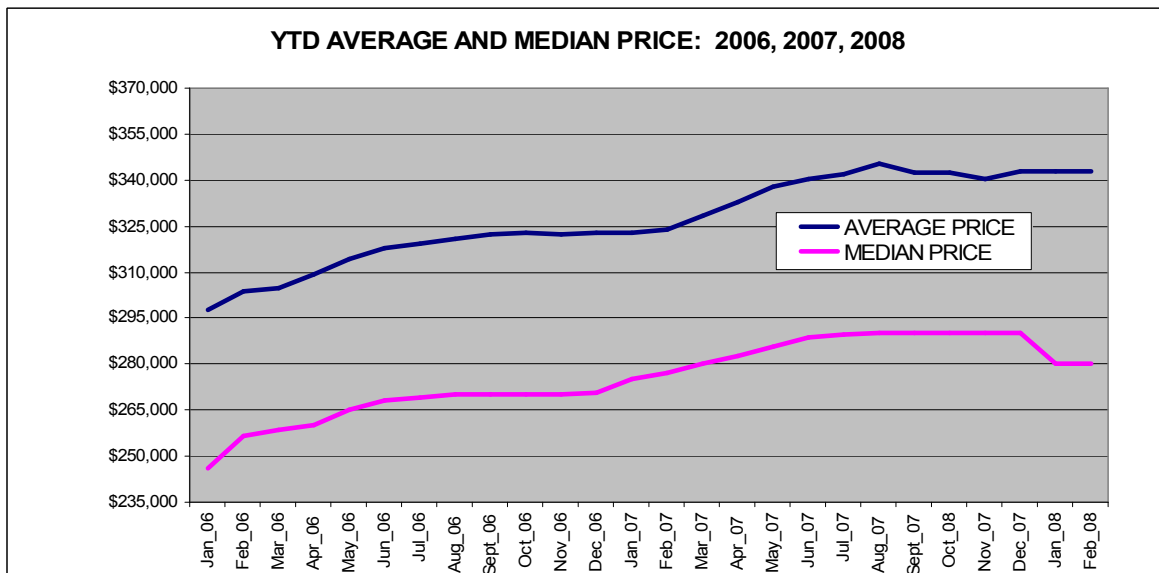
Appreciation continued to show positive numbers. When comparing prices for 12 months ending with February 2008 with the prices for 12 months ending in February 2007, the average sale price appreciated 5.8%.

Do these numbers show that Portland is immune from the housing crisis other metro areas are suffering? It depends on how you calculate the numbers. A report released in late March by Standard & Poor's Case-Shiller shows that the home prices in January for the Portland metro area dropped for the first time since record keeping began in 1987. We will comment on the report later in the newsletter and explain why their numbers are different.

Charts

We have charted a year-to-date monthly average price and year-to-date median price of homes in the Portland metro area. We will update these charts monthly to show the changes. The charts do not include homes in southwestern Washington (Vancouver to include Clark County).

Below is the YTD AVERAGE AND MEDIAN PRICE: 2006, 2007, 2008 chart.

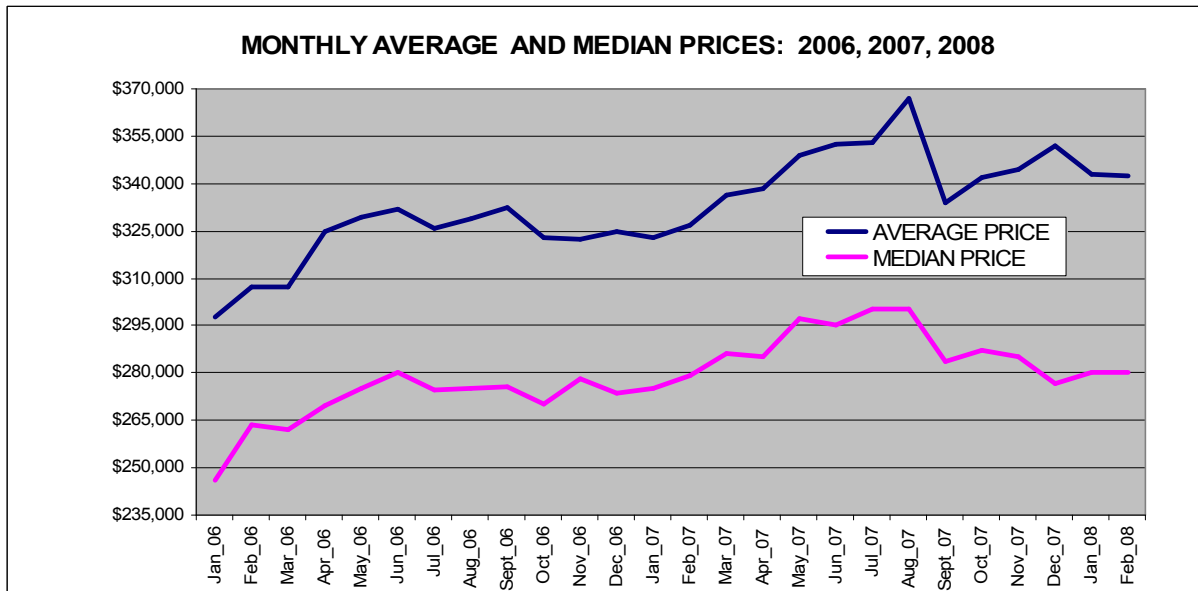


Note how the curve slowly ascends until August of 2007 and then begins to level off. The median price took a sharp dive down in January of this year (a \$10,000 decrease in price over December of 2007).

Similarly, if we would have plotted a chart showing 5-6 years of data, the average price and median price curves would show the same trend. A slow rise. The first 36 months (for the years 2000 – 2004) would be more gradual and beginning in late 2004, the curve would begin to climb upwards – more of a vertical curve. The year-to-date average price increased by over \$35,000 between the years 2004 – 2005. In last month's newsletter, we presented a chart showing exactly that trend.

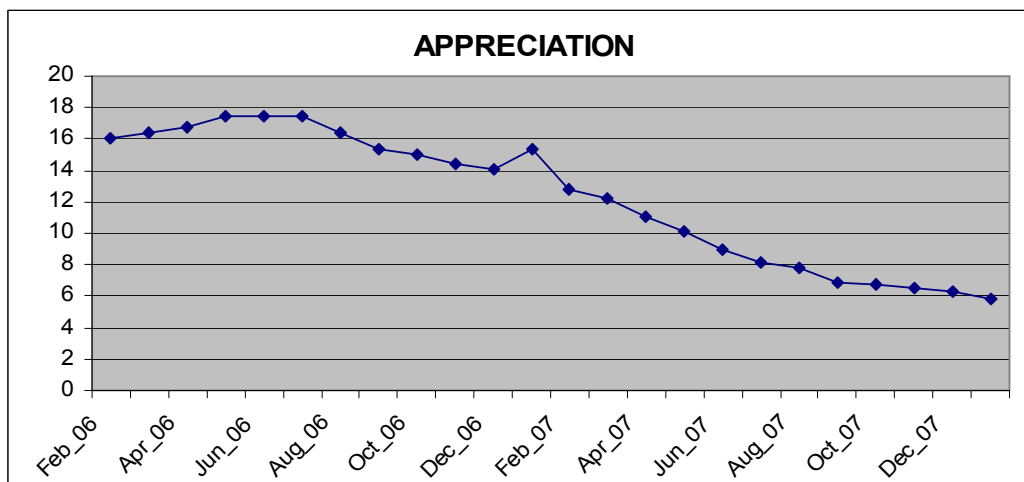
If we would have plotted the same chart for many other metro areas in the U.S.A., we would see a steeper curve in the period from 2000 to 2006 and then a nosedive in 2007. I believe that we will avoid the sharp decline in home values in the Portland metro area in the future because our price rise was more gradual and home values did not increase as much as most other metro areas. This is not to say that we will not have some adjustment. But if it comes, it will be slight compared to most other metro areas.

On the next page is the MONTHLY AVERAGE AND MEDIAN PRICE: 2006, 2007, 2008 chart. It shows the home sales by month. Note the jagged curve in this chart as opposed to the smooth curve in the year-to-date chart. This is a result of monthly variations in sales numbers.



Appreciation

Below is the home appreciation for the last 24 months (February 2006 - February 2008). The January, 2008 number is not included in the chart as RMLS did not calculate the appreciation for that month. The appreciation percents are based on a comparison of average price for the last 12 months with the 12 months before. For example, the percentage at the end of February, 2008 of 5.6% is calculated by comparing the average price for the period the last 12 months (3/1/07-2/29/08) with 12 months before (3/1/06-2/28/07).



You can see the steady decline, beginning in mid 2006, in appreciation from the chart above. For the last five months, the number has ranged from 5.8 to 6.9. Most likely, the percentage will continue to decline over the next few months. Where will it stop? I think it has 3-4 more points to give up.

Standard & Poor's Case-Schiller January Report

[Standard & Poor's Case-Schiller](#), a highly respected economic consulting firm, released their monthly report in late March that dropped a bombshell on Portland. They reported that home values in the Portland metro area dropped in January, 2008 for the first time since record keeping began in 1987.

They issued a warning that home values could fall as much as 15 percent in Portland, Salem and Eugene and up to 25 percent in resort or retirement communities on the coast and in Bend, Hood River and southern

Oregon.

In the Portland region, home values grew by double-digit percentages for 28 straight months. During that time, the home values grew 36 percent, according to the Case-Shiller index. Nationwide, the housing run-up ran earlier, longer and higher.

So far, the Portland region's home values have fallen four percent from their July 2007 peak, according to the Standard & Poor's report. Our data shows that the average home price in the Portland metro area has fallen 2.8 percent in the same period. The July, 2007 average price was \$352,900 and the January, 2008 average price was \$342,900. The July, 2007 median price was \$300,000 and the January, 2008 median price was \$280,000 – a drop of \$20,000. This is a decrease of 6.7 percent.

The Regional Multiple Listing Service, the data that we used in the Moving to Portland newsletter, shows that the region's median home value peaked at \$300,000 in August, 2007.

Despite the troubles, Portland joined Seattle and Charlotte as the only U.S. cities still reporting annual price growth through December. Now, Standard & Poor says, Charlotte is the only city left.

Why the Big Difference in Numbers

The two most often quoted sources in the Portland area for home prices are the Regional Multiple Listing Service and the Standard & Poor's Case-Shiller index. Here's why they provide different and sometimes conflicting data.

The Regional Multiple Listing Service (RMLS) RMLS is an organization governed by local real estate brokers, and it provides sale data on the price for home sales closed in a given month. Values can be thrown off by seasonal variations in home sales. It does not take into account private sales. Another variable is where the data is obtained. To calculate the median price, the average price, as well as appreciation, the Regional Multiple Listing Service includes home sales from the five metro area Oregon counties (Clackamas, Columbia, Multnomah, Washington, and Yamhill). RMLS does not include Clark County or Skamania County in Southwest Washington state to arrive at their numbers. They do calculate Clark County home sales, but they report their prices separately. The Case-Schiller index includes Clark and Skamania counties because they used the U. S. Census Bureau metropolitan statistical areas (MSA).

Standard & Poor's Case-Shiller The Standard & Poor's report comes from data gathered at county recorder offices. The home sale prices are then compared with the home's previous sale to show growth or decline in value. Standard & Poor's uses that rate to calculate the monthly and yearly change in values. The firm provides the data for the 20 largest U.S. markets monthly and nationwide figures quarterly.

As explain on the Web site, the monthly S&P/Case-Shiller Home Price Indices use the "repeat sales index calculation." It uses data on properties that have sold at least twice in order to capture the true appreciated value of each specific sales unit. The main variable used for index calculation is the price change between two arms-length sales of the same single-family home.

The S&P/Case-Shiller indices do not sample sale prices associated with new construction, condominiums, co-ops/apartments, multi-family dwellings, or other properties that cannot be identified as single-family. RMLS uses all of these types of dwellings in calculating their numbers.

You can visit the Standard & Poor's Web site at <http://www2.standardandpoors.com> to learn more.

Conclusions Which method is better? I think the best comparison is the year-to-date median price and year-to-date average price for homes at the end of the year. This is the RMLS approach, and it involves thousands of transactions over the period of a year. This means that seasonal variation and spikes caused by a large number of high dollar sales or a large number of low dollar sales within a month are absorbed into the final figures.

But both have advantages and rather to report on just one (RMLS or Standard & Poor), we will provide both numbers in future newsletters.

Cost of Residential¹ Homes by Community February 2008

Area	February 2008 Average Sales Price	Year-to-Date For Period Ending February 2008		Average Price Appreciation ²
		Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	\$342,600	\$342,800	\$280,000	5.8%
Portland				
North	\$268,100	\$268,300	\$250,000	7.6%
Northeast	293,400	311,900	260,000	6.5%
Southeast	288,400	284,300	249,500	7.2%
West (Includes SW and NW Portland and parts of eastern Washington County)	504,400	503,200	397,500	4.5%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$261,200	\$254,400	\$242,000	3.9%
Clackamas, Milwaukie, Gladstone, Sunnyside	378,900	371,200	311,700	-6.7%
Canby, Beavercreek, Molalla, Mulino, Oregon City	296,800	306,300	266,000	0.7%
Lake Oswego and West Linn	588,400	576,800	504,000	8.5%
Northwest Washington County & Sauvie Island	376,900	393,800	370,000	6.5%
Beaverton and Aloha	293,800	279,700	255,300	3.5%
Tigard, Tualatin, Sherwood, Wilsonville	364,900	376,700	345,000	3.5%
Hillsboro and Forest Grove	301,700	292,800	260,000	4.7%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	272,500	251,000	235,000	1.0%
Columbia County	230,000	228,300	216,000	10.1%
Yamhill County	308,800	288,600	222,700	4.1%
Marion and Polk Counties	228,100	243,700	216,500	4.9%
North Coastal Counties	350,500	350,200	290,000	11.0%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$278,300	\$292,300	\$253,300	0.6%

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 (3/1/07-2/29/08) with 12 months before (3/1/06-2/28/07).

Source: Regional Market Listing Service (RMLS™).

Mortgages Rates Mixed

March 27, 2008

Freddie Mac released its Primary Mortgage Market Survey (PMMSSM) on February 28 in which the 30-year fixed-rate mortgage (FRM) was 5.85 percent with an average 0.4 point for the week ending March 27, 2008, down from last week when it averaged 5.87 percent. Last year at this time, the 30-year FRM averaged 6.16 percent.

The 15-year FRM this week averaged 5.34 percent with an average 0.4 point, up from last week when it averaged 5.27 percent. A year ago at this time, the 15-year FRM averaged 5.86 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.67 percent this week, with an average 0.6 point, up from last week when it averaged 5.56 percent. A year ago, the 5-year ARM averaged 5.88 percent.

One-year Treasury-indexed ARMs averaged 5.24 percent this week with an average 0.5 point, up from last week when it was 5.15 percent. At this time last year, the 1-year ARM averaged 5.43 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

"On the housing front, house prices keep declining across the nation. The S&P/Case-Shiller Home Price Index® was the most recent to document the drop in prices, reporting a decline of 2.3 percent from December to January in its 10-City Composite Index and a cumulative decline of 11.4 percent from January a year ago. Lower prices improve affordability and the National Association of Realtors reported that its home affordability index was at the highest level in nearly five years, contributing to a pickup in existing home sales in February." said Frank Nothaft, Freddie Mac vice president and chief economist.

Portland Area Mortgage Rates



To check on more Portland metro area mortgage rates visit Professor Guttenberg's Web site at <http://www.mtgprofessor.com> – click on "Fixed-Markup Lender." Taking the average home price in the Portland metro area of \$342,600 for February, 2008 and with 20 percent down payment (\$68,520) and a mortgage of \$274,080, the payment for a 30-year fixed loan is \$1,450 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 4.875%, and the APR is 5.313%. Total lender fees are \$13,265 to include \$8,376 discount points. This fee covers everything and is guaranteed not to change from the time they lock your rate to closing. Escrow fees are waived.

According to the professor: "In using an on-line lender monitored by the mortgage professor, a borrower enjoys competitive wholesale prices, which are disclosed and passed through by the on-line lender; and a standardized and reasonable markup over the wholesale price, which is guaranteed by the professor. This eliminates all potential sources of abuse."

*My advice, "Find a home you can enjoy and afford.
By all means, get a fixed-rate mortgage. "*

Susan Marthens

Portland Weather

March Ends with Snow, Hail, and Cold Temperatures

The old saying goes, if March comes in like a lion, it will go out like a lamb. In the Portland area, it was just the reverse this March. It started out dry and finished wet. During for the last four days in March, we received hail storms and snow. Late afternoons on Friday, Saturday, and Sunday, hail came down and quickly accumulated on roofs and yards in the West Hills of Portland. On Monday (the last day of the month), the weather forecast was for sun and warm days for the coming week. I walked out the door early with the dogs for our walk, and had gone about a half-block when the snow started to fall. It actually was a beautiful snow with big flakes, and it stopped within 30 minutes or so. The lion had the last word!

The storms brought more snow to the Cascades. This year the cumulative snowfall at Mt. Hood Meadows ski area from November 1st through March 31 was 650 inches. It's the most ever recorded there. That's over 54 feet of snow. *The Oregonian* reported this year's statewide snowpack is looking a lot like the snowpack of 1999. That the year when Oregon basins clocked in with snow 170 percent of average on April 1, the date when snowpacks usually reach their peak in Oregon. As of Friday, Oregon's statewide snowpack was 154 percent of average, said Jon Lea, a hydrologist with the U.S. Natural Resources Conservation Service.

That good new for fish, farmers, and hydroelectric turbines. About three-fourths of the state's water – for drinking, hydroelectric power, irrigation, recreation – comes from winter snows that melt during the warmer, drier months, recharging streams, rivers and reservoirs.

March 2008 Weather Summary

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	27.16	25.69	<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 for Portland is 37-38 inches.</p> <p>Precipitation is measured from the NOAA Weather Station near the Portland International Airport.</p>
October	2.88	3.26	
November	5.61	4.25	
December	5.71	7.57	
January	5.07	4.71	
February	4.18	2.19	
March	3.71	3.71	
April	2.64		
May	2.38		
June	1.59		
July	0.70		
August	0.89		
September	1.65		
Year Average	37.07		

Here is the [National Weather Service](#) data for the month of March 2008:

- Average Monthly Temperature: 45.4 or 1.8 degrees below normal.
- Average Maximum Temperature: 52.9
- Average Minimum Temperature: 37.9
- Highest Temperature: March 10 at 65.
- Lowest Temperature: March 22 at 22.
- Average Monthly Wind Speed: 6.8 MPH.
- Clear/Cloudy Days: 0 clear day, 16 partly cloudy days, and 15 cloudy days.

Two New Portland Restaurants



Rocket was one of the most hyped restaurants to come to Portland in years. Before it opened, there was lots of talk about the view and "green" building features. The building is "LEED platinum," which means that it uses about 50% less energy than code requires. It has its own well for water and raised garden beds on the roof.

Located on the fourth-floor Lower East Burnside (1111 E. Burnside), the restaurant is complete with a large deck/patio from which offers a good view. It also has a rooftop garden. Web site: <http://www.rocketpdx.com>.

Leather Storr, formerly of Noble Rot, is one of the owners, and his reputation has almost guaranteed success. The reviews about the food have been mixed, but we still plan on eating at the Rocket just for the fact that it is a "green" building.

Kenny & Zuke's Deli



Having lived in New York City and experienced real Jewish delis, we were thrilled to hear about Kenny & Zuke's deli in downtown Portland which opened late last year. Kenny and Zuke's got it mostly right because it almost feels like a New York Deli food wise. But the atmosphere is definitely Portland as the deli is housed in a pleasing corner space at 11th and Stark where light spills into the dining room from huge windows that extend from floor to ceiling. We like the combination of bar stools at the counter along with traditional tables. Add some insulting waitresses, and it would be authentic.

Kenny & Zuke's also has its own bakery. Their bagel (\$1.35, \$2.75 with cream cheese) is almost as good as a New York bagels with just the right balance of firm and chewy. They bake their own rye bread for their pastrami sandwiches. I'm going to sample one soon and compare it to the Carnegie Deli in New York.

Willamette Week Review

Most importantly, the opening of Kenny & Zuke's illustrates—more than any streetcar, tram or condo tower ever could—how downtown Portland has come full circle in the past 40 years: from a place we nearly abandoned, to a place just for special occasions or a night at the bars, then back to its old self. A place we choose to occupy morning, noon and night.

Neighborhoods: The Portland Monthly April Magazine

Every April, the Portland Monthly magazine (<http://www.portlandmonthlymag.com>) puts out an issue devoted to Portland neighborhoods and communities. The issue is extremely popular as the newsletter stands sell out quickly. It's worth the annual subscription price of \$16.95 just to receive the April issue. I usually buy 20 copies to give to people that are considering moving to Portland.

The issue compiles vital statistics on crime rates, housing prices, commute times and more for the 120 Portland neighborhoods plus the suburban communities. Although the statistics are available on numerous Web sites, the magazine puts it all into an easy to read table. It would take days of research to find the information that is available at a glance. And they put the stats online at their Web site.

They changed the way they report the housing prices this year, and I applaud the magazine's efforts. Whereas in past year, they used ZIP codes which don't usually match up to actual neighborhoods boundaries, this year the numbers are from the actual neighborhood. This is a result of Web sites that are allowed to use the Regional Marketing Listing Service (RMLS) data, the organization controlled by Portland area Realtors, to pinpoint the sale of a home within the actual neighborhood. If you use my 'Search for

Homes' tool found at <http://search.movingtoportland.net>, you can search for homes within a Portland neighborhood or suburban communities.

The magazine also identifies the hottest communities and neighborhoods. This year, they did write ups on six Portland neighborhoods. They are Sylvan Highlands, Northwest District, Sauvie Island, Powellhurst-Gilbert, Hollywood, and Healy Heights.

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