



## December 2008 Newsletter

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### Portland Home Market

#### October 2008 Residential Highlights

Market Activity continues to be on the decline when compared to 2007. Pending sales fell 39.6% when comparing October 2008 with October 2007. The number of closed sales and new listings also fell, 21.4% and 21.6% respectively.

Comparing October to September, we also saw a decline across the board, although not as intense as the comparison above. There were 25.6% (1,268 v. 1,705) fewer accepted offers in October. Additionally, there were 14.2% (3,605 v. 4,200) fewer new listings added to the inventory.

Further, there was a 10.7% (1,465 v. 1,640) drop in closed sales. At the month's rate of sales, the 16,257 active residential properties would last approximately 11.1 months.

#### Year-To-Date

Comparing January-October of 2008 to the same time period in 2007 there have been 31.3% fewer closed sales and 30.2% fewer accepted offers this year. In addition, there was a 7.5% decrease in the number of homes added to the market.

#### Affordability

Due to a decrease in the median home price in the Portland Metro Area (\$267,000 in September) and a drop in the average interest rate (6.04% per Freddie Mac) a family earning the median income (\$67,500 in 2008, per HUD) can afford 109% of the monthly mortgage payment on a median-priced home according to a formula from the National Association of Realtors®. The formula assumes that the buyer has a 20% down payment and a 30 year fixed rate of 5.97% (per Freddie Mac).

#### 12-Month Sales Price Percent Change

The "12-Month Sale Price Percent Change" calculation compares the rolling sales price for the last 12 months with the rolling price for the 12 months prior.

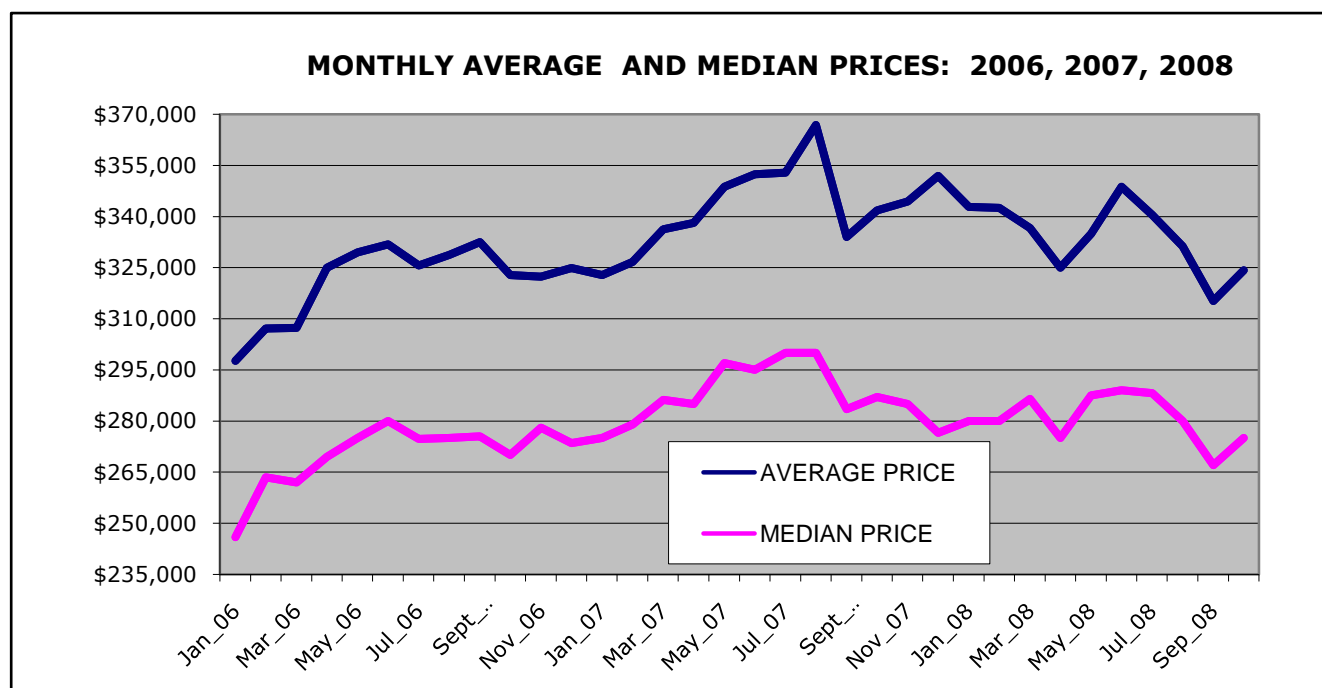
Figures for October 2008:

- Average Sale Price Percent Change: -1.1% (\$335,800 v. \$334,500)
- Median Sale Price Percent Change: -2.2% (\$280,000 v. \$2865,000)

The 12-Month Sale Price Percent Change is based on a comparison of the rolling average/median price for the last 12 months (11/1/07-10/31/08) with the 12 months before (11/1/06-10/31/07).

### October 2008: A Drop of \$17,500 in the Average Price from October 2007

Below is the MONTHLY AVERAGE AND MEDIAN PRICES: 2006, 2007, 2008 chart. It shows the home sales by month. The chart below does not include homes in southwestern Washington (Vancouver to include Clark County).



Comparing the average home price from October 2008 with October 2007 shows a \$17,500 drop in the Portland region's average home price – down to \$324,300 from \$341,800 a year earlier.

The median price decreased \$12,000 for the same periods - a drop of 4.2%.

### Median Price Drop of \$25,000: October 2008 to Market Peak in August 2007

The market peaked in July 2007 and August 2007 when both of these months recorded a median price of \$300,000. From this high, the median price in October 2008 dropped \$25,000 (8.3%).

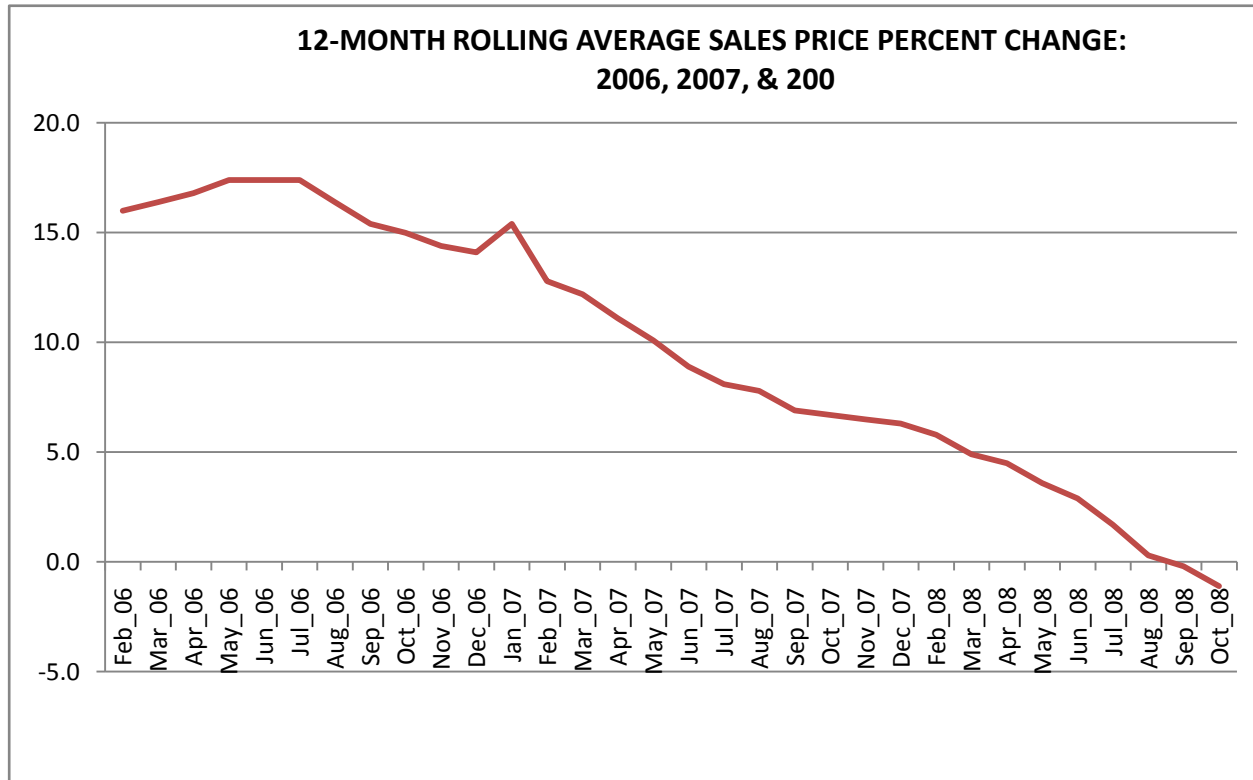
The highest average sales during the years 2006-2008 was \$366,900 in August 2007. This figure is the highest average sales price ever recorded for the Portland metro area. Since August 2007, the average price has been slowly declining. In October 2008, the average price declined \$42,600 (11.6%) from August 2007.

### 12-Month Average Sales Price Percent Change

Below is the 12-MONTH AVERAGE SALES PRICE PERCENT CHANGE: 2006, 2007, & 2008. This is the 12-month average sales price percent change from February 2006 to October 2008. The January, 2008 number is not included in the chart as RMLS did not calculate the appreciation for that month.

The 12-month sales price change percents are based on a comparison of the rolling average price for the last 12 months. For the last 12 months, the number has ranged from 8.1 to -1.1 percent. The -1.1% number for

October 2008 is the second appearance of a negative number in the last three years. The previous month, September 2008, was also negative.



### Oregon Foreclosure Rates Skyrocket

Oregon foreclosure rates more than doubled in October, driven up by rising unemployment, a souring economy and the continuing plague of volatility in mortgage interest rates.

RealtyTrac, a California mortgage data tracking service, recorded 2,841 foreclosure-related actions in Oregon last month, a 160 percent increase from October 2007. Actions include notices of default, sales ordered by trustees and properties repossessed by banks.

By one tally, Oregon had the 16th fastest-growing rate of mortgage trouble in the nation. Washington state saw a 95 percent increase in foreclosure activity and ranked No. 17 in the nation for its rate of mortgage trouble.

Gorilla Capital, a Eugene company, is Oregon's leading buyer of homes at foreclosure auctions in 13 Oregon counties. Their business activity is confined to central and southern Oregon.

They look for homes they can buy and resell quickly. That amounts to about 60 to 70 homes among 10,000 or more it may track, Helmick said. The 2-year-old company racked up \$8 million in sales last year and expects to increase that by 20 percent this year.

The company focuses on homes that sell for \$100,000 to \$160,000, marketing them for resale through its Web site, newspaper ads, Craigslist and e-mails to potential buyers. About half of buyers intend to move in. The rest are investors.

According to company statistics, of 111 homes put up for auction in Deschutes County in October, five sold. The rest reverted to the lenders holding the liens.

## Cost of Residential<sup>1</sup> Homes by Neighborhood/Community October 2008

Area	October 2008 Average Sales Price	Year-to-Date For Period Ending October 2008		12-Month Average Sales Price Change <sup>2</sup>
		Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	\$324,300	\$333,600	\$280,000	-1.1%
Portland				
North	\$252,700	\$268,400	\$252,200	2.2%
Northeast	316,600	324,300	283,800	2.0%
Southeast	270,000	278,200	245,000	-2.2%
West (Includes SW and NW Portland and parts of eastern Washington County)	466,000	482,900	395,000	5.0%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$262,600	\$260,500	\$245,000	-5.7%
Clackamas, Milwaukie, Gladstone, Sunnyside	310,300	323,200	285,500	-5.4%
Canby, Beavercreek, Molalla, Mulino, Oregon City	277,700	316,200	282,000	-4.8%
Lake Oswego and West Linn	526,900	550,500	453,700	3.6%
Northwest Washington County & Sauvie Island	434,400	405,500	376,500	-0.7%
Beaverton and Aloha	278,000	275,600	250,600	-4.2%
Tigard, Tualatin, Sherwood, Wilsonville	351,600	356,300	325,000	-3.9%
Hillsboro and Forest Grove	257,000	281,900	259,900	-5.0%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	240,200	252,400	230,000	-16.2%
Columbia County	241,900	228,600	214,000	-8.9%
Yamhill County	222,100	269,300	225,000	-4.7%
Marion and Polk Counties	221,400	255,600	204,900	-5.3%
North Coastal Counties	376,700	372,200	290,000	-3.8%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$262,400	\$282,100	\$244,900	-7.3%

<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> The 12-month sales price change percents are based on a comparison of the rolling average price for the last 12 months (11/1/07-10/31/08) with the 12 months before (11/1/06-10/31/07).

Source: Regional Market Listing Service (RMLS™).

## Long-Term Mortgage Rates 5.97 Percent

### Primary Mortgage Market Survey: Rates at Seven Week Low

Freddie Mac released its Primary Mortgage Market Survey (PMMSSM) on November 26 in which the 30-year fixed-rate mortgage (FRM) was 5.97 percent with an average 0.7 point for the week ending November 26, 2008, down from last week when it averaged 6.04 percent. Last year at this time, the 30-year FRM averaged 6.10 percent. The 30-year FRM has not been this low since October 9, 2008, when it was 5.94 percent.

The 15-year FRM this week averaged 5.74 percent with an average 0.7 point, up slightly from last week when it averaged 5.73 percent. A year ago at this time, the 15-year FRM averaged 5.73 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.86 percent this week, with an average 0.6 point, down slightly from last week when it averaged 5.87 percent. A year ago, the 5-year ARM averaged 5.86 percent.

One-year Treasury-indexed ARMs averaged 5.18 percent this week with an average 0.5 point, down from last week when it averaged 5.29 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

Interest rates for 30-year fixed-rate mortgages fell for the fourth consecutive week as signs the overall economy is flagging lowered most interest rates market-wide," said Frank Nothaft, Freddie Mac vice president and chief economist. "And economic growth in the third quarter was revised downward this week, led by the first decline in consumer spending since the fourth quarter of 1991 and the largest drop since the second quarter of 1980.

"However, declining house prices and low mortgage rates have raised housing affordability in September to the highest level since February of this year, according to the National Association of Realtors® (NAR)."

### 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 Portland of \$324,300 for October, 2008 and with 20 percent down payment (\$64,860) and a mortgage of \$259,440, the payment for a 30-year fixed loan is \$1,353.36 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 4.75%, and the APR is 5.124%. Total lender fees are \$10,843 to include \$4,517 discount points. This fee covers everything and is guaranteed not to change from the time they lock your rate (30 days) to closing. Escrow fees are waived. FICO credit

score 750.

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

### November 2008 Weather Summary

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	8.49	5.92	<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	1.77	
November	5.61	4.15	
December	5.71		
January	5.07		
February	4.18		
March	3.71		
April	2.64		
May	2.38		
June	1.59		
July	0.70		
August	0.89		
September	1.65		
Year Average	37.07		

Above is the [National Weather Service](#) precipitation data for the month of October 2008. Below is the weather summary for the month:

- Average Monthly Temperature: 49.2 or 3.4 degrees above normal.
- Average Maximum Temperature: 55.1
- Average Minimum Temperature: 43.3
- Highest Temperature: November 7th at 64 degrees.
- Lowest Temperature: November 24th at 33 degrees.
- Average Monthly Wind Speed: 7.0 MPH.
- Clear/Cloudy Days: 0 clear days, 14 partly cloudy days, and 16 cloudy days.
- Records: Rainfall of 0.94 inches on November 12th beating 1989 record of 0.93 inches.



November 2008 was a month to cherish! With the average temperature 3.4 degrees above normal and discounting one day of heavy rain (November 12th with close to an inch) we were also relatively dry. Although the official forecast show zero clear days, we had many hours of sunshine on about half of the days in the month. Ski resorts are still waiting for snow so they can open.

It was a great month for walking in the parks and tree-lined streets as the leaves were in fall colors. The weather forecast for the first week in December brings a sudden change - rain and grey days are ahead.

## Retired to Portland

When it comes to learning how we age, Portland is in a position to lead the way. Last year, [AARP The Magazine](#) name Portland one of the top five places to live and retire. The other four were Atlanta, Boston, Milwaukee,

and Chandler, Arizona. Among the many reasons for the *AARP The Magazine* naming Portland were urban planning, our large number of mixed-use developments, and our public transportation system.

In 2006, Portland was the only American city to participate in the World Health Organization's ([WHO](#)) Age-Friendly Cities Project, a global study that identified solid indicators of an age-friendly city. The reasons given by WHO were green spaces, offering priority seating for elderly passengers on public transportation, and ensuring "psychological safety" in urban environments.

You can download WHO's report, [Global Age Friend Cities: A Guide](#) as it offers some interesting reading. The Portland summary can also be downloaded by clicking [here](#).

## Portland State University Institute on Aging



Portland is home to one of the foremost visionaries on aging. Margaret Neal, a Portland State University (PSU) gerontology professor who directs the school's [Institute on Aging](#) and volunteered the city for the WHO study.

According to Neal's study for Metro, the Portland-Vancouver metropolitan area's population of people 65 and older is projected to more than double by 2030. The aging population is expected to grow from 166,119 to 394,406 (with another 556,805 people falling between the ages of 45 and 64).

Portland may eventually attract more seniors than other cities because it's the urban core of a state whose long-term-care system has been widely held as the most progressive in the country—it's certainly one of the oldest.

PSU founded its Institute on Aging in 1969, becoming one of the nation's first academic institutions to focus its research on seniors. Karen Brown Wilson, one of the institute's gerontology professors, is credited with having invented the concept of assisted living in the late 1980s as an alternative to nursing homes. Assisted-living facilities provide semi-independent apartments to older adults who don't require intensive medical and nursing care, but who may need help with daily needs like dressing, bathing, eating, or using the toilet. But in order to fully develop these facilities as well as other, less expensive alternatives, Oregon officials had to come up with funding.

## Oregon Breaks New Ground

For years the federal government allowed Medicaid recipients to use their Medicaid dollars to pay for long-term care only in nursing homes. In 1981, Richard Ladd, then-director of the state's Seniors and Disabled Services Division, successfully petitioned the feds to allow Oregonians to use Medicaid to pay for any kind of long-term care, making ours the first state to do so. As a result, the number of older adults in nursing homes dropped significantly, and the state used the diverted federal money to develop a diverse long-term-care system that would address a whole spectrum of needs for seniors. By the late 1980s, Oregon had become the only state spending more on community- and home-based services than on nursing-home care. New alternatives like adult-care homes (run by one or more caregivers who look after no more than five older or disabled adults at a time) began to proliferate as some 580 adult-care homes today exist in Multnomah County alone. And other states began creating similar systems based on Oregon's groundbreaking Medicaid waiver.

## Continuing Care Retirement Communities (CCRC)

The Portland metro area, like most cities has a variety of retirement facilities such as assisted living, nursing homes, etc. Many are not really retirement communities but care facilities. Now that baby boomers have begun to retire, even Oregon's ground breaking models are becoming outdated. Today's 65 age group is very different from being 65 in the 50s, 60s, etc. And it will be very different than being 65 in 2030.

The new concept in retirement living can be summarized in one word: active. A retiree in 2008 wants a variety of experiences in their life that includes both learning and recreation. And they don't want to make multiple moves in their last years. The concept that fits an active retiree is a range of care from private



apartments to skilled nursing care at the same location, allowing residents to age in place. This type of living facility is called a Continuing Care Retirement Community (CCRC). Many CCRCs have health clubs, lap pools, multiple dining facilities, bike storage, etc. Access to a university or college is also important. Many of these education institutions allow seniors to enroll in classes without paying a fee. PSU policy allows senior citizens (65 or older) to attend on-campus classes on a space-available basis at no charge other than that for special materials, if any.

Here is a list of existing CCRCs in the Portland metro area:

- [Avamere Living at Berry Park](#) 13669 S Gaffney Lane, Oregon City, OR, 97045. Phone: 503-656-7614.
- Cherrywood Village 1417 SE 107th Ave, Portland, OR, 97216. Phone: 503-408-0404.
- Good Samaritan Society Fairlawn Village 1280 NE Kane Dr, Gresham, OR, 97030. Phone: 503-667-1965.
- Harmony Guest Home 351 SE Fifth St, Hillsboro, OR, 97123. Phone: 503-648-3413
- Holladay Park Plaza 1300 NE 16th, Portland, OR, 97232. Phone: 503-280-2328.
- Mary's Woods at Marylhurst 17400 Holy Names, Lake Oswego, OR, 97034. Phone: 503-635-7581.
- Rose Villa Manor 13505 SE River Rd, Portland, OR, 97222. Phone: 503-654-3171.
- Royalton Place Retirement Residence 5555 SE King Rd, Milwaukie, OR, 97222. Phone: 503-653-1854.
- [Terwilliger Plaza](#) Portland, OR. Phone: 503-299-4211.
- [Town Center Village](#) 8709 SE Causey Ave, Portland, OR, 97268. Phone: 503-653-1500.
- Willamette View 12705 SE River Rd, Portland, OR, 97222. Phone: 503-652-6581.

Only two of the above CCRCs are located within the downtown area: Holladay Park Plaza and Terwilliger Plaza. Terwilliger Plaza is across the freeway (I-405) and south of downtown. Holladay Park is located in the Lloyd Center area and has access to the MAX light-rail line. Terwilliger's only public transportation is the bus.

## Two CCRCs in Portland Under Construction



On the South Waterfront, [Mirabella](#) is under construction and it will be finished in late 2010. Mirabella will differ in at least one major way. Whereas living at other CCRCs has meant paying a hefty nonrefundable entrance fee (about the same as a home, in some cases), at Mirabella your \$300,000 or \$500,000 or \$800,000 entrance fee (depending on the size of your living space) is 95 percent refundable should you move or die (in which case the refund would go to your kin). The property is already 95 percent pre-sold, and 300 individuals or families are on the waiting list.

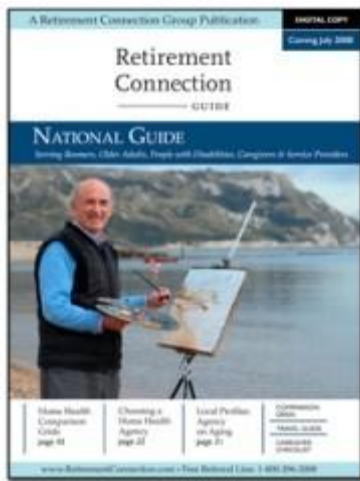
Mirabella is located next to the Oregon Health Science University Wellness Center and the Portland streetcar line which makes for an ideal location. Residents will be able to take the streetcar to PSU for classes as well as downtown museums and concerts halls. It will also be a platinum LEED certified building.

In the Portsmouth neighborhood, in North Portland, an affordable yet revolutionary model is set to begin construction late next year on the old John Ball Elementary School site. Based on a similar community built 14 years ago on a former military base in Illinois, [Portland Hope Meadows](#) will house foster parents hoping to adopt their foster children, as well as seniors who wish to live in a multigenerational environment. The original Hope Meadows was started by Brenda Krause Eheart, a University of Illinois behavioral scientist who believed foster families and seniors could benefit mutually from such an intergenerational arrangement the families by having extra guardians around for support, the seniors by avoiding isolation.

Portland Hope Meadows will be created via private funding and public fundraising, with technical assistance from Generation of Hope, Eheart's nonprofit. The community will consist of eight houses for families, 32 apartments for single or coupled elders, shared gardens, and a community center where elders will volunteer 10 hours of foster-child mentoring and tutoring per month and receive a rent reduction in return.



## Retirement Connection



Retirement Connection's mission is to provide consistent direction and a single resource for government agencies to share and access information more effectively; assist caregivers with a quick and complete reference of providers and services; educate boomers and seniors on the vast social, wellness, and medical options available; while offering providers a unique and affordable venue to promote their services and products. Their Website address is <http://www.retirementconnection.com>.

The site features four states (Alabama, Oregon, Tennessee, and Texas) and four cities (Birmingham, Alabama; Portland, Oregon; Salem, Oregon; Nashville, Tennessee).

A printed guide was published in the summer of 2008 and another is slated for summer 2009. Some of the unique and special features of Retirement Connection Guide will be the Travel Journal with space for personal notes and the 'Caregiver Checklist' to organize important documents and records. The printable guide will cover the same extensive list of 150+ topics found in our National Web Directory, as well as, several

articles written by retirement professionals, government agencies, and non-profit.

Source: Portland Monthly Magazine, "Vital Signs" by Camas Davis in the December 2008 issue.

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