

Moving to Portland™

March 2008 Newsletter

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Portland Home Market

January 2008 Residential Highlights

Market activity appears to have slowed when comparing January 2008 with the same month in 2007. New listings jumped 11.9% compared to last January, but closed sales dropped 31.9% and pending sales fell 34.3%

While an increase in new listings in January is common, a substantial drop in closed sales helped compound the inventory rate as the 13,904 active residential listings would last approximately 12.8 months at January's rate of sales. This is the highest recorded level since the previous high of 10.1 in January 2000.

New Construction in 2007

The sale of properties listed as proposed, under construction or new construction increased 6% (5,370 v. 5,045) when comparing 2007 and 2006. The average sale price appreciated 6% (\$387,200 v. \$365,600) and the median sale price grew 6% (\$318,600 v. \$300,000).

Counties

County	Average Sales Price	Change 2006-07
Clackamas	\$400,800	+3%
Columbia	254,500	+11%
Multnomah	336,300	+9%
Washington	333,900	+6%
Yamhill	284,400	+6%

Affordability

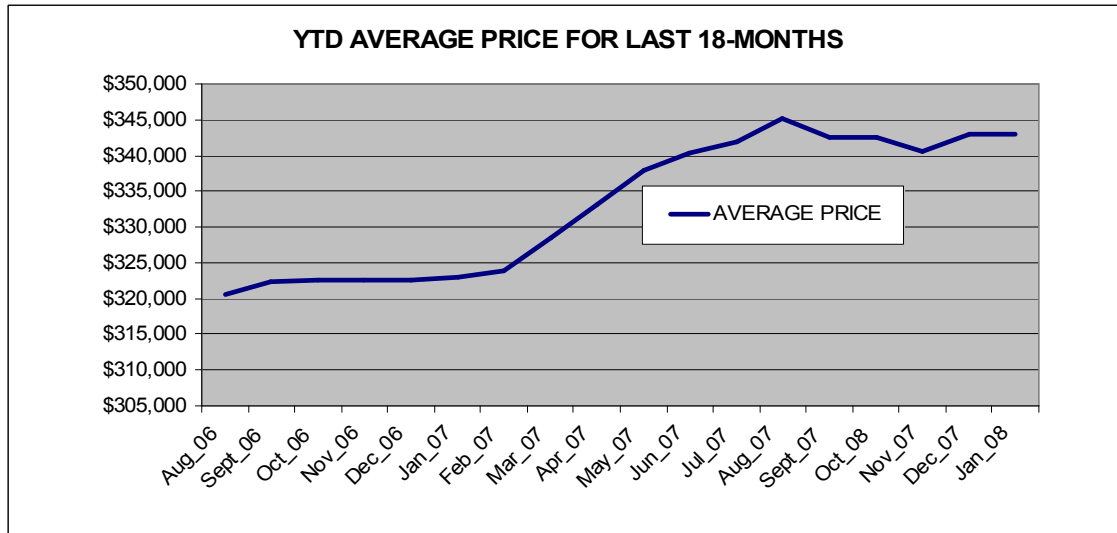
According to a formula used by the National Association of Realtors, the average Portland family household only had 99% of the income needed to purchase a median priced home (\$276,500) in the Portland metro area in December. A family making the median annual income (\$63,800 according to HUD) would pay \$1,340.46 a month for this home with a 20% down payment and a 30-year fixed-rate mortgage with an interest rate of 6.1% (per Freddie Mac).

Home Price for January 2008

The average price of \$342,900 for January, 2008 did not change from the December, 2007 average (year-to-date) price. However, the January 2008 median price (\$280,000) dropped by \$10,000 from the December (year-to-date) price of \$290,000. RMLS did not calculate the appreciation for the 12-month period.

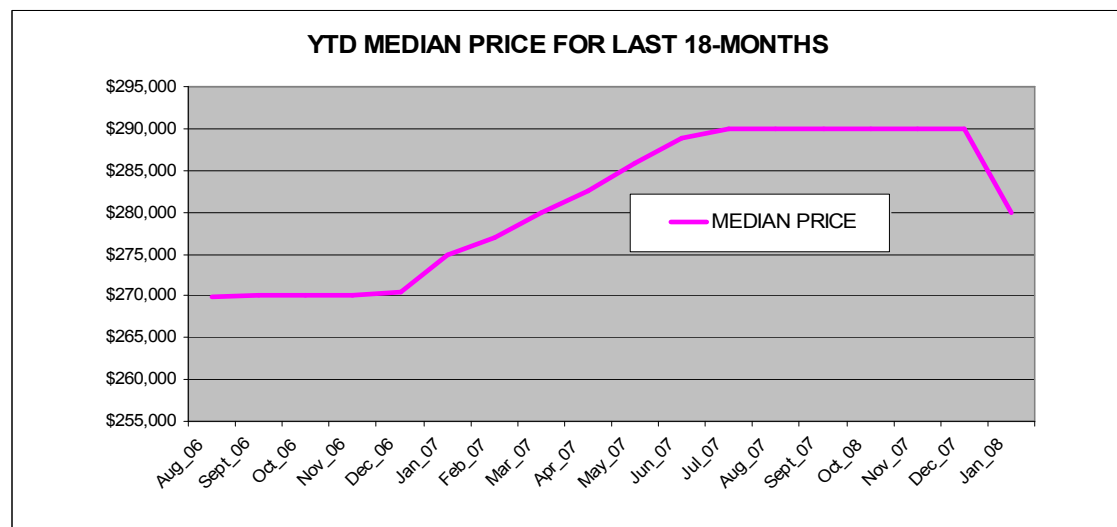
We will begin charting the rolling 18 month year-to-date average price and year-to-date median price of homes in the Portland metro area. We will update these charts monthly to show the changes. The charts do not include homes in southwestern Washington (Vancouver to include Clark County).

Below is the YTD Average Price for the Last 18-Months chart.



If we would have plotted a 25 month period beginning with January, 2006, the chart would show a steep rise on the curve between that date and August, 2006. It would be similar to the February, 2007 to August, 2007 period where average prices increased \$21,400. The average price was \$297,700 for January, 2006 and the August, 2007 average price was \$320,600 – an increase of \$22,900. Note that prices leveled off for the last few months in 2006 and start rising rapidly in early 2007.

Below is the YTD Median Price for Last 18-Months chart.



Although the chart's curve is similar to the average price curve, January, 2008 took a real nose dive on the

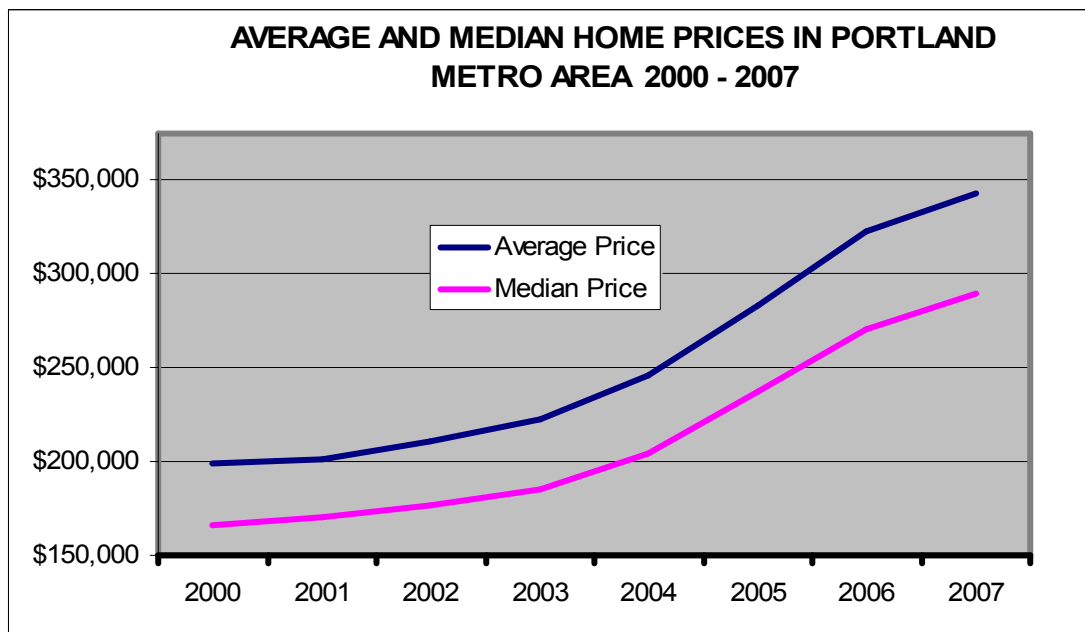
chart. What gives?

We know that the median is the midpoint in a series of numbers; half the data values are above the median, and half are below. Also average prices tend to be affected by outliers, data that tends to be far removed from the central tendency of the number.

Therefore, we offer an explanation. Most likely this large dip in the January, 2008 median price is a result of a fairly large volume of higher priced homes selling in January, 2008. This would increase the average selling price and lower the median price.

Average and Median Homes Prices: 2000 - 2007

We have also plotted the average and median homes prices in the Portland metro area from 2000 to 2007. The chart below gives the impression that the curve is still rising but that remains to be seen. You can see the sharp increase from 2004 to 2006 when the home appreciation in the metro area was double-digit numbers. Average home appreciation was 10.6% in 2004, 15% in 2005, 14.1% in 2006, and 6.3% in 2007.



A Look Ahead to the Next Few Months

If you just look at one figure, the number of homes for sale, you realize that buyers have the advantage. They have more choices, close to 14,000 homes to pick from according to the inventory of homes in January 2008. A little under 18 months ago, a buyer had about half that many of homes (7,139 in May 2006) to consider.

This brings up that dreaded topic: Will Portland's home market mirror the national trend in 2008? Will we see negative appreciation in the Portland metro area in 2008? I hesitate to answer those questions but will stick my neck out and predict that we will see a small price drop but appreciation will remain positive. But the number will be low – 2-3 percent if the local economy holds up.

If you're looking for values in the next few months, whether it is for an investment (rental) or for a primary residence, the timing is right. With thousands of homes available and relatively low mortgage rates, it's a good time to buy.

Cost of Residential¹ Homes in the Portland Metro Area January 2008

Area	January 2008 Average Sales Price	Year-to-Date For Period Ending January 2008		Average Price Appreciation ²
		Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	\$342,900	\$342,900	\$280,000	n/a
Portland				
North	\$268,100	\$268,100	\$250,200	8.3%
Northeast	329,900	329,900	265,000	7.3%
Southeast	279,600	279,600	245,900	6.7%
West (Includes SW and NW Portland and parts of eastern Washington County)	503,100	503,100	399,000	4.6%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$249,600	\$249,600	\$238,000	4.4%
Clackamas, Milwaukie, Gladstone, Sunnyside	369,000	369,000	320,000	-6.4%
Canby, Beavercreek, Molalla, Mulino, Oregon City	319,300	319,300	295,000	1.1%
Lake Oswego and West Linn	588,800	588,800	449,000	7.5%
Northwest Washington County & Sauvie Island	418,300	418,300	384,600	6.3%
Beaverton and Aloha	257,100	257,100	245,300	3.2%
Tigard, Tualatin, Sherwood, Wilsonville	377,700	377,700	350,000	4.8%
Hillsboro and Forest Grove	280,600	280,600	259,900	4.2%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	239,800	239,800	245,000	2.5%
Columbia County	225,800	225,800	218,000	10.9%
Yamhill County	263,500	263,500	220,000	5.5%
Marion and Polk Counties	261,400	261,400	230,000	6.2%
North Coastal Counties	371,500	371,500	315,000	13.6%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$308,800	\$308,800	\$250,000	1.0%

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 (2/1/07-1/31/08) with 12 months before (2/1/06-1/31/07).

Source: Regional Market Listing Service (RMLS™).

Mortgages Rates Up to November Levels

February 28, 2008

Freddie Mac released its Primary Mortgage Market Survey (PMMSSM) on February 28 in which the 30-year fixed-rate mortgage (FRM) was 6.24 percent with an average 0.5 point for the week ending February 28, 2008, up from last week when it averaged 6.04 percent. Last year at this time, the 30-year FRM averaged 6.18 percent.

The 15-year FRM this week averaged 5.72 percent with an average 0.5 point, up from last week when it averaged 5.64 percent. A year ago at this time, the 15-year FRM averaged 5.92 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.43 percent this week, with an average 0.4 point, up from last week when it averaged 5.37 percent. A year ago, the 5-year ARM averaged 5.93 percent.

One-year Treasury-indexed ARMs averaged 5.11 percent this week with an average 0.7 point, up from last week when it was 4.98 percent. At this time last year, the 1-year ARM averaged 5.49 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

"Long-term fixed mortgage rates trended up for a third week, bringing rates on 30-year and 15-year fixed-rate mortgages back to their levels of last November," said Frank Nothaft, Freddie Mac vice president and chief economist. "Refinancing activities, which had surged to a 12-month high in January, according to Freddie Mac's monthly refining share report, are likely to ebb following this recent rise in rates."

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 \$342,900 for January, 2008 and with 20 percent down payment (\$68,580) and a mortgage of \$274,320, the payment for a 30-year fixed loan is \$1,452 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 4.875%, and the APR is 5.368%. Total lender fees are \$14,876 to include \$9,974 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

Second Half of February Dry and Sunny

After endless weeks of cold and rainy weather, the skies cleared and the temperatures warmed in mid February. We have a two week run of good walking and hiking weather – we judged that by how muddy the dogs are after a walk in the woods. We received just over 50 percent of our monthly average precipitation, and the average temperature was 1.8 degrees above normal.

Today, the first day of March, the typical winter sky has returned to its grayness, and we are having the famous Oregon Mist – a very light rain. This will last over the weekend, and sun should return by Tuesday.

February 2008 Weather Summary

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	23.45	21.98	<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		
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 February 2008:

- Average Monthly Temperature: 44.9 or 1.8 degrees above normal.
- Average Maximum Temperature: 52.4
- Average Minimum Temperature: 37.3
- Highest Temperature: February 28 and 29 at 63.
- Lowest Temperature: February 17 at 29.
- Average Monthly Wind Speed: 6.4 MPH.
- Clear/Cloudy Days: 1 clear day, 14 partly cloudy days, and 14 cloudy days.

Blooming Time



My nose is starting to twitch and that means things are starting to bloom in Portland. On my morning walks, I'll notice a pleasant aroma and have to stop and look around to determine what's blooming.

The next three months will bring wonderful scents and scenes. It starts with the camellia blossoms first and ends with the rhododendrons. In between we will have fruit trees, the cherry trees being the most common in the Portland area. Along with many small bushes and flowers, it's a grand time to live here. The snowdrops and daffodils are now opening and the earth is waking up from its long winter sleep. We will soon see trilliums during our walks in the woods.

Oregon Encyclopedia

The Oregon Encyclopedia (<http://www.oregonencyclopedia.org>), an authoritative compendium of information on Oregon people, places, events, and institutions, debuted in February. Over the next several months, culminating in 2009 as part of Oregon's State Sesquicentennial, the Encyclopedia will grow to contain thousands of entries on Oregon history and culture written by knowledgeable authors, reviewed by experts, and meticulously checked to ensure accuracy.

Just a handful of entries are up on the site today, but the project goal is to have 3,000 online by next year. Researchers will hit the road to reach communities across Oregon to solicit ideas for the encyclopedia. Anthropologists, historians, and experts in music and art will be recruited to draft entries on each topic, which will be reviewed for accuracy, then published online.

What makes the project especially significant is its first-of-its kind nature. Books have been written about Oregon, of course, but this is the first time historians have tried to gather information about the state in one place.

Oregonians are Invited to Participate

The Oregon Encyclopedia is an exciting new way for Oregonians to learn about all things Oregon, from the expected to the unexpected. All Oregonians are invited to participate by suggesting entries, writing submissions, and attending community meetings beginning in the spring of 2008.

The Oregon Encyclopedia is a collaborative project of Portland State University and the Oregon Historical Society, with support from the Oregon Cultural Trust, the Oregon Council of Teachers of English, the Oregon Heritage Commission, and the Oregon Council for the Humanities.

Johnnie Ray from Oregon: A Entry Posted by James Fox (Special Collections Librarian at University of Oregon's Knight Library)



In the early 1950s Johnnie Ray was the biggest musical star in the world. His emotional singing and sexually suggestive performances earned him the titles "The Prince of Wails," "The Cry Guy," and "The Million Dollar Teardrop;" they also put him at the top of the music charts. From Sydney to Chicago and London, teenage riots erupted wherever Johnnie went. Many who were a part of the music scene in the 1950s find it unbelievable that Johnnie Ray, whose singing turned the pop music world upside down and opened the way for Elvis, has been largely forgotten today. They remember Johnnie as the first rock and roll star.

John Alvin Ray was born in Dallas, Oregon, on January 10, 1927, the second child of Elmer and Hazel Ray. Johnnie has described his family as very loving and musical. His father Elmer was a farmer and a fiddler in a string band, and through him Johnnie became well acquainted with country music. Johnnie's mother, a religious woman, introduced him to hymns and encouraged him to sing in church.

Johnnie Ray gave his final performance in Salem on October 6, 1989. Always loyal to his native Oregon, Johnnie gave a benefit for the Grand Theatre in Salem as his last show. He died in Los Angeles of liver failure on February 24, 1990.

Summer 2008: Vacation in the Pacific Northwest

Now is the time to start thinking about summer trips. Here are some Pacific Northwest vacation ideas for the summer of 2008.

Victoria, British Columbia



Located on the southern tip of Vancouver Island, Victoria is closer to the United States than to mainland Canada, making it an ideal destination for stateside visitors who want a taste of British culture and civility. You can catch the ferry from Port Angeles, Washington to Victoria. You can drive your car onto the ferry if you desire to bring your own transportation but you can survive easily without an auto in Victoria. Here are two websites to help with your planning:

- Tourism Victoria – see www.tourismvictoria.com
- Trip Advisor – see www.tripadvisor.com

If you have questions about specific places, Tourism Victoria (899-663-3883) has real people on the other end of the phone who will answer questions and help with reservations.

Outdoor Adventures

Wilderness Inquiry (<http://www.wildernessinquiry.org>), a non-profit company has three outdoor trips in the Pacific Northwest for the summer of 2008. Here they are:

- **Kayak Vancouver Island's Clayoquot Sound** Experience the natural wonders of Vancouver Island's Clayoquot Sound located on the west coast of Vancouver Island, BC. Kayak clear coastal waters with migrating grey whales, sea lions, and porpoises. View the rugged and beautiful coastline, comprised of sandy beaches, old growth forest and mountains from the kayak and campsite.
- **Olympic National Park Coastal Trail** Backpack the breathtaking trails and rainforests of Olympic National Park with veteran trip leader Bill Simpson. Explore the longest stretch of coastal wilderness in the lower 48 states and witness fascinating tidal pools, scenic beaches, and amazing sea life.
- **San Juan Islands Sea Kayak** Kayak the San Juan Islands against the spectacular backdrop of the Olympic Mountains in the Pacific Northwest. Paddle the Wasp Islands, Blind Bay and Lopez Island, offering some of the best sea kayaking in the world. Explore waterways and shorelines, viewing fantastic marine life.

More information is available about these trips at their website – see <http://www.wildernessinquiry.org>.

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