

Moving to Portland™

May 2008 Newsletter

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Portland Home Market

March 2008 Residential Highlights

Market activity in March showed forward progress for month-to-month comparisons, but remains slow compared with the level of activity a year ago.

When comparing March to February 2008, closed sales were up 22.2% (1,691 v. 1,384) while pending sales also increased 5.5% (1,938 v. 1,837). On the other hand, comparing March 2008 with March 2007, closed sales were down 39.1% and pending sales decreased 36.9%. New listings also dropped a slight 1.8%.

Also notable in March was a decrease in the level of inventory from February. At the March rate of sales, the 15,412 active residential properties would last 9.1 months.

First Quarter/Year-to-Date

Comparing market activity through March 2008 to the same period in 2007, the first quarter also shows slowing in the number of transactions. New listings grew 7.3% (14,695 v. 13,697). However, closed sales dropped 32.6% (4,285 v. 6,359) and pending sales were down 35.6% (5,282 v. 8,204).

Appreciation Still Positive

With home prices falling nationwide, Portland-area homeowners continued to eke out the slimmest of gains in March.

The regional median price for new and existing homes was \$286,500 in March, up 0.1 percent from the same month a year ago, according to the Regional Multiple Listing Service. The gain was so small, home prices are basically flat.

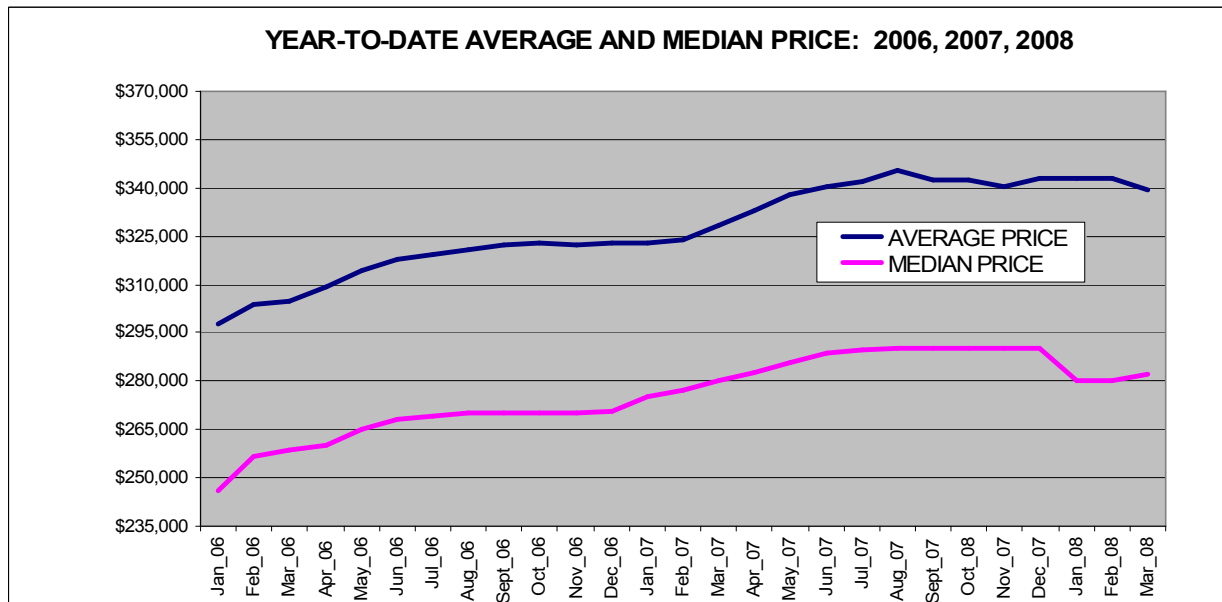
A comparison of the 12 months ending in March 2008 with the 12 prior shows that the average sale price appreciated 4.9% (\$344,700 v. \$328,700). Using the same formula, the median sale price appreciated 5.1% (\$290,000 v. \$276,000).

Average and Median Price Graphs

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).

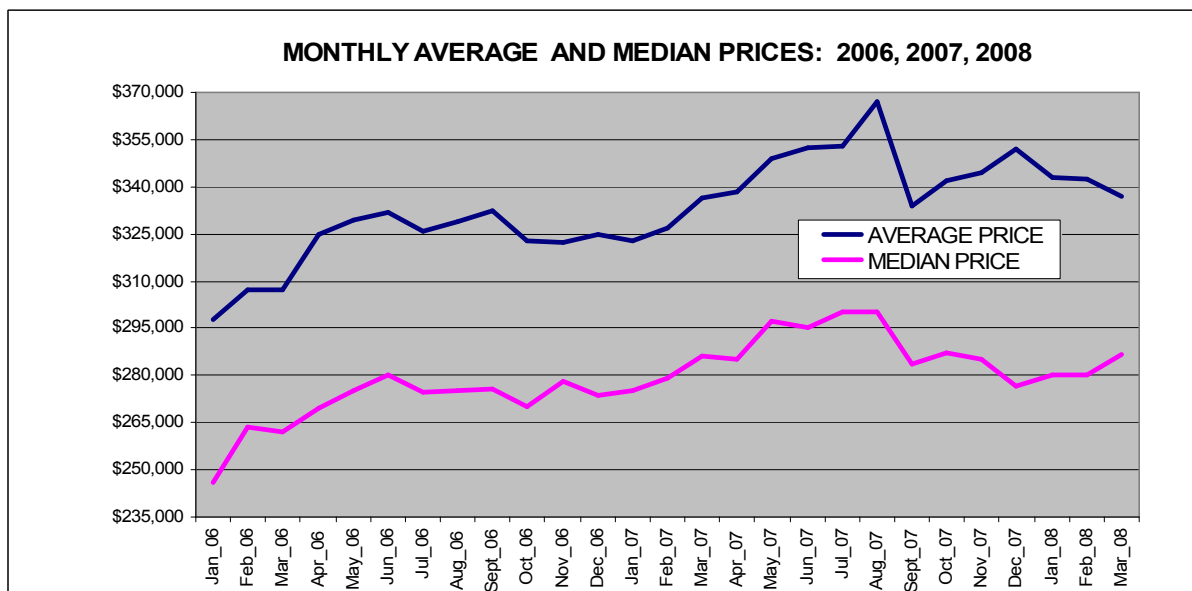
Below is the YEAR-TO-DATE AVERAGE AND MEDIAN PRICES: 2006, 2007, 2008 chart.



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.

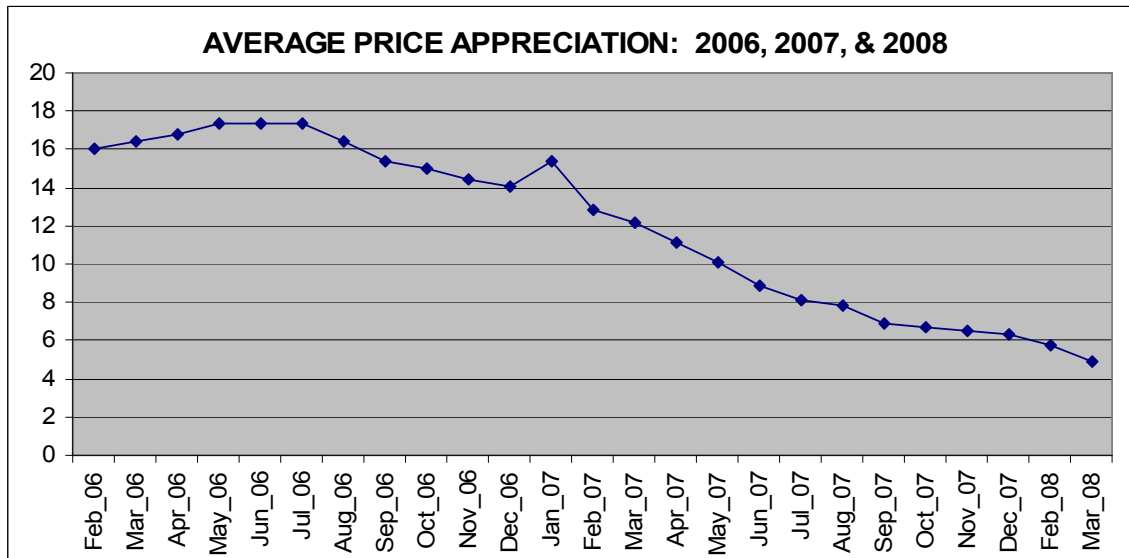
Below is the MONTHLY AVERAGE AND MEDIAN PRICES: 2006, 2007, 2008 chart. It shows the home sales by month. Note the jagged curve in this chart as opposed to the smooth curve in the year-to-date chart. This is a result of monthly variations in sales numbers.



Appreciation

Below is the home appreciation from February 2006 to March 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 4.9 to 6.9.



Oregon Insulated from National Foreclosure Problems

The *Portland Business Journal* in their April 18, 2008 reported that home foreclosures were up 57 percent over the past year in the USA. They stated that "Oregon and the Northwest, however, are in better shape than other regions. New data from the Federal Reserve Bank of New York shows that fewer homes in Oregon, Washington or Idaho were in foreclosure at the end of 2007 than across the nation as a whole."

Oregon's foreclosures in December were actually higher than its neighbors to the north and east, but still far below California. Oregon had 303 foreclosures or 0.21 per thousand homes in the state. That compares with fewer than 0.19 foreclosures per thousand for Washington, and 0.16 for Idaho. California, which had almost 1.55 houses per thousand in foreclosure at the end of 2007, was one of the hot spots, pushing the national figure to 0.43 per thousand.

The relatively low number of foreclosures, coupled with population growth, could mean Oregon's economy will remain more stable than other parts of the country.

Oregon Borrowers Took out Fewer Adjustable Rate Mortgages

Oregon borrowers took out fewer adjustable rate mortgages than buyers in California and Washington. A little more than 46 percent of Oregon's nonprime loans were adjustable-rate at the end of last year, compared to more than 72 percent of nonprime California home loans. Washington, with almost 57 percent of its nonprime loans carrying adjustable rates, was close to the national average of nearly 55 percent.

Homeowners in Oregon and Idaho were less likely to allow their home loans to foreclose than in California or the nation. Just 1.1 percent of owner-occupied homes bought with nonprime loans were in foreclosure at the end of the year in Oregon, and a little more than that in Idaho. That compared with 3.2 percent in California, and 2.9 percent in the nation.

Cost of Residential¹ Homes by Neighborhood/Community March 2008

Area	March 2008 Average Sales Price	Year-to-Date For Period Ending March 2008		Average Price Appreciation ²
		Average Sales Price	Median Sale Price	
Portland Metro Area				
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	\$336,700	\$339,400	\$282,300	4.9%
Portland				
North	\$283,400	\$274,300	\$250,100	8.2%
Northeast	337,100	321,200	273,500	6.9%
Southeast	268,900	278,300	249,300	5.0%
West (Includes SW and NW Portland and parts of eastern Washington County)	474,100	492,400	399,500	3.1%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$269,700	\$258,700	\$245,000	2.2%
Clackamas, Milwaukie, Gladstone, Sunnyside	335,800	356,000	300,000	-6.4%
Canby, Beavercreek, Molalla, Mulino, Oregon City	313,100	309,200	286,000	0.6%
Lake Oswego and West Linn	540,100	557,600	455,000	8.7%
Northwest Washington County & Sauvie Island	417,500	402,600	385,000	4.5%
Beaverton and Aloha	284,300	280,300	250,000	2.6%
Tigard, Tualatin, Sherwood, Wilsonville	347,500	363,300	340,000	2.2%
Hillsboro and Forest Grove	285,000	289,500	259,900	2.7%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	257,300	253,200	245,000	4.0%
Columbia County	245,100	230,900	216,000	6.2%
Yamhill County	280,400	285,700	227,000	-4.1%
Marion and Polk Counties	238,900	242,000	221,000	3.3%
North Coastal Counties	366,300	355,200	302,000	8.7%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$298,100	\$294,600	\$247,400	0.2%

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 (4/1/07-3/31/08) with 12 months before (4/1/06-3/31/07).

Source: Regional Market Listing Service (RMLS™).

Mortgages Rates Unchanged – Inflation Worries

May 1, 2008

Freddie Mac released its Primary Mortgage Market Survey (PMMSSM) on May 1 in which the 30-year fixed-rate mortgage (FRM) was 6.06 percent with an average 0.5 point for the week ending May 1, 2008, up from last week when it averaged 6.03 percent. Last year at this time, the 30-year FRM averaged 6.16 percent.

The 15-year FRM this week averaged 5.59 percent with an average 0.5 point, down from last week when it averaged 5.62 percent. A year ago at this time, the 15-year FRM averaged 5.87 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.73 percent this week, with an average 0.5 point, up from last week when it averaged 5.68 percent. A year ago, the 5-year ARM averaged 5.87 percent.

One-year Treasury-indexed ARMs averaged 5.29 percent this week with an average 0.6 point, unchanged from last week when it was 5.29 percent. At this time last year, the 1-year ARM averaged 5.42 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

"This week saw little change in mortgage rates on mixed news of higher inflation and a weaker housing market," said Frank Nothaft, Freddie Mac vice president and chief economist.

"Additionally, in its most recent policy committee statement on April 30, the Federal Reserve (Fed) indicated it expects inflation to moderate in coming quarters but uncertainty about the outlook for inflation remains high. However, the Fed did note that financial markets remain under considerable stress and tight credit conditions, along with the deepening housing contraction, are likely to weigh on economic growth."

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 \$336,700 for March, 2008 and with 20 percent down payment (\$67,340) and a mortgage of \$269,360, the payment for a 30-year fixed loan is \$1,446 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 5.00%, and the APR is 5.493%. Total lender fees are \$16,476 to include \$9,692 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.

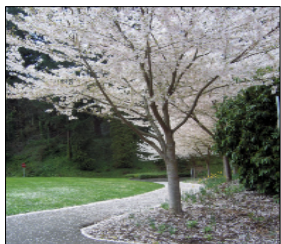
According to the professor: "In using an on-line lender monitored by the mortgage professor, a borrower enjoys competitive wholesale prices, which are disclosed and passed through by the on-line lender; and a standardized and reasonable markup over the wholesale price, which is guaranteed by the professor.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

Spring is Late as Temperatures Below Normal



The big question on people's minds as they watched their heating bills go up and shiver at spring sporting events such as baseball games and soccer matches is, "When will Spring arrive?" We've had a couple of pleasant days in early May so hopefully spring is just around the corner.

I noticed that the trees and plants are a couple of weeks behind schedule for "budding out" this spring. The cool weather has one benefit: flowering trees keep their blossoms on longer so we have a longer period to enjoy them.

April 2008 Weather Summary

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	29.80	27.78	<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	2.09	
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 April 2008:

- Average Monthly Temperature: 48.5 or 2.7 degrees below normal.
- Average Maximum Temperature: 56.7
- Average Minimum Temperature: 40.3
- Highest Temperature: April 12th at 78.
- Lowest Temperature: April 1st at 31.
- Average Monthly Wind Speed: 6.6 MPH.
- Clear/Cloudy Days: 4 clear day, 9 partly cloudy days, and 17 cloudy days.

Council Crest: Highest Point in Portland



Council Crest is thought to be the highest point in Portland at 1,073 feet above sea level. According to McArthur's Oregon Geographic Names, it was named in 1898 by delegates to the National Council of Congregational Churches, who met on the top.

From the top of the hill, one can see five mountains in the Cascade Range: Mt. Hood, Mt. St. Helens, Mt. Adams, Mt. Jefferson, and Mt. Rainier. In addition, the park boasts a fantastic 180 degree view of Portland and surrounding towns.

In July 1956, a welded, sheet bronze drinking fountain featuring a mother and child was installed in the park. Sculpted by Frederic Littmann, an associate professor of art at Portland State College for 30 years, it has been mistakenly identified as a pioneer woman. The sculptor said the statue did not represent a particular era; it was simply a mother and child playing in the park and depicts joy. The fountain was made possible by a \$6,000 bequest to the city in 1949 from the estate of Florence Laberee, widow of local builder and contractor George P. Laberee.

In the 1980s, the statue was stolen in the middle of the night by vandals who used hacksaws to dismantle it from its base, sawing through the mother's ankles. Nearly 10 years later, during a narcotics raid on a home in northeast Portland, officers found the rusty statue in the backyard under a cover. The statue was re-erected in the center of the park near the entrance, as opposed to its original location on the eastern side of the park.

Neighborhoods: Biking in Barcelona



The reason you are just now receiving the May 2008 edition of the Moving to Portland newsletter is that we were in Spain in late April and early May. We went to walk the Camino de Santiago in the Northern part of the country.

If you enjoy walking, history, visiting cathedrals (and monasteries), you would enjoy the walk. Our group of 12 was led by Nancy Frey, an American whose Doctor of Philosophy degree from UC Berkeley was on the Camino. Nancy and her husband (Jose) operate the service and you can learn more about their walks at www.onfootinspain.com.

Prior to starting our walk in Pamplona, we spent a couple of days in Barcelona. It is one of the most innovative and intriguing of all Spanish cities. Its beautifully preserved Gothic Quarter contains an impressive concentration of medieval buildings within the former confines of 4th century Roman walls. Barcelona has its beloved La Rambla, a bustling street with restaurants, cafes, mime artists in colorful costumes and shops that diagonally traverses the old part of town.

Biking in Barcelona

But the thing that caught our attention is that Barcelona offers bicycles to people who need to get around the city. Just a little over a year old, the system has been extremely popular. The bikes are mostly used for

requires prior registration.

Our tour guide informed us that biking in Barcelona is quite new but growing fast. The city has over 60 kilometers of marked biking lanes according to our bus tour guide. Other European cities such as Paris have similar biking systems.

To be able to use one of the bikes, a user must first register an account online at www.bicing.com. We think that you can also register at city offices if you do not have access to the web. We assume you must provide a credit card when registering. The annual fee is 24 Euros. You are then provided a membership card which is used to check out a bike at numerous stands like the one above. Bikes are locked into the stand and will only release from the secured stand when a card is swiped at a station located at each bike stand.

The first 30 minutes of bike use are free, and the bike must be brought back after 2 hours. The charge for time beyond the first 30 minutes is small. After two hours, you can retake a bike out, but you first must re-swipe your membership card.

The success of the system is that people really are willing to use the bikes, so long as they are available. We took the photo of the stand early one morning and walking back to our hotel later in the day, only 5-6 bikes were available.

With the high cost of gas, many cities in the USA would benefit from a similar bike system. I'm certain that Portland, with its bustling downtown area, would be ripe for such a system.

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