



November 2009 Newsletter

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Portland Home Market

September 2009 Residential Highlights

Sales activity in the Portland metro area continued to show improvement over same-month sales from a year ago. Pending sales were up 34.1% and closed sales rose 9.8% compared to September 2008. New listings fell 14.3%.

Compared to August 2009, pending sales increased 6% (2,286 v. 2,156), but closed sales dropped 2.2% (1,800 v. 1,841). New listings also fell 4.8% (3,599 v. 3,780).

At the month's rate of sales, it would take approximately 7.6 months to sell the 13,667 active residential listings, down from 10.4 months last September and lower than the 8.6 mark in September 2007.

Third Quarter Report

Comparing the third quarter of 2009 with the same period in 2008, pending sales were up 17.5% (6,428 v. 5,471) and closed sales rose 6.5% (5,762 v. 5,409). Closed sales reached the highest mark since Q3 of 2007 (see graph on page 7). New listings dropped 18.7% (11,448 v. 14,089).

Sales Prices

The average sale price for September 2009 was down 8% compared to September 2008, while the median sale price declined 9.6%.

Month-to-month, the average and median sale price were down when compared with August levels; the average sale price was down 2.1% (\$290,100 v. \$296,300) and the median sale price fell 3.4% (\$241,400 v. \$249,900).

Twelve-Month Sales Price Percent Change for Portland Metro Area

The 12-Month Sale Price Percent Change is based on a comparison of the rolling average/median price for the

last 12 months 10/1/08-9/30/09) with 12 months before (10/1/07-9/30/08).

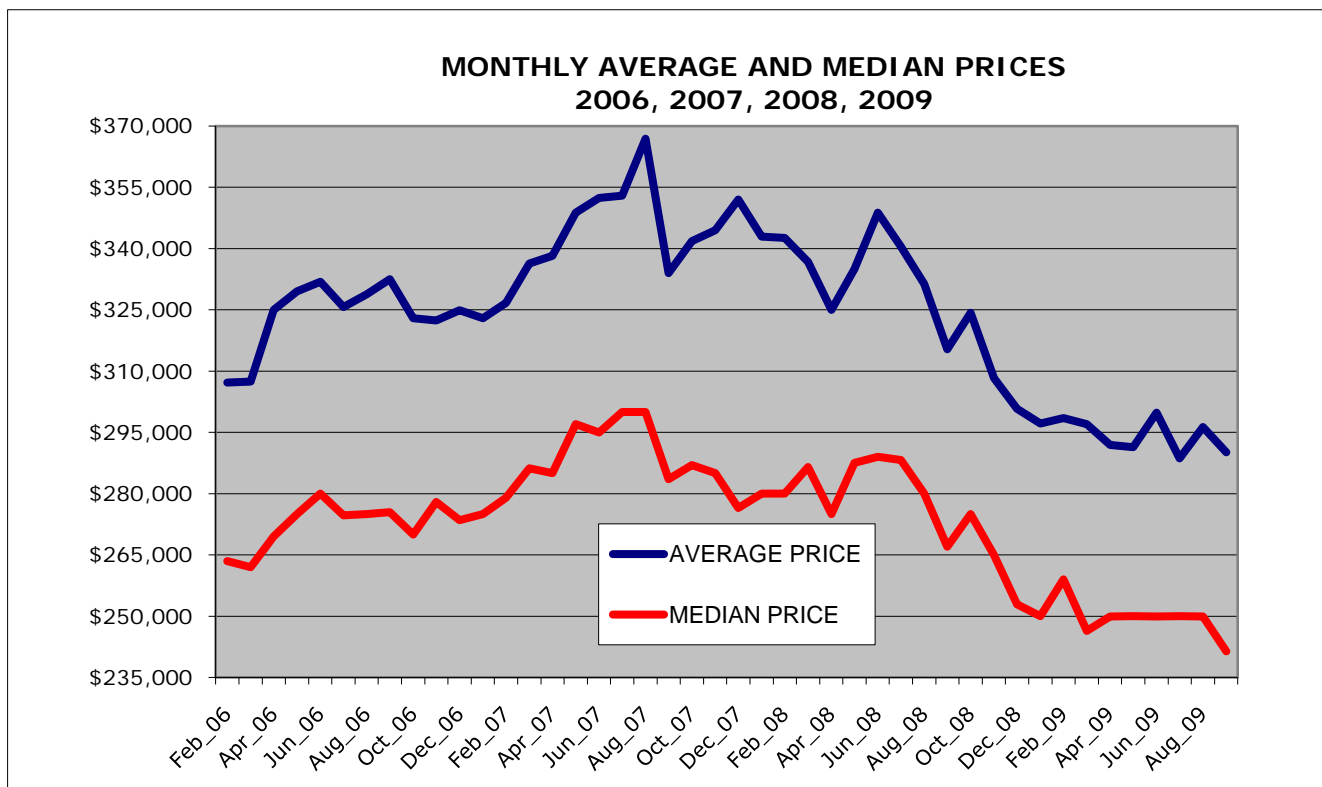
- Average Sale Price Percent Change: -11.8% (\$297,200 v. \$337,000)
- Median Sale Price Percent Change: -10.6% (\$250,400 v. \$280,000)

Here are the sales price percent change from their peak prices in 2007:

- Average Sale Price Percent Change from Peak in August 2007: -21% (\$290,100 v. \$366,900)
- Median Sale Price Percent Change from Peak in July/August 2007: -20% (\$241,400 v. \$300,000)

September 2009: Average Home Price Drops \$25,200 from September 2008

Below is the MONTHLY AVERAGE AND MEDIAN PRICES: 2006, 2007, 2008, 2009 chart showing the home sales by month. The chart is for the Portland metro area - it does not include homes in southwestern Washington (Vancouver to include Clark County).



Comparing the average home price from September 2009 with September 2008 shows a \$25,200 drop in the Portland region's average home price – down to \$290,100 from \$315,300 a year earlier. The median price decreased \$25,600 for the same periods (\$241,400 v. \$267,000).

Just when the prices had started to settled down over the summer, September's numbers took a dip. The average price dropped \$6,200.

The median price (red line) for April through August has only varied by \$100 – then came September and it dropped over \$8,000 from August.

Blame it on the expiring \$8,000 tax credit for first-time buyers. It appeared that the credit had a big influence on the home price since the biggest seller in the Portland area was for homes right around \$250,000. The Portland unemployment rate of over 11% was another factor that probably led to the decline.

Cost of Residential¹ Homes by Area/Community for Sept. 2009

Area	Sept. 2009 Closed Sales	Sept. 2009 Average Sales Price	Year-to-Date For Period Ending September 2009		12-Month Average Sales Price Change ²
			Average Sales Price	Median Sale Price	
Portland Metro Area					
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	1,800	\$290,100	\$293,500	\$249,900	-11.8%
Portland					
North	75	\$244,300	\$236,900	\$230,000	-11.0%
Northeast	185	276,800	288,700	255,000	-10.1%
Southeast	228	248,800	244,700	218,000	-10.6%
West (Includes SW and NW Portland and parts of eastern Washington County)	175	462,500	430,700	354,500	-11.3%
Portland Metro Suburban Areas					
Corbett, Gresham, Sandy, Troutdale	108	\$203,100	\$221,800	\$210,000	-14.3%
Clackamas, Milwaukie, Gladstone, Sunnyside	133	293,400	288,000	260,000	-9.8%
Canby, Beavercreek, Molalla, Mulino, Oregon City	84	279,700	284,500	250,000	-11.3%
Lake Oswego and West Linn	88	551,300	495,800	396,500	-13.3%
Northwest Washington County & Sauvie Island	67	347,300	373,300	350,000	-6.1%
Beaverton and Aloha	204	228,100	241,800	225,000	-9.7%
Tigard, Tualatin, Sherwood, Wilsonville	156	292,700	320,200	289,900	-10.0%
Hillsboro and Forest Grove	142	232,800	248,100	229,000	-13.2%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	15	249,400	241,300	223,400	-4.4%
Counties Outside the Metro Area					
Columbia County	58	\$185,700	\$195,800	\$187,000	-9.8%
Yamhill County	82	230,700	233,000	210,000	-15.3%
Marion and Polk Counties	70	178,600	208,200	192,000	-13.5%
North Coastal Counties	61	285,300	296,200	247,300	-100.0%
Southwest Washington State					
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	470	\$232,200	\$241,200	\$215,000	-15.7%

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 The 12-month sales price change percents are based on a comparison of the rolling average price for the last 12 months (10/1/08-9/30/09) with 12 months before (10/1/07-9/30/08).

Source: Regional Market Listing Service (RMLS™)

Mortgages

Primary Mortgage Market Survey: 30-Year Fixed at 4.92%

Freddie Mac released its Primary Mortgage Market Survey (PMMSSM) on October 15 in which the 30-year fixed-rate mortgage (FRM) was 4.92 percent with an average 0.7 point for the week ending October 15, 2009, up from last week when it averaged 4.87 percent. Last year at this time, the 30-year FRM averaged 6.46 percent.

The 15-year FRM this week averaged 4.37 percent with an average 0.7 point, up from last week when it averaged 4.33 percent. A year ago at this time, the 15-year FRM averaged 6.14 percent.

The five-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 4.38 percent this week, with an average 0.6 point, up from last week when it averaged 4.35 percent. A year ago, the 5-year ARM averaged 6.14 percent.

The one-year Treasury-indexed ARM averaged 4.60 percent this week with an average 0.5 point, up from last week when it averaged 4.53 percent. At this time last year, the 1-year ARM averaged 5.16 percent.

(Average commitment rates should be reported along with average fees and points to reflect the total cost of obtaining the mortgage.)

"Mortgage rates rose slightly over the week, but rates on 30-year fixed mortgages remained below 5 percent for the third consecutive week," said Frank Nothaft, Freddie Mac vice president and chief economist. "Homeowners are taking advantage of these low rates to refinance their current balances. Over the past five weeks ending October 9, more than three out of five mortgage applications were for refinancing, according to the [Mortgage Bankers Association](#).

"The outlook on economic growth in the second half of this year has improved over the past few months. At its September 22-23 monetary policy meetings, the [Federal Reserve](#) increased its forecast for real GDP growth from the last meeting in mid-August. They noted that data from the housing sector indicated that a gradual recovery in activity was under way. The modest strengthening came about, in part, to improvements in housing affordability stemming from low interest rates for conforming loans and a lower level of house prices."

Federal Government Unveils New Mortgage Help Program

The Obama administration is unveiling a new program to provide support to state and local housing agencies to provide help to thousands of home buyers and renters. The administration said the new program would help to support low mortgage rates and expand resources for low and middle income borrowers who want to buy or rent a home.

The program will feature two parts — a new bond purchase program to support new lending by housing finance agencies and a temporary credit and liquidity program to improve access by housing agencies to credit sources for their existing bonds.

The new program will operate under a law that Congress passed in 2008 to bolster the housing industry, which has been battered by the worst slump in decades, a downturn that saw home sales and home prices plunge and mortgage defaults soar to record levels.

The government said the new effort was designed to provide hundreds of thousands of affordable mortgages for working families and enable the development and rehabilitation of tens of thousands of affordable rental properties.

Treasury, the Department of Housing and Urban Development and the Federal Housing Finance Agency said in a joint news release that the new program would provide temporary support to local housing financing agencies and encourage them to return to relying on market sources for their capital as quickly as possible.

Portland Area Mortgage Rates



To check on Portland metro area mortgage rates visit Professor Guttenberg's Web site at www.mtgprofessor.com – click on "Fixed-Markup Lender." Taking the average home price in Portland of \$290,100 for September, 2009 and with 20 percent down payment (\$58,020) and a mortgage of \$232,080 the payment for a 30-year fixed loan is \$1,141.69 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 4.25%, and the APR is 4.617%. Total closing costs are \$11,149 – guaranteed lender fees are \$9,088 – the lender fees are guaranteed not to change from the time they lock your rate (45 days) to closing. Closing attorney/agent, appraiser, title insurance, and credit reporting \$2,062. Escrow fees are not waived. FICO credit score 800 (excellent).

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

October 2009 Weather

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	37.07	1.20	Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September. Precipitation is measured from the NOAA Weather Station near the Portland International Airport.
October	2.88	1.20	
November	5.61		
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](http://www.noaa.gov) precipitation data for the month of October 2009 (through October 21). October is the first month of the "water year".

Our New Metal Roof



The photo on the left is of workers putting the finishing touches on our new metal roof. The photo was taken on October 21st just in time for inclusion in the November newsletter.

The old roof was split cedar shake and was over 40 years old. A beautiful roof in its days but it was time to replace it. For over a year we have been researching different types of roofs and getting prices. Along with the metal roof, we considered a composition roof as well as staying with the cedar.

The roof of our 50s daylight ranch home has a great deal of exposure so we quickly ruled out composition – we wanted something eye catching. It was now a contest between cedar and metal. We appreciate the beauty of wood and being from a state where wood has a strong tradition, it wasn't easy to say good-bye to wood. Our siding is cedar, and the match was perfect for 40 years.

It took a long time to make a decision but in the end, the metal roof won because it is 'green' plus maintenance is lower than cedar.

A Green Roof

Our home has some green features such as a high-efficient furnace and on-demand hot water so we wanted the greenest roof possible. We believe we have that now!

[Custom-Bilt Metals](#) supplied the materials that our contractor used and their product is Energy Star® compliant. The color that we selected (Musket) has a SR value of 30.2 which is the measure of solar reflectivity. Lighter colors have a higher SR value.

Because it's green, our metal roof is also eligible for a tax credit. The tax credit is for 30% of the cost of roofing materials only, up to \$1,500 in 2009 and 2010. Installation or labor costs are not eligible for the 30% tax credit. The credit is part of the American Recovery and Reinvestment Act of 2009. To qualify for a federal tax credit, a roof must be expected to last 5 years or have a 2-year warranty. Because all roofs from Custom-Bilt Metals have a lifetime warranty, any color that qualifies meets this criterion.

Another green feature that caught our attention is that the metal is 100% recyclable. Our old cedar shakes ended up in a land fill.

We had a choice of panel widths so we selected a style that will allow us to install solar panels at a later date.

Other features:

- 35-year warranty against color-fade
- Fire-, hail- and wind-resistant
- Available in 21 architectural colors
- Non-combustible: Further protects residential structures from wild fire danger

Maintenance

We spent about \$650 a year maintaining our cedar roof. The photo tells it all with the Douglas Fir trees

surrounding our home. The cedar shakes acted like Velcro, attracting the needles from the trees. Once a needle hit the cedar, it stayed until it got removed. It took a strong wind to move the needles, so manual cleanings were necessary.

Every year we had to get the roof professional cleaned and every 3-4 years, the roof was power washed and treated with chemicals (not environmentally friendly).

Now pine needles slide right off the metal into the gutters during rain or on the ground with a little wind during dry days. We will have more gutter cleaning with the metal than our old split cedar roof, but it easier to clean gutters than entire roofs.

Metal vs. Wood Costs

The cost of metal and cedar was about the same for our roof, but this isn't always the case. The labor cost for a metal roof depends upon on the pitch (steepness) of the roof and obstacles such as dormers. It is faster to move and install the metal panels on a low pitched roof thereby saving time. Cutting pieces and installing them to fit around dormers, gables, and valleys takes time.

Our roof is not steep – 4/12 which means that the roof rises 4" for every 12" it runs. It only has two valleys and they separate the garage from the main structure. We have six skylights plus the chimney that took extra time. We estimate it will take 7-9 years to recover our extra costs over a composition roof. After that time period, we will start saving money from both the energy standpoint and low maintenance costs.

Contractor

Aaron Sahnaw Contracting (503-720-3949) did the installation for us and, we are well satisfied with his work. Aaron is a general contractor who specializes in metal roofs. His experience in installing metal roofs was evident.

Aaron was always ready to answer our questions and explain what was taking place on the roof as the workers went about their tasks. He also knows how to please a customer. He showed up on a Monday morning with a large piece of salmon that he caught over the weekend. It was delicious!

Susan Marthens

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