



October 2009 Newsletter

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Portland Home Market

August 2009 Residential Highlights

In August, sales activity in the Portland metro area continued to outpace last year's same-month sales totals. Pending sales were up 13%, and closed sales rose 4% compared to August 2008. However, new listings fell 14.1%.

On the other hand, closed sales dropped 7.4% (1,841 v. 1,988) compared to last month (July 2009). Pending sales fell 0.7% (2,156 v. 2,170). New listings dropped 3.3% (3,780 v. 3,907).

At the month's rate of sales, it would take approximately 7.8 months to sell the 14,295 active residential listings, up from 7.3 months in July. This was the first rise in inventory after six months of decline. However, inventory is still 21.2% below the August 2008 level of 9.9 months.

Year-to-Date

Comparing January-August 2009 with the same period in 2008, closed sales are down 15.6% and pending sales decreased 7.2%. New listings also dropped 22.4%.

Sales Prices

The average sale price for August 2009 was down 10.6% compared to August 2008, while the median sale price declined 10.8%.

Month-to-month, the average and median sale price were mixed when compared with July levels; the average sale price was up 2.7% (\$296,300 v. \$288,600), and the median sale price was down 0.04% (\$249,900 v. \$250,000).

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 (9/1/08-8/31/09) with 12 months before (9/1/07-8/31/08).

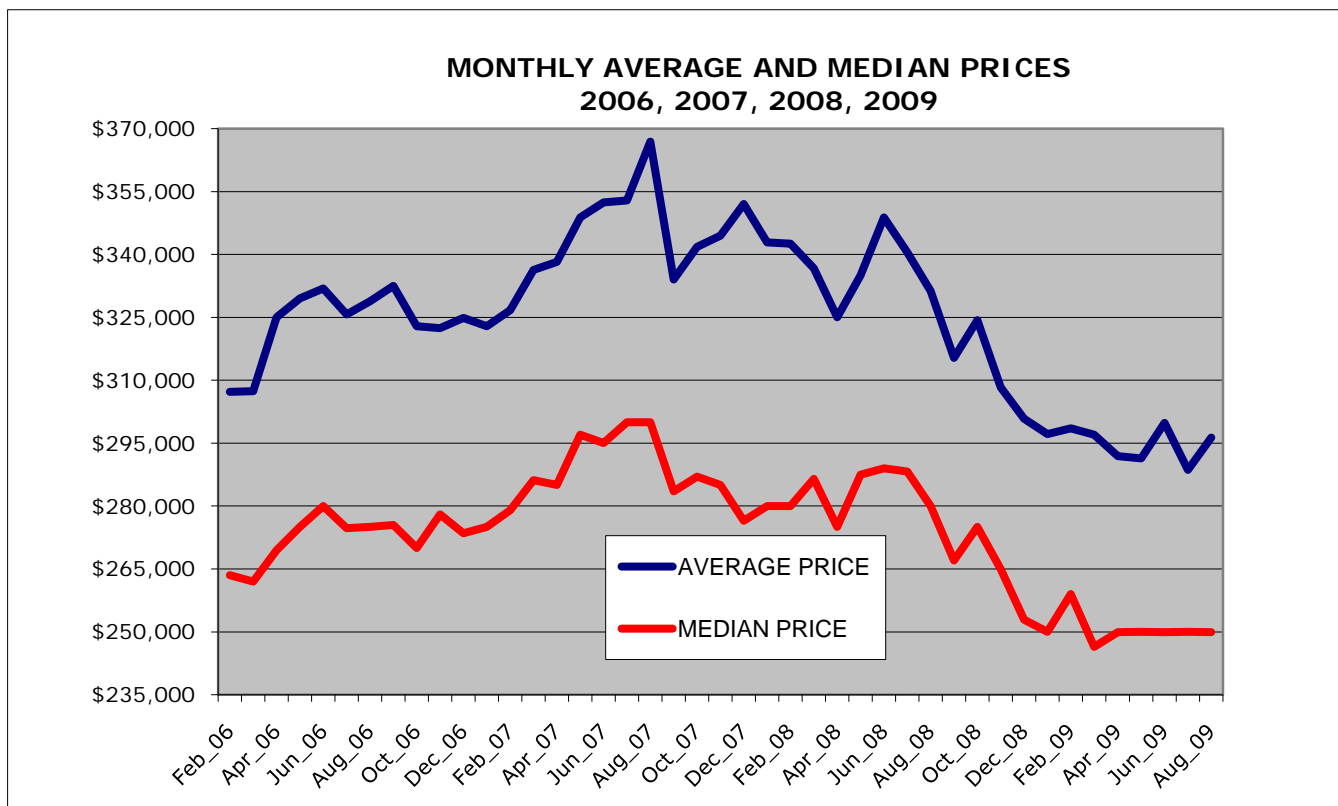
- Average Sale Price Percent Change: -11.4% (\$299,800 v. \$338,500)
- Median Sale Price Percent Change: -9.4% (\$255,000 v. \$281,600)

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

- Average Sale Price Percent Change from Peak in August 2007: -19% (\$296,300 v. \$366,900)
- Median Sale Price Percent Change from Peak in July/August 2007: -17% (\$249,900 v. \$300,000)

August 2009: Average Home Price Drops \$35,000 from August 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).

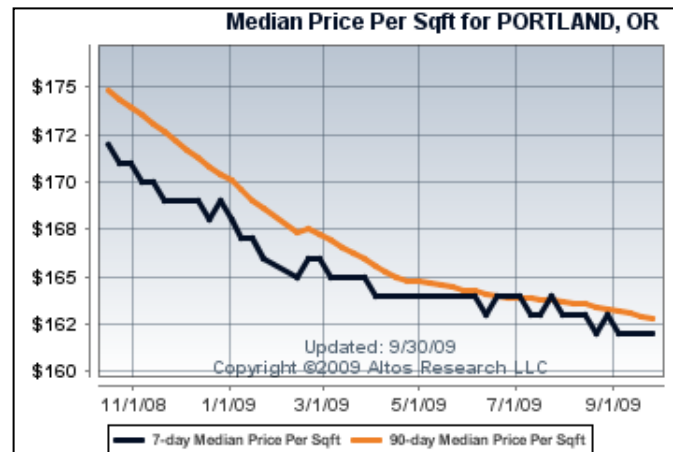


Comparing the average home price from August 2009 with August 2008 shows a \$35,000 drop in the Portland region's average home price – down to \$296,300 from \$331,300 a year earlier. The median price decreased \$30,100 for the same periods (\$280,000 v. \$249,900).

July's average price took a nose dive on the above chart (blue line) in July but then came back to life in August.

The median price (red line) for the last five months (April through August) has only varied by \$100. The \$8,000 tax credit for first-time buyers has a big influence on the median price since the biggest seller in the Portland area is for homes right around \$250,000. The median is that number is where half of the properties in the area sell for less and half sell for more. So the median is a stable number.

Altos Research



[Altos Research](#) is a tool that tracks home prices in almost real time. For example, the report above was generated on September 27, and it shows that the median price per square foot for homes in Portland as of September 27, 2009 is about \$163. Usually such reports are at least 4-5 weeks behind the actual market. If you desire more detailed reports, you can obtain a subscription to the service. Or you can just go to their Web site and key in the city/state.

Case-Schiller: Housing Prices Gain But is it Sustainable?

Portland's housing market showed some improvement in July as prices climbed for the second straight month, reversing what had been a 17-month run of record declines. The closely watched Standard & Poor's Case-Shiller index published on September 29 showed Portland-area home prices were still down 20 percent from the 2007 peak. This trend has economists wondering if housing is on the mend.

Outside of Portland, Case-Shiller's 20-city composite index also rose for the second straight month. Seattle, Detroit and Las Vegas were the only markets to report falling values between June and July. Las Vegas has seen prices fall nearly 55 percent from their peak.

The market has been buoyed by two factors: Home owners are reluctant to sell in a down market, which reduces the inventory and federal enticements. The federal government's aid includes low interest rates, an \$8,000 first-time buyer tax credit and 3.5 percent down payment loans from the Federal Housing Administration.

Since 2000, Portland home values are up 48 percent. Compared to July 2008, Portland-area home values are down 13.9 percent.

University of Oregon Economist Tim Duy

The Oregonian reported in their September 30 edition comments from University of Oregon economist Tim Duy. He believes that the fundamental drivers of the housing market don't support rising prices. Portland-area household incomes, on average, are so low they make housing unaffordable by historic standards. Migration patterns have slowed in the recession, unemployment is in double-digits, and foreclosures are still climbing. In the longer term, Duy said Portland-area home prices have to get back in line with incomes. That could mean that home prices are stagnant for years as incomes catch up. Or, home prices could decline another 10 percent to 20 percent until they fall back in line with incomes.

Note: Besides the Oregon five metro area counties, Case-Schiller numbers also include home prices from Clark and Skamania counties in Washington state. This accounts for some of the differences in numbers that we report each month via RMLS.

Cost of Residential¹ Homes by Area/Community for August 2009

Area	August 2009 Closed Sales	August 2009 Average Sales Price	Year-to-Date For Period Ending August 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	1,841	\$296,300	\$294,100	\$250,000	-11.4%
Portland					
North	103	\$240,800	\$235,700	\$230,000	-10.4%
Northeast	173	278,100	290,800	255,000	-8.5%
Southeast	268	239,900	244,000	217,000	-10.6%
West (Includes SW and NW Portland and parts of eastern Washington County)	171	413,200	426,400	353,000	-10.9%
Portland Metro Suburban Areas					
Corbett, Gresham, Sandy, Troutdale	114	\$225,600	\$224,000	\$213,700	-14.4%
Clackamas, Milwaukie, Gladstone, Sunnyside	124	284,400	287,600	264,000	-10.3%
Canby, Beavercreek, Molalla, Mulino, Oregon City	92	262,400	285,600	249,900	-12.3%
Lake Oswego and West Linn	106	551,500	486,800	390,000	-15.0%
Northwest Washington County & Sauvie Island	81	381,000	376,600	350,000	-5.1%
Beaverton and Aloha	189	243,900	244,700	227,500	-8.8%
Tigard, Tualatin, Sherwood, Wilsonville	154	349,500	325,100	294,000	-8.5%
Hillsboro and Forest Grove	136	246,300	251,100	230,800	-12.7%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	14	185,100	239,000	220,000	-6.1%
Counties Outside the Metro Area					
Columbia County	31	\$220,800	\$198,200	\$189,000	-11.1%
Yamhill County	85	235,900	233,300	210,000	-16.5%
Marion and Polk Counties	73	196,200	212,500	194,900	-12.3%
North Coastal Counties	68	308,800	296,300	247,300	-17.3%
Southwest Washington State					
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	459	\$249,800	\$242,600	\$216,000	-14.1%

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 (9/1/08-8/31/09) with 12 months before (9/1/07-8/31/08).

Source: Regional Market Listing Service (RMLS™)

Mortgages

Primary Mortgage Market Survey: 30-Year Fixed at 4.94%

Freddie Mac released its Primary Mortgage Market Survey (PMMSSM) on October 1 in which the 30-year fixed-rate mortgage (FRM) was 4.94 percent with an average 0.7 point for the week ending October 1, 2009, down from last week when it averaged 5.04 percent. Last year at this time, the 30-year FRM averaged 6.10 percent. The last time the 30-year FRM was below 5 percent was the week ending May 28, 2009, when it averaged 4.91 percent.

The 15-year FRM this week averaged 4.36 percent with an average 0.6 point, down from last week when it averaged 4.46 percent. A year ago at this time, the 15-year FRM averaged 5.78 percent. This is the lowest the 15-year FRM has been since Freddie Mac started tracking it in 1991.

The five-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 4.42 percent this week, with an average 0.6 point, down from last week when it averaged 4.51 percent. A year ago, the 5-year ARM averaged 6.00 percent.

The one-year Treasury-indexed ARM averaged 4.49 percent this week with an average 0.5 point, down from last week when it averaged 4.52 percent. At this time last year, the 1-year ARM averaged 5.12 percent.

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

"Low mortgage rates are helping to stabilize home sales," said Frank Nothaft, Freddie Mac vice president and chief economist. "New home sales in August rose to the highest annualized pace since September 2008 and the inventory of unsold houses fell to the lowest level since February 1983.

Although existing home sales fell somewhat in August, it was still the second strongest showing in 23 months.

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 \$296,300 for August, 2009 and with 20 percent down payment (\$59,260) and a mortgage of \$237,040 the payment for a 30-year fixed loan is \$1,166.09 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 4.25%, and the APR is 4.498%. Total closing costs are \$8,188 – guaranteed lender fees are \$6,065 – 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 \$2,123.57. 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

August 2009 Weather

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	37.07	27.24	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	1.77	
November	5.61	4.15	
December	5.71	2.70	
January	5.07	4.50	
February	4.18	1.36	
March	3.71	3.36	
April	2.64	2.31	
May	2.38	3.26	
June	1.59	1.32	
July	0.70	.34	
August	0.89	.76	
September	1.65	1.40	
Year Average	37.07		

Above is the National Weather Service precipitation data for the month of September 2009. Below is the weather summary for the month:

- Average Monthly Temperature: 66.1 (2.5 degree above normal)
- Average Maximum Temperature: 77.2 (normal is 74.6)
- Average Minimum Temperature: 55.1 (normal is 52.5)
- Highest Temperature: September 11 at 94.
- Lowest Temperature: September 23 at 46.
- Number of Days With Rain: 13
- Average Monthly Wind Speed: 5.4 MPH.
- Clear/Cloudy Days: 9 fair days, 15 partly cloudy days, and 6 cloudy days.

September marks the end of our 'water year', and we were almost ten inches below normal. It was in December and February where we missed the mark by almost six inches. Back in 1993, we had zero inches of rain in September and in 1986, we had over four inches of the stuff. This year we had most of the September rain on the 18th and 19th when 1.18 inches fell.

Fall and Winter Weather in Portland

By the middle to the end of October, the rains start. Cooler temperatures arrive with afternoon highs in the 50s and 60s. Fog begins to occur on a nightly basis during late October with visibilities under one mile. However, fog varies by location, with the difference frequently depending on the altitude.

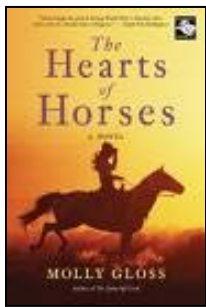
The winter season is characterized by mild temperatures, cloudy skies and rain. Winds are predominately either southerly with mild rainy spells, or easterly during colder dry spells. Outbreaks of cold arctic air from east of the Cascades will occasionally spill into the Portland area, bringing cold blustery east winds. If the east winds occur when the rain is falling over the metropolitan area, a shallow layer of cold air forms along the Columbia River. In and near this cold sub-freezing air, freezing rain and even snow will occur over eastern and northern Portland.

Ready for the Rains

The furnace now comes on in the morning as we begin to stir, and the warm home stirs up thoughts about stews and soups. This means that winter is just around the corner.

When Portland skies begin to look moody and gray, it's time to start stocking up on books for winter reading. I'm sure you all know that Portlanders are prolific readers. The reasons given are the rainy weather, and another is that we have access to one of the best book stores in the country: [Powell's Book](#). The warehouse-like building stretches for an entire city block (2-3 floors). Powell's allows patrons to grab a book of interest and thumb through it over a cup of coffee in the store's cafe. No buying required and should you buy a book or two, Powell's will most likely buy it back from you.

Hearts of Horses by Molly Gloss



We already have one read, *Hearts of Horses* by Molly Gloss, and it was a great start for the season. The book features a wandering tomboy who finds her place in rural Oregon while the men are away at war. After she leaves home in 1917, 19-year-old Martha Lessen plans to travel from farm to farm in Elwha County, Oregon, breaking horses. We learned that it was quite common in those days for women to do this kind of work. She winds up in small town Shelby, where farmers George and Louise Bliss convince her to stay the winter with them after she domesticates their broncos with soft words and songs instead of the usual harsh treatment. She finds many other horses in the area that need to be broke so she travels from ranch to ranch on her circuit. In conversations with the horses and ranch families, Martha seems more comfortable in the company of the hooved creatures.

When Martha's not making the rounds or riding through the Clarks Range, Louise tries her hand at socializing her. Gloss's narrative is often as slow as Martha's progress with some of the more recalcitrant beasts, but following stubborn, uncompromising Martha as she goes about her work provides its own pleasures.

Hearts of Horses is a wonderful book.

Born to Run by Christopher McDougall



The full title of this amazing book is *Born to Run: A Hidden Tribe, Superathletes, and the Greatest Race the World Has Never Seen*. Full of incredible characters, amazing athletic achievements, cutting-edge science, and, most of all, pure inspiration. *Born to Run* is an adventure that began with one simple question: Why does my foot hurt? In search of an answer, Christopher McDougall sets off to find a tribe of the world's greatest distance runners and learn their secrets, and in the process shows us that everything we thought we knew about running is wrong.

McDougall begins a chapter with a race, gets you all excited about the event, and then changes the subject as he weaves interesting facts about the history and physiology of running. Brand-name footwear, with its gel-based cushioning and elaborate architecture of super-advanced support, is a common cause of athletic injury, he argues. And he points the finger at Nike, that Oregon company that changed the world of running by inventing the modern running shoe, as contributing to the increase in injuries. McDougall gives credit to Nike for trying to adapt to results of research on shoes.

With a sharp wit, McDougall takes us from the high-tech science labs to the sun-baked valleys and freezing peaks across North America, where ever-growing numbers of ultrarunners are pushing their bodies to the limit, and, finally, to the climactic race in the Copper Canyons of Mexico.

Born to Run is that rare book that will not only engage your mind but inspire your body when you realize that the secret to happiness is right at your feet, and that you, indeed all of us, were born to run.

At many points in the book you will feel so inspired that you will want to toss the book aside and go for a long run.

Woodstock 2009

For the past five years, thousands of Northwest book lovers have discovered new writers and celebrated books and stories at the Wordstock (<http://www.wordstockfestival.com>) festival. Wordstock features writing workshops for both teachers and writers. This year's event is October 10-11 at the Portland Convention Center where over 200 national and regional authors from every genre read on several stages. Over 100 exhibitors will be at the Wordstock festival with their latest books.

The Target Children's Festival at Wordstock are filled with activities that are inspiring and exciting for kids of all ages. Storytelling workshops, interactive displays, book-making, puppet shows, and more. Onstage are exciting writers of books for children, teens, and young adults working today.

Special Wordstock edition of the popular public radio variety and vaudeville show. Past guests have included Harry Shearer, Peter Sagal, Lauren Weedman, John Wesley Harding, Shane Koyczan, Steve Almond, Jessical Abel, and Taylor Mali.

The Night of Literary Feasts is when prominent authors, national and local, are invited to attend private dinners hosted by individuals or groups. This event is a benefit for writing education in Oregon's K-12 schools through the non-profit organization Community of Writers.

Another Portland "book scene" group is [Reading Local](#). It includes profiles of Portland based writers, the publications authored by these writers, coverage of book related events, reviews of Portland bookstores, and many other topics.

Beef Stew for a Rainy Evening Meal



I offer up this beef stew recipe as a perfect meal for a Portland rainy evening. We usually cook it in our slow cooker so we can put most of the ingredients into the cooker in the morning and when we walk into our home in early evening, the aroma of the stew greets us. It is easy to make and delicious. It's also inexpensive.

Ingredients

- 2 lbs stew beef, cut into 1-inch pieces
- 3-5 large garlic cloves, minced
- 3 lbs russet potatoes, peeled, cut into 1/2-inch pieces
- 1 large onion, chopped
- 2 cups cut up celery
- 2-3 cups of sliced carrots
- 6 cups tomato soup (you can substitute canned tomatoes)
- 1-2 cups of red wine
- 3 tbsp tomato paste
- 5 sprigs thyme
- 1 1/2 Worcestershire sauce
- Two bay leaves
- salt and pepper

You will note from the list above that we make a large amount of the stew as we used the leftovers for lunches. The amounts above can vary depending upon your taste. We frequently add some lamb to the stew to give it a special flavor. When we find cheap lamb we make a lamb stew instead of the beef stew. But that is rare as beef stew meat is usually \$3.50 - \$3.75 a pound whereas lamb under \$5 a pound is a bargain.

The original version of this recipe was even simpler: Beef, potatoes, carrots, onions, celery, tomato soup, and the red wine. We added spices and green veggies at the end.

Method

Place the beef on the bottom of the slow cooker, next the potatoes, and last the carrots and celery, then the rest of the ingredients. When we return home in the late afternoon, we often add green vegetables which not only improves the looks but also the taste.

To serve, sprinkle with parsley, salt and pepper to taste. The stew goes well with a glass of red wine and fresh bread or biscuits. A green salad is a nice addition to the meal.

Susan Marthens

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