

Moving to Portland™

April 2010 Newsletter

<http://www.movingtoportland.net>

Voice 503.497.2984 ♦ FAX 503.220.1131

smarthens@movingtoportland.net



In This Issue

- Portland Home Market
- Cost of Residential Homes by Community: February 2010
- Mortgages
- Portland Weather
- The Portland Condo Market

Portland Home Market

February 2010 Residential Highlights

Sales activity in the Portland metro area improved in February 2010 compared to the same month a year ago.

Comparing February 2010 with February 2009, closed sales increased 18.4%. Pending sales also jumped 45%, and new listings rose 12.4%.

When comparing February 2010 with the month prior, January 2010, closed sales grew a slight 2.9% (1,015 v. 986) and pending sales were up 20.5% (1,850 v. 1,535). New listings, on the other hand, dropped just 1% (3,902 v. 3,937).

At the month's rate of sales, the 13,101 active residential listings would last approximately 12.9 months.

Sales Prices

The average sale price for February 2010 was down 8.5% compared to February 2009, while the median sale price declined 9.3%.

Month-to-month, the average price decreased 3.3% (\$273,100 v. \$282,400) and the median fell 2.1% (\$235,000 v. \$240,000), when comparing February 2010 to January 2010.

Year-to-Date

Comparing January-February 2010 with the same period in 2009, closed sales increased 26.7%. Pending sales rose 34.7%, while new listings grew a slight 2.1%.

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 (3/1/09-2/28/10) with 12 months before (3/1/08-2/28/09).

- Average Sale Price Percent Change: -11.5% (\$287,800 v. \$325,200)
- Median Sale Price Percent Change: -10.9% (\$245,000 v. \$275,000)

Average Sales Price Drops 26 Percent from Peak in 2007

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

- Average Sale Price Percent Change from Peak in August 2007: -26.0% (\$273,100 v. \$366,900).
- Median Sale Price Percent Change from Peak in July 2007: -22.0% (\$235,000 v. \$302,000).

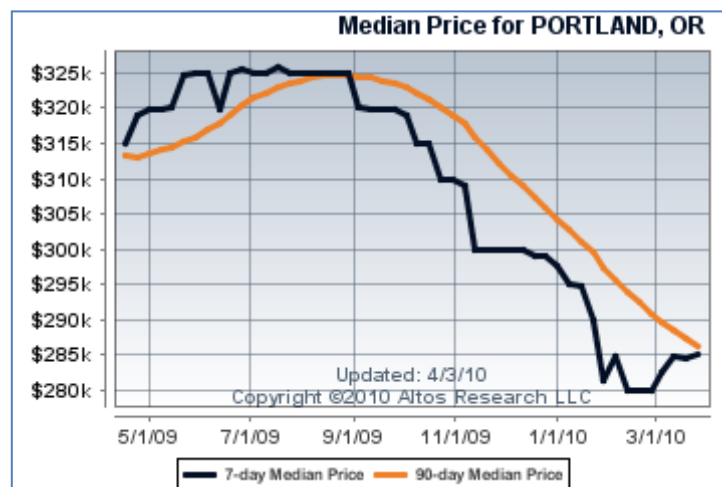
February 2010: Average Home Price Drops \$25,400 from February 2009

Below is the *Average Sales Price: 2000 - 2010* chart showing the home sales by 6-month intervals. 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 February 2010 with February 2009 shows a \$25,400 drop in the Portland region's average home price – down to \$273,100 from \$298,500 a year earlier. The median price decreased \$24,000 for the same periods (\$235,000 v. \$259,000).

Charts on Home Page Web site



We have added two charts on the Moving to Portland Web site. You can find them at www.movingtoportland.net.

One is the "Median Price for Portland, OR" and it shows the 7-day median price (black line) and the 30-day median price (orange line) for home prices within the city of Portland. It is updated frequently so you can get see the trends. You will note a slight uptick on the median price since early March. It will be interesting to see if this trend continues. Stay tuned for the March newsletter when we report the March, 2010 median price.

We posted a copy of this chart on the previous page.

The other chart is the "Average Days on Market for Portland, OR." This chart is also updated often so you can view the trends. You will note that after months where the chart line moved upward – showing an increase of the number of days that homes remained on the market. It started to level off about March 1. In other words, homes were selling quicker in Portland.

Case-Schiller: Housing Market Gains Bypass Northwest

The housing markets in Portland and Seattle stumbled again in January even as other cities posted promising gains. The Standard & Poor's Case-Shiller index showed Portland-area home prices slipped 0.5 percent and Seattle's fell 0.6 percent between December and January in seasonally adjusted figures. The two cities posted the second- and third-biggest declines in the 20-city index. Only Chicago, with a 0.8 percent decline, fell more.

Even with the Northwest's poor showing in January, the national housing market had encouraging signs in January. The 10-city and 20-city indexes were still down slightly compared with January 2009. But the rate of decline was the smallest in three years.

The Case-Shiller 20-city index has risen for eight months in a row thanks, in part, to California's rebound. San Francisco's home prices are up 14.7 percent since hitting a bottom last spring. San Diego is up nine percent and Los Angeles 8.5 percent. Portland, by comparison, is up 1.4 percent since its low last spring, and Seattle is close to its low for the recession.

In January, the Regional Multiple Listing Service - which uses a different method to measure prices – pegged the region's median home price at \$240,000. But the upbeat news was muted over worries about what's to come later in 2010. Home sales nationally dipped again after the federal government's original first-time homebuyer tax credit expired November 30.

Economists predict the foreclosure wave will weigh on prices as banks or struggling borrowers unload repossessed homes at discounts. Some economists expect the Case-Shiller index to fall another 5 percent as the foreclosure tide washes through the country.

"It is only a matter of time before the index records a double-dip in prices," wrote Paul Dales, U.S. economist with Capital Economics. The market will be tested in the second half of the year, he wrote, when the second version tax credit expires in July. And the downturn is likely to be more protracted in the Northwest.

Note: The Case-Shiller index is an average of three months. The report covers sales of existing single-family homes in Oregon's Clackamas, Columbia, Multnomah, Washington and Yamhill counties and Washington's Clark and Skamania counties. This accounts for some of the differences in numbers that we report each month via RMLS.

Source: *The Oregonian*, March 30, 2010, by Ryan Frank

Cost of Residential¹ Homes by Area/Community for February 2010

Area	Feb. 2010 Closed Sales	February 2010 Average Sales Price	Year-to-Date For Period Ending February 2010		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	1,015	\$273,100	\$276,300	\$236,000	-11.5%
Portland					
North	41	\$238,300	\$239,600	\$225,000	-10.8%
Northeast	99	275,000	274,800	243,800	-10.7%
Southeast	139	227,400	226,700	197,900	-11.7%
West (Includes SW and NW Portland and parts of eastern Washington County)	100	408,300	415,200	315,000	-10.8%
Portland Metro Suburban Areas					
Corbett, Gresham, Sandy, Troutdale	78	\$196,700	\$204,200	\$190,000	-14.2%
Clackamas, Milwaukie, Gladstone, Sunnyside	69	250,300	252,700	235,000	-8.2%
Canby, Beavercreek, Molalla, Mulino, Oregon City	48	274,400	251,300	221,400	-11.4%
Lake Oswego and West Linn	45	457,700	432,200	360,000	-9.7%
Northwest Washington County & Sauvie Island	49	349,700	361,600	340,000	-9.8%
Beaverton and Aloha	108	237,100	238,500	217,600	-12.2%
Tigard, Tualatin, Sherwood, Wilsonville	80	314,500	313,800	295,500	-8.5%
Hillsboro and Forest Grove	66	227,200	242,900	213,000	-10.9%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	8	238,400	260,700	227,500	-1.4%
Counties Outside the Metro Area					
Columbia County	34	\$202,000	\$189,200	\$184,000	-14.6%
Yamhill County	51	190,000	198,000	190,000	-16.0%
Marion and Polk Counties	42	274,200	235,800	196,000	-14.9%
North Coastal Counties	51	264,500	256,800	210,000	-15.9%
Southwest Washington State					
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	304	\$239,300	\$242,200	\$210,000	-12.9%

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 (3/1/09-2/28/10) with 12 months before (3/1/08-2/28/2009).

Source: Regional Market Listing Service (RMLS™)

Mortgages

Primary Mortgage Market Survey: 30-Year Fixed Rate 5.08 Percent

Freddie Mac released its Primary Mortgage Market Survey (PMMS) in which the 30-year fixed-rate mortgage (FRM) averaged was 5.08 percent with an average 0.7 point for the week ending April 1, 2010, up from last week when it averaged 4.99 percent. Last year at this time, the 30-year FRM averaged 4.78 percent.

The 15-year FRM this week averaged 4.39 percent with an average 0.6 point, up slightly from last week when it averaged 4.34 percent. A year ago at this time, the 15-year FRM averaged 4.52 percent. The 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 4.10 percent this week, with an average 0.6 point, down from last week when it averaged 4.14 percent. A year ago, the 5-year ARM averaged 4.92 percent.

The 1-year Treasury-indexed ARM averaged 4.05 percent this week with an average 0.6 point, down from last week when it averaged 4.20 percent. At this time last year, the 1-year ARM averaged 4.75 percent.

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

"Interest rates for fixed mortgages rose this week following a run up in long-term bond yields, while ARM rates eased slightly," said Frank Nothaft, Freddie Mac vice president and chief economist. "Rates on 30-year fixed loans were the highest since the starting week of this year."

"Home-price declines continue to moderate with more metropolitan areas showing stabilizing or rising values. Compared with one year ago, house prices were down 0.7 percent in January 2010 in the S&P/Case-Shiller® 20-City Composite Index, which was the smallest 12-month decrease since January 2007. Nine of the cities experienced positive growth, led by San Francisco's 9.1 percent annual gain. Recently, the Mortgage Insurance Companies of America reported that homeowners who moved out of default outnumbered those who became newly delinquent in February, which was the first such occurrence since March 2006."

Portland Area Mortgage Rates



To check on Portland metro area mortgage rates visit Professor Guttenberg's Web site at mtgprofessor.com – click on "Fixed-Markup Lender."

Taking the average home price in Portland of \$273,100 for February, 2010 and with 20 percent down payment (\$52,220) and a mortgage of \$220,880, the payment for a 30-year fixed loan is \$1,205.58 per month (excluding property taxes and insurance) in Portland, Oregon. The payment includes mortgage insurance of \$69.95 a month. The interest rate is 4.625%, and the APR is 5.104%.

Total closing costs are \$11,513.45 – guaranteed lender fees are \$9,393.20 – the lender fees are guaranteed not to change from the time they lock your rate (30 days) to closing. Closing attorney/agent, appraiser, title insurance, and credit reporting \$2,120.25. Escrow fees are not waived. FICO credit score 800.

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

March 2010 Weather

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	27.16	21.82	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	3.05	
November	5.61	5.13	
December	5.71	3.76	
January	5.07	4.94	
February	4.18	1.36	
March	3.71	3.58	
April	2.64		
May	2.38		
June	1.59		
July	0.70		
August	0.89		
September	1.65		
Yearly Average	37.07		

Above is the [National Weather Service](#) precipitation data for the month of March 2010. Below is the weather summary for the month:

- Average Monthly Temperature: 48.2 (-1.0 degree above normal)
- Days with 0.01 Precipitation or More: 17
- Highest Temperature: March 20 at 70.
- Lowest Temperature: March 18 at 30.
- Number of Days With Light Rain: 15 and zero days with heavy rain.
- Highest Wind Speed: 44 MPH on March 29.
- Clear/Cloudy Days: 3 fair days, 15 partly cloudy days, and 13 cloudy days.

A poor snowpack over winter has farmers and ranchers worried about the availability of irrigation water in the dry months to come. Not only did less snow drape the mountains this year – snowpack levels range from 50 to 85 percent of normal statewide – but the water content of the snow is well below normal, according to measurements by the federal Natural Resources Conservation Service. The combination could mean trouble for the state's farmers, who produced \$4.1 billion in crop and livestock sales in 2009 and represent the state's second-leading economic sector.

Despite the state's wet reputation, nearly 45 percent of Oregon farms irrigate some or all of their land, about 2 million acres statewide. Irrigated farms produce about 77 percent of the state's crop value, according to the Oregon Department of Agriculture. Melting snow feeds the state's rivers and streams and fills reservoirs, providing water for the summer months.

This weekend (April 2-4) one of the strongest storms of the year hit northwest Oregon and southwest Washington. The [National Weather Service in Portland](#) predicts winds of 60 to 70 mph and 1 to 2 inches of rain on coastal mountain ridge tops. In addition to heavy rain, the Cascades and Cascade foothills are being walloped with more snow, as much as 2 to 3 feet in the higher elevations. Timberline Lodge on Mt. Hood reported they had two feet of snow in 72 hours.

Source: "Farmers, ranchers worry about irrigation as winter snowpack disappoints" by Eric Mortenson, *The Oregonian*. March 25, 2010.

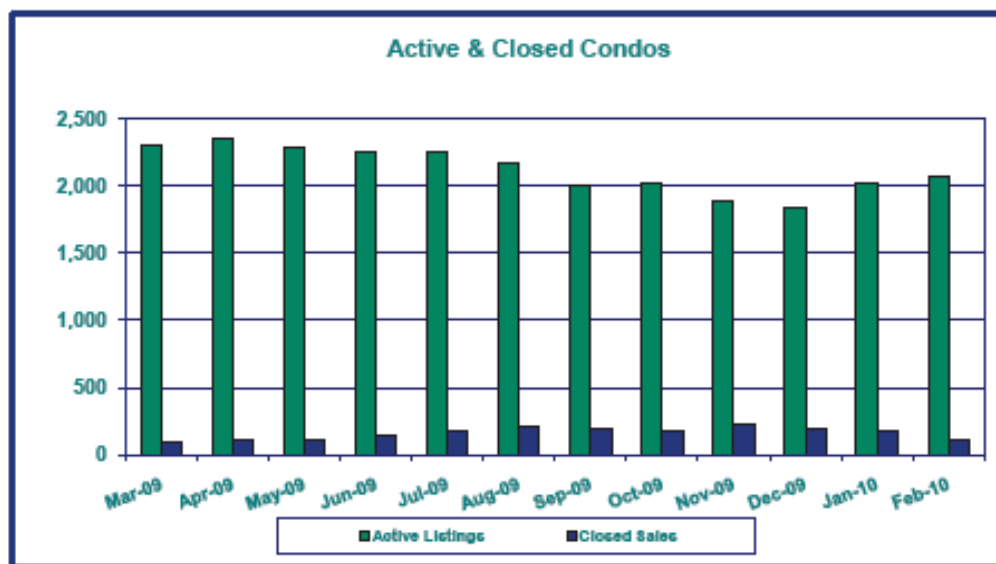
The Portland Condo Market

The Portland condo market is a buyers' market as prices have fallen 30-40 percent since the peak boom in 2007.

There are about 2,300 condominiums for sale within the metro area to include Clark County in Washington state as of early April. This represents almost 20 percent of all homes for sale in the metro area.

You could spend a month just viewing all the units for sale in the downtown area. As of early April, there are over 600 condos for sale in the neighborhoods close to downtown (Downtown, Old Town/Chinatown, Pearl, Northwest, and Goose Hollow). Many of these units have been for sale for over a year.

The Pearl District alone has 202 condos for sale. Prices for square foot are under \$350 for many of the units. Just 159 condos were sold last year in the Pearl. Surprisingly, distressed (short sales and bank-owned properties) properties sales were only 11% for the period July, 2009 through December, 2009.



This graph shows the number of active and closed condos in the Portland, Oregon metropolitan area starting in March of 2009 and ending in February, 2010. The green bar shows the active condo listings (as of the end of February 2010) and the blue bar shows the closed condo sales by month.

Here is a Typical Listing in a Newer Building in the Pearl.



This 1,432 square foot unit on the 10th floor condo in the Edge is priced at \$485,000. This is about \$339 a square foot. The unit sold for \$461,430 in March of 2004 the year it was built. The Edge is located on the west side of the Pearl the lower floors of the building is occupied by the retail outdoors outfitter REI.

The 1-bedroom, 2-bath unit offers views of Mt. Hood. The master bedroom is separated from the loft area so it offers privacy. A new office has been added (enclosed area) to a previous open area. This space could be den, nursery, exercise room, or 2nd bedroom. Comes

with parking space and a storage room.

Condo Prices

The graph on the next page represents the median sale price for all condos sold in the last three

calendar years in the Portland five county metropolitan area. The red line is the median price for 2010, the green line is for 2009 prices, and the blue line is the median price for condos in 2008.



If we have a line representing 2007 prices, it would scale higher than the blue 2008 price line. Will the red line be above, even or below the green line as the year progresses? Your call, but my money is that it will be slightly below the green line.

John Ross in South Waterfront to Auction 50 Condos



The lender that controls the John Ross will try to unload 50 condos in a few, fast-paced hours on April 11. The minimum bids, on average, will be 47 percent below the current list prices and 70 percent below the highest listed prices. There are about 75 units left to be sold as of mid March 2010. Kennedy Wilson Auction Group, Beverly Hills, California, will be running the auction. Here is the Web site for more information on the auction: <http://www.thejohnrossauction.com>.

The John Ross tower is the first building to reach a 325-foot height maximum allowed in the South Waterfront area. Architects from Thompson Vaivoda Architects and GBD, a second Portland firm, offered the elliptical design. The city changed its rules to allow expanding the size of tower floors from 10,000 to as much as 12,500 square feet.

The metallic blue building rises in an elliptical shape that looks wider or narrower from different vantage points from the west, along Interstate 5 and the Marquam Hill area. Most floors in the John Ross are 12,261 square feet, tapering to 8,252 square feet on the top few floors. It offers 286 units, 247 in the tower and 39 in a four-story podium. The roof of the podium is a green roof with a community garden.

FHA Lending Changes Hit Condo Market

As of October 1, 2009, condo developments must meet a stringent new set of guidelines in order to obtain financing through the FHA. The new approval process, part of the Housing and Economic Recovery Act of 2008, is intended to better insure mortgages and slow the rate of defaults. However, the new guidelines also are slowing sales in an already sluggish market.

Estimates are that about a third of people use FHA loans. A conventional loan requires a greater down payment and higher credit scores, so fewer people qualify.

Along with loan requirements for buyers, the FHA guidelines include several new regulations for developers and investors as well. Among them, developers seeking FHA financing can no longer build within 1,000 feet of a highway, freeway or "heavily traveled road;" within 3,000 feet of a railroad; within a mile of an airport; or within 5 miles of a military airfield. Projects also may not be

built on designated wetlands or within flood zones.

In addition, the FHA will not finance projects on property with an unobstructed view. Under the guidelines, condo sites can no longer be within 3,000 feet of a dump or a landfill, on a Superfund site, or on property with "hazards or adverse conditions," such as high groundwater levels, unstable soils or earth fill. Perhaps the South Waterfront would not have happened under these new guidelines.

FHA's new guidelines also require projects to be at least 50 percent pre-sold before the agency will provide financing. That means there must be an executed sales agreement and evidence that a lender is willing to make the loan.

Other requirements:

- Projects must be deemed as primarily residential real estate.
- No more than 25 percent of a property's total floor area can be used for commercial purposes.
- No more than 10 percent of a property's units can be owned by one investor.
- No more than 15 percent of a property's total units can be 30 days or more past due on condo association fees.
- At least 50 percent of a property's units must be owner-occupied or sold to owners who intend to occupy them.

Many Realtors® and mortgage lenders and brokers say the new guidelines are dealing a stiff blow to a sector that already is struggling because of the housing market collapse. Giles Rebholz, a mortgage consultant with MetLife Home Loans, said that while these permanent guidelines may not be good news for some, the temporary measures included in the guidelines might actually help stimulate the market. For example, through the end of this year, the pre-sale requirement has been lowered to 30 percent.

In addition, FHA loans for the new construction of high rises are easier to obtain. The concentration of FHA loans available for new construction and conversions has been raised to 50 percent, and up to 100 percent on existing projects, as long as they meet specific criteria.

In the long run, the permanent measures benefit institutions like MetLife Home Loans because, as an FHA-approved lender, they give the institution greater control in the approval process, Rebholz said.

Under the new guidelines, MetLife can issue an approval within two or three weeks rather than the previous norm of six to eight weeks. The requirements don't apply to detached condos, so those are much easier to approve. And a one-year wait on applying for loans for condo conversions no longer applies.

Source: "Lending Changes Hit Struggling Condo Market", *The Daily Journal of Commerce*. March 12, 2010.

Susan Marthens

Principal Real Estate Broker / CRS, GRI

Windermere/Cronin & Caplan Realty Group, Inc.

6443 SW Beaverton-Hillsdale Hwy, Suite 100

Portland, Oregon 97221

Telephone: 503.497.2984

Email: smarthens@movingtoportland.net