

Moving to Portland™

January 2010 Newsletter

<http://www.movingtoportland.net>

Voice 503.497.2984 ♦ FAX 503.220.1131

smarthens@movingtoportland.net



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Portland Home Market

November 2009 Residential Highlights

In the Portland metro area this November, sales activity increased compared to the same month in 2008. Closed sales were up 72.4% compared to November 2008 and pending sales rose 19.9%. New listings dropped 7%. The 72.4% same-month increase in closed sales is the largest percentage increase on record for the area. The previous high was 56.9% in December 1996.

On the other hand, compared to October 2009, closed sales decreased 10.7% (1,795 v. 2,009) and pending sales dropped 36.1% (1,328 v. 2,079). New listings also fell 27.4% (2,449 v. 3,443).

At the month's rate of sales, it would take approximately 7.1 months to sell the 12,697 active residential listings.

Year-to-Date

Comparing January-November 2009 with the same period in 2008, pending sales were up 2.6%. Closed sales were behind last year's total by 4.1%. New listings decreased 19.9%.

Sales Prices

The average sale price for November 2009 was down 11.4% compared to November 2008, while the median sale price declined 9.8%.

Month-to-month, the average and median sale price were down when compared with October levels; the average sale price was down 3.6% (\$ 273, 300 v. \$283,500), and the median sale price decreased 2.5% (\$239,000 v. \$245,000).

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 (12/1/08-11/30/09) with 12 months before (12/1/07-11/30/08).

- Average Sale Price Percent Change: -12.9% (\$290,300 v. \$333,300)
- Median Sale Price Percent Change: -11.1% (\$248,000 v. \$279,000)

Average Sales Price Drops 26 Percent from Peak

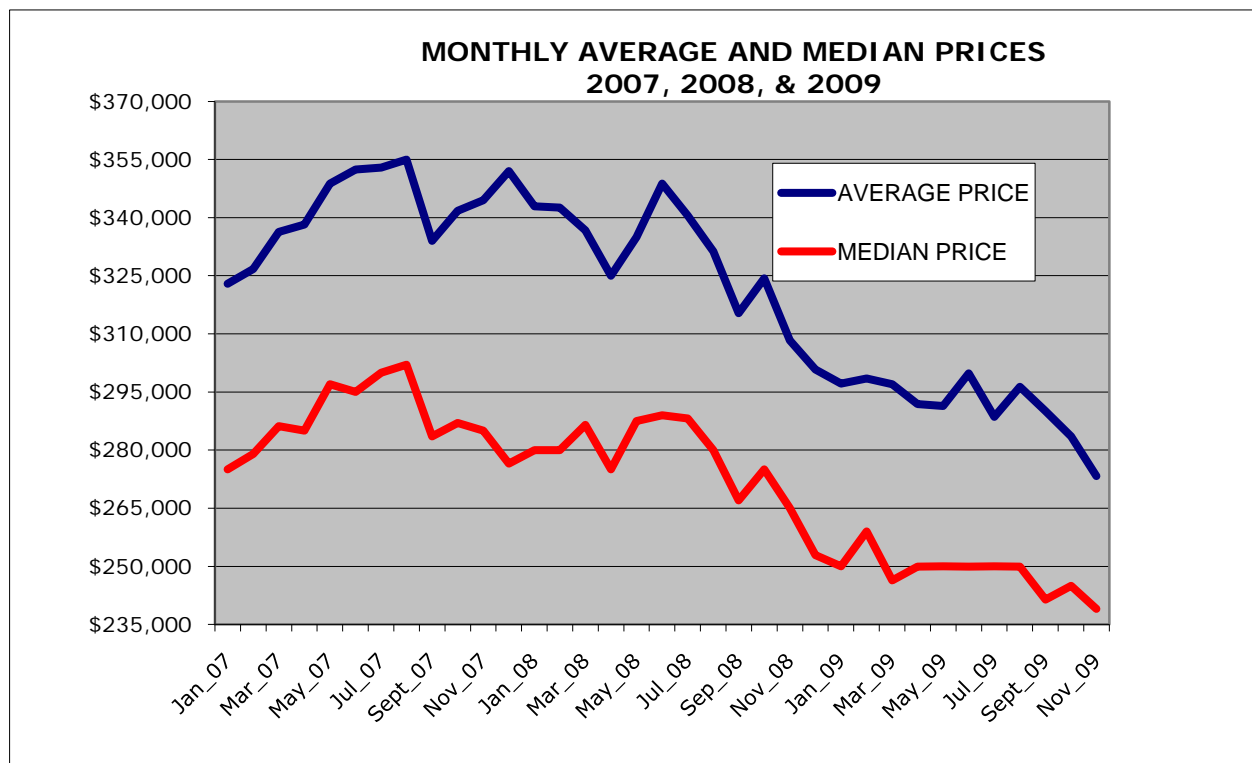
Here are the sales price percent change from their peak prices in 2007:

- Average Sale Price Percent Change from Peak in August 2007: -26.0% (\$273,300 v. \$366,900)
- Median Sale Price Percent Change from Peak in July 2007: -21.0% (\$239,000 v. \$302,000)

Please note that the July 2007 median price of \$302,000 is a correction from previous months when we reported that the median price was \$300,000 for July 2007.

November 2009: Average Home Price Drops \$35,000 from November 2008

Below is the *Monthly Average and Median Prices: 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 November 2009 with November 2008 shows a \$35,000 drop in the Portland region's average home price – down to \$273,300 from \$308,300 a year earlier. The median price decreased \$26,000 for the same periods (\$239,000 v. \$265,000).

During the summer months we thought we had seen prices beginning to stabilize in the Portland home market, but as fall approached prices again begin to drop.

Prices have been dropping since August 2007, and for 29 months this trend has continued. Although this is a normal recurring cycle (prices dropping in the fall), the housing market isn't acting normally so we thought perhaps we could see some daylight.

The question remains, "Will the housing market in Portland rebound or continue dropping?" The good news is that the bumps are getting smaller. The bad news is that the economic data is "lukewarm" at best. When we start having solid job growth, housing prices will settled down and start behaving. Until then, it's the best market for home buyers in years.

Case-Schiller: Portland Posts Fourth Biggest September Decline

Portland home prices were 9.9 percent below 2008 levels in October but increased by one-tenth of 1 percent from September, according to the Standard & Poor's Case-Shiller index.

U.S. home prices posted their ninth month of improvement in October but remain 7.3 percent below 2008 levels.

The rate of annual decline improved in all 20 cities tracked when compared to September.

David M. Blitzer, chairman of the index committee, characterized the current market as "flat" but said that shouldn't be taken as a sign the market is headed for a second dip.

As of October, average home prices in the U.S. were comparable to fall 2003 after peaking in the second quarter of 2006 and bottoming out in April 2009.

With an index of 149.88, Portland again edged out Seattle, which had an index of 149.26 for home price appreciation.

The index reflects home price growth based on a 2000 value of 100. A \$100,000 investment in Portland in 2000 would now be worth \$149,880 while the same investment in Seattle would be worth \$149,260.

Las Vegas posted the largest year-over-year loss with home prices down 26.6 percent. Denver was the best-performing market with home prices largely unchanged from a year ago.

Detroit remains the worst market and is the only city in the 20-city index with home values that are below their 2000 levels.

Washington, D.C., New York and Los Angeles are the best cities for long-term appreciation.

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.

Source: Portland Business Journal

The Changes in Home Buying

The National Association of Realtors (NAR) reported in late December, 2009 that just 37 percent of buyers searched for a home online in 1999, compared to 90 percent today.

According to the most recent existing-home data available from NAR, median home values have increased by 25 percent over the past decade to \$172,600 last month.

The home type and location have also changed. While 82 percent were buying detached, single family homes in 1999, that number has dropped to 78 percent. More people (54 percent) are flocking to suburban areas compared to 46 percent in 1999.

The profile of the home buyer is also different with more single men and women becoming home buyers. While married couples made up 68 percent of all home purchases at the beginning of this century, they represent 60 percent of all buyers today. Single men bought 10 percent of all homes last year, compared to only 7 percent 10 years ago. Single women now represent 21 percent of all home buyers, up from 15 percent in 1999.

Some statistics haven't changed: The top priorities in buying a house still include neighborhood quality, affordability and convenience to work and school.

Source: Portland Business Journal

Cost of Residential¹ Homes by Area/Community for November 2009

Area	Nov. 2009 Closed Sales	November 2009 Average Sales Price	Year-to-Date For Period Ending November 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	1,795	\$273,300	\$289,800	\$247,500	-12.9%
Portland					
North	77	\$241,100	\$235,600	\$230,000	-10.8%
Northeast	204	271,300	286,600	253,000	-10.6%
Southeast	259	227,400	241,500	215,000	-12.2%
West (Includes SW and NW Portland and parts of eastern Washington County)	175	382,400	422,700	347,100	-12.6%
Portland Metro Suburban Areas					
Corbett, Gresham, Sandy, Troutdale	104	\$217,600	\$221,700	\$210,000	-15.9%
Clackamas, Milwaukie, Gladstone, Sunnyside	119	277,800	286,000	260,000	-11.0%
Canby, Beavercreek, Molalla, Mulino, Oregon City	96	281,000	281,900	248,900	-10.9%
Lake Oswego and West Linn	74	419,300	481,700	391,500	-12.9%
Northwest Washington County & Sauvie Island	91	359,100	370,800	350,000	-8.2%
Beaverton and Aloha	201	242,500	241,200	224,000	-11.2%
Tigard, Tualatin, Sherwood, Wilsonville	140	301,700	316,300	285,000	-10.8%
Hillsboro and Forest Grove	131	221,900	244,200	225,000	-13.4%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	14	192,400	252,600	220,000	0.2%
Counties Outside the Metro Area					
Columbia County	48	\$191,900	\$196,000	\$187,000	-12.7%
Yamhill County	62	201,200	228,400	207,700	-15.1%
Marion and Polk Counties	95	192,000	205,100	185,000	-13.6%
North Coastal Counties	56	263,500	295,100	245,000	-16.4%
Southwest Washington State					
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	469	\$221,100	\$238,600	\$214,000	-15.0%

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 The 12-month sales price change percents are based on a comparison of the rolling average price for the last 12 months (12/1/08-11/30/09) with 12 months before (12/1/07-11/30/08).

Mortgages

Primary Mortgage Market Survey: Buying a Home Very Affordable

Freddie Mac released its Primary Mortgage Market Survey (PMMSSM) in which the 30-year fixed-rate mortgage (FRM) was 5.14 percent with an average 0.7 point for the week ending December 31, 2009, up from last week when it averaged 5.05 percent. Last year at this time, the 30-year FRM averaged 5.10 percent.

The 15-year FRM this week averaged 4.54 percent with an average 0.7 point, up from last week when it averaged 4.45 percent. A year ago at this time, the 15-year FRM averaged 4.83 percent.

The 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 4.44 percent this week, with an average 0.6 point, up from last week when it averaged 4.40 percent. A year ago, the 5-year ARM averaged 5.57 percent.

The 1-year Treasury-indexed ARM averaged 4.33 percent this week with an average 0.6 point, down from last week when it averaged 4.38 percent. At this time last year, the 1-year ARM averaged 4.85 percent.

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

"Although long-term mortgage rates rose for the fourth week in a row, they still remain affordable by historical standards," said Frank Nothaft, Freddie Mac vice president and chief economist. "Based on today's median loan amount of \$138,000, monthly principal and interest payments for a 30-year fixed-rate mortgage are close to one-third less than a decade ago when rates peaked at 8.6 percent in May 2000. This translates into almost 50 percent less in interest payments over the full 30-year term.

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 \$273,300 for November, 2009 and with 20 percent down payment (\$54,660) and a mortgage of \$218,640, the payment for a 30-year fixed loan is \$1,107.82 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 4.50%, and the APR is 4.883%. Total closing costs are \$10,914 – guaranteed lender fees are \$8,799 – 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 \$2,114. 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

December 2009 Weather

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	14.20	11.94	<p>Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September.</p> <p>Precipitation is measured from the NOAA Weather Station near the Portland International Airport.</p>
October	2.88	3.05	
November	5.61	5.13	
December	5.71	3.76	
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		
Yearly Average	37.07		

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

- Average Monthly Temperature: 35.6 (4.6 degree below normal)
- Average Maximum Temperature: 41.6 (normal is 45.4)
- Average Minimum Temperature: 29.6 (normal is 35)
- Number of Days With Light Rain: 13 and 2 days with heavy rain
- Average Monthly Wind Speed: 8.7 MPH.
- Clear/Cloudy Days: 7 fair days, 10 partly cloudy days, and 14 cloudy days.

During the first week of December 2009, an air mass originating in the arctic slid south across the Pacific Northwest bringing with it record-breaking overnight low temperatures. This cold spell marked the coldest overnight low temperature in more than 11 years in Portland. It also marked the coldest four consecutive overnight low temperatures (13.25 degrees when averaged from 12/8 to 12/11) in Portland airport history, this early in the season.

Late December Storm Missed by Forecasters



On Tuesday, December 29, over 500 TriMet buses headed into the evening commute as snowflakes were falling. The weather report said that the storm would pass quickly, with little trace of snow, and that things would be OK. So they left the garages without chaining up. Once buses hit the streets, they were thwarted by a gridlock of automobiles slipping and sliding in snow and slush.

About 50 TriMet buses found it impossible to make their runs, sliding or blocking car lanes. Thousands of the estimated 57,000 evening rush-hour transit users were delayed, marooned or forced to make an hours-long slog home in the cold. Cars were abandoned on roadways.

Even as the snow headed up the Willamette Valley toward Portland, the National Weather Service stuck with its forecast: It might snow a bit, but it will quickly change to rain. Instead, cities such as

Forest Grove caught 7 inches or more, and up to 4 inches fell in Portland.

How did forecasters miss the force of the storm?

At the weather service, forecast models were predicting the cold air in place would warm in the morning, especially in the southern Willamette Valley. Southwesterly winds off the Pacific would also raise temperatures. But dense fog near Eugene and Salem never cleared, allowing temperatures at the surface to stay at 32 degrees. As the moisture moved in from the west, precipitation rates were higher than predicted. Snowflakes that started falling from about 12,000 feet survived their passage through warmer air. As they hit cold, dry air flowing out of the Columbia River Gorge and the upper atmosphere, the flakes began to evaporate, cooling the air further.

The Crane at The Shriners' Hospital for Children



Andersen Construction Co. decorates its huge crane at Christmas for the kids at the Shriners Hospital for Children - but the whole city can enjoy the view since the crane sits high above the city.

The crew from Andersen's spent hundreds of hours (donated labor) stringing the lights. They also make sure that the kids can see the lights from their rooms.

Eating in Oregon

In the early 1999, my husband was diagnosed with Celiac Disease after years of feeling miserable. Celiac disease is a digestive disease that damages the small intestine and interferes with absorption of nutrients from food. People who have celiac disease cannot tolerate gluten, a protein in wheat, rye, and barley. Gluten is found mainly in foods but may also be found in everyday products such as medicines, vitamins, and lip balms. Label reading becomes second nature for Celiacs and their spouses/partners.

This discovery changed our lives. We didn't realize it immediately that we were going to eat healthy foods, but as time evolved, we did (even more than we had before). The reason is that we had to avoid almost all processed foods since most contain some form of gluten. Even soy sauce has wheat in it unless you purchased a special brand.

We found ourselves shopping the perimeter of supermarkets as that's where all the fresh food is contained - the center of the store is loaded with the processed foods. This is our credo: If it comes from a plant, buy it. If it was made in a plant, pass it by. Along the way, we became foodies.

We started reading Michael Pollan's books. He is Professor of Science and Environmental Journalism at the University of California, Berkeley. Michael is the author of *Second Nature*, *The Botany of Desire*, *A Place of My Own*, *In Defense of Food: An Eater's Manifesto* and *The Omnivore's Dilemma: A Natural History of Four Meals*. His latest book, *Food Rules*, is to be released in early 2010.

Eat Local



Growing foods requires a mild climate, good rainfall, fertile soil, and a long growing season. Oregon has all four. We found that Oregon is a perfect place for people with Celiac Disease because of the access to fresh foods. An ocean within a couple hours of the metro area for seafood. Grazing land in the eastern part of the state for growing cattle and sheep. In between is the fertile Willamette Valley for growing vegetables, berries, and wine. What's missing? Fruit! Head for the Hood River Valley, just an hour outside of Portland, famous for apples and pears.

We seldom venture into a big chain supermarket. Instead we shop local markets such as [New Seasons Market](#), a locally owned food market chain that pushes "home grown" foods, which includes anything produced in the Northwest and Northern California. We load up at local farmers' markets.

Farms in Oregon Increasing

There's one thing a bright young American of the 21st century is not supposed to want to be, a farmer. Proof of this is that a farmer's national average age hovers around 60.

Buried in U.S. Department of Agriculture statistics lies a dramatic tale: At a time when small farmers are dying out across America, the number of farmers in Oregon is on the rise. The latest USDA "agriculture census" showed the number of full-time farmers in Oregon increasing more than 55 percent from 13,884 in 1974 to 21,580 in 2002, the last year the USDA surveyed. Part-time farming, where many growers who specialize in farmers markets and other buy-local niches begin, is up, too.

Growers and industry analysts ascribe the increase in Oregon farmers to a growing number of small- and medium-sized operations designed to meet increasing demand for local grub.

Oregon Grasslands Beef

This fall, we purchase a quarter of beef from Wallowa rancher [Carman Ranch](#) and the sirloin tip roast we ate at our Christmas dinner was delicious. The photo to the left is the fourth and fifth generations of the family to work the ranch.



*The fourth and fifth generations on Carman Ranch:
David, Cory, Roan, Emmett, and Ione*

Cattle raised on a primarily forage (grass, legumes, or silage) diet are called grass-fed or pasture-raised. The term "pasture-raised" can lead to confusion with the term "free range," which does not describe exactly what the animals eat. The important distinction is that a grass-fed cow is not fed grain during the last few months of their life before they are slaughtered.

The [American Grassfed Association](#) has a list of producers by state or species on their Web site.

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