

Moving to Portland™

July 2010 Newsletter

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Portland Home Market

May 2010 Residential Highlights

Home sales showed signs of slowing in May after a federal tax credit worth up to \$8,000 expired.

When comparing sales activity in the Portland metro area in May 2010 to the same time last year, May 2009, closed sales increased 43.7%. Pending sales and new listings both decreased by 24.1% and 10.2%, respectively. On a month-to-month basis, when comparing May 2010 to April 2010, closed sales grew 5.6% (2,050 v. 1,941) while pending sales fell 50.1% (1,493 v. 2,991). New listings also dropped 26.2% (3,482 v. 4,713).

At the month's rate of sales, the 14,372 active residential listings would last approximately seven months, the lowest inventory has been since October 2009.

Sales Prices

The average sale price for May 2010 decreased 5.5% compared to May 2009, while the median sale price also went down 4.4%.

When comparing May 2010 to the month prior, April 2010, the average sale price fell 2.3% (\$275,500 v. \$282,100), and the median sale price decreased slightly by 0.4% (\$239,000 v. \$240,000).

Year-to-Date

Comparing January-May 2010 with the same period in 2009, closed sales increased 42.7%. Pending sales also rose by 28.3%, and new listings went up 10.4%.

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 (6/1/09-5/31/10) with 12 months before (6/1/08-5/31/09).

- Average Sale Price Percent Change: -9.7% (\$284,600 v. \$315,200)
- Median Sale Price Percent Change: -8.5% (\$242,900 v. \$265,600)

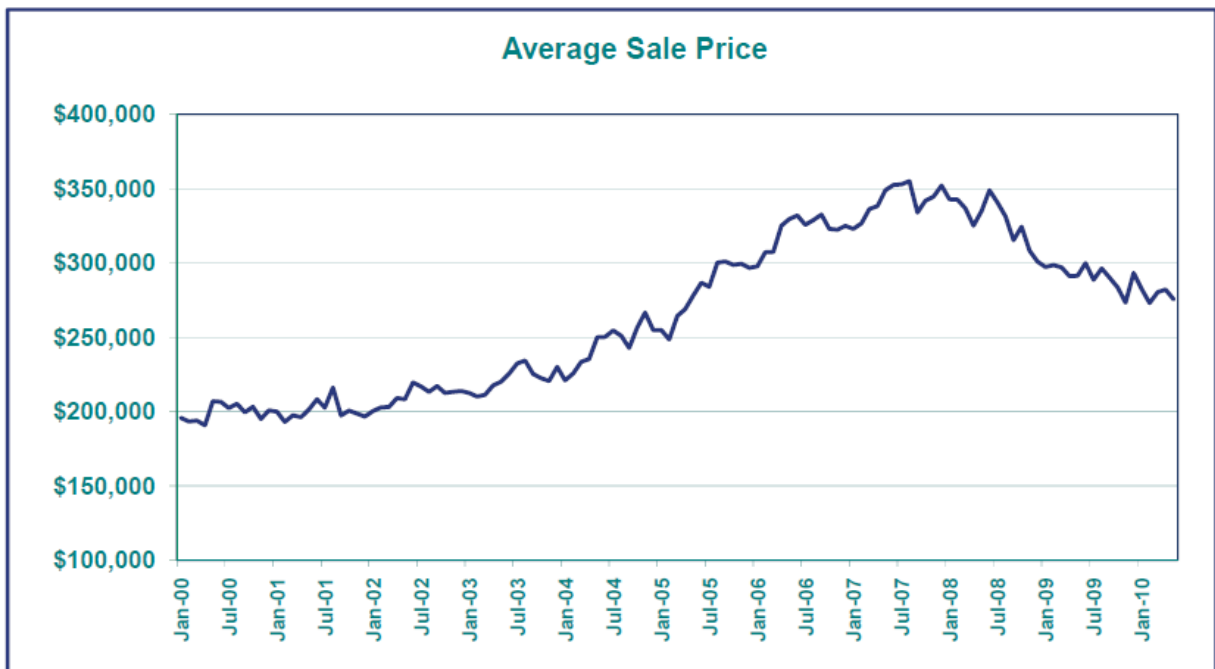
Average Sales Price Drops 25 Percent from Peak in 2007

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

- Average Sale Price Percent Change from Peak in August 2007: -25.0% (\$275,500 v. \$366,900).
- Median Sale Price Percent Change from Peak in July 2007: -21.0% (\$239,000 v. \$302,000).

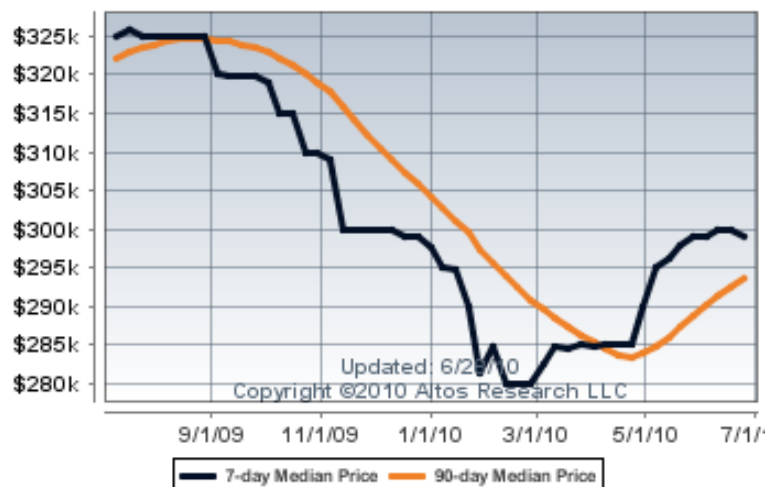
May 2010: Average Home Price Drops \$15,900 from May 2009

Below is the *Average Sales Price: 2000 - 2010* chart showing the home sales by 6-month intervals. The chart is for the five county Portland metro area. It does not include homes in southwestern Washington (Vancouver to include Clark County).



Comparing the average home price from May 2010 with May 2009 shows a \$15,900 drop in the Portland region's average home price – down to \$275,500 from \$291,400 a year earlier. The median price decreased \$11,000 for the same period (\$239,000 v. \$250,000).

Median Price for Portland



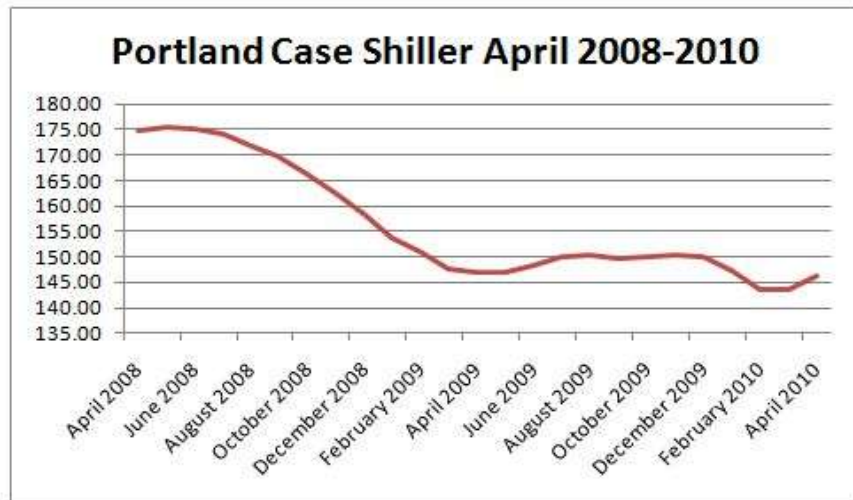
As we mentioned in the last couple of newsletters, we have added two charts on the Moving to Portland Web site. You can find them at www.movingtoportland.net.

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. The other chart is the "Average Days on Market for Portland, OR." Again, these charts are for just for the city of Portland. We posted a copy of the median price chart on the previous page. Both charts are updated often so you can view the trends.

The 7-day median price in Portland took off towards the end of April and jumped just over \$10,000 in a short time. The 30-day trend also moved upwards. Now with the July 1st update you will note a slight drop in the 7-day median price after the typical surge in spring home buying. The 30-day will most likely drop also in the next few weeks.

Case-Schiller: Portland Home Prices Jumped 1.8 % in April

Portland-area home prices jumped 1.8 percent in April from a month earlier, according to the [S&P/Case-Shiller Index](#). It was a nice contrast to earlier this year, when the index in Portland was falling.



But experts warned against getting too optimistic over the April improvement, as it doesn't take into account the market slowdown that struck in May after the April 30 expiration of the federal tax credit for certain home buyers.

In the 30 days ending June 13, there were 3,280 closed sales or pending sales in the Portland area, a 24 percent decline from the prior four weeks, according

to numbers compiled by Realty Trust Group. The average price of the sold homes was \$282,910, a 5.97 percent decline from the earlier four weeks.

Nationally, the S&P/Case-Shiller data for April show some improvement with higher annual increases than in March's report for all 20 of the metro areas measured. Eighteen cities saw month-to-month gains in April compared to six in the previous month.

However, many of the gains are modest and somewhat concentrated in California. Nine of the 20 cities reached new lows at some time since the beginning of this year. Miami and New York were the two that fared the worst in April compared to March.

As of April, average home prices across the United States were at similar levels to where they were in late summer and early autumn of 2003. From their peak in June-July of 2006 through the trough in April 2009, the 20-City composite is down 32.6 percent.

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. Case-Shiller tracks the prices of typical single-family homes located in each metropolitan area. Source: *The Oregonian*, May 25, 2010, by Jeff Manning.

Source: *The Oregonian*, "Portland-area home prices bump higher, according to Case-Shiller index" by Jeff Manning, June 29, 2010.

Cost of Residential¹ Homes by Area/Community for May 2010

Area	May 2010 Closed Sales	May 2010 Average Sales Price	Year-to-Date For Period Ending May 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	2,050	\$275,500	\$278,500	\$239,900	-9.7%
Portland					
North	90	\$240,000	\$234,400	\$230,000	-6.3%
Northeast	228	290,400	279,800	245,000	-9.2%
Southeast	303	240,300	235,700	210,000	-9.2%
West (Includes SW and NW Portland and parts of eastern Washington County)	230	384,900	399,200	331,500	-12.3%
Portland Metro Suburban Areas					
Corbett, Gresham, Sandy, Troutdale	118	\$216,300	\$218,500	\$204,500	-10.7%
Clackamas, Milwaukie, Gladstone, Sunnyside	141	277,100	259,500	241,500	-9.0%
Canby, Beavercreek, Molalla, Mulino, Oregon City	109	259,300	258,400	229,900	-8.7%
Lake Oswego and West Linn	101	398,500	443,500	375,000	-7.8%
Northwest Washington County & Sauvie Island	91	357,600	358,200	337,200	-8.1%
Beaverton and Aloha	187	226,400	236,800	217,000	-9.7%
Tigard, Tualatin, Sherwood, Wilsonville	157	289,400	302,100	280,000	-8.1%
Hillsboro and Forest Grove	163	221,800	234,400	215,000	-10.8%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	6	207,900	219,500	200,000	-8.1%
Counties Outside the Metro Area					
Columbia County	43	\$192,300	\$187,600	\$184,700	-10.9%
Yamhill County	83	200,800	213,600	191,000	-13.1%
Marion and Polk Counties	86	201,200	211,600	189,900	-11.1%
North Coastal Counties	48	266,300	277,900	220,000	-8.6%
Southwest Washington State					
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	533	\$227,300	\$235,500	\$206,000	-9.4%

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 (6/1/09-5/31/10) with 12 months before (6/1/08-5/31/2009).

Mortgages

Primary Mortgage Market Survey: 30-Year Fixed Rate 4.58 Percent

Freddie Mac released its Primary Mortgage Market Survey (PMMS) in which the 30-year fixed-rate mortgage (FRM) average was 4.58 percent with an average 0.7 point for the week ending July 1, 2010, down from last week when it averaged 4.69 percent. Last year at this time, the 30-year FRM averaged 5.32 percent.

The 15-year FRM this week averaged 4.04 percent with an average 0.7 point, down from last week when it averaged 4.13 percent. A year ago at this time, the 15-year FRM averaged 4.77 percent.

The 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.79 percent this week, with an average 0.7 point, down from last week when it averaged 3.84 percent. A year ago, the 5-year ARM averaged 4.88 percent.

The 1-year Treasury-indexed ARM averaged 3.80 percent this week with an average 0.7 point, up from last week when it averaged 3.77 percent. At this time last year, the 1-year ARM averaged 4.94 percent.

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

"Interest rates on fixed-rate mortgages and the 5-year hybrid ARM fell once again to all-time record lows this week in a period where the economy struggles to gain momentum and inflation remains very low," said Frank Nothaft, Freddie Mac vice president and chief economist. "Growth estimates for first quarter GDP were revised down by a half percentage point over the past two months to 2.7 percent, according to the Bureau of Economic Analysis. Annual inflation, as measured by the 12-month change in the core CPI, held at 0.9 percent in April and May, which is the slowest pace in over 44 years, as reported by the Bureau of Labor Statistics.

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." Jack M. Guttentag is Professor of Finance Emeritus at the Wharton School of the University of Pennsylvania.

Taking the average home price in the Portland metro area of \$275,500 for May, 2010 and with 20 percent down payment (\$55,100) and a mortgage of \$220,400, the payment for a 30-year fixed loan is \$1,020.71 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 3.75%, and the APR is 4.122%.

Total closing costs are \$11,093.54 – guaranteed lender fees are \$9,012.04 – 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 \$2,080.50. The markup fees are \$3,970.99. 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

June 2010 Weather Summary

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	33.77	33.77	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	2.92	
May	2.38	4.75	
June	1.59	4.28	
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 June 2010. Below is the weather summary for the month:

- Average Monthly Temperature: 60.4 (-2.3 degree below normal).
- Average Maximum Temperature: 68.8 (average is 72.7).
- Average Minimum Temperature: 52.1 (average is 52.6).
- Precipitation: One day with heavy rain and 13 days with light rain.
- Highest Temperature: May 14 at 76.
- Lowest Temperature: May 5-6 at 41.
- Average Wind Speed: 5.4 mile per hour.
- Clear/Cloudy Days: 4 fair days, 12 partly cloudy days, and 14 cloudy days.

June has soaked through Portland's record books. Rain drenchrd ball fields and bike riders, flooded backyards and basements, shattering the precipitation record for the month of June. We had 4.24 inches as of 4 p.m. on Wednesday, June 16 so we set a record early in the month. The previous record was 1984 when the rainfall was 4.06 inches.

In mid June, we also set a record for "low high" temperatures in the metro area: a mere 57 degrees. Portland's previous "low high" on the two days (June 15 and 16) was 60 degrees in 1954 and 59 in 1944.

Oregon 39th on Obesity List

Oregon maintained its weight while much of American grew fatter in 2009, according to a report by the [Robert Wood Johnson Foundation and Trust for America's Health](#). You can read the complete report at the foundation's Web site by clicking [here](#).

Oregon looked healthier than many states: 39th on the obesity list, 37th for blood pressure and 35th for diabetes (which affects 7.4 percent of Oregon adults, according to the report). Oregon's obesity rate hadn't increased significantly from the previous report, while 28 other states' rates

rose significantly and only Washington, D.C.'s, fell.

25 Percent of Adult Oregonians are Obese

That doesn't mean we can rest on our well-fed haunches. A quarter of Oregon adults are obese, measured by having a body mass index of 30 or more. Add in overweight people – with BMIs of 25 to 30 – and you encompass 61.4 percent of Oregon adults. The percentages are three-year averages measured over 2006-2009 and cited in "F as in Fat," an annual ranking of states' obesity and related health issues by the foundation.

Oregon's obesity rates are still much higher than a generation ago, State Public Health Officer Dr. Mel Kohn said.

Excess weight can cause illnesses including diabetes, heart disease and some cancers. The Northwest Health Foundation estimates that obesity costs Oregon \$781 million a year in direct medical costs, and is a big factor pushing up health expenses. Nationally, the new report calls obesity a "crisis."

West and Northeast States Have Slimmest Adults

States in the West and Northeast generally had the slimmest adults, according to the report, with Colorado logging the lowest adult rate of obesity at 19.1 percent. Washington ranked 28th with 26.3 percent adult obesity, a rate that has risen for two years. The fattest states were in the South, topped by Mississippi's 33.8 percent adult obesity rate.

Oregon and Colorado Tied for 2nd Highest Rate of Physical Activity

The report noted Oregon has relatively high rates of breastfeeding and physical activity, both linked to healthier weights. Oregon and Colorado tied for having the second-highest rate of adults who report being active outside work – 82 percent – a point behind Minnesota.

Twelve states reported an increase in physical inactivity between 2007-2009; only nine reported an increase between 2006-2008. Physical inactivity in adults reflects the number of survey respondents who reported not engaging in physical activity or exercise during the previous 30 days other than doing their regular jobs.

Oregon Children Have Lowest Obesity Rate in the Nation

The report included older data from a national survey of parents that showed Oregon's childhood obesity rate fell over several years to 9.6 percent, the lowest in the nation. Oregon does its own, larger student survey that shows childhood obesity creeping up, topping 10 percent among 8th- and 11th-grade students surveyed, Kohn said.

Kohn urged Oregon to make a "substantial investment" in curbing obesity, considering steps such as a tax on sugary drinks that help make healthy choices easier and cheaper than unhealthy ones. He said schools have boosted health with measures including a ban on soda, but Kohn worries about threats to that progress, including Portland Public Schools' proposal to cut K-8 gym teachers.

Source: *The Oregonian*, "As Americans grow fatter, Oregon stays at 39th on obesity list" by Andy Dworkin, June 30, 2010.

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