

Moving to Portland™

October 2010 Newsletter

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Portland Home Market

August 2010 Residential Highlights

A comparison of sales activity in the Portland metro area in August 2010 with August 2009, shows that closed sales decreased 25%. Pending sales also dropped 21.7%, while new listings rose 1.3%.

On a month-to-month basis, when comparing August 2010 to July 2010, closed sales fell 2.2% (1,381 v. 1,412), while pending sales grew 3.6% (1,688 v. 1,629). New listings also fell 5% (3,829 v. 4,029).

At the month's rate of sales, the 15,200 active residential listings would last approximately 11 months.

Sales Prices

The average sale price for August 2010 increased 1% compared to August 2009, while the median sale price stayed the same.

When comparing August 2010 to the month prior, July 2010, the average sale price increased 0.8% (\$299,300 v. \$297,000) and the median sale price also went up 1.6% (\$250,000 v. \$246,000).

Year-to-Date

Increases are seen when comparing January-August 2010 with the same period in 2009. Closed sales increased 14.7%. Pending sales grew 4% and new listings grew 6%.

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 (9/1/09-8/31/10) with 12 months before (9/1/08-8/31/09).

- Average Sale Price Percent Change: -5.1% (\$284,200 v. \$299,600)
- Median Sale Price Percent Change: -4.7% (\$241,000 v. \$253,000)

Average Sales Price Drops 18 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: -18.0% (\$299,300 v. \$366,900).
- Median Sale Price Percent Change from Peak in July 2007: -17.0% (\$250,000 v. \$302,000).

Average Home Price Increase \$3,000 from August 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 August 2010 with August 2009 shows a \$3,000 gain in the Portland region's average home price – up to \$299,300 from \$296,300 a year earlier. The median price increased \$100 for the same period (\$250,000 v. \$249,900).

Closed Sales

Below is a graph of "Closed Sales" for the Portland metro area from January to August for the past three years (blue for 2008, green for 2009, and red for 2010).



If we would have charted the 2007 closed sales, we would have to add another horizontal line on the top of the chart and pushed the scale up to 3,000 because in August of 2007, there were 2,554 closed sales.

You can see the big drop in July and August of this year. In June there were 2,012 closed sales and in July the number of closed sales was 1,412. That is a decrease of 600 sales in just one month.

What happened? For one thing the federal tax credits for buyers stopped, and this resulted in a drop in sales. The economy was picking up some steam the first few months of the year and then the momentum was halted in early summer. This affected the housing market as buyers started putting the brakes on home buying.

With the economy still in a rut, September appears to be another month where home sales in the Portland metro area will decline. This will translate into lower prices since there are about 15,000 active listings and many sellers will have to reduce their asking price in order to sell.

Case-Schiller: Portland Home Prices Continue to Fall

Portland bucked the trend of rising home prices in July, according to a report released September 28th. The Standard & Poor's/Case-Shiller index of 20 metropolitan areas showed that prices of previously owned single-family homes rose 0.6 percent in July from June, and 3.2 percent compared to July 2009. Portland, however, was one of seven cities that showed declines. Prices in Oregon's largest city dropped 0.3 percent in July from the month before, and were down 1.2 percent from a year earlier.

The closely watched index encompasses data from May, June and July. Although sales plummeted in July, they were bolstered by popular federal tax credits for buyers in May and June. Other housing indicators, such as starts for new construction and some price measures, also have shown weakness.

The market for previously owned homes also swooned in July, with sales dropping 27 percent to the lowest level in more than a decade, according to the National Association of Realtors. That number improved somewhat in August, rising 7.6 percent, but was not enough to stir confidence that the housing market would recover robustly this year.

Celia Chen, a housing economist for Moody's Economy.com, said she expects prices to fall as more banks step up their repossession of homes through foreclosure and put those properties back on the market. Lenders have been seizing houses at a record clip this year, taking back 95,364 U.S. properties in August, according to RealtyTrac, the highest monthly total in the research firm's records.

"Eventually those homes are going to end up as discounted for-sale homes and will pull down prices," Chen said. "So we are in for weakness."

The *Wall Street Journal* has built a table where you can see data from the 20 metro areas. Case-Shiller tracks, sortable by name, level, monthly change and year-over-year change — just click the column headers to re-sort. (About the numbers: The Case Shiller indices have a base value of 100 in January 2000. So a current index value of 150 translates to a 50% appreciation rate since January 2000 for a typical home located within the metro market.) To view the chart click on the following link: <http://blogs.wsj.com/economics/2010/09/28/a-look-at-case-shiller-by-metro-area-september-update-2>.

Note: The Case-Shiller index 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 since RMLS does not include statistics on homes in the state of Washington in the metro area.

Source: *The Oregonian*, "Portland housing prices continue to fall in latest Case-Schiller numbers" by the Oregonian staff, September 28, 2010.

Cost of Residential¹ Homes by Area/Community for August 2010

Area	August 2010 Closed Sales	August 2010 Average Sales Price	Year-to-Date For Period Ending August 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	1,381	\$299,300	\$284,600	\$241,000	-5.1%
Portland					
North	50	\$226,200	\$231,600	\$225,000	-2.9%
Northeast	140	294,800	286,100	249,400	-3.5%
Southeast	163	247,600	238,100	209,900	-5.0%
West (Includes SW and NW Portland and parts of eastern Washington County)	189	434,200	408,000	340,000	-6.0%
Portland Metro Suburban Areas					
Corbett, Gresham, Sandy, Troutdale	72	\$218,300	\$215,200	\$204,000	-6.5%
Clackamas, Milwaukie, Gladstone, Sunnyside	94	279,100	263,700	243,000	-6.1%
Canby, Beavercreek, Molalla, Mulino, Oregon City	65	297,000	260,600	230,000	-7.4%
Lake Oswego and West Linn	77	450,200	441,500	385,000	-6.3%
Northwest Washington County & Sauvie Island	74	404,000	370,700	342,800	-5.3%
Beaverton and Aloha	148	248,700	244,400	219,900	-3.7%
Tigard, Tualatin, Sherwood, Wilsonville	125	302,900	304,500	278,800	-7.7%
Hillsboro and Forest Grove	97	210,600	230,800	210,000	-8.4%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	4	155,000	204,700	182,500	-3.0%
Counties Outside the Metro Area					
Columbia County	35	\$173,300	\$186,100	\$180,300	-12.7%
Yamhill County	48	224,000	218,700	193,000	-7.6%
Marion and Polk Counties	61	167,800	198,300	178,300	-9.3%
North Coastal Counties	61	265,100	279,800	220,000	-6.3%
Southwest Washington State					
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	322	\$244,300	\$238,400	\$210,000	-5.4%

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 (9/1/09-8/31/10) with 12 months before (9/1/08-8/31/2009).

Source: Regional Market Listing Service (RMLS™)

Mortgages

Primary Mortgage Market Survey: 30-Year Fixed Rate 4.32 Percent

Freddie Mac released its Primary Mortgage Market Survey (PMMS) on September 30. The 30-year fixed-rate mortgage rate dropped to tie the survey's all-time low, and the 15-year fixed-rate set another record low.

- 30-year fixed-rate mortgage (FRM) averaged 4.32 percent with an average 0.8 point for the week ending September 30, 2010, down from last week when it averaged 4.37 percent. Last year at this time, the 30-year FRM averaged 4.94 percent.
- 15-year FRM this week averaged a record low of 3.75 percent with an average 0.7 point, down from last week when it averaged 3.82 percent. A year ago at this time, the 15-year FRM averaged 4.36 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.52 percent this week, with an average 0.6 point, down from last week when it averaged 3.54 percent. A year ago, the 5-year ARM averaged 4.42 percent.
- 1-year Treasury-indexed ARM averaged 3.48 percent this week with an average 0.7 point, up from last week when it averaged 3.46 percent. At this time last year, the 1-year ARM averaged 4.49 percent.

Attributed to Frank Nothaft, vice president and chief economist, Freddie Mac: "Homeowners have regained \$1.0 trillion in home equity as of the second quarter of 2010 after losing more than \$7.5 trillion over the three-year period ending in the first quarter of 2009, the [Federal Reserve Board](#) reported. This, in part, strengthened household balance sheets and reduced serious mortgage delinquencies. For instance, first mortgages 90-days delinquent or worse fell to 3.16 percent in August from 4.76 percent a year prior and was the lowest rate since June 2008, according to the [S&P/Experian Consumer Credit Default Indices](#)."

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 \$299,300 for August, 2010 and with 20 percent down payment (\$59,860) and a mortgage of \$239,440, the payment for a 30-year fixed loan is \$1,108.88 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 3.75%, and the APR is 3.965%.

Total closing costs are \$7,617.94 – guaranteed lender fees are \$5,502.44 – the lender fees are guaranteed not to change from the time they lock your rate (60 days) to closing. Closing attorney/agent, appraiser, title insurance, and credit reporting costs are \$2,115.50. The markup fees are \$3,743.98. 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

September 2010 Weather Summary

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	37.09	37.95	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	0.72	0.59	
August	0.89	0.23	
September	1.65	3.36	
Yearly Average	37.09		

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

- Average Monthly Temperature: 64.4 (0.8 degree above normal).
- Average Maximum Temperature: 73.0 (average is 74.6).
- Average Minimum Temperature: 55.9 (average is 52.5).
- Most Precipitation: September 6-7 with 1.55 inches.
- Precipitation: 3 days with heavy rain and 11 days with light rain.
- Average Wind Speed: 5.2 mile per hour.
- Clear/Cloudy Days: 4 fair days, 13 partly cloudy days, and 13 cloudy days.

The water year ended in September and you will note from the numbers above that the actual rainfall was almost identical to the yearly average. This was accomplished thanks to the 3.36 inches that fell in September – twice the monthly average.

The Old Farmer's Almanac Long Range Forecast for Western Oregon

Temperatures will be slightly above normal, on average, with slightly below-normal precipitation but above-normal snowfall in most places. The coldest periods will occur in mid-December and mid-to late February, with the snowiest periods in mid-December and late February.

April and May will be cooler and drier than normal.

Summer will be drier than normal, with below-normal temperatures, on average, in Washington and above-normal temperatures in Oregon and California. The hottest periods will occur in late July and early August.

September and October will be slightly drier than normal, with near-normal temperatures.

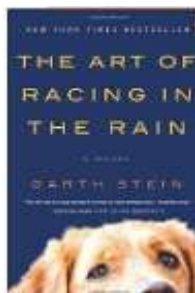
Annual Book Review

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.

Below you will see our favorite 2010 books.

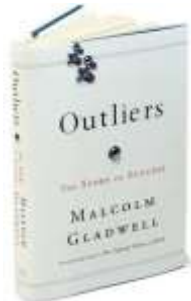
The Art of Racing in the Rain



If you've ever wondered what your dog is thinking, Stein's third novel could offer an answer. Enzo is a lab terrier mix plucked from a farm in eastern Washington to ride shotgun with race car driver Denny Swift as he pursues success on the track and off. Denny meets and marries Eve, has a daughter, Zoë, and risks his savings and his life to make it on the professional racing circuit. Enzo, frustrated by his inability to speak and his lack of opposable thumbs, watches Denny's old racing videos and hopes for the day when his life as a dog will be over and he can be reborn a man. When Denny hits an extended rough patch, Enzo remains his most steadfast if silent supporter. Enzo is a reliable companion and a likable enough narrator, though the string of Denny's bad luck stories strains believability.

By far our favorite book in 2010.

Outliers: The Story of Success



Outliers can be enjoyed for its bits of trivia, like why most pro hockey players were born in January, how many hours of practice it takes to master a skill, why the descendants of Jewish immigrant garment workers became the most powerful lawyers in New York, how a pilots' culture impacts their crash record, and how a centuries-old culture of rice farming helps Asian kids master math. But there's more to it than that. Throughout all of these examples—and in more that delve into the social benefits of lighter skin color and the reasons for school achievement gaps—Gladwell invites conversations about the complex ways privilege manifests in our culture. He leaves us pondering the gifts of our own history and how the world could benefit if more of our kids were granted the opportunities to fulfill their

remarkable potential. — *Mari Malcolm*.

Steig Larsson's Millennium Trilogy



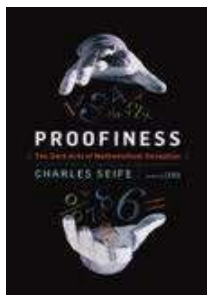
Steig Larsson was initially a political activist for the *Kommunistiska Arbetareförbundet* (Communist Workers League), a photographer, and one of Sweden's leading science fiction fans. In politics he was the editor of the Swedish Trotskyist journal *Fjärde internationalen*. He also wrote regularly for the weekly *Internationalen*.

Larsson's political convictions, as well as his journalistic experiences, led him to the founding of the Swedish Expo Foundation established to "counteract the growth of the extreme right and the white power-culture in schools and among young people." He also became the editor of the foundation's magazine, *Expo*. Larsson quickly became instrumental in documenting and exposing Swedish extreme right and racist organizations; he was an influential debater and lecturer on the subject, reportedly living for years under death threats from his political enemies.

Stieg Larsson died in 2004, at age 50, after a heart attack, leaving three completed novels featuring a journalist by the name of Mikael Blomkvist and tattooed researcher Lisbeth Salander who is the heroine of the books. He wrote them for his own pleasure after returning home from his job in the evening, making no attempt to get them published until shortly before his death. The first was published in Sweden in 2005 as *Män som hatar kvinnor* ("Men who hate women"), published in English as [*The Girl with the Dragon Tattoo*](#). It was awarded the prestigious Glass Key award as the best Nordic crime novel in 2005. His second novel, *Flickan som lekte med elden* ([*The Girl Who Played with Fire*](#)), received the Best Swedish Crime Novel Award in 2006. The third novel in the Millennium trilogy, [*The Girl Who Kicked the Hornets' Nest*](#), was published in the United States in May 2010.

If you decided to read the first one (*The Girl with the Dragon Tattoo*) you'll read the other two.

Proofiness: The Dark Arts of Mathematical Deception



This is what book reviewer Steven Strogatz wrote in the *New York Times* Book Review magazine on September 17 about *Proofiness*: "Charles Seife is steaming mad about all the ways that numbers are being twisted to erode our democracy. We're used to being lied to with words ("I am not a crook"; "I did not have sexual relations with that woman"). But numbers? They're supposed to be cold, hard and objective. Numbers don't lie, and they brook no argument. They're the best kind of facts we have."

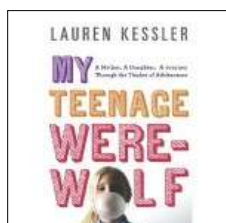
This is more than a math book; it's a civics lesson. The book is like oatmeal as it will stick with you all day.

Woodstock 2010: October 7-10

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 7-10 at the Portland Convention Center where over 200 national and regional authors from every genre read on several stages.

Wordstock is an annual festival of books, writers, and storytelling in Portland, Oregon. To date it has hosted over 550 writers, who have read and performed for nearly 55,000 people at past festivals.

Wordstock features ten author stages, a book fair with over 150 exhibitors, a special children's area and children's literature stage, a series of workshops for writers and for K-12 teachers, a special broadcast of Live Wire!, the popular public radio variety show, featuring writers from the festival, and more. Although it only began in 2005, Wordstock is already the largest celebration of literature and literacy in the Pacific Northwest and is one of the largest festivals of its kind in the nation.



At Wordstock 2010, Lauren Kessler reads from her book, *My Teenage Werewolf: A Mother, A Daughter, A Journey through the Thicket of Adolescence*, on Sunday, October 10 at 2pm on the Columbia Sportswear Stage; she also appears at 4pm on the McMenamins Stage for the Brave New World panel discussion.

The Target Children's Festival at Wordstock 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.

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



In the October 2009 newsletter we posted the below beef stew recipe so once again here it is – 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 pounds stew beef or bison, cut into 1-inch pieces
- 3-5 large garlic cloves, minced
- 3 pounds potatoes cut into 1/2-inch pieces
- 1 large onion, chopped
- 2 cups cut up celery
- 2-3 cups of sliced carrots
- 4-6 cups tomato soup (you can substitute canned tomatoes)
- 1-2 cups of red wine
- 3 tablespoons tomato paste
- 5 sprigs thyme
- 2 tablespoons of 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 like Brussels sprouts, 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.

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