



**Susan**

# Moving to Portland™

July 2007 Newsletter

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## Portland Home Market: May 2007

### May Residential Highlights

Market Activity in the Portland Metro Area appears to have cooled when comparing May 2007 to May 2006. While new listings continue to grow, the market experienced a decline in both closed and pending sales transactions.

The number of new listings in the market continued its growth trend. The 12,486 active residential listings at the end of May would last approximately 4.5 months at the month's rate of sales. Last May 2006, the inventory of 7,139 homes would have taken 2.3 months to sell.

The total amount of closed sales dropped 8.3% (2,802 v. 3,054), while pending sales dropped 16.4% (3,054 v. 3,651). The average sale price reached a record high of \$348,800. This is likely the result of increased high-end home sales, which included five homes that sold for \$2 million or more.

### Appreciation

Using the average and median sale prices for the 12 months that ended May 2007 compared to the 12 months ending in May 2006, the average sale price appreciated 10.1% (\$331,600 v. \$301,300). Using the same formula, the median sale price appreciated 10.6% (\$279,900 v. \$253,000).

### Year-to-Date Trends

New listings have grown considerably when comparing market activity for January-May 2007 to the same period of time in 2006. In that time, new listings have increased 15.8%. On the other hand, pending sales and closed sales have declined 8% and 5% respectively.

## Cost of Residential<sup>1</sup> Homes in the Portland Metro Area May 2007

| Area   | May 2007<br>Average Sales<br>Price | Year-to-Date<br>For Period Ending<br>May 2007 |                         | Average Price<br>Appreciation <sup>2</sup> |
|--|------------------------------------|---|-------------------------|--|
|  |                                    | Average<br>Sales<br>Price                     | Median<br>Sale<br>Price |  |
| <b>Portland Metro Area</b>   |                                    |   |                         |  |
| Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill | \$348,800                          | \$297,000                                     | \$285,900               | 10.1%                                      |
| <b>Portland</b>  |                                    |   |                         |  |
| North  | \$269,300                          | \$264,000                                     | \$248,500               | 11.5%                                      |
| Northeast  | 328,700                            | 312,900                                       | 274,500                 | 9.4%                                       |
| Southeast  | 293,300                            | 281,700                                       | 248,000                 | 11.5%                                      |
| West (Includes SW and NW Portland and parts of eastern Washington County)                | 473,600                            | 464,100                                       | 377,000                 | 5.2%                                       |
| <b>Portland Metro Suburban Areas</b>   |                                    |   |                         |  |
| Corbett, Gresham, Sandy, Troutdale   | \$284,500                          | \$282,400                                     | \$260,000               | 16.3%                                      |
| Clackamas, Milwaukie, Gladstone, Sunnyside   | 358,700                            | 345,000                                       | 307,700                 | 11.2%                                      |
| Canby, Beaver Creek, Molalla, Mulino, Oregon City  | 338,300                            | 320,300                                       | 299,900                 | 9.1%                                       |
| Lake Oswego and West Linn  | 580,600                            | 550,400                                       | 462,500                 | 13.3%                                      |
| Northwest Washington County & Sauvie Island  | 418,900                            | 399,600                                       | 369,000                 | 6.1%                                       |
| Beaverton and Aloha  | 286,300                            | 285,200                                       | 260,000                 | 6.4%                                       |
| Tigard, Tualatin, Sherwood, Wilsonville  | 378,800                            | 375,600                                       | 335,000                 | 3.8%                                       |
| Hillsboro and Forest Grove   | 299,600                            | 298,100                                       | 270,000                 | 13.1%                                      |
| Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag              | 332,900                            | 320,400                                       | 282,700                 | 12.7%                                      |
| Columbia County  | 256,400                            | 251,200                                       | 239,000                 | 14.3%                                      |
| Yamhill County   | 268,200                            | 277,800                                       | 246,400                 | 16.0%                                      |
| Marion and Polk Counties   | 253,200                            | 249,000                                       | 226,900                 | 13.3%                                      |
| North Coastal Counties   | 389,800                            | 385,600                                       | 320,000                 | 19.7%                                      |
| <b>Southwest Washington State</b>  |                                    |   |                         |  |
| Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)                | \$315,300                          | \$267,000                                     | \$264,000               | 6.0%                                       |

<sup>1</sup> 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.

<sup>2</sup> Appreciation percents based on a comparison of average price for the last 12 months (6/1/06-5/31/07) with 12 months before (6/1/05-5/31/06). Median appreciation for the same period was 10.6% (\$279,900 v. \$253,000).

Source: Regional Market Listing Service (RMLS™).

## Mortgages Rates Drop Last Two Weeks in June

### June 28, 2007

[Freddie Mac](#) released its Primary Mortgage Market Survey (PMMSSM) on June 28 in which the 30-year fixed-rate mortgage (FRM) was 6.67 percent with an average 0.4 point for the week ending June 28, 2007, down from last week when it averaged 6.69 percent. Last year at this time, the 30-year FRM averaged 6.78 percent.

The 15-year FRM this week averaged 6.34 percent with an average 0.4 point, down from last week when it averaged 6.37 percent. A year ago, the 15-year FRM averaged 6.43 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 6.30 percent this week, with an average 0.5 point, down from last week when it averaged 6.31 percent. A year ago, the 5-year ARM averaged 6.39 percent.

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

### Freddie Mac Economist

"Mortgage rates edged down slightly for the second week in a row after having risen over the previous month and a half, and as financial markets prepared for the June 28th Federal Open Market Committee's announcement on monetary policy," said Frank Nothaft, Freddie Mac vice president and chief economist.

"This week we saw further effects of the current housing recession. May's existing home sales (including condominiums and co-ops) fell 0.3 percent to the slowest pace since June 2003, and the number of months houses were available for sale rose to 8.9, the longest since June 1992. In addition, home prices fell 2.1 percent in twenty metropolitan areas for the year ending April 2007, according to the S&P/Case Shiller® composite index, the largest year-over-year drop since the data began in January 2001."

### Portland Area Mortgage Rates

To check on more Portland metro area mortgage rates visit Professor Guttenberg's Web site at <http://www.mtgprofessor.com> – click on "Fixed-Markup Lender." Taking the average home price in the Portland metro area of \$348,800 for May, 2007 and with 20 percent down (\$69,760) and a mortgage of \$279,040, the payments for a 30-year fixed loan is \$1,487 per month (excluding property taxes and insurance). The interest rate is 5.75% and the APR is 6.17%. Lender fees and points are \$14,529. Other closing costs (e.g., appraisal, title insurance, etc.) are \$1,928.44. The total closing costs are \$16,457.56.

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."

### Mortgage Solutions

- Windermere Mortgage Services Telephone: (503) 464-9215 or (800) 867-1337. Office: 636 NW 21st Avenue, Portland, OR 97209. Ms. Bertha Ferran is the contact.
- Washington Mutual Contact is Diana Bird, Loan Consultant. Office: 825 SW 5th Avenue, Portland, OR 97204. Telephone: 503.294.4407. Email: [diana.bird@wamu.net](mailto:diana.bird@wamu.net).

## Portland Weather

### Pacific Northwest Weather Terms

Although I grew up in the Pacific Northwest, I left in my early 20s after college and never paid much attention to weather reports. Now back living in the Pacific Northwest makes one more aware of weather news, especially weather words and phrases I hear often in Portland. For example, what is better, "partly cloudy" or "partly sunny?" I was disappointed to learn the answer as I assumed that "partly sunny" would deliver more sun. Below is list of terms from the National Oceanic and Atmospheric Administration (NOAA):

- **Jet Stream** A narrow band of strong winds in the atmosphere that controls the movement of high and low pressure systems and associated fronts. Jet streams meander from time to time. Wind speeds can reach 200 mph or higher in certain cases. It is usually found at 30,000 to 40,000 feet above the earth's surface. The jet stream owes its existence to the large temperature contrast between the polar and equatorial regions.
- **Marine Climate** A climate dominated by the ocean, because of the moderating effect of water, sites having this climate are considered relatively mild. Portlanders live in a marine climate.
- **Partly Cloudy vs. Partly Sunny** Both terms mean the same. It is when the predominant/average sky condition is covered 3/8 to 4/8 with opaque (not transparent) clouds.
- **Rain Shadow** An area of reduced precipitation on the lee side of a mountain barrier caused by warming of air and dissipation of cloudiness as air descends the barrier.
- Snotel
- **SNOW TELelemetry** - An automated network of snowpack data collection sites. The Natural Resources Conservation Service (NRCS), formerly the Soil Conservation Service (SCS), has operated the Federal-State-Private Cooperative Snow Survey Program in the western United States since 1935. A standard SNOTEL site consists of a snow pillow, a storage type precipitation gage, air temperature sensor and a small shelter for housing electronics.
- **Snowpack** The total snow and ice on the ground, including both the new snow and the previous snow and ice which has not melted.
- **Tsunami** A series of long-period waves (on the order of tens of minutes) that are usually generated by an impulsive disturbance that displaces massive amounts of water, such as an earthquake occurring on or near the sea floor. We have tsunami advisory, tsunami watch, and tsunami warnings.
- **Ultraviolet Index** This index provides important information to help you plan your outdoor activities in ways that prevent overexposure to the sun's rays. When the index hits 10+, NOAA says to put on SPF 30 and wear a hat, sunglasses, and protective clothing.

| Water Year<br>(October 1 -<br>September 30) | Average<br>Precipitation<br>In Inches | Actual<br>Precipitation<br>in Inches | Water Year   |
|---|---------------------------------------|--------------------------------------|--|
| Year-to-Date                                | 32.77                                 | 33.16                                | Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September.<br><br>The average precipitation for Portland is 37-38 inches.<br><br>Precipitation is measured from the NOAA Weather Station near the Portland International Airport. |
| October                                     | 2.88                                  | 1.40                                 |  |
| November                                    | 5.61                                  | 11.92                                |  |
| December                                    | 5.71                                  | 5.86                                 |  |
| January                                     | 5.07                                  | 2.74                                 |  |
| February                                    | 4.18                                  | 3.47                                 |  |
| March                                       | 3.71                                  | 3.23                                 |  |
| April                                       | 2.64                                  | 2.01                                 |  |
| May   | 2.38                                  | 1.45                                 |  |
| June  | 1.59                                  | 1.08                                 |  |
| July  | 0.70                                  |                                      |  |
| August                                      | 0.89                                  |                                      |  |
| September                                   | 1.65                                  |                                      |  |
| Year Average                                | 37.07                                 |                                      |  |

Here is the [National Weather Service](#) data for the month of June 2007:

- Average Monthly Temperature: 62.8 or 0.1 degrees above normal.
- Average Maximum Temperature: 72.1.
- Average Minimum Temperature: 53.6.
- Highest Temperature: June 26 at 88.
- Lowest Temperature: June 6 and 12 at 48.
- Average Monthly Wind Speed: 5.9 MPH.
- Clear/Cloudy Days: 0 clear days, 20 partly cloudy days, and 10 cloudy days.

## Living on Easy Street in Portland



Just about every wants to live on Easy Street. But in Portland, only 2-3 families do so. Located in the Portsmouth neighborhood in North Portland, N. Easy Street is a narrow unimproved gravel roadway, like an alley. It is only a short block long.

### History

Everything about the origin of this street name is whimsical. It was dedicated in a 1905 subdivision called "Willumbia." A fabricated name derived from Willamette and Columbia. "Willumbia" was platted by Francis I. McKenna and his wife Laura. McKenna was president of a real estate venture called The Hub I and Company. At about the same time and adjacent to "Willumbia," he laid out another subdivision called "Fortune Place." Together, these two plats introduced this group of street names: Easy, Fortune, Lovely, Superior, and Wall.

Author Eugene Snyder in his *Portland Names and Neighborhoods* book ends his description of Easy Street with this clever line: "This may have been running through McKenna's mind when he named the streets: How Lovely to make your fortune on Wall street and live on Easy street; that would be Superior!"

Source: *Portland Names and Neighborhoods: Their Historic Origins* by Eugene E. Snyder.

## Oregon's Post-Secondary Education System: Broken

Last month we embarked on a series of articles about Oregon's post-secondary education systems. In the June 2007 issue of the Moving to Portland newsletter, we cited the findings of *U.S. News and World Report* ranking of "America's Best Colleges 2007" to show that Oregon public colleges are ranked low.

Oregon is blessed with some of the world's most natural beauty along with thousands of its citizens that have an enormous amount of pride in the state so it hurts to have our institutions at the bottom of the list. It's all about self-esteem!

We believe that the major reasons are two-fold for the low quality of Oregon's public post-secondary schools: Financing and how the post-secondary education system is structured or organized. We will tackle the financing part in this newsletter.

## Taxes in the State of Oregon

In January 2003, the Oregon Legislative Revenue Office released a report entitled *2003 Oregon Public Finance: Basic Facts*. Some highlights on the tax burden and its distribution:

- Oregon relies on state and local taxes considerably less than the average state (45 percent versus 57 percent) but depends more on the three other sources of revenue than the average state: federal revenue (25 percent versus 19 percent), charges or users' fees (18 percent versus 14 percent) and miscellaneous (12 percent versus 10 percent).
- Oregon's total state and local tax burden was 10.5 percent, compared with the U.S. average of 11.2 percent.
- Oregon ranks 39th in total tax burden: 38 states carry heavier loads, 11 states lighter.
- Oregon is the second-highest in state personal income taxes as a percentage of personal income, 18th in corporate income taxes, 25th in property taxes and 50th in sales and excise taxes.

You can see from the above numbers that the Oregon tax system is a bad shape: too much reliance on the state personal income tax along with a low tax burden. By depending so much on personal income tax, tax revenues fluctuate widely. When the economy is strong, revenues are high and when we have a recession, revenues are low. Lacking a rainy day fund, the state must expand and contract services depending upon the flow of taxes from personal income.

Another reason is that for over 20 years, one of the most contentious political debates in Oregon has surrounded the "kicker." According to state law, if revenues come in more than 2 percent over estimates, all excess money is returned to citizens in the following biennium. So the amount of money available for state funding of schools depends almost entirely on what's coming in at any given time. In other words, they don't save for a rainy (i.e., recession) day. For years, Oregon was one of only five states without a rain day fund.

A relatively recent example of this is when the state faced a 17.4 percent decline in tax collections in 2002. Confronting an \$830 million hole in its two-year budget, the legislature endured five special sessions trying to resolve the crisis. By December of 2002, the projected gap between revenues and spending for the upcoming biennium had grown to \$1.8 billion. They had to reduce many services including drastic reductions to schools and laying off state troopers.

To further compound the problem, passing any law that raises taxes requires a three-fifths majority. This applies to a tax increase statute (the state legislature) or to a referral to the voters. A case in point is the 2007 Oregon Senate Joint Resolution 4, an 84.5 cents-a-pack cigarette tax increase that would become part of the Oregon Constitution and would fund health coverage for 100,000 uninsured children. Virtually no one in the state thinks it's a good idea to make a cigarette tax increase part of the constitution. But Democrats resorted to that tactic because in Oregon, it is easier to refer an amendment to the constitution than it is to pass a law raising taxes. The constitutional amendment referral required only a majority vote, while a tax increase statute or referral to voters requires a three-fifths majority, which the Democrats do not have in the House this year. Or for that matter, neither party has been able to muster such a number for years.

## The Solution

Oregonians hate taxes with a passion and when given a chance to vote for one, they will defeat it. Only once have Oregonians voted to increase their taxes (road bond issue) and that was back in 1917. Voters have defeated nine different sales tax proposals over the years. The most recent one, in 1993, was defeated by a 78 percent majority. We wished that Oregonians disliked having poorly regarded public colleges and universities as much as they disliked taxes. Quality education doesn't come "on the cheap."

Oregon is more dependent on income tax receipts than any other state in the country. It gets about three-quarters of its total tax revenue from that one source, double the national average. We will struggle financially in Oregon until we institute a sales tax and reduce the personal income tax. I wonder which generation of voters will insist that the political parties get together to get this done. It will take a bipartisan effort because after nine defeats, neither party has the courage to go it alone.

How could a state that has pioneered so many things (e.g., nation's first bottle bill, vote by mail, death with

dignity act, public coast, land use planning, etc.) still hasn't figured out how to create a tax code.

### **A Glimmer of Hope?**

During the current legislative session that just ended, Oregon lawmakers agreed to cancel \$290 million worth of "kicker" rebates to corporations and put the money into a new Oregon Rainy Day Fund (House Bill 2707). The reserves also will get seeded with money left in the ending balance at the end of each budget cycle. The fund is in addition to the Education Stability Fund passed by voters in 2002, which gets 18 percent of state lottery profits. Hopefully, the two reserves should prevent the type of early school shutdowns that soured Oregon's national reputation in the last recession.

But they didn't mess with the citizen "kicker" rebates. Oregonians will get record "kicker" tax rebates in the fall totaling nearly \$1.2 billion. Lawmakers made no move to tamper with those.

On education, legislators provided Oregon K-12 students with record funding, a total of \$6.245 billion over the next two years. That's an 18 percent increase. Leaders also invested \$868 million in Oregon universities, plus \$500 million for community colleges and \$285 million for 28 capital construction projects throughout the state. This represented over an 18 percent increase for higher education.

Why all the money? A flush economy drove up revenue from income taxes, giving lawmakers plenty of money to spend on schools and other services. The only accomplishment with regards to reforming the Oregon tax system was establishing the Rainy Day Fund. And that only happened because corporations did not resist. They know that they must have an educated work force to compete in the world economy.

## **Events**

For a complete schedule of events in the Portland metro area, visit the Portland Oregon Visitors Association Web site at [http://www.travelportland.com/event\\_calendar](http://www.travelportland.com/event_calendar).

### **Waterfront Blues Festival and Fireworks**



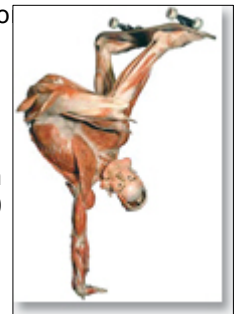
Celebrate 20 years of the Blues and Fighting Hunger at the 2007 Safeway Waterfront Blues Festival at Tom McCall Waterfront Park on the banks of the beautiful Willamette River in downtown Portland. You won't want to miss this best Waterfront Blues Festival ever for which festival organizers are planning five fabulous days on four stages daily with a total of more than 150 performances kicked off by a spectacular fireworks display on the Fourth of July at 10:00 p.m. Website: <http://www.waterfrontbluesfest.com>. Dates: July 4-8. Location: Tom McCall Waterfront Park, S.W. Naito Parkway and Columbia Street.

### **Tillamook Cheese Day at the Oregon Zoo**

Cheese, please! Come join us for Tillamook Cheese Day at the Zoo and rediscover "The Tillamook Tradition" of quality, delicious cheese. Bring the whole family and sample yogurt smoothies and cheese portions, then head over to the zoo's Trillium Creek Family Farm for more fun and games. "Say cheese!" Have your picture taken with Tillie, the Tillamook mascot! Play games, win prizes and savor the Tillamook cheese! See you there! Web site: <http://www.oregonzoo.org>. Date: July 13, 2007. Location: Oregon Canyon Road, Portland, OR 97221

### **Be Amazed by the Human Body**

Body Worlds 3 begins June 7 at the Oregon Museum of Science and Industry (OMSI) for a limited engagement. Come see what being human really means, with more than 200 human specimens, ranging from individual organs to entire bodies in spectacular poses. Address: 1945 SE Water Street, Portland. Web site: <http://www.oms.edu>.



**Other Summer Events**

- [Oregon Zoo Summer Concerts](#) - June 22- August 31.
- [Oregon Brewers Festival](#) - July 26-29.
- [26th Annual Mt. Hood Jazz Festival](#) - August 3-4.
- [The Bite of Oregon](#) - August 10-12.
- [Portland Parks Summer Concerts](#)

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