



Susan

# Moving to Portland™

March 2007 Newsletter

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## Portland Home Market: January 2007

### January Residential Highlights

January 2007 seems to follow the same trend as the previous months in 2006, with new listings up and closed and pending sales both down. When compared with the month of January 2006, the number of new listings increased 19.5%. Closed sales decreased 9.4% and pending sales fell 2.2%.

The 9,841 active residential listings at month's end would last approximately 6.2 months given the month's rate of sales.

### New Construction 2006

The sale of properties listed as proposed, under construction, or new construction fell 7% (5,045 v. 5,407) when comparing 2006 and 2005. However, the average sale price appreciated 16% (\$365,600 v. \$315,200). Median sale price also increased 16% (\$300,000 v. \$259,000),

### Affordability

According to the formula used by the National Association of Realtors (NAR), the average Portland family household had 105% of the income needed to purchase the median price home (\$273,500) in the greater metro area in December. A family making the median annual income (\$66,900) would pay \$1331.58 a month for this home with a 20% down payment and a 30-year fixed-rate mortgage with an interest rate of 6.14% (per Freddie Mac).

### Counties Average Sale Price in 2006 and Percent Change in Price

Here are the numbers for the average sales price and percent change in 2006 compared to 2005: Clackamas \$388,300/+16%, Columbia \$229,100/+15%, Multnomah \$309,500/+14%, Washington \$316,300/+12%, and Yamhill \$267,100/+19%.

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

Area	January 2007 Average Sales Price	Year-to-Date For Period Ending January 2007		Average Price Appreciation <sup>2</sup>
		Average Sales Price	Median Sale Price	
<b>Portland Metro Area</b>				
Includes these counties in Oregon: Clackamas, Columbia, Multnomah, Washington, & Yamhill	\$322,900	\$322,900	\$275,000	
<b>Portland</b>				
North	\$255,800	\$255,800	\$247,000	16.4%
Northeast	284,200	284,200	257,000	14.4%
Southeast	261,800	261,800	236,300	16.2%
West (Includes SW and NW Portland and parts of eastern Washington County)	390,800	390,800	352,500	8.9%
<b>Portland Metro Suburban Areas</b>				
Corbett, Gresham, Sandy, Troutdale	\$293,700	\$293,700	\$260,000	15.7%
Clackamas, Milwaukie, Gladstone, Sunnyside	368,200	368,200	313,000	19.8%
Canby, Beaver Creek, Molalla, Mulino, Oregon City	317,300	317,300	270,000	14.4%
Lake Oswego and West Linn	586,100	586,100	473,000	15.3%
Northwest Washington County & Sauvie Island	329,500	329,500	309,900	8.6%
Beaverton and Aloha	282,300	282,300	260,000	11.6%
Tigard, Tualatin, Sherwood, Wilsonville	371,700	371,700	317,800	8.2%
Hillsboro and Forest Grove	313,600	313,600	274,800	15.6%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	282,000	282,000	205,000	13.5%
Columbia County	242,600	242,600	215,500	13.5%
Yamhill County	270,700	270,700	250,000	17.8%
Marion and Polk Counties	248,600	248,600	225,000	14.9%
North Coastal Counties	380,900	380,900	333,500	17.6%
<b>Southwest Washington State</b>				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$308,200	\$308,200	\$255,000	

<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 (2/1/06-1/31/07) with 12 months before (2/1/05-1/31/07).

Source: Regional Market Listing Service (RMLS™).

## Long-Term Mortgages Rates Slip Downwards on Economic News

**March 1, 2007**

[Freddie Mac](#) released its Primary Mortgage Market Survey (PMMSSM) on March 1 in which the 30-year fixed-rate mortgage (FRM) averaged 6.18 percent with an average 0.4 point for the week ending March 1, 2007, down from last week when it averaged 6.22 percent. Last year at this time, the 30-year FRM averaged 6.24 percent.

The 15-year FRM this week averaged 5.92 percent with an average 0.5 point, down from last week when it averaged 5.97 percent. A year ago, the 15-year FRM averaged 5.89 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.93 percent this week, with an average 0.6 point, down from last week when it averaged 5.96 percent. A year ago, the 5-year ARM averaged 5.97 percent.

One-year Treasury-indexed ARMs averaged 5.49 percent this week with an average 0.6 point, unchanged from last week when it also averaged 5.49 percent. At this time last year, the 1-year ARM averaged 5.34 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 drifted lower this week largely on the basis of new economic information suggesting a slower economy and lower inflation," said Frank Nothaft, Freddie Mac vice president and chief economist. "Real GDP growth for the last quarter was revised downward to a 2.2 percent annualized rate, compared to the 3.5 percent initially estimated, while the accompanying price measure showed that core inflation was tamer than first reported, at a revised 1.9 percent annualized rate.

"Home sales painted a mixed picture of January's activity. Continued weakness in the housing market was evidenced in January's new home sales, which fell by 17 percent from the previous month. Meanwhile, existing home sales rose unexpectedly in the same time period. While the overall trend is unclear, the housing market is likely to continue on its rocky path during the first half of 2007."

### **Portland Area Mortgage Rates**

Taking the average home price of \$322,900 as of the end of January 2007 and with 20 percent down (&64,580) and a mortgage of \$258,320, the markup on this loan is 1.74%.

To check on more Portland metro area mortgage rates visit Professor Guttenberg Web site at <http://www.mtgprofessor.com> – click on "Fixed-Markup Lender." 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

### February 2007: One Clear Day!

By mid February, we usually start getting a few clear days. But not this year. With only one clear day and three partly cloudy days, February 2007 was a month most Portlanders want to forget. On the last days of the month, many higher elevations in the Portland metro area received some snow delaying school openings and causing late arrivals.

Oregon Governor Ted Kulongoski and the unofficial state climatologist, George Taylor, have been feuding. Taylor has held the title of "state climatologist" since 1991 when the legislature created a state climate office at Oregon State University (OSU). The university created the job title, not the state, and many legal experts say that OSU lacks any statutory authority to do so. So the governor wants to take that title from Taylor and make it a position that he would appoint.

The governor's doesn't like Taylor's opinions as they conflict not only with many other scientists, but with the state of Oregon's policies on the issue of climate change. Whereas hundreds of scientists issued the strongest warning yet on global warming in February and saying humans are "very likely" the cause, Taylor thinks differently. He says that most of the climate changes we have seen up until now have been a result of natural variations. Kulongoski said the state needs a consistent message on reducing greenhouse gases to combat climate change.

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	22.45	25.39	Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September.  The average precipitation for Portland is 37-38 inches.  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		
April	2.64		
May	2.38		
June	1.59		
July	0.70		
August	0.89		
September	1.65		
Year Average	37.07		

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

- Average Monthly Temperature: 44.2 or 1.1 degrees above normal.
- Average Maximum Temperature: 50.4.
- Average Minimum Temperature: 38.
- Highest Temperature: February 17 with 61.
- Lowest Temperature: February 1 with 14.
- Average Monthly Wind Speed: 8 MPH.
- Clear/Cloudy Days: 1 clear day, 3 partly cloudy days, and 24 cloudy days.

## Hanford National Park?



Coming in to Portland from the east on Interstate 84, you will notice signs along the Columbia River announcing the "Umatilla Ordnance Depot" (UMCD). The depot is a 19,728-acre military facility, and it was established as an Army ordnance depot in 1941. Activities at the facility have included the disassembly, analysis, modification, reassembly, repacking, and storage of conventional munitions, and the storage of chemical-filled munitions and containerized chemical agents.

That's Oregon's contribution to war efforts, but the 'biggie' in the Pacific Northwest is the Hanford site. The Hanford site (also called Hanford Nuclear Reservation) was established in 1943 during World War II as the Hanford Engineer Works, part of the Manhattan Project, to provide the plutonium necessary for the development of nuclear weapons. During the Manhattan Project, Hanford was codenamed "Site W". The Federal Government bought the towns of White Bluffs and Hanford and all of the surrounding farmland and orchards and evacuated the residents to make room for the site.



### Hanford's B Reactor

According to many experts, without the successful operation of Hanford's plutonium production reactor, there would not have been enough nuclear material to produce more than one bomb by August 1945. Perhaps the most significant Manhattan Project properties are the B Reactor, the first plutonium production reactor, and the T Plant that together produced and separated the plutonium for the "Fat Man" bomb dropped on Nagasaki.

### Hanford National Park

Perhaps in a few years, you may be able to visit a new national park – the Hanford Nuclear National Park. The National Park Service has been authorized to take the first step in creating one or more National Park sites for the Manhattan Project. The 108th Congress passed the "Manhattan Project National Historic Park Study Act." The legislation directs the Secretary of the Interior "to conduct a study on the preservation and interpretation of the historic sites of the Manhattan Project for potential inclusion in the National Park System."

The study will address the national significance, suitability, and feasibility of designating the Manhattan Project sites at Los Alamos, New Mexico; Hanford, Washington; and Oak Ridge, Tennessee; and possibly other sites associated with the Manhattan Project, as units of the National Park System. One of the principle challenges will be identifying who will be responsible for managing the Manhattan Project properties for the long term. The Department of Energy does not want to be the long-term steward for these properties and the National Park Service wants to avoid substantial new burdens. With input from state and local governments, and nonprofit and private sector organizations, the National Park Service study will have to address how best to allocate these responsibilities.

### Cleaning up Hanford

Currently, the Hanford Site is engaged in the world's largest environmental cleanup, with many challenges to be resolved in the face of overlapping technical, political, regulatory, and cultural interests. The cleanup effort is focused on restoring the Columbia River corridor for other uses, converting the central plateau to long-term waste treatment and storage, and preparing for the future.

According to a 2001 article in National Geographic entitled "A River Dammed" by Fen Montaigne, cleanup to a nationally accepted level will likely take until 2030 and cost \$50 billion at least.

## Homes

The Portland State University (PSU) Center for Real Estate (<http://www.pdx.edu/realestate>) published their first edition of the PSU Quarterly Real Estate Report in early February, 2007. The first issue covered the last quarter of 2006.

The report is the product of a collaborative effort by the PSU Center for Real Estate and the Oregon Association of Realtors® to provide service to the local community. The intention of the report is to provide useful information about trends in commercial and residential real estate to the real estate community in Oregon and Southwest Washington.

The PSU Center for Real Estate has given us permission to download the reports to our server so you can find them at [http://www.movingtoportland.net/psu\\_quarterlyhousingreport](http://www.movingtoportland.net/psu_quarterlyhousingreport).

### Highlights of PSU Quarterly Real Estate Report

The report covers the local economy as well as the national and local housing market. Here are some of the highlights for the 33-page 2006, 4<sup>th</sup> quarter report:

- The Oregon economy has steadily rebounded with the unemployment rate decreasing from its peak of 8.5 percent in 2003 to 5.4 percent in December 2006. Often high unemployment rates relative to the nation are common in states like Oregon that receive positive net migration, particularly of young adults searching for employment.
- Nationally, both new and existing homes saw a steep decline in median sales price from the second to third quarter of 2006. However, the median price of new homes, which experienced a steeper decline, has rebounded to \$244,000 in the fourth quarter according to preliminary data. This is still down from their second quarter high of \$246,100.
- The median sales price for existing homes in the six-county metro region (Clackamas, Clark, Columbia, Multnomah, Washington, Yamhill) appreciated in the fourth quarter of 2006 by 11.2 percent to \$289,000 compared to the fourth quarter of 2005. The median sales price of new and proposed homes appreciated by 16.4 percent ending at \$365,423.

**Home Appreciation Highest in Portland Central City** For much of the 1990's, home price appreciation rates in Portland's central city greatly exceeded that of its suburbs. The appreciation rates in each RMLS area in the past one to three years, however, are fairly evenly distributed across the region.

Over the past three years, existing homes in neighborhoods closest to downtown (North, Northeast, Southeast and West) appreciated by 50.0 percent, whereas the median price of new homes appreciated by 52.6 percent.

In the suburbs, the median sales price of existing homes grew by approximately 50.3 percent whereas for new homes it grew by almost 54.2 percent. New homes in the Beaverton/Aloha area experienced inordinate rates of appreciation over the past three years at just under 100 percent. While not appreciating as rapidly, the Lake Oswego/West Linn area shows the highest median sales price among new and existing homes.

### Local Housing Market Forecast

Larry Johnson, the owner of Johnson Gardner, LLC wrote the local market forecast. He expects demand to decline substantially in the next year. This will be reflected in overall market activity as well as net new demand. The development community is expected to reduce the rate of new construction, but not rapidly enough to prevent a significant rise in standing inventories and a loss of pricing power. Pricing will see modest appreciation on average over the next years, with effective drops in pricing for some market products and geographic areas.

## Portland Real Estate Database Goes Green

The Portland area's real estate database, the Regional Multiple Listing Service (RMLS), went live with a feature on Tuesday, February 27 that is designed to help Realtors identify homes with environmentally friendly features. The change comes as good news for home buyers who want a "green" home and for sellers who want to add eco-friendly flair to their sales pitches.

Many news reports say that Portland's effort to identify green homes is by far the largest in the nation and has already led others on the West Coast to follow along.

Realtors as well as visitors to my "Search for Homes" tool will be able to perform searches for "green" homes using three different criteria. The three programs specified by the RMLS all use third-party certification to ensure compliance:

- **Energy Star** - The U.S. Department of Energy program requires energy-efficient appliances, heating and cooling systems, insulation and ductwork. It doesn't address site, landscaping or materials. See [www.northwestenergystar.com](http://www.northwestenergystar.com)
- **Earth Advantage** - Earth Advantage is a Portland nonprofit behind most single-family home green certifications granted in Oregon and Southwest Washington. This requires builders to choose among measures that improve energy efficiency, indoor air quality, resource efficiency, and environmental responsibility. Earth Advantage gives credit for eco-friendly building materials and landscaping, in addition to energy efficiency. Houses often are labeled with both Earth Advantage and Energy Star. See [www.earthadvantage.org](http://www.earthadvantage.org)
- **Leadership in Energy and Environmental Design (LEED)** - LEED is by far the program with the highest standards for being a 'green' home. It was started by the U.S. Green Building Council and is very popular for commercial development as well as large condo projects. It has a pilot phase for single-family homes. LEED gives credit for sites with access to transit, building materials that come from the local area and innovative design, among other factors. See [www.usgbc.org/leed/homes](http://www.usgbc.org/leed/homes).

We will add this "green" feature to our Search for Homes tool (see <http://search.movingtoportland.net>), and it should be available by mid February.

## 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).

### The Wiggles



Now in their fifteenth big year, The Wiggles continue to entertain more and more children around the world. Their ability to relate to their young audience and to create songs that are both entertaining and educational has made The Wiggles incredibly popular with both children and their parents. Dates: 03/15/07. Telephone: 877. 877.789.7673. Web site: <http://www.thewiggles.com.au>.

### Grease – Stumptown Stages

Rydell High will never be the same! Join us, as Stumptown Stages' celebrates its second season with an all-star cast of Portland talent. This 30-year-reunion production is not to be missed! Date: 03/18/07. Location: Interstate Firehouse Cultural Center, 5340 N. Interstate Avenue, Portland, OR 97217. Telephone: 503. 223.1321. Web site: <http://www.stumptownstages.com>

**O-Hanami or Flower Viewing**

Enjoy the season's cherry blossoms with a popular festival in Japan heralding the coming of spring. Family and friends gather together to share this exciting time of year and to marvel at the blossoming of the trees. The Garden celebrates this traditional event with cakes, light refreshments, and the beautiful colors of the season. Date: 03/23/07 – 03/24/07. Location: Japanese Garden, Washington Park. Telephone: 503. 381.8686. Web site: <http://www.japanesegarden.com>.

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