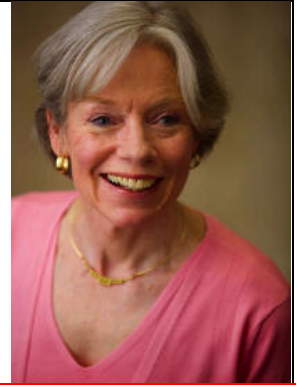


# Moving to Portland™

January 2008 Newsletter

<http://www.movingtoportland.net>  
Voice 503.497.2984 ♦ FAX 503.220.1131  
[susan@movingtoportland.net](mailto:susan@movingtoportland.net)



## In This Issue

- Portland Home Market: November 2007
- Cost of Residential Homes in the Portland Metro Area: November 2007
- Mortgages
- Portland Weather
- Kidd's Toy Museum
- The Portland Home Market: The Trends
- Neighborhoods and Communities

## Portland Home Market: November 2007

### November Residential Highlights

For the second month in a row there was a slight decrease in inventory in the Portland metro area. At November's rate of sales, the 14,435 active residential listings at month's end would last approximately 8.3 months.

The number of new listings dropped again, the second time since February 2006, decreasing 3.1% when comparing November 2007 to November 2006. However, the number of transactions also continues to drop. When comparing November 2007 to November 2006 closed sales decreased 19.9% and the number of accepted offers fell 27.8%.

Despite it all, sale prices appear to remain strong. Average sale price increased 6.9% comparing November 2007 with November 2006, and median sale price increased 2.5%.

### Year-to-Date Trends

Comparing the period of January 2007 through November 2007 to the same time a year ago, we see a slightly different trend than we've seen the last couple of months with an overall 8.3% increase of new listings.

However, the dip in transactions appears to remain constant, although not quite as intense as the previous two months. The number of closed sales fell 11.8%, and pending sales declined 14.8%.

### Appreciation

Using the average sale prices for the 12 months that ended with November 2007 compared to the 12 months ending in November 2006, the average sale price appreciated 6.5% (\$340,900 v. \$320,100). Using the same formula, the median sale price also appreciated 7.0% (\$288,900 v. \$270,000).

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

Area	November 2007 Average Sales Price	Year-to-Date For Period Ending November 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	\$344,500	\$342,500	\$290,000	6.5%
<b>Portland</b>				
North	\$280,700	\$266,800	\$253,500	9.0%
Northeast	323,800	321,800	283,000	6.5%
Southeast	280,300	286,100	250,000	8.3%
West (Includes SW and NW Portland and parts of eastern Washington County)	476,300	464,000	379,700	3.4%
<b>Portland Metro Suburban Areas</b>				
Corbett, Gresham, Sandy, Troutdale	\$280,300	\$281,200	\$259,900	7.7%
Clackamas, Milwaukie, Gladstone, Sunnyside	322,600	336,500	300,000	-3.6%
Canby, Beaver Creek, Molalla, Mulino, Oregon City	342,400	331,300	303,000	3.6%
Lake Oswego and West Linn	592,900	562,200	465,000	5.1%
Northwest Washington County & Sauvie Island	424,800	418,700	385,000	3.5%
Beaverton and Aloha	275,000	288,600	260,000	3.4%
Tigard, Tualatin, Sherwood, Wilsonville	375,300	375,100	339,900	5.1%
Hillsboro and Forest Grove	302,200	298,700	270,000	7.5%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	249,800	287,400	254,900	5.8%
Columbia County	249,800	255,400	240,000	12.5%
Yamhill County	261,700	281,600	247,500	7.4%
Marion and Polk Counties	244,200	252,500	226,400	8.5%
North Coastal Counties	361,800	385,300	310,000	14.5%
<b>Southwest Washington State</b>				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$299,900	\$306,300	\$262,300	2.2%

<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 (12/1/06-11/30/07) with 12 months before (12/1/05-11/30/06).

Source: Regional Market Listing Service (RMLS™).

## Bond Yield Rates Go Up, Mortgages Rates Follow

**January 3, 2008**

Freddie Mac released its Primary Mortgage Market Survey (PMSSM) on November 29th in which the 30-year fixed-rate mortgage (FRM) was 6.17 percent with an average 0.5 point for the week ending December 27, 2007, up from last week when it averaged 6.14 percent as well. Last year at this time, the 30-year FRM averaged 6.18 percent.

The 15-year FRM this week averaged 5.79 percent with an average 0.5 point, unchanged from last week when it also averaged 5.79 percent. A year ago at this time, the 15-year FRM averaged 5.93 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 5.90 percent this week, with an average 0.5 point, also unchanged from last week when it averaged 5.90 percent. A year ago, the 5-year ARM averaged 5.98 percent. One-year Treasury-indexed ARMs averaged 5.53 percent this week with an average 0.7 point, up from last week when it was 5.51 percent. At this time last year, the 1-year ARM averaged 5.47 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

"Stronger consumer spending and an increase in the core price deflator in November caused long-term bond yields to inch up over the end of last week and beginning of this week, with mortgage rates following," said Frank Nothaft, Freddie Mac vice president and chief economist. "Offsetting some of the increase, however, was a decline in November's index of leading economic indicators and a weak manufacturing report in Philadelphia for December.

"House prices continued to decline in October, falling nearly 16 percent (annualized), and represented the fifteenth consecutive monthly decline according to the Standard & Poor's/Case-Shiller® 20-city composite index. Seventeen of the twenty metropolitan areas displayed negative growth from October 2006. Falling house prices and tightened credit standards will likely slow consumer spending somewhat over the near term."

### 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 \$344,500 for November, 2007 and with 20 percent down payment (\$68,900) and a mortgage of \$275,600, the payment for a 30-year fixed loan is \$1,469 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 5%, and the APR is 5.502%. Total lender fees are \$15,082. This fee covers everything and is guaranteed not to change from the time they lock your rate to closing. Escrow fees are waived.

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

### Christmas 2007: Snow

For the first time in 70 years, Portland had snow on Christmas Day, 2007. The last time the city got measurable snowfall during the holiday was 1937. In downtown Portland, a few flakes started falling around noon Tuesday and then grew big and plentiful. The few people on the streets were delighted. Adults snapped photos, children pointed and danced, and we observed young people coming out of their homes and rejoicing in the streets and sidewalks.

### December 2007 Weather Summary

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	14.20	15.08	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	3.26	
November	5.61	4.25	
December	5.71	7.57	
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		
Year Average	37.07		

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

- Average Monthly Temperature: 40.9 or 0.2 degrees above normal.
- Average Maximum Temperature: 54.5
- Average Minimum Temperature: 36.4
- Highest Temperature: December 4 at 62.
- Lowest Temperature: December 9 at 27.
- Average Monthly Wind Speed: 9.7 MPH.
- Clear/Cloudy Days: 0 clear days, 10 partly cloudy days, and 21 cloudy days.

### Measuring Snowpack

Snow Water Equivalent (SWE) is a common snowpack measurement. It is the amount of water contained within the snowpack. It can be thought of as the depth of water that would theoretically result if you melted the entire snowpack immediately. For example, say there is a swimming pool that is filled with 36 inches of new powdery snow at 10% snow water density. If you could turn all the snow into water magically, you would be left with a pool of water 3.6 inches deep. In this case, the SWE of your snowpack would equal  $36 \times 0.10 = 3.6$  inches.

Most snow that falls in the Cascade Mountains of Washington and Oregon tends to be higher density snow. In the Cascades, snowpack densities are around 20-30% in the winter to 30-50% in the spring. However, east of the Cascades, the snowpack density is much less. Typical values are 10-20% in the winter and 20-40% in the spring.

## Kidd's Toy Museum

### Kidd's Museum



You could drive by Kidd's Toy Museum every day and never know it was there. Located in a bland, gray building at 1301 SE Grand Avenue, it announces itself with only a small white sign on the door. It took him years to get the city's permission to build his museum, now it is open Monday through Friday, 8:00 to 5:30.

Frank Kidd, who also owns the auto parts business next door, packs the space with vintage toys. Gumball machines, piggy banks, Disney paraphernalia and toy trucks fill display cases protected by glass.

From his immaculately arranged exhibits, it's obvious that Kidd is passionate, even compulsive, about his collection. But he keeps a lid on his enthusiasm when explaining his choice of hobby. It's probably the world's largest private toy collection on public display.

This is a quote from a 2003 article in the Portland Tribune, "I don't know," he says. "I didn't drink, and I didn't play golf. My wife didn't let me chase women. I had to do something."

One of Kidd's first acquisitions was a Buddy L pedal car, which he purchased 35 years ago. Since then, he's traveled to toy expositions in the United States and Europe to gather his booty. The most modern items in the collection are plastic banks that Kidd inherited from a friend. A bank called "Dual at the Dome" shows a football player making a last-ditch effort to tackle an opponent before he scores a touchdown. Another bank depicts presidential candidates George Bush Sr. and Michael Dukakis peeking through the holes of an '88 logo.

Children of the Nintendo age may wonder how the vintage toys, such as trucks that haul coal, ever qualified as entertainment. Lauer says that the museum's nostalgic quality makes it appealing to the 50-and-over set. "People come in and say, 'I had one of those,' and tell their grandkids how the things work."

Kidd's collection is not limited to the museum. He displays hundreds of Dinky brand toy cars at his auto parts store next door, along with comic book-themed gadgets like a Dick Tracy wrist radio.

Offices and warehouse space for Kidd's business are located across the street. Kidd hides his pride and joy in a locked room, upstairs from the offices. Hundreds of mechanical banks, some dating to 1869, fill the display cases. Powered by springs and levers, each bank does a trick when you feed it a coin.

Sources: The Portland Tribune and *Fugitives & Refuges, A Week in Portland, Oregon* by Chuck Palahiuk.

## The Portland Home Market

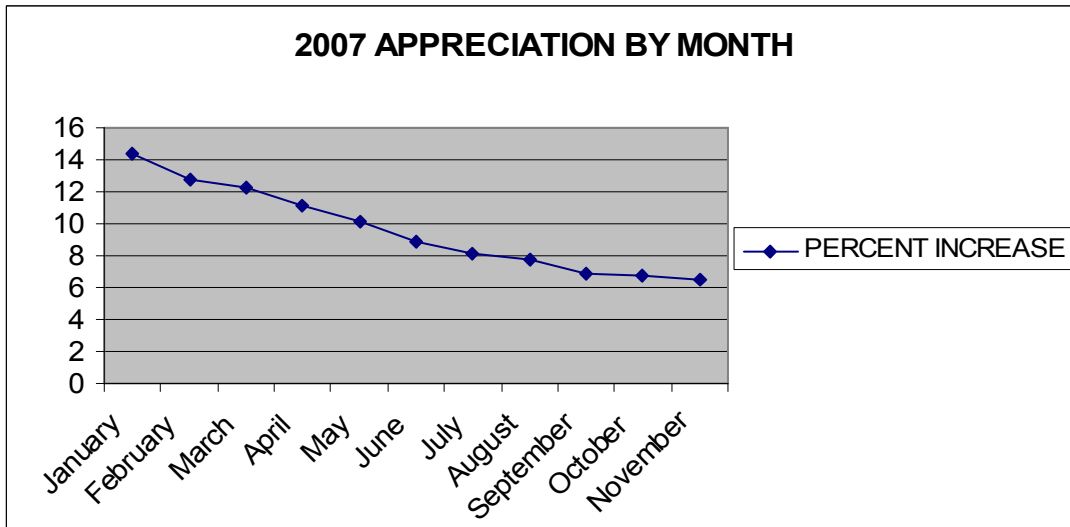
Appreciation continued its slight downward trend in November when it reached 6.5% - a drop of 0.2 percent from October. The inventory of homes started to drop slightly: 14,435 active residential listings at the end of November would last approximately 8.3 months. In October, there were 15,567 active residential properties.

Here are the percentages for average sales appreciation for the year:

January 16.0%, February 12.8%, March 12.2%, April 11.1%, May 10.1%, June 8.9%, July 8.1%, August 7.8%, September 6.9%, October 6.7%, and November 6.5%.

You will note that double-digit appreciation ended in May for the year, and appreciation has slowly decreased

since that time. Since February, the rate has been about a percentage point per month with September showing a leveling off trend. The line chart below shows the 2007 appreciation.



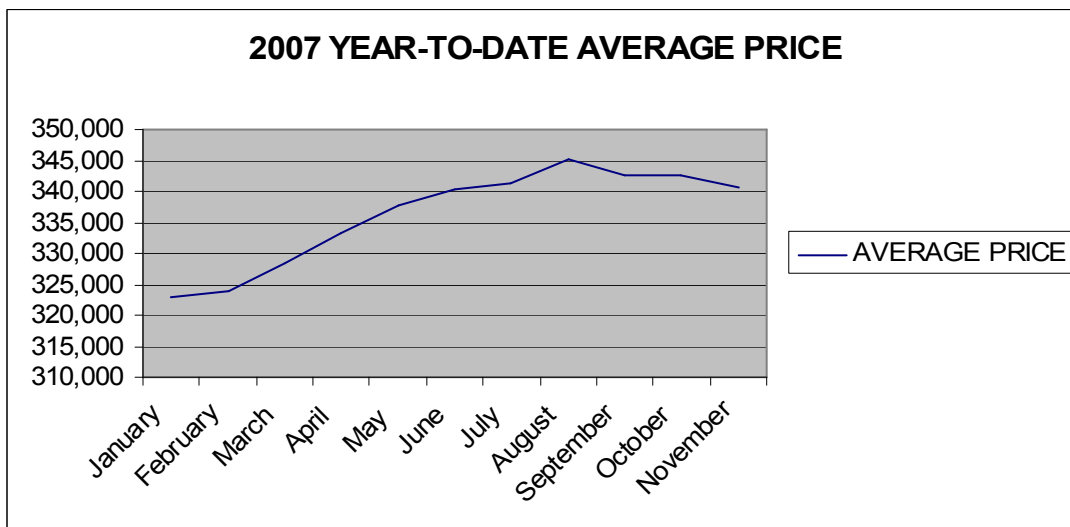
Appreciation percents are based on a comparison of average price for the last 12 months with the 12 months before. The percentage increase at the end of November of 2007 of 6.5% is calculated by comparing the average price for the period (12/1/06-11/30/07) with 12 months before (12/1/05-11/30/06).

**What Will Appreciation be at the End of 2007?**

The numbers are beginning to look better! For the past few months, we have been predicting that the year-end appreciation would be 5-6 percent. Now, with one month to go, it should be just above six percent. We'll have the final numbers for 2007 in next month's newsletter.

**Average Home Prices in 2007**

Taking a look at the year-to-date average home price in the Portland metro area for September, you will see that the number decrease for the first time in 2007. It decreased by \$2,600 from August. In November, the decrease was \$2,000 from October.



## **Portland and Seattle Housing Markets Continue to Resist Housing Drop**

U.S. home prices fell in October for the 10th consecutive month, posting their biggest monthly decline since early 1991, according to the [Standard & Poor's/Case-Shiller](#) home price index. But Portland and Seattle continued to withstand the trend.

The two Northwest cities were among only three areas - Charlotte, N.C., was the third - that posted year-over-year home price appreciation in October, with Charlotte posting the largest gains at 4.3 percent. The percentage appreciation for Portland (1.9%) and Seattle (3.3%).

Nationally, the record 6.7 percent drop marked the 23rd consecutive month of price deceleration. The previous record decline was a drop of 6.3 percent, recorded in April 1991.

A broader index of 20 metropolitan areas fell 6.1 percent. Among the 20 metropolitan areas used in the broader index, 11 posted record monthly declines. Miami posted the largest decline among the 20 markets reviewed. Home prices in the Miami metropolitan area fell 12.4 percent in October compared with the same month last year, surpassing Tampa, Florida as the worst-performing city. Tampa posted a year-over-year loss of 11.8 percent.

## **Home Auction: As reported in THE OREGONIAN, December 17**

Roger Pollock said he wanted to sell a lot of homes at his two-day auction this weekend -- and he did just that. Pollock said he sold 141 homes for a total of \$65 million at the Oregon Convention Center in what was one of the largest real estate sell-offs in Oregon history.

Pollock's Buena Vista Custom Homes had advertised more than 240 homes to sell at auction. By comparison, Real Estate Disposition Corp., the Irvine, Calif. auctioneer, had never done a home builder's auction larger than 60 homes.

Pollock turned to the auction when the housing market slowed this fall and his sales turned to a trickle. Rather than pay interest on his construction loans for a year or more until the homes sold, Pollock opted for the auction.

Although the homes looked especially attractive with super-low starting bids, some brokers were concerned that the homes had a higher, undisclosed "reserve price" that was the lowest Pollock was obligated to accept. But Pollock said about 96 percent of the homes he sold went for below the reserve price. The reserve price, he said, was equal to his costs.

"We didn't make any money on these homes," Pollock said. "We lost money."

## **Mortgages Reset**

One of the big concerns in the housing market is the resetting of mortgages in 2008. Banc of America Securities estimates that \$361 billion in subprime loans are scheduled to reset in 2008.

## **The State of the Oregon Economy: THE OREGONIAN, December 18, 2007**

In early December, an Oregon economist said recession appeared imminent. One of the reasons was that the state's payroll supposedly declined. In mid-December, state economists said Oregon is adding jobs, manufacturing is up and a recession seems avoidable. So who is right?

The October decline in the state's payroll employment? It never happened. Actually, October's seasonally adjusted nonfarm employment increased. Plus, November's gain of 7,500 jobs, on a seasonally adjusted basis, was the biggest since December 2005, state labor economists said in a monthly report issued Monday. For the past 12 months, employment in Oregon also has increased 1.4 percent, compared with the nation's 1.1 percent.

Timothy Duy, the University of Oregon economist who issued the recession warning, said the contrasting

views result from a state economy that hangs in the balance -- with seasonally adjusted unemployment flat at 5.5 percent in November. "We're at this inflection point," Duy said. "Maybe in fact we're going to pull out of this soft patch without any problem."

Economists weigh clues differently to make judgments. Whereas the labor economists look back in time, Duy uses an index of indicators to see ahead.

Dae Baek, Oregon's acting state economist, sees a more positive picture in the data he uses. Despite recent gloomy headlines, he said, the new numbers confirm that the state is on track for some growth in 2008.

Below are some of the numbers that have created a rosier picture of the Oregon economy:

- Statewide, booming exports have helped propel a rebound in manufacturing employment, which surged by 3,200 jobs between June and November to reach 203,800 on a seasonally adjusted basis. The weak dollar helps Oregon's sales abroad by reducing prices of U.S. goods in foreign currencies.
- Other sectors also gained in November. Trade, transportation and utilities added 7,700 jobs when a gain of 5,000 is the seasonal pattern. Government hiring increased, as did educational and health services.
- With November's jump of 7,500 jobs on a seasonally adjusted basis, payroll employment reached 1,737,900. Instead of dropping by 1,400 in October as originally reported, employment gained 3,200 that month. The main reasons were upward revisions of 2,200 jobs in local government education and 1,000 in state government.
- Construction lost jobs but remained above the seasonally adjusted 100,000 that it hasn't undershot since early 2006. In November, 102,379 Oregonians were unemployed, compared with 99,001 in November last year.
- "The moderately strong job showing in October, followed by the strong gain in November, put Oregon's payroll employment up by 24,300 over the past 12 months," said Monday's Employment Department report. "This is a gain of 1.4 percent."

## Neighborhoods

We recently discovered a very useful Web site called Walk Score: [www.walkscore.com](http://www.walkscore.com). Walk Score helps people find walkable places to live. Walk Score calculates the walkability of an address by locating nearby stores, restaurants, schools, parks, etc. Walk Score calculates a Walk Score for any property and shows a map of what's nearby with reviews to help you find a great neighborhood.

"What I can walk to" is a common remark I get from many of my potential clients so finding Walk Score is a "God send." Walk Score launched in July of 2007, and it has been featured in over 500 blogs and 75 newspaper articles and radio segments.

### What Does The Score Mean?

Your Walk Score is a number between 0 and 100. The walkability of an address depends on how far you are comfortable walking—after all, everything is within walking distance if you have the time. Here are general guidelines for interpreting a score:

- 90 - 100 = Walkers' Paradise: Most errands can be accomplished on foot and many people get by without owning a car.
- 70 - 90 = Very Walkable: It's possible to get by without owning a car.
- 50 - 70 = Some Walkable Locations: Some stores and amenities are within walking distance, but many everyday trips still require a bike, public transportation, or car.
- 25 - 50 = Not Walkable: Only a few destinations are within easy walking range. For most errands, driving or public transportation is a must.
- 0 - 25 = Driving Only: Virtually no neighborhood destinations within walking range. You can walk from

your house to your car!

### How it Works

Walk Score™ uses a patent-pending system to calculate the walkability of an address based on:

- The distance to walkable locations near an address.
- Calculating a score for each of these locations.
- Combining these scores into one easy to read Walk Score.

A Walk Score may change as the data sources are updated or as Walk Score improves their algorithm.

### Why Walk

Walkable neighborhoods offer surprising benefits to our health, the environment, and our communities. Numerous studies have found that the average resident of a pedestrian-friendly neighborhood weighs less than someone who lives in a sprawling neighborhood. Also residents of walkable neighborhoods drive less and suffer fewer car accidents, a leading cause of death between the ages of 15 - 45.

We will be including the walk score of the neighborhood profiles into the [www.movingtoportland.net](http://www.movingtoportland.net) Web site.

---

**Susan Marthens**  
**Real Estate Broker/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](mailto:smarthens@movingtoportland.net)**