

Moving to Portland™

April 2009 Newsletter

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Portland Home Market

February 2009 Residential Highlights

The Portland metro area market improved in February compared to a record low January, but remains slow compared with February 2008. Comparing February 2009 with the same month in 2008, closed sales dropped 38.1%. Pending sales also fell 30.5%. New listings decreased 19.7%.

When comparing February 2009 with January 2009, closed sales grew 17.1% (857 v. 732) and pending sales were up 3.3% (1,276 v. 1,235). New listings, on the other hand, dropped 17.3% (3,471 v. 4,196).

At the month's rate of sales, the 14,188 active residential listings would last approximately 16.6 months, down from a record 19.2 months in January.

Sales Prices

The average sale price for February 2009 was down 12.9% compared to February 2008, while the median sale price dropped 7.5%.

Month-to-month, the average sale price and median sale price are both up when compared with January levels; the average sale price increased a slight 0.4% (\$298,500 v. \$297,200) and the median sale price was up 3.6% (\$259,000 v. \$250,000).

Year-to-Date

Comparing January-February 2009 with the same period in 2008, closed sales dropped 35.8%. Pending sales also fell 29.1%. New listings decreased 17.2%.

12-Month Sales Price Percent Change

Here are the 12-month sales prices percent change for February 2009. The 12-Month Sale Price Percent Change is based on a comparison of the rolling average/median price for the last 12 months (3/1/08-2/28/09)

with 12 months before (3/1/07-2/29/08).

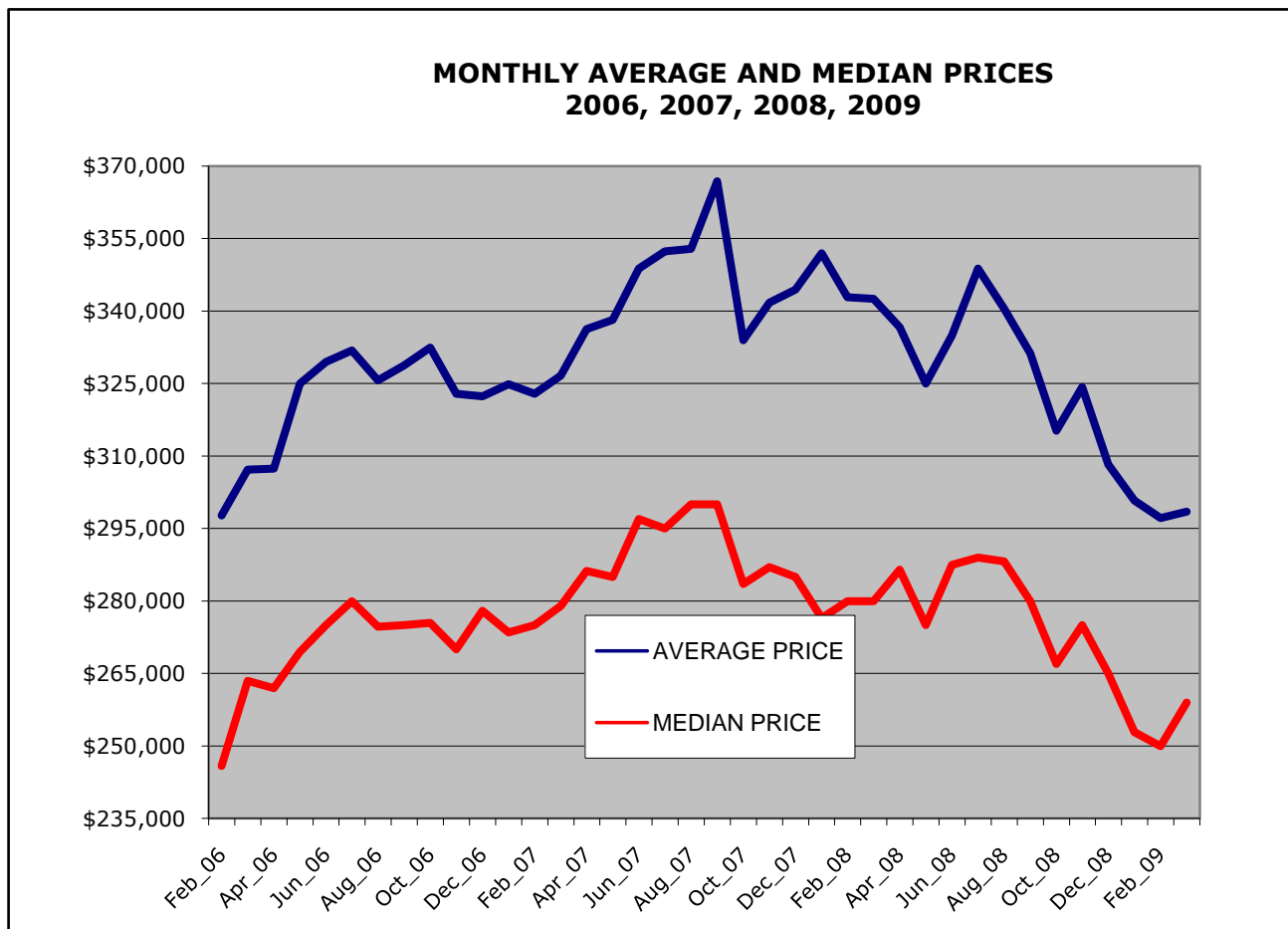
- Average Sale Price Percent Change: -5.6% (\$325,500 v. \$344,800)
- Median Sale Price Percent Change: -5.1% (\$275,000 v. \$289,900)

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

- Average Sale Price Percent Change from Peak in August 2007: -19% (\$298,500 v. \$366,900)
- Median Sale Price Percent Change from Peak in July/August 2007: -14% (\$259,000 v. \$300,000)

February 2009: A Drop of \$44,100 in the Average Price from February 2008

Below is the MONTHLY AVERAGE AND MEDIAN PRICES: 2006, 2007, 2008, 2009 chart showing the home sales by month. The chart is for the Portland metro area - it does not include homes in southwestern Washington (Vancouver to include Clark County).



Comparing the average home price from February 2009 with February 2008 shows a \$44,100 drop in the Portland region's average home price - down to \$298,500 from \$342,600 a year earlier. The median price decreased \$21,000 for the same periods - a drop of 8%.

You will note from the graph above that homes prices in February 2009 were about the same as they were in January 2006, the first date on the graph.

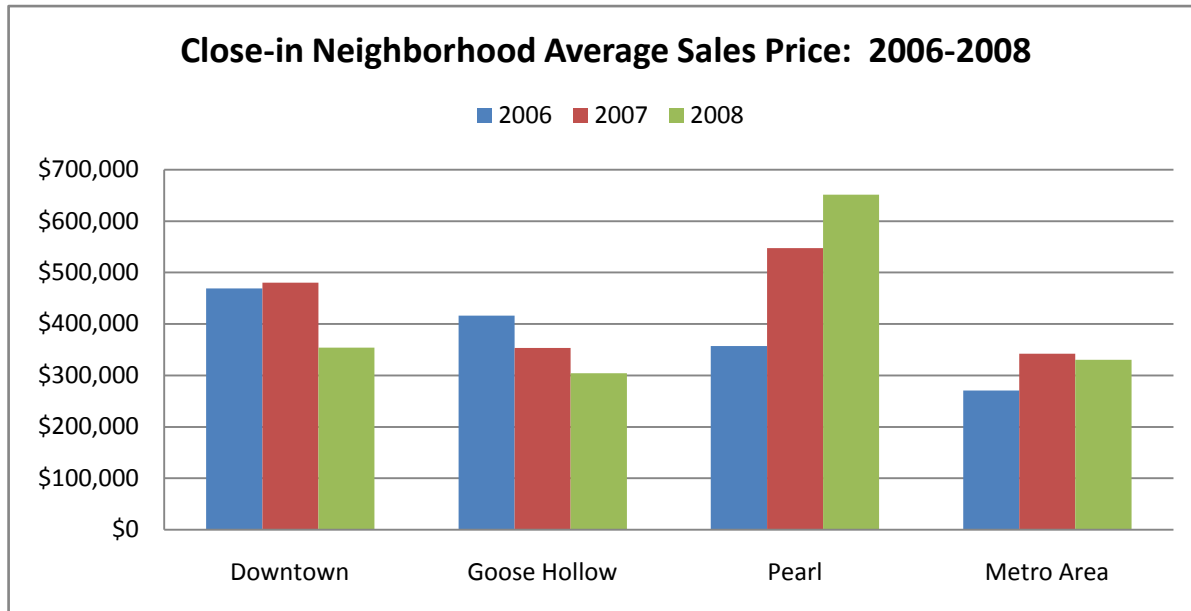
Median Price Drop of \$41,000: February 2009 to Market Peak in August 2007

The market peaked in July 2007 and August 2007 when both of these months recorded a median price of

\$300,000. From this high, the median price in January 2009 dropped \$41,000 (14%).

The highest average sales during the years 2006-2008 was \$366,900 in August 2007. This figure is the highest average sales price recorded for the Portland metro area. Since August 2007, the average price has been slowly declining. In February 2009, the average price declined \$68,400 (19.0%) from August 2007.

Close-in Neighborhoods



Now that we have begun accumulating neighborhood data for the last three years, we can begin making some comparisons. Above is a chart showing the average sales price for the three close-in neighborhoods (Downtown, Goose Hollow, and Pearl) along with the metro area prices for the last three years. Note how the Pearl prices have steady increased whereas Goose Hollow has dipped each year. An explanation is that the Pearl has built high-end units the last 2-3 years whereas Goose Hollow has converted numerous apartment buildings to condos. These apartment buildings have small living spaces and therefore lower prices than the Pearl.

Case-Schiller: Portland Area Home Prices Drop 14%

Portland-area home prices declined in January, falling 14 percent compared with the same month a year earlier, according to a report released in early April by Case-Schiller.

The [Standard & Poor's/Case-Shiller](#) home price index showed that Portland's drop – the biggest since the index began in 1987 – made it one of 14 major metro areas reporting a double-digit annual decline. The drop ranked as the seventh smallest among 20 metro areas. Atlanta was eighth and Seattle was ninth. Phoenix had the worst showing with a 35 percent collapse. Dallas did best with a 4.9 percent decline. Compared with the July 2007 peak, Portland-area home prices have fallen 17.5 percent.

Prices are still up 54 percent since 2000, making Portland the sixth-highest among the 20 major markets in the index. It followed New York, Washington D.C., Los Angeles, Miami and Seattle.

Please note that the S&P/Case-Shiller data for their report comes from home prices gathered at county recorder offices. The home sale prices are then compared with the home's previous sale to show growth or decline in value. Case-Shiller uses that rate to calculate the monthly and yearly change in values. The difference in the numbers (we reported a drop of 13% in the average price and a 11% drop in the median price) is further explained by where the two organizations obtain their data. RMLS includes home sales from the five metro area Oregon counties (Clackamas, Columbia, Multnomah, Washington, and Yamhill). RMLS does not include Clark County or Skamania County in Southwest Washington state to arrive at their numbers whereas the Case-Schiller index includes Clark and Skamania counties because they use the U. S. Census Bureau metropolitan statistical areas (MSA).

Cost of Residential¹ Homes by Neighborhood/Community February 2009

Area	February 2009 Average Sales Price	Year-to-Date For Period Ending February 2008		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	\$298,500	\$297,900	\$255,000	-5.6%
Portland				
North	\$257,200	\$248,300	\$237,500	-1.2%
Northeast	296,600	299,800	260,200	-1.2%
Southeast	253,600	238,800	211,000	-5.9%
West (Includes SW and NW Portland and parts of eastern Washington County)	402,800	428,200	339,300	-1.3%
Portland Metro Suburban Areas				
Corbett, Gresham, Sandy, Troutdale	\$221,900	\$218,300	\$213,000	-8.3%
Clackamas, Milwaukie, Gladstone, Sunnyside	289,400	293,900	269,000	-7.3%
Canby, Beavercreek, Molalla, Mulino, Oregon City	250,600	284,500	249,900	-5.5%
Lake Oswego and West Linn	520,300	499,500	399,000	-7.2%
Northwest Washington County & Sauvie Island	380,000	401,400	377,600	-4.7%
Beaverton and Aloha	278,400	264,900	248,600	-5.2%
Tigard, Tualatin, Sherwood, Wilsonville	296,500	310,400	308,000	-7.7%
Hillsboro and Forest Grove	254,500	246,400	227,000	-8.5%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	246,000	273,800	238,500	-8.0%
Columbia County	177,500	181,800	175,000	-9.6%
Yamhill County	268,400	261,800	229,500	-6.5%
Marion and Polk Counties	201,300	239,700	214,500	-5.4%
North Coastal Counties	238,500	297,200	245,000	-7.7%
Southwest Washington State				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$251,700	\$243,000	\$215,000	-10.4%

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 (3/1/08-2/28/09) with the 12 months before (3/1/07-2/28/08).

Source: Regional Market Listing Service (RMLS™).

Mortgages

Primary Mortgage Market Survey: 4.78 % for 30-Year Fixed

Freddie Mac released its Primary Mortgage Market Survey (PMMSSM) on April 2 in which the 30-year fixed-rate mortgage (FRM) was 4.78 percent with an average 0.7 point for the week ending April 2, 2009, down from last week when it averaged 4.85 percent. Last year at this time, the 30-year FRM averaged 5.88 percent. The 30-year FRM has not been lower in the life of Freddie Mac's weekly survey, which dates back to 1971 for the 30-year FRM.

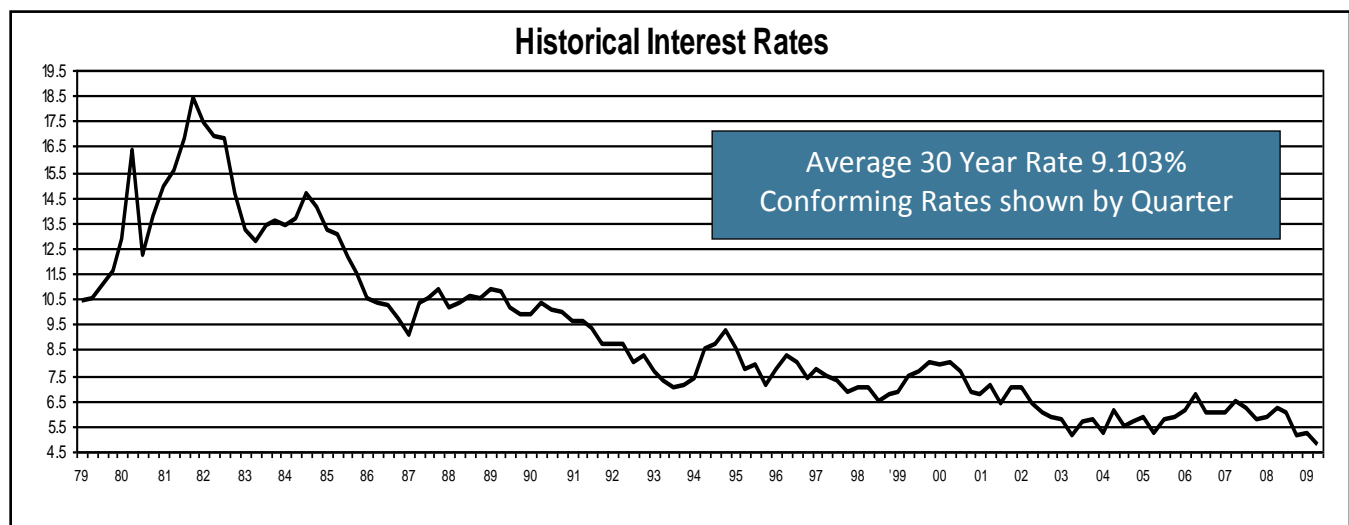
The 15-year FRM this week averaged 4.52 percent with an average 0.7 point, down from last week when it averaged 4.58 percent. A year ago at this time, the 15-year FRM averaged 5.42 percent. The 15-year FRM has never been lower in the life of Freddie Mac's weekly survey, which dates back to 1991 for the 15-year FRM.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 4.92 percent this week, with an average 0.7 point, down from last week when it averaged 4.96 percent. A year ago, the 5-year ARM averaged 5.59 percent. The 5-year ARM has never been lower in the life of Freddie Mac's weekly survey, which dates back to 2005 for the 5-year ARM.

One-year Treasury-indexed ARMs averaged 4.75 percent this week with an average 0.6 point, down from last week when it averaged 4.85 percent. At this time last year, the 1-year ARM averaged 5.19 percent. The 1-year ARM has not been lower since the week ending September 29, 2005, when it averaged 4.68 percent.

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

The below graph shows the mortgage rates by quarter for the last 30 years. The current rates are almost "off the chart." This chart courtesy of Windermere Mortgage Services.



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 Portland of \$298,500 for February, 2009 and with 20 percent down payment (\$59,700) and a mortgage of \$238,800, the payment for a 30-year fixed loan is \$1,157.34 per month (excluding property taxes and insurance) in Portland, Oregon. The interest rate is 4.125%, and the APR is 4.504%. Total closing costs are \$12,356.12 - \$4,663.76 of that amount are discount points.

This fee covers everything and is guaranteed not to change from the time they lock your rate (30 days) to closing. Escrow fees are waived. FICO credit score 750 (excellent). A credit score of 800 would reduce your

mortgage payment to \$1,140 - a savings of \$17 a month and close to \$200 a year.

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

February 2008 Weather Summary

Water Year (October 1 - September 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	27.16	18.09	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	1.77	
November	5.61	4.15	
December	5.71	2.70	
January	5.07	4.50	
February	4.18	1.36	
March	3.71	3.71	
April	2.64		
May	2.38		
June	1.59		
July	0.70		
August	0.89		
September	1.65		
Year Average	37.07		

Above is the National Weather Service precipitation data for the month of February 2009. Below is the weather summary for the month:

- Average Monthly Temperature: 45.3
- Average Maximum Temperature: 52.5
- Average Minimum Temperature: 38.1
- Highest 24-Hour Total Rain: March 28 with about half an inch.
- Number of Days With Heavy Rain: 4
- Number of Days With Light Rain: 24
- Number of Days With Light Snow: 3
- Average Monthly Wind Speed: 7.4 MPH.
- Clear/Cloudy Days: 2 clear days, 7 partly cloudy days, and 22 cloudy days.



Spring is late! We are at least two weeks behind our normal blooming schedule as we have a sure-fire way of gauging the arrival of spring. This is when the trilliums start opening in the Hoyt Arboretum. If spring is on schedule the white flowers start appearing about the second week in March. This year, it was the last week in March. Blame a string of uninterrupted cold days, particularly in March. Ice and snow in December didn't help.

The Tulip Fest at the [Wooden Shoe Tulip Farm](#) in Woodburn began March 25. Fields are mostly green with almost no color, but a good bloom is expected from Easter, April 12, to April 26.

The Changing Building Industry



We went off the Better Living Show at the end of March at the Portland Expo Center put on by [Energy Trust](#). Energy Trust is a nonprofit organization whose mission is to help Oregonians use energy by promoting energy efficiency and clean renewable energy. Energy Trust funds come from a 1999 energy restructuring law, which required Oregon's two largest investor-owned utilities to collect a three percent "public purposes charge" from their customers.

The Energy Trust Web site is worth exploring as it provides a wealth of information about energy. There are a number of tax rebates available for energy efficient weatherization, heating and cooling, water heating and ENERGY STAR® appliances. You can also receive cash back for installing renewable energy systems, like solar electric and solar water heating. They have an extensive list of approved contractors on the site.

We are thinking of building a small energy-efficient home in the country where we can grow some of our own food as well as sell some of the produce we grow. It would be a summer place with a condo home in the city. Hood River in the Columbia Gorge is our destination so the show was a good way to begin our journey.

The Better Living Show



The show attracted thousands of onlookers all interested in finding energy solutions and with 200 plus exhibitors, there were lots of things to look over. The good news is that there are an abundance of products and services available. We were surprised to see the number of companies promoting their solar panels. You can even purchase your own windmill for residential use and sell the excess power you produce back to your utility. See www.abundantre.com for details.

The show also had some food, drink, and clothing exhibits. For example, if you're totally organic but have to use Russian vodka for your vodka martinis, you can now tell Vladimir Putin 'where to go' with his stuff. [360 Eco Vodka](#) is made right here in the USA and organic.

After spending a few hours looking and talking with vendor reps, we took stock of our findings and quickly determined that going 'green' is going to take hours and hours of study and research. Separating practical solutions from far-fetched ones is just one part of the puzzle. Another is integrating all of the components and finding quality companies to do the installation.

Building Homes in a Factory

The building industry has come a long ways in the last 2-3 decades. It wasn't long ago when a house was built entirely by carpenters. The trucks brought the materials to the site and the work began. Even the concrete for footing, drives, and floors were mixed at the site instead of having ready-mix trucks deliver it. A door was just that, a door. All the framing for the door was measured, cut, saw, and nailed in place by the carpenters. Once the frame was done and the hinges were cut into the frame and door, the door was mounted on the hinges and lifted into place. Hence the term, "hang a door."



Now a good share of new homes are built in factories and delivered to the home site and assembled. This includes roof trusses, cabinets, doors, flooring, windows, and even walls. Our fireplace mantle was delivered and assembled in a couple of hours instead of having a carpenter spend days building it on site.

In the years to come, wall and floor panels will replace site framing, just like roof trusses replaced cut and stacked roofs. The framers of the future will be assemblers of not only roof trusses, but of complete factory built componentized framing systems; wall and floor panels, stair sections and even completely framed roof sections. Parr Lumber, a local supplier of building materials, started a company recently that does just that. [Northwest Structural](#)

Components manufactures and supplies system panels for off-site framing based on builder blueprints and specifications, strictly adhering to all industry standards and municipal codes. They also provide total installation services of walls, floors and roof trusses.

Builders tell me that we will see more of this trend. One builder at the show is beginning to develop 5-6 basic home plans in which 50%-60% of the construction will take place in a factory setting and assembled at the home site. The idea is to use as many standard parts as possible but still leave it up to the home owner to pick and choose designs so that every home looks different. Whereas, most 'manufactured homes' are 100% constructed at the factory, which doesn't leave any room for styling.

Pre-Fabricated Green Homes

There are a number of reasons for going "prefab green." First the control available in a factory environment allows the designer/builder to be very precise with material planning and use – there is very little waste left over when compared to standard construction techniques. Second, green materials can be bought in bulk and used over many projects, minimizing delays and ensuring that no "short cuts" are taken due to unavailable materials. Third, this bulk purchasing and the delivery of a small number of completed modules to the home site dramatically reduce environmental impact from transportation to and from the site. And finally, the disturbance of the home construction site can be minimized because there is no need to stage and store large amounts of material on site for extended periods.



Although the idea of picking out the best 'green' components along with colors, cabinets, finishes, etc. is appealing, it is time-consuming and often frustrating. Having gone through extensive remodeling projects, I'm now sure we want to tackle another building project. So we are investigating finding a pre-fabricated green home. Surprising, they do exist with more coming on the market.

Living Homes would be our first choice because of the design, but the cost is high and transportation of the home from the factory in California would be difficult and expensive. Living Homes are available in a variety of floor plans, finishes and sizes (1500-2500+ square feet). Living Homes was formed in 2006, and their model home was awarded a LEED Platinum rating. Explore their Web site and view the videos as it will open your eyes to the future of home building.

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