



**Susan Marthens**

# Moving to Portland™

August 2006 Newsletter

<http://www.movingtoportland.net>

Voice 503.497.2984 ♦ FAX 503.220.1131

[susan@movingtoportland.net](mailto:susan@movingtoportland.net)

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## Portland Home Market

### June Residential Highlights

The number of new listings in the Portland Metro area continues to increase—up 21.3% when comparing June 2006 to June 2005. Further, the number of pending sales declined 17.1%. Closed sales also dropped 5.8%. As a result, there were 8,575 active listings at the end of June 2006. Given the month's rate of sales they would last 2.6 months

### Year To-Date

When comparing market activity for January–June 2006 to the same time period in 2005, new listings increased 11.8%. On the other hand, the number of pending and closed sales decreased 11.8% and 8%, respectively.

### Appreciation

The area's average sale price for the months of June 2005 through June 2006 was \$305,700 – a 17.4% increase when compared with the \$260,400 average for the 12 months immediately prior. Also, using the same date range, the median sale price for the 12 months ending in June 2006 was \$257,200 – up 17.6% from the \$218,800 median from the 12 months prior.

### Second Quarter Report

Comparing the second quarters of 2005 and 2006, new listings are up 20.1% (15,769 v. 13,126), pending sales decreased 14% (9,819 v. 11,413) and closed sales dropped 9.3% (9,271 v. 10,225).

### Condo Appreciation in the Portland Metro Area

The average price of condos increased this year over prices in 2005 (\$230,900 vs. 205,900) but the appreciation has dropped from 17% to 12%. In 2004, the average price of a condo was \$175,300.

## Cost of Residential<sup>1</sup> Homes in the Portland Metro Area June 2006

Area	June 2006 Average Sales Price	Year-to-Date For Period Ending June 2006		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	\$331,900	\$318,000	\$267,900	17.4%
<b>Portland</b>				
North	\$238,500	\$242,300	\$234,000	22.2%
Northeast	319,500	302,700	264,200	17.8%
Southeast	271,500	261,600	229,900	17.8%
West (Includes SW and NW Portland and parts of eastern Washington County)	444,900	450,100	375,000	14.1%
<b>Portland Metro Suburban Areas</b>				
Corbett, Gresham, Sandy, Troutdale	\$287,400	\$255,300	\$240,000	15.2%
Clackamas, Milwaukie, Gladstone, Sunnyside	346,700	342,400	302,000	19.4%
Canby, Beaver Creek, Molalla, Mulino, Oregon City	343,900	319,500	280,000	21.0%
Lake Oswego and West Linn	549,700	519,300	440,000	14.5%
Northwest Washington County & Sauvie Island	429,500	390,000	350,000	14.8%
Beaverton and Aloha	292,300	279,000	248,000	17.2%
Tigard, Tualatin, Sherwood, Wilsonville	353,700	351,500	317,900	26.1%
Hillsboro and Forest Grove	282,200	274,200	250,000	20.0%
Mt. Hood: Brightwood, Government Camp, Rhododendron, Welches, Wemme, ZigZag	277,500	277,800	267,800	28.9%
Columbia County	218,100	218,800	201,000	14.3%
Yamhill County	296,300	255,300	222,200	24.1%
Marion and Polk Counties	217,400	220,100	194,900	21.5%
North Coastal Counties	358,300	323,200	260,000	15.2%
<b>Southwest Washington State</b>				
Clark County (Battleground, Camas, Ridgefield, Vancouver, Woodland, etc.)	\$306,100	\$292,900	\$255,000	20.2%

<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 (7/1/05-6/30/06) with 12 months before (7/1/04-6/30/05). The average price for the metro area was \$305,700 vs. \$260,400.

Source: Regional Market Listing Service (RMLS™).

## Moderating Economy Slows Mortgages Rates

**July 27, 2006**

[Freddie Mac](#) released the results of its Primary Mortgage Market Survey (PMMSSM) in which the 30-year fixed-rate mortgage (FRM) averaged 6.72 percent, with an average 0.3 point, for the week ending July 27, 2006, down from last week's average of 6.80 percent. Last year at this time, the 30-year FRM averaged 5.77 percent.

The average for the 15-year FRM this week is 6.34 percent, with an average 0.4 point, down from last week's average of 6.41 percent. A year ago, the 15-year FRM averaged 5.34 percent.

Five-year Treasury-indexed hybrid adjustable-rate mortgages (ARMs) averaged 6.35 percent this week, with an average 0.4 point, down from last week when it averaged 6.36 percent. A year ago, the five-year ARM averaged 5.27 percent.

One-year Treasury-indexed ARMs averaged 5.78 percent this week, with an average 0.7 point, down from last week when it averaged 5.80 percent. At this time last year, the one-year ARM averaged 4.46 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 on indications that economic growth is moderating, inflation remains under control and the Fed just may pause raising rates for awhile," said Frank Nothaft, Freddie Mac vice president and chief economist. "Meanwhile, recently released new homes sales for June fell to a lower than expected rate. That drop can be traced directly to higher mortgage rates, which are also helping to slow the growth of house prices in 2006."

### Portland Area Mortgage Rates

The average APR for a 30-year fixed rate mortgage was 6.42% for the Portland metro area; the low was 5.96%, and the high was 7.35%. All rates are for a loan with 20% down. In late July the following lenders and mortgage brokers were offering these rates:

- [Amerisave](#): Rate of 6.000 for a 30-year FRM (APR of 6.250%) and zero points.
- U.S. Bank: Rate of 6.750 for a 30-year FRM (APR of 6.894%) and zero points.
- Washington Mutual: Rate of 6.875% for a 30-year FRM (APR of 6.930%) and zero points.

To check on more Portland metro area mortgage rates visit the website for [Yahoo! Finance](#).

### 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 One of the largest home mortgage lenders in the Pacific Northwest with numerous offices in the Portland area.

## Portland Weather

### Just right, then too hot, now too cool

The month started out right with temperatures in the low 80s which is ideal. Then came a heat wave from July 21 through July 24 – everyday temperatures in the high 90s and one day it was 104. Then the last few days of the month it has been in the mid 70s (too cool). Beginning in August, ideal weather is scheduled to return with temperatures in the mid 80s.

Water Year (Oct 1 - Sep 30)	Average Precipitation In Inches	Actual Precipitation in Inches	Water Year
Year-to-Date	34.47	38.79	Portland's rainfall is measured according to the "water year" which is from October 1 through the end of September.  The average precipitation is about 37-38 inches in the metro area.  Precipitation is measured from the NOAA Weather Station near the Portland International Airport.
October	2.88	3.38	
November	5.61	4.98	
December	5.71	7.52	
January	5.07	10.92	
February	4.18	2.15	
March	3.71	2.96	
April	2.64	2.46	
May	2.38	3.00	
June	1.59	.93	
July	0.70	.49	
August	0.89		
September	1.65		
Year Average	37.07		

Here is the [National Weather Service](#) data for the month of July 2006:

- Average Monthly Temperature: 71 or 2.9 degrees above normal.
- Average Maximum Temperature: 82.5.
- Average Minimum Temperature: 59.5.
- Highest Temperature: July 21 with 104.
- Average Monthly Wind Speed: 7.3 MPH.
- Clear/Cloudy Days: 14 clear days, 11 partly cloudy days, and six cloudy days.
- Record High Temperatures: July 21 with 104.

## Oregon Events, People, and Places

Live Wire is a one-hour radio show recorded in front of a live audience at the Aladdin Theatre in Portland, Oregon, and broadcast on Oregon Public Broadcasting (OPB). Shows now air on the first and last Saturdays of every month from 8 p.m. to 9 p.m. PDT.

Live Wire features: music, scintillating conversations, sketch comedy and performances from the famous and fascinating to the unknown and unabashed. The show offers an insight into Portlanders and how they think and live.

Live Wire isn't just a show, it's a happening. It's a place where you're never quite sure what might happen next. From radical cheerleaders popping in at unexpected moments, to audience members dressed as giant evil bunnies, to on-air head shavings, it's a Talk Show meets Sketch Show meets Side Show. Learn more at the Live Wire Website at <http://www.livewireradio.org>.

Live Wire is streamed with multiple choices for listening including Stream for iTunes, Quicktime, Winamp or Real Audio. Just go to <http://www.opb.org/programs/streams/good/index.php> and select your choice for streaming.

## Homes: 2006 Built it Green Home Tour



You don't want to miss this event! The 2006 Build it Green Home Tour is a self-guided tour that welcomes visitors into 20 new and remodeled homes throughout the Portland Metropolitan Area. Date and Time: Saturday, September 16 from 11 a.m. to 5 p.m.

Launched in 2002, Build it Green (BIG) is for those interested in exploring green building practices and the latest products and technologies.

After the tour you can visit the Build It Green Information Fair from 4:30-7:00 p.m. at [Environmental Building Supplies](#), 819 SE Taylor, Portland.

The information fair gives tour-goers a chance to talk directly to vendors about green building products and services.

### Tickets

Adults: \$15. Carfree/Student/Senior: \$10. Children under age 14: FREE.

Tickets go on sale August 15<sup>th</sup> at the Environmental Building Supplies, 819 SE Taylor, telephone 503.222.3881 or at the City of Portland [Office of Sustainable Development](#), 721 NW 9th Ave, Suite 350, Portland OR 97209, telephone 503-823-7222.

## Energy News

It seems that every day the news has something about biofuels or they report a new high for oil. Following are a few of the energy news items over the last couple of weeks.

### The Alternative-energy Industry is Sizzling

Daniel Gross, who writes about business and finance for *Slate*, the online magazine at [www.slate.com](http://www.slate.com) has a prediction: The alternative energy industry is the new dot-com.

Here are some excerpts from Daniel Gross' July 22, 2006 story at *Slate*:

The tech elite and the financiers who fund them are bored with Google and MySpace. Their New, New, New Thing—apologies to Michael Lewis—is alternative energy. *Wired* and *Business 2.0*, the print bibles of the dot-com boom, are now stuffed with stories about light-emitting diodes, zero-emission cars, rechargeable fuel cells, and hackers who pimp their Prius hybrids to run even farther on electricity.

Many of the people who cooked up the Internet revolution have moved over to the energy industry.

Bill Gross (no relation) is the founder of IdeaLab!, the incubator of technology-based companies that spawned eToys, NetZero, Petsmart.com, WeddingChannel.com, and a host of other dot-coms before it nearly busted in 2000. IdeaLab is riding high again, and one of its most promising portfolio companies, Energy Innovations, develops solar panels for commercial buildings. Gross is still talking in revolutionary terms. "Reinventing energy is a multitrillion-dollar opportunity. It's the next big disruption," Gross told Wired last July. "It dwarfs any business opportunity in history."

It is a lengthy story and full of other examples about individuals and companies racing to get in on the new alternative energy industry. You can read the entire story at <http://www.slate.com/id/2146239/>

### **Portland City Council Mandates Biofuels**

The Portland City Council voted July 12, 2006 to approve a citywide renewable fuels standard (RFS). The standard requires a minimum 5% blend of biodiesel for all vehicle diesel fuel sold in the city limits. Gasoline is required to contain at least 10% ethanol. The standard is effective July 1, 2007.

This is the information from the city's sustainable Web site: With this effort, the City is helping create demand for thousands of gallons of renewable transportation fuels, in order to spur market development of large-scale Oregon based biofuel production facilities to meet that demand.

*The Oregonian*, in a July 7<sup>th</sup> editorial wasn't that excited about the new mandate. Here are their remarks: Incentives are helpful and experiments that nudge individuals along are terrific, too. A statewide mandate on alternative fuels might even be the right way to go. But Portland shouldn't monkey with a mandate inside city limits unless -- and until -- it's certain that it knows what it's doing.

### **USA Today: Portland Leads the way in Eco-friendly Construction**

In another story on the front page of the USA Today newspaper (July 27, 2006) entitled, "Building 'green' reaches a new level" the story deals with people in Portland who purchased condos in the "all green" South Waterfront area. The subhead reads, "Portland leads the way as 'eco-friendly' construction has gone mainstream."

This quote from the article explains it all: "Call it 'eco-friendly.' Call it 'sustainable.' Portland's \$2.2 billion South Waterfront project, rising on a decaying industrial site south of downtown, signals a watershed in the green-building boom."

You can read the entire story at [http://www.usatoday.com/printedition/news/20060727/1a\\_cover27.art.htm](http://www.usatoday.com/printedition/news/20060727/1a_cover27.art.htm)

### **University of Minnesota Study on Biofuels**

Finally, some science about ethanol. Five University of Minnesota researchers have taken a stand in the long-running debate over whether ethanol from corn requires more fossil fuel energy to produce than it delivers. The [University of Minnesota News](#), in their July 24, 2006 edition, reported on the definitive study of ethanol derived from corn and its pros and cons compared with biodiesel fuel from soybeans. It also points the way toward new sources of renewable energy.

Their answer? Corn delivers 25 percent more energy than is used (mostly fossil fuel) in producing it. Though much of that 25 percent energy dividend comes from the production of an ethanol byproduct, animal feed.

But the net energy gain is much higher -- 93 percent -- from biodiesel fuel derived from soybeans. And alternative crops such as switchgrass or mixed prairie grasses, which can grow on marginal land with minimal input of fossil fuel derived fertilizers and pesticides, offer the best hope for the future.

Led by Jason Hill, a postdoctoral associate in the Department of Ecology, Evolution, and Behavior and the Department of Applied Economics, the team published this first comprehensive analysis of the environmental and economic costs and benefits of ethanol and biodiesel in the pages of the Proceedings of the National Academy of Sciences. Besides Hill and Tilman, who is the world's most cited ecologist, study authors were Stephen Polasky and Douglas Tiffany, professors of applied economics; and Erik Nelson, a graduate student

in applied economics.

With world energy and food demands increasing, the study fills a need for guidance in choosing the best alternative energy strategies.

The researchers examined every stage of the biofuels' production and use. They considered such costs as the effort to raise crops, environmental effects of fertilizers and pesticides, transportation and the energy required to distill ethanol.

The analysis showed that growing both corn and soybeans caused soil and water pollution from such chemicals as the nitrogen and phosphorus in fertilizer and from pesticides, with the pesticides used in corn production being especially harmful. But biodiesel used, per unit of energy gained, only 1 percent of the nitrogen, 8.3 percent of the phosphorus and 13 percent of the pesticide (by weight) of corn production.

The researchers also compared greenhouse gas emissions from the two biofuels with emissions caused by producing and burning enough gasoline or diesel to yield the same amount of energy. The results:

- Emissions from the production and use of corn grain ethanol were 12 percent lower than the net emissions from gasoline.
- The reduction was 41 percent for biodiesel from soybeans.

These figures show that biofuels have the potential to provide significant environmental benefits.

However, the benefits will only be substantial when much more biofuel is produced and when it has much greater greenhouse gas reductions. For example, if one replaced a total of five percent of gasoline energy with ethanol energy, greenhouse gas emissions from driving cars would be a bit more than a half percent lower (5 percent times 12 percent). It must be borne in mind, too, that these figures are only for transportation-related energy usage. Considering total energy use, which includes building heating and electricity, the fraction of savings from transportation biofuels drops by two-thirds. Also, these reductions hold only for crops grown on land already in production.

"Converting intact ecosystems to production would result in reduced greenhouse gas savings or even net greenhouse gas release from biofuel production," the researchers write.

The researchers noted that rising gasoline and diesel prices have made the development of biofuels more economically advantageous, and that biodiesel's environmental benefits seem strong enough to merit subsidy. Yet, ethanol also plays an important role as an additive by oxygenating gasoline and making it burn more cleanly.

"New and better transportation biofuels and greatly increased energy efficiency are essential for our economy and our environment," says Tilman. "We also need renewable electricity, including both wind energy and renewable biofuels that take the place of coal. Coal is a major source of electricity and of greenhouse gases."

**Best Hope for Bio-based Energy** The researchers point to nonfood plants that can grow on marginal lands with minimal input of fertilizers and pesticides as the best hope for bio-based energy. Crops like switchgrass, diverse prairie grasses, and woody plants may offer the best prospects for supplying biofuels. Researchers at the University of Minnesota and elsewhere are hard at work finding ways to tap the energy of such plants, which is locked up in difficult-to-digest cellulose and related plant materials. One thing that made corn and soybeans so attractive in the first place was the relative ease of extracting energy from the carbohydrates and oils in those crops. But with global warming rapidly changing the world environment, and energy prices soaring, there is no choice but to find alternative sources of energy, and fast.

**National Corn Growers Response** Geoff Cooper, a spokesman for the National Corn Growers Association, calls suggestions that the growth of ethanol will jeopardize food supplies as "fear mongering." "There's absolutely no shortage of corn," said Cooper. He said demand for corn for livestock feed has been flat and that increased production and expected higher yields per acre will provide plenty of corn to meet all needs.



## Vespa Scooters go Hybrid



Piaggio, Europe's biggest scooter-maker, re-launched the Vespa brand in the USA in 2000. It has been a big hit, thanks to its retro styling and Italian flair. Even the New York Police Department uses the chic two-wheelers to zip around the city.

Inspired by the popularity of hybrid petrol-electric cars, Piaggio is developing hybrid scooters: municipal authorities in Milan, Florence, Naples and Rome are now testing the new "green" Vespa. The company has developed two versions, based on their Vespa LX 50 (50cc gas & 1000W electric motor) and the more sleek and powerful Piaggio X8 125 (125cc gas & 2500W electric motor). The combination

of electric and gas engines provides approximately 25% more power, helping to alleviate fuel consumption when starting or accelerating. It also reduces gasoline consumption by 20%. The scooter can also operate in locations where combustion engine fumes would be undesirable (inside buildings or covered areas) by switching into a low-speed "electric only" mode.

## 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).

### Fun Facts

Portland is a media darling in 2006: Best Place to Live in the U.S. (Men's Journal), Best Cycling City in the U.S. (Bicycling magazine), Best Walking Town in America (Prevention magazine), No. 10 Arts City in U.S. (AmericanStyle magazine).

### Bite of Oregon



The Bite of Oregon returns August 11-13 with a flavor-packed showcase of the state's culinary delights. Top Oregon restaurants; an Iron Chef competition; live bands ranging from local headliners to Irish indie rockers Snow Patrol; Oregon craft beer and wine; and comedy acts highlight this year's event. See you at Gov. Tom McCall Waterfront Park. Telephone: 503.248.0600.

### Portland Arts Scene

Portland's arts scene is thriving – and garnering more and more national attention each year. But getting your arms around the bouquet of offerings can prove a bit tricky. Luckily it's [Portland Art Focus](http://www.travelportland.com/artfocus) to the rescue! Check out Portland Art Focus - <http://www.travelportland.com/artfocus> - for the straight scoop on visual and performing arts happenings slated for fall.

### August Events

Portland's August calendar is chock-full o' fun. Here are just a few ideas for what's in store:

- [VANS Invitational](#) The first-ever, season-long tour for skateboarding (vert and park), BMX (vert, park and dirt) and freestyle motocross. The Tour has the largest prize purse in all of action sports, and the biggest names in action sports will be competing. August 17-20.
- [JEN-WELD Traditional Golf](#) Join Portland native Peter Jacobsen and Champions Tour professionals Loren Roberts, Craig Stadler and Tom Watson at the 2006 JELD-WEN Tradition presented by Umpqua Bank. August 21-27.



- [Mt. Hood Jazz Festival](#) One of the longest-running jazz festivals celebrates its 25th anniversary with something for every jazz fan. Performers include trumpeter Chris Botti and saxophone legend David Sanborn. August 4-5. Telephone: 1.800.992.8499.
- [Oregon Zoo Summer Concerts](#) in July-August. Tickets required. Telephone: 503.226.1561.
- [Kruger's Farm Concert Series on Sauvie Island](#) Thursday evenings in July and August. Free admission. Telephone: 503.621.3489.
- [Portland Parks Summer Concert Series](#) July-August. Free admission. Various locations. Telephone: 503.823.7529.
- [Washington Park Summer Festival](#) offers free concerts in the in the Rose Garden amphitheater. August 3-17. Free admission. Telephone: 503.823.7529.



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**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**  
**[smarthens@movingtoportland.net](mailto:smarthens@movingtoportland.net)**