

Summary: The sold sign is becoming a prominent feature in Portland-area neighborhoods

Greg and Sharon Ware worry that Portland's hot housing market will leave them out in the cold.

For three months now the Portland couple have cruised neighborhoods and scoured newspapers in search of a house in the \$85,000 and under range. Their own 1908 craftsman-style home in the Westmoreland area sold in less than a week -- and for \$500 more than the asking price.

Somehow, the Wares figured finding another place would be easy.

Somehow, they figured wrong.

"It's very difficult to find a place," said Greg Ware, 40, director of the extension program at Pacific Northwest College of Art in Portland. "You look for sale signs, but by the time you get inside, the houses are sold."

Last week the Wares finally found a house that somebody else hadn't already bought, and their bid was accepted. Now the couple are keeping their fingers crossed until the deal is sealed -- and they're packing their bags to move.

"It's a roll of the dice," Greg Ware said. "We're just waiting for our number to come up."

So are plenty of other Portland people. Indeed, the red block-letter SOLD sign is quickly becoming a prominent fixture in Portland and Vancouver neighborhoods. Homes that just two years ago might have sat on the market for months are moving faster than the pace car at the Indianapolis 500.

Some homes are selling before they are even listed -- many for more than the asking price. And swank apartments, armed to their high-beamed ceilings with amenities, are popping up as fast as builders can pound them together.

Not since the buying bonanza of Oregon's prosperous 1970s has real estate been in such demand. Fueling this frenzy are out-of-state dollars owned by equity-rich newcomers, a third of which hail from California. The influx has sparked a surge in housing construction, most of it tailored for buyers who think nothing of paying \$150,000 and more for their abodes.

Houses, old and new, are 20 percent to 30 percent pricier than just two years ago. In 1988, housing prices hopped by more than 10 percent, and in 1989, 12.7 percent, according to U.S. News & World Report.

The median housing price in Portland was -- 22nd in the nation -- but that price tag is changing almost daily as the cost of owning a home surges skyward.

And out of reach for many Oregonians.

"If this continues, Oregon buyers will be priced right out of the market," said Jack Auerbach, sales associate with Century 21 Wright-Christie and Associates in Beaverton. "Right now housing is going up 4 percent a month. Wages are not."

Greg and Jackie Holt are recent casualties of the house hunting war. The couple, both in their 20s, spent two months searching for a west Portland house. They could afford up to \$90,000; they could find nothing.

"Every day we went looking, the price went up," said Greg Holt, a medical supplies salesman. "We did feel panic."

The Holts finally bought an \$88,000 house in Hillsboro, a 30- to 40-minute drive in rush-hour traffic from

downtown Portland. Their house is the last in a new subdivision.

“For the seller, everything is going fast, upbeat,” Greg Holt said. “But it’s a downer for people looking for a house. We were pretty much at their mercy.”

Panic buying is a daily reality for Realtors. Buyers who once had their pick of the litter when it came to Portland real estate now must be ready to plop down a down payment on a moment’s notice.

“It’s like you’re expecting a baby,” said Ron Popick, a real estate agent with Stan Wiley Inc. Realtors in Tigard, “and any minute now that baby could be on its way.”

- Speed is necessary

“If you’re a home buyer today in the median price range, and a good property comes on the market, you have to be able to grab your purse, race to the car, queue up to the door and make your offer,” he said.

“You may not have a second chance.”

A bid, however, is not always as reliable as birth. Several of Popick’s clients have lost out on homes because they were outbid, or turned down by the buyer, because their financial credentials were not as strong as those of a competing bidder.

“I know of one house that had five buyers in one day,” Popick said. “The asking price was \$104,000. The buyer that got it paid \$121,000.”

Consequently, Popick and other Realtors now highly recommend -- and sometimes demand -- that would-be buyers pre-qualify for a bank loan. That way, both the Realtor and the seller know the buyer’s true spending power.

“The seller doesn’t want to take the house off the market unless it’s sold,” Auerbach said.

Portland is a seller’s dream come true. In March 1989, buyers could look their way through 12,000 listed properties and not feel pressure to buy; today only 6,000 properties are available. In the last 180 days, 7,900 houses sold.

Real estate offices are inundated daily with calls from potential out-of-state buyers who have heard that Portland property is going fast and -- compared to California’s overinflated real estate -- cheap.

“I got one call from one guy in New Jersey,” Auerbach said. “He said he wanted to buy a Portland house in the \$200,000 to \$250,000 range. I asked him if he wanted a view.

“He told me a view of the ocean would be great.”

Andrew and Frances Zibart knew better than to expect an ocean view when they moved from San Francisco to east Portland nine months ago. But they did hope to find a good house at a good price.

And they did. Quickly, they bought a two-story wood-frame house for \$72,000. Now they’re selling the place for \$80,000 and moving to a bigger and better home on the west side.

“The price of housing here is nothing,” said Frances Zibart. “It’s like they’re giving it away. In San Francisco, you couldn’t even get a decent condo for \$200,000. And a \$350,000 house would need to be completely renovated.”

In Portland, \$350,000 still buys one heck of a house. According to Jack Baty, president of the Home Builders Association of Metropolitan Portland, today’s upper-end buyer demands it.

The average “yuppie” family, he said, wants a house packed with pluses: 3,000 square feet of living space that includes four bedrooms, a den or bonus room, two fireplaces, a three-car garage and a gaggle of electronic gadgets.

“Ten years ago, we never put any kind of electronics in the homes,” Baty said. “Now homes have everything from intercom systems to built-in vacuum cleaners.”

About the only thing new homes don't have is enough people to put them together. Demand for new housing is so great builders are unable to keep pace. Baty said a house that used to take five months to complete now takes eight months.

The problem: a shortage of skilled labor.

“We get calls from out-of-state builders wanting to come here,” said Baty, who 10 years ago built a Street of Dreams home that sold for \$145,000. “We tell them the market's hot -- but to kindly bring their own crews. We don't have enough workers to go around.”

Builders construct homes in four basic price ranges: \$70,000-\$125,000, entry level; \$120,000-\$175,000, moderate level; \$175,000-\$250,000, high level, and anything above that is considered high-high level.

Moderately priced homes are most popular with buyers and therefore are the bulk of what is being built. Most of these homes are located where the greatest concentration of new growth is expected in coming years: in Washington County, specifically in Beaverton, Tigard and Hillsboro; in the hilly lands that surround **Clackamas Town Center**; in sections of Gresham; and across the Columbia River in Vancouver, Wash.

The big spenders, though, settle where the other big spenders live -- posh places like Lake Oswego, where a typical lot -- sans house -- sells for \$55,000, and construction of \$800,000 “spec” homes is no big deal.

Monica Gonzales, a Realtor with Lutz Snyder in Lake Oswego, said the real estate market is so fierce in this affluent area that builders are asking for \$10,000 non-refundable deposits -- and getting them.

“It can be a risk for the buyer,” Gonzales said. “But some people are so desperate they'll pay it.”

The primary problem with Lake Oswego is that it's running out of room. Already there has been one attempt to slap a moratorium on housing construction. The effort failed in August when City Council members determined there is enough classroom space districtwide to handle the expected rate of growth.

Apartments, on the other hand, should have little trouble handling growth throughout the greater Portland area. In 1989 metropolitan counties issued building permits for 9,520 multiple-family housing units, making it the nation's leader in apartment construction.

Nearly half of those apartments are going up in Washington County, where building permits showed a growth rate of 237 percent last year. Construction of multifamily housing jumped 212 percent in Multnomah County and 81 percent in **Clackamas County**.

“This is a banner year for everyone involved in the apartment field,” said Mark Barry of Mark D. Barry and Associates of Portland, which twice annually publishes the Barry Apartment Report.

Banner, indeed. Some neighborhoods have become apartment cities, with hundreds of units located within peeping-Tom distance of one another.

- Location important

The cost of apartment living depends entirely on location. On the east side -- where more older units exist -- a one-bedroom apartment rents for \$425-\$495. On the trendy west side, rent for a one-bedroom apartment starts in the \$475-\$525 range and climbs from there, Barry said.

Over the next year, Barry added, expect rents to rise by 6 percent to 10 percent.

“Almost all new apartment construction is middle to upper end,” he said. “People want amenities, and they're getting them.”

At the new Beaver Ridge apartments on Cornell Road in Beaverton, tenants can work out in the clubhouse weight room, play racquetball or sit in the sauna. They also have their choice of four color schemes -- mauve, blue, gray and beige -- for their apartment's interior.

``This includes coordinating wallpaper, both in bathrooms and kitchen," said leasing agent Dottie Girod, adding the 350-unit complex was filling fast.

Most apartment buildings are filling fast or are already full. Barry said there now is a 3.75 percent to 4 percent vacancy rate, which is considered terrific in construction circles (an 8 percent vacancy rate is unhealthy).

Barring economic catastrophe, Barry believes the vacancy rate will stay below 5 percent over the next two years.

Economic catastrophe -- a recession, for example -- is always a possibility. Builders are more than aware they could be stuck with empty houses and apartments if buyers suddenly stopped buying. Builders and subcontractors still are recovering from losses suffered in the 1982 recession.

``I'm a little bit worried about the run-up in multifamily construction," said John Mitchell, senior vice president and economist at U.S. Bank of Oregon. ``Wage and salary growth hasn't changed that much, and yet construction is booming.

``It's certainly something to watch."

Portland's low-income families already are feeling the effects of low wages combined with rising rents. According to Marge Ille, planner with the Housing Authority of Portland, the number of homeless will rise just as fast as rents.

``National figures estimate that 85 percent of poor households are paying unaffordable rents," Ille said. ``And if no new low-income housing is being created, where are these people going to live?"

Low-income housing isn't as profitable; builders know they can find tenants willing -- and able -- to pay higher rents or mortgages.

Low-income homes and apartment units exist, but vacancies are rare, Ille said. Landlords also are demanding first and last month's rent, security deposits and proof that income is three times the price of rent -- proof many low-income families cannot provide.

``Families are having to double and triple up to make ends meet," Ille said. ``Some situations are truly sad."

On the whole, Oregonians have little choice but to watch the housing market -- and wonder. Will the immigration tide slow? Will Oregon become another California? The Golden State's population explosion lasted more than 30 years, leaving in its smoggy wake a plethora of housing, traffic and public service problems.

The hope, of course, is that Portland will be spared that. An urban growth boundary circles the metropolitan area and supposedly protects rural areas from the horrors of urban sprawl. But already builders are trying to alter the boundary that has been in place 10 years.

Whether they will succeed still is under debate. The issue is being studied by a committee of the Metropolitan Service District, the agency that oversees the boundary. Its findings are expected to be released this summer.

Whatever Metro decides, one thing is almost certain: Housing prices will continue to rise. Just how much is anybody's guess.

``Somebody could give you a number, but in the long term, I'm pretty sure it would be the wrong number," said Mike Murphy, an economist with the Oregon Housing Agency.

Which pretty much sums up Portland's future: Pick a number, any number, and chances are it will be wrong. Economist Mitchell makes his living watching trends, and he is hesitant to make any predictions.

``Oregon, I suspect, is going to outperform the nation," he said. ``But there is a recession out there someplace. The economy is now its 89th month of upturn. There is going to be a downturn.

``I don't think it's going to happen soon, but it could."

Greg and Sharon Ware hope it's sooner than later. They must vacate their house for the new owners by mid-June. If the deal for their new house falls through, they'll have no choice but to move into a rental.

And that, they say, certainly wasn't the plan.

CITATION (AGLC STYLE)

MICHELLE STEIN - of the Oregonian Staff JAMES MAYER - of The Oregonian staff contributed to this story., 'HOMES MOVING FAST IN BOOMING MARKET', *Oregonian, The* (online), 6 May 1990 PAGE: A01 <<https://infoweb-newsbank-com.ezproxy.lincc.org/apps/news/document-view?p=NewsBank&docref=news/0EB08603912BA061>>

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