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SIFF Real Estate Investment News



Advising Working Professionals on Investing in Real Estate the Right Way

Save the Date for *Winning Together*: August 30 at 5:00p.m.



We're hosting our Second Annual Client Appreciation Event – *Winning Together*. Last year we had one of the best evenings in San Francisco, and we're looking forward to a repeat. It's an opportunity to thank you for your business and continued support, so bring your friends and family and let's celebrate another year of success!

On Business Growth. By now all of our Foundation Clients should have heard from Cynthia Seymour, our new VP of Marketing, on our client referral program. Also, Cynthia is refining our marketing communications to detail ideas like *Why Invest in Oregon and the Pacific Northwest?* Read on to learn more. We are now expanding our company with an even greater effort on sales and are searching for qualified individuals to assist us. If you know of any candidates, please have them contact us.

On Partners. We are continuing to build our network of SIFF-Certified Partners. We have taken our methodology, vision and criteria to form a team of lenders, realtors, property managers and others who are top in their field. By setting the highest standards for our partners, we believe we are providing our clients consistent, high quality service for the highest return on investment.

What's New. Based on your feedback, we are pleased to be adding a new section to the newsletter called *Client Spotlight* that features rental property ownership tips and advice.

Real Estate Market Overview

While we're not going to see major trends quarter over quarter, this statistical snapshot shows the healthy market fundamentals SIFF looks for. The Portland Metro real estate market continues to trend upward, inventory continues to decrease, and Oregon is one of the top states in America with many more people coming than going.

Is this market growth sustainable? Looking back, double-digit growth has not been sustainable over long periods of time. Even though we've had strong year over year growth at 17.4%, the climb will taper off at some point. With interest rates inching up and home prices outstripping incomes, experts maintain that unless median incomes rise to close the gap, we'll experience a "correction."

Does this mean negative growth? Not likely, but we may see slower appreciation rates. In line with our investment philosophy, *investors shouldn't try to time the market*. Instead, they should approach it for the long haul. SIFF was created to help investors take greater control over their investments by blending financial planning with rental property management analysis, oversight and efficiency.

Key Indicators	Q2 05	Q2 06
Portland Metro Real Estate Market Growth	10.8%	17.4%
Inventory	1.6 months	2.3 months
DOM (Days on Market)	41 days	41 days
Oregon unemployment Rate	6.5%	5.4%

SIFF Viewpoint

Why Invest in Oregon and The Pacific Northwest?



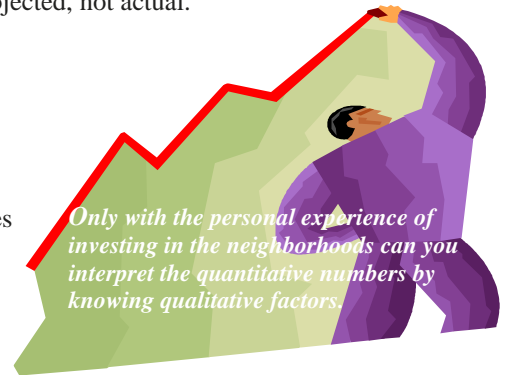
In our view, metrics aren't knowledge until they're combined with local and personal experience.

When asked the question, we view it as an opportunity to clarify our investment philosophy. It comes down to knowing macroeconomic factors such as interest rates and real estate market growth, along with local economic data like housing affordability and job growth. But data alone doesn't create the ideal investment destination. In our view, metrics aren't knowledge until they're combined with local and personal experience.

So how do we investigate and affirm the best areas to invest? We leverage research, local experts and our own collective experience of investing throughout Oregon and Washington. We look for metro areas with steady growth, which really just comes down to supply and demand – areas with a good mixture of rentals and owners, population and job growth, relatively affordable housing, and increasing scarcity of land to develop. We've realized which statistics lie and which you can rely on. GRM (gross rental multiplier), for example, may be used as a gauge, but it can be misleading because property sales prices and rents may be projected, not actual.

Statistics on Oregon

- Oregon has the highest influx of people moving in from other states, countries
- Unemployment continues on a downward trend
- Good mix of rentals and owner-occupied properties
- Land for development is growing scarce – government protection and natural boundaries
- Housing Affordability as a multiplier (median home price/individual income)
 - Bay Area: 14 to 15
 - Oregon: 7.8 (In other words, twice as affordable as the Bay Area)



Only with the personal experience of investing in the neighborhoods can you interpret the quantitative numbers by knowing qualitative factors.

The other half of the secret involves knowing specific neighborhood, streets and special cul-de-sacs. It includes knowing about socio-economic factors and crime levels, as well as proximity to schools, parks and shopping. It's about finding the hidden places nobody does a good job of interpreting when the real estate market is hot.

To make the best decision, you need to know the neighborhood, property and its profile. It's like knowing in the Donna Court section of Beaverton that there are six or seven identical properties and rents are less apt to go up in larger steps, creating greater competition for renters. Only with the personal experience of investing in the neighborhoods can you interpret the quantitative numbers by knowing qualitative factors.

Client Spotlight: Deferred Maintenance

Thinking about tackling deferred maintenance issues on your property? Did you know our SIFF-Certified Property Management Partners could handle the job for you?

When our clients were awarded money from a class-action lawsuit on a defective siding product, they decided to go forward with the project. The client worked through one of our SIFF-Certified Property Managers to select a contractor, define the project scope and schedule the job. The project lead has sent daily emails and photos to keep the client apprised of project progress and decisions to make. Now the property is restored, making it more attractive to renters and the property's long-term value is preserved. According to the client, "SIFF ensured the project was done to our satisfaction, and we didn't even need to make a trip to Portland."

SIFF Rental Market Strategies

When filling vacancies, we're seeing longer term leases, e.g. 6 months to 1 year vs. month to month. We're also witnessing higher quality applicants as judged by income, credit scores and references.

As we've alerted you, we are analyzing rents on a neighborhood level and are working with your property managers to increase rents in the 3% to 5% range, especially where tenants have been in a unit for a year or more. SIFF continuously reviews rent rolls and recommends holding or adjustments based upon market rates, location, tenant history and current rents.





Thank you for continuing to be an advocate for SIFF LLC and for sharing your experience and this newsletter with friends, family and colleagues. Please bring them to the event on August 30!

Was this helpful? Please email your response or idea for the *Client Spotlight* at info@siffinvestment.com.

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