

January 20, 2008

IN THE REGION | NEW JERSEY

Buyers, Now Hear This

By ANTOINETTE MARTIN

SPRING has already started for residential real estate, at least the way brokers look at it. And spring is coming in, well, not so much like a lion or a lamb as a lumbering bear.

The pace of home sales has slowed markedly, according to the latest statewide market reports. And prices continue their descent.

The market analyst Jeffrey G. Otteau told brokers in his January report not to expect a return to boom times for a long time to come — a really long time, according to his numbers.

“Home prices are unlikely to recover to 2005 levels until spring of 2014,” Mr. Otteau stated flatly in the report, which is based on his company’s monitoring of contract sales.

But he points out — and brokers tend to agree with this part, if not the more negative predictions — that this means it is an excellent time to buy.

“Spring 2008 will present a unique opportunity that has never before occurred in the housing market, namely lower home prices and low mortgage interest rates,” Mr. Otteau said.

Jacelyn Botti, president of Weichert Realtors, agreed, saying that an auspicious moment was brewing for buyers. “We consider that our spring market starts the third week in January,” Mrs. Botti said. “That’s when people start making their move. Starting from there, we are looking at an interest rate, for a 30-year fixed mortgage, of 5.75” percent, which she said was “the lowest since spring of ’05.”

“We’ve got a good inventory of homes, and prices have definitely become more reasonable,” she added. “It’s all good.”

For buyers, Mr. Otteau predicts, things will only get better as real spring arrives. The inventory — which, typically, has shrunk as fewer people seek to sell during the cold-weather months — will blossom again in the spring, he said. And the federal interest-rate regulators are already talking about another rate cut.

As far as selling is concerned, he pointed out that with average sales prices virtually certain to dip further, and to bounce back only very slowly and gradually, a person who wants or needs to sell might simply be “unwise” to tarry.

Ken Baris of Jordan Baris Realtors elaborated on the point, saying: “The spring is the busiest season for listings. Values decline further as buyers get more choices. They can make lower offers, and those offers start to be accepted.”

Lots of would-be sellers are still saying they don’t want to put homes on the market that have recently gone down in value, because they could go up again, Mr. Baris noted.

The reality, he asserted, is that “prices are dropping everywhere except in Manhattan,” and that “anyone who tells you otherwise is simply trying to pretend the house they are selling is different, or else they haven’t looked at the numbers.”

He cited an example — a house sold by his agency a week ago in North Caldwell. “It was listed at \$1.25 million, reduced to \$1.15 million, then to \$1 million, and sold to a buyer we represented for \$900,000. That is typical.”

He said he believed this chain of events was being played out across the range of home prices — although he could cite exceptions in certain “pocket markets.” For instance, at a new development on the former Upsala College campus in East Orange, 45 of 51 single-family homes have sold in the last year, for \$439,000 to \$600,000 — record-breaking prices for the community.

“It’s patchy,” agreed Linda Grotenstein, of Coldwell Banker in Essex County, “and there’s always a head shaker or two.” Ms. Grotenstein pointed to a house on Midland Avenue in Montclair that went on the market for \$659,000 on New Year’s Eve, quickly garnered seven offers, and sold after nine days for \$99,000 over the asking price.

Elaine Pruzon, a Coldwell agent operating in the exclusive communities of Short Hills, Summit and Livingston, said she had listed a house at more than \$3 million this month, and got two quick offers.

“I just don’t feel the downturn touches these communities as much,” she said. “People still need or want to move from Manhattan to these very desirable places, which have quick commutes. Yes, there are bargain hunters, even in Short Hills and Summit, and some are successful right now, but many are not.”

Mrs. Botti, president of a seven-state Weichert region that includes New York and New Jersey, said her firm’s sales of homes at the top end — \$2 million and above — had been robust. There were 6 percent more sales in that category in 2007 than in 2006, she said.

“I think that makes a strong statement to the rest of the market that now is the time to buy,” she added. “People with financial wherewithal, who are well educated to market conditions, are not standing on the sidelines.”

Mr. Baris says he can see only one situation in which the market doesn’t favor a buyer: “If you are selling now to buy a less expensive house, it’s not good news,” he said. “You’ve lost more in value on your current house, proportionately, than you will gain from the price drop on a lesser house.”

On the flip side, he added, those sellers who want to “trade up” to a more expensive property will more than make up a decline in market value. “A 20 percent discount on a more expensive house is going to be bigger,” he said, “so there is a net gain in value.”

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