



The Times

Housing market weathers crisis

Report: Mercer area prices remain steady

Thursday, October 25, 2007

BY ANDREW KITCHENMAN

With bad news continuing to rattle the housing scene nationally, Mercer County's real estate market appears hobbled but not crippled by the crisis. And Princeton Township and Princeton Borough are defying the odds, with prices rising at a brisk pace.

CREDIT CRISIS FALLOUT

RECORD PLUNGE FOR HOME SALES

\$7.9B WRITE DOWN FOR MERRILL LYNCH PAGE C8

That was the picture that emerged from a report issued this week by Prudential Fox & Roach Realtors based on local listings.

The report found that homes are staying on the market longer throughout Mercer County but that overall prices were steady.

The median sale price in the county was \$276,000 for the first nine months of this year, a \$1,000 increase from the same period last year, a 0.4 percent increase. But the number of houses sold dropped by 12.2 percent in the same time period, the report said.

The snapshot of county prices mirrors troubles in the state and national housing markets. New Jersey has had a decline of 13.4 percent in the number of home sales compared with last year, while the National Association of Realtors said yesterday that sales dropped 8 percent last month to the lowest rate in eight years of records.

But some towns are bucking the trend.

Princeton Township's median sales price rose to \$825,600 from \$755,000, a 9.4 percent increase, while Princeton Borough rose to \$682,500 from \$626,500, or 8.9 percent, according to the firm's HomeExpert Market Report.

The two Princetons also are the only municipalities in the county that had increases in both the number of sales and the median price, which is the number for which half of the sales prices are higher and half are lower.

Real estate agents are seeing a difference in interest in the Princetons.

The high end of the Princeton market has been particularly strong this year, including properties that sold for \$2.5 million or more, according to Judy Stier, an agent with Gloria Nilson GMAC Real Estate. Home shoppers often target the township and borough as the first place they want to live in the county, she said.

"Princeton is a unique community because of the university, first of all," Stier said. "The upper end of the market is probably the strongest."

The municipality with the largest drop in sales was Trenton, which fell from 874 properties sold in the first

nine months of last year to 574 this year, a 34.3 percent decline.

Prudential Fox & Roach Senior Vice President Steve Storti said Trenton is joined by other urban areas that have seen record sales increases in recent years and are seeing drops this year.

Real estate appraiser Jeffrey Otteau, whose firm is based in East Brunswick, said the current downturn in real estate is affecting communities differently.

"Over the past 25 years, all ships in the harbor rose equally with the tide change," Otteau said.

Now, markets farther away from high-income areas are being hurt more by changes in the market, such as a decline in mortgages to residents with low income or poor credit.

"The current credit crunch in the mortgage market is mostly affecting those who are on the fringe of affordability, meaning they have lower income in relation to home price," poor credit or less equity, Otteau said.

While the average number of days that homes are spending on the market before they are sold increased to 79 days this year from 68 during the same period last year, the total number of homes on the market dropped.

Mercer County Association of Realtors President John Terebey Jr. said the regional market is doing respectable business, but he described the market as "fragile."

He said that with continuing low interest rates, there are prime opportunities for those looking to buy "entry-level" houses.

Terebey, owner of ERA Properties Unlimited, expressed concern about a proposed increase in the state home sales tax, which is opposed by the New Jersey Association of Realtors.

"Additional taxes are not going to help us at all," Terebey said.

Storti predicted that the market will remain rough through the rest of the year, but may be steady next year with potential interest-rate cuts.

"I'm hopeful that you'll see some stabilization going into next spring," Storti said.

When the market began to slow in late 2005 and dropped in 2006, many real estate agents thought the market had reached a bottom, Storti said. However, problems with subprime mortgages this year continued to batter the market, he said.

Burlington County saw a \$500 increase in the median sale price, from \$244,500 last year to \$245,000 this year.

However, most towns in the northern portion of the county saw price declines, led by Bordentown Township, which dropped from a price of \$339,000 in the first nine months of 2006 to \$278,450 in same period this year, a 17.9-percent fall.

Burlington County had a 16.5 percent drop in the number of homes through September of this year compared with 2006.

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