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Home prices in area rise; another sign of recovery

Realtors: 1.5% rise for 4-county region

By **DAVID P. WILLIS** • BUSINESS WRITER • May 11, 2010

The median price for a home in the area that includes Monmouth and Ocean counties rose 1.5 percent in the first quarter, another sign the housing market is stabilizing, the National Association of Realtors said today.

The median price for a house that sold in Monmouth, Ocean, Middlesex and Somerset counties rose to \$325,800 in the first quarter, up from \$320,900, the price for the first quarter of last year. Prices in Monmouth rose even more, while they continued to drop in Ocean. Overall, it's the first quarterly increase compared to the previous year since 2006, when the median price in the first quarter was \$376,400, according to the association's figures.

The median price means that half the homes sold for more and the other half sold for less.

Simi Bhatnagar and her husband, Piyush, were renting in Woodbridge before they bought a house in Marlboro in January.

"It was a buyer's market," Bhatnagar said. "We thought prices are quite competitive. They are good and this might be the right time to buy a house."

They purchased the four-bedroom farmhouse for \$589,000, negotiating the price down from about \$630,000.

Economist Joel Naroff said the 1.5 percent increase was expected.

"The economy is stabilizing and the housing market is stabilizing," said Naroff, president of Naroff Economic Advisors in Holland, Pa. "I think the 1.5 percent year-over-year (increase) is reflective of a situation where the worst is over and now we can start building on getting the market back to normal."

Other areas of New Jersey saw gains as well. The median price in Essex, Hunterdon, Morris and

Union counties rose 1.7 percent, while the area that includes Bergen, Hudson and Passaic counties jumped 2.1 percent.

Still, prices in the Atlantic City area dropped 2.6 percent and the Mercer County area saw prices fall 8.9 percent.

What's behind the increase in the market? The \$8,000 tax credit for first-time homebuyers, which expired on April 30, and low mortgage interest rates helped fuel sales.

"We had transactions that were literally put together in a day or two to meet that deadline of April 30 to be under contract," said Louis Redbord, branch manager at Coldwell Banker Residential Brokerage in Holmdel. "We see a pretty heavy (workload) for the next three months."

Cheryl Vetovick, director of marketing and development at Diane Turton Realtors, said sales at the brokerage increased 29 percent in the first quarter and the average sale price went up 12.1 percent.

Still, some buyers remain cautious. "They all want to feel confident about their own personal future, their own personal employment," Vetovick said.

Shore counties' figures

Figures compiled by the Otteau Valuation Group

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help show what is happening in Monmouth and Ocean counties. The median first-quarter home price in Monmouth County rose 6.8 percent over the same period a year earlier to \$346,563, said Jeffrey Otteau, the firm's president. In Ocean County, the median price fell 3.7 percent to \$215,370 in the first quarter.

Statewide, the median price rose 1.4 percent, Otteau said.

Ocean County, which has higher foreclosure and mortgage delinquency rates than Monmouth, was one of eight New Jersey counties that saw a decline, Otteau said. Most of them are located farther away from the state's job centers in northern New Jersey, he said.

Sales in Monmouth and Ocean counties increased 25 percent so far this year, Otteau said.

"I think you are looking at pent-up demand, low rates and the effects of the tax credit," he said.

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