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## Local home prices fall 6.9 percent



Written by

**Michael L. Diamond** | Staff Writer

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The median price of a home in central New Jersey fell 6.9 percent during the first quarter, a trade group reported Tuesday, in a sign that the supply of homes on the market continues to outweigh the demand from buyers.

The figures gave credence to what real estate observers have suspected: Those who had hoped the housing market had bottomed out will have to wait longer.

“This is probably less of a spring market than we had hoped,” said Russell Tucker, senior vice president of Millburn-based ISB Mortgage Co., a subsidiary of Investors Savings Bank. “That’s the bottom line. We should be in full swing right now, but that’s not the case.”

The National Association of Realtors reported that the median price of a home in the region that includes Monmouth, Ocean, Middlesex and Somerset counties was \$303,200, down from \$325,800 the same quarter a year ago. The median means half of the homes sold for more and half sold for less.

The report showed that the housing market has yet to regain its footing since the bubble began to collapse nearly five years ago. And it suggests buyers aren’t returning to the market even though home prices nationwide have declined more than 20 percent from their peak and mortgage rates remain at less than 5 percent.

Neil Zingerman, a Mansfield Township resident who also owns a home in Point Pleasant Beach, seemed to summarize the attitude of buyers. Now, he said, seems like an ideal time to buy.

“With prices, I don’t think they’ll go lower,” he said Saturday as he walked by an open house in Point Pleasant Beach that was hosted by Maria Hayes, an agent with Diane Turton Realtors.

He then added a caveat: “At least, I hope they don’t.”

Central New Jersey prices fell more than the national average. The median U.S. home price was \$158,700, down 4.6

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percent from \$166,400 the same quarter last year, according to the Realtors' group.

And first-quarter figures released by Jeffrey Otteau, president of the Otteau Valuation Group Inc., a research firm in East Brunswick, showed only one of 21 New Jersey counties saw prices appreciate during the past year. Somerset County was up 2.6 percent from last year.

Morris County fell 4.9 percent; Monmouth County fell 7.8 percent; Middlesex County fell 8.4 percent; and Ocean County fell 10.2 percent.

A recovery could be far away, said Patrick J. O'Keefe, director of economic research for J.H. Cohn, an accounting firm based in Roseland.

Why?

- **Too much supply.** It would take eight months simply to sell the number of foreclosed homes in New Jersey, not including new homes on the market.

- **Too little demand.** Consumers still are digging their way out of debt. But even then, their job security is tenuous. The economy has begun creating jobs again, but New Jersey's unemployment rate in March was 9.3 percent.

Meanwhile, the federal government's program giving first-time home buyers an \$8,000 tax credit expired last spring.

- **Intangibles.** Consumer confidence in the housing market has been shaken. While buyers once considered it a piece of the American Dream, they now see downsides as well. For example, they would give up some of their mobility. And they know houses no longer are guaranteed to increase in value.

"It's profoundly contorted," O'Keefe said. "It may not be a dysfunctional market, but it's certainly a highly inefficient market because of all these impediments. Buyers and sellers can't find each other; borrowers and lenders can't reach each other."

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