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Single-family home prices decline 4.7 percent at Shore in fourth quarter

Inventory down, a sign of recovery

By **DAVID P. WILLIS** • BUSINESS WRITER •
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The median price for a single-family home in the area that includes Monmouth and Ocean counties declined 4.7 percent in the fourth quarter of 2009 as the housing market continued to stabilize, the National Association of Realtors said Thursday.

The median price for a house in Monmouth, Ocean, Middlesex and Somerset counties dropped to \$327,900 for the fourth quarter, down from \$344,000, the price during the same period a year earlier, the association said.

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

Other areas of New Jersey saw steep declines as well. The median price for an existing single-family home in the Atlantic City area fell 2.8 percent percent, while in the Trenton area, it dropped 0.4 percent, the association said.

The median price in Essex, Hunterdon, Morris and Union counties fell 8.8 percent, and the area that includes Bergen, Hudson and Passaic counties, as well as New York City, dropped 5.5 percent.

"The good news is that the declines are slowing, and soon we will see some small increase," said Joel Naroff, president of Naroff Economic Advisors in Holland, Pa. "The bad news for sellers, not clearly for buyers, is that prices are close to the bottom or at the bottom."

The market is stabilizing, he believes. "The days of buyers being able to wait a week and get a lower price looks to be behind us," Naroff said.

"Given today's findings, it appears as though the housing market is becoming more balanced," said Jarrod C. Grasso, chief executive officer of the New Jersey Association of Realtors.

Home sales in New Jersey have increased in three

consecutive quarters, jumping 34 percent in the fourth quarter over the same period in 2008, he said. Buyers have been boosted by low interest rates, home buyer tax credits and lower prices.

"Based on the rising number of resales, it appears that the market has found its footing," Grasso said. "As the general economy begins to recover and jobs are added, the pace of housing sales should accelerate."

Ben Sheppard and his wife wanted to capitalize on the price declines when they shopped for a house. They ended up paying \$325,000 for a three-bedroom home in Ocean Township last November, negotiating down from \$329,900. It originally was priced at \$400,000, Sheppard said.

"The prices have definitely dropped in this area," Sheppard said.

The couple broke even on the \$213,000 sale of their one-bedroom townhouse in Metuchen, coming down from \$229,000.

Figures compiled by real estate consulting firm Otteau Valuation Group in East Brunswick offer a closer look at what is happening in Monmouth and Ocean counties.

Home prices, including new houses and condominiums, in Monmouth County dropped in the fourth quarter to \$336,611, down 6.2 percent from a year earlier, said Jeffrey Otteau, president of the company. It matched the percentage decline

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seen statewide.

In Ocean County, home prices dropped in the fourth quarter to \$218,343, down 5.9 percent, he said.

Meanwhile, home sales in Monmouth increased by 32 percent while the number of homes on the market fell by 6 percent. "That is pretty dramatic," Otteau said of the sales jump.

In the fourth quarter in Ocean County, home sales grew by 25 percent while supply dropped by a scant 1 percent.

"Prices are now stabilized," Otteau said. "We don't see prices going further down."

He cautioned that there could be drops in upcoming quarterly median prices, as those figures represent the final steps in deals made months earlier.

There are other signs of improvement. The inventory of homes in Monmouth County was down to 11 months at the end of 2009 from 15 months at year's end in 2008, Otteau said. Ocean County was down to 12 months of inventory from 15 months a year earlier.

"It takes us one step closer to recovery," Otteau said.

The \$8,000 federal tax credit has helped move the market, said Jack Waters, regional vice president at Weichert Realtors. "In the more popular price ranges, we are seeing multiple offers come in from time to time and buyers competing for houses."

He expects the tax credits, lower prices and interest rates will continue to help the market, he said. From Jan 1. to Feb. 9, his region, which includes Monmouth, Ocean and Middlesex counties, has seen a 44 percent increase in transactions over the same period last year, he said.

And what happens when the tax credits, available for first-time and existing home buyers who enter a contract by April 30, expire?

With the current sales pace and continuation of low interest rates, Waters said, "we think there is enough momentum in the market that even though the tax credit has expired, the market will carry on."

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