

MarketNEWS

Bringing Clarity to Real Estate

Housing Market Edition
June 2019

Otteau Group

100 Matawan Road, Suite 320
Matawan, NJ 07747

112 W. 34th Street, 18th Floor
Manhattan, NY 10120

325-41 Chestnut Street, Suite 800
Philadelphia, PA 19106

800.458.7161



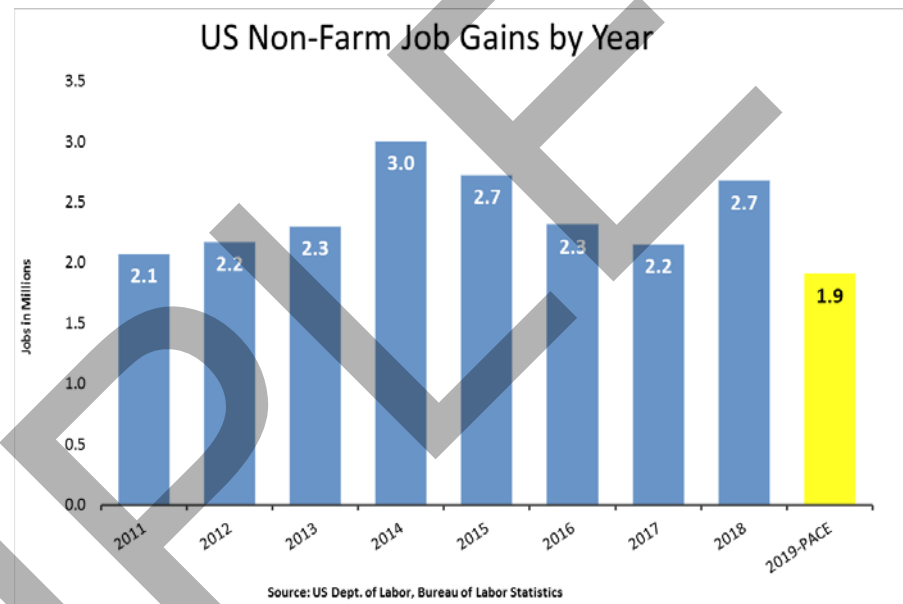
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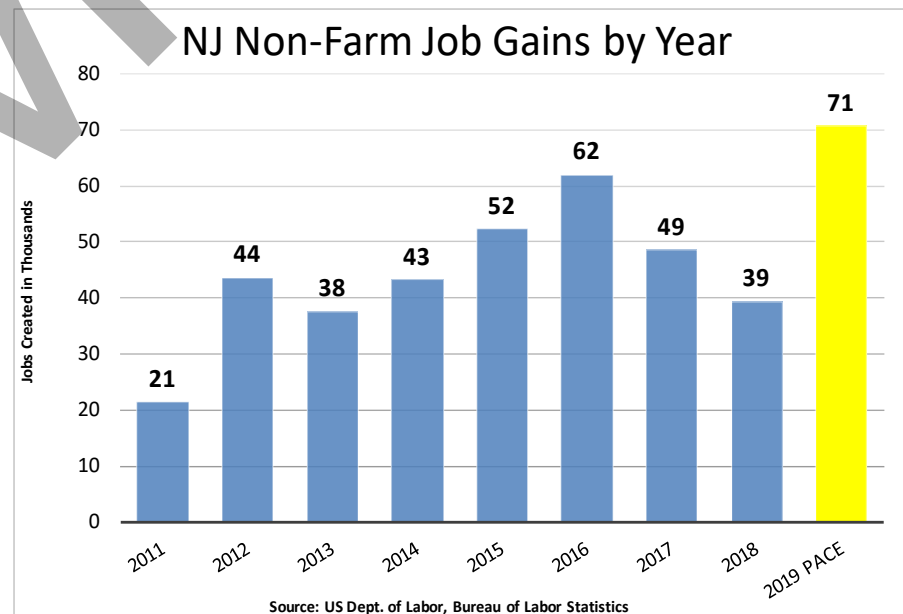
US Job Creation Pace Slowing

After a strong spring start, the pace of US job gains slowed in May to 75,000. At this rate we project an overall gain of just under 2.0-Million jobs at year's end. Through the end of May, the US economy has added 820,000 jobs, compared to over 1.1 Million this time last year. In other economic news, US unemployment rate remains at 3.6% which is a 50+ year low. As a result of continuing job creation and record low unemployment, job openings exceed the number of unemployed persons with 7.4-Million openings compared to only 5.8 Million being unemployed.



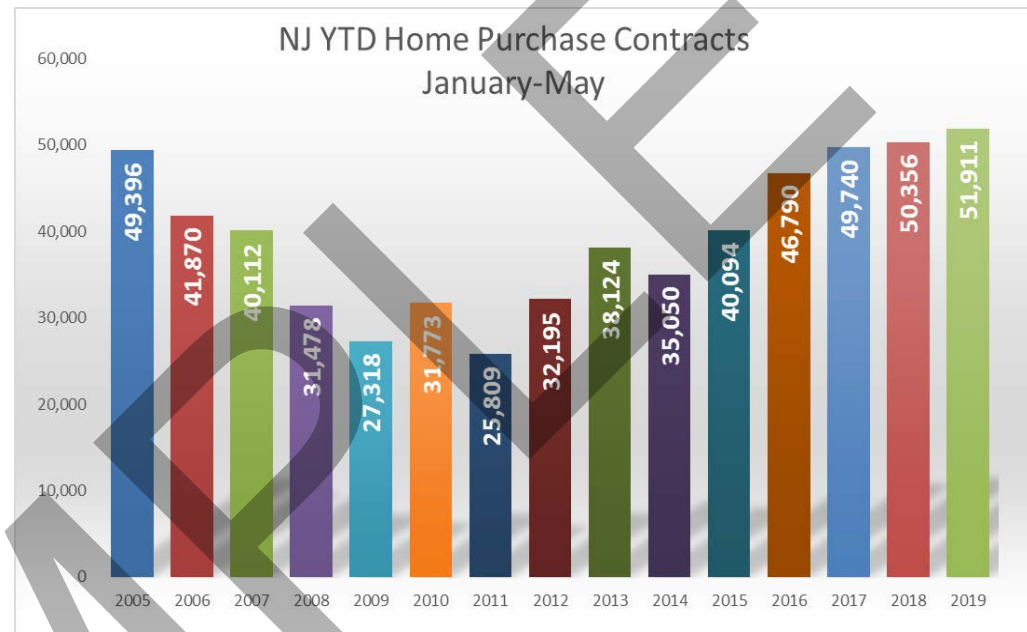
NJ Sees Job Loss

Following two months of large job gains, May saw a loss of 7,600 jobs in New Jersey. Still, the state has added 14,700 jobs y-t-d compared to only 8,200 during the same time period last year. If this pace continues, NJ will see a gain of 71,000 jobs by year's end. NJ's unemployment rate has dipped again, dropping down to 3.8%, less than half its cyclical high of 9.8% back in 2009.



NJ Home Sales & Inventory Rise

Contract sales in NJ increased by 1% in May compared to 1 year ago. YTD home sales have increased by 3% compared to the same time period last year. Although year-on-year increases have slowed, 2019 continues to have the highest number of sales on record. This modest increase is attributable to both continuing economic improvement and home buyers taking advantage of lower mortgage interest rates (see related story later in this report).

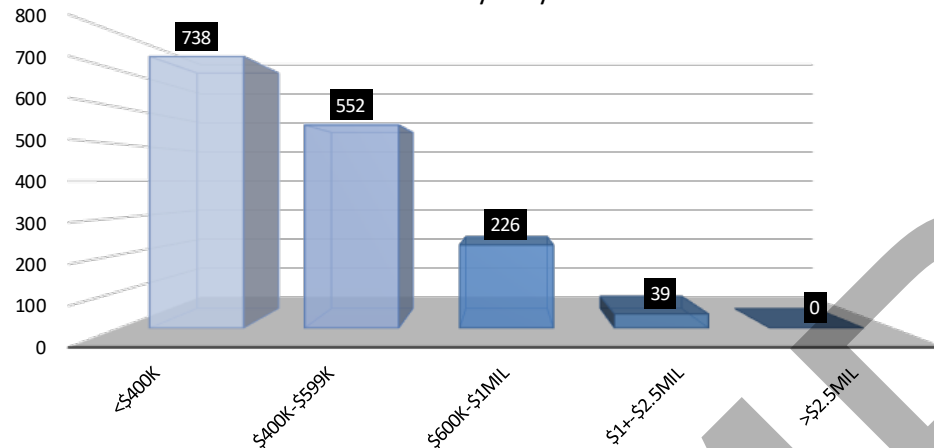


This overall increase by 3% has not occurred in all submarkets, however. Currently, 8 out of NJ's 21 counties have seen a decline in contract sales. Sussex County saw the largest decline, down by 6% compared to this time last year.

■ = YTD Increase in Sales
■ = YTD Decline in Sales

NJ YTD Change in # Home Sales

January-May

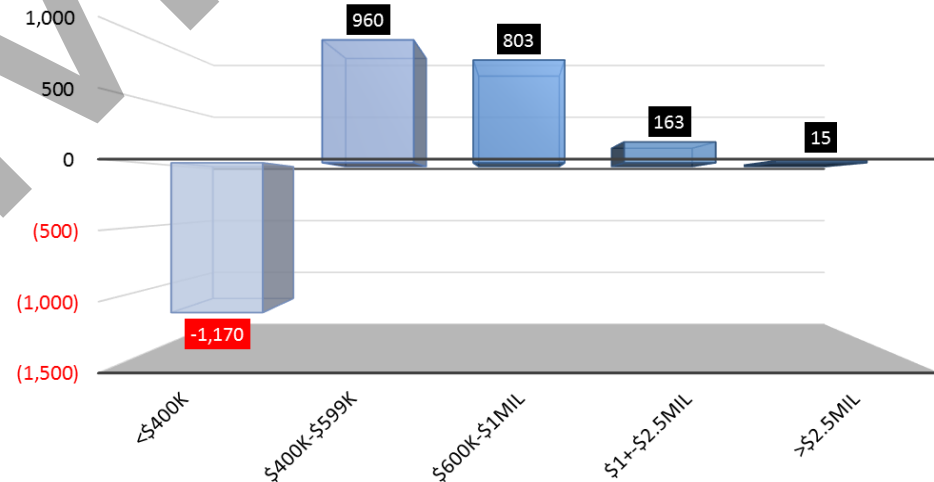


The 3% gain in home sales has not occurred across all price ranges, with the largest increases occurring in modestly priced homes. There has, however, been a recent uptick for sales in the \$1.0-Mil+-\$2.5-Mil range which have increased by 2% y-t-d after lagging during the early part of the year.

While overall inventory continues to increase, the number of homes priced under \$400,000 continues to trend down with a 5% decline year-on-year. Increases in inventory have occurred in all price tiers above \$400,000. The largest increase at 13% occurred in the \$400,000-\$599,999 range. The luxury markets saw increases of 5% for the \$1-Mil+-\$2.5-Mil market and 2% for the over \$2.5-Mil market. Compared to the cyclical high in 2011, inventory has decreased by almost 30,000 homes (-41%). Today's unsold inventory equates to 3.5 months of sales (non-seasonally adjusted), the same as this time last year.

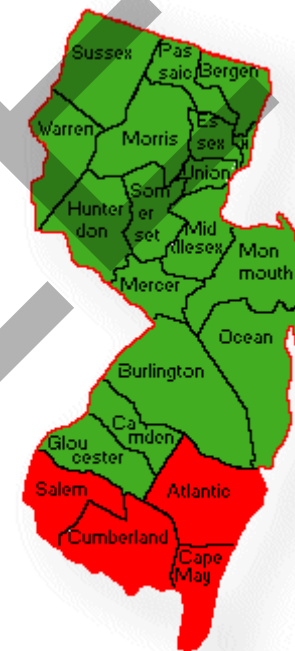
NJ Change in Unsold Inventory

2018 v 2019



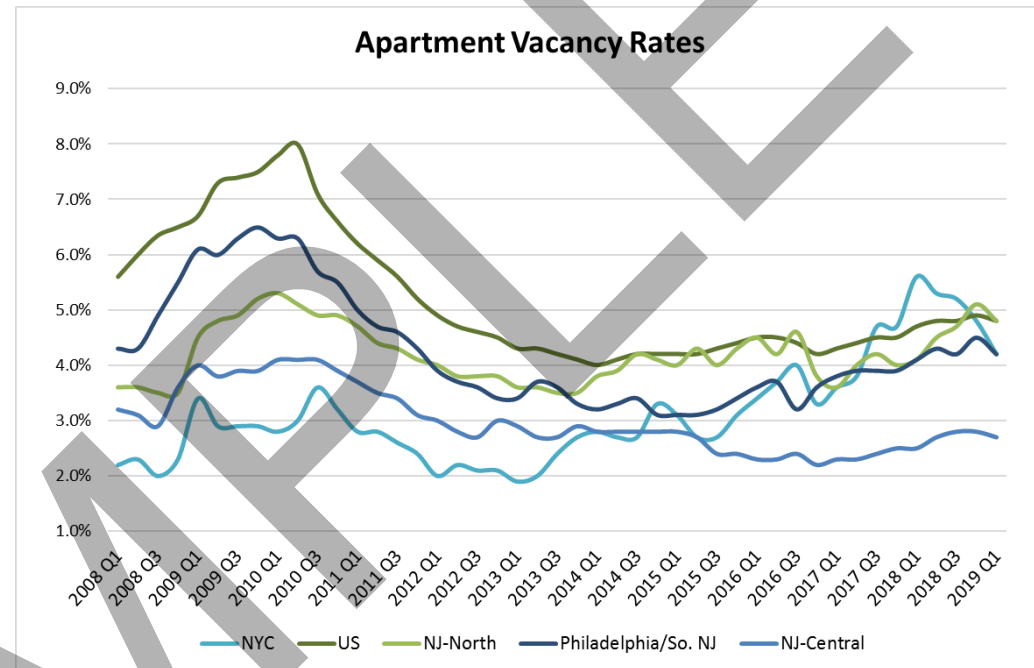
All of New Jersey's 21 counties have less than 8.0 months of supply, which is a balance point for home prices. Middlesex & Essex Counties have the strongest market conditions in the state with 2.7 months of supply, followed by Burlington (2.9), Union (2.9) and Camden (3.0), which all have 3.0 months of supply or less. The counties with the largest amount of unsold inventory (greater than 5 months) are concentrated in the southern portion of the state including Atlantic (5.6), Cape May (5.7), Cumberland (5.9) and Salem (6.0).

- = Less than 5-months' supply
- = Greater than or equal to 5-months' supply



Apartment Market Sector

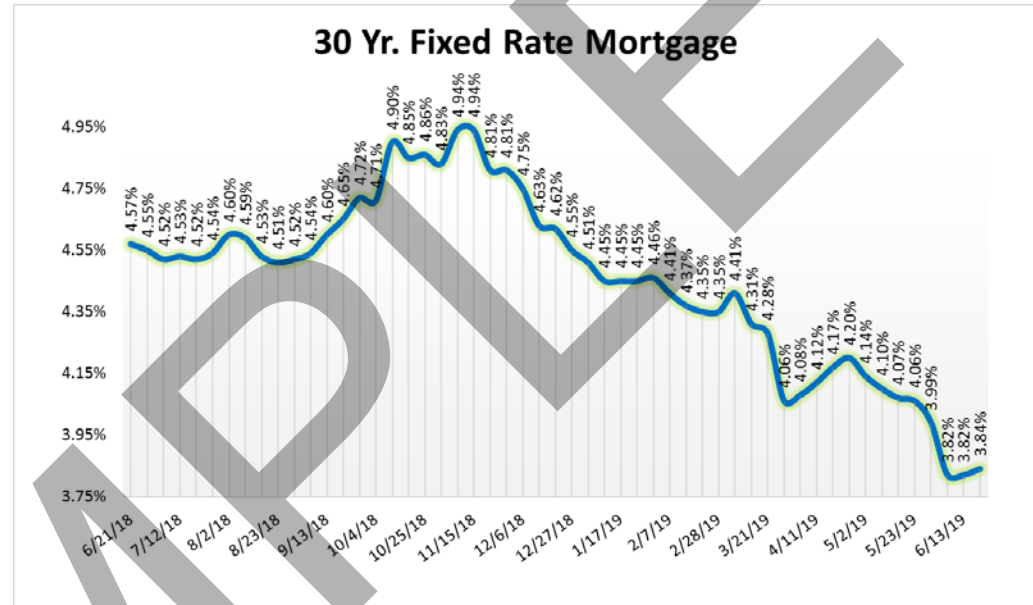
Central NJ saw a 10-basis point decrease quarter-on-quarter in vacancy, dropping to 2.7%. This region continues to have the lowest vacancy rate in the area. Both NJ-North and Phila/So. NJ saw 30-basis point decreases in vacancy, down to 4.8% and 4.2% respectively. NJ overall has a vacancy rate of 3.9%, down by 20 basis points quarter-on-quarter. NYC saw a 60-basis point drop, down to 4.2%. The elevated pace of new construction apartments continues to be concentrated in the northern part of NJ, causing this region to have the highest vacancy rate in the area.



Demand continues to remain strong in NJ for rental apartments allowing the average asking rent to rise for 36 consecutive quarters.

Mortgage Rates

Mortgage rates remain under 4%. Currently rates are averaging 3.84%, a 2-basis point increase from one week earlier. One year ago, the rate was at 4.57%, indicating a 73-basis point decrease from 1 year prior. The average mortgage rate for June is 3.83%, a decline from May's average of 4.07%. Both the 15-year fixed and 5-year ARM rates experienced declines week-on-week, down by 1 bps and 3 bps respectively (shown in the table below).



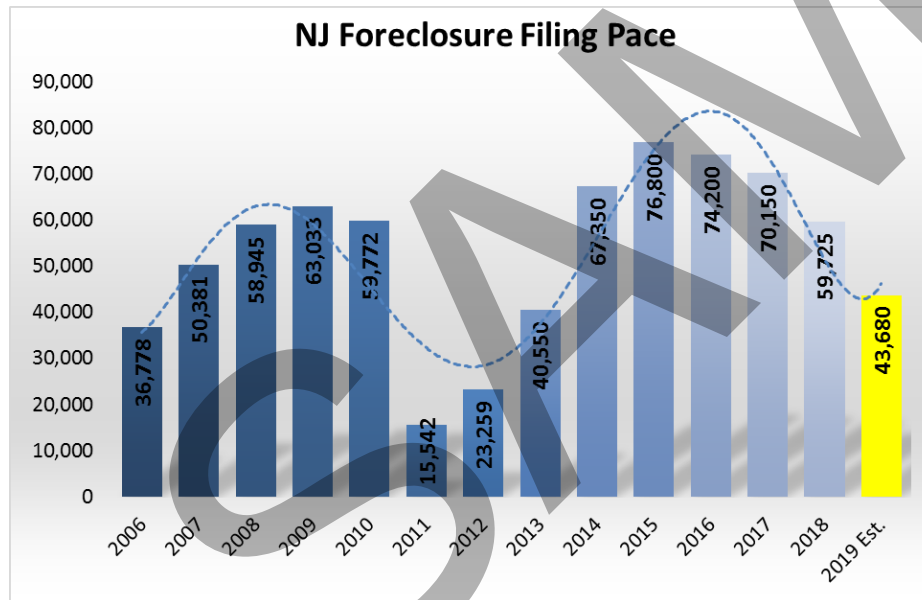
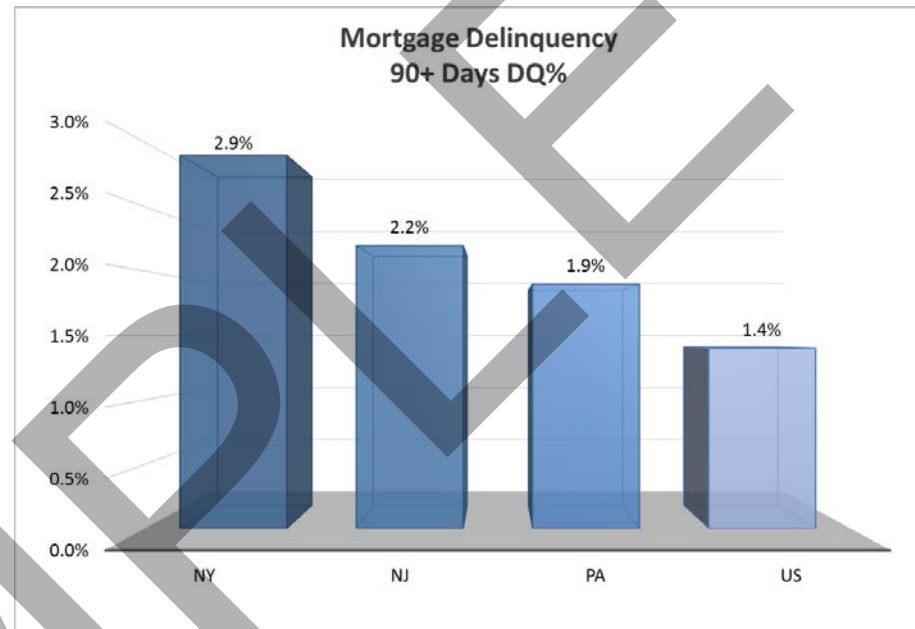
MORTGAGE RATES			
Loan Type	Current Week	Prior Week	Change
30-Year Fixed Mtg.	3.84%	3.82%	0.02%
15-Year Fixed Mtg.	3.25%	3.26%	-0.01%
5-year ARM	3.48%	3.51%	-0.03%

According to Freddie Mac, "While the continued drop in mortgage rates has paused, homebuyer demand has not. This is evident in increased purchase activity and loan amounts, indicating that homebuyers still have the willingness and capacity to purchase homes. Today's low rates, strong job market, solid wage growth and consumer confidence are typically important drivers of home sales."

Foreclosure Trends

Serious delinquency rates continue to recede due to the strength of the economy and rising home prices. Overall the US has dropped to 1.4% down from 1.9% one year prior.

The percentage of delinquent mortgage loans in New Jersey that are 90+ days past dropped by 90-basis points from the previous year to 2.2%. Mississippi leads the nation with 3.0% of mortgages being 90+ days delinquent. Rounding out the list of states with the highest delinquency rates are New York (3.0%), Louisiana (2.7%), Maine (2.3%), New Jersey (2.2%) and Alabama (2.1%).



2019 foreclosure estimates are on pace for another year-on-year decline, down to 43,680. If this pace continues, it would be the fourth year of declines in foreclosures for the state. The greatest concentrations of mortgage delinquencies in New Jersey are in the state's more rural areas, including Cumberland, Gloucester, Sussex, & Warren Counties who lead the state in the ratio of foreclosure actions-to-housing units.

Real Estate Alerts – Noteworthy News Articles & Information

NY-based construction management firm, Claremont announce acquires Claremont project backlog

June 25, 2019
NJ Biz/Njbiz.com
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Developers, officials debut \$48 million Camden apartment building

June 25, 2019
Real Estate/Re-nj.com
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South Jersey apartment portfolio trades for \$24.5 million

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Real Estate/Re-nj.com
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Prism, Northwestern Mutual close on site of 232-unit project in Woodbridge

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Real Estate/Re-nj.com
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Woodmont, city officials open 220-unit rental project in Bayonne

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Real Estate/Re-nj.com
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23-Story New Brunswick Performing Arts Center Project Could Open This Fall

June 20, 2019
Jersey Digs/Jerseydigs.com
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‘Welcome to Harrison’: BNE, Hornrock unveil town’s newest luxury rental property

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Real Estate/Re-nj.com
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Brooklyn investor acquires Cherry Hill office park for \$17.4 million, JLL says

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Developer acquires Mercer County site, plans 350,000 sq. ft. industrial project

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Real Estate/Re-nj.com
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How Will a RTF Increase Impact N.J.?

June 2019
PWC/Pwc.com
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What’s Good and Bad for New Jersey’s Small Businesses this Month?

June 19, 2019
NFIB/Nfib.com
[Read More](#)

New Development Could Rise Up to Eight Stories Over Bloomfield

June 18, 2019
Jersey Digs/Jerseydigs.com
[Read More](#)

Four Towers, 2,360 Units Proposed for the Edge of Downtown Jersey City

June 17, 2019
Jersey Digs/Jerseydigs.com
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Summit-based Saxum makes Opportunity Zone investment

June 17, 2019
ROI/Roi-nj.com
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East Brunswick office tower sells for \$38M

June 17, 2019
ROI/Roi-nj.com
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Hackensack Meridian Health HUMC unveils state-of-the-art patient pavilion

June 14, 2019
NJ Biz/Njbiz.com
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iStar Sets Opening Date for Asbury Ocean Club Hotel

June 14, 2019
Jersey Digs/Jerseydigs.com
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Union City Rental Complex Trades for \$31M

June 12, 2019
Jersey Digs/Jerseydigs.com
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Ironstate, KRE reveal new 549-unit rental tower in Jersey City

June 12, 2019
Real Estate/Re-nj.com
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New Jersey shipyards to receive \$1M in upgrades

June 12, 2019
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Feds close SALT tax workaround for NJ, other high-tax states

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NJ Biz/Njbiz.com
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Jackson zoners deny plan for apartments on West Veterans Highway

June 11, 2019
Central Jersey/Centraljersey.com
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CBRE: Growing online grocery sales could benefit New Jersey, a top 10 market for cold storage

June 11, 2019
Real Estate/Re-nj.com
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New rules for Airbnb up for consideration at next Jersey City Council meeting

June 7, 2019
NJ/Nj.com
[Read More](#)

Appellate Court Affirms Favorable Owner Verdict Where Owner Did Not Present Appraisal Expert

June 7, 2019
McKirdy, Riskin, Olson, DellaPella/Mckirdyskin.com
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Auction Planned for 'Stone Palace on the Hill' Estate in Saddle River

June 7, 2019
Jersey Digs/Jerseydigs.com
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Atlantic Stewardship to merge into Columbia Bank

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NJ Biz/Njbiz.com
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Moody's: NJ economy could be among most devastated this hurricane season

June 6, 2019
NJ Biz/Njbiz.com
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Barclays bringing 500 jobs to Whippany campus from Delaware

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North American Properties names SVP to lead development of Sayreville's Riverton*June 6, 2019**NJ Biz/Njbiz.com*[Read More](#)**S. Hekemian wins approval for redevelopment of Mercedes Benz campus in Montvale***June 6, 2019**Real Estate/Re-nj.com*[Read More](#)**Silverman eyes 110,000 sq. ft. office project above Morristown retail***June 5, 2019**Real Estate/Re-nj.com*[Read More](#)**Wells Fargo shuffles commercial banking nationwide, including in N.J.***June 5, 2019**ROI/Roi-nj.com*[Read More](#)**Tony Soprano's New Jersey House Hits the Market***June 4, 2019**Builder/Builderonline.com*[Read More](#)**Developers Set 'Shaq Tower' Opening for Mid-June***June 4, 2019**Jersey Digs/Jerseydigs.com*[Read More](#)**New Providence Apartments Fetch \$58.5 Million***June 4, 2019**CoStar/Product.costar.com*[Read More](#)**Pew report: Just 3 states lack rainy day fund, and NJ is one***June 4, 2019**NJ Biz/Njbiz.com*[Read More](#)**Luxury rental building now open in Newark's North Ironbound neighborhood***June 4, 2019**ROI/Roi-nj.com*[Read More](#)**Population Growth in Older Centers (but not all of them) Continues To Outstrip the Rest of the State***June 3, 2019**New Jersey Future/Njfuture.org*[Read More](#)**Boiling Springs Savings Bank names EVP, CFO***June 3, 2019**ROI/Roi-nj.com*[Read More](#)**C&W: Buyer wanted for 126-unit rental project at historic Hackensack site***June 3, 2019**Real Estate/Re-nj.com*[Read More](#)**Toll Brothers Breaks Ground on Its Latest Mixed-Use Project in Hoboken***May 29, 2019**Jersey Digs/Jerseydigs.com*[Read More](#)**Vision for Newark: Mulberry Commons is about so much more than grass, trees, benches***May 30, 2019**ROI/Roi-nj.com*[Read More](#)**Extell Development Tops Out Lofts at Pier Village Project in Long Branch***May 29, 2019**Jersey Digs/Jerseydigs.com*[Read More](#)

Bridge unveils plan for new 125,000 sq. ft. industrial project in Edison

May 29, 2019

Real Estate/Re-nj.com

[Read More](#)

New trend in real estate is high-end residential — even in places without history of successful projects

May 28, 2019

ROI/Roi-nj.com

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OceanFirst Bank appoints Svizeny president of greater Philadelphia area

May 28, 2019

NJ Biz/Njbiz.com

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Prospect Medical seeks to ‘unload’ East Orange General

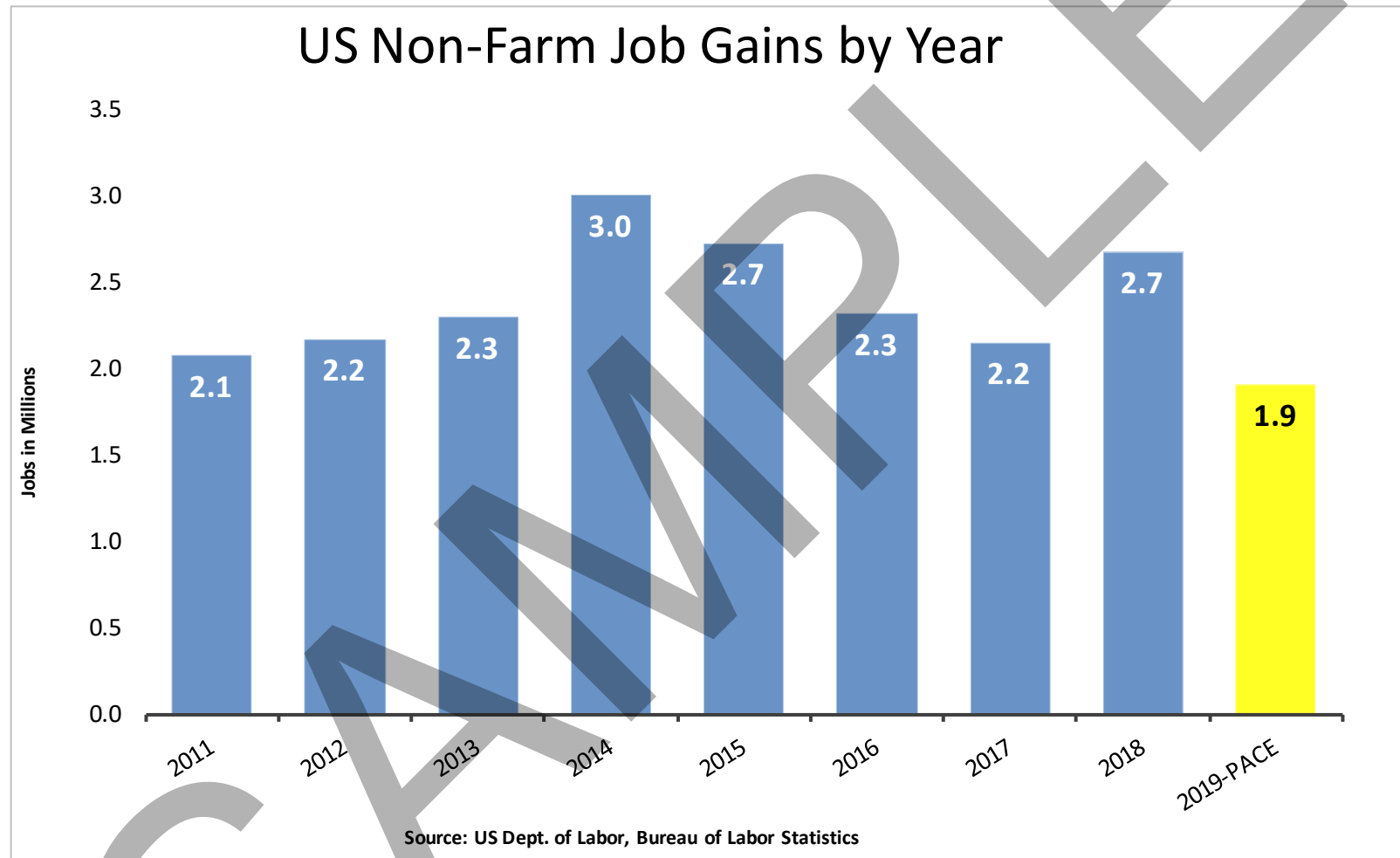
May 22, 2019

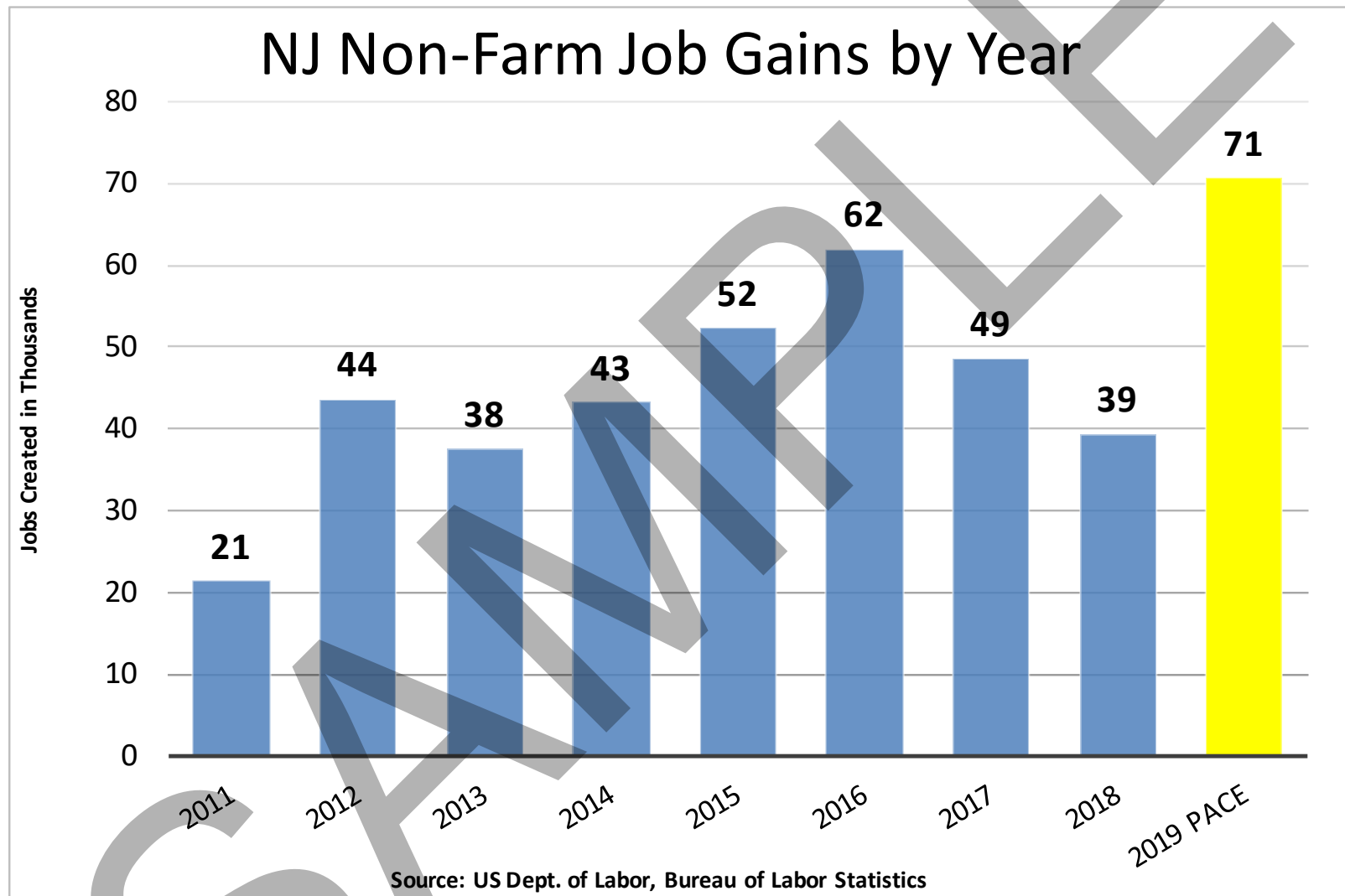
ROI/Roi-nj.com

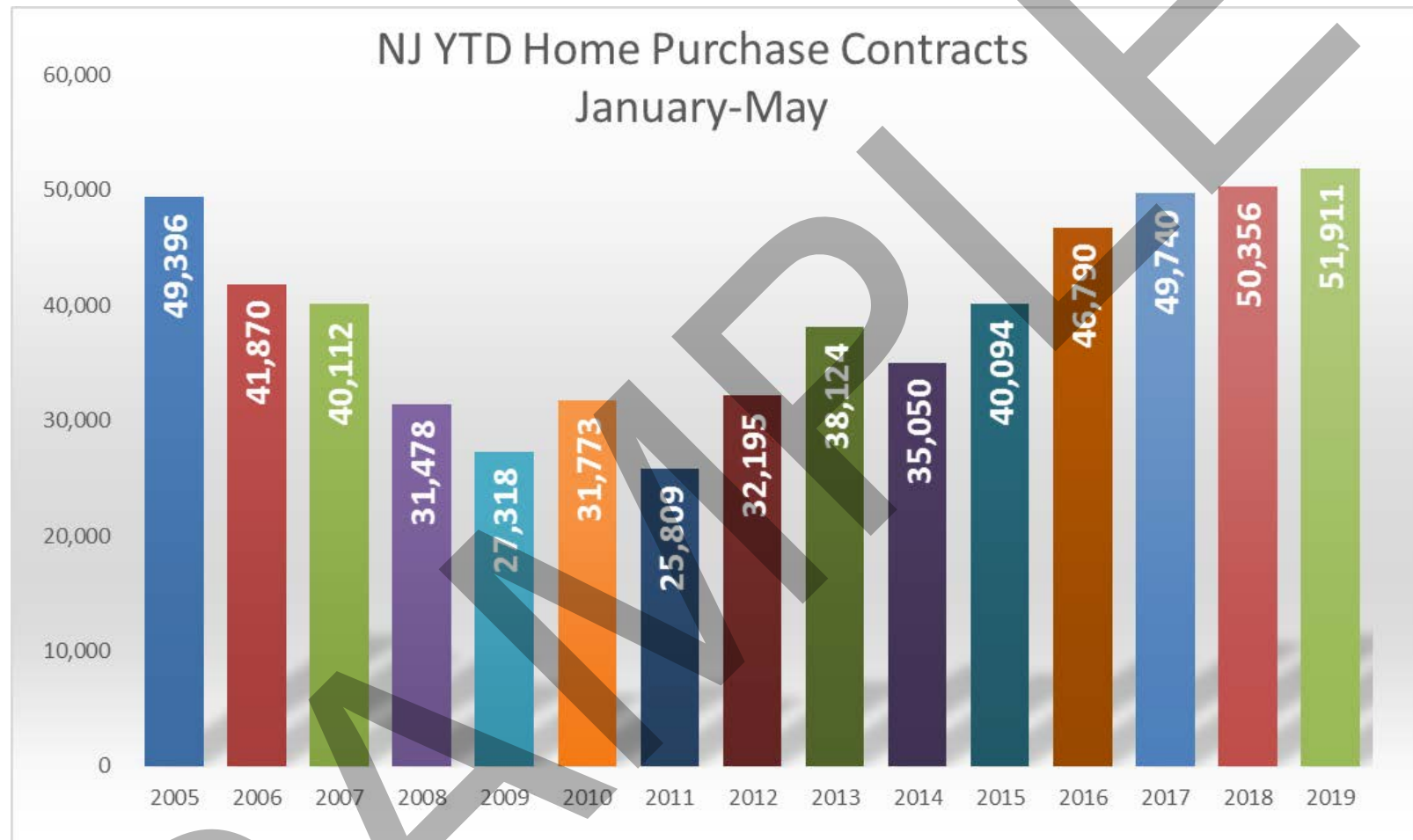
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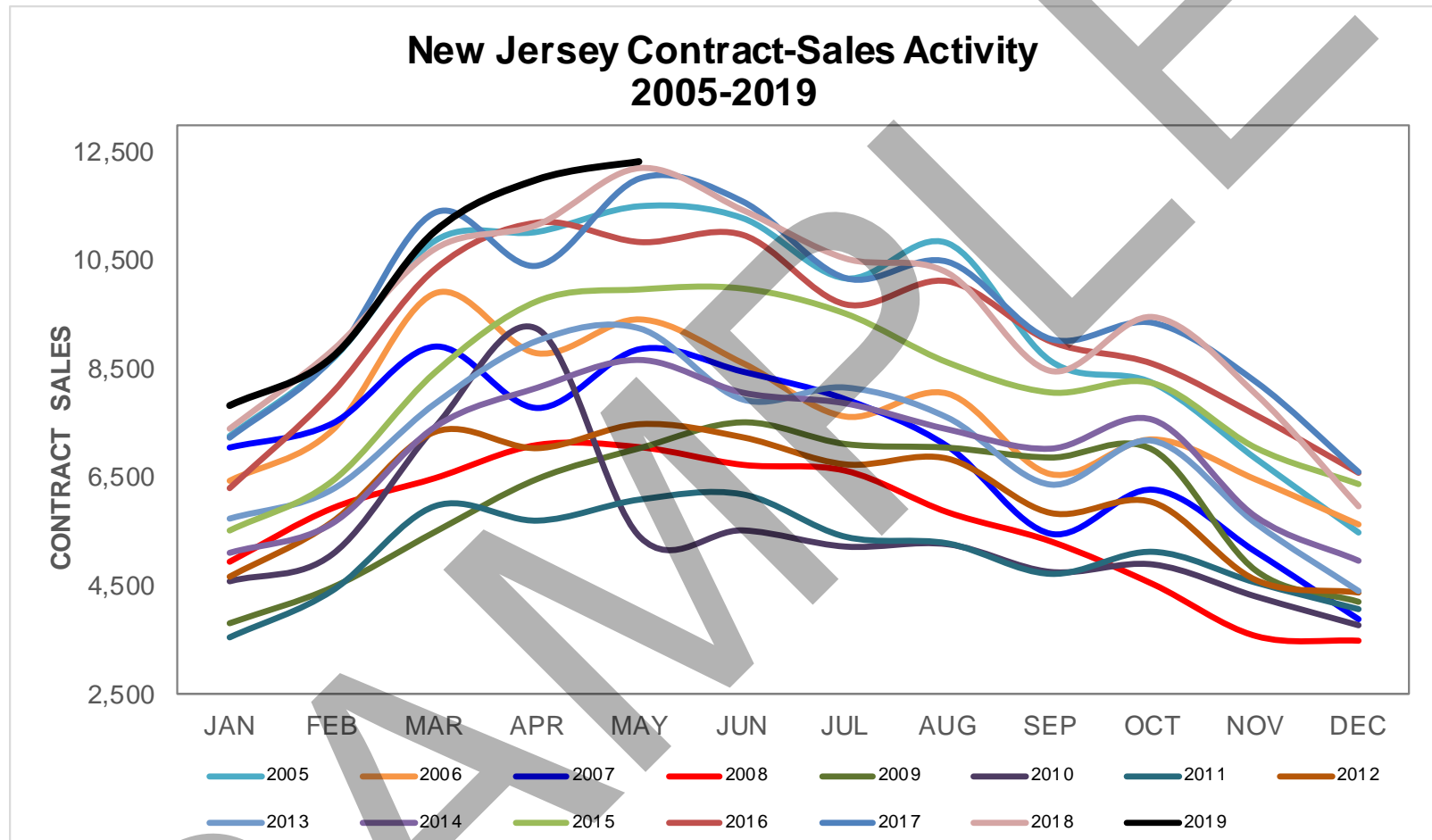
SAMPLE

Market Snapshots



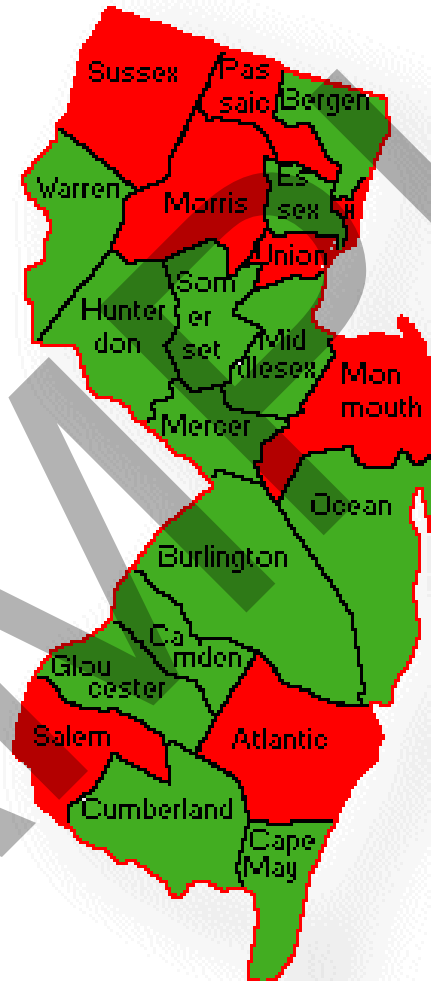


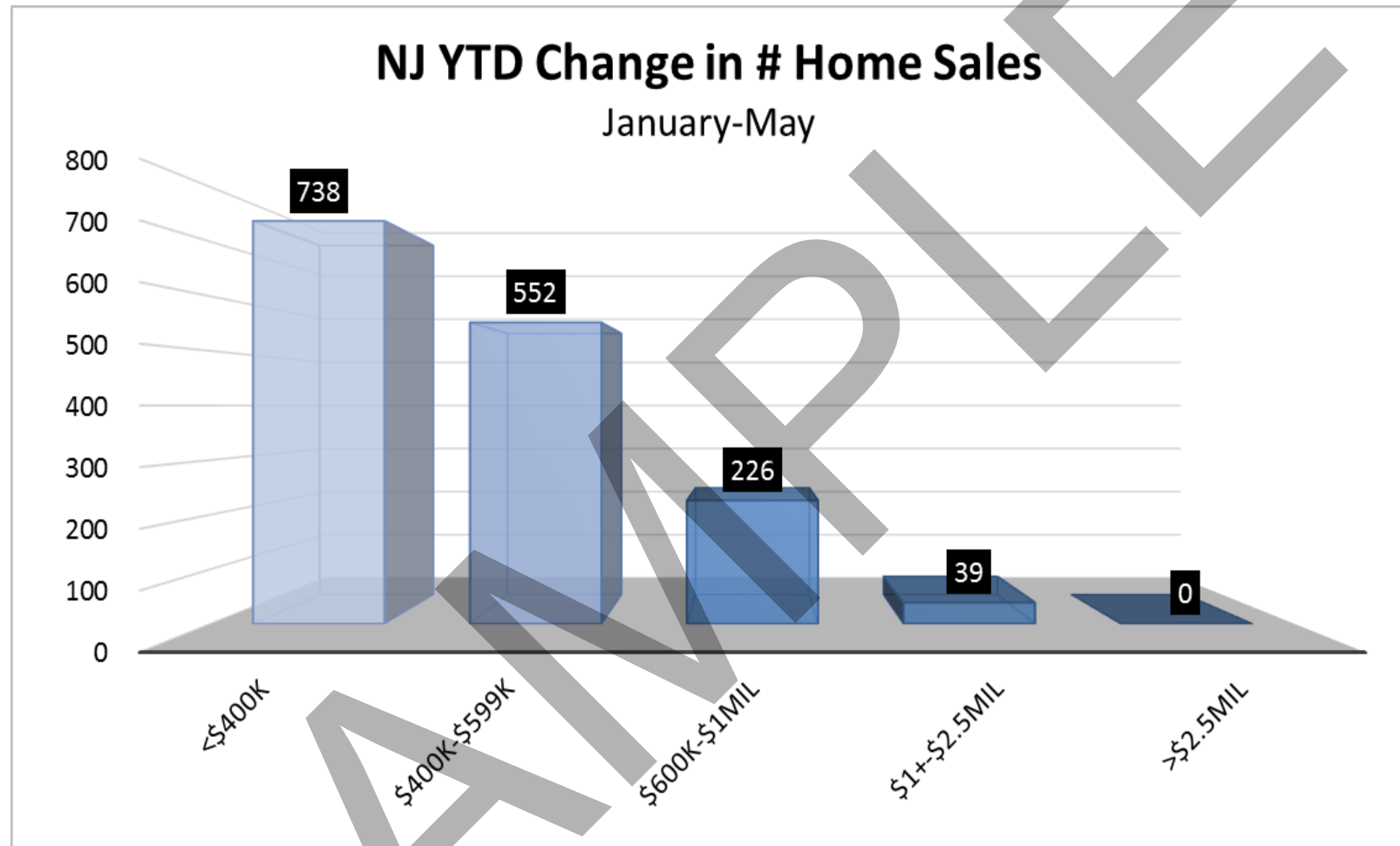


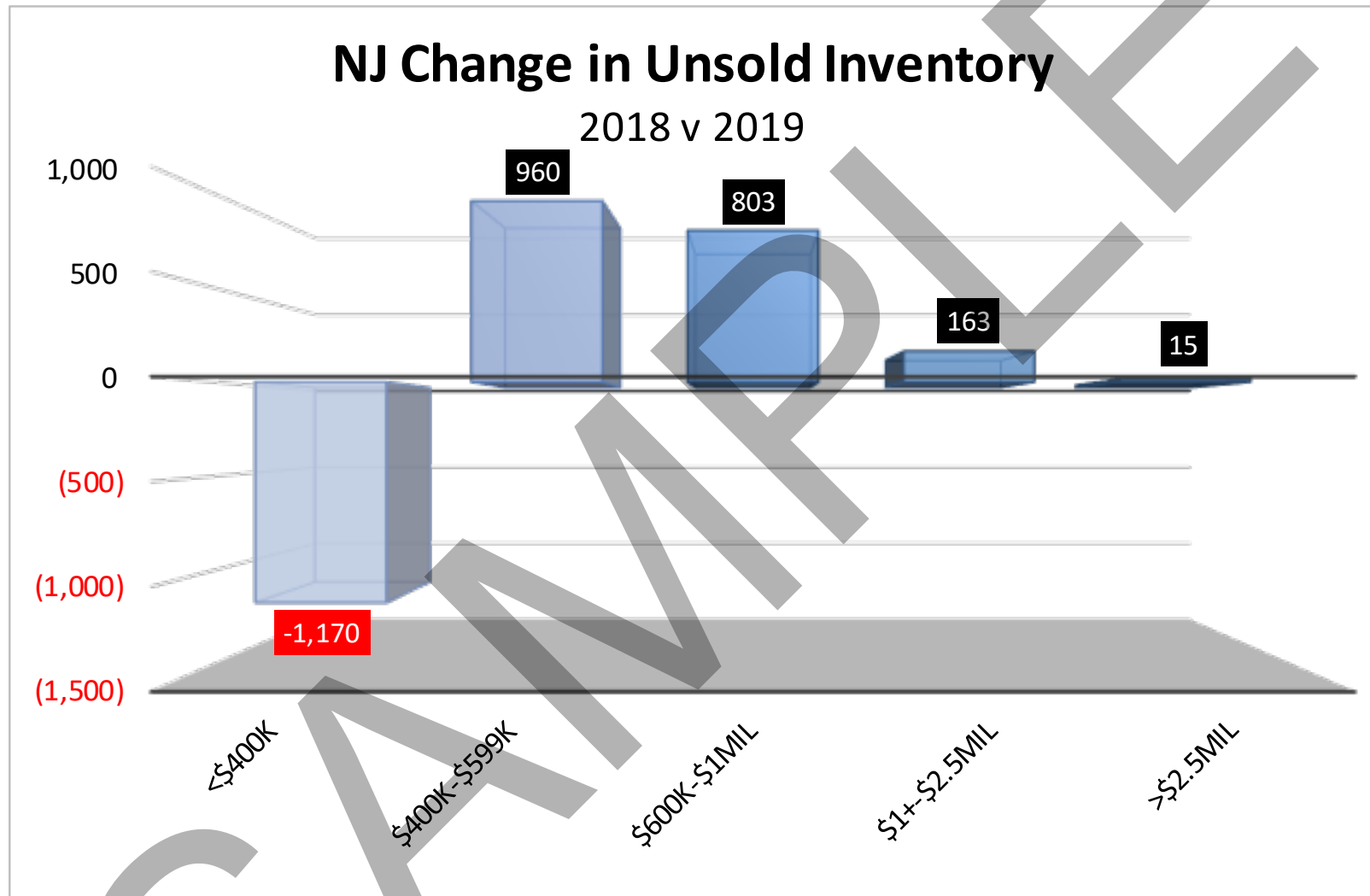


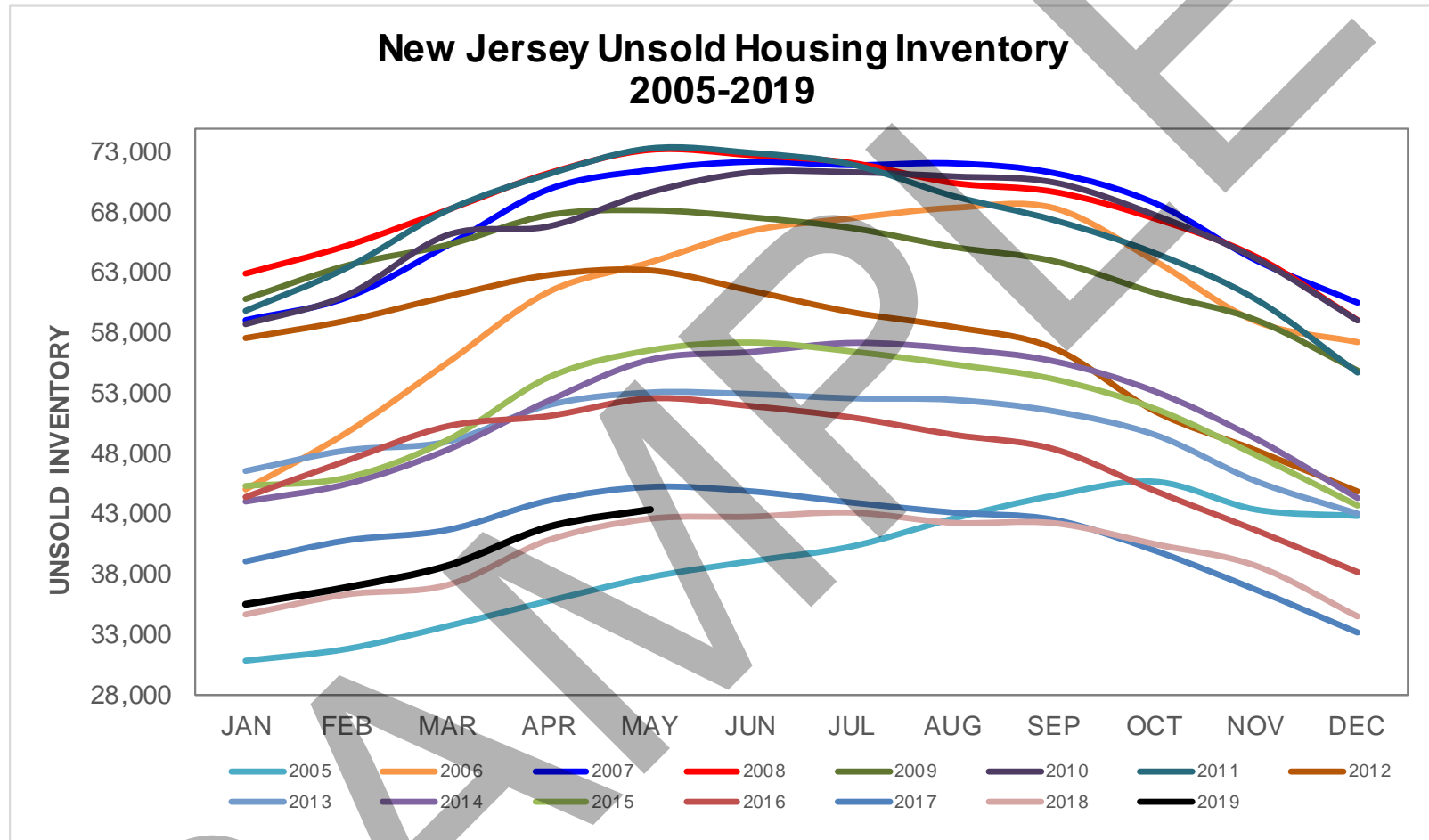
Change in Contract Sales by County

- = YTD Increase in Sales
- = YTD Decline in Sales









NJ Unsold Housing Inventory by County

(Expressed as Months of Supply)

- = Less than 5-months' supply
- = Greater than or equal to 5-months' supply

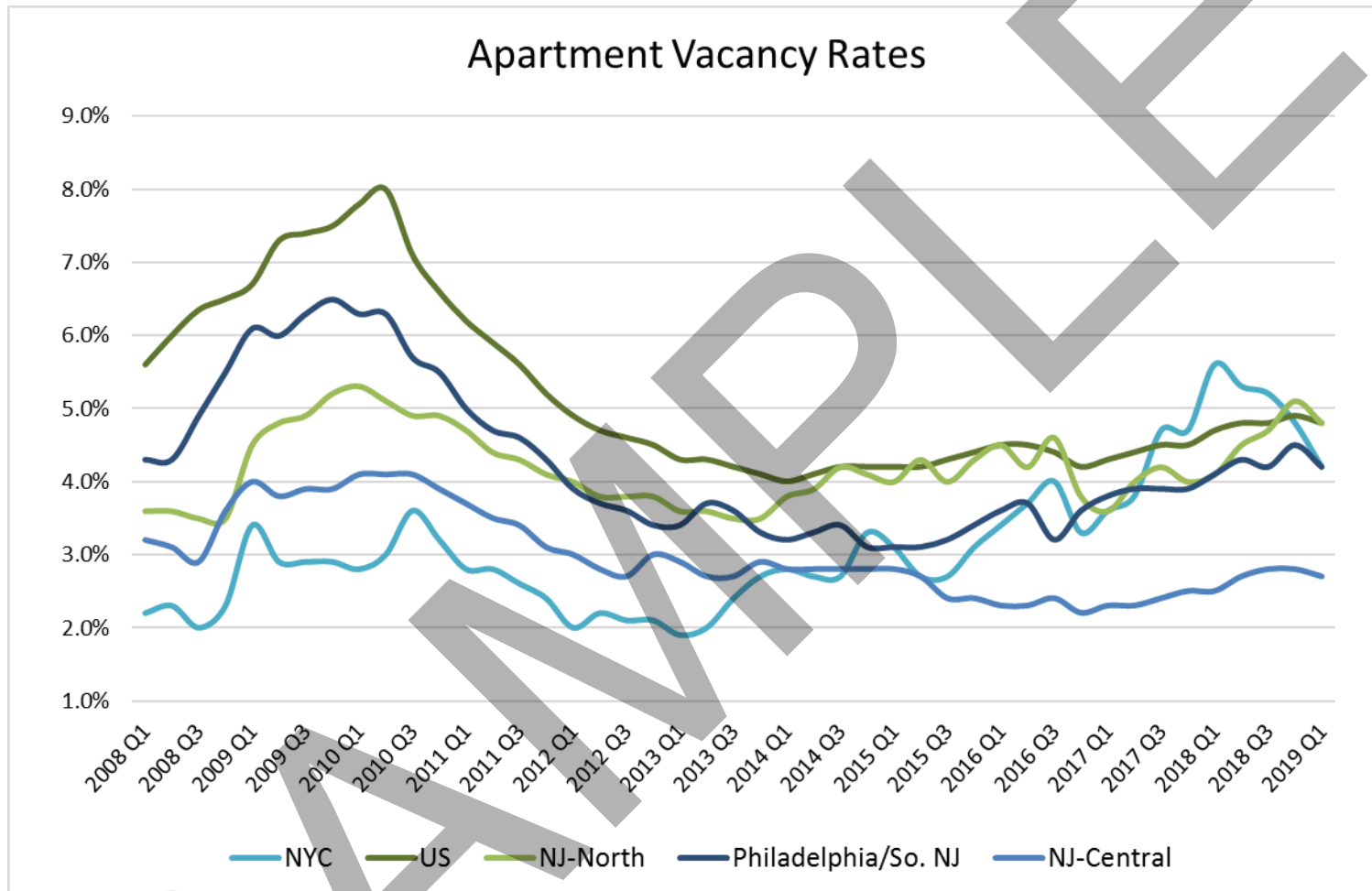


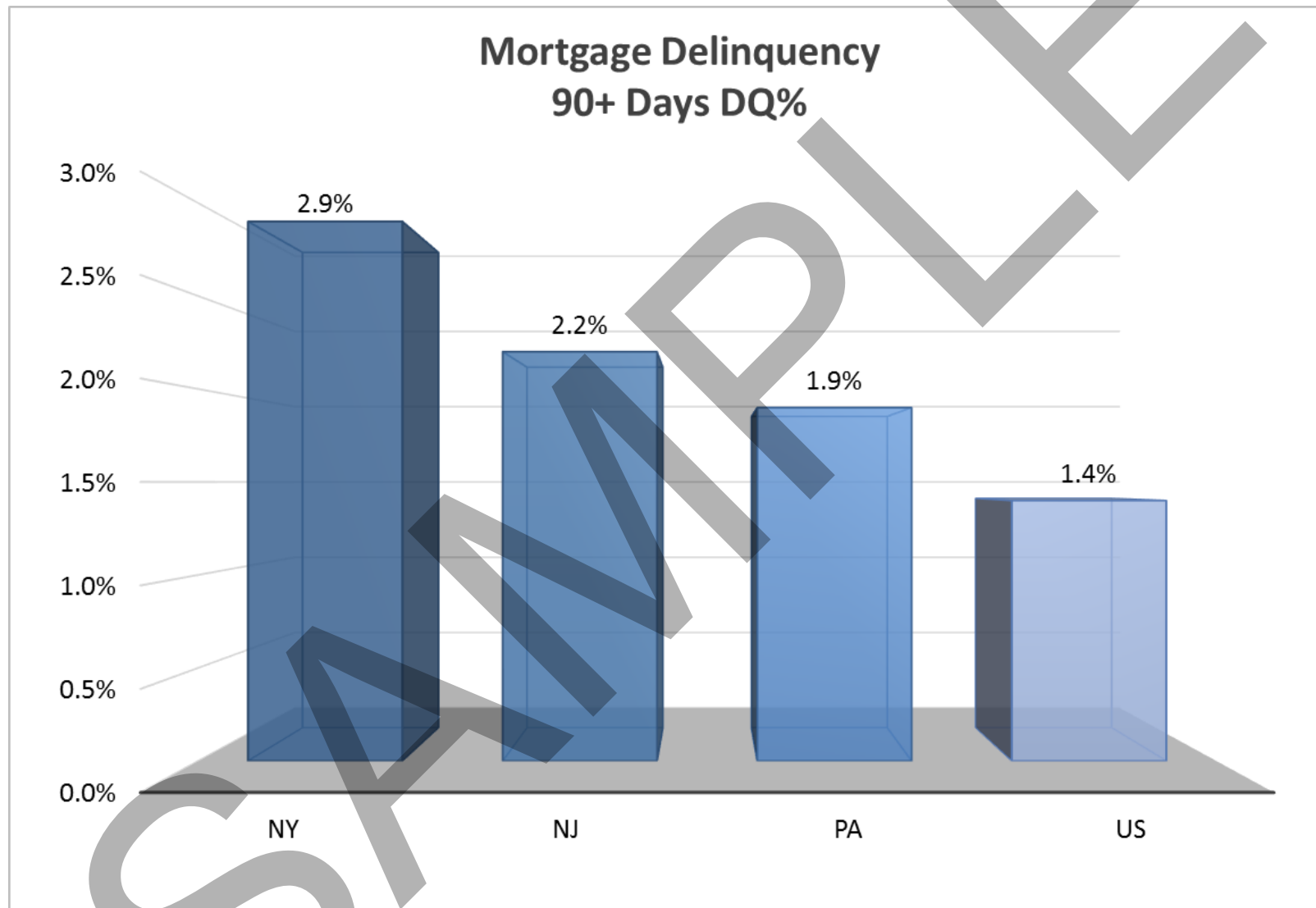
MarketTRAC Monthly by OTTEAU.com

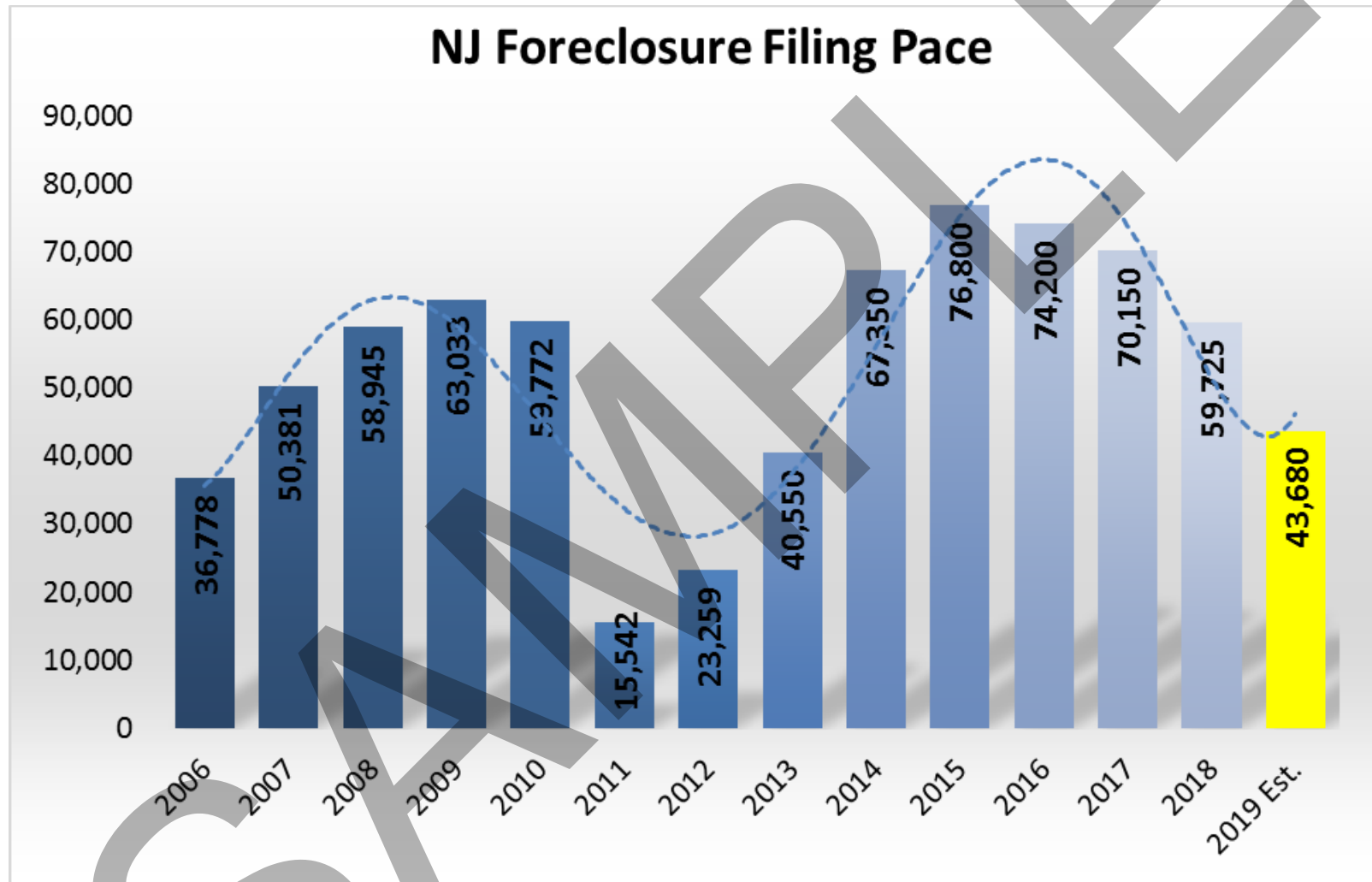
2019 YTD May										Jan '18 v. Jan '19	Feb '18 v. Feb '19	Mar '18 v. Mar '19	Q1	Apr '18 v. Apr '19	May '18 v. May '19
COUNTY	% change		Market Swing	Months Supply						Contract Sales	Contract Sales	Contract Sales	Average	Contract Sales	Contract Sales
	Contract Sales	Unsold Inventory		Total Market	<\$400k	\$400k- \$599,999	\$600k- \$1mil	\$1,000,001- \$2.5mil	>\$2.5 mil						
Atlantic	-1%	0%	-1%	5.6	5	10	15	20	21	13%	-13%	-2%	-1%	0%	2%
Bergen	2%	7%	-3%	3.6	2	3	5	8	38	-1%	3%	0%	1%	8%	0%
Burlington	6%	-7%	7%	2.9	2	4	8	13	∞	14%	-6%	5%	4%	11%	7%
Camden	5%	-9%	7%	3.0	3	4	9	4	∞	13%	7%	5%	8%	5%	0%
Cape May	2%	-5%	4%	5.7	4	9	7	10	21	-4%	10%	8%	4%	16%	-15%
Cumberland	30%	19%	6%	5.9	6	∞	∞	∞	N/A	17%	30%	45%	31%	36%	18%
Essex	9%	2%	4%	2.7	2	2	2	5	14	29%	-2%	8%	12%	14%	5%
Gloucester	11%	-4%	8%	3.4	3	4	32	2	∞	18%	17%	20%	18%	6%	0%
Hudson	-3%	19%	-11%	3.9	3	4	5	5	7	-15%	-4%	5%	-5%	1%	-2%
Hunterdon	1%	8%	-4%	4.4	3	5	9	18	∞	2%	-14%	13%	0%	-6%	8%
Mercer	28%	6%	11%	3.2	3	4	4	6	28	38%	19%	31%	29%	21%	33%
Middlesex	0%	2%	-1%	2.7	2	4	6	12	∞	4%	-5%	-2%	-1%	4%	-1%
Monmouth	-5%	7%	-6%	3.3	2	3	5	9	20	-8%	-12%	-12%	-11%	7%	-3%
Morris	-5%	4%	-5%	3.7	3	3	5	9	15	-11%	-17%	-2%	-10%	7%	-4%
Ocean	8%	4%	2%	4.2	3	6	11	13	31	23%	2%	8%	11%	14%	-1%
Passaic	-3%	1%	-2%	3.3	3	4	6	22	N/A	-4%	1%	-8%	-4%	4%	-8%
Salem	-3%	-18%	8%	6.0	6	23	4	∞	N/A	21%	-1%	-7%	4%	-7%	-7%
Somerset	3%	3%	0%	3.2	2	3	5	11	9	-1%	-7%	9%	0%	12%	-1%
Sussex	-6%	-6%	0%	4.0	4	6	11	∞	∞	-25%	8%	-14%	-10%	-7%	6%
Union	-1%	2%	-2%	2.9	2	3	4	5	3	-2%	-1%	1%	-1%	-6%	2%
Warren	7%	-1%	4%	3.4	3	5	14	∞	∞	33%	-10%	5%	9%	20%	-2%
Statewide	3%	2%	1%	3.5	2.8	3.7	5.3	8.2	19.1	6%	-1%	3%	2%	7%	1%

KEY: positive percentages for Contract-Sales and Unsold-Inventory indicate an increase in the indicator, while negative percentages indicate a decrease. Market Swing indicates the combined market change with positive percentages reflecting a strengthening and negative percentages reflecting a weakening of the respective market.

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