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Tracking the Real Deal

A new service helps price, schedule projects

By Shankar P.

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One might assume that with the current slump in housing demand, this would be a lousy time to launch a new product for the real estate market.

Yet, **Otteau.com**, a real estate appraisal and data firm in East Brunswick, recently began marketing a new research tool called MarketTRAC, which tracks residential real estate trends. The product covers the housing markets in New Jersey, eastern Pennsylvania and northern Delaware. MarketTRAC expands the firm's existing services beyond New Jersey to contiguous areas in neighboring states that may form part of a homebuyer's search.

Jeffrey Otteau, president of *Otteau.com*, who has tracked New Jersey's housing market for 25 years, acknowledges that the timing of his new service could have been better.

"We initially had targeted the release of MarketTRAC for early 2007," Otteau says. "But the development of the Internet technology and e-commerce applications for it ended up taking much longer than we expected."

Pete Davis, senior vice president and senior lender at **Amboy Bank** in Old Bridge, who subscribes to Otteau's service says, "It would have been great if we had this product last year." Amboy Bank has lent about \$500 million in home mortgages, and uses the research to identify the markets and the timing for such lending, he adds.

However, Davis says he finds MarketTRAC useful despite the timing of its launch. "The real estate markets are cyclical, and even though the markets are currently down, it [MarketTRAC] gives you an indication of where people are buying for the future," he says. Davis says he finds Otteau's analysis of unsold inventory trends particularly useful.

Otteau says he isn't really pitching MarketTRAC to aspiring homebuyers, and was in fact surprised when a couple of individuals signed up as subscribers. He lists his main prospects as home builders, realtors, bankers and other lenders, attorneys and government agencies.

As of last week, 475 mostly institutional subscribers had signed up for the service, and Otteau says it would become profitable past the

1,500 mark. It cost his firm about \$100,000 to build the service, including staffing and Web development costs, he adds.

MarketTRAC is a monthly report published 10 times a year, with "bronze," "silver" and "gold" subscriptions priced at \$3, \$7 and \$10, respectively, says Otteau. The "silver" subscription includes quarterly market analytics. The "gold" package comes with an "Ask Jeff" feature, where subscribers can get online responses from Otteau to specific questions.

Lisa Macchi, executive vice president of sales and marketing at Millennium Homes, LLC, a Livingston-based homebuilder and a MarketTRAC subscriber, says the service helps her schedule development and price homes better than she otherwise would have been able to.

For instance, Macchi says MarketTRAC is helping her rework strategies for an active adult community in Livingston that her firm has built. Millennium Homes has sold all but four of the 180 condominiums in that project. But Otteau's analysis reveals that area's unsold market inventory is 160 homes, equivalent to six months' supply, or twice that in 2004, she says. "It would encourage me to provide incentives, either with pricing or additional offerings," she adds.

Macchi says Otteau has an advantage over other providers of market data in that "he has a handle on the [home] resale markets as well, so you get a better overview." She says her firm has also used Otteau's services for projects where it had received construction approvals but wanted to identify the right time to start construction.

Municipalities use the market analysis to help budget their services for the likely volume of home sales in their towns. "That has an effect also on their staffing for building and zoning inspectors," Otteau says. Many municipalities are already clients of Otteau Valuation Group, a sister firm that offers consulting services on residential real estate market movements in the state, he adds.

Why is New York absent from MarketTRAC's mix? Otteau says he has had his sights on New York for a long time. "The challenge there is the market is very fragmented—each of the New York City boroughs tends to be isolated in terms of housing demand," he says, adding that capturing timely data is another obstacle.

In the fall, Otteau plans to launch a research offering that tracks the commercial real estate markets. He says he expects it to tap into his existing client base because many developers these days work on mixed-use projects that have components including housing, office, retail, parking and entertainment.

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