

Median home prices up about 7%, but number of sales down

Written by

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The median price for an existing single-family home in the area that includes Middlesex and Somerset counties rose 7 percent in the fourth quarter of 2010, and homes in the Hunterdon and Union counties area jumped 6.7 percent, the National Association of Realtors said Thursday.

The median price for a house that sold in Monmouth, Ocean, Middlesex and Somerset counties rose to \$350,600, up from \$327,700, the figure in the fourth quarter of 2009. For the year, the median price rose to \$345,400, up from \$331,900 in 2009, a 4 percent rise.

The price in Essex, Hunterdon, Morris and Union counties rose 6.7 percent to \$364,100. For the year, the median price rose to \$379,200, up 3.4 percent.

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

The number of home sales, including

condominiums and single-family homes, hit hard by the expiration of the homebuyers' tax credit early in 2010, fell 27.1 percent in the fourth quarter over the previous year, NAR said.

While higher than 2009 prices, the median home sale price in New Jersey weakened in the second half of the year, particularly in the fourth quarter, after earlier gains from the tax credit and mortgage availability, said economist James Hughes, dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University in New Brunswick.

"At best we could say (the overall market) stabilized," Hughes said.

"It is certainly better than what happened in '08 and '09," he said. "We went from really the great weakening in '08 and '09 to really the great stabilization in 2010."

But, he cautioned, "There are still fears of a double dip out there in prices."

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Jeffrey G. Otteau, president of Otteau Valuation Group in East Brunswick, said the momentum of the federal homebuyers' tax credit carried the state's home sales prices, despite the slowdown in transactions, to a 1 percent median sales price gain for the year.

But the possibility of another price decline is on the horizon.

"This slight increase in home prices in 2010 is not likely to continue this year, into 2011, and what we're likely to see this year are some modest declines in prices, somewhere up to as much as 5 percent," Otteau said. "There is no longer any momentum from the expired tax credits and the foreclosure problem is still worsening."

At the same time, job creation in New Jersey is behind the rest of the country.

"We are still losing jobs. The rest of the country is gaining jobs, and that means that housing demand will continue to be weak in 2011," Otteau said.

While the market is at or very near the bottom, Otteau said he doesn't see "the housing market really start to look something like normal with increasing sales and just overall better conditions" until 2012.

Otteau's median sale price figures, which includes new homes, give a sense of what is happening in New Jersey's counties. The median sales price in Somerset County

reached \$358,000 in the fourth quarter, up 7 percent, and jumped 11 percent in Hunterdon County to \$367,500, according to Otteau Valuation Group statistics. Middlesex County and Union County saw a 2 percent drop in the fourth quarter to a median sales price of \$275,170 and \$310,000 respectively, the firm said.

In Monmouth County, the median sale price in the fourth quarter rose 2 percent to \$343,596, while it remained relatively flat in Ocean County at \$217,768, the firm said.

Morris County saw the median sales price rise to \$397,490, up 5 percent, the firm said.

New Jersey is starting to see signs of a recovery because the total number of resales in 2010 were only 5,000 below the 2009 figure, said Jarrod C. Grasso, chief executive officer of the New Jersey Association of Realtors. The median prices released by the National Association of Realtors throughout the Garden State

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showed year-over-year growth in the fourth quarter.

"This is encouraging news for local housing markets as it shows strength in New Jersey property values," Grasso said in a statement. "With affordable prices approaching an upward trend, the opportunity to 'buy low,' coupled with favorable interest rates, seems to be getting shorter."

An increase in median sales price shows a strengthening in the market locally, said Theresa Milliken, president of the Hunterdon/Somerset Association of Realtors and broker manager at Weichert Realtors in Watchung.

"Our activity has been up. The Super Bowl ended, and our activity is really up," Milliken said. There are "a lot of footsteps in open houses, so I am definitely very optimistic for the spring season right now."

Randy Sinor, broker of record at Century 21 Mary Allen Realty in Ship Bottom and president of the Ocean County Board of Realtors, said he is seeing activity on Long Beach Island, but financing remains difficult.

"Buyers are coming into the market, negotiations are happening," he said.

In the midst of low mortgage rates, Glenn Mills, president of the Monmouth County Association of Realtors said he is seeing more activity as well.

"Once that homebuyer program stopped where the government was subsidizing some (transactions), it took a little downturn, but now it seems to be picking back up," said Mills, a broker associate at Weichert Realtors in Lacey. "How often do you get the prices down and the (mortgage interest rates) down all at the same time?"

Real estate broker Natalie Wallach, a sales associate at Coldwell Banker in Mountain Lakes, said she had more deals in 2010 than a year earlier.

But now real estate appraisals by banks for mortgages are not in line with prices agreed by buyers and sellers, she said.

"Even if they qualify for a mortgage, they will not give them the mortgage at that particular price and there has to be an adjustment made," Wallach said. "I am seeing more of that."

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