

# NEW JERSEY SAFETY ZONE MARKET

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When the New Jersey regional market last went to print it was in 2007. The newspaper publications spoke about the bubble forthcoming and the poor market conditions. In 2007, the papers were a little ahead of their time because the market remained fairly strong in all price ranges throughout the year. Real estate activity began to soften in the late spring of 2008 and throughout the summer. In August 2008, there were still some areas experiencing steady activity. When the Wall Street and Financial Institution debacle hit the headlines, the area activity virtually came to a halt. This area is strongly driven by Wall Street and the Financial Institutions with their over generous bonuses and big salaries. The upper price ranges in the train line towns have experienced limited activity since September 1, 2008. This is especially true in the Summit, Chatham, Madison and Short Hills market areas. Since September 1, 2008, 13 properties were under contract in the \$2 to \$5 million price range of which 6 closed. In this same market segment, there are 83 active listings for the areas noted above. This relates to a 3-year supply of homes based on the last six months of activity. Over the past year, there were 72 sales in this market area and range. The absorption rate based on the yearly totals indicates a 13.8 month supply of homes. Thus, the most current trends indicate limited activity and a prolonged marketing period for this price range.

The activity in the \$1 to \$2 million price range of homes for these communities indicates soft real estate conditions. There are 124 active listings and there were 209 sales over the past year. Based on the yearly sale data, there is a year supply of homes. Since September 1, 2008, 46 properties were under contract of which 30 closed. The most current sale activity (since September) indicates a year supply of homes. New construction activity is continuing but at a slower rate than witnessed between 2004 - 2006. The demolition of older smaller homes is not as prevalent as witnessed in the past.

The \$500,000 to up to \$1 million price range has maintained some sensible activity and stability. There are 164 active listings in this area with a total of 408 sales over the past year. The yearly absorption indicates a 4.8 month supply of homes. Activity since September 1, 2008 remains active when compared to the upper price ranges and other less demanding communities. There are 112 contracted and/or closed properties. The absorption rate for the inventory properties vs the active listings would indicate a 8.78 month supply. This is considerable less than the indicators for the upper priced homes in the surrounding communities.

The activity recorded in the \$200,000 to \$500,000 price range has remained stable. Market statistics indicate an average and median days on market (based on the last list price) to be under 90 days. This statistic is based on the last listing of the recorded closed transactions and does not consider the initial or subsequent listings leading into a contract of sale. There are 58 active listings for detached homes. Over the past year, there were 110 sales. Based on the annual market study, there is a 6.3 month supply of homes. Since September 1, 2008, 45 properties have moved into contract and/or closing status. Based on a six month time frame, the absorption rate indicates a marketing period of 7.7 months. This is considered an oversupply, but much less than the upper end of the real estate market. Research for this segment of the market indicates the median days and average days on market for the closed transactions (last list price) at under 90 days. Properly priced homes continue to market in a reasonable period of time.

If you are in the market and think you like it - then buy it. There are still situations that multiple bid offers continue on properly priced properties.

The mid-town direct commuter rail service established in 1996 for the Dover and Peapack-Gladstone lines have proved to be a major incentive to purchasers working in New York City. New Jersey Transit completed the Montclair line and opened the Secaucus connection station. Rail service to New York has never been so convenient. Homes listed for sale near the local rail stations are obtaining a premium. The property value decrease & increase vary depending on the community and price range.



*For additional or more current information on the residential market in New Jersey, visit [www.rac.net](http://www.rac.net) and select "The RAC Report," or contact the following RAC member:*

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