

# Q2 2010

## THE DANIELS REPORT

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*Hudson County Edition 2nd Quarter 2010*

***Downtown Jersey City & Hoboken***

***Friday, July 02, 2010***

## The Hudson County Market Continues to Gain in 2nd Quarter 2010

The statistics for Hudson County in the 2nd Quarter 2010 are the strongest that we have seen since 2006. In fact there is only one negative statistic in the entire report (median sold price in Hoboken). We expected to see these results in the Q4 of 2010, yet our market has responded sooner than anticipated. For sure some of our statistics have been aided by the federal tax credit, we do not have official stats on this yet. Keep in mind, that the Hudson county market was rebounded well prior to tax credit extension in fact our recovery began Q2 2009.

Look for Q3 2010 to continue the positive trend, there are 756 pending sales from 2nd Quarter 2010, a 5% increase compared to the 1st Quarter. The exciting part is the highest months of pending sales where May (234) and June (298); which was when buyers knew they did not qualify for the tax credit. The tax credit was significant for Hudson County, yet our market has evidence that it was not a deciding factor in most purchasing decisions. Our market is strong and getting stronger; right now, the conditions are ideal for buyers.



Jamie Daniels - Real Estate Professional  
Weichert, Realtors

## Market Positive Momentum Continues from Last Quarter

- 2nd Quarter 2010 Hudson county prices increased 3.4% compared to 1st Quarter 2010
- Home sales are on the rise this spring! According to the National Association of Realtors, sales of existing homes rose 6.8 percent in March, and were 16.1 percent above the sales pace in March 2009.
- Eighteen of 20 cities showed price increases in April from March. Eleven cities reversed declines from the month before.
- Unemployment has shown improvement albeit minor, During June we had the lowest unemployment rate in 11 months.
- Current market conditions make now an ideal time to buy a home. The combination of low interest rates, more affordable home prices
- Q2 2010, Jersey City 1BR & 2BR Condos prices increased compared to 1 year ago.
- Existing-home sales rose again in April with buyers motivated by the tax credit, improving consumer confidence and favorable affordability conditions, according to the National Association of Realtors (NAR).
- According to the Standard & Poor's/Case-Shiller 20-city home price index, home prices rose in April for the first time in seven months. The overall index posted a 0.8 percent gain, after falling in each of the past six months.
- Nationally, prices rose 3.8 percent in April from a year earlier, topping the expected 3.4 percent increase

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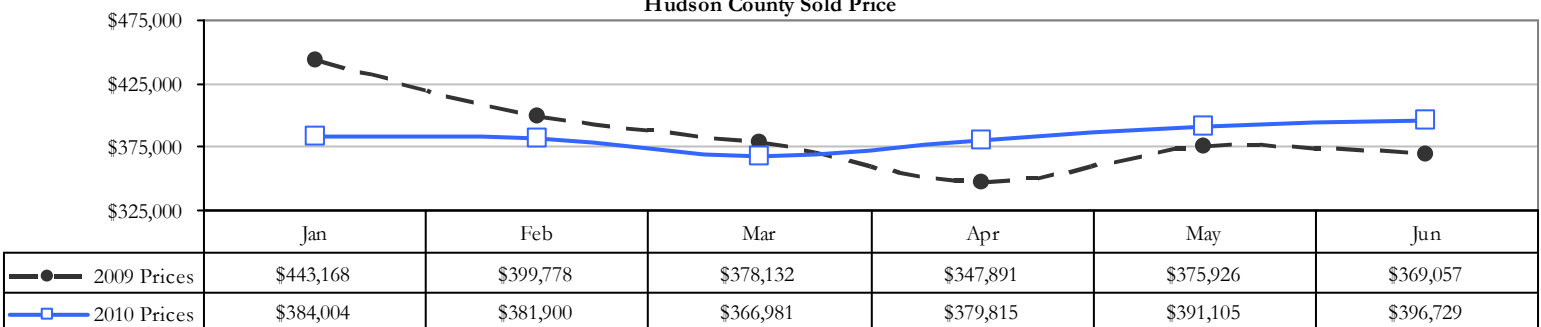
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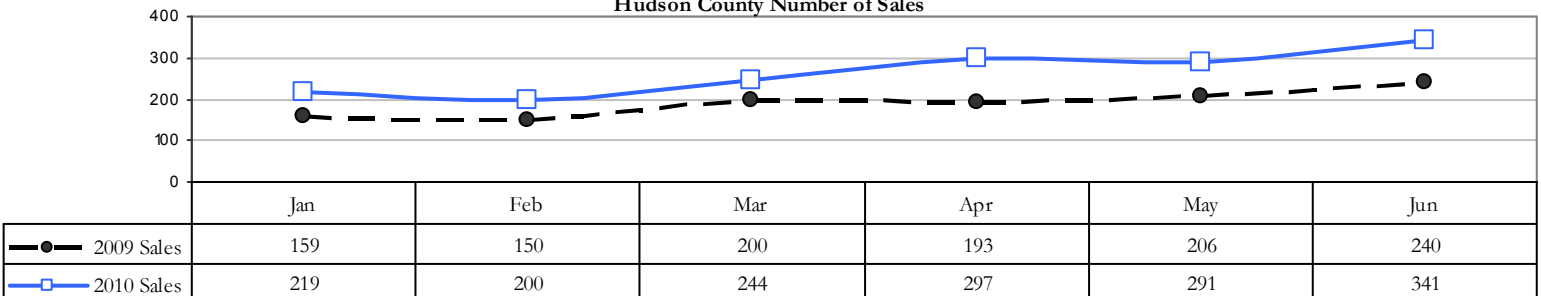
### Hudson County Market Summary

Hudson County Comparison to Last Quarter					Reduced time on market indicates that buyers being more decisive with each passing month. Hudson County has had a significant run of increasing the number of homes sold each month over the past year that the rest of the statistics are now being positively affected as well.  (red print indicates a negative trend even if the numerical value is positive)	Hudson County Comparison to Last Year				
	Q1 2010	Q2 2010	Change				Q2 2009	Q2 2010	Change	
Average Sold Price	\$377,104	\$389,976	3.4%	↑		Average Sold Price	\$364,879	\$389,976	6.9%	↑
Number of Sales	663	928	40%	↑		Number of Sales	639	928	45.2%	↑
Days on Market	110	97	-11.8%	↓		Days on Market	112	97	-13.4%	↓
Median Sold Price	\$329,000	\$341,250	3.7%	↑		Median Sold Price	\$330,000	\$341,250	3.4%	↑
% of Asking Price	92.5%	94.3%	1.9%	↑		% of Asking Price	92.5%	94.3%	1.9%	↑

Hudson County Sold Price



Hudson County Number of Sales

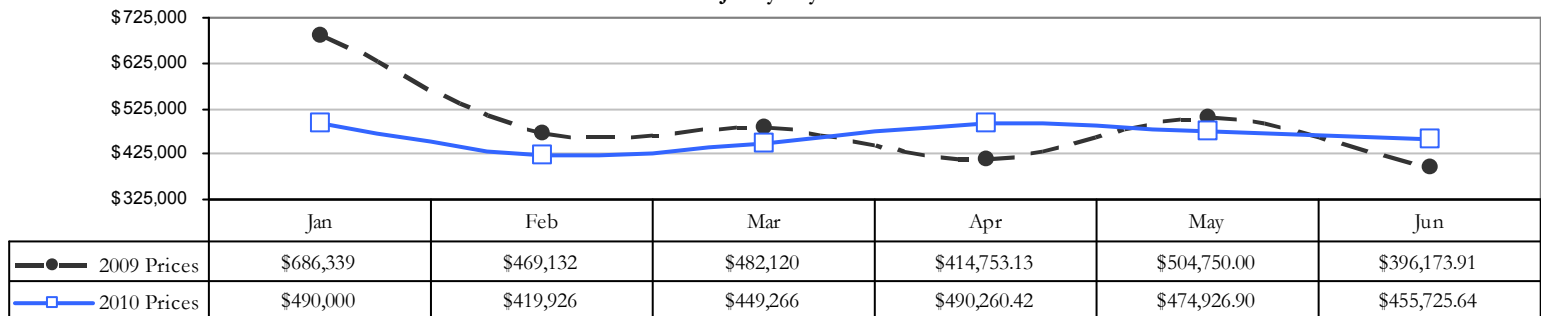


NAR Chief Economist Lawrence Yun is encouraged to see a broad recovery in home sales. Two important trends he notes are that "sales have been above year-ago levels for nine straight months, and inventory has trended down from year-ago levels for 20 months running."

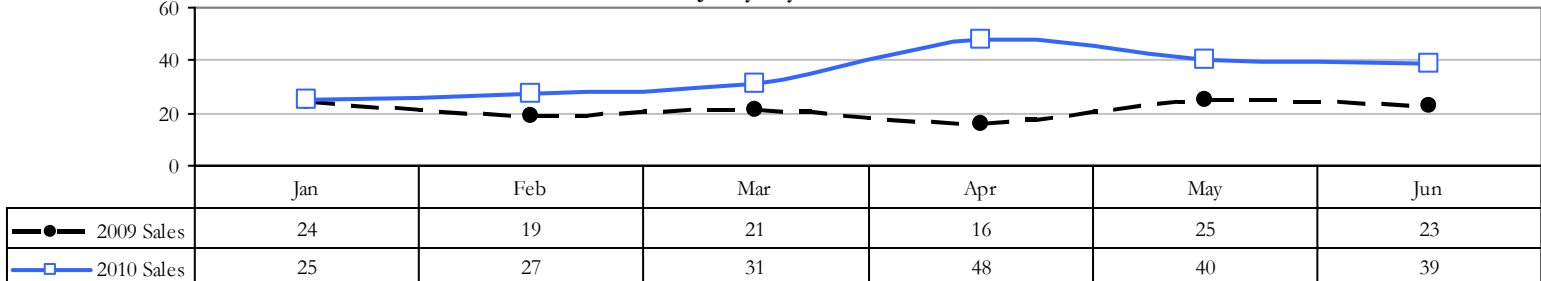
### Downtown Jersey City Market Summary

Downtown JC Comparison to Last Quarter					The Number of sales have been increasing for over a year. The most desirable properties are being purchased more quickly, thus reducing the inventory of good properties and causing a slight increase in prices. 1BR and 2BR condo prices are improving, this is great news for one of our largest market segments. <i>(red print indicates a negative trend even if the numerical value is positive)</i>	Downtown JC Comparison to Last Year				
	Q1 2010	Q2 2010	Change				Q2 2009	Q2 2010	Change	
Average Sold Price	\$451,991	\$474,826	5.1%	▲	Average Sold Price	\$443,231	\$474,826	7.1%	▲	
Number of Sales	83	127	53.9	▲	Number of Sales	64	127	98.4%	▲	
Days on Market	104	74	-28.8%	▼	Days on Market	94	74	-21.3%	▼	
Median Sold Price	\$415,000	\$423,000	1.9%	▲	Median Sold Price	\$415,000	\$423,000	1.9%	▲	
% of Asking Price	94.4%	95.5%	1.2%	▲	% of Asking Price	93.8%	95.5%	1.8%	▲	

Downtown Jersey City Sold Prices



Downtown Jersey City Number of Sales

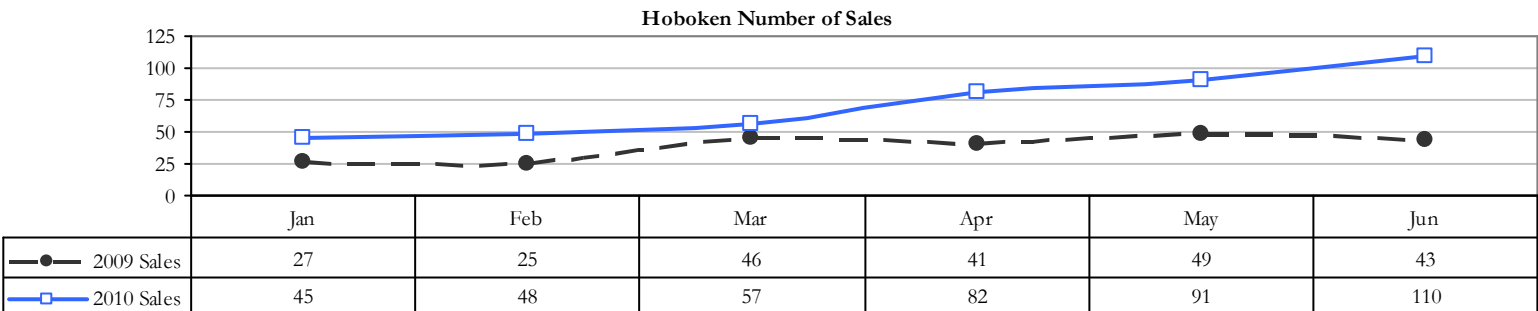
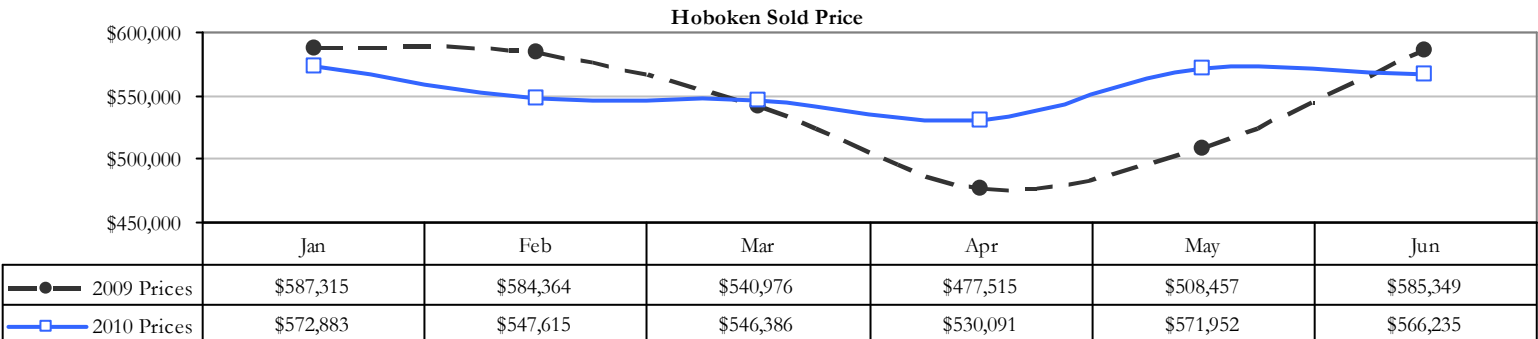


Downtown Jersey City	YEAR-TO-YEAR BASED ON PROPERTY TYPE	Studio & 1BR (43 Sales)		2BR (61 Sales)		3BR+ ( 11 Sales)		1-Family (4 Sales)		2 - 4 Family (6 Sales)	
		Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
	2nd Qtr 2009	\$312,981	\$295,000	\$455,261	\$430,000	\$609,563	\$517,625	\$412,500	\$450,000	\$771,000	\$600,000
Change	2.9% ▲	15.3% ▲	6.9% ▲	13.3% ▲	4.3% ▲	23.6% ▲	17.9% ▲	5.0% ▲	21.7% ▲	47.5% ▲	
2nd Qtr 2010	\$322,177	\$340,000	\$486,575	\$487,000	\$635,608	\$640,000	\$486,250	\$472,500	\$938,583	\$885,000	

Downtown Jersey City	Price per square foot	Studio & 1BR	2BR	3BR
	2nd Quarter 2010	\$438 Sq/Ft (43 Sales)	\$429 Sq/Ft (61 Sales)	\$409 Sq/Ft (11 Sales)
	1st Quarter 2010	\$419 Sq/Ft (38 Sales)	\$427 Sq/Ft (29 Sales)	\$266 Sq/Ft (5 Sales)
	4th Quarter 2009	\$478 Sq/Ft (51 Sales)	\$415 Sq/Ft (39 Sales)	\$458 Sq/Ft (7 Sales)
	3rd Quarter 2009	\$452 Sq/Ft (27 Sales)	\$448 Sq/Ft (41 Sales)	\$319 Sq/Ft (9 Sales)

### Hoboken Market Summary

Hoboken Comparison to Last Quarter					This is the third straight quarter that Hoboken has maintained its prices without a significant increase. Which is actually better news than you would expect, it means that the market has become stabilized and is settling into a normal market. Especially, considering the 150 Hoboken pending sales in Q2 2010 <small>(red print indicates a negative trend even if the numerical value is positive)</small>	Hoboken Comparison to Last Year				
	Q1 2010	Q2 2010	Change				Q2 2009	Q2 2010	Change	
Average Sold Price	\$554,728	\$557,600	0.5%	▲		Average Sold Price	\$523,778	\$557,600	6.5%	▲
Number of Sales	150	283	88.7%	▲		Number of Sales	133	283	113%	▲
Days on Market	92	75	-18.5%	▼		Days on Market	87	75	-13.8%	▼
Median Sold Price	\$486,000	\$485,000	-0.2%	▼	Median Sold Price	470,000	\$485,000	3.2%	▲	
% of Asking Price	94.8%	96.0%	1.3%	▲	% of Asking Price	94.6%	96.0%	1.5%	▲	



Hoboken	2010 # of sales	Studio & 1BR ( 87 Sales)		2BR (141 Sales)		3BR+ (28 sales)		1-Family (11 sales)		2 - 4 Family (13 sales)	
	YEAR-TO-YEAR BASED ON PROPERTY TYPE	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
	2nd Qtr 2009	\$371,477	\$374,00	\$548,145	\$512,400	\$708,750	\$716,250	\$984,500	984,500	\$952,500	\$999,999
Change	-4.5% ▼	-3.5% ▼	-5.1% ▼	0.5% ▲	23.8% ▲	3.0% ▲	20.3% ▲	12.7% ▲	0.8% ▲	-5.0% ▼	
2nd Qtr 2010	\$354,585	\$361,000	\$520,315	\$515,000	\$877,161	\$737,500	\$1,184,273	\$1,110,000	\$960,000	\$950,000	

Hoboken	Price per square foot	Studio & 1BR	2BR	3BR
	2nd Quarter 2010	\$497 Sq/Ft (87 Sales)	\$449 Sq/Ft (141 Sales)	\$478 Sq/Ft (28 Sales)
	1st Quarter 2010	\$515 Sq/Ft (40 Sales)	\$455 Sq/Ft (79 Sales)	\$431 Sq/Ft (18 Sales)
	4th Quarter 2009	\$497 Sq/Ft (71 Sales)	\$464 Sq/Ft (111 Sales)	\$460 Sq/Ft (20 Sales)
	3rd Quarter 2009	\$505 Sq/Ft (63 Sales)	\$454 Sq/Ft (110 Sales)	\$435 Sq/Ft (19 Sales)

Good to Know...

**Inventory Statistics Q2 2010:**

.Inventory levels are down for the County and Hoboken, Downtown Jersey City increased very slightly. These statistics match the rest of the report and support the pricing increases. We have lower levels of inventory and the homes are selling faster as you can see by the "Months of Inventory and "Absorption rate". We added a new field which shows the number of homes that go into contract (pending sales) each month on average, Pending sales are a good indicator to how the next quarter will fare. The number of pending sales is a positive sign for Q3 2010.

2nd Quarter 2010	Current Inventory	New Listings/Month	Avg. # Homes Under Contract/Month	Avg. # Homes Sold/Month	Absorption Rate	Months of Inventory
Downtown JC	495	104	29	42	8.5%	12 months
Hoboken	547	153	50	94	17.2%	6 months
Hudson County	4786	944	252	309	6.4%	16 months

**2nd Quarter 2010 Highest Sales for Hudson County**

	Location	Price	Date Closed	Size
Studio Condo	Maxwell Place Condos - Hoboken	\$418,995	4/30/2010	740 Square Feet
1 BR Condo	Maxwell Place Condos - Hoboken	\$562,500	4/22/2010	817 Square Feet
2BR Condo	Garden Street Lofts - Hoboken	\$975,000	4/22/2010	1,578 Square Feet
3BR Condo	W Hoboken - Hoboken	\$2,400,000	5/24/2010	2,367 Square Feet
1 Family	Willow Avenue - Hoboken	\$2,295,000	5/03/2010	20' x 100' Lot Size
2 Family	Bloomfield Street - Jersey City	\$1,640,000	5/14/2010	16' x 75' Lot Size
3 Family	Willow Avenue - Hoboken	\$925,000	6/24/2010	22' x 100' Lot Size
4 Family	Morris Street - Jersey City	\$1,165,000	4/28/2010	23' x 102' Lot Size

**Important Local Policy and Legislation**

- **New EPA Lead Paint Rule** - The Environmental Protection Agency's (EPA) new Renovation, Repair and Painting Rule goes into effect April 22, 2010. This new rule sets requirements to minimize the risks of lead exposure as a result of the disturbance of lead-based paint during renovation, repair and painting activities. The rule establishes safety practices and requirements for contractors involved in these activities. For more information : [http://www.realtor.org/government\\_affairs/lead\\_paint\\_main](http://www.realtor.org/government_affairs/lead_paint_main)
- **Tax Credit Closing Date extended** - Closing deadlines for the homebuyer tax credit have been extended until September 30, 2010, for any transactions that had ratified contracts in place as of April 30, 2010, but have not yet closed. If you are working with any buyers who fit into this category, please let them know about the extended deadline.
- **The National Flood Insurance Program**, which provides flood insurance to homeowners in participating communities in flood-prone areas who could not otherwise obtain coverage due to cost or ineligibility, was also extended until September 30, 2010. As a result, buyers in these areas can now obtain mortgages and transactions can move forward. This bill is retroactive and covers the lapse period from June 1, 2010, to the date of enactment of the extension.
- **Possible State Tax Credit** - On June 10, 2010, the New Jersey Senate approved A-1678, legislation creating a home buyer tax credit program in New Jersey. This legislation was previously approved by the General Assembly and is now awaiting Governor Chris Christie's signature. For additional information on this legislation, please visit [http://www.njleg.state.nj.us/2010/Bills/A2000/1678\\_R1.PDF](http://www.njleg.state.nj.us/2010/Bills/A2000/1678_R1.PDF).

\*\*Data used in this report has been a combination of Hudson County MLS and the New Jersey Tax records. All information is deemed reliable but not guaranteed\*\*

## What you have to lose if you wait to buy

We are seeing many buyers become more and more decisive when it comes to purchasing a home in our market. You can see proof of that in our number of Sales in May (291 sales) and June (341 sales) being the highest totals in 9 months as well as our pending sales in May (234 pending sales) and June (298 pending sales) being the highest in that same period.

One of the questions that most truly motivated yet unsure buyers are asking themselves or should be is “How much money do I stand to lose if I wait?” and “How much lower will the market go down? (I want to buy at the bottom)”

The second question is easy; any buyer in the market now thinking about buying at the bottom of the market has already missed it (Q4 2008/Q1 2009 was the bottom). We often equate “the bottom” /”the peak “ of any market to bouncing a super ball. By the time you try to perfectly synchronize your purchase or sale, that moment (bottom/peak) is past you.

As for the first question “How much money do I stand to lose if I wait?”, that question depends on how much of a procrastinator you are or how entrenched is your belief that the market is still going down. It is a fact that interest rates will go up and as the market improves the likelihood of higher Interest Rates increases. Below we have a chart that displays how much money you will lose given 4 different interest rate increases. The Average Hudson County sale in Q2 was \$389,976, we round up to \$390,000.

Sale Price of: \$390,000 10% Down Payment: \$39,000 Mortgage Amount of: \$351,000 30 Year Fixed Mortgage			
Buying Today	Buying when Interest Rates Increase	Loss per month	Total Loss over 5 years of ownership
Interest Rate: 5% Principle/Interest payment : <b>\$1,884</b>	Interest Rate: 5.25% Principle/Interest payment : <b>\$1,938</b>	<b>- \$54/mo.</b>	<b>- \$3,240</b>
Interest Rate: 5% Principle/Interest payment : <b>\$1,884</b>	Interest Rate: 5.5% Principle/Interest payment : <b>\$1,993</b>	<b>- \$109/mo.</b>	<b>- \$6,540</b>
Interest Rate: 5% Principle/Interest payment : <b>\$1,884</b>	Interest Rate: 5.75% Principle/Interest payment : <b>\$2,048</b>	<b>- \$164/mo.</b>	<b>- \$9,840</b>
Interest Rate: 5% Principle/Interest payment : <b>\$1,884</b>	Interest Rate: 6% Principle/Interest payment : <b>\$2,104</b>	<b>- \$220/mo.</b>	<b>- \$13,200</b>

These are significant losses that can be avoided. This chart is not directed at people who are not sure if they will purchase or not, this is designed for those buyers that are definitely purchasing a home and are thinking of waiting a little while or waiting for the right time. Even the most minor of interest rate increase would cause the average buyer to lose over \$3,000, this is not a trivial amount

Those who believe that if the interest rates rise 1% or 2% that would cause prices to have to adjust, that logic is not accurate. In 2001 and 2002 we had interest rates as high as 8% and prices continued to increase as we all know.

If you are a serious buyer now is the time to do your homework on your purchase yet be deliberate and decisive. Take the action necessary to be one of “those people” who bought in the buyers market.



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THE DANIELS TEAM

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