

THE DANIELS REPORT

~ HUDSON COUNTY: DOWNTOWN JERSEY CITY/HOBOKEN EDITION ~

~ 4TH QUARTER 2008 ~

Market in Review: We are assuming that everyone is aware of the economic downturn that has had a detrimental effect on the real estate market specifically the 4th Quarter 2008. The ineptitude of the 4th Quarter was the result of financial market crisis initiated during the 3rd Quarter. That difficult period in the 3rd quarter which appeared to be the worst possible situation at the time may become the biggest catalyst to our market's recovery. The Wall Street crisis most likely accelerated the market decent and made the bottom come sooner than it would have otherwise. It is not clear if we are at the bottom, yet what is clear is that we are very near to the bottom. The financial crisis in the 3rd Quarter had two significant effects that have created a very positive outlook for 1st Quarter and the remainder of 2009. First, it accelerated the real estate market's decline which has us approaching the bottom of the market faster; Second, it forced the government to address the issue sooner than it would have liked to through the proposed stimulus package. The stimulus package will, if nothing else, remove some of the "bad" inventory through the loan modification and other initiatives. There are a number of positives that we need to focus on going into 2009:

- ★ The Real Estate Market's decline was accelerated by Financial Crisis in 3rd Quarter 2008 the bottom is near if not here already.
- ★ The Government is determined to create a stimulus package for the Housing market.
- ★ Foreclosures have decreased in our market during the 4th Quarter removing inventory from the market. In November 2008 alone foreclosures were Down 34% compared to October 2008.
- ★ Interest rates have come down significantly to historic lows long terms rates decreased 9 consecutive weeks to close 2008 hovering at 50 year low.
- ★ The close of 2008 has seen a considerable increase in the quantity of seriously qualified buyers looking to purchase property.



Jamie Daniels
The Daniels Team

4th Quarter Summary: Statistics in all major categories saw a significant decrease as compared to the 4th Quarter 1 year ago. Also this 4th Quarter saw significant decreases compared to the 3rd Quarter of this year. This was the first quarter in 2008 that we experienced negative statistics in both comparisons.

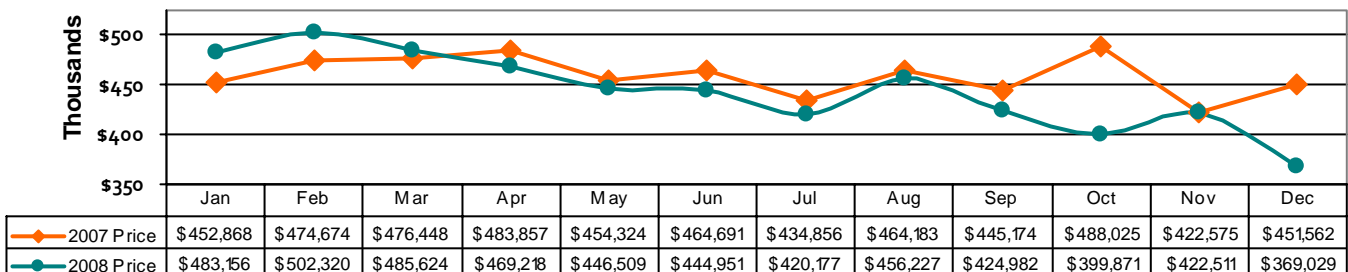
(THE RED PRINT INDICATES A NEGATIVE MARKET TREND EVEN IF THE NUMBER IS NOT NUMERICALLY NEGATIVE)

2007 to 2008 Q4 comparison	Hudson County 2007 Q4		Change %	Hudson county 2008 Q4		★ QUICK FACT: Sellers who use a real estate professional make <u>16 percent more on the sale of their home</u> than do sellers who go it alone. In a down market it is even more imperative to enlist the services of a full time successful Real Estate Professional. (source is www.realtor.org)
	Average Sold Price	\$454,587	-13%	Average Sold Price	\$397,024	
Number of Sales	972	-27%	Number of Sales	710		
Days on Market	84	12%	Days on Market	94		

Q3 to Q4 2008 comparison	Hudson County 2008 Q3		Change %	Hudson county 2008 Q4	
	Average Sold Price	\$432,990	-8%	Average Sold Price	\$397,024
Number of Sales	878	-19%	Number of Sales	710	
Avg. Days on Market	86	9%	Avg. Days on Market	94	

County statistics are more negative than Hoboken or Downtown Jersey City's numbers indicate. As shown above the comparison to the 4th Quarter of 2007 our sales prices, number of total sales and the time it takes to sell a home have all underperformed compared to one year ago and compared to the 3rd quarter of 2008.

Hudson County Average Entire Year Sold Prices



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HOBOKEN REAL ESTATE MARKET STATISTICS

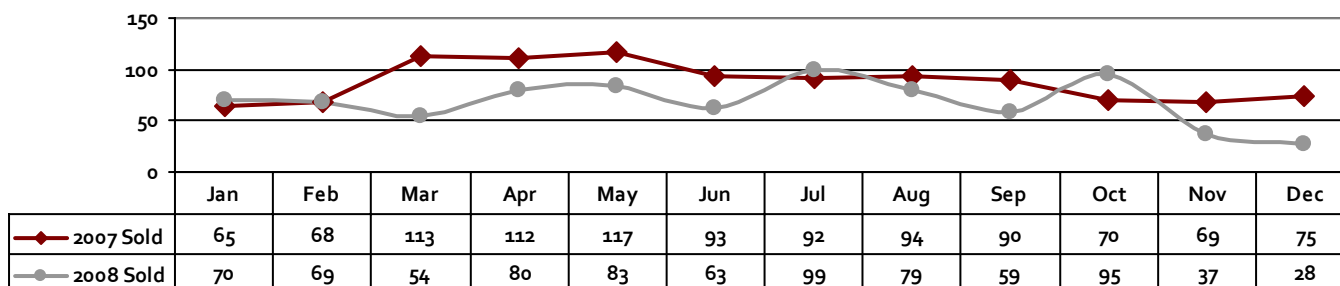
Hoboken Summary: Hoboken has had an additional obstacle with the recent tax increase that has added an unexpected dimension to our market slow down. The overall picture of Hoboken Real Estate should be interpreted as positive compared to surrounding areas. Hoboken is performing well and the decreases, while they do exist are moderate especially when you look at how the stats are for 1 bedroom and 2 bedroom units (see table at bottom of page) which had positive 4th Quarter results. New construction Such as Maxwell, The Hudson Tea Building and others continue to do well as new construction sales and re-sales.

2007 to 2008 Q4 comparison	Hoboken 2007 Q4		Change %	Hoboken 2008 Q4	
	Average Sold Price	\$608,443	-16%	Average Sold Price	\$513,517
	Number of Sales	214	-25%	Number of Sales	160
	Days on Market	64	35%	Days on Market	86

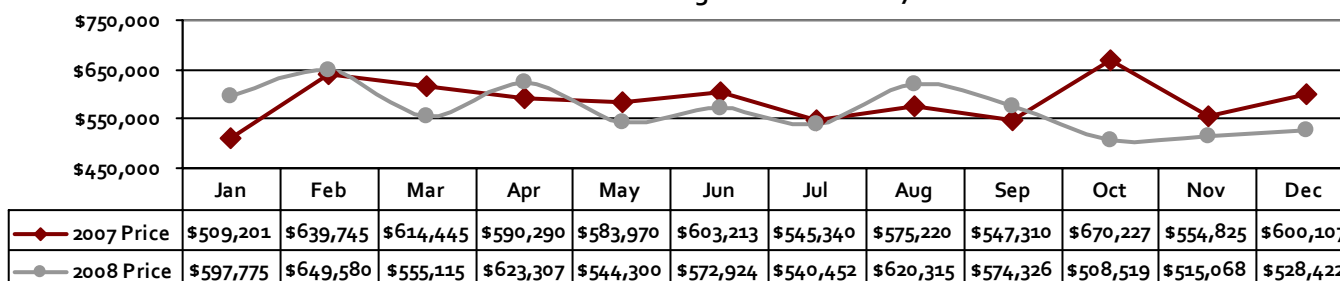
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Q3 to Q4 2008 comparison	Hoboken 2008 Q3		Change %	Hoboken 2008 Q4	
	Average Sold Price	\$570,717	-10%	Average Sold Price	\$513,517
	Number of Sales	239	-33%	Number of Sales	160
	Days on Market	69	25%	Days on Market	86

Hoboken Entire Year Number of Sales 2007 & 2008



Hoboken Entire Year Average Sold Prices 2007 & 2008



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HOBOKEN	Studio & 1BR		2BR		3BR		1-Family		2 - 4 Family	
	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
	4 th Q 2008	\$391,621	\$382,500	\$563,645	\$535,000	\$791,150	\$683,450	\$1,115M	\$1.115M	\$978,933
Change	0.2%	2%	0.2%	-3%	-18%	-20%	-9%	-12%	-15%	-18%
4 th Q 2007	\$390,911	\$375,000	\$562,700	\$550,000	\$962,308	\$851,000	\$1.221M	\$1.261M	\$1.153M	\$1.023M

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DOWNTOWN JERSEY CITY REAL ESTATE MARKET STATISTICS

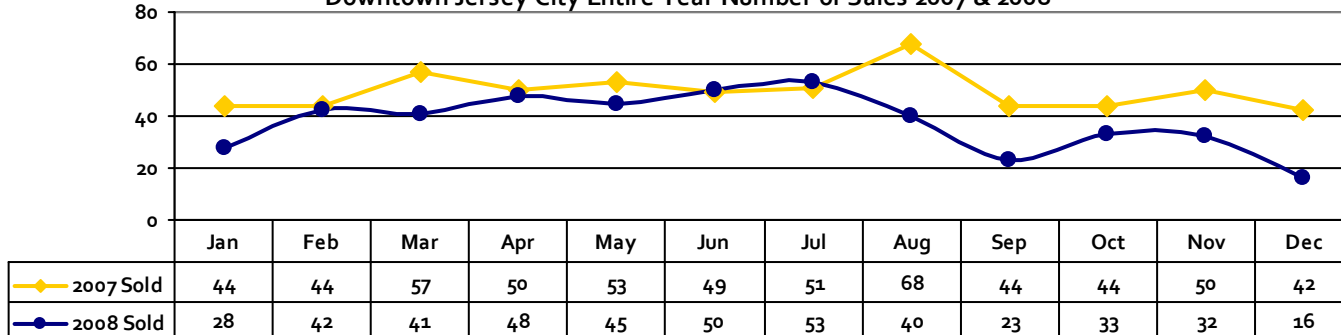
Downtown Jersey City Summary: Other than the number of sales which is significantly less than 2007 as it has been all year, other downtown Jersey City statistics have outperformed all other areas in Hudson County. Some of the results even out perform Hoboken which as been the strongest market the entire year. Downtown Jersey City is a market that has held its value very Throughout the year. New construction in Jersey City has been very positive with a variety of incentives they have attracted more buyers into the market that purchase the new construction as well as re-sales. We should see the positive results of this in the 1st Quarter 2009 report.

2007 to 2008 Q4 comparison	Downtown Jersey City 2007 Q4		Change %	Downtown Jersey City 2008 Q4	
	Average Sold Price	\$527,785	6%	Average Sold Price	\$560,673
	Number of Sales	136	-40%	Number of Sales	81
	Days on Market	75	28%	Days on Market	95

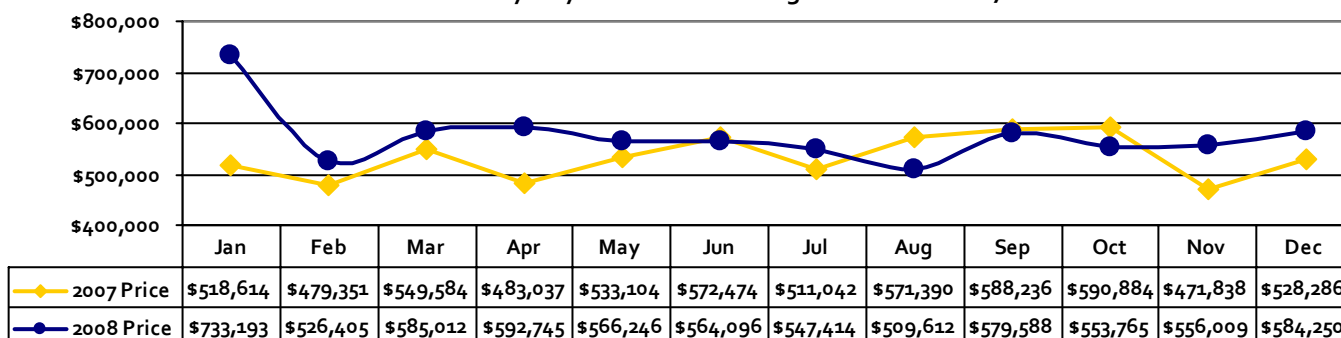
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Q3 to Q4 2008 comparison	Downtown Jersey City 2008 Q3		Change %	Downtown Jersey City 2008 Q4	
	Average Sold Price	\$540,759	4%	Average Sold Price	\$560,673
	Number of Sales	116	-30%	Number of Sales	81
	Days on Market	82	17%	Days on Market	95

Downtown Jersey City Entire Year Number of Sales 2007 & 2008



Downtown Jersey City Entire Year Average Sold Prices 2007 & 2008



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DT JERSEY CITY	Studio & 1BR		2BR		3BR		1-Family		2 - 4 Family		
	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	
	4 th Q 2008	\$349,888	\$361,000	\$592,369	\$578,750	\$845,000	\$840,000	\$877,500	\$877,500	\$768,833	\$744,000
	Change	-9%	2%	11%	4%	4%	20%	41%	41%	-1%	-7%
4 th Q 2007	\$383,702	\$355,000	\$532,250	\$558,000	\$813,500	\$697,500	\$622,500	\$622,500	\$776,321	\$798,500	

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Market indicators and Market information

Absorption Rate: We measure the vitality of a real estate market in many ways; Absorption Rate is one of the most effect measures. The absorption rate represents our market's ability to sell the current inventory based recent statistics. This number is determined by dividing the current amount of homes available by the amount sold in the previous month, or in our case the average of calendar year 2008. The higher this percentage grows the healthier our market is becoming. This can also be used an indicator for where our market is heading. An increasing Absorption rate for 3 - 6 Months indicates that we are most likely moving out of a declining market. Price increases are the last indication of a prospering market, in fact as we just noticed when pricing increases more rapidly than normally we are at the end of a prosperous market. All of these numbers are weaker than they have been during our better markets.

Averages for entire 2008	Active Inventory	Sold	Absorption Rate
Hudson County	5455	278	5%
Hoboken	530	68	13%
Downtown Jersey City	472	38	8%

Months of Inventory: Another important statistic to watch is Months of Inventory on market. This number is derived by reversing the absorption rate; by dividing the amount sold in the previous month or one year average by current amount of homes available on the market. Obviously if our inventory is decreasing over a 3 - 6 month period we most likely are leaving a declining market and moving to a more prosperous market. Again these statics below are not indications of a strong market these number are approximately 2 1/2 to 3 times higher than we would like to see them.

Averages for entire 2008	Active Inventory	Sold	Months of Inventory on Market
Hudson County	5455	278	20
Hoboken	530	68	8
Downtown Jersey City	472	38	13

How about some more Good News!

- ◊ In the 4th Quarter 2008 Hoboken had 36 properties sell in less than 21 Days!
- ◊ In the 4th Quarter 2008 Downtown Jersey City had 19 properties sell in less than 21 Days!
- ◊ Hoboken Sellers in 4th Quarter 2008 sold their **WELL PRICED** properties for **97% of the asking price.**
- ◊ Downtown Jersey City Sellers in 4th Quarter 2008 sold their **WELL PRICED** properties for **95% of the asking price.**
- ◊ Mortgage applications have seen an enormous increase in the 4th Quarter.
- ◊ Rates continue to hover at 50-year lows - five percent and even four and three quarters percent for 30-year mortgages, and still lower for 15 and 20 year mortgage terms.
- ◊ Plus we're all paying a lot less at the gas pump, and sharply discounted prices for retail goods and autos.
- ◊ Americans are actually SAVING again, the national savings rate took a nearly three percent jump last month. This can be hugely important if it is the start of a trend.

4th Quarter 2008 "High-Water marks" for Hudson County

	Location	Price	Date Closed	Size
Studio Condo	Hoboken - The Hudson Tea Building	\$525,000	11/11/2008	750 sq/ft
1 BR Condo	Hoboken - Maxwell Place	\$880,000	12/1/2008	966 sq/ft
2BR Condo	Hoboken - Maxwell Place	\$1,900,000	11/12/2008	1,915 sq/ft
3BR Condo	Jersey City - Trump Plaza	\$1,325,000	11/11/2008	1,454 sq/ft
3BR+ Condo	Weehawken - The Brownstones	\$2,100,000	12/23/2008	5,000 sq/ft
1 Family	Jersey City - Van Vorst Park	\$1,175,000	11/6/2008	17.5 x 100 ft lot size
2 Family	Jersey City - Grove Street	\$819,000	10/3/2008	17.88 x 100 ft lot size
3 Family	Hoboken - 4th Street	\$1,280,000	10/20/2008	20 x 75 ft lot size

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

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