

Essex County Edition 4th Quarter 2009

THE DANIELS REPORT

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Wednesday, January 06, 2010

The Essex County Market in Recovery

The 4th Quarter 2009 statistics are somewhat inconclusive for Essex County. The number of sales and prices have decreased in comparison to the 3rd Quarter 2009 after two quarters of marked increases. The good news is that compared to 2008 the number of sales increased greatly and the prices have begun to stabilize. Also the rate of number of sales compared what is available actually did improve. Absorption rates and Inventory levels showed improvement over Q3 these stats complete the market picture.

This time of year is historically slower than other seasons. This spring will be an important indicator for how fast prices will recover over the next 15 months. The number of sales while lower than Q3 are still very strong for this time of the year. The statistics during 2009 have given cause for people to be very positive about the Essex County Real estate market. It is still a great time for buyers and sellers are experiencing more success in getting their homes sold when priced correctly.

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Jamie Daniels - Real Estate Professional  
Weichert, Realtors®

### Market Positive Momentum

- "The supply of homes on the market is now at the lowest level in over two and a half years -- we're getting closer to a general balance between buyers and sellers," said Lawrence Yun, NAR chief economist.
- Pending home sales have risen for nine months in a row, a first for the series of the index since its inception in 2001.
- According to the National Association of Realtors (NAR), in November existing-home sales rose 7.4 percent over October
- Total housing inventory at the end of October fell 3.7% and November inventory declined 1.3%
- The unemployment rate edged down to 10.0 percent in November (<http://www.bls.gov/news.release/empsit.nr0.htm>)
- President Obama signed a bill that extended the \$8,000 tax credit for first-time homebuyers through April 30th, 2010.
- Pending Home Sales Rise for Eighth Straight Month in October 2009.
- In mid November the number of people attending Weichert Open Houses was up 13% compared to the same weekend in 2008. , the average number of attendees at each Weichert Open House was 32% greater than last year. This was the 10th straight week where average attendance was better than the prior year.
- Existing-home sales rose 10.1% in October, according to the National Association of Realtors (NAR).
- Pending Home Sales Index at Highest Level Since March 2006.

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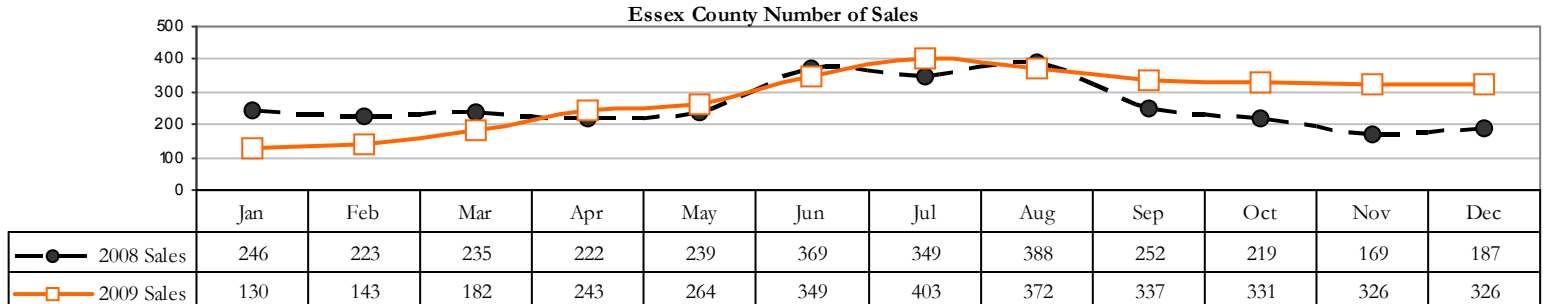
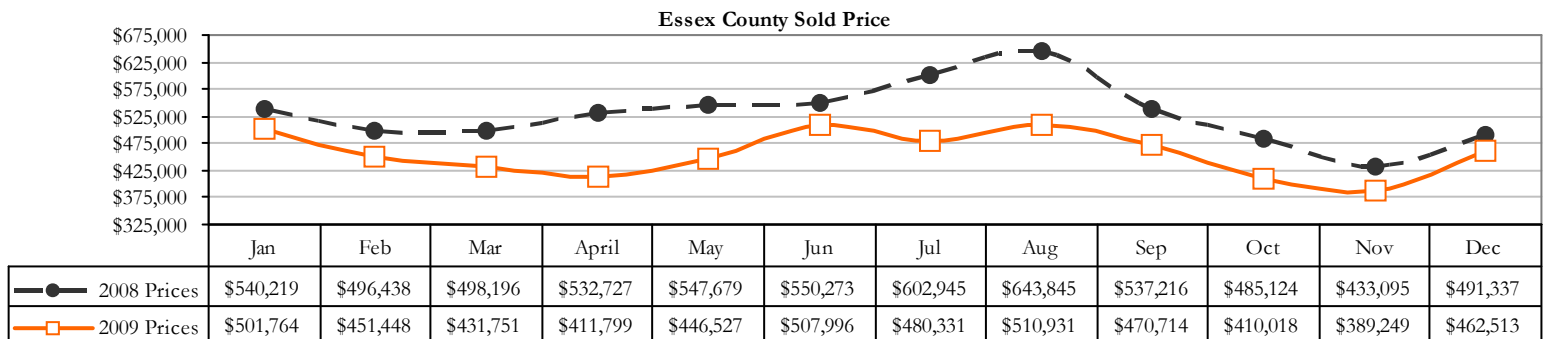
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## Essex County Market Summary

| Essex County Comparison to Last Quarter |           |           |        |   | This was a strange quarter as the number of sales decreased compared to Q3 but it seems to be more of a result of the season than the market. Especially when you consider that the number of sales are so far ahead of last years numbers in Q4.<br><br><small>(red print indicates a negative trend even if the numerical value is positive)</small> | Essex County Comparison to Last Year |           |           |      |   |
|-----------------------------------------|-----------|-----------|--------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------|-----------|------|---|
|                                         | Q3 2009   | Q4 2009   | Change |   |                                                                                                                                                                                                                                                                                                                                                        | Q4 2008                              | Q4 2009   | Change    |      |   |
| Average Sold Price                      | \$487,653 | \$420,539 | -14%   | ↓ |                                                                                                                                                                                                                                                                                                                                                        | Average Sold Price                   | \$471,852 | \$420,539 | -11% | ↓ |
| Number of Sales                         | 1,112     | 983       | -12%   | ↓ |                                                                                                                                                                                                                                                                                                                                                        | Number of Sales                      | 575       | 983       | 71%  | ↑ |
| Days on Market                          | 83        | 90        | 8%     | ↑ |                                                                                                                                                                                                                                                                                                                                                        | Days on Market                       | 82        | 90        | 10%  | ↑ |
| Median Sold Price                       | \$405,750 | \$350,000 | -14%   | ↓ | Median Sold Price                                                                                                                                                                                                                                                                                                                                      | \$395,000                            | \$350,000 | -11%      | ↓    |   |
| % of Asking Price                       | 96.1%     | 96.2%     | 0.1%   | ↑ | % of Asking Price                                                                                                                                                                                                                                                                                                                                      | 95.77%                               | 96.2%     | 0.4%      | ↑    |   |



"The supply of homes on the market is now at the lowest level in over two and a half years -- we're getting closer to a general balance between buyers and sellers," said Lawrence Yun, NAR chief economist.

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## Glen Ridge Market Summary

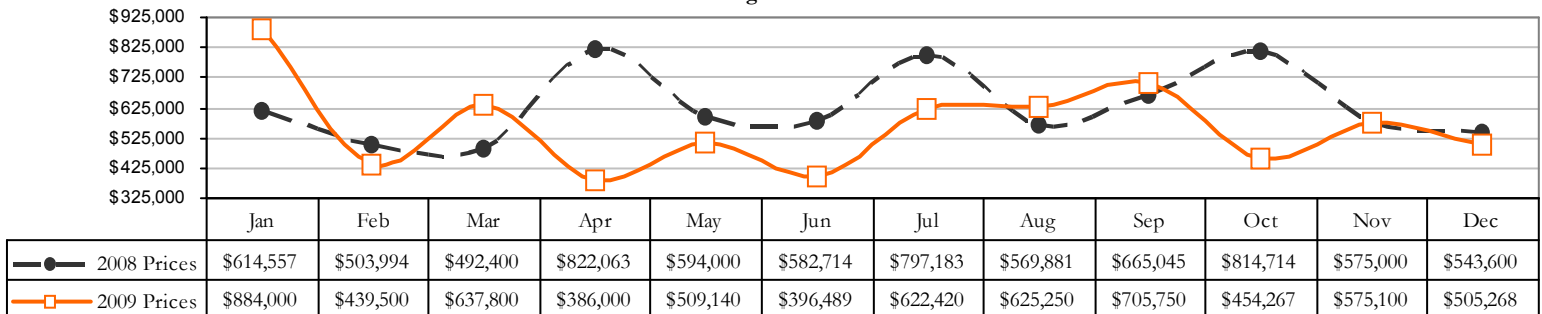
| Glen Ridge Comparison to Last Quarter |           |           |         |
|---------------------------------------|-----------|-----------|---------|
|                                       | Q3 2009   | Q4 2009   | Change  |
| Average Sold Price                    | \$634,474 | \$505,268 | -20% ↓  |
| Number of Sales                       | 30        | 22        | -27% ↓  |
| Days on Market                        | 54        | 73        | 35% ↑   |
| Median Sold Price                     | \$590,000 | \$488,750 | -17% ↓  |
| % of Asking Price                     | 99.83%    | 99.26%    | -0.6% ↓ |

Glen Ridge is always a difficult market to read accurately due to the small number total homes in the area. The number of sales compared to one year ago have increased which is the common trend in the Essex County market.

(red print indicates a negative trend even if the numerical value is positive)

| Glen Ridge Comparison to Last Year |           |           |         |
|------------------------------------|-----------|-----------|---------|
|                                    | Q4 2008   | Q4 2009   | Change  |
| Average Sold Price                 | \$692,000 | \$505,268 | -27% ↓  |
| Number of Sales                    | 13        | 22        | 69% ↑   |
| Days on Market                     | 74        | 73        | -1.4% ↓ |
| Median Sold Price                  | \$575,000 | \$488,750 | -15% ↓  |
| % of Asking Price                  | 101.3%    | 99.26%    | -2% ↓   |

### Glen Ridge Sold Prices



## Maplewood Market Summary

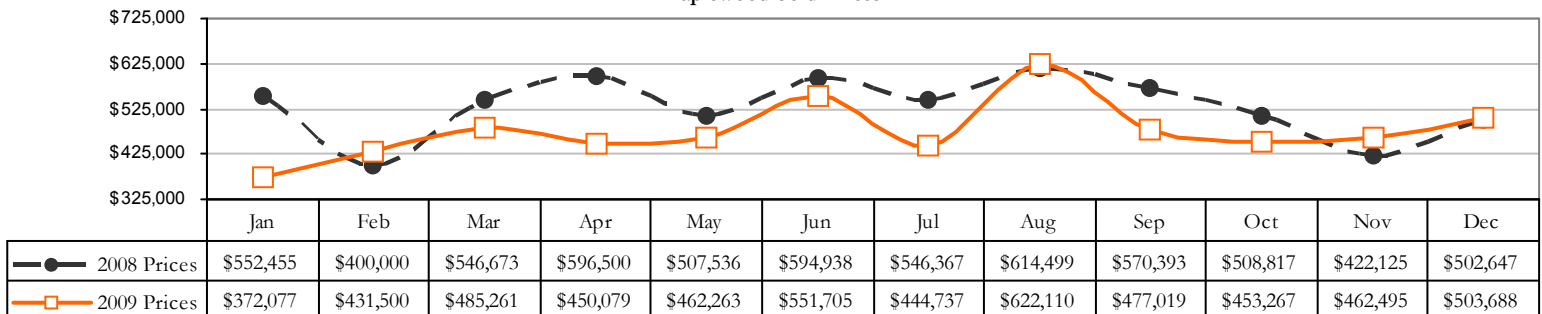
| Maplewood Comparison to Last Quarter |           |           |        |
|--------------------------------------|-----------|-----------|--------|
|                                      | Q3 2009   | Q4 2009   | Change |
| Average Sold Price                   | \$499,727 | \$477,154 | -5% ↓  |
| Number of Sales                      | 83        | 58        | -30% ↓ |
| Days on Market                       | 61        | 65        | 7% ↑   |
| Median Sold Price                    | \$511,000 | \$482,500 | -6% ↓  |
| % of Asking Price                    | 97.4%     | 97.91%    | 1% ↑   |

Following the trend of the rest of the areas in Essex County. In Q4 Maplewood experienced decreases in just about every statistic compared to Q3. Yet, the number of sales are dramatically up from last year. Only a 5% drop in price points to some price stabilization.

(red print indicates a negative trend even if the numerical value is positive)

| Maplewood Comparison to Last Year |           |           |        |
|-----------------------------------|-----------|-----------|--------|
|                                   | Q4 2008   | Q4 2009   | Change |
| Average Sold Price                | \$487,238 | \$477,154 | -2% ↓  |
| Number of Sales                   | 37        | 58        | 57% ↑  |
| Days on Market                    | 74        | 65        | -12% ↓ |
| Median Sold Price                 | \$495,000 | \$482,500 | -3% ↓  |
| % of Asking Price                 | 98.2%     | 97.91%    | 0.3% ↑ |

### Maplewood Sold Prices



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## Millburn Market Summary

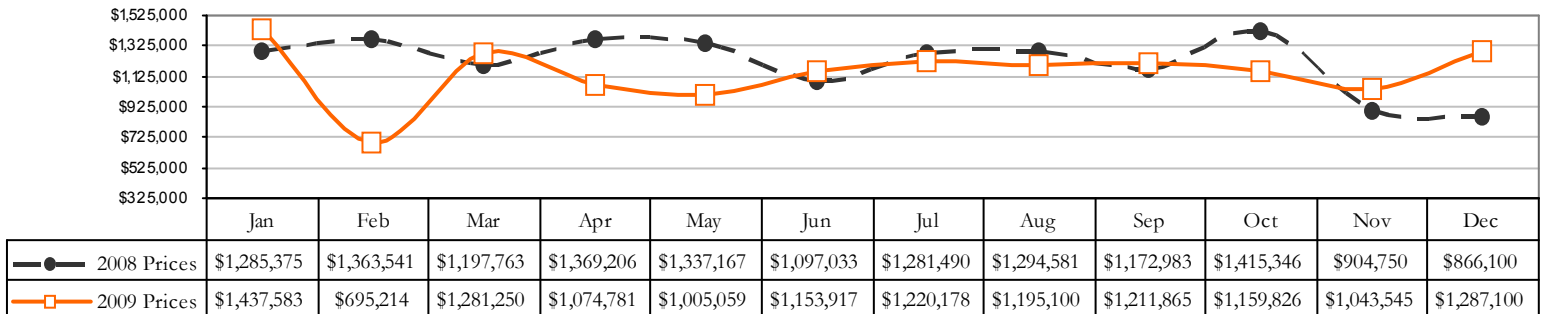
| Millburn Comparison to Last Quarter |             |             |         |
|-------------------------------------|-------------|-------------|---------|
|                                     | Q3 2009     | Q4 2009     | Change  |
| Average Sold Price                  | \$1,207,799 | \$1,185,154 | - 2% ↓  |
| Number of Sales                     | 85          | 50          | - 41% ↓ |
| Days on Market                      | 60          | 86          | 43% ↑   |
| Median Sold Price                   | \$980,000   | \$852,500   | - 13% ↓ |
| % of Asking Price                   | 94.0%       | 96.21%      | 2.4% ↑  |

Millburn in Q4 had the smallest decreases in price compared to Q3 and had the most significant increase compared to Last year. The trend line for Millburn's prices shows gradual increase over this past year.

(red print indicates a negative trend even if the numerical value is positive)

| Millburn Comparison to Last Year |             |             |        |
|----------------------------------|-------------|-------------|--------|
|                                  | Q4 2008     | Q4 2009     | Change |
| Average Sold Price               | \$1,096,105 | \$1,185,154 | 8% ↑   |
| Number of Sales                  | 30          | 50          | 67% ↑  |
| Days on Market                   | 57          | 86          | 51% ↑  |
| Median Sold Price                | \$817,500   | \$852,500   | 4.3% ↑ |
| % of Asking Price                | 95.5%       | 96.21%      | 0.7% ↑ |

### Millburn Sold Prices



## Montclair Market Summary

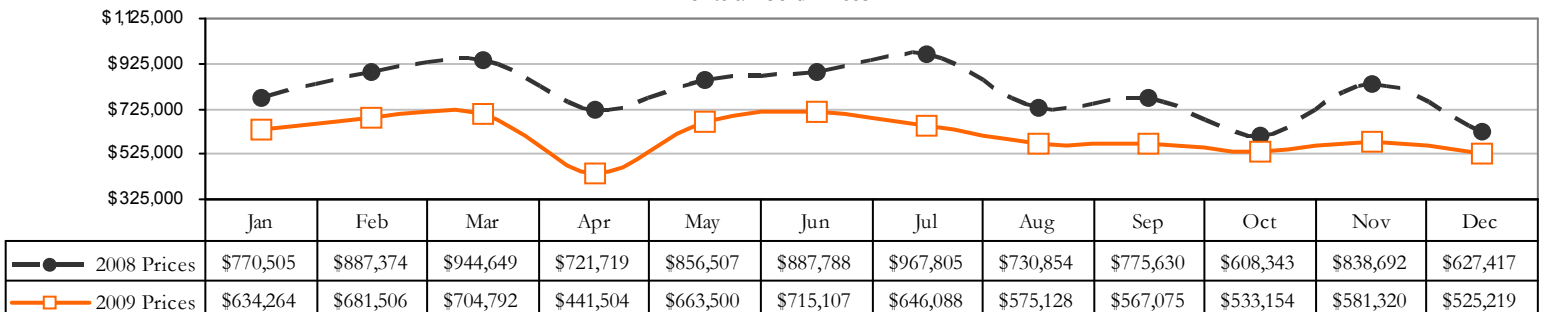
| Montclair Comparison to Last Quarter |           |           |          |
|--------------------------------------|-----------|-----------|----------|
|                                      | Q3 2009   | Q4 2009   | Change   |
| Average Sold Price                   | \$599,630 | \$544,089 | - 9.3% ↓ |
| Number of Sales                      | 115       | 84        | - 27% ↓  |
| Days on Market                       | 72        | 86        | 19% ↑    |
| Median Sold Price                    | \$550,000 | \$445,000 | - 19% ↓  |
| % of Asking Price                    | 98.6%     | 96.39%    | - 2% ↓   |

Montclair is unique because since the market decline the difference in the High and low prices is the widest gap for almost any Essex County town. That makes it difficult to really understand the market from average stats like these. These stats do provide overall trends in Montclair.

(red print indicates a negative trend even if the numerical value is positive)

| Montclair Comparison to Last Year |           |           |         |
|-----------------------------------|-----------|-----------|---------|
|                                   | Q4 2008   | Q4 2009   | Change  |
| Average Sold Price                | \$742,141 | \$544,089 | - 27% ↓ |
| Number of Sales                   | 47        | 84        | 79% ↑   |
| Days on Market                    | 64        | 86        | 34% ↑   |
| Median Sold Price                 | \$660,000 | \$445,000 | - 33% ↓ |
| % of Asking Price                 | 98.4%     | 96.39%    | - 2% ↓  |

### Montclair Sold Prices

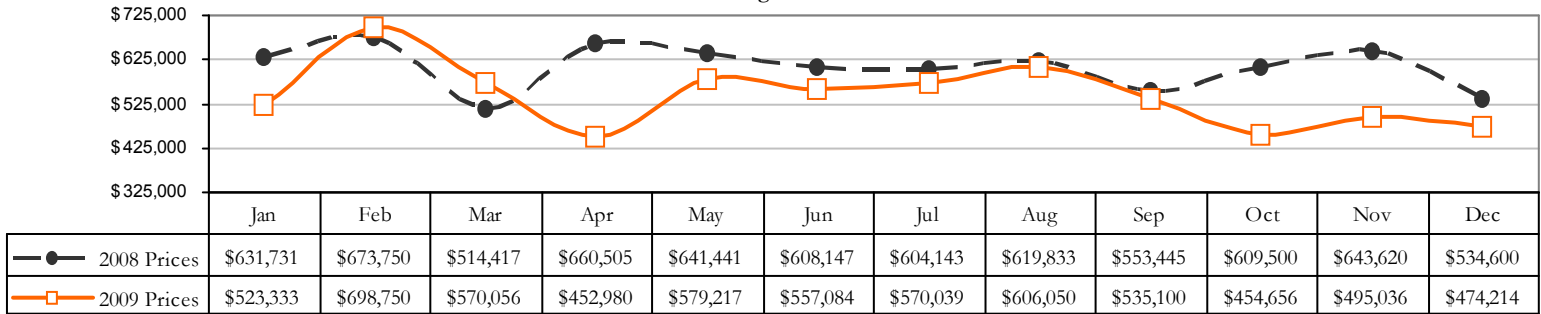


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## South Orange Market Summary

| South Orange Comparison to Last Quarter |           |           |        |   | South Orange experienced a significant price drop compared to the 3rd Quarter. The number of sales continue to increase in South Orange, which is rare in Essex County in Q4. As long as the number of sales continue to increase we are closer to price increases in South Orange.<br><br>(red print indicates a negative trend even if the numerical value is positive) | South Orange Comparison to Last Year |           |           |      |   |
|-----------------------------------------|-----------|-----------|--------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------|-----------|------|---|
|                                         | Q3 2009   | Q4 2009   | Change |   |                                                                                                                                                                                                                                                                                                                                                                           | Q4 2008                              | Q4 2009   | Change    |      |   |
| Average Sold Price                      | \$574,793 | \$473,794 | -18%   | ↓ |                                                                                                                                                                                                                                                                                                                                                                           | Average Sold Price                   | \$576,735 | \$473,794 | -18% | ↓ |
| Number of Sales                         | 39        | 51        | 31%    | ↑ |                                                                                                                                                                                                                                                                                                                                                                           | Number of Sales                      | 27        | 51        | 89%  | ↑ |
| Days on Market                          | 59        | 79        | 34%    | ↑ |                                                                                                                                                                                                                                                                                                                                                                           | Days on Market                       | 74        | 79        | 7%   | ↑ |
| Median Sold Price                       | \$530,000 | \$490,000 | -8%    | ↓ | Median Sold Price                                                                                                                                                                                                                                                                                                                                                         | \$515,000                            | \$490,000 | -5%       | ↓    |   |
| % of Asking Price                       | 95.1%     | 95.6%     | 0.5%   | ↑ | % of Asking Price                                                                                                                                                                                                                                                                                                                                                         | 95.4%                                | 95.6%     | 0.2%      | ↑    |   |

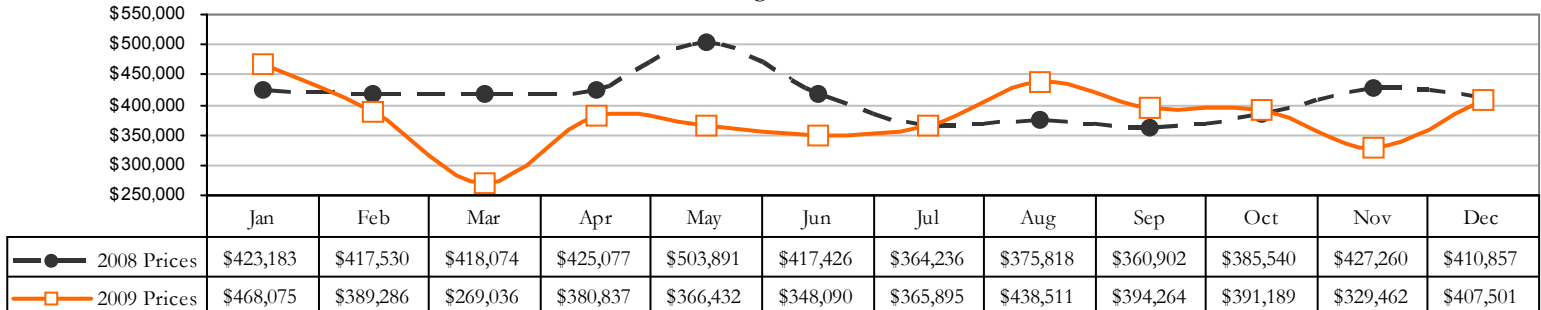
### South Orange Sold Prices



## West Orange Market Summary

| West Orange Comparison to Last Quarter |           |           |        |   | West Orange prices have been stabilizing throughout 2009 and we no evidence to show that this will end. The number of sales increased again in West Orange. Sales in West Orange have been showing strength all year.<br><br>(red print indicates a negative trend even if the numerical value is positive) | West Orange Comparison to Last Year |           |           |     |   |
|----------------------------------------|-----------|-----------|--------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------|-----------|-----|---|
|                                        | Q3 2009   | Q4 2009   | Change |   |                                                                                                                                                                                                                                                                                                             | Q4 2008                             | Q4 2009   | Change    |     |   |
| Average Sold Price                     | \$397,508 | \$373,556 | -6%    | ↓ |                                                                                                                                                                                                                                                                                                             | Average Sold Price                  | \$403,844 | \$373,556 | -8% | ↓ |
| Number of Sales                        | 115       | 127       | 10%    | ↑ |                                                                                                                                                                                                                                                                                                             | Number of Sales                     | 66        | 127       | 92% | ↑ |
| Days on Market                         | 85        | 97        | 14%    | ↑ |                                                                                                                                                                                                                                                                                                             | Days on Market                      | 87        | 97        | 12% | ↑ |
| Median Sold Price                      | \$350,000 | \$340,000 | -3%    | ↓ | Median Sold Price                                                                                                                                                                                                                                                                                           | \$365,000                           | \$340,000 | -7%       | ↓   |   |
| % of Asking Price                      | 95.4%     | 95.5%     | 0.1%   | ↑ | % of Asking Price                                                                                                                                                                                                                                                                                           | 96.3%                               | 95.5%     | -0.8%     | ↓   |   |

### West Orange Sold Prices



## Other interesting statistics Q4 2009:

Looking at the absorption rate and months of inventory are the final pieces that help make sense of the rest of the market statistics. The decrease in the sales compared to Q3 would lead you to believe the market has cooled off a bit. Yet when you look at the Absorption rate, which is the percentage of homes that sell compared to homes available on the market, you see that there were less homes for sale. This means that percentage of sales was actually better this quarter than last because the rate of sales increased for almost every area. In addition the months of inventory is decreasing in direct correlation to the absorption rate.

| 4 <sup>th</sup> Quarter 2009 | Current Inventory | New Listings/Month | Avg. sales/month | Absorption rate | Months of Inventory |
|------------------------------|-------------------|--------------------|------------------|-----------------|---------------------|
| Glen Ridge                   | 16                | 4                  | 7                | 45%             | 2.3                 |
| Maplewood                    | 94                | 23                 | 19               | 20%             | 4.9                 |
| Millburn                     | 74                | 22                 | 17               | 23%             | 4.4                 |
| Montclair                    | 117               | 27                 | 28               | 24%             | 4.2                 |
| South Orange                 | 84                | 25                 | 17               | 20%             | 4.9                 |
| West Orange                  | 299               | 53                 | 42               | 14%             | 7.1                 |
| Essex County                 | 2,396             | 469                | 328              | 14%             | 7.3                 |

**NOTE:** **Absorption Rate:** Given the current available homes and average that sell per month, it determines the rate at which homes will be absorbed (sold).  
**Months of Inventory:** Determines how many months of inventory (homes for sale) based on the average number of sold homes per month.

## 4<sup>th</sup> Quarter 2009 Highest Sales for Essex County

|                  | Location                                     | Price       | Date Closed       | Size                   |
|------------------|----------------------------------------------|-------------|-------------------|------------------------|
| Custom Victorian | Millburn/Short Hills - East Hartshorn Drive  | \$5,150,000 | December 18, 2009 | 7BR/9Baths 1.44 acres  |
| Tudor            | Montclair - Upper Mountain Avenue            | \$2,250,000 | October 1, 2009   | 6BR/8Baths 0.63 acres  |
| Victorian        | Maplewood - Mountain Avenue                  | \$1,300,000 | November 12, 2009 | 5BR/3Baths 0.83 acres  |
| Colonial         | West Orange - Elm Court Way (Llewellyn Park) | \$1,090,000 | December 11, 2009 | 5BR/6Baths 2.04 acres  |
| Colonial         | Glen Ridge - Oxford Street                   | \$928,000   | November 9, 2009  | 6BR/4Baths 0.42 acres  |
| Colonial         | South Orange - Centre Street                 | \$780,000   | October 21, 2009  | 7BR/6Baths 1.078 acres |

## 7 Points of Emphasis for Buyers and Sellers that will lead to a Successful Sale in the 2010 Real Estate Market

- Buyers:** Adjust your expectations & criteria to meet your budget or adjust your budget to meet your criteria & expectations.
- Sellers:** It is impossible to under price your home, yet you can over price your home. If your home is under priced you will get multiple offers (even in this market) that meet or exceed the market price. Over pricing results in a lower than market value price and longer time on the market trying to sell.
- Both buyers and sellers:** Be logical about negotiating, try to leave your emotions out of the negotiation. Most people do not have bad intentions when negotiating. Quite often this is one of the most stressful and personal negotiations people have to do.
- Sellers:** On average your first offer is your best offer try as hard as you can to keep that first offer negotiation alive and come to a amicable agreement on price.
- Buyers:** Avoid the ridiculous low ball offers. The market is changing and inventories are decreasing. The buyers that have been successful in getting good deals have begun negotiations with realistic offers supported by market facts.
- Buyers:** Do not wait for prices to get lower. We are in a transitioning market, it is transitioning from a poor market to a recovering market. Your indecision and procrastination now will lead to missed opportunity and paying more later.
- Sellers:** Make your home as accessible as possible to buyers. Your short term inconvenience will lead to your long-term success in selling your home and moving on with your future plans.

\*\*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\*\*

### The Extended Home Buyer Tax Credit

The new federal tax credit of up to \$8,000\* is now available to more first-time buyers and qualified buyers who currently own a home (up to \$6,500\*).

The Extended Home Buyer Tax Credit is a big improvement: Now both first-time buyers and current homeowners who qualify can take advantage of the new tax credit. When considered alongside today's historically low interest rates, the opportunity for buyers is truly unique.

Here are the new key provisions:

- The \$8,000 tax credit for first-time buyers has been extended through April 30, 2010.
- Current homeowners are eligible for a \$6,500 tax credit, provided you have lived in the home you are selling as a principal residence for five consecutive years within the last eight years.
- Income limits for eligible buyers were increased from \$75,000 to \$125,000 for single buyers and from \$150,000 to \$225,000 for married couples.
- Time has been added to allow for closing the home purchase. As long as you have a binding contract by April 30, you will then have until June 30, 2010, to close the transaction.
- To qualify, the home must be your primary residence and have a purchase price of \$800,000 or less.

Here's how it works:

- The amount of your credit will be first credited toward any tax liability for the year of purchase. Then the remainder will be refunded to you. (For example a first-time buyer with a \$2,000 tax liability would receive a check for \$6,000).
- Any single-family residence purchased to be used as a principal residence (including condos, co-ops) will qualify if it is purchased by April 30, 2010 for \$800,000 or less and closed by June 30, 2010.
- The full amount of the credit is available for individuals with adjusted gross income of no more than \$125,000 or \$225,000 on a joint return. Above those incomes, the amount of the tax credit decreases until the maximum limit is reached – \$145,000 for an individual or \$245,000 in joint income.

For detailed information about the tax credit, click on <http://images.weichert.com/taxcredit10/TaxCreditFAQ.pdf>

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