

# Q3 2010

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*Hudson County Edition 3rd Quarter 2010*

***Downtown Jersey City & Hoboken***

***Friday, October 01, 2010***

## Hudson County Market 3rd Quarter: Media, Myths and Reality

We face another critical moment in our market. For more than a year the Hudson County Real Estate market has shown tremendous resilience in the face of a difficult economic climate. Hudson County's past year of success has not prevented many media outlets from inaccurately reporting weakness in the Real Estate sector. That perceived weakness has proven to be unfounded as prices have actually increased in Hudson County for Q3 2010 compared to last year and the previous quarter. The number of sales decreased approximately 27%, this is a seasonal sales reduction, July and August are vacation months for clients in our market. Over the past three years our market has been very conservative in "vacationing", this year our market of buyers and sellers have enjoyed more financial stability which afforded them to take vacations. Right now is still a great time in our market. Prices increased for the third consecutive quarter in Hudson County. Most economists will agree that it takes three quarters to have an economic trend; we have an economic trend of increasing prices .

### The Media:

There have been several articles and news reports that have speculated on another real estate dip, overall price weakness in real estate and other negative story lines. The problem with these speculations is that they are not based on any facts that are measurable and/or specific to our market. This summer almost every week another negative article would arise and more motivated buyers would read them and give pause to the idea of purchasing a home that they really do want.

### The Myths:

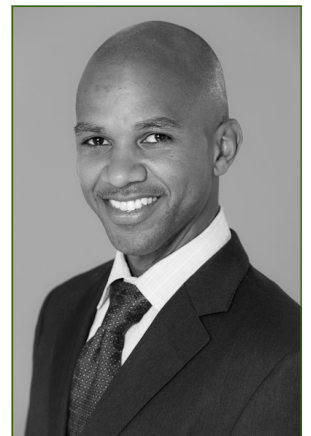
From the media comes the myths with each negative article comes the spin from analyst and from the everyday people we know. Many of these everyday people own homes already or are lifetime renters. They are the ones that continue the misinformation propagated by the media and make sure to let the motivated buyers know about these myths.

### The Reality:

The Hudson County market is stable and getting better every day. Twelve months of increasing number of sales, increasing prices, lowered levels of inventory and higher absorption rates, are the facts that support the previous statement. There are two concepts that need to be understood by the media and the public at large. The first is that the Hudson County rarely mirrors what the national market is doing. Our market is much more closely tied to Manhattan than probably any other market. Manhattan is experiencing a very strong housing market rebound . Unemployment levels have been steady for over six months at 9.4% - 9.5%. Through August there were 55,000 jobs created in NYC, which is 1/3 of the total jobs lost during our meltdown. The second concept that needs to be understood is that no matter how bad or good our market is; it will follow a natural and unyielding cycle of inclining and declining, all statistics indicate we are in an inclining cycle. Our market is fine as long as we do not buy into the negative media. Do your part and tell your local friends and family how well our market is doing, you have the proof in your hands right now.

### The Reality of it...

- Home prices increased 0.6 percent in July from June and 3.2 percent from a year ago. This marked the fourth consecutive month that prices have risen.
- Unemployment remains at 9.4% 55,000 new jobs created in NYC 2010.
- Housing starts rose 1.7% from June to a seasonally adjusted annual rate of 546,000 last month, the Commerce Department said.
- Homebuilder Toll Brothers made a profit last quarter -- its first in three years.
- New home sales increased 23.6% to a seasonally adjusted annual rate of 330,000 last month, up from an downwardly revised 267,000 in May, the Commerce Department reported.
- Several new construction projects have been purchased in Hudson County with plans to begin construction and many more developers are back searching for land with or without approvals over the last few months.

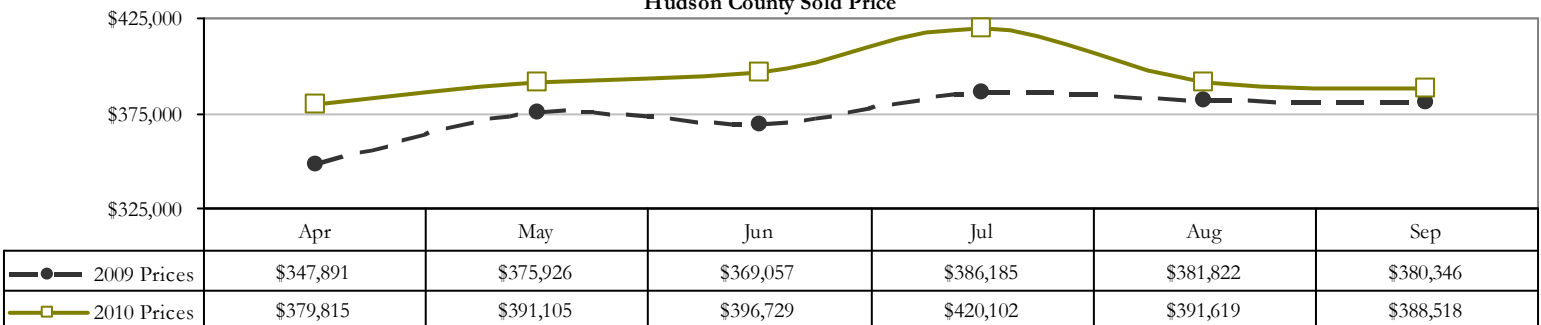


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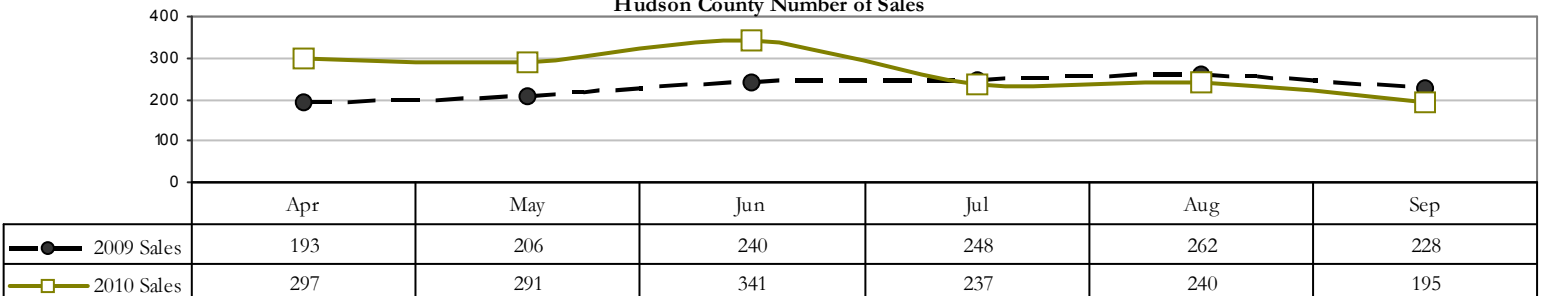
### Hudson County Market Summary

Hudson County Comparison to Last Quarter					The number of sales being down is not much of a concern. The number of pending sales increased each month July 155, Aug 199 and Sept 230. The end of our vacation season spurred a jump in pending sales in September. We should see a very active Fall buying season.  (red print indicates a negative trend even if the numerical value is positive)	Hudson County Comparison to Last Year				
	Q2 2010	Q3 2010	Change				Q3 2009	Q3 2010	Change	
Average Sold Price	\$389,976	\$400,764	2.8%	▲		Average Sold Price	\$383,936	\$400,764	4.4%	▲
Number of Sales	928	672	-27.6%	▼		Number of Sales	736	672	-8.7%	▼
Days on Market	97	103	6.2%	▲		Days on Market	111	103	-7.2%	▼
Median Sold Price	\$341,250	340,000	-0.4%	▼		Median Sold Price	\$350,000	340,000	-2.9%	▼
% of Asking Price	94.3%	93.1%	-1.3%	▼	% of Asking Price	93.0%	93.1%	0.1%	▲	

Hudson County Sold Price



Hudson County Number of Sales

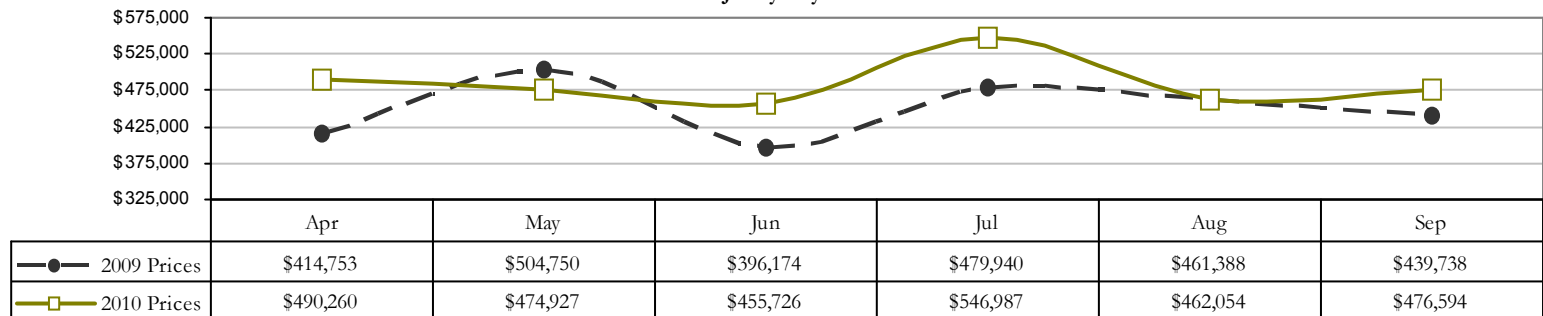


“....Housing sales are a lot stronger than people think they are.”

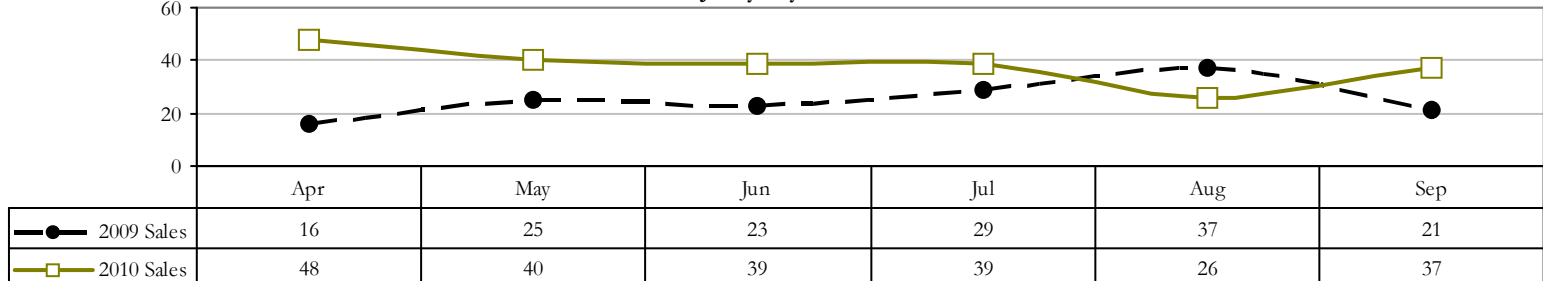
### Downtown Jersey City Market Summary

Downtown JC Comparison to Last Quarter					Good summer numbers for Jersey City, the number of Sales and prices are both up compared to last year. The median price showed a nice increase compared to 2nd Quarter 2010. Median sold price is a very good indicator of future increasing prices.  (red print indicates a negative trend even if the numerical value is positive)	Downtown JC Comparison to Last Year				
	Q2 2010	Q3 2010	Change				Q3 2009	Q3 2010	Change	
Average Sold Price	\$474,826	\$499,803	5.3%	↑		Average Sold Price	\$462,346	\$499,803	8.1%	↑
Number of Sales	127	102	-19.7%	↓		Number of Sales	87	102	17.2%	↑
Days on Market	74	98	32.4%	↑		Days on Market	81	98	21%	↑
Median Sold Price	\$423,000	\$508,000	20.1%	↑	Median Sold Price	\$425,000	\$508,000	19.5%	↑	
% of Asking Price	95.5%	93.3%	-2.3%	↓	% of Asking Price	94.9%	93.3%	-1.7%	↓	

Downtown Jersey City Sold Prices



Downtown Jersey City Number of Sales

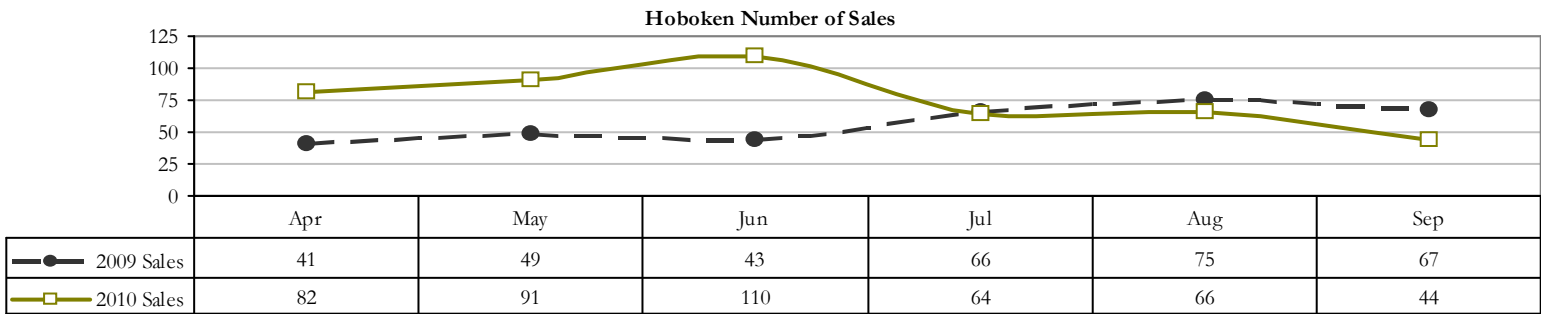
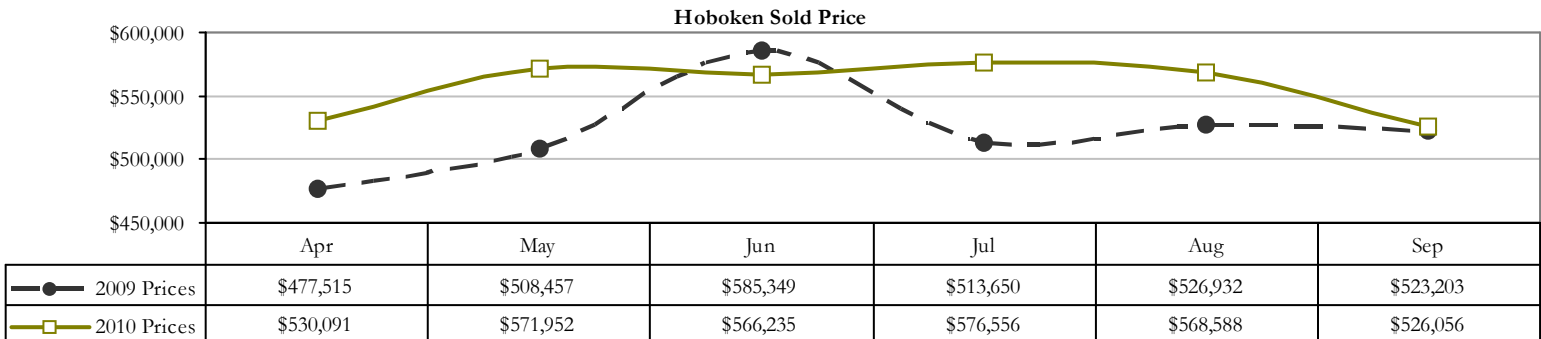


Downtown Jersey City	YEAR-TO-YEAR BASED ON PROPERTY TYPE	Studio & 1BR (30 Sales)		2BR (49 Sales)		3BR+ (6 Sales)		1-Family (6 Sales)		2 - 4 Family (9 Sales)	
		Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
	3rd Qtr 2009	\$351,748	\$343,000	\$474,620	\$495,000	\$600,389	\$520,000	\$506,667	\$520,000	\$706,493	\$697,000
Change	-9.3 ↓	-6.7% ↓	11.7% ↑	10.1% ↑	22.1% ↑	21.2% ↑	-3.4% ↓	-0.8% ↓	14.5% ↑	-6.7% ↑	
3rd Qtr 2010	\$319,181	\$320,000	\$530,371	\$545,000	\$733,167	\$630,000	\$489,333	\$516,000	\$809,028	\$650,000	

Downtown Jersey City	Price per square foot	Studio & 1BR	2BR	3BR
	3rd Quarter 2010	\$422 Sq/Ft (30 Sales)	\$439 Sq/Ft (49 Sales)	\$417 Sq/Ft (6 Sales)
	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)

### Hoboken Market Summary

Hoboken Comparison to Last Quarter					With prices essentially identical to last quarter not much to say about hoboken prices compared to last quarter. 90 Pending Sales in Aug & Sep, that should provide an nice lift for hoboken  (red print indicates a negative trend even if the numerical value is positive)	Hoboken Comparison to Last Year				
	Q2 2010	Q3 2010	Change				Q3 2009	Q3 2010	Change	
Average Sold Price	\$557,600	\$560,764	0.6%	↑		Average Sold Price	\$521,516	\$560,764	7.5%	↑
Number of Sales	283	174	-38.5%	↓		Number of Sales	208	174	-16.3%	↓
Days on Market	75	88	17.3%	↑		Days on Market	106	88	-17.0%	↓
Median Sold Price	\$485,000	\$474,200	-2.2%	↓		Median Sold Price	\$490,000	\$474,200	-3.2%	↓
% of Asking Price	96.0%	94.2%	-1.9%	↓		% of Asking Price	94.8%	94.2%	-0.6%	↓



Hoboken	YEAR-TO-YEAR BASED ON PROPERTY TYPE	Studio & 1BR ( 44Sales)		2BR ( 90 Sales)		3BR+ ( 20 Sales)		1-Family ( 6 Sales)		2 - 4 Family ( 9 Sales)	
		Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price	Average Price	Median Price
	3rd Qtr 2009	\$367,960	\$357,000	\$520,717	\$516,000	\$688,479	\$652,500	\$1.139M	\$1.118M	\$873,250	\$804,000
Change	-1.6% ↓	-2.3% ↓	-2.2% ↓	-4.1% ↓	-10.0% ↓	-1.8% ↓	-12.5% ↓	-19.1% ↓	49.9% ↑	54.9% ↑	
3rd Qtr 2010	\$361,957	\$348,750	\$509,199	\$495,000	\$757,244	\$641,000	\$996,667	\$905,000	\$1.309M	\$1.245M	

Hoboken	Price per square foot	Studio & 1BR	2BR	3BR
	3rd Quarter 2010	\$485 Sq/Ft (44 Sales)	\$431 Sq/Ft (90 Sales)	\$462 Sq/Ft (20 Sales)
	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)

Good to Know...

**Inventory Statistics Q3 2010:**

The inventory statistics for Q3 2010 were weaker than Q2 2010 although much better than 1 year ago. July and August, our slowest 2 months of the year underperformed compared to what we expected given the strong Q2 2010 showing, yet the number are in line with Q1 2010 and still show progress within the last 12 months.

3rd Quarter 2010	Current Inventory	New Listings/Month	Avg. # Homes Under Contract/Month	Avg. # Homes Sold/Month	Absorption Rate	Months of Inventory
Downtown JC	507	104	21	34	6.7%	15 months
Hoboken	530	131	38	58	10.9%	9 months
Hudson County	4937	874	195	224	4.5%	22 months

**What Sells in our Area:**

This chart below shows what types of properties are selling the most in our market. There is nothing to be determined by looking at these statistics. It is good to know what type of property tends to out sell others. We have been and will remain to be a predominately centered around Condo/Co-Op sales.

3rd Quarter 2010	% of Total sales that are condos	% of Total sales that are 1 family homes	% of Total sales that are Multi-family	% of Total sales that are commercial/mixed use
Downtown JC	83.3%	5.9%	8.8%	2%
Hoboken	88.5%	3.4%	5.2%	2.9%
Hudson County	57.4%	13.3%	25.6%	3.7%

**3rd Quarter 2010 Highest Sales for Hudson County**

	Location	Price	Date Closed	Size
Studio Condo	Hudson Tea - Hoboken	\$400,000	August 30, 2010	735 Square Feet
1 BR Condo	Maxwell Place Condos - Hoboken	\$539,000	August 20, 2010	817 Square Feet
2BR Condo	Montgomery Greene - Jersey City	\$995,000	July 30, 2010	1,728 Square Feet
3BR Condo	Grand Street - Jersey City	\$1,075,000	July 21, 2010	2,300 Square Feet
4BR Condo	Port Liberté - Jersey City	\$2,200,000	September 10, 2010	3,600 Square Feet
Townhouse Condo	Brownstones - Weehawken	\$1,500,000	July 22, 2010	4,000 Square Feet
1 Family	Kings Bluff - Weehawken	\$3,100,000	August 27, 2010	174' x 100' / 25' x 139' Lot Size
2 Family	Hudson Street - Hoboken	\$1,980,000	August 27, 2010	24.71' x 88' Lot Size
3 Family	1st Street - Hoboken	\$1,600,000	August 6, 2010	30' x 75' Lot Size
4 Family	8th Street (Hamilton Park) - Jersey City	\$1,300,000	September 7, 2010	23.11' x 100' Lot Size

\*\*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

(this section was carried over from Q2 2010)

This chart is so important that we decided to re-submit it again for the 3rd Quarter 2010. It is unbelievable the amount of money that people are willing to leave on the table by delaying. The interest rates are amazingly low yet prices are starting to increase it will only be a matter of time before the price increases become more publicized which will create an increase in demand. When this happens will no longer see suppressed interest rate; this is a normal happening in an inclining cycle. If you are a seriously motivated buyer delaying will not be in your favor.

Again we will use the average sold price in Hudson count for Q3 in our example. The average sales price in Hudson County for Q3 2010 was \$400,764, for our example we will round down to \$400,000. We altered the parameters in this illustration, we now use 20% down payment because most buyers if they are not FHA will have to come up with the 20% to purchase in today's market.

**Sale Price of: \$400,000**  
**20% Down Payment: \$80,000**  
**Mortgage Amount of: \$360,000**  
**30 Year Fixed Mortgage**

Buying Today	Buying when Interest Rates Increase	Loss per month	Total Loss over 5 years of ownership
Interest Rate: 4.375% Principle/Interest payment : \$1,598	Interest Rate by $\frac{1}{4}$ of a point: 4.625% Principle/Interest payment : \$1,645	- \$47/mo.	- \$2,820
Interest Rate: 4.375% Principle/Interest payment : \$1,598	Interest Rate by $\frac{1}{2}$ of a point: 4.875% Principle/Interest payment : \$1,694	- \$96/mo.	- \$5,760
Interest Rate: 4.375% Principle/Interest payment : \$1,598	Interest Rate by $\frac{3}{4}$ of a point: 5.125% Principle/Interest payment : \$1,742	- \$144/mo.	- \$8,640
Interest Rate: 4.375% Principle/Interest payment : \$1,598	Interest Rate by <u>1</u> point: 5.375% Principle/Interest payment : \$1,792	- \$194/mo.	- \$11,640
Interest Rate: 4.375% Principle/Interest payment : \$1,598	Interest Rate by <u>1 1/2</u> points: 5.875% Principle/Interest payment : \$1,892	- \$294/mo.	- \$17,640
Interest Rate: 4.375% Principle/Interest payment : \$1,598	Interest Rate by <u>2</u> points: 6.375% Principle/Interest payment : \$1,996	- \$398/mo.	- \$23,880

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