

# Thinking of Moving?



RESIDENTIAL BROKERAGE

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## Market Update: Heading for the Balancing Point

I had the pleasure of attending the Otteau Group seminar in late October. Jeffrey Otteau is a renowned appraiser and excellent source of information regarding the state of the real estate market in NJ.

Mr. Otteau envisions more of a soft landing rather than a bubble burst for NJ. Instead of switching dramatically from a seller to buyer or no market, Mr. Otteau speculates that we are reaching a balancing point in NJ, which can be good news for both buyers and sellers if handled strategically. His supporting statistics include:

While contract sales are up 6% over 2004, unsold inventory is up 20%, creating longer days on market. Rising fuel and interest rates have made buyers more wary, and as some sellers continue to escalate prices, buyers have begun to sit on the sidelines a bit more, especially in the luxury market.

A 15% increase in

### Market Forecast Why the Bubble Won't Burst

Source: Otteau Report [www.otteau.com](http://www.otteau.com)

	1988	2005
Employment & Jobs	declining	rising
Mortgage Rates (30-yr fixed)	10.34%	6.00%
New Homes Construction *	49,908	36,077
Household Formation	29,000	54,133
Surplus Construction	20,908	-18,056

\*3 year average

home prices in NJ for 2005 is expected, according to Mr. Otteau. With a 20% increase already, prices may dip year end, fueled by continued overpricing. I've witnessed first hand a frenzy to purchase one home, while another that appeared to be similar sat on the market. Upon closer inspection, the subtle difference became striking.

Realistically priced homes continue to sell rather briskly, as buyers have not abandoned the market, but have just become more wary of continued extreme growth.

In fact, overall, NJ has a demand for 18,000 more homes than are available right now,

and 2005 may break another all time record over 2004.

The box above compares the components of the 1988 major market stall to 2005, and, as you will note, we are currently in a much stronger position. With job growth and less new development in our immediate area, realistic prospects remain upbeat.

As a buyer or seller, there are definite ways to make this work for you. Call me for information on five immediate steps you can take to tip the balance in your favor.

Of course, no one has a crystal ball, but proper positioning can be your best ally in any market.

**Coldwell Banker  
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### FAST FACTS:

- This "balancing point" market can actually strengthen NJ's economy in the long run. Job retention relies on affordable housing.
- Quality of improvements will take center stage over quantity, but beware the point of no return.
- As banks tighten their belts, look for creative but less risky mortgage plans to infiltrate, and an even stronger need for agents to monitor your transaction.
- External surroundings, take on more weight in a softer market, and both sellers and buyers can leverage this.

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## Tired of all the web addresses to memorize? Think Young ....[www.marieyoung.net](http://www.marieyoung.net)

Let me keep track for you. From my website, you can access the following information by just pointing and clicking:

- **Commute** – Links to NJ Transit for train schedule, Lakeland Bus for bus schedule, maps for driving directions, and a brief primer on some of NJ's major roads. All of your options can be accessed from one page.
- **Schools** - Links right to school calendar pages for area schools, and separately, to the Boards of Education main pages for all other school information, by town.
- **Town and Town Hall Information** - Links to each town's web page, with main link to every town in NJ, where you'll find tax, recycling, sewer, and more.
- **Real Estate Listings** - Links to the Garden State MLS public listing pages, Coldwell Banker listings, realtor.com, and more.
- **Area Stores** - Links to home improvement stores, wholesalers, supermarkets, with driving directions, and links to store flyers.

### Coming Soon.....

- Complete and thorough reference library for buyers, sellers, and general real estate.

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## For Sale By Owner (FSBO)

**Did you know that the average For Sale By Owner home sold for 13.33% lower compared to Realtor-assisted home sales? On a \$600,000 sale, that translates to a \$92,841 decrease in gross sale price.**

(Nat'l. Association of REALTORS (realtor.org))

**Why? FSBOs attract bargain hunters, who can oftentimes substitute the "F" in FSBO with "Fire."** Owners feel they have more negotiating room without a realtor, while buyers immediately factor out realtor costs before they even begin to negotiate, creating a snowball effect. Sellers have an average available showing time of only 5%. Once over the price hurdle, managing the transaction can be the next major nightmare—appraisals, disclosure, disparaging remarks from potential buyers, inspections, financing, etc., Add to this the time wasted with unqualified buyers.

### Most Difficult Tasks for FSBO Sellers:

- Getting the right price . . . 24%
- Understanding paperwork . . . 22%
- Preparing/fixing up home for sale . . . 24%
- Attracting potential buyers . . . 10%



**Call Now For My Free, No Obligation FSBO Kit Including Free Resource to qualify buyers!**

## What Did One Million Dollars Buy in the First Half of 2005?



**List / Sell Price:**

\$959 / \$940	\$995 / \$987	\$995 / \$990	\$995 / \$975	\$1,089 / \$990	\$1,049 / \$995
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**Days on Market:**

31	31	47	43	118 (New)	11
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**Close Date:**

May 4, 2005	April 29, 2005	May 2, 2005	Mar. 10, 2005	June 23, 2005	June 27, 2005
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**Taxes / Tax Rate:** (Time of listing—Assessments, dates, and percents used vary as a result.)

13,425 / 1.76	8,592 / 1.30	9,878 / 1.51	14,707 / 2.09	N/A New	14,402 / 1.85
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**Acreage:**

.25	.49	1.15	3.2	4.98	1.83
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**Number of - Bedrooms / Baths / Garage Bays:**

4 / 2.1 / 2	4 / 2.1 / 2	5 / 2.1 / 2	6 / 3.2 / 2	4 / 4.5 / 3	4 / 2.5 / 2
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**Pool / finished Basement:**

Hills Yes / Yes	No / Yes	Yes / Partially	Yes / Yes	No / Yes	No / No
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**Sewer / Water:**

Public / Public	Public / Public	Septic / Public	Public / Public	Septic / Well	Public / Public
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Source: GSMLS Closed Records. All information deemed reliable but not guaranteed. Bear in mind that the time between contract and close date can vary significantly.

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## Home Search

Please contact me to receive new listings as they occur! I visit an average of 12—15 homes per week, so that I can discuss them with you first hand, and assist you with comps that mean something. Anyone can go to realtor.com for day old listings. Let me send you the listings you want to see, and then visit the homes and report back to you . Want to know the price of comparable homes in your neighborhood? Call me!

I can be reached at 908.938.2525, my cell, 908.766.2900, my office (although I'm usually out working for you), via email at marie@marieyoung.net, or through a contact form on my website, www.marieyoung.net.

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## Inside:

- What Did \$1 mm Buy in the first half of 2005 by town?
- Market Update: Bubble or Balance?



## Fire Extinguishers Now Required: Codey Signs Fire Extinguisher Legislation

On April 14, 2005, Acting Governor Codey signed into law legislation requiring that upon the sale, lease or **transfer of a building with fewer than three units, each unit be equipped with at least one portable fire extinguisher. The law took effect on November 1, 2005.** NJAR was able to secure an amendment to the legislation to exclude all seasonal rental units. The law further states that the extinguisher is to be provided at the expense of the seller, landlord or transferor of the property. The law defines portable fire extinguisher as "an operable portable device, carried and operated by hand, containing an extinguishing agent that can be expelled under pressure for the purpose of suppressing or extinguishing fire, and which is: (1) rated for residential use consisting of an ABC type; (2) no larger than a 10 pound rated extinguisher; and (3) mounted within 10 feet of the kitchen area, unless otherwise permitted by the enforcing agency."

Source: Central Jersey Association of Realtors (NCJAR)