

North Jersey Home Prices Barely Felt Economic Downturn

By **Paul J. Livingston**
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Single-family home prices in Northern New Jersey stayed firm through the first half of 2002, thanks to strong demand and low interest rates, according to realtors.

In some choice locations - particularly in communities with easy access to New York City - prices strengthened, in some cases sharply.

"You've heard it before, and you'll hear it again: It's about location, location, location," says Richard Yablonsky, vice president of Coldwell Banker in Parsipanny, N.J. "We're not surprised that home values have stayed so strong - Northern New Jersey has many high quality communities."

The strong home market in New Jersey belies the downturn in the national economy. Although housing prices remained strong nationally, New Jersey has among the highest housing costs in the nation, and it appeared most vulnerable to a softening market.

Quite to the contrary, Northern New Jersey communities continue to be one of the choice places to live, and home prices reflect it. Thanks to a stable job market, access to high-paying professional jobs, and a well developed infrastructure of public services, New Jersey communities remain in strong demand.

And once families move to high-quality, high-service communities, they tend to stay, realtors say. In the most affluent communities of Bergen and Passaic counties, realtors see a common trend: Upgrades to larger houses within communities.

"You are seeing a lot of people looking for that fourth or fifth bedroom," says Donna Watson, a real estate broker with Coldwell Banker in Wyckoff, N.J.

There's a straightforward reason for the firm prices: Supply in upscale communities remains tight. In May, Ridgewood, N.J., had about 135 single-family houses listed for sale, with another 50 to 75 sold independently. The Bergen County town has

nearly 7,500 single-family addresses and 24,000 people. "There's just not a lot available on the market," said Watson. "Demand is just staying out in front of supply,"

As the economic rebound strengthens in mid-2002, home-sales specialists are optimistic that the stable growth will continue, and that low mortgage rates will bring more and more buyers into the marketplace.

The local job picture has remained stable. Despite horror stories about layoffs throughout the country, New Jersey's jobless rate is only 5.5% as of March. That's a half-point less than the nation's unemployment rate. What's more, Northern New Jersey wages are as much as 30% higher than other regions of the country.

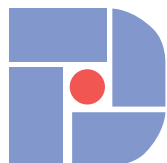
Higher quality services. New Jerseyans sometimes complain about their income and property taxes - which are among the highest in the nation - but the benefits from them are a selling point. Good public schools are often cited as a key reason people move to New Jersey. There are more than 550 municipalities in the state, and most have their own police department - and most New Jersey residents like it that way.

Five Key Reasons NJ Home Sales Stay so Strong

Low Mortgage Rates. Stable and low borrowing costs allow those with even moderate-wage jobs to afford larger mortgages. Borrow \$100,000 for 30 years at 8%? That costs about \$733 per month. When rates fall to 6%, it's about \$599 per month.

Other investments haven't performed nearly as well as one's home in recent years. Two years of a poorly performing stock market have only increased that perception. Realtors often point out that, with other financial assets returning less and less, homeowners are staking more to their homes. And the mortgage-interest deduction creates as strong an incentive as ever to make your primary investment your own home.

Access to many different lifestyles, and cultural diversity. New Jersey communities, themselves diverse, are within a few hour's drive of virtually everything the world has to offer. Beach and mountain vacations are a short drive away, and the great cultural and commercial centers of New York and Philadelphia are nearby as well. In fact, the world's most famous shopping is actually located in New Jersey's shopping malls, which offer everything from around the world inexpensively.



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