

Spotlight: New Jersey

BY VICTOR WHITMAN



THE GARDEN STATE HAS YET TO FLOURISH SINCE THE RECESSION.

New Jersey took longer to feel the brunt of the downturn but ultimately was hit harder than many other states. It also has been slower to recover. Unemployment remains nearly a percentage point above the national average. Real gross domestic product (GDP) grew 1.33 percent in 2012 compared to the 2.46 percent national average, according to the U.S. Bureau of Economic Analysis.

The state has one of the highest median household incomes at \$67,458 and one of the lowest poverty rates in the country, according to the U.S. Census Bureau. New Jersey is also home to the Ivy League halls of Princeton University and the leafy Manhattan suburb of Alpine, the nation's most expensive zip code in 2012, according to *Forbes*.

Extreme poverty lurks around the edges, however. The mean streets of Camden and Newark rank among the most dangerous places in the United States. Glittering casinos tower over a gritty seaside town in Atlantic City.

The housing industry has shown an uneven recovery, as well. In recent months, delinquencies and foreclosures increased, and home sales slowed down. New Jersey, which has a judicial foreclosure system that slowed the pipeline of completed foreclosures, was the only state in the nation to have an increase in loans in foreclosure this past first quarter, according to the Mortgage Bankers Association.

3 Cities to Watch

NEWARK



Although Newark ranked eighth on CNNMoney's top-10 list of most dangerous American cities, the Newark-Union metro area was still judged the best housing market in the state by Bloomberg Businessweek. The area is expected to see a 14.8 percent four-year increase over the current median home price of \$345,000.

ATLANTIC CITY



Atlantic City, home to 11 casinos, is infamous for crime and unemployment, but the housing market may be looking up. Year over year, closed sales in Atlantic County, which includes Atlantic City, were up 10.6 percent to 1996 sales in the 12-month period through this past April, NJAR reported. The median sales price declined 1.2 percent to \$207,500 in the same time frame, however.

PRINCETON



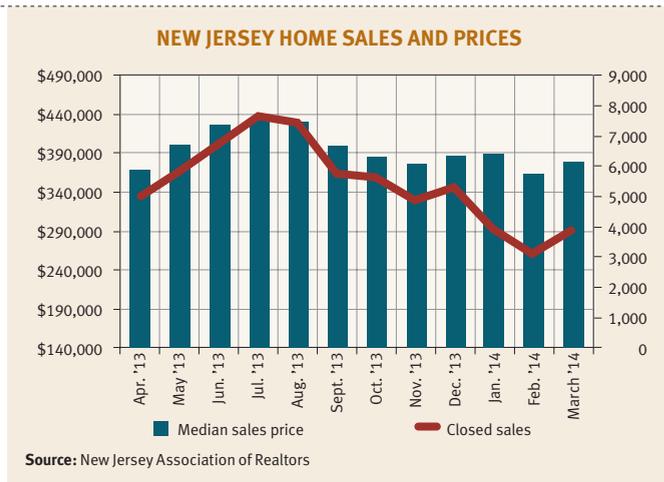
It pays to own a home near one of the nation's best universities. The median home value in Princeton Township is \$732,200, according to Zillow. The median list price per square foot is \$378, which is higher than the Trenton Metro average of \$163. Zillow reported that the median home price is \$950,000 while the median sales price is \$773,824.

New Jersey home sales

Home sales cooled off this past first quarter after a good bounce-back year in 2013, the New Jersey Association of Realtors (NJAR) reported. This past April, the total closed sales for the state stood at 4,292, down 14 percent year over year. Homes sold faster in this past first quarter, however, remaining on the market an average of 96 market days compared to 112 in April '13.

Low inventories were slowing sales.

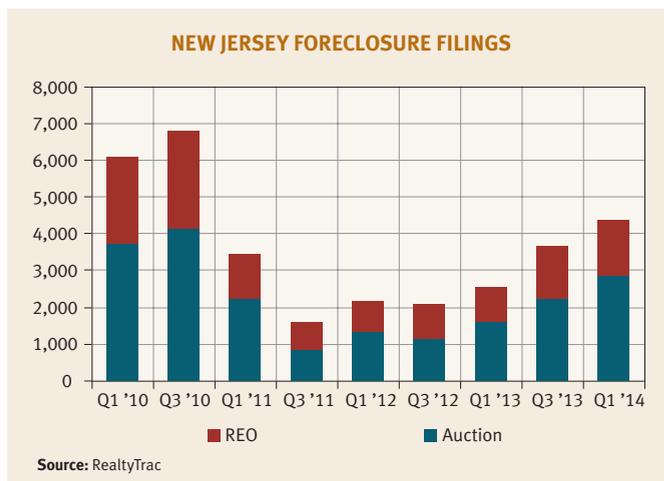
The total number of homes for sale declined 3.5 percent to 48,084. Sales prices have been a bright spot, however, rising 2.1 percent in April compared to the previous year, to April's average sales price was \$375,991, according to NJAR.



Delinquencies and foreclosures

New Jersey's foreclosure rates have fluctuated in the past four years. Auctions and real estate owned properties (REOs) peaked at 6,791 in third-quarter 2010, and then bottomed out at 2,105 in second-quarter 2012, only to start rising again, RealtyTrac reported. Auctions and REOs reached 4,361 this past first quarter.

Since 2010, foreclosures declined substantially after the banks were ordered by the New Jersey Supreme Court to review their foreclosure policies in the aftermath of the robo-signing scandal, *The Record* reported. As of this past February, New Jersey, at 6.2 percent, had the highest foreclosure inventory as a percentage of mortgaged homes, CoreLogic reported.



Unemployment

New Jersey's unemployment rate remained stubbornly high at 7.2 percent this past March, which is above the national average of 6.3 percent and the state's prerecession 2007 level of 4.2 percent, according to the U.S. Bureau of Labor Statistics. Only six other states have higher unemployment rates. According to *The Record*, traditional manufacturing, the pharmaceuticals industry and financial services remain a significant portion of the state's workplace, but job opportunities in those areas are declining. The construction industry also hasn't rebounded.



WHAT THE LOCALS SAY

"We have very diversified marketplaces. They are all doing well on a sporadic and somewhat evolving basis. The southern part of the state seems to be slower than the rest of the state. Our jumbo-market share has increased strongly. The market is continuing to progress toward a normal marketplace."
 — MATT PATTERSON, SENIOR VICE PRESIDENT OF SALES, GUARANTEED RATE

Sources: Bloomberg Businessweek, CNNMoney, CoreLogic, *Forbes*, New Jersey Association of Realtors, RealtyTrac, *The Record*, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Census Bureau, Zillow

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