

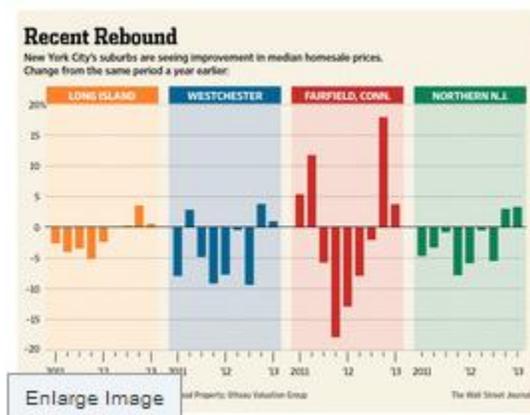
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Suburban Sales Swell

By Josh Barbanel



House prices in the New York City suburbs, after a six-year roller coaster ride in which they lost roughly a quarter of their value, are climbing again.

The strongest rises were in the southwest Connecticut and northern New Jersey, while the recovery is weaker in parts of Long Island, where foreclosures still weigh on home prices.

Buyers who have been waiting have jumped back in, creating bidding wars for many desirable properties, brokers say. The number of new contracts signed is up; some homes are selling in a few days, often with multiple offers.

Market reports show that median home prices hit a bottom in late 2011 or early 2012 in northern New Jersey, New York's Westchester County and Long Island and Fairfield County in Connecticut.

In the last two quarters, the market has risen out of the doldrums: Prices are up in all four markets from a year earlier. The second quarter also is off to a strong start.

"Across the board, it is on fire," said Jeffrey G. Otteau, a New Jersey-based appraiser and founder of Otteau Valuation Group. "Buyers today once again feel a sense of urgency. Buyers are now convinced that waiting they will pay more."

When Elizabeth Lee first saw the gingerbread Tudor house in Mount Vernon in Westchester County, in near-perfect condition with four bedrooms, a sunroom and a stone fireplace, she knew she had to move quickly.

"We were picking up on the buzz that it was a good time to buy because the market was moving," said Ms. Lee, a saleswoman at the Chanel Boutique at the Saks Fifth Avenue department store in Greenwich, Conn.

Five days after the listing appeared in late April, Ms. Lee and her partner had their offer—which she said was close to the asking price of \$719,000—accepted by the seller.

Her broker, Mary Claire White of Houlihan Lawrence, said the same pattern can be seen across the board, "from high-end stuff to foreclosures."

"The properties that are offered at good prices and in good condition are moving quickly," she said.

Analysts attribute the bump to improved confidence in the economic recovery, signs of job growth, low home prices and historically low mortgage interest rates. The rental market also is tight and rents are rising, giving people looking for space fewer alternatives.

Mr. Otteau frets that the market is rising so fast that it could be the beginning of a new housing bubble that could burst if interest rates begin rising before robust job creation returns. Increased mortgage rates reduce the purchasing power of buyers and can dampen prices.

"Over the last year we have gone from the question of whether the recovery is real to whether it is moving too quickly," he said.

Not all properties are flying. Many high-end suburban homes continue to languish. Houses that need work also can be tough sells, brokers say. And brokers remember how home prices and sales surged in 2010, when the federal government offered tax credits to home buyers, then ran out of steam the following year.

Here are snapshots of four major suburban housing markets near New York City.

Northern New Jersey

Prices rose more than 3% in each of the last two quarters from a year earlier, after tumbling 27% from 2007 to 2012. The recovery began in neighborhoods like Summit, with an easy commute to Manhattan, and then spread more broadly, brokers say.

Last year, Susan Hunter, a vice president at Lois Schneider Realtor in Summit, said buyers were out looking, but "just weren't making any decisions to buy."

That has changed. "Now if the home is well-located in great condition, there is a very good chance it will get multiple bids," she said, citing the improving economy, job security and credit conditions.

On the waterfront in Jersey City, Biyang Sun closed last week on the \$568,000 purchase of her first home, a 925-square-foot, one-bedroom condo with a balcony on the 10th floor of 1 Shore Lane overlooking Manhattan,

The morning the apartment came on the market, she went to see it and made an offer close to the asking price. It had the southern exposure she wanted, a parking lot for her car, and was a 20-minute commute to Midtown Manhattan. "I have been looking for this kind of apartment for half a year," she said.

The building opened during the boom, when prices were much higher. Her broker, Thomas Pichi of Metropolitan & Waterfront Residential Brokerage, said a few years ago, every owner in the building would have had to sell at a loss. Now, listings have dried up and prices are higher.

"The market is being driven by supply and demand," he said. "As soon as a listing comes on the market it creates a feeding frenzy."

Westchester County

Median prices were up in the last two quarters, though by only 1% in the first quarter of 2013 compared with same period a year earlier, according to market reports by Douglas Elliman. Prices fell about 30% from the peak to the bottom, and are only modestly higher now.

Chris Meyers, a managing principal of the Houlihan Lawrence brokerage firm, said the number of pending sales in contract but not yet closed are up 22.5% from a year earlier. Inventory has been shrinking.

"There was a sense out there that prices were still coming down," he said. "Now the sentiment seems to have shifted quite rapidly to a sense that the bottom has passed."

The hottest areas in Westchester continue to be the towns closest to New York City, below Interstate 287, he said, especially homes near train stations. He said he expected to see prices rise 5% to 6% in the third quarter, when many of the deals being signed now close.

Long Island

Home prices in the suburbs here have lagged behind nearby markets, but things are starting to get better.

"Long Island, while it has stabilized, is somewhat weaker than other suburban markets in the region," said Jonathan Miller, an appraiser and president of Miller Samuel Inc., who prepared market reports of Long Island and Westchester for Douglas Elliman.

Still, he noted that inventory is down and contract signings are up by 12.2% this year compared with the same period in 2012. He said this suggests "additional stabilization or a modest uptick in pricing" could occur later this year, but it is far from certain.

In Nassau County, activity has been weaker on the south shore, where some neighborhoods are still recovering from the effects of superstorm Sandy, but stronger on the north shore.

On one Wednesday in May, Maggie Keats, an Elliman broker, put a four-bedroom house with a chef's kitchen and French doors opening up on a garden on the market for \$1.499 million in Manhasset, a north shore community. Close to 50 people showed up at an open house over the weekend, and it had nine offers by Sunday night, she said. "It hit a sweet spot in the market," she said.

Southwest Connecticut

One morning in April, Eileen Hanford, a broker at Halstead Property, put a new Nantucket-style Colonial on the market in Darien for \$2.395 million. By 2 p.m., she said, brokers were calling, and three buyers had offered the full asking price. "Everything that is priced right, goes out the window right away," she said.

The median price in Fairfield County was up sharply in the last quarter of 2012 compared with the 2011 quarter. In the first quarter of 2013, median prices rose 3.8% from a year earlier.

Inventory is low. Since January, Ms. Hanford said 76 houses went into contract in Darien.

With so much focus on new houses, Peter Neilson, is looking to buy one that needs work. Mr. Neilson and his family want to move to New Canaan, where he grew up, from New Orleans.

Mr. Neilson, who is taking a job in risk management at a New York bank, studied the market and concluded he can get more value by finding "rehab opportunities" where there is "less competition."

Sharon Tauber, a Halstead broker who is working with him said at least one of the 11 houses Mr. Neilson saw on a recent visit has gone into "multiple bidding," and others have active offers. But Mr. Neilson is unperturbed.

"I am not feeling the pressure," he said. "If I miss something, I miss something."