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Home Sales Heating Up *Long Island Leads Regional Comeback*

By Josh Barbanel

Long Island home sales, which slumbered when the market perked up across the U.S., jumped in the third quarter to their highest level since 2006.

Sales also were up elsewhere across the region—New Jersey, Westchester County and New York City—at a time when home sales appeared to be cooling off nationwide.



Median prices also rose across most of the region, and the inventory of homes on the market shrank, suggesting prices may continue to increase at least in the near term, analysts said.

In one sought-after New Jersey suburb, Glen Ridge, a less than seven-week supply of homes remained on the market at the current sales pace, according to Jeffrey G. Otteau, a New Jersey appraiser and analyst and president of the Otteau Valuation Group. Nearby Montclair had a 21/2 -month supply.

Mr. Otteau said the region was just catching up to the housing recovery that had long bypassed the suburbs. He said the comeback showed the first signs of life in 2009 in Manhattan, where federal bailouts for banks "created a soft landing" for real-estate buyers. It then spread in 2010 to the Midwest and Northwest where manufacturing had surged.

"The housing rebound started later than the rest of the country and therefore it has longer to run," he said. "The housing market is still strengthening."

Sales on Long Island now are leading the region, with sales up 32% compared with the third quarter of 2012, according to a market report released Thursday by Miller Samuel Inc. and Douglas Elliman. The 2012 period came just before superstorm Sandy damaged thousands of area homes.

For Long Island, it was the fifth-best sales quarter on record since 2003, when Miller Samuel began tracking sales there. Sales were up 23.7% compared with the second quarter.

The median price on Long Island rose 4% to \$380,000, the highest mark since the third quarter of 2008, when the market was paralyzed by the financial crisis.

Jonathan Miller, an appraiser who prepared the Elliman report, said prices on Long Island peaked two years before they did in Manhattan, then drifted lower during the recession before stagnating until 2013.

"But in the last several quarters we have seen it start to catch up and be more on par with the region," he said.

For Maria Babaev, a broker at the Roslyn, N.Y., office of Douglas Elliman, this has translated into a burst of activity by would-be buyers who nevertheless remained sensitive to price. "We are seeing multiple bids only if we price right," she said.

When the asking price on a new, five-bedroom colonial in the country-club section of Roslyn was cut over the summer by about 10%, the home quickly attracted two prospective buyers, she said. It sold for close to the \$1.9 million asking price.

Gregory J. Heym, an economist at Halstead Property, said as in other parts of the U.S., buyers in the region who had been "sitting on the fence," worried about rising interest rates, seemed to dismount and buy houses at about the same time.

Mr. Heym said Long Island sales growth also was being driven by a strengthening job growth. The island's unemployment rate dipped from 7.6% in February to a low of 6% in April—below national and New York City rates—though it since has risen slightly.

In New Jersey, Mr. Otteau said sales in September were up 9% over the previous September. Preliminary figures showed median prices were up 5.5% in the third quarter from the same period in 2012, the fourth consecutive quarter of price improvement.

In Westchester, Chris Meyers, the managing principal of Houlihan Lawrence reported that family home sales were up 29% in the third quarter compared with the year-earlier quarter with prices up 4%.

But he said sales, after surging throughout the year, appeared to be leveling off.

In Connecticut, Halstead Property reported earlier that sales were up in all eight towns the firm tracks in Fairfield County. Prices were up in most towns, but off in Greenwich, the most expensive town tracked.

Earlier this week, September sales of existing homes nationwide were reported down 1.9% compared with August, with the National Association of Realtors forecasting that sales will hold flat in 2014. In the New York area, analysts said there was more room for growth before sales flatten out as well.