



## Mountain Lakes Real Estate 2016 Review

Welcome to the *Cassidy Realty Team* review of the 2016 year in Mountain Lakes Real Estate. We wish you a great 2017 and thank you for all your support over the years. We are here to help in anyway we can.

We are pleased to provide this, our second annual report covering the details and trends in the Mountain Lakes real estate market. This is intended to be a white paper to provide you with background information on the market. It is based on the publicly available data plus other transactions of which we are aware. If we missed something, please let us know! We missed one sale last year and the data here for 2015 reflects the updated numbers. If needed, we will issue an update on our sites, [BestofMountainLakes.com](http://BestofMountainLakes.com) and [CassidyRealtyTeam.com](http://CassidyRealtyTeam.com) sites at the end of the first quarter.

2016 was the year of the lakefront and the closeout of The Legacy.

### **Lakefront**

In most years 4-5 lakefront homes sell - In 2016 12 lakefront properties closed. It was interesting mix of lakefront locations. Quite a range of properties across several lakes as well. Prices ranged from \$510,000 to \$2,100,000, with most activity lying between \$1.45M - \$1.8M. It is of interest that the peak price in 2016 was down from the peak in 2015, which was \$2.8M.

### **Legacy**

The Legacy of Mountain Lakes had its biggest year and has largely closed out its development. Twelve units sold this year ranging from \$602,000 to \$1,070,000. The Legacy had a subtle, but profound effect on the market over the past two years. Historically, folks who were interested in Mountain Lakes, either to move or to stay here, did not have many reasonably priced, low-maintenance options (very few of the existing townhouses come on the market in any year). The Legacy filled that niche and has been quite successful. More about this later in the paper.

### **Overall Data**

Let's begin this section with what our British friends would call a "health and safety warning". We are dealing with small numbers here. The number, size and characteris-



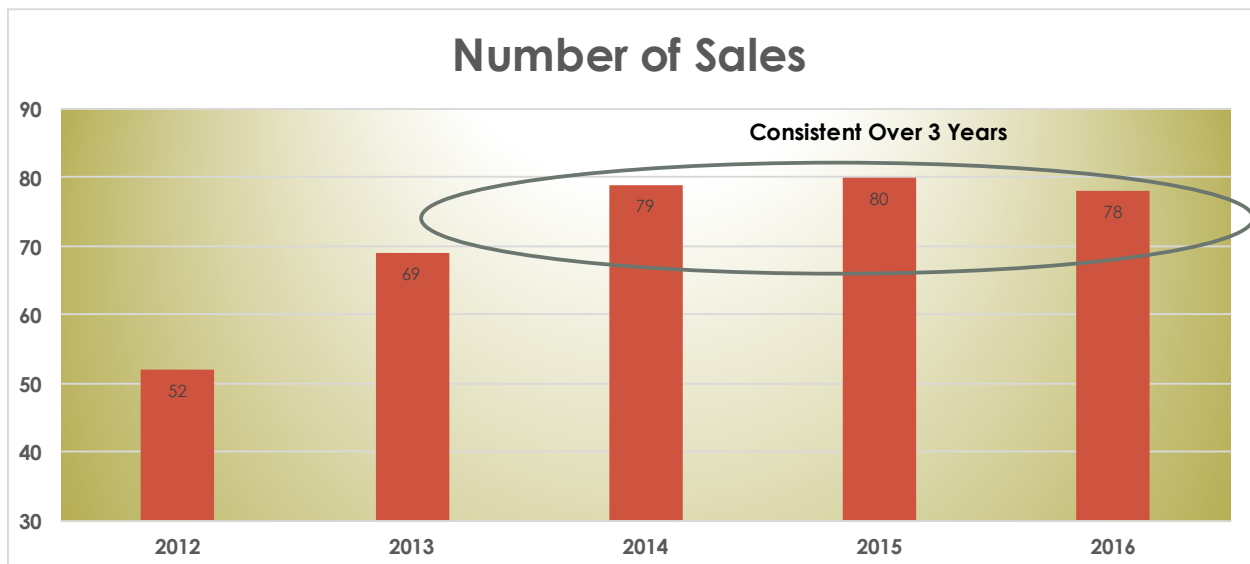
tics of home sales vary each year, sometimes quite a bit. It is tempting to draw definitive conclusions from the numbers, but changes from year-to-year may simply be showing the random nature of the business. Selling a few larger or smaller homes in a year may affect the statistics, but next year may easily see a different number or mix of home sales without the overall health of the market changing.

With that said, the high-level results for 2016 are:

- Total sales of 78 properties, compared with 80 in 2015.
- Resale units at 64, (69 in 2015 and 75 in 2014)
- New home sales (largely the Legacy) remained strong with 14 homes.
- Average Sale Price of \$892,414, down from \$916,147 in 2015
- 2 lot sales
- Median sale price of \$797,500, from \$793,000 in 2015
- Total Aggregate Spend of \$69,608,283, down from \$73,291,770 in 2015

Broadly speaking, with some measures down, others up or level, the high level view of the market is that it was similar to that in 2014 and 2015. Let's look at some of the details to see what really happened.

**Sales Volume**

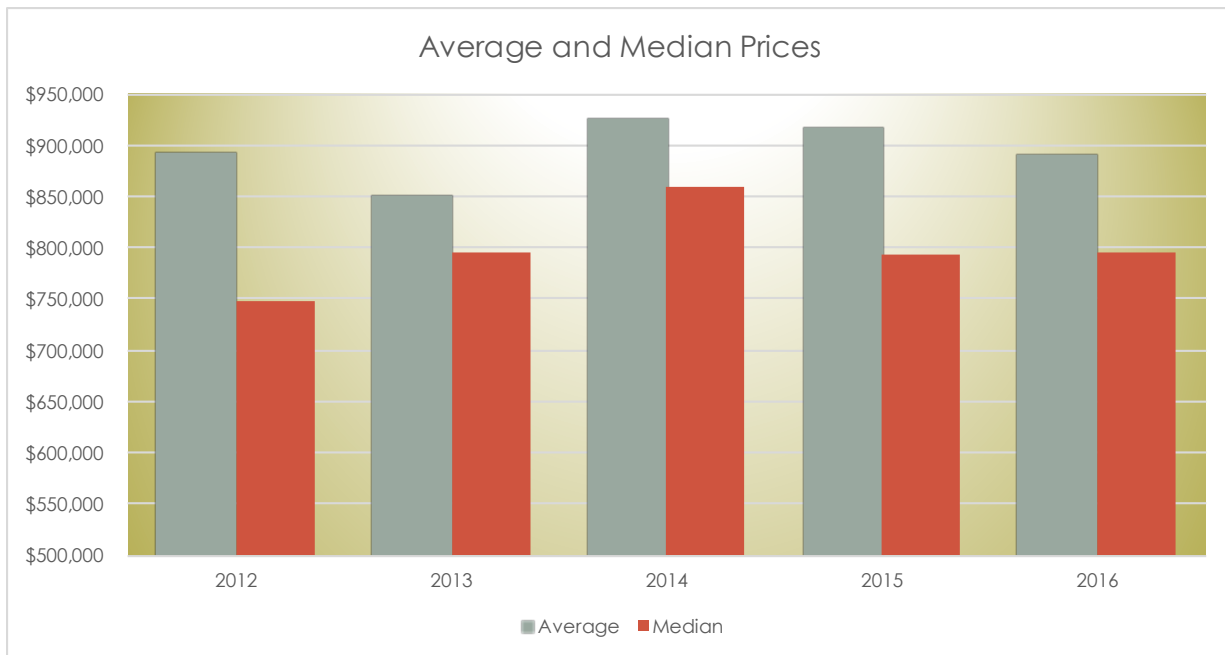




2016 is the third consecutive year of sales around 80/year. To put it in context there were about 50 sales per year during the aftermath of the financial crisis.

**Average and Median Prices**

There is a lot of volatility in these each year, as noted above. Looking back since 2006, the Median price in town varies about 8% per year. This year’s change from last year is well within expectations. A similar story with the Average price - these vary about 7% per year, so this year’s -2.6% is well within the norm and likely due to a different mix of



homes. Again, we caution you to look at any individual year with a healthy degree of skepticism and talk to us to discuss how these trends affect your home value.

**Resales**

Here is where the market differed from 2014. Overall the number of resales was 64, generally consistent with 2015 but down from 75 in 2014. The mid-range resale market has been particularly hit by The Legacy’s success, which captured 25% of the sales in the past two years in this range. In 2017 The Legacy will be largely sold out won't be an option for buyers, The new development by the King of Kings is still in the planning process and will not be a factor in 2017 and possibly 2018. Without this competition the buyers may migrate back to buying existing homes and provide a boost to sellers of homes below \$1M.



## **Distressed**

A few homes this year sold in distressed circumstances (short sale, foreclosure, etc.). We are mindful that each of these involves a very difficult situation for the families affected and won't go into detail. We will just point out that there were a few buyers who considered other resales that purchased distressed properties at quite substantial discounts. A few of these remain as competition for sellers in 2017.

## **Luxury**

2016 saw fewer luxury sales (over \$1M) than in prior years (18 in 2016 vs 22 in 2015). This is a little misleading, however, as three homes in particular sold just under \$1M that were due strictly to unusual house conditions or foreclosed status.

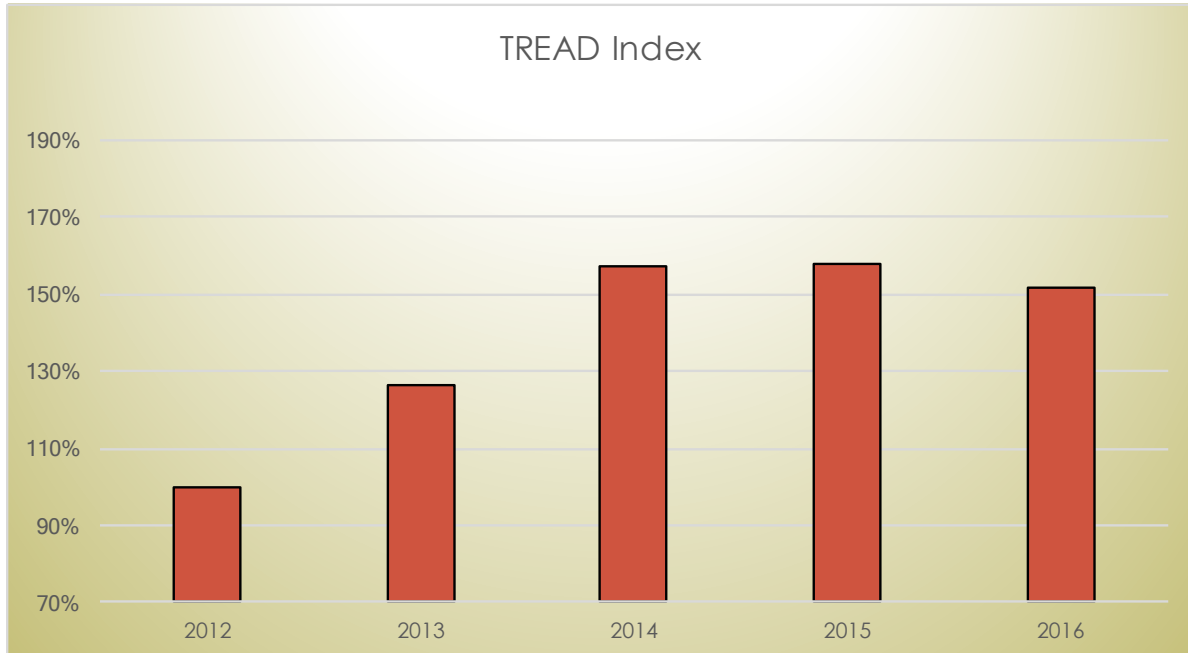
It truly was the year of the lakefront. The large number of lakefront homes provided buyers with options that did not exist in prior years. It also provided for an unusually large amount of competition among lakefront sellers and for luxury homes throughout town. The effect of flooding the market with lakefront properties and the migration of buyers from Hill section to the Lake was:

- Buyers had more options on the lakes; the peak price was lower than in prior years (\$2.1M vs \$2.8M in 2015)
- Buyers who would have purchased wonderful homes in the Hill section and elsewhere in town purchased lakefront homes instead (5 non-lakefronts/year sold over \$1.5M in 2014 and 2015, but only 2 sold in 2016, a 60% reduction)

The entry-level luxury market lagged as well. Home sales between \$1.0M and \$1.5M were down to 10 from 14 in 2015 and 21 in 2014. As noted above there were a few unusual sales this year that were below \$1M that "should have been" above that level, which would have brought the year more in line with 2015.

## **Macro-Level View**

Another way to look at the market is to measure the total amount spent in purchasing homes. During the down period of 2009-2012 it ranged between \$46M-\$48M. This reflected somewhat reduced prices and a substantially reduced volume of sales. As we thought that was a useful way (one of many) to look at the overall market, we developed the Mountain Lakes Total Real Estate Aggregate Demand (TREAD) Index to demonstrate the variability in overall demand during the previous 12 months. Purchases during calendar year 2012 serve as the baseline equal to 100%. 2016 came in just below



2014 and 2015, but still much stronger than prior years. Going back to the early 2000's the index would have peaked in 2004 with a value of 198%.

We also spend a lot of time looking at trends across the region. While outside the scope of this paper we would be pleased to review these with you to answer any questions you have. This is important - many folks moving to the area look for homes in several towns in addition to Mountain Lakes. The more we understand the market in competing towns the better we are able to sell Mountain Lakes.

### **Going Forward**

We are optimistic about the market going forward. We expect an active and successful year for lakefronts, but not to the extent seen in 2016. There will be some great opportunities to live a dream lifestyle on the Lake. Luxury properties in the Hill section will provide buyers with wonderful opportunities for great properties and privacy as well.

Over the past several years New Jersey has lagged the region and the nation in job growth. Morris County has performed well, but any increase in the economy and jobs in New Jersey would be welcomed and long overdue. It would have a direct and positive impact on the market in Mountain Lakes.



We have no idea how Trumponomics and the expected gradual rise in interest rates will affect the housing market. If the stock market reaction is any indication then folks will feel a little more financially well off when they look to purchase a home. If a buyer is stretching to move here, as some do, then any increase in interest rates (or property taxes) will affect their ability or willingness to pay more for homes. However, we have not heard any prognostications that would include a “Black Swan” type of event that would involve a sharp, massive increase in interest rates.

Finally, we thought it might be of interest to hear some of the feedback we received from buyers who have not purchased a home in Mountain Lakes. Perhaps some of these can lead to a dialogue with the town to address in some fashion:

- Property taxes are higher than competing towns such as Madison, etc. - a valid concern and one that should not be taken lightly
- No direct train service - true, but we are exploring tools to provide better comparisons of actual commuting times to various locations in NY. For example, those commuting to midtown through Port Authority have a shorter walk or subway ride than those on midtown direct trains going into NY Penn.
- Few options for multi-generational families. Rules designed to prevent shadow rentals with multiple kitchens also affect extended families who wish to visit for longer periods of time. In many situations these visitors would like to have a sense of independence (separate access, full kitchen, bath and living area) and privacy while also being close to their families. Perhaps the town can explore ways to encourage and allow more flexible arrangements in these situations.
- Backyard fences. Setback requirements make backyard fences basically infeasible. We all know of examples, many examples, where electric fences did not work. We have had several cases where buyers have told us they love the town, but need a location where they could install a picket-type fence for their dogs. It sounds like this is an area where some thoughtful work by the town could result in a solution.

Thank you for taking the time to read this report. If you have any questions, any suggestions for future reports, or would like to look at sales trends across the County please contact us (thanks to those who did so last year). As always, thanks to Archie, our data hound, who helped us with this report.





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You can also check out:

**[www.CassidyRealtyTeam.com](http://www.CassidyRealtyTeam.com)** or

**[www.BestofMountainLakes.com](http://www.BestofMountainLakes.com)** for more details and current listings.

Let's look forward to an outstanding 2017!

### APPENDIX - HOME SALE TRANSACTIONS 2016

Closing Date	Sale Price		Address
1/18/16	\$800,000	41	Howell Road
1/25/16	\$1,400,000	40	Melrose Road
2/2/16	\$645,828	33	Park Place
2/2/16	\$412,500	81	Morris Avenue
2/21/16	\$1,925,000	105	Lake Drive
2/21/16	\$925,000	109	Lake Drive (Lot)
2/22/16	\$880,000	21	Yorke Road
2/23/16	\$510,000	37	Laurelwood Drive
3/10/16	\$925,000	25	Crystal Road
3/11/16	\$648,000	5	Sherwood Drive
3/28/16	\$990,000	35	Laurelwood Drive
4/4/16	\$490,000	129	Midvale Road
4/15/16	\$1,100,000	249	Morris Avenue
4/22/16	\$593,000	154	Intervale Road
4/28/16	\$602,385	32	Park Place
4/29/16	\$489,000	126	Midvale Road
5/2/16	\$894,050	71	Kenilworth Road
5/6/16	\$500,000	35	Dartmouth Road
5/12/16	\$825,000	30	Powerville Road
5/19/16	\$989,800	120	Lake Drive
5/24/16	\$545,000	12	Ronarm Drive
5/25/16	\$2,100,000	240	Boulevard



Closing Date	Sale Price		Address
5/26/16	\$579,000	8	Elm Road
5/26/16	\$925,000	32	Condit Road
5/27/16	\$1,705,000	312	Boulevard
6/2/16	\$644,800	34	Park Place
6/3/16	\$1,750,000	10	Cove Place
6/10/16	\$1,800,000	17	Fernwood Place
6/15/16	\$652,950	31	Park Place
6/22/16	\$870,000	8	Barton Road
6/23/16	\$1,655,000	71	Lake Drive
6/24/16	\$865,000	14	Park Place
6/28/16	\$785,000	29	Pollard Road
6/29/16	\$678,000	177	Lake Drive
7/5/16	\$1,237,500	10	Condit Road
7/6/16	\$905,000	145	Morris Avenue
7/8/16	\$600,000	83	Glen Road
7/13/16	\$503,695	104	Intervale Road
7/13/16	\$638,000	40	Park Place
7/15/16	\$795,000	38	Lookout Road
7/19/16	\$1,100,000	28	BELLVALE Road
7/20/16	\$779,500	6	Bridle Court
7/20/16	\$540,000	24	Ronarm Road
7/21/16	\$885,000	78	Cobb Road
7/26/16	\$1,585,000	184	Laurel Hill Road
7/27/16	\$646,575	35	Park Place

Closing Date	Sale Price		Address
7/29/16	\$1,150,000	137	Boulevard
8/2/16	\$850,000	3	Park Place
8/4/16	\$660,000	122	Kenilworth Road
8/8/16	\$960,000	11	Cobb Road
8/12/16	\$698,000	12	Yorke Road
8/22/16	\$754,000	130	Melrose Road
8/24/16	\$606,700	38	Park Place
8/25/16	\$660,000	122	Powerville Road
8/26/16	\$730,000	128	Kenilworth Road
8/26/16	\$730,000	128	Kenilworth Road
9/9/16	\$1,300,000	63	Melrose Road
9/15/16	\$1,900,000	44	Hillcrest Road
9/16/16	\$650,000	10	Scarborough Rd
9/16/16	\$984,000	21	Lookout Road
9/16/16	\$1,141,000	3	Hillside Terrace
10/3/16	\$615,000	39	Park Place
10/6/16	\$1,330,000	3	Hanover Road
10/7/16	\$466,000	41	Lockley Court
10/28/16	\$999,000	119	Lookout Road
10/28/16	\$1,480,000	256	Boulevard
11/4/16	\$875,000	6	Cove Place (Lot)
11/14/16	\$661,000	37	Ball Road
11/14/16	\$525,000	15	Newcastle Court
11/21/16	\$560,000	46	Lakewood Drive



Closing Date	Sale Price		Address
11/30/16	\$425,000	43	Woodland Ave
12/2/16	\$600,000	7	Craven Road
12/15/16	\$999,000	35	Pollard Road
12/16/16	\$1,070,000	17	Park Place
12/19/16	\$817,500	120	Kenilworth Road
12/20/16	\$750,000	28	N Glen Road
12/20/16	\$635,000	21	Park Place
12/20/16	\$892,500	28	Lookout Road
12/28/16	\$550,000	92	N Pocono Road