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A HIGH-YIELD SAVINGS ACCOUNT FROM AMERICAN EXPRESS

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THE WALL STREET JOURNAL

WSJ.com

MAY 28, 2011, 11:43 A.M. ET

Jersey Shore home within reach of more people

Associated Press

Four years after the U.S. housing market started its precipitous decline, the bar has been lowered for those hoping to purchase a home along the Jersey Shore. With prices down anywhere from 15 percent to 40 percent, real estate agents say retirees and the wealthy are often giving way to younger homebuyers and the middle class.

The low tide in coastal New Jersey's real estate market is the result of the nationwide downswing in home prices triggered by the burst of the housing bubble in 2007 and subprime mortgage crisis. High-end, newly constructed homes and condominiums have taken the biggest hit, while older homes — where the value of the land exceeds that of the buildings — have best weathered the storm.

For homeowners along the state's almost 130 miles of coastline who bought at the peak, it's rough news. But for those thirsting to call the beachfront home, it's a buyer's market.

"We weren't even looking. We were riding our bikes and we just saw something," said John Holland, who had been renting a one-bedroom bungalow on Long Beach Island for three years, unable to find any homes for sale within his budget.

Holland and his girlfriend, Lauren Rhatigan, purchased a home in Ship Bottom in March for \$340,000. These days, Holland, a personal trainer, carries his surf board the few blocks to the ocean to enjoy the waves.

The drop in prices has also helped make a Shore home possible for those who had been eyeing more expensive properties but found them just beyond their reach.

Visiting the Jersey Shore was a courtship ritual for Kraig and Katharine Eaton, two consultants from the Philadelphia suburb of Glen Mills, Pa. After they married, the couple took their children for regular weekend getaways to Katharine's parents' house on Long Beach Island.

"When they sold it, the thought of not being on the island was too much to bear," said Kraig Eaton, 38, noting that at the time, nothing was available for less than a million dollars. "As housing prices came down, we found ourselves able to afford it for the first time."

After searching for six months, the Eatons closed on a vacation home in Avalon in September 2009, paying in the high six figures for a condo less than two blocks from the beach. They spend about a weekend a month there in the off-season, and rent it out during peak months to recoup some of the expense.

Housing prices in the four counties along the Jersey Shore dropped sharply in 2008 and 2009, then started leveling off, to varying degrees, in 2010, according to an Associated Press analysis of data from the New Jersey Association of Realtors. In Cape May County, the southernmost portion of New Jersey's shore, the median home price dropped from about \$354,000 to barely over \$280,000 between the first quarters of 2008 and

2009 — a 21 percent drop in just one year.

New Jersey was shielded from the rest of the country's decline for the first year or two thanks to its proximity to New York and Philadelphia, said Anthony Graziano, who manages the coastal New Jersey office of Integra Realty Resource, a valuation and pricing firm. Many of the shore's most affluent homeowners work in the financial industry, which stayed relatively intact until late 2008.

A study released this month by the University of Pennsylvania's Institute for Urban Research showed that when housing prices climbed nationwide in the early 2000s, they climbed faster on the Jersey Shore. As a result, the recent plunge in prices on parts of the shore was more drastic.

The study's author, Kevin Gillen, said the increased volatility is due the high rate of properties on or near the beach that are second homes. When times get tough, Gillen said, homeowners are more likely to jettison their vacation home than their primary residence.

The increased availability of shore housing and the lower prices are changing the demographic of those looking to plant roots along the coast, said Lee Childers, founder of Childers Sotheby's International Realty, which has five offices along the Jersey Shore.

"Younger, younger and younger," Childers said. "We used to have a lot of retirees. Now, it's not uncommon to see people in their 30s and 40s buying high-end properties."

Childers said the entry point for a home near the ocean now hovers under \$300,000. Meanwhile, a home on the Metedeconk River that would have gone for more than \$5 million four years ago sold for \$4.1 million this year.

"A few years ago, my agents were getting all depressed that property values were going down," Childers said. "I said, 'That's not bad! Now you have all these people who are able to buy.'"

Today's buyers do their homework and know exactly what they're looking for.

"Everything's there on the Internet. They know if things are overpriced," said Allan Dechert, president of the New Jersey Association of Realtors.

They also know how to find a bargain.

Foreclosures on the Jersey Shore jumped dramatically in 2006 and 2007, started leveling out in 2008 and 2009, and are only now beginning a very slow decline, according to data provided by RealtyTrac, which monitors foreclosures. The more foreclosures in an area, the more nearby property values suffer, and the easier it gets to enter the market, said Rick Sharga, RealtyTrac's senior vice president.

For Kraig Eatons, who will be enjoying his second summer with his wife and kids in their Long Beach Island condo, today's low prices are worth the risk that tomorrow's prices might be even lower.

"When you pull up to the island," Eatons said, "the stress melts away."

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