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Newark home market struggles with wave of foreclosures

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By Christine Dugas, USA TODAY

Newark is reinventing its housing market. The largest city in New Jersey plans to transform crumbling downtown buildings with gleaming residential developments.

But those projects are in the future. Today, Newark is faced with blighted inner-city neighborhoods and one of the nation's highest foreclosure rates. Last year, Newark's foreclosure rate rose nearly 124%, according to RealtyTrac.

Trying to cope with the crisis, the city is monitoring 2,500 homes with adjustable-rate mortgages that could be hit by foreclosure when rates reset.

"Every foreclosure is a problem that we wish to address," says Stefan Pryor, deputy mayor.

Newark's housing market has been suffering since 2006. "We went through a very tough period," says Luis Nogueira, broker/owner of Exit Realty Lucky Associates. "At one time everything had just stopped."

In January, home sales were down 32% compared with the same month in 2008. The median price fell 43.7%.

But in the last two months, sales have started to improve. First-time home buyers are taking advantage of new tax incentives, Nogueira says.

Short sales are still dominating the market and dragging down prices, says Antonio Costa, a real estate agent at Exit Realty Lucky Associates. What was selling for \$400,000 three years ago is now selling for \$200,000, he says.

Newark is a mix of attractive, historic neighborhoods and poor, distressed neighborhoods, says Norman Glickman, professor of urban policy at Rutgers. Foreclosure has put more pressure on troubled areas, he says. "It affects the house next door, and it spreads down the block."

The city has launched a program to rehabilitate existing homes in neighborhoods that have many abandoned properties. The first project, in the city's West Ward, involves five properties and one parcel that will become a park.

Newark is also partnering with developers and celebrities, such as Jon Bon Jovi and Shaquille O'Neal, to revive downtown. Two residential developments have broken ground.

"Cities across the country revived their central business districts by injecting residential property into them," Pryor says. "We're following the trend. And we think such projects will advance."

The most expensive



Steven Tillman and Seth Lubin are selling a restored 1905 brick Georgian colonial home in Forest Hill, a historic section of Newark.

Price: \$995,000

Bedrooms: 8

Bathrooms: 4 full, one half-bath

Size: 4,800 square feet

Features: Elegant main staircase, entry hallway to powder room, formal living room with wood-burning fireplace, double French doors to sunroom, dining room with gas fireplace, antique wall scones, in-ground heated swimming pool.

Median-price home



This home, built in 1950, is on the market.

Price: \$175,000

Bedrooms: 4

Bathrooms: 3 full baths


Size: 1,182 square feet

Features: Hardwood floors, great room, in-law suite, deck, storage shed, privacy fence, two-car garage.

Next week: Traverse City, Mich.

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