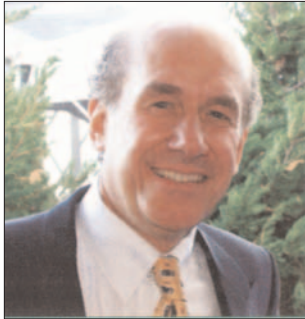


# cityatlantic

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## trending **UP**

The Future of Real Estate at the Jersey Shore  
Area Experts Team Up to Lend Their Predictions for 2007

by Denise Kovalevich

Tom Scannapieco, CEO of Scannapieco Development Corporation, joined area experts to address the future of Atlantic City's residential real estate market at a recent public forum sponsored by The Urban Land Institute, Philadelphia District Council South Jersey Satellite, and Commerce Bank. In addition to Scannapieco, such heavy hitters as Joseph Jingoli, CEO of Joseph Jingoli and Son, Inc., Joel Naroff, Ph.D., Commerce Bancorp Chief Economist, and Mark Carrier, president of Atlantic City and County Board of Realtors and president of Carrier & Associates, discussed issues relating to the state of the Jersey Shore residential real estate market.

### Jersey Shore Real Estate...

#### Where We Are and Where We Are Going

According to panelists, the national outlook for the real estate market is "sluggish" at best. And while New Jersey is expected to fare better than the national average, it will suffer slower sales than in 2006, said Joel Naroff. He explained that there are two mentalities affecting the market:

- **"Seller denial"**- Sellers don't think that they need to drop prices to sell their homes, when in reality, prices need to come down.
- **"Buyer denial"**- Buyers are waiting for these prices to drop and are carefully watching the market. Yet, they are reluctant to buy because they think that the market is going to change.

For the Jersey Shore, specifically, the problem is simple: there are more sellers than there are buyers and asking prices are at unrealistic levels. Until prices drop, houses are not going to sell. Unless, that is, you are talking about Atlantic City.

### Atlantic City...A Bright Light for the Jersey Shore

"Atlantic City is about to reinvent itself and this unprecedented transformation will spread to all of our shore communities," said Tom Scannapieco, CEO of Scannapieco Development Corporation. Citing that right now, \$6 billion worth of casino projects are being planned in Atlantic City and another \$6 billion worth of projects are in the works, Scannapieco predicts that the casino market will be up by as much as 50 percent in all areas, including jobs, real estate and building development, in as little as three years. And this, he says, is a modest assumption. So why is Atlantic City on the verge of exploding, when the rest of the market is slowing down? Scannapieco attributes this to three simple facts: there are more retirees than ever before, thanks to the Baby Boom Generation; that America's percentage of wealthy individuals is at an all-time high; and that because of projects like the Borgata, The Pier Shops at Caesars and new casino announcements, Atlantic City will become a premier entertainment destination.

### Baby Boomers Up the Ante

The Baby Boom Generation is currently the largest demographic in America and the majority of these individuals plans to retire within the next four to five years. In fact, by 2010, there will be an estimated 79 million retirees in our country. Looking to relocate or purchase a second home, these retirees will be interested in areas that are on the coast, near water and within proximity to entertainment and dining. And as Scannapieco points out, Atlantic City will have all of these by 2010.

### The Rich Get Richer

Wealth in America is at all time high. In 1940, 1% of American families earned over \$100,000 (in today's dollars) and in 2000, 12% of families earned more than \$100,000. Today this number is even larger. In fact, according to CNN Money, 8.2 million households in the US have a net worth of \$1 million, which is 7% of the population. And 50% of those families are headed by retirees. Interestingly, many of these families reside in NJ, PA and Washington, D.C., which are all within driving distance to AC. And because the average two bedroom, waterfront house in Atlantic City will be about \$1 million, it's the ideal location for a vacation home.

### AC: The Next "Gold Coast"?

AC is also becoming a "hipper" destination, attracting a young, affluent crowd much like Las Vegas. For this demographic, residential high-rises are being constructed like Scannapieco's Bella, which is Atlantic City's first luxury condominium. Priced around \$500,000, sales are moving swiftly thanks to recent developments. In fact, this project has been so successful that it was the catalyst for the launch of North Beach, the area surrounding Bella that has been selected for new high-rise condominiums to be built. So while national trends point to the continuation of a slowing real estate market, Jersey Shore experts like Scannapieco are quick to point out that market fundamentals in areas like Atlantic City are far more telling than median sales prices and sales volume nationally.