The Otteau Report

An Analysis of Residential Real Estate Trends

Ocean County, New Jersey
4th Quarter 2006

Prepared By:

Otteau Valuation Group
Bringing CLARITY to Real Estate

Administrative Offices
Brunswick Woods Office Park
15 Brunswick Woods Drive
East Brunswick, New Jersey 08816
800-458-7161

SCOPE OF THE STUDY

The Otteau Report has been prepared by our Research Department as part of a continuing effort to bring a focus to the complex and highly diversified real estate markets of New Jersey. The information and analyses contained herein are based in whole, or in part, on data supplied by various sources including Boards of Realtors and Multiple Listing Systems, and may therefore not reflect all real estate activity in the market. While believed to be reliable, we cannot guarantee, nor assume responsibility for the accuracy of information which has been supplied to us by others.

OTTEAU VALUATION GROUP, Inc.

Bringing Clarity to Real Estate

The lightning strike speed of today's information flow has accelerated the pace of change for real estate markets. As a result, trends that previously took years to develop can now unfold in a few short months.

Our mission is to assist our clients in keeping pace with that change by providing insightful analysis and cutting edge pricing skills. To accomplish this we have assembled a team of skilled professionals specializing in the complex and highly diversified real estate markets of New Jersey, New York, Pennsylvania and Delaware. With a broad based exposure in real estate valuation and consultation, our firm engages in a diversified practice encompassing all property types.

Appraisal and consulting services are provided to financial & lending institutions, developers & builders, attorneys, investors, relocation management service companies, governmental agencies, corporations and the public.

Our Consulting Group provides a wide array of services to developers and builders with respect to market analysis, project feasibility, demographic trends, project valuation and municipal project approval proceedings.

Litigation support is provided for matters requiring the valuation and corresponding expert testimony for eminent domain proceedings, contractual disputes, bankruptcy, tax appeals, equitable distribution, estate valuation and stigma related issues.

Jeffrey G. Otteau

President

Mr. Otteau manages all facets of the firm's business and has been actively engaged in real estate consultation and valuation since 1974. He holds the State Certified General Real Estate Appraiser certification, the highest level offered, and is licensed in New Jersey, New York, Pennsylvania & Delaware.

Frequently quoted in the New York Times and Wall Street Journal, and having appeared on CNBC, Mr. Otteau is widely respected for his knowledge and insight into real estate trends. His attention to detail and comprehensive fact finding has made him the go-to person for industry professionals seeking to enhance their competitive position in the marketplace.

Jeffrey has provided testimony as an expert witness at the municipal, county and state levels, authored several texts on property valuation techniques and has lectured throughout the United States and in Canada. He served on the Appraisal Standards Advisory Council, which consulted with the Appraisal Foundation in Washington, D.C. on its agenda of projects and major technical issues. Mr. Otteau served as a past Chairman of the Employee Relocation Council's Appraisal Standards Council and was inducted into their distinguished Hall of Leaders in 1995.

http://www.otteau.com/

Appraisal and Consulting Services Performed for the Following Clients:

THE FORTUNE 500
Abbott Laboratories
Alcoa
American Home Products
Amoco Oil Co.
Anheuser Busch Companies
Armstrong World Industries
Bristol-Myers Squibb
Brown-Forman
Carter-Wallace
Circuit City Group
Digital Equipment Corporation
E. I. duPont de Nemours
Eastman Kodak Company
Eli Lilly Company
ExxonMobil
F.M.C. Corporation
Foster Wheeler
General Motors Corporation
Hercules Incorporated
Marriott Corporation
McGraw Hill
Merck
Nabisco
Pharmacia & Upjohn
Procter and Gamble
Prudential Insurance Co.
Raychem Corp.
Rhone-Poulenc Rorer
Sara Lee Bakery
Schering-Plough
State Farm Insurance
Time Warner
W.R. Grace
Westinghouse Electric Corporation

FINANCIAL INSTITUTIONS
Amboy National Bank
Bank of New York
Bank of Oklahoma
Bank of St. Louis
Barclay's Bank PLC
Broadway National Bank
Chase Home Mortgage Corporation
JP Morgan Chase
Connecticut National Bank
Countrywide Financial
Citigroup
The Dun and Bradstreet Corporation
Federal Home Loan Mortgage Corp.
Federal National Mortgage Assoc.
First Savings Bank
First Washington State Bank
General Electric Credit Corporation
General Motors Acceptance Corp (GMAC)
GMAC Model Home Finance
Goldman, Sachs
Magyar Bank
Morgan Guaranty Trust Company
New Millennium Bank
North Fork Bank
PNC Bank
Philadelphia National Bank
Pittsburgh National Bank
Resolution Trust Corp. (RTC)
Sovereign Bank
Texas Commerce Bank
Unity Bank
Yardville National Bank
OceanFirst Bank
Washington Mutual
Wachovia
Wells Fargo Bank

DEVELOPERS
American Properties
Bob Meyer Communities
Diversified Properties, LLC
Kushner Companies
Kaplan Companies
K Hovnanian Homes
Lennar
M. Alfieri Company
Matzel Development
Millennium Homes
PRC Group
Pulte Homes
Toll Brothers
Trammell Crow
Tim Schaeffer Communities

MISCELLANEOUS
ADP
Bausch & Lomb
CSX Transportation
Ciba-Geigy Corporation
Cigna Corporation
Frito-Lay
Gulf Oil
Honeywell
Janssen Pharmaceuticals
Kemper Insurance Group
Kraft-General Foods
Marion Merrel Dow
McDonald's Corporation
Nationwide Insurance Co.
Nestle USA
Princeton University
Public Service Electric & Gas
Salvation Army
Siemens Corporation
Sony Corporation of America

GOVERNMENTAL
Branchburg Township
East Brunswick Township
Marlboro Township
Middlesex County Improvement Authority
Monroe Township
Montgomery Township
New Jersey Green Acres
Washington Township

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

http://www.otteau.com/

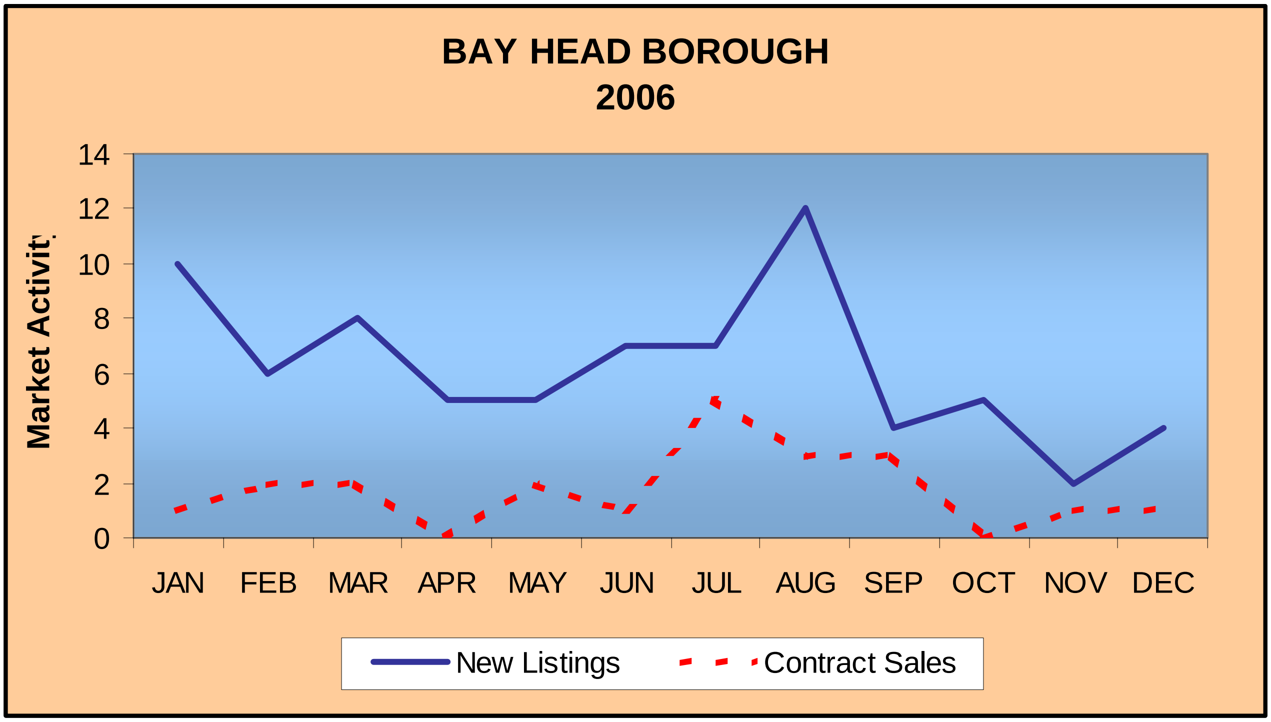
MARKET STUDY KEY

The following key will be helpful in understanding the market research data contained on the following pages:

New Offerings	Number of home offerings which first became available for-sale within the specified market area in each of the time periods indicated. This statistic includes expired listings which have been re-listed for sale.
Sales	Number of homes which were contracted for-sale within the market area in each of the time periods indicated. Contract-Sales provide a more timely indication of market activity than Closed-Sales due to the time lag between "contract" and "closing", and therefore provide the most reliable and timely indicator as to the number of buyers who are active in a given market area at a particular point in time.
Supply & Demand Ratio	The relationship between "New Offerings" and "Sales" activity expressed as a percentage ratio. Changes in this ratio can often be an early indicator of a shift in market conditions. A rising ratio is indicative of improving market conditions, while a declining ratio suggests weakening market conditions.
Unsold Inventory	Total number of homes being offered for sale within the market area at the end of the indicated period.
Projected Absorption	A projection of how long it will take for the market to absorb the inventory of unsold homes (Unsold Inventory) within each market area.
County Composite	An aggregate compilation of all market activity within the county, which includes all of its municipalities.

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

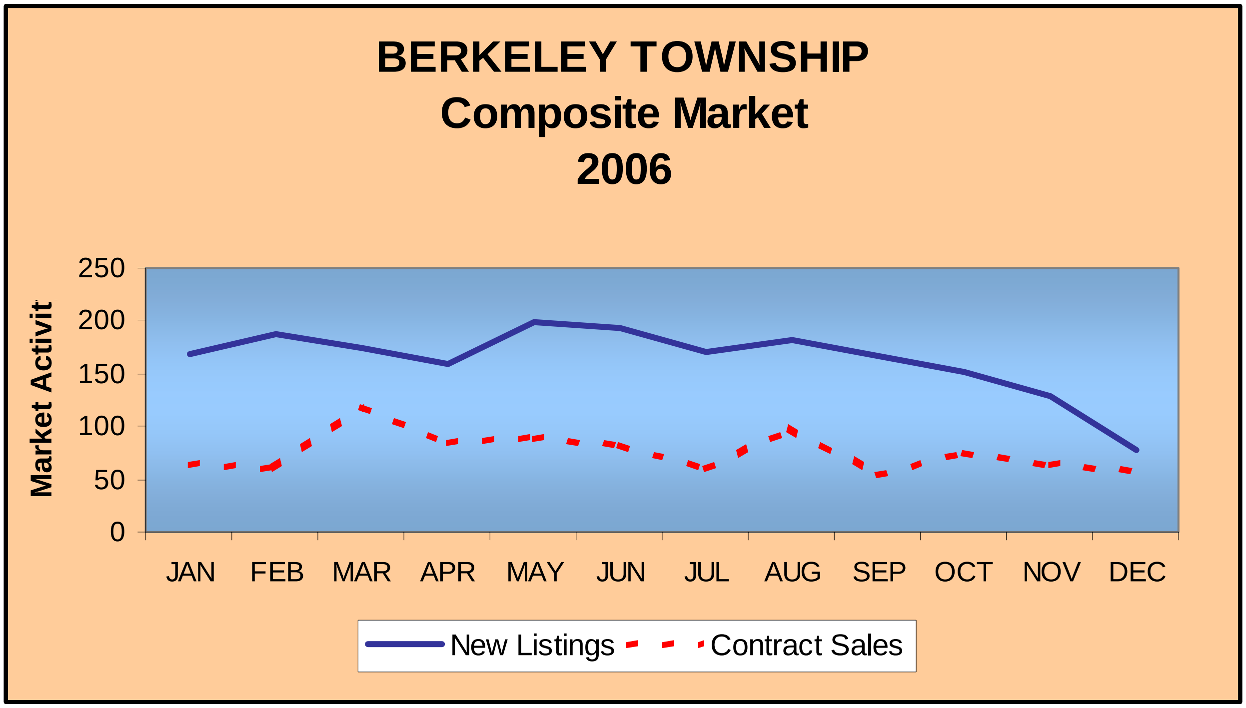
http://www.otteau.com/



BAY HEAD BOROUGH *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly		2.3	3.3	2.7	3.7
Average # Of Sales/Monthly		3.0	1.7	2.0	0.7
Supply & Demand Ratio		129%	50%	75%	18%
Unsold Inventory		14	21	21	29
Projected Absorption (Months)		5	13	11	44

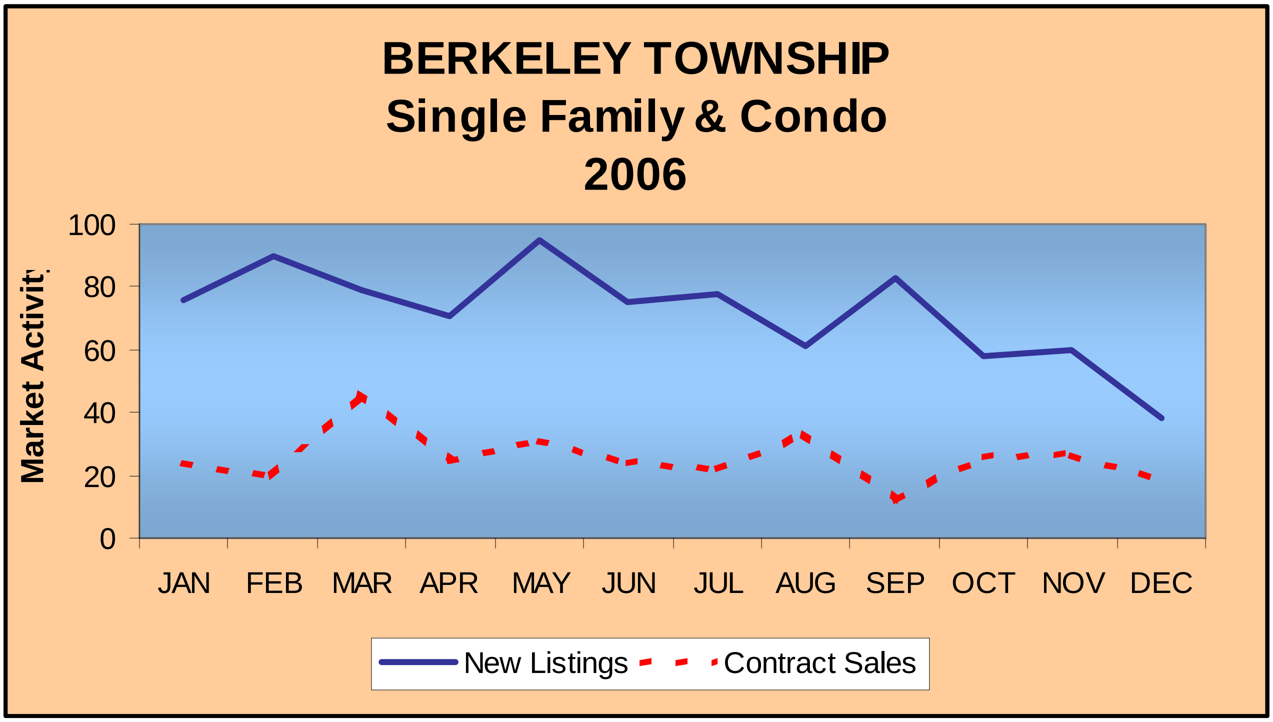
OTTEAU Valuation Group
Bringing CLARITY to Real Estate
http://www.otteau.com/



BERKELEY TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			102.7	117.7	119.3
Average # Of Sales/Monthly			88.0	80.7	65.7
Supply & Demand Ratio			86%	69%	55%
Unsold Inventory			298	387	637
Projected Absorption (Months)			3	5	10

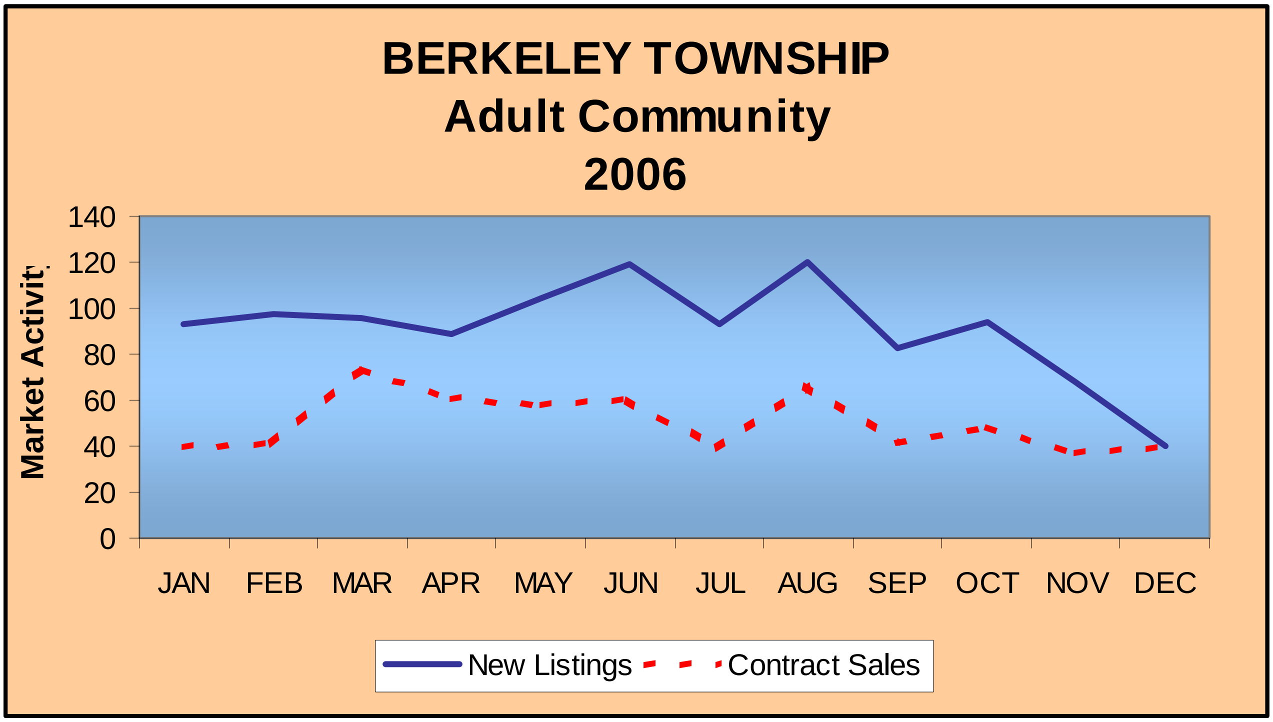
http://www.otteau.com/



***BERKELEY TOWNSHIP** 4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			38.7	45.0	52.0
Average # Of Sales/Monthly			23.3	22.3	24.0
Supply & Demand Ratio			60%	50%	46%
Unsold Inventory			156	206	301
Projected Absorption (Months)			7	9	13

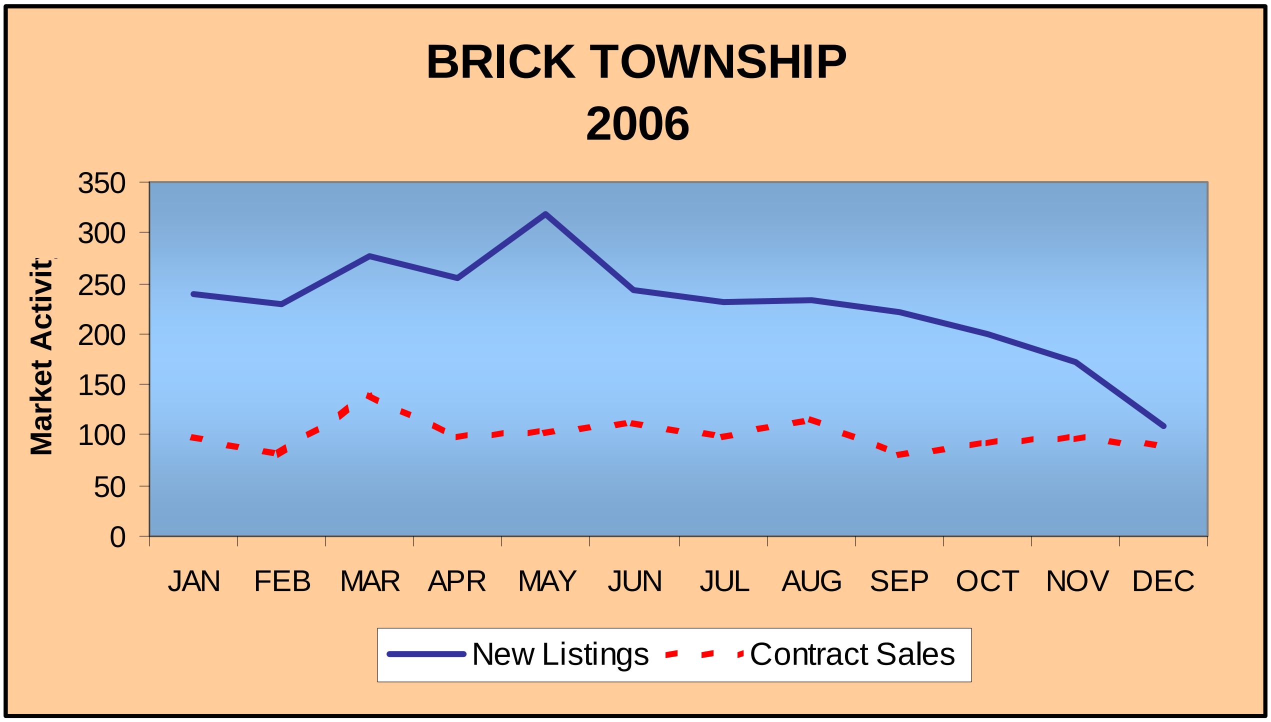
http://www.otteau.com/



BERKELEY TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			64.0	72.7	67.3
Average # Of Sales/Monthly			64.7	58.3	41.7
Supply & Demand Ratio			101%	80%	62%
Unsold Inventory			142	181	336
Projected Absorption (Months)			2	3	8

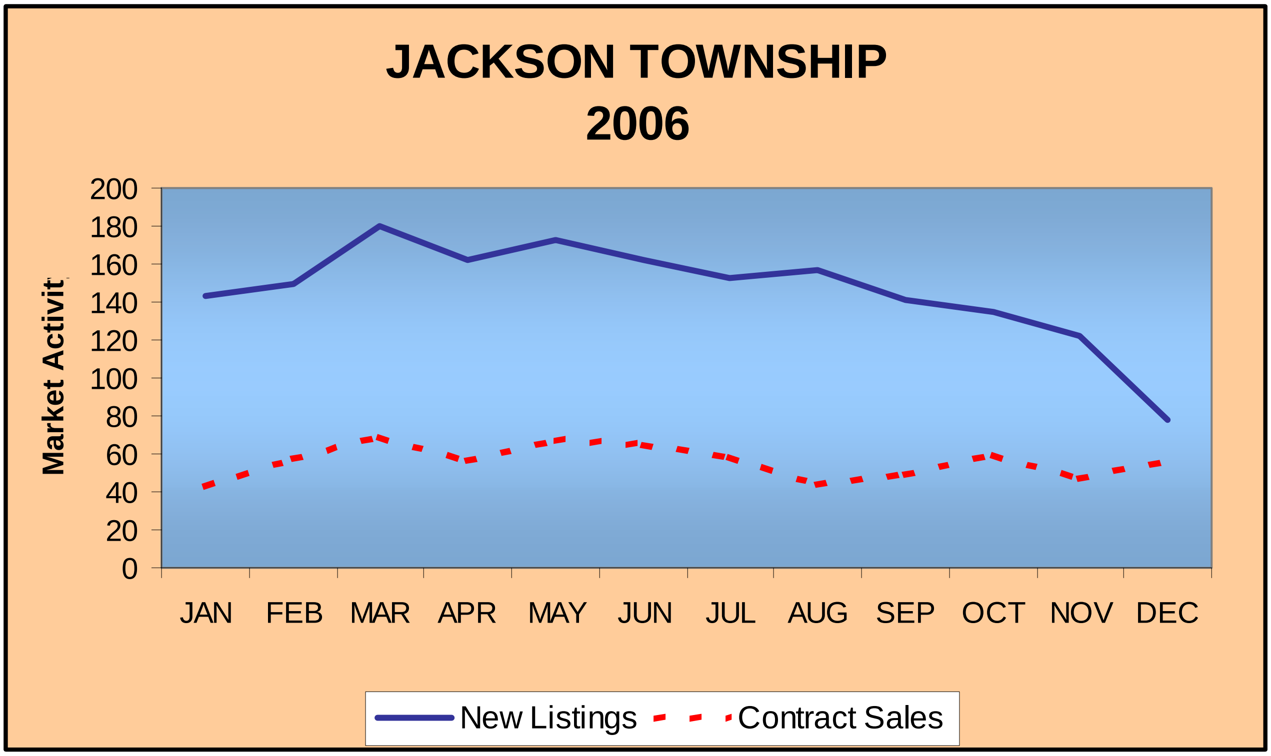
OTTEAU Valuation Group
Bringing CLARITY to Real Estate
http://www.otteau.com/



BRICK TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly	112.7	109.3	135.3	162.3	159.7
Average # Of Sales/Monthly	86.3	90.7	96.0	88.3	93.3
Supply & Demand Ratio	77%	83%	71%	54%	58%
Unsold Inventory	354	353	436	590	805
Projected Absorption (Months)	4	4	5	7	9

http://www.otteau.com/

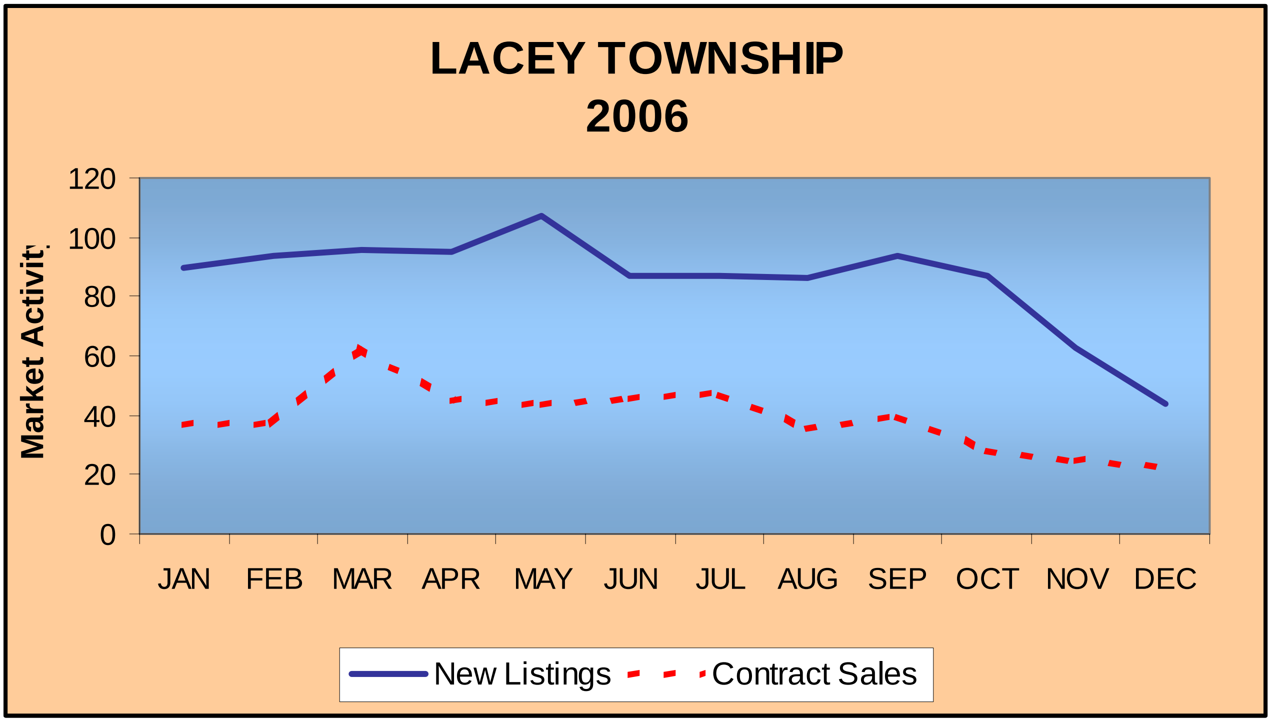


JACKSON TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly		55.7	85.3	93.0	111.7
Average # Of Sales/Monthly		37.0	61.3	46.3	54.7
Supply & Demand Ratio		66%	72%	50%	49%
Unsold Inventory		159	281	371	537
Projected Absorption (Months)		4	5	8	10

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

http://www.otteau.com/

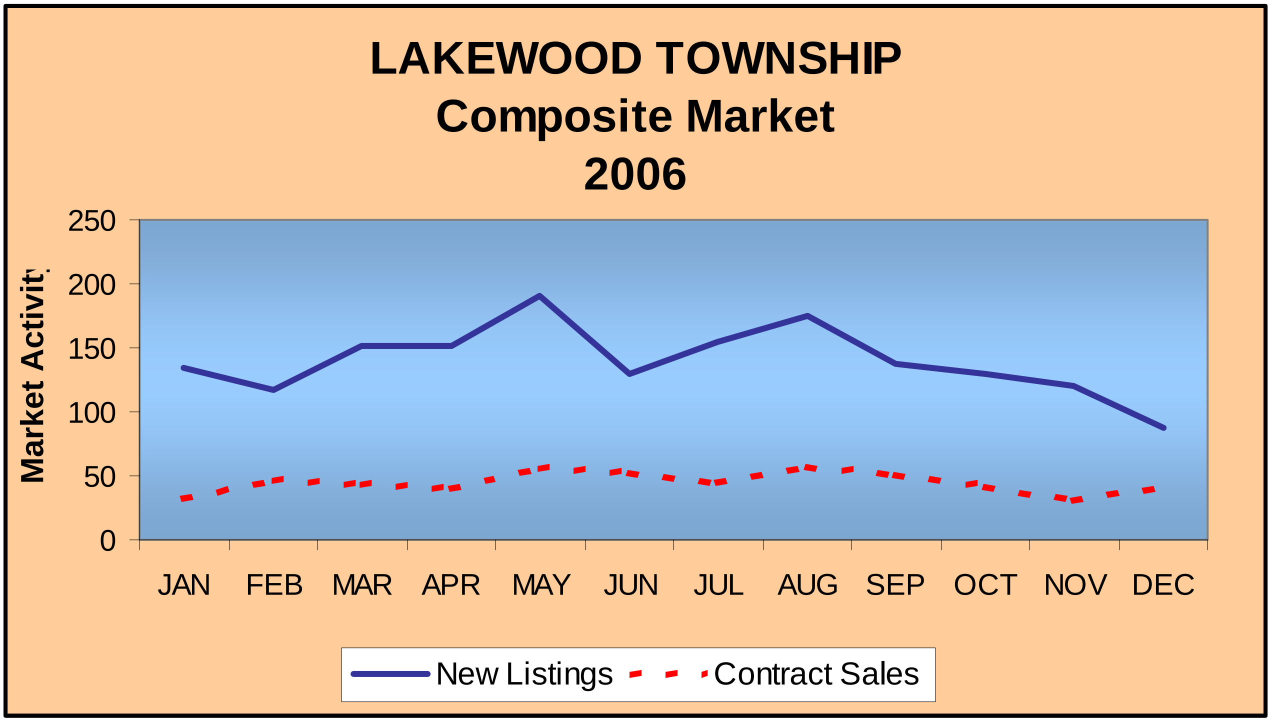


LACEY TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			45.7	65.3	64.7
Average # Of Sales/Monthly			39.0	35.0	25.3
Supply & Demand Ratio			85%	54%	39%
Unsold Inventory			200	279	325
Projected Absorption (Months)			5	8	13

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

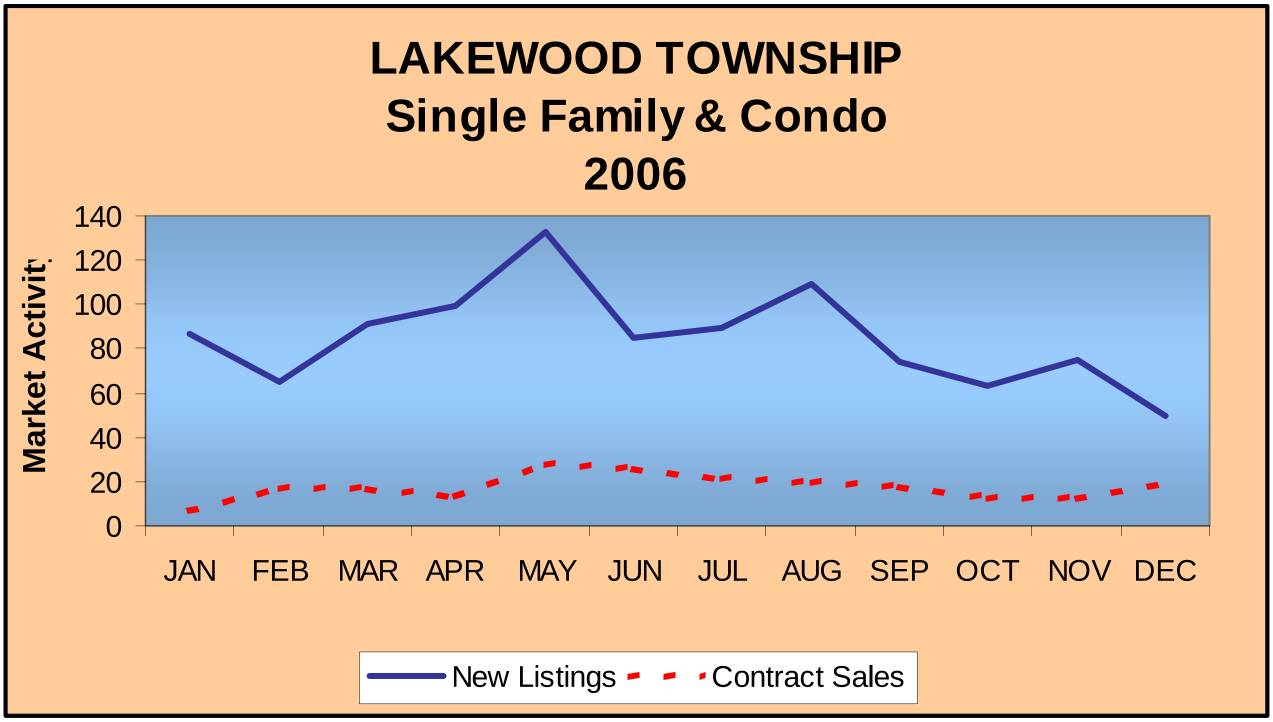
http://www.otteau.com/



LAKEWOOD TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			79.3	104.3	112.7
Average # Of Sales/Monthly			60.0	38.7	38.7
Supply & Demand Ratio			76%	37%	34%
Unsold Inventory			250	396	527
Projected Absorption (Months)			4	10	14

http://www.otteau.com/

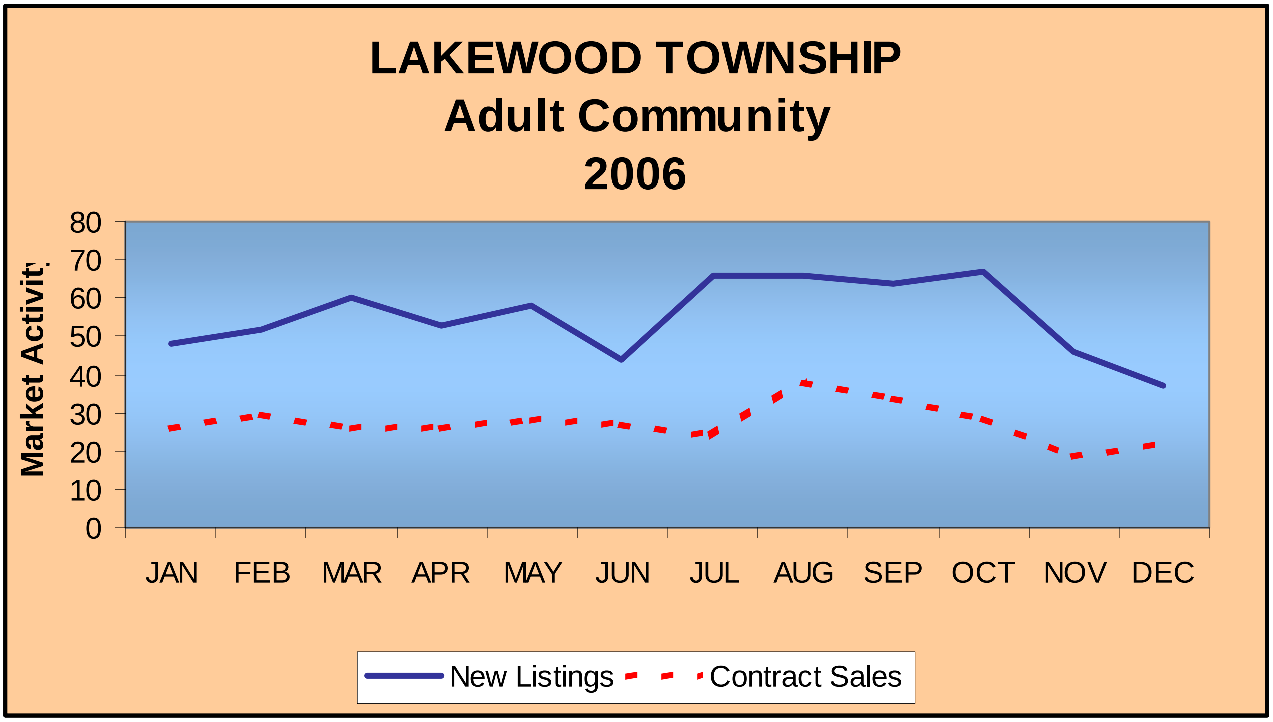


LAKEWOOD TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			38.0	70.0	62.7
Average # Of Sales/Monthly			34.3	20.7	15.3
Supply & Demand Ratio			90%	30%	24%
Unsold Inventory			108	260	284
Projected Absorption (Months)			3	13	19

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

http://www.otteau.com/

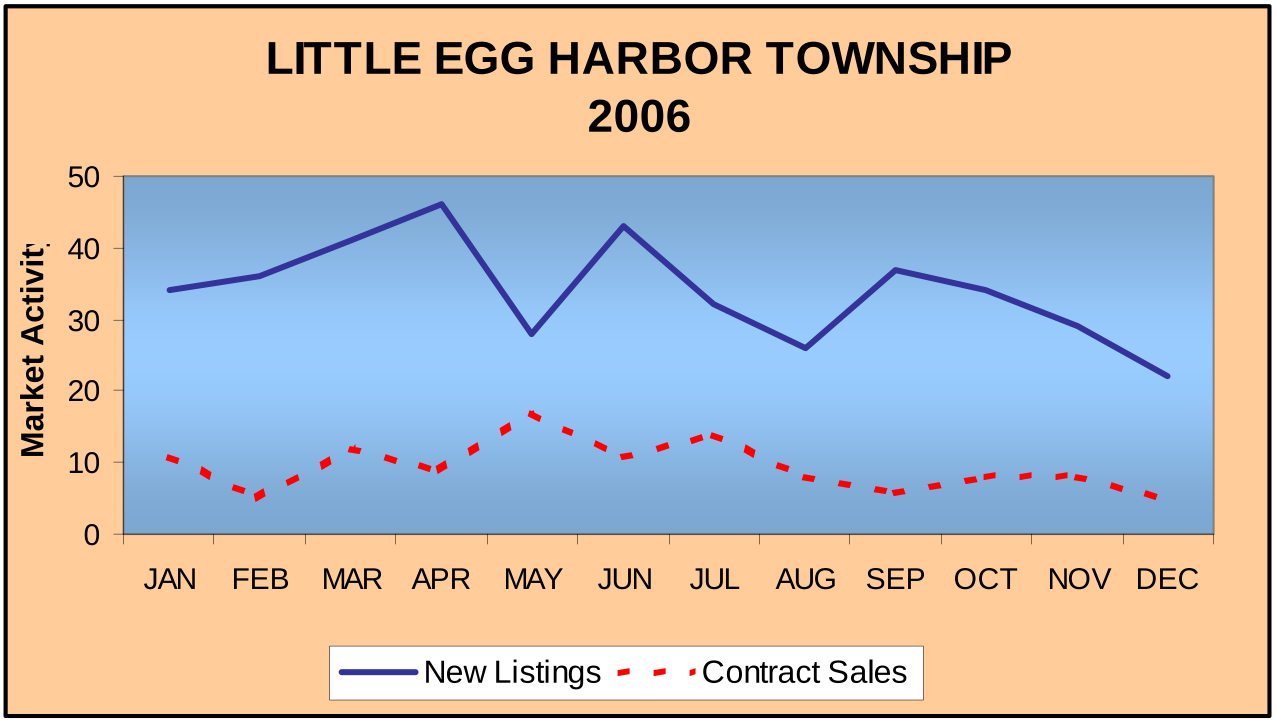


LAKEWOOD TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			41.3	34.3	50.0
Average # Of Sales/Monthly			25.7	18.0	23.3
Supply & Demand Ratio			62%	52%	47%
Unsold Inventory			142	136	243
Projected Absorption (Months)			6	8	10

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

http://www.otteau.com/

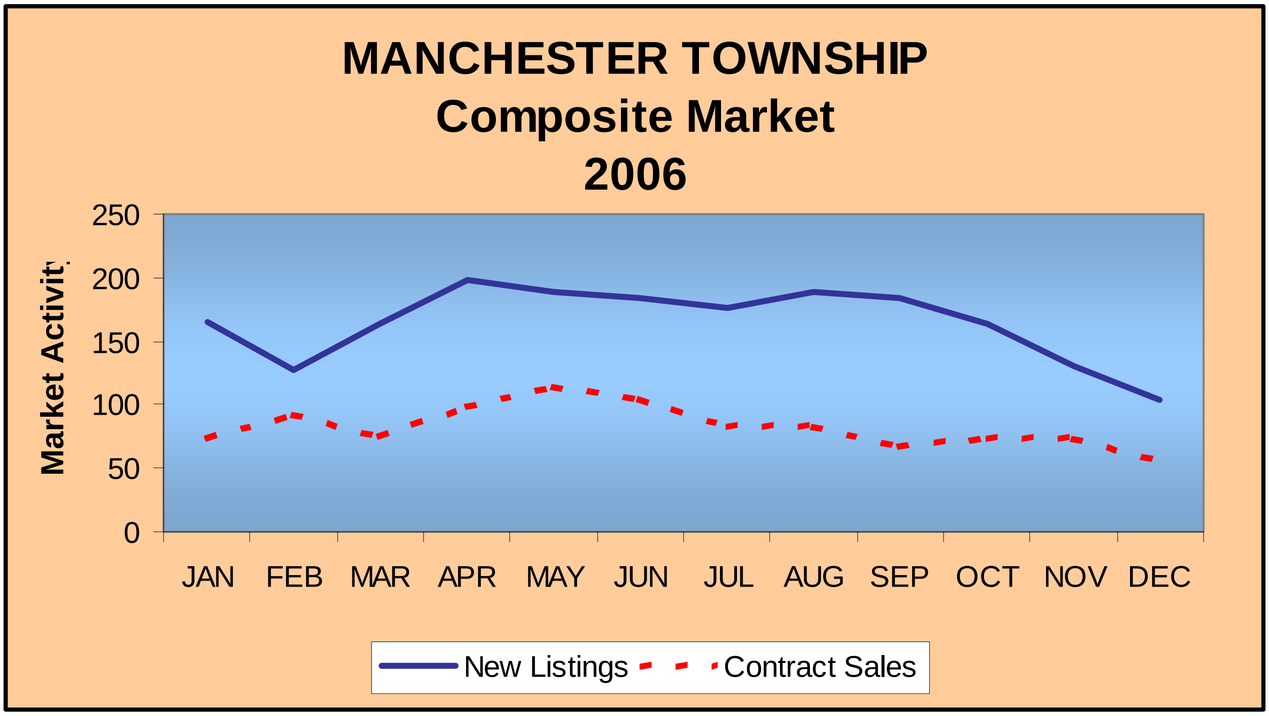


LITTLE EGG HARBOR TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly				28.0	28.3
Average # Of Sales/Monthly				8.3	7.0
Supply & Demand Ratio				30%	25%
Unsold Inventory				127	155
Projected Absorption (Months)				15	22

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

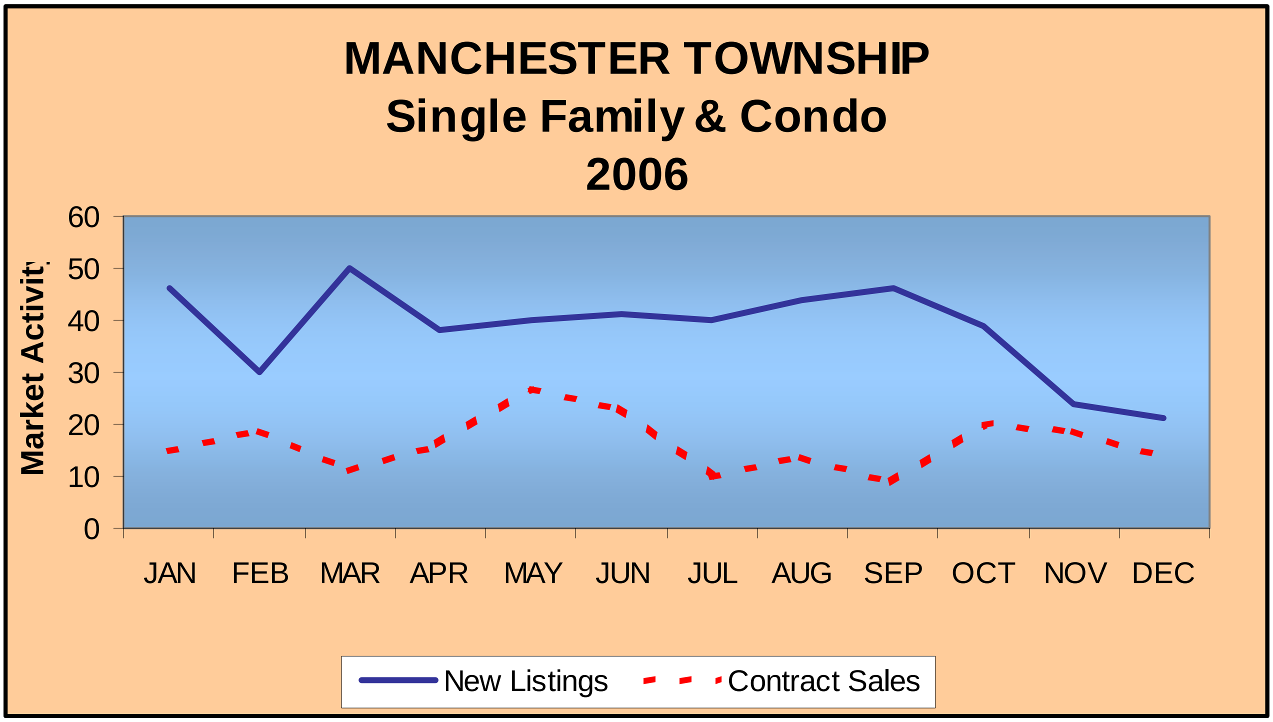
http://www.otteau.com/



MANCHESTER TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			106.3	126.3	132.7
Average # Of Sales/Monthly			87.7	85.7	68.0
Supply & Demand Ratio			82%	68%	51%
Unsold Inventory			314	440	661
Projected Absorption (Months)			4	5	10

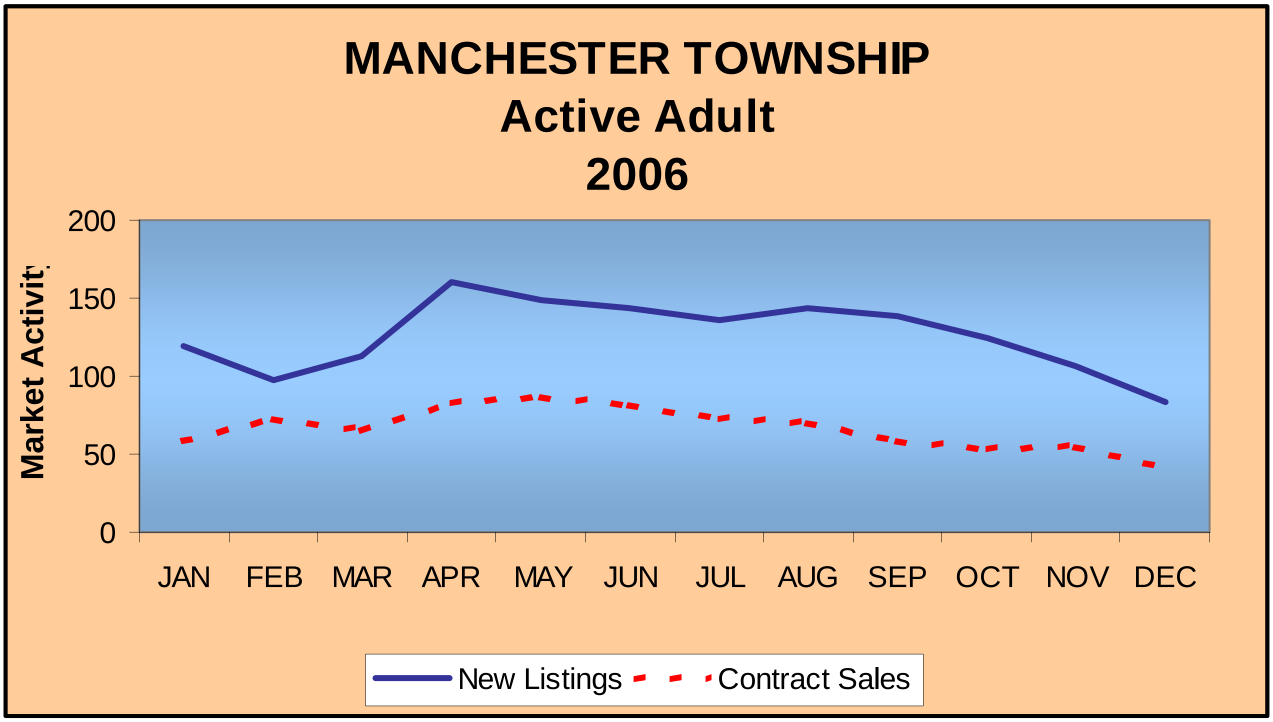
http://www.otteau.com/



MANCHESTER TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			30.3	30.7	28.0
Average # Of Sales/Monthly			19.0	16.7	17.7
Supply & Demand Ratio			63%	54%	63%
Unsold Inventory			95	132	137
Projected Absorption (Months)			5	8	8

http://www.otteau.com/

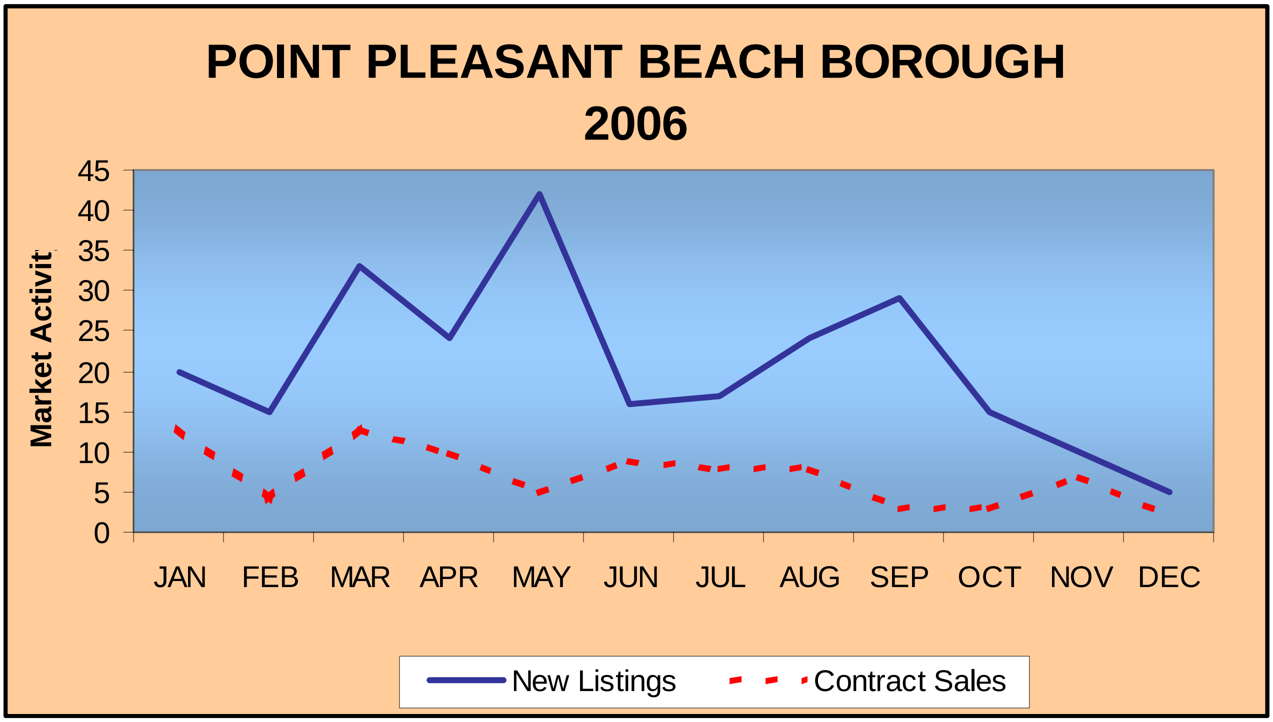


***MANCHESTER TOWNSHIP** 4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			76.0	95.7	104.7
Average # Of Sales/Monthly			68.7	69.0	50.3
Supply & Demand Ratio			90%	72%	48%
Unsold Inventory			219	308	524
Projected Absorption (Months)			3	4	10

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

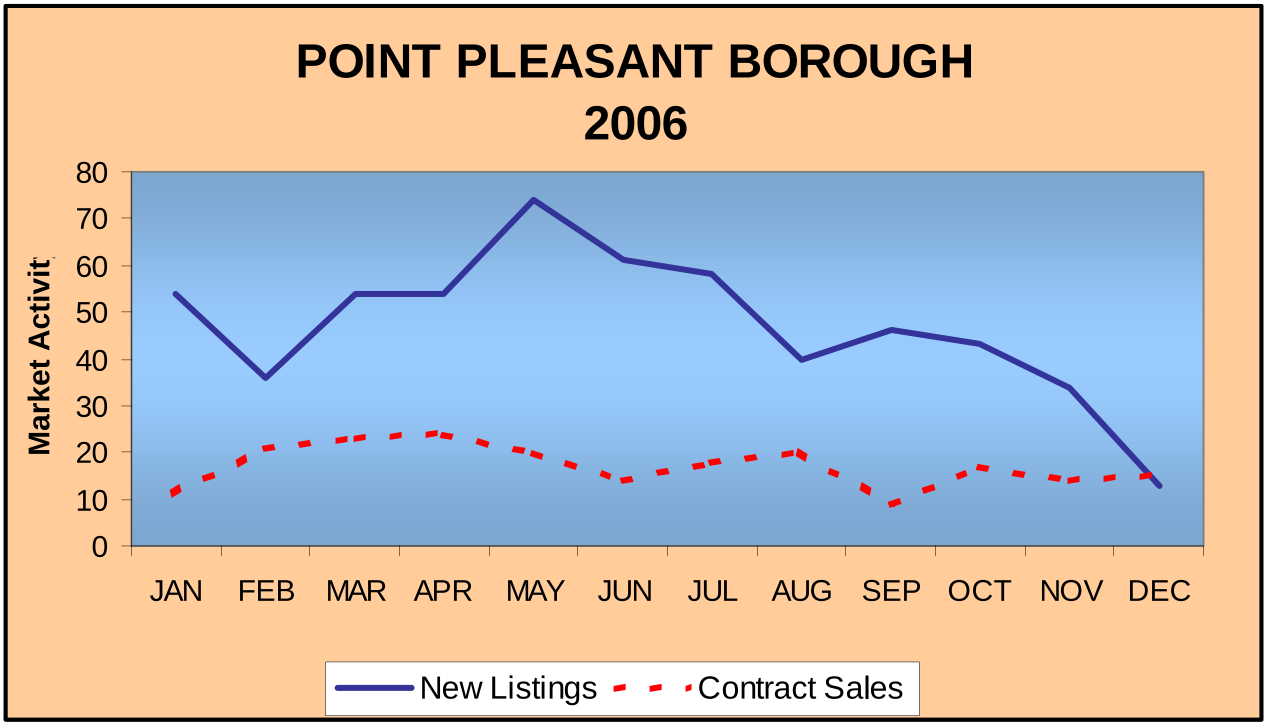
http://www.otteau.com/



POINT PLEASANT BEACH BOROUGH *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly	28.3	36.3	15.0	15.7	10.0
Average # Of Sales/Monthly	16.0	20.0	6.3	8.7	4.0
Supply & Demand Ratio	56%	55%	42%	55%	40%
Unsold Inventory	96	121	61	73	69
Projected Absorption (Months)	6	6	10	8	17

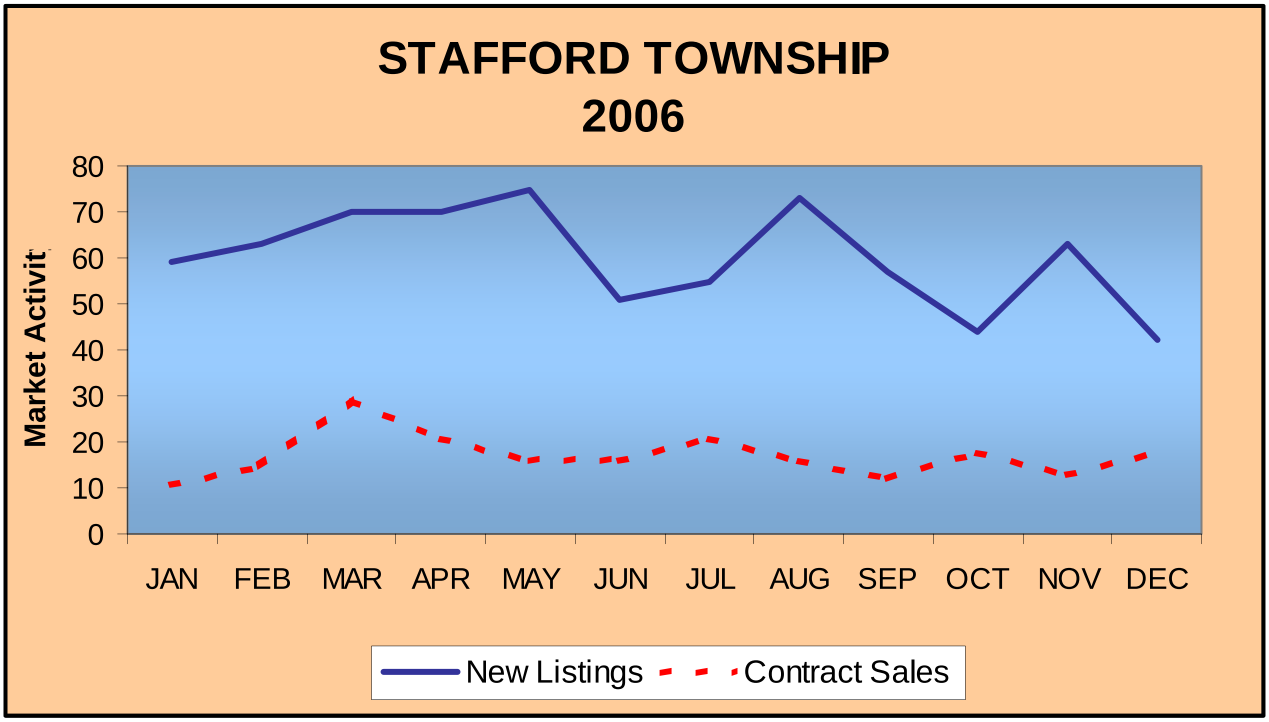
http://www.otteau.com/



POINT PLEASANT BOROUGH *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly	28.3	36.3	30.3	34.0	30.0
Average # Of Sales/Monthly	16.0	20.0	22.3	17.0	15.3
Supply & Demand Ratio	56%	55%	74%	50%	51%
Unsold Inventory	96	121	91	137	174
Projected Absorption (Months)	6	6	4	8	11

http://www.otteau.com/

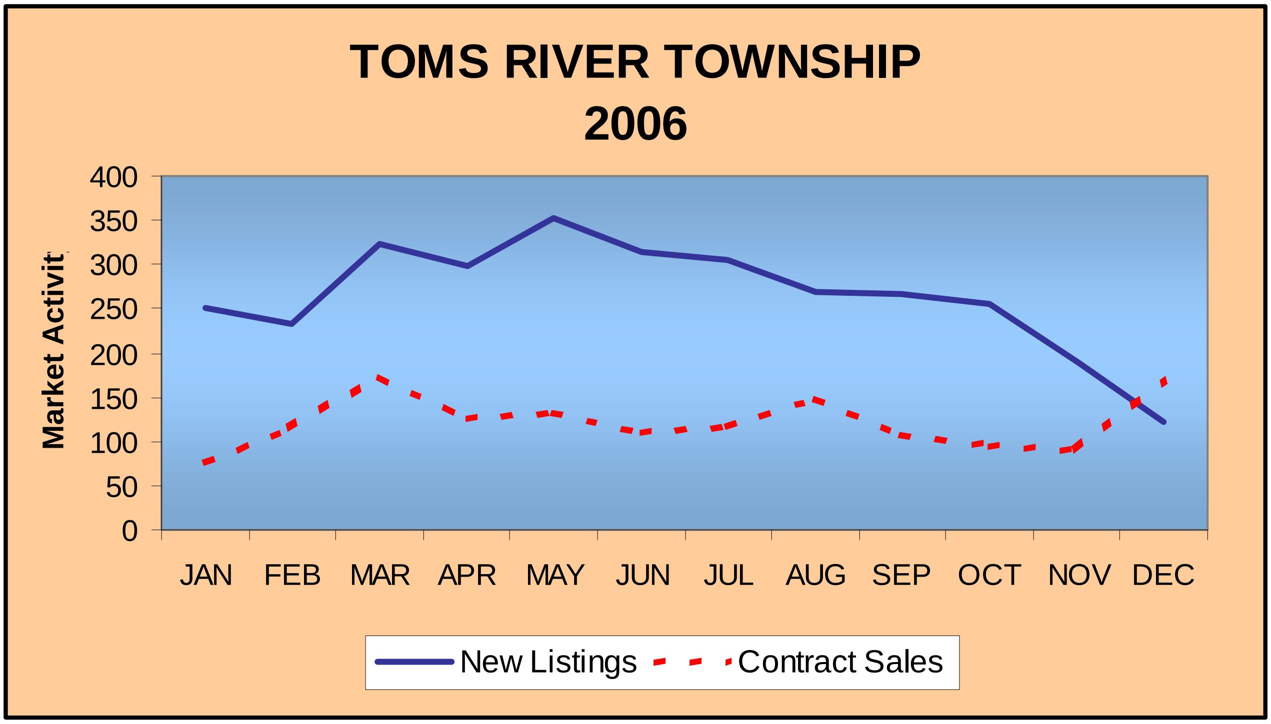


STAFFORD TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly			36.7	43.3	49.7
Average # Of Sales/Monthly			15.0	13.0	16.3
Supply & Demand Ratio			41%	30%	33%
Unsold Inventory			143	191	248
Projected Absorption (Months)			10	15	15

OTTEAU Valuation Group
Bringing CLARITY to Real Estate

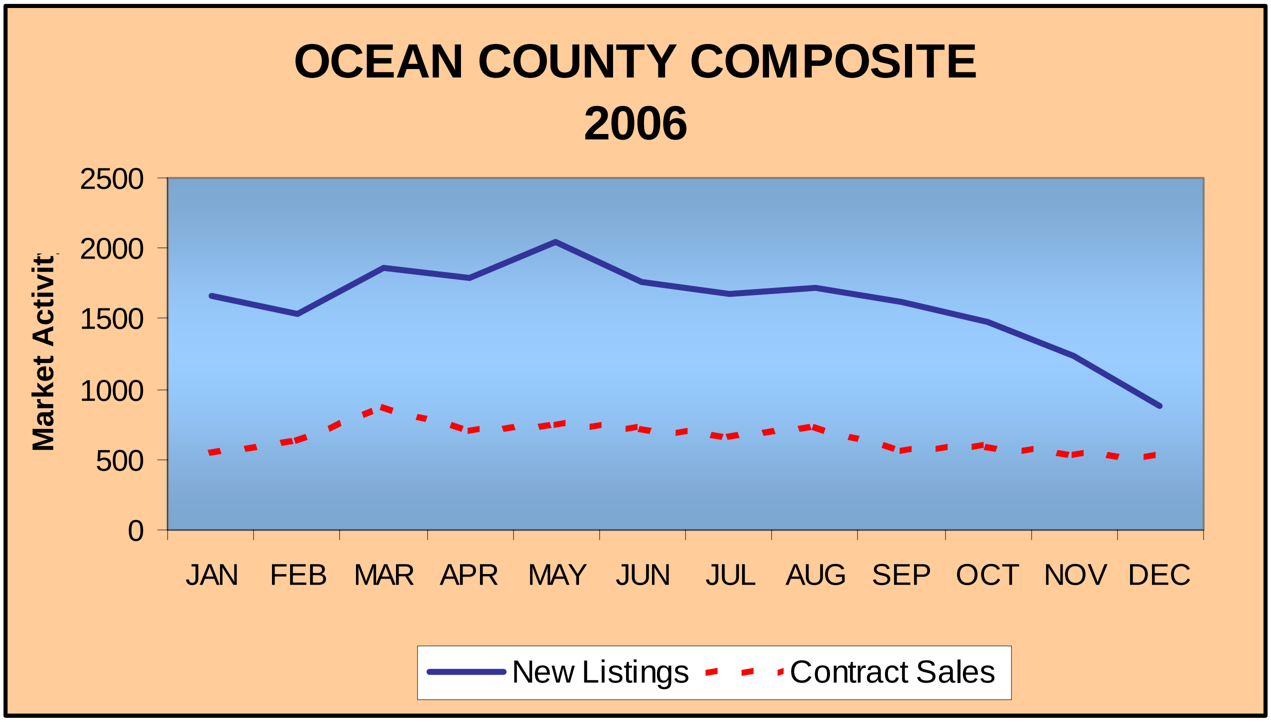
http://www.otteau.com/



TOMS RIVER TOWNSHIP *4th Quarter At-A-Glance*

	2002	2003	2004	2005	2006
Average # Of Offerings/Monthly	133.0	114.7	146.3	174.3	189.7
Average # Of Sales/Monthly	88.3	72.7	106.7	86.0	118.3
Supply & Demand Ratio	66%	63%	73%	49%	62%
Unsold Inventory	375	430	506	686	947
Projected Absorption (Months)	4	6	5	8	8

http://www.otteau.com/



OCEAN COUNTY COMPOSITE *4th Quarter At-A-Glance*

		2002	2003	2004	2005	2006
Average # Of Offerings/Monthly		647.3	604.7	917.7	1158.3	1193.0
Average # Of Sales/Monthly		409.3	419.7	674.3	587.3	555.0
Supply & Demand Ratio		63%	69%	73%	51%	47%
Unsold Inventory		2098	2224	3143	4578	6101
Projected Absorption (months)	*Total Market*	5	5	5	8	11
	Less than $600k					10
	$600k - $1 million					26
	$1,000,001 - $2.5 mil.					34
	Greater than $2.5 mil.					∞

http://www.otteau.com/