

Freehold Township 2025 Reassessment Report

October 1st, 2024



Township of
Freehold

Table of Contents

- Page 3 “A Message from the Assessor”
- Page 4 “2023-2024 Assessment Accuracy Reflection”
- Page 5 “Tax Rate History and Directors Ratio”
- Page 6 “General Coefficient of Deviation (COD)”
- Page 7 “VCS & Mapping”
- Page 8 “Tax List Accuracy”
- Page 10 “Valuation Control Sectors”
- Page 11 “Map of Sales”
- Page 12 “Tax Levy History”
- Page 13 “Net Valuation Taxable”
- Page 15 “Sales Price Heat Grid”
- Page 16 “Quarter over Quarter Sales Price”

A Message from the Assessor:

2025 Reassessment Overview and Real Estate Market Outlook

The past five years have been exceptional for real estate, with property values rising steadily. As of the valuation date for the 2025 Reassessment (10/1/2024), prices have shown significant appreciation. However, higher interest rates continue to weigh on the housing market, and home sales will remain constrained as long as mortgage rates stay over 6%. Housing activity is expected to increase once mortgage rates begin to decline, but the overall market faces continued challenges for now.

The Township is required to reassess all properties annually to ensure fair tax distribution. This process reacts to market conditions rather than predicting future trends. Every assessment has been valued as of October 1st, 2024. With mortgage rates likely to remain between 6% and 7% unless a job loss recession occurs, property values may begin to stabilize or will further appreciate in response to local and national conditions. Home prices are expected to hold their value in the short term due to a lack of supply, though this could vary between markets based on local fundamentals.

National builders have highlighted that mortgage rates must drop to around 5% to normalize housing market activity. Mortgage applications are a crucial indicator of future activity, but when rates fell earlier this year, the market responded with refinancing, not new purchase applications, which is something to keep an eye on. Until rates fall more significantly, housing starts and completions will continue to face headwinds. Think of the real estate market as a bucket; housing starts are “filling the tank,” while completions “drain the tank.” If homes are completed faster than new ones are started, the market may face continued supply shortages.

Commercial property values have also peaked in recent years, and we captured much of that value in prior reassessments. Commercial properties are expected to increase by only 3% this year, while residential values are projected to rise by 12%. Many major commercial sectors, including office spaces, mall anchors, big-box retailers, and traditional retail, have decreased in value over recent years. As a result, there will be a shift in the tax levy from commercial properties to residential properties.

Meanwhile, rental growth is expected to flatten as new supply comes online, although rents will likely rise faster for single-family homes than multifamily units. This reflects the ongoing demand for single-family properties despite the higher-cost environment.

The Fed recently cut rates by 50 basis points (bps), but the 10-year Treasury rate has already priced in expectations for future cuts. Historically, the spread between the 10-year Treasury and the Fed Funds rate has been 110 to 140 bps, meaning that if the Fed Funds rate reaches approximately 3%, the 10-year Treasury’s fair value will settle around 4.25%. This ongoing rate environment will continue to affect mortgage rates, which remain a crucial driver of housing demand.

For the 2025 tax year, the total aggregate value of properties in Freehold Township is projected to be 10% higher than in 2024, though this does not mean your taxes will increase by 10%. The Township's tax rate and property values have an inverse relationship: higher property assessments will lead to a lower tax rate. The 2025 tax rate is expected to be lower than the 2024 rate, reflecting the continued rise in property values (see the estimated rate below).

To ensure accurate property valuations, the Township adjusted the global assessment model and individual properties, neighborhoods, and submarkets during the 2025 reassessment. The goal is to target 100% market value annually, ensuring that assessments are fair and in line with real-time market conditions, as the New Jersey Constitution requires.

Below is a recent history of tax rates and an estimated rate for 2025 based on higher assessed values and various budgetary factors. Please note that this is an estimated rate, and the actual 2025 rate will not be determined until mid-2025, when budgets are finalized. This report includes further details on the reassessment process and its results.

Tax Rate History:

Provided below is the recent history of past tax rates and an ESTIMATED tax rate for 2025 based on the higher assessed values and various budgetary assumptions. It is important to reiterate that this is an ESTIMATED rate, and the actual 2025 rate will not be known until mid-2025 when budgets are finalized. Contained in this report is more detail on the reassessment process and results.

Year	General Rate
2025*	\$1.705
2024	\$1.781
2023	\$1.825
2022	\$1.981
2021	\$2.121
2020	\$2.130
2019	\$2.139
2018	\$2.211

* Estimated assuming a 5% increase to the tax levy and 2025 preliminary net taxable value of Township (less 1% to account for appeals)

2022-2024 Assessment Accuracy Reflection

Directors Ratio

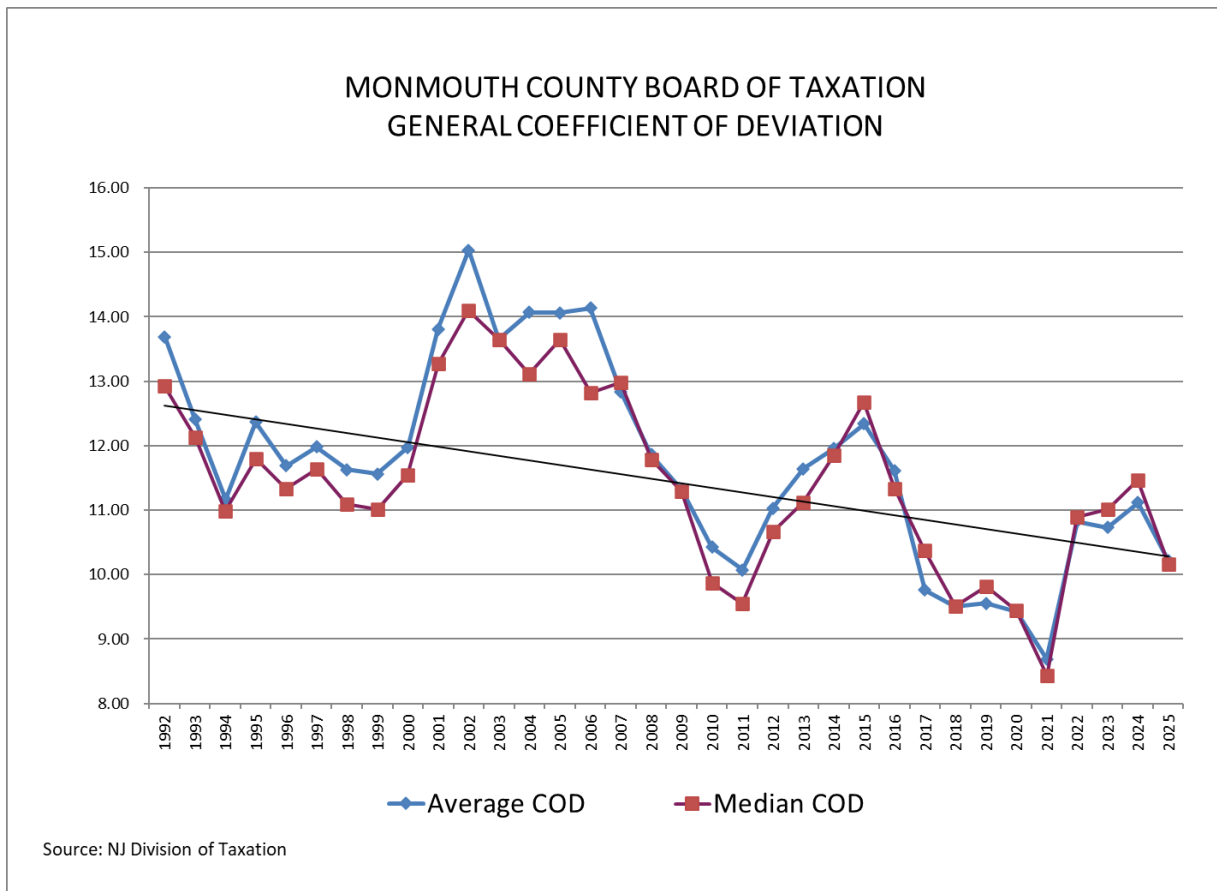
Freehold Township’s 2024 Director’s Ratio was 95%. While the “Director’s Ratio” is a complex calculation, this measurement expresses the typical relationship between assessments and sale prices in a given municipality. The sampling period used for the Director’s Ratio contains sales that took place between January and June. It is then blended with the Director’s Ratio from the prior year to stabilize shared levy impacts. Assessments are being set during the pre-tax year based on sales that took place during the prior two-year period.

Typically, real estate markets do not appreciate significantly year over year, so little emphasis was put on this topic in prior reassessments. However, recent market changes have been exceptional and volatile, so it is worth noting in this reassessment report to provide context to the statistics.

General Coefficient of Deviation (COD)

The General Coefficient of Deviation is widely held as the best indicator in determining proper tax distribution. It is a way to measure how tightly clustered individual assessment ratios are in relation to the average ratio. A lower COD means more accurate and fair tax distribution. The COD normalizes ratios to show accuracy within a municipality regardless of the Director's Ratio in any given year. The more homogeneous the properties in a municipality are, the lower the COD should be. For example, a municipality comprised mostly of townhouses would be expected to yield better assessment accuracy than one comprising a complex property type range.

Monmouth and Somerset Counties show much lower CODs through annual reassessments than historical or statewide data. Since the implementation of annual reassessments in 201, Monmouth County has seen (outside of COVID-19) a steady improvement in the General Coefficient of Deviation County-wide. Meaning assessments and resulting tax bills are becoming more accurate. The 2024 Monmouth County average COD was 10.22 (Freehold Township was 7.33).



Despite the complexity of the Township, Freehold’s COD has been more accurate than the norms in the rest of the state and county, meaning that the assessments and resulting tax distribution are fairer. Freehold Township has also been trending to be meaningfully more accurate than historical coefficients under the reassessment model. The 2024 COD was 7.33, the lowest among any municipality with >75 sales in 2024 and the sixth lowest COD county-wide this year. While a historical comparison is an important measurement, the COD must continue to be analyzed over time as coefficients will inevitably be higher during years when the underlying market is more volatile or suffers from an imbalance of supply or demand.

Below is a summary of Freehold Township’s general COD for the past 12 years. Freehold Township’s average COD before implementation of annual reassessments (years 1992-2013) was 10.23. Since implementation, the average COD is now 7.31, with the past few years being some of the best CODs on record.

Year	COD
2024	7.33
2023	7.42
2022	7.97
2021	8.01
2020	6.44
2019	6.37
2018	7.01
2017	7.51
2016	6.77
2015	7.36
2014	8.16
2013	7.37

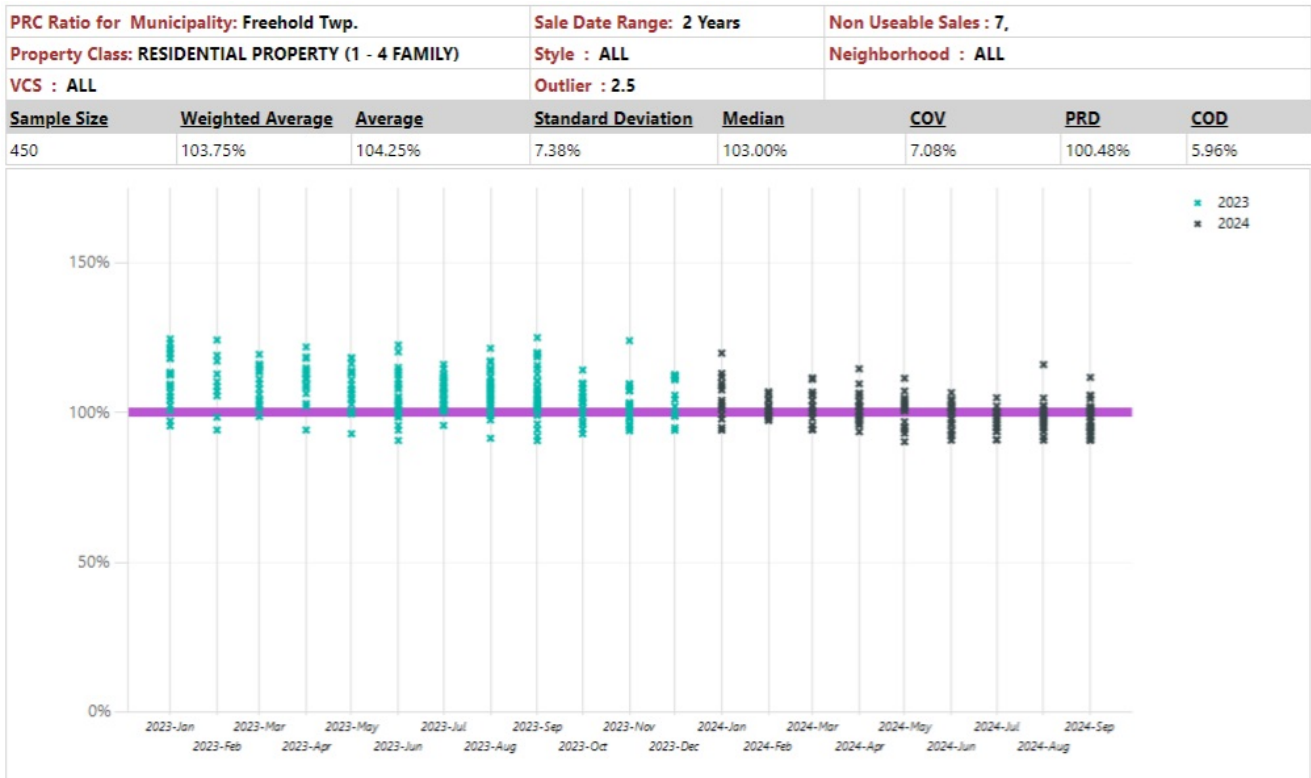
2024 Tax List Accuracy

The primary driver of a reassessment is recent “arms-length market transactions”. Statutorily, properties are assessed for what they would have sold for on October 1st of the pretax year. The 2025 valuation date is October 1st, 2024.

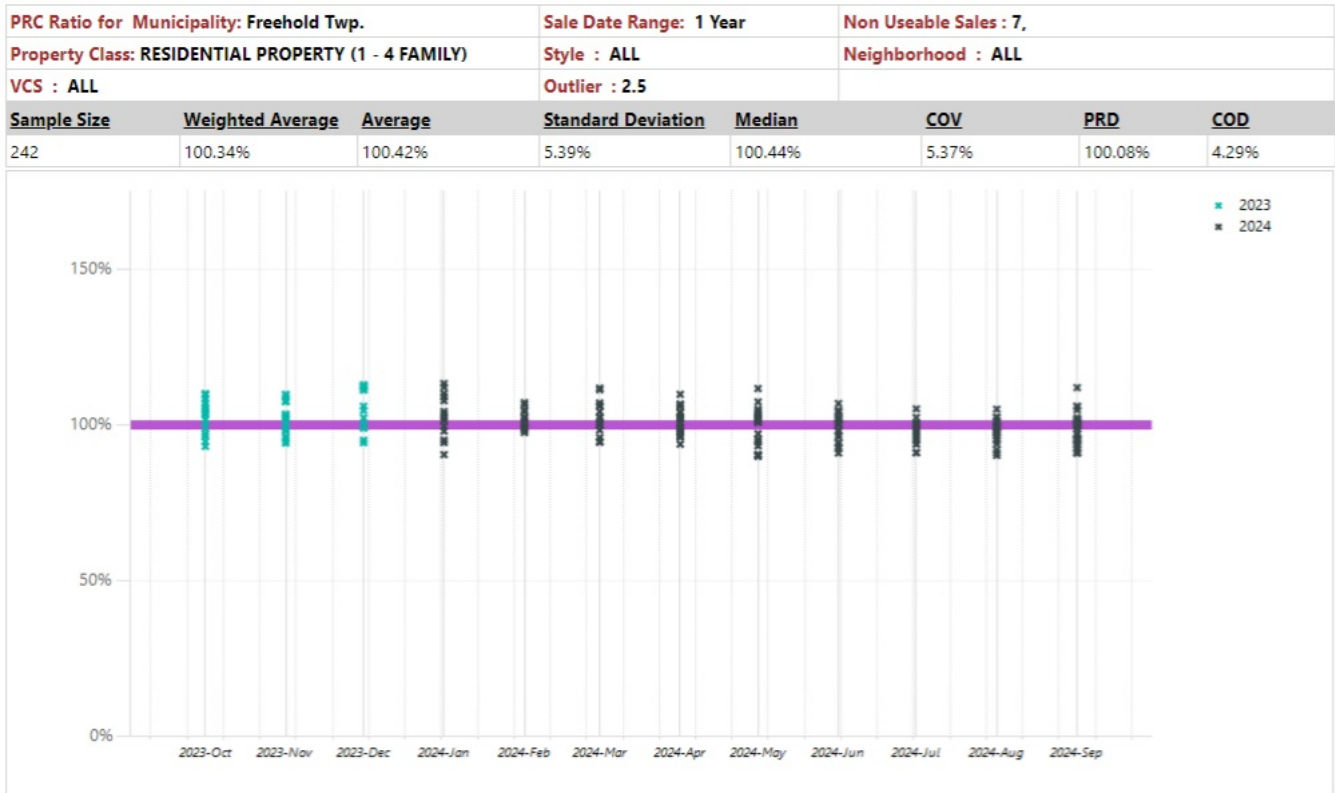
Our Supreme Court has held “value for purposes of taxation has some measure of permanence which renders it secure against general temporary inflation or deflation.” (Hackensack Water Co. v. Division of Tax Appeals, 2 N.J. 157, 163 (1949)); and “True value must be fairly constant and must be gauged by conditions, not temporary and extraordinary, but by those which over a period of time will be regarded as measurably stable.” (Berkeley Arms Apartment Corp. v. City of Hackensack, 6 N.J. Tax 260, 286 (Tax 1983)).

These quotes are more important now than ever. While the local market has appreciated at significant rates, assessors must view sales data used in the study in its totality while mass modeling assessments. While more recent sales are certainly given more credibility in the analysis, older sales will still be a stabilizing factor with annual reassessments. Inevitably, older sales will pull the modeling in the direction that the market was in the past. A reassessment generally measures sale prices from the past two years (giving more credibility to the more recent transactions.) The Monmouth County Tax Board has a standardized review process to measure new assessments against sale prices from the current and prior year.

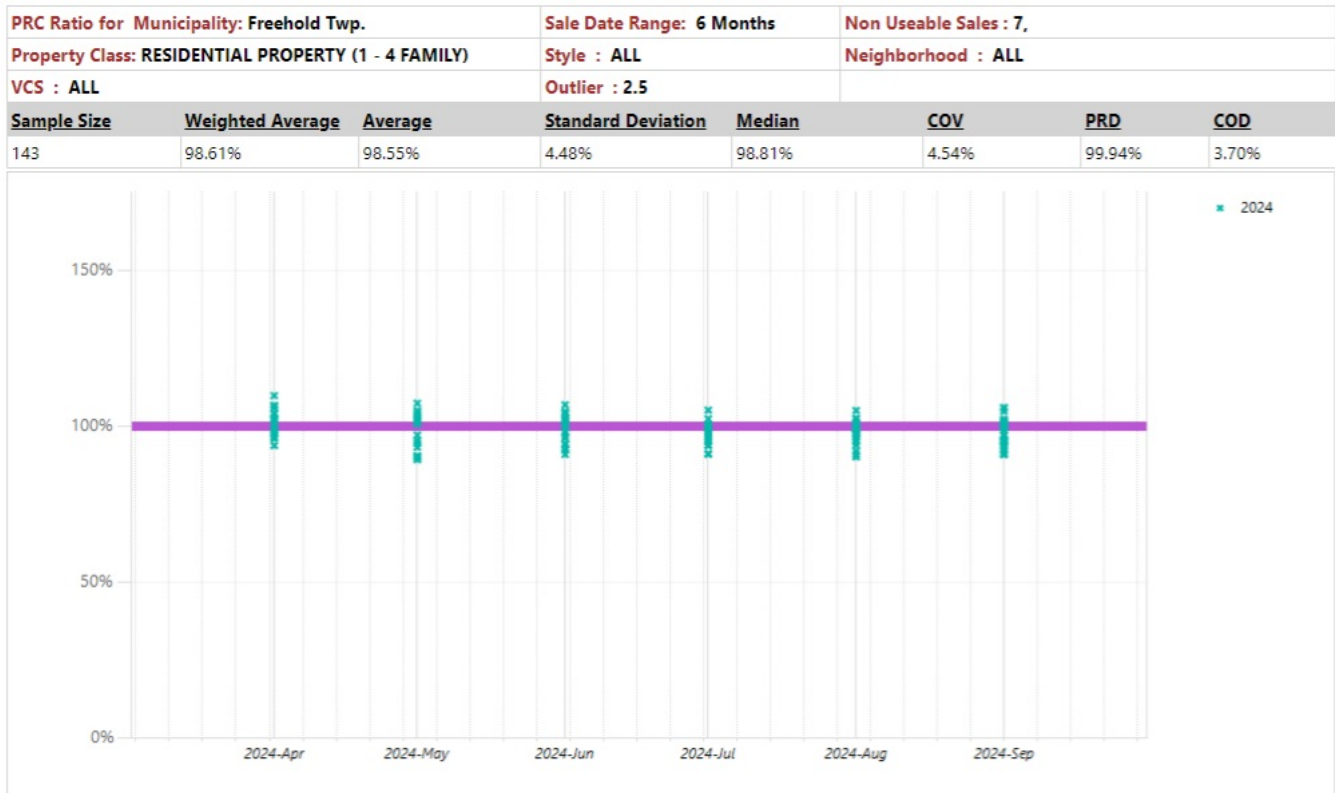
Tax Board Assessment Data Analysis Module (ADAM360) Standardized Review: All 2023/2024 residential usable sales (Removing top & bottom 2.5% outliers)



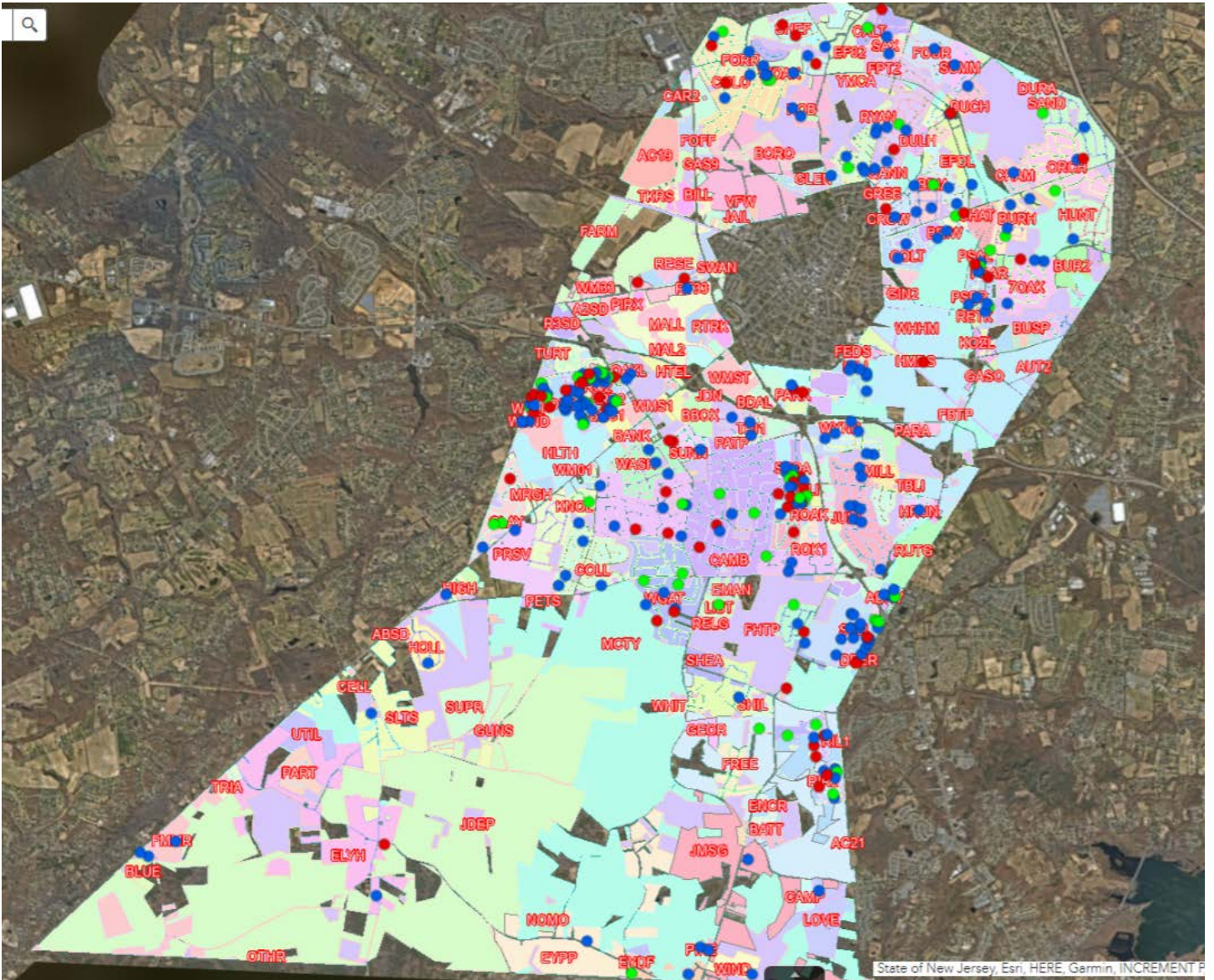
Tax Board Assessment Data Analysis Module (ADAM360) Standardized Review:
All residential usable sales during the past 1-year period (Removing top & bottom 2.5% outliers)



Tax Board Assessment Data Analysis Module (ADAM360) Standardized Review:
All residential usable sales during the past 6-month period (Removing top & bottom 2.5% outliers)



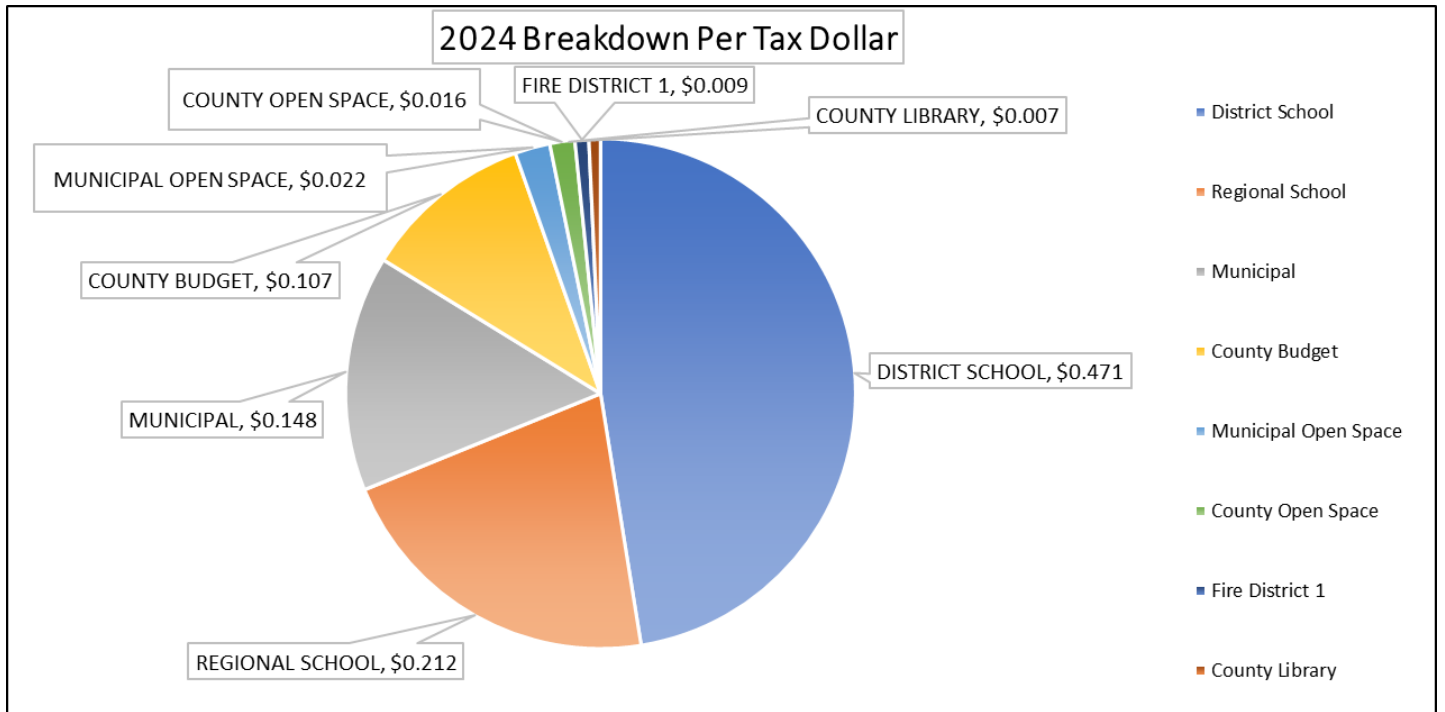
2023-2024 Sales Mapping



Colored dot correlates with sales ratio: Red >105%, Blue 95%-105%, Green <95%

Freehold Tax Levy History

2024 Freehold Township Budget Breakdown						
Budget	2023	2024	\$ Per 100	Change Yoy	% of 2024 Totl	Yoy Change
District School	\$76,336,321	\$78,638,546	\$0.85189	\$2,302,225	47%	3.02%
Regional School	\$31,276,113	\$35,458,376	\$0.38412	\$4,182,263	21%	13.37%
Municipal	\$24,317,072	\$24,754,780	\$0.26817	\$437,708	15%	1.80%
County Budget	\$16,347,799	\$17,874,596	\$0.19364	\$1,526,797	11%	9.34%
Municipal Open Space	\$3,405,102	\$3,692,520	\$0.04000	\$287,418	2%	8.44%
County Open Space	\$2,316,064	\$2,630,300	\$0.02849	\$314,236	2%	13.57%
Fire District 1	\$1,787,182	\$1,456,461	\$0.01578	-\$330,721	1%	-18.51%
County Library	\$1,182,649	\$1,215,953	\$0.01317	\$33,304	1%	2.82%
Fire District 2	\$1,143,042	\$1,177,631	\$0.01276	\$34,589	1%	3.03%
Total	\$158,111,344	\$166,899,163	\$1.81	\$8,787,819	100%	6%



Total Change of Net Valuation Taxable

The Township's net valuation will increase by 10.72% in 2025. About 990 million has been added to the Freehold Township ratable base (partially related to new construction and partially related to market appreciation).

2024 Final Valuation	\$9,213,596,325
2025 Preliminary	\$10,201,098,300
Change	\$987,501,975
% Change	10.72%

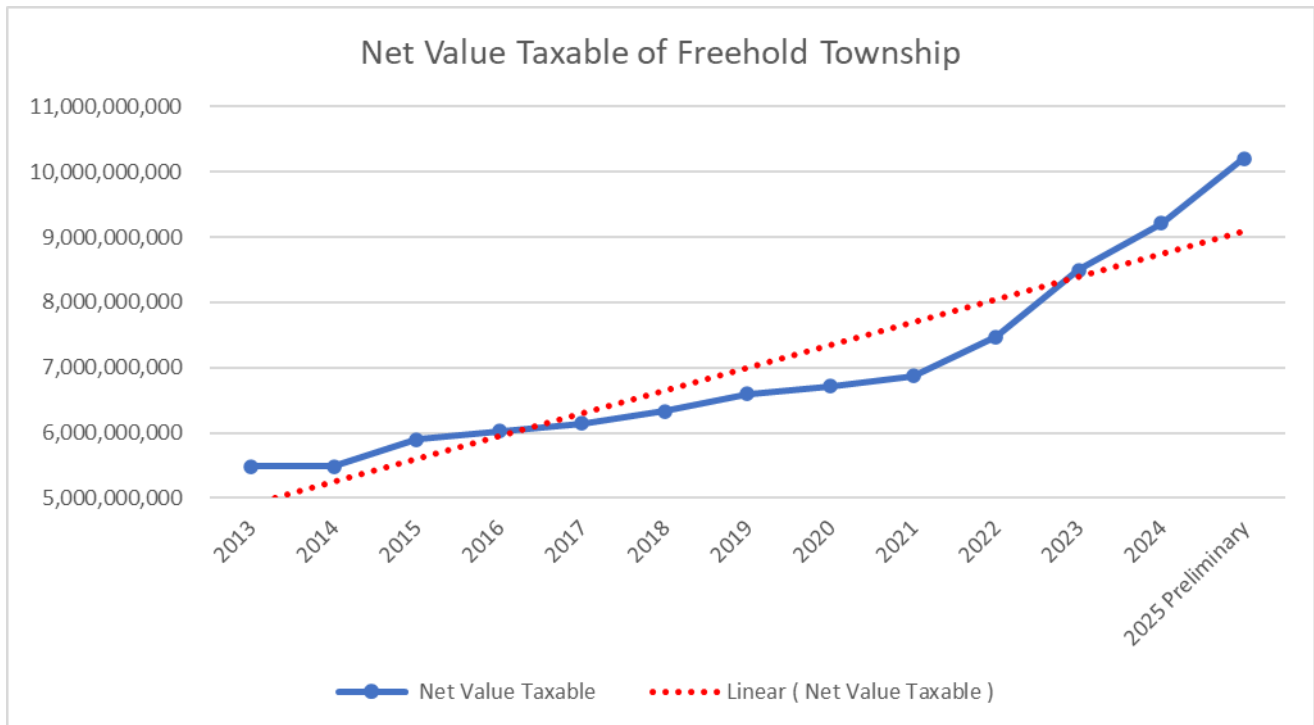
2024 Final Value Taxable				
Row Labels	Count of 2024-Totl	Sum of 2024-Totl2	Average of 2024-Totl	% Totl
1	485	95,450,100	196,804	1.04%
2	11,543	7,060,898,225	611,704	76.64%
3A	70	40,332,400	576,177	0.44%
3B	149	1,359,900	9,127	0.01%
4A	412	1,578,749,000	3,831,915	17.13%
4B	31	277,410,000	8,948,710	3.01%
4C	3	159,396,700	53,132,233	1.73%

Net Value Taxable	9,213,596,325
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2025 Preliminary Tax List				
Row Labels	Count of Curr-Totl	Sum of PRC-Totl	Average of PRC-Totl2	% of Totl
1	421	96,454,000	229,107	0.95%
2	11,614	7,915,718,500	681,567	77.60%
3A	68	46,879,100	689,399	0.46%
3B	149	1,395,500	9,366	0.01%
4A	412	1,642,658,200	3,987,034	16.10%
4B	32	336,474,600	10,514,831	3.30%
4C	3	161,518,400	53,839,467	1.58%

Net Value Taxable	10,201,098,300
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History of Net Value Taxable Line Graph



History of Net Value Taxable Table with Tax Rate

Year	Value	Tax Rate FD1
2025 Preliminary	10,201,098,300	\$1.705*
2024 Final Tax List	9,213,596,325	\$1.781
2023 Final Tax List	8,498,025,300	\$1.868
2022 Final Tax List	7,471,702,900	\$2.015
2021 Final Tax List	6,868,119,600	\$2.156
2020 Final Tax List	6,717,431,900	\$2.170
2019 Final Tax List	6,592,450,900	\$2.185
2018 Final Tax List	6,326,367,000	\$2.234
2017 Final Tax List	6,145,883,500	\$2.270
2016 Final Tax List	6,027,600,600	\$2.319
2015 Final Tax List	5,893,958,100	\$2.291
2014 Final Tax List	5,482,575,400	\$2.389
2013 Final Tax List	5,486,811,100	\$2.324

* Estimated assuming a 5% increase to the tax levy and 2025 preliminary net taxable value of Township (less 1% to account for appeals)

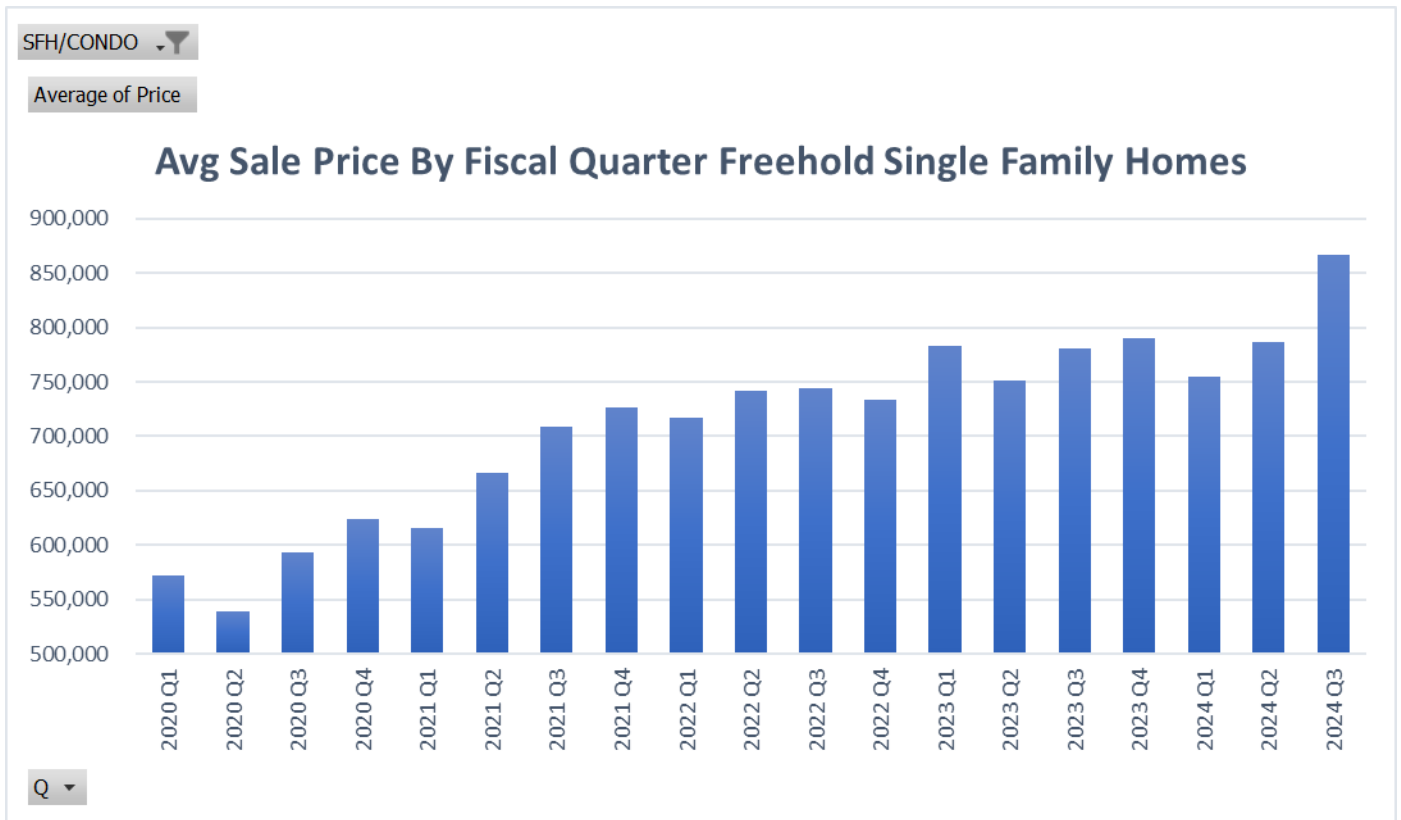
Freehold Township Single Family Home Sales Price Heat Grid

Freehold Twp Single Family Home Sales Price by Month					
Month	2020	2021	2022	2023	2024
JAN	\$567,998	\$609,414	\$784,562	\$835,385	\$832,207
FEB	\$529,793	\$649,582	\$675,045	\$764,938	\$827,250
MAR	\$607,172	\$589,168	\$621,431	\$708,421	\$672,157
APR	\$487,352	\$635,541	\$651,572	\$848,445	\$862,984
MAY	\$593,407	\$656,716	\$840,993	\$687,258	\$769,606
JUN	\$543,638	\$690,377	\$739,023	\$750,542	\$733,162
JUL	\$588,685	\$687,570	\$786,124	\$809,879	\$830,953
AUG	\$568,506	\$714,805	\$731,985	\$799,532	\$803,697
SEP	\$617,821	\$725,080	\$718,412	\$724,136	\$956,869
OCT	\$613,178	\$739,006	\$685,201	\$789,904	\$801,000
NOV	\$616,360	\$681,372	\$853,286	\$744,600	
DEC	\$638,132	\$755,038	\$668,795	\$844,235	
Avg:	\$581,004	\$677,806	\$729,702	\$775,606	\$808,989

Freehold Township Condo Sales Price Heat Grid

Freehold Twp Condo Sales Price by Month					
Month	2020	2021	2022	2023	2024
JAN	\$188,875	\$260,494	\$310,718	\$318,091	\$378,145
FEB	\$222,343	\$257,813	\$278,707	\$307,625	\$391,264
MAR	\$248,857	\$280,250	\$307,152	\$358,977	\$320,211
APR	\$262,429	\$296,889	\$273,813	\$316,165	\$402,150
MAY	\$255,909	\$265,292	\$319,227	\$368,596	\$343,149
JUN	\$251,355	\$295,600	\$333,778	\$331,408	\$438,483
JUL	\$276,880	\$308,938	\$305,269	\$381,438	\$441,286
AUG	\$256,560	\$273,615	\$321,138	\$406,071	\$397,864
SEP	\$259,915	\$298,422	\$332,727	\$330,750	\$410,707
OCT	\$264,802	\$262,050	\$319,747	\$341,625	
NOV	\$269,105	\$292,680	\$354,417	\$347,889	
DEC	\$267,333	\$303,383	\$312,080	\$377,167	
Avg:	\$256,993	\$284,332	\$314,457	\$349,516	\$390,901

Quarter over Quarter Average Sale Price for Single Family Homes 2020 – 2024



Quarter over Quarter Average Sale Price for Condos 2020 – 2024

