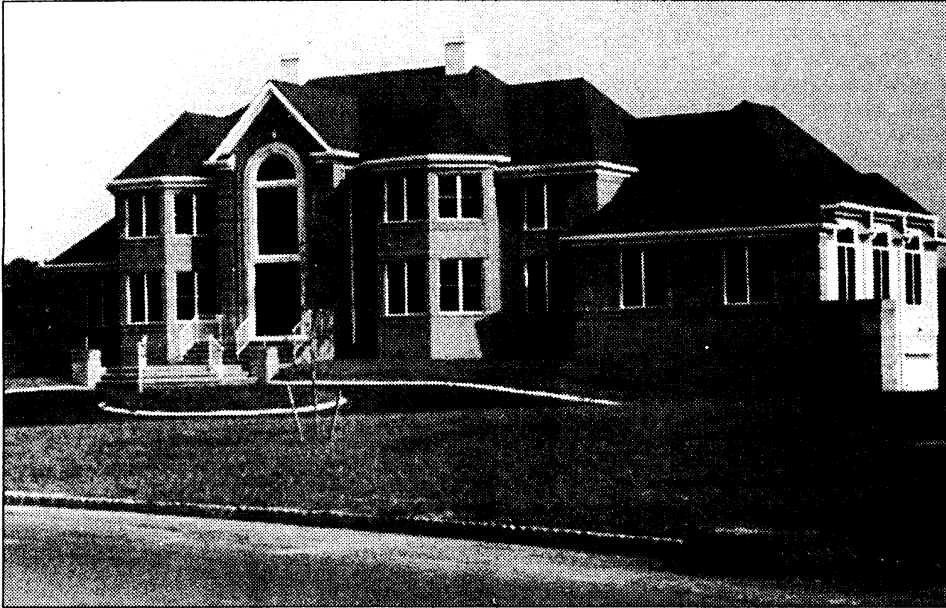


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Confident Consumers Are Buying Large New Homes



Nancy Sarno, rendering; Cahn Communications

A steady demand is stoked by available financing.

By RACHELLE GARBARINE

HIGH consumer confidence and low mortgage interest rates are boosting the market for large new homes in the \$500,000-and-up range.

With financing more readily available, builders are responding to what they say is a steady demand for such houses by starting new projects or expanding existing ones. Some builders are even creating "design centers," where prospective buyers can choose from many options and upgrades to customize their new homes.

The demand is coming mainly from young professional couples with children and from baby boomers who have held back from buying until now, as well as an increasing number of people transferred by their corporations, said John Udell. He is president of the New Homes and Land Division of Weichert Realtors, a brokerage in Morris Plains.

Forty-five projects, totaling more than 307 homes, are in various stages of development in the \$500,000-and-over category in the state's 14 northern and central counties, according to the New Homes Division of Coldwell Banker, another brokerage based in Short Hills. Last year there were 30 projects with 220 homes.

That follows the uptick in new construction in New Jersey. Through last November, 9.8 percent more housing permits had been issued than the previous year's total of 22,146 for the same period, data from the state's Department of Labor show.

Other factors are also stoking the market for more expensive houses, industry analysts said. One is that the strong economy and bull market on Wall Street have left some buyers with increased incomes and many, sensing that corporate downsizing and layoffs are mostly over, are investing in bigger homes. The improvement in the state's overall housing market is also making it easier for people to buy and sell.

"As long as people at the bottom of the housing ladder can buy, there is a domino effect, allowing people to sell an existing home for a bigger one," said David J. Schoner, vice president of Coldwell Banker's New Homes Division.

Those factors were part of the reason Lisa and Daniel Adams decided that instead of expanding their 3,400-square-foot ranch in Morris Township, they would buy a bigger new house in the same town. "I had called the contractors and was ready to remodel, but I was out driving last month and fell in love with this new house," said Mrs. Adams. "So we said, 'Why blow up our house when this one has everything we want?'"

The couple — she is the owner, and he is the manager of an engineering, plumbing and heating supply company — are buying a 4,200-square-foot colonial in the \$600,000 range at Hillside Meadows, a subdivision under development off Lake Road. They put their current home on the market last month and are confident it will sell, Mrs. Adams said, adding that she expected to close on the new house in May.

"We think it's a solid investment," she said.

As of the third quarter of 1997, 159,200 existing homes had sold for that year, compared with 148,800 during the same period in 1996. The average sale price also rose, to \$192,400 from \$191,600, according to the New Jersey Association of Realtors in Edison.

Coldwell Banker puts the average sale price in the \$500,000-and-over new-home category at \$824,735 for the 58 houses sold in 1997 at the 45 projects it tracks. That is up from \$808,820 for the 48 homes sold 1996.

Typically, builders offer many options and upgrades for potential buyers of their model homes. Buyers are spending \$20,000 to \$120,000 on such options, with additional rooms — like conservatories and home offices — marble floors and granite countertops among the most popular, Mr. Schoner said.

Land values have also risen, Mr. Udell of Weichert Realtors said. That, along with a dwindling supply of suitable sites and the state's long approval process for construction, will temper the pace of construction of such projects, keeping demand ahead of supply, he said, adding: "There will be upward pressure on prices."

For projects to be successful, Mr. Schoner said, they must be in upscale locations with records of appreciation, reasonable taxes and good schools. He said many of the projects are in areas accessible to employment centers along the Interstate 287 corridor in Morris, Bergen, Somerset and Monmouth counties.

In the Somerset County community of Skillman, Toll Brothers of Huntingdon Valley, Pa., which focuses on luxury homes, is building Beden Brook Estates, close to Route 518. The 52 homes each sit on lots averaging 1.5 acres, and some back onto a golf course.

(over)

BASE prices for the four- and five-bedroom homes, with 3,400 to 4,050 square feet, are \$447,000 to \$520,000. But with options and lot premiums, the average price for the 31 homes sold since sales began a year ago has been \$563,000.

"This market has been going strong for the past two years, but has ratcheted up even more in the past six months," said Frederick N. Cooper, vice president of finance at Toll Brothers. He attributes the increased sales to buyers' "confidence in the economy and in their employment."

Hillside Meadows in Morris Township, where the Adamses intend to live, is also finding demand among buyers. Since sales started in October, five of the 3,800- to 4,500-square-foot, five-bedroom homes, each on lots just under one acre, have been sold, said Jay S. Grant of Grant Homes, L.L.C. of Mendham, the developer. The average sales price, including options, is \$660,000.

"People are looking to spend money," Mr. Grant said, adding that they will invest in a larger home if they believe they are getting value for their money.

At another Morris County subdivision, off Pleasant Plains Road in Long Hill and called Autumn Crest, Sterling Properties L.L.C. of Livingston is also attracting buyers looking for bigger homes. Since the project opened last summer, 12 of the 18 homes, ranging from 3,600 to 4,300 square feet, have been sold for an average price of just under \$600,000, including options, said Joseph Forgione of Sterling.

Pinnacle Communities Ltd. of Millburn will break ground on two luxury projects next month because "we see a hole in the market that we want to take advantage of," said Paul R. Schneier, the company's director of operations.

One project, the Gates at Mahwah on McIntosh Drive in the Bergen County town of Mahwah, will have up to 14 houses, each on a lot averaging one to 1.5 acres and with 4,000 square feet of space. The other project, Beacon Hill, located at Somerville and Allen Roads in Bernards Township in Somerset County, will have 15 houses of similar size on minimum one-acre lots. Base prices are expected to start in the \$600,000 range.

In Colts Neck in Monmouth County, Byron

Hill Homebuilders of Marlboro is developing the Ridings, 22 homes on 47 acres on Heulitt Road. Landscaped pathways lace the development, providing bridle paths that lead to the nearby 200-acre Bucks Mill Park.

"We see growth in the luxury home market, particularly in Monmouth County, where there is a demand, but there is not much available," said Luther A. Gueyikian, the president of Byron Hill.

THE houses, which can be customized, sit on 1.5-acre lots and have 5,000 to 7,800 square feet of space. Since sales began a year ago, the base price has increased to \$700,000 from \$600,000, Mr. Gueyikian said, adding that 15 homes had been sold.

The Matzel & Mumford Organization of Hazlet is building a 42-home subdivision called Bedford Chase, on Beacon Light Road, just off Route 517 in Tewksbury Township in Hunterdon County.

"Buyers are looking for quality and for a good investment," said Roger Mumford, president of the company. "But they are not going to move unless the new house meets their life style." The company has built a 4,000-square-foot design center at its Hazlet headquarters to help buyers at all of its developments in what Mr. Mumford, called "personalizing their home."

Sales of Bedford Chase's 36 homes began just under two years ago, Mr. Mumford said. The homes, averaging 3,800 square feet with options and upgrades, have sold for an average price of \$540,000, he said. ■