

## In a Strong Market, More Luxury Homes

Prices range from \$675,000 to \$3 million. Some built on 'spec.'

By RACHELLE GARBARINE

**W**ITH the bloom still on the residential rose, luxury houses are slowly but steadily cropping up in clusters in affluent areas across New Jersey as developers scramble to meet a demand that they say exceeds the supply.

The houses are in subdivisions that generally comprise no more than 25 units with prices ranging from about \$675,000 to \$3 million. To be sure, the spate of subdivisions under way or soon to begin — including one each in Saddle River in Bergen County, Warren in Somerset County and Colts Neck in Monmouth County — will produce just several hundred, rather than thousands of homes.

The market for such homes, like the state's housing market in general, started perking up 18 months ago and has remained steady, said John G. Udell, president of Weichert New Homes & Land, an affiliate of Weichert Realtors in Morris Plains. Even the stock market's slide in August, Mr. Udell said, did not significantly affect the sales pace, which has doubled in the last 18 months to three sales a month on average.

Given that pace, he said, his company is encouraging developers to build some houses on speculation. An example is Brentwood Estates, 11 homes on 18 hilltop acres on Stratford Court in Warren. The homes, with a minimum of 4,500 square feet, are on 1.2- to 4.5-acre lots and priced from \$799,900 to \$1.5 million. In the month and a half since sales started the developer, T.R. Powers of Martinsville, has sold four homes and is building four more on speculation.

The production of luxury homes follows the upward trend in residential construction in general in the state. According to state figures, 30,358 housing permits were issued in 1998, up from 27,454 permits issued in 1997.

Developers and industry professionals attribute the activity in the top end of the housing market to general prosperity, the relative scarcity of such properties, reasonable mortgage interest rates and revisions in the capital-gains laws. The state's strong housing market has also made it easier for buyers to sell their existing homes and buy larger and more expensive new ones.

Last year, 178,000 existing homes were sold in the state, up from 157,300 in 1997, according to figures from the National Asso-



Custom house at Shallow Brook in Marlboro where prices start at \$650,000.

ciation of Realtors in Washington. An example of the rise in the sale of homes priced from \$700,000 can be found in Bergen County, where 328 such houses were sold last year through the Multiple Listing Service, up from 253 in 1997, said Naomi B. Friedman, president of a residential brokerage bearing her name in Saddle River that specializes in luxury homes.

"Resale prices in this segment of the market are so high that buyers see they can have a house built for them and come in close in terms of price," Ms. Friedman said.

Buyers, while more limited, are diverse, she said. They include professional couples with children, people who either own their own businesses or work as executives in corporations, Wall Street employees and empty nesters.

Projections for the next few years are that demand will remain healthy as corporate transferees and foreign buyers stream into the market looking for a known address and baby-boomers seek housing to fit their incomes and life styles, Mr. Udell added.

The new homes are bigger and have higher prices, the latter nudged upward by rising land costs. The price of a fully improved 1.5-acre building lot in northern New Jersey has increased in the last year and a half by an average of 40 percent to \$175,000; in central Jersey the rise averaged 30 percent to \$162,500. Meanwhile, the average square-foot sales price for high-end homes rose to \$155 from \$115 and the average size house grew to 5,000 square feet from 4,000 square feet, according to Weichert New Homes and Land.

New luxury homes are either custom designed or customized from builder designs to meet buyers' needs, and come with such features as marble in master baths, maid's or au pair's rooms, one or two master bedroom suites, and libraries. But the biggest draw for these homes — and a requirement for success, brokers added — is that they are in upscale locations with records of appreciating values.

**O**NE such location is in Saddle River where Pinnacle Custom, a newly formed division of Pinnacle Communities of Millburn, is developing Round Hill, the first subdivision in this community in 15 years. The group of 18 homes will range in size from 7,500 to 9,500 square feet and sit on two-acre lots along a cul de sac being carved from 43 gently rolling acres, most formerly part of an estate, off Saddle River Road. With million-dollar houses around them, the new homes will sell from \$2 million to \$3 million.

Pinnacle Communities has built expensive homes elsewhere in the New York metropolitan region along with its core business of homes in the \$350,000 to \$750,000 range. But Brian M. Stolar, the company's president, said Pinnacle had formed its new division to focus on luxury housing because it represents a "natural evolution for the company and an opportunity in a market that has been underserved."

Explaining his company's strategy, Mr. Stolar said: "We find special properties in the best towns in the best locations, insuring that the value of the homes built will be

maintained." Pinnacle is planning another project of 35 homes called the Gables on 116 acres of woodlands on Laurel Avenue in Holmdel. The houses at the site, bordering an existing community of expensive homes, will sit on two-acre lots and range in size from 4,800 to 6,500 square feet and in price from \$750,000 to \$1.1 million.

In Saddle River, each of the five- and six-bedroom masonry houses at Round Hill will be custom designed from a selection of basic layouts the company offers. Pinnacle also offers different exteriors, from country to colonial and post-modern, and controls their placement on the site so they blend not only with the natural surroundings, but with one another, said Mr. Stolar.

Ms. Friedman, the broker who is also handling sales at Round Hill said that with the limited supply of such homes "particularly acute" in Bergen County, there is a backlog of buyers for these homes.

Agreeing with that assessment is John Schilp, who heads a Chester-based brokerage bearing his name that is marketing two luxury subdivisions in Bergen County. The projects — nine houses in Wyckoff and 13 in Upper Saddle River — are being developed by George McCarthy and Peter Montalbano, principals of Wyckoff Development Company in Ramsey.

The 4,100- to 4,700-square-foot homes, which buyers customize from six floor plans, start at \$850,000. "People with money see now as a good time to buy," Mr. Schilp said, noting that at the Upper Saddle River project, where site work just started, three homes have been sold.

The supply-demand imbalance is why Luther Gueyikian, president of Byron-Hill Home Builders, of Marlboro, said he was proceeding with two projects in Monmouth County. Big Brook, nine homes adjacent to a 400-acre park of the same name, is under way on Boundary Road in Colts Neck. On Pleasant Valley Road in Marlboro, work has started on the initial phase of Shallow Brook, 13 of an eventual 53 homes edging a central lawn.

Buyers at both, where homes have at least 5,000 square feet and sit on 1.7- to 7-acre lots, choose from 15 models that are customized to fit their needs. Base prices start at \$650,000 and buyers often add \$150,000 to \$200,000 in upgrades, said Mr. Gueyikian.

Still, buyers will not overpay and want value and a return on their investment, real estate executives say.

That was the case for Fedua and Reid Weinman, both in their 30s', who sold their existing house in Colts Neck and bought one at Big Brook. The couple — he is a lawyer, she stays at home to raise their two young daughters — bought the 5,500-square foot home that was intended as the project's model. They paid \$650,000 and moved in three weeks ago. Upgrades raised the cost to \$700,000, said Mrs. Weinman.

"It represents a good place to raise children and a good investment because we feel we will get back what we paid for the house and more," Mrs. Weinman said, noting that people had already approached them to sell their house. She said they could have made a \$100,000 profit. ■