

## HOME & GARDEN

Real Estate Trends



Built by Grant Homes, this Mendham home features five bedrooms, four and one-half bathrooms, four fireplaces and a three-car garage. The brick-faced colonial was sold by Weichert real estate agent Peter Engelmann for \$1.25 million in March.

# Who wants to buy a million-dollar home?

by Lisa Arcella

The new-money crowd wants a big house with old-world charm in an established neighborhood that's near a train station to Manhattan.

But how much house will a million dollars purchase in New Jersey these days? Not much, say those in the know.

Anyone who has ever shopped for a house here knows that nothing comes cheaply in the nation's most densely populated state. That's especially true of high-end real estate.

The market is swamped with demand, which affects prices along with the supply of new or existing homes. A recent poll cited Middlesex, Somerset and Hunterdon counties as the hottest realty markets in the U.S. Given these conditions, you're lucky to find an agent who will take your call.

That's an exaggeration, but buyers with million-dollar budgets have two options: buy a new place on a small plot of land or buy an older home that needs refurbishing and is situated on a large plot of land.

"The problem right now is the lack of land," says agent Pauline Derrick of Coldwell Banker's Mendham office. "Choice lot prices are going up and up. In some areas, five-acre lots sell for \$650,000 to \$850,000. Usually, property prices are pegged to the value of comparable homes. If there are million-dollar homes in a neighborhood, individual lot prices will reflect the market."

Location preferences vary, she adds, but "high-end buyers want to live in a quiet, safe neighborhood that's an hour to Manhattan."

Agent Robert Oquist of ReMax Village Square in South Orange reports that proximity to Manhattan has boosted prices across the state. "In Livingston, where there is no train line," he explains, "you'll find a million-dollar home on three quarters of an acre that's 10 to 15 years old, contains 6,600 square feet of living space and has five to six bedrooms. Meanwhile, in Short Hills, which is on a train line to New York, people are buying \$700,000 homes, then knocking them down and putting up two-million-dollar homes in their place."

### Sizing up the market

Builder Jay Grant, CEO of Grant Homes in Morristown, favors Somerset and Morris counties as prime locations for new homes. "Right now, Mendham is a very desirable location," he says. "I know of a \$900,000 home on a half-acre lot on Mendham's Main Street that sold at full price. Homes in Bernardsville are even higher. Another top location is Peapack-Gladstone."

Grant, who's sold 30 million-dollar homes in the last decade, says today's typical customer is a couple with a \$300,000 annual income, own a business or work on Wall Street. "You see fewer doctors and lawyers," he says.

Even though the high-end market is booming, the home-purchasing power of doctors tops out at a million dollars these days, quips Peter Engelmann, a Weichert agent in Watchung who is active in Somerset, Morris and Hunterdon counties. "Money seems to be coming out of the woodwork, even more so than just two years ago," he says. "People are looking for something new or something old that's charming with character and a bucolic setting. The older homes are set on the best pieces of land, so antique homes are also selling very well. People also have money to renovate."

Agents say interior space in a million-dollar house varies, but you can expect a minimum of 5,000 square feet. Lot size varies as well. In Basking Ridge, a million dollars buys a home set on a lot with three quarters of an acre to as many as five acres. In Warren and Watchung, the same cash buys a lot of an acre to an acre and a half.

Buyers are looking for milk-and-butter neighborhoods in Mendham and Far Hills, Engelmann notes. "They're the most gorgeous areas in the world as far as I'm concerned," he notes. "They are bucolic small towns where the kids can be safe and happy, and you're still close enough to Newark Airport. There is also the attraction of the King of Morocco, Malcolm Forbes and Whitney Houston owning houses here. And people in

- Tiling an entire bath, standard in Europe, is now popular with Americans.
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## Larger house means more special rooms

The average size of an American home is growing and what people do with all that additional space is changing.

In 1998, the typical home had 2,190 square feet, a 20 percent jump from 1985, says the National Association of Home Builders. In New Jersey, a typical home was 2,600 square feet.

Across the U.S. today, 15 percent of all new houses exceed 3,000 square feet, but here the share is closer to 25 percent. What's more, of the 25,000 new homes built with 3,000 or more square feet of living space, 827 homes exceeded 5,000 square feet, state officials say.

Buyers want big homes with upscale features that are as diverse as their interests, say agents with Coldwell Banker Real Estate Corp., a subsidiary of Cendant Corp. in Parsippany. The one thing consumers consistently want in a larger house is more space for extra rooms. The most popular areas include computer room, recreation room, gourmet kitchen and one-of-a-kind room.

"The big ticket is having a room specifically for the computer, complete with extra phone lines," says Coldwell agent Pat Galgas. "The first thing the home shopper asks is: 'Where is the computer room?'"

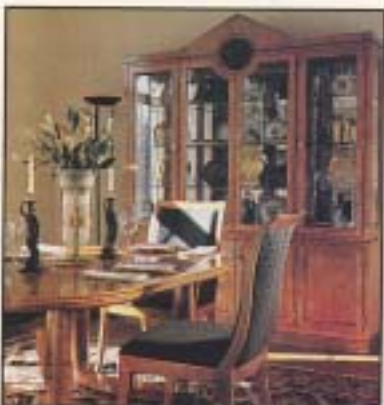
Game rooms and recreation rooms are another popular choice. Functional for families with children, they also can help boost resale value, agents say. "The addition of a trendy luxury room, for example, a cigar room, wouldn't do much to increase the marketability of a home," says Coldwell agent Diane Stone. "But recreation rooms that offer a place to play pool, use weights or watch a movie are universally appreciated."

Gourmet kitchens are a popular luxury. Buyers want extravagant kitchens with restaurant equipment, multiple dishwashers and prep areas, sprinklers above the stove and updated gadgets, including a computer to store recipes.

"A gourmet kitchen that opens up to a large family room is very desirable and homes that have these features move quicker than others," says Manny Cazares, a Coldwell agent. "The fact is kitchens and bathrooms still sell houses. They're the engine that drives the real estate market." ●

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After Somerset, Bergen is the second-most expensive county in the state for houses. "Today's market is all about land," says Coldwell Banker's Steve Matri, who with his partner and wife, Ann, already has tallied a \$20-million volume from the sale of 20 homes in Bergen's high-end market. Despite their success, they claim it's tough to find anything in the one-million-dollar range of Saddle River, Upper Saddle River and Alpine.

"Homes are expensive because there's no more virgin land," Steve Matri says. "A brand-new home in Saddle River costs \$1.8 million to \$4 million and contains 7,000 to 20,000 square feet. People want more and more living space even when there are only two people in the home. For some, 10,000 square feet isn't enough, and a big house is a symbol of status."

House prices in Bergen County have appreciated five to six percent in the last year, according to Matri. "The economy is good, and there are lots of stockbrokers who are getting tremendous bonuses," he says. "They are buying houses and driving prices up on certain properties."

Buyers want homes with large interior spaces and lots of premium finishes, Matri explains. They want granite counters, vaulted ceilings, alarms, sprinklers, hardwood floors, large dining room, sophisticated sound systems, two or three fireplaces, master bath with marble tub, four to five bedrooms, au-pair suite with its own bath and entry, and brick or stone walls. "Today's new-money couples want brand-new houses, while baby boomers want houses with old-world charm, lots of trees and privacy," he says.

### High-end sticker shock

For Karen Samson, who recently relocated from Chicago, New Jersey was an eye-opening experience. "I was horrified by home prices here," she laughs. "Chicago is expensive too, but for \$1 million I can get the best house in town. I'm certainly not getting the best house in town here."

After looking at nearly 130 houses, she and her husband settled in Upper Saddle River, where they paid \$1.3 million for a 6,000-square-foot home. "We liked Bergen County because the rolling hills and trees appealed to us, especially after coming from the flat Midwest. The schools were consistently good here and the proximity to Manhattan was a plus."

Samson says she also considered school systems because of their impact on resale values and because she hopes to stay long enough to begin raising children. "Property size was important, but I also wanted bright, open rooms that opened into each other.



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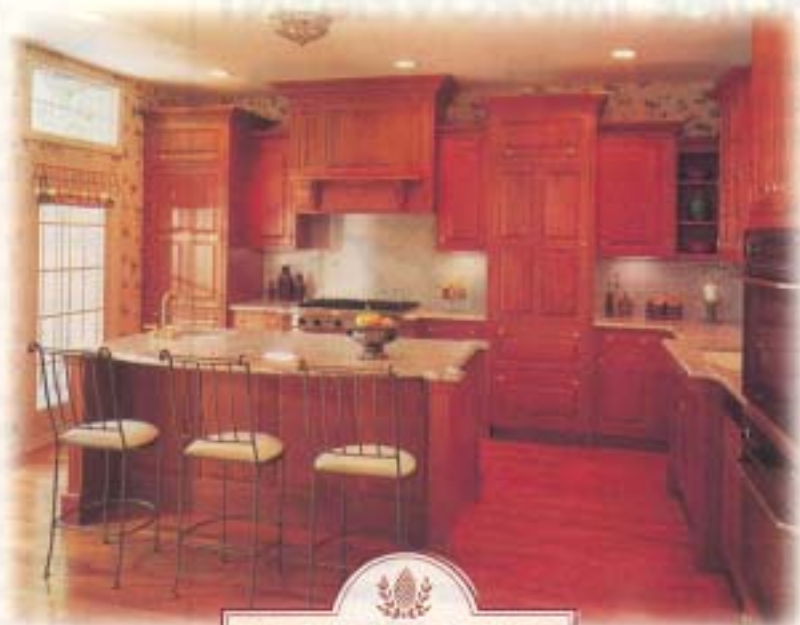
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Newly built, this Upper Saddle River property features five bedrooms and four and one-half bathrooms. It was sold by Coldwell Banker real estate agents Steve and Ann Matri for \$1.265 million in January.

what I call quality space," she says. "I telecommute, so the feeling of spaciousness was important to me."

### Dream-house amenities

Buyers of houses in the million-dollar-plus range expect many top-of-the-line amenities in the newest properties. "They're already living in a comfortable home, and now they're ready to build their dream home," Grant says. "All of my new-home buyers have bought or sold homes previously, so they're savvy about what they are looking for."

In a typical high-end kitchen, today's buyer wants granite counters, two sinks and premium appliances that total from \$15,000 to \$20,000, including \$5,000 stoves and refrigerators ranging from \$4,000 to \$6,000. "Cabinets are important to this buyer, who will spend from \$40,000 to \$60,000," Grant says. "We just finished one kitchen with cherry trim on an oak floor and a \$3,000 tile backsplash. Of course, it looks really beautiful."

High-end buyers are using the Internet to search for homes and learn about local-market conditions. "Every mainstream real estate company has its own web site," Engelmann says. "The Internet is great because you can sit in your den and look at potential houses, but you still have to go out and look at a place to really experience it."

Some buyers advise caution when house shopping on the Internet, because houses are selling fast these days. If you see a property you like, it might be sold by the time you call an agent for a showing. "I did all the virtual tours on real estate web sites," Samson says. "They're deceptive because they make a house look more appealing, but when I was in Illinois, I found them useful to get a sense of what the market was like here."

It's still important to find the right agent, especially in a market etched in brief listings, rising prices and bidding wars. It's also important to find someone who has knowledge of local markets and house construction, as well as experience buying and selling luxury homes.

If you see a house you like and can afford, don't wait to bid. "There's very little listing inventory, and anything priced properly won't last more than 30 days," Matri says. "Bidding wars are common."

Samson, who bought a home in Bergen County, agrees. "The houses seem to be moving very quickly here. There was a house we liked in Ridgewood and waited just a little too long, and someone beat us to it. That's when we heard that you have to offer at least the asking price to get a bid accepted." ●

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