

Banking on Rumson home sales

Mortgage holder for property once owned by Solomon Dwek decides to build

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Out of the tatters of the Solomon Dwek bankruptcy case, Magyar Bank is weaving together a development of multimillion-dollar homes in Rumson.

Workers are building a new road, called Sugar Maple Lane, that will lead to a cul-de-sac of what is the borough's first new development in at least a decade. One prospective home buyer already has put down a \$50,000 deposit on a home in The Estates at River's Edge, which, when it is completed, will have six homes, priced at \$2.5 million to \$2.85 million each.

"The day the sign went up, we couldn't answer the phone fast enough," said Karen Murphy, a sales associate with Heritage House Sotheby's International Realty in Rumson.

The land was once owned by Dwek, the Monmouth County land baron forced into bankruptcy after a state court judge froze his holdings.

The judge put the hammer down after Dwek bounced a \$25 million check at an Eatontown PNC Bank branch.

Dwek faces federal bank fraud charges, and all his holdings are under the control of the bankruptcy court. Magyar Bank, which held the mortgage on the subdivided property in Rumson, purchased it for \$5.5 million in a deal approved by the court last November.

New Brunswick-based Magyar had sought to sell the property, but prospective buyers were not able to meet the bank's price.

"It wasn't a property that we wanted to take a loss on, because we thought there was significant value there," said John S. Fitzgerald, Magyar Bank's executive vice president and chief operating officer.

The bank had received more than 100 verbal and some written offers, Fitzgerald said. "It just showed us the interest in this property."

So, the bank decided to develop the property itself. It hired Boulder Construction, a Plainfield builder, to construct the houses, and Rumson architectural firm Anderson/Campanella to design them.

"We see that there is substantial value in this property in an approved neighborhood-type development in Rumson," Fitzgerald said. "We think there is a market in Rumson for these types of homes."

The result will be colonial-style homes that will range between 5,500 and 6,500 square feet, Murphy said. They will typically have four to five bedrooms each with gourmet kitchens, master suites and three-car garages, among other amenities, plus optional home theaters or wine cellars.

"We thought it was critical that they fit into the community, and they have the things that we are used to seeing in Rumson."

This new development comes during a cooled-down housing market in Monmouth County.

But Rumson, which is an upper-priced market where many homes sell for more than \$1 million, has seen less of a downturn than other parts of the county, said Jeffrey Otteau, president of the Otteau Valuation Group in East Brunswick. "What we see generally is that Rumson is outperforming the rest of the housing market."

He said he expects the project to do well.

Why? Housing markets that tend to perform better are those that are well located, with easy access to Manhattan and a waterfront, he said.

"And Rumson has all of that," he said. "Rumson is a peninsula market. It's got waterfront on both ends."

The town also has a limited amount of buildable land, so there are few new homes available, Otteau said. That this project would bring six new homes to Rumson is "very rare. We don't see that." Typically, new construction in Rumson is limited to single homes, he added.

New homes that are 5,000 square feet tend to sell at higher prices than the Estates at River's Edge is charging. "At these prices, in this location, this is a project that should do fairly well," Otteau said.

Murphy said the homes were "aggressively priced" to sell in the near term.

"We found a huge market void in the \$2.5 million to \$3 million range," Murphy said. "There wasn't anything in new construction that offered the kind of amenities that we were offering in this package. In order to get those, you had to buy very, very large homes that were not in high demand today."

Murphy said no one has signed a contract yet, but a Fair Haven family has put down a deposit. She expects the first person to be able to move into a house by June 2009.

The bank is offering its own incentives, including jumbo mortgages at reduced rates, Fitzgerald said.

"We will build these homes as we have contracts to build these homes," Fitzgerald said. "We have had significant interest."

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