

market place

CENTURY 21 Real Estate Corp. has merged into a wholly owned subsidiary of Trans World Corp. Century 21 is the largest real estate sales organization in North America with nearly 75,000 employees and 7,500 offices. Trans World is the parent company of Trans World Airlines, Hilton International Hotels and Canteen Corp. TWC has assets of \$2.5 billion. Century 21 International headquarters are in California. Michigan regional offices — one of 33 nationwide — are in Southfield.

THE BEZTAZ/Bezos companies of Southfield are constructing their new West Bloomfield development, Aldingbrook, off Drake Road. The first phase of the project will be 293 dwelling units. Occupancy is slated for this month. With all phases completed, Aldingbrook will comprise more than 1,100 units consisting of one-, two- and three-bedroom terrace rental dwellings as well as two- and three-bedroom townhouse units. Beztaz also developed the 1,172-unit Muirwood community in Farmington Hills. Aldingbrook rental rates start at \$425. Leasing information can be obtained by calling the rental office at 661-0770.

BARKLEY & Evergreen, Inc., a Southfield based advertising agency, has formed a public relations department. Heading the operation is Robert Poppa, the newly appointed vice president-public relations. Among the services available from the department will be counseling and planning public relations efforts, news releases, press conferences, interviews, feature stories and broadcast and print presentations.

THE Wholesale Food Price Index, compiled by Dun & Bradstreet, edged up 3 percent Nov. 28 to a nine-week peak of \$17.75 from \$17.67 a week earlier. The index ran 1.5 percent higher than on the comparable date last year when it stood at \$17.49. Lifting the index were significant increases in the wholesale cost of lamb, corn and eggs. Lesser advances in corn, rye, beef, sugar and steer prices added to the upward push. On the other hand, mild dips occurred in the quotations at wholesale markets for wheat, bellies, lard and hogs. Dun & Bradstreet's index represents the sum total of the cost per pound of 31 raw foodstuffs and is in general use as a cost of living index. Its chief function is to show the general trend of food prices at the wholesale level.

THE board of directors of Community National Bank declared a 31 cents per share regular quarterly dividend Nov. 27 payable Jan. 2 to individuals who were shareholders of record on Dec. 20. Community National Bank is the largest bank headquartered in Oakland County with 28 offices in Oakland and Macomb counties.

THE DENTAL Associates, Michigan Chapter American Friends of the Hebrew University, will sponsor a professional enrichment conference Dec. 12 at the Somerset Inn in Troy, 2601 Big Oak Lane. The conference begins at 9:30 a.m. with registration. Lectures are at 10 a.m. and 1 p.m. Lunch will be served. The event is hosted by the Dental Associates of the Michigan Chapter of the Friends. Fee is \$140. For more details, contact Dr. Eli Berger, 2801 Bell Road in Southfield.

ALTHOUGH new applications for mortgages were reported down because of high interest rates and gloomy forecasts for the economy, home-size mortgage recordings rose in October over September in Wayne, Oakland, Macomb and Washtenaw counties. Not only were they higher in both number and dollar volume over September, but they also surpassed busy October 1978 in both aspects. Recordings in the commercial category above \$150,000 were so strong that the combined dollar volume of all mortgages set a new record of \$561,048,671. It was the first time ever that the dollar total passed the half billion dollar mark in a single month. The previous record was \$479,176,941 set in June 1978. But these figures represent business done in earlier months more than they indicate actual conditions in the real estate market in October.

BUSINESS firms are swamped each year with billings (Continued on page 2D)

Gloom ahead?

Prudential forecast predicts 'moderately severe' times in 1980

A "moderately severe" recession is in store for 1980. That's the prediction from Prudential Insurance Co.'s 29th annual economic forecast.

The report also says we're in store for near double-digit inflation and an unemployment rate of 8 percent by year's end.

Prudential, one of the nation's largest institutional investors, expects a drop in real growth of 3 percent over the course of the coming year.

That would be less than the 5.7 percent decline in real gross national product registered during the 1974-75 recession.

The report, prepared by a team of company economists headed by Dr. J. Robert Ferrari, vice president and chief economist, and Dr. James Essig, vice president, economic research, predicts that inflation will ease from the current 13 percent annual rate, but still remain in double digits through mid-1980.

Soaring energy costs will add to the high underlying rate of inflation brought about by years of government fiscal and monetary excesses and lagging productivity.

Inflation should moderate toward the end of 1980 and in 1981 if recent credit tightening policies of the Federal Reserve Board are maintained, the forecast predicts.

While these recent "dramatic" and "resolute" actions should pay off in reducing inflation, the economists point out that the initial effect will be to "reinforce weaknesses already present in some sectors of the economy and induce a moderately severe recession."

The Prudential outlook cautions that a deeper recession could result if there is a cutback in aggregate oil exports from the Persian Gulf.

The expected decline could also be intensified by a "general setback in world trade and production brought on by preoccupation with exchange rate developments and competitive fiscal-monetary tightening in Europe and Japan."

The forecast team does not anticipate a synchronized worldwide downturn and points to strong U.S. export performance as a "source of near term strength" for the economy.

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— Prudential Forecast

American spirit as in American policy, according to the report.

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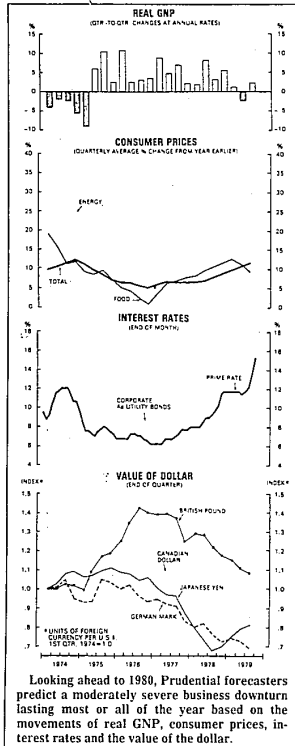
EXAMINING THE GNP on a component-by-component basis, the forecasters expect consumer durables, housing and some areas of business investment to bear the brunt of the recession.

Consumer spending on goods and services, totaling \$1,654 billion — or more than three-fifths of the predicted 1980 GNP of \$2,560 billion — is seen rising 10 percent next year after an 11½ percent jump in 1979.

There will be no real growth in this area, reflecting negative factors such as declining per capita personal income, tightening credit and consumer pessimism heightened by rising fuel costs.

Consumer durables will suffer most with automobile sales dropping from 10.7 million units this year to 9.3 million in 1980.

Americans will spend \$96 billion on new housing next year. (Continued on page 2D)



Looking ahead to 1980, Prudential forecasters predict a moderately severe business downturn lasting most or all of the year based on the movements of real GNP, consumer prices, interest rates and the value of the dollar.

Condo conversion: Plan may harness growing trend

By JACKIE KLEIN

Condominium conversions may be curtailed by proposed legislation calling for a three-year moratorium on this growing sales trend.

Bruce Kahn, an attorney with the Southfield law firm of Deutch, Seyburn and Smith, said recently that Rep. John Bennett, a Redford Township Democrat, is planning to introduce the measure.

The bill is expected to also ask that the state's authority to approve permits to sell converted condominiums be changed, Kahn said.

Because many apartment tenants can't afford to buy condos units in their buildings, state Sen. Doug Ross, D-Oak Park, has formed a task force on condominium conversions. Members will start conducting public hearings in December.

The task force is considering introducing legislation to require developers to pick up the tab for tenant relocation costs and to give special consideration to senior citizens who can't afford to move.

"Under the new condominium law, an owner can convert an apartment with two units or less," Kahn said. "People make conversions as a business."

in fact it's a new specialty with a high profit potential.

"BUT TENANTS may know their rights. Owners must give them 120 days notice of their intent to convert their apartment units before they can be forced out, even if they pay rent month to month," Kahn said.

Developers should be up front with tenants and buyers. If occupants are in the dark, they'll think they have to leave their apartment units 15 minutes after they've been notified of conversion. Tenants are organizing and hiring attorneys."

Developers should consider whether conversions are financially feasible, Kahn said. Among factors are parking facilities, separate utilities and parking and income of tenants. Some who can afford to will buy their units.

"It's essential to know costs of converting, which may entail expenses such as replacing the carpeting," Kahn said. "If a mortgagee consents to finance the conversion, can you use units for models before you sell them? If you own the units and convert them yourselves, you won't get capital gains."

About 210 apartment buildings in the state have been converted to condominiums, Kahn said, and 82 applications for conversions were filed between July 1978 and November 1979.

Despite the problems, condo ownership is here to stay, Kahn predicted, but increased regulation is likely. If developers and purchasers know their rights and obligations and don't step on each other's toes, the odds are in their favor, he contended.

"A new set of situations including investments in condo conversions are exciting and challenging," Kahn said. "Many persons are involved in condominiums — buyers, sellers, developers, converters, lenders and accountants."

"WHY DEVELOP condos? The numbers aren't working out for apartments and they don't make a profit. For purchasers of condominium units, it's a hedge against inflation and other advantages such as shared maintenance. The old law defined condominiums as space between four walls and a common area. You don't own the land under a condo. The new law has expanded the definition and use of condominiums."

The new law says condominiums are designed for separate ownership and use. It includes mobile homes, camp grounds, marinas and even single-family homes which are expandable, convertible or contractible, Kahn said. The law even provides for a time-sharing plan for vacation condos.

"The state plays a large role," Kahn said. "You can't sell a condo until you get a permit from the state to take reservations from potential owners. The condominium administration in Lansing can refuse to issue a permit to build or convert a condominium if the developer lacks the money to see it through."

"You have to prove you have the financial ability to finish the project and provide recreation facilities. It takes about six months to submit applications and get approval. Zoning laws can't discriminate against condos but some city officials will hassle developers."

A PERMIT to take reservations isn't binding, Kahn said. The developer can take time to test the market and he and potential buyers can back out of the deal even though they've signed an agreement.

If a developer decides to go ahead with the project and gets a permit to sell, the most important document is the bylaws which spell out the rights and obligations of all involved, Kahn said. This is used by the condominium association, a non-profit corporation of owners formed after 51 percent of the units are sold.

Condo owners turn over control to associations which can enforce laws, rules and regulations, contract for maintenance and initiate lawsuits if necessary.

BUSINESS PEOPLE

ROBERT P. McOSCAR of Troy has joined the underwriting staff of Protection Mutual Insurance Co.'s Southfield office as district underwriter.

RICHARD W. EVERETT has been appointed manager of vehicle distribution, and **THOMAS R. SCHNEILL** has been named to the newly created position of manager of Renault distribution for American Motors Corp.

SUE SCHAFER has joined the agency's creative department as an art director for Simons Michelson Zieve Inc., Troy.

WILLIAM V. HANEY has been named director of corporate communications for The Bendix Corp. Haney rejoined Bendix in 1977 as manager of publications.

ROBERT J. HOFFMAN has been appointed vice president of group sales for Michigan Life Insurance Co. and National Casualty in Southfield, consolidated subsidiaries of Nationwide Corp. He assumes responsibility for the companies' regular group and association group marketing efforts throughout continental United States.

RON HERRON has joined Yaffe Stone August, Inc., Southfield advertising agency, as print production manager.



WILLIAMS Manufacturers Hanover Mortgage Corp., announced the promotion of **JOHN T. WILLIAMS** of Bloomfield Hills to executive vice president; **WARREN J. CARR** to senior vice president/residential division, and **JOHN M. WEINRICH** of Troy to senior vice president/servicing division EDP. Williams has been with the corporation since 1974. Weinrich joined the corporation in 1977.

WILLIAM E. PRICE of Bloomfield Hills has been appointed training manager for Pontiac Motor Division. Price joins Pontiac from General Motors' former Frigidaire Division where he had served since 1972, most recently as national markets sales director. Prior to Frigidaire, Price was with United Delco in merchandising in Houston, Detroit and Washington, D.C.

JOHN GROSS has joined the Channel 7 Action News Team as sports producer/reporter. Gross comes to WXYZ-TV in Southfield, the station owned and operated by ABC, from KXAS-TV, Fort Worth/Dallas. Gross, who served as sports director in Dallas, did daily on-the-scene sports reports and anchored the station's 10 o'clock sports segment.

National Bank of Detroit has announced the appointment of **MARR A. RAFDAL** of Troy as assistant loan officer in its regional banking division, and **THOMAS E. GILBERTSON** also of Troy as second vice president in its midwest corporate group, United States division. Rafdal arranges commercial loans to businesses in the bank's Metro West Region. Gilbertson arranges commercial loans to NBD corporate clients located primarily in the western portion of Michigan. In his seven years with NBD, he has worked as a credit analyst and was head of the bank's regional office in Southeast Asia, International division.

JAMES J. BARRY of Birmingham and **THOMAS E. HEALEY** of Bloomfield Hills have been appointed vice presidents of the Campbell-Ewald Co. Barry is an executive producer in the advertising agency's broadcast production department, having joined Campbell-Ewald in 1975. Before joining the agency he was president of his own film company in New York City, and worked there for Brill Productions as an assistant's media department; he joined the agency in 1978 as manager of media research.

ROBERT C. MAGNITY of Avon Township has been elected vice president of the Troy-based Procter & Bonner Warren Inc. Magnity joined the firm's insurance department in 1973. He previously accumulated 12 years experience in insurance sales at the agency and corporate levels in the Chicago area.

(Continued on page 2D)



KAHN: Developers should be up front with tenants and buyers. If occupants are in the dark, they'll think they have to leave their apartment units 15 minutes after they've been notified of conversion. (Staff photo by Mindy Saunders)