# Prices, interest rates soar

Rising prices and high mortgage interest rates are slowing the home resale market from its record pace of the past two years, according to the Western Wayne Oakland County Board of Realfors (WWCCBR).

A mid-year report by the board shows 1979 sales down 10.1 percent compared to the first six-months of, 1978. Listings in the same period showed a 59 percent increase.

"There is a good variety of home available with a range of prices in morely all of the areas we cover in our LBO acquare mile territory." said "WWCCRP President John Cole.

"UNFORTUNATELY, an increasing"

ritory will be up another \$5,500 by year's end. So, even if mortgage interest rates were to miraculously drop a full percentage point, the monthly payment on principal and interest would still be nearly \$10 higher than at the present."

THE WWOCBR said percentage price increases varied between areas. In its five top selling areas outside Detroit, the year-to-date average price and percentage increase since last June were Livonia, \$50,559, 21.9 percent, Westland, \$43,440, 24.6 percent, Dearborn-Dearborn Heights, \$46,308, 21.4 percent; Redford Township 43,555, 27.6 percent, and Farmington-Farmington Hills, \$74,481, 16.3 percent.

Average prices in northwest areas of

MODEL 300

Detroit covered by board members was \$25,414 through the first six months of 1979, up 14.3 percent from a year ago. Highest average price, \$30,313, was in the area bounded by Woodward, Greenfield, Six and Eight Mile Rodas. This was up 15.1 percent from a year ago. In the Rosedale, Grandmont, May-field area, this year's average prize of \$22,753 was U2.13 percent from year earlier. "As prices contiue to rise and we trend back to more of a buyer's market, our members are finding their clients shopping harder to get the most possible for their money, Cole said. "They want to inspect more homes and show increased concern for such things as heating and cooling costs and distances to jobs, shopping areas and other key locations.



#### U-M economists forecast continued buying slump

Consumer sales will drop for the rest of 1979, University of Michigan econo-mists predict in reporting on the latest quarterly Survey of Consumer Atti-tudes by the U-M Survey Research Center (SRC).

During the past year, declines in the SRC Index of Consumer Sentiment have been substantial and widespread among major population groups, it was reported. However, the decline has been less severe than that which preceded the 1974-75 recession.

The Index of Consumer Sentiment in the May 1979 survey was 68.1, down almost six points from the February 1979 figure of 73.9, and almost 15 points below May 1978. The Index has now declined 21 points since, reaching its May 1977 peak of 89.1.

The May 1979 survey included telephone interviews with a nationwide representative sample of 1,251 respondents.

dents.

In the latest survey, expected prices reached an all-time peak level of 11.4 percent, prompting new record lows in personal and business expectations, the

personal and manages of report indicated.

The two major classes of consumer expenditures most closely related to the onset of a recession are housing and

automobile expenditures, it noted.
With regard to automobiles, buy-inadvance rationales have begun to yield
to postponement because of high prices, while energy problems have had an
unfavorable impact on the near-term
damand

demand.

In housing, buy-in-advance price rationales have not yielded to postponement because of high prices, but rather to postponement because of high inter-

est rates.
Other highlights from the U-M report

est rates.

Other highlights from the U-M report were:

Price expectations have increased during the past year. In May, 91 per-cent of all families expected prices to increase during the next year, up from 58 percent a year earlier. On the average, consumers expected prices to increase during the next year, up from 58 percent a year earlier. On the average, consumers expected prices to increasing the expectations of rising unemployment, inflation continues to be viewed as the more serious economic hardship facing the nation.

Since the beginning of 1979 evaluations of personal finances have grown increasingly pessimistic. Households more frequently reported being worse off financially in May 1979 (de) percent), with high prices the most frequently mentioned reason.

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