

Realtors optimistic about future housing market

By JACKIE KLEIN

Nationally, the real estate industry predicts more doom and gloom in the used housing market.

The outlook is bleak, mainly because President Jimmy Carter's 1980 fiscal budget revved up deficit spending, which led to tight money-lending policies, said Dr. Jack Carlson, executive vice president and chief economist of the National Association of Realtors.

But at least one area realtor is more optimistic about the future of used home sales.

"Sure the market is sluggish and won't change significantly for the rest of the year," said Robert E. Hutchinson, regional director of operations for Century 21, based in Southfield.

"But ups and downs will start the

fourth quarter of 1980 and pick up after the first quarter of 1981.

"I project that in the next decade, the real estate market in Michigan will be the greatest in its history. Per capita incomes in the state are high.

"People will have pent up buying power and desire. The state is behind in property value appreciation and buyers will get more house for the money. You can't take away the American dream."

THE REAL estate industry is going through a good cleaning process, Hutchinson said.

"The get-rich-quick" real estate agents will be weeded out and the professionals will hang in there because of their talents, skills and attitudes, he said.

The housing industry is bearing a

disproportionate share of the burden from the government's "futile and anemic" attempts to fight inflation, Carlson said.

When inflationary spending policies lead to higher interest rates, the collapse of housing is the inevitable result, he said.

"Inflation and recession hits us the hardest," Hutchinson said.

"That's because the most visible source of inflation is the real estate market. But we're not in danger of collapsing."

Traditionally, when there's a slowdown in the economy or inflation, the real estate market feels the most impact because of tight mortgage financing, said Gerald Sheldon of Cranbrook Real Estate Associates in Lathrup Village.

Preliminary figures on existing house sales in March indicate that housing markets across the nation are in the midst of a steep decline, with sales dropping 10-70 percent, Carlson said.

In a survey of 22 metropolitan areas, all reported sales are off with an average drop from 25-35 percent, he said.

IN THE first quarter of the year, sales were down 30 percent in south Oakland County and 25 percent in the Detroit metropolitan area, Hutchinson said.

Sellers who have already bought another house find themselves with two mortgage payments, Carlson said. That's because buyers no longer qualify for loans at high interest rates or financing isn't available, he said. Some

buyers may have no house at all, he said.

"The problem has reached into corporate transfers, according to some brokers," Carlson said. "They say people are balking at transferring from one city to another. They're reluctant to give up an 8 or 9 percent interest rate on the old mortgage and take on a 16 percent mortgage in a new location."

"Corporations seem hesitant to initiate some transfers because many times they compensate the employee for added expenses, and they're now very high," Carlson said.

The burden of inflation and higher interest rates are being borne by homeowners, builders, construction workers, real estate persons, savings and loan associations and others, Carlson said.



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