Housing woes

Realtors speak mind on state of industry

Some Realtors claim it's a buyer's market. Others say real estate interest rates are on the way down. And there are those who maintain the housing industry cart't get any worse. To find out what's happening locally, a team of Observer & Eccentric editors. Ron Garbinski, Katly Moran and Dennis O'Connor - recently shosted a joint interview with four leading real estate brokers. Mel Durbin Other Durbin Co. Bob Gawey of the Chamberlain Companies, Steve Pew of Max Broock Inc. and Dick Weir of Weir, Manuel, Snyder and Ranke offer their views on the Industry and the economy in this three-part services.

ANY REALTORS are saying it's a buyer's market. Everybody says it's a good time to buy. Is that just industry there any truth to it?

WEIR: Of course it's a buyer's market. There are a lot of houses for sale and it's difficult to sell them because of interest rates. There are more houses for sale than there are buyers. In Detroit, the number of houses for sale are growing week by week, month by month and whenever you have an imbalance in a supply and demand you get a buyer's market. And that's what we've got.

But who can afford to buy anyway?

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PEW: People who have the money. I think it is definitely a buyer's market. I don't think there's any question about it. You can relate it to the analogy that they have about the stock market. People who are shrewdly making money in the buy when the stock of the property of the prope

GAYEY: I don't believe it's a real estate hype at all. It's true it's a buyer's market and that's not necessarily negative. You know, four or five years ago we had a seller's market. The reason that now is a good time to buy is because of the tremendous selection of homes and the sellers financing at 11 percent. I agree with Steve and Dick.—It is going to come around. The automobile companies aren't going to go away. It's only a time principle we are looking at.

DURBIN. In the market that we represent, we have a unique situation here. We have very, very desirable real estate properties — the greatest so-lection ever in history. Financing, which is the addite of scaring away people, which is the actual analysis of what's happening, 80 percent of the sales that have gone through the Birmingham-Bloomfield Board in the last four months have been less than the quoted price. And we're using 17½ percent as the average mortgage price or 17 perent—whatever the figure might be. Chances are that most of those sales are accomplished at 11



GAVEY: 'It's never worked yet. We haven't seen it work for 40-50 years. I'm afraid that the American public isn't willing to pay the price for that to happen. And the politicians are not willing to pay the price

percent or slightly above. So, if the people are made aware of this, it might turn more towards a buyer's market. We have now a multitude of houses on the market and if the people really analyse; they can buy these houses at a lesser rate than they could have at the ordinary mortgage rates. This our responsibility and the media in the area, in order to uphold the economy of the area, to point this out to people.

When, in your opinion, will the market turn around?

DUBBIN: I've been wrong every six months for the last three years. You don't have to print that. I been operating on the consistent theory that the market will turn within the next six months. As of right now, my feeling is, well this goes against the grain of the argument, my feeling is that the market will have turned by next year. As Steve pointed ut in his comments, by then it's too late to quote 'pick up the bargain,' to have the good selection,' to have an II percent financing' because there's already legislation in the Michigan State Legisla-

ture to increase the limits on land conracts to 15 percent. If that's the case, and people want to go to that maximum of 15 percent, then the 11 percent may become obsolete unless it's kept down by competitive factors — which we hope it will be.

Why do you think it's going to turn around next year?

year?

DURBIN: I made that statement in opposition to the thought that it's going to turn around immediately. In my bones I don't feel that way anymore. But if a person needs a house and wants a house, now is absolutely the best time to buy. As Steve pointed out, you don't buy at the stock market when it's at its top. A profit in real estate is made when you buy, not when you sell. Based on that, now is the perfect time to buy if you're treating real estate as investment. Now is the perfect time to buy for treating real estate as a shelter because you have the greatest amount of selection right mossible 11 percent finanches the total along the processible in the present intended to the profit of the market to change, don't play expert. Do what satisfies your family and yourself and go from there.

Is this a good time to sell?

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DURBIN: Most of the people that are selling have a need to sell. They are being transferred or there have been sociological changes in their family and a lot of them are blinking. They got a low ball offer and they counter for such and such. However, in defense of that, the first four months in the Birmingham-Bloomfield Board of Realiors' sales satistics, the average price against 1981 has only gone down about \$2,500 — not a very appreciable amount because the basic value in the real estate is constant. It is a good investment.

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PEW: You asked whether it's a good time to sell—
it's a great time to sell if you are in a position as
a seller to offer terms that are competitive and
maybe even better than competitive because you
will have people pounding at your front door waning to get in it. And it's another answer to 'Is it a
good time to buy?' There's a tremendous pentglemand for buying right now. There are buyers out
there. All four of us talk to them all the time. We
want them to buy. We're concerned. There's a psychological concern about their job, there's a psychological concern about their going to happen
but for the seller who can offer great terms, there
are a lot of buyers out there who will say if dort.
But for the seller who can offer great terms, there
are a lot of or si, in the last 30 days, have had
houses where there have been two buyers bidding
on that house. The house that's got the great terms.
So is it a good time to sell? Yes it is, if the scaler
to sell is a good time to sell? Yes it is, if the scaler
to sell is a good time to sell? Yes it is, if the scaler
to sell yes a position to take cash, he's going to be
out in the cold.

WEIR: You ask when is the market going to

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WEIR. You ask when is the market going to change? The market will change when government gets its house in order and stops spending us into the poorhouse and gets out of the credit market, sopping up available credit. You know they talk in Washington, and Reagan talked about it in a recent press conference, how Congress could find a way to copperate and gets the project of \$100 billion and been the project of \$100 billion and been the year after that to \$75 billion and then the hird year down to maybe \$85 billion. And this would be a psychological lift that should tend to the hird year down to maybe \$85 billion. And this would be a psychological lift that should tend up to the project of \$100 billion and then the hird year down to maybe \$85 billion. And this would be a psychological lift that should tend to give people some kind of condinence which would bring interest rates down. Well, I wish I could believe that, but the fact of the matter is that the trillion dollar national debt is still there. Federal sovernment is still going into credit markets and sopping up approximately half of it. But whether hey get the budget balanced currently or not, the trillion dollar debt is not reduced. And so that large encroachment by the federal government into the credit market will continue.

Are you in favor or against federal subsidies in the mortgage market?

WEIR: No. I'm not because I think as soon you do that there are a dozen others that want to get the same kind of thing. I don't think we save to get the whole thing is the same kind of thing. I don't think we have to get the whole thing is order. In other words, the federal whole thing is order. In other words, the federal budgets under centrol and their spending but their income. Stop spending the same their spending to their income. Stop spending us into the powriouse which is what this nation has been doing for 40 years. You aren't going to a their income.

been doing for 40 years. You aren't going to get interest rates down while that situation continues.

PEW: I want to piggyback a little bit. Our national association, as goes the old saying in the movie "Newtow," We're mad as hell and we're not going to take it anymore. We are at the point now of trying to mobilize our own forces. There are 650,000 Realtors-Realtor associates in the country and we are trying to mobilize our own forces and get the sellers that we're dealing with to go along with us to send a very simple cort down or operation of the sellers that we're dealing with to go along with us to send a very simple cort down or generation of the sellers that we're dealing with to go along with us to send a very simple cort down or generation of the sellers that we're down the control of the sellers with us to send the sellers that we're down the control of the sellers with us to send the sellers with our future, which is what they're doing right now. The Democrats aren't going to pass the budget because the longer the recession goes on the more likely it is that the Democrats are going to be elected this fall. The Republicans are saying we're not going to compromise. By that I mean we're going to stand over here and pout in the corner and you're going to do your thing. So what we (Realtors) want to do is not have a supple to the him. We're going to say get off your butts and get this matter resolves owe can have a budget. So the financial people in New York and the Pederal Reserve Board can say, "O'Ray, now we know what the deficit is going to be." Now we can start reacting to that because the interest rates are going to be the melither are houses because the people who buy the houses are the people who buy the houses are the people working in the automotive or they are allied suppliers. If they're not making any money, they're are going to be you say houses. It doesn't make any difference what's going to happen then. The interest rates singly have to come down so the basic industries that circle around t



PEW: 'You ask whether it's a good time to sell — it's a damn good time to sell. it's a great time to sell if you are in a position as a seller to offer terms that are competitive and maybe even better than competitive because you will have people pounding at your fron door wanting to get in it.'

Editor's Note: The Michigan Association of Realtors delivered some 300,000 signed peti-tions to Michigan congressmen in Washington last month as part of this campaign. Local boards joined boards from across the nation in collecting more than two million petitions.

Do you think controlling government spending is a "pie in the sky" idea?

GAVEY: It has never worked yet. We haven't seen it work for 40 or 50 years. Tru afraid that the American public isn't willing to pay the price for that to happen. And the politicans are not willing to pay the price either. What kind of inflation rate due have four-five years ago — 15 percent, 16 percent in the eity of Detroit? I guess the question tru asking is the compromise 16 or 17 percent interest rates as opposed to 18 or 14 percent inflation? I guess those are the tradeoffs we're talking about.

Isn't it true that, psychologically, people will buy when mortgage rates are around 13-14 percent?

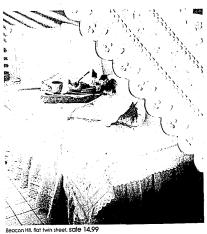
PEW: The reality is mortgage rates are at 11-12 percent and houses still aren't selling.



WEIR: There's no question it's a buyer's market. There are a lot of houses for sale and it's difficult to sell it because of the interest rates. There are more houses for sale than there are buyers. In Detroit, the number of houses for sale is growing week by week, month by month and whenever you have an imbalance in a supply and demand you cet a buyer's supply and demand you get a buyer's market.'



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