

Buyer's market?

Lifestyles influence decisions

You get a very lonely feeling sometimes, sitting and talking with a banker.

But if you are one of the millions of persons thinking of borrowing some money for remodeling your home this year, one thing is for sure: You are not alone.

You and your neighbors across the country will spend a total of \$34 billion on remodeling by year's end, according to Census estimates. But some economists place the figure at closer to \$50 billion.

We have become accustomed to upgrading our lives, and since World War II this has meant moving into larger homes, into better neighborhoods.

But high land prices, high interest rates and inflation have made new housing unaffordable to many. For example, high land prices and inflation have pushed the average price of a new home up to the \$70,000 range.

And, a \$60,000 mortgage at the common interest rate of 9 percent only a dozen years ago, meant monthly payments of only \$483. An income of about \$33,000 per year could support that.

But at an interest rate of 17 percent, a \$60,000 mortgage will demand monthly payments of \$856, and it takes an income of more than \$51,000 a year to pay that.

So we are looking the old place over and re-evaluating, and we are upgrading by fixing up.

THE UPGRADING isn't only a matter of making it more luxurious. It is more a matter of changing to fit our changing lifestyles. And just about everyone's lifestyle changes in 15 years.

The young family tends to grow, and then to shrink. The family income tends to increase. The friends change, the social patterns change, the work habits change.

So the third bedroom that once was needed can now become an exercise room in conjunction with a spa-type bathroom. The kitchen can be changed to include a barbecue area and possibly a bar.

Or, we are upgrading to take advantage of our inflated equity by selling. That, of course, calls for upgrading of a different kind, largely cosmetic. It might mean new siding (\$3,500) or adding insulation (\$1,000). Adding a fireplace is a good way to add sales appeal to a home (\$2,500 with hearth and mantle).

COSMETIC REMODELING of a bathroom for \$1,000 can add sales appeal, but full-scale remodeling of a bathroom (\$4,000) or adding a full bath (\$5,000) would be hard to recover when selling.

Similarly, complete remodeling of a kitchen now will run at least \$8,000, and that could push the resale price of your



home up beyond the range of your neighborhood.

But you can fix a kitchen up with new wallcovering, floor-covering and cabinet

resurfacing for less than \$3,000.

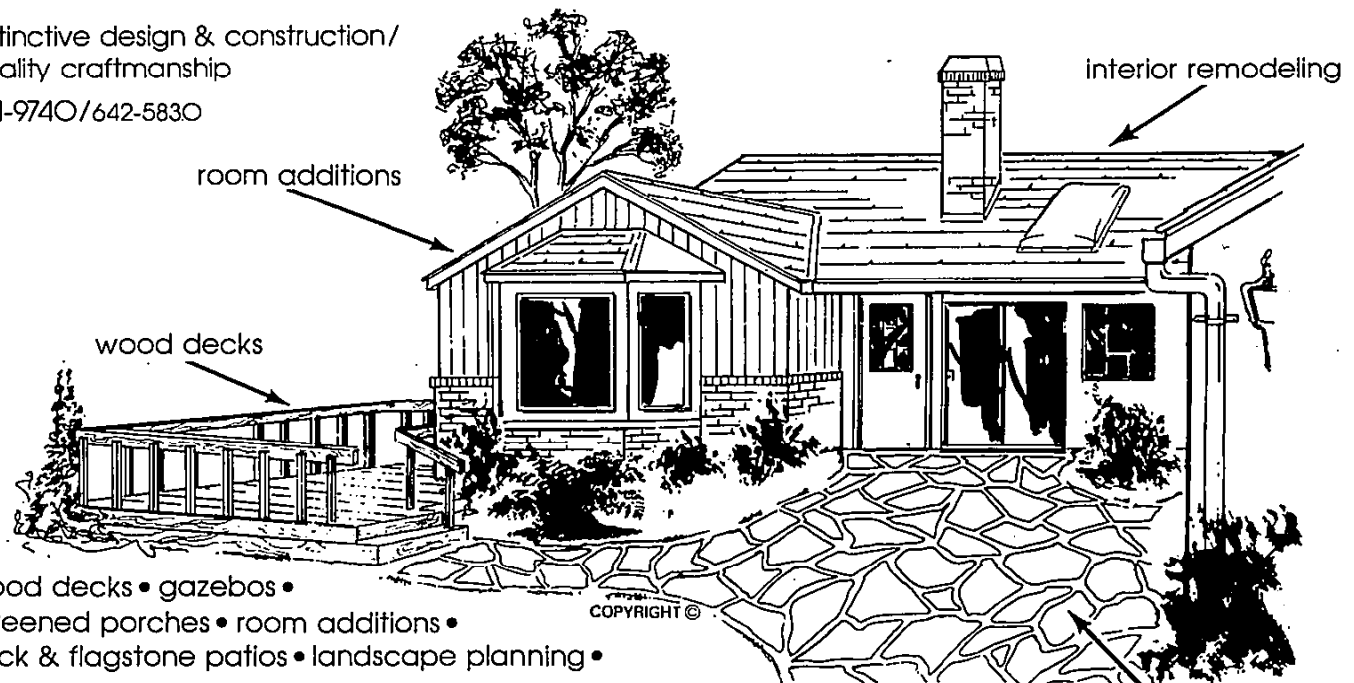
So whether you are staying put or moving makes a big difference in what you do.

And the best time to do it is right now, before prices go up again.

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