

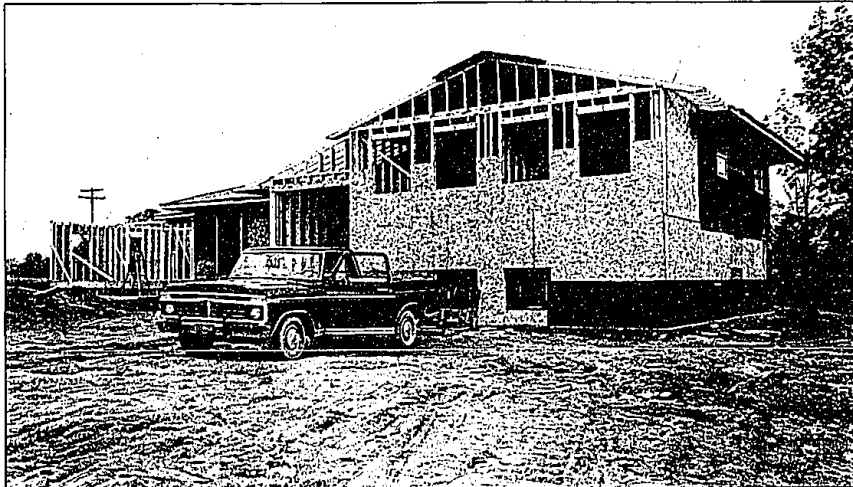
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## Return to quality?

Baby boomers make up the largest part of the housing market. Their biggest demands will be quality, value and stability. With buyers planning on spending more time at home, they are insisting on 'quality living.'



New-home buyers are insisting on two criteria: quality and affordability.

By Bill Parker  
staff writer

Built-in entertainment centers, security systems, timing devices and underground sprinkler systems are all desirable amenities, but they're not all the potential home buyer will be looking for in 1987.

Quality workmanship, affordable prices and warranties — these are what will catch the eye of the consumer, according to David Link, editorial director of Professional Builder magazine.

Link spoke to a gathering of builders at a recent luncheon at Cobo Hall, hosted by the Builders Association of Southeastern Michigan and Detroit Edison.

He said a survey of potential home buyers in southeast Michigan for 1987 revealed that 84 percent said they would rather buy a few items of good quality than buy many items of lesser quality. Eighty percent also said they would go for quality and upgrade in design while 94 percent said they felt an insurance warranty

was important. In fact, 66 percent said they wouldn't even consider buying a house without a warranty.

"I CALL THIS the era of quality," Link said. "Of those people surveyed, 84 percent said they were planning on spending more time at home. These people are looking at homes as a quality living environment."

The projected forecast for new houses nationwide is 1.8 million units for 1986, 1.75 million in 1987, 1.63 million in 1988 and 1.7 million in 1989. If this forecast holds true, it will set a new record of seven years of stability at the 1.7-1.8 million houses per year level.

Some of the top needs in the building industry to the end of the decade, according to Link, are changing prohibitive and regulatory policies, making proper use of available land, matching products to the proper market, having available low down payment loans and keeping affordable housing near the workplace.

"Post-war baby boomers" will make up the largest part of the housing market and retirees will play a big role too.

THE BIGGEST demands of the baby boomers will be quality, value and stability.

"Post-war baby boomers will be looking for the things that say or imply stability," Link said. "They grew up in a very unstable area, and they are looking for stability. While they approach middle age they will generate a strong demand for single-family housing. They will become more conservative, as they approach middle age, in their tastes and lifestyles. The more they change the less they change."

Link said that retirement communities will not be a big demand item in the future. Retirees will be looking for smaller houses requiring low or no maintenance.

"Preference will still be for traditional, contemporary exteriors with open, modern interiors," Link said. "Baby boomers will tend to buy according to where they think they want to be, not where they are in life."

Referring back to the survey, Link pointed out that 69 percent of those surveyed were looking for houses in the \$85,000 range while just 8 percent were looking for houses valued at over \$150,000.

"THIS REASSURES us that the starter homes have not disappeared," Link said. "Keep this in your building plans if it's not still there."

Link cautioned builders about some of the things that potential buyers listed as turnoffs when looking for a home.

The biggest, mentioned by 84 percent of those surveyed, was sales tactics. Eight-two percent were turned off by cost, and 76 percent by poor workmanship.

"This goes right back to the aspect of quality, affordable houses," Link said. "There is a quality demand out there, and houses must be kept affordable in all aspects: land, amenities, construction and finance. A major concern for all home buyers — I don't care if they're looking for a house under \$85,000 or over \$300,000 — it all needs to be affordable."

"People who buy a \$300,000 house really expect to get a \$400,000 house, and people who buy a \$600,000 house really expect to get a \$700,000 house. I don't care where you're at in affordability and price range, it is still important."

## Focus: expense account ethics

MY CANOEIN' buddy and I have more in common than the idiotic raking of our necks on twisting rivers. We share a weakness for German food, and so we had our choice of spots when we met for lunch in Ann Arbor.

He works in Ann Arbor. I was there covering the Stanford C. Stoddard trial in the Federal Building.

My friend had his own worries. Three sons will be getting married in the space of a year, and the father of the groom is supposed to pay for the booze. A few guys like me could impoverish him or inflict permanent dents in his checkbook.

"You should do it like Stanford Stoddard," I told him. "When his daughter got married, he invited dozens of banking contacts and charged off their refreshments to Michigan National Corp. as business entertainment."



Tim Richard

MY FRIEND DIDN'T like that idea. Stoddard, chairman of the state's third largest bank holding company 1972-84, is being charged by the U.S. Comptroller of the Currency with misallocating \$150,000 of bank money on personal expenses, his residence and Mormon churches.

Stoddard just spent a bundle on lawyers for a two-months hearing and is now awaiting the administrative law judge's verdict, due in two more months. The controversial banker could be fined \$500,000 and barred from federally insured financial institutions for life.

My friend said he didn't need trouble like that.

IT'S ODD, the reaction I've seen to the news stories. Folks like my friend who make less than \$50,000 a year are appalled that he would charge wedding expenses to the bank.

On the other hand, there's author-CPA Peter H. Burgher of Utica. So angry was he at what the feds were doing to his old acquaintance from the Art Institute Founders Society that he volunteered to testify as an expert defense witness for Stoddard. No fee.

"He did exactly what he should have done," Burgher told the judge. Burgher cited a law about an employee not having to incur certain work expenses. He made it sound like Stoddard would be a crook if he didn't charge the bank for those expenses.

"People (wedding guests) have gotta know they're coming because they're an important customer — it's not love," Burgher said.

The whole idea of charging country club entertainment to the bank, or using bank carpenters to modify one's house, is "an ordinary expense to free his body to do what it does best," Burgher said.

DURING A BREAK in the trial last week, I asked Stoddard what reaction he had received from Birmingham neighbors, fellow Mormons and business acquaintances.

"The response has been excellent. They said, 'We expected you'd have answers. Your answers are factual.' I have no regrets about going public," he said.

"My home was an extension of my office. I've had calls from around the nation, from those who have read about it in the Wall Street Journal and the American Banker. They say, 'It's unbelievable what the comptroller is doing.' They cannot believe the comptroller's office, which is supposed to be looking for major things, would spend several million in the pursuit of trivia."

"Trivia," Stoddard has used the word frequently. The comptroller is talking about \$150,000 over several years.

Considering Stoddard's salary as board chairman of the holding company and two of its banks, and considering MNC had \$3 billion and more in assets, Burgher argues such expenses are "piddling."

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