

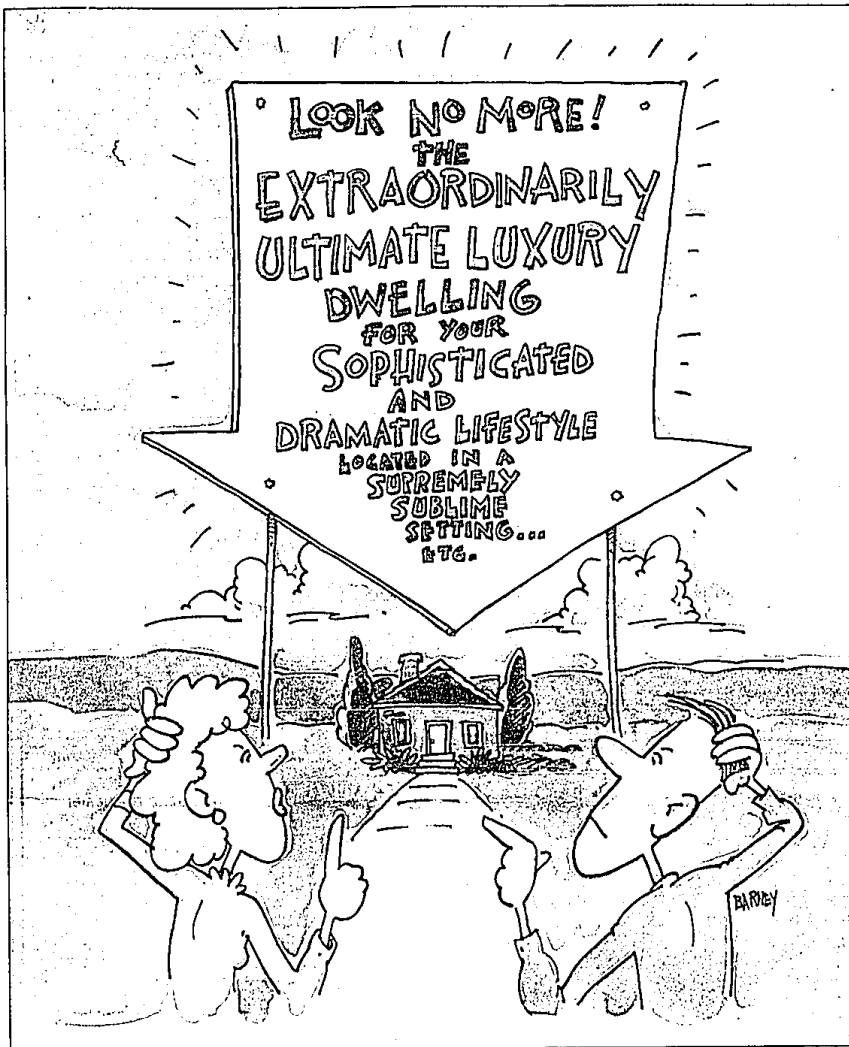
Building Scene

Marilyn Fitchett editor/591-2300



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Superlatives dot builder's advertising

By Doug Funke
staff writer

The ultimate condominium. Extraordinary homes. Luxury condominium community. Those phrases, culled from recent advertisements, almost roll from the tongue. They sound good and look good. But what do they mean?

"Advertising people ran out of lyrics so they have to come up with new words," said James S. Bonadeo, president of the Builders Association of Southeastern Michigan and himself builder.

"It's like newspaper people. You need a leaping headline or people don't buy newspapers."

THE MEANING of words like luxury depend on a perspective, said Bonadeo and others in the industry.

"Luxury for everybody is different," said Lou Sabatini, director of sales and marketing for the John Richards Development Co. of Birmingham. "What one person considers luxurious another would consider ordinary."

So why use a word like "extraordinary" in an ad to describe a prospective condominium development in West Bloomfield?

"Every builder, I believe, thinks they're trying to do something distinct and special," Sabatini said.

The South Shores Estates on Pine Lake is "extraordinary" because it's one of the last available parcels on the lake, he said.

Lakefront living combined with the custom builder's quality construction including walnut floors and European-style cabinets makes the word an appropriate selection, Sabatini said.

RAY KARR, an owner of Estate Builders, said he doesn't have a problem billing his Hillpointe on Mirror Lake development as "the ultimate condominium in prestigious West Bloomfield."

"I live there myself," Karr said. "The reason I choose to live there is natural beauty."

"You have thousands of trees, you have a lake. All condos are set high on a hill and look down on the lake. We've constructed a gazebo, dock, swimming area. I don't know of any place that offers this much beauty at your fingertips," he said.

Richard Komer, president of Wineman & Komer Building of

Southfield, said Regency Park in Rochester Hills merits designation as "dramatic new ranch condominiums" due to high-peaked ceilings in living rooms and bedrooms.

A personal belief in the product, apparently provides justification for using words like luxury. Sophisticated buyers provide the checks and balances.

"EVERYONE who walks into your models and leaves becomes a walking billboard," said Sheldon Rott, national marketing and sales manager for Lifestyle Homes of Farmington Hills.

A house can be classified as luxurious by its amenities or design, Rott said.

Price isn't the only criteria. A condominium listed for \$95,990 in Merriwood Park of Livonia is advertised by Lifestyle as luxury due to a two-story entry foyer, cathedral ceilings and bay windows, Rott said.

"Normally you wouldn't see that in that price range," he said. Not only do you have luxury condos, but now you have "luxury homesites" as advertised by Colonial Acres Realty for the Greenock Hills development in South Lyon.

THAT PURPORTS to give prospective buyers the idea that "this is not a 900-square-foot home subdivision," said Diane Boelger, an agent for Colonial Acres.

Minimum house size is 2,000 square feet for ranches, 2,600 feet for colonials.

No one interviewed for this story said they had ever been confronted by a buyer who felt misled by an ad.

"When people spend that kind of money on a house, you don't sell them," Rott said. "It (house) will either sell itself or not. Advertising is just trying to get them to come down and evaluate for themselves."

"I don't think seller's puffery is taken seriously by buyers," Komer said. "People are much more sophisticated than a lot of other people are willing to admit."

Bonadeo expressed similar sentiments. "I think the public likes a dog-and-pony show," he said. "We are the greatest promotional country in the world."

Today, it's got so everything is luxurious," Bonadeo said. "It will just become a word that doesn't mean anything."

Builders dismiss auto slump

By Gerald Frawley
staff writer

Local builders are confident the recent automobile sales and manufacturing slump, with the Big Three auto makers reporting plummeting sales, will not affect new home sales. James Bonadeo, Builders Association of Southeast Michigan (BASM) president, said the slowdown hasn't altered association members' plans for next year. In fact, builders are confident.

"I'm optimistic," said Bonadeo, who owns his own construction firm in Plymouth Township. "I've just started two subdivisions myself, and I wouldn't do that if I thought the economy was heading for a crash. We expect even production with last year across the board."

EDWARD KLIM, regional manager for Lautreac Limited, the operations arm of Lautreac Acquisitions Co. in West Bloomfield that develops manufactured housing communities, said his firm is confident that metropolitan Detroit has diversified enough to absorb an automobile manufacturing slump.

There is "a ripple effect" when the automobile market slows down, Klim said, but the increase in sales and service jobs should minimize the impact of sluggish auto sales.

"We're moving ahead on the developments that we have planned," Klim said. "All the economic indicators we've seen say there won't be a big slowdown."

Occupancy levels in Lautreac's communities and apartments continue to be high, and the company is even considering expansion projects, he said. "The rules are different today than they were 20 years ago — there's no real rule that says you have to have a recession."

er in Bloomfield Township, the upper end markets aren't affected by automobile market slowdowns as much as lower end housing markets. "It certainly affects building, but it's not affecting upper level, executive homes," she said. "The first people to get laid off are not the ones who buy our homes."

IN GENERAL, manufacturing slowdowns do make people cautious. "If you've grown up in this area, it's going to have a mental impact on you."

"But we're far more diversified now than we were in the past," Koch continued. "People may step back and take a closer look, but we don't think the slowdown is going to hurt us."

Koch said builders she has talked to seem unconcerned about the slowdown. "To tell you the truth, I hadn't even given it any thought until now," Lautreac's Klim said affordable housing developers are in as good as shape as the upper end markets. "Most of our buyers aren't auto workers — many are two-income families in which (either income) could afford a home on their own."

Instead, any type of economic downturn will affect all of the housing market, Klim said. "But I think folks in metropolitan Detroit have learned from the late 1970s — they learned the rough way, but they did learn. No one is overextending themselves."

BASM president Bonadeo agreed, saying if the automobile industry is in more than just a temporary slump, home builders are in much better shape than in the late 1970s. "Many builders are remodeling homes, or building commercial or office — if housing slows, they'll do something else," he said.

OFFICE, COMMERCIAL and home remodeling are not always im-

acted as quickly as residential construction, so if builders find other things to do they can insulate themselves, he said.

Michigan Association of Home Builders executive vice president Steve DeHann said the automobile manufacturing slowdown isn't having an effect on home building. "If anything, we're slightly ahead of last year."

But DeHann said that the builders' association tracks residential development by building permit application. "We don't track the automobile industry closely, although our members probably do."

"From what I've heard, no one seems to be concerned about it yet. Nothing I've seen makes me correlate the two."

Koch of Koch Development said one reason builders got hurt in the late 1970s is because they had enormous land holdings and when the economy slowed, they had to make payments even though no homes were being sold.

"I don't think anyone is looking to shelter themselves, but you don't see a lot of speculative buying right now," Koch said.

MAHB executive vice president DeHann said declining interest rates during the past two months are also beneficial to the housing market. "Typically if interest rates fall, that's good for us; if they increase, it's bad for us," DeHann said. "But so far I can't tell if it's having an effect or not," DeHann said.

BASM president Bonadeo said he believes the auto makers are panicking because of a drop in sales, but he doesn't see a prolonged slowdown. "Every few years, you're going to get a slowdown."

The automotive industry is always trying to improve sales over the previous year and when they succeed, they exhaust the market, Bonadeo said.

Costly California dreamin'

Perhaps you can help settle a dispute which I have with my husband concerning California property. My husband suggests that the property values in Beverly Hills for a comparable house as opposed to Birmingham would be in a ratio of approximately four to one in terms of increased value. Can you also explain how community property there is different from divorce laws in Michigan in case we move out and things don't work out?

You'd better have a bushel full of dollars available to you if you wish to buy a house comparable to the one you presently live in in Birmingham if you want to live in Beverly Hills or its surroundings. California property as a whole has continued to soar. A recent survey which I conducted, while on a business trip there, indicates that you can expect property values in Beverly Hills, Santa Monica, Westwood and the like to be between four and five times that of what would be the cost of a similar home in a typical Detroit suburb. As it relates to shelter themselves, but you don't see a lot of speculative buying right now," Koch said.

I am thinking about moving to San Diego. I hear there is a real estate explosion there unparalleled and that fact that it had broad authority to regulate the internal condominiums, by way of example, are being priced out of the market. Do you have any information which you can share with me objectively as I really am not terribly trusting of California Realtors.

My examination of the San Diego area tells me that there is a real estate explosion both in terms of development and escalating prices. In the last three years, real estate has literally doubled in price in most good areas, beginning to surface, San Diego is much more laid back than other parts of southern California and it is anticipated that within the next 12-24 months, the spiraling costs of real estate will continue; in fact, prime loca-



condo queries
Robert M. Meisner

tions will no longer be available. There is almost a hysterical mentality with respect to the purchase of property and people are not, obviously, dotting their 'i's and crossing their 't's because of what they perceive to be a shortage of property, as well as the fact that if it doesn't work out, they will just sell it and make a profit and move elsewhere.

Our association board enacted a "move-in" fee to cover expenses associated with a change in occupancy. The bylaws provide that common element expenses are the responsibility of the Association, but the bylaws also provide that the board can assess against each unit its share of the common element expenses. The only exception in the bylaws is if the expense was necessitated by the negligence, misuse or neglect of a co-owner. Do you think that this "move-in" fee is enforceable?

Not according to a recent case which was decided in Washington, D.C., and which would probably be applicable here in Michigan. The court in that case held that the board's claim of power to enact a fee based upon the fact that it had broad authority to regulate the internal affairs of the development could not supersede the bylaws that specified that the owner would be individually responsible for the costs of maintaining the common elements. The court also found that even though the bylaws allowed a co-owner to be individually responsible for certain costs of maintaining the common elements, the move-in fee was not one of these categories. If the court had ruled that such "move-in" fees would not be reasonable and therefore not enforceable.

Robert M. Meisner is a Birmingham attorney specializing in condominiums, real estate and corporate law. You are invited to submit topics for this column, by writing Robert M. Meisner, 30200 Telegraph Road, Suite 407, Birmingham 48010. This column provides general information and should not be construed as legal opinion.