

# Building Scene

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★ ★ 14

## Poor economy fails to deter new builders

By Gerald Frawley  
staff writer

The area's big builders, despite the economy, remain optimistic that the coming year holds a lot of promise for the industry.

Most of them have been through the economic recession of the early 1980s. They've been around for years, survived the economic cycles, and their corporate leaders have the savvy to plan through the hard times.

They may not make a lot of money, but builders are confident they will somehow make it through.

But what about the small builders or the young builders who got into the business at the tail end of the 1980s' building boom? What do they about the future?

Terry Nosan, the Builders Association of Southeastern Michigan's young builder of the year, said that despite what people see in the media, new house construction is still a very viable industry.

"It's really not that bad out there,"

Nosan, a vice president with Nosan/Cohen Associates in West Bloomfield, said even though it may not be growing, the housing market in southeastern Michigan remains strong.

"Most people are optimistic despite what you may have heard."

Housing starts this year, according to the Builder's Association of Southeastern Michigan, were expected to rise by 9.5 percent from 10,500 to 11,500 depending on what happens in the Middle East, according to projections of the Builders Association of Southeastern Michigan.

That increase would follow a decline of 15 percent from last year. A record 12,400 single family units were permitted in 1989.

NOSAN SAID THERE aren't many new builders, but then, there are relatively few people who go into building even during good times.

"But in a manner of speaking, yes, it could be a good time to become a builder — if you come in on a conservative basis."

There may be some good opportunities for the new builder. Buying land at a reasonable price is one of the toughest jobs facing builders, Nosan said. During slower economic times, the small builder may be able to buy land from the larger builders who have over-extended themselves by keeping a large land inventory.

Other problems encountered by builders working on large sites — wetlands, woodlands and the no growth/slow growth movement — may also not be as big a problem for the small builder working on one site.

Vince Todorovich, 27, of Rock Solid Construction in Berkeley — who

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has been building new houses throughout Oakland County for about two years, but has been in the building business in one form or another since he was 17 — said with the exception of a couple of weeks in December, he's been extremely busy.

Todorovich is both a home builder and a general contractor working for other builders.

Todorovich's company completed seven or eight custom homes and 15 speculative homes (homes built without a specific buyer). Homes built by Todorovich ranged from \$80,000 to \$300,000 last year.

"I've already this year been contacted about doing four or five new custom homes," Todorovich said.

FOR A SMALL company with only five full-time employees, 20 homes a year is a good year. Even when he wasn't building new homes, Todorovich found plenty of work building home additions and garages, he said.

Todorovich said he doesn't mean to infer that being a new home builder is easy in slowing times — or in good times for that matter — but it is not impossible.

"I think it's tough to get started right now — you need a lot of good contacts."

Todorovich said in order for a small builder to succeed, he must be flexible. "We'll go everywhere and anywhere, and build anything," he said. A small builder has that option because it's easier for him to move from place to place for individual projects.

A good reputation — with customers, tradespeople and building inspectors — is also absolutely must for the small builder, he said.

Referrals from customers and tradespeople are the small builders'

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New builders say there's room for them even in times of economic uncertainty.

FILE PHOTO

## 2 leave Farbman/Stein

Marsha Fischer, a vice president for the commercial real estate firm of Farbman/Stein in Troy, figured last month that the time was right to start her own firm.

So she did. — Fischer Real Estate — in Farmington Hills.

"Good brokers will always do well, and I pride myself on being a good broker," Fischer said. "The past nine years, I developed my own clientele. I've always had a great relationship with developers. I just had very, very good feedback from everybody."

Farbman/Stein is a wonderful place to work," she said. "I couldn't have stayed there nine years if it wasn't. It was like a family."

"The timing (to leave now) was good," Fischer said. "I wasn't really in the midst of any big deals whatever. It's a wonderful feeling to walk into your own office."

Several leasing and sales agents have left an employer/employee relationship to start their own businesses the past couple of years.

Joren Peterson, Bruce Simon and Michael Lippitt left Coldwell Banker to establish Landmark Commercial Real Estate Services in Birmingham. Steve Gordon left Byron W. Trever Co. to start Signature Associates in Southfield.

Fischer expects to service both landlords and tenants.

"We will lease and sell commercial property, general office space, medical space, office space, industrial," she said.

CURRENT CLIENTS include Morris Margulies, owner of the Franklin Savings Building in Southfield, and Harold Beznos, owner of Troy Venture Plaza, Fischer said.

"Everyone goes through passages," she said. "I have gone through

many passages. I started off as a teacher, then stayed home 10 years raising children. Then I went into brokerage."

"I'm very competitive," Fischer said. "I enjoy real estate — live, eat and sleep real estate. It's not a job. It's part of my life."

Eric Stein, a sales agent at Farbman/Stein for 4½ years, has resigned the firm co-founded by his father, Lee, to join Fischer.

"It was a difficult decision to make, obviously," Eric Stein said. "There's some good people there, friends of mine. I found an opportunity to go to a new company where I could grow within."

Stein worked on both property management and brokerage while at Farbman/Stein.

"When I was in (property) management, the learning curve had pretty much flattened out," he said. "Fischer Real Estate is really focused on real estate brokerage. It's a dynamic company. It's exciting to be in that environment."

"We complement each other very well," Stein said of his working relationship with Fischer. "If we get into a meeting together — if we're used to every situation."

Fischer lives in Bloomfield Township, Stein in Birmingham.



photo by MARIA POPE

Marsha Fischer and Eric Stein, formerly of Farbman/Stein, team up at Fischer Real Estate.

## Take emotion out of house hunt

You can avoid the "emotional pitfalls" of buying a new house by following a well-thought-out plan, says the chairman of a national home inspection company.

Falling in love with a particular house is not a good enough reason for buying it, according to Ken Austin, chairman of HouseMaster of America.

"Of course, you must like the house a lot, but buying a house is no longer an emotional event. Today, financial considerations play an expanded role in the purchase deliberations."

"It helps to set some guidelines so that you can conduct your house hunt with realistic expectations."

To begin your personal analysis, it is necessary to determine what is an affordable amount to spend each month on housing.

"Review your monthly bills for

the past year and estimate a typical month's budget. This should help you arrive at an amount that is available to you each month for housing costs," Austin said.

From this figure, subtract your estimated monthly cost of real estate taxes, home insurance, utility bills and repair and maintenance costs. The amount that remains is what is available each month for basic mortgage payments that include principal and interest.

The next thing to decide is how much money is available for a down payment, which is paid upon the signing of a contract, usually several weeks or even months prior to closing. Closing costs should also be calculated because these must be available at the time of closing. A rule of thumb for calculating closing costs is to estimate 3 to 5 percent of the purchase price.

TO DETERMINE what price house is affordable, Austin suggests multiplying your annual gross income by 2½. Next, determine the amount of annual income that is required to handle mortgage payments. Most banks and mortgage companies generally follow the rule of thumb that "monthly mortgage payments, including real estate taxes, should not exceed 25 to 30 percent of annual income."

Most banks and real estate brokers can provide a mortgage payment table with different interest rates to help determine monthly costs. In all calculations, Austin advises to factor in estimates of present and future personal considerations and expenses that may have an impact on monthly budgets. These might include tuition, medical expenses, child care costs, pay raises, bonuses and job security.

"Though the banks might use the 25-30 percent calculation, you need to add in these other items to be sure you will be able to make the monthly outlay of cash."

ONCE A buyer has analyzed his or her financial status, the next step is to seek out qualified professionals to assist in the house hunt.

"It is a tremendous help to know who the individuals are that you are able to call on throughout the various stages of house hunting. This way, you have the emotional security of knowing that there are people out there who can assist you and are just a phone call away," Austin said.

Some of the professionals who take part in the home-buying process are real estate brokers, lawyers,

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