

REAL ESTATE NEWS

Few dark clouds settle on real estate horizon

By Doug Funke
staff writer

Favorable mortgage rates have failed to drain the supply of existing housing available to buyers.

Fixed rates of 8% for 15 years and 8 1/2% for 30 years can work for buyers only if there's a good selection of houses for sale in the marketplace. And that's exactly what area realty boards report.

The Western Wayne Oakland Association of Realtors had 10,176 active listings of houses and condominiums on its multi-list as of the end of September. That compares with 9,089 at the end of September, 1990, and 9,914 three months ago.

The South Oakland Board of Realtors reported 1,613 houses and condos on its multi-list as of September ended, a half more than the 1,608 available at the same time in 1990.

The Birmingham-Bloomfield Board of Realtors had 1,374 active listings of houses and condos as of Sept. 30 compared to 1,472 at the end of September, 1990.

JUST AS important, the prices of houses apparently haven't soared out of sight as mortgage rates have tumbled significantly and the supply has remained plentiful.

The median (half below, half above) price of houses and condos that sold through the first nine months of this year in the South Oakland area was \$78,000 compared to \$75,000 last year.

The median sales price for units sold in Western Wayne Oakland during September was \$89,000, compared with \$80,000 during September, 1990.

In Birmingham-Bloomfield, the median sales price through the first

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nine months of this year was \$162,000 compared with \$166,500 for the similar period last year.

"It's our observation that the listings available currently are significantly greater than was available three to four years ago," said Warren Gould, executive director of the

Birmingham-Bloomfield board. "The size of our (multi-listing) book is much larger."

The areas with the most listings so far this year are Bloomfield Township, West Bloomfield and Birmingham, Gould said.

LISTINGS WERE up in September

compared to September of 1990 in every Observer community served by the Western Wayne Oakland board.

Specific numbers, including houses and condos, with 1990 figures listed in parenthesis, follows:

- Canton — 309 (257).
- Farmington/Farmington Hills — 739 (704).
- Garden City — 154 (133).
- Livonia — 481 (429).
- Plymouth, city and township — 305 (270).
- Redford — 299 (164).
- Westland — 429 (381).

Listings are down this year compared to last in Southfield, Troy, Beverly Hills and Lathrup Village, the South Oakland board reported.

"For a prospective buyer, today's price and terms show an excellent

market," said Maurice Richards, executive vice president of the South Oakland board. "Supply is good. Choice is good. I would say all prices are available which is unusual."

"I think you have a very stabilized marketplace," said Allen C. King, president of the Western Wayne Oakland board and an agent with Prudential Great Lakes Realty in Farmington Hills.

"There's a good balance between supply and demand. You're still getting an inflationary increase (in value), still building equity. Again, the supply of money is keeping interest rates low."

"Perhaps these people who have been thinking about selling homes are saying, 'Maybe this is the time for me to buy, too.' The only damper I see is a lot of people are skittish about the employment thing," King said.

Determine useful life of common elements to set reserve

I am a board member and want to establish some sort of reserve so that we don't need to levy additional assessments as has been the case in the past. How do I go about doing this?

It is important for every well run association to establish an adequate replacement reserve for repairs to the common elements so that it will not be necessary to levy additional assessments in the future to meet pressing needs. To do this, a study should be undertaken by the association

to ascertain the scope and magnitude of the problems that are likely to occur at the condominium. To do that, you must determine what the useful life of the common elements is going to be and amortize sufficient funds on a yearly basis to meet those needs, considering interest and a certain percentage for depletion of the reserves. That study should be undertaken with the assistance of an architect or engineering firm and the association's accountant. The condominium act requires that each association have a reserve



condo queries

Robert M. Melsner

for major repair or replacement of at least 10 percent of the budget, non-cumulative, but that is generally inadequate to meet the realistic needs of the association.

There is a condominium adjacent to a resort area. I am concerned about the leasing agent who is also listed in with the developer. How do I know that I am going to get a fair shake. Apparently there is no competition from this leasing agent.

As with many resort condominiums in areas where there are not a number of real estate entities that are on a competitive basis, you are at the mercy of the developer. The developer is attempting to sell or lease his units. If his leasing agent

is involved in leasing your unit, you may be second fiddle, so to speak. I would talk to other members of the association who have purchased units or are leasing them to determine whether the leasing agent is charging a fair price and is willing to do a reasonable job. Obviously, to the extent that his compensation is based upon leasing the unit, he will have an incentive to help. But the fact that the developer is selling or leasing his own units may be a factor. Make sure that there are no other leasing agents in the area who

do not have a vested interest and might be available to assist you.

Robert M. Melsner is a Birmingham attorney concentrating his practice in the areas of condominiums, real estate and corporate law. You are invited to submit topics you would like to see discussed in this column by writing Robert M. Melsner at 30200 Telegraph Road, Suite 467, Birmingham Farms 48025. This column provides general information and should not be construed as legal opinion.

MAKE THE MOVE NOW!!

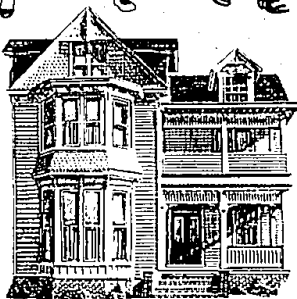
THERE'S NO BETTER TIME TO BUY

If you've been thinking about moving from your current residence to the house of your dreams or from an apartment to a starter home, this is the time to do it.

- The selection is excellent.
- Low interest rates are available.
- There are many financing options available.



Go ahead, make the move. Now is the right time to buy a home.



NOW is the right time to Buy a Home!

Purchasing a home has always been a wise decision, but current market conditions are making it even more attractive to buy now.

EXCELLENT FINANCING IS AVAILABLE NOW

Interest rates are lower, and mortgage lenders are offering a wide variety of financing options. Low interest rates mean you can get more for your money.

- 30-year fixed mortgages are still available as well as many other financing alternatives.
- First time buyers are encouraged to purchase now through financing packages offering small down payments.

YOUR HOME IS YOUR BEST INVESTMENT

Purchasing a home is the best way to build a solid financial foundation. A home not only provides you with warmth and comfort, it also serves as a secure investment.

- Today, homes in the area continue to be a wise investment.
- Equity in your home can be used as collateral, thus providing you with additional financial security.
- Home ownership provides you with a sizable tax advantage because interest paid on mortgages is fully deductible. Property taxes can also be deducted.

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