

Housing market isn't as tight as many economists predict

By MICHAEL D. SAMONEK
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Several important trends in the economic picture have occurred in the last few months. The first is the general concern of economists and others with the processes of growth and development. The impact of an emerging housing market as a vital role player in growth and economic development has occurred.

Also, the recent trends and attempts between income housing, quality housing and quantity of available housing have become important factors. Obviously, all of these items are related to economic policy, however, the integration of the theories has not been completed.



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Today, it may be assumed that little attention is paid to this theory. However, the metropolitan areas of Detroit have seen advances in these areas. Direction is the key word in comprehending the various vital functions within the real estate market.

Direction toward increased property ownership or away from it. Direction toward tighter federal government control. Direction toward higher tax rates. Direction toward tax reform. The central question asked by most prospective buyers is "... how much will my house be worth next year?"

The best way to answer is to compare the sales/value in dollars as they relate in the local communities.

For example:

AVERAGE SALE PRICE	AREA
1972 1973	
1. Redford Township	25,000 26,045
2. Dearborn	27,278 29,342
3. Garden City, Westland, Inkster, Wayne	23,318 24,072
4. Livonia	31,342 32,860
5. Farmington	29,544 31,040
6. Southfield	26,771 28,227
7. Orchard Lake, Bloomfield, W. Bloomfield	46,079 46,537
8. W. Oakland County	31,151 34,074
9. Northville	44,106 44,152
10. Plymouth-Canton	34,293 35,852

Sales - up 0.5% compared with 1972

Listings - up 6.7% compared with 1972

Average sale price - up 5.4% compared with 1972

This comparison is striking in that many believe the real estate market to be tight. The figures indicate a strong, viable, functioning market. The figures become more overwhelming when you consider the

present local market with a comparable market (i.e. Toronto, Canada).

In Toronto, you will not be able to deduct your mortgage interest payments on your income tax. You will not be able to deduct your property taxes. The average Torontoian's combined annual income is \$13,500. Less than 50% of the population are homeowners.

If you applied for a loan in Toronto you would pay 10 1/2%. Meanwhile, housing prices have increased 100% every year for the last three consecutive years. Housing costs have risen 50% in the last three months. The average metropolitan lot with 50 feet of frontage - vacant will cost you \$35,000. If you place a 1000-1200

square foot building upon that land the combined cost of land and building will bring the cost to \$55,000-\$65,000.

Imagine the restrictiveness of such a market. Imagine how destructive such a market would be in our metropolitan area. People could not find housing. Home ownership would come to a halt. The young buyer would be excluded. The elderly could not afford to live. Your income would have to exceed \$25,000 annually to "keep-up" with your mortgage payments. Now you can understand the importance of a viable real estate market.

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