

1986: a good year for housing sales

By Joanne Mallonowski
staff writer

THE STORIES abound. Take the house in Farmington Hills that was purchased in 1984 for \$105,000. In 1986, it was sold again for \$124,000.

Or the house purchased for \$64,000 in 1984 and resold two years later for \$90,000.

And there is the Farmington Hills house that within seven months increased in sale price from \$89,000 to \$94,000.

"We are able to track that in the last 1½ years, prices have increased about 1½ percent a month," Farmington Hills deputy assessor Ted Hindman said.

In some Farmington Hills neighborhoods, greater price increases can be found, some jumping 18½ percent a year, assessor Dean Babb said.

"Prices are high for housing, but it's not just here," Babb said. "Over the last year, we have found that prices are higher in 1986 than they were in 1985, generally speaking."

FARMINGTON HILLS assessors don't have hardfast data yet to prove what they have witnessed housing sales during 1986. But in the second quarter of the year, Hindman said, he recorded more than 600 housing sales in Farmington Hills.

"We have gotten a lot more deals in than we did last year," he said.

Adding to the bustling market of the past year is the relatively short time many houses were on the selling block before being nabbed by a buyer.

It wasn't uncommon earlier this year to find some houses that sold within a week and even a day after they were put on the market. The average was less than a month, Hindman said.

An example of the swiftness of sales can be found in the sales booklets issued by real estate boards. Because of bustling sales, only one booklet instead of two as in the previous year could be issued by the end of summer, said Sheila Raymond, manager of Thompson-Brown's residential resale office.

"I can't say how long, on the average, houses were on the market. But generally, most were sold faster (than in the previous year)," Raymond said.

Developer/builder Paul Levine



RANDY BORST/staff photographer

This is a view of new homes being built in Rolling Oaks West, on the west side of Drake, north of 13 Mile, in northwestern Farmington Hills. Seventeen of the 24 lots in the first phase have been sold.

of the West Bloomfield Township-based Irvine Group provided an insight into the upper-priced housing market in Farmington Hills.

FOR EXAMPLE, in Rolling Oaks West, on Drake, one-quarter mile south of 14 Mile, sales were quick and consistent. Of the 24 lots in the first phase of the development begun in April, 17 have been sold.

In Nova Woods condominiums at 13 Mile and Drake, 22 of the 32 units have been sold since the project opened in March. In yet another condominium project, The Meadows, at 13 Mile and Farmington roads, which opened in June, the same holds true. Thirty of the 40 units have been sold, Levine said.

"Farmington Hills is a very strong market as compared to other markets, and I expect it will continue through next year," Levine said.

While Levine's housing is in the upper price range, Raymond said that sales have been plentiful in just about all price ranges, from those in the \$50,000 bracket to those in the \$200,000 area.

Yet buyers haven't appeared daunted or slowed down by the higher housing prices.

Houses in Rolling Oaks West, for example, are going for \$225,000 to \$450,000. Condos in Nova Woods run for \$185,000 to \$190,000. Six months ago, Levine said, the condos were priced at \$161,000. In The Meadows, condos are going for \$130,000 to \$145,000.

Interestingly, many young married couples are buying the more expensive houses. "In a lot of cases, both are working, both are college graduates with good jobs, capable of making enough money to make the house payment," Raymond said.

LEVINE ATTRIBUTES the high

sales and prices in the Farmington Hills market to the strong demand to live in the area. The demand has grown because values have continued to increase greatly and quickly. The limited amount of land left in the city has also contributed to the health of the Farmington Hills housing market, Levine said.

Babb, on the other hand, considers the decreasing interest rates for mortgages a prime reason for the booming housing market.

"Interest rates are an important contributing factor. There have been a lot of new sales (because of the low rates), but there has been a lot of refinancing, too," Babb said.

Consider that in 1981 — when the national economy and housing market was in a slump — interest rates were as high as 18 percent. This September, rates were about 10-12 percent. And now rates have dropped again to 9-10 percent on the average.

Yet the lower interest rates also

caused a backup in closings. What with the number of sales and refinancing, the banks in some cases were taking from March to September to get through the paperwork for a closing, Raymond said.

The importance of interest rates, Babb said, can be seen in a 30-year mortgage payment structure. For example, the homeowner who borrows \$58,000 at 10 percent over 30 years — with a monthly house payment of \$500 — will ultimately repay \$183,240. That's more than three times what the homeowner originally borrowed. And a 10 percent rate is considered fairly good, Babb said.

THE GENERAL state of the economy has had a lot to do with improved housing sales. Increasingly, houses have been purchased as investments, with residents holding on to them until values increase and then selling them for

much more than they originally paid.

Refinancing has also been popular for those residents who want to remain in the house they are currently living in yet want to take advantage of low interest rates, Babb said.

For those who purchased their current house in the early 1980s when interest rates were high, refinancing is a good idea. Consider that after five years, a homeowner has paid only about one percent of the principal on a 30-year mortgage. Not until the 21st year on a 30-year mortgage is reached is the homeowner paying totally on the principal, Babb said.

Interest rates have also knocked land contracts out of the popularity line-up as a financing mechanism. Land contracts are generally popular when interest rates are high, Babb said.

Holiday luncheon

Dick Osgood will address chamber

Dick Osgood, a former actor and longtime radio personality, will be guest speaker at the Farmington Hills Chamber of Commerce annual Christmas luncheon Tuesday, Dec. 9.

The luncheon will begin with a cash bar at noon at the Botsford Inn, 28000 Grand River. Cost is \$10 per person.

Osgood is the author of "Wxyie Wonderland," a 50-year history of the broadcasting industry, from 1925 to 1975, at WXYZ radio and television. The Farmington Hills resident worked in radio for 53 years.

The winner of many broadcasting awards, the National Academy of Television Arts and Sciences Detroit chapter presented Osgood the 1985 Governors Award May 5.

Osgood began his theatrical career at 19 on April 21, 1920, when he played in "The Outrageous Mrs. Palmer" in Boston. He appeared in 20 plays over the next 12 years, mainly on New York stages.

He made his radio debut in 1927. "I made a sneaky debut pretending I was an actor I wasn't in a personal appearance at a big radio exhibition in Philadelphia," Osgood said.

HIS LEGITIMATE stage debut was on New York station WOR's True Story Hour Feb. 24, 1928 while playing in "Salvation" at the Empire Theater across the street.

"It was in only the first and last acts of 'Salvation' so I could run across the street in makeup and stage suit and do the prime time 9 p.m. broadcast," Osgood said.

When the Great Depression hit, Osgood turned to radio — NBC, ABC, CBS and Mutual.

He later sold some of his Royal Romances to the Yankee Network in Boston and became dramatic director there.

He then was program director at a 50-watt station in Glen Falls, N.Y. "The station moved to Albany, became WARY, and took me with it," Osgood said.

Osgood then moved to Cleveland and wired radio.

He joined WXYZ in Oct. 13, 1935.



photo courtesy The Henry Ford Museum, Dearborn

Dick Osgood, doing his final broadcast, a syndicated transcript for Greenfield Village in April 1981.

Over the years, he wrote for the on-air talent. He also wrote newscasts and Hollywood headlines. His programs are all recounted in "Wxyie Wonderland." On WXYZ Radio's television counterpart, Channel 7, he hosted movie series and reviewed plays and movies.

Osgood also wrote "No-Account," a three-act play, and "Recollections of a Chassis Speller," an autobiography of one of the first automobile dealers.

He was a columnist for the Detroit Free Press for many years.

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