

Major slump unlikely here

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past president of the Birmingham-Bloomfield Board of Realtors and sales manager for Harnett Realtors, isn't so sure that the housing market here would remain unaffected by a major slump in the auto industry.

"People I know in the auto business now are hesitant to do anything until they see what's going to happen in the next year or two," McKee said. "We're far more diversified than five to eight years ago, but we still have a long way to go."

DESPITE RISING property assessments in recent years, homeowners with long memories may recall that prices dipped here in the early 1980s, McKee said.

An auto slump that extended to major suppliers fueled that downturn.

"West Bloomfield, Farmington Hills and Troy subdivisions with a lot of similar homes were hardest hit," McKee said.

Because there was little difference between houses in some of these neighborhoods, sellers out-did each other in lowering prices to sell, dragging down everyone's value, he said.

Other areas — Bloomfield Hills, Lakefront property and certain Birmingham neighborhoods like Quanton Lake Estates — seem to be immune from downturns because of their uniqueness, McKee said.

"Certain areas are in such high

demand they're not affected by a slowdown of the economy," he said.

Most builders here finally learned after recessions in the early '60s and early '80s to build to sale rather than on speculation, Halperin said.

PATRICK ANDERSON, an economist with the Alexander Hamilton Life Insurance Co. of Farmington Hills, believes that a 5-percent increase in housing starts projected by the builders association this year may be overly ambitious.

"All it takes is one or two too many housing projects in a community to dampen prices," Anderson said. "I'm concerned overbuilding of inventory will depress things a little bit."

Also, people here seem to be saving rather than spending lately, Anderson added, which may somewhat cool the housing market.

A decline in property listings, sales or median price of a home at sale all indicate trouble.

These statistics remain fairly solid here.

The Birmingham-Bloomfield Board of Realtors reported 4,416 listings last year compared to 4,069 in 1989, 1,864 sales in '89 compared to 1,931 in '88, and a median (half higher, half lower) price of \$167,000 last year compared to \$152,000 in '88.

The Western Wayne Oakland County Board of Realtors reports a similar pattern.

Love of luxury drives prices up

(AP) — Prices of new homes are going up fast as buyers scramble for larger, more luxurious homes.

Better Homes and Gardens Building Ideas magazine reports what's behind rising costs, and what potential homeowners can do about them if they plan to build a home.

Just when it seemed inflation had been licked, the last three years have seen a meteoric rise in the price of a new house.

The median price of a new home in the United States zoomed past the \$100,000 mark in 1987. In 1988, it reached a record \$112,500. And that figure, though often quoted, actually downplays housing prices. The average new home price better reflects the cost of upscale housing: it stood at \$138,300 for 1988.

In many big-city markets even that amount buys only a starter home. Larger, better-appointed dwellings trade in the quarter- to half-million-dollar price range.

Although lofty price tags can be intimidating, there is good news, too. First, the increases in home prices are slowing due to softening demand. And second, potential homeowners can help control the costs of the home they build.

For the most part, higher costs

stem not from runaway production costs but from the desire for homes that have it all: size, luxury and a prime location.

Single-family homes grew smartly in the late 1980s, expanding by almost 100 square feet in 1987 alone. New homes also include more features than ever before.

THE TREND toward upscale housing gathers its momentum from the luxury-loving baby-boom generation, those 77 million people born between 1946 and 1964.

The earliest of the postwar tykes are now well into middle age, and they are ready to move from their present home to something grander. Bankrolled by dual incomes, many of these baby-boom households can afford a home that is very grand indeed.

Many economists predict the prices of new homes will stabilize in the 1990s as more baby boomers age beyond their home-buying prime. But for now, a more-is-better philosophy drives the housing market.

When shopping for a new home, keep in mind that many builders have responded to the move-up buyer market by loading up their homes with a laundry list of sales-

appeal features, from marble entry floors to multiple fireplaces to lavish master suites and baths.

If those are all the goodies that are wanted — and if they are well integrated into the overall design — a ready-built new home may be best. Often those who opt to build can get more value for the dollar by building a custom designed house. A good architect or contractor can help plan a house that uses space and materials efficiently yet lets one splurge on features that are really wanted.

Of all the luxuries in today's homes, none is more prestigious — or pricier — than a good location. In many of America's high-growth metropolitan areas, the price of a buildable lot is soaring, pushing home prices up with it.

Of course, land prices vary drasti-

cally from city to city. In many smaller cities, typical lot costs are \$20,000 to \$50,000 or less. In some depressed markets, prices are dropping.

IN SOME high-growth markets, land-related fees imposed by local governments can also increase the price of a home — sometimes by more than \$10,000. So-called impact fees defray the costs of streets, water and other services to new developments.

Those who live in a land-scarce market can't do much about runaway lot prices. They can, however, temper their effect.

The traditional way of fighting high land costs is to choose the lesser of two evils: a smaller lot or a longer commute.

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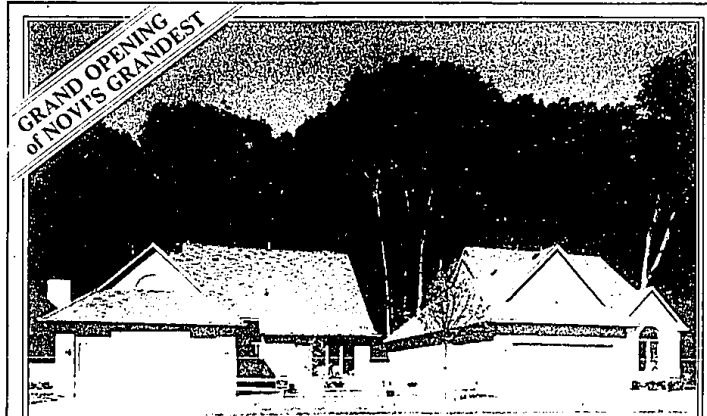
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