

# Metro house hunters choosy

For buyers, move-in ready is key

By GRETA GUEST  
FREE PRESS BUSINESS WRITER

Matt Accivatti thought it was a buyer's market when he started looking for a house last year, but after getting beat on four offers, he realized things had changed.

Accivatti, 25, a Macomb County sheriff's deputy, finally had his fifth offer accepted, on a home in Chesterfield Township. It was exactly what he was looking for — a manageable ranch-style home that was move-in ready.

The low supply of move-in-ready homes in metro Detroit has meant frustration and unexpected bidding wars for some buyers and pushed up prices for some sellers.

The market also is strained because owners of move-in-ready homes who have underwater mortgages don't want to sell and take a loss. Others are waiting for prices — still at 1995 levels — to go back up before they try to sell.

"It's good news for sellers ... more buyers for fewer homes. It is a positive sign for values," said Dan Elsea, president of brokerage services for Real Estate One in Southfield.

At the end of June, there was a five-month supply of homes on the market in the five-county metro area, according to the most recent quarterly data compiled from multiple listing services by Real Estate One.

That compares with an 18.9-month supply at the end of 2007 when the area was awash in foreclosures.

A normal market has three to six months — more than six months is a buyer's market, and less than three months is a seller's market.

The numbers would seem to indicate a normal supply of homes. But even at normal levels, many house hunters are turning up their noses at houses that aren't move-in ready.

Brian Powers, a Realtor with Keller Williams Realty in Chesterfield Township, worked with Accivatti and others who have experienced the frustration of being outbid multiple times.

"It's tough for these buyers, because it's a buyer's market," he said, noting that interest rates remain at historic lows.

Accivatti was outbid on a foreclosure and a short sale, both in New Haven, and on two privately owned homes in Algonac. He finally scored, beat-



Mike and Debbie Mikula of Pleasant Ridge own a 1,700-square-foot home but are looking for a larger home in the same area. They toured this home on Poplar Park Boulevard in Pleasant Ridge on Sept. 20.



SUSAN TUSA/Detroit Free Press

Matt Accivatti, 25, at his new home in Chesterfield Township on Aug. 24. It took him awhile to find a house because the inventory is low.

ing six offers on the 1,229-square-foot ranch. He bought the three-bedroom, 1½ bath house for \$115,000.

The home was bought by an investor last year, gutted and fixed to flip. "The basement is finished, it has new siding and everything was done," Accivatti said.

## Supply data

The tight market for move-in-ready homes has shown up in prices and supply data.

Metro Detroit home sales posted a 1.2% annual gain through July with strong summer demand, according to the S&P/Case-Shiller home price indices.

The number of homes for sale in the area dropped nearly 29% in July from the same period a year ago, according to data from Realtor.com.

And houses were being snapped up faster than the national average. The median age of inventory in metro Detroit in July was 67 days compared with 97 days nationally.

Supplies have tightened across the tri-county area in the past year. Oakland County had a 5.7-month supply at the end of June compared with a 6.8-month supply in June 2010.

In Wayne County, there was a six-month supply of homes in June 2010, which fell to a

5.5-month supply a year later.

Also crimping the supply is a national slowdown in foreclosure processing after it was revealed that some banks were taking shortcuts on mortgage paperwork. Fewer of those homes are coming on the market now.

## Willing to wait

Robert Campbell, a Realtor with Max Brook Realtors in Birmingham, has been working with Mike Mikula and his wife, Dr. Debbie Mikula.

The couple own a 1,700-square-foot, three-bedroom home in Pleasant Ridge and want a larger home in the same area. Mike, 42, an engineer at Ford, and Debbie, 42, a Clarkston doctor, have four school-age children.

There's little inventory in the more-than-\$300,000 price range. Overall, there was a 7.7-month supply of homes in that city at the end of June. And while \$300,000 might sound like a lot, it doesn't go that far in the upscale area.

"Houses that are not distressed, and present well and are priced well are just flying off the shelves," Campbell said.

The dual-career couple is willing to wait for better move-in-ready homes to come on the market. "It's just a matter of time for us," Mike Mikula said.

Campbell showed the couple a house recently that had a lot to offer, but it wasn't for them. They toured a 3,473-square-foot house with five bedrooms and three bathrooms priced at \$500,000.

The Mikulas said they thought that was a good price, but they doubted they would make an offer because they thought the property was too close to Woodward.

Pleasant Ridge and Northville were the only two cities in Oakland County that saw increases in homes' assessed value this year.

## Making it move-in ready

Tricia McFarlane, 35, a mortgage banker with Huron Valley Financial in Brighton, looked for several months before finding a house in May.

Unlike most buyers, McFarlane and her husband, Chris McFarlane, 33, a real estate investor, weren't afraid to fix up a foreclosure.

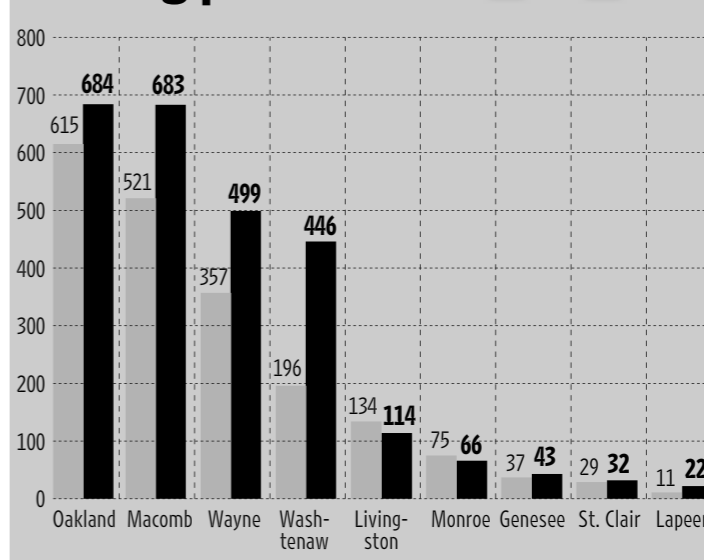
They made a list price offer on a short sale the first week it went on the market, but they were outbid. They were successful on a second offer on a foreclosed house in Brighton the day it went on the market.

Now, just a few months later, the home is completely updated. The total bill for the house and repairs was \$139,000; recent sales in the neighborhood are around \$200,000.

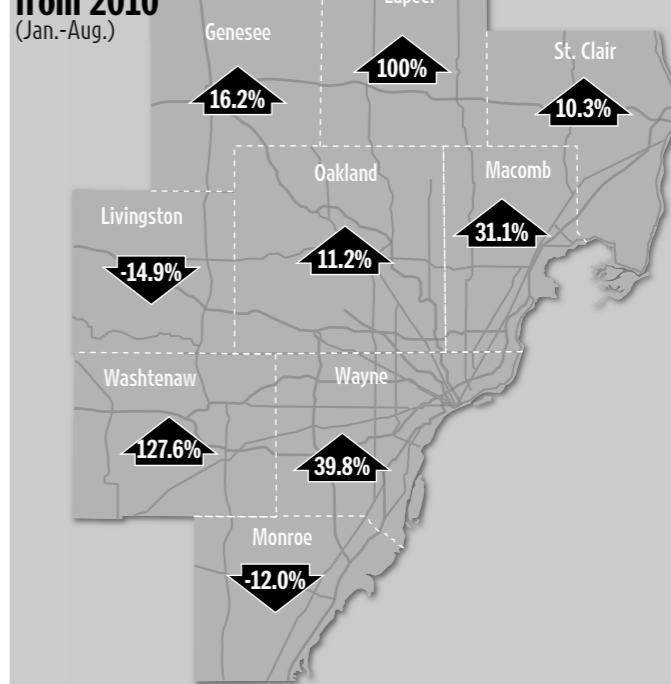
"Essentially, we were looking for a house that we would be in a good equity position regardless of whether the market declined or not. That definitely limited our choices," she said. "It would be horrible to be in the business I've been in for 12 years and end up underwater."

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## Building permits (Jan.-Aug.)



## Percentage change from 2010 (Jan.-Aug.)



Source: Housing Consultants of Clarkston

Detroit Free Press

## TOP 20 CITIES FOR BUILDING PERMITS IN SOUTHEAST MICHIGAN

This is a tally of residential building permits issued January-August, compiled by Housing Consultants of Clarkston. The last column refers to apartment or other multiple-dwelling units being built.

City	Permits	Permit Values	Rentals in total
1. Ann Arbor	289	\$20,483,000	273
2. Macomb Township	268	\$52,585,000	0
3. Detroit	233	\$8,723,000	228
4. Shelby Township	153	\$45,371,000	48
5. Novi	142	\$21,970,000	0
6. Lyon Township	126	\$20,335,000	0
7. Rochester Hills and Rochester	81	\$28,107,000	0
8. Northville Township and Northville	77	\$25,081,000	0
9. Sterling Heights	67	\$13,523,000	0
10. Clinton Township	56	\$9,188,000	0
11. Pittsfield Township	54	\$8,490,000	0
12. Washington Township	53	\$20,025,000	0
13. Commerce Township	47	\$12,385,000	0
14. Canton	46	\$7,081,000	0
15. Farmington Hills and Farmington	44	\$6,869,000	26
16. Chesterfield Township	41	\$5,128,000	0
17. Troy	36	\$8,676,000	0
18. Brownstown Township	35	\$4,953,000	0
19. Orion Township and Lake Orion	33	\$5,646,000	0
20. Ocoola Township	31	\$7,380,000	0

Source: Housing Consultants of Clarkston

## Growth in 3rd quarter

# Area home builders dusting off equipment

By GRETA GUEST  
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A tight market for move-in-ready homes in metro Detroit has pushed some builders back into action as unsatisfied house hunters crave up-to-date properties they can't find on the regular market.

Some builders are catering to individuals. Others are reviving or launching new multi-unit housing developments despite persistently high unemployment and five years of a historic decline in the housing market.

Building permits for single-family homes are up 18.5% this year through August in southeast Michigan, according to Housing Consultants of Clarkston.

Paul Robertson, chairman and CEO of Robertson Brothers in Bloomfield Hills, said local builders are seeing growth because of a lack of existing

homes for sale in good condition. His company is building in seven locations, including Canton, Birmingham and Royal Oak.

"What's happening to us is fairly dramatic," he said. "In the third quarter ... we've already sold more than in the first two quarters combined." Banks still aren't lending for home building, so Robertson is paying for everything himself.

Despite the recent market turn, home builders still aren't out of the woods, said Patrick Newport, U.S. economist for IHS Global Insight.

"This year is shaping up to be the worst year on record for new home sales," Newport said.

Dan Elsea, president of brokerage services at Southfield-based Real Estate One, said some of his agents are representing builders reopening dormant subdivisions in places

such as Troy, Rochester and Novi.

In Birmingham, he said builders are looking for tear-downs to satisfy the appetite for new homes.

In one five-block area near downtown, seven houses are under construction or just finished, and at least three vacant lots are ready to build. "The market still isn't back, but they were at almost zero," Elsea said. "Lombardo Homes plans to build 300 homes this year. That's pretty amazing. Pulte and Toll Brothers are dusting off their equipment."

Anthony Lombardo, president of Lombardo Homes, said his company is building homes ranging in price from \$140,000 to \$600,000 in 29 communities in southeast Michigan.

"There is clearly a pent-up demand for new home construction. We've been able to increase prices because there's



August photo by JARRAD HENDERSON/Detroit Free Press

so little available on the market," he said.

Christi Hanzel, 35, of Birmingham and her husband decided to build their home.

"We knew this was the time to buy because there was so much on the market," she said. But she was surprised the available houses in Birmingham had outdated layouts.

Dave Force, a builder in Birmingham, is nearly done with the Hanzels' 4,200-square-

Patrick Horn, 35, Katie Horn, 32, Molly Horn, 9, and dog Carson at their new home in Redford Township. The 1,636-square-foot home with four bedrooms cost \$131,000.

said Katie Horn, 32.

Then, out on a Sunday drive last December, they saw Shamrock Village rising near I-96 and Inkster Road. New homes started at \$99,000. "It was so shiny and new. We didn't even know something like this existed," she said.

They bought a 1,636-square-foot home with four bedrooms and 2½ bathrooms for \$131,000.

Pierre Nona, head of Triangle Development in Farmington Hills, was part of a partnership that developed Shamrock Village on the old Detroit Catholic Central High School site.

Nona and other builders are grateful for the boost to their business. He closed the Shamrock development in 2008 after sales of the 87 lot-project stalled.

He reopened it in October 2010 and has since sold 25 units. There's a Phase 2 planned, with 133 single-family homes.