

Condos: Not just for retirees anymore

BY HEATHER DUROCHER JOHNSON
Special to the Record-Eagle

Condos seem to be cropping up everywhere in the northwest Lower Michigan area. Are they the best alternative to a traditional home?

Just ask the retired couples choosing to “downsize” to waterfront condos after living in homes on the bay, or the growing families who live downstate or in the Chicago area but want an up north getaway.

Single professionals and married-without-children couples who have more important things to worry about than home maintenance also appreciate this housing option.

“I think condos are really in fashion now,” said Kathy Wittbrodt of Piper Realty in Elk Rapids, who is working with the new Cottage Cove condominium development in Elk Rapids.

Buyers have plenty to choose from, too. Locally, some 1,000 new units are coming onto the market between now and spring, said Mark Hagan of Coldwell Banker Schmidt Realtors in

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Kathy Wittbrodt, Piper Realty,
on condos versus cottages as a second home

Traverse City. Prices run the gamut of affordable — the low \$100,000s — to high end — \$799,000 and up.

Condos have come a long way from serving mostly retirees who want basic, no-frills living quarters.

“It’s not the retiree per se that is going into a condo — although we’re seeing that — but people who are looking to retire in a few years,” Wittbrodt said. “And they’re youthful — they’re probably in their mid 50s. And they’re active.”

Developers, realizing that condo life appeals to people of varying ages and income levels, are tailoring ameni-

ties to specific lifestyles.

Here is a snapshot of condominium buyers and what they’re getting:

The active buyer

More people who spend weekends on the water are choosing condominiums for their vacation homes rather than traditional lake cottages that typically require time-consuming upkeep, Wittbrodt said.

“You can spend a lot of time getting your cottage in order,” she said. “Many people want to get away, plop their keys down and get out on the boat and enjoy the brief weekend they’ve got.”

Waterfront condos aren’t cheap, though real estate professionals say it’s hard to beat their value given the high price vacant waterfront lots go for these days.

Cottage Cove units, which include a 28-foot boat slip and storage unit and range in size from 2,150 square feet to 3,000 square feet, start at \$539,000.

Proximity to town is another draw for these buyers. For Cottage Cove residents, downtown Elk Rapids is a short drive or boat ride away. A new development in Suttons Bay also is eliciting interest for its closeness to shops and activities.

“It ties in with the downtown area,” said Karen Ardery, sales manager for the new BayView Development, the first phase of which is underway and will include 54 condo units at the waterfront site of the demolished Frigid Food Products building on M-22 north of M-204. “It’s really cool because when people come here, if they want to go to the movies they can walk downtown. They can walk to shops and to the beaches.”

A popular feature is the first-floor cabana, which Ardery says can be used as a guest room or extra family room.

“It has a full bath and wet bar, and it opens up on the water side,” she said.

Some developments allow buyers to customize their condos, whether it be exterior color or on what wall they’d like the fireplace. This allows for a sense of uniqueness while at the same time maintaining an overall look to the development.

High-Quality Affordability

One of the larger — and most affordable — new condominium developments is Chelsea Park, on Hartman Road in Traverse City. The 240 units, now under construction, range in price from \$138,000 to \$165,000, said Hagan of Coldwell Banker Schmidt.

“It’s real high quality, but they’re going after the more entry level market,” he said. “They all have attached garages with inside doors into the units. That is pretty unusual in this price range.” Hagan expects the devel-

opment to sell strong because of its reasonable prices and location, which is wooded yet close to town.

Another newer condo development — Old Town Condominiums near downtown Traverse City — also sold well with an affordable range of \$109,000 to \$135,000, Hagan said.

Both developments have attracted young professionals and, Hagan said, a growing number of newly-single folks. After selling a divorcing couple’s home, Hagan has then turned around and sold each person a condominium.

Given all that they offer — not to mention the lower interest rates — real estate professionals predict condos will likely remain a hot buy for people of all ages and stages of life.

“There are a lot of people who are real interested in the no-fuss kind of lifestyle with a condominium,” Hagan said. “We’ve got this busy lifestyle going, and I think the condominiums fit that.”

Heather Durocher Johnson is a local freelance writer.

Professional advice for area potential homebuyers

BY MICHELLE ARNTZ
Special to the Record-Eagle

“The real estate market is going into 2005 on a healthy note,” said Tom Kamper, general manager at Real Estate One in Traverse City.

Kamper said that while medium-priced homes in the area continue to enjoy the greatest activity in the seller’s market, homes listed in the \$300,000 to \$800,000 range are currently moving at a more aggressive pace.

“The hard sells are the over-priced homes and the homes that do not show well,” Kamper said.

Steep driveways, poorly maintained homes and smoke and pet odors are just some deterrents to the successful sale of a home.

He added that a home with too high an asking price will be on the market “until the market price catches up or the seller is willing to sell for the market price.”

Ben Holmes, a realtor with Coldwell Banker Schmidt in Traverse City, agreed that while sellers want to get the

“What they qualify for and what they truly can afford are two different things.”

Holly Hack, mortgage sales representative,
on financial realities for potential homeowners

best return on their investment, asking too much may just delay the sale of your home.

“The sale of similar properties in the last few months is the most effective way to determine market value,” Holmes said. “A realtor can provide current information about the market, pricing, and financing.”

“A seller can usually end up with more money in their pocket listing with a local broker with a strong marketing presence than trying to sell on their own,” Kamper said.

He advised customers to view three to five properties with an agent. This allows the realtor to formulate what homes the buyer

would be interested in viewing. A young couple just starting their family may need a home with extra bedrooms and a family room. At the other end of the spectrum are the buyers looking to downsize to homes offering lower maintenance.

Current statistics show that there is a resurgence of luxury waterfront condominium construction in the area.

“Historically, condos have not appreciated as rapidly as single family homes, and the monthly fees have edged upward over the last couple of years, which is a deterrent to appreciation,” Kamper said.

However, he added that they are popular choices

bought primarily by retired people, singles and couples without children.

Coldwell Banker said that in the last couple of years, the area has experienced considerable development with projects like Midtown, Lake Ridge Condominiums and Morgan Farm.

“Condos can also offer a more metropolitan lifestyle with open layouts and other architectural details. Some condos offer a price point that is very attractive to first time home buyers,” Holmes said.

Dean Sheldon, owner of Good Harbor Mortgage Company, does not expect mortgage interest rates to change more than one percent this year.

“Mortgage rates tend to follow the bond markets. The bond markets are most significantly affected by the fear of inflation,” Sheldon said.

As a mortgage broker, Sheldon independently markets and originates loans offered by multiple wholesale lenders.

“More than 65 percent of all home loans in the United States are originated by mortgage brokers according to a recent study published by the National Association of Mortgage Brokers,” he said.

When choosing between a 15-year and 30-year mortgage, Sheldon said it is often a matter of monthly cash flow.

“For most people, a 30-year mortgage makes more sense because the payments are lower,” he said.

A homeowner will pay thousands in interest over the life of the loan and Sheldon advised those able to make one extra house payment do so each year.

“This will knock about six or seven years off a 30-year mortgage,” Sheldon said. He recommends purchasing a 15-year mortgage if the buyer has the discipline and disposable income to make the higher monthly payment.

Holly Hack, mortgage sales representative with Huntington Mortgage

Group, suggested that when shopping for a mortgage, home buyers ask trusted family and friends what their experience was like with a lender.

With W-2 forms for the last two years, paycheck stubs and bank statements, Huntington will begin the loan process over the phone.

Holly added that many customers often want her to tell them what home they can afford.

“What they qualify for and what they truly can afford are two different things,” Hack said.

She added that customers who are currently renting to keep in mind that there are additional costs to the monthly budget when you buy a home.

“Things like garbage removal, taxes, insurance, maintenance and sometimes a heating bill. These all should be taken into consideration,” Hack said.

Michelle Arntz is a local freelance writer.

Ask a realtor which home improvement adds most value

BY DEIRDRE O’SHEA
Copley News Service

This year Americans will spend more than \$233 billion remodeling their homes. Whether it’s upgrading the kitchen, adding a window or replacing siding, these improvements ultimately increase the value of property. The question for many homeowners is — by how much?

The 2004 “Cost vs. Value Report,” published by the National Association of Realtors in conjunction with *Remodeling* magazine, compares the cost of 18 typical remodeling projects against the added value those projects can be expected to bring at resale.

Published in the December issue of *Realtor* magazine, the report serves as a tool for real estate professionals and their clients who are considering which improvements will add value.

The report is organized by project. Each one is evaluated in 53 cities across the country and organized by region — East, Midwest, South and West. A detailed description of what each renovation entails, including its size and construction parameters, is provided.

For several projects, such as a “Major Kitchen Remodel,” a midrange version and an upscale version are evaluated separately. The report gives the national averages for the job cost and resale value of each

“The report helps consumers determine if something is worth doing to put their home on par with others or to give it a competitive advantage.”

Tom Stevens, president-elect, National Association of Realtors on their “Cost vs. Value Report”

project, as well.

“The customer is always asking, ‘What do I do to my home to prepare to sell it two or five years down the road?’” said Tom Stevens, president-elect of the National Association of Realtors. “What return can I expect on the investment in my property?” Realtors can sit down with potential sellers and help them to position and stage their home to put it on top in the marketplace.”

A common project, a midrange “Major Kitchen Remodel” — updating an outmoded 200-square-foot kitchen with new cabinets, appliances, sink and fixtures, flooring, paint and trim — will cost \$39,429 in Jacksonville, Fla., and add \$22,400 to the home’s resale value, which is a 56.8 percent return. The same job costs \$45,762 in Las Vegas and adds resale value of \$36,955, for an 80.8 percent return. The national average is a \$42,660 job cost with \$33,890 added resale value. Many factors contribute to

how a remodel affects the resale value of a home, says Stevens.

“A lot depends on the competition in that marketplace,” he said. But what do buyers expect? For starters, they want the kitchen to be today’s kitchen, Stevens says, with upgraded appliances and a fresh look for cabinets.

The return on these renovations also depends on the value of the home compared to others in the neighborhood, the availability and cost of new homes, and the changes in property values — an upward trend almost everywhere in the United States in recent years.

The hotter the market, the greater the return on any project. In New Orleans, a “Family Room Addition” costs \$47,756 and adds \$64,400 in resale value — a whopping 134.9 percent return. In the same category, a renovation in San Diego yields a 107.5 percent return; Albany, N.Y., 103.1 percent; Providence, R.I., 95.8 percent; and

Minneapolis, 91.5 percent.

Add on the same family room in Detroit for \$61,533 (well above the national average job cost of \$52,562) and the resale added value is only \$21,000, or a 34.1 percent return.

“The report helps consumers determine if something is worth doing to put their home on par with others or to give it a competitive advantage,” Stevens said.

However, a family must also weigh the importance of quality of life when planning changes to their home.

“I’ve had friends say, ‘We are thinking about putting in pool and we’d like to know if we would recover our money,’” Stevens said. “Then they say, ‘We’d like the pool for our kids, to make our home a meeting place for them and for their friends. We plan to stay here for five years.’ Studies show that they won’t recover all the money — but some. Yet it comes down to their needs.”

Few people have enough money or time to tackle all desired changes and additions to their home at once. Making sound home-remodeling decisions means doing some research and setting priorities.

Because Realtors track the property sales in their market, they typically have a good sense of what value an improvement will have given the current conditions.

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