

**PERMITS: CONTINUED FROM PAGE 1**

ter days are ahead, say officials. Last year saw 19 new commercial structures, at a cost of more than \$15-million, begin to take shape in Midland, Chapman said.

"We're seeing a lot of positive developments," said Kelly Wall, president of the Homebuilders Association of Midland. "There's a lot of commercial activity through major employers here, a number of new homes are being built in Larkin Township, and the Parade of Homes is coming back strong. Overall, 2011 is going to be a great year."

The Homebuilders Association of Midland's annual spring Parade of Homes, featuring mainly custom homes built by HBA members, is approaching "pre-recession levels" of participation, Wall said of the several-day May event.

"We have 15 to 16 builders who will be showcasing their homes," he said. "Most of them are custom built. We're still doing a few spec homes. We're seeing an influx of people coming here for work at the new battery plant and with other major employers."

The economic news isn't quite as good in other parts of the state, including Metro Detroit.

Mike Stoskopf is CEO of the Building Industry Association of Southeastern Michigan, part of the Michigan Association of Homebuilders. His members span Macomb, Oakland, St. Clair and Wayne Counties. It's the most populated region of the state, with roughly 4.2-million of Michigan's 10 million residents living there. He says the region is taking baby steps to recover from the economic downturn that has devastated the construction industry and left many Detroit-area businesses reeling.

"It was so bad in 2009 when we bottomed out," he said. "We came out of that year showing only modest signs of recovery, but you've got to start somewhere."

In December of 2010, the four-county region saw an 88 percent increase in single family home permits issued, compared to December of 2009. That capped a year during which 1,860 permits were issued, nearly 82 percent higher than 2009. But the figures, when analyzed historically, fall well short of signaling a dramatic comeback for the construction industry in Metro Detroit, Stoskopf notes.

"The view is mixed," he said. "Yes, the past year marks a clear turnaround compared to both the 2008 and 2009 calendar years. However, the permit total remains well below the 40-year annual average of 9,511 permits across the four-county area. Unfortunately, the first six months of 2011 shows a clear downward trend."

Factors contributing to a significant decline in permit activity include flat employment growth coupled with declining workforce numbers, increasing oil prices, and continued challenges resulting from foreclosures and other distressed sales, Stoskopf said.

Unlike Midland, Southeastern Michigan is seeing little new commercial construction. There is some industrial activity, as existing plants get retooled for new product lines and such, "but there are not a lot of new buildings going up. There's too much inexpensive office space available that it doesn't make sense to build new," Stoskopf said.

So far this year, Midland has issued two permits for new commercial buildings "but there are other commercial projects occurring," Chapman said.

Midland is building on the momentum of a solid 2010 construction season that many other regions like Metro Detroit would love to emulate.

"We had a really good year," Chapman said. "There were 50 single family homes built in the city, 3 attached condos and 5 duplexes in 2010. That was a big increase for us."

"From my perspective as a business owner (Greystone Homes) we're as busy as we've ever been," Wall said. "We've got people calling. That wasn't happening a short time ago. I'm thinking this is great because I know what we've been going through."

In Saginaw County, the vast majority of building and remodeling activity has been occurring in Saginaw Township and Tittabawassee Township, a trend that is expected to continue in 2011. Saginaw Township last year issued 24 single family building permits, compared to 26 in 2009. The community's numbers dropped a bit in remodeling permits as well, with 18 in 2010, down from 23 in 2009. Saginaw Township shows 29 addition permits being issued in 2010, a decrease from 34 the previous year.

Single family building permits in nearby Tittabawassee Township jumped from 22 in 2009 to 30 in 2010. Remodeling activity increased there as well, with 13 permits issued in 2010, up from 10 the previous year. Tittabawassee Township, which includes Freeland, also enjoyed a slight surge in home additions being built, going from 8 permits in 2009 to 12 addition permits in 2010.

Statewide, officials, after seeing modest improvement in homebuilding to close 2010, are cautiously optimistic that 2011 is going to be a pretty decent year for homebuilders and others connected to the industry.

"Michigan's economic challenges have hit our industry hard the past few years but we have to be encouraged by the latest results from the Michigan Housing Index showing an increase in current activity and future building prospects," said Robert Filka, CEO of the Michigan Association of Homebuilders. "There is still a lot of work to do to turn this state around, but we are seeing the beginning of a modest trend upward in housing."

Filka said the Michigan Association of Homebuilders is forecasting a 16.5 percent increase in the number of building permits expected to be issued in Michigan in 2011.

He said the majority of consumers continue to seek smaller, less costly and more energy efficient homes.



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Greystone Homes owner and Homebuilders Association of Midland president Kelly Wall outside a home he recently built in Midland.

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are more demanding than ever as they walk through a home."

All is not lost, however, if you're putting an older home on the market. A little sprucing up, particularly in the kitchen and bath, can go a long way to entice interest from prospective buyers. And, it doesn't have to be costly. Sometimes it just might mean something as simple as switching from 1960 and '70's bright, gaudy colors such as lime green or orange to a more neutral color scheme, Darger advises.

"Sellers trying to sell an older home should turn to their trusted real estate professional in advance of selling so they can discuss trends, colors, materials, designs and inexpensive resurfacing techniques."

In 2010, total residential home sales showed a modest gain to 905, a 10 percent increase from the previous year's figure of 812. The average residential sales price in 2010 jumped from only \$136, 348 to \$142, 505, Darger said, a factor he attributed to fewer bank properties being sold last year than in 2009.

Housing news is mixed early in 2011. The total number of homes sold is down around 12 percent from this same time last year. Yet the average sales price is up over last year because we're selling fewer bank

properties and some larger homes sold in the beginning of the year, Darger says.

He cautions that the 3rd and 4th quarters of the calendar year are more telling and accurate indicators of average home sale price. In addition, the first half figures for 2010 reflect sales generated by buyers who scrambled to take advantage of an \$8,000 tax credit granted to first-time homebuyers, a definition in this context that was "very generous because it included people who hadn't owned a home in five years," Darger said.

The total number of homes for sale in Midland is significantly down. Darger blamed this on the snow storms in February that wreaked havoc on the area and slowed real estate activity. He expects more homes to pop up for sale in early spring.

"That's when families come home from spring break vacations and, generally speaking, get real serious about their real estate," Darger said.

He said sellers here likely are better served utilizing local lenders and appraisers because "some out of state lenders are still punishing Midland home sellers because of Michigan's economic problems. It should be a strong year in Midland, with the same or more homes sales than in 2010."

"There's no question that buyers are more demanding than ever as they walk through a home."

— TOM DARGER



The kitchen and living room area of a home recently built by Greystone Homes in Midland.