

HOUSING The Portland Observer

How builders hike the price of your new home

These days, builders are making a lot of their money by jacking up their prices on extras like hardwood flooring. An upgrade on flooring, for example, can mean as much as a 40 percent boost in the builder's profit margin.

Two things make it possible for your builder to convince you to upgrade: Your desire to set yourself apart from others and your belief that the builder is in the driver's seat.

One home buyer, for example, wanted hardwood floors in her family room, kitchen and master bedroom. Her builder was going to charge her \$7 a square foot, which would add \$5,000 onto her home's base

price. Instead of accepting that quote, she shopped around and found a contractor willing to do the job for \$5,25 a square foot and saved \$1400.

Usually it's good when a consumer can buy from somebody who buys in bulk. Your builder probably saves money on appliance from buying them in volume. But are these savings passed on to you? Not always. If you're not getting 10 to 20 percent off the list price, push for it. Remember, the more appliances you're buying, the better your negotiating leverage.

A home buyer who wanted to upgrade the appliances in her kitchen was offered a package for \$4600. By

shopping around she found a dishwasher willing to knock \$400 off that price. Her builder then agreed to match the lower price, then threw in a free upgrade on a dishwasher.

Windows
Bay windows, skylights and special windows involve structural adjustments to a new house, so your builder is justified in charging you a lot for them, right? Not necessarily. For example, if the framing on your house is not yet completed, window installation is relatively uncomplicated. So, don't go along with a builder who says an unplanned addition will cost you an arm and a leg.

One couple asked their builder to

add two side-by-side picture windows to their living room. The builder said that the late change in plans would cost them \$4000. But a sales associate had told them the addition would cost the builder only \$1200 to \$1400. Armed with that information, the couple got the builder down to \$2000. It's your house, so stand your ground!

Bathrooms
One way builders make a profit on every new home or remodeling job is by marking up their services, the services of subcontractors and the products they buy (which they probably get at discounted prices by buying in bulk). This is true even for a

room as small as a bathroom, and it can add a lot to the price of a house.

A builder in Oregon says he tacks on a margin of up to 40 percent for bathroom upgrades. For example, when he buys a \$140 toilet, the customer pays nearly \$200 for it.

So, how can you avoid these high mark-ups? If your builder won't match the best price you find, shop around for a better price or consider buying the items yourself and having them installed by another contractor.

Countertops
Corian or granite countertops may be ideal for your new kitchen. They look great, they're easier to take care of than standard surfaces and they're

more durable. But, they're also more expensive. One reason is that these materials are harder to work with. Does this mean there's no give in the price? Not at all, because the builder may be adding on a hefty mark-up.

If your heart is set on a top-of-the-line kitchen, be aware of the fact that while many desirable extras come with a price tag, they may be overpriced.

If your builder hands you an estimate that sends you into sticker shock, challenge it.

And don't forget the shop-and-compare technique. Find a lower price and chances are your builder will match it.

BOMA Boot Camp

BOMA's Most Successful Course Comes to Portland.

It's no secret that the commercial real estate world has become a competitive place, as property managers are hit with everything from managing the needs of dozens of building tenants, to running financial models on multi-year leases, to posturing a property for future prosperity.

To help meet these challenges, the Building Owners and Managers Association (BOMA) International has teamed up with The Lipsey Company to offer their most popular training course, BOMA Boot Camp: Skills and Systems for Today's Property Manager from September 26-28, 1996 in Portland, Oregon.

This three day, intensive skills building program focuses on finance, operations and management skill, marketing, crisis communications, legislation, tenant retention, and leasing skills.

Since its inception, the program is designed for all professionals who manage commercial properties -- no matter how experienced or new to the business. Students can expect to learn through participation as well; the course is just 40% lecture and 60% "hands-on" training, through role play, case study and group assignments.

"This is not old material for new people. This is new material for everyone who is in the business," says Michael J. Lipsey, CCIM, CRB, CPM, President of The Lipsey Company, creator of BOMA Boot Camp, and one of four trainers in Portland. "We're going to train you to do what you've always wanted to know how to do."

Aspiring experienced and veteran managers alike will learn how to:

-Think outside of "1010 Main Street"

-Anticipate emerging market

trends

-Provide a more desirable building at less cost

-Negotiate more competitively with both tenants and vendors

-Be more effective in attracting and retaining tenants

-Handle crisis situations and field media inquiries

-Prepare and evaluate marketing budgets to position yourself as an asset manager

-Value a property

-Understand land uses, value and zoning differences

BOMA Boot Camp has been approved by the Building Owners and Managers Institute for competency credit for the RPA course entitled "Fundamentals of Real Property Administration". The Institute for Real Estate Management (IREM) has also approved Boot Camp for four elective points toward earning continuing education credits.

Five-story apartment planned for 7th & Halsey

BY LEE PERLMAN

Developer Marty Kehoe plans to build a five-story, 130-unit apartment building on a block bounded by Northeast Sixth and Seventh avenues and Halsey and Clackamas streets.

Architect Bob Moreland told city officials at a meeting last week that on the western half of the block the building will sit on a two-level, 128-space garage starting four feet underground, with an entrance on Northeast Halsey Street.

The building's main entrance will be through an open public plaza facing Northeast Seventh Avenue.

Exterior materials will be brick and either stucco or precast concrete. Some units will have overhanging balconies.

Kehoe later told the Observer

that there will be 30 studios, 70 one bedrooms and 30 two-bedrooms of 500, 700 and 900 square feet, respectively. Rents will range from \$400 to just over \$900, he estimates.

"It will be a nice building, but we want to keep the rents as affordable as possible so that we can fill it quickly," Kehoe says.

The building will not have ground floor retail space, as permitted by zoning and encouraged by city planners.

Kehoe said it would not be economically feasible because the project is in a "strange space--one block off both the main retail areas" along the Broadway-Weidler and Martin Luther King Jr.-Grand corridors.

His preliminary plans won praise

from city officials except for one point--the proposed design of the western face along Northeast Sixth Avenue as a blank wall. Planner Jeff Joslin said Central City Design Guidelines call for ground floor windows or some other sort of "creative" approach.

"Putting in a four by four foot piece of artwork probably won't do it," Joslin added.

"The cumulative effect of having block after block of blank garage walls is to create an unpleasant pedestrian environment," he said.

"The more requests for exceptions city officials see, the crankier they get," he added.

Kehoe says he was attracted to the site because it offered a chance for "high-density development in an up-and-coming part of town."

West Coast homeowners their losses

Fewer California homeowners are taking a loss when they sell their homes, providing further indication that the state's beleaguered real estate market is in a steady, although slow, recovery, a real estate information service reported.

In July, 27.9 percent of all home sellers sold their homes for less than they had bought them for.

That was down from June's 28.4 percent and down from 31.3 percent for July a year ago, according to DataQuick Information Systems, an Axiom Company.

July's 27.9 percent was the lowest since 27.1 percent for February 1992. It was well below the peak of 42.7 percent that occurred in September 1993.

During the first seven months of this year, 29.9 percent of the state's

home sellers took a loss, down from 32.0 percent for the same period last year (see chart), the company reported.

"We thought the loss percentage might go up because of this year's sales increases. A lot of today's seller-buyers are concluding that what they lose at one end of the deal, they make up at the other end," said Donald L. Cohn, DataQuick CEO.

"Home sales have been strong this year because of the recovering economy and the reasonable prices and interest rates. Now that home prices have bottomed out and are going up in some areas, taking a loss should be even less of a problem," he said.

DataQuick monitors all real estate activity nationwide and provides information to lending institutions, title companies, industry analysts and

consumers.

The company was acquired last year by Little Rock, Ark.-based Axiom Corp.

The numbers include all "arms-length" resale condo and house transactions where current and prior sales prices were available.

Loss sales are most common in areas where a lot of new homes in the "move-up" category were built and bought during the sales and price boom of 1988-1991. So far this year,

43.2 percent of the sellers in Orange and Ventura counties have taken a loss.

The lowest loss ratios can be found in areas where prices are increasing, or where housing stock is older and length-of-ownership is longer. Home prices in Santa Clara County are going up at the fastest rate in the state and the county has the state's lowest loss rate at 13.0 percent. In San Francisco 13.6 percent of all sellers take a loss.

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For the home gardener

Home gardeners can learn to prevent and manage insects, weeds and diseases using least-toxic controls and homemade remedies.

Metro's Natural Gardening workshops will be offered throughout the metropolitan region during September and October.

- Northwest Portland
9:30 to 11:30 a.m. Saturday
Sept. 14
Friendly House
1737 NW 26th Ave.
- Southeast Portland
7 to 8:30 p.m. Wednesday
Sept. 25
Leach Botanical Gardens
6704 SE 122nd Ave.
- Northeast Portland
7 to 8:30 p.m. Tuesday, Oct. 8
Metro Regional Center, Room 270
600 NE Grand Ave.
- Gresham
7 to 8:30 p.m. Thursday, Oct. 17
Gresham City Hall
1333 NW Eastman Parkway.
- Beaverton
7:15 to 8:45 p.m. Tues., Oct. 29
Beaverton Community Center
12350 SW Fifth St.