

Metro Detroiters keep spending at steady pace

Declining incomes don't affect lifestyles

By Joel Kurth / The Detroit News

Michigan's go-go economy may be long gone, but that hasn't stopped residents from spending like the good times never ended.

New census data shows no let-up in Metro Detroit's high-living lifestyle, despite dropping incomes and rising poverty since 2000.

Pay is down, but homes are costlier than ever. More people are on food stamps or spending more of their income just to get by, but few would even think of car-pooling or using public transportation.

"There's a big disconnect from reality and unwillingness to live within our means," said Charles Ballard, an economics professor at Michigan State University.

"The old American way was work hard and save your money. The new American way is spend it all and hope you win the lottery."

The disconnect — which spreads far beyond Michigan — fuels brisk business at both luxury car dealerships and pawn shops, and has some residents buying \$5,000 tree houses, even if they sometimes have trouble making payments on real ones.

Or, if you're Lindy Romatz, it means working 70-80 hours a week at two jobs to afford a new condominium, new Jeep and frequent trips to the mall. Last year, the workload sent her to the hospital with pneumonia, but she has no regrets.

"Honestly? I blow my money, but I'd rather work hard and be able to spend \$500 at the mall and be able to afford it," said Romatz, 20, of Chesterfield Township. She works days at a real-estate office and tends bar nights.

"I don't want to get burned out, but I like having the leisure money. I like being able to go out and spend \$150 at a (club) if I want to."

Census data shows that incomes in Metro Detroit dropped between 2000 and 2003. Last year, a typical household in the area made \$49,000, down from \$51,000 in 2000.

During the same period, the number of people living below the poverty level increased to 12 percent from 9 percent.

Carpooling, never popular in the Motor City, dropped to 8 percent from 9 percent.

Even so, the housing market remained robust: Median home values in the region increased to \$161,000 from \$142,000 during that period; 18 percent of homes are now valued at \$200,000 to \$300,000 and another 12 percent are worth \$300,000 to \$500,000.

In the Milford area, where Gene Hornsby has sold real estate for 26 years, \$300,000 homes have become the rule, not the exception. Homes that list for \$750,000 to \$1 million no longer cause gasps of envy among neighbors.

"We still talk about them as being rich people's houses, but that's no longer the case," Hornsby said. "I hear it all the time and even catch myself saying it, but I can't believe what houses are going for."

There's no complaints either at Meade Lexus of Lakeside in Utica, where sales of cars that cost \$30,000 to \$70,000 have grown at least 11 percent a year for the past five years.

"Our clientele used to be just the top 5 percent wage earners, but it's become much more diverse," said Tom Fraser, sales manager. "The people who have money will always spend it on luxury cars."

Not all luxury items are booming.

At the Outdoor Fun Store in Wayne, customers lately have become reluctant to plunk down \$10,000 or \$20,000 for tree houses complete with skylights and wall-to-wall carpeting.

Still, sales of \$5,000 forts and play sets remain strong, said general manager Dave Carlson.

"The guy who's at Ford relying on overtime and isn't getting annual bonuses anymore just isn't buying (luxury) tree houses these days," Carlson said.

Still, sales of swing sets, big houses and cars are increasing as savings declines, census and other government data indicate.

The number of households spending 35 percent or more of their income on mortgages grew to 23 percent in Metro Detroit from 16 percent in 2000.

Nationwide, families in 2003 saved just 1.4 percent of their disposable income, money left over after monthly bills and taxes, according to the U.S. Department of Commerce.

That's down from saving 11.6 percent in 1984.

"We have a go-go lifestyle and freewheeling attitude, which is OK so long as there's no bumps in the road," Ballard said. "But there's a good chance there's going to be a day of reckoning."

That day comes to about 70 people who seek help every week at Christian Credit Counselors in Livonia. Business, such as it is, has more than tripled since 1999: Five years ago, about 20 people a week sought help.

Those with money problems aren't easily stereotyped, said Jeff Baker, a manager at the agency. The average client has \$25,000 in credit card debt. Twice a week, someone who owes \$100,000 calls the agency for help, Baker said.

"Nobody wants to change," said Lew Silver, a Southfield pawn broker and diamond dealer who has seen a 25 percent spike in loans since 2000.

"People still are going on vacation and still want nice things even if the plant has closed and they're out of work."

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