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W I S C O N S I N

THE VOICE OF THE WISCONSIN HOMEOWNERS ALLIANCE

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## VOICES FROM THE KITCHEN TABLE

# Homeowners Concerned about Rising Cost of Living in Wisconsin

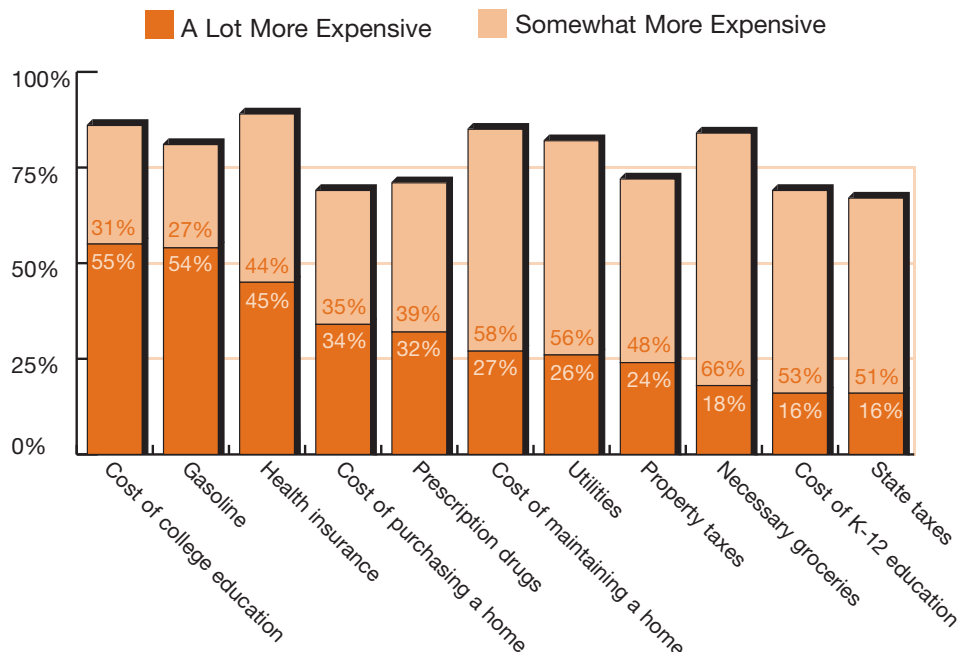
*Taxes top list of things they believe are more expensive here than elsewhere*

Wisconsinites have been concerned about rising costs for some time now. In the fall of 2006, for example, more than half of us said that the price of many things we had to have, from the cost of health care and taxes on the one hand to the price of groceries, utilities, gasoline and education on the other, had risen over the previous 12 months.

The financial pressure appears to be taking an ever increasing toll on Wisconsin family budgets. In 2003, researchers were startled when more than half of all respondents said that they had less money left over at the end of each month than they had at the same time in 2002. By late 2006, that already troubling statistic had soared to 73 percent,

### THE FINDINGS

I'd like you to tell me whether you think each of these items is a lot more expensive, somewhat more expensive, somewhat less expensive or a lot less expensive than it was one year ago.





and in July of 2007, 79 percent of Wisconsin homeowners were reporting that they had less money at the end of each month than they had at the same time in 2006.

Today, more than three out of every four citizens say that the cost of living is either very high (20%) or somewhat high (56%) in Wisconsin. Those 55 to 64 years old, particularly women, are most likely to say the cost of living in Wisconsin is high. Nearly nine out of every 10 women over the age of 55, for example, say the cost of living here is either very high (21%) or somewhat high (65%), while 85 percent of those 55 to 64 say it is high. And, they see the cost of living in Wisconsin as high not only when compared to the previous year's prices, but also compared to the prices they believe consumers and taxpayers are paying in other states. When asked, for example, whether specific cost of living items were more or less expensive here in Wisconsin than they would be in other states, significant majorities view Wisconsin's cost of living as higher than that of other states and higher taxes tops the list in terms of that perception.

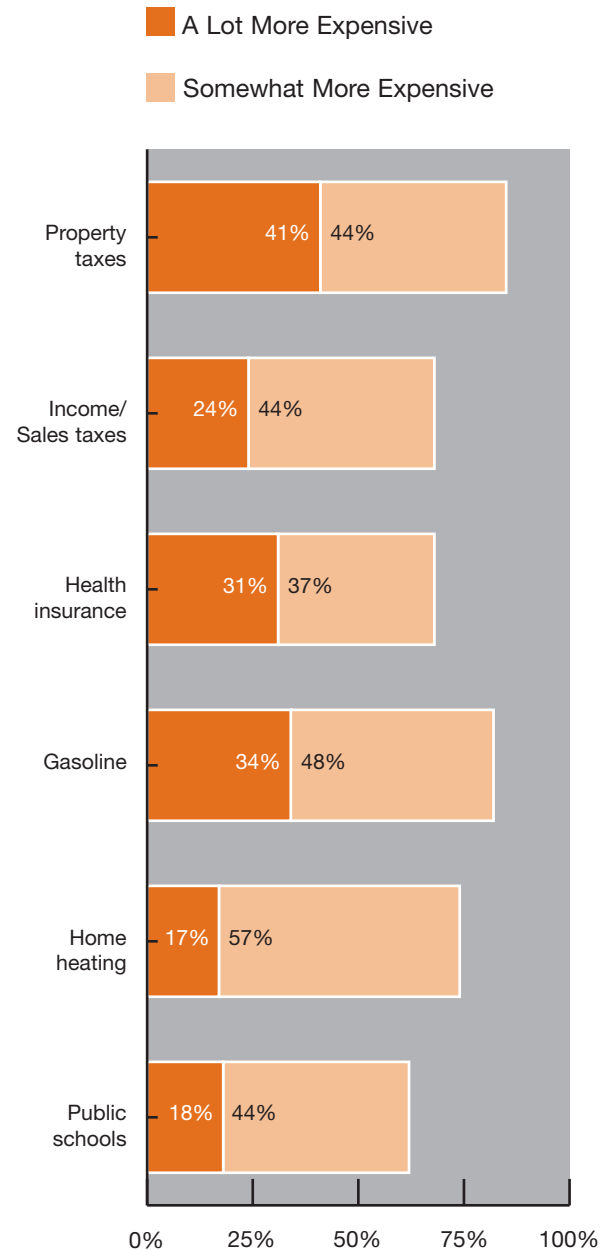


Homeowners see the rising cost of living as bad not only in terms of their personal budgets, but also in terms of the state's economy. Nearly two-thirds (62%), for example, indicate that they think the cost of living in Wisconsin discourages people and businesses from moving to our state. And once again, concerns about property taxes tops the list of concerns. Asked to identify which single item from the list identified above was most likely to discourage people and businesses from moving to Wisconsin, two-thirds identified either property taxes (46%) or state income and sales taxes (20%).

These responses reflect a continuing concern about both the economy and the quality of life in Wisconsin. Rising consumer prices are obviously a part of the problem, but as those higher prices squeeze their family budgets, homeowners are reporting increasing concerns about the affordability and fairness of their property taxes and about the negative affect those taxes are having on the state's ability to attract the people and jobs we need to revitalize our economy. Is anybody listening?

## THE FINDINGS

I'd like you to tell me whether you think each particular item is more or less expensive than it would be in other states. For example, when you think about what you spend on heating your home here in Wisconsin would you say they are a lot higher, somewhat higher, somewhat lower or a lot lower than they are in other states?





# Homeowners See a Buyer's Market, Favor More Caution on Mortgages



A periodic look at how homeowners feel about their homes and their home buying and selling experiences.

No rose-colored glasses for Wisconsin homeowners. They've obviously been paying attention to national news reports about the current housing market and the issues raised by subprime mortgage lending. And, with typical Wisconsin bluntness they are calling it like they see it—or at least as it's been described to them—good for buyers, bad for sellers.

Nearly nine out of 10 (87%) homeowners, for example, see the market as bad for sellers, while two-thirds (65%) say it's a good market for buyers. Younger people—that is, those 18 to 44 years of age—are even more inclined to see a good buyers' market. Nearly three-quarters (72%) of this age bracket indicate that they think it's a good time to be buying a home.

Less than one in 10 (7%) Wisconsin homeowners report that they are currently trying to sell their home or have plans to sell it in the near future. Overwhelming majorities of those selling and planning to sell their homes indicate that they are already working with a REALTOR® or plan on working with a REALTOR®. About the same percentage (8%) say that they are either looking for a home now or plan to buy a home within a year, and in keeping with their perception of the market as a buyers' market, a larger percentage (14%) of younger people 18 to 44 say they are looking to buy now or in the near future. Most buyers report that they are either

working with a REALTOR® or are planning to work with a REALTOR® when they do buy, but the margins are considerably smaller than amongst those looking to sell their homes.

Homeowner attitudes towards the mortgage market are equally interesting. When asked, for example, "how difficult or not difficult it is for people like you to get a mortgage now," nearly half said it was either very difficult (15%) or somewhat difficult (34%), while one in four said it was somewhat easy and 17 percent said it was very easy. Not surprisingly, a larger percentage of respondents making less than \$60,000 a year (65%) said they thought it was difficult for people like them to get a mortgage.

Despite the fact that nearly half of all respondents already think it is difficult to get a mortgage, a similar percentage (49%) of respondents said they think mortgage lenders should make it more difficult for people to qualify for mortgages. On this question responses are affected by both age and income. For example, while only about a third of those 18 to 44 think it should be harder to get a mortgage, more than half (52%) of those 45 and older say it should be more difficult. Similarly, while 42 percent of those making less than \$60,000 a year think it should be more difficult, nearly two-thirds (61%) of those making more than \$60,000 a year say it should be harder.

## THE FINDINGS



When you think about what it costs to live in Wisconsin, would you say that the cost of living here is very high, somewhat high, not too high or not high at all?

Very High	20%
Somewhat High	56%
Not Too High	20%
Not High At All	3%



## Today's Housing Industry Challenges ...



Wisconsin homeowners recognize the challenges in the housing industry now and many say they are holding back from putting their homes on the market. This sentiment is widely shared among homeowners of all ages and income levels and overall, fewer than one in 10 (7%) homeowners say they are currently selling or plan to sell in the near future.

When they do sell their homes, however, three out of four homeowners say they intend to use a REALTOR® to aid in the process. And the decision about whether to use a REALTOR® is tied to a homeowner's age and gender. For example, 80 percent of women say they are likely to work with a REALTOR® when selling their home, while 71 percent of men say they plan to seek REALTOR® help.

Sellers at the younger and older ends of the spectrum also are more likely than middle-aged sellers to seek REALTOR® help when putting a home on the market.

Those who think it is a bad time to be selling a home also are more likely to seek the professional help of a REALTOR® when putting their home on the market (78%) than those who think it is a good time to be selling (75%). Conversely,

among those who believe it is a good time to be selling, 25 percent said they would go it alone, while among those who think it is a bad time, 17 percent said they would sell by themselves. Those who thought it was a bad time to be selling expressed greater uncertainty about which course to pursue if they were to sell their homes.

On the buyer's side, a strong majority of Wisconsin residents (55%) also say they plan to work with a REALTOR® when they are ready to purchase a home. Again, women are more likely than men to use a REALTOR® in the process, with 67 percent of women indicating they would seek an agent's help, compared with 50 percent of the men.

Finally, there is some evidence that price sensitivity and an individual's perception of the economy may play a role in the decision to seek out REALTOR® help during the home-buying process. For example, among those who believe the cost of living is very high in the state, just 19 percent indicated they would plan to work with a REALTOR® when buying a home.