

# THE VOICE OF THE WISCONSIN HOMEOWNER'S ALLIANCE

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W I S C O N S I N

Homeowner Insights for Wisconsin Decision Makers

Volume 2 • Issue 5 • August 2007

## Buyers and Sellers — The Market Is Changing and So Are They

**Editor's Note:** The old question of whether home buyers and sellers do better on their own or with a professional REALTOR® surfaced again recently when two Northwestern University professors released a study on the Madison, Wis. market, which they say indicates that, at least in that market, buyers and sellers do about as well price wise on their own as they do when using a REALTOR®. It is important to note, of course, that Madison is not a typical market and that the study focused almost exclusively on pricing and does not appear to have examined a number of the other critical service elements involved in selling and buying a home. As luck would have it, just before the report was released, your Wisconsin Homeowners Alliance was listening to homeowners across Wisconsin talk about their home buying and selling experiences. We think you'll find their comments interesting and instructive.

### Young professionals are driving the market today

Wisconsin continues to lead the national average slightly in terms of the percentage of people who own their own homes. Nationwide the number is 66 percent, while here in Wisconsin about 68 percent or nearly three million people own homes.

A little more than half (53%) of our Wisconsin homeowners tell us they have sold a home at some point in time. Not surprisingly, older homeowners are more likely to report having sold a home than younger homeowners. So, for example, while less than 20 percent of those under age 34 say they have sold a home, nearly two-thirds (62%) of those 55 and older say they have sold a home. Interestingly, more than half of those ages 35 to 44 (56%), those who describe themselves as white collar workers (54%) and those making more than \$80,000 a year (61%) report having sold their homes.

An examination of how recently people sold their homes reveals an even more important piece of information about today's market. About one in four homeowners report selling a home within the past five years. Another 20 percent say they sold a home six to 10 years ago, while more than half (54%) indicate that their home selling experience occurred more than a decade ago.

When one looks more closely at the 26 percent of homeowners who said they sold homes within the past five years, an interesting profile emerges. While those between the ages of 35 and 54 comprise less than 40 percent of the population reporting sale of homes, they account for two-thirds of those reporting home sales in the past five years. In today's market, the 35- to 44-year-old population is particularly important. Two-thirds of this population report having college or post college degrees, and of those who are employed, nearly two-thirds view themselves as white collar workers. Also, nearly half of those 35- to 44-year-olds who are employed full time report incomes in excess of \$80,000 a year and a sizeable majority (63%) ages 35 to 44 are women. More importantly, 60 percent of this group reported selling a home in the past five years and they accounted for more than one in three (38%) of all reported recent sales.





The Wisconsin Homeowners Alliance (WHA) is a 501(c)(4) organization dedicated to representing the interests of Wisconsin homeowners and protecting Wisconsin's quality of life one home at a time. As part of this effort, the WHA conducts a series of statewide public opinion surveys designed to help us understand what homeowners are thinking and talking about. This monthly publication is intended to share issues of importance and concern to homeowners with decision makers around the state.

**Use of REALTORS® more likely—satisfaction greater—in today's market**

Approximately two-thirds (63%) of homeowners who sold their homes more than 10 years ago report using a REALTOR® to help sell their homes, while more than three out of four (78%) recent home sellers say they used a REALTOR®. Similarly, while 60 percent of those older than 65 say they used a REALTOR® when selling a home, 83 percent of those ages 35 to 44 and 72 percent of those ages 45 to 54 say they used a REALTOR®. Two out of every five people (40%) who sold their homes more than 10 years ago said they were very satisfied with the "REALTOR® who helped [them] buy or sell [their] home." Nearly half (49%) of those who sold their homes within the past five years describe themselves as very satisfied.

**The economy continues to be of concern**

More than half of Wisconsin homeowners (55%) believe that their local economy is worse off today than it was a year ago, and two-thirds say they have less money left over at the end of every month than they did a year ago.

Similar percentages of young professionals in the 35 to 44 age bracket who have driven

recent home sales express similar concerns. However, much higher percentages of the slightly older 45- to 54-year-olds who also helped drive recent sales report concerns about the economy and disposable income levels. For example, 70 percent of this group says their local economy is worse off now than a year ago, and three out of four (76%) say they have less money at the end of each month.

**More changes coming**

The most recent Wisconsin Homeowners Alliance survey of Wisconsin homeowners confirms that young professionals recognize the need for, and appreciate the professional skills Wisconsin REALTORS® provide. It also underscores the fact that REALTORS® have played a major role in helping these young families find the housing they needed at a price they could afford.

As we acknowledge these two major accomplishments, we should, however, pay close attention to how other factors may affect the market. For example, Wisconsin's 65 and older age group is growing. This age group currently owns more than a half a million homes in our state and 38 percent of the respondents in this group reported that they

sold a previous home by themselves, which means that as many as 200,000 homes could go on the market in the foreseeable future without the help of a REALTOR®.

Also of concern—the availability and affordability of housing for the next generation of young professionals Wisconsin is desperately trying to attract; and, how rising costs and taxes will affect the more than 500,000 homeowners between the ages of 45 and 54 in terms of home sales and other home-related costs, like the purchase of major appliances and investments in maintenance and repairs.

In short, there is a great deal of positive news in our most recent findings. But, we are also reminded, once again, how sensitive the housing market is to changes in the economy, taxes, the cost of living, and the age and economic wellbeing of our population.

