



2008 Strategic Planning Focus Group Report

Executive Summary

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Overview

- Focus group sessions were conducted April 1-3, 2008 in Madison, Brookfield, Milwaukee, Racine, Kenosha and Janesville by WRA Chairman-elect Mike Mulleady, President Bill Malkasian and Vice President Michael Theo.
- Participating members represented a diversity of age, experience and expertise. Two sessions involved individual companies, with the remaining five involving local boards.
- The following sessions were held:
 - The Stark Company – Madison
 - First Weber Group – Brookfield
 - Greater Milwaukee Association of REALTORS® – Milwaukee
 - Commercial Association of REALTORS® Wisconsin – Milwaukee
 - Racine Board of REALTORS® – Racine
 - Kenosha REALTORS® Association – Kenosha
 - Rock Green REALTORS® Association – Janesville
- Findings are aggregated to identify consistent trends unless otherwise stated.



(Role of REALTORS® as trusted advisor.)

- The current market problems are the result primarily of overly-liberal lending practices that ignored prudent underwriting standards. We have a lending/credit crisis, not a housing crisis per se.
- These lending practices have resulted in a significant increase in foreclosures and short sales across all price points, but more prevalently with lower-priced homes. (While it is universal that foreclosures are up, business varies substantially between agents - anywhere from 5 percent to percent.)
- In response, lenders are now overly-cautious and taking far too long to process loan approvals. Problems are less acute with local lenders than national mortgage companies.
- The stigma of too many days on the market has resulted in allowing more listings to expire so property can be placed back on the market as brand new listings.
- Seller incentives are increasingly common in this market.
- Days on the market have increased substantially.

Findings

I. Current marketplace issues

- Sales are down but only from historic highs of recent years and not compared to a longer historical view.
- Reduced market activity seen as a “correction” with some positive impacts like reduced FSBOs, a welcome exodus of part-time or marginal REALTORS, and a resurgence of consumers needing and demanding professional representation.

II. Major market differences in the past two years

- Buyers have an unrealistic view of the market. They know it's a "buyers' market," and thus have a more aggressive and combative attitude. They are more selective and less emotional. They want to see everything on the market and don't want to pay full price or full commissions. They want "deals" and feel the market favors them. They have no sense of urgency.
- Buyers are armed with much more information about the market and the information they retrieve from the Internet makes them hypersensitive to prices.
- Sellers have an unrealistic view of the market as well. They insist on inflated prices based on antiquated sales data from bygone markets and/or on the anticipation that buyers will make offers far below the list price and thrust them into protracted negotiations.
- Consumers feel they need professional assistance to buy or sell a home in this market. FSBOs are down and the desire for full service is up.
- Most buyers in most markets now use a buyers' agent.
- Safety is a greater concern today as a result of the recent murder of a REALTOR in southern Wisconsin. Most members say their offices have redoubled efforts such as the buddy system for showings, pre-showing office registrations and all first time meetings at an office. Many said they were, or were considering, working with local law enforcement to promote agent safety.

III. Challenges

- Realistic pricing is the key to this market. While its often difficult to convince sellers, proper pricing vis-à-vis updated



comparable sales and listings is the key to whether a property sits on the market excessively or sells in a reasonable time frame.

- The media's relentless obsession with bad real estate related news is exacerbating consumer fears regarding the housing market and amplifying consumer concerns about other aspects and expectations of the local, state and national economies.
- Convincing consumers to buy now rather than wait for prices to soften further.
- The influence of HGTV and other home-related television programs have increased pressures on agents to know more about staging, remodeling, enhancing curb appeal and return on investments.
- Home prices between Illinois and Wisconsin have now reached parity. When combined with higher Wisconsin taxes, the migration of Illinois buyers to Wisconsin has slowed dramatically.

IV. Predictions for the next 12-18 months

- Energy is returning to the market. The long winter is over, interest rates are good, listings and inventories are up.
- Fundamentals will dictate success – i.e.: pricing, location, staging and marketing.
- In the short run, foreclosures and short sales will increase – in some markets substantially.
- Increased foreclosures and short sales will create downward pressure on the price of other homes on the market.
- FHA and WHEDA financing will increase.
- “Normalcy” will not return to Wisconsin market until 2009.

V. Comments on WRA programs and services

- **General Communications**

- Members uniformly say they prefer electronic communications over mail.
- But members still like *Wisconsin Real Estate Magazine* and claim to read every issue.

- **Education and Business Services**

- Members prefer to receive educational and programming promotions via e-mail instead of hard copy brochures.
- Most members say they will take their CE by video, but many say they would prefer taking classes live but they don't have the time.
- Members say the most important influence in their decision to take CE is their manager, course content, and location of classes.
- With few exceptions, most members use ZipForms, but also keep hard copy forms on hand in case they are without computer access.
- The WRA should promote stronger CE requirements for agents and brokers alike and they are very supportive of increasing CE hours from 12 to 18 hours per biennium.

- **Legal and Public Affairs**

- Enhance frequency and content of electronic communications about the status of key legislative issues.
- Members say they recognize and respond to electronic Calls to Action because they are short and easy to execute. But topic lines should be more interesting and more motivational.
- Use issues that impact members and property owners to solicit political



contributions.

- o Use brokers to tell agents why it's important to give, vote for endorsed candidates, and contact legislators.
- o Candidate endorsement communications should include links to the candidate's Web sites and any background information so members who want additional information can easily access it.
- o Members need more face-to-face briefings on key issues and the link between political / campaign support and legislative action on key issues. Messengers should be WRA lobbyists and Government Affairs Directors (GADs).

VI. What can the WRA do to help?

- Promote the availability of the new short sale addendum.
- Make foreclosures a searchable field on the MLS.
- Provide a reward for the arrest of suspects for violence against REALTORS®.
- Encourage MLS's to provide additional historic housing data for a more realistic environment within which to analyze the current market (eg: days on the market; accepted offers; sellers concessions; public opinion polling, etc).
- The WRA should undertake a more aggressive outreach with the Wisconsin media to publicize why Wisconsin's market is better than what is reported by national indicators.
- The WRA should provide routine reminders to members about agent safety and provide links to information and recommendations.
- Encourage WHEDA to maximum available funds and increase efforts to encourage lenders to offer their product.
- The WRA should provide members with more market-related information that all members can use to be better informed than consumers and non-REALTORS®.
- The WRA should continue working with NAR on television ads, targeting first-time buyers in particular.
- The WRA should compile testimonials from buyers and sellers regarding the positive aspects of the current market and publicize why others should investigate entering the market.
- Members are aware and supportive of WIREX but unsure how it will affect them or impact their business.



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