

THE VOICE OF THE WISCONSIN HOMEOWNER'S ALLIANCE

# home

W I S C O N S I N

Homeowner Insights for Wisconsin Decision Makers

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.

## My Home Is Worth More. Why Aren't I Smiling?

A periodic look at how homeowners feel about their homes, what they are and are not spending money on in their homes and what sets their teeth on edge

In the "no surprises" category, nine out of every 10 Wisconsin homeowners (89%) report that the value of their homes has increased over the past five years. Somewhat surprising, however, is the fact that less than half say that they thought their homes have increased substantially (i.e., value increased a great deal [12%] or a lot [36%]), while the remaining half report that the value only increased a little (41%) or say their home's value has not increased at all or has actually decreased (5%).

Do the nine in 10 who report an increase in property value think it helped them financially? Some do, some don't and some say it's helped and hurt them. For example, in response to questions regarding how enhanced property values might have affected them, more than half (57%) of Wisconsin homeowners agree with the statement "The increased value of my home has helped me financially because it has increased the amount of my equity [in my home]." But almost half (47%) of those who agree that it has helped them by increasing their equity also agree that "The increased value of my home has actually hurt me financially because it has increased my property taxes."

About a third of all respondents (30%) report that higher home values benefited them financially by giving them access to a home equity loan, but once again a sizeable percentage of this population (43%) say that they are also hurt by higher property taxes.

All in all, nearly half (49%) of all respondents say they believe that higher home values have hurt them because it resulted in higher property taxes

and nearly nine out of 10 of these people say they are either paying a lot more (38%) or somewhat more (50%) for their property taxes now than they were a year ago.

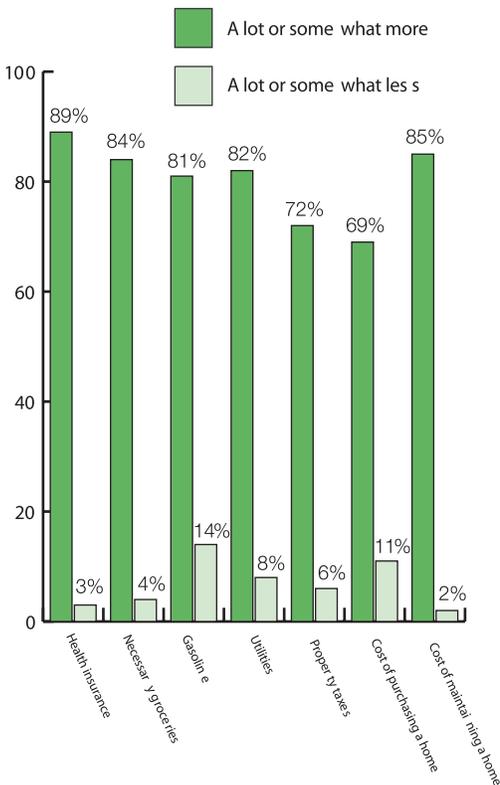
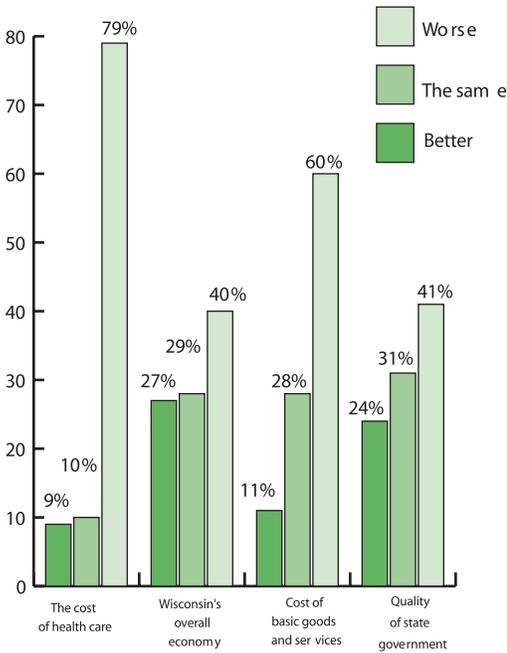
People between the ages of 35 and 55 and people with annual incomes of less than \$40,000 are most likely to report that increased home value has hurt them financially.

If you ever wondered whether there really was a connection between consumer confidence and consumer spending, read on.

*Editor's Note: Tight budgets are affecting homeowner decisions about home-related purchases and investments. We are interested in whether or not there are any particular groups of people who are significantly less likely to be making purchases and investments. There are.*



wisconsin  
homeowners  
alliance



We asked homeowner consumers whether or not they have postponed purchases in five major categories. We asked about purchases like major appliances, furnace or water heaters, insulation and roof repairs. We asked about exterior maintenance purchases like painting and landscaping and interior maintenance purchases like new furniture and carpeting. We also asked about investments to improve home value or other improvements they might have been planning. And, finally we asked whether they have postponed buying or selling a home.

Four categories of respondents emerge as significantly more likely to have postponed purchases in all of these areas. Those who told us that they have “a lot less money” at the end of each month than they did a year ago are two to three times more likely to have postponed purchases in all categories. For example, about a third of all respondents say they have postponed purchasing new furniture (32%) or installing new carpeting or tiling (30%); but far more of the respondents who report having a lot less money at the end of each month say they have postponed these purchases (e.g., 64% postponed buying furniture, 59% postponed installing new carpeting or tile).

People who think things are going to get worse for them and people with annual incomes of less than \$40,000 are also far more likely to have postponed purchases. For example, while one in five of all respondents indicate they have postponed buying a major appliance, more than one-third of these populations say they have postponed such purchases.

Lastly, we found a strong correlation between homeowner’s sense of job security and whether or not they are spending money on their homes. In every single category of purchase or investment made, those who are concerned that their job security will get worse in the next year are one and half to two times as likely to have postponed purchases and investments in their homes. For example, 36 percent of all respondents report that they have postponed remodeling their homes to improve the value of the home, but 56 percent of those who are concerned about their job security say they have postponed such investments.

*Editor’s Note: Anyone who’s read a newspaper or listened to the flock of Wall Street analysts that populate cable television and satellite radio knows that America’s booming housing market helped fuel much of the prosperity we’ve enjoyed over the past decade and increased the net worth of millions of American homeowners. Most of us who followed the housing market concluded, therefore, that the activity in the housing market was good for the national and local economy and believed wholeheartedly that it was also good for the homeowners who saw the value of their homes increase substantially. Interestingly, the Wisconsin Homeowners Alliance could not find any data indicating whether Wisconsin homeowners thought it was good for them; so, we asked them. The results are not exactly what the pundits might have predicted.*