



Migration Trends in Northern Wisconsin *Realtor Interviews*



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Introduction

The four northern counties of Wisconsin (Ashland, Bayfield, Douglas, Iron) have experienced a perceived surge of home and land sales since 2020, yet the causes of this increase in property sales are unknown. Causes could include the Covid-19 pandemic, urban social unrest, extreme storms, heat, and wildfires in addition to more typical reasons like being near family. These push and pull factors may contribute to why people are moving and buying property in northern Wisconsin. However, the uncertainty of why new landowners chose northern tier counties leaves communities uninformed about new landowners' needs for amenities, services (medical facilities or schools as examples), and future needs if this is indeed a migration trend that may affect many of our small rural communities. Therefore, the purposes of the project are:

- a. to understand where people are coming from, who they are, and why they are moving and/or buying property in northern Wisconsin
- b. to help local governments, businesses, and non-profits to proactively prepare for new residents and their needs
- c. to act as a pilot study before determining if a regional or state-wide study would be useful

We found only one 2010 nationwide study (Carnoske et al. 2010) that included realtors to assess the factors that influenced homebuyers' decisions. Because of this lack of research with realtors participating, we believe that we can learn a lot from realtors since they are on the front line of selling property and communicating with buyers. Realtors interact with most buyers of residential property and will have developed enough of a relationship with people to often know why they are purchasing property, from where they are coming, and what prompted them to purchase property and/or move.

Method

To achieve our purposes, we conducted interviews with realtors who list properties in four northern counties. We contacted realtors we knew and used snowball sampling as we continued. Radke or Haines invited realtors through email to participate in this study. If they replied in the affirmative, we arranged an interview time. Haines invited participants to a Zoom call which lasted one hour or less and asked if the interview could be recorded. Once Haines received the transcript of the recording from Zoom, Haines downloaded and saved it as a MS Word file with a descriptive file name such as Ashland County Realtor 1. The transcript was cleaned of realtor names and associated company names. Haines deleted the recording once the transcript was saved. The cleaned transcripts were imported into NVIVO (a qualitative data analysis software package) and Haines coded each one. In NVIVO the file names were listed the same as the Microsoft Word files. The team did not have specific codes or categories to analyze the interviews. Instead, as we read the transcripts we assigned categories such as housing challenge or places from where people moved.

Results

Before we discuss the results from our interviews, it is important to place them within the context of migration and home sales within the area. These realtors focused mostly on Ashland and Bayfield counties.

Figures 1 and 2 (U.S. Census, FlowsMapper) show total net migration flows for Bayfield and Ashland Counties. Figure 1 for Bayfield County shows in blue where people from Bayfield are moving to which include other places in Wisconsin, northern Minnesota, California, Florida and a few other counties. People moving to Bayfield are shown in orange. People are moving from other places in Wisconsin, Minnesota and other nearby states and scattered counties in the rest of the U.S.

Figure 3 shows the number of home sales (Wisconsin Realtors Association 2023) in the four northern counties from 2005 through 2022. The figure shows that sales took a deep dive during the Great Recession and homes sales did not recover until about 2015. Since then, the number of home sales continued to increase with the prime Covid years of 2020 and 2021 reaching all-time highs of about 1,500 home sales per year. 2022 saw a dip in home sales to about 1,200 per year.

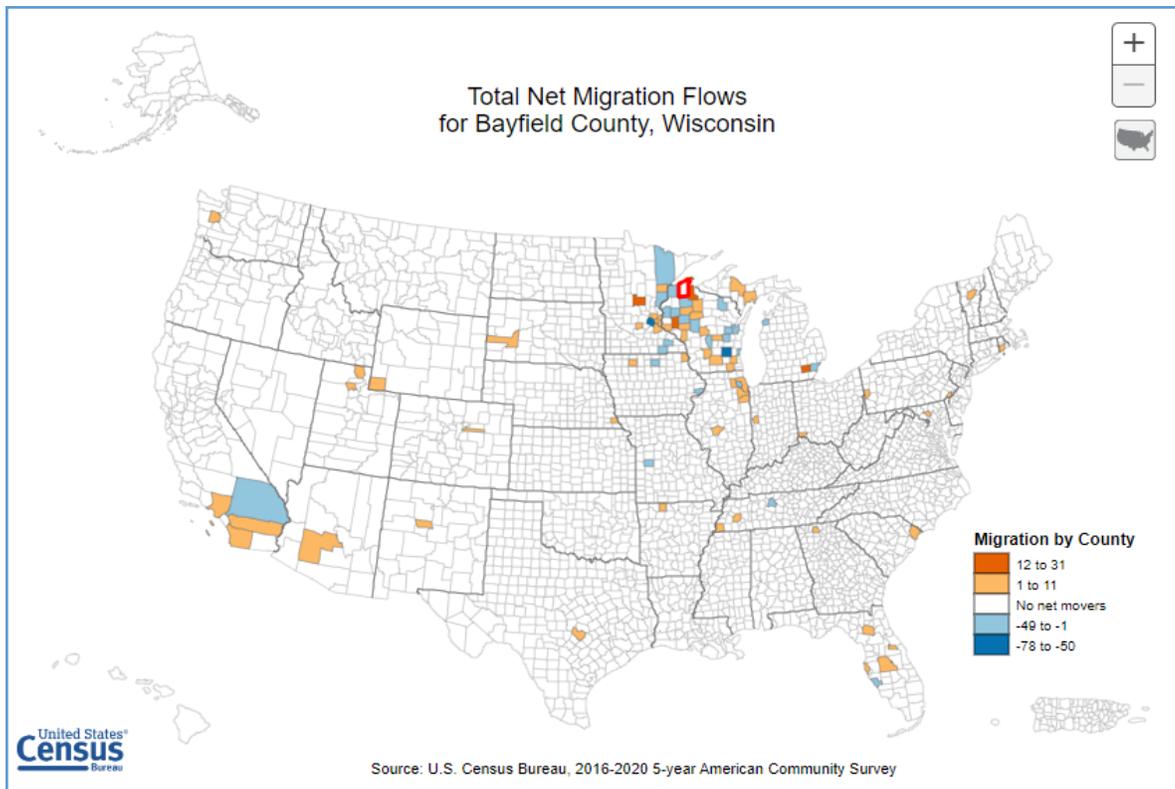


Figure 1: Net migration flows for Bayfield County, Wisconsin

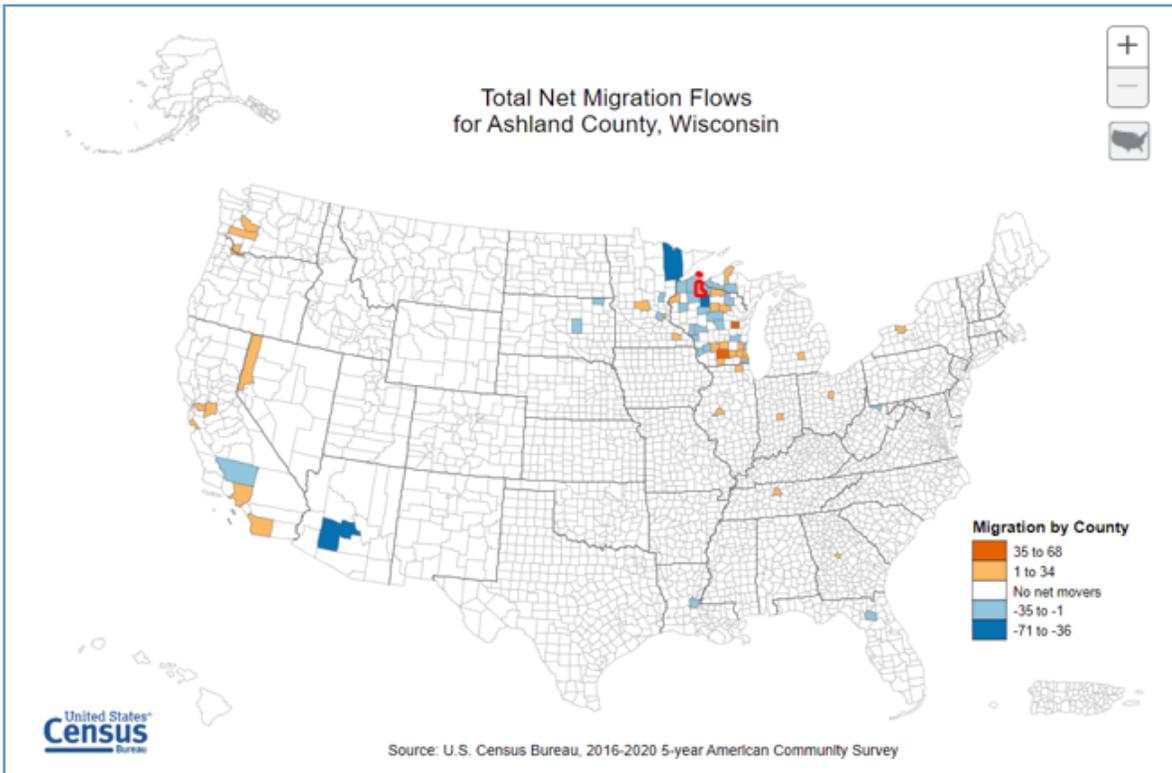


Figure 2: Net migration flows for Ashland County, Wisconsin

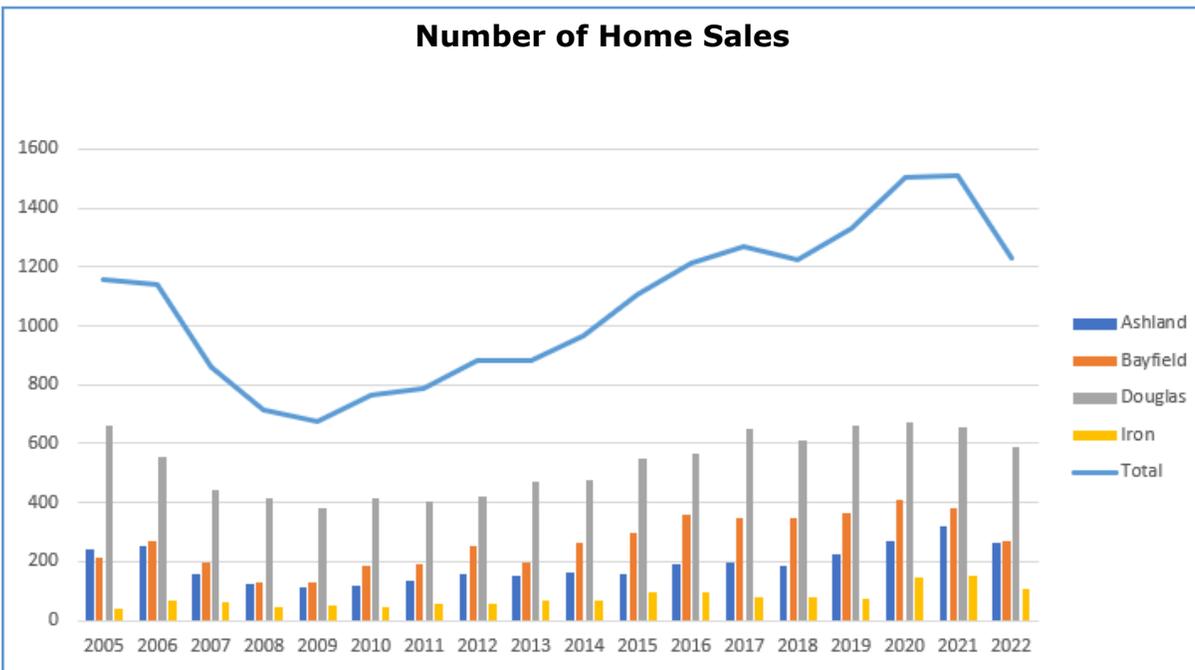


Figure 3: Number of Homes Sales. Data Source: Wisconsin Housing Statistics, Wisconsin REALTORS® Association, Report Date: June 16, 2023

Figure 4 shows the same data with a trend line. This shows that if current trends continue to increase, home sales in these four northern counties will continue. It is worth watching how these trends change in 2023 and beyond due to factors such as interest rate increases and decreases.

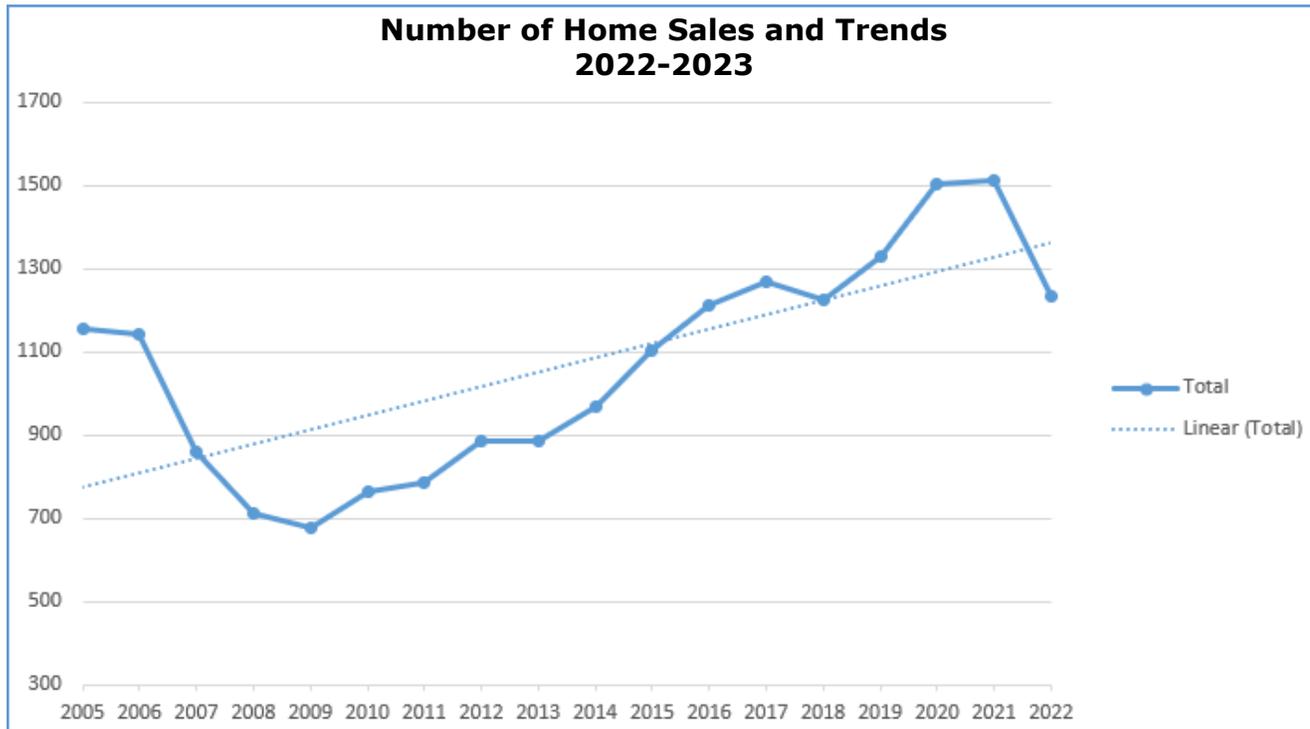


Figure 4: Number of Homes Sales and Trends. Data Source: Wisconsin Housing Statistics, Wisconsin REALTORS® Association, Report Date: June 16, 2023

Interview Results

We interviewed four realtors and contacted many more. Many realtors were uncomfortable discussing our questions and did not respond to our request.

Our first set of questions involved the realtor’s business. The realtors we interviewed had worked in northern Wisconsin from 5, 15, 20 and up to 35 years. Thus, there is plenty of experience selling real estate in the area.

In terms of the real estate business, all the realtors talked about their own motivations to sell real estate. From all the interviews, it is evident that realtors love to help potential buyers find the “right” property which entails getting to know these clients on a deeper, personal level. Here are excerpts that illustrate this point:

“A lot of this is relational and getting to know people and where they’re coming from, and what they’re doing is also part of that.”

“Well, yeah, so often a variety of you know, details come into play as I’m talking with someone, and just establishing rapport and getting to know them a little bit. Of course, trying to find out what they’re after.”

“You know we talk a lot, and I share my experience, and it’s the most important part, in my opinion, the communication and connecting.”

"I'm in this business for the relationship. I don't really care so much about real estate. I just love people and I love dealing with people."

All the realtors sold a range of property types - vacant land, commercial, residential, but most sold residential properties. One realtor estimated the following:

"... 20% commercial, maybe 20 to 30. We could run the numbers for you if you want us to get those afterwards. But I would say 70%. Yeah, 70% residential."

Purchasing Trends

We asked if the realtors were seeing any trends in purchases. One realtor talked about investment properties:

"We have seen an enormous search in investment properties, so the smaller homes and the cute little quaint little places have been snatched up by investors."

Another trend evident from the interviews was people wanting a more rural lifestyle and privacy.

"People coming here because we are more rural. We're either rural or small town compared to most of the rest of the world."

"There's certainly lots of people that are coming here from out of the area for work, or because they can work remotely, and they want to be here that are showing up as cash buyers. And that's I mean, that's surprising, you know, young people to older people. It really, really spread out."

"The market is still mostly occupied by baby boomers. We're still seeing the retirees as our biggest target group. So, our average age here in this area is around 60. So that indicates, you know, that we have a lot of 2-person households up here that probably will remain."

In terms of the rural properties, one realtor commented on how Covid changed interest in rural, vacant land.

"So, they have to get a well, they have to get a septic. They have to get power, or they have to be off the grid. So, a lot of people and those are very costly. That's very costly infrastructure. So, a lot of people would leave those vacant parcels alone, you know, because it was just too costly to do something there until Covid came, and all of a sudden it didn't matter what was on the land or what wasn't on the land. People just needed a slice of land, and so all those properties that sat for, you know, a decade or more. They all got sold. So, we saw an enormous surge of land sales for families who came up to camp and just parked a trailer or you know, a pull behind, or whatever they could think of to be away from where they felt too much contained in their homes. So that has in the last couple of years really given us a lot of business and brought a lot of people, albeit not residents, you know, not people who are here year around."

Another question involved how potential buyers were looking at real estate, that is whether they were looking online or physically visiting a property. Covid influenced how people bought real estate in northern Wisconsin. All the realtors we interviewed remarked on the number of buyers that would purchase property "sight unseen." One realtor remarked that many potential buyers investigate properties online and then they might visit it:

"So that makes for a better educated buyer because they have a lot more ways to compare than they did before, when they had to come and look at it and do their comparison. So, I think the process has sped up faster, and the buyer has more to say about it, because they're better educated. They don't fully rely on what the realtor thinks or feels about a property."

All the realtors commented about how buyers were purchasing real estate, specifically that the number of people purchasing real estate with cash had increased since 2020 and perhaps before that time.

"Yeah, they literally, they just like write a check. Basically. Yeah, correct. There's no financing contingency. They're not borrowing any money from a lender. They are literally just paying cash."

And another realtor said:

"You know it's always nice for someone if they were fortunate enough to be a cash buyer, but that was the exception rather than the rule, and I feel like these days it's almost more the rule than the exception. There's so many cash buyers. Anyone that needs a loan ends up kind of, it's, it's a tough, it's a tough place to be, and they often get beat out by people who say I can pay cash, and I'll just take it as is."

Housing Challenges

The discussion about buyers purchasing real estate with cash led to a discussion about local housing challenges. These challenges involved local people not able to buy any housing because of the increase in prices and not able to compete with cash buyers who may also be investing in short-term rentals. Because the area is a tourist destination, short-term rentals make for a good investment. Some people moving to the area for work have a difficult time finding affordable housing.

"... there's certainly plenty of people I've been working with for the past several years trying to find a house, and ... still looking, and the right thing will come up."

One realtor told the following story that illustrates the challenge to compete for a home.

"There is a house that just got listed in Washburn a few weeks ago, and it was a small affordable house. It was under \$100,000. Oh, wow! And everyone thought, oh, a house under \$100,000 really is a project ... Well, I personally showed the property, you know, 16 times in 2 days. That's 16 different people and lots of other agents. So, to show I'm going to just make a wild guess, it is shown 40 or 50 times, and there were numerous offers that came in. But I guess the point is with that house there were 50 people that wanted to buy that house. Only one person gets it now 49 people are still looking for their house. You know, and that was just one snapshot of not an ideal house."

Another realtor made this comment that illustrates the challenge:

"Local people trying to help a kid buy a house or a young person or a young family trying to buy a house constantly feel they keep trying. They keep looking and want to make an offer contingent on, you know, financing and appraisal and inspection, and keep on losing out to other people [who] throw everything else to the wind, and can pay cash."

This next realtor comment addresses the short-term rental challenge:

"Yes, and you know something we haven't talked about. But there's such a trend right now of turning properties into Airbnb and those people can make a lot of money renting those houses, and so they're willing to pay a premium, and those are some of the investors coming in paying cash too. So, it's creating kind of a larger and larger number of homes that are not actually occupiable by someone that needs to be here."

And how much money can be made on short-term rentals:

"... there's people that own numerous homes that they run Airbnb. ...I don't want to turn anyone really away, but people will come up and say, I want to buy this for Airbnb, and I always ask you, you know why? So, this woman I just spoke with has the goal to get 6 good Airbnb's, she has one up in the North Shore, and from May to December brought in \$55,000, \$55,000 for one house. You can't rent it for that long term. ... I know that there would be expenses for management and cleaning and all, but when I asked her about, you know, long term rental, she's like, no, I can make so much more money like this. So, it's just some money thing."

And how much it's creating an affordable housing problem in the area:

"... there's nowhere to rent up here. We didn't talk about that. So it's almost impossible to find a place to rent, and the ones that are available are extremely expensive, and you're getting very little for what you're paying to be honest So I'm working with a lot of first time buyers that aren't moving into the area. They're here, but they cannot wait to stop renting and have a place. ... we don't even have the luxury of people coming up here and renting an apartment, they just can't find them at all or no apartment. And you know the second home market and the Airbnb market, and how that is hurting us because nobody has anywhere to live."

And finally, how this may be having an impact on the local workforce:

"... the smaller homes and the cute little quaint little places have been snatched up by investors, and to put them in the vacation rental pool. So that's a good thing, and it's also a really big concern, because our local people don't have housing. We don't have affordable housing, so that has a result also for the investors who have invested in vacation rentals, they can't find the people to service them."

Reasons for Purchasing

We asked realtors if they knew why people were purchasing real estate in northern Wisconsin. Table 1 shows the reasons why people were purchasing property according to these realtors. There are many reasons why people might want to purchase property in this northern tier of Wisconsin counties. Many of them had to do with the amenities of the region itself: quality of life, affordability, privacy, internet availability, and medical facilities. Quality of life was mentioned the most and had to do with the beauty of the area and its clean air and water. Affordability of housing was mentioned, and this referred to affordability relative to where the buyer was coming from. Other reasons pertained to buyer circumstances such as moving for a job, college, be closer to family, and ability to work remotely. Some local people and others were purchasing property as an income stream for short-term rentals through Airbnb, for example. Other reasons were choosing this region because of perceived safety whether it was from Covid, civil unrest, or seen as climate safe. "Climate safe" referred to the perception that the region would be less severely impacted by climate change than other places that these buyers might be coming from.

Table 1: Reasons for Purchasing

	# of times category is mentioned	% of total mentions
<i>Quality of life</i>	9	24.32%
<i>More affordable</i>	5	13.51%
<i>COVID</i>	3	8.11%
<i>Closer to family</i>	3	8.11%
<i>Privacy</i>	3	8.11%
<i>Work remotely</i>	3	8.11%
<i>Civil unrest</i>	2	5.41%
<i>Climate safe</i>	2	5.41%
<i>Short term rental income</i>	2	5.41%

Migration Trends

People are purchasing property and moving to northern Wisconsin from many different places. All the realtors mentioned the Twin Cities region as the number one place from which people are coming from. Other places include Alaska, Arizona, Colorado, California, Florida, Georgia, North Carolina, Oregon, and the entire southern region of the U.S. People from Wisconsin moved or purchased in the area because of a job. Otherwise these realtors did not see a lot of Wisconsin residents moving for other reasons. These realtors used to see a lot more people from Illinois and Chicago specifically, but that has dwindled significantly.

As we talked about why people were moving to northern Wisconsin, the realtors mentioned why people were leaving the area as well. Some people are leaving due to affordability. While some people from out of state are moving because they perceive the area as affordable relative to where they are coming from, current residents are leaving because it's unaffordable. Another reason why people are leaving is the harsh winter weather. One realtor noted that people are leaving because they realize they miss urban amenities. They miss:

"...numerous Chinese places to eat, or various cultural events that we're not finding here. I would not be surprised, in fact, I fully expect you know, in 5 years or so that we're going to see a lot of people shift back to the cities that small towns don't work for..."

The realtors are noticing movement into northern Wisconsin from many places and movement out because of the many challenges discussed previously.

Summary and Conclusion

The four realtor interviews provided insight into what they were seeing as they interacted with potential homebuyers. The realtors establish relationships with buyers and start to understand why people were purchasing property in northern Wisconsin. They confirmed anecdotes about people buying property with cash and relayed how cash buyers were having impacts on the region for non-cash buyers and renters.

These realtor interviews provided a window into the breadth of knowledge they have about buyer motivation, real estate transactions, and impacts on community. A realtor survey has potential to uncover and deepen the story about how and why people are purchasing and selling property in Wisconsin.

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