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## Property values in state jump nearly 10%

### Leap in '05 is biggest one-year increase since 1980

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**Madison** - Wisconsin property values rose by a statewide average of 9.59% last year - the biggest one-year increase since 1980, the state Department of Revenue reported Tuesday.

*Advertisement* The increase was fed by 10% jumps in home and commercial property values in 2005 - steady growth that state Revenue Secretary Michael Morgan said signaled a healthy economy.

The report measured the one-year change in equalized values - values set by analysis of 2005 sale prices for homes, businesses and manufacturers and adjustments for local market trends, new construction, demolitions and annexations.

It said the value of all Wisconsin homes grew 10% from 2004 to 2005, or about four times inflation that year. In 1980, property values statewide rose 12%, but that gain was erased by inflation of about the same rate.

Wisconsin home values and sale prices are still rising, although not at the rates of 2005 and '04, experts said.

The 2005 growth rate in the value of all commercial property was slightly higher, at 10.19%, than the jump in the value of homes statewide, Morgan added. In 2004, commercial property values increased 8.8%.

Statewide, the 17% property value increase in Adams County was greatest among Wisconsin counties last year.

Local officials said the jump reflected two new expensive condo complexes. One, Northern Bay in the Town of Strong's Prairie, will include a golf course, marina, hotel, restaurant and convention center.

John Hay, Adams County's economic development director, said the two new condo complexes alone

will add more than \$450 million to the county's tax base.

"If 2005 was good, 2006 and 2007 will probably be better," Hay added.

The one-year increase in values in three Milwaukee-area cities led the list of major cities statewide - Oak Creek, up 19.4%; Milwaukee, up 15.1%; and Franklin, up 14.8%, according to the report.

Milwaukee Mayor Tom Barrett said the city's strong showing is more evidence of a "Milwaukee renaissance." Milwaukee's residential property values grew 15% in 2005; commercial property, 18%.

"Milwaukee has proven to be a good investment for all property classes," Barrett said. "This is positive news for homeowners and positive news for business owners throughout the city."

He said he expects Milwaukee's housing market to remain strong, especially with rising gas prices that might make commutes more costly. That, in turn, could lead more people to move here.

Another report Tuesday illustrated this year's softening home values as measured by sale prices: The Wisconsin Realtors Association said median home sale prices for April through June grew only 2.6% compared with the same period last year.

The two reports amounted to a mixed blessing for Wisconsin homeowners. If you weren't trying to sell your home, the state Revenue Department report says it remained an excellent investment in 2005. But, if you are trying to sell your home, the Realtors' numbers suggested the sale price won't grow as fast as in 2005.

"The (state) report, by its nature, is looking back at what happened in 2005," said Stephen Malpezzi, the University of Wisconsin-Madison professor who directs the School of Business real estate program.

This year, "I don't see a rate of increase (in home sale prices) that's the same as we've seen in the last several years," Malpezzi said. But, he added, "'slowdown' doesn't mean that prices are going to crash."

"The (home sales) market is still pretty good - it's just not as hot as the record-setting year," said Joe Murray, political and government affairs director for the Realtors association.

Meredith Helgerson, a state Revenue Department spokeswoman, said 2005 was the first year since 1999 that commercial property values, which include retail outlets and rental living units, grew more than home values.

One veteran of Milwaukee-area commercial real estate explained that gap this way:

"Since the collapse of the stock market, four or five years ago, people have been coming back into real estate in a big way," said Tom Gale, a principal with Equity Commercial Real Estate in Milwaukee. "Real estate, it goes up and it goes down - but ultimately it goes up."

Other southeast Wisconsin cities and their one-year value increases were: Brookfield, 4.2%; Greenfield, 7.5%; Kenosha, 9.8%; Mequon, 5.4%; New Berlin, 7%; Racine, 9.8%; South Milwaukee, 7.4%; Waukesha, 8.7%; Wauwatosa, 7.1%; West Allis, 11%; and West Bend, 9.3%.

Waukesha County's overall values went from \$45.4 billion in 2004 to \$49.4 billion in '05, mostly because of the rising cost of existing properties rather than new construction, the Revenue Department

stated. That increase of less than 9% was slightly below the 9.5% statewide average for all counties in 2005. Property values in villages and towns both went up 10% in that year, according to the report.

Morgan stressed that the 10% increase in the value of all homes does not mean the December property tax bills on homes will go up by that percentage. Property tax bills are set by separate factors, including community-by-community changes in the local tax base, growth in local property tax levies and spending limits on local governments.

State officials expect the property tax bill on the average Wisconsin home to grow about 1% or less in December, which was the increase last year.

The value of manufacturing property, also tracked by the Revenue Department, increased 1.38% last year, down from 2.4% the prior year.

New construction increased 2.9% in 2005, slightly above the 2.6% average increase since the 1990s, according to the Legislative Fiscal Bureau.

*Greg Borowski, reporting from Milwaukee, and Scott Williams, reporting from Waukesha, contributed to this report.*

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