

## Values of existing homes still below 2008 in many parts of state

*With the 2008 recession, the combined market value of all property in the state fell for five consecutive years before starting a recovery in 2014. By 2016, commercial and manufacturing values were both above 2008 levels by 6.7% and 10.7%, respectively. However, residential values still lagged by 4.4%. In 61 of 72 counties, countywide values of existing homes were lower in 2016 than in 2008.*

**P**roperty markets in Wisconsin have undergone major change in the past two decades. Recovery from the 2008 recession has been uneven, both geographically and by property type. This is particularly important in the residential area, where home equity is a major source of family savings.

### Before and after recession

■ **2000-08.** Until the 2007-09 recession, property markets were strong. Between 2000 and 2008, total values—called "equalized values" by tax officials—grew nearly 80% (79.7%). The residential (88.6%) and commercial (81.7%) categories led the way, followed by manufacturing (29.0%).

Property appreciation outstripped income growth, leading WISTAX to warn in 2005 of a growing real estate "bubble." Looking back, it is now clear that the bubble burst in 2008, though Wisconsin was not as hard hit as elsewhere.

■ **2008-16.** Total value of Wisconsin property fell 9.1% from \$514.4 billion (b) in 2008 to \$467.5b in 2013. Appreciation resumed in recent years, but total values in 2016 (\$505.1) were still 1.8% below their 2008 peak.

### Post-2008: Markets in reverse

The relatively modest recovery in recent years is a marked departure from the years prior to 2008. But what is most surprising is how differently the three largest categories of property have fared than in earlier years.

### Prop. Values Slow; Residential Still Down

Eq. Values (\$b and % Chg.); 2000-08, 2008-16

| Year(s)                                    | Resid.  | Comm.  | Manuf. |
|--|---------|--------|--------|
| <i>Tot. Values (Equalized) in \$ Bill.</i> |         |        |        |
| 2000                                       | \$196.7 | \$50.4 | \$9.9  |
| 2008                                       | 371.0   | 91.6   | 12.7   |
| 2016                                       | 354.5   | 97.7   | 14.1   |
| <i>Percent Changes over Periods</i>        |         |        |        |
| 2000-08                                    | 88.6    | 81.7   | 29.0   |
| 2008-16                                    | -4.4    | 6.7    | 10.7   |

Residential, commercial, and manufacturing together comprise nearly 95% of all property values. However, unlike 2000-08, when growth in residential values was strongest of the three; since then, it has been the reverse (as the table above shows).

Though they have resumed growth in recent years, residential values in 2016 were still 4.4% below where they were in 2008 (\$354.5b vs. \$371.0b). By contrast, manufacturing values that grew the least (29.0%) of the three groups during 2000-08 are now growing—albeit modestly—the most (10.7%). Commercial values grew both before (81.7%) and after (6.7%) 2008 but reflect the overall slowing of increases.

### Residential surprising?

The residential market deserves a second look. By value, it is the largest type of property; and, as mentioned it is the prime source of household wealth for many families. Residential values for all 72 counties during 2008-16 are examined in two ways.

■ **Total Residential Values.** The first is to look at the change in total residential

values, including both new construction and appreciation of existing homes. In 2016, the total value of all residential property, new or existing, was 4.4% less than it was in 2008.

Counties where residential values were off more than 5% (26) far outnumbered those where increases exceeded 5% (16). Of all 72 counties, 46 reported drops in total residential value, while 26 reported increases.

The contrasting geography of the two groups is telling. The 12 counties with the most appreciation were all in the western part of the state, both central and south. The 13 counties with the largest declines were in the urban southeast and in the tourism and vacation counties of central and northern Wisconsin.

■ **Values of Existing Homes.** A second way to examine residential property values is to concentrate only on the valuation change in existing homes (what the state Department of Revenue terms "economic change"), as illustrated in the map on the next page.

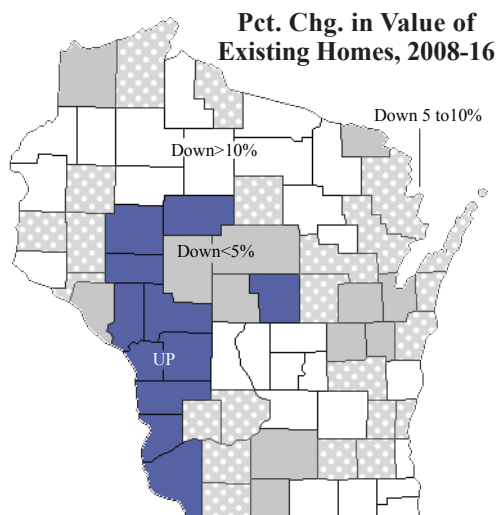
County declines between 2008 and 2016 in this group warrant special attention because they point to areas of the state where, in terms of home value and therefore household wealth, families may have lost ground since the recession.

The map (p. 2) places counties in one of four groups. The first (blue) is the smallest group, and that in itself is revealing: These are the 11 counties where the estimated total value of existing homes recovered sufficiently to ex-

ceed 2008 levels. They are concentrated in the west central part of the state. Of the 11, only two counties saw values increase 5% or more: La Crosse (6.9%) and Trempealeau (5.1%). The majority of increases were less than 3%.

That means that, in terms of existing residential housing stock, the total value of homes in the remaining 61 counties (85%) fell after 2008 and had not fully recovered by 2016.

In 26 of those 61 counties, values were off more than 10% (white counties on map). With few exceptions, these are located near the Illinois border, in central Wisconsin, and across the north.



In another 22 counties, values of existing residential property dropped be-

tween 5% and 10%. These counties generally border regions of greatest decline.

Thus, there is not a single county in eastern Wisconsin where existing residential home values did not fall. The same is true for the northern third of the state.

### Understanding why

In trying to explain why values of existing residential property in some counties have recovered faster than in others, economic figures provide a clue. Western Wisconsin, greater Madison, and the Fox Valley—areas of relative strength in residential markets—also tend to be the areas where employment has grown the most since the recession. □



### Wisconsin Taxpayers Alliance

401 North Lawn Avenue • Madison, WI 53704-5033  
608.241.9789 • [www.wistax.org](http://www.wistax.org)

Address Service Requested

### Save 10% on the new civics text from WISTAX.

The new edition of Wisconsin's only civics education text, *The Framework of Your Wisconsin Government*, is now available for order. In addition to chapters on state and local governments, state budget and taxes, and civic engagement, the 19th edition features a chapter on tribal governments. The book may be ordered in digital or print formats; a digital Teacher Toolkit is also available. Order books before June 16, and shipping is **FREE!** Contact information is above.

## Capital Notes

■ **New Road Revenue?** A 2.85 cent-per-mile fee on heavy (over 8,000 pounds) vehicles using Wisconsin roads could generate \$138 million (m) annually, according to memo from the Legislative Fiscal Bureau (LFB) to Rep. Amy Loudenbeck (R), a member of the Joint Committee on Finance.

The LFB found that about 65,100 vehicles registered in Wisconsin participate in a highway fee program for heavy commercial vehicles in other

states. The LFB estimated that those Wisconsin-based vehicles, plus a portion of heavy vehicles from other states registered in the same program, travel more than 4.83 billion (b) miles in the state.

■ **Surprise!** Gov. Scott Walker (R) has signed legislation designating cheese as the official state dairy product. It joins milk, the official state beverage, kringle, the official state pastry; and cranberry, the official state fruit.

■ **New Mexico Gov. Susana Martinez (R)** has called a special legislative session to address budget issues. Martinez and majority Democrats in the legislature are at odds over the state budget, which Martinez said is unbalanced.

Democrats are suing Martinez over the veto of a budget bill that would have raised gas, motor vehicle excise, and special fuels taxes and funded education and the legislature. (Tax Notes)