

A Tale of Two Cities (and Counties)

For generations, Milwaukee could boast of being Wisconsin's biggest city and produce the numbers to back up its claim. Even today, the city counts more than twice the residents and economic output of Madison, the next largest city in the state. Madison, however, is growing much faster than its neighbor to the east and new state figures on property values highlight that decades-long trend.

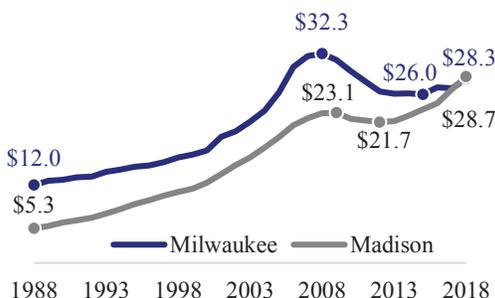
For the first time in state history, total property values in Madison and in Dane County have topped those in the city and county of Milwaukee, according to Wisconsin Department of Revenue figures released this month.

Preliminary numbers for 2018 show total property valued at \$28.7 billion in the city of Madison and \$65 billion in Dane County, surpassing the \$28.3 billion in property in the city of Milwaukee and \$64.1 billion in Milwaukee County. By comparison, in 1988, property values in both the city and county of Milwaukee stood at \$12 billion and \$23 billion, or more than twice the values in Madison (\$5.3 billion) and Dane County (\$10.4 billion). (See Figures 1 and 2.)

The state figures measure equalized property values, which are calculated to ensure that the tax burden is distributed fairly among taxpayers living in different municipalities within a county, technical college, or school district. The 2018 numbers are preliminary and could still change, but the long-term trends are clear: Dane County's equalized value has increased nearly three times faster than Milwaukee's over the

Fig. 1 Madison Catches Up

Eq. prop value by city, in \$Billions '88-'18



past 30 years, rising 526% to Milwaukee County's 178%.

Diverging paths

What has driven this striking difference? Some clues can be found in the types of property increasing in value in both metropolitan areas; the differing rates of growth in population, jobs, and economic output in both regions; and Madison's ability to grow through annexation.

Another important factor is the disparity in how the Great Recession impacted both cities and how quickly they have recovered. Since the downturn, the gap between the two urban areas has closed even faster.

From 1988 to 2008, property values increased about twice as fast in Madison and Dane County as in the city and county of Milwaukee. The recession hit the state's largest city hard, with foreclosures spiking and property values peaking at \$32.3 billion in 2008 and then decreasing 19.5% to \$26 billion in 2015. Milwaukee County hit bottom a little earlier in 2013 but followed a similar if slightly less severe pattern. Property values have yet to fully recover in either the city or the county.

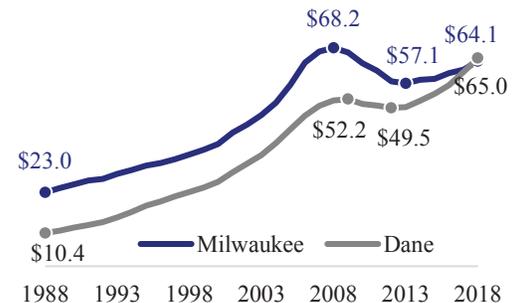
Since 2013, Milwaukee County's equalized values have increased only 12.1% and are still 6.1% below pre-recession levels. The city of Milwaukee has fared even worse, with overall property values increasing less and remaining about 12% lower than in 2008.

The impact of the recession was less severe for Madison and Dane County and

the recovery was stronger. Values rose until 2009, then hit bottom in 2012. During that period, equalized values in Madison decreased just 6.2%, from \$23.1 billion to \$21.7 billion; values in Dane County dropped slightly less.

Fig. 2 Dane on the Rise

Eq. prop. value by county, in \$Billions '88-'18



Since then, values have more than recovered. Property values in Madison have risen 32.4% from the low point of the recession and now total 24.2% more than their pre-recession peak. Dane County values have taken a similar path. Much of that growth has come from residential properties, which account for about two-thirds of total values. Coming out of the recession, residential values increased nearly three times as fast in both Madison and Dane County as they did in the city and county of Milwaukee. Commercial and manufacturing property values also rose more quickly in Madison and Dane County.

Population, economy are factors

Population and job growth help explain these trends, as an expanding community and workforce can boost property prices. From 1988 to 2017, the number of residents in Madison and

Dane County rose 40.7% and 51.4% respectively. Conversely, the population decreased 1.8% in the city of Milwaukee while it increased just 1.5% in Milwaukee County.

Similarly, from 1990 to 2017, employment in Madison increased 38.1% while declining 3.6% in Milwaukee. Over the same period, jobs increased 47.4% in Dane County and only 1.2% in Milwaukee County. The Madison area also increased its economic output, or gross domestic product (GDP), by 25.8% between 2011 and 2016, compared to 11% growth in the greater Milwaukee area, according to the U.S. Bureau of Economic Analysis.

Geography also plays a role. The city of Milwaukee is bounded by Lake Michigan and other cities, curtailing its ability to grow by annexation. In addition, Milwaukee County was already urbanized a generation ago, so any new growth has had to come largely from infill development or appreciation in existing property values. Madison has been able to grow by annexation and many Dane County properties remain agricultural and available for development. Between 1990 and 2010, for instance, Milwaukee remained the same size while Madison added 32.9% to its land mass. During that period, Madison

property values grew twice as fast as those in Milwaukee, making annexation an important factor but not the only one.

Milwaukee is in no immediate danger of being eclipsed by Madison. Milwaukee County still has 459,000 jobs compared to Dane County's 315,000, and the city of Milwaukee leads Madison in employment by an even greater degree. The greater Milwaukee area still had a 2016 GDP of nearly \$101 billion, or more than twice that of the Madison area. But recent trends in property values show how far Madison, Wisconsin's "second city," has come and how far it still might go. □

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Policy notes

■ *Join us Sept. 11 for our Viewpoint Luncheon in Madison at the Concourse Hotel. We'll review our report "A Fresh Start: Wisconsin's Atypical Expungement Law and Options for Reform" on criminal record expungement.*

The presentation will be followed by a panel discussion featuring State Public Defender Kelli Thompson; Dane County District Attorney

Ismael Ozanne; Shanyeill McCloud of Clean Slate Milwaukee; and Elise Rommes of the Wisconsin State Council of the Society of Human Resource Management and moderated by WPF President Rob Henken. Register at wispolicyforum.org/events.

■ *Order MunicipalFacts: This publication compares municipal tax levies and rates, equalized property values, shared revenues, debt, and resident income for 248 cities and villages*

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