



ASSESSOR'S OFFICE

Mayor Tom Barrett

Mary P. Reavey
Assessment Commissioner

Peter C. Weissenfluh
Chief Assessor

October 15, 2009

Members of the Common Council
City Hall, Room 205
200 East Wells Street
Milwaukee, WI 53202

RE: File No. 090257; TIF Districts closing in 2010 and 2011 forecast of the likely property values in future years.

Dear Aldermen and Alderwoman,

This resolution asked the Commissioner of Assessments to forecast an estimate of the likely property value of TID Districts 23, 34, 40, 42, 44, 47, 55, and 56. These districts are likely to be closed out during either 2010 or 2011. Below are the increments and values associated with each of these districts over the last five years.

**EQUALIZED VALUES /INCREMENTS
AS CERTIFIED BY THE WISCONSIN DEPARTMENT OF REVENUE**

TID	2005 VALUE	2006 VALUE	2007 VALUE	2008 VALUE	2009 VALUE
23	24,736,100	26,668,100	26,378,500	29,389,400	30,005,500
34	33,511,700	37,028,200	46,185,300	81,031,000	78,270,000
40	12,339,400	16,164,600	18,675,700	23,981,900	25,372,100
42	60,138,800	70,702,100	72,543,900	81,781,700	80,068,600
44	55,193,200	74,026,900	80,361,700	113,933,000	112,427,800
47	39,798,900	44,531,900	112,408,900	80,853,900	80,079,700
55	10,374,000	25,267,700	30,519,400	27,947,100	29,598,300
56	19,246,300	77,975,500	129,083,200	127,836,400	140,082,600

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Member International Association of Assessing Officers and the National Tax Association

TID	2005 INCREMENT	2006 INCREMENT	2007 INCREMENT	2008 INCREMENT	2009 INCREMENT
23	19,882,300	21,814,300	21,524,700	24,535,600	25,151,700
34	27,724,300	31,240,800	40,397,900	75,243,600	72,482,600
40	8,409,600	12,234,800	14,745,900	20,052,100	21,442,300
42	53,020,500	63,583,800	65,425,600	74,663,400	72,950,300
44	18,227,800	37,061,500	43,396,300	76,967,600	75,462,400
47	18,667,100	23,400,100	91,277,100	59,722,100	58,947,900
55	318,500	15,211,700	20,463,400	17,891,100	19,542,300
56	10,287,700	69,016,900	120,124,600	118,877,800	131,124,000

Looking at the five-year history one would probably consider the values to be stable to increasing. However we do know that the current recession has negatively affected many real estate submarkets by creating excess supply. In particular there is excess supply in the condo real estate market and in some income-producing commercial real estate market. Except for the Lindsey Heights TID (44) and the Erie/Jefferson TID (56) most of the value in the TIDs that can be closed over the next two years comes from commercial real estate. It is important to realize that commercial real estate is directly influenced by a number of variables that are extrinsic to property. Such variables are local, national and even international in nature. While Milwaukee is probably in a better position than many cities of comparable size nationwide, we are not immune to the impact of the economy. One key component is consumer spending. When consumer spending contracts, demand for retail property is affected. Another important factor is job growth. Job growth and the resulting increase in spending by both consumers and businesses raises the demand for office, retail, multifamily and industrial space. Most current reports indicate that unemployment is up and job growth in the near future will be slow. Because of this, in the short-term, there will continue to be an over-supply of multi-tenanted commercial retail and office space, which may result in increased vacancy. The best prediction/forecast for all of the TIDs will be that the values will probably be stable at best and more likely will show slight to moderate decreases over the next few years. The volatility in the market makes it impossible to predict with any degree of certainty beyond that.

Sincerely,



Mary Reavey

Commissioner of Assessments

Cc: Mayor Tom Barrett
Wally Morics, Comptroller
Rocky Marcoux, City Development Commissioner