



# Appraisal Newsletter

## Douglas County Kansas

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Volume 21, Issue 11

August 1, 2017

### ***JULY SALES REPORT***

From July 1 through July 28<sup>th</sup> a total of 211 sales validation questionnaires involving 223 parcels were reviewed by the appraiser's sales staff. That compares to 183 sales validation questionnaires for the similar period in July of 2016 involving 181 parcels. For the year thus far, the office has worked 1,489 questionnaires involving 1,605 parcels compared to 1,437 questionnaires and 1,625 parcels for the same time period in 2016.

The average sale price for the residential sales thus far in 2017 is \$215,760 compared to \$213,110 in 2016. This represents an increase of approximately 1.2 percent. The average sale price for 2015 was \$211,778; in 2014 was \$210,098; for 2013 it was \$202,766; in 2012 was \$193,061; \$206,977 in 2011; \$183,126 in 2010; \$186,670 in 2009; in 2008 it was \$193,900; 2007 was \$186,900; \$184,600 in 2006; \$176,900 in 2005; \$165,700 in 2004; \$165,600 in 2003; \$148,800 in 2002; \$139,160 in 2001; \$132,500 in 2000; \$125,903 in 1999 and \$116,963 in 1998.

The current median sales ratio for residential property in 2017 is 93.8 compared to 94.6 in 2016; in 2015 it was 96.8; 98.2 percent in 2014. It was 99.1 in 2013; 101.8 in 2012; 101.9 in 2011; 98.7 percent in 2010; 101 percent in 2009; 102 percent in 2008. The ratio was 97 percent in 2007, 2006, 2005, 2004, 2003 and 2002; 96 percent in 2001; 94 percent in 2000 and 95 percent in 1999. The sales ratio in 1998 was 96 percent and 97 percent in 1997.

The average selling price on 57 new home sales worked by this time in 2017 is \$351,080 compared to \$316,162 in 2016 on 51 sales; \$357,087 in 2015; \$307,928 in 2014; \$317,400 in 2013; \$298,193 in 2012; \$288,928 in 2011; \$278,246 in 2009; \$360,700 in 2008; \$313,100 in 2007; \$228,500 in 2006; \$222,400 in 2005; \$233,275 in 2004; \$190,800 in 2003; \$197,100 in 2002; \$188,527 in 2001; \$176,975 in 2000 and \$154,288 in 1999.

On the commercial side a total of 10 valid sales have been recorded. The median sales ratio for the commercial sales through the end of July is 101.7 percent compared to 90.8 in 2016; 91.3 in 2015; 81.2 in 2014; 92.2 in 2013; 84.9 in 2012; 89.8 for 2011; 79.8 percent in 2010; 82 percent in 2009; 92

percent in 2008; 87 percent in 2007; 90 percent in 2006; 91 percent in 2005; 94 percent in 2004; 96 percent in 2003 and 2002; 89 percent in 2001; 97 percent in 2000 and 91 percent in both 1999 and 1998.

### ***MARKET LAND TIME TREND STUDY***

The Appraiser's Office has begun the analysis of vacant land market values. One of the first things to analyze is if the sale prices are increasing, decreasing or staying the same. This study considers parcels of vacant land that have been held for two or more months before a resale occurs. Only valid sales are considered. Sales of vacant land sold in groups or for speculative building generally are not considered in this type of study.

The preliminary results of our study indicate very little change in the value of vacant parcels.

The information from this study will be used in the 2018 valuation process. For 2018, time trends may be developed for each residential neighborhood and would be used to adjust CALP (Computer Assisted Land Pricing) tables if applicable. Based on the preliminary study results we do not anticipate much, if any, change in the tables.

### ***RESIDENTIAL TIME TREND STUDY***

The 2017 residential time trend study is being conducted by the appraiser's office. The study is done by comparing the sale prices of a residential property that has sold twice since the year 2014. For example, if a property sold in July of 2014 for \$270,000 and again in July of 2016 for \$295,000, the time trend would be calculated as follows:

$$\begin{aligned} \$295,000 / \$270,000 &= 1.0926 \text{ or an increase of } 9.26\% \\ \text{Time between the two sale dates} &= 24 \text{ months.} \\ \text{Monthly time trend} &= .0926 / 24 \text{ or } .0039 \\ \text{Annual time trend} &= .0039 \times 12 = .0463 \text{ or } \% 4.63\% \end{aligned}$$

The information from this study will be used in the 2018 valuation process. For 2018, time trends may be developed for each residential neighborhood and will be used to adjust sales in the residential modeling process if applicable. The

preliminary trend study currently does not indicate a significant change in the market.

### ***DEPRECIATION STUDY UNDERWAY***

Also underway is the annual depreciation study for residential property. Depreciation is a loss in value to the property over time. The study compares the value of the improvement indicated by the sale of the property to the cost of constructing a similar improvement today (often called the replacement cost).

For example, if a property built in 1968 sells, the value of the improvement is determined by taking the sale price and subtracting land value plus any other accessory building value such as a detached garage and then comparing it to the calculated replacement cost new of the structure. Following is an example:

*1968 house: \$259,900 (sale price) - \$47,500 (land value) - \$750 (other building value) = \$212,100 (improvement value from sale)  
\$212,100 / \$262,900 (replacement cost new) = 81percent good or 19 percent depreciated (1 - .81).*

The study uses residential sales that occurred in 2014, 2015, 2016 and 2017. The study should be complete by the end of August. The new cost tables have arrived from Marshal Swift Valuation Services through the Property Valuation Division of the Kansas Department of Revenue. At the current time we are unsure if the depreciation tables will change for 2018.

### ***AG USE VERIFICATION***

The Appraiser's Office has begun sending out surveys to the western half of the county in order to verify the agricultural use on parcels. The survey includes an aerial photo with the uses that are known indicated on it. We ask that the owners or their tenant review this and let us know if they agree or have any changes in the use that should be noted. It is important to track the use of property devoted to agricultural production as it can have a noticeable effect on the valuation. For example, an area of the farm that was used for crop production in prior years has now been converted to hay or pasture. Since cropland values are usually higher than grass a decrease in value would be the result. Despite falling commodity prices in the past few years, we will probably be seeing some increase in the dry crop land, irrigated crop land, and grassland ag use values in the next year. This is due to the averaging that is used in the calculations of the current year's values. PVD calculates these values with the help of the KSU Farm Management Service and usually distributes them to the counties later in the fall or early winter.

### ***GOING MOBILE***

A little over a year ago, the appraisal staff began using tablets in the field to verify and record property data characteristics. The tablets are loaded with a copy of the property's record and

allow the staff member to make changes, add notations or even build and complete the needed information while on site. The data is uploaded to the ORION system upon return to the office.

This process has gone very well and seems to be accomplishing everything we hoped it would. After an adjustment period, staff has found the tablets to be less cumbersome in the field than paper, especially on windy days. They have access to much of the same information they would in the office including aerial photos, property data and county road maps. This saves time in the office preparing to go to the field as well as saving paper since we are not printing nearly so much as before. Errors due to transcription mistakes are greatly reduced, as well, by the upload process into the ORION record. Errors due to incorrectly matched photographs have also been reduced. Collected images are now directly and immediately tied with the property records.

We have begun using the tablets to pick up new construction. The record has been built already but the staff has to input the property characteristics and sketch while in the field. A photograph is taken at each visit which helps document the progress of the construction. So far this has been working very well.

### ***STAFF NEWS***

Some changes in staffing have occurred over the summer this year. Cricket Mercer moved from the residential appraisal division back into the personal property division to fill a spot vacated by Maria Najarro. Cricket had worked in the personal property division a couple of years ago and filled in this spring in the absence of one of the other staff. The transition should be fairly smooth for her.

With Cricket's move, we were left with an opening on the residential field staff. Near the end of July we hired Beau Barnhart to fill that opening. Beau has some experience working for the banking industry on home inspections. In addition he has worked independently in other fields. He will have a learning period as he gets to know our systems and procedures. We welcome the new energy that he brings to the job.