



Appraisal Newsletter

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JULY SALES REPORT

From July 1 through July 23rd a total of 103 sales validation questionnaires involving 108 parcels were reviewed by the appraiser's sales staff. That compares to 293 sales validation questionnaires for the similar period in July of 2018 involving 306 parcels. For the year thus far, the office has worked 1,396 questionnaires involving 1,508 parcels compared to 1,643 questionnaires and 1,737 parcels for the same time period in 2018.

The average sale price for the residential sales thus far in 2019 is \$299,408 compared to \$243,987 in 2018. This represents an increase of approximately 22.7 percent! The average sale price in 2017 was \$215,760; for 2016 it was \$213,110, 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 2019 is 94.9 compared to 94.2 in 2018; 93.8 in 2017; 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 32 new home sales worked by this time in 2019 is \$407,795 compared to \$365,736 in 2018 on 50 sales; \$351,080 in 2017; \$316,162 in 2016; \$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 3 valid sales have been reviewed thus far in 2019. The median sales ratio for the commercial sales through the end of July is 85.7 percent compared to 88.7 in 2018; 101.7 in 2017; 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 information from this study will be used in the 2020 valuation process. For 2020, 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 2020 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 2016. For example, if a property sold in July of 2017 for \$270,000 and again in July of 2019 for \$295,000, the time trend would be calculated as in the example that follows:

$\$295,000 / \$270,000 = 1.0926$ or an increase of 9.26%

Time between the two sale dates = 24 months.

Monthly time trend = $.0926 / 24$ or $.0039$

Annual time trend = $.0039 \times 12 = .0463$ or 4.63%

The information from this study will be used in the 2020 valuation process. For 2020, 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 is indicating some significant change in certain market areas.

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 and 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 2016, 2017, 2018 and 2019. 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 2020.

COMMERCIAL PROPERTY SURVEYS

The commercial real estate department mail out about 1,600 income and expense surveys to the owners of general commercial properties. These include, but are not limited to, office, industrial and warehouse type properties. The requested income and expense information should be returned to the Appraiser's Office via email or in the U.S. Mail no later than September 1, 2019.

Information received from the survey will be maintained confidentially in accordance to Kansas Law (K.S.A.45-221(b)) and standards of professional appraisal practice.

The information is used to study market trends regarding rents, occupancy rates and operating expenses for the property types surveyed. The survey information will be used to calibrate our valuation models for the property types surveyed.

The information WILL NOT be used to value the specific properties that provided the information—it will be used in conjunction with data on similar use properties to find typical rents, occupancy, and expense ratios for that particular property use type.