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**Interim County Appraiser**

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## YEAR-TO-DATE SALE REPORT

When a property sells, the Appraiser’s Office staff reviews documentation and conducts research to determine whether the sale is appropriate for inclusion in its market analysis. Sales that are valid for the market analysis are those that align with the state’s definition of fair market value ([K.S.A. 79-503a](#)):

*“Fair market value” means the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion.*

The Appraiser’s Office refers to these types of sales as being “valid”. The following table summarizes year-to-date Sept 2022 and 2023 residential sales (excluding apartments and vacant land).

### Residential Sales – YTD 2022 vs YTD 2023

Valid Sales	2022 YTD	2023 YTD	% Diff.
<b>Median Sale Price</b>	\$298,900	\$305,000	2.0%
<b>Average Sale Price</b>	\$336,227	\$342,401	1.8%
<b># of Valid Sales</b>	1,011	569	-43.7%
<b># of Total Sales</b>	1,385	929	-32.9%

The total number of residential sales have decreased since last year at this time. The number of valid sales appears to have decreased disproportionately and is partially due to several of these sales are still in the verification process. The YTD numbers will likely change in the next couple of months.

The year-over-year changes in median and average prices do not reflect the same population of homes transacting. There are fewer high dollar homes reflected in the 2023 YTD sale figures. The actual increase market prices for single-family residential property is slightly higher when looking at the sale and resale of the same property.

As a point of reference, the July 2023 YTD figures published by the [Lawrence Board of Realtors](#) reveal a median sale price of \$300,000, with an increase of 7.9% year-over-year.

The following table summarizes year-to-date Sept 2022 and 2023 commercial property sales (including apartments; excluding vacant land).

### Commercial Sales – YTD 2022 vs YTD 2023

Valid Sales	2022 YTD	2023 YTD	% Diff.
<b>Median Sale Price</b>	\$1,811,343	\$2,570,300	41.9%
<b>Average Sale Price</b>	\$570,000	\$962,500	68.9%
<b># of Valid Sales</b>	35	10	-71.4%
<b># of Total Sales</b>	71	35	-50.7%

The total number of commercial sales have decreased since last year at this time. The number of valid sales has decreased disproportionately and is partially due to several of these sales still being in the verification process.

The year-over-year changes in median and average prices do not reflect the same population of properties transacting. There are more high dollar commercial properties reflected in the 2023 YTD sale figures. The actual changes in prices for commercial property varies by use (apartments, industrial, office, retail, etc.).



## 2023 AGRICULTURAL USE SURVEYS MAILED

In August 2023, our office mailed 2,247 agricultural surveys to owners of parcels with agricultural assessment classification. The survey contains questions to confirm current and future agricultural plans for the parcels of record.

As of September 14, 2023, our office has received 462 returned surveys. The public’s participation in these surveys is greatly appreciated and will be used in conjunction with on-site inspections and aerial imagery to properly classify agricultural parcels.

A copy of the county’s recently revised Agriculture Use Policy can be found on the [department’s website](#).



## 2023 INCOME & EXPENSE SURVEYS MAILED

In August 2023, our office mailed 1,182 income and expense surveys to owners of apartments, auto service buildings, dealerships, banks, fast food restaurants, and industrial properties. The survey contains questions to confirm the rent roll and three recent years of income/expenses.

Participation is optional and information received from the surveys are confidential in accordance with Kansas Law ([K.S.A.45-221\(b\)](#)) and standards of professional appraisal practice.

This information is used to study trends in the local real estate market regarding rents, occupancy, and operating expenses for various property types. Responses help the county identify market rent and typical net operating income (NOI) for the spectrum of commercial property use types.

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.

There are three approaches to value in real estate appraisal—Cost, Income and Sales Comparison Approach. The income/expense information obtained assists the County Appraiser’s Office in developing a well-supported Income Approach.

The Income Approach is used to value roughly 80% of commercial property in Douglas County, as income data is more readily available than sales or cost information.

As of September 14, 2023, our office has received 44 returned surveys. The public’s participation in these surveys is greatly appreciated.



## 2024 MARKET ANALYSIS IS UNDERWAY

The valuation of 50,000 real and personal property accounts requires a substantial amount of data and research. During this time of year, the Appraiser’s Office spends a great deal of time confirming property characteristics, analyzing sales, studying costs and examining income/expense data.

This information is utilized to identify market trends and price benchmarks to develop accurate valuation models. Market data is used to estimate market value. Key indicators analyzed by staff include changes in market conditions from the previous year (time trend), neighborhood trends, land values and reconciling sales with construction costs (depreciation).

### Market Conditions (Time Trend) Analysis

Changes in market conditions are best analyzed by comparing a previous and current sale price of the *same property*. The formula for determining market condition changes is:

$$\text{Current Sale Price} - \text{Prior Sale Price} = \text{Change in Value}$$

$$\text{Change in Value} \div \text{Prior Sale Price} = \% \text{ Change in Value}$$

$$\% \text{ Change in Value} \div \# \text{ of Months Between Sales} = \% \text{ per Month.}$$

This formula is applied to multiple properties that have previously sold and recently resold to obtain several data points. These data points reflect what the overall change in market price has been over a period of time.

Sale trends are reviewed by neighborhood and property type to understand whether the market is going up, down or unchanged for residential and commercial properties.

The changes in market conditions are considered in the Sales Comparison Approach when adjusting older sales to the current date of value.

This market trend information also creates benchmarks when comparing prior year values with the current value indications. The summary of these findings will be published in February 2024, prior to mailing the 2024 Change of Value Notices.

### Reconciling Sales with Construction Costs (Depreciation)

The basic formula for the Cost Approach is:

$$\text{RCN} - \text{Depreciation} + \text{Land Value} = \text{Cost Approach Value.}$$

The starting point of the Cost Approach is Replacement Cost New (RCN). Over time, a building experiences wear as it occupied and used.

In real estate appraisal, the difference between market value and the cost to construct is referred to as *depreciation* and is applied in the Cost Approach to value. Depreciation accounts for the wear on a building as it ages.

Depreciation is quantified by comparing the RCN with recent sale prices. Land value is removed so that only the building values can be analyzed. The process is illustrated below.

\$300,000	Sale Price
- 100,000	Land Value
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\$200,000	Building Value
÷ 400,000	RCN
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0.50 or 50%	Depreciation

If the building was 50 years old, a depreciation rate of 1% per year is indicated. This methodology is applied to all valid sales to extract depreciation from the market.