

# 2022 Real Estate Valuations

March 2022

## Contact Us

Lyon County Appraiser's Office

430 Commercial Street

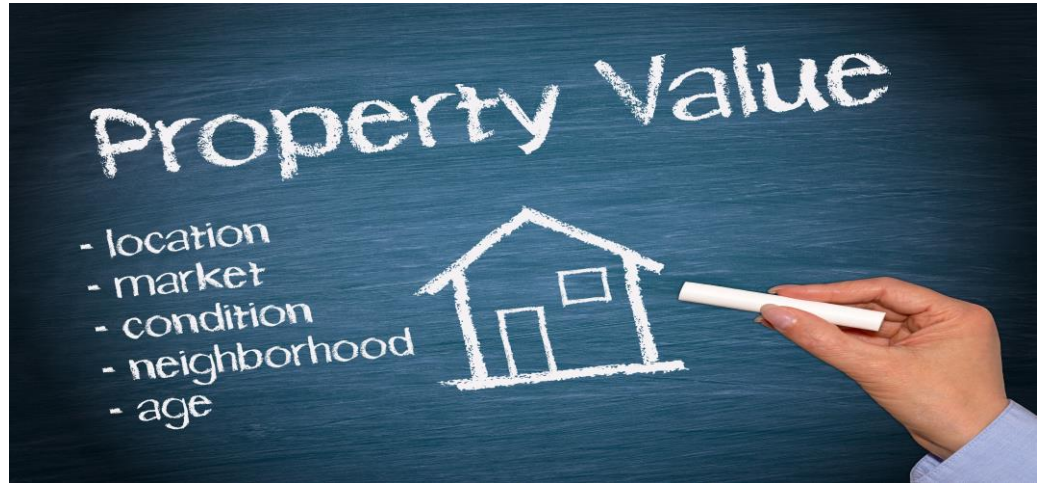
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# Revaluation Newsletter

## Lyon County 2022 Property Valuations



Lyon County Property Owners,

The Lyon County Appraiser's Office has completed the annual appraisal of real estate properties as of the January 1 valuation date, and the resulting 2022 Valuation Notices were mailed to property owners on Friday, February 25th. Statutorily, the intent of these notices is to inform property owners of their property value and any change between the appraisal dates of January 1, 2021 and January 1, 2022.

Supply and demand imbalances in the Lyon County real estate market over the last year; combined with continued, lower interest rates have caused the real estate market to be very active and competitive. These effects on the residential, commercial, and agricultural markets have caused for rapid increases in market values, more so for certain price points and in particular areas/neighborhoods. The Lyon County Appraiser's Office will continue to monitor the local real estate market and react accordingly to the market activity that is taking place in Lyon County.

This report is intended to offer a more detail into the appraisal process and what has been observed in the Lyon County real estate market over the past year. Overall, Lyon County continues to see strong, steady growth in residential, commercial, and agricultural markets.

Respectfully,

Ryan Janzen, CAE, RMA  
Lyon County Appraiser

## The Appraisal Process

Lyon County real estate values are based upon sales which are the basic building blocks of county valuation models. All sales of real estate properties are reviewed to determine if each meets the statutory definition of being representative of “Fair Market Value” as defined by KSA 79-503a. Sales that meet that definition are classified as “valid” and are used in creating the models that are necessary to meet the statutory obligation to complete the annual mass appraisal project for Lyon County. The most current year of sales, those occurring in 2021, typically have the greatest impact on model building and trend analysis. They are studied closely to gauge as accurately as possible the fair market value of each property in the county.

There are three approaches to value, and all three are reviewed and reconciled to determine which approach is the most representative of a property’s fair market value. The first, and most common method is the *sales comparison approach*. This approach directly uses sales of like and similar properties, with any differences in characteristics between the subject and the comparable sales adjusted for to determine market value. Secondly, the *cost approach* considers the replacement cost for any improvement. Sales are used to gauge and account for any depreciation. A land value is then added to the depreciated improvement cost to arrive at a market value. Finally, the *income approach* is third and final method used in establishing market value. This approach analyzes the income producing potential of a property by reviewing the landlord/tenant relationship (it does not consider the income of the business operating inside). Sales are used to arrive at a cap rate, which when applied to a market operating income a market value can be estimated.



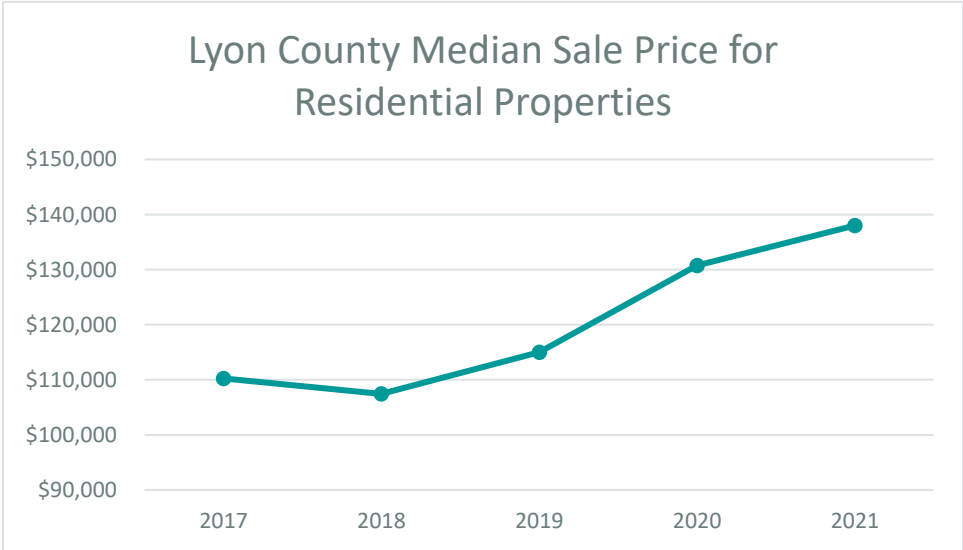
Additionally, Lyon County performs sales ratio studies to draw conclusions as to whether past valuation models have been producing reasonably accurate and equitable appraisals. A sale ratio is calculated for each valid sale by dividing the county valuation of a property by the property’s sale price. For example, a property valued at \$98,000 that sold for \$100,000 would have a sales ratio of 98%, indicating the property’s sale price exceeded its January 1<sup>st</sup> County value by 2%. A ratio study is based upon a grouping of sales and their respective sales ratios to identify valuation accuracy, but also the 2021 sales ratio results provide a general direction of change that may need to be made with current individual appraisals. These ratio studies and their applicable sale properties were heavily weighted in setting final 2022 property values.

# Residential Properties



There were 451 valid residential sales that occurred in 2021 compared to 378 residential sales in 2020 in Lyon County. A preliminary ratio study indicates a median sales ratio of 90.6%, the acceptable range is between 90% to 110%, with the goal of being as close to 100% as possible. This ratio compares the January 1, 2021 county appraised values to actual sale prices that occurred during the 2021 calendar year and indicates that the county appraised values were 9.4% below market value. Furthermore, in reviewing the 2021 appraised values the coefficient of dispersion (COD), which measures equity and how close the sale ratios were to the desired ratio of 100%, was 11.6%. The acceptable range for COD is between 10.0% and 20.0%.

The median sale price in 2021 was \$138,000 which is a 5.5% increase over the median sale price in 2020 of \$130,750. The chart below shows the median price over the last five years in Lyon County. In that five-year period the median sale price has increased 25.2%.



Real estate values in **Emporia** have remained strong the last several years with a median sale price of \$136,750. In 2021, there were 380 valid residential sales with an average sale price of \$143,177. Compared to 316 valid residential sales with an average sale price of \$129,670 in 2020. This indicates a +20.3% increase in sales volume and a +10.45% increase in average sale price.

A study of 2021 sales collectively in the **small towns** of Lyon County indicated that the median sale price in 2021 is \$87,450 on 34 sales. The county's 2021 valuation of the sales in this group were under-estimated by 11% compared to actual sale prices as indicated by a median sales ratio of 89%.

For **farmstead and rural residential properties**, the median sale price was \$225,000 in 2021. This compared to a median a sales price of \$225,000 in 2020 indicates a flat percentage change in sale price. Ultimately, the value adjustments, whether up or down, were applied based on the most similar sale properties in relation to each individual subject property.

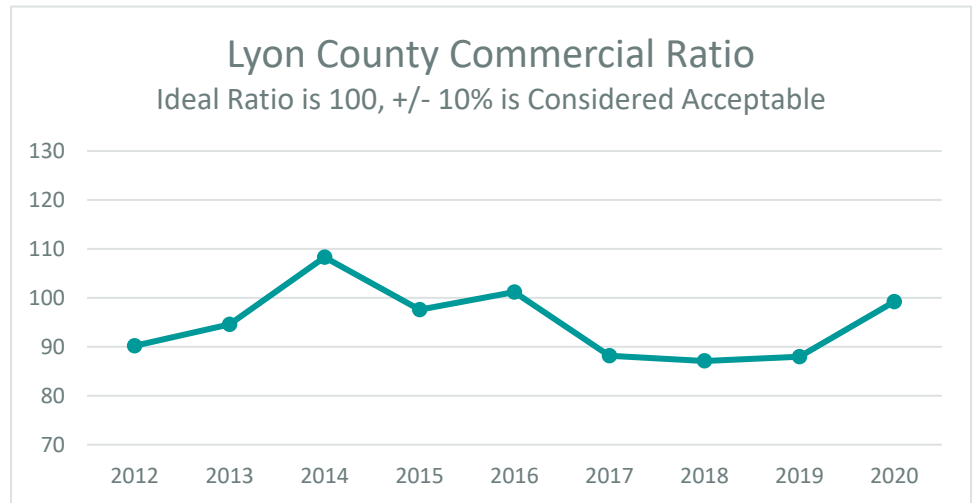
For 2022, residential and farmstead properties in Lyon County saw a median valuation increase of 9% compared to their 2021 valuation. Eighty-nine percent of residential and farmstead properties saw an increase in property valuation from 2021 to 2022.

Property owners should note that values on specific properties may not follow general trends. There are many factors that can impact a change in valuation, including but not limited to changes in the property, correction of a property's descriptive information, or adjustment and equalization of values based on sales of similar properties.



## Commercial Properties

Regarding improved commercial class property, the Kansas Department of Revenue-Property Valuation Division conducts a commercial ratio study annually. The chart below shows a history of the commercial ratio results conducted by the State of Kansas. The ideal ratio is 100%, +/- 10%. The last year in which results are available compares 2020 values to 2020 commercial sale prices, which indicates a ratio of 99%. Historically, over the years commercial properties have been valued at or slightly below the acceptable range.



In 2021, Lyon County saw 29 valid, arms-length commercial sales. In the years prior there have been 19 sales in 2018, 23 sales in 2019, and 18 such commercial sales in 2020. Since a limited number of sales occur in any given year the sales comparison approach to value is often difficult to utilize. The cost and income approaches to value generally carry more weight in making valuation decisions.



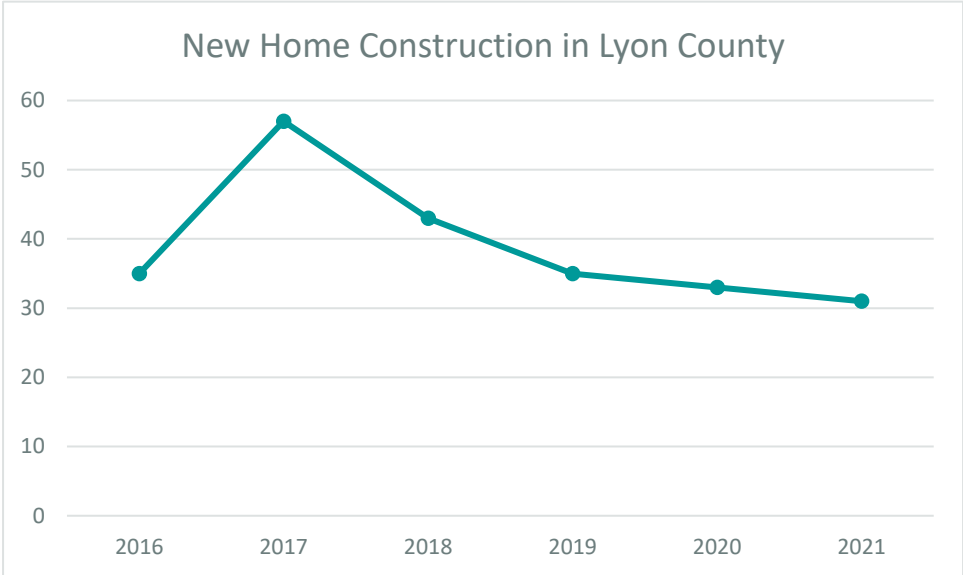
A study of the commercial real estate market in Lyon County indicated an overall inflationary trend of +2.0% for commercial property valuations in 2022.

For 2022, 69% of all commercial, industrial, and apartment properties in Lyon County saw a valuation increase from their 2021 valuation. While 28% saw a reduction in valuation from the prior year.

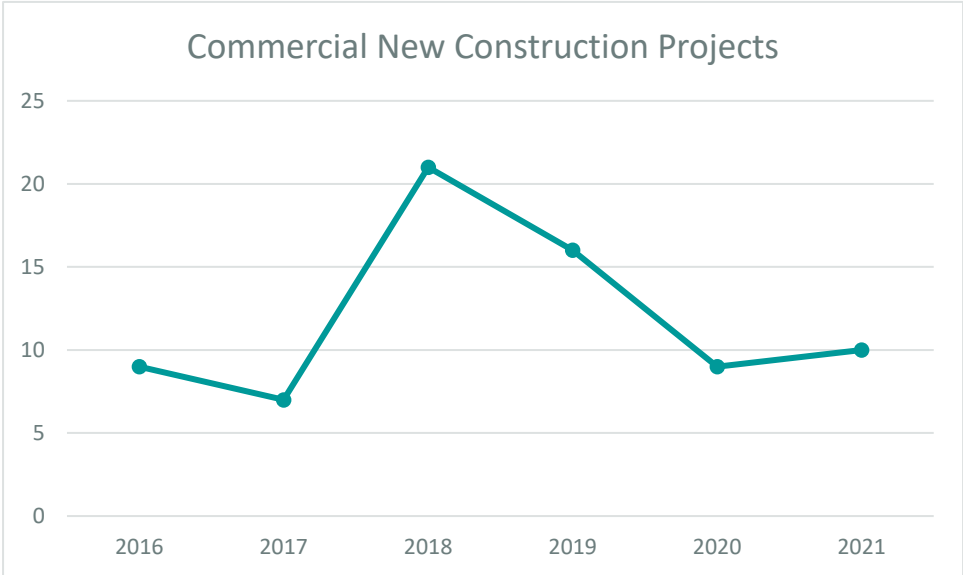
# New Construction

Lyon County has continued to see new construction take place in 2021. There was a total of 41 new construction projects that broke ground in the county during the last calendar year. In all, increased valuation attributed to new construction was approximately \$9.7 million for 2022.

After seeing a spike in new home construction in 2017 with 57 new home builds, new construction has leveled off, seeing on average 33 new homes built per year from 2019 and 2021.



In terms of commercial new construction projects, after a six year high with 21 projects in 2018, Lyon County has seen a downward trend in the number of new construction projects taking place.



## Vacant Land

In general, vacant, non-agricultural land values, on average saw a general upward trend. Vacant land values saw a median valuation increase of +5%. As is the case with improved residential properties, this increase is largely associated with supply and demand challenges as various developers attempt to acquire vacant land to develop.

## Agricultural Land

Agricultural land, for property taxation purposes, is based on appraisal methodology utilizing eight years of data, with calendar year 2020 being the most recent, complete year for which data has been compiled and used for the January 1, 2022 valuation date. Per Kansas statutes, land devoted to agricultural use is first identified and classed at the county level, then the acres are segregated based on federal soil surveys, and finally the income and expenses associated with crop and livestock production are analyzed conjunctively between Kansas Division of Property Valuation (PVD) staff and Kansas State University agricultural production analysts.

The agricultural use-values calculated for Lyon County by the state PVD division for the 2022 tax year have increased an average of \$9 per acre for crop land, while grass land increased by an average of \$6 per acre. Statistically, these increases indicate a median percentage change of +4.3% and +5.1% respectively compared to the 2021 agricultural use-value rates.



## Summary

With the exception of agricultural land, the valuation of residential, commercial, industrial, apartment, and vacant land properties is based on analysis of valid arms-length sales transactions. These sales contribute to the development of depreciation tables, market models, and capitalization rates. Additionally, some commercial and apartment property owners contributed rental income and landlord operating expense information for use in the development of income valuation models. Ultimately, reasonable and fair estimates of market value, as defined by statute, are sought and assessed as uniformly as possible.

Although valuation notices will have been mailed on February 25<sup>th</sup>, 2022, property owners are reminded that the effective appraisal date of their valuation is January 1, 2022. Therefore, sales of properties occurring since January 1 of this year cannot be considered in the establishment of valuation tables for the current tax year, nor can they be used as comparable sales in comp sales selection for residential home appraisals for the current year. Also, property owners should note that values on specific properties may not follow general trends because of changes in the property, correction of a property's descriptive information, or adjustment and equalization of values based on sales of similar properties.

Property owners' notification of the valuation of their property is a requirement of Kansas law. Statutes further allow property owners the opportunity to appeal the county's estimate of value at the time valuation notices are mailed. Property owners have 30 days from the date mailed to request an informal hearing with county appraiser staff. ***The deadline to appeal is March 28, 2022.*** However, questions regarding property values and confirmation of property characteristics are welcome at the appraiser's office at any time.

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**DID YOU KNOW?** Available to the public on the Lyon County Appraiser's web page is the most frequently requested appraisal data. This information can be found on-line at [www.lyoncounty.org](http://www.lyoncounty.org). Go to "County Appraiser" and click on "Parcel Search with Maps and Photos" to access this information.

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