

2023 Real Estate Valuations

March 2023

Appeal Deadline

March 27, 2023

Contact Us

Lyon County Appraiser's Office

430 Commercial Street

Emporia, KS 66801

620-341-3302

www.lyoncounty.org

Valuation Newsletter

Lyon County 2023 Real 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 effective valuation date. The resulting 2023 Valuation Notices were mailed to property owners on Friday, February 24th. 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, 2022 and January 1, 2023.

The Lyon County real estate market continues to see issues related to supply and demand imbalances. Rising interest rates during the last year have done a lot to cool off what had been a "white hot" market, as the local real estate market sees a return to normalcy in the second half of 2022. The real estate market is now seeing properties sit for what would be a considered a traditional amount of time before receiving offer at or slightly below asking prices; compared to multiple offers, above asking price, after only a few hours on the market which seemed to be common in 2021 and early 2022. 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.

The intent of this report is to offer more detail into the appraisal process and what has been observed in the Lyon County real estate market over the last calendar year. Overall, Lyon County continues to see 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 2022, 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 measure and account for 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.

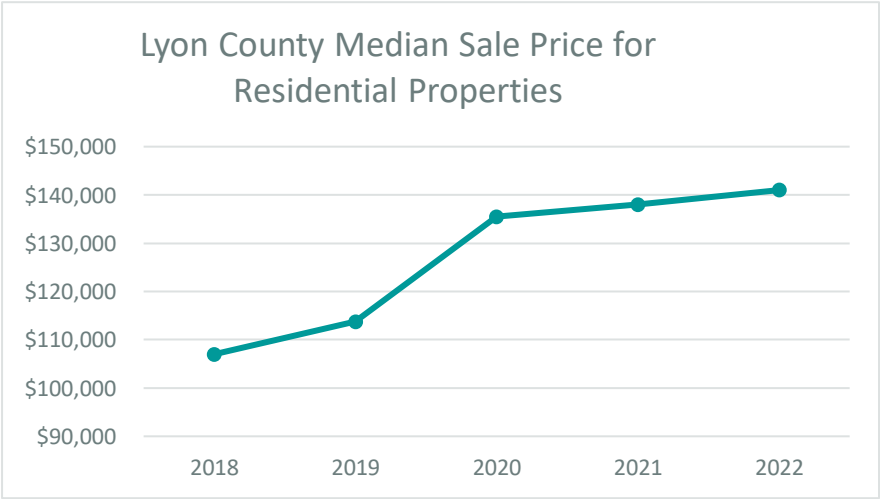
Additionally, Lyon County performs sales ratio studies to draw conclusions as to whether past valuation models have been producing reasonably accurate and equitable appraisals. A sale ratio is calculated for each valid sale by dividing the county valuation of a property by the property’s sale price. 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 1st County value by 2%. A ratio study is based upon a grouping of sales and their respective sales ratios to identify valuation accuracy. Furthermore, the 2022 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 2023 property values.

Residential Properties



There were 403 valid residential sales that occurred in 2022, compared to 470 residential sales in 2021, which was an eight year high. A preliminary ratio study conducted by the State of Kansas – Property Valuation Division indicated a median sales ratio of 85.5%. This compared the 2022 valuation to sales that occurred during the 2022 calendar year. The acceptable range is between 90% to 110%, with the goal of being as close to 100% as possible. This study demonstrates that 2022 county values were 14.5% below market value. Furthermore, in reviewing the 2022 appraised values the coefficient of dispersion (COD), which measures equity and how close the sale ratios were to the desired ratio of 100%, was 12.9%. The acceptable outcome for COD is below 20.0%.

The median sale price in 2022 was \$141,000 which is a 2.2% increase over the median sale price in 2021. 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 31.8%.



In the years following the pandemic, as market demand increased in the Lyon County residential market, the Lyon County Appraiser's Office has taken steps to manage the annual percentage changes experienced by property owners. The steps taken during the 2023 analysis and valuation process were done in the same cautious manner, putting an even greater emphasis and relevancy on the most recent market activity.

For 2023, residential and farmstead properties in Lyon County saw a median valuation increase of +14.8% compared to their 2022 valuation. Last year a 9.0% median valuation increase was seen on Lyon County residential and farmstead properties. Ninety-three percent of residential and farmstead properties saw an increase in property valuation from 2022 to 2023.

Real estate values in **Emporia** have seen steady growth the last several years with a median sale price of \$132,500 and an average sale price of \$148,881 on 337 sales in 2022. Compared to 410 valid residential sales with a median sales price of \$132,000 and an average sale price of \$142,758 in 2021. Albeit, there were fewer sales in 2022, there was an increase in both the average and median sales price between 2021 and 2022 sales. *Residential properties in Emporia saw a median valuation percentage increase of +15.6% from 2022.*

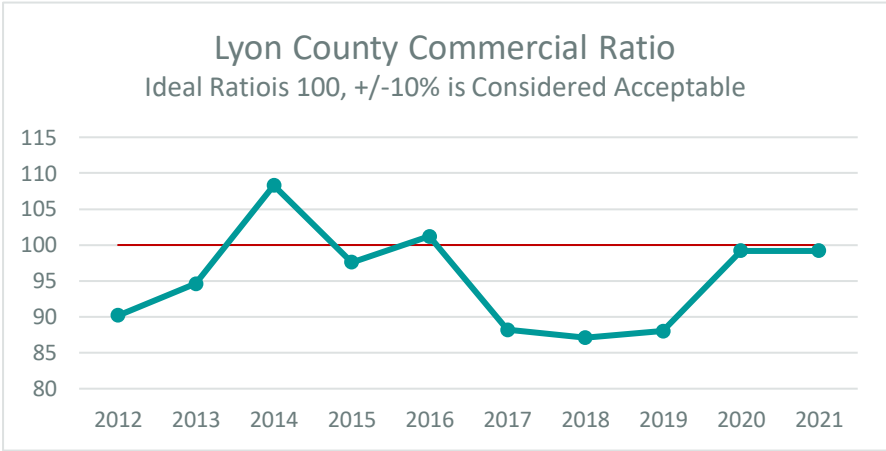
A study of 2022 sales in the **small towns** of Lyon County indicated that the median sale price was \$97,950 on 24 sales. In 2021, there were 32 such sales with a median sale price of \$89,500. Despite a decline in sales numbers, there was still an increase in the median sale price between 2021 and 2022 sales. *A +12.4% median increase was seen on residential properties in Lyon County small towns for 2023.*

For **farmstead and rural residential properties**, the median sale price was \$285,000 in 2022 on 42 sales. In 2021, rural Lyon County had a median sale price of \$232,500 in 2021 on 28 sales. In the rural, unincorporated parts of Lyon County market growth was strong seeing an increase in sales volume and median sales price. *Rural properties with a dwelling saw a median valuation increase of +13.6% compared to the valuation in 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 to the property, correction of a property's descriptive information, an adjustment or equalization of value 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 2021 values to 2021 commercial sale prices, which indicates a ratio of 99%. Historically, commercial properties have been valued at or slightly below the acceptable range.



In 2022, Lyon County saw 19 valid, arms-length commercial sales. In prior years there have been 23 sales in 2019, 16 sales in 2020, and 30 such commercial sales in 2021. 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.



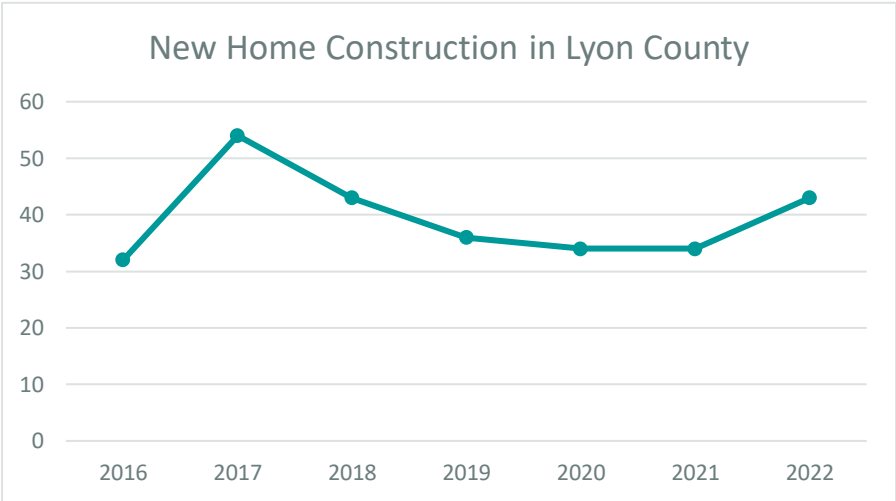
In 2023, the commercial real estate market in Lyon County indicated an overall inflationary trend of +8.8%, with apartments, downtown row, and warehouse spaces experience some of the greater market demand.

For 2023, 83% of all commercial, industrial, and apartment properties in Lyon County saw a valuation increase from their 2022 valuation. While 15% saw a reduction in valuation from the prior year.

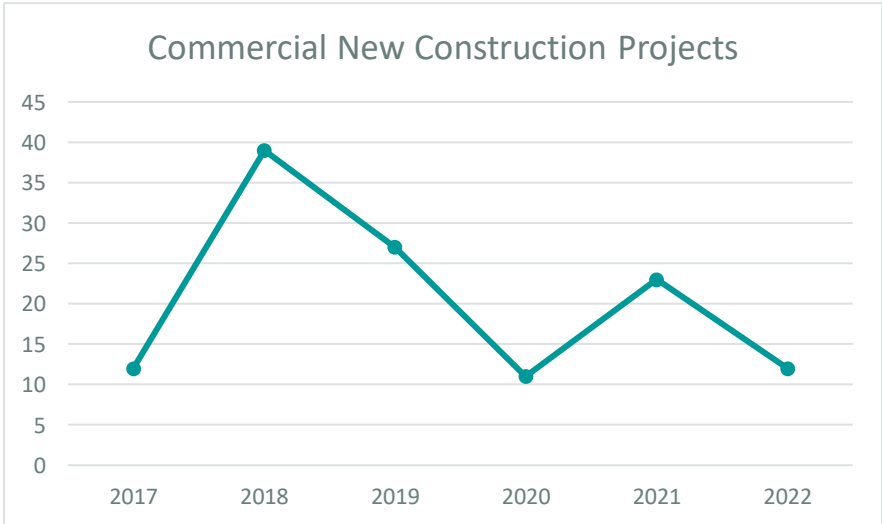
New Construction

Lyon County has continued to see a steady amount of new construction take place. There was a total of 119 new construction projects that broke ground in the county during the last calendar year. This includes new construction of residential dwellings, residential and agricultural outbuildings, and commercial buildings. In all, increased valuation attributed to new construction was approximately \$10 million for 2023. This does not take into account projects that started prior to January 1, 2022.

After seeing a spike in new home construction in 2017 with 54 new home builds, new construction has slowed. However, an uptick took place in 2022 with 43 new residential dwellings.



In terms of commercial new construction projects, after a six year high with 39 projects in 2018, Lyon County has seen an up and down trend in the number of new construction projects taking place.



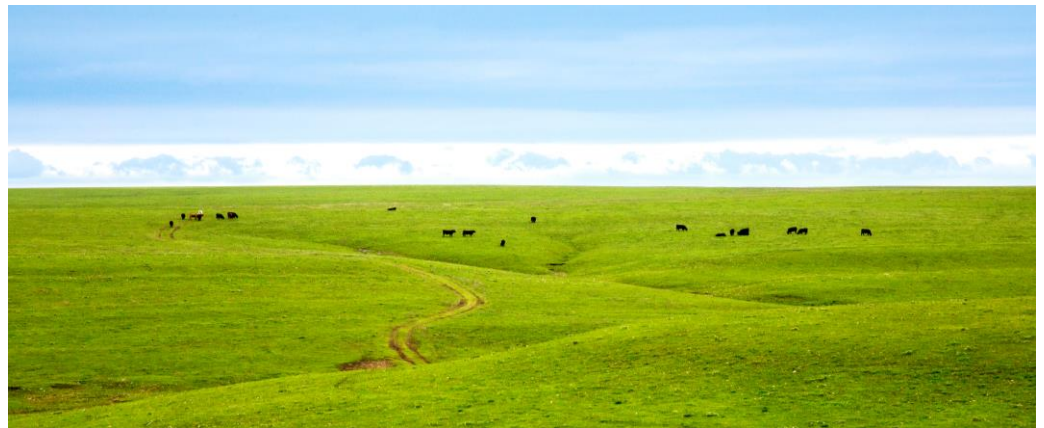
Vacant Land

In general, vacant, non-agricultural land values, on average saw a general upward trend. *Vacant land values saw a median valuation increase of +12.5%.* As is the case with improved residential properties, this increase is largely associated with supply and demand challenges as various stakeholders attempt to acquire vacant land to develop.

Agricultural Land

Agricultural land, for property taxation purposes, is based on appraisal use methodology utilizing eight years of data, with calendar year 2021 being the most recent, complete year for which data has been compiled and used for the January 1, 2023 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) and Kansas State University agricultural production analysts.

The agricultural use-values calculated for Lyon County by PVD for the 2023 tax year have decreased an average of \$13 per acre for crop land, while grass land increased by an average of \$5 per acre. *Statistically, these increases indicate a median percentage change of -4.4% for dry and irrigated land and +4.1% for native and tame grass compared to the 2022 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 pursued and assessed as uniformly as possible.

Although valuation notices will have been mailed on February 24th, 2023, property owners are reminded that the effective appraisal date of their valuation is January 1, 2023. 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. 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. Statute further allows property owners the opportunity to appeal the county's opinion 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 27, 2023.*** However, questions regarding property values and confirmation of property characteristics are welcome at the appraiser's office at any time.

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. Go to "County Appraiser" and click on "Parcel Search with Maps and Photos" to access this information.
