

2024 Real Estate Valuations

March 2024

Appeal Deadline

March 27, 2024

Contact Us

Lyon County Appraiser's Office

430 Commercial Street

Emporia, Kansas 66801

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Valuation Newsletter

Lyon County 2024 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 2024 Valuation Notices were mailed to property owners on Monday, February 26th. 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, 2023 and January 1, 2024.

During the 2023 calendar year interest rates began to stabilize and the Lyon County real estate market has begun to see a return to normalcy in terms of traditionally historical market trends. Lyon County continues to see issues related to supply and demand imbalances that still play a role in the actions and decisions of buyers and sellers.

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 county's valuation process is an annual one, every year older sales are removed from consideration as new sales influence the direction values will go.

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 stable growth in residential, commercial, and agricultural markets.

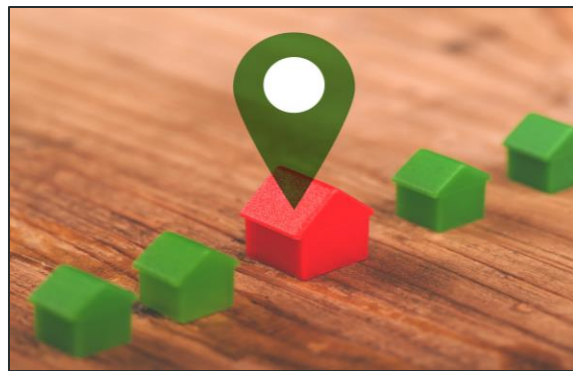
Respectfully,

A handwritten signature in black ink, appearing to read 'Ryan Janzen'.

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 2023, 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.

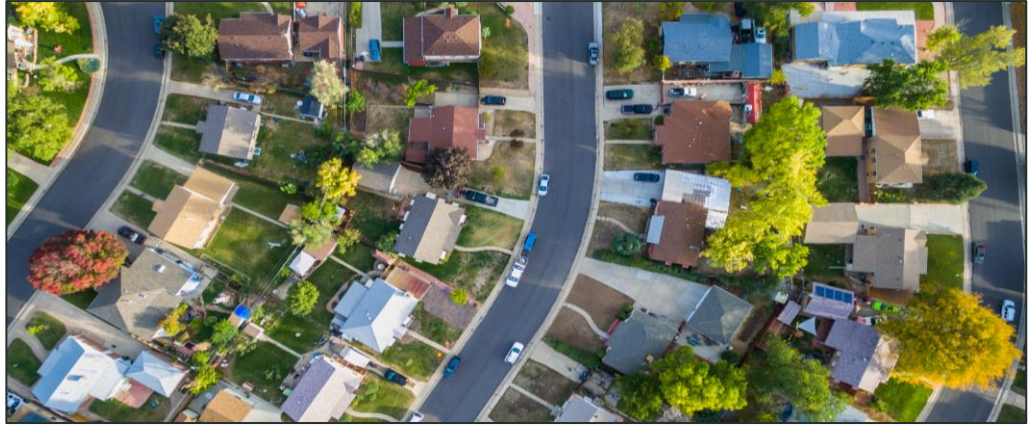


There are three approaches to value, and all three are reviewed and reconciled to determine which approach is the most representative of a property’s fair market value. The first, and most common method is the *sales comparison approach*. This approach directly uses sales of like and similar properties, 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.

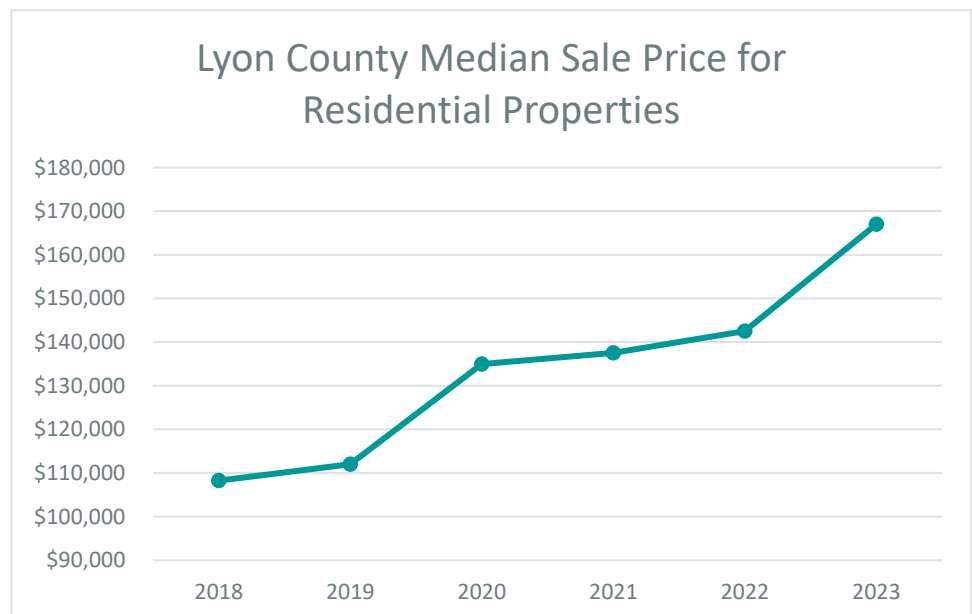
Additionally, Lyon County performs sales ratio studies to test and to draw conclusions as to whether valuation models are producing reasonably accurate and equitable appraisals. A sale ratio is calculated for each valid sale by dividing the county valuation of a property by the property’s actual sale 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 2023 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 2024 property values.

Residential Properties



There were 347 arm's-length residential sales that occurred in 2023, compared to 404 residential sales in 2022. A preliminary ratio study indicated a median sales ratio of 92.5%. This compared the 2023 valuation determined by the Lyon County Appraiser's Office to sales that occurred during the 2023 calendar year. The acceptable range is between 90% to 110%, with the goal of achieving a 100% ratio. This study demonstrates that 2023 county values were 7.5% below market value. Furthermore, in reviewing the 2023 appraised values the coefficient of dispersion (COD) was 11.0%. This measures equity and how close the group of sale ratios were to the target ratio. A COD below 20.0% is considered acceptable.

The median sale price in 2023 was \$167,000 which is a 17.2% increase over the median sale price in 2022. The chart below shows the median price over the last six years in Lyon County. Over this span, the median sale price has increased 54.3%, or approximately 10.8% annually.

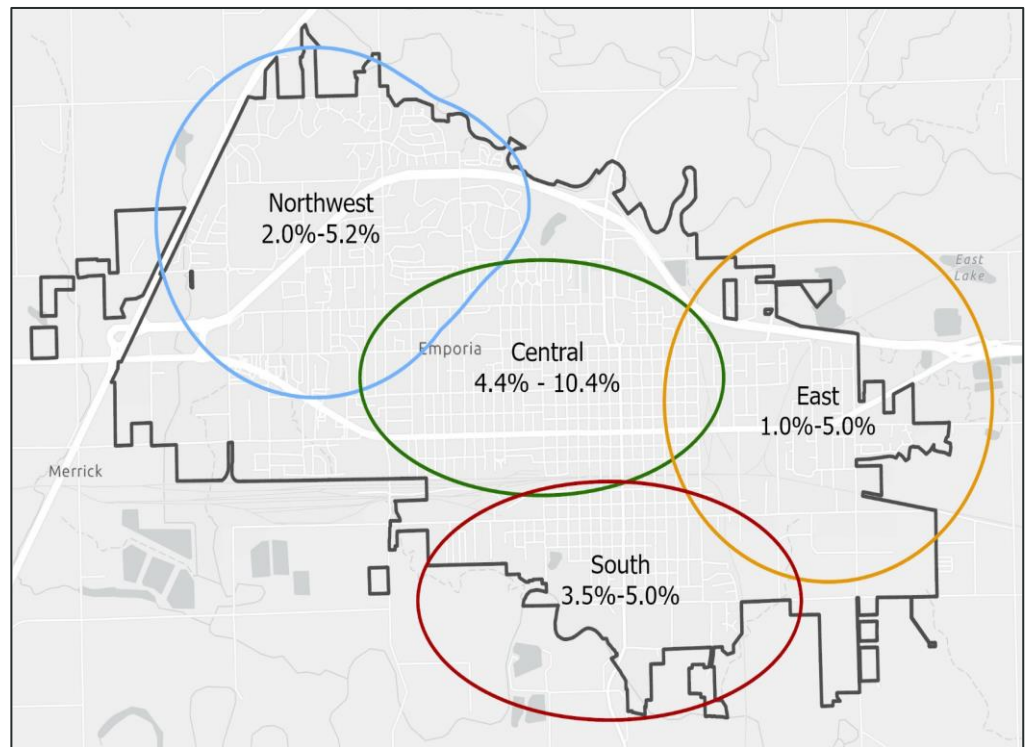


In the years following the pandemic, as market demand increased in the Lyon County residential market, the Lyon County Appraiser's Office has taken steps to manage the annual percentage changes experienced by property owners. The steps taken during the 2024 analysis and valuation process were conducted in the same cautious manner, putting a greater emphasis and relevancy on the most recent market activity.

By placing more weight on and giving greater emphasis to more recent sales, values are better able to reflect current market conditions. This better reflects the actions and decisions of buyers and sellers relative to the current market as of the effective valuation date, January 1, 2024.

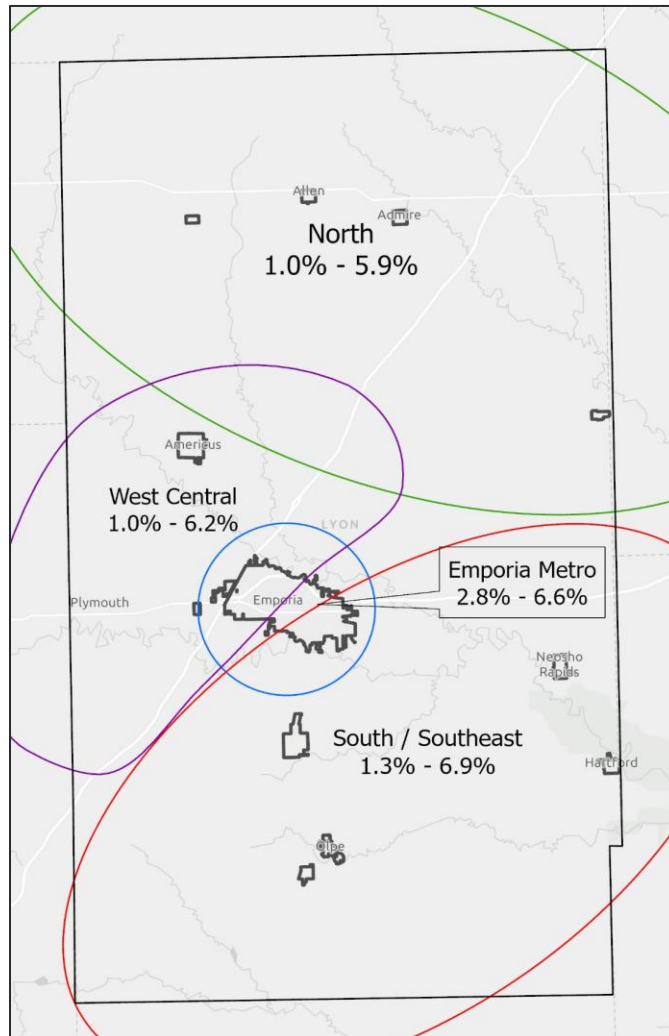
For 2024, overall, residential and farmstead properties across Lyon County experienced a typical valuation change of +2.7% to +8.2% compared to their 2023 valuation. Last year a 14.8% median valuation increase was seen on Lyon County residential and farmstead properties. Eighty-four percent of residential and farmstead properties saw an increase in property valuation from 2023 to 2024.

Real estate values in **Emporia** have seen steady growth in the last several years. Overall, the City of Emporia experienced valuation changes of 2.7% to 8.3%. Despite fewer sales in 2023 compared to 2022, the median sale price in Emporia went from \$135,000 in 2022 to \$162,500 in 2023. The map below shows typical valuation trends in different areas of the city.



***Polygons are an approximate representation*

A study of 2023 sales in the **small towns** of Lyon County indicated that the median sale price was \$137,250 on 32 arm-length sales transactions. In 2022, there were 23 such sales with a median sale price of \$101,000. This is a 35.9% change in median sale price from 2022 to 2023 with an increase in sales volume as well. Lyon County small towns saw a typical valuation change of 3.8% to 9.1% in their appraised valuation from 2023 to 2024.



For **farmstead and rural residential properties**, the typical overall valuation change was 1.4% to 6.6% for 2024. In the rural, unincorporated parts of Lyon County market growth continues to see strong valuation growth. Despite fewer sales occurring in 2023 compared to 2022 the median sale price in rural Lyon County increased by 23.1% from \$290,000 in 2022 to \$357,000 in 2023.

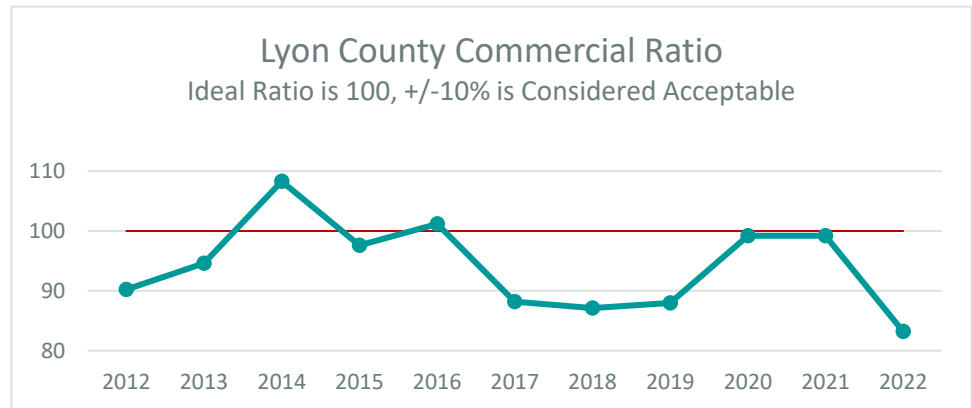
This map shows typical valuation trends in different areas of Lyon County. The strongest growth occurred in the Emporia metro area with lesser valuation changes occurring further from the county seat.

***Polygons are an approximate representation*

Property owners should note that values on specific properties may not follow general or typical 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 2022 values to 2022 commercial sale prices, which indicates a ratio of 83.2%. Historically, commercial properties have been valued at or slightly below the acceptable range.



In 2023, Lyon County saw 11 valid, arms-length commercial sales. In prior years there have been 16 commercial sales in 2020, 30 sales in 2021, and 19 such sales in 2022. 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 2024, the commercial real estate market in Lyon County indicated an overall inflationary trend ranging between +1.0% and +7.3%. The following table further breaks down trend results based on use:

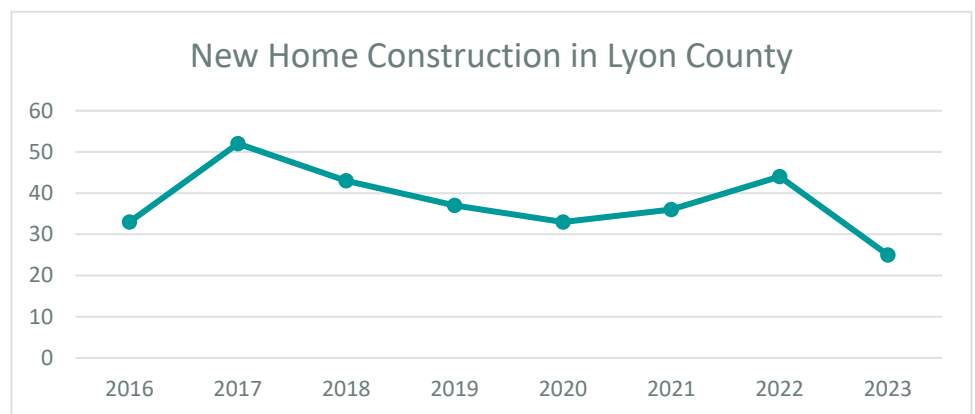
Use Group	Typical Valuation Trend Range		
Apartments	1.2%	to	7.2%
Downtown Rows	1.0%	to	5.4%
Hotels/Motels	-0.8%	to	4.4%
Office	1.8%	to	7.1%
Retail	1.1%	to	8.8%
Warehouse/Industrial	2.8%	to	9.0%
All Commercial	1.0%	to	7.3%

For 2024, 71% of all commercial, industrial, and apartment properties in Lyon County saw a valuation increase from their 2023 valuation. While 22% saw a reduction in valuation from the prior year.

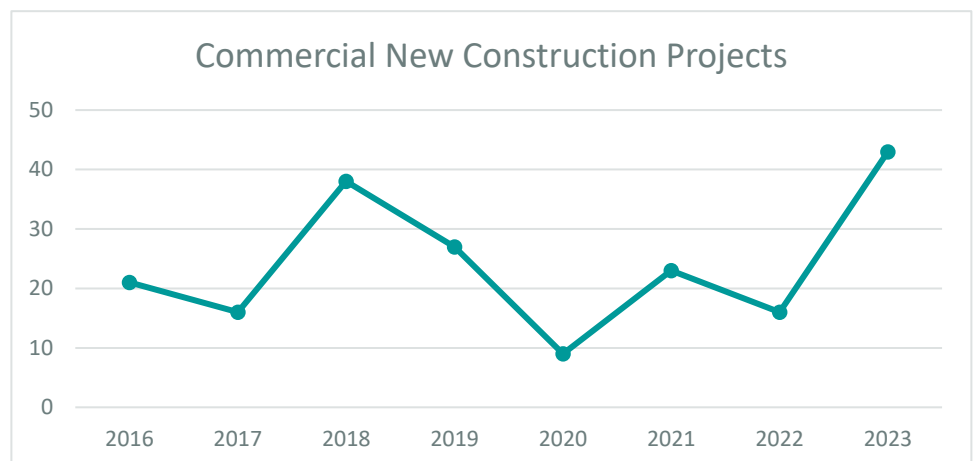
New Construction

Lyon County has continued to see a steady amount of new construction take place. There was a total of 97 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 \$11.7 million for 2024. This does not consider projects that started prior to January 1, 2023.

After seeing a spike in new home construction in 2017 with 52 new home builds, new construction has slowed. Despite an uptick in 2022 with 44 new residential dwellings, another slowdown in 2023 occurred.



Prior to 2023, an eight year high of 38 commercial new construction projects occurred in 2018. Lyon County has seen an up and down trend in the number of new construction projects taking place over the years. However, with 43 commercial projects in 2023, a new high in recent years has been established.



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 +9.1%.* 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 its use value. Use values are calculated by utilizing eight years of data, with calendar year 2022 being the most recent, complete year for which data has been compiled. Per Kansas statutes, land devoted to agricultural use is first identified and classified at the county level to determine use (dry crop, irrigated crop, tame grass, or native grass). The acres are segregated based on federal soil surveys, and finally the income and expenses associated with crop and livestock production are analyzed between Kansas Division of Property Valuation (PVD) and Kansas State University agricultural production analysts. They will determine a per acre value based on use and soil type that the county is to apply.

The agricultural use-values calculated for Lyon County by PVD for the 2024 tax year have decreased an average of -\$38 per acre for cultivated land, while grass land increased by an average of \$2 per acre. *Statistically, these changes indicate a median percentage change of -16.6% for dry and irrigated land and +1.4% for native and tame grass compared to the 2023 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 an analysis of valid arms-length sale transactions. These sales contribute to the development of land models, 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 26th, 2024, property owners are reminded that the effective appraisal date of their valuation is January 1, 2024. 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.

Furthermore, not all property owners will experience a valuation change that falls within the typical ranges indicated in this report. There are many factors that can impact a change in valuation. These factors can include but are 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.

Notifying property owners of their change in property valuation is a requirement by Kansas law. State statute further allows property owners the opportunity to appeal the county's valuation at the time notices are mailed. Property owners have 30 days from the date mailed to request an informal hearing with county appraiser staff. ***The deadline to schedule an appeal is March 27, 2024.*** 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.
