

2012 MARTIN COUNTY TRENDING PROJECT

Activity Summary

General

Martin County is one of the smallest counties in the state both geographically and by population. The county is made up of 6 townships with a total parcel count of just under 10,000 parcels.

Commercial

In the Town of Loogootee a large enough sample of improved commercial sales was available to develop a trending factor for each of the 2007 through 2011 ratio studies. However, the number of sales of commercial and industrial property in the remainder of the county was extremely limited. In those districts a cost index derived from *Marshall and Swift* was loaded into the county's Proval software system and batch recalculations of commercial and industrial properties were carried out each year. This methodology was employed beginning in the March 1, 2007 trending project.

The cost index was developed from reviewing 4 different time-adjusted indexes in the *Marshall and Swift* manual. Parcels that were indexed were subsequently depreciated based upon the effective age at the time of the valuation date for each assessment year. Prior to 2007, physical depreciation was based on the valuation date of January 1, 1999. The market data available was used to help determine obsolescence depreciation if needed.

As part of the 2012 reassessment these inflation cost multipliers were removed and annual depreciation adjustments were removed upon the installation of the new 2012 cost tables. During the 2012 reassessment, the county's appraisal vendor has carried out field inspections of all improved commercial and industrial property within the county. During the field inspection each property was checked for size, occupancy, use type, condition, and for variances that may have occurred since the 2002 revaluation, or from the time of last inspection.

Commercial Land

Due to the limited amount of raw land sales for commercial and industrial property, the county contracted with a local Realtor/Broker in 2008 to carry out a review of various parcels in both Perry and Halbert townships to help establish land valuations in those

areas. The appraisals carried out were used to supplement and revise the land values established by the county. The primary revisions for 2007 through 2012 were the increases in the more desirable sites along the Highway 50-Highway 231 corridor through Loogootee. Beyond this 231 corridor the only other area with some development is near the Crane Naval Weapons Center. Crane has opened a tri-county industrial park to house military contractors near the base.

Residential

All sales disclosures for residential properties are initially verified and validated by the county assessor's office by phone contact with the parties involved in the sale. Beginning in 2010 a field inspection was also made of all parcels involved in valid sales by the county's appraisal vendor. These inspections often result in finding renovated, omitted or removed improvements. Discussions with the owners onsite yields new information about the financing or family relationships which do not always appear on the disclosures.

Sales throughout the county have been relatively flat since late 2007 and have continued to stay that way through 2012. This has necessitated only modest changes in the annual trend factors which has resulted in little movement in the residential valuations. The residential market has slowed in both volume and sales price level, and the number of distressed sales has greatly increased. However, there has not been a dramatic downturn in the market. The close proximity to the Crane Naval Weapons Center has helped stabilize the housing market and has encouraged some new construction of homes, primarily in the Perry Township area.

Income Producing Properties

Martin County has a very limited number of multi-family housing apartments. The county has obtained income and expense data from the majority of those properties which is then used to arrive at income-based valuations based on capitalized net income. The county has also gathered rental data from residential rentals to develop GRM's to assist with valuing residential rental properties.

Other Data Sources

Unlike most counties there is very little data available through the MLS for properties in the county. Most of the data available consists of online listings, of which is primarily from Realtors located in adjacent counties. Beginning in 2007, and continuing through the present, MLS fact sheets are obtained and compared to the county's property cards for accuracy. Adjustments are made to the property cards following this review, if the current data on the cards is inaccurate.

Format Adjustment and Other Changes

As part of DLGF requirements the county has changed the pricing of single-wide mobile homes and those formerly priced as real property are now priced as personal property. The county has also changed the pricing of double-wide mobile homes and modular homes to “stick-built” dwelling pricing. Sales of properties containing personal property mobile homes are kept off the ratio study. Sales involving double wide or modular homes require closer review due to the volatile price swings seen with these types of homes.

As part of the 2009 project additional spreadsheets were added. The first spreadsheet documents all 2008 sales that were considered valid sales, but were deemed unusable for Trending (large tract-Ag sales, sales with personal property mobile homes, etc). During the 2012 project additional tabs were added to the ratio study for the newly required ‘format’ and ‘multi-parcel’ spreadsheets.

Neighborhood Delineation

During the 2002 reassessment and equalization process neighborhoods were developed that incorporated all classes of property including agricultural, residential, commercial and industrial. While all part of the same neighborhood the multipliers and land values for each class were treated separately.

During the 2008 project the commercial, industrial and utility parcels were broken out into separate and new neighborhoods. While the boundaries remained unchanged and the impact on assessed value is minimal, the application of factors, recalculations, and tracking have become much simpler and more specific.

An example of this is changing the neighborhood number on all of the Loogootee commercial and industrial parcels from neighborhood number 9080 to the newly created number of 9087.

In 2012 the neighborhood number 9011 (Lazy Acres) was inactivated and those parcels combined into the larger Center Township #9010.

Ratio Study Combinations/ Groupings

Due to the very limited number of commercial and industrial properties located within Martin County, the sales of each class of industrial and commercial properties from all townships have been combined onto one ratio study for the entire county.

Beginning with the 2011 ratio study residential vacant sales from Center Township were combined with those from Rutherford Township to produce a more acceptable study sample. These townships are similar, adjacent and both lie west of the White River. Sales for both residential improved and residential vacant were also combined for Halbert, Lost river, and

Mitcheltree Townships. These townships lie East of the White River, are adjacent, and make up large sections of the Martin State Forest.

Time Trending Sales and Expansion of Sales Pools

Due to the extremely small size and limited number of sales within the county all sales pools were expanded beyond the 14-month window allotted. The sales pool used for both residential improved and vacant parcels was expanded to include sales from January 1, 2010 through February 28, 2012. Due to the resulting small number of sales remaining, homogenous townships were grouped to produce an adequate sample size. Time adjustments to sales in the expanded pools are detailed below.

Opinions of change in the market from 2008 through the present were obtained from local Realtors and appraisers in the county and nearby counties. These opinions varied widely but helped to develop a market trend. This was combined with a review of year-over-year sales to arrive at time trend factors. The factors used are nominal multipliers of 1% for commercial and industrial sales from 2007 and 2008 (2007 for vacant sales only, 2007 improved sales were purged from the list). The 1% rate reflects an average between the growth near Crane contradicted by the lack of activity throughout other commercial areas.

With home prices being relatively stagnant since the end of 2007 there was no time adjustment made to 2010 residential improved sales or 2009 residential vacant sales.

Reassessment Activity

As of May 1, 2012 all areas of the county had been reviewed as part of the 2012 general reassessment. All real property parcels were inspected on site during the reassessment with a majority of parcels being reviewed in a 'scratch' re-measure fashion.