

2013 Tippecanoe County Trending Narrative

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Overview

For 2013 annual adjustments, sale data from the sales disclosure database was pulled on 3/1/2013 in order to establish value on the March 1st valuation date. Sales occurring 1/1/2012 through 3/1/2013 were included in ratio analysis. As can be seen in the chart below, overall assessed value increased by 3.24%.

Percent Change by Property Class

Category	Data		Percent Change from 2012 to 2013
	Sum of 2012 Total AV	Sum of 2013 Total AV	
Ag Improved	344,122,200	361,956,500	5.18%
Ag Vacant	247,138,600	264,405,100	6.99%
Com Improved	2,230,833,700	2,501,341,400	12.35%
Com Vacant	42,723,300	, 44,498,100	4.15%
Exempt	450,270,700	441,648,500	-1.91%
Government	168,367,400	-	-100.00%
Industrial Improved	302,846,400	352,982,600	16.55%
Industrial Vacant	6,286,600	, 5,764,400	-8.31%
Residential Imp	5,673,676,900	5,795,706,590	2.15%
Residential Vacant	37,463,800	, 39,903,800	6.51%
Utility	19,202,800	,, 18,209,900	-5.17%
Grand Total	9,522,932,400	9,831,488,890	3.24%

Residential Property

Replacement cost for residential parcels was computed using the 2013 Cost Tables. The updated cost values were calibrated with trending factors developed from analysis of valid sales. The trending factor represents the typical relationship between replacement cost and market value in a geographic or qualitatively similar neighborhood.

Total assessed value reflects the general level of sale in a particular area based on a pool of sales. At least five sales were necessary to establish a valid trending factor. Many Neighborhoods were consolidated into various submarkets to create more accurate and stable assessments by ensuring a larger pool of sales. Efforts have been started to more accurately define neighborhoods.

Commercial and Industrial Property

Commercial and Industrial property saw moderate increases for most sectors in urban and suburban areas of Lafayette and West Lafayette. Increases in commercial and Industrial property values in rural areas and small rural towns were less robust. We

began our review by updating potential rents, vacancy rates, expense ratios and capitalization rates in IncomeWorks, our vendor-supplied income capitalization models. We compared these results to sales to validate the effectiveness of the updated models.

Comparison of Assessed Value Detail

On the next three pages, the change in assessed value from 2012 to 2013 is detailed by category and township. In the Government category (Property Class 600 - 669), the apparent decline is not a result of any amazing changes but rather the fact that we finally managed to correct all of the class codes and remove any AV that remained on inherently exempt parcels.

For those categories that increased by more than 10%, an explanation follows. These are discussed in township order.

2012 and 2013 AV by Township and Category with Percent Change

Township	Category	Data		Percent Change
		Sum of 2012 Total AV	Sum of 2013 Total AV	
001	Ag	4,743,800	5,127,100	8.08%
	Ag Vacant	3,488,700	3,773,100	8.15%
	Com	1,094,492,800	1,204,973,000	10.09%
	Com Vac	16,555,500	18,354,600	10.87%
	Exempt	140,064,600	123,619,600	-11.74%
	Govt	43,242,000	-	-100.00%
	Ind	113,632,900	124,631,300	9.68%
	Ind Vac	433,600	441,100	1.73%
	Res Imp	1,492,411,700	1,496,967,000	0.31%
	Res Vac	9,715,200	9,092,700	-6.41%
Utility	9,335,600	8,870,100	-4.99%	
001 Total		2,928,116,400	2,995,849,600	2.31%
002	Ag	23,040,600	23,620,200	2.52%
	Ag Vacant	33,903,000	36,433,000	7.46%
	Com	472,700	595,700	26.02%
	Exempt	514,000	506,800	-1.40%
	Govt	200	-	-100.00%
	Res Imp	13,686,900	14,797,800	8.12%
	Res Vac	53,700	53,700	0.00%
	Utility	26,300	26,300	0.00%
002 Total		71,697,400	76,033,500	6.05%
003	Ag	45,454,200	47,699,100	4.94%
	Ag Vacant	33,032,400	35,122,600	6.33%
	Com	3,218,800	3,724,900	15.72%
	Com Vac	8,400	8,400	0.00%
	Exempt	1,385,100	2,016,100	45.56%
	Govt	102,700	-	-100.00%
	Ind	91,700	92,400	0.76%
	Res Imp	94,132,900	95,003,200	0.92%
	Res Vac	1,137,800	1,139,400	0.14%
	Utility	281,800	286,500	1.67%
003 Total		178,845,800	185,092,600	3.49%
004	Ag	37,374,400	39,150,900	4.75%
	Ag Vacant	14,082,100	15,186,400	7.84%
	Com	20,580,800	27,796,900	35.06%
	Com Vac	61,800	61,900	0.16%
	Exempt	58,864,600	55,316,200	-6.03%
	Govt	119,500	-	-100.00%
	Ind	4,711,400	5,499,700	16.73%
	Res Imp	413,393,100	424,829,800	2.77%
	Res Vac	2,661,800	2,936,600	10.32%
	Utility	18,700	36,100	93.05%
004 Total		551,868,200	570,814,500	3.43%
005	Ag	18,076,700	19,908,700	10.13%
	Ag Vacant	21,407,400	23,099,000	7.90%
	Com	2,186,200	2,461,900	12.61%
	Com Vac	2,000	2,000	0.00%
	Exempt	788,600	793,100	0.57%
	Govt	644,300	-	-100.00%
	Ind	663,400	709,300	6.92%
	Res Imp	37,941,200	40,035,100	5.52%

005	Res Vac	520,800	522,700	0.36%
	Utility	-	-	0.00%
005 Total		82,230,600	87,531,800	6.45%
006	Ag	35,651,700	37,232,800	4.43%
	Ag Vacant	17,994,900	18,923,500	5.16%
	Com	6,314,300	6,834,800	8.24%
	Com Vac	159,900	159,900	0.00%
	Exempt	3,775,500	3,794,300	0.50%
	Govt	234,400	-	-100.00%
	Ind	69,118,000	73,471,400	6.30%
	Ind Vac	367,000	367,000	0.00%
	Res Imp	167,083,400	174,277,590	4.31%
	Res Vac	2,545,400	2,622,100	3.01%
	Utility	317,200	343,100	8.17%
006 Total		303,561,700	318,026,490	4.77%
007	Ag	38,876,600	40,363,700	3.83%
	Ag Vacant	30,539,200	32,957,900	7.92%
	Com	3,151,200	3,224,800	2.34%
	Com Vac	62,600	64,800	3.51%
	Exempt	728,300	772,200	6.03%
	Govt	4,742,200	-	-100.00%
	Ind	2,690,500	3,125,000	16.15%
	Ind Vac	2,800	3,200	14.29%
	Res Imp	122,592,300	127,107,900	3.68%
	Res Vac	2,788,700	2,926,200	4.93%
	Utility	168,600	177,500	5.28%
007 Total		206,343,000	210,723,200	2.12%
008	Ag	33,944,700	36,124,100	6.42%
	Ag Vacant	17,401,800	18,606,300	6.92%
	Com	20,151,900	20,496,800	1.71%
	Com Vac	1,740,700	1,741,200	0.03%
	Exempt	7,599,600	7,689,500	1.18%
	Govt	568,300	-	-100.00%
	Ind	3,707,100	4,005,400	8.05%
	Res Imp	409,600,700	434,781,800	6.15%
	Res Vac	4,734,600	5,986,000	26.43%
	Utility	1,712,000	1,721,700	0.57%
008 Total		501,161,400	531,152,800	5.98%
009	Ag	18,241,000	19,147,700	4.97%
	Ag Vacant	14,453,200	15,447,600	6.88%
	Com	2,225,100	2,409,700	8.30%
	Exempt	500,600	502,000	0.28%
	Govt	20,600	-	-100.00%
	Ind	19,623,800	20,575,300	4.85%
	Ind Vac	651,700	651,700	0.00%
	Res Imp	69,355,100	72,676,800	4.79%
	Res Vac	1,052,200	1,105,200	5.04%
	Utility	215,500	248,300	15.22%
009 Total		126,338,800	132,764,300	5.09%
010	Ag	22,719,500	23,425,400	3.11%
	Ag Vacant	20,402,700	21,960,900	7.64%
	Com	811,223,200	936,768,700	15.48%
	Com Vac	8,912,200	10,130,400	13.67%
	Exempt	213,486,700	223,344,500	4.62%
	Govt	114,810,500	-	-100.00%

010	Ind	35,413,700	47,041,100	32.83%
	Ind Vac	2,837,300	2,274,200	-19.85%
	Res Imp	1,541,943,800	1,572,492,900	1.98%
	Res Vac	7,170,800	8,027,700	11.95%
	Utility	3,908,000	3,705,700	-5.18%
010 Total		2,782,828,400	2,849,171,500	2.38%
011	Ag	22,324,400	22,826,200	2.25%
	Ag Vacant	13,447,100	14,385,100	6.98%
	Com	2,566,100	2,841,700	10.74%
	Com Vac	6,500	6,500	0.00%
	Exempt	742,800	751,200	1.13%
	Govt	419,200	-	-100.00%
	Ind	1,102,900	1,262,900	14.51%
	Res Imp	108,924,100	111,384,400	2.26%
	Res Vac	1,008,300	1,096,300	8.73%
	Utility	103,500	84,600	-18.26%
011 Total		150,644,900	154,638,900	2.65%
012	Ag	28,610,000	30,629,200	7.06%
	Ag Vacant	13,636,000	14,578,100	6.91%
	Com	2,133,800	2,637,600	23.61%
	Com Vac	2,300	2,500	8.70%
	Exempt	305,300	304,700	-0.20%
	Govt	1,100	-	-100.00%
	Res Imp	59,412,000	61,166,300	2.95%
	Res Vac	818,300	927,900	13.39%
	Utility	43,000	42,000	-2.33%
012 Total		104,961,800	110,288,300	5.07%
013	Ag	15,064,600	16,701,400	10.87%
	Ag Vacant	13,350,100	13,931,600	4.36%
	Com	262,116,800	286,574,900	9.33%
	Com Vac	15,211,400	13,965,900	-8.19%
	Exempt	21,515,000	22,238,300	3.36%
	Govt	3,462,400	-	-100.00%
	Ind	52,091,000	72,568,800	39.31%
	Ind Vac	1,994,200	2,027,200	1.65%
	Res Imp	1,143,199,700	1,170,186,000	2.36%
	Res Vac	3,256,200	3,467,300	6.48%
	Utility	3,072,600	2,668,000	-13.17%
013 Total		1,534,334,000	1,604,329,400	4.56%
Grand Total		9,522,932,400	9,826,416,890	3.19%

Fairfield Township (001)

Commercial

Several new commercial projects added to the assessed value in Fairfield Township. The new Rehabilitation Hospital added \$2.4 million by the assessment date. Renovation of the former Hobby Lobby retail space added another \$2.1 million. A new Holiday Inn added almost \$4 million in AV. A new gas station, indoor soccer facility, and new office space also added AV of \$4.8 million. A decline in capitalization rates helped push up values.

Commercial Vacant

Only 23 parcels changed in value from 2012 to 2013. Some of these were a result of splits and combinations. Removal of developer discount accounted for the most of the rest of the change.

Jackson Township (002)

Commercial Improved

Although the percentage increase for Jackson Township is quite large, the dollars involved are fairly small and are totally the result of some agricultural land being combined with the parcel that houses Crop Production Services. The predominate use of the combined parcel was commercial.

Lauramie Township (003)

Commercial Improved

Fifty-one% of the increase in Lauramie Township commercial AV is a result of a new building being built by American Fibertech. The remainder can be attributed to a few small projects and a decline in capitalization rates.

Exempt

All of the increase in exempt property can be attributed to a new church.

Perry Township (004)

Commercial Improved

Two parcels accounted for virtually all of this increase in AV in Perry Township. Hawthorne Apartments and Hawthorne Villas were completed for 2013 p 2014.

79-08-30-300-046.000-009 - Assessed value increased from \$8,894,100 to \$13,579,600 when the Villas was finished.

79-08-31-100-005.000-009 - AV for the Hawthorne Apartments increased from \$8.2 million to \$10.3 when the buildings were completed.

The remainder of the change was a result of minor additional improvements.

Industrial Improved

In Perry township, there is only one industrial property. The value of this parcel increased due to a decline in capitalization rates and a small increase in rent rates.

Randolph Township (005)

Commercial Improved

There are only 11 commercial parcels in Randolph Township. The new barn built by Agricultural Alumni Seed added \$160,000 to the AV; this accounted for 55% of the increase.

Shelby Township (007)

Industrial Improved and Vacant

The increase in Shelby Township can be attributed to a correction of an error and a general decrease in capitalization rates.

Union Township (009)

Utility

The increase is attributable to correcting the property record cards on three parcels.

Wabash Township (010)

Commercial Improved

The increase of \$130 million in assessed value in Wabash Township was a result of several factors – new construction, a slight decline in capitalization rates for student apartments, and our student apartment income capitalization project. Purdue University is located in Wabash township and there are 606 parcels in the commercial improved category.

New construction of three large apartment projects added \$60 million in AV for 2013. The Villas on Lindberg project added \$28.8 million and the completion of Chauncey Hill added \$18.2 million. Grant Street Station is partially complete for 2013 p 2014 and it added \$4.2 million. There were a variety of smaller projects that came on line.

Fifty-three parcels in the commercial improved category in Wabash township are valued on the cost approach; these are nursing homes, parking structures and mixed-use facilities that do not lend themselves to valuation via income capitalization.

There are 554 parcels that are valued on income capitalization. Of these, 54% or 306 parcels are in class 401,402 and 403. (Sharp eyes may notice a decline in the number of parcels in these classes from 2012; this is not because we have fewer apartments but because we have made a tremendous effort to combine parcels when improvements cross the parcel lines.) Virtually all of these parcels are oriented towards student housing. Capitalization rates showed a small decline in the student apartment category. As capitalization rates decline, the value increases.

Another factor that changed values both up and down was the refinement of our student apartment income capitalization models. This is the sixth year that Tippecanoe County has valued most commercial property on the income capitalization approach. Until 2011, we relied upon our vendor for models. We continued our efforts to refine our models. This year we focused on correcting the models for mixed use projects – most of these have retail on the first floor and student housing above. These refinements added some \$11 million in AV.

Commercial Vacant

The increase in commercial vacant land can be attributed to a single parcel next to campus that is now at market rate. Construction on yet another large mixed-use project started in March, 2014 and is expected to add several hundred more apartments.

Industrial Improved

There was a substantial increase in this category. However, before we break out the champagne, \$8.1 million of the increase is the result of a new building built by the Purdue Research Foundation. Although PTABOA has not yet acted on the application for exemption, much of it will likely be exempt as it is used by Purdue University. The rest of the increase in Wabash township is the result of a few minor construction projects and a general decrease in capitalization rates.

Industrial Vacant

This decline resulted primarily from the building mentioned in the industrial improved category being constructed on a vacant parcel.

Residential Vacant

The increase in this category is a result of several factors – a large number of new lots were created; in this process, the land value moved from the ag class to the residential vacant category. A number of lots lost developer discount when construction began. There were a few rural parcels that had values adjusted to meet market conditions.

Washington Township (011)

Commercial Improved

As one of our County Commissioners correctly noted, there has been no new commercial development in Washington Township for years. This year, however, one business built a new pole barn and we corrected several mistakes on property record cards. The percent increase looks huge but the amounts of AV are very small.

Industrial Improved

In Washington Township, there are two industrial parcels. The change in value can be attributed to both a correction of error and a general decrease in capitalization rates.

Wayne Township (012)

Commercial Improved

Although the percentage increase looks large, the increase in Shelby Township was almost entirely due to a new structure for Ceres Solutions.

Residential Vacant

The increase in assessed value in Wayne Township was a result of three parcels losing developer discount when they were sold.

Wea Township (013)

Agricultural

Most of the increase in the agricultural assessed value was a result of two factors – the first was an increase in the base rate for ag land. The second is an increase in the number of structures.

Industrial

This increase is primarily the result of the completion of the Nanshan American aluminum plant and the new construction, not yet complete, for Heartland Automotive.