

## 2010 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 2010 ratio studies. Applying this trend factor to the improved parcels yielded a yearly increase in most parcels. During the current 2010 trending project and the 2009 trending phase, minor land multipliers were applied. In the remaining taxing districts the number of improved sales was 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. This methodology was employed in each of 2007, 2008, and 2009 trending properties.

The cost index was developed from reviewing 4 different time-adjusted indexes in the *Marshall and Swift* manual. The index arrived at was 1.33 (133%) during the 2007 project and 1.39 (139%) during the 2008 project, and 1.41 (141%) during the 2009 project. After the commercial and industrial recalculation was carried out, new depreciation figures were applied using January 1, 2008 as the new effective date to determine depreciation instead of the prior January 1, 2007 date that was used in last year's study. Prior to 2007, physical depreciation was based on January 1, 1999 date. The market data available was used to help determine obsolescence depreciation if needed.

As part of the review of commercial property, the county's appraisal vendor carried out field inspections of 85% of the improved property in Shoals and West Shoals, and reviewed 40% of the improved commercial property in Loogootee during 2007 through 2010. 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.

#### **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 2010 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.

## **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. For those parcels where the sale price and assessed value differ by more than 20% a field inspection is carried out 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 were relatively flat in 2007 through 2010 and yielded little movement in the residential valuations. Significant changes were made to the residential parcels during the 2006 trending project, but most of the changes for the 2008 through 2010 trend projects were relatively modest. 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.

## **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 and is in the process of comparing the capitalized net income to the assessed valuations. The county has also gathered rental data from residential rentals to develop GRM's.

## **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. Multiple MLS fact sheets were obtained and compared to the county's property cards for accuracy. Various adjustments were made following this review and any available data has been incorporated into both the 2008 and 2009 valuation projects.

## **Format Adjustment and Other Changes**

Martin County completed its conversion to 18-digit parcel numbers in late August of 2008. The 2008 ratio study reflects those new numbers, while the 2007 study has the “Older” parcel numbers. 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. The result of these changes has been the deletion of multiple sales (single wides) from the ratio study and sales with above normal variations in assessment on some of the double wide and modular dwellings.

As part of the 2009 project two 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). A second spreadsheet was added to document parcels that were changed as a result of field inspections or other reasons. During the 2010 project an additional spreadsheet was added summarizing each neighborhood, including the number of parcels and changes to multipliers and land made during 2010.

## **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.

## **Ratio Study Combinations**

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.

## **Time Trending Sales**

The current real estate market for existing within the county, and elsewhere across the state does not mirror what is happening with the costs of building materials. While materials have been

steadily increasing and the prices have fluctuated, the price of existing homes has been relatively flat. Because of this relationship it was determined that any inflation-based index would not be appropriate.

Opinions of change in the market from 2007 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 to 2%. Raw land sales tended to show somewhat more of an increase than homes.

### **Reassessment Activity**

Data collection and some data entry began at the beginning of 2010 in Center Township and West Shoals which is also located in Center Township. As a result of this initial data collection and data entry the parcels within Center Township will show more changes than those found elsewhere in the county.