

Orange County 2018 Trending Activity Summary

General

Orange County is one of the smaller counties in the state. The county is made up of ten townships with a total parcel count of just under 20,500 total parcels. The real estate market had been relatively slow for several years until developments during 2005 and 2006 involving the new casino and modernization of French Lick and West Baden hotels. This led to a dramatic increase in the value of commercial properties near the hotels and casino and a large amount of new development in that area.

Beginning in 2008 and continuing into early 2017 the housing sector had been relatively slow throughout the county. During 2017 there was a modest increase in sales volume and sales prices. There have been some upper-end homes built during this period, but overall prices of existing homes have stabilized and the volume of sales has slowed since the 2005 through 2007 period. The French Lick area had seen significant increases in property values following the work done to the hotels and the addition of the casino, but prices in this area have also now stabilized. New residential developments have been limited to a few large-tract rural subdivisions scattered around the county with only a small number of new homes in those areas.

Commercial

The hotel and casino developments in West Baden and French Lick have been the driving force of commercial activity in the county since 2005. While there has been some limited continued new growth following the hotel and casino developments, the pace of new construction and renovation has slowed considerably. Since 2008 the area has seen the addition of an indoor water park with attached hotel, the construction of another motel, the conversion of a factory into a modern indoor go-cart facility, the completion of the PGA quality Pete Dye golf course, the addition of a mini-golf/ laser tag venue, and the construction of various smaller entities. Conversely, there are multiple vacant commercial and industrial facilities that have been on the market for several months now and others that have had a high rate of turnover with tenants.

Between 2006 and 2010 the Assessor's appraisal vendor carried out a complete field inspection and reassessment of about 90% of the commercial parcels throughout the county, including yearly inspections of most larger facilities including the hotels and casino. During the 2010 through 2017 reassessment period all commercial and industrial parcels were re-inspected in the field.

Industrial and Commercial activity and development has been mixed during 2013 through 2017. Two new Dollar General Stores, a new branch bank and new motel have been added. The French Lick Casino and Resort has added a new conference center. Conversely, the former Essex Wire Plant, which at one time was one of the largest employers in the county closed and most of the plant sits idle. At the end of 2017, operations at Paoli Chair, the largest industrial facility ceased.

The facility was sold to another furniture manufacturer and is in the process of adding new production lines.

Residential

All sales disclosures for residential properties are initially verified and validated by the county assessor's office. During the trending projects from 2004 through 2010, field inspections were made of any parcels where the sale price and assessed value differed by more than 15% . During the 2011 through 2018 projects all sold parcels were reviewed in the field, including several non-valid sales.

A large number of these inspections often result in finding renovated, omitted or removed improvements. Discussion with the owners onsite yielded new information about the financing or family relationships which do not always appear on the disclosures.

Sale prices throughout the county during 2009 and early 2010 tended to vary from slight decreases in incorporated areas to relatively flat prices in the rural areas. This pattern has continued through the remainder of 2010 through 2016 with no precipitous drops but no real increases, with the exception of Jackson and Orleans Townships which exhibited stronger residential sales than the remainder of the county. Residential sale prices rose modestly during 2017 county-wide. The number of foreclosures, distressed sales, and sales following repossessions rose significantly in 2009 and has continued at a high rate into 2017.

Income Producing Properties

Orange County has a limited number of multi-family housing apartments. Most of the multi-family developments are either low-income or elderly housing. The county has obtained income and expense data from the majority of those properties. Almost all of the multi-family apartments were appealed during the 2002 reassessment and/ or following the 2006 through 2011 trending projects, and the 2012 reassessment. The process of comparing the capitalized net income to the assessed valuations has been an ongoing activity since the 2002 reassessment. The county has also gathered rental data from residential rentals to develop GRM's and then compared the GRM derived values against the current assessed values.

Other data Sources

The data base for properties available through the MLS has improved in the past few years. The county has utilized what data is available, which is primarily on-line listing fact sheets, as comparison of value and also to obtain construction data on both residential and commercial property. The MLS data is still relatively limited compared to MLS data available in most larger counties. What data is available has been incorporated into the 2018 valuation process and has been utilized for prior years also.

As part of the ongoing assessment support process the county also has a tax attorney on retainer. The county utilizes her services on various appeals each year and she has provided appraisers to help support the county's assessed values. The county also retains the services of independent appraisers when necessary to support assessed values during the appeal process.

Neighborhood Review and Reduction of Over-stratification

During the 2002 revaluation neighborhood boundaries within incorporated areas tended to follow subdivision lines. While this made the data collection, data entry and land valuation process much easier during the reassessment it created some trending issues. It required far more changes to the control pages of the county's software system than would be expected and it has required that multipliers be developed from reviewing clusters of similar neighborhoods instead of larger more comprehensive neighborhoods. Between 2008 and 2015 multiple smaller neighborhoods were combined to produce larger neighborhoods that are easier to work with. This allows for better stratification, where before the county was over-stratified. Below is a summary of neighborhoods combined and inactivated by period:

2008-2011: Combined 84 Neighborhoods;

2012: Combined 13 Additional Neighborhoods;

2013: Combined Neighborhood #1104 into #1103

2014: Combined Paoli #1210 into a larger, similar adjacent neighborhood.

The 2018 neighborhood makeup will be dramatically different than that first used during the 2002 reassessment. Since 2002 the total number of neighborhoods has been reduced by (99).

Reassessment Activity Impact

Initial work for the 2012 reassessment began in January of 2010 and was completed in the summer of 2012. The reassessment was a "complete" reassessment with a re-measure and full review of all parcels.

Phase I of the 2015-2018 cyclical reassessment was completed utilizing on-site "walk-around" inspections. The areas reviewed during the first phase were Northwest Township, Orangeville Township, Orleans Town, Orleans Township, and Northeast Township.

Phase II of the cyclical reassessment involved review of those parcels located in Paoli Township and Paoli Town.

Phase III of the cyclical reassessment included field review in Greenfield, Jackson, Southeast and Stampers Creek Townships.

Phase IV of the cyclical reassessment included field review in French Lick Township, French Lick Town and West Baden.

Time Trending of Sales and Expanded Sales Pools

The residential improved sales pool for French Lick Township, Greenfield Township, Orleans Township and Paoli Township is made up of all valid sales from January 1, 2017 through January 1, 2018 window. Due to the small number of sales available the residential vacant and commercial improved categories were expanded to include 2016 sales.

There have been no significant measurable changes to justify a time adjustment to Commercial Improved or Vacant Residential sales. No time adjustment was made to sales occurring prior to 1-1-2017 for these groups.

For residential improved sales from 2016 (in Jackson, Northeast, Northwest, Orangeville, Southeast and Stampers Creek Townships) a combination of methods was used to determine a time-trending factor 1) year-over-year sales analysis; 2) the real estate site “Zillow” showed a 5.3% increase in Indiana home prices for 2017; 3) the US Federal Housing Authority derived a 6.93% increase in median home prices for the same period. Orange County is somewhat lagging state average according to FHD Statistics and in-house sales review. An annual factor of 3.0% was derived using a composite of the approaches. A 0.25% adjustment per month was made to net sale prices to trend sale prices to the 1-1-2018 valuation date.

While various indexes could be used to establish a time trend those indexes do not accurately capture what is taking place in the market. For example, an inflation index of building material would show large changes. The material costs would be substantially higher, but that cost is not reflected in prices of existing homes.

Sales Groupings

Due to the limited number of commercial sales throughout the county, Commercial Improved sales have been combined onto one spreadsheet. There have been less than five usable valid sales of Industrial Improved and Industrial Vacant, and Commercial Vacant properties in the last 5 years so there is no section for these property types.

Residential vacant parcels have been combined into two groupings. French Lick, Jackson and Northwest Townships have been combined for the first grouping. These townships are adjacent, and make up the western part of the county. They are also in the same school district.

The second grouping of residential vacant parcels is comprised of Greenfield, Northeast, Orangeville, Orleans, Paoli, Southeast, and Stampers Creek Townships.

Due to the small number of sales of residential homes in the more sparsely populated areas, sales from some of the townships were also combined. Sales from Northwest Township, Orangeville, Stampers Creek, Southeast and Northeast Townships have been grouped.

These townships that have been grouped are each away from the incorporated areas of French Lick, Orleans, Paoli and West Baden. The topography and terrain is the same in each of these

townships with rolling, heavily wooded hills and valleys. Homes and farms are scattered with limited amenities available.

Neighborhood Anomaly

While most of Orange County is quite similar in the types of homes throughout, there is one area within the county with far more variance. Greenfield Township has neighborhood #9403 which is made up solely of “Wildwood Lake”. This is a rural, recreational and hunting development with approximately 500 lots. While some of the parcels are occupied year round, the vast majority are for weekend or seasonal use. Most of the property owners are from out of county and there are a fairly large number of lots that sell each year. There is no consistent pattern to sales in this area. Adjacent lots with similar amenities and topography may easily sell with variances of 50 to 200% in price. Because of the abnormal sales patterns far more sales from this neighborhood have been excluded than from any other area in the county.