

2020 MARTIN COUNTY TRENDING PROJECT (Supplemental Narrative)

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. Perry Township contains 35 percent of the total parcels in the county and accounts for 70 percent of the total parcels that have sold.

Commercial/ Industrial

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 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 applied upon the installation of the new 2012 cost tables. During the 2012 reassessment, the county's appraisal vendor 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.

For the March 1, 2013 through January 1, 2020 assessment dates new cost tables and depreciation tables were applied to the commercial parcels. A review was done of those parcels that showed significant changes due to application of the new tables.

The changes for January 1, 2020 were similar to 2019. The new county multiplier was loaded into the cost tables and applied. All improvements were again depreciated based upon their effective age as of the January 1, 2020 assessment date.

Commercial Land

Raw land sales for commercial and industrial property, are very limited. The primary revisions to commercial land pricing for 2010 through 2020 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, and various research and development facilities have been constructed there.

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 has been made of all valid sale parcels along with many non-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 had been relatively flat between late 2007 through 2013, but began showing modest growth in 2014 through late 2016. Sale prices and sales volume were both up in 2017-2019, primarily in Perry Township while the residential market slowed during the recession in both volume and sales price level, and the number of distressed sales increased, there was not a dramatic downturn in the market as seen in other parts of the state and country. 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.

While sales have shown some upward movement overall there has also been an increase in the number of sales and construction at the higher end of the residential market, homes priced \$175,000 and higher. These houses are concentrated in Perry Township.

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.

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.

Ratio Study Combinations/ Groupings

For Commercial Improved properties sales from all townships have been included in one grouping. For several years the only improved commercial sales have come from Perry

Township and Halbert Township. While Perry Township has a larger number of commercial properties the commercial mix is similar between Halbert and Perry. They both have older downtown areas with rather static activity and limited demand for buildings. The active commercial sector in both as far as development, new construction and business activity is the Highway 50 corridor that connects the two.

Due to the declining amount of available residential vacant sales all townships outside of Perry have been grouped together for the 2015-2020 trending projects (Grouped ResVac) while Perry has been left by itself. While the demand for vacant residential ground in Perry Township has slowed, the volume and sale prices far exceed those found in the other townships.

The topography, and amenities found in the 5 smaller townships are quite similar. They are all sparsely populated. The terrain of the 5 rural townships is heavily wooded and hilly with large tracts of State Forest ground and wide river bottoms where the White River bisects the county. Demand for homes and raw ground in these areas is much less than Perry Township.

In the past 10 years Perry Township has seen several vacant residential land sales in the \$20,000 to \$35,000 price range primarily for new construction. There have been a fairly large number of homes built with costs in excess of \$200,000. Existing home sales of \$120,000 to \$180,000 are typical. For the remaining townships the price of residential sites rarely exceeds \$10,000 and most existing home sales range from \$60,000 to \$120,000.

There are less than 5 usable available valid sales for Industrial Improved, Industrial Vacant and Commercial Vacant sales.

Time Trending Sales and Expansion of Sales Pools

The increased sales activity of residential properties in Perry Township allowed for use of 2018 sales only for the Perry Township residential improved section. However due to the extremely small size and limited number of sales within the remainder of the county all other sales pools were expanded beyond the 12-month window allotted. The sales pool used for residential improved parcels was expanded to included sales from January 1, 2018 through December 31, 2019 in other townships. In order to come up with an adequate number of residential vacant sales a sales window of January 1, 2016 through December 31, 2019 was used.

For commercial and industrial properties the sales period was expanded to include sales from January 1, 2016 through December 31, 2019. There has not been a significantly measurable change in commercial or industrial sales, or raw land sales within the county to warrant a time adjustment.

The county used a variety of methodologies to arrive at a time trend factor to adjust home sales (residential improved) outside of the 2019 sales pool: (1) Opinions of change in the market were obtained from local Realtors and appraisers; (2) A review of year-over-year sales was done; (3) The real estate site 'Zillow' showed a 5.5% overall increase in Indiana home prices during 2019;

(4) The U.S. Federal Housing Finance Agency derived a 7.0% increase in median home prices for the same period; (5) The real estate site 'Trulia' ranks Martin County 84th of 92 counties in buyer desirability. Using a composite of these sources an annual factor of 3% was applied to net sale prices to trend values to the valuation date of 1-1-2020 for those residential improved parcels outside of Perry Township. Martin County lags the state average and these areas lag Perry Township as far as price level changes.

Reassessment Activity

The 2012 general reassessment was a "complete" revaluation. All real property parcels were inspected on site during the reassessment with a majority of parcels being reviewed in a 'scratch' re-measure fashion. After the completion of the reassessment the county actively updated records for 2013 and 2014 through a comprehensive "cleanup" review and through the appeal process.

The 2015-2018 Cyclical Reassessment was carried out utilizing on-site walk around reviews. Phase 1 of the 2018-2022 Cyclical Reassessment was carried out with the same procedures employed during the previous 4-year cycle. Properties were reviewed in West Shoals (Center Township), East Shoals (Halbert Township), Mitcheltree Township and Halbert Township.

Properties in Loogootee (Perry Township), Lost River Township and Halbert Township were reviewed as part of Phase 2.

Coinciding with the March 1, 2015 valuation date the county switched software providers from ProVal to XSoft. Several months were devoted to 'clean-up' of the converted data.