

Property Assessment In an Appreciating Market



Valuation Date

The recently mailed **2014** Valuation Notice included an estimated property value as of January 2, 2014. That value is utilized in the calculation for taxes payable in **2015**.

Sales Study Period

For the January 2, 2014 assessment the assessor considers sales that occurred between October of 2012 and September of 2013.

Not All Sales Included

Not all sales are representative of the market. Some sales, such as foreclosures, sales between relatives, or sales where the seller or buyer are acting under undue duress are not considered open-market, arm's-length transactions and are not used in sales ratio studies, nor are they used as comparable sales in estimating the value of similar properties.

Appreciating Market

Over this past year the residential real estate market has seen the most significant gains since prior to the economic downturn.

Sales occurring prior to the assessment date must be analyzed with consideration given to the appreciation that may have occurred between the sale date and the assessment date.

Mass Appraisal Isn't Based on an Individual Sale

It's also true that people purchase property based, at least in part, on their own preferences. This results in perceived "good" and "bad" deals occurring. Mass appraisal techniques seek to value all properties based on the sale transactions of many similar properties.

The assessed value is not based on an individual sale, but rather a consideration of many sales, resulting in an indicated value, or the "most likely" price.

"Wait a second, I paid \$200,000 for my home and now you're saying it's worth \$220,000. How is that possible?"

The assessment date is January 2 of each year. If the market appreciated, say 10% in your area:

A purchase price of **\$200,000** in January of 2013 would indicate a value closer to **\$220,000** as of January of 2014.

A purchase price of **\$500,000** in July of 2013 would indicate a value closer to **\$525,000** as of January of 2014.

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EXAMPLES

Consider a Market Where Property Values have Appreciated 10% over the Past Year

