



Notes of Value

Office of the County Appraiser
4th Quarter 2017

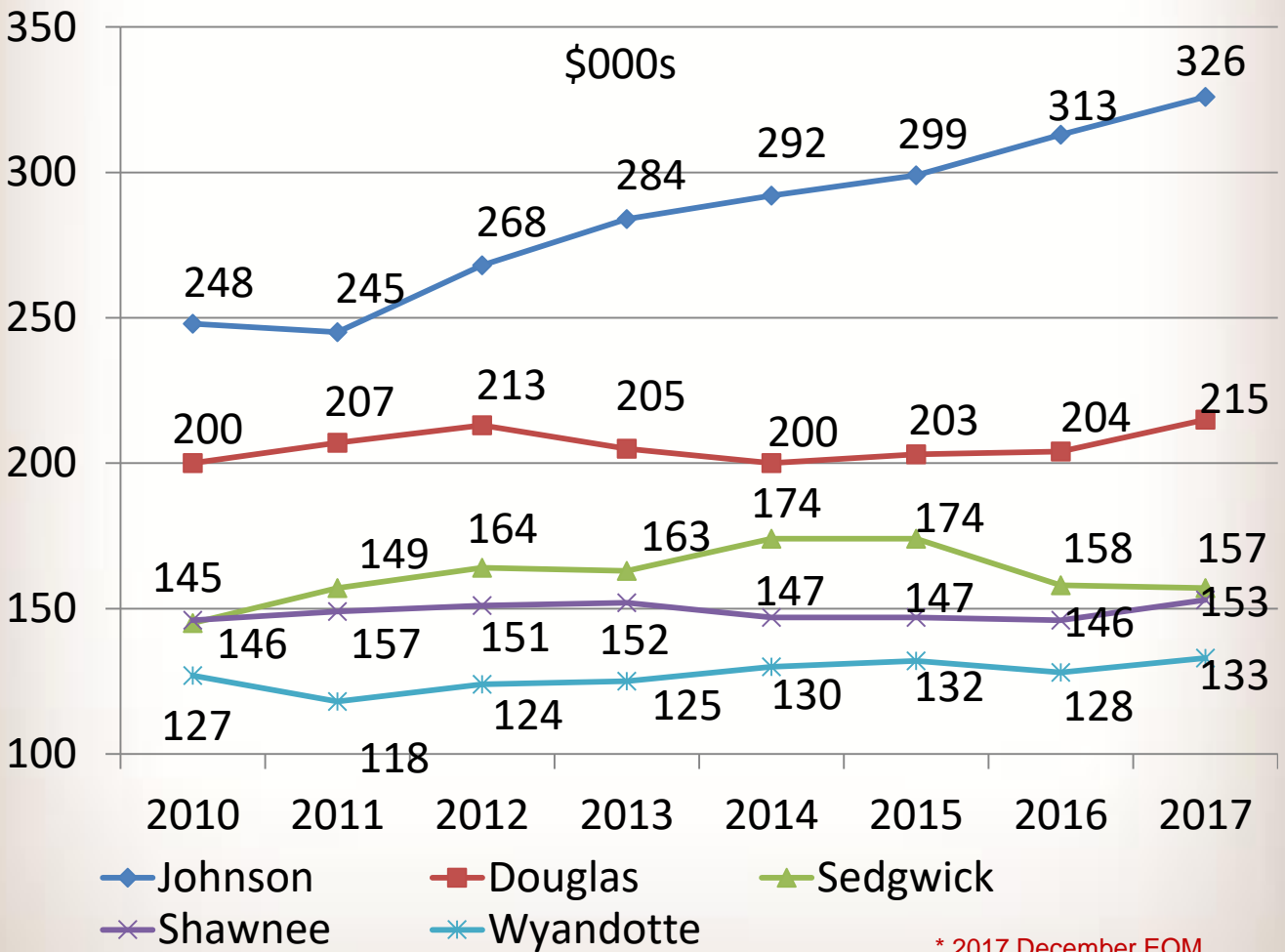


Paul A. Welcome, CAE, FRICS, ASA, RMA
County Appraiser



Average Sales Price by County

In terms of Residential property, the five largest counties in Kansas are Johnson, Douglas, Sedgwick, Shawnee and Wyandotte. The County Appraiser Survey shows the average sales price as of end of December 2017 in the graph below.



* 2017 December EOM

Residential Sales Information

Shown below are the average sale prices from 2016 to 2017 by model area.

Model Area	City boundaries	Average Sales Price 2016	Average Sales Price 2017	\$ Difference	% Change
1	Overland Park 79th to 95 th St	\$197,037	\$203,896	\$6,859	3.48%
2	Mission Hills	\$1,050,728	\$1,167,723	\$116,995	11.13%
3	Overland Park I-435 to 119 th	\$272,995	\$285,321	\$12,326	4.51%
4	DeSoto Eudora USD	\$239,611.38	\$332,879	\$93,268	38.92%
5	Overland Park 119 th to 135 th	\$359,628	\$376,109	\$16,481	4.58%
6	Overland Park 95 th to I-435	\$215,847	\$229,363	\$13,519	6.26%
7	Shawnee Quivira to Lackman	\$200,876	\$221,434	\$20,558	10.23%
8	Johnson County Northeast	\$476,406	\$468,734	-\$7,672	-1.61%
9	Johnson County North Central	\$184,792	\$201,845	\$17,053	9.22%
10	Lenexa – East of I-35 West of I-435	\$237,278	\$251,083	\$13,805	5.81%
11	Shawnee original town	\$156,284	\$172,358	\$16,074	10.28%
12	Leawood 79 th to I-435	\$486,989	\$516,530	\$29,541	6.06%
13	Shawnee Upscale 55 th & Pflumm	\$396,563	\$401,495	\$4,932	1.24%
14	Southeast Townships in BV USD	\$452,852	\$449,722	-\$3,080	-.69%
15	Shawnee All western	\$298,058	\$305,040	\$6,982	2.34%
16	Prairie Village City limits	\$241,015	\$267,069	\$26,054	10.81%
19	Cedar Creek	\$499,989	\$483,084	-\$16,905	-3.38%
20	Olathe Original H-7 to I-35	\$126,196	\$142,703	\$16,507	13.08%

Model Area	City boundaries	Average Sales Price 2016	Average Sales Price 2017	\$ Difference	% Change
21	Olathe - NE to E of Murlen and S to 143 rd St.	\$246,295	\$252,187	\$5,892	2.39%
22	Olathe – SE to E of I-35 to S 151st	\$241,620	\$244,543	\$2,923	1.20%
23	Olathe – N & W of I-35 excl. Cedar Creek	\$297,740	\$315,372	\$17,632	5.92%
24	Lake Quivira	\$560,149	\$624,000	\$63,851	11.39%
25	Leawood – S of I-435 excl. model 31	\$506,532	\$516,469	\$9,937	1.96%
26	Overland Park 135 th to 151st	\$443,215	\$433,946	-\$9,269	-2.09%
27	Overland Park 95 th to 103 rd Metcalf to Belinder	\$282,954	\$299,850	\$16,896	5.97%
28	Merriam/Overland Park 47 th to 79 th Metcalf to Switzer	\$166,678	\$183,858	\$17,180	10.3%
29	Spring Hill USD	\$256,287	\$273,786	\$17,499	6.82%
30	Gardner-Edgerton USD	\$211,948	\$220,521	\$8,573	4.04%
31	Upscale Leawood, Hallbrook, Hazelwood, Tomahawk Creek Estates, The Woods, Siena, Tuscan Reserve	\$1,128,899	\$1,053,035	-\$75,864	-6.72%
32	Lenexa – W of I-435 incl. Whispering Hills & Falcon Ridge	\$412,019	\$425,014	\$12,995	3.15%
33	Olathe – S of 151st	\$281,997	\$298,367	\$16,370	5.8%
35	Overland Park – S of 151st	\$501,172	\$518,523	\$17,351	3.46%
36	Prairie Village – excl. central neighborhoods	\$520,727	\$513,658	-\$7,069	-1.35%
37	Olathe - Northwest	\$291,299	\$296,877	\$5,578	1.91%
38	Overland Park south of 167 th St	N/A	\$521,302		

3 Models not listed: Model 17 (Condominiums built 1994 or earlier); Model 18 (Multi-family residential); Model 34 (Condominiums built 1995 and later) 2017 sales 1/1/17 - 11/14/17

Commercial Property Update

Johnson County values commercial real estate uses the Income, Cost, or Market approach to estimate value. Conditions for most of the commercial real market continue to be strong. The number of new construction permits as well as capitalization rate publications indicate a trend of expansion for major property types with multifamily and industrial still in the lead.

Retail Construction trends during 2017 have been less robust than the previous year, but have seen multiple developments for convenience stores and fast food restaurants. In total there has been roughly 100,000 square feet of new construction starts in 2017.

Capitalization rates for retail have remained relatively stable over the last twelve months.

Year	2011	2012	2013	2014	2015	2016	2017*
GBA*	229,815	353,653	1,545,622	351,054	260,337	375,444	98,820

Office Properties have construction of more than 500,000 square feet albeit nearly half of this is located in the South East quadrant of I435 and Nall Avenue. This is a site where a high-rise was imploded for the construction of a new office structure. Additionally there is office space under construction on the North West quadrant representing part of expanding healthcare facilities. Office capitalization rates saw minor compression in the less than 20,000 square foot size and the middle investment class properties. Generally office properties have seen mild upward pressure in values.

Year	2011	2012	2013	2014	2015	2016	2017*
GBA*	66,582	436,429	674,947	221,984	399,187	524,988	566,783

Industrial Property continues to be at the top of the expansion cycle as there has been nearly 4.5 million square feet constructed among warehouses that are greater than 200,000 square feet each. At least three distribution warehouses are larger than 750,000 square feet each. The Intermodal is responsible for much of the industrial building growth, but warehouse construction in Olathe and Lenexa cities is also well represented.

Year	2011	2012	2013	2014	2015	2016	2017*
GBA*	135,546	1,444,266	1,213,732	2,290,183	4,796,452	4,081,000	3,089,353

Large Industrial 200,000+ sq. ft. Buildings

2017	Lenexa Logistic Center #7	401,100
2017	Garmin Warehouse	748,000
2017	Midwest Gateway Bdg. #1	301,600
2017	Inland Port VI	777,200
2017	Inland Port VIII	790,100
2017	Inland Port XXI	200,400
2017	Inland Port XXII	512,200
	2017 Total	4,375,500

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Multi Family construction numbers are; recently completed units of 577, this year’s new construction starts at 826 units, continued completion of prior year starts are 3,650 units, and proposed units for start of construction are currently 9,680. Of the proposed unit count, 3,200 have come about in the last twelve months and seek approval for initial plans, zoning changes, Tax Increment Financing and other dynamics. There is still upward pressure on rents and this is supported by survey responses indicating 45 of 165 complexes have achieved 100% occupancy and only 4 indicated occupancy less than 90%. Capitalization rates have compressed in almost every investment class while the highest quality multifamily sales dip to below 6%.

Multi-Family Construction Starts

Year	2011	2012	2013	2014	2015	2016	2017
Units*	513	910	1,784	1,492	2,468	1,445	826

* Apartments are measured in units rather than square feet.

The Commercial Real Estate division tracks all multi-family new construction projects as they are proposed, through construction, and when completed. The current status for each phase of construction is as below:

2017 Multi-Family Construction Summary

Phase of Construction	No. of Units
Total recent completed units	577
Total new construction starts	826
Under Construction – Prior Years	3,650
Estimated or proposed units	9,680
TOTAL UNITS 2014 – 2018	14,733

Hotel/Motel property experienced some construction during 2017 and represents nearly 200 new hotel rooms. Some locations that opened new facilities are close proximity to I35 and 95th street, and I435 and Midland Avenue. Capitalization rates remained unchanged according to recent studies, and now include the category of “Select Service” facilities that have become more prominent in the industry over recent years. Additionally here is less emphasis on traditional Extended Stay facilities and those capitalization rates were not included in recent studies.

Hotel Market Construction Starts

Year	2011	2012	2013	2014	2015	2016	2017
Rooms*	107	90	0	439	80	382	192

* Hotels are measured in number of rooms rather than square feet.

Mission Statement:

In accordance with the County's mission and values, the Appraiser's office establishes fair values of real and personal property that meet compliance standards established by the state.

Vision Statement:

An appraiser's office that makes a difference. The best people, giving their best efforts, for the very best community and striving to be better.

Executive Management Team

Paul Welcome	County Appraiser
Jeff Holsapple	Assistant County Appraiser
Scott Porter	Commercial Real Estate Manager
Alex Stewart	Personal Property Manager
Larry Wilson	Quality Improvement & Training Manager
Jeff Ramsey	Residential Valuation Manager
Michelle Sipes	Support Services Manager

Notes of Value is published quarterly by the Johnson County Office of the Appraiser

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