

APPRAISING THE PLAINS *of Kansas*

Volume 28 | Issue 2 | Fall 2024



PVD WINS AWARD FOR ASSESSMENT CONNECT

LISA REE, RMA, RETIRED

At the 2024 Tyler Connect conference in May, the Kansas Department of Revenue — Division of Property Valuation, received a Public Sector Excellence Award in the Data and Transparency category.

Tyler said the state's pioneering efforts have attracted the attention of other jurisdictions and positioned Kansas as a model for comprehensive and innovative assessment systems.

"Collecting, analyzing and reporting appraisal data from 105 counties was labor intensive and time consuming. This initiative has truly positioned us for success," David Harper said. "With all of our data consolidated into one centralized hub, the potential for enhancing transparency with the public and legislature is boundless."

Congratulations to all PVD and county staff that have and continue to contribute to the development of Assessment Connect. Well done!

Pictured above: PVD staff with the Tyler Excellence Award. Left to right: Anthony Tirotta, David Harper, Rae Schnacker, Heidi Devore, Steve Noyes, Beth Shaw, Daniel Wornkey.

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RYAN'S RAMBLINGS

**RYAN MICHAELIS, RMA, WABAUNSEE AND MORRIS COUNTIES
KCAA PRESIDENT**

Has anyone caught their breath from a busy spring and summer? Good, me neither... because many more activities and analysis are yet to be done.

I hope everyone was able to at least take a little break from the grind and get away even for just a little bit. I think breaks are good and let you reset your mind and thoughts. My old philosophy of "work hard, play hard" has worked for me.

I want to thank everyone who was able to make it to the annual KCAA Conference in Hays. The education committee did a great job putting together a very interactive program for us. I had some great post-conference comments about opening speaker John Donley and education sessions, as well as some not-so-friendly comments that people thought the Family Feud game was rigged. I can assure you all, answers were from a legitimate survey.

I want to also say congratulations to Matt Willard who was elected as next year's vice president and for also being a great sport for the Thursday evening

entertainment. It had been a long time since I laughed that hard!

Kansas had great representation at the NCRAAO and IAAO conferences. It is always interesting visiting with other appraisers, or as they are called in most states, assessors. Whatever you want to call us, we all have been dealing with many of the same issues: rising market values and rising taxes. It is pretty much a common theme across the country.

If you are like me, you can tell its analysis season as my desk is covered in spreadsheets from one end to the other. Land, depression studies, market modeling, etc. It can all seem daunting at times. Trust in your staff and your analysis and everything will be fine. Then throw in a mid-year personal property changes due to legislation.

This year has been very rewarding for me serving as the KCAA president. I have great appreciation for our executive secretary, Cindy Brenner, for all she does behind the scenes. She has been a joy to work with this year. My emails have been in overdrive with all the appraiser issues that pop up throughout the year, but I wouldn't change it for anything.

So that being said, I'm going to get back to my spreadsheets and try to find a silver lining in them somehow. And thank you all for allowing me to serve as your president. ■

SAVE THE DATE



2025 International Association of Assessing Officers

Annual Conference: Sept. 21-24, 2025
Swan and Dolphin Conference Center
Orlando, Florida

2024 KCAA Conference



2024 RMA recipients with Director David Harper and President Ryan Michaelis.

ROBIN KNOBLAUCH, RMA, POTTAWATOMIE COUNTY

The KCAA annual conference was held June 4-7 in Hays at the Hilton Garden Inn. This was the first time our organization put roots down in Hays for our annual business conference. It brought many together from across the great state of Kansas for education and fellowship! I am sure most would agree it was a great time and a wonderful place for us to all come together!

TUESDAY

The conference kicked off on Tuesday this year and ended on Friday. We started off with a fabulous time of bowling, pizza and games at Centennial Lanes Tuesday evening. It sure seemed everyone had a great time starting off the conference with a relaxing time of visiting and trying their hardest to beat the best at the game.

WEDNESDAY

The following morning at 8 a.m. sharp, the greatest golfers gathered at the Fort Hays Municipal Golf Course to try their best at



Golfers gather at Fort Hays Municipal Golf Course during the 2024 KCAA conference.

the advanced croquet game. Delinda White, current vice president and Cherokee County Appraiser, did another super job organizing this event.

Later in the day, we received greeting from President Ryan Michaelis, Wabaunsee and Morris County Appraiser, followed by a sensational opening speaker John Donely, a lobbyist with Devine, Donely & Murray Governmental Affairs. He brought us an informational presentation and let our organization know we really do have someone

who understands our side of a lot of the procedures when it comes to our work. He made an impact on many with his insight and reaffirmed, more than once, that he and others do try to make a difference on our behalf in the legislative processes.

Following his presentation, we boarded buses and headed to downtown Hays to an old, unique theater. Here we were presented with a tasty dinner and fun times hosted by our very own “Steve Harvey” (aka Ryan Michaelis) for KCAA Family Feud! Each district in our state were “families,” with the NE district family winning it all. It was a very memorable event and everyone seemed to enjoy the entire evening.

THURSDAY

Thursday brought great education sessions on comp sheets, mobile home parks, sale ratios and assessment connect. KCAA is very fortunate to have many great leaders from within and also from PVD. The education presented had lots of good information for us to take home and hopefully help us in our journey of yearly valuations.

During lunch, Matt Willard, Wyandotte County Appraiser, was announced as the winner in the election of the 2027 presidential roll. It was said by many that he will do an excellent job. Congratulations to our future president!

Thursday evening was filled with another great meal, retiree recognitions and entertainment. There were three superb retirees highlighted who brought many, many years of success and leadership to many across Kansas in the appraisal world. Rhonda Wright, Lisa Ree and Leon Reimer could combine all their knowledge and wisdom together and fill book

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KCAA CONFERENCE



Family Feud winners — NE Family: Steve Bauman, Shawnee County; Robin Knoblauch, Pottawatomie County; Brad Eldridge, Douglas County; Kara Endicott, Johnson County; Anna Burson, Riley County; and host Ryan Michaelis KCAA president, Wabaunsee and Morris Counties.

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after book of rights and wrongs that would stretch end-to-end across Kansas and back several times. It is hoped that each of you has found calmness and are enjoying some relaxation that is well deserved.

Our Thursday evening entertainment was every bit of a good time as the previous evening of "Family Feud." This night, the room was filled with raised eyebrows and gut-wrenching laughs brought to us by Greg Claassen, a man at the top of his game with ventriloquism. He and his friends were a riot and let us enjoy the pokes given out to a lot of our friends. Everyone departed with smiles and no frowns!

FRIDAY

The conference closed on Friday with sessions from PVD including the annual directors update and RMA presentations. Those receiving their RMA certificate at the 2024 conference were Carissa Allen and Michael Smith, Jefferson County; Shawna Griffiths, Greenwood County; Lisa Kellstadt, Linn County; Eldon Kottwitz, Douglas County; Robert Ruiz, Shawnee County; and Rolanda Therrell, Sedgwick County.

Following the PVD sessions, the KCAA executive board met while all other attendees began their travels home. The 2025 annual conference

will be held in conjunction with the annual NCRAAO conference June 15-19 in Manhattan. More information will be coming out soon. ■

RETIREMENTS

Three retiring county appraisers attended the 2024 KCAA annual conference and were honored at the Tuesday night banquet. Lisa Ree, Leon Reimer and Rhonda Wright enjoyed sharing memories and experiences of their long careers in the appraiser's office.

We all smiled, laughed and some even shed a few tears. The appraisal community is losing a wealth of

knowledge with these three retirements, plus the rest of the retirees listed below.

Congratulations and best wishes to all the recent retirees: Roger Fogleman, Allen County; Patti Israel, Ford County; Sherri Maimer, Miami County; Jeff Ramsey, Johnson County; Lisa Ree, Ellis County; Leon Reimer, Meade County; David Thornton, Cherokee County; and Rhonda Wright, Lincoln County. ■



Retiring Ellis County appraiser Lisa Ree was honored to have her deputy appraiser (now county appraiser) Eugene Rupp speak about her and present her with her retirement watch.



William McCully, from McCully & Associates, made the trip from Louisiana to give a send off to retiring Meade County appraiser Leon Reimer.



Rhonda Wright, retiring appraiser from Lincoln County, receives her retirement watch from Ryan Michaelis, KCAA president and Wabaunsee and Morris Counties appraiser.

NCRAAO Conference



LISA REE, RMA, RETIRED

The 2024 NCRAAO Conference was held Aug. 19-22 in Kearney, Nebraska. It was four days full of education, inspiration, good food and cultivating new friendships.

Kathy Gruver started the conference as the keynote speaker, providing ideas to improve the culture in the office, build a powerful, effective team and maintain a positive mindset while working through the many changes we as appraisers face. Education sessions were held Tuesday and Wednesday, with topics such as “How to be a Leader – Not a Boss,” “Mistakes to Avoid While Building Your Model” and Kansas’ own Kara Endicott presented “Words, Words and Some Numbers: Sales Ratios in Action,” which was entertaining and educational. Thank you

Kara for your contribution to the conference. Job well done!

While in Kearney, conference goers had the opportunity to explore the Archway Monument while listening to the history of the Nebraska Platte River — once called the Great Platte River Road — while learning the essence of American exploration and discovery.

Kansas was represented by 12 attendees, who also hosted the hospitality room on Monday and Tuesday evening due to Kansas hosting the NCRAAO Conference next year. I will say, Kansas is VERY hospitable! Lots of fun, colorful conversations took place in that room over a couple of evenings.

Ending the 2024 conference was a wonderful steak dinner and dueling pianos as entertainment,

setting the bar for next years’ conference. So, PICTURE yourself in “ManHAPPINESS” June 15-19, 2025, for the 50th NCRAAO conference, held in conjunction with KCAA. It is sure to be a great time. ■



SAVE THE DATE

NCRAAO ANNUAL CONFERENCE
June 15 - 19, 2025
Manhattan Hilton Garden Inn & Convention Center
Manhattan, Kansas

The North Central Region Association of Assessing Officers consists of 11 states in the Midwest, which take turns hosting an annual conference. In

2025, Kansas will host the NCRAAO conference. As a result, the 2025 conferences for the Kansas County Appraisers Association (KCAA) and NCRAAO will be combined and held in Manhattan, Kansas.

Dickinson County Appraiser Lisa Berg, RMA, is the 2024-2025 NCRAAO president and is working with the KCAA board to plan an event in the Flint Hills. Please save these dates and keep an eye out for registration emails in the near future. ■

2024 IAAO Conference



Kansas County Appraisers and PVD Valuation Experts ready for the formal dinner at the IAAO conference.

BRAD ELDRIDGE, MAI, CAE, DOUGLAS COUNTY, EDITOR

Another amazing International Association of Assessing Officers (IAAO) conference took place this year in Denver. I always leave these events with inspiration on how to solve various appraisal problems and assessment issues, as well as ideas on how to evolve different processes.

This year's plenary session opened with a fireside chat between IAAO President Rebecca Malmquist and NFL Hall-of-Famer Terrell Davis. Opening the conference with a laid-back, conversational setting was a great way to have the 1,700 attendees feel like they were all sitting on the couch with Davis. For this and other Kansas City Chiefs fans, this made it a little easier to embrace a former Denver Bronco.

One of the main takeaways from the conversation with Davis was that it's important to look for opportunities in unexpected places.

"Sometimes opportunity presents itself in a way you don't expect." - Terrell Davis

Davis made it into the NFL Hall of Fame as a gifted running back – but that's not how he got his opportunity. He was playing an exhibition game overseas and was sitting on the sideline for most of the game. After an injury on the special teams kick-off squad, he was asked to go in on the next kick-off. On the first play of his professional career, he placed



a square hit on the returner with a textbook form tackle. He was recognized for his speed by coaches and it translated into getting a starting position as running back on offense.

Several games later, Davis was in the huddle with John Elway. Elway asks his crew, "who is ready to make a play?" Davis stood up. The physical process of standing up allowed him to share control of the situation and helped ease the anxiety in the moment.

Another theme of the conversation with Davis was finding a mentor. Who do you want to be like? He wanted to be like Elway and Shannon Sharpe. Elway would go to early practice and outrun the whole team at the regular practice — even being 13-plus years older than most of the team. A good leader shows up and doesn't get complacent.

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IAAO CONFERENCE

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The last question that Davis offered was, “What is the price you want to pay to achieve your goals?” Time? Money? Relationships?”

I think for most of us trying to better ourselves in the field of property assessment, time is usually the price we have to pay. Typically, the more time we put in, the better chance we have at achieving our goals.

KANSAS WELL REPRESENTED

As usual, Kansas was well-represented in attendance and in presenting topics across several educational sessions.

Ryan Janzen, RMA, CAE, led a class titled “Where to Begin? Identifying and Addressing Projects in Your Jurisdiction.” This session fell under the leading and managing the assessment office category and provided attendees with some strategies on where to start, what to look for and ultimately, how to improve the values the appraiser’s office produces.



Kara Endicott, RMA, RES, CAE, AAS, receives a congratulatory hug from IAAO President Rebecca Malmquist for receiving the Assessment Administration Specialist designation.

Kara Endicott, RMA, CAE, RES, AAS, and Brad Eldridge, MAI, CAE, co-presented two sessions. The first one titled “Tips and Tricks for the Virtual Presenter,” provided suggestions for presenting on the Zoom platform.

The second session was called “Lost in the Dark: An Interactive



Deputy County Appraiser and Kansas City IAAO Chapter President Carol Gordon, AAS, receives recognition for her work as chair of the Friends of the IAAO Paul V. Corusy Library Trust.

Workshop Focusing on the Challenges of Leading an Office.” This session put attendees into groups to work together on solving a variety of management issues that surface in the assessment office. ■

Image Sources: Brad Eldridge, IAAO, and Assessment & Tax Pro

Other Notable Sessions

I also attended a session from CoreLogic, which now owns Marshall Valuation Service and provides the replacement cost figures used in Kansas. This two-hour session titled “Master Marshall & Swift Cost Data Within Your CAMA System” was led by Ed Martinez. The session walked through some of the background of the cost service and how it is integrated into various computerized appraisal software. Several tips on cost approach applications were provided.

One of the pearls I took with me from this session was to be careful when loading parking garages. The top level of the parking garage should be excluded from the total square footage, as the ceiling acts as the roof square footage. If the top-level square footage is used, it overstates the replacement cost new.

Another tip: take a close look at the Class P M&S category for Pole frame structures. Specifically, there are only three tiers listed (low, average and good) in the MVS guide (In Assessment & Tax Pro (Orion), see

Class P (Pole Frame)

Rank	Exterior Walls	Interior Finish	Mechanicals	HVAC
Low	Pole frame, metal siding	Unfinished, dirt floor, few cheap stalls	None	None
Average	Pole frame, metal siding, few windows or shutters	Some floor, few partitions and stalls, feed room	Minimum electrical and water outlets	None
Good	Pole frame, metal siding, insulated, good roof	Concrete or plank floors, stalls, feed room, interior sheathing	Adequate lights and outlets, water service and drains	None

help menu, Marshall Swift Commercial Help).

However, in most CAMA systems, including in Kansas, the rank list includes low, fair, average, good, very good and excellent. Along with pluses and minuses (+/-), there are 18 different ranks. Using the low versus excellent ranks results in dramatically different replacement cost new for the building. It was advised by the CoreLogic presenter to use the low, average and good rankings on Pole Frame structures. ■

New for 2025 Valuation Cycle: Exclusion of 1031 Exchange Sales

BRAD ELDRIDGE, MAI, CAE, DOUGLAS COUNTY, EDITOR

CHANGES IN SENATE BILL 1

In 2024, Kansas legislators packed in several changes to the income and property tax systems. These changes were passed in the special legislative session held in June 2024 through Senate Bill 1 (SB-1).

Some of the income tax changes passed in SB-1 include the elimination of state income tax on social security, increases to the childcare/dependent care tax credit from 25% to 50%, changing from a three to two-tier income tax bracket system and increasing the standard income tax deductions.

Property tax items passed in SB-1 include increasing the state tax exemptions for schools from \$40,000 to \$75,000 on residential property values and modifying K.S.A. 79-503a's definition of fair market value to prevent the use of 1031 exchange sales. There were a few other provisions that lowered the tax rate for financial institutions, transferred funds to offset revenue lost for the increased residential exemption and abolished the Local Ad Valorem Tax Reduction Fund and City and County Revenue Sharing Fund.

The new language added to K.S.A. 79-503a is: *The sale price or value at which a property sells or transfers ownership in a federal internal revenue code section 1031 exchange shall not be considered an indicator of fair market value nor as a factor in arriving at fair market value. Federal internal revenue code section 1031 exchange transactions shall not be used as comparable sales for valuation purposes nor as valid sales for purposes of sales ratio studies conducted pursuant to K.S.A. 79-1485 et seq. and amendments thereto.*

WHAT IS A 1031 EXCHANGE?

Many real estate deals are made as a result of the 1031 exchange program, which is a tax-deferred exchange program from the IRS. These programs can be used in residential, commercial and agricultural real estate transactions.

Tax-deferred (1031) Exchange — The exchange of a property held for investment or used in a trade or business for a similar property; allows the property holders to defer capital gains.

The IRS 1031 exchange program applies for a variety of investments, but the replacement investment has to be “like kind.” For real estate, it is widely defined as real property located in the United States and some of its territories. Any combination of uses is allowed.

A duplex can be sold and replaced with a triplex. An industrial building can be sold and replaced with an office building. An apartment building can be sold and replaced with a retail building.

Properties and situations that do not qualify for the 1031 exchange program include:

- Personal residence
- Developed lots
- Property held for resale
- Property sold immediately after acquisition and/or renovation (a.k.a. “flips” or “value added” transactions)
- Speculation homes
- “Fixer uppers” that are not leased

After the investor closed on the sale of their investment property, the investor has 45 days to identify up to three potential properties of like-kind.

APPRAISAL CONCERNS FOR 1031 EXCHANGE SALES

The primary concern with the use of 1031 exchange sales is the financial benefit to the investor and how that benefit is reflected in the sale price. The investor avoids paying income taxes on the real estate sale and defers them to the future, so the deal differs from a typical (non-1031 exchange) transaction.

The 45-day window is also one of the concerns of the use of 1031 sales — the investor has 45 days to find another property to invest in. If the investor cannot find a replacement property in 30 days, then a premium price could be paid to meet the program's criteria.

The other related issue with the investor's benefit to not having to pay income tax is that the 1031 program requires the investor to spend a minimum amount of money on the replacement property.

For example, the investor might find a replacement property listed for sale at \$2.3 million, but the IRS requires the

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LEGAL CORNER 1031 EXCHANGE SALES

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investor to spend a minimum of \$2.5 million, then offers above asking price so that the investor can fulfill the program requirements. If the investor is receiving \$400,000 in deferred tax benefits, then the investor is still \$200,000 ahead.

As with all sale verifications, these issues can be identified by interviewing the parties involved with the transaction and asking whether the 1031 exchange influenced the sale price and if so, how much. In reality, it's not much different than verifying how leases or seller financing influence the sale price.

IDENTIFYING 1031 SALES

How does one identify 1031 transactions? The primary and most typical way we can identify them is using the sales validation questionnaire (SVQ) filed at the time of sale. There are two places on the SVQ where the 1031 exchange could be noted: Question 1 (sale involved a trade or exchange of properties) and Question 8 (sale involved a trade or exchange of properties), as highlighted below.

KANSAS REAL ESTATE SALES VALIDATION QUESTIONNAIRE

1. Check any special factors that apply:

- Sale between immediate family members: Specify the relationship _____
- Sale involved corporate affiliates or related entities
- Auction sale (absolute auction) Yes No
- Short sale (amount of lien(s) exceeds sale proceeds)
- Transfer in lieu of foreclosure or repossession
- Sale involved a build-to-suit or leaseback arrangement
- Sale by judicial order (by a guardian, executor, conservator, administrator, or trustee of an estate)
- Sale involved a government agency or public utility
- Buyer (new owner) is a religious, charitable, or benevolent organization, school or educational association
- Buyer (new owner) is a financial institution, insurance company, pension fund, or mortgage corporation
- Sale of only a partial interest in the real estate
- Sale involved a trade or exchange of properties
- None of the above

8. Method of financing (check all that apply):

- New loan(s) from a financial institution IRS 1031 Exchange
- Seller financing Assumption of an existing loan(s)
- All cash Trade of property Not applicable

Source: ksrevenue.gov/pdf/SVQ.pdf

In addition to looking at the SVQ, the appraiser can also ask parties involved with the sale, “was the transaction part of a 1031 exchange?”

After these sales are identified, mark the transaction as “Trade of Real Property” in the transfer validity field on the transfer tab. Another option is to create a new transfer validity code of “1031 exchange,” which can be done in assessment and tax pro (in Orion) under Configuration -> System Code Setup -> Ownership Transfers -> Ownership Transfer Validity.

Exclude the 1031 Sales from the Analysis

After the 1031 sales have been identified, the appraiser needs to exclude them from the valuation analysis to comply with the revised K.S.A. 79-503a law.

This means excluding sales with the “Trade of Real Property” (or similar ownership transfer code) from the set of sales used for calibrating depreciation, cap rates and other value benchmarks (like \$/SF or \$/unit).

Douglas County ran a query for commercial property sales (including apartments) since Jan. 1, 2020. Of 525 sales, 43 transactions — or roughly 8% — were identified as 1031 exchanges. This may not seem like a significant amount, but if one of five large retail sales were 1031 exchange transactions, then the data set for that specific use group can be drastically reduced. ■

KCAA NEWS + NOTES

KCAA Executive Board

January Meeting Minutes

Location: Shawnee County Annex Bldg., 1515 NW Saline, Topeka

Date: Tuesday, Jan. 23, 2024, 11 a.m.

Attendees in person: Lori Reedy, Ryan Janzen, Melinda Latham, Mindy Harting, Deb Studebaker, Steve Bauman, Ryan Michaelis

Virtual attendees: Melody Kikkert, Lisa Berg, DeLinda White

I. Previous Meeting Minutes

Previous meeting minutes approved

II. Financial Report

CD \$12,267.42, CK \$132,333.96, MM \$148,349.86, Total Funds \$292,951.24, Designated Orion Funds \$159,124.53, Available Operating \$133,826.71

III. Treasurer's Report

Lori gave the Treasurer's Report and all accounts balanced. The report was approved.

IV. 2024 Legislative Update

The city-owned hotel in Topeka was discussed. The talking points for the evenings legislative reception were covered. Ryan M. mentioned the clerks may want to join the appraisers for future receptions.

V. 2024 Education

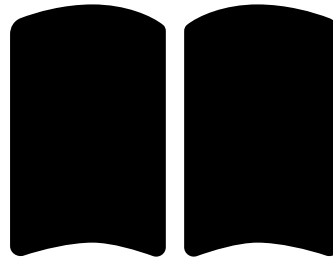
The 2024 education offerings for KCAA were discussed. The instructor for online USPAP was discussed. The board decided to offer IAAO 400 due to students indicating they need it. Cindy will get it scheduled

VI. 2024 Conference & Meetings

The board agreed to Orion users conference to be held in Wichita in November. Cindy will coordinate with the enhancement committee. How the Assessment Connect roll out will be handled was discussed.

VII. Other Business

No other business discussed.

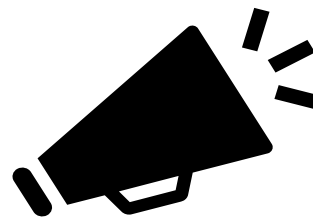


KCAA EDUCATION OPPORTUNITIES

Keep an eye on the KCAA website for 2025 education offerings. The calendar for KCAA 2025 education will be posted soon. If there are courses or topics you'd like to see covered in 2025, email KCAA with your suggestions.

Website: kscaa.net/education

Email KCAA at kcaa@sbcglobal.net



SHARE YOUR NEWS

Appraising the Plains wants to spread the word on your major milestones. Let us know if you've been promoted, just gotten married, had an addition to your family or any other life success.

Email editor Brad Eldridge:
eldridge.brad@gmail.com

Bucket List Check-in



Just when you thought you'd never see another picture of Lisa Ree, she shows up pretending to be Carrie Nation and ready to rid you of all your alcohol.

LISA REE, RMA (RETIRED)

There was a plan in mind when I retired in December 2023: hitch up the RV when we can and explore Kansas.

Alas, that didn't happen as often as I'd hoped this year. There always seemed to be a tractor that needed repaired, a sprayer with a broken nozzle, an electric fence to build, etc. I think you get the picture. We did spend three days in July at Lake Scott State Park in Scott County. What a beautiful lake and area. I don't think anyone really expects such a lake in western Kansas. It is designated as a fishing lake which means the entire lake is a no wake zone — so no speed boats or jet skis racing and scaring your supper.

We visited the nearby El Cuartelejo Pueblo Ruins and Battle of Punished Woman's Fork at Battle Canyon. The El Cuartelejo Museum in Scott County includes the Jerry Thomas Gallery and Collection. The gallery is a must see for American West enthusiasts and lovers of art.

Little Jerusalem Badland State Park was another must see. Even though it was my third trip to that park, I was still awed by the sight of the chalk bluff sprouting up from the prairie. Monument Rocks was nearby also, but we had both visited the site before and decided to skip it this time around. I've been told that after wheat planting is completed, we'll make another trip to Lake Scott and do some serious fishing.

One thing that was at the top of my Kansas bucket list was recently checked off: attend the Peace Treaty Pageant and Festival in Medicine Lodge. The event is held every three years the last weekend of September and includes three days jammed packed full of events. Two of those days include a parade. Not sure there are many places where you see a herd of Texas longhorns sauntering their way down main street. If you are a horse lover, this is the weekend for you. There are brown ones, black ones, gray, white and paints — with a couple draft horses thrown in and different breeds

someone with horse knowledge, not me, can relay. I can hear my mother tell me to look at those horses, they are gorgeous. There was a full wagon train, an oxen pulled cart, and lots and lots of gunfire.

Although a two-hour event, the pageant was

well worth the time and sitting in the hot sun for that long. If you are thinking the pageant includes young women and sparkling gowns, you are wrong. With about 1,000 volunteers, the event depicts the history of Kansas, going back to what lead Coronado to the area to search for the fabled Seven Golden Cities of Cibola. It then moves through the different occupations of the British, French and Spaniards.

Stories were told of fur traders, Lewis and Clark, Zebulon Pike, as well as early settlers and the interaction with the Plains Indians. We saw Pony Express riders transferring the saddle bag of mail and being chased by a band of American Indians. There was a stagecoach robbery and depiction of open range cattlemen herding longhorns across the prairie. Then came the wagon trains and interaction with American Indians and subsequent cavalry troops. This all led up to the signing of a peace treaty in October 1867. Five American Indian chiefs signed the treaty for the Cheyenne, Comanche, Arapaho, Kiowa and Apache.

The weekend also included a historical night show depicting the events surrounding a local bank robbery and a visit by Carrie Nation at the local saloon. She moved to Medicine Lodge in the late 1890s and began her mission to rid the area of local alcohol establishments. Starting there, she continued her temperance work across the nation. She also established a home for women and children of alcoholics — many say this was an early model for today's domestic violence shelters.

With two-and-a-half days of rodeos, powwows, powwow socials, contest dancing, a western art fair, craft fair, street dances and more, there is a lot to see and do. Only being able to schedule a day and a half at the festival, unfortunately, we were not able to participate in everything that was offered. So I've marked my calendar for the last weekend in September 2027 to attend the 100th anniversary of the Peace Treaty Pageant and Festival. Hope to see you there. You won't be disappointed. ■



Hometown gal Wendy Prosser, Barton County, participates as an early settler on the prairie. Here she is shown with a Travois. Her father, Allen Doman (to Wendy's right) has been participating in the pageant since 1967.

IN MEMORIAM



Brad Eldridge and Lori Reedy realize their continuing education requirements were just met at the IAAO conference.

Remembering Lori Reedy

BRAD ELDRIDGE, MAI, CAE, DOUGLAS COUNTY, EDITOR

The thing I love most about our industry is its people. The connections we make over the years are special through sharing knowledge and experiences together. I am so glad that Lori Reedy shared those moments with many of us.

Like many of you, when I heard the news of Lori's passing I couldn't believe we lost another one way too early. Next, I thought about how our meetings just became a lot more boring.

For those of you who didn't have a chance to know Lori, she brought personality to whatever she was part of and knew how to have fun. She was the first one to offer help, the first to voice her opinion and she was in the first group out on the dance floor.

Lori mentored many appraisers in Kansas and volunteered countless hours to committee work for KCAA, most recently acting as the KCAA treasurer and being part of the KCAA maintenance specs and legislative committees.

Lori was the Cowley County appraiser since 2017 and was close to finishing her second four-year term.

Cowley County Administrator Lucas Goff remembered Lori for her excellent service.

"Lori was a dedicated public servant who worked tirelessly for the people of Cowley County. Over the years, she earned the respect and admiration of both her colleagues and the residents she served through her commitment, professionalism, and unwavering kindness," Goff said.

Lori started in the county appraisal business in Sedgwick County and then worked at several different Kansas counties. Prior to Cowley County, Lori was the county appraiser in Harper and Reno counties.

Lori was a firecracker and we're all going to miss having her around. Let's honor her by continuing a few things she shared with us:

- Speak your mind
- Stay committed
- Volunteer your time

... and when you hear your favorite song playing, get out there and dance! ■

REAL ESTATE NOTES OF INTEREST

BY BRAD ELDRIDGE, DOUGLAS COUNTY, STAFF WRITER



U.S. job creation roared higher in September as payrolls surged by 254,000

CNBC, Oct. 4. “Non-farm payrolls surged by 254,000 in September, up from a revised 159,000 in August and better than the 150,000 Dow Jones consensus forecast. The unemployment rate fell to 4.1%, down 0.1 percentage point, as the survey of household employment showed an even stronger picture, with a gain of 430,000. Average hourly earnings increased 0.4% on the month and were up 4% from a year ago. Both figures were ahead of respective estimates.”

September 2024 Fed meeting: Fed cuts rates by half point to support economy

JP Morgan, Sept. 19. “The Federal Reserve lowered interest rates by 50 basis points, easing monetary policy for the first time in four years due to progress on the Fed’s dual mandate. The Fed’s decision to ease monetary policy is likely to support growth and stabilize a slowing labor market. (JP Morgan) strategists believe this could extend the current economic cycle. Fed Chairman Jerome Powell emphasized that inflation

is “much closer” to its 2% target and the labor market is “less tight” than pre-pandemic in 2019. (JP Morgan) strategists believe that there will likely be two additional rate cuts in 2024, and expect the cuts to continue into 2025.”

A Shawnee home was featured on HGTV’s ‘Bargain Mansions.’ It’s on sale for \$1.5 million

MSN.com, Sept. 10. “The home was built in 1865 and bought by golf club maker Kenneth Smith in the early 1990s, ReeceNichols real estate agent Kerwin Holloway said. Smith made custom golf clubs for the likes of former presidents Richard Nixon and Dwight Eisenhower, actor Bob Hope, baseball Hall-of-Famer Mickey Mantle, singer Sammy Davis Jr., and local golf legend Tom Watson.”

Shrinkflation in real estate: American homes are shrinking, but buyers are paying more in 2024

USA Today, Aug. 20. “USA TODAY Homefront findings show that the real estate market is also experiencing shrinkflation — since 2019, the median U.S. house has shrunk by 128 square feet but increased in price by \$125,000.”

As Mortgage Rates Rise to 6.32%, ‘Further Progress May Be Needed To Grease the Wheels’

Realtor.com, Oct. 10. “Mortgage rates spiked, with the average rate for a 30-year fixed home loan going from 6.12% last week to 6.32% for the week ending Oct. 10, according to Freddie Mac. Following the release of a stronger-than-expected September jobs report, the 30-year fixed rate mortgage saw the largest one-week increase since April. However,

we should remember that the rise in rates is largely due to shifts in expectations and not the underlying economy, which has been strong for most of the year. Although higher rates make affordability more challenging, it shows the economic strength that should continue to support the recovery of the housing market.”

FHFA House Price Index Up 0.1 Percent in July; Up 4.5 Percent from Last Year

Federal Housing Finance Agency, Sept. 24. “For the third consecutive month U.S. house prices showed little movement. U.S. house prices rose 0.1% in July, according to the Federal Housing Finance Agency (FHFA) seasonally adjusted monthly House Price Index (HPI®). House prices rose 4.5% from July 2023 to July 2024.”

Single-Family Rental REIT Update 2nd Quarter 2024

Capright, Sept. 18. “Occupancies for 2Q24 ranged from 96.6% to 97.5%. Same-store revenue growth ranged from 4.8% to 5.5%. Same-store NOI growth ranged from 3.8% to 5.9%.”

FHFA Expands Housing Market Data Resources with New Manufactured House Price Index

Federal Housing Finance Agency, Oct. 9. “The price indexes and median prices for manufactured homes are both based on data from real-property conventional mortgages acquired by Fannie Mae and Freddie Mac. In the second quarter of 2024, the median price of manufactured homes for sale was \$231,000. House price indexes for manufactured homes increased by 7.9% between the second

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quarters of 2023 and 2024. They increased by 3.2% in the second quarter of 2024 compared with the first quarter."

Housing Confidence Inches Higher Amid Record-High Optimism Toward Mortgage Rates, *Fannie Mae*, Oct. 7. "The Fannie Mae (FNMA/OTCQB) Home Purchase Sentiment Index® (HPSI) increased 1.8 points in September to 73.9, its highest level in more than two years, as consumers reported survey-high optimism that mortgage rates will decline over the next 12 months. In September, a record 42% of consumers said they expect mortgage rates to decline, up from 39% the month prior and 24% in June."

Mortgage applications hit 2-year high as refinancings surge, by *Claire Boston, Yahoo!Finance*, Sept. 25. "Applications to refinance or purchase a home in the week that ended Sept. 20 rose 11% week over week, according to the Mortgage Bankers Association (MBA). Refinancing applications jumped 20% during that period as more consumers sought to take advantage of falling mortgage rates. It's the second consecutive week of double-digit application gains. Refinancings made up nearly 56% of applications as the typical summer home buying season wraps up, according to the MBA."

Multifamily and Single-Family Rental Housing Market Trends, by *Partick Duffy, U.S. News*, Sept. 19. "A glut of vacant apartment flats is currently holding the line on price increases or even leading to a decline in asking rents in certain markets, but it is temporary and will likely be absorbed by 2026. The rise of Build-to-Rent single-family homes is here to stay and will represent an even larger share of new homes for rent in the years ahead. Over the last year ending in July 2024, the median rent for a multifamily unit nationally rose 2.7% to \$1,916. However, given the preference by many renters for single-family living, median rents for single-family homes rose 4.7% year-over-year to \$2,294, or nearly 20% more."

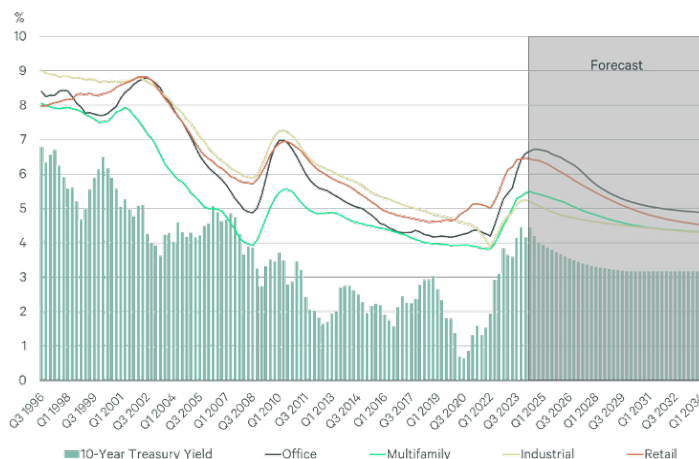
Crexi National Commercial Real Estate Report: September 2024, Oct. 1. "This report contains a summary of retail, office, industrial and multifamily property types, with data on cap rates, absorption and asking vs effective rent trends, as well as regional cap rate trends."



Impact of Interest Rate Cuts on Real Estate Cap Rates, *CBRE*, Oct. 10. "CBRE believes that the U.S. economy will avoid a recession as inflation continues to fall toward the Fed's 2% target. We expect that the 10-year Treasury yield will average below 4% for the rest of 2024 and drift down to the mid-3% range in 2025. Treasury yields at that level will put downward pressure on cap rates as the lower cost of capital supports investment activity and asset values."

Additionally, this soft-landing scenario should support resilient commercial real estate fundamentals (excluding the office sector) that drive rent growth and returns from income, putting additional downward pressure on cap rates. Other factors that influence cap rates include the risk premium (yield spread vs. risk-free bonds), GDP, foreign exchange rates, inflation and the Fed balance sheet's impact on market liquidity."

Cap Rates & 10-Year Treasury Yields



2024 Mid-Year Viewpoint, *IRR*, Aug. 28. "This report contains cap rate, discount rate, market rent, and vacancy rate trends for office, industrial, retail and multifamily properties broken down by region. Also

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included is an analysis of market cycle and other supply/demand factors.” Editor’s Note: This is a great report to help jurisdictions with their cap rate and benchmark studies for the upcoming valuation cycle.

Mid-Year Update: Valuation & Advisory’s North American Market Survey, *Newmark*, September 2024. “This report contains cap rate, discount rate, market rent, and vacancy rate trends for office, industrial, retail and multifamily properties. Also included is a market analysis of agriculture, c-stores, healthcare/seniors housing, hospitality/gaming, and regional malls.” Editor’s Note: This is a great report to help jurisdictions with their cap rate and benchmark studies for the upcoming valuation cycle.

Net Lease Market Report | Q3 2024, *The Boulder Group*, October 2024. “Cap rates in the single tenant net lease sector increased for the 10th consecutive quarter within all three sectors in the third quarter of 2024. Single tenant cap rates increased to 6.50% (+3 bps) for retail, 7.75% (+8 bps) for office, and 7.15% (+5 bps) for industrial. The persistent upward trend in cap rates can be primarily attributed to sustained high interest rates. Additionally, there is a stagnant supply of net lease properties on the market resulting from limited transaction activity from both private and institutional buyers.”

U.S. office real estate market shows signs of bottoming after big discount sales, *by Matt Tracy and Shankar Ramakrishnan, Reuters*, Oct. 3. “The U.S. office property market has been hard hit since the pandemic by higher interest rates and as many office workers worked from home. Prices for office buildings have fallen 12.4% year-over-year as of the second quarter, according to the RCA Commercial Property Price Index, causing speculation about when a bottom in the market would be reached. Peak distress is fully behind us.”

Marketbeat United States Office Q3 2024, *Cushman & Wakefield*, October 2024. “At 20.9%, national vacancy is at its highest point as recorded by Cushman & Wakefield Research, having increased by 830 bps since Q1 2020. The slowing sublease market could be a sign of stabilization for the broader office market as a peak in sublease availabilities is typically a precursor to declining overall office vacancy.”

United States Retail Market Dynamics Q2 2024, *by Keisha Virtue, JLL*, Aug. 8. “Retail net absorption

jumped 75.4% quarter-over-quarter to 7.7 million square feet – due mostly to a reduction in move-outs as well as more space taken in community centers, lifestyle centers and Class C malls. In fact, move-outs have declined some 20% since 2021. Leasing activity was pretty much on par with the previous quarter, and the percentage of available space leased over the last 12 months is roughly 33%. Tenants are snatching up available space in record time – with average months to lease dropping to new low of 8.5 months. Landlords are wielding much greater pricing power, often holding firm in rent negotiations.”

Retail Outlook: Generally Positive Going Forward, *by Amy Wolff Sorter, ConnectCRE*, Aug. 1. “Consumer spending seems to be robust. At least according to the recently released gross domestic product estimate. Ongoing spending—especially in the face of inflation and higher prices—is one reason why experts in the retail space told Connect CRE that their outlook remains bullish. Additional fundamentals also demonstrate the ongoing strength of retail and underline its turnaround from the pandemic doldrums of 2020 and 2021.”

Walgreens Set to Shutter 1,200 U.S. Stores Over Next Three Years, *by Kate Gibson, CBS News*, Oct. 15. “Walgreens Boots Alliance plans to close 1,200 stores during the next three years, with 500 closures set for next year, in the face of low drug reimbursement rates and slower consumer spending.”

E-commerce Adjusts in 2024, Positioned to Sustain Industrial Demand Growth, *Commercial Edge*, Sept. 27. “The Census Bureau reported e-commerce sales of \$291.6 billion in the second quarter, marking a 1.3% increase over the first quarter and a 6.7% year-over-year growth. E-commerce’s share of core retail sales (excluding motor vehicles, their parts and gasoline) had stagnated during most of 2021 and 2022. However, it has been on the upswing for six consecutive quarters, reaching 18.8% in the second quarter, the highest level since the peak of pandemic-related shutdowns.”

The Haig Report: Dealership Buy-Sell Activity And Blue Sky Values Are Declining, But Are Elevated Well Above Pre-Pandemic Levels, *Haig Partners LLC*, Nov. 27, 2023. “Transaction volume for the first six months of the year is only down 14.5% from the same period in 2023. The market remains busy, with a sustained appetite for strong franchises

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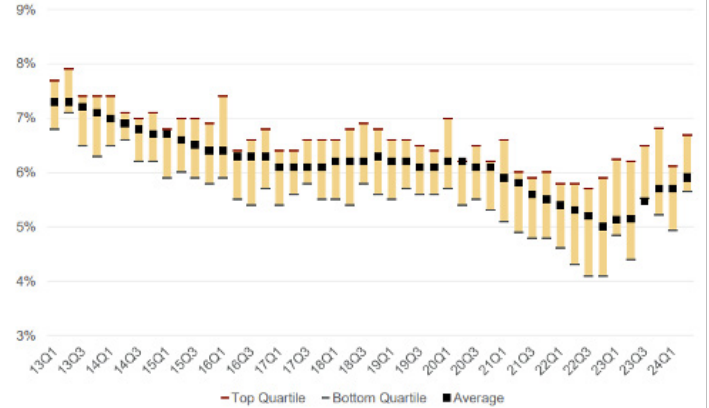
in attractive markets. We predict this year will rank as the fourth busiest year for U.S. dealership buy-sells in automotive history. Over the last twelve months, the average publicly owned dealership made \$4.5M in pre-tax income, a 27% decrease from 2023 and a 33% drop from 2022, the peak year when the average dealership owned by the publics made an estimated \$6.7M in pre-tax income. Looking ahead, we believe that average store profits will continue to decline for the remainder of 2024, but at a slower pace.”

2024 Trends to Watch in Real Assets, by Will Robson, Alexis Maltin, Jim Costello, David Green-Morgan, Tom Leahy, Benjamin Martin-Henry and Bryan Reid, MSCI, Dec. 13, 2023. “The year 2023 was an especially tough one for real estate. Declines in asset valuations, which had begun in the second half of 2022 in many markets, proliferated across a broader range of markets through the rest of 2023. Transaction volume also continued to fall through the year, with deal making often paralyzed by the standoff between potential buyers and sellers on pricing.”

U.S. Hotels State of the Union October 2024 Edition, CBRE, Oct. 7. “Total hotel revenues grew 2.1% in July, above the YTD trend of 1.7%. Despite 2.1% total revenue growth in July, an 80-basis point contraction in GOP margins led to a 3.2% decrease in profit dollars, below the -1.2% YTD trend. While wage growth is moderating, it is still above revenue growth and rising expenses overall continue to impact hotel profitability.”

U.S. Self-Storage: Market Trends & Outlook Report, Cushman & Wakefield, Sept. 11. “The rising interest rate environment has pushed capitalization rates up for all commercial real estate, with self storage capitalization rates increasing by 90 basis points, from the Q4 2022 low, to 5.9% in the second quarter of 2024. With spreads between capitalization rates and the 10Y treasury well below historical levels, upward pressure on capitalization rates is expected, notwithstanding downward movement on interest rates. The Federal Reserve’s actions to taper inflation by increasing interest rates, with the resulting decline in home sales combined with an influx of new storage supply, occupancy levels pushed downward and leveled out near 90% in the fourth quarter of 2022. Despite some upward movement, occupancy levels have broadly remained at this level through the first half of 2024.”

Self-Storage Cap Rates



U.S. Seniors Housing & Care Investor Survey and Trends Report

Cushman & Wakefield, Sept. 25. “U.S. seniors housing property market fundamentals continued to strengthen through the first half of 2024. Stabilized occupancy trended upward for the twelfth consecutive quarter, surpassing 87% as rent growth remained intact, averaging 4.5% through the first half of the year. This report includes helpful Valuation Indices that reveal decile and quartile metrics for occupancy, monthly rent, expense ratios, capitalization rates and stabilized market value for all major senior housing types.”

SENIOR LIVING & CARE INVESTOR SURVEY RESULTS



H1 2024 survey results from over 90 of the industry’s most influential leaders

Primary Markets	Investment Class A			Investment Class B			Investment Class C		
	Low	High	Average	Low	High	Average	Low	High	Average
Capitalization Rates (%)									
Active Adult	4.5	6.5	5.3	5.0	7.0	6.1	5.5	8.5	6.9
Majority Independent Living	5.5	8.0	6.6	6.0	8.5	7.2	6.5	9.0	7.8
Majority Assisted Living	6.5	9.0	7.1	6.5	9.0	7.7	7.0	10.0	8.7
Stand Alone Memory Care	7.5	9.5	8.3	7.5	10.0	9.1	8.5	11.0	9.6
Nursing Home	10.0	13.5	11.8	11.0	14.0	12.6	12.0	14.5	13.2
CCRC/LPC	8.0	9.0	7.5	6.5	9.0	8.1	7.5	10.0	9.0
Secondary Markets									
Capitalization Rates (%)									
Active Adult	6.0	7.5	6.1	5.0	6.5	6.6	5.5	9.5	7.2
Majority Independent Living	6.0	9.0	7.1	6.0	9.5	7.6	6.5	10.0	8.4
Majority Assisted Living	7.0	9.5	7.7	7.0	10.0	8.2	8.0	10.5	9.1
Stand Alone Memory Care	8.0	10.5	8.9	8.5	11.0	9.6	9.0	11.5	10.3
Nursing Home	11.0	14.5	12.5	12.5	15.0	13.2	13.5	16.0	14.8
CCRC/LPC	7.0	9.5	8.3	7.5	9.5	8.8	8.5	10.5	9.6
Average Spreads by Location (Bps)									
Investment Class									
Active Adult	50.9	77.9	128.9	43.5	58.3	101.7	53.5	46.0	26.3
Majority Independent Living	52.4	68.8	121.3	58.8	72.8	131.5	47.9	54.3	58.2
Majority Assisted Living	60.1	98.2	158.3	54.2	91.3	145.8	54.8	48.9	42.0
Stand Alone Memory Care	51.2	46.8	98.0	45.4	76.7	122.1	29.3	23.5	53.4
Nursing Home	78.1	63.5	141.6	78.4	50.0	126.4	64.0	62.3	48.8
CCRC/LPC	52.2	96.6	150.8	42.9	87.5	130.4	79.4	70.0	58.9

Midwest study finds solar farms don't hurt property values — and they may even boost them

by Kari Lydersen, Oct. 3. “Loyola University (Chicago) research looked at property values surrounding dozens of large Midwest solar farms and found a slightly positive effect, likely tied to their broader economic benefits in communities.” ■

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