

Real Property Appraisals, PC

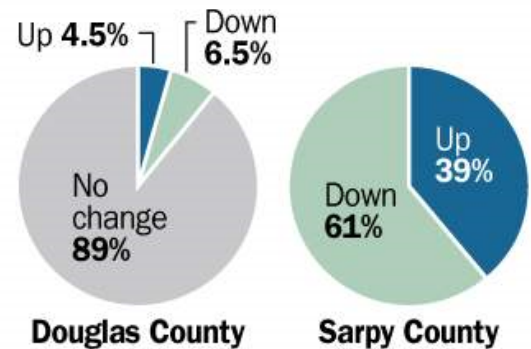
Industry News



Check Your Valuation

It's that time of year again. By now most of you will have gotten notice in the mail regarding your property tax assessment for 2011. The majority of residential owners in Douglas County will find that no change in their valuation was made this year while many in Sarpy County will find their valuations actually lower.

RESIDENTIAL VALUATION CHANGES



SOURCE: World-Herald analysis of Douglas and Sarpy County records

THE WORLD-HERALD

Assessments tend to lag the actual market as the mass appraisal model incorporates new sales into the regression analysis about a year after they actually occur. Understanding exactly how your assessment is determined will help you decide on how or if to protest. REOs, short sales, and general weakness in the market are starting to play into the regression model used in mass appraising. If you aren't familiar with regression modeling—for the purposes of this discussion—all you need to know is that it takes multiple sales and finds relationships between the multiple variables.

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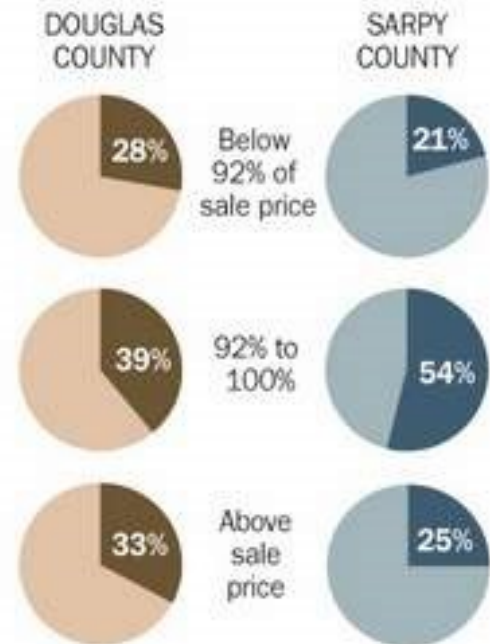
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When making sense of your valuation, remember that the assessor will look at dozens if not hundreds of sales in their regression model. One sale does not make a market but it can be important for the purposes of protesting. The Omaha World Herald has established an excellent resource for those wanting to learn more about their market and/or looking to protest their property taxes. The website is <http://curbwise.com/>. Curbwise will help you look at your specific market overall, determine what sales have taken place, and give you the variables the assessor uses in their models to assign assessed values. The free portion of the website is well worth your time to investigate. The \$19.95 sample report is a no brainer if you are seriously looking at protesting. The report is not an appraisal but it gives you an affordable option when looking to save money on appraisal costs but are looking for more than just what can be found on the assessor's website. Specifically, what we like about the report is that it gives the user data for protesting both in terms of market and equalization. That information in the report would take you hours to gather on your own and is easy to read and understand.

According to the Omaha World Herald, 31% of valuations topped sale price. That is certainly significant but understandable considering the methodology of mass appraising. The assessor doesn't have the ability to appraise each individual house. It is your responsibility to make sure that your house is fairly assessed. Tips on protesting are always available on our [website](#) as well as on the [curbwise](#) site.

HOUSE VALUATIONS OFTEN EXCEED MARKET

Accuracy of 2011 valuations on houses that sold last year



SOURCE: World-Herald analysis of Douglas and Sarpy County records.

DAVE CROY/THE WORLD-HERALD



[Article](#)

Shadow Lake Square

Shadow Lake Square is a proposed \$29 Million mixed use development following in the footsteps of Midtown Crossing and Aksarben Village. The new development is slated to be directly south of the existing Shadow Lake Town Center. The project aims at bringing a small piece of urban living to suburbia. The current plan calls for 261 apartment units (184 1-Bedroom units and 77 2-Bedroom units) with retail and office units on the first floor. Several units are slated to be work/live which would be utilized for both living and work space. At the center of the development will be a clock tower with a circular gathering space.



The development is looking to capitalize on the successes in Shadow Lake and the hot apartment market. The retail portion of the development will likely lure secondary commercial and office tenants like local chiropractors, dentists, and the like. This development will compete with the upcoming Pennant Place (around Werner Field). Many a developer will be watching to see how this project unfolds—if successful we will likely see more mixed use developments along the 370 corridor.

[Article](#)

[Plat Drawings](#)

[Concept](#)



Lincoln Bubble?

We noticed that Lincoln was given the title of likely bubble burst by *The Street*. The rationale behind the peculiar pick revolves around Lincoln’s high reliance on the university and government jobs. While most of us that live in and around Lincoln would not see the city as being the most likely candidate for a bubble burst, it is always a good idea to get an outside perspective. The article inspired us to do some more research on Lincoln to analyze the potential for a collapse.

The importance of the University to Lincoln is clear. The next largest non hospital employer is Hy-Vee. Contrast that to Omaha with (15) different employers having 2,500+ people in the company including companies like FDR, First National Bank, Union Pacific, ConAgra, Mutual of Omaha, PayPal...

TOP EMPLOYERS

University of Nebraska, Lincoln	5,100
BryanLGH Medical Center	3,100
Saint Elizabeth Health Systems	2,500
Hy-Vee, Inc.	1,900
Farmland Foods	1,900
B & R Stores	1,575
State Farm Mutual Insurance Company	1,475
Madonna Rehabilitation Hospital	1,430
BNSF Railway Co.	1,300
Kawasaki Motors Manufacturing Corporation	1,260
Duncan Aviation	1,250
Ameritas Life Insurance	1,120
NEBCO	1,000
Perot Systems (Dell Services)	990
Nebraska Army and Air National Guard	955
Molex, Inc.	952
Southeast Community College	900
Tabitha Health Care Services	850
Lincoln Benefit Life Co., Inc.	835
Verizon Communications	800

Source: Lincoln Partnership for Economic Development, January, 2011

PUBLIC

Federal	3,017
State	20,386
Local	14,930

2010

Lincoln Precis from Moody’s
 Lincoln’s recovery will outpace that of the U.S. over the next several years. The recovery has firmed and will accelerate in 2012. The unemployment rate will tick back up this year as discouraged workers re-enter the labor force. Employment in most industries will firm, but public sector payrolls will be slower to recover as state budget woes keep government from hiring. The long-term outlook is positive. Extraordinarily low business costs offer some upside potential in the way of business relocation and expansion as investment spending swells. High educational attainment and low living costs also factor in to the outlook for above average growth over the forecast horizon.
 Tyler Case
 February 2011

With that said—we looked at other 3rd party companies help us gauge the likelihood of a bubble burst. Moody’s Analytics publishes Precis reports for the largest metros in the US. The report certainly touches on the impact of public sector hiring but has a much better outlook for the city. Lincoln’s main strength is in it’s work force (35% of 25+ year olds have a bachelor’s degree or higher—compared to about 31% in Omaha and 27% for the US). Lincoln has a low unemployment rate and was not nearly overbuilt as neighboring Omaha. Real Estate prices have remained fairly stable in most sectors with renewed interest in the Haymarket area. Needless to say that we are not ready to *stick the fork* into Lincoln quite yet. The political will in the state is not likely moving towards large cuts in the university system.

[Article](#)

Lincoln, Neb.

Unemployment rate: 4.1%

Largest employer: The University of Nebraska



The University of Nebraska is the largest employer in Lincoln.

Photo: Tobias Higbie

As a state capital, Lincoln is usually shielded from the worst effects of bubbles and recessions. As with other state capitals, including [Austin, Texas](#), and [Madison, Wis.](#), however, a big part of its stability comes from housing the state's university.

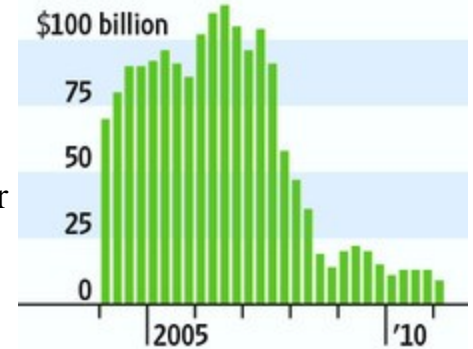
The University of Nebraska employs nearly twice as many people in Lincoln as the state government, and while it's a big part of the reason Lincoln's unemployment rate has fared relatively well compared with that of the rest of the country, it's could also be a weakness if higher education costs ever find a ceiling. According to the nonprofit College Board's annual study of college costs, the average tuition and fees at U.S. public universities have increased at an average of 5.6% per year beyond the rate of inflation. That includes a 9.3% increase in 2009-10 at the height of the recession. As enrollment at state schools rose 33% within the past decade, per-student appropriations dropped 19%.

Underwater...

The *Wall Street Journal* recently reported that 40% of home owners that took out a 2nd mortgage are underwater on their loans. What was almost unthinkable just five years ago has become a reality. Think of it like this—there is nothing holding back 40% of home owners with a 2nd mortgage from leaving lenders high and dry aside from a sense of responsibility and fear of credit loss. This fact has not gone unnoticed by banks. As a result, *new U.S. home equity loans have been cut down to a trickle* compared to 2005-2006. Areas hardest hit include Nevada with 63% of their mortgages underwater followed by Arizona (50%), Florida (46%) and Michigan (36%).

Down to a Trickle

New U.S. home-equity loans



Source: Inside Mortgage Finance

One of the largest problems resulting from the 2nd mortgages involves negotiating loan modifications. Home owners looking for a short sale that have a 2nd mortgage are finding it nearly impossible as the 2nd lien holders take the first loss and must agree with the arrangement. If the loans involve two banks, chances are a short sale is out of the question.

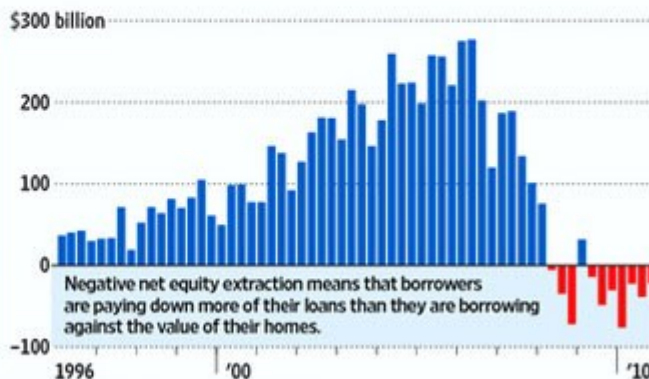
Underwater and Out of Equity

Foreclosures caused the percentage of homeowners who owe more than their homes are worth to decline slightly in the first quarter. At the same time, fewer home-equity loans are being made.

Homeowners who owe more than their homes are worth



Equity extracted from U.S. homes, including cash-out refinancings and home-equity loans



Sources: CoreLogic (negative equity); James Kennedy, Federal Reserve Board (equity extraction)

All this while interest rates are at ridiculously low levels. Despite the low cost of money—Demand for money is low as most people feel like they won't qualify for credit or fear the real estate market and lenders are much choosier on whom they extend credit.

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