



The Treasure Valley's Number
One Investment Property
Specialists Since 2003.

Office Phone:

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www.swopeinvestmentproperties.com

Assessed Property Values on the Rise

Property assessment notices are coming soon, riding the waves of a hot real estate market, and bringing increasing values across all property types.

This year, Ada County assessed values will tend to increase 6%-15% overall, with duplexes and fourplexes falling in the 8-10% range, according to Dan Curtis and Craig Church, two hard-working appraisers at the Assessor's office.

Physical characteristics weigh heavily in property values, which vary based on neighborhood. Values are broadly analyzed by appraisers carrying a 10,000-property workload. If the Assessor Office's "one size fits all" approach pushes your assessed value above true market value, there's cause for action. Call an agent at Swope -we'll help you prove it and help you appeal.

Strategies for Appealing Assessed Values

- **Values are based on characteristics and preliminary sketches on the Ada County Assessor's site. Check that site to ensure you're not getting taxed on square footage you don't really have.**
- **Call the number on your assessment notice early and armed with data.**
- **Focus appeals on market value, not percentage change. Use total value without separating land value.**
- **The Assessor is presumed correct. The burden of proof is on the owner (or their agent).**

One of the myths appraisers work to dispel involves the relation between assessed values and taxes. The tax levy is set in October and serves as the true indicator of property taxes. "An increase in assessed value doesn't necessarily mean taxes will increase," said Church.

A significant change in assessed value is not a disputable event.

Assessed values are meant to be within 10% of market value (plus or minus). If yours jumps up, but remains within 10% of market value, it will be considered legitimate unless evidence suggesting otherwise is presented.

It's better to start (and end) with an informal appeal.

The official deadline to appeal is June 26, 2017 but you can and should reach out to your assessor long before that deadline for an informal appeal, backed by data. Your Swope agent (or prospective agent) can help with that.

Deferring maintenance doesn't pay off.

Choosing to defer maintenance doesn't reduce your value. In the long run, deferring maintenance may cost owners far more than it saves.

StacyA McBain

Residential and residential income properties are not assessed the same.

Single family homes and properties up to four units are valued based on comparable sales, and their market values as of 1/1/2017. Gross Rent Multipliers (GRMs) may be used to validate comps for 2-4-unit properties. Commercial properties, or those with 5+ units, are valued based on cap rates.

Cap Rate Trends

The Assessor's Office, tracked Gross Rent Multipliers (GRMs), purchase prices, and validated the decrease in cap rates we've experienced. Church calculates cap rates in the 6.25% range for older properties and higher for low income properties. His cap rates drop to 5.5% on new properties (or those with amenities), and as low as 4.5% on North End properties. Cap rates tend to run slightly higher in Canyon County.

2016 sales price averages:

\$205,000 duplex
\$318,250 triplex
\$372,500 fourplex

2016 GRMs based on Value/Market Rents:

131 duplex
129 triplex
120 fourplex

\$205,000 value/\$1,550 rent =
132 Gross Rent Multiplier (GRM)

Emphasis on “Market” rents, could be the way to go...

As described in this newsletter and proforma analysis, the Swope team utilizes many metrics to evaluate a property. Of course all of this is done in an effort to maximize client investment returns for the various investment choices be it multi- or single- family home. It can all be quite daunting... calculating cap rates, cash-on-cash, return with loan paydown, gross rent multiplier, debt service ratio... lions and tigers and bears, oh my!

Through all the analysis, the *one thing* I've always tried to keep in mind is that there are very few *wrong* answers. Many choices like whether to add a high vacancy factor, or to use more leverage or not, or inserting a high appreciation rate or not... With all the variables, I might argue that there are so many *right* answers, it's tough to count them all.

One of the newer *right* answers is to put more emphasis on “market” rents when evaluating a property (both in listing or buying). I've always *looked* at market rents, but today, I've been choosing to *emphasize* this element because we're seeing a larger and larger disparity between “actual” and “projected” rents.

Today's real estate market is certainly in tight supply with higher asking prices, but the rental market is equally in tight supply with rising rents. Given these conditions, good value can still be found without compromising performance thresholds and one of the key elements can be found in taking a more serious look at the near-term *future* rather than the *now* (e.g. when do those leases expire? how realistic are those projected rents?).

Economists have been suggesting that the rental market could continue to grow and be strong for up to 10 years based on growth rates in certain the demographic population segments. So, when evaluating income property, don't get too dug in on the “in-place” performance metrics and be sure to give a solid look at the *near term* rent upside. As always, let the Swope team help you in navigating this yellow brick road.

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AVID INVESTORS

An Idaho Real Estate Investor's Club

Invitation for

Optimizing Rentals! Maximum Efficiency & ROI

Presented by: Tony Drost

Wednesday, June 21, 2017

Arrive at 6:00 for networking time

Email for Location, Details & to RSVP

Stacy@InFlowPR.com 208-921-0630

An invite only, goal-based educational networking event.

Includes complementary beverage & bites

Third Wednesday of each month

excluding August & December

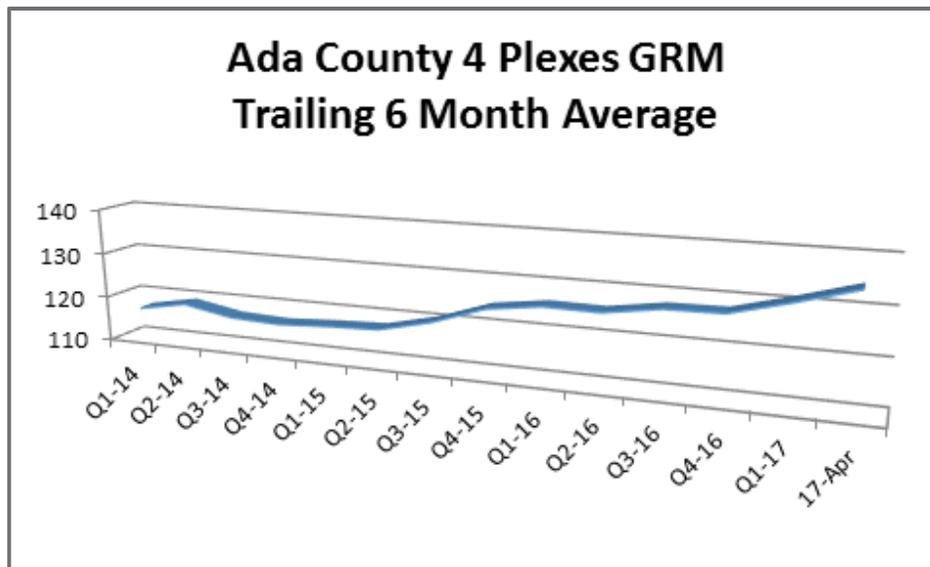


*Compliments of your agent at
Swope Investment Properties*

Spike In Value

Monthly Gross Rent Multiplier (GRM) is a metric commonly used to validate the income approach to multi-family valuations and something we track. $GRM = \text{value} / \text{monthly gross rents}$. As values have increased, so has the GRM. This recent spike in 2017 is great news for Sellers, as it indicates the market is willing to pay a higher price for less rents. For more information please contact any of our agents specializing in residential investment properties.

Tony Drost



Providing Personal Service

At Swope Investment Properties, we pride ourselves in the relationships we build with our clients. Each agent works side-by-side with their clients from the initial meeting to signing the closing docs and beyond.

A real estate trend right now for agents who want to increase their volume is to have a sales “team” to assist buyers and sellers during their real estate transactions. While there can be benefits to having a team working for you, one downfall is that you as a client can lose the personal involvement of an agent.

All of our agents work directly with their clients through the entire process of selling and buying property. As a small brokerage, the agents in our office provide backup, expertise and support to each other. When an agent at Swope Investment Properties “teams up” it is with another agent in our office. There are years of experience as licensed Realtors and brokers behind every transaction.

Our goal is to develop long-term relationships with our clients. Our reward is repeat customers and referrals received from our clients.

Mary Nelson

Swope Investment Properties - May 2017



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Swope Investment Properties - Recent Solds

SOLD	Duplex	427 E Avalon St, Kuna	\$152,000	2/22/17
SOLD	Fourplex	438 W Idaho Ave, Meridian	\$345,400	2/22/17
SOLD	Fourplex	1403 N 16th St, Boise	\$386,216	3/8/17
SOLD	Fourplex	4939 Intrepid, Boise	\$415,000	3/17/17
SOLD	Fourplex	3640 W Rose Hill, Boise	\$365,000	3/23/17
SOLD	Fourplex	3704 W Rose Hill, Boise	\$370,000	3/23/17
SOLD	Fourplex	3660 W Rose Hill, Boise	\$370,000	3/23/17
SOLD	Single Family	4466 W Mackenzie, Boise	\$307,000	4/4/17
SOLD	Single Family	579 Stageline, Middleton	\$167,000	4/24/17
SOLD	Single Family	530 E Warm Springs Ave, Boise	\$515,000	5/8/17
PENDING	Apartment	10887 W Ustick Rd, Boise		
PENDING	Mixed Use	1303 W Fort, Boise		
PENDING	Single Family	2737 W Anatole, Meridian		
PENDING	Fourplex	215 N Seafury Ln, Boise		