

Tip Sheet Series — Price \$4.50

## **Data Sources for the Valuation of Commercial and Industrial Properties**

*Data Sources Identified for Assessors, Appraisers,  
Tax Compliance and Management Professionals  
and Other Property Valuation Specialists*

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October 2012

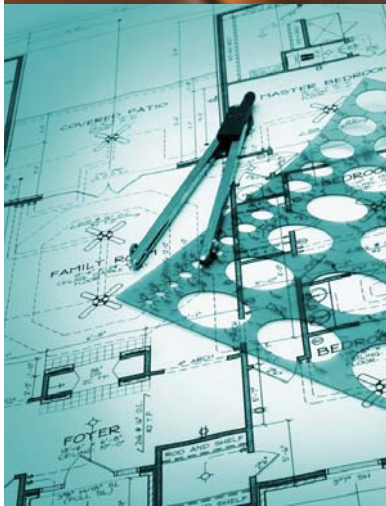
By Richard L. Sanderson

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## Introduction

Tip Sheets are brief, to-the-point fact sheets on a particular subject of interest to appraisers, assessors, tax agents and management professionals, property owners and investors, and the general public. Tip Sheets are not intended to give specific advice to practitioners and the public where local and/or state tax laws and generally accepted practices conflict with the position taken by the author.

This Tip Sheet was originally compiled as a selected list of primary, secondary, and published data sources for the valuation of commercial and industrial properties, for use by real property assessors and professionals involved in real property assessment administration. The term assessment office is mentioned here but also refers to regional and state bodies where the real property assessment function is performed or oversight provided at these levels.

The term commercial and industrial properties is intended to capture all categories of non-residential properties, including apartments, retail stores, hotels, service establishments, offices, industrial facilities, special use properties, vacant land, warehouses, etc.

While every attempt has been made to include as many websites as possible that are useful, please notify the author of those you wish to have considered for upcoming editions of this special report.

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This special report includes selected websites available on the Internet collected during the period from August 2009 through October 25, 2012. Each website link was reviewed in October 2012 and updated where needed.

Websites listed are not endorsed, nor is the author or Local Government Services International responsible for their content.

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*About the author:* Richard Sanderson has more than 30 years experience valuing real estate for property tax purposes. Since 1983 he has served in the capacity of an appointed chief assessing officer for cities in Michigan and Virginia. Mr. Sanderson's international experience includes work and research in Albania, Chile, Italy, Macedonia, Mexico, and Zambia. His work in Chile included researching U.S. private industry and government policies for the U.S. Embassy Santiago, Public Affairs Office.

Because this Tip Sheet is intended for general use, specific primary and secondary data sources are not identified, but rather described in enough detail to allow the user to adjust to local conditions. For example, item 3 under primary data sources identifies the Register of Deeds Office or similar recordation office where non-residential comparable sales can be found. The name, address, telephone number, e-mail and website for your specific recordation office should be substituted.

This Tip Sheet is therefore an outline of the types of sources that should make up your search for useful data in valuating commercial and industrial properties.

### Primary Data Sources

Primary data sources include, but should not be limited to, the following:

1. Formal income and expense questionnaires or surveys routinely mailed to owners of income-producing properties that are then analyzed by the assessment office. Trends can generally be seen in rental rate changes, vacancy rate experience, expense ratios, and other factors when a number of properties or years of experience are reviewed.
2. Income and expense information that may be provided by the property owner or the property owner's agent as part of the assessment review and appeal process, provided, of course, that such data is kept confidential as required by state tax laws.
3. Register of Deeds Office or similar recordation office for real estate transactions in order to list and compile a non-residential comparable sales file.
4. Sale verification questionnaires routinely mailed to the parties to the sale of non-residential properties for the development of comparable sales files and statistical studies. Alternatively, questionnaires can be e-mailed or owners interviewed by telephone.
5. Local Building Department or agency for building permits in order to list and compile construction activity. This data is also needed for processing physical changes in properties for the next reassessment.
6. Construction cost questionnaires routinely mailed to the owners or developers for income-producing new construction, additions to existing structures, or associated infrastructure improvements. Such cost data can be used to check published cost indexes or used to develop local construction cost estimates.