



APPRAISAL BULLETIN

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LAND VALUE AS A PERCENTAGE OF TOTAL SALES PRICE OF RESIDENCES

DURING the past two years, we have appraised more than two hundred thousand residences and we have naturally given considerable thought to the problem of land value as a percentage of total sales prices of residences. Some of the conclusions we have reached are as follows:

1. Age of a property does not affect the ratio of land value to total sales price for residences as much as we formerly thought unless the lot can be used for a higher use. We are convinced from studying ratios that where there is no possibility of a higher use for the land, the value of the site decreases as the building gets older due to the general obsolescence in the neighborhood.

That site values decline as improvements depreciate and become obsolete is obvious from the fact that thousands of ratios worked out from actual appraisals show no consistent pattern between age and site value. If land did not decrease in value as the improvements got older, the ratio of land value to total value would automatically increase. We have sampled various large appraisal jobs we have done, including regular appraisals, condemnation appraisals, and reassessment appraisals, and in none do we find a consistent pattern.

