

## Q: Have the "tax caps" resulted in more Franklin Township home sales?

**A: No**

### Timeline of Franklin Township home sales and home prices:

[Compiled by Brett Martin, Indianapolis Appraisal Associates, Inc.](#)

Data Source: MIBOR (Metropolitan Indianapolis Board of Realtors)

Macro: in this case refers to nationally

Micro: in this case refers to Franklin Township

#### 2000

550 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	5	4	5,357	\$659,000	\$251.02	\$493,400	\$249.61	112%	602
Low	0	0	0	\$17,499	\$18.98	\$0	\$0.00	0%	-184
Average	3	1	1,507	\$131,510	\$79.00	\$126,367	\$76.24	96%	67

2001...# of Sales % change: **+8.73%** Sales price % change: **+2.28%**

**Macro:** September 11<sup>th</sup> occurs

**Micro:**

598 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	7	4	5,928	\$520,000	\$509.05	\$520,000	\$536.72	111%	372
Low	0	0	0	\$40,000	\$21.28	\$0	\$0.00	0%	0
Average	3	1	1,701	\$134,752	\$77.31	\$129,253	\$74.40	97%	64

2002...# of Sales % change: **+20.57%** Sales price % change: **+2.14%**

**Macro:** Policies associated by many economists as creating Housing Bubble are put in place (less regulation / easy credit creating more demand- remember "go spend money to stimulate the economy")

**Micro:**

721 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	8	5	7,600	\$554,900	\$170.35	\$510,000	\$163.10	172%	490
Low	0	0	0	\$0	\$0.00	\$0	\$0.00	0%	-344
Average	3	1	1,789	\$137,952	\$76.81	\$132,025	\$73.44	96%	63

2003...# of Sales % change: **+14.15%** Sales price % change: **+2.89%**

**Macro:**

**Micro:**

823 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	6	8	5,357	\$665,000	\$119,044.00	\$557,970	\$119,044.00	122%	506
Low	1	0	0	\$49,900	\$35.74	\$0	\$0.00	0%	-213
Average	3	2	1,776	\$141,614	\$225.21	\$135,835	\$222.35	97%	73

2004...# of Sales % change: **+13.97%** Sales price % change: **+2.12%**

**Macro:**

**Micro:**

938 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	7	6	4,832	\$695,000	\$759.40	\$592,000	\$759.40	10,600%	553
Low	1	0	0	\$0	\$0.00	\$0	\$0.00	0%	-252
Average	3	2	1,814	\$142,703	\$78.35	\$138,712	\$76.43	11,485%	70

2005...# of Sales % change: **+4.58%** Sales price % change: **+5.39%**

**Macro:**

**Micro:** Franklin Township Average Sales Prices peak – Sales growth slows, but prices rise significantly for the first time.

981 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	6	6	7,542	\$659,500	\$298.47	\$805,347	\$315.00	134%	581
Low	1	0	0	\$51,000	\$35.78	\$48,000	\$33.97	64%	-238
Average	3	2	1,858	\$149,081	\$79.51	\$146,187	\$77.96	98%	75

2006...# of Sales % change: **+3.26%** Sales price % change: **-(.63%)**

**Macro:** National Height of the Credit/Housing Bubble – Nationally, Home Prices Peak

**Micro:** Sales growth continue to slow and prices drop for the first time

1013 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	6	8	4,359	\$758,530	\$242.13	\$758,530	\$240.47	9,500%	670
Low	2	1	0	\$0	\$0.00	\$9,400	\$7.73	9%	-300
Average	3	2	1,890	\$149,241	\$78.36	\$145,272	\$76.22	24,480%	85

2007...# of Sales % change: **-(6.81%)** Sales price % change: **-(3.48%)**

**Macro:** Start of credit crisis – “stock market” institutional (banks) investors and bond traders finally have to admit many are insolvent and start to run for cover.

Mortgage backed securities become illiquid causing the Credit contraction to begin. i.e. there is less money available to consumers for mortgages

**-“The great Recession\* of 2008” officially begins December 2007.**

**Micro:** Sales volume declines for the first time- volume and prices drop substantially

944 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	7	7	5,954	\$1,547,000	\$259.83	\$1,547,000	\$259.83	119%	575
Low	2	1	0	\$0	\$0.00	\$8,000	\$8.13	16%	-1
Average	3	2	1,894	\$144,716	\$75.88	\$140,217	\$73.28	96%	87

2008...# of Sales % change: **- (11.02%)** Sales price % change: **- (2.18%)**

**Macro:** Credit crisis in full force- Henry Paulson, a President Bush appointee, orchestrates the TARP bank “bailout” plan

**Micro:** Tax caps partially phased in (sales rate at parity with 2003-2004) Sales and price declines accelerate

840 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	6	6	5,299	\$1,337,717	\$404.63	\$1,337,717	\$404.63	152%	615
Low	1	1	0	\$30,000	\$20.31	\$25,000	\$17.74	53%	0
Average	3	2	1,905	\$142,726	\$73.55	\$137,165	\$70.54	96%	95

2009...# of Sales % change: **4.52%** Sales price % change: **- (8.57%)**

\*\*Includes demand created from popular Federal Homebuyer Tax Credit

**Macro:** TARP “the bank bailouts”, and the popular Federal Homebuyer Tax Credit **take effect**

**-“The great Recession\* of 2008” officially ends June 2009 after 18 months**

**Micro:** Tax caps in full effect for homeowners (sales rate at parity with 2003-2004). Sales volume picks up from prior year; prices continue to decline)

878 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	6	8	5,511	\$769,900	\$242.18	\$668,000	\$210.13	131%	910
Low	2	0	0	\$10,900	\$14.57	\$7,000	\$9.36	56%	0
Average	3	2	1,887	\$130,894	\$69.23	\$125,408	\$66.21	96%	79

2010...# of Sales % change: **-(8.20%)** Sales price % change: **8%**

\*\*Includes demand created from popular Federal Homebuyer Tax Credit

**Macro:** Median Home Price Decline stabilizes and **Rises for the first time** since 2006; year over year volume declines

**Micro:** Property Tax Caps in full effect (sales rate at parity with 2002-2003)

– 1<sup>st</sup> School Referendum fails

– 30 students transferred out of district at a revenue cost of -\$150,000.

806 Sold Listings									
	Beds	Baths	SqFt	LP	LP/SqFt	SP	SP/SqFt	SP/LP	DOM
High	6	6	5,147	\$775,000	\$196.93	\$767,440	\$187.08	165%	982
Low	1	1	0	\$14,900	\$13.85	\$9,000	\$11.72	56%	0
Average	3	2	2,002	\$140,886	\$70.17	\$135,441	\$67.44	96%	78

### Generalized Correlations / Observations:

The statistical data from the **Metropolitan Indianapolis Board of Realtors** does not suggest that the "tax cap" implementation increased home sales within Franklin Township as the sales rate is still declining from "peak bubble years".

The short lived sales increase blip in 2009 is attributed to the popular Federal Homebuyer Tax Credit, lower interest rates, and the official end to "The Great Recession"...this data suggests that once the Homebuyer Tax Credit expired and interest rates slowly increased after the end of the recession, the sales rate did not increase due to lower property taxes and remains at parity with 2002-2003 price levels.

\*Definition of Recession per National Bureau of Economic Research:

"a period of falling economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales."