



Rural Valuation Topic #RVT 9: Property Complexity

Property Complexity addresses the “degree or mixture of land types or income streams” within the whole. Complex is defined as, “in real estate, a group of buildings, site improvements, and support facilities designated to carry out related activities in a single location, e.g., apartment complex, office complex, a concentration of similar buildings in a given area such as a group of hospital buildings, or an industrial park”¹. Note, the key phrase is “***in a single location***”. The question is, what is “location”? The examples of a “complex”, “hospital”, or “industrial park” surely contain multiple buildings where the majority of the total overall value is held in those buildings, i.e., or the property is “***building intensive***”.

In rural markets, a single “site” location with multiple buildings supporting the highest and best use applies a degree of ***similarity in some cases***. However, there can be multiple building sites within the whole --- all supporting the highest and best use but physically dispersed several miles apart and on multiple tracts. This “property” may include multiple income streams from several land types (i.e. cultivated, pasture, recreational) as well as site leases from a multitude of other non-related uses (i.e. wind turbines, solar panels, substations) or royalty payments from minerals or industrial minerals, etc.

Larger properties in most rural areas can have several concurrent uses that complement the whole without having any impact on the primary use. An example is commodity storage which may be in one or several locations on a large property. Others may include intensive improvements to support vertically integrated production such as those associated with dairy, swine, poultry, orchards, vineyards, etc. Some rural ownerships have multiple tracts, physically separated from one another, yet acting as a “unit”. The ASRMRA recommends the “larger parcel” test as presented in the UASFLA “Yellow Book” to assist in definition of the “unit” or “subject property”. The overall delineation of “site” in urban environments can be overlain in rural markets if the understanding that a rural “site” may be a few hundred to several thousand acres.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th Ed., (Chicago: AI 2015, p.44)