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Factors to consider in the valuation of land

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When determining what land is worth, several factors must be considered. The most important factor usually is location. Why, might you ask, does location effect land values? Human capita drives real estate prices. With a higher population in an area, more people can afford and are willing to compete for a particular piece of land. Properties with high traffic counts and highway visibility have more value for commercial use and less value for residential use.

Unique features on a parcel also drive value. For example, a buyer would be willing to pay more for a mountain view or their own personal lake for a residence. Location and unique features, however, may not add value if the desired use is not permitted. For example, an ocean front lot that is fully restricted by a conservation easement would have no value to a buyer interested in building a single-family residence.

Deed restrictions can have a positive or negative affect on value. Most people do not want to buy land that has deed restrictions that limit what they can do on the land. Deed restrictions that pertain to an entire neighborhood, however, can add value when the restrictions protect the neighborhood from unwanted property types or uses.

Land is supposed to be accessible by law but that doesn't always mean access is easy. Land with a deeded right of way has less value than land with accessible road frontage, but land with a deeded right of way has more value than land with non-accessible road frontage.

Road frontage plays a role in affecting the value of land. If a person is buying to subdivide and develop, they will pay more for land with the most road frontage. Some parcels are located on dirt roads where no utilities are available. If the buyer has to pay to improve the road or install utilities they will pay less for the land. The availability of public utilities should be considered. Most uses require electricity and water, either by public supply or by well. Natural gas, public water and public sanitary sewer are necessary for most commercial and industrial uses.

The value of land will be greatly reduced if the mineral rights are not conveyed. Few buyers would be willing to pay top dollar for a piece of land that could not be mined at any time.

The total percentage of the property that is wetland affects value. Wetlands soils usually are restricted in that they cannot be filled or drained. Wetlands play a significant role in the areas ecosystem and are very important for environmental reasons, but the land is not physically or legally suitable for building.

Timber can add value to a property. Depending on how recently logged or if the property ever was logged effects value. Standing timber can increase value because the buyer knows that they have the option of logging. If the property has been heavily cut recently, it is most likely that the property will not be suitable for a timber harvest in that property owner's lifetime. The type and quality of the trees make a difference in the price that will be paid for the timber. To a developer however, wooded land has the added cost of clearing the trees and stump removal and results in a expenses that are

more than required when developing open land.

Also, the property's previous use also has an effect on value. Former tobacco farm fields may have added remediation costs, reducing the property's value. A prior junk yard use, for example, will reduce the value for a proposed residential use, but could increase the value for a proposed auto salvage yard.

Municipal tax burdens may affect property value. Land located in a city or town with a heavy tax burden is less desirable than comparable land in an adjacent or nearby municipality with lower taxes.

In summary, when estimating the value of a parcel of land, both positive and negative adjustments should be considered regarding location, size, shape, road frontage, traffic counts, accessibility, legal rights, deed restrictions, zoning requirements, soils, wetlands, topography, prior uses, neighborhood uses, utilities, employment opportunities and municipal tax burden.

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