

# Impact of real estate values on property assessments

## Property valuations

The state of Minnesota requires the assessor to value properties at their market value, as of January 2 each year. Our purpose is to determine the amount the property would sell for. This means your assessed value may be different than what you paid for your property.

The valuation notice you received in 2023 included the property's estimated market value as of January 2, 2023. We use the 2023 market value to calculate property taxes for the following year, 2024.

## Market Trends

Residential real estate prices have fluctuated the last two years. Property values in some communities keep increasing while the values in other communities are stable. In 2021, low interest rates and buyer demand higher than supply, lead to rapidly rising residential home prices. In 2022, interest rates went up and slowed demand, making homes less affordable. Currently, the supply of homes for sale remains well below historic norms.

Commercial, industrial and apartment property prices are affected by a more complex set of factors than residential property.

## How we use mass appraisal

Mass appraisal seeks to value all properties based on the sale of similar properties. So we assess property not on an individual sale but a consideration of many sales.


Hennepin County Assessor's Office  
[hennepin.us/assessment](https://hennepin.us/assessment)




## Impact on a \$300,000 home

The assessment date is January 2 of each year.

**If the market appreciated, say, 20% in your area:**

 A purchase price of **\$300,000** in January 2022 would indicate a value closer to **\$360,000** as of January 2023.

 A purchase price of **\$330,000** in July 2022 would also indicate a value closer to **\$360,000** as of January 2023.

Market appreciation trend for \$300,000 home

