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Valuation

INSIGHTS AND PERSPECTIVES FOR REAL ESTATE APPRAISERS Q3 2016

Sea change

U.S. ports are spending billions to handle a flood of imports and exports. That means business for appraisers.

Valuation

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Valuation
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Mission statement: *Valuation* provides timely, practical information and ideas to assist real estate appraisers in conducting their business effectively.

Eye on the future

AI's three-year strategic plan addresses the valuation profession's many challenges and opportunities

Implementing this strategic plan will help the Appraisal Institute maintain its leadership role in the real estate valuation profession.

It's no secret that the real estate valuation profession faces numerous challenges. For example, most appraisers are aware of the demographic trends confronting our profession.

Appraisal Institute research has found that nearly two-thirds of licensed U.S. appraisers are age 51 and older. In addition, the average annual rate of decline in the U.S. appraiser population is about 3 percent — accounting for a cumulative decline of 22 percent since 2007. And that trend is expected to continue.

But with great challenges come great opportunities. That means opportunities to grow the Appraisal Institute's influence. It means opportunities to expand AI's brand. And it means opportunities to elevate our reputation.

That's why the Appraisal Institute has decided to do what we (and our predecessor organizations) have done for more than 80 years: to continue leading the way for the real estate valuation profession.

The Appraisal Institute Board of Directors in May approved a three-year strategic plan that addresses challenges and opportunities facing the organization and the profession.

Implementing this strategic plan, which anticipates the needs of the organization and the profession through June 2019, will help the Appraisal Institute maintain its leadership role in the real estate valuation profession.

AI's Strategic Planning Committee developed the plan for the Board of Directors' review and eventual approval. It includes five core values governing the Appraisal Institute's continued growth and development in the areas of:

- **Distinctiveness:** Elevate the Appraisal Institute and its members within the valuation profession by virtue of designations, education and body of knowledge.
- **Innovation:** Continue to be thought leaders by promoting innovation and addressing current developments within the valuation profession via:
  - Education.
  - Information resources.
  - Benefits.
  - Setting standards for the profession.
- **Professional responsibility:** Encourage and support the ethical and professional behavior of all Appraisal Institute professionals.
- **Advocacy:** Represent the interest of the appraisal industry and work toward advancement of AI professionals within it.
- **Leadership:** Advance the interest of AI professionals, the real estate valuation profession and the public with integrity and excellence.

The Appraisal Institute's strategic plan also outlines four specific objectives for the next three years. They are:

- **Operate in ways** that valuation professionals recognize as important and that encourage their ongoing affiliation with the Appraisal Institute.
- **Continue as the recognized leader** of the real property valuation profession, including:
  - Credentialing.
  - Ethics and standards.
  - Advocacy.
  - The development and delivery of education.
  - The timely creation of quality programs and publications.
- **Operate efficiently** to ensure the Appraisal Institute's financial stability.
- **Advance AI** as the leading international source of real property valuation knowledge.

The strategic plan will allow the Appraisal Institute to continue serving as the world's recognized leader of the real estate valuation profession. The Appraisal Institute is uniquely positioned to fulfill this role.

We know that challenges lie ahead, but so do exciting opportunities to expand and elevate our excellence and influence. And the Appraisal Institute looks forward to them. ◀

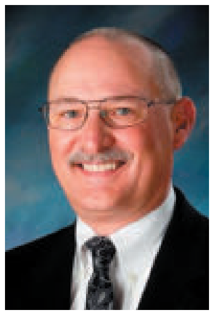
▶ Read more about the Appraisal Institute's 2016–19 strategic plan at http://bit.ly/28NOnbF.

Up Front

APPRAISAL INSTITUTE AND INDUSTRY NEWS

Stephen Wagner elected '17 vice president

Stephen S. Wagner, MAI, SRA, AI-GRS, of West Lafayette, Indiana, was elected 2017 vice president of the Appraisal Institute on July 28 by the AI Board of Directors. Wagner's one-year term at the Appraisal Institute will begin Jan. 1, followed by one year each as president-elect, president and immediate past president.



Wagner currently serves on the AI Board of Directors as Region V vice chair, and is a past and current vice chair of the AI Professional Standards and Guidance Committee. He is a past chair of the Demonstration Report Writing Panel, has served on the Admissions Designations and Qualifications Committee, and has been involved in the development of the General Review courses and two Capstone case studies. He also teaches general qualifying education and advanced-level courses and seminars for the Appraisal Institute.

Since starting in real property appraisal in 1987, Wagner has appraised residential, commercial, industrial, agricultural and other property types. He has been a chief appraiser in a regional bank and currently is a senior appraiser in the firm of Terzo & Bologna in Indianapolis.

Media Monitor

925 million
The number of times AI and its professionals were potentially seen, read about or heard in media coverage during the first half of 2016.

$600,000
The publicity value of AI media coverage from January through June.

676
The number of stories on AI and its professionals that appeared in 380 unique media outlets from January through June.

▶ **Watch a short video of AI's media coverage from the first half of 2016 at http://bit.ly/2bcjwTp.**

Reports in Short

From the Appraisal Institute

AI unveils 2016–19 strategic plan

The Appraisal Institute on May 20 released a three-year strategic plan that outlines five core values and four main objectives through June 2019. The plan was developed by the AI Strategic Planning Committee and approved by the AI Board of Directors.

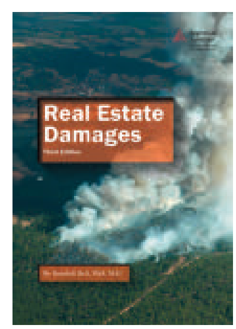
▶ **Read more about the strategic plan at http://bit.ly/28NOnbF.**

AI confers 193 designations during second quarter

During the second quarter of 2016, the Appraisal Institute conferred 193 designations to 190 members, comprising 109 MAI designations, 35 SRA designations, 39 AI-GRS designations and 10 AI-RRS designations.

Designated Members make a commitment to advanced education and defined ethical requirements. The MAI designation is held by appraisers who are experienced in the valuation and evaluation of commercial, industrial, residential and other types of properties, and who advise clients on real estate investment decisions. The SRA designation is held by appraisers who are experienced in the analysis and valuation of residential real property. The AI-GRS designation is held by appraisers who are experienced in general appraisal review, while the AI-RRS designation is held by appraisers who are experienced in residential appraisal review.

▶ **Learn more about designations at www.appraisalinstitute.org/designated.**



AI book offers guidance on valuing 'damaged' property

The Appraisal Institute's new book, *Real Estate Damages,* third edition, by Randall Bell, Ph.D., MAI, includes new discussions on controversial topics including fracking, climate change, and the Flight 93 crash site and other memorial sites.

▶ **Find the book in the AI store at http://bit.ly/2aQV1yh.**

Forward thinking

Appraisers see evolution of the profession at AI Annual Conference

The 2016 Appraisal Institute Annual Conference attracted nearly 500 attendees to Charlotte, North Carolina, July 25–27, where they heard from four general session speakers, attended more than 30 education sessions, received AI and state continuing education credit, met with 23 exhibitors and sponsors, and networked with fellow valuation professionals from around the world.

Jack Uldrich, a best-selling author and global futurist focused on technology and change management, was the keynote speaker. Another general session featured Anthony J. Oddo, MAI; Douglas K. Hodge, MAI; and William A. Lane, MAI, from financial institution TIAA, talking about the user perspective on real estate appraisals.

Finding a 'reverse mentor'

In his speech, Uldrich challenged attendees to recognize how fast the world is changing and to regularly spend time thinking about and planning for the future. He further encouraged appraisers to find a reverse mentor — someone who sees the world from a different perspective and therefore encourages multiple viewpoints. He also wants appraisers to help young, eager individuals get into the valuation profession.

During a general session, Oddo talked about working with appraisers and managing

TOMMY McCART PHOTOGRAPHY

AI Annual Conference keynoter Jack Uldrich encouraged attendees to recognize how fast the world is changing and to regularly spend time thinking about and planning for the future.

PHOTOS / TOMMY McCART PHOTOGRAPHY

AI President Scott Robinson, MAI, SRA, AI-GRS, talked about over-regulation of the valuation profession and the need for congressional review. He also highlighted AI's ongoing efforts relative to appraisal standards and ethics and talked about the organization's strategic plan.

appraisal reports. Hodge addressed the important role farmland plays in feeding the world's growing population and encouraged young appraisers to seek opportunities in rural areas. Lane discussed the importance of communication between appraisers and underwriters.

'One of the most highly regulated professions'

"Real estate valuation is one of the most highly regulated professions in the U.S.," AI President Scott Robinson, MAI, SRA, AI-GRS, told conference attendees. "The Appraisal Institute believes this situation requires a review by Congress and that efficiencies can be brought to the system."

Robinson also touted AI's ongoing efforts relative to appraisal standards and ethics, and discussed the details of AI's strategic plan, saying, "What ties together the Appraisal Institute's action on appraisal regulatory modernization, appraisal standards and ethics, and AI's strategic plan is that the organization has more than eight decades of history as proof that we are the leaders of the valuation profession in the U.S. and around the world."

Save the date

In 2017, the Appraisal Institute and the Appraisal Institute of Canada will host a joint annual conference June 8–11 in Ottawa, Ontario. The AI-AIC International Valuation Conference will mark the first time in 13 years the organizations will co-host an annual conference.

▶ **Visit http://bit.ly/2aYRrUb.**

Making conference connections

Gary S. Wright, MAI, SRA (above), was one of nearly 500 attendees who heard from first-rate speakers, attended breakout sessions and visited with the 23 exhibitors in the exhibit hall (right) at the 2016 AI Annual Conference.

7 national award winners honored

Seven individuals were honored during the President's Gala at the AI Annual Conference: Three received the Lifetime Achievement Award, one received the Outstanding Service Award, and three received the President's Award.

Terry R. Dunkin, MAI, SRA, of Sparks, Maryland; M. Ralph Griffin, MAI, AI-GRS, of Spartanburg, South Carolina; and W. Calvin Reynolds, MAI, SRPA, SREA, SRA, of Winston-Salem, North Carolina, were honored with the Lifetime Achievement Award.

Sandra K. Adomatis, SRA, of Punta Gorda, Florida, received the Outstanding Service Award.

President's Award recipients were M. Lance Coyle, MAI, SRA, of Dallas; John P. Robinson Jr., SRPA, SRA, of Salisbury, North Carolina; and Stephen S. Wagner, MAI, SRA, AI-GRS, of West Lafayette, Indiana.

AI President Scott Robinson, MAI, SRA, AI-GRS (fourth from left), and AI President-Elect Jim Amorin, MAI, SRA, AI-GRS (second from right), presented awards to (from left) Terry R. Dunkin, MAI, SRA; John P. Robinson Jr., SRPA, SRA; Stephen S. Wagner, MAI, SRA, AI-GRS; M. Lance Coyle, MAI, SRA; M. Ralph Griffin, MAI, AI-GRS; and Sandra K. Adomatis, SRA. Also honored but not pictured was W. Calvin Reynolds, MAI, SRPA, SREA, SRA.

Byron E. Miller, SRA, AI-RRS (above left), and Mary Campos, MAI, SRA, AI-RRS, talk during the AI Annual Conference, which concluded with the President's Gala reception and dinner and a night of dancing to the North Tower Band (left).

AI in DC

Appraisers listen, learn and lobby during 2016 LDAC conference

First-timer award

Brett Weatherbie, MAI, of San Antonio, received the William T. Anglyn Award at the Leadership Development and Advisory Council conference on May 27.

The Anglyn Award is presented on the last day of each year's conference to a first-year participant who exhibited exemplary leadership, integrity and outstanding contributions at the conference. The award was created in 2000 in recognition of efforts by Ted Anglyn, MAI, to promote LDAC.

Aaron Carone, MAI, chair of the 2016 Leadership Development and Advisory Council, and Vice Chair Trevor C. Hubbard, MAI, SRA, welcomed 98 AI professionals to Washington May 25–27 for the annual LDAC conference, which featured a keynote address from Rep. Blaine Luetkemeyer, R-Mo., a member of the House Financial Services Committee, and lobbying on Capitol Hill. During the closing session, Rodman Schley, MAI, was elected 2017 vice chair; Hubbard will serve as chair.

Carone, Hubbard and this year's four discussion leaders asked LDAC participants to focus on professional development, the future of the SRA appraiser, increasing AI's market share and expanding services beyond Uniform Standards of Professional Appraisal Practice assignments. The ideas, suggestions and proposals that came out of the discussion groups were included in reports delivered to the Appraisal Institute's Executive Committee.

PHOTOS / PETER CUTTS PHOTOGRAPHY

The 2016 Leadership Development and Advisory Council operated under the direction of several AI Designated Members, including (from left) Byron E. Miller, SRA, AI-RRS, discussion leader; Elaine Liz-Ramirez, MAI, discussion leader; Chris Ponsar, MAI, SRA, discussion leader; Aaron Carone, MAI, chair; Rodman Schley, MAI, discussion leader; and Trevor C. Hubbard, MAI, SRA, vice chair.

Following are highlights from this year's reports.

Good to great

Rodman Schley, MAI, asked participants in his discussion groups to focus on professional development and how appraisers can go from good to great. Participants said they were very interested in continued career progression, singling out education as one of the best ways to achieve their goals. They uniformly agreed that AI's body of knowledge is great, and noted that education should evolve to accommodate the different ways in which individuals learn, noting that millennials, for example, prefer settings other than a traditional classroom. They also suggested making education more affordable for appraisers who are just starting their careers.

Bright future

Byron Miller, SRA, AI-RRS, focused his group discussions on the future of the SRA appraiser. He asked participants to talk about the types of assignments available to all appraisers and then specifically the opportunities available to SRA appraisers. The list was extensive and included banking, review, estate and litigation assignments. Participants expressed optimism about the future and the value of the SRA designation, and suggested that appraisers who focus on residential work seek leadership opportunities at the chapter and national levels, and actively promote their skills and knowledge to the mortgage and banking communities.

Market reach

Chris Ponsar, MAI, SRA, led group discussions on how AI can increase its market share, and he challenged each group to state why they thought AI should take such action. Participants said that expanding market share would help AI maintain its leadership in worldwide appraiser education, boost lobbying efforts and expand professional development opportunities. The groups suggested several avenues for expansion, including the creation of international chapters, expanding relationships with universities and creating additional membership categories.

Expanded services

Elaine Liz-Ramirez, MAI, had her discussion groups focus on how AI can support membership to expand services beyond typical USPAP assignments. Participants said they found USPAP overly complex and hoped for a truncated document with less frequent modifications. They appreciate that AI continues to promote its Standards of Valuation Practice for use where existing valuation standards are not already required or do not apply. Participants also said they would like to see expanded educational offerings, networking events, a peer-review process, and increased promotion to potential clients of the types of valuation services and analysis that appraisers can perform.

▶ **Appraisal Institute professionals interested in next year's LDAC, scheduled for May 3–5, can learn more about the program at http://bit.ly/2aKxX0J.**

LDAC lobby day on Capitol Hill

Nearly 100 Appraisal Institute professionals went to Capitol Hill May 26 to urge congressional support for the modernization of the appraisal regulatory process. Leadership Development and Advisory Council conference attendees asked lawmakers and their staffs to hold hearings on appraisal regulation because no legislation has been introduced to address modernization or the regulatory burdens that appraisers face.

▶ **Read more about these issues at http://bit.ly/1TEcXuR.**

Freedom of information

Free legal research sites can lead appraisers to valuable information — and Area 51

by Peter T. Christensen

I field numerous questions from appraisers that begin with something like, "Do you know of any cases about … ?" The inquiries range far and wide, from diminution of value to eminent domain to noncompete agreements.

Finding the answers to such questions used to require the purchase of expensive subscription databases, but free legal research tools can now be found on the internet. Two resources that I think appraisers will find especially useful are Google Scholar and Justia.

Google Scholar's search function uses plain English — just like Google's regular search engine — which is great for non-lawyers.

Search in plain English

On Google Scholar (http://scholar.google.com), users can find almost every published U.S. legal opinion from federal district, appellate, tax and bankruptcy courts, as well as published state appellate court opinions. The site's search function uses plain English — just like Google's regular search engine — which is great for non-lawyers.

One recent question I received came from an appraiser who was hired as an expert witness in litigation relating to pollution damages. She was interested in court decisions regarding the use of informal market surveys to show diminution of value. Let's consider how she might use Google Scholar.

Her assignment involves quantifying damages to a property contaminated by a nearby gas station. She's thinking about how to approach the assignment and considering surveys of agents or brokers to help quantify the alleged diminution in value. She knows that this approach may deviate from traditional methodologies and wants to uncover any pitfalls that could make it less credible in court. If she searched under "Case Law" for "appraiser expert testimony survey agents damages" and set the date to "Since 2012," she'd quickly find *Exxon Mobil Corp. v. Albright*, 71 A.3d 30 (Md. Ct. of Appeals 2013), in which a Maryland appellate court ruled that valuation testimony based on an informal survey was not properly admitted (and reversed a $1.5 billion verdict). The appellate court offered good instruction as to the preparation of such valuation testimony in general:

> While Maryland law does not compel the use of comparable sales data, to the exclusion of all other methodologies, a real estate appraisal expert must proffer a reasonable justification for ignoring market data where it is available. Here, there was ample actual market data from which a valuation opinion (baseline or otherwise) could have been made, had [the appraiser] chosen to use it. … To discard market data, [the appraiser] had to provide a reasonable justification explaining the unsuitability or unreliability of the comparable sales data.

Note: When conducting informal legal research, remember that laws vary in different jurisdictions and that some cases may be overruled in their application by later decisions or higher courts. So leave the technical lawyering to the lawyers.

About the Author

Peter T. Christensen is LIA Administrators & Insurance Services' general counsel. LIA manages the Appraisal Institute's endorsed E&O program for appraisers.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Research on the docket

Another Silicon Valley company, Justia, created my other recommended free research site. Justia says its mission is "to advance the availability of legal resources for the benefit of society," and in doing so it created a universe of free legal resources. One of the site's most useful tools is Justia Dockets (https://dockets.justia.com), where users can search all recent federal court filings by full or partial party names, case type and/or location.

For example, I searched for cases with "appraisal" appearing in the party name. The search led me to a new case confirming that we are still far from a final resolution of lawsuits over appraisals performed during the bubble. In *Elizabeth Williams et al., v. Countrywide Financial Corp. et al.*, which was filed in June, the appraisal management company LandSafe Appraisal was named as a defendant to an alleged class action on behalf of "all residents of the United States of America who, during the period Jan. 1, 2003, through Dec. 31, 2008, obtained an appraisal from LandSafe in connection with a loan originated by Countrywide."

I conducted another search, this time by type and location, looking for real estate condemnation cases filed in Nevada. What grabbed my attention was a case filed last September, *United States v. 400 Acres of Land*. It concerns the condemnation of land more popularly known as the Groom Mine. The appraisers who work for either side in this case are going to have interesting work ahead of them because the government and the landowners have stipulated and the judge has ordered that "an unusual situation exists, which must be addressed to protect confidentiality … in light of the security measures regarding access to the Subject Property." The unusual situation: Groom Mine is adjacent to the infamous Area 51, and the mine is being taken by the government to further control and tighten security in this mysterious area.

Running a search like the one above for particular types of cases in a geographic area could prove economically beneficial: Appraisers with a particular practice niche, such as condemnation work, can find the latest cases in their region. With this information, appraisers can then locate the attorneys handling the cases and market their expert services to them. ◀

The search led me to a new case confirming that we are still far from a final resolution of lawsuits over appraisals performed during the bubble.

Pier pressure

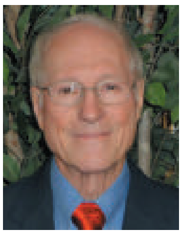
U.S. ports are spending billions on infrastructure improvements — and opportunities for appraisers are flooding in

by Peter Haapaniemi

When a Chinese container ship passed through the Panama Canal in June, it was greeted by flag-waving crowds, visiting dignitaries and fireworks. The cause for celebration: The vessel was the first ship of its size to use the newly expanded canal — the result of a $5.4 billion construction project that took nearly a decade.

Seattle is among the U.S. ports that have seen significant increases in shipping volume, particularly from producers in Asia.

GETTY IMAGES



"The opportunities for appraisers related to ports are vast and varied."

— Sidney H. Smith III, MAI

The canal expansion represents a major change for Panama, but it also has ramifications for U.S. ports. Previously, the canal could handle ships carrying about 5,000 standard 20-foot containers. Now, it can handle "Post Panamax" vessels carrying as many as 13,000. The result is a more cost-effective way to ship cargo from Asia to ports on the U.S. East Coast — and those ports are increasing capacity to handle it.

But the Panama Canal project is just one factor changing U.S. ports. All along the Atlantic, Gulf and Pacific coasts, ports are spending billions of dollars on infrastructure improvements to handle a flood of imports and exports. Naturally, much of the activity involves real estate transactions, notes Sidney H. Smith III, MAI, president of Smith, Kirkpatrick & Klager, an appraisal firm in Corpus Christi, Texas. His firm has seen an increase in port-related work and, he says, "the opportunities for appraisers related to ports are vast and varied."

SHUTTERSTOCK

Understanding the deeper currents

The expansion of the Panama Canal is really a response to a broader trend. Ships have been growing larger for some time, as companies seek economies of scale in moving goods across the oceans. Twenty years ago, the largest container ships carried about 6,400 containers; today, the largest carries 19,000.

These changes were driven by growth in global trade that's been underway for decades. In 2000, about 6 billion tons of goods moved by sea; by 2014, the figure approached 10 billion tons, according to the United Nations Conference on Trade and Development.

"The whole system has had to react to the growth in global trade, and ports everywhere are being upsized," says Walter Kemmsies, Ph.D., managing director, economist and chief strategist for the U.S. Ports, Airports and Global Infrastructure Group at real estate services firm JLL in Chicago. For example, improvements in Indian ports and the Suez Canal have made it easier to ship more goods to America's East Coast. Meanwhile, ports on the U.S. West Coast — which are closer to China and other Asian producers — have been working to keep up with growing volumes. From 2000 to 2015, the United States saw a 79 percent increase in the number of containers moving through its ports, according to the U.S. Maritime Administration.

Ports are responding with an array of improvements. The Port Authority of New York and New Jersey, for example, is raising the Bayonne Bridge 60 feet to make room for Post Panamax ships. Miami's port is investing in better rail and highway connections. Other ports are dredging channels, installing larger cranes, or looking for land to build more warehouses and distribution centers.

Ports compete for shipping, and improvements often focus on increased speed in the loading and unloading of vessels. "For a bigger ship to pay for itself, it can't spend a lot of time in port," says Kemmsies. "To make money, they want to keep water running under the

Fastest-growing U.S. ports

Annual increase in shipping container volume

1.	Savannah (Ga.)	**11.7%**
2.	New York/New Jersey	**10.4%**
3.	Charleston (S.C.)	**10.1%**
4.	Houston	**9.2%**
5.	Baltimore	**7.8%**
6.	Virginia (Norfolk)	**6.5%**
7.	Long Beach (Calif.)	**5.4%**
8.	Miami	**5.3%**
9.	Everglades (Fort Lauderdale, Fla.)	**4.7%**
10.	Seattle/Tacoma	**3%**

Source: CBRE Seaports & Logistics 2016 North America Annual Report

Recent expansion of the Panama Canal (left) allows passage of "Post Panamax" ships, which can carry some 13,000 shipping containers. Many U.S. ports are likewise expanding to accommodate larger ships.

ship." Shippers, not surprisingly, will take their business to the ports that have the infrastructure needed for a fast turnaround.

Assessing the ports

What do these changes mean for appraisers? "Buildings are getting built, site improvements are being made, loans are being advanced, zoning is being changed, warehouses and office buildings are being leased — the list of activity that's generated by ports goes on and on," says Walter Duke III, MAI, president of Walter Duke + Partners, a commercial real estate appraisal firm based in Fort Lauderdale, Florida. "Anytime you have those kinds of initiatives, it creates more opportunities for appraisers."

In this environment, ports are purchasing more real estate. In Corpus Christi, for example, the port authority issued $115 million in revenue bonds last year to buy land and finance various long-term capital projects. But ports often are in urban areas where available real estate is limited. As a result, much of the work that appraisers see involves the establishment of lease rates for facilities. "A lot of leased properties are port-owned or government-owned," says Lance W. Dore, MAI, president of The Dore Group in San Diego. "They're usually long-term leases, anywhere from 10 to 50 years, and a lot of them are now expiring or simply out of date. Many ports have been in the process of repositioning these leases for their tenant base. So there's a lot of renewal work out there."

Port-related appraisal opportunities are numerous. Smith's Corpus Christi firm has been involved in projects where the owners of industrial facilities around ports have been "buying out neighborhoods to build buffer zones," he says. Port improvements also frequently involve upgrades to transportation corridors, and his firm has done a fair amount of work regarding right-of-way assessments for railroads, highways and easements. At one point, Smith was hired to appraise an entire retired Navy base — complete with barracks and blast-hardened buildings — whose ownership had reverted to a port. "That's probably the only one of those I'll do in my life," he says.

Today, continues Smith, "the [Post Panamax] ships are too tall to get under the bridge going over the Corpus Christi ship channel." In response, the Texas Department of Transportation is about to replace the existing 138-foot-high span with a bridge that provides more than 200 feet of clearance. "Appraisers are going to have to value the homes and businesses that will be displaced," he points out.

In Florida, port projects have provided Duke's firm with an opportunity to perform economic-impact studies. A port "is a huge economic engine," he says, and "we've been asked by various clients involved with Port Everglades, the Port of Miami and Port Canaveral to deter-

"The whole system has had to react to the growth in global trade, and ports everywhere are being upsized."

— Walter Kemmsies

"Anytime you have those kinds of initiatives, it creates more opportunities for appraisers."

— Walter Duke III, MAI

mine the direct and indirect benefits related to specific projects and developments."

As Duke's experience suggests, the changes taking place in U.S. ports have a ripple effect that can be felt far from the port itself. The loads carried on today's large vessels can put a lot of stress on local facilities. "When a big ship shows up, if you put all the containers on rail, it would be a train about 70 miles long," says Kemmsies. Imported goods have to be unloaded and decompressed into smaller shipments for distribution across the country, while goods being exported have to be collected in staging areas and consolidated for shipment. To handle it all, companies often will establish warehouses and other facilities miles from the port — creating another source of opportunity for appraisers.

Port property values: Varied and complex

In working on port-related assignments, appraisers may find themselves facing some unusual situations. For example, Smith recalls a company that wanted to build a plant on a site where the Army Corps of Engineers had deposited hills of silt dredged up from a channel. To develop an opinion of value for a property, he called the Corps and learned that it had rights to use a certain amount of surface and air space along the shore for such materials. "They might have rights to use up to a designated elevation," says Smith. "But they may have used only a portion of the void space they had rights to. So they would have unused air space that they could use for fill. That void space is worth something, and somebody has to pay them for it. How much is the big question."

Then there is new land created by dredged material that may need to be valued — and land that's underwater can't be overlooked. "You may have to do submerged-land values," says Dore, explaining that "the port actually leases out the submerged land within its authority." That land may be used for marinas, piers or industrial intakes. "The submerged-land issue can sneak up on appraisers if they don't ask the right questions," he says.

Values for rental rates can be complicated. Typically, port assessments are based on the value of the property to the tenant — that is, what level of revenue the renting business can make at the location. But that can be difficult, says Dore, because "in ports you have highly specialized uses — cargo ship container operations, ship building, distribution facilities, cargo offloading for cars. A lot of these things are one of a kind, so value can be subject to a lot of interpretation."

"For typical properties like offices and shopping centers, there usually is sufficient comparable data available on rents and income and sales. This is not so with deep-water ports," says Smith. "The driving force in a deep-water port is what it's worth to the user to be in that particular spot.

"I have experienced situations where the basis for a lease in one case might be $100,000 an acre, while on a very similar property in very close proximity, the user is going to make a lot more money having their business there," says Smith. "The port recognizes that and the rate goes up in correlation to the user's need and business model, so that particular tenant could pay based on $250,000 an acre. There is no physical difference in the sites, but one user is in a business where they make so much more money that they can afford to pay the higher rate. Other complicating factors could include port franchise agreements based on things like product throughput, which would be similar to a percentage-of-sales situation. So it can be a real challenge when you're asked to help determine what a reasonable rental rate would be."

With all the complexity involved in port valuation, "you have to be exceedingly transparent about the information you provide because it is all subject to public review from various parties," says Dore. That's true of work done for public agencies in general, he says, "but ports are more sensitive because of what they are — land near water."

Parties ranging from shippers to condo builders to conservationists therefore will be interested in the assessment. "Some people view ports as amenities, some as environmen-

In Miami (above) and other Florida ports, the cruise industry generates development — and dollars.

The lure of the sea

Shippers and logistics firms aren't the only parties interested in port-related real estate. In Florida, "the cruise industry spawns tremendous economic development," says Walter Duke III, MAI, president of Walter Duke + Partners, a commercial real estate appraisal firm based in Fort Lauderdale. He points to a 2 million-square-foot retail, hotel and office development under way just outside Port Everglades. "It's not being built because of the demographics in the immediately surrounding area," he says. "It's because of its proximity to a seaport and the potential to capture the business of the 80,000 cruise passengers a week that come into the area."

In some ports, "there is pressure to redevelop the old industrial components and put them into high-rise residential and mixed use," says Lance W. Dore, MAI, president of The Dore Group in San Diego. Such pressure extends beyond industrial holdings. Dore says that in his city, a shopping area known as Seaport Village "is currently undergoing review for a complete redo." Proposed uses include hotels, office space, retail — even an aquarium and a giant Ferris wheel. "Port land is premium land," says Dore. "The fact is, there's a shortage of it, and people like it."

tally sensitive, some as industrial sites," says Dore. "You have these competing interests, and it becomes sort of a hot potato sometimes. You have to be clear at the very beginning about your scope of work because you can get attacked pretty quickly by various parties over various issues."

U.S. ports are by no means done making improvements. Many still are working on Post Panamax-related expansion, while others are streamlining existing operations. "Even though the global economy is currently a little slow, you still see massive amounts of port expansion throughout the world," says Duke. "The need for moving materials around the world is only getting greater, and I don't see it changing. I think that will keep creating tremendous opportunities for the valuation profession." ◀

Peter Haapaniemi is a Detroit-based freelance writer.

"A lot of these things are one of a kind, so value can be subject to a lot of interpretation."

— Lance W. Dore, MAI

WELCOME TO THE AGRIHOOD

Developers are combining working farms and new homes to appeal to buyers who want to get back to nature — without going too far

by Deborah R. Huso

Planned communities with housing built around a working farm were once called "conservation communities" and referred to as "new ruralism," in a nod to New Urbanism. Now they're affectionately known as "agrihoods." It may have taken time for this idea to catch on, but new developments promising a rural lifestyle with all the comforts of the suburbs are sprouting up across the U.S. Are buyers ready to

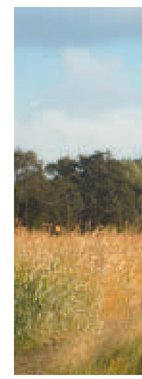
TERRY EVANS

Prairie Crossing, in Grayslake, Illinois, is a community of clustered homes and businesses that all have access to the rural landscape around them, including 100 acres of organic farmland.

Down on the farm: Agrihoods worth clucking about

There reportedly are thousands of agrihoods in the U.S., ranging from subdivisions with working farms and community-supported agriculture to infill projects with community gardens. Here's a sampling of what's taking root.

The Cannery is a 70-acre urban infill neighborhood in Davis, California, that includes 547 "green" residences, a seven-acre working farm, and bike paths, parks and stores. Two of its residents have started their own farm businesses, marketing produce sales through subscription services.



Serenbe, a 1,000-acre conservation community outside Atlanta featuring a 25-acre organic farm, evolved over the past decade, starting as a country inn and becoming a foodie destination with three restaurants serving dishes using produce and herbs grown on-site. Aside from the culinary delights, the mixed-use community includes single-family and multifamily homes and retail offerings. Around 70 percent of the property is green space.

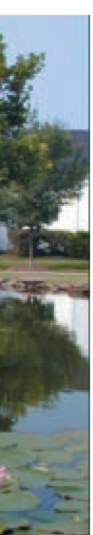
Located in Ashburn, Virginia, just outside the Washington metro area, **Willowsford** is a relative newcomer to the agrihood space, with the 4,000-acre property coming online in 2011. It includes four residential "villages" and 300 acres of agricultural land with an on-site culinary consultant who teaches classes to residents on cooking with the farm's seasonal crops.

ALL PHOTOS COURTESY OF THE PROPERTIES

Kukui'ula is a 1,000-acre community on the island of Kauai in Hawaii that features a 20-acre upcountry farm and lake adjacent to single-family residences and condominiums, and reflects the economic realities of today's subdivision builders. The developer reportedly spent $800,000 developing Kukui'ula's agricultural component but a whopping $100 million building the community's golf course, clubhouse and spa. Farms are a seriously low-cost amenity.

◀ A very different agrihood exists in Fayetteville, Arkansas, where **EcoModern Flats** features a farm devoted to growing leafy greens and herbs. The development employs a maintenance person to take care of the farm, and residents have free access to the harvest and "can pick their own dinners."

◀ Residents do all the farming at this community of solar-powered single-family homes and condos on Bainbridge Island, Washington. **Grow Community** prioritizes garden space where residents all pitch in to grow organic produce and create edible landscaping using herbs, fruit trees and berry brambles. The neighborhood was designated a One Planet Community by the London-based Bioregional organization, one of only 10 such communities worldwide to be recognized as ultra-sustainable.



◀ **Cooke's Hope,** a 650-acre property located on Maryland's Eastern Shore, isn't really a working farm but gives residents a scenic setting, including grazing land that the developer stocked with cattle — black and white striped Belted Galloways. A village of historic vernacular architecture overlooks the landscape, which includes more than five miles of walking trails and wildlife sanctuary.

put down roots, and how sustainable are these back-to-nature neighborhoods?

The evolution of agrihoods: Why now?

A convergence of issues has developers thinking that agriculture may be an important amenity to today's homebuyers, and a good way to differentiate their communities from the many thousands of suburban developments on the market. It makes sense, considering that consumers are showing a greater interest in a work-life balance and healthy lifestyles, sustainability has become mainstream, restaurants are promoting farm-to-table feasts, and shopping local is a retail reality.

"I think this type of development is just part of a much, much larger movement in the culture at large," says Jeremy Darner, MAI, a director for Cushman & Wakefield's agribusiness, natural resources and energy practice group in San Diego. "Historically, there's often been a residential component to agricultural properties."

Ed McMahon, senior resident fellow with the Urban Land Institute, says that agrihoods were once the purview of boutique developers but have become increasingly common. He estimates there are thousands of such neighborhoods built around or adjacent to vineyards, cattle ranches, produce farms and pastures.

The Brookings Institution reported that the flow of residents back into cities' urban cores prior to and during the Great Recession has shifted in the other direction. In fact, "exurban" counties outside major metropolitan areas are growing, though not always the way they have in the past.

Since the end of World War II, rural areas have come under a lot of pressure to be developed in conventional ways, what we know as the beginning of sprawl. About 20 years ago, a handful of communities, beginning with Prairie Crossing in Grayslake, Illinois, began envisioning a new type of suburban development made up of compact hamlets and villages that could still preserve the existing rural character.

"When I was in grad school, it was understood that new development would take place on former farmland," says Brad Leibov, presi-

"Historically, there's often been a residential component to agricultural properties."

— Jeremy Darner, MAI

"Prairie Crossing changed the dialogue. We were at the head of the movement."

— Brad Leibov

"The zoning discussion these days is more sophisticated. Now we're asking, Where is the buffer system? Who owns the farmland?"

— Mike Sands

dent and CEO of Liberty Prairie Foundation, the nonprofit that owns and operates the organic farm inside Prairie Crossing and provides financial support for sustainable local food system development. "Prairie Crossing changed the dialogue. We were at the head of the movement."

Prairie Crossing, which began development in 1992, consists of some 690 acres — 100 of it organic farmland and much of the rest native wetlands and prairie — and a community of clustered homes and businesses that all have access to the foundation-held rural landscape around them.

Places like Prairie Crossing represent only a small sample of a much larger effort by developers to bring agricultural landscapes to everyone's attention. Their efforts are helping to feed consumers' hunger for a place where they can get away from it all and follow their passions, whether that means work, play, gardening or just time to sit and think — all the pastimes that seem so incompatible with today's busy, plugged-in, urban lifestyles.

McMahon, who 20 years ago worked for the conservation fund that held the easement for Prairie Crossing, says he's "always been interested in how you could use the marketplace as a tool for conservation." Two decades ago there were more than 15,000 golf courses in the U.S., he notes. "But the majority of homebuyers didn't play golf! They just liked the green space." This realization was an "aha" moment, first to conservation-oriented planners like McMahon, and then ultimately to large-scale developers. "Golf is not the most popular form of recreation in the U.S.," McMahon points out. "Walking is."

Millennials in particular are attracted to agrihoods in the same way they are attracted to New Urbanist communities in city centers. "They want to trace everything back to where it came from," says Darner. "And they want everything to be within a reasonable distance of where they live."

Leibov says the Great Recession also helped grow the interest in agrihoods because it forced developers to look at new ways to survive and thrive. "Many are now looking at ways to change golf courses into farmland."

And while you might think agrihoods face zoning and mortgage challenges given how they mix uses, McMahon says that combining agricultural, residential and commercial areas really isn't an issue. "Use-based zoning is disappearing," he says. "Our whole zoning apparatus for years has been based on separation of uses. But we're increasingly seeing more integration of uses and mixed-use development."

Darner says, "I think localities do a pretty good job of reflecting communities' interests. I don't see zoning as being a major hurdle."

"The zoning discussion these days is more sophisticated," says Mike Sands, senior associate at Liberty Prairie Foundation. "Now we're asking, Where is the buffer system? Who owns the farmland?"

Leibov agrees, noting that two decades ago, when Sands was working on the entitlements for Prairie Crossing, he had to educate the local planning commission in a way today's developers do not because there are so many conservation community models, Prairie Crossing among them.

The failures … and the lessons

Of course, for all the success stories, there are plenty of failed agrihoods, among them Bundoran Farm outside Charlottesville, Virginia. Despite being located against the picturesque backdrop of the Blue Ridge Mountains and near a thriving college city, the community flopped with the onset of the Great Recession, and its developers (who also were involved in the creation of the New Urban town of Celebration, Florida) went bankrupt. Today, the community has a new owner but still can't seem to gain any significant traction in the marketplace.

Why?

It's pretty simple, in McMahon's view: "The prices were over the top." Many lots were listed for over $1 million. And Bundoran Farm just didn't appeal to cultural trends. "The Charlottesville area appeals to more high-end buyers, but a lot of retirees like to live where they can actually walk to something," explains McMahon. "At Bundoran Farm, you couldn't walk to a store or a doctor's office. The more successful communities tend to be mixed-use."

SANDHILL FAMILY FARMS

Sandhill Family Farms, which operates on 45 acres within Prairie Crossing in Grayslake, Illinois, lets customers buy weekly shares of produce and other goods following the community-supported agriculture, or CSA, model.

But even successful communities like Prairie Crossing have hit bumps in the road when it comes to creating "working farms." As McMahon points out, "Farming is hard work. Getting someone to take care of the land is one of the challenges." In the beginning, Prairie Crossing's farm was owned and managed by the developer. Since then, it's gone through several evolutions to get where it is today — owned by the Liberty Prairie Foundation and leased to commercial organic farmers.

One of those lessees is Sandhill Family Farms, which is owned and operated by two couples who work 45 acres at Prairie Crossing, growing organic beets, carrots, turnips, radishes, spinach and numerous other vegetables alongside 300 or so laying hens. Sandhill markets its products through community-supported agriculture, where families can buy "shares" in the farm's harvest and enjoy fresh produce, eggs, meat and dairy products each week.

Also crucial to the success of an agrihood is consideration of the "agri" part at the start. "If you're going to include a farm in your development, you need to consider it upfront in the design process, not as a use for 'leftover' land," Sands says. The community won't work if it doesn't have a resource base and commitment to sustaining a real farm. "And who owns the land isn't as important as who manages it," he says. "The margins are not great enough in farming for a top-heavy structure. The flatter it is, the greater the chance of success."

Leibov adds that it's critical to have a greenspace buffer between the farm and residences in agrihoods because "there's a difference between having a natural area versus a working farm right next to your house."

And would-be agrihood developers now have conservation community consultants to whom they can turn for planning advice. Among them are Agriburbia in Golden, Colorado, and Farmer D Organics in Atlanta. They can help select land and farm sites, plan infrastructure, and hire farmers.

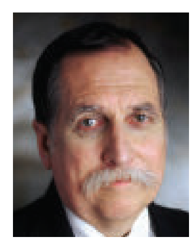
McMahon believes agrihoods are here to stay, but he's realistic about the viability of their agricultural components as solid commercial ventures. "It's not production agriculture," he says. "It won't take the place of industrial farming that feeds the world."

Darner is less certain. "A farm has to be managed and operated, so there could be longevity issues in keeping these farms up," he says. However, he believes agrihoods will continue to draw the interest of developers for some time. "It allows them to capture new areas that may not otherwise be profitable."

Ultimately, Sands says the long-term viability of agrihoods has a lot to do with the residents of the communities themselves and with a dedicated developer — one who isn't looking for a fast "in and out" approach but instead believes in the concept and works to create a culture of commitment among homeowners. Prairie Crossing began working on the transfer of property management from the developer to the homeowners association a year in advance and had some 60 households participating in committees to help define the community's management and its future.

Sands says he's already seen the residential values at Prairie Crossing increase at a faster rate than competitors in traditional subdivisions. "I have no question in my mind that homes will hold value in these communities for the long term," he says.

Deborah R. Huso is a freelance writer based in Barboursville, Virginia.



"Farming is hard work. Getting someone to take care of the land is one of the challenges."

— *Ed McMahon*

Premium pricing

The value of transit premium is key when assessing project benefits in eminent domain actions

by Bradford B. Kuhn

Demographic changes and a focus on quality of life have fueled interest among buyers and renters in communities with active transportation options. As public agencies expand rapid transit, properties in proximity to new bus or rail lines often increase in value — a phenomenon known as transit premium. Transit premium is especially important for appraisers to consider when developing opinions of value for land in eminent domain actions impacted by transit projects.

In many instances, when public agencies construct transit lines and develop new stations (as well as widen streets and build grade separations), they acquire portions of properties, which can result in severance damages for such factors as loss of view, increased cost of security, noise, vibration, temporary construction impacts and business disruption. Transit projects, however, can benefit the remainder property because the impacted property may thereafter fall within a transit overlay zone, allowing for higher-density opportunities and fewer parking requirements, or experiencing reduced vacancy and increased rental rates and sale prices.

Do the project benefits offset or otherwise affect the compensation to which a property owner is entitled? If so, how do appraisers quantify such potential benefits?

What is a project benefit?

A project benefit is any increase in the value of a property due to the construction and use of the project — including improvements located off the property, such as an adjacent transit station. Project benefits enhance the present market value of the remainder property, which can include the potential, actual or added use and enjoyment of the property. Just like damages, benefits cannot be remote or speculative, and must be capable of reasonable measurement.

Project benefits can offset severance damages

In most jurisdictions, project benefits may offset severance damages, but they cannot offset against the value of the part taken. In other words, benefits from the project are considered, but they can

DIGITAL MEDIA PRO / SHUTTERSTOCK

Access to commuter trains such as this one in South Pasadena, California, can enhance property values in the surrounding neighborhoods.

only offset and not exceed severance damages. The rationale is that offsetting benefits against the part taken would unfairly result in an owner's loss of property without any compensation, whereas a neighbor whose land was not taken would receive the exact same benefit from the project. Conversely, federal rules allow an offset of benefits to damages as well as the value of the property taken. Under federal standards, an appraiser performs a "before" condition valuation and an "after" condition valuation; there is no value of the part taken, severance damages and offsetting benefits calculation.

There is disagreement among jurisdictions about whether general benefits or special benefits may be considered. General benefits are enjoyed by the public at large, whereas special benefits are unique to the property being acquired. Federal rules state that only special benefits may be considered, whereas some jurisdictions allow the consideration of general benefits. For example, the California Supreme Court, in *Los Angeles County Metropolitan Transportation Authority v. Continental Development* (1997) 16 Cal.4th 694, struggled with the concept of general benefits versus special benefits where one property near a proposed transit station was being partially acquired but more than 500 properties would benefit from being within a 1,700-square-foot radius of the new station. The court ultimately held that all benefits — even general benefits — could offset damages.

Measuring project benefits

Project benefits ordinarily are measured on the date of valuation, so if benefits will not be realized until some future time (say, once the transit project is complete and operational), the calculation must reflect this delay. Speculative benefits, which may not accrue until many years later, may not be appropriate.

Every market, property and project is different, so appraisers have to analyze how a project is zoned, whether the area is urban or suburban, whether the project is close enough to a transit project to enjoy accessibility premiums, and whether it meets a demand by improving mobility and traffic congestion.

After considering general factors, appraisers should focus on tangible benefits. For example, properties within close proximity to transit sta-

Do the project benefits offset or otherwise affect the compensation to which a property owner is entitled? If so, how do appraisers quantify such potential benefits?

ERIC BRODER VAN DYKE / SHUTTERSTOCK

Commercial properties may see an increase in value based on their proximity to urban transit centers, such as this station at Hollywood and Vine in Los Angeles.

tions may become part of a transit overlay zone and be subject to parking reductions and increased density. New zoning ordinances may allow for larger buildings than would otherwise be permitted absent the project, which may allow additional residential units and more rental income or a greater number of unit sales and increased property values.

Appraisers need to quantify this analysis, so they can review published articles and studies on transit-oriented developments (TODs); conduct interviews with property managers, brokers and market participants; and conduct a paired-data analysis if such data are available. If a transit agency paid for an investigation, the project-specific study could prove extremely valuable.

Studies on TODs suggest that proximity to rail has a positive impact on property values because of improved accessibility — but only within a certain distance. For example, "Impacts of Rail Transit on Property Values," from Booz Allen Hamilton, concludes:

> Most of the tests of the impact of rail on property values showed that the positive effects of rail transit on property values were most prominently felt within a very limited distance from transit stations. This distance is determined by the distance of a reasonable walk from the station, generally one-quarter mile to one-half mile. Beyond this zone, the effect of the proximity to rail on property values is negligible.

Other important factors are property type and location. The same study finds:

> Properties holding employment uses such as offices and industrial sites experience higher property values because such properties have increased access to a larger labor market. In fact, office properties demonstrate a larger property value increase compared to industrial sites because office buildings tend to cluster in denser concentrations, allowing for the benefit of rail to be more acutely felt. Finally, retail properties often benefit from the

fact that rail transit contributes to the concentration of activity and increases in pedestrian traffic in transit-accessible, pedestrian-oriented districts.

As more TODs are built, the impact of transit proximity on property values becomes less speculative. As the Transit Cooperative Research Program stated, "If transit investments create benefits, real estate markets tell us."

Disregard project enhancements in the 'before' condition

Appraisers need to consider whether awareness of a proposed transit project has increased the value of the subject property. If such an increase occurred, should it be ignored when providing an opinion of the property's value in the "before" condition?

Such a scenario occurred in Santa Monica, California, where the recently completed Expo Light Rail Transit project connects downtown Los Angeles to Santa Monica. Property values in Santa Monica already were increasing as a result of an improving real estate market, but how much of the increase — if any — resulted from the announcement of the transit line? Market data suggested such a correlation, as sales prices went up dramatically for residential properties in close proximity to the proposed route, especially once the city changed its zoning ordinances to allow for TODs along the route. Properties about one mile from the route were selling for around $250 per square foot, while similar properties about a half mile from the route were selling for around $450 per square foot. Properties even closer were going for upwards of $600 per square foot. Other factors may have played a role, but the proposed project seemed to be the biggest influence on property values.

The rule followed by the majority of jurisdictions is to exclude enhancements in value created by a proposed public project when giving a value opinion on the land taken. (See, e.g., *United States v. Reynolds* (1970) 397 U.S. 14, 90.) Several states have enacted statutes that prohibit the consideration of enhancement when appraising a condemned property. (See, e.g., Fla. Stat. § 73.071(5).) How does an appraiser exclude project influence? In Santa Monica, should appraisers have simply ignored or disregarded all the comparable sales within a half-mile radius of the proposed transit route and used comparable sales from farther away? Would appraisers open themselves up to greater scrutiny if they ignore nearby comparable sales data?

Courts have yet to adopt an iron-clad rule of exclusion for all project-enhanced sales, so perhaps a better approach is for appraisers to rely on nearby comparable data and make adjustments to account for project enhancement as long as the adjustments have some objective basis — such as discussions with the market participants, brokers or other studies or data. (See, e.g., *City of Los Angeles v. Retlaw Enterprises, Inc.* (1976) 16 Cal.3d 473, 482-483.)

▶ Read the study "Impacts of Rail Transit on Property Values," from Booz Allen Hamilton, at http://bit.ly/2b3M1Hd.

Are project benefits more speculative than damages?

The timing of condemnation actions, and how they relate to severance damages and benefits, is another thing that appraisers, property owners and public agencies must consider. Damages usually are felt first, as construction impacts can result in the loss of tenants and views and an increase in security concerns. Benefits usually aren't realized until the entire transit project is completed, which could be years. Does this timing mean that benefits are more speculative? Not necessarily, because quantifying potential rent increases or vacancy reductions isn't more difficult than quantifying an impact to a view or the loss of parking spaces. However, since benefits are not as tangible, they are subject to more scrutiny.

Numerous factors can influence the amount of the increase in value, making benefits difficult to quantify, but there is more data than ever before that can help appraisers develop opinions of value on transit proximity project benefits. ◀

About the Author

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Trend analysis

How a deeper analysis of market trends can help appraisers better support conclusions

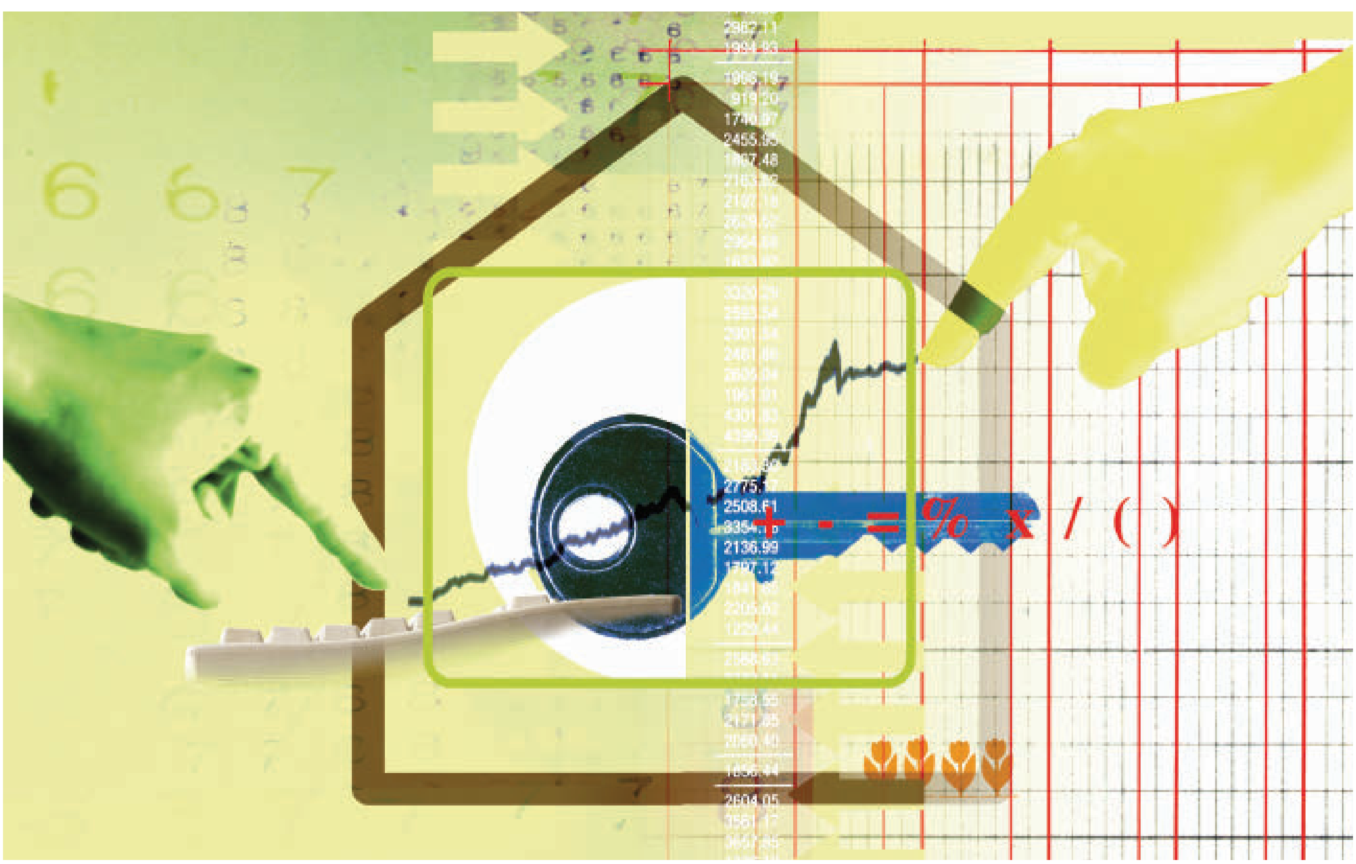
by Michael V. Sanders, MAI, SRA

Trend analysis is a quantitative technique that appraisers can use to identify and measure trends in the sale prices of comparable properties — data that usually plays a supporting role in appraisal reports, where it typically describes market characteristics, predicts future performance or supports adjustments for market conditions. Trend analysis is less frequently applied to the historical sales of a subject property, where it can supplement conventional sales comparison, particularly in cases with limited data or a range of indicated values. In cases involving detrimental conditions, data on market trends can be invaluable when measuring and comparing market performance over time.

The three case studies here illustrate how I used trend analysis to help improve the reliability of my appraisal conclusions.

The value of green

Located in an upscale beach community, this approximately 4,000-square-foot home was built in 2007 and certified as LEED Platinum



IKON IMAGES / MASTERFILE

by the U.S. Green Building Council — one of the first homes to attain this certification. The property was purchased new for $2.55 million in mid-2008.

The assignment involved valuation of the property in 2015. While there were recent sales of newer contemporary homes in the neighborhood — some with modest green features — none was LEED certified. Anecdotal information from local brokers provided no clear consensus on the contributory value of the property's extensive green features or its LEED Platinum certification. Further, comparable sales supported a range of value indications, from $3.125 million to $3.9 million; the cost approach indicated a range of $3.3 million to $3.6 million.

A study of market trend data from different sources indicated the local market appreciated 30 percent to 35 percent between mid-2008 and mid-2015 and, when applied to the property's original sales price, indicated a current adjusted price ranging from $3.315 million to $3.4425 million. These prices were well within the range indicated by comparable sales and the somewhat tighter range indicated by the cost approach. Trend analysis provided another metric to better support the final conclusion.

Duplex flip

Located in a densely populated, low-income urban community, this 1,600-square-foot duplex was built in the early 1900s and was in average condition when it sold for $450,000 in mid-2007. In 2013, an investor acquired the property out of foreclosure, spent $75,000 on renovations, and flipped it in mid-2015 for $460,000.

The assignment involved valuing the property at the time of foreclosure in mid-2013. While comparable sales were plentiful, property characteristics varied significantly, and many transactions were foreclosures or short sales. Relevant value indicators (price per unit, price per square foot and gross rent multiplier) showed a range of $260,000 to $315,000. Statistics from the multiple listing service were used to document average annual prices, noting a 30 percent decline from 2007 to 2013 and then a 20 percent increase from 2013 to 2015.

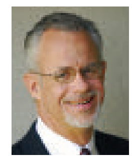
A 30 percent drop relative to the property's acquisition price of $450,000 in 2007 would suggest a value of $315,000 in mid-2013. An analysis of the $460,000 transaction showed that deducting renovation costs ($75,000) and adjusting for the 20 percent appreciation since 2013 indicated a value range of $308,000 to $321,000 (depending on whether renovation costs were deducted before or after adjustment for changed market conditions). In this case, trend analysis supported a 2013 market value at the upper end of the price range developed through sales comparison.

Alleged construction defects

Multiple tracts of homes ranging from 1,800 to 3,700 square feet were built in a conforming residential community in the early 2000s, and were similar in significant respects to most other projects in the community. Because there were several different tracts, builder sales occurred intermittently between 2001 and 2006; the first significant resale activity was in 2003, with resales comprising all transactions after 2006. In 2010, a complaint was filed alleging defective construction, and while actual damage to the homes was minimal, the builder was accused of violating residential building standards, which are codified in California law.

The assignment involved an evaluation of the market impact of a detrimental condition (the alleged construction defects). A comparison of price trends is one of several techniques to measure possible diminution in value.

Trend analysis can be particularly useful in cases involving multiple properties because it allows for a critical examination of performance over time and a comparison with market benchmarks. In this case, the data suggested that resale transactions of the subject tracts performed in a manner generally consistent with the overall market (not withstanding allegations of defective construction), where prices during the recession dropped ±60 percent countywide and ±40 percent citywide. Importantly, additional analyses of the data comparing average annual sale prices and price changes for the subject tracts relative to the county and city revealed no significant market variance. ◄



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Michael V. Sanders, MAI, SRA, principal at Coastline Realty Advisors in Seal Beach, California, specializes in the analysis of value diminution and real estate damage economics.

Tech Bytes

TOOLS THAT MAKE THE JOB EASIER

Fit for a wrist

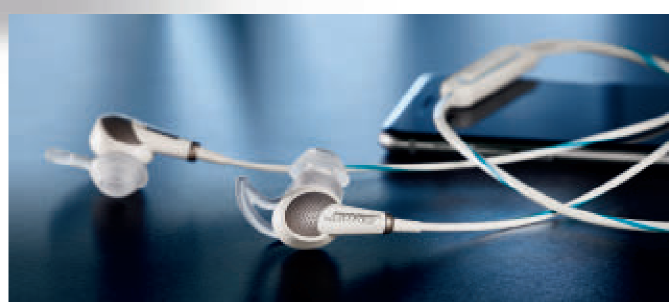
Fitbit moves into the smartwatch market with the Blaze, which has a large color touchscreen; can receive texts, phone call alerts and calendar notifications; and allows music control. The smartwatch also retains Fitbit's familiar tracker features, including steps, continuous heart monitoring, multi-sport tracking and sleep. GPS allows users to track routes through integration with the Fitbit smartphone app. Promised battery life is five days.

▶ **Learn more at www.fitbit.com/blaze. Available for $199 on the Fitbit website.**

Scanner in your pocket

The Genius Scan app makes bulky, stand-alone scanners obsolete, and should eliminate the problem of being caught in the field without the ability to scan critical documents. Users simply take a picture of a document, receipt or other item, and Genius Scan aligns and enhances the image and converts it to a PDF. The document can then be emailed or saved to a cloud service such as Box or Dropbox.

▶ **Learn more at http://thegrizzlylabs.com. Available for iOS and Android. The basic version is free; an ad-free premium version costs $6.99.**



The sound of silence

Bose's popular, industry-leading noise-canceling technology is now available on earbuds with the introduction of its compact and lightweight (1.5 ounces) QuietComfort 20 series. An "Aware mode" turns off the noise cancellation so users are in tune to what's happening around them. Bose promises 16 hours of battery life per charge.

▶ **Learn more at https://bose.com. Available for Apple, Samsung and Android devices. Lists for $249.**

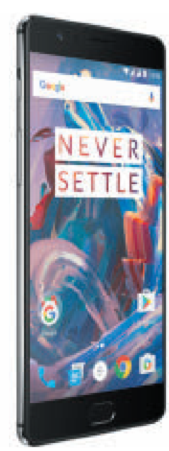
You can never be too thin

HP says its new Spectre laptop, at 0.4 inches (10.4 mm) thick, is the thinnest unit on the market. Weighing 2.45 pounds, this lightweight device includes an Intel Core i5 or i7 processor, up to 512GB of SSB storage and 8GB of RAM. It also has a 13-inch Gorilla Glass screen with IPS display, hyperbaric cooling technology and Bang & Olufsen speakers. The four-cell hybrid battery offers about nine hours of life.

▶ **Learn more at http://bit.ly/2a1UX0g. Priced from $1,169.**

One and one and one is three

The OnePlus 3 is an Android smartphone with high-end features and performance that lists for about half the price of flagships like the Samsung Galaxy S7 or HTC 10. The device uses the same chip as the S7 and the HTC 10 with 6GB of RAM, 64GB of storage and up to 14 hours of battery life, providing a fast, stable and efficient platform for its 5.5-inch, 1080p display and 16-megapixel camera. This is a GSM-only phone, so it will not work on Verizon or Sprint networks.



▶ **Learn more at https://oneplus.net. Lists for $399.**

Maps & Comps

Tips and tricks with mapping programs • by John Cirincione, SRA

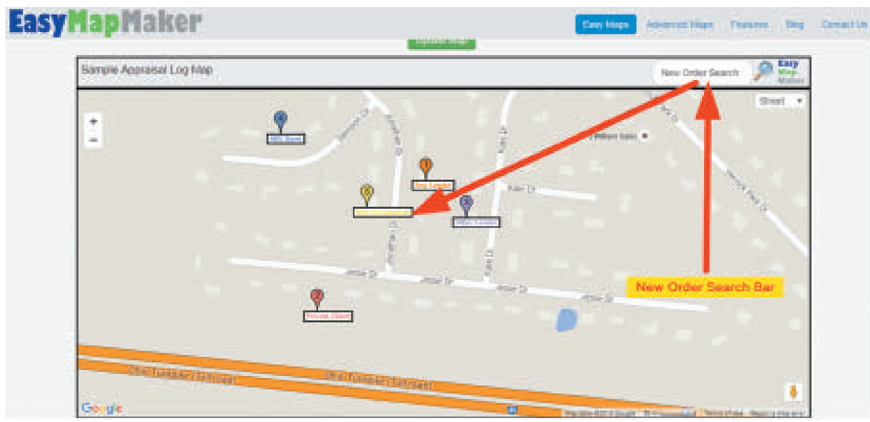
Organize and view appraisal work logs with EasyMapMaker

Being able to quickly reference your appraisal work log is important, but the time it takes to retrieve the data depends on your method of organization.

One of the most effective ways to organize property data is geographically, and the free and very user-friendly mapping program from EasyMapMaker (www.easymapmaker.com) allows you to enter spreadsheet data or appraisal log information and quickly map it.

Data can be classified by multiple categories or column headers, such as owner name, client name, fee, staff appraiser name, appraised value, square footage, property type, date completed and cap rates, among others. One key requirement is that the spreadsheet data include street addresses and ZIP codes for each property. Data can be linked to a photo or an external website, and you can adjust filters to mark maps for private viewing or to hide sensitive data.

The program allows you to search for addresses in your archived work files so you can see the proximity of properties from past assignments to current ones.



EasyMapMaker quickly translates address location data into latitude and longitude.

How it works

1. **Copy and paste** spreadsheet data into the form at www.easymapmaker.com. (The site has sample spreadsheets and a tutorial video.)
2. **Choose the desired options** (privacy filters, direction feature, etc.).
3. **Click "Make Map,"** and addresses will be translated into latitude and longitude and placed on a map. Once you save the map, a unique URL will be generated and emailed to you (the URL can be renamed). Property data can be edited once a map is made and the URL is generated. As always, refer to the site's security, privacy policy and map limitations sections for terms of usage and additional information.

About the Author

John Cirincione, SRA, is chief appraiser for Collateral Analytics, which develops real estate analytics products and tools for appraisers, financial institutions, institutional and retail investors, and property capital market activities.

▶ **Have a mapping tool or tip? Send me your suggestions at jcirincione@collateralanalytics.com.**

One-stop collaboration

The Bolste "business operating system" provides a single cloud-based platform for business functions, including direct messaging, file sharing, time management, task administration, contact management and group documents, among others. Users set up a "bolster," or collaborative workspace, that enables teams and outside connections to sync up for a particular client or project. Bolste offers robust security, including two-factor authentication and encryption.

▶ **Learn more at https://bolste.com. A free 30-day trial is available; thereafter the cost is $30 per user per month (or $100 per user per year). Bolste can be used on the web or via iOS or Android apps.**

Midnight with the Oasis

The Kindle Oasis is the newest incarnation of Amazon's popular e-reader. It retains the 300 ppi, 6-inch display of the Kindle Voyage but comes with 10 LEDs so users have increased flexibility in adjusting brightness. A leather cover (available in three colors) with dual charging system offers months of battery life. The Oasis is the thinnest, lightest Kindle yet, and is ergonomically designed to facilitate one-handed reading, including page-turn buttons and a Page Flip feature that keeps the reader's place. As with earlier Kindles, the Oasis lets users take notes, which can be shared on social media.

▶ **Learn more at http://amzn.to/29H63EE. Starts at $290, from Amazon.**

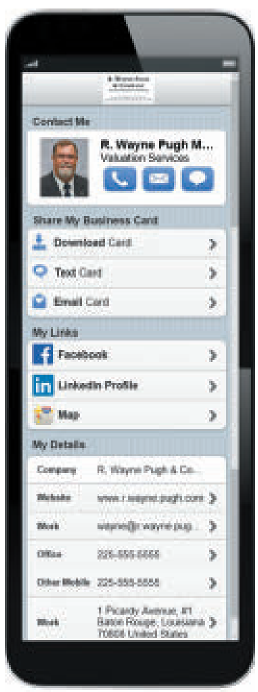
Cool Tools

Software and gadgets for valuation professionals • by Wayne Pugh, MAI

Use a business card designed for the digital world

Appraisers can use digital marketing to help develop their brand, expand their services and drive more business to their valuation practice — but they need to make their information easily accessible from a smartphone or tablet. These days, potential clients are just as likely to use a mobile device to find an appraiser as they are a computer.

A digital business card created specifically for mobile devices is available from vizCard, and it's a great way to increase visibility and accessibility.



How vizCard works

The basic digital business card includes your name and email address, and can be customized with additional contact information, your photo, your company logo, and links to your business and social networking profiles, which can be enabled or disabled as security needs dictate. Users can opt to be notified in real time when their vizCard is viewed.

Users can further curate their profiles to provide more information about themselves and their business. This information can be loaded into a browser window directly from your vizCard so that viewers can see an even more complete profile.

In addition to web-based access, your vizCard can be accessed by scanning a QR code (you can order sheets of QR stickers) or through Near Field Communications (NFC) when mobile devices are so equipped.

vizCard features

- **Easy setup.** The vizCard setup walks users through the installation process. It took me less than 15 minutes to upload my photo and logo and add my business information and links.
- **My links.** This feature lets you add links to your professional profile, business videos, blogs, news and other related material, which helps advertise your qualifications and experience.
- **Multiple addresses.** If you have more than one address, email address or phone number, vizCard allows you to include all of them on your digital business card. Clients also can see a map of your business location(s).
- **Share your vizCard.** You can text or email your vizCard to anyone with just a tap.
- **CardFollow vCard updates.** CardFollow allows your connections to get the newest information every time you update your vCard.
- **vCard Plus Notes.** With the vCard Plus Notes feature, you can share important information, including appointment times, dates and locations, and receive notes that a co-worker or client may have added to your profile.
- **vizCard dashboard.** The dashboard allows you to manage your information and get data and metrics on when and how your vizCard is being viewed and used.

Take advantage of the 15-day free trial to see how vizCard works. If you like it, the service for a single user is $19 per year. Multiple users can contact vizCard to request group pricing.

Managing your firm is a difficult job, and using affordable tools like vizCard to help drive business your way is a big win. I give vizCard 5 out of 5 stars.

▶ **Learn more about vizCard at https://vizibility.com.**

About the Author

R. Wayne Pugh, MAI, is CEO of real estate consulting and appraisal firm R. Wayne Pugh and Co., the head of Software for Real Estate Professionals Inc. and a principal member of Real Estate Counseling Group of America. He formerly served as president of the Appraisal Institute and as chair of the Louisiana Appraisal Board.

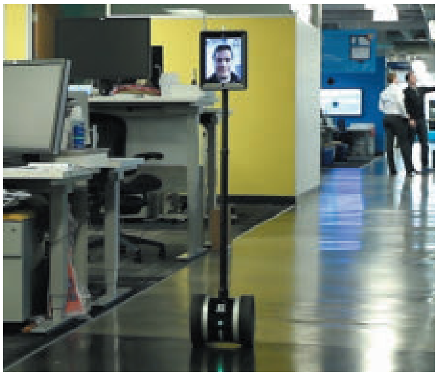
X1 marks the spot

Lenovo's new ThinkPad X1 weds a tablet to a detachable keyboard — complete with the brand's iconic red TrackPoint in the center. X1 features an 8-megapixel camera, a stylus and a 12-inch display that's visible even in bright sunlight, and the unit with the attached keyboard weighs only 2.4 pounds. Battery life is 4 to 7 hours and can be enhanced with an optional battery module.

▶ **Learn more at http://lnv.gy/2bBTbo9. Priced from $810.**

Here, there and everywhere

The Double 2 from Double Robotics, which looks like an iPad on a stick on wheels, allows users to be virtually present at meetings or other events. Essentially a camera dolly, it provides a view up to 150 degrees and the ability to move in all directions at 1.6 mph. New stabilizer technology enables the device to ride over small obstacles such as electrical cords on the floor.



▶ **Learn more at www.doublerobotics.com. Sells for $3,000 for the full bundle, which contains a charging dock in the wheel assembly, audio kit and camera kit.**

Handheld wonder

The Sony LSPX-P1 is a wireless projector that fits in the palm of your hand and is controlled by a smartphone app. This short-throw projector can cast an image of between 20 and 80 inches on any flat surface. Battery life is two hours, enough for a meeting or most movies. Screen resolution is 1600 x 1200, with a brightness of 100 lumens.

▶ **Learn more at http://bit.ly/29MBjn7. Lists for $999.**

A smartphone of parts

The LG G5 is the first modular smartphone. At launch, it offers two swappable components: the Hi-Fi Plus (a portable digital-to-analog converter designed by Bang & Olufsen that boosts audio playback) and the Cam Plus (a camera grip with physical controls such as shutter button and zoom wheel). For many users, the replaceable battery may be the main attraction. The smartphone also features two back-facing cameras: a 16-megapixel standard lens and a 135-degree wide-angle lens, with seamless back-and-forth switching.

▶ **Learn more at http://bit.ly/29GDE5t. Sells for $599 from Amazon.**

All prices subject to change.

MASTERFILE

Living large

Where in the U.S. can appraisers find the most mansions — defined as homes with at least five bedrooms and 15 rooms total? Not Los Angeles or Houston or tony Greenwich, Connecticut — but Provo-Orem, Utah. In fact, Utah claimed the top three spots on a list of U.S. metro areas with the largest homes, according to a May 3 report from financial technology firm SmartAsset, which analyzed Census Bureau data to compile its list.

The top 10 mansion metros

1. Provo-Orem, Utah
2. Ogden-Clearfield, Utah
3. Salt Lake City
4. Bridgeport-Stamford-Norwalk, Conn.
5. Washington, D.C.
6. Atlanta
7. Honolulu
8. Orlando, Fla.
9. Raleigh, N.C.
10. Oxnard-Thousand Oaks-Ventura, Calif.

▶ See the full list at http://bit.ly/2bfhA1j.

Economic Indicators | PwC Real Estate Investor Survey, Q2 2016

The PwC Real Estate Investor Survey is available to Appraisal Institute Designated members, Candidates for Designation, Practicing Affiliates and Affiliates, as well as to those who subscribe to the print version of *Valuation* magazine.

▶ **To view the latest survey, log in with your username and password at www.appraisalinstitute.org/news/market-data.**

▶ **To subscribe to *Valuation* magazine, visit www.appraisalinstitute.org/valuation/subscribe.aspx.**

Conventional home mortgage terms, US averages

New homes

	Jun 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015	Jun 2016
Interest rate (%)	3.64	4.37	4.14	3.98	4.03	3.81
Term (years)	28.6	28.6	28.8	28.9	28.6	29.1
Loan ratio (%)	78.4	77.3	78.9	78.3	78.1	79.1
Price ($ thousand)	387.7	417.5	437.3	462.1	467.8	461.3

Existing homes

	Jun 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015	Jun 2016
Interest rate (%)	3.67	4.08	4.16	3.99	4.14	3.84
Term (years)	27.2	28.2	28.2	28.4	28.1	28.8
Loan ratio (%)	76.0	78.5	77.8	77.7	77.4	79.8
Price ($ thousand)	372.5	382.0	380.2	431.7	407.2	432.5

▶ **For continuously updated economic indicators, visit www.appraisalinstitute.org/news/market-data (login required).**

Economic Indicators | Market rates, bond yields and other benchmarks

Market rates and bond yields

	Jun 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015	Jun 2016
Reserve bank discount rate	0.75	0.75	0.75	0.75	0.87	1.00
Prime rate (monthly average)	3.25	3.25	3.25	3.25	3.37	3.50
Federal funds rate	0.09	0.08	0.12	0.13	0.24	0.38
3-month Treasury bills	0.05	0.04	0.03	0.02	0.23	0.27
6-month Treasury bills	0.09	0.06	0.11	0.09	0.49	0.40
3-month certificates of deposit	0.19	n.a.	n.a.	n.a.	n.a.	n.a.
LIBOR 3-month rate	0.28	0.24	0.26	0.31	0.62	0.66
U.S. 5-year bond	1.20	1.68	1.64	1.68	1.70	1.17
U.S. 10-year bond	2.30	2.60	2.21	2.36	2.04	1.64
U.S. 30-year bond	3.40	3.42	2.83	3.11	2.97	2.45
Municipal tax exempts (Aaa)*	3.53	3.42	3.02	3.42	3.02	3.50
Municipal tax exempts (A)*	4.33	4.08	3.60	3.94	3.60	3.19
Corporate bonds (Aaa)*	4.27	4.24	3.79	4.19	4.03	3.50
Corporate bonds (A)*	4.85	4.35	4.05	4.15	4.38	3.80
Corporate bonds (Baa)*	5.38	4.81	4.74	5.12	5.48	4.53

Stock dividend yields

	Jun 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015	Jun 2016
Common stocks—500	2.18	2.04	2.01	2.07	2.16	2.19

Industrial Production Index[†,‡]

	Jun 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015	Jun 2016
	76.4	78.6	78.6	76.4	75.4	75.4

Unemployment rate (%)[‡]

	Jun 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015	Jun 2016
	8.2	7.6	6.7	6.1	5.6	4.9

Consumer Price Index

	Jun 2013	Jun 2014	Dec 2014	Jun 2015	Dec 2015	Jun 2016
	229.5	233.5	229.6	238.3	234.8	241.3

Abbreviations: n.a., not applicable; LIBOR, London Interbank Offered Rate.

*Source: Moody's Bond Record.

† On June 25, 2010, the Federal Reserve Board advanced to 2007 the base year for the indexes of industrial production, capacity and electric power use. This follows the Dec. 7, 2005, change to a 2002 baseline, from the previous 1997 baseline. Historical data has also been updated.

‡ Seasonally adjusted.

Economic Indicators | Conventional home mortgage rates by metropolitan area

	Q2 2013	Q2 2014	Q2 2015	Q2 2016
Atlanta	3.63	4.27	3.75	3.68
Boston-Lawrence-NH-ME-CT*	3.52	4.11	3.69	3.59
Chicago-Gary-IN-WI*	3.68	4.34	3.78	3.71
Cleveland-Akron*	3.65	4.24	3.92	3.81
Dallas-Fort Worth*	3.64	4.29	3.71	3.67
Denver-Boulder-Greeley*	3.72	4.30	3.83	3.66
Detroit-Ann Arbor-Flint*	3.41	4.26	3.79	3.69
Houston-Galveston-Brazoria*	3.57	4.28	3.64	3.56
Indianapolis	3.68	4.26	3.87	3.76
Kansas City, MO-KS	3.60	4.41	3.65	3.70
Los Angeles-Riverside*	3.69	4.22	3.78	3.70
Miami-Fort Lauderdale*	3.63	4.33	3.82	3.68
Milwaukee-Racine*	3.68	4.37	3.82	3.76
Minneapolis-St. Paul-WI	3.68	4.43	3.80	3.77
New York-Long Island-N. NJ-CT*	3.53	4.15	3.68	3.57
Philadelphia-Wilmington-NJ*	3.68	4.33	3.83	3.75
Phoenix-Mesa	3.71	4.28	3.79	3.77
Pittsburgh	3.67	4.32	3.87	3.77
Portland-Salem*	3.64	4.36	3.78	3.63
St. Louis-IL	3.68	4.26	3.59	3.63
San Diego	3.59	4.15	3.73	3.53
San Francisco-Oakland-San Jose*	3.59	3.99	3.66	3.48
Seattle-Tacoma-Bremerton	3.59	4.19	3.75	3.58
Tampa-St. Petersburg-Clearwater	3.58	4.45	3.98	3.84
Washington, DC-Baltimore-VA*	3.64	4.17	3.86	3.76

*Consolidated Metropolitan Statistical Area.

Highest and lowest rates, Q2 2016

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Education Index

2016 – Fourth Quarter

Course/Seminar Schedule

USPAP

15-Hour National USPAP Course

10/13–10/14	Arkansas	Little Rock, AR
10/24–10/25	Maryland	Linthicum Heights, MD
10/28–10/29	North Texas	Plano, TX
11/10–11/11	Chicago	Chicago, IL
11/14–11/15	Hoosier State	Indianapolis, IN

7-Hour National USPAP Update Course

10/12–10/12	Southern California	Burbank, CA
10/13–10/13	Florida Gulf Coast	Ft. Myers, FL
10/14–10/14	South Florida	Fort Lauderdale, FL
10/27–10/27	Massachusetts & Rhode Island	Warwick, RI
10/28–10/28	Columbia Basin	Pasco, WA
11/03–11/03	Great Plains	Oklahoma City, OK
11/07–11/07	Colorado	Colorado Springs, CO
11/10–11/10	Virginia Commonwealth	Roanoke, VA
11/11–11/11	Upstate New York	Utica, NY
11/23–11/23	Mid-Hudson	Goshen, NY
12/01–12/01	Metro New Jersey	East Brunswick, NJ
12/08–12/08	Sacramento Sierra	Sacramento, CA
12/09–12/09	Greater Oregon	Tigard, OR
12/15–12/15	Washington DC Metro Area	Rockville, MD
12/16–12/16	Long Island	Plainview, NY

Qualifying Education

Advanced Residential Applications & Case Studies/Part 1

11/30–12/01	Appraisal Institute National	Houston, TX

Advanced Residential Report Writing/Part 2

09/30–10/04	Pittsburgh Metropolitan	Pittsburgh, PA
12/02–12/06	Appraisal Institute National	Houston, TX

Basic Appraisal Principles

10/10–10/13	Maryland	Linthicum Heights, MD
10/19–10/22	North Texas	Plano, TX
10/24–10/27	Hoosier State	Indianapolis, IN

Basic Appraisal Procedures

10/17–10/20	Maryland	Linthicum Heights, MD
10/24–10/27	North Texas	Plano, TX
10/25–10/28	Chicago	Chicago, IL
10/31–11/03	Hoosier State	Indianapolis, IN

General Appraiser Income Approach/Part 1

10/11–10/14	Virginia Commonwealth	Roanoke, VA
10/11–10/20	Metropolitan New York	New York, NY
11/07–11/10	Greater Tennessee	Nashville, TN

General Appraiser Income Approach/Part 2

10/03–10/06	Hoosier State	Indianapolis, IN
10/17–10/20	Bluegrass	Louisville, KY
10/18–10/21	Chicago	Chicago, IL
10/27–11/04	Metropolitan New York	New York, NY

General Appraiser Market Analysis and Highest & Best Use

10/10–10/13	Hoosier State	Indianapolis, IN

General Appraiser Report Writing and Case Studies

10/17–10/20	Atlanta Area	Atlanta, GA
10/17–10/20	Hoosier State	Indianapolis, IN
11/07–11/10	Metropolitan New York	New York, NY

General Appraiser Sales Comparison Approach

11/14–11/17	Chicago	Chicago, IL

General Appraiser Site Valuation & Cost Approach

10/03–10/06	Bluegrass	Louisville, KY
10/18–10/21	Chicago	Chicago, IL
10/19–10/22	Massachusetts & Rhode Island	Burlington, MA
12/13–12/16	Colorado	Aurora, CO

Real Estate Finance, Statistics, and Valuation Modeling

10/25–10/26	Chicago	Chicago, IL
10/27–10/28	Austin	Austin, TX
11/16–11/17	Hoosier State	Indianapolis, IN

Residential Market Analysis and Highest & Best Use

10/13–10/14	Colorado	Aurora, CO

Residential Sales Comparison and Income Approaches

10/25–10/28	Greater St. Louis	St Louis, MO

Designation Education

Advanced Concepts & Case Studies

10/03–10/08	Florida Gulf Coast	Tampa, FL
10/03–10/08	Greater St. Louis	St Louis, MO
11/03–11/09	Alaska	Anchorage, AK
11/10–11/16	Chicago	Chicago, IL
11/10–11/16	Colorado	Aurora, CO
12/05–12/10	Atlanta Area	Atlanta, GA

Advanced Income Capitalization

10/10–10/14	Greater Tennessee	Nashville, TN
10/17–10/21	Greater Oregon	Tigard, OR
10/24–10/28	Colorado	Aurora, CO
11/07–11/11	Metro New Jersey	East Brunswick, NJ
11/28–12/02	Bluegrass	Louisville, KY

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Advanced Market Analysis and Highest & Best Use

10/03–10/07	Chicago	Chicago, IL

Quantitative Analysis

10/03–10/07	Nevada	Las Vegas, NV
10/31–11/04	Appraisal Institute National	Atlanta, GA

Review Case Studies—General

10/10–10/14	Chicago	Chicago, IL
10/10–10/14	Southern California	La Palma, CA
11/07–11/11	Kansas City	Kansas Citiy, MO

Review Case Studies—Residential (Premiere!)

12/12–12/13	Appraisal Institute National	Chicago, IL

Professional Development Programs

Advanced Spreadsheet Modeling for Valuation Applications

10/31–11/01	Keystone	Lancaster, PA

Application & Interpretation of Simple Linear Regression

10/13–10/14	Texas Plains	Lubbock, TX
11/09–11/10	North Carolina	Greensboro, NC
11/14–11/15	Bluegrass	Louisville, KY

Case Studies in Appraising Green Commercial Buildings

11/08–11/09	Connecticut	Orange, CT

Case Studies in Appraising Green Residential Buildings

10/14–10/14	New Hampshire	Concord, NH
11/11–11/11	Greater Tennessee	Nashville, TN

Condemnation Appraising: Principles & Applications

11/02–11/04	Houston	Houston, TX
11/02–11/04	Maine	Freeport, ME

Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets

10/06–10/07	Washington DC Metro Area	Rockville, MD
10/27–10/28	San Diego	San Diego, CA

Introduction to Green Buildings: Principles & Concepts

10/13–10/13	New Hampshire	Concord, NH

Litigation Appraising: Specialized Topics and Applications

10/20–10/21	East Florida	Orlando, FL
11/14–11/15	Massachusetts & Rhode Island	Braintree, MA

Residential & Commercial Valuation of Solar

11/15–11/16	Sacramento Sierra	Sacramento, CA

The Appraiser as an Expert Witness: Preparation & Testimony

10/17–10/18	Virginia Commonwealth	Roanoke, VA
10/31–11/01	Houston	Houston, TX

Continuing Education

Analyzing Tenant Credit Risk and Commercial Lease Analysis

10/07–10/07	Delaware	Newak, DE
10/17–10/17	Hawaii	Honolulu, HI
11/04–11/04	Greater Kansas State	Wichita, KS

Business Practices and Ethics

10/21–10/21	Southern New Jersey	Deptford, NJ
10/28–10/28	Florida Gulf Coast	Tampa, FL
11/03–11/03	Northern Illinois	Rockford, IL
11/04–11/04	Long Island	Plainview, NY
11/15–11/15	Southern California	Costa Mesa, CA
12/01–12/01	Maine	Manchester, ME
12/02–12/02	South Florida	Fort Lauderdale, FL
12/09–12/09	Ohio	Columbus, OH
12/09–12/09	Sacramento Sierra	Sacramento, CA
12/16–12/16	Washington DC Metro Area	Rockville, MD

Contract or Effective Rent: Finding the Real Rent

10/21–10/21	Greater Oregon	Tigard, OR

FHA Appraising for Valuation Professionals: FHA Single Family Housing Appraisal Requirements

10/14–10/14	Wyoming & W. South Dakota	Spearfish, SD
11/04–11/04	Washington DC Metro Area	Rockville, MD

Income Approach for Residential Appraisers

10/18–10/18	Hawaii	Honolulu, HI

Real Estate Finance, Value, and Investment Performance

10/29–10/29	Columbia Basin	Pasco, WA

Residential Applications: Using Technology to Measure and Support Assignment Results

10/11–10/11	Green Country of Oklahoma	Tulsa, OK
10/18–10/18	Wisconsin	Wisconsin Rapids, WI

Residential Applications Part 2: Using Microsoft Excel to Analyze and Support Appraisal Assignments Results

11/04–11/04	Northern California	Fairfield, CA

Supervisory Appraiser/Trainee Appraiser Course

10/26–10/26	Maryland	Linthicum Heights, MD
10/26–10/26	Southern California	Ontario, CA
10/28–10/28	Northern Illinois	Rockford, IL
11/11–11/11	Hoosier State	Indianapolis, IN
12/05–12/05	Chicago	Chicago, IL

Valuation by Comparison: Residential Analysis and Logic

10/07–10/07	Upstate New York	North Syracuse, NY

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KEVIN MANNING

Appraiser-developer Joe Thompson talks self storage

Joseph E. Thompson, MAI, is president of Thompson Valuation and Consulting in Roanoke, Virginia, as well as a past president of the Appraisal Institute's Virginia Commonwealth Chapter and a member of AI's national Government Relations Committee from 2012 to 2013. He specializes in the self-storage sector — not only as an appraiser but also as a developer.

Appraisal Institute: Business is booming for the self-storage sector, which has been called recession-resistant. What's driving the market?
Joe Thompson: Self storage weathered the Great Recession phenomenally well, and has shown stable gains on the mom-and-pop level up to the publicly traded multibillion-dollar market cap level. Helping to fuel the fire is readily available financing for development and acquisition. There continues to be a lot of investor interest in this sector.

AI: What are some of the biggest challenges when appraising self-storage units?
JT: The primary challenge is keeping up with the market. Current value trends are good examples of why relevant data for the sector is so important. Also, as with any going concern, appraisers must dig into the management of the facility. Do the past operating financials reflect the property's true potential?

AI: You also develop and invest in self-storage units, right?
JT: I undertook my first project in 2013 when I renovated, rebranded and marketed an existing self-storage property. In June I completed the first multistory climate-controlled facility in my market. In addition to developing the building, I acted as general contractor, so it's especially rewarding to see the project being well-received.

AI: What advice do you have for those interested in developing or investing in self storage?
JT: Put in the time and do the fundamental market analysis — while time-consuming, it's an easy task, and one that needs to be completed. The only properties I see suffering are ones with weak fundamentals.

AI: What unusual things have you found or heard about being stored in these properties?
JT: Have you seen the TV show *Breaking Bad*? Luckily I haven't had any issues like that, but there are a lot of urban legends floating around the industry.

AI: What are some of the latest trends in self storage?
JT: Attractive, quality projects. Restrictive zoning in urban areas initially spurred high-quality design, but the trend has momentum because investors found that attractive, climate-controlled facilities in retail locations provide a greater return than traditional low-cost, basic storage buildings.

AI: What do you think are the biggest challenges facing the valuation profession?
JT: The same problems facing every professional service — when practitioners cut corners, their product shows it and public perception suffers. Another cause of concern is the aging appraiser population. That said, I think the Appraisal Institute's path to MAI designation gives people the tools to be successful in all facets of commercial real estate.

AI: What's up next for you?
JT: Since completing my most recent self-storage development, I'm shifting my attention to an adjacent property — an express car wash. By undertaking these projects, I gain valuable market experience that helps my day-to-day valuation practice. They can be time-consuming, but they serve as an out-of-the-box education tool I use to better myself as an appraiser. As I see it, if you want to be the best, you have to do what no one else will. ◀

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