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Technology and how it affects the appraiser today - by Tom Whiting

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Technology continues to advance relentlessly, and modern real estate appraisers need to keep up or be left behind.

When my grandfather (Thorsten “Tod” Reenstierna) started his appraisal practice the technology available included pen, paper, measuring tape, card files, a typewriter, and carbon paper. At some point in the 1950s he added a Polaroid camera to his arsenal of equipment. There were no calculators or computers, smart phones with built-in personal assistants, or even word processors.

Over the years, things have advanced quite a bit. Word processors were introduced in the 1970s and the HP-12C financial calculator was introduced in 1981. When I started my journey into the real estate appraisal profession offices that had these items, and easy access to one-hour photo processing were considered high tech. When I joined the office in 1987 my uncles had recently acquired their first “portable” Compaq PC. I was brought in to be a researcher and help start their comparable sales database. Shortly after that, I helped set up their first computer network and the server had a storage capacity of 120 Megabytes. Many of us now carry over 500 times that in our phones.

These technologies were embraced by appraisers over the years. Using these technologies allowed us to work more efficiently and produce products our clients wanted and needed. Imagine typing a modern appraisal report on a typewriter and using a basic calculator or even just the HP-12C to complete an assignment today.

We now have the capability, whether we choose to use it or not, to complete an appraisal assignment with a device we keep in our pocket. I carry Microsoft Word and Excel with me wherever I go on my cell phone. On top of that my cell phone is also my camera. In the not too distant future I will be able to make measurements and create floor plans with it (I have already tested apps that are trying to do this, but so far, I’ve only had a limited degree of success). Now many appraisers use laser measures instead of or in concert with tapes and wheels to measure properties. GIS technology like Bing and Google maps help us determine if a sale is truly a comparable before going out to take a picture of it.

Today appraisers face challenges from technology that has been talked about for years such as automated valuation models and hybrid appraisals. At the recent New England Appraisers Expo in the residential section it is my understanding that there was a heated discussion regarding hybrid appraisals. Appraisers feel a downward pressure on fees produced by the demand for these faster and cheaper products. Reportedly, fees for hybrid appraisals are much lower than the fees offered for standard appraisals and the turnaround times are shorter as well. Supposedly these products can be completed in about an hour. This can be seen as a threat or an opportunity like most new technology. Appraisers who see this as an opportunity may be able to make a higher income by producing a high volume.

Will commercial appraisers be affected by this kind of technology? I know of several companies working on products that produce values for commercial properties faster and less expensively than

standard appraisal reports. For example, just this week I received an email from a company in Chicago asking me to test a product that evaluates multi-family residential properties. I know of another company based in Cambridge that is working on a product for multiple property types (multi-family, retail, office, mixed-use, and industrial). The name of the company is Zaxia and their website is zaxia.us. Does Big Data have the essential information needed to make these products work and provide accurate and credible valuations? That remains to be seen, but with the continued rate of progress, the technology will surely get there. Will we be prepared to embrace it? That is the more important question.

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