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Hire the right appraiser with the knowledge and experience for the right job

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It sounds so simple and intuitive: hire the right person with the knowledge and experience for the assignment and the job should be done to your liking. You wouldn't hire a general practitioner physician to perform laser eye surgery, so why would you hire a general appraiser to value a specialty property.

More and more we hear from clients who call us after hiring an appraiser to value a specialty property type or one in which the valuation firm had no practical expertise, because the job has issues. I am not talking about mathematical errors (incompetence or sloppiness); I am speaking about lack of real time data, lack of a fundamental understanding of the property economics, lack of understanding of investor required returns, etc. These are problems that are driven many times by choosing an appraiser based solely on price as opposed to the most experienced and knowledge person/firm that truly understands a particular property type.

The consequences can include: ultimately causing a client more money by needing the job redone, making a bad investment decision, making a bad loan or losing a client!

There are a few fundamental questions one can ask to better assure that you as the client get the product that will help you make the most informed decision. First of all, ask to see specific examples of reports that he or she has recently performed particularly if the property is unique such as a school, self-storage facility, hotel, affordable housing, marina etc. These are examples of property types that not all appraisers value on a week in and week out basis. They may have valued a property once or a long time ago, but that doesn't necessarily make them an expert. If they can't or won't produce a recent example, beware!

Ask the appraiser if they belong to any local, regional or national trade groups associated with the particular property type. This will give you the best insight into whether or not the particular property type is a true specialty and whether or not they invest time to truly understand the nuances. These trade groups not only serve as networking opportunities, they help build contacts which can yield invaluable data and insights into market trends that the typical general appraiser can't possibly keep up with.

Finally one might seek recommendations from other industry experts such as brokers, attorneys or other industry allied professionals as to who would be the best firm to work with. These industry professionals will most often be aware of valuation experts in their field and may be willing to share experience with having worked with a valuation expert you are considering hiring.

These may sound like simple, logical questions, but more and more we see costly mistakes being made that could have been avoided by doing some due diligence and thereby saving one time, frustration and money.

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