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Keeping quality appraisers is worth the expense

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Buyers of appraisals are price sensitive, users of the appraisals are sensitive to quality. Price sensitivity being the primary motivator of appraisal purchasers will not serve the interests of the appraisers, appraisal purchasers or appraisal users in the long run. I propose that appraisal fees must correlate to the amount of time, energy and exposure incurred by an appraisal firm to ensure the longevity of not only the industry but the high quality standard of the work product.

Running an appraisal office, like any other capitalistic endeavor, must yield a positive monetary relationship to energy and time inputs. I'm afraid prolonged periods of price point appraisal purchasers will eventually serve to deter the more qualified professional appraisers from the industry. Even if an appraiser can sacrifice time for lower fees in the short run this is not in the industry's nor the appraisers best interest since maintaining a high quality work product over the long run must correlate to competitive return on the appraisers investment.

Considering any quality appraisal report will take a given amount of time to produce, one may generally correlate appraisal rates to the amount of time an appraiser may reasonably spend on a given assignment. Adequate time affords the appraiser the necessary latitude to give a complex assignment necessary headspace to deconstruct the project, analyze the components and re-assemble and report the appraisal problem and solution. Given that work product quality must remain high throughout the process regardless of fee, projects without sufficient monetary backing will be turned down, as sufficient time may not be allocated to the project to support a proper analysis.

But you may ask, why should a more uniform appraisal command fee increases considering advances in technology to leverage our energies through things like visual mapping and online data resources?

Appraising in markets with extensive real estate homogeneity may generate economics of scale that can successfully be leveraged against stagnating fees. Appraising in a widely diverse state such as Maine does not afford appraisers these same economics of scale due to the diversity of real estate we appraise. Appraising in a diverse market requires additional time and energy to become as intimate as is required for acquiescence to a markets nuances.

Over the years I have come to learn through first and second hand experience that organizations, which are most price sensitive, have in turn provided the greatest volume of review assignments. I wonder if these organizations realize they are fostering the need for additional oversight (read expense), but are also limiting the pool of qualified valuation professionals willing to work for fees that have stagnated over the prior decade?

Short changing this process in the long run will not reward the market with the quality work products

it demands. Would you put bargain basement tires on your family sedan? Why would you support your development project with a bargain basement appraisal? Nonetheless, I have seen an increase in price sensitivity, not only in the stagnation of rates over the prior decade but also through the lowering of fees. This cycle needs to come to an end with the understanding quality appraisal reports are worth the expense.

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