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## **Appraising a property with a sense of arrival and the issues**

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Part of the thrill of appraising for me is finding an interesting property. Basically, appraisers are mathematical problem solvers. Someone comes to us with a question or quandary, and we deduce the answer with quantitative and qualitative data.

One such property presented itself a few years back, and at first brush, seemed a daunting task. However with the tenacity of a pack of wolves, my partner at the time and I devoured it. The property: a horse ranch whose equine product started at \$200,000 per animal. The dilemma: a gas pipeline had filed for a right-of-way (R.O.W.) which would run the entire front entrance of the ranch. Condemnation proceedings were under way, which is when we were engaged to determine the loss in value (if any), due to potential damages from the pipeline. Each party in the condemnation proceedings had a different perspective and opinion of the true value of the damages and fair compensation.

This entrance to the ranch had provided an impressive sense of arrival for clients' from all over the world, building on the reputation of the facility's product. This is called curb appeal in more standard residential properties, and can enhance or detract from the ability of a property to command a premium in the market or to sell at all.

The pipeline easement was to run for over 3,000 feet, eliminating a dozen mature pecan trees, and a large, custom rock entry. It was going to take the majestic entry, with trees, manicured pastures, pipe fencing and a large rock entry and reduce it to a reseeded swath with no mature trees, and require a new entry be built.

We needed examples of properties which were damaged in some way, had some similar impact. A demonstrated, quantifiable dollar or percent change in value had to be determined. We constructed a survey, and proceeded to call brokers and appraisers around the country, who dealt in ranches. We received numerous examples with a broad range of impact. However, four were most applicable, as they dealt directly with the sense of arrival.

The specific cases included two which were unfavorable conditions at the entrance of a ranch; one which was an unfavorable easement in direct view of the property (OH power line); and a road setback easement that encroached upon the improvements. The results from these surveys found a wide range of 0-95% loss in value. The 5-25% loss range was the consistent result for this particular scenario.

Our conclusions from these results: there was a definite, quantifiable loss in value to the ranch from this R.O.W. easement by the pipeline. This seemingly intangible concept of sense of arrival was a real and quantifiable issue for ranch properties.

Our client was of course excited; the pipeline not so much. But the final results in the hearing were somewhere in the middle, which ultimately satisfied each party. The ranch owners would have to rebuild the majesty the pecan trees had created, but at least not all at a cost to them.

I would conclude that many experienced appraisers have a sort of "sixth sense" for this issue. When they drive up to a property, they realize that there is a problem with the land and location. Some of these issues are obvious - such as having debris surrounding a property or leading up to it, or perhaps an odor ridden neighbor (town dump, slaughterhouses, etc.) - but no matter how obvious to us, the factor of the sense of arrival is a major contributor to value in residential properties, and destination commercial properties. The interesting part of an appraiser's job is unearthing the data which allows us to quantify the impacts to the real estate, support our value conclusions, and communicate them effectively to our clients.

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