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## Appraisers are monitoring the market for change - by Shaun Fitzgerald

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I was searching for a topic to write about, but it's Thursday morning and now there's a lot to discuss with regard to real estate valuation. Appraisers are not required to predict the future and most of our data is required to be evidence from past transactions. While not required to predict the future, we do have a responsibility to monitor the market and to communicate changes in market conditions.

Yesterday, the stock market fell over four percent. Crypto currencies (like Bitcoin and Ethereum) lost over thirteen billion of value (price really, right?). Some short-term and longer term interest rates rose. Sears publicly communicated that it was actively looking for advice on bankruptcy protection. General Electric, making a substantial change in its executive leadership, is announcing layoffs and is considering selling what is perhaps the brightest spot in its portfolio – its healthcare business. Meanwhile, Gillette is selling multiple acres of its South Boston campus for development.

The stock market drop was a movement of money from high flying technology companies to staid and stable infrastructure and utility stocks. But did the money move to Columbia Gas and National Grid, whose aging infrastructure exploded twice in as many weeks? As the governor's race heats up, the candidates are debating about state owned and controlled infrastructure, and the best strategies for financing improvements to the MBTA. As that debate builds steam - according to a new ranking by the Mercatus Center at George Mason University - it is reported that the Massachusetts' fiscal condition is one of the worst in the country (47th of 50). This news broke on the same day that two bond rating agencies, Moody's Analytics and S&P Global, both confirmed that Massachusetts still does not have enough money set aside to weather the next recession.

And speaking of infrastructure failures, how about an American astronaut and a Russian cosmonaut crash landing on a failed space shot. Is everything breaking, or already broken?

All this in the last few days – or weeks at the most. I marvel at how confidently Wall Street can explain what caused each stock market movement – and how confidently they can predict what will happen next. Can they tell us what will happen to real estate values in Massachusetts? Will people rush to remortgage while rates are still low? Will sales transactions just dry up as mortgage rates

rise? Will construction projects in the pipeline dry up? Will the one trillion dollars in federal infrastructure project funding materialize? It was associated with the recent tax breaks! Is it coming? Is there a plan?

I have few answers to most of these questions, but I would be derelict in my responsibilities as an appraiser if I did not at least consider them. So many people are sure that the three most important things in real estate are location, location and location. But really, "it's the economy, stupid!" Right?

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