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Zaxia introduces online valuation for Greater Boston - by Vaughan Hennum

July 12, 2019 - Front Section

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It has been a long wait, but it is finally here. Zaxia.us has brought online valuation for commercial real estate to Greater Boston. Residential real estate has had Zillow, Trulia, Redfin, and others for more than a decade. They tell you what your house is worth. Now commercial real estate has its own online service. That apartment house you have been interested in – or the store block, or the office, or the warehouse building – they all can be valued at Zaxia, with a click of your mouse. It's easy, you get on the Zaxia web site and take a five-minute survey. Check off the boxes. "The roof leaks." Or "The office space is high quality." You tell us about your building. We tell you what it's worth. Just like those other automated valuation models (AVMs) that work for houses, we give you the value, at once. And for free.

What's a little different about Zaxia is that we also offer a 15-page report that details how Zaxia arrived at your number. We do charge for the report. But we think that it delivers value. A discussion of the market. An Income Approach that details the rents and expenses. Three good comparable sales. That's plenty of value. And for the month of March, we are offering first time users a complimentary report. Just use the coupon "NEREJ" where you would ordinarily pay by credit card. Use it and download your report.

Who needs Zaxia? Bankers, for one. A banker working with a client who has a property to use as collateral can know on day one where an appraisal of that property is likely to come in.

Sometimes a lender is in a kind of an awkward position, thinking that a property is worth one number while the borrower thinks something else. They can go back and forth with that. That's not a really good place for a lender to be. But, on day one, the lender and the borrower can go to Zaxia and get a more solid number. That way, they start out on the same page.

It can work the same way for a broker. One of the most important decisions in marketing a commercial property is the asking price. Again, the property owner and the broker may have fairly different ideas of what the property is worth. If the asking price is not realistic, the property can linger

on the market and become shopworn. By turning to Zaxia for an initial “read” on the property’s value, they can get the entire marketing effort off on a better foot.

A Zaxia Report that backs up the asking price can be an important marketing tool to accompany the marketing brochure. Appraisers, more than anyone else, are likely to find Zaxia useful. Getting a number from Zaxia at the start of an assignment is likely to help provide focus as the appraisal is developed. More than that, a Zaxia Report can become part of a new work product for appraisers, an evaluation. An evaluation is a short format appraisal report. Banking regulators have opened the door for Evaluations by allowing their use in the case of loans on commercial property below a \$500,000 threshold.

A Zaxia Report provides an analysis in a format that is familiar to both lenders and appraisers, with an income and expense analysis and comparable sales. The appraiser’s job is to view each property critically, to be a skillful operator of Zaxia, and to affirm the Zaxia number – or, if necessary, to override it. The appraiser’s signature on an Evaluation is all important.

Appraisers are the experts on value. Zaxia enables an appraiser to ‘cut to the chase.’ In the process, a lot of time is saved. And the appraiser producing Evaluations for lenders has found a large and growing source of business. Of course, Zaxia has uses in many more situations – in tax appeals, in estate planning, and in investment. We suggest that people play with Zaxia a little and see what kind of number it produces for their apartment house, their store block, or their office.

If you order a Zaxia report and you see that maybe you don’t like the rent or some of the expenses that Zaxia has assigned – the cost of insurance, for instance, or the cost of heat – you can go back into the inputs, put in the actual costs for those items from last year, and see the output change. When you order a Zaxia Report, you can go back and make edits like that for up to 30 days at no additional cost and get a revised report.

We suggest that you try Zaxia and work with it like that. Your inputs as the operator can have an effect on the value output.

How accurate is Zaxia?

That raises the question of how do you measure accuracy. To measure accuracy, you need a target. Then you can measure how closely you are hitting it. In real estate, a property’s selling price is usually a pretty good target. We work all the time to see how well our value outputs hit the target.

If you gave ten appraisers an assignment to put a value on an industrial building, they would come back with ten different answers. The answers might cluster around a point or fall within a range. We believe that a Zaxia number in most cases is going to fall within that same range.

Zaxia is open for business in Greater Boston at www.zaxia.us. Again, use the coupon “NEREJ” for a complimentary Zaxia Report. To learn more, either contact Zaxia through the website or e-mail: info@zaxia.us

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