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## **Site visits and appraising properties in the times of Covid-19 - by Stephen Bergeron**

May 08, 2020 - Appraisal & Consulting



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During the past six weeks, I have received dozens of e-mails from lenders with guidance on how to satisfy their requirements and USPAP requirements while also social distancing due to Covid-19. In the past few weeks, I have had the opportunity to try several of the recommended approaches. During these unusual times, greeting borrowers and brokers with a distant wave and a face mask has become strangely routine.

Some of the suggestions by the nation's larger banks offering formal guidelines for property inspection have included using 3rd party reports/photos, virtual building tours, after hours inspections of vacant buildings, or reliance on prior appraisal descriptions and photos. For smaller banks and private clients, I have tried offering some guidance on how property tours can be completed effectively and safely. Regardless of any specific bank or appraisal requirements, this is uncharted territory for all of us, and all parties seem willing to figure out a workable solution to keep deals moving forward.

This past week, I was required by a building's tenant to have my temperature taken and wear gloves and a mask before I could enter the facility. At the other extreme, I was in a restaurant kitchen where the cooks and kitchen staff were preparing take-out orders under business as usual conditions. I haven't shaken anyone's hand in about two months, and a majority of my meetings are now with brokers or borrowers that are also wearing a face mask.

The biggest challenge during the past several weeks has been appraising apartment properties. In an effort to not disturb tenants that are trying to shelter in place, we have inspected only vacant units and have often relied on photographs provided by the property owner. Although there is some risk in this approach, even under more typical conditions, it is only practical to view a sampling of units in the valuation of larger apartment complexes. In the appraisal of office and industrial properties, which are often only partially occupied these days, it has been easier to perform an adequate inspection without disturbing the tenants or employees while touring the building. In some cases, we have performed after hours inspections, when the buildings are empty.

Overall, I think that flexibility and good communication are key in today's environment. Good communication with the client will be key to providing an appraisal product that is comprehensive and reliable, while also being safe for myself, the borrower, and building tenants. Prior to accepting an appraisal, many clients have requested info on what degree of a property inspection I think will be possible. I have been trying to communicate the level of inspection that was ultimately completed, and then gain approval from the lender or client when limited interior inspections is realistic. The end product has, in some instances, required extraordinary assumptions regarding the build-out and physical condition of areas not available for inspection. The good news is that in this era of uncertainty, as appraisers, we are able to safely perform our consulting work, keeping some economic activity flowing and allowing real estate transactions to continue to happen. The biggest challenge that now remains is projecting what the impact on the local commercial property will be until we have some post Covid market data.

I have heard from brokers about pending sales and leases falling through in recent weeks, and I am certain that a rise in vacancy will occur among certain property types. However, I have also appraised several new investor and owner-user acquisitions within just the past few weeks. I have also appraised some new construction that is still moving forward. These buyers seem confident that the market will dip then rebound, like it always does. Those that are able to hang on and invest for the long-term will be fine. This type of sales activity, in light of this crisis, makes me optimistic that the strength of the N.H. real estate market, prior to this crisis, will help to soften the impact of a downturn.

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