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We must be gracious to each other, now more than ever - by Sean Sargeant

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The system is stressed. The entire system; from listing to closing; is operating above its design capacity and has been for the last 12 months. Driven by residential mortgage interest rates that start in the low 2's and buyers seeking a flight to safety, the sales pace of "rural" single-unit residential real estate in New England is twice its typical pace. Buyer's fight each other for the opportunity to bid well above asking price, include elevator clauses in their purchase and sale agreements, and include heart-felt letters and videos in their offer package to explain why the seller should select their bid. Driven by low interest loans, special SBA financing, and uncertain changes to tax law for long-term capital gains many owners of commercial properties are re-financing. Beyond the typical refinancing assignment, many commercial property owners are seeking a "step-up" in basis by year end 2021; looking to book capital gains or losses under current tax law over concern about changes in the law for 2022. Driven by concern for "urban" office and retail properties, vacancy and collection losses, and changes in market rental rates many commercial lenders are asking for current valuations to underwrite their existing loan portfolio. The system is operating above capacity. Many professions are working seven days a week, have been for the last year, and see no end in sight.

Real estate agents, initially shut down under emergency orders, slowly reopened under confusing state rules and guidelines on listings, showings, and closings. Many of these emergency orders directly conflicted each other which created a confusing environment where state regulators threatened sanctions or loss of license.

Title insurers could not obtain access to public records. In Vermont, where we practice, all land records are held locally at the town level. Most have no form of on-line access to land records and those that do may go back no more than 24 months. The situation got so bad that in November 2020 a regional title insurer sued nine individual towns that had provided no reasonable access to public land records. Now in June 2021, despite no standing Emergency Order of any kind, some towns in Vermont still restrict access to town records.

Mortgage lenders and appraisal desks at most regional banks continue to work from home. This,

combined with unprecedented order volume, results in additional calls and emails to clarify assignment conditions. All these issues slow down the closing of a loan at the same time we have unprecedented volume. I do not think we're the only appraisal firm who start their bids with an apology about current turn times and prices.

Exacerbating the stress to the system, during the pandemic as most professionals worked remotely under emergency order, it was nearly impossible to on-board and train new talent. As a result, the installed capacity of real estate professionals from February 2020; minus those practitioners who used the pandemic as a good reason to retire; are handling a volume that is at least 66% above the 2019 peak.

Furthermore, there is so much cash in the system that nearly every day we receive calls asking what it would take to accelerate our delivery or accept an assignment outside of our standard delivery area. While some additional pricing power is nice, without exception we inform them we are fully subscribed; our contract dates are firm.

The system is stressed. However, the one thing we have control over is our behavior and business practices. In the current environment we cannot work on an island. It cannot be "It's the appraiser's job to obtain the Schedule A," or "It's the listing agent's job to provide me the rent roll." To get through this bubble we all have to pull the rope in the same direction, sometimes in a way that is slightly different to how we worked together before. Make that extra phone call, send that text, provide a document you would not normally consider to be "your job." We must be gracious to each other, now more than ever.

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