



CELEBRATING
55 YEARS

narej

The appraiser profession - by Bill Pastuszek

October 08, 2021 - Appraisal & Consulting



Bill Pastuszek
Shepherd Associates

Valuation is a most interesting profession. Those who practice valuation find appraisal - the process consisting of “part art, part science” - a wonderful challenge in the study of human economic and social behavior. Most of the time each assignment is a fresh endeavor with new and generally interesting problems to be solved, and questions to ask and have answered. Given strong market conditions in both residential and commercial sectors, high quality appraisals are an absolute necessity for buyers, sellers, lenders, reviewers, credit analysts, and regulators. At the same time, concerns about the appraisal profession are being voiced by all these stakeholders—and by appraisers themselves. Several current challenges can complicate appraisers’ abilities to meet their own high standards.

- In this “hot” commercial and residential market, appraisers are experiencing almost unprecedented work volume and pressure. Such conditions can present clear challenges to appraisal quality and consistency.
- The chronic appraiser shortage has become an acute shortage. There are simply not enough appraisers to meet the market demand.
- Barriers to entry into the profession are numerous and onerous. Trainee appraisers, under current requirements, require close supervision by credentialed appraisers. Many credentialed appraisers are just too busy to look after trainee appraisers. The problem appears to be particularly acute in the residential sector.
- There is strong demand for individuals with appraisal skills and aptitude from lending institutions, agencies, and real estate companies. These entities typically offer more attractive employment packages than many fee appraisal firms. Independent fee appraisers may become increasingly harder to come by.
- Residential appraisers are working with obsolete, difficult to use forms developed for use by the secondary market. The entities that create these forms are developing new ones promising to be more robust, informative, and easier to use. Curious as to the reaction once they are published: will they live up to the hype?
- Software companies continue to develop report-writing platforms for commercial appraisers, designed to make report-writing more efficient and consistent, and to enable appraisers to spend more of their time analyzing and valuing. But most of these platforms still need significant refinement, and, often solve some problems while creating others.
- Similarly, database and related web-related technologies have come a long way, but further advances are needed. Real estate-related search capabilities need continued enhancement, and the ability to store and analyze comparable factors beyond just sales and rentals needs to be improved. Platforms need to evolve to further enhance appraisers’ abilities to look at data in various

ways; and to digest, organize, and present the vast amount of available data with transparency and analytical nuance.

In both residential and commercial areas, expect development and reporting to evolve positively over the next decade. The next generation of appraisers will be completing appraisal assignments and creating reports that will have a distinctly different look and feel than those being created today.

Two other critical issues - finally getting the attention they deserve - is the issue of bias and discriminatory practices. Be reminded that just because USPAP states that appraisers must refrain from unlawful discriminatory practices, doesn't mean that all appraisers are (a) not biased, or, (b) not discriminatory. This is an issue that isn't going to go away. Some critics of the appraisal process are agitating for a complete overhaul of the process, doing away with the comparable sale process, and replacing it with...it's not yet quite clear what. Appraisers need to be fully present in discussing and analyzing these very real issues, or they are likely to not like the solution. Bias is also an issue that should be more carefully considered in the education process. Bias is not just related to discriminatory behaviors but also to the fundamental ways appraisers select, view, and analyze the comparable data that lies at the heart of the appraisal process. Enhanced understanding of biased behaviors – anchoring biases, confirmation biases, for example – and mechanisms for dealing with them will go a long way in solidifying the validity and viability of the appraisal process. Even as busy and somewhat overwhelmed with work as many appraisers are, this is surely an interesting way to make a living and a most unique way to view the world. Now is the time to stay focused and avoid inconsistencies, contradictions, and errors. USPAP tells us: "Perfection is impossible to attain, and competence does not require perfection." Thus, render appraisal services with due diligence and due care.

Bill Pastuszek, MAI, ASA, MRA, heads Shepherd Associates, Newton, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540