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The shortage in the appraisal industry - Maria Hopkins

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Over the last two years, there has been an unprecedented volume of appraisal orders due to the low interest rates fueling the whole world to refinance. In addition, there was a high demand for housing of all types and price ranges with limited supply, which led to a strong increasing market. COVID not only had no negative impact on the housing market but seemed to only fuel an even stronger demand for housing, which included changes in lifestyle with more and more people working remotely, maybe permanently to some degree. Because real estate is cyclical, this unprecedented demand for appraisals was thought to be temporary.

However, there is another issue adding to the problem with no short-term solution. The pool of appraisers is aging and the barrier to entry was a real problem for a few reasons. Appraisers were reluctant to train anyone new that might become their competition once they were licensed, the cost and time it takes to train is a factor and lenders were not really allowing trainees to inspect properties. They could only assist with the report. The addition of a college degree requirement was also a real barrier because while training, the expected income was not enough for many graduates. The college degree requirement was finally removed for a basic license with relevant education required as well as supervised training. This made more sense but the training hours were then shortened too much which would allow someone to be appraising on their own with a license way too soon.

The two-year requirement of supervision was always a reasonable time and didn't need to be shortened. The requirements went from one extreme to the other overnight. The online education with safeguards in place was a wonderful opportunity during COVID for trainees and appraisers to get their education but sadly are no longer allowed after 12/31/21 for primary education. In-person classes will be required which would be fine except that there is an extreme shortage of classes to be found without traveling a great distance for them. This is another barrier to entry and maybe should be considered.

Lenders are still rarely allowing supervised trainees to inspect properties but they are allowing hybrid appraisals where inexperienced sales agents with little training are inspecting properties, drawing a floor plan, taking photos and sending a report to an appraiser who then has to rely on that information and complete an appraisal. Appraisers are begging to be allowed to send their own experienced trainees instead. There is a possible need for a hybrid appraisal process in rural areas where there is a true shortage of appraisers like Maine and rural areas in the Berkshires of Mass. But they are not being limited to these types of areas. There is discussion of allowing appraisers to use technologies like cell phones with face time to walk through a property which makes sense in underserved areas and in my opinion would be preferred to a sales agent inspection. In conclusion, we have a lot of appraisers slowing down or retiring and several things really need to be done to ensure adequate qualified people to be available in the appraisal industry.

I will continue to advocate for training new people, especially helping minorities to break into the field. I have no plan to retire since my children work for me, but I sure would like some much need time off.

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