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Challenges of the appraisal profession - by John Nitz

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Over the years, it is no secret that real estate appraisers have faced many challenges within their profession. In this article, I will discuss some of my own professional challenges over the past 37 years. Some of these challenges include completing the educational requirements, submitting appraisal reports on time, finding qualified help, appraising complex property types, and collecting fees from clients. In talking with my colleagues in the appraisal profession, most appraisers in Connecticut and throughout the country face some of the same challenges. The educational requirements always have been taxing and depend on whether one becomes designated via the Appraisal Institute or solely a licensed and certified appraiser. To become a certified general appraiser, one must have a bachelor's degree and complete 300 hours of appraisal education, including a 15-hour Uniform Standards of Professional Appraisal Practice - USPAP course. Plus, the trainee or provisional appraiser must complete a comprehensive exam and fulfill 3,000 hours of appraisal experience in no less than 18 months. Subsequent to acquiring a license, 28 hours of continuing appraisal education must be completed every two years, which includes a 7-hour USPAP class and a 4-hour appraisal law module with supervisor/provisional education. To obtain an MAI designation, completion of a series of demanding appraisal courses, submission and presentation of a lengthy and thorough demonstration appraisal, and the passing of a stringent comprehensive examination is required. Further, the MAI designation requires 4,500 hours of appraisal/real estate experience. The licensing and designation requirements for residential appraisers vary somewhat, but also can be challenging.

Once an official appraisal designation has been acquired, the real trials begin and include acquiring business and securing clients, managing the time necessary to complete each appraisal assignment on time, and accurately appraising different property types under unique scenarios. In my discussions with local appraisal firms, most appraisers have been busy with work for the past several years and only occasionally experience a lack of work. One such drought occurred for many during the beginning of the COVID-19 pandemic between April and August 2020 in which many banks were quiet during this time period. In addition to a slowdown among financial institutions, legal work including tax appeals also came to a halt. As the pandemic weakened, appraisal work resumed steadily and at times became overwhelmingly hectic for some appraisers.

Now, as in years past, the knack is getting the appraisals done in a timely manner. Technology has benefitted the appraisal profession by enabling appraisers to obtain public records online. Although some public records had been online before the pandemic, the pandemic motivated city halls to allow electronic access to an even more vast array of public records; thus allowing appraisers to complete appraisals quicker. Technology, including more internet search engines, also has allowed appraisers additional data for analysis. Despite the aid of technology, a dilemma facing appraisal professionals is finding competent help. My appraisal career has benefitted greatly from family members joining my business. My father, Bill Nitz, worked for my business as an appraiser for 25 years before retiring at age 80. My wife Linda of 33 years has been even more beneficial to my business, at first providing organization and administrative assistance, to now providing research and participating in writing portions of the appraisals. We recently inspected together and completed an appraisal on an intricate large brewery. Although I analyzed the market data and established the

final value, my wife's assistance on research and detail were invaluable.

Another hurdle challenging primarily commercial appraisers is the difficulty in appraising different property types. MAI appraisers oftentimes are expected to be proficient at appraising any property. As a result, clients seek MAI appraisers for the complicated properties.

Some commercial appraisers can avoid this hurdle by specializing in certain property types, such as apartments, industrial properties, golf courses, or churches, etc. Other appraisers avoid appraising beyond a certain radius of their office location. In a perfect appraisal world, I would confine my territory to a tighter radius; however, some properties are situated in a distant location with scarce resources and/or comparable market data. In these instances, it may be necessary to utilize or combine unconventional techniques in the appraisal process.

In this article, I have touched on only a handful of some of the encounters we face in the appraisal profession. As we face unique challenges, ideally appraisers will provide the public with a more thorough, timely, and accurate appraisal in the years ahead.

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