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Appraisal Career Foundations: The joys of real estate appraisal - by Arnold Grant

May 10, 2024 - Appraisal & Consulting



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At times it is challenging to coax an individual to consider becoming a real estate appraiser. Potential candidates without appraisal experience may be reluctant to enter a new field of study. Yet attracting new people can revitalize an appraisal firm. Appraisal offers an entry into the realm of commercial real estate opportunities. New hires bring enthusiasm and a desire for learning. Fresh people bring new ways of thinking. Individuals with different educational backgrounds can bring a surprising mindset.

Motivated individuals with no appraisal experience may become accomplished appraisers in a relatively short time. Appraisal training blends a variety of educational experiences including classroom and virtual courses, daily case studies for individual appraisal assignments, ideally with thoughtful guidance provided by an experienced appraiser. At its best an individual's appraisal practice can blend the elements of craft and applied economics.

Initially an appraisal trainee considers real property on a granular level. This involves development of a street sense, learning about the importance of access, visibility, neighboring land uses, zoning, and the physical attributes and constraints of individual properties. With experience an appraiser begins to understand supply and demand, and capital market fundamentals. Observing the impact of historical cycles on the utility of improvements and the resulting changes in highest and best use over time becomes easier with experience.

The joys of independent fee appraisal work derive in part from the variety of assignments associated with various property types. In addition, there is a range of activities from property inspection to online research, gathering comparable sale and lease information, analysis of pertinent data, creation of financial models, and preparing the resulting appraisal report. The appraisal process involves a mixture of collaborative work and independent thought. Creating an appraisal includes work in the physical world as well as online research. At the end of the process is the appraiser's opinion concerning market value.

While some people are happy to appraise property for many years, turnover is common in the appraisal industry. A person sampling life as an appraiser need not commit to a lifetime of appraisals. Appraisal work creates a foundation for understanding the key variables that determine or undermine value. It provides the skills to do analyst work for acquisitions and asset management, including the knowledge of cash flows, software, leases, debt instruments, tax and environmental analysis. Lastly, appraisal work develops skills in how to find information and being willing to cold call to get it.

Where do appraisers go when they have had enough independent fee experience The next stage often involves working as a review appraiser for a bank. Another alternative is performing higher level economic analysis of real estate markets for a financial institution.

Several appraisers I trained subsequently worked for state government departments including the Department of Energy and Environmental Protection where they managed a third-party appraisal process and worked on the acquisition of land and property for farmland preservation and environmental conservation. Another appraiser worked for the Department of Transportation where she reviewed appraisals and acted as an agent for acquisitions of real property needed for infrastructure projects.

Ambitious appraisers undertake coursework and build an appraisal portfolio necessary to earn an appraisal designation. This can yield a competitive advantage when seeking appraisal management positions.

Other appraisers return to school for an MBA to broaden their professional prospects. This gives entry to a variety of higher-level jobs. Among our alumni are individuals who work as real estate investment analysts and as investment officers for government real asset funds.

The fundamental principles of real estate appraisal underpin real estate markets and investments. These basic building blocks yield benefits in a variety of commercial real estate endeavors.

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