



CELEBRATING
55 YEARS

nerej

A quick look at the current state of the residential appraisal profession - by William Pastuszek Jr.

March 28, 2025 - Spotlights



William Pastuszek Jr.

Appraisers and the appraisal profession have typically operated in crisis or near-crisis conditions. The profession emerged from the Great Depression (that's the one in the 1930s) and has survived numerous other "bad times," such as the Savings and Loan Meltdown and subsequent commercial real estate stagnation of the 1990s, the Great Recession in the first decade of this century, and assorted bumps – big and small – from time to time. For example, remember COVID-19 and its aftereffect? Changes in laws, regulations, and methodologies have all had an effect on appraisal practice.

The profession has evolved from crisis to crisis. Appraisers have not in many cases done a good job in adapting to changes, instead mostly have had changes imposed on the profession. Are we in crisis mode now?

The changes that have resulted are a mixed bag. Let us review some of the factors and gain some clarity.

The Appraisal Institute produces a "fact sheet" that surveys the U.S. valuation profession including all appraisers. The most recent survey was published for 2023 and can be considered pertinent in early 2025. Here are some bullet points:

- According to ASC data, the number of appraisers nationwide has decreased. The institute's data sheet notes an estimated 70,000 appraisers and a decline of some 8,000 appraisers since the last survey.
- Nationally, certified residential licenses represent about one half. General certified licensees constitute about 40%.
- Parenthetically, appraiser statistics show about 2,000 appraisers in all classifications currently, with a drop of about 10% since 2017 and a noticeable drop since 2023. In 2007, there were approximately 4,000 licensees. The Comm of Mass shows the general certified category as the only category showing growth.
- The profession is age-weighted, with 60% of appraisers over 50 and a very small percentage under 35. Further, the appraiser survey shows the profession to be largely male and white.
- Further, about 1/3 of the professionals are self-employed, sole proprietors or independent contractors with about 25% as business owners with partners or employees and 25% in corporate or organizational situations.

Where is this profession headed? On the residential side (we will talk about the commercial side in a following article), there are clear threats to the mortgage lending side of appraisal. High interest rates, supply, and affordability have worked to depress sales volumes and refinances, leaving residential appraisal with less work.

The higher rates began during 2022 and while everyone hopes for relief, and despite several interest rate changes by the Fed. The activities of the GSEs and the appraisal modernization movement represent some daunting challenges to appraisers. The appraisal process remains fundamentally the same but reporting requirements represent a significant step up in terms of needed appraiser education.

In addition to new forms, there is increased emphasis on supporting adjustments in a credible manner, including providing much more precise means of measuring market conditions (time) adjustments. The hybrid appraisal environment, where the appraiser does not inspect the property but relies on the work of a property inspector, represents another threat in addition to a growing tendency for GSE lenders to rely on appraisal waivers, where the need for an appraisal is deemed unnecessary.

These threats are not new but given the current environment, take on heightened importance.

At least more than one of my residential colleagues have decided this is a good time to retire or move on. (At least several have moved into appraisal-related areas but all in all represent a decrease in the potential global panel of fee appraisers.)

Under siege as appraisers have been, given the appraisal bias movement and the pressures put on appraiser by market forces and client pressure, residential appraisers are not going away. Many will move into other practice areas. But there are some concerns about competency in more specialized practice areas. Appraisal education in general has become more limited with fewer providers and both primary and continuing education not always keeping pace with current trends. More on appraiser education and regulation in a future article as well as considering trends in commercial appraisal.

William Pastuszek Jr., MAI, AI-GRS, ASA, MRA heads up Shepherd Associates, LLC, Needham, Mass.

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