

Market analysis:  
Miami

AI, LDAC  
conference  
recaps

Tips for  
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witnesses

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INSIGHTS AND PERSPECTIVES FOR REAL ESTATE APPRAISERS Q3 2022



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# Valuation

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## HOME ON THE RANGE

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ON THE COVER:  
A ranch in Wyoming.  
Photo: Shutterstock.com

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# Valuation

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# How AI is taking action and leading the conversation about appraisal bias



by Jody Bishop, MAI, SRA, AI-GRS

For the past couple of years, the valuation profession has been confronting reports of appraisal bias. This is a serious issue. Indeed, bias of any kind is the antithesis of what the Appraisal Institute and its professionals stand for. We have worked with many organizations to educate the public about the role of the appraiser, reviewed steps that can be taken to help consumers, and focused on making the valuation profession more diverse and inclusive. Our valued partners include the Appraisal Foundation, American Society of Appraisers, American Society of Farm Managers and Rural Appraisers, International Association of Assessing Officers, National Society of Real Estate Appraisers and MBREA Association for Valuation Professionals.

Reports of alleged incidents of valuation bias in the media have been difficult to read and watch — and I'm sure you feel the same way. Fortunately, AI has had numerous opportunities to provide its perspective. My predecessors and I have frequently spoken with national and local media outlets, and have shared many salient points during these important interviews.

Both federal and state legislators and regulators are making it a priority to examine allegations of appraisal bias. In response, AI has testified before Congress, provided input to the Biden administration's Property Appraisal and Valuation Equity Task Force, advanced model state legislation on valuation bias and fair housing, and driven numerous discussions on how we are working to protect consumers as well as strongly advocating for appraisers.

In partnership with Fannie Mae, Freddie Mac and the National Urban League, we took a leading role in creating the Appraiser Diversity

initiative. And last year, AI received a \$3 million commitment from JP Morgan Chase Bank to fund scholarships for diverse aspiring appraisers.

The Practical Applications of Real Estate Appraisal program, known as PAREA, is another important step we are taking to attract new and diverse individuals to the valuation profession and to show AI's commitment to growing the residential appraiser population. The AI Board of Directors developed PAREA to help aspiring appraisers by connecting education and mentorship and making it easier to find a mentor, which has long been one of the biggest challenges to entering the profession. To date, more than 30 states have accepted the PAREA program as an alternative to the experience requirement.

In addition, the AI Bias Research Solutions Project Team is reviewing many of the studies that have been released concerning appraisal bias. Once their report is finalized, it will be shared with the national Board of Directors and AI professionals.

These efforts are examples of how AI continues to be part of the solution — the “how” being as important as the “why.” The “why” is because AI must be a part of the ongoing conversations with the media, legislators and regulators. We must work with other organizations to protect the future of the profession, and we must encourage new and diverse individuals to join our organization. It is critical for us to stand with other organizations in defense of appraisers. AI must continue to acknowledge and seek opportunities for growth and change. ◀

► Learn more about the Appraiser Diversity Initiative at <https://bit.ly/3gtEK48>.

► Learn more about PAREA at <https://bit.ly/3CUjdND>.

Bias of any kind  
is the antithesis  
of what the  
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and its professionals  
stand for.



# Up Front

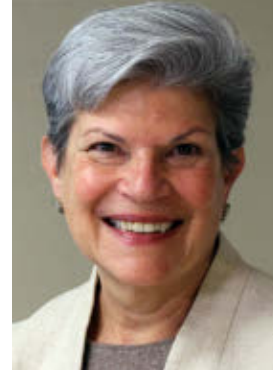
APPRAISAL INSTITUTE AND INDUSTRY NEWS

## Konikoff elected 2023 AI vice president

**Paula K. Konikoff, JD, MAI, AI-GRS**, of Playa del Rey, California, was elected the 2023 Appraisal Institute vice president by the Board of Directors during the board's Aug. 4–5 meeting in Las Vegas. Her one-year term as vice president will begin Jan. 1, followed by one year each as president-elect, president and immediate past president. In 2023, she will also serve as chair of the Finance Committee.

Konikoff, an arbitrator who provides expert testimony and litigation consulting, is vice chair of Region VII, serves as a member of the Body of Knowledge Committee, is a past chair of the Professional Standards and Guidance Committee (of which she was a member for many years), and helped establish the national Women's Initiative Committee, acting as its first chair in 2019.

She received her MAI Designation in 1986 and became active in the American Institute of Real Estate Appraisers (a predecessor organization) as a member of her chapter's Admission Committee and



as an instructor. She has served on the Standards Committee, the Ethics Committee, the Admissions Appeal Board and her chapter's Board of Directors.

Konikoff is the author of *Appraisers in Arbitration*, a developer of online

seminars, a member of the development team for AI-GRS qualifying education, and a reviewer of textbooks published by the Appraisal Institute and articles submitted to *The Appraisal Journal*.

She has twice been recognized with the Appraisal Institute's President's Award and once with the Y.T. and Louise Lee Lum Award.



### AI develops new residential review form

A new review form for residential appraisals is available from the Appraisal Institute. Developed by the Residential Review Form Project Team, the form should prove especially helpful to appraisers preparing reviews for non-lending purposes, and assist reviewers in completing their review process and meeting professional standards.

► Find the review form at <https://bit.ly/AI-review-form>.



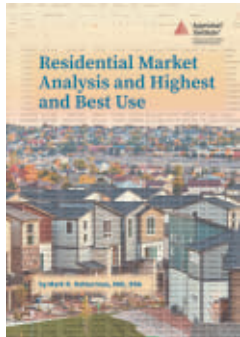
### Assistance available to those affected by natural disasters

Appraisal Institute professionals and other individuals who have made meaningful contributions to the real estate profession and who have been affected by natural disasters can seek assistance from the AI Education and Relief Foundation. More than \$300,000 in emergency financial aid has been provided since 2005. ► Find more information at <https://aierf.org>.



## AI releases new book on residential market analysis

*Residential Market Analysis and Highest and Best Use* by Mark R. Ratterman, MAI, SRA, explores



how appraisers can plan and perform detailed market and highest and best use analyses that lead to credible and supportable value conclusions and convincing appraisal reports. The book presents

practical advice and real-world examples that demonstrate productivity analysis, examines supply and demand relationships in residential markets, reviews ways in which an appropriate level of market analysis can be determined, and explores best practices for researching data sources and applying statistical tools. ▶ Order the book from AI at <https://bit.ly/3EBNsKg>.

## FHA expands appraisal validity period for certain mortgages

The Federal Housing Administration announced

July 12 that it would expand from 120 days to 180 days the validity period for Single-Family Title II mortgages and Home Equity Conversion Mortgage transactions. FHA is making the change to streamline the administrative process and reduce costs.

In its announcement, FHA stated: "Industry feedback has encouraged FHA to simplify the appraisal validity policy and align with other agencies. Increasing the appraisal validity periods decreases administrative and financial burdens associated with obtaining appraisal updates. This change will also more closely align FHA's initial validity period with the U.S. Department of Veterans Affairs Notice of Value validity period and the total validity period of appraisals for the Government Sponsored Enterprises."

The updates are being incorporated into the *Single Family Housing 4000.1 Handbook*. ▶ Read the mortgage letter at <https://bit.ly/3ermWsc>.

## Appraiser provisions included in legislation approved by House

The U.S. House of Representatives on July 14 passed the National Defense Authorization Act, which approved \$840 billion in defense spending for 2023. The 329-101 vote came after hundreds of



## Fannie Mae data shows modest recession likely in 2023

The economy is expected to grow during the second half of this year, but high inflation, tightening monetary policy and reduced housing activity likely will result in a modest recession in 2023, Fannie Mae's Economic and Strategic Research Group reported Sept. 21. The forecast was lowered for both single-family home sales and multifamily starts due largely to higher mortgage rates. ▶ See the forecast at <https://bit.ly/3ga29Ks>.

## Reports in Short

From the Appraisal Institute

### Fed research shows remote work largely responsible for home price surge

Home prices jumped 24% during the two years ending November 2021, with more than 60% of the increase due to the rise in remote work, according to research from the Federal Reserve Bank of San Francisco. As of August, 30% of work was still being performed remotely, which likely will continue to influence real estate prices and inflation.

▶ Read more at <https://bloom.bg/3RT0CFG>.

### Office market likely changed forever, white paper explains

Labor market conditions will play a big role

in the demand for office space and how that space is used and valued, the Mortgage Bankers Association reported Sept. 8 in its white paper "A Framework for Considering Office Demand in a Post-pandemic World."

The white paper presents lease demand and valuation scenarios for two office-use models: a hybrid work schedule and a greater return to the office. ▶ Find the white paper at <https://bit.ly/3eruLy6>.

### Appraisal Foundation extends 2020–21 USPAP through 2023

The Appraisal Foundation's Appraisal Standards Board announced Aug. 11 that the current edition of the Uniform Standards

of Professional Appraisal Practice would be extended for an additional year. The 2020–2021 USPAP will now be effective until Dec. 31, 2023. ▶ Find more at <https://bit.ly/TAF-2023-USPAP>.

### AI confers 49 designations during the second quarter

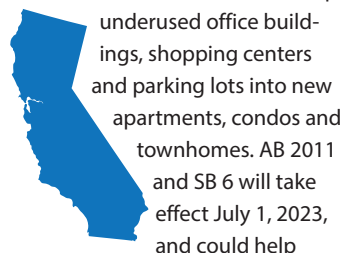
During the second quarter of 2022, the Appraisal Institute conferred 49 designations, comprising 16 MAI designations, 10 SRA designations, 14 AI-GRS designations and 9 AI-RRS designations. ▶ Learn about designations at [www.appraisalinstitute.org/designated](http://www.appraisalinstitute.org/designated).

## States of Mind

State legislation affecting appraisers

### California law allows housing on property zoned commercial

California Gov. Gavin Newsom on Sept. 28 signed two bills that will make it easier to redevelop



underused office buildings, shopping centers and parking lots into new apartments, condos and townhomes. AB 2011 and SB 6 will take effect July 1, 2023, and could help create more than 2 million market-rate and affordable homes across the state. ▶ [Read more at https://bit.ly/3VqZmg4](https://bit.ly/3VqZmg4).

amendments were considered, including a couple that focused on valuation issues.

One of those is based on HR 3008, the Home-buyer Assistance Act of 2021, which had already passed the House with bipartisan support. The amendment (and HR 3008) was introduced by Rep. Brad Sherman, D-Calif., and would modify requirements for single-family FHA mortgages by allowing appraisers to be state licensed rather than state certified. The amendment would also require compliance with existing appraiser education requirements.

The Appraisal Institute supports the inclusion of this amendment because it addresses long-standing concerns about the implementation of preexisting FHA appraisal requirements, which differ from those of Fannie Mae, Freddie Mac and the conventional market.

Another amendment is based on a provision in HR 2553, the Real Estate Valuation Fairness and Improvement Act of 2021, introduced by Rep. Emanuel Cleaver, D-Mo., that establishes a grant program for states, nonprofit organizations and institutions of higher education to promote diversity and inclusion in the valuation profession.

The Appraisal Institute supports the inclusion of the amendment because it is consistent with the efforts of the Appraiser Diversity Initiative.

No date has been set for a Senate vote on the NDAA legislation, and inclusion in the bill is no guarantee that these provisions will become law. After the Senate clears the bill, a conference committee will be formed to reconcile the two bills, and many provisions may not make it into a final version signed by President Biden.

▶ [See the National Defense Authorization Act at https://bit.ly/HR-4350](https://bit.ly/HR-4350). ▶ [Find more on proposed legislation HR 3008 at https://bit.ly/HR-3008](https://bit.ly/HR-3008) and [HR 2553 at https://bit.ly/Bill-HR-2553](https://bit.ly/Bill-HR-2553). ▶ [Learn more about the Appraiser Diversity Initiative at https://bit.ly/3gtEK48](https://bit.ly/3gtEK48).

### FHFA to create committee on affordable, equitable housing

The Federal Housing Finance Agency announced Aug. 23 its intent to create a Federal Advisory Committee on Affordable, Equitable and Sustainable Housing that will provide advice on regulatory and policy changes. The committee also will provide input on barriers to access to housing.

The committee's activities will focus on FHFA's regulated entities — Fannie Mae, Freddie Mac and the Federal Home Loan Banks — and their respective roles in providing a reliable source of liquidity and funding to support housing

finance in the single-family and multifamily housing markets.

The FHFA noted, "The formation of an advisory committee will better position FHFA to fulfill its strategic goal of supporting access to affordable, equitable and sustainable housing. [The committee] exemplifies our commitment to transparency, ongoing dialogue with stakeholders and the public, and thoughtful policymaking that connects equitable access with safety and soundness."

▶ [Read more at https://bit.ly/3TWpDC0](https://bit.ly/3TWpDC0).

### Reports show new federal disclosure rule hurting condo sales

Some reports show that federal regulations enacted after the collapse of Champlain Towers in Surfside, Florida, are hurting condo sales nationwide. Fannie Mae and Freddie Mac now require condo boards, homeowners associations or property managers to answer questions about a building's structural integrity before federally backed loans are approved. However, people are refusing to answer, so their buildings are being added to a growing list of ineligible properties.

▶ [Read more at https://bit.ly/3CsYxKZ](https://bit.ly/3CsYxKZ).

### House passes VA appraisal legislation despite AI concerns

The House on Sept. 14 passed HR 7735, the Improving Access to the VA Home Loan Benefit Act of 2022, which proposes to overhaul the Department of Veterans Affairs' appraisal requirements, including when an appraisal is necessary, how appraisals are conducted and who may conduct an appraisal.

The legislation also allows for desktop appraisals in some circumstances, but the VA has already made that policy change, as reported in its July 27 Procedures for Alternative Valuation Methods circular.

The Appraisal Institute opposes HR 7735 and its Senate counterpart, S 4208, and believes that concerns about slow VA appraisal turnaround times are overblown. In a May 13 letter to the House Veterans' Affairs Committee, AI noted, "We believe the VA appraisal process is sound and deserves broad support by the mortgage and housing sectors. We believe there are ways in which the program can be enhanced — education and awareness on the [Assisted Appraisal Processing Program] being one." ▶ [See the Procedures for Alternative Valuation Methods circular at https://bit.ly/3eAsMYh](https://bit.ly/3eAsMYh). ▶ [Find more on proposed legislation S 4208 at https://bit.ly/S-4208](https://bit.ly/S-4208). ▶ [Read AI's letter to the House Veterans' Affairs Committee at https://bit.ly/3eomyuM](https://bit.ly/3eomyuM).



# AI Annual Conference



Known for humor and moving narratives, motivational speaker and author Ryan Leak delivers the keynote.

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## Hitting the jackpot

### Appraisers win big at the 2022 AI Annual Conference in Las Vegas

More than 450 real estate professionals from around the world attended the Appraisal Institute's 2022 Annual Conference, held Aug. 2–3 at the Bellagio Hotel in Las Vegas.

The conference featured inspiring keynote speaker Ryan Leak, close to 30 breakout sessions on a variety of important valuation topics, networking opportunities, an exhibit hall showcasing the latest products and services, and an awards ceremony honoring the valuation profession's best and brightest.

Leak, a motivational speaker and author who helps leaders better understand their teams' capabilities, uses humor and moving narratives to inspire people to overcome their fears to become the best versions of themselves, and he encourages them to recognize the value in "chasing failure," which can be the fastest way to success. His presentation to AI conference-goers was well received.

Later, AI President Pledger M. "Jody" Bishop III, MAI, SRA, AI-GRS, referenced Leak's presentation, saying that one of the most poignant things he heard was "extraordinary people do consistently

what ordinary people do occasionally." Bishop said, "Ryan has reinforced a lot of what I said at the outset of the conference, that as far as building success in relation to business, it has to be part of your DNA and not just a box you check. You can take Ryan's words to heart, not only professionally, but in life in general and in family matters."

Among the many breakout session topics covered were building a defense against alleged bias, valuation modernization, desktop appraisals, the appraiser training process, and how perfor-



AI President Jody Bishop, MAI, SRA, AI-GRS, encourages conference-goers to be extraordinary: "As far as building success in relation to business, it has to be part of your DNA and not just a box you check."



# AI Annual Conference

## Looking ahead to 2024

The Appraisal Institute will not host an Annual Conference in 2023, which gives us time to carefully evaluate the event and how best to educate and entertain attendees in the future. Stay tuned for information about what will happen in 2024!

mance metrics are measured by lenders.

Attendees had numerous networking opportunities, including the President's Party, which featured a magician, a juggler and showgirls providing some Las Vegas entertainment.

An awards ceremony sponsored by the AI Education and Relief Foundation, the Appraisal Institute's charitable organization, honored 15 accomplished appraisers and other experts. Additionally, the African American Affinity Group held a fun gathering during the conference, and the Women's Initiative Committee and Diversity Panel hosted an on-site welcome reception, where attendees had the opportunity to have a free headshot taken.

The famous Las Vegas Strip was a sure bet when it came time for attendees to find some fun. Whether trying their luck in a casino, dining at one of the city's fantastic restaurants, seeing a great show or simply taking in some of the best people-watching in the world, Las Vegas was an excellent "work hard, play hard" locale.

## Bright lights of Vegas are AI's award winners

Many appraisers and other experts were honored at the Annual Conference.

Steven L. Marshall, MAI, SRA, AI-GRS, of Altamonte Springs, Florida, received the Appraisal Institute's J. Scott Robinson Lifetime Achievement Award. The Lifetime Achievement Award is presented to an AI professional who demonstrates high ethical standards; has volunteered several years of service and has contributed to the Appraisal Institute on the international, national,

region and/or chapter level; has served his or her community; and has contributed to the appraisal profession for at least 20 years. It was renamed in honor of the late Scott Robinson, who served as AI's 2016 president and was a leader in this organization and the valuation profession worldwide for decades before his untimely passing in 2021.

Receiving the President's Award were Suzanne Brockway, of Atlanta; Claire Aufrance, MAI, SRA, of Greensboro, North Carolina; Elaine Liz-Ramirez, MAI, AI-GRS, of Gulfport, Mississippi; Rodman Schley, MAI, SRA, of Denver; and Mark E. Verrett, SRA, of Houston. The President's Award acknowledges AI professionals who are committed to the organization, are currently engaged in its activities, are effective spokespeople, act as a representative at all times, and are in touch with both the needs of other AI professionals and the changes that the organization must help its professionals meet.

In addition, the Appraisal Institute Education and Relief Foundation, which offers educational scholarships and disaster assistance, presented the following: the James H. Pritchett Award to Henry J. Wise, MAI, of Conyers, Georgia; the George L. Schmutz Award to Brad Carter, MAI, of Atlanta, and Tyler Leard, Candidate for Designation, of Atlanta; and the Dr. William N. Kinnard Jr. Award to Larry Wright, MAI, SRA, AI-GRS, of Houston.

Claire Aufrance, MAI, SRA, of Greensboro, North Carolina, received the Women's Initiative SPOTLIGHT Award. (Read more about Aufrance on page 30.) The award was established in 2020 to recognize an AI professional who has made an important contribution to fostering the growth of women in the valuation profession. All AI professionals are eligible for the award.

This year's Outstanding Service Award went to Arthur "Rocky" McElhannon, MAI, SRA, AI-GRS, of Charlotte, North Carolina, and Jacinto "Jay" Munoz, MAI, SRA, AI-GRS, AI-RRS, of Rancho Cucamonga, California. The Outstanding Service Award is presented to AI professionals who have contributed ideas, service hours and dedication to ensure a specific program or effort is implemented at either the chapter, region, national and/or international level(s). This individual must be instrumental to the success of the program or effort, which also must be far enough along to measure and provide proof of success. ◀



## Time to shine

AI President Jody Bishop, MAI, SRA, AI-GRS (center), honors four of AI's many 2022 award winners: (from left) Suzanne Brockway; Elaine Liz-Ramirez, MAI, AI-GRS; Claire Aufrance, MAI, SRA; and Rodman Schley, MAI, SRA.



# Appraisers talk about a changing real estate landscape as LDAC returns

**After a two-year hiatus** due to the COVID-19 pandemic, the Leadership Development and Advisory Council conference returned to Washington, D.C., May 18–20. Jacinto “Jay” Munoz, MAI, SRA, AI-GRS, AI-RRS, 2022 LDAC chair, welcomed more than 100 Appraisal Institute professionals to the city for the three-day event.

During the opening session, LDAC leaders offered previews of their respective discussion topics, after which AI President Pledger M. “Jody” Bishop III, MAI, SRA, AI-GRS, talked about issues affecting the Appraisal Institute and the valuation profession. Melody Taylor, executive director of the Interagency Task Force on Property Appraisal and Valuation Equity, discussed the PAVE task force and fielded questions from the audience about its potential effect on appraisers. Misty Ray, MAI, AI-GRS, the final speaker, talked about the Appraisal Institute Insurance Trust.

During the closing session, Kelly Yeatts, MAI, was elected 2023 vice chair; 2022 vice chair Eric Schneider, MAI, SRA, AI-GRS, will serve as chair next year.

## Up for discussion

The central topics the four discussion leaders introduced focused on advancing diversity, equity and inclusion within the valuation profession; the Appraisal Institute’s use of technology; recruiting and retaining individuals to the



More than 100 Appraisal Institute professionals went to Capitol Hill on May 19 to talk to lawmakers about equity in valuation and AI’s efforts to prioritize diversity, equity and inclusion. They also urged members of the House to co-sponsor HR 575, legislation that would modernize the real estate appraisal licensing system.

profession; and AI member services and benefits. The ideas, proposals and recommendations that came out of the discussions were compiled into reports delivered to AI’s Executive Committee. Following are highlights from those reports.

**DE&I:** Brett Weatherbie, MAI, AI-GRS, reported that participants in all four of his discussion groups agreed that AI’s appraiser

diversity, equity and inclusion initiative is a positive step toward addressing these concerns and, along with the Practical Applications of Real Estate Appraisal program (known as PAREA), is seen as a good opportunity for giving people a nontraditional path into the profession. Participants also strongly supported AI’s university outreach efforts, which they said could help cre-

## First-timer award

Michael Tidwell II, SRA, of Los Angeles, received the William T. Anglyn Award at the Leadership Development and Advisory Council conference on May 20. The Anglyn Award is presented on the last day of the event to a first-year participant who exhibited exemplary leadership, integrity and outstanding contributions at the conference. The award was created in 2000 in recognition of efforts by Ted Anglyn, MAI, to promote LDAC.



ate a foundation that increases diversity at the entry level. All groups noted the importance of seeing diversity at the leadership level and on committees and panels.

**Technology:** Lee Smalley, MAI, used the Slido app to poll his discussion groups on how they felt about the Appraisal Institute's use of technology in service to its professionals. The responses showed that participants wanted more education and delivery options, that they highly valued the idea of data sharing and collection among membership (while acknowledging that this could be seen as a tricky topic), and that they thought that affiliations and collaborations with tech companies could be very helpful.

**Recruitment:** Kelly Yeatts, MAI, had her discussion groups focus on how to attract new candidates to the valuation profession, and they universally agreed that recruitment through both four-year colleges and universities and the community college system is essential. They also thought it would be helpful for higher education institutions to offer more general appraisal courses as an introduction to the profession. Participants also discussed the importance of creating opportunities that benefit both trainees and supervisors, and they want to more strongly market the benefits of being an appraiser and being an Appraisal Institute professional.

**Member services:** Seth Rohling, MAI, AI-GRS, reported that all of his discussion groups said they could benefit from



HILARY SCHWAB

AI's 2022 Leadership Development and Advisory Council conference operated under the direction of (front row, from left) Jay Munoz, MAI, SRA, AI-GRS, AI-RRS, chair; Seth Rohling, MAI, AI-GRS, discussion leader; Kelly Yeatts, MAI, discussion leader; Eric Schneider, MAI, SRA, AI-GRS, vice chair; (back row, from left) Lee Smalley, MAI, discussion leader; Craig Steinley, MAI, SRA, AI-GRS, AI-RRS, AI president-elect; and Brett Weatherbie, MAI, AI-GRS, discussion leader.

social media education and how best to use it to promote their services, the profession and the Appraisal Institute. They also said they would benefit from business development training, which they noted could be particularly valuable to smaller firms. Many participants noted that Communities of Practice could be expanded and used for

networking, such as bringing together appraisers who specialize in certain property types.

► Appraisal Institute professionals interested in next year's LDAC can learn more about the program at <http://bit.ly/2Nmgnl2>.



## Legal Matters

PROTECTING YOUR BUSINESS AND YOURSELF



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# Smart practices for expert witnesses

6 items you should include in an engagement agreement

by Peter T. Christensen

I have occasionally agreed to serve as an expert witness, meaning that I've offered my opinions, based on my professional knowledge and expertise, on behalf of a party in litigation. Such work can be interesting and rewarding — and a nice break from my usual grind as an attorney. I suspect that many appraisers also see expert work as a welcome break from pre-

paring regular appraisals. Some are even lucky enough to make a living this way.

In my eagerness to take the work, however, I've sometimes overlooked the need to get a good agreement signed, which has resulted in my not getting paid in a timely manner. Litigation can be painful for the parties involved, and sometimes they're not motivated to pay the

A well-tailored agreement is an effective tool that both ensures you get paid and minimizes the risk of misunderstandings or legal claims by clients.

bills. Other times, invoices can go ignored by corporate behemoths or get lost in the shuffle between law firms and their clients.

It's important for any appraiser — or lawyer — who accepts expert witness assignments to have a good engagement agreement that is specifically written for expert services. A well-tailored agreement is an effective tool that both ensures you get paid and minimizes the risk of misunderstandings or legal claims by clients.

Agreements for expert work generally should not be the same ones used for regular assignments, and they need not be complex or lengthy. In fact, complex agreements that state lots of assumptions, caveats and disclaimer-type language can raise problems in depositions or testimony because they may be discoverable in litigation and provide fodder for cross-examination: "So, you're saying here that you didn't do any research about potential building code issues and instead just assumed the property was compliant?"

What does make a good expert witness engagement agreement? Following are six key items for consideration — and all of these (except the appraisal-specific items) are now included in my own agreements.

**1 Independent nature of services.** The engagement agreement should acknowledge that your opinions and testimony will be based on your independent, professional judgment and are in no way pre-



determined. While the attorneys hiring the experts should understand this, it's still useful to include this declaration. If you are deposed as part of the case, this information is a nice point of reference if opposing counsel tries to paint you as a "hired gun." Also, because the attorney's own client may see or also sign the agreement, it's a useful reminder that you don't guarantee any outcome and that you have to be paid regardless of the result. A good sample provision may read as:

My services will be delivered in a manner that is independent, impartial and objective. I do not warrant the outcome of this matter, and neither the amount nor payment of my fees is contingent on any result.

**2 Responsibility for payment.** The agreement should clearly specify the timing and terms of payment, as well as who is responsible for making the payment — the law firm or their client or both. Ideally, you want both to be on the hook for your fees, but many attorneys only want their client to be liable for payment. This arrangement may be acceptable if you're confident in the client's willingness and ability to pay. A sample payment provision that obligates both the law firm and their client to pay your fees may read as:



I understand you are retaining my services in connection with the representation of your client. While I will be issuing my invoices directly to you for delivery to your client, your client shall be responsible for payment in accordance with the terms stated in this letter and has acknowledged that responsibility by signing below. However, in the event that your client fails to pay my fees and expenses on a timely basis, your firm agrees to pay the balance owed.

**3 Upfront retainer.** An upfront retainer payment is common for expert work. There are many potential variations of retainers, but they all exist to ensure you get paid. In some cases, you might want a nonrefundable retainer, which means there will be a minimum fee that you keep even if the work required involves less time than anticipated. On the other hand, if you have an ongoing, trusted relationship with the firm hiring you or the party represented by the firm, you may not require a retainer. A sample retainer provision — one in which the





retainer is held by the appraiser until the last billing — may read as:

It is my policy to collect a retainer and receive the fully executed engagement letter before I begin providing services. The retainer for this matter shall be \$\_\_\_\_\_. This retainer will be applied to my final invoice for time and expenses, with any unused amount refunded to the party who paid the retainer unless that party directs, in writing, that the refund be paid to a different party.

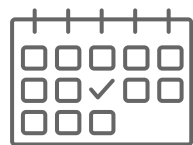
**4 Right to withhold and/or withdraw services.** A good agreement should state that the appraiser has the right to withdraw from the engagement for nonpayment or in the event of an ethical or professional standards issue or disagreement. Such language may read as:



Without liability on my part and without regard to the stage of litigation, I shall have the right to withhold providing services (including delivering any report or providing testimony) or withdraw completely, at my sole option, if any of my invoices are not paid in a timely manner or if I determine that an irreconcilable conflict has arisen.

If you're ever in the position of having to withdraw, especially at a late stage in a case, give careful thought to the potential predicament the client may find themselves in without a testifying expert for their upcoming trial.

**5 Valuation dates.** In some litigation cases, such as condemnation or divorce, the date of valuation is a critical legal issue and may depend on the law in a particular jurisdiction or on matters and orders



in the case itself. Typically, it is a legal issue and the responsibility of legal counsel. However, professional liability claims have been made against appraisers for erroneously chosen dates of value. For this reason, it's smart practice to clearly specify that the date of value is not the

appraiser's ultimate responsibility by including a provision such as:

If the development of any appraisal opinions is needed in this engagement, your firm shall have responsibility for determining and advising me of the date(s) of value that are legally pertinent to the matter.

**6 Hold harmless and limitation of liability.** Consider including limitations of potential liability, which serve to assist in both preventing claims and defending them. A sample provision may read as:

To assure that my services in this matter can be rendered freely and independently, your client agrees to indemnify, defend and hold harmless my firm, its owners, appraisers and employees from and against any and all liabilities, losses, costs and expenses relating to my consulting or testimonial services under this engagement. The foregoing shall not apply to any matter resulting from my gross negligence or willful misconduct. In any case, however, the total collective liability of my firm, its owners, appraisers and employees for all claims of any kind arising out of, relating to or connected with this engagement shall be limited to the total fees paid to me/us under this engagement.



Finally, get your agreement signed! Ink, faxed or digital — your engagement letter should be signed. And it's important to get the law firm's client to sign as well, especially if that party is the one paying you. ◀

### Sample engagement materials

Need a complete, editable written agreement? You can find samples online in the Appraisal Institute's professional practice section at [www.appraisalinstitute.org/professional-practice/engagement-samples](http://www.appraisalinstitute.org/professional-practice/engagement-samples).

### About the Author



Peter T. Christensen is an attorney whose practice is focused on

legal, regulatory and insurance issues concerning real estate valuation. He provides risk management education to appraisers on behalf of LIA Administrators & Insurance Services, the Appraisal Institute's endorsed E&O program for appraisers, and is the author of *Risk Management for Real Estate Appraisers and Appraisal Firms*.

# Home *on the* Range

The \$200 million sale of Beaverhead Ranch in Montana ranks as one of the largest real estate deals of 2021.



# These are wild times for ranchlands as appraisers see a mad rush for wide open spaces

by Suchi Rudra







**John Merritt:**  
**"We have three showings this week in Colorado. Two or three years ago, you'd be lucky to get three showings in a month."**

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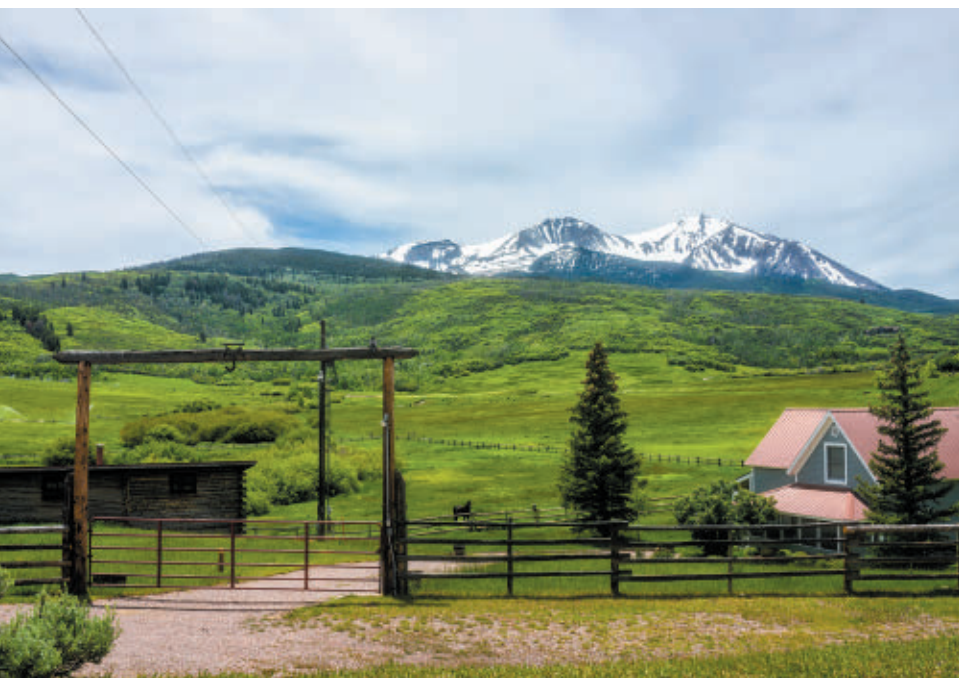
It was mid-2021, a moment that now appears to have been the pinnacle of the recent real estate frenzy, and up in the Rockies, a 2,000-acre rural ranch was purchased for \$14 million — sight unseen. Eight months after the sale, the owner had yet to set foot upon his new trophy property, although he had plans to visit with his family by this summer's end. Originally a hay and cattle ranch, the property will be transformed into a mostly vacant piece of land,

one that the owner plans to enjoy and leave behind to his heirs.

"These are wild times," says Blair Abney, MAI, SRA, owner of Abney Valuation Group in Marshall, Texas, who appraised the property. He notes that while the property income on that Rockies ranch — about \$90,000 annually from hay leases and ranch house rentals — was not important to the buyer, the foreman and the buyer are considering continuing the hay lease while also exploring other options, such as wildlife management, to maintain the ad valorem tax exemption.

John Merritt, vice president and broker at the Jackson, Wyoming-based real estate firm Live Water Properties, has similar stories to share. He and his team listed a rugged, 17.9-acre ranch in rural Wyoming — an off-grid, solar-powered property surrounded by national forests on the Upper Green River — in February 2020 for \$1.35 million. "It's a very specific place, cool and charming, but half the year you have to ride a snowmobile, and the other half you're going eight miles an hour down a dirt road that's really bad," says Merritt, who notes that he's never witnessed this kind of market frenzy in his entire 13-year career. Once the pandemic hit in spring 2020, the beginning of what he calls the "COVID uproar," the little ranch was sought out by several buyers and sold in a day.

"Historically, that is a very difficult sale, but mid-2020 to mid-2022 was just insane," says Merritt. "We saw ranches that were on the market for a while that finally sold. The buyer



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**The recent spike in land values has prompted some ranch owners to list their properties because the cash is more valuable to them than the land.**





For ranches, as with any property, the value of building improvements is in the eye of the beholder: Resort-like amenities may not appeal to every buyer.



**Todd Murphy, MAI:** “You get some very high-end ranches in central California, and they’re really extensively developed, with very high-end homes and landscaping, like a resort. But those additions may not be recovered when selling.”

demand was completely overwhelming, and that created a rollout of inventory that ran up the prices. We have three showings this week in Colorado. Two or three years ago, you’d be lucky to get three showings in a month.”

Whether it’s 10,000 acres or 100, ranch properties are grabbing the spotlight now more than ever. Since the beginning of the pandemic, ranch properties of all shapes and sizes have been snapped up across the country. In 2021, ranch and land sales hit record highs. Topping the charts were a couple of rock-star deals in Montana: the Beaverhead Ranch (\$200 million, purchased by media mogul Rupert Murdoch from the Koch family) and Climbing Arrow Ranch (\$136 million), which turned out to be two of the largest residential real estate deals of the year.

### Examining the demand

The allure of wide open spaces remains strong, regardless of external circumstances. Even as the stock market continues to fluctuate, interest rates keep rising and worries of inflation intensify, “closings have occurred, escrows have closed, buyers have chosen to move ahead,” says Todd Murphy, MAI, senior appraiser at Valbridge Property Advisors in San Luis Obispo, California.

Perhaps some of this momentum is because investors are seeking a hedge against inflation and the current volatility in the financial markets. Historically, land has proven to be a good long-term investment. Scott Siemens, MAI, vice president at CBRE’s Valuation & Advisory Ser-

vices in Minneapolis, says he sees the demand for ranch properties as an extension of this trend of finding a safe haven within agricultural assets.

What’s more, during the coronavirus pandemic, many people relocated from urban, developed areas to more rural ones. People looked for more space, they headed outdoors — and they liked it.

Abney says that many of those who moved their families to rural communities are now watching their kids “ride ATVs, fish, and play outside like they did when they were kids, and decided to buy weekend places with acreage. We are seeing people that lived in cities for decades finding tremendous joy in cutting their own wood, clearing meadows, creating wildlife habitats.”

Of course, properties are still being acquired for more practical, evergreen reasons, namely income and estate tax advantages and 1031 exchanges. Siemens says that purchasing quality, tangible assets for tax reasons remains a motivation, and many Western states have favorable property tax rates, which has led to investors “deploying capital in these locations as a means of preserving wealth. There happens to be a lot of ranch and rangeland property in these states.”

“Undeveloped land is somewhat of a hands-off investment, and you are generally not subject to problem tenants or excessive taxing,” adds Abney. “From an institutional perspective, land is being purchased for its stability, but also its future potential. America’s super rich have been actively purchasing farmland and leaving the

During the pandemic, people looked for more space, they headed outdoors — and they liked it.



**Blair Abney,  
MAI, SRA:**  
“Undeveloped  
land is somewhat  
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leases in place or leasing back to the selling farmer.” Case in point: Amazon founder Jeff Bezos now owns more than 420,000 acres across 31 states, while publicly traded companies like Gladstone Land are acquiring farms and leasing back the land.

### **The people making the moves**

While plenty of buyers are coming from outside of agriculture, seeking a combination lifestyle ranch and retreat, other investors have a strong foundation or existing presence in ranching and are looking to expand their operations or consolidate as a nearby owner.

Siemens mentions that large institutional buyers have reached out about deploying capital in the ranch space but are generally not as present in the market due to the lack of an easily underwritten income stream.

On the other hand, he’s seeing plenty of sellers that are family ranching operations, likely those that have downsized their cattle herds due to current drought conditions. Another subset of family ranchers includes the upcoming generation, who may be less interested than their parents or grandparents in staying on the ranch and

maintaining operations. In some cases, the owner may have several children who live in different parts of the country or the world, and selling the ranch is one way to equitably divvy up the asset.

In Abney’s experience, there also are many sellers who are “simply shocked” at the increasing value of their land and are putting their properties on the market because the cash is more valuable to them right now than the land.

### **Determining opinions of value**

Because ranches have generally trended with cropland prices, in most states properties have, on average, realized significant double-digit annual price increases over the past couple of years, according to Siemens.

But for working ranches, business concerns tend to dominate the appraisal value. In Texas and Montana, the markets where Abney works, the production value of the land is often significantly less than what a buyer will pay to be a landowner. “Income capitalization of hay leases, hunting leases and cattle leases is simply not sufficient to support the sales price levels shown by market sales,” he says. “There are markets where



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crop yields and livestock carrying capacity dictate land values, but the markets I am working are not following that historical pattern.”

Location is critical, but not just for the lovely views. For working ranches, terrain access is important: A remote ranch means higher expenses for the shipping of livestock. Appraisers must also consider the amount of rainfall an area typically gets, which affects grazing, and the general suitability of the property for carrying livestock, as well as the factors that support water distribution. However, ranchers may see a significant demand for hunting, horseback riding and fishing, so aesthetic attributes are important considerations. Habitat protection for endangered species may be a factor in the property’s value as well.

While sales prices can vary significantly based on the level of building improvements on site and the available recreational features, the next buyer may not be as interested in the current owner’s improvements. “The dream of one person may not be the dream of the next person in that price range, in that tax bracket, where the next buyer has very specific ideas of what they want,” says Murphy. “You get some very high-

end ranches in central California, and they’re really extensively developed, with very high-end homes and landscaping, like a resort. But those additions may not be recovered when selling.”

### Considering sustainability

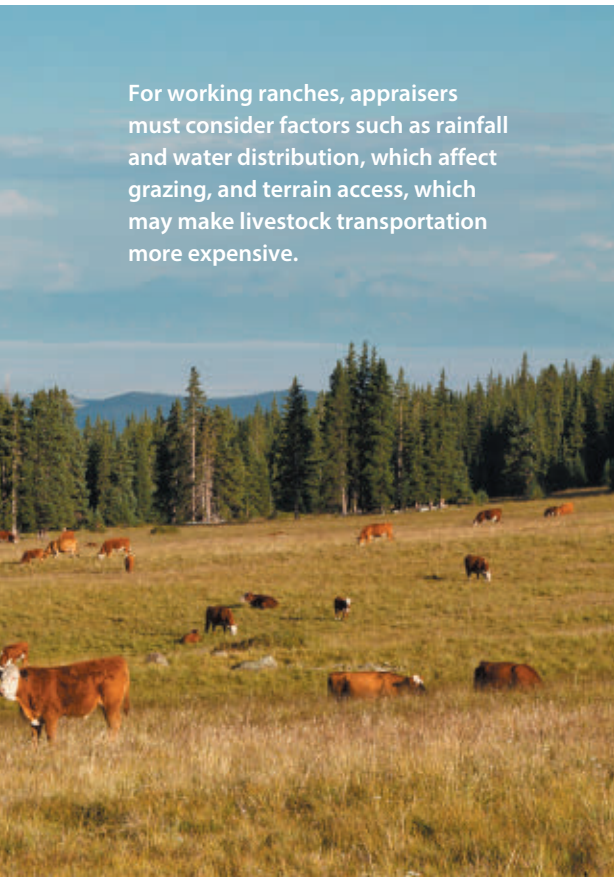
In this era of increasing environmental concerns, both buyers and investors are starting to place more emphasis on the potential to add renewable energy as a source of secondary income, including solar farm and wind turbine leases. According to Siemens, this income can be significant for ranch operators and have a profound effect on value, providing either a safety net for down years or a viable income stream for the next generation, or both. And the recent signing of the Inflation Reduction Act means that carbon emissions reduction will likely be a priority.

“Ranches and rangeland offer a significant amount of land area that may be able to support modified grazing practices and be a source of carbon credits,” says Siemens. “While the carrying capacity of the land is still important, there are now more opportunities for ranchers and investors to create multiple enterprises and sources of revenue. These revenue sources are not as dependent upon water, which is getting scarce in many states out west.”



**Scott Siemens, MAI:** “While the carrying capacity of the land is still important, there are now more opportunities for ranchers and investors to create multiple enterprises and sources of revenue.”

For working ranches, appraisers must consider factors such as rainfall and water distribution, which affect grazing, and terrain access, which may make livestock transportation more expensive.



### Knowing the land

When it comes to the niche that is ranch properties, appraising means becoming deeply familiar with the land, its various uses and its potential. “Calculating a value by capitalizing the subject’s market rate at an appropriate market overall rate of return is easier than trying to get into the head of a potential buyer and understanding their motivations, some of which may be more emotional than financial,” Abney says. “Thus, it is important to understand the details of the transaction and interview brokers about the motivations of the seller and the buyer. Understand the motivations that are influencing rural land values. If you are focused on crop yields or livestock carrying capacity, you may be missing the forest for the trees.” ◀

*Suchi Rudra is a freelance writer based in Austin, Texas.*







# Miami heat

**Florida's largest metro area is one of the nation's hottest real estate markets — but a cooldown is on the way**

by Mark Crawford

**M**iami is experiencing tremendous growth in population, employment and income levels — and the result is booming residential and commercial real estate sectors. “National and international real estate funds continue to flow into the Miami region, producing positive investment returns,” says Lee R. Smalley, MAI, managing director for valuation at BBG Real Estate Services in Coral



**Carlos D. Gobel, SRA:** “If homeowners are thinking of selling their home, now might be the last chance to capitalize on the tail end of what most likely is the peak of this most recent real estate cycle.”

Gables, Florida. “We are still seeing strong inflows of migration and capital in almost all sectors, from a variety of levels.”

Large institutional office tenants are relocating to or opening new locations in South Florida, especially in the Miami and West Palm Beach central business districts. The industrial sector, already hot prior to the COVID-19 pandemic, is now operating at frictional vacancy levels, and the intense demand for industrial space is pushing prices and rents to all-time highs. Retail is showing signs of recovery, and hospitality is bouncing back, with occupancy and average daily rates approaching pre-pandemic levels.

Residential real estate is going strong as well, and while sales have dropped, demand still far exceeds availability and prices are high. In fact, some Miami properties have asking prices that are 70% higher than what they sold for just a year ago, according to Miami appraiser Lillian A. Harrison, MAI. “This can be attributed to people from the Northeast and international buyers who purchase real estate in Miami as a safe investment,” she says. “Some people with significant wealth purchase condos and just leave them dark, effectively ‘parking’ their money.”

Overall, this activity makes for a very strong and diverse real estate market, which can be challenging for appraisers because conditions are changing so fast.

For example, the number of residential sales,

both single- and multifamily, has declined over the past five months and is down 60% from a year ago, according to Carlos D. Gobel, SRA, executive director of GRE Group in Miami. “Pending sales are also down by about a third, while the number of active listings is up by more than 35% for single-family homes. Although values have held steady for the past four to five months — after experiencing double-digit gains for nearly two years — a market correction is likely on the horizon,” he says.

With inventory at the highest level it’s been in two years, properties are likely to sit on the market longer, giving potential buyers more room to negotiate and helping Miami shift toward a buyer’s market. “If homeowners are thinking of selling their home, now might be the last chance to capitalize on the tail end of what most likely is the peak of this most recent real estate cycle,” says Gobel.

## Driving forces

Key factors that are starting to slow down the Miami market include:

- **Interest rates.** Once historically low, mortgage interest rates have risen from just over 3% to around 7%, as of October, although that’s less of a concern for wealthy buyers. “During the last two years, over 40% of all residential transactions in Miami-Dade [County] were cash, no mortgage,” says Harrison.
- **In-migration.** Much of the sizzling demand for housing was driven by people moving to Florida from other states, especially from the Northeast. But the influx has slowed, and along with it the incredible demand for property that lasted from the summer of 2020 through the first quarter of this year.
- **Inflation.** Inflation has driven up the cost of real estate, which has further cooled buyer interest and made real estate less affordable for middle- and lower-income homebuyers. “The rise in inflation and mortgage rates, coupled with the decline in out-of-state buyers, may lead to a drop in prices in the near future,” says Gobel.
- **Tighter condo rules.** Condos are extremely popular in Miami. In response to the deadly collapse of the 136-unit Champlain Towers South building in Surfside last year, Florida

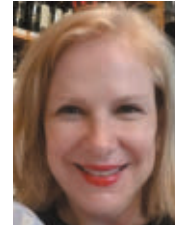


Metro Miami residential real estate has seen high prices and low inventory, but sales have dropped recently, and some appraisers anticipate a market correction.





Retail areas like the Design District are part of Miami's sizzling commercial real estate market, which showed a first-quarter retail vacancy rate of 3.3%, compared with 4.5% nationally.



Lillian A. Harrison, MAI: "During the last two years, over 40% of all residential transactions in Miami-Dade [County] were cash, no mortgage."

passed legislation requiring condo boards to have reserves for replacement and building inspections. "Florida allows condo owners to waive reserve requirements," says Harrison. "This will change in 2025, when a new Florida state law will require condos to set aside money for reserves. Currently, less than 30% of Florida condos have the recommended funds in their reserves."

### Commercial is hot, hot, hot

Miami ranks among the country's hottest commercial real estate markets, according to the National Association of Realtors' first quarter Commercial Real Estate Metro Market Conditions Index. The metro's office vacancy rate was 10% compared with 12.2% nationally, and the retail vacancy rate was 3.3% compared with 4.5%. "Industrial is also a strong space, with major players continuing to develop and lease space at a rapid pace," says Smalley. The NAR survey shows an industrial sector vacancy rate of 2.7% compared with 4.1% nationally.

Commercial real estate values are not expected to see significant declines this year despite concerns over recent and forecasted interest rate hikes, stagflation and recession fears. "CRE properties are still very appealing to foreign investors who are always seeking high-quality

assets," says Chris Roach, MAI, CEO of BBG Real Estate Services.

Miami has also become a hub for investment firms in particular, with larger hedge funds and private wealth management firms as well as technology companies moving to or opening locations in the metro area. Big names like Citadel, Microsoft, Icahn Capital and Blackstone have all chosen South Florida and brought with them an employee population that is generally more affluent.

One of the hottest submarkets in Miami is the Wynwood District. Wynwood's character, colorful murals, pedestrian-friendly streets and distinctive restaurant and bar concepts are a big draw for companies looking for a community vibe. Leasing activity is strong, especially for top technology and finance companies. Wynwood has the highest average office rental rates in Miami, having increased by 33% since 2018. "Three of the six office buildings that have been constructed since 2018 are 100% occupied," says David Maggard, MAI, valuation service director for Colliers International in Miami.

"This region is experiencing a flight to quality, with new office space achieving above-market rents as employees and decision-makers are putting more of a premium on their work environment," says Maggard. "Given all this recent

### Condo laws are about to change

New Florida legislation will require condo boards to have reserves for replacement and building inspections. Read more at <https://bit.ly/FL-condo-reforms>.



**David Maggard, MAI:** “This region is experiencing a flight to quality, with new office space achieving above-market rents as employees and decision-makers are putting more of a premium on their work environment.”

growth, the area is being coined the ‘Silicon Valley of the South.’”

Wynwood has also benefited from the recent construction of more than 5,500 multifamily units, with another 6,500 units currently under construction or proposed.

### **Single-family homes are unaffordable for many**

With sky-high prices and still-low inventories, Miami is experiencing perhaps the worst housing affordability crisis the city has seen in the past 40 years, according to data from real estate economist Ken H. Johnson. He says there’s little doubt that South Florida homes are overvalued, stating that Miami metro, including Palm Beach County, is priced at roughly 30% above long-term pricing trends. The single-family rental market is roughly 22% above the long-term trends, which makes it the most overpriced market in the country.

Multifamily is not much better. According to a study from Florida Gulf Coast University and the University of Alabama, Miami is one of the nation’s most overvalued rental markets. Renters in Miami-Dade County pay an average of \$2,832 a month — 21.75% higher than what research shows they should be paying, based on long-term leasing trends. The NAR survey noted above also revealed that multifamily asking rents in Miami were up 19% compared with 11.4% nationally. The researchers attribute the steep rents to demand from out-of-state renters and reduced multifamily construction due to higher building costs.

Johnson says it seems likely that the Miami metro area is headed for a prolonged period of unaffordable housing, either to own or rent, noting that there’s no easy way out other than to build more housing, fast.

Traditional homebuyers are not just competing with each other — they are also competing with institutional investors scooping up properties for their portfolios and turning what were once considered primary residences into rental properties. In many cases, investors are purchasing and updating residences and then setting

new highs in rental rates. And, as if the competition for homes is not already intense enough, some local buyers are capitalizing on Miami’s recent tourism boom by purchasing single-family homes and condos and turning them into vacation rentals.

These types of sales have contributed to the increase in both market values and market rents over the past two years. “It has given Miami the unenviable title of being America’s most unaffordable housing market,” says Gobel.

Although residential rental demand is still high, asking rents are starting to drop slightly, which may indicate an approaching period of stabilization. “There will be modest gains in the single-digit percentages over the next few quarters — not the robust and unsustainable 25% to 30% gains experienced between 2020 and 2022,” says Gobel.

However, inflated costs are not affecting the upper end of the market, where prices are



**Miami is one of the country’s most overpriced rental markets, for both single- and multifamily units.**



expected to grow without interruption, especially for waterfront properties in Miami, Fort Lauderdale and Boca Raton, notes Enrique Casado, MAI, SRA, AI-GRS, AI-RRS, principal of Mercatus Valuation in Coral Gables. “Navigable waterfront properties are in short supply,” he says. “Cash and out-of-state buyers coincide with the explosive desire to secure a home overlooking Biscayne Bay, the Intracoastal and even a canal. Other buyers are only interested in building on a vacant lot or buying a fixer to acquire the land. There have been some perfectly livable waterfront houses in the range of \$10 million to \$15 million that were leveled to build more exquisite ones.”

Luxury condo construction in Miami Beach is abundant. Palazzo Del Sol/Della Luna at Fisher Island marks the highest recorded sale at \$40 million, followed by a \$37 million sale at 56 Ocean. “Other notable condos are Monad Terrace, The Estates at Acqualina, L’Atelier,

Ritz-Carlton Residences [North Miami Beach], Elysee and Eighty Seven Park,” says Casado.

### Chill on the way

Miami may have been the perfect escape during the pandemic, but with more companies requiring employees to get back into the office, as well as the sometimes oppressive South Florida climate and the governor’s controversial stance on some social issues, some of those new residents are moving out. “As the influx of out-of-state residents drops and inflation continues to hit pocketbooks, combined with the Fed’s plan to raise interest rates into 2023, the real estate market will inevitably continue cooling off,” says Gobel.

Real estate has historically been a hedge against inflation, especially in stronger metro areas. “In my opinion, we are overlooking that real estate is a cyclical market and will capitulate into the next phase of the cycle,” says Smalley. “The Federal Reserve has made it clear it will do whatever it takes to tame inflation, which will in turn increase housing costs for new homebuyers. This will affect the level of disposable income available and permeate throughout the other real estate segments.”

Real estate is a lagging indicator of the macroeconomic conditions that are currently being experienced — such as inflation. The Consumer Price Index through September has increased by a rate of 8.2% on an annual basis. Core inflation, which excludes food and energy, has increased at an annualized rate of 6.6%. The Federal Reserve Board plans to increase interest rates as needed to reestablish price stability.

“My guess is that the market will cool off significantly as wage growth needs to catch up with the current rate of inflation,” says Smalley. “I do not think there will be a crash like we experienced in the Great Recession; however, I do believe there will be a correction and stagnation as the macroeconomic market stabilizes and normalizes. I think that the South Florida markets will continue to do well and that there will be ample opportunities for investment in all real estate sectors for the foreseeable future.” ◀

*Mark Crawford is a freelance writer based in Corrales, New Mexico.*

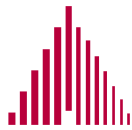


**Enrique Casado, MAI, SRA, AI-GRS, AI-RRS:** “There have been some perfectly livable waterfront houses in the range of \$10 million to \$15 million that were leveled to build more exquisite ones.”



**Lee R. Smalley, MAI:** “In my opinion, we are overlooking that real estate is a cyclical market and will capitulate into the next phase of the cycle.”





**Appraisal  
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## Education Index

Visit: [appraisalinstitute.org/edindex](http://appraisalinstitute.org/edindex)

### CLASSROOM PROGRAM SCHEDULE

#### USPAP

##### 15 -Hour National USPAP Update Course

10/24 - 10/25	Hoosier State	Indianapolis, IN
12/2 - 12/3	Puerto Rico and Caribbean	San Juan, PR

##### 7- Hour National USPAP Update Course

10/7	Colorado	Denver, CO
10/11	Western Pennsylvania	Canonsburg, PA
10/19	Philadelphia Metropolitan	Fort Washington, PA
10/26	Hampton Roads	Norfolk, VA
11/29	Washington DC Metropolitan Area	Rockville, MD
12/2	Upstate New York	Utica, NY
12/8	Metro New Jersey	Clark, NJ
12/9	Mid-Hudson	Fishkill, NY
12/16	Long Island	Carle Place, NY

#### Qualifying Education

##### Basic Appraisal Principles

10/11 - 10/14	Hoosier State	Indianapolis, IN
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##### Basic Appraisal Procedures

10/18 - 11/17	Puerto Rico and Caribbean	San Juan, PR
10/18 - 10/21	Hoosier State	Indianapolis, IN

##### General Appraiser Income Approach Part I

10/3 - 10/6	Chicago	Chicago, IL
10/4 - 10/7	Houston	Houston, TX
10/11 - 10/14	North Carolina	Charlotte, NC
11/7 - 11/10	Tennessee	Nashville, TN

##### General Appraiser Income Approach Part II

10/3 - 10/6	Oklahoma Ozark	Oklahoma City, OK
10/17 - 10/20	Chicago	Chicago, IL
11/1 - 11/4	Houston	Houston, TX
11/15 - 11/18	North Carolina	Charlotte, NC

##### General Appraiser Market Analysis and Highest & Best Use

10/11 - 10/14	Chicago	Chicago, IL
11/16 - 11/19	Massachusetts/Rhode Island & Maine	Woburn, MA

##### General Appraiser Report Writing and Case Studies

10/3 - 10/6	Bluegrass	Louisville, KY
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##### General Appraiser Sales Comparison Approach

10/17 - 10/20	Tennessee	Nashville, TN
11/3 - 11/11	Metro New York	New York, NY

##### General Appraiser Site Valuation and Cost Approach

10/4 - 10/7	North Texas	Dallas, TX
10/19 - 10/22	Massachusetts/Rhode Island & Maine	Woburn, MA

##### Real Estate Finance, Statistics, and Valuation Modeling

10/20 - 10/21	Massachusetts/Rhode Island and Maine	Woburn, MA
10/26 - 10/27	Bluegrass Chapter	Louisville, KY

#### Designation Education

##### Advanced Concepts & Case Studies

10/24 - 10/29	Chicago	Chicago, IL
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##### Advanced Income Capitalization

10/10 - 10/14	Kansas City	Kansas City, MO
10/24 - 10/28	Houston	Houston, TX
11/7 - 11/11	Oklahoma Ozark	Oklahoma City, OK
11/14 - 11/18	Tennessee	Nashville, TN
12/5 - 12/9	Philadelphia Metropolitan	Willow Grove, PA

##### Advanced Market Analysis and Highest & Best Use

11/7 - 11/11	Chicago	Chicago, IL
11/14 - 11/18	Northern California	Lafayette, CA

##### Review Theory - General

10/17 - 10/21	Chicago	Chicago, IL
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#### Continuing Education

##### Advanced Land Valuation: Sound Solutions to Perplexing Problems

10/12	Wisconsin	Milwaukee, WI
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##### Business Practices and Ethics

10/24	Southern California	Costa Mesa, CA
10/24	Long Island Chapter	Carle Place, NY
10/24	Chicago	Chicago, IL
10/24	Washington DC Metropolitan Area	Rockville, MD
10/24	Seattle	Seattle, WA
10/24	Bluegrass	Louisville, KY
10/24	San Diego	San Diego, CA



### **Getting It Right from the Start: A Workout Plan for Your Scope of Work**

10/7	Western Pennsylvania	Pittsburgh, PA
11/3	Upstate New York	East Syracuse, NY
11/4	Texas Plains	Lubbock, TX
11/17	North Star	Fargo, ND

### **Inconsistency: it's Hiding in Plain Sight in Your Appraisal**

10/26	Houston	Houston, TX
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### **Marketability Studies: The Six-Step Process & Basic Applications**

10/19	Houston	Houston, TX
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### **Practical Application of Fundamental Analysis**

10/22	Puerto Rico and Caribbean	San Juan, PR
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### **Spotlight on Common Errors and Issues**

11/3	Iowa	Des Moines, IA
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### **Spotlight on Reappraising, Readdressing, Reassigning: What to Do and Why**

11/3	Iowa	Des Moines, IA
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### **Supervisory Appraiser/Trainee Appraiser Course**

10/28	Hoosier State	Indianapolis, IN
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### **The Cost Approach: Unnecessary or Vital to a Healthy Practice?**

10/27	Phoenix	Tempe, AZ
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### **Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications**

11/9 - 11/10	Massachusetts/Rhode Island & Maine	Freeport, ME
11/14 - 11/15	Atlanta	Atlanta, GA

### **Valuation of Conservation Easements**

11/1 - 11/4	Southern New Jersey	Bordentown, NJ
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### **Valuation Overview of Accessory Dwelling Units**

10/20	Puerto Rico and Caribbean	San Juan, PR
11/15	Keystone	Lancaster, PA

## **Professional Development Programs**

### **Litigation Appraising: Specialized Topics and Applications**

10/5 - 10/7	Tennessee	Nashville, TN
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### **The Appraiser as an Expert Witness: Preparation and**

10/3 - 10/4	Washington DC Metropolitan Area	Rockville, MD
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## **VIRTUAL PROGRAM SCHEDULE**

### **7-Hour National USPAP Update Course**

10/27	South Florida
10/27	Florida Gulf Coast (Synchronous)
10/27	East Florida
10/27	Northeast Florida
11/2	Greater Oregon
11/18	Southern New Jersey
12/2	North Texas
12/6	Northern California
12/7	Atlanta Area
12/8	Colorado

## **Continuing Education**

### **Appraising Condos, Co-ops, and PUDs**

11/3	North Carolina
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### **Business Practices and Ethics**

10/13	South Florida
10/13	East Florida
10/13	Florida Gulf Coast (Synchronous)
10/13	Northeast Florida
10/21	North Carolina
12/12	Northern California (Synchronous)

### **Inconsistency: it's Hiding in Plain Sight in Your Appraisal**

10/26	Southern New Jersey
12/13	North Carolina

### **Practical Application of Fundamental Analysis**

10/4	Metropolitan New York
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### **Rapid Response: Market Analysis in Volatile Markets**

11/17	Metro New Jersey
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# For What It's Worth

CONVERSATIONS WITH THOUGHT LEADERS

## Claire Aufrance on feeling inspired and supported as an appraiser, and the joy of 'detective' work

"There will always be a need for careful analysis — work that can't be done by computers or algorithms alone."

Claire M. Aufrance, MAI, SRA, is the owner of Aufrance Valuations in Greensboro, North Carolina. She sits on the Appraisal Institute Board of Directors; is chair of Region V, a director of the AI Education and Relief Foundation and chair of its Relief Committee; and is a member of *The Appraisal Journal* editorial board. She also is a governor-appointed member of the North Carolina Appraisal Board. This year she received the SPOTLIGHT Award from AI's Women's Initiative Committee. Outside of work, she enjoys going for a run and sitting at a pottery wheel, but says that with two teenagers, she mostly finds herself at their soccer or baseball games.

### **Appraisal Institute: What type of valuation work do you perform?**

**Claire Aufrance:** My specialty is eminent domain, but I cut my teeth appraising commercial real estate. My first assignment was for a proposed shopping center anchored by a supermarket. Since then, I have appraised everything from dwellings to a convention center to a winery to a megachurch. And there have been some "weird" ones, including a fish hatchery. Clients seem to love hiring me for the oddballs — and I love a challenge!

### **AI: Why did you pursue a career in valuation?**

**CA:** I kind of fell into it. Originally, I had planned on going to medical school. In high school I volunteered at a hospital and as an EMT, and continued my EMT service through college. Then I changed my mind and majored in art history. I wanted to work for a few years before starting grad

school, so I applied for a commercial real estate position advertised on the UNC–Chapel Hill jobs board. I had no idea what the work entailed, but I landed an interview because one of the guys responsible for hiring was also an EMT and the other liked the restaurant where I was a hostess. I had to take a test that required me to complete a discounted cash flow analysis — and they were surprised when I said no problem. My first boss, Cody Jetton, MAI, likes to remind me that he picked me out of 75 candidates, and I'm very grateful he did. I started in 2002 and have never looked back.

### **AI: What motivated you to open your own firm?**

**CA:** I always wanted to run my own firm, and in 2011, the time was right. Looking back, I'm not sure how I felt so confident — I was the primary breadwinner with two small children. But I have no regrets, and my advice to

others is to follow your gut and trust your instincts.

### **AI: What makes you excited about your work?**

**CA:** I love the detective work — my clients need me to go out and find the truth, and that is a really fun job to have. I get to complete studies that track trends and investigate the effects that a particular factor or situation may have on property value. There will always be a need for careful analysis — work that can't be done by computers or algorithms alone.

### **AI: What has most surprised you about working in valuation?**

**CA:** It's a roller coaster. There are times when we are so busy I feel like I will never come up for air, and other times things slow down and I wonder when we will be busy again. I've been doing this for 20 years and one thing is certain: The slow times don't last very long.

### **AI: Why do you think women are still underrepresented in the profession?**

**CA:** I think it's probably residual attitudes from decades ago when financial industry jobs were for men while secretarial and assistant roles were for women. We have made major headway and will see more changes in the





CHARLES GUPTON

coming years. My hope is that everyone feels accepted for who and how they are.

**AI: Have you experienced barriers in the profession because of your gender?**

**CA:** I have felt extremely inspired and supported by the majority of my peers, particularly Appraisal

Institute professionals. My North Carolina Chapter is amazing, and I have been encouraged to pursue leadership roles from the beginning. Like many women, though, I have stories that would probably make your jaw drop, but I think these situations happen in every industry. I'm so happy that the AI Board of Directors

has several women and minority members, and I'm inspired by Sandy Adomatis, SRA, and Paula Konikoff, MAI, AI-GRS, who are both on track to become AI president. I am sure there will be many more in the future. Women need to hold leadership positions and show other women they, too, can reach the heights of success. ◀

► **Presented by the AI Women's Initiative Committee, the annual SPOTLIGHT Award recognizes Appraisal Institute professionals who have made important contributions to the advancement of women in the valuation profession.**

# Tech Bytes

TOOLS THAT MAKE THE JOB EASIER

## LG's new gram laptop is super thin, super light and super packed



### Dark Sky weather app to join Apple ecosystem

Dark Sky is a popular weather app that gives granular, hyper-local projections: minute by minute for the next hour, hour by hour for the next week. Its advanced notification options include up-to-the-minute rain forecasts, severe weather alerts, custom notifications and more, with advanced colorful maps and radar animations. ► **Dark Sky sells for \$3.99 in the Apple App Store; as of Dec. 31, it will be integrated with Apple's Weather app. Learn more at <https://darksky.net/app>.**

**The LG gram pushes the limits of** size, packing a 17-inch screen into a 15-inch body. The new laptop weighs just under 3 pounds and is made of military-grade magnesium. Within that lightweight shell are 16GB of RAM, 512GB solid state drive (SSD) of storage, a 12th Gen Intel chip and a slot for a second SSD — a rare feature these days. It also has an 80 watt-hour lithium ion battery, which LG says should last up to 12.5 hours. The gram runs on Windows 11 Home.

► **The 17-inch LG gram sells for \$1,399.99. Learn more at <https://bit.ly/3qERQ2J>.**



### Apple iPhone 14 delivers thoughtful updates, better cameras, new sizes

The new iPhone 14 from Apple offers upgraded cameras for better low-light images, a satellite-messaging feature for contacting emergency services when there's no cell service or

Wi-Fi, and on Pro versions, a new interface called the Dynamic Island that allows the user to check alerts and app activity. The iPhone 14 measures 5.78 x 2.82 x 0.31 inches and has a 6.1-inch display, while the iPhone 14 Plus measures 6.33 x 3.07 x 0.31 inches and has a 6.7-inch display.

Pro versions offer almost identical specs. Apple says battery life is up to 20 hours for the regular phone and 26 hours for the Plus. Storage ranges from 128GB to 512GB. The phones come in midnight, purple, starlight, red and blue. Pro versions come in space black, silver, gold and deep purple. ► **The iPhone starts at \$799, the Plus at \$899 and the Pro at \$999. Learn more at [www.apple.com/iphone-14](http://www.apple.com/iphone-14).**





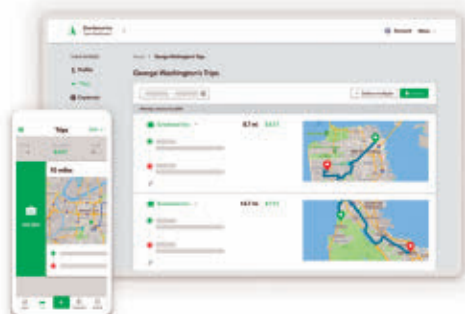
### Anker powers iPhones with on-the-go charging

Anker's 633 battery charger magnetically attaches to a 12th or 13th generation iPhone (iPhone 12, 12 Pro, 12 Pro Max, 13, 13 Pro and 13 Pro Max). Its portability means that the phone can be used while charging; the charger even has a kickstand to allow hands-free use. A USB-C port allows pass-through charging of other devices, as well as three times faster charging when attached to the phone. It comes in three colors: interstellar grey, misty blue and dolomite white. ► The 633 sells for \$79.99. Learn more at <https://bit.ly/3qKxAwB>.



### Everlance app is more than a mere mileage tracker

Everlance is a mileage tracking/trip logging app that combines automatic tracking with many financial management functions, such as a deduction finder and an expense management program synced to credit cards or a bank account that sets aside tax expenses — especially helpful for self-employed individuals who pay their taxes quarterly. ► Everlance is free in the Apple App Store and on Google Play. The free version allows 30 automatically detected trips per month per user. Unlimited automatically detected trips are available with the purchase of the Mileage Tracking and CPM Program at \$12 per user per month or \$118 per user per year. Learn more at [www.everlance.com](http://www.everlance.com).



### Find Wi-Fi wherever you go with GlocalMe mobile hot spot

GlocalMe's G4 Pro 4G LTE mobile hot spot is a smartphone-sized device that allows users to simultaneously connect up to 10 devices to local Wi-Fi networks in more than 140 countries without requiring a SIM card. Maximum download speed is 150Mbps, while upload speed tops out at 50Mbps. The battery life is advertised as 18 hours. The G4 requires no contract; it is a pay-as-you-go device with a variety of daily, monthly and annual data plans for worldwide locations. ► The G4 Pro sells for \$169.99, with 1GB of data. Learn more at <https://bit.ly/3LmsmAP>.



### Proton's free VPN is safe, fast and reliable

While some free virtual private networks have a reputation for riskiness, Proton VPN was created to safeguard privacy by scientists, engineers and cryptographers based in Switzerland at the European Organization for Nuclear Research, known as CERN (the same place the World Wide Web was conceived and developed). The VPN employs the strongest available protocols (OpenVPN, IKEv2 and WireGuard), offering fast speeds and unlimited data, and is available for use with all types of devices — PCs, Macs, smartphones and routers. The free Proton VPN is routed through servers in three countries (the United States, the Netherlands and Japan) and offers “medium” speed; premium versions offer the fastest speeds because they’re routed through servers in more than 60 countries. ► **A free version offers one VPN connection; premium versions offer 10 connections with a monthly plan (\$9.99), one-year plan (\$5.99 per month) and two-year plan (\$4.99 per month).** Learn more at <https://protonvpn.com>.

### Sony WH-1000XM5 is the latest top-of-the-line headphones

Sony's newest WH wireless headphones build on previous releases, offering eight microphones for better noise cancellation, lightweight earcups with soft-fit leather, intuitive touch controls and enhanced sound quality. The promised battery life is 24 hours with noise cancellation turned on and 32 hours with it off. An accompanying app has controls for noise cancellation and is Sony's vehicle for supplying updates. The headphones are available in black or silver. The collapsible case has been redesigned for easier storage. ► **The WH-1000XM5 sells for \$399.99.** Learn more at <https://bit.ly/3U9RkaA>.



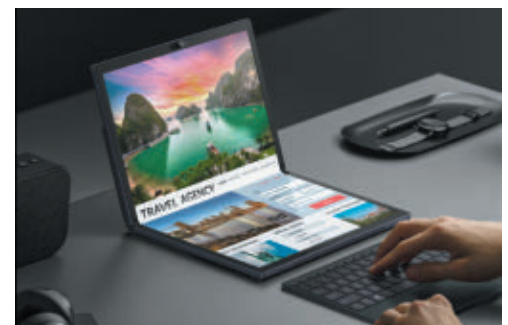
### IDrive offers secure cloud storage and easy document/data recovery

IDrive is a cloud storage service for all devices and platforms (Windows, macOS, iOS and Android).



Features include real-time file synchronization, incremental

backups and 256-bit AES encryption with a private key. It protects against ransomware by taking “snapshots” of data for point-in-time recovery and versioning, retaining up to 30 previous versions of all backed-up files, allowing document recovery from an uninfected version. ► **IDrive is \$59.62 per year for individuals (5TB, one user), or \$74.62 per year for a Team plan (5TB, five users/computers) or a Business plan (250GB, unlimited users, computers and servers). The first 10GB is free.** Learn more at [www.idrive.com](http://www.idrive.com).



### Asus puts a twist on the laptop/tablet sector with foldable Zenbook

The ASUS Zenbook 17 Fold OLED (UX9702) has a 17.3-inch touchscreen that folds down to a compact 12.5 inches; the hinge has passed a 30,000-cycle stress test. It can be used as a laptop,



PC, tablet or book, and its 2560 x 1920 resolution display with 1.07 billion colors can be divided into multiple screens. The Zenbook offers 16GB of RAM and 1TB of storage and can be used with a virtual or a wireless keyboard. ► **The Asus Zenbook 17 Fold OLED will sell for \$3,499; deliveries are expected later this year. Learn more at <https://bit.ly/3DmSw54>.**

### **Any.do integrates to-do lists and calendars, makes the most of a minimalist format**

Any.do is a calendar/to-do list app with an uncluttered, minimalist look. Among its special features is Moment, which allows users to preview the day's tasks and commit to doing them that day or rescheduling them. Another is Focus Mode, a gamified version of the Pomodoro technique, a time management method that encourages 25-minute blocks of work separated by 5-minute breaks. The premium plan adds such features as advanced recurring reminders, color tags and location reminders. ► **Any.do is free; Any.do Premium has three pricing tiers that top out at \$5.99 per month. Learn more at [www.any.do](http://www.any.do).**

### **Auvik network management software is ideal for companies that outsource IT operations**

Auvik is a cloud-based network management system that provides a comprehensive overview of a company's entire networking infrastructure and is ideally suited for companies that outsource



some or all of their IT operations. It includes more than 50 preconfigured alerts (emergency notifications, warnings, informational updates, etc.), analytics and reporting. It integrates with multiple IT and business software, including Slack, Microsoft Teams, Freshdesk, ArcusTeam and ConnectWise.

► **Auvik offers a 14-day free trial and two paid plans — Essentials and Performance. Pricing is available upon request. Learn more at [www.auvik.com](http://www.auvik.com).**

### **Netgear's Nighthawk AC1900 Wi-Fi adapter supports powerful connections**

Netgear's Nighthawk AC1900 Dual-Band Wi-Fi adapter works with devices running Windows and MacOS to boost connectivity and Wi-Fi reliability, achieving speeds of up to 600Mbps on 2.4GHz and 1,300Mbps on 5GHz. It's powerful enough for a large home and works with any router. It comes with a magnetic cradle to aid positioning and has push-button connections. ► **The Nighthawk sells for \$84.99 from big box outlets such as Amazon, Best Buy and Staples. Learn more at [www.netgear.com/home/wifi/adapters/a7000](http://www.netgear.com/home/wifi/adapters/a7000).**



### **DJI Mini 3 Pro is a small drone with big feature list**

The DJI Mini 3 Pro folding drone measures 2.4 x 3.5 x 5.7 inches and weighs only 8.78 ounces. Maximum flying time for the four-rotor drone is 34 minutes, and it offers 4K HDR video and 48MP RAW photo, tri-directional obstacle sensing (forward, backward and downward), easy switching to portrait orientation, wide-angle/180-degree/vertical/sphere panorama shots, 4x digital zoom, three tracking modes and high-speed Wi-Fi downloads at up to 25Mbps, among other features. ► **The Mini 3 Pro sells for \$759. Sales are limited to three units per person. Learn more at <https://bit.ly/3Bjhmja>.**





## TomTom GO Navigation app provides a wealth of information that makes travel easier

TomTom GO Navigation is a multifunction GPS navigation app that includes real-time traffic reports, online and offline maps, safety camera/speed trap alerts, moving lane guidance, alternative route suggestions, and directions to parking, gas and charging stations.

► The app is available in the Apple App Store and on Google Play. After a seven-day free trial, users can opt for a \$4.99 monthly plan, a \$22.99 annual individual plan or a \$33.99 annual family plan for up to five users. Learn more at <https://bit.ly/3Ubnm5X>.

## Cool Tools

Software and gadgets for valuation professionals • by Wayne Pugh, MAI

# Better organize your schedule with the Pocket Informant 5 calendar app

**As most appraisers know,** productivity depends on efficiently handling assignments and workflow tasks, and managing a schedule for appointments, education, contacts and meetings, among other tasks. The Pocket Informant 5 app (for iOS and Android devices and Macs and PCs) can do all that. Its 30-day calendar view allows appraisers to perform at their peak, and its seven-day view is highly readable thanks to its customizable color-coded schedule.

Let's explore other features.

**User interface:** The Pocket Informant 5 SmartBar makes it easy to navigate calendar views, tasks, projects, contacts and notes.

**Dark Mode:** Dark Mode allows users to change their screens to a dark background, which is useful in low-light environments and in situations where you many need to peek at your schedule but don't want to light up a room.

**Task management:** Users can

organize tasks into projects, with each having subtasks or checklists. The app also integrates with Apple reminders.

**Month View:** The Month View is more robust and functional than the default iOS or Google calendar view. For example, the default iOS calendar only provides a dot (.) to identify a scheduled event. Pocket Informant 5's monthly view uses text to list the names and times of events. The format allows multiday events to visually cross months to give you a real sense of your week. The current week can also be relocated to the top of the screen so you see more of your future events.

**Location support:** Pocket Informant 5 supports "geo-fencing," so you can customize a virtual fence or perimeter around a physical location. The app alerts when you arrive at or leave a geofenced area.

**Travel time management:** The app automatically sets up time zones when you're traveling,

both inside and outside the trip dates.

**Smart titles:** Contacts or triggers are activated when you start typing. Tap on a contact to set up a meeting or make a phone call. Adding new contact information is easy.

**watchOS app integration:** For Apple Watch wearers, Pocket Informant 5 includes a free watchOS app that shows your current week events and tasks and indicates overdue events by identifying them with a star.

**Easy setup:** With your permission, the app can access and import your native calendar data directly.

## Bottom line

Pocket Informant 5 has an excellent user interface, is easy to install, and provides numerous features that can help appraisers manage their time, workflow, projects and calendar events. I've noticed that for several years Pocket Informant 5 is nearly always the No. 1 choice in the product



reviews I read. (The app has 4.5 out of 5 stars based on 5,100 ratings in the Apple Store.)

► The basic Pocket Informant 5 offering essential calendar functions is available free in the Apple App Store or on Google Play. A more robust version (which includes information sync that can turn emails into calendar tasks) is \$24.99 per year. Check it out with a 14-day free trial. Learn more at <https://pocketinformant.com>.

## About the Author



R. Wayne Pugh, MAI, is CEO of real estate consulting and appraisal firm

R. Wayne Pugh and Co., the head of Software for Real Estate Professionals Inc. and a principal member of Real Estate Counseling Group of America. He formerly served as president of the Appraisal Institute and as chair of the Louisiana Real Estate Appraisers Board.

All prices subject to change





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\*A national random sample was used to conduct an analysis of energy-efficient homes rated between 2013 and 2017. Source: [https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/energy\\_efficiency\\_white\\_paper.pdf](https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/energy_efficiency_white_paper.pdf)



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# Economic Indicators

## PwC Real Estate Investor Survey, Q2 2022

The PwC Real Estate Investor Survey is available to Appraisal Institute Designated members, Candidates for Designation, Practicing Affiliates and Affiliates, as well as to those who subscribe to the print version of *Valuation* magazine.

► To view the latest survey, log in with your username and password at [www.appraisalinstitute.org/news/market-data](http://www.appraisalinstitute.org/news/market-data).

► To subscribe to *Valuation* magazine, visit [www.appraisalinstitute.org/valuation/subscribe.aspx](http://www.appraisalinstitute.org/valuation/subscribe.aspx).

## Market rates and bond yields

	Jun 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Jun 2019
Reserve bank discount rate	0.25	0.25	0.25	0.25	0.25	3.00
Prime rate (monthly average)	4.38	3.25	3.25	3.25	3.35	5.50
Federal funds rate	1.38	0.08	0.08	0.09	0.08	2.38
3-month Treasury bills	1.49	0.06	0.05	0.09	0.16	2.08
6-month Treasury bills	2.11	0.15	0.06	0.09	0.17	2.04
U.S. 5-year bond	3.19	1.23	0.87	-1.59	0.32	1.75
U.S. 10-year bond	3.14	1.47	1.45	-1.06	0.68	2.02
U.S. 30-year bond	3.25	1.85	2.06	-0.37	1.43	2.55
Municipal tax exempts (Aaa)*	—	—	—	2.26	2.01	2.67
Municipal tax exempts (A)*	—	—	—	2.72	2.50	3.04
Corporate bonds (Aaa)*	—	—	—	1.62	2.44	3.42
Corporate bonds (A)*	—	—	—	2.01	3.02	3.83
Corporate bonds (Baa)*	—	—	—	2.72	3.64	4.46

\*Source: Moody's Bond Record.

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# The News in Numbers

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## Age of the apartment

**N**early 4.3 million new apartments will be needed across the U.S. by 2035 to meet housing demand, according to research released July 28 by the National Multifamily Housing Council and the National Apartment Association. Currently, the nation has 21.3 million apartment properties, and 46% of them are older, having been built before 1980.

### Age of U.S. apartment stock\*

<b>Before 1959</b> .....	<b>19%</b>
<b>1960–1979</b> .....	<b>28%</b>
<b>1980–1999</b> .....	<b>30%</b>
<b>2000 and later</b> ....	<b>24%</b>

\*Percentages do not total 100% due to rounding.

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