



# Transitions

If you receive this newsletter, you likely know Rick Stuart, CAE, FIAAO. Rick has been a staple in the assessment field for decades—teaching us the way of the mass appraiser, keeping us up-to-date with what is going on in the real estate world, and encouraging us to make good decisions in our assessment offices along the way.

As Rick “eases” into retirement and I integrate into the TEAM Consulting partnership, the job of putting together content for the quarterly TEAM newsletter has transitioned to me. I will also be responsible for the Real Estate Notes of Interest section for this and other publications.

One of the articles you will find in this newsletter is on the topic of improving appraisal education for new appraisers (page 3). While it is in the context of private sector/single property appraisal, the concepts of

By Brad Eldridge, MAI, CAE

*“What makes the educational experience meaningful to you?”*

recruiting, training, and retaining good staff is universal. The article talks about creating a meaningful education experience.

What makes the education experience meaningful to you? Do we have gaps between the classroom and experiencing success in the office? Do we need to make changes to the process? If reading the article gets your gears turning, please email me your thoughts.

If you have any articles you have written, ideas for publication, or those fun unique property photographs you would like to share, please email them to me at [eldridge.brad@gmail.com](mailto:eldridge.brad@gmail.com). I look forward to hearing from you. ❖

# AAS Designation

Reprinted with permission from IAAO



Dawn Abrams, AAS

Congratulations to **Dawn S. Abrams, AAS**, on obtaining [the] Assessment Administration Specialist (AAS) designation after using TEAM's AAS

Case Study Review material.

Dawn is the assessor in Greene

County, Indiana, and has been in the profession for 10 years. ❖

*TEAM's AAS Case Study Review Workshop provides a review of materials and helps you prepare for the AAS Case Study Exam. Workshop materials are available for purchase on the the TEAM website at [www.teamconsulting.cc/aas-review](http://www.teamconsulting.cc/aas-review).*

## FUN FACTS :

### HOTELS

By Brad Eldridge, MAI, CAE



The Dubai Hotel. Source: Marriott

Ever wonder about where the tallest hotel in the world is? How about the most expensive hotel? Do you know how big the largest hotel swimming pool is? Take a dive into these and other fun hotel facts. <https://bit.ly/3A9B938>

# Welcome New TEAM Instructor

TEAM is very excited about having Tina Stone join the instructor crew! Please see information on Tina below.

**Tina Stone, PPS, AAS**, has over 30 years of experience in all facets of property tax. In 1989, she began her career in the Mapping Division of the Chatham County Tax Office; from there she transitioned into Business Personal Property Appraisal; and in 2007, she



Tina Stone, PPS, AAS

was appointed as the Chatham County Assessor. In 2012, she advanced her career and accepted the Personal Property Division Manager position with the North Carolina Department of Revenue, oversight agency for North Carolina Assessors.

Throughout her career, she has pursued professional development

by earning multiple certifications and obtaining the Personal Property Designation (PPS) in 2006 and the Assessment Administration Specialist (AAS) in 2019 from the International Association of Assessing Officers (IAAO).

She is currently the IAAO state representative for the North Carolina Association of Assessing Officers. She also has served on several different committees with IAAO such as membership, ethics and 2020 conference content committee. Tina is a certified IAAO instructor and had the pleasure of serving on the IAAO Executive Board from 2015-2017.

## TEAM Workshops she will teach:

- AAS Workshop
- Customer Service
- How to be a Better Manager
- Preparation & Presenting an Appeal
- Public Relations & Customer Service

- Valuation of Manufactured Homes

Tina specializes in personal property valuation and is approved to teach the following IAAO courses:

- PPS Workshop
- IAAO Course 400
- IAAO Course 500
- IAAO Course 501
- IAAO Course 551
- IAAO Course 552
- IAAO Course 553
- IAAO Course 101
- IAAO Course 300

You can contact Tina at:

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## Workshop Evaluations

### Big Thumbs Up for Zoom Workshops by Eldridge & White



Instructor Brad Eldridge, MAI, CAE

While it's difficult to please everyone, we've made some happy campers this year. Below are just a sampling of the positive feedback received in recent workshop offerings.

**Workshop:** Valuation of Lodging Properties . **Instructor:** Brad Eldridge, MAI, CAE. **Location:** Zoom.

#### Comments:

Online classes can be difficult, but this one was great!!

The instructor's presentation style and

skills, the pace and subject matter were all first-rate. His use of reference materials and suggestions and sources for additional research were much appreciated. I'm certain our three appraisers attending today found much they can put to use immediately.

Brad was very knowledgeable and did

a good job of engaging the class participants.

**Workshops:** Low-End Residential Properties and Mobile Home Parks  
**Instructor:** Stephen White.  
**Location:** Zoom

The workshops were excellent! The process as a whole was very smooth, and I've received positive feedback from the assessors who attended the event.

Great speaker & presentation this year.

Overall, everything was very nice. Thank you!

I loved the online classes because I felt more comfortable at home and didn't have to travel or make overnight arrangements. The speaker, too, this year was very engaging and kept me interested the entire 2 days. ❖

# How Do We Start to Improve Education for Commercial Appraisers?

By Jeff Hicks, MAI <https://realwired.com/blog/> June 17, 2021. Reprinted with permission from Jeff Hicks.

**Editor's Note:** The following article is from the weekly Realwired! blog written by commercial real estate appraiser, Jeff Hicks, MAI. Realwired is a commercial real estate technology consulting company based in Florida. I find Mr. Hicks' articles to be thought provoking and inspire me to think about the bigger picture beyond our daily grind as appraisers.

While this article is in the context of private sector/single property appraisal, the concepts of recruiting, training, and retaining good staff are universal. When you read it, substitute "appraisal firm" with "assessment office" and see how it resonates. Please email your thoughts to me at [eldridge.brad@gmail.com](mailto:eldridge.brad@gmail.com). I look forward to hearing from you.

## 4 Pillars of meaningful education

1. Certainty— education to reduce trial and error
2. Variety— scheduled content— new events, members coaches and social
3. Significance— a curated exclusive group
4. Connection— create long-lasting relationships with peers

The more your appraisal business fulfills the foregoing emotional needs, the better the outcome.

## Necessary vs. unnecessary

Having to take USPAP in two-year cycles doesn't attract young talent. Having sat through 12+ USPAP courses, the difference between editions can be discussed in about 15 minutes. Repetitiveness does not increase ethics. This example is not consistent with current education trends. Even the instructor feels bad for their students. "Let's get through this..." There must be a better way.

## Create demand and stickiness

*Be a better appraiser by being a better business person.* Many of us are technicians stuck in the tactical. We rarely come outside and play in the strategic arena. This imbalance between tactical and strategic is our Achilles' heel. *Our education mirrors this weakness.* The best businesses leverage the fundamental human emotion needs to create demand and stickiness.

How about a nuance class? Talking about the plethora rules of thumb we use daily as appraisers. Highlight nuances between property types and issues impacting valuation. If you took a year's worth

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Commercial appraisal education has remained largely the same. That said, I understand it's very challenging to create meaningful educational content. The current education debate is the ROI of college due to rising costs. Popularity of vocational schools training students for specific work is gaining ground. The allure is hands-on training, lower cost and a ready-to-use skill sets are attractive to the next gen.

Back in the day, I started my appraisal career with Pardue, Heid, Church, Smith and Waller. My education consisted of going on one inspection with one of them. I'm

Our challenge is to realize that younger talent don't want the same things that we did when we were their age.

grateful for my start, but the reason I mention this former firm, is for comparison only.

Our challenge is to realize that younger talent don't want the same things that we did when we were their age. They're not lazy. They're different. They want to accelerate their learning curve. They want to bring and feel valued. They don't have a desire "die at their desk Baby Boomer style."

of training a new appraiser, could you summarize the nuances in a one-week class? I didn't say it was easy. But it would be meaningful.

Key to appraisal education needs to be personal transformation. Creating a culture that results in a highly relevant and innovative education model. Connecting people and resources to inspire new appraisers to create a meaningful, lasting profession for their careers.

### **An extension of mentorship**

How do we achieve more relevant education? **Initiatives.** If we can't define what success looks like then we can't get there. We need to provide training that results in viable skills to address the pending appraiser shortage, raise awareness of the lucrative appraisal profession and improve the lack of professional branding of our industry.

Another idea is success coaches connecting with new students before they start their career. Help the students identify their valuation path with appropriate classes. Encourage students to find their own personal niche in the appraisal world. Create connections between students to provide encouragement and support they need.

### **Coaching towards confidence**

Create an environment that **emphasizes connection and collaboration.** Present an interdisciplinary connection between technology, process and valuation...the magic trilogy of productivity. A transformational growth plan requires:

- 3-year commitment by the students
- Measured milestones of success along the way
- Appraisal owners' written commitment ensuring a

successful educational journey

New appraisers will start their careers when they **hear other people talking positively** about the industry. Encouragement is dramatically lacking in our industry. Next time someone comes to your office looking for a job, ask them about their other interviews. Specifically ask about the appraisal firm owners' outlook on the future. My guess it's fairly negative. It's certainly not passionate. We seem to be chronically worried that there's enough work to go around rather than scaling our appraisal firms with sales and marketing. Karma will reward those that give back.

### **Develop the whole student**

The educational content needs to be focused on access to innovation, perhaps with an all-star lineup of mentors. We need to spark personal growth and inspire students with more of an entrepreneurial attitude. Move away from the tactical to the strategic. Reinforce the concept of being "all in." "Teach" what commitment looks like.

New appraisers can find a passion for our industry, but only if we show the way with **optimism and innovation.** We need to develop the whole student with a forward thinking, experiential learning model.

It's not just about passing exams; **it's about personal outcomes.** The appraisal industry can attract new talent when we realize we need to communicate differently to solve problems, be flexible and widen the lens through which our students see the valuation world. Students rise to the level of their environment.

Ask yourself, who in our commercial valuation industry are the faces of engagement? If we teach one thing, it should be adaptability. This opens the door for better communication, leadership opportunities and so much more. Let's take advantage of our future. Let's all get educated. ❖

## **Special Projects Completed by TEAM Consulting**

By Brad Eldridge, MAI, CAE

TEAM Consulting continues its mission to assist assessment jurisdictions in times of need. Our focus is to provide an appropriate solution in a cost-effective and timely manner. In 2021, TEAM expanded its consultant pool to include some of the best analysts in the assessment industry.

Our consultants have worked on some fun and challenging projects over the past year, including:

- Capitalization rate studies;
- Benchmark value changes for hotels;
- Commercial property valuations for apartment, convenience store, duplex/triplex/fourplex, mini-storage, RV/mobile home park, workforce housing, and hotel properties;
- Residential property valuations;
- Residential and commercial real estate case studies for state mass appraisal credentials;
- Case study review workshops for residential and commercial real estate;
- Video content for virtual training;
- In-house staff training;
- Needs assessments; and
- Conference content for continuing education.

**Do you need help with a special project?** Please email me at [eldridge.brad@gmail.com](mailto:eldridge.brad@gmail.com) and we can discuss a solution provided by TEAM Consulting. ❖



Source: Creative Commons

# Management Matters: Returning to the Office and Remote Working

By Brad Eldridge, MAI, CAE

Some of us never closed the assessment office during the pandemic, while others still have a majority of their staff working from home. There are several issues at hand for offices as they reintegrate staff who has been working from home—everything from attitude to Zoom fatigue. What about productivity? Do we need the same amount of space as pre-pandemic?

At the assessment office where I work, about one-third of our field staff (who visits properties) has been working from home since March 2020. Supervisors and customer-facing staff have mostly been working at the office. Productivity and staff morale has never been higher. What happens if we require everyone to work their 40 hours at the office?

Let's take a look at some market data to see what people are thinking. The following stats are from the June 8, 2021, email newsletter form Poll Everywhere.

- ▶ 59% of employees want flexible work-from-home days as part of their return to work plan.
- ▶ By July 2021, 75% of executives anticipate that at least half of office employee will be working in the office.
- ▶ 61% of employees expect to spend half their time in the office by July 2021.
- ▶ When to return?
  - 45% never want to return to the office.
- ▶ Importance?
  - 58% value flexibility over salary and benefits.

If offering work-from-home options for positions that allow it, opportunities for flextime schedules for staff working in the office should be considered to maintain a “fair and equitable” work environment.

- ▶ New job?
  - 91% view remote-work flexibility as a deal breaker or significant factor when looking for a new job.
- ▶ Engagement?
  - 31% claim to feel less engaged while working remotely.
  - 55% felt no difference or more engaged.

In one of my conference calls this month I heard about a county that recently required its I.T. workforce to return to the office. The I.T. staff indicated they were doing sufficient work from home and did not need to report back in. The county's response confirmed that it was not a request, it was a requirement. Three of the I.T. staff resigned and moved on to jobs where they could work from home.

While the specific duties for each position in an assessment office vary based on the size and needs of the jurisdiction that may not be conducive to remote working, conditions in the job market have changed. Inflation has come back from a long vacation and there is pressure to increase wages.

Government employers tend to be inflexible and demand on-site workers. It may be time to rethink that paradigm in order to attract and retain quality employees. If offering work-from-home options for positions that allow it, opportunities for flextime schedules for staff working in the office should be considered to maintain a “fair and equitable” work environment. A rotating in-house

staff schedule may also reduce the amount of space required of the department.

There are several hybrid office models out there. Here are a handful that were published on May 26, 2021, on [www.inc.com](http://www.inc.com).

## 1. Office-centric hybrid

Office-centric hybrid companies require their employees to come into the office most of the time, but they build in one or two days each week when employees are allowed to work from another location.

Companies typically select office-centric hybrid models because they believe that when employees are co-located, they are able to more effectively develop connections and coordinate with their team members, and feel a stronger sense of belonging. In the office-centric model employees can be co-located in an office most of the time, but could be able to work from home on Wednesdays and also have a lot of flexibility in terms of setting their own hours.

## 2. Fully flexible hybrid

A fully flexible hybrid model enables employees to choose when they'd like to work from an office and when they'd like to work from another location. After flirting with the idea of an office-centric hybrid, Ford recently decided to give salaried office employees maximum flexibility by adopting this fully flexible model.

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The fully flexible approach can have devastating impacts. It can quickly create status tiers of employees and significant inequities that favor those who are office-bound more often. As well, there are real coordination challenges as it's often difficult to predict who will be in the office. This model isn't impossible to execute effectively. But without significant intentional organizational design, it can fail quickly and miserably.

### **3. Remote-ish (or remote-friendly) hybrid**

In contrast to fully flexible hybrid work, remote-ish hybrid work involves placing guardrails on which employees can work remotely. It may involve allowing employees to schedule work-from-home days, but not on specific days like Mondays and Fridays. It may also involve allowing a sizable percentage (typically 10 to 25 percent) of your employees to work remotely full time, while the majority of employees are required to come into the office most days.

The remote-ish approach can be lucrative from a hiring perspective—especially in enabling top nonlocal talent to work remotely. But it suffers from flaws similar to the fully flexible model's, with significant potential inequities as in-office workers frequently have more access to information, executive face time, perks, and promotion opportunities.

### **4. Hybrid remote-office**

Some companies—like HubSpot, which is transitioning from a remote-ish model—have decided to adopt a hybrid remote-office model. This model involves giving employees a “menu” of options to choose from, which typically includes a remote option, a flexible work option (employees work from an office two to three days per week), and an in-office option.

This “choose-your-own-adventure” model is attractive in that it allows for more predictability than the fully flexible model. It's also often attractive from a recruiting standpoint. Yet equity issues can quickly emerge—especially if managers and executives overwhelmingly select in-office options.

### **5. Remote (or virtual)-first**

A remote-first model usually involves most employees working remotely by default—either from their homes or from anywhere. As a leader, it's important to realize that there's a big philosophical difference between being remote-first and being remote-friendly. It's the difference between empowering employees to work remotely and merely allowing them to work remotely. There's also a big operational difference as remote-first companies build their processes, systems, and culture around remote workers (rather than in-office workers) first.

While this model offers a major advantage of minimizing inequities, it can be very challenging to build a strong sense of belonging.

Would any of these work for your office? Who will be present to assist walk-in traffic? There are several details to consider if moving to one of these hybrid office models.

Employee engagement can be one of the more challenging aspects whether in-person or working from remote. Management philosophy differs as much as employee personalities differ. Whichever the setting, the following tips on improving employee engagement from Gallup Inc. (<https://bit.ly/3qjqdeF>) can aid in the process:

#### **1. Measure what matters most for employees' performance**

Leaders often focus on metrics that don't tie strongly to employees' psychological needs and ultimate performance. View the 12 elements of employee engagement that pre-

dict high team performance.

#### **2. Act quickly**

Employees who strongly agree that their organization acts on survey results are 1.9 times more likely to be engaged. If you're not using a survey that provides a framework for taking action, now is the time to switch.

#### **3. Make it an ongoing process**

One of the most common mistakes that leaders make is to approach engagement as a sporadic exercise in making their employees feel happy. Employees need ongoing purpose and development, not biannual perks, to achieve more for your organization.

#### **4. Empower managers to drive engagement**

Engagement isn't just an “HR thing.” Managers account for 70% of the variance in team engagement. There are no quick fixes when it comes to human relationships. It is essential that managers effectively interact with and develop each team member over time.

Other suggestions on engaging the remote worker published on May 4, 2021, from Quantum Workplace (<https://bit.ly/3vQro6x>) include staying connected through technology and social interaction. A weekly or bi-weekly video call at a set time can strengthen employee relations. During these calls you can show care by asking about their family, personal hobbies, stress level, and workload.

► Don't forget to ask for and listen to feedback. Communicate with employees when you take action (or why you won't be taking action) on their feedback so they know they have been heard and their opinion is valued. When employees feel valued they are happier and more engaged at work. And don't shy away from giving constructive feedback. Help

employees take advantage of development opportunities.

- ▶ Recognize employee contributions. Employee recognition can be a top driver for employee engagement. Regular recognition from peers and managers helps employees feel connected, appreciated, and valued.

- ▶ It's important to keep your remote workers updated on projects, goals, team progress, and office news. Since a lot of information at companies gets circulated through water cooler talk or chats across desks, remote employees can easily get left out of the loop and feeling disconnected.

- ▶ Use an employee-friendly goal setting and tracking system to give everyone access to office goals, progress updates, new projects, and more. When remote workers are part of the dialogue, they will be empowered in their work and feel more connected and engaged.

- ▶ Support your newest hires. Research has found that 76% of new hires felt less equipped to do their job compared to 85% of tenured employees, who felt they were equipped to work remotely. In other words, new hires need extra support when working remotely. Managers should provide additional training, communication, and resources to support new remote employees throughout their onboarding. Whether a new hire or a veteran employee, make sure your remote team has the tools and training to get the job done.

- ▶ One of the best things about remote work is the flexibility it offers employees. While you may need to have set times around team meetings and collaborative sessions, give your employees autonomy around when and how they work the rest of

the time.

Offer a mix of remote and in-house work options. Remote work increases employee engagement, especially when employees spend a mix of time working at home and in the office. Gallup found that the optimal engagement boost was when employees worked from home three to four days out of a five-day workweek.

Time spent in the office helps employees feel connected to their coworkers and allows for in-person collaboration and bonding among

team members. But the majority of the time, working remotely keeps employees focused and productive, less stressed, and happier.

### Summary

While we are happy to see several parts of the COVID-19 Pandemic go away, some aspects are now part of the work culture. Regardless of the approach you take to managing your office, stay connected with your employees. Establish an office policy so expectations are clear and productivity is maintained. ❖



Source: San Francisco Chronicle

## These Guys Make Any Home “Mobile”

By Brad Eldridge, MAI, CAE

After 139 years at 807 Franklin Street, the house was making its move down the street and around the corner to a new home on Fulton Street. According to the San Francisco Historical Society, it was the first time a Victorian had moved in 50 years.

So during the move, did the structure become personal property? What if it was in-transit on the effective date of value?

Video of the house move:  
<https://bit.ly/2UL73CJ>

Time-lapse version:  
<https://bit.ly/3h57twu>

Think this can only be done with a residence? Think again. These guys took on a 900-ton commercial building. I hope they don't hit a pothole!  
<https://bit.ly/3dJskDJ>

# Workshop Spotlight By Brad Eldridge, MAI, CAE

TEAM instructors kept the Internet bandwidth busy over the past 15 months with numerous virtual events. Thank you to our instructors and education coordinators who found ways to offer safe environments for our in-person sessions. During the pandemic, TEAM has connected with over 2,000 people in the virtual or conventional classroom.

TEAM's education content and subject matter is directly influenced by our peers in the assessment community. Frequent questions and classroom discussions inspire us to create new workshops or integrate new content when we update our existing courses.

The **Valuation of Commercial Properties in Declining Market** workshop has been one of our most popular offerings in the past year. This material has been kept updated every quarter to address the ever-changing market conditions and economic climate. TEAM instructors have taught this workshop in four, eight, and 16-hour (two-day) offerings. The material includes current data on the full-spectrum of property types and solution suggestions to address declining market valuation issues.

Hotel valuation during the pandemic has been very challenging. **The Valuation of Lodging Properties** has been updated this year to address the market issues for this property type and offers some solutions for appraisers to solve these problems.

The material incorporates sections from a new workshop, **Valuation of Hotels Using DCF** that can be offered in two- to four-hour sessions. Discounted Cash Flow (DCF) is a valuation tool that best recognizes market periods where fluctuations in the property's annual income are expected to occur over several years.



The screenshot displays an Excel spreadsheet titled "TEAM Hotel Valuation DCF Excel Template". It features a "Summary" section on the left with input fields for "Valuation Year" (2021), "City", "State", "Urban Address", "Category", "Construction", "Year Built", "Floor Count", "Parking Lot", "Lease Rate", "Leased Value Rate", "Terminal Cap Rate", and "Leased Terminal Cap Rate". A "Rate Expense" section shows "Number of Periods" as 12 (1 for interest) and "Assumed". The main table is a DCF analysis with columns for "Year", "Cash Flow", "Present Value", "Total Present Value", "NPV", "IRR", and "MIRR". The table includes rows for "Operating Income (2021)", "Operating Income (2022)", "Operating Income (2023)", "Operating Income (2024)", "Operating Income (2025)", "Operating Income (2026)", "Operating Income (2027)", "Operating Income (2028)", "Operating Income (2029)", "Operating Income (2030)", "Terminal Value", "Total Present Value", "NPV", "IRR", and "MIRR".

The TEAM Hotel Valuation DCF Excel Template is available for purchase.

The lodging DCF workshop outlines the required ingredients to put together a well-supported DCF analysis and addresses what USPAP has to say on the topic. The workshop includes instructions for using and walks through the TEAM Hotel Valuation DCF Excel Template, which is available for purchase at <https://www.teamconsulting.cc/product-page/team-hotel-valuation-dcf-excel-template>.

We have also expanded our **Customer Service** workshop to a full one-day version. TEAM instructors can provide two-, four-, and now eight-hour sessions of this popular course. The *Customer Service* workshop includes discussions on public perception, attitude, listening, telephone technique, problem solving, and suggested guidelines for creating an office environment conducive to positive public perception.



**Coming Soon!** *The Valuation of Craft Breweries and Distilleries* workshop.

We also have another new workshop brewing, thanks to the creative mind of Jeff Middleton, education director for the Idaho State Tax Commission. **The Valuation of Craft Breweries and Distilleries** workshop is being developed to explore the valuation concepts and issues in the growing craft brewery world. The workshop offering incorporates an on-site brewery tour to complement the classroom portion of the session.

If the local education sponsor has a brewery with meeting space, it is possible that the workshop could be offered on-site at the brewery. Another option is to have the morning session in a classroom space, then have the brewery tour in the afternoon and wrap up the session with a happy hour. The new workshop will be available for the 2022 education calendar.

I am looking for other opportunities to incorporate this type of experiential learning into our educational offerings. If you have any ideas for experiential learning and/or would like to collaborate with me on a new workshop idea that addresses a growing valuation issue, please contact me at [eldridge.brad@gmail.com](mailto:eldridge.brad@gmail.com). Cheers! ❖

Find a complete list of TEAM workshops at [www.teamconsulting.cc](http://www.teamconsulting.cc)



# Will That Ever Sell?

By Brad Eldridge, MAI, CAE

Michael Jordan is a legend and is one of the most talented athletes that has ever lived. Those talents earned him enough dough to build a pretty sweet mansion. Too bad it won't sell. Now they have to auction it. Take a walk through his former estate. <https://bit.ly/360exEm> <https://bit.ly/3juyM4X>



Source: [www.Realtor.com](http://www.Realtor.com)

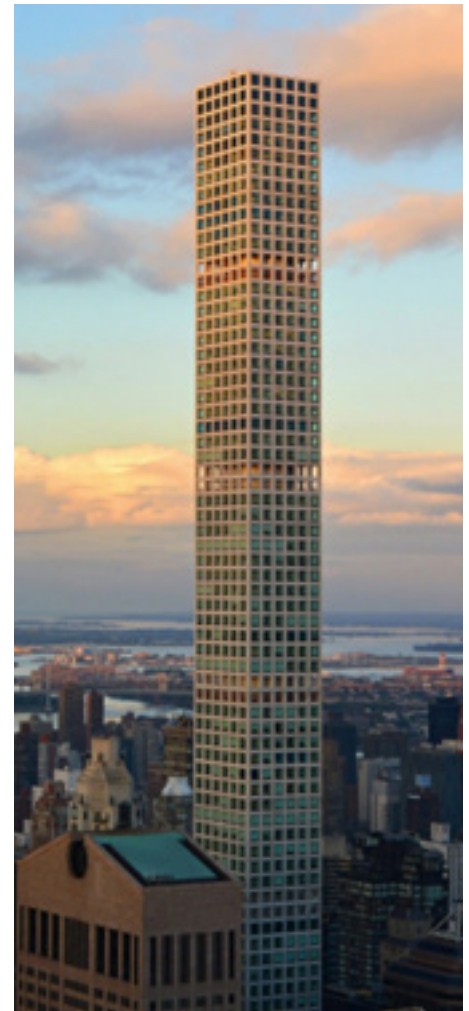
Empire Gas founder and former CEO Robert Plaster built a modest retreat on Table Rock Lake in Missouri. If you're a fan of 1990s office architecture and glass, be sure to check this one out. <https://bit.ly/3dt7liC>



Source: [www.Pricepads.com](http://www.Pricepads.com)



Source: [www.Realtor.com](http://www.Realtor.com)



Source: Wikipedia

Want to be neighbors with J-Lo and A-Rod? Saudi retail tycoon, Fawaz Al Hokair, plans to list his New York penthouse for \$170 million. He reportedly bought the 432 Park Avenue property for \$87.6 million in 2016.

There's a time trend question for you: If the property sells for 90% of the asking price, what's the monthly appreciation rate for this property? <https://bit.ly/3jloE8O>

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◀ Get ready to BLAST OFF with this space-themed vacation home in Florida. Someone will have to pull a lot of G's to afford the \$1.7 million price tag, or you can just rent it for \$3,000/night. Check out the video here: <https://bit.ly/3weTgl0>.



# Real Estate Notes of Interest

By Brad Eldridge, MAI, CAE

A big thanks to Rick Stuart, CAE, FIAAO, for providing many great years of *Real Estate Notes of Interest*. Thank you to Rick for trusting me to carry on the tradition. You will find this section expanded to include a few general appraisal and management related topics that are of interest.

■ **8 Easy & Creative Ways to Keep Remote Employees Engaged**, *www.connecteam.com*, by Rea Regan, April 12, 2020. Remote working was growing before the pandemic began. Now it has been ingrained in our work culture. Consider these tips to help manage your work-from-home employees. <https://bit.ly/3iL1MoB>

■ **5 Tips to Optimize the Success of Your Hybrid Return to Office Plan**, *Forbes*, by Laurel Farrer, April 14, 2021. "As post-pandemic industry research continues to emerge, the data confirms that remote work is here to stay. But are all businesses becoming virtual organizations? Of course not. With a healing, but fragile, economy relying on the resilience of the real estate industry, it is critical that our offices and commercial zones revive. So, with office investments to maintain, but half of at-home employees saying they would prefer to continue working remotely, many employers are looking to physical-virtual hybrid workplaces as the best of both worlds." <https://bit.ly/3q0PkTe>

■ **April 2021 Commercial Real Estate Market Trends and Outlook**,



Brad Eldridge, MAI, CAE, is a senior consultant with TEAM Consulting, LLC. [eldridge.brad@gmail.com](mailto:eldridge.brad@gmail.com)

*National Association of Realtors*, May 2021. "The commercial real estate market is recovering but remains weak compared to conditions before the COVID-19 pandemic, according to NAR commercial members who responded to the 2021 Q1 Commercial Real Estate Quarterly Market Survey and industry data. (See chart below.)

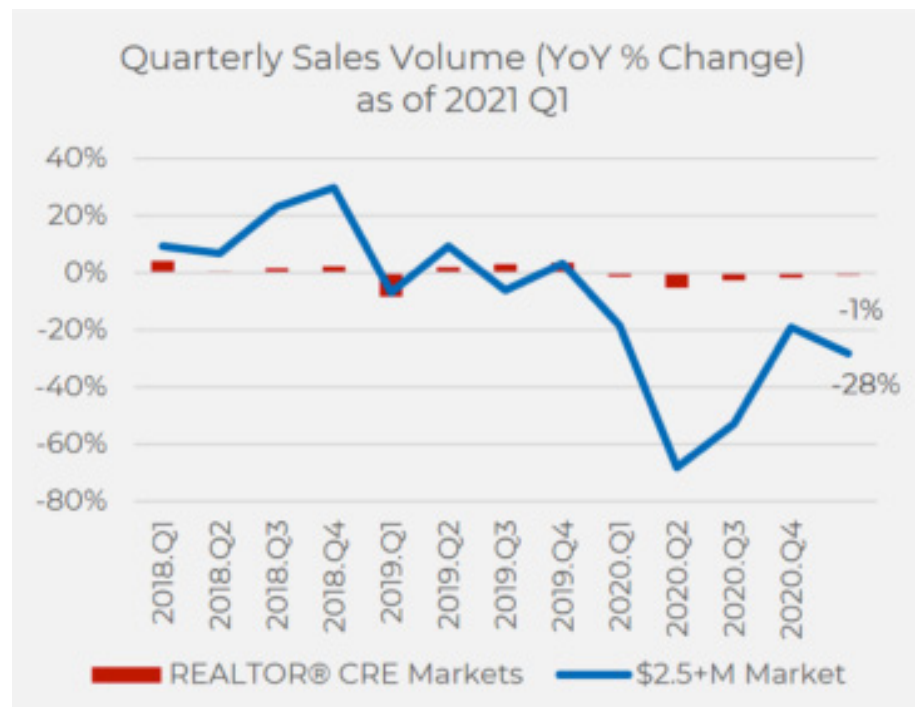
Acquisitions for large commercial real estate—properties or portfolios of at least \$2.5 million—fell 28% year-over-year in the first quarter of 2021, with transactions declining across all property types, except for hotel acquisitions. Investors could be acquiring hotels to convert into other uses such as multifamily housing.

Among commercial members of NAR who participated in the quarterly market survey and whose acquisitions were typically proper-

ties or portfolios of less than \$2.5 million, transactions declined by an average of 1%. Respondents reported an increase in sales of land and industrial properties and a decline in sales of other types of commercial real estate." Downloadable report available. <https://bit.ly/3iIFVhA>

■ **What Will Happen to All the Empty Office Buildings and Hotels?**, *New York Times*, by C.J. Hughes, April 16, 2021. "Commercial real estate has been hit hard by the pandemic, but there are plans to convert some of the now-empty spaces into apartment buildings." <https://nyti.ms/2U9CFSI>

■ **U.S. Retail Recovery Indicators May 2021**, *CBRE*, May 7, 2021. "The retail market is also showing signs of recovery. Total retail sales increased 28% year-over-year in March 2021,



**Editor's Note:** The graph above is for commercial real estate (CRE) in the national market. The REALTOR® CRE markets are for prices less than \$2.5 million, which was not impacted as badly as the \$2.5+M CRE market during the past year.

driven by consumers spending government stimulus checks as well as retail stores continuing to re-open their doors. Every retail category tracked by the U.S. Census Bureau recorded positive sales growth on a monthly basis in March.” <https://bit.ly/3iJA2kr>

■ **More Black Americans Call Out Housing Appraisal Process As Discriminatory**, *www.NPR.org*, by Jill Sheridan, May 19, 2021. “A Black woman in Indianapolis filed a complaint alleging housing discrimination after two low home appraisals spurred her to administer a fair housing test. She had a white friend stand in for her.” <https://n.pr/3q5JiB6>

**Editor’s Note:** While this is an issue in the single-property appraisal sector, mass appraisers/county appraisers need to be aware of racial bias in the appraisal process and be prepared to address this issue with the public.

■ **Latest Composite Price Index Showed Price Gains to Start Second Quarter**, CoStar Group, Press Release, May 27, 2021. “CoStar Commercial Repeat Sale Indices (CCRSI) provides the market’s first look at commercial real estate pricing trends through April 2021. Price indices are now up by more than 7% over the 12-month period that ended in April 2021, as the market recovered from price decreases in the second quarter of 2020.” <https://bit.ly/2SBYycy>

■ **U.S. Prices March Higher in April; CBD Offices Lag**, *www.rcanalytics.com*, by Wyatt Avery, May 27, 2021. “The headline rate of U.S. property price growth accelerated in April as the industrial, apartment, retail and office indices all posted positive annual returns for the first time since the pandemic began, the latest RCA CPPI: US summary report shows. The U.S. National All-Property Index grew 8.4% in April over the

last year.” <https://bit.ly/2RYIYZd>

■ **U.S. Economy at a Glance**, *Bureau of Economic Analysis – U.S. Department of Commerce*, May 27, 2021. “Real gross domestic product (GDP) increased at an annual rate of 6.4 percent in the first quarter of 2021, reflecting the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. Personal income decreased \$3.21 trillion, or 13.1 percent at a monthly rate, while consumer spending increased \$80.3 billion, or 0.5 percent, in April. Economic impact payments established by the American Rescue Plan Act, declined sharply in April.” <https://bit.ly/2SG88Lk>

■ **Record Numbers of Builders Report Material Shortages**, *National Association of Home Builders*, by Paul Emrath, May 27, 2021. “Shortages of materials are now more widespread than at any time since NAHB began tracking the issue on a regular basis in the 1990s in its survey for the NAHB/Wells Fargo Housing Market Index (HMI). In response to special questions on the May 2021 HMI survey, over 90 percent of builders who buy the product in question reported shortages of appliances, framing lumber and OSB. Exactly 90 percent said there was a shortage of plywood, and nearly that many (87 percent) said there was a shortage of windows and doors.” <https://bit.ly/3wyjoYZ>

■ **FACT SHEET: Biden-Harris Administration Announces New Actions to Build Black Wealth and Narrow the Racial Wealth Gap**, *The White House*, Statements and Releases, June 1, 2021. “[T]he Administration is expanding access to two key wealth-creators—homeownership and small business ownership—in communities of color and disadvantaged communities.

The Administration will take action to address racial discrimination in the housing market, including by launching a first-of-its-kind inter-agency effort to address inequity in home appraisals, and conducting rulemaking to aggressively combat housing discrimination; and use the federal government’s purchasing power to grow federal contracting with small disadvantaged businesses by 50 percent, translating to an additional \$100 billion over five years, and helping more Americans realize their entrepreneurial dreams.” <https://bit.ly/2Sv7FvJ>

■ **Sublease Space Weighing Office Market Down**, *MBA Newslink*, by Michael Tucker, June 1, 2021. “Office vacancy rates have risen significantly since the pandemic hit. Yardi Matrix, Santa Barbara, Calif., reported one big reason for the spike: nearly every market has seen sublease space available jump.” <https://bit.ly/3iJfwjO>

■ **Seniors Housing Sector Positioned for Growth**, *MBA Newslink*, by Michael Tucker, June 1, 2021. “The seniors housing sector should grow as long-term demand remains positive and an aging Baby Boomer population needs more care, reported JLL Valuation Advisory, Chicago.” <https://bit.ly/3gEHOJK>

■ **UCLA Anderson Forecast: Pent-up demand for leisure and hospitality, recreation, health care will fuel recovery**, *UCLA Anderson School of Management*, June 2, 2021. “In March, the UCLA Anderson Forecast’s first economic outlook for 2021 touted ‘robust growth for the U.S. and California’ in anticipation of an abatement of the COVID-19 pandemic. The June 2021 forecast remains optimistic but also acknowledges the historical reality that economic recoveries are never smooth, and that ups and downs in the data that inform such predictions are to

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be expected." <https://bit.ly/3gv9nq6>

■ **High-End Home Sales Surge Nearly Twice as Fast as Sales of Mid-Priced Homes**, Redfin, Press Release, June 2, 2021. "Purchases of high-end homes in the U.S. jumped 26% year over year during the three months ending April 30, according to a new report from Redfin ([www.redfin.com](http://www.redfin.com)), the technology-powered real estate brokerage. That's compared to the 17.8% gain in purchases of affordable homes and the 14.8% increase in purchases of mid-priced homes." <https://bit.ly/3zwYGe7>

■ **Federal Beige Book Report**, *The Federal Reserve*, June 2, 2021. "The national economy expanded at a moderate pace from early April to late May, a somewhat faster rate than the prior reporting period. Several Districts cited the positive effects on the economy of increased vaccination rates and relaxed social distancing measures, while they also noted the adverse impacts of supply chain disruptions. Homebuilders often noted that strong demand, buoyed by low mortgage interest rates, outpaced their capacity to build, leading some to limit sales. Nonresidential construction increased at a moderate pace, on balance, even as contacts in several Districts said that supply chain disruptions pushed costs higher and, in some cases, delayed projects." <https://bit.ly/3wvOArJ>

■ **Mortgage Rates Inch Up But Stay Below Three Percent**, *FreddieMac*, Press Release, June 3, 2021. "Home prices continue to accelerate while inventory remains low and new home construction cannot happen fast enough," said Sam Khater, Freddie Mac's chief economist. "There are many potential homebuyers who would like to take

advantage of low mortgage rates, but competition is strong. For homeowners however, continued low rates make refinancing an option worth considering." <https://bit.ly/2UbJ2ob>

■ **Home Prices Reach New High at \$380,000 in May**, *Realtor.com*, Press Release, June 3, 2021. "The U.S. median home price continued its double-digit appreciation in May reaching a new all-time high of \$380,000, but in a good sign for home shoppers contending with a competitive housing market, the rate of price growth moderated for the second time in 13 months, according to the Realtor.com® Monthly Housing Trends Report." <https://bit.ly/2SG6l3s>

■ **FHFA Extends COVID-19 Multifamily Forbearance through September 30, 2021**, *Federal Housing Financing Agency*, News Release, June 3, 2021. "Fannie Mae and Freddie Mac (the Enterprises) will continue to offer COVID-19 forbearance to qualifying multifamily property owners through September 30, 2021, subject to the continued tenant protections FHFA has imposed during the pandemic. This is the third extension of the programs, which were set to expire June 30, 2021." <https://bit.ly/3gznwRT>

■ **Stressed CBDs' Uncertain Comeback**, *Commercial Property Executive*, by Greg Isaacson, June 3, 2021. "The exodus of office workers from America's cities has had a huge ripple effect on the traditional downtown. In fact, the long-term future of the central business district hinges in large part on whether, or when, employees stage a full-scale return to their desks." <https://bit.ly/3wtGf87>

■ **U.S. Jobs Increase by 559,000 in May**, *National Investment Center*, by Beth Mace, June 4, 2021. "The

Labor Department reported that nonfarm payrolls rose by 559,000 in May 2021. The consensus estimates for May had been for a gain of 675,000. Revisions did little to improve the disappointing April 2021 gain of 278,000. Recent monthly job increases have been disappointing for this point in the recovery. Indeed, despite the increase, job levels remain 7.6 million below the pre-pandemic levels of February 2020." <https://bit.ly/35paAsz>

■ **Competition for Hotel Deals Cuts Into Discounted Prices**, *Hotel News Now*, by Bryan Wroten, June 4, 2021. "Capital has been waiting on the sidelines during the COVID-19 pandemic to take advantage of distressed U.S. hotels and make deeply discounted deals." <https://bit.ly/3wvJQSW>

■ **Apartment Owners Attempt to Accommodate the WFH Lifestyle**, *WealthManagement.com*, by Jenn Elliot, June 8, 2021. "More outside space and on-site co-working amenities are now being incorporated into multifamily properties." <https://bit.ly/3pYrlnP>

■ **Counties with the lowest home prices in Kansas**, [www.ksn.com](http://www.ksn.com), by Madison Troyer, June 9, 2021. Submitted by Lisa Ree, RMA. "Credible used 2021 data calculated by the National Association of REALTORS to compile a list of counties with the lowest median home values and monthly mortgage payments in Kansas. Counties were ranked by the monthly mortgage payment for a typical home in 2020, from lowest to highest. Ties were broken by median home values in 2020." <https://bit.ly/3pURCUa>

■ **Southern loggers are pushing wood production to a 13-year high. So why is the price of lumber up 288%?**, *www.Fortune.com*, by Lance Lambert, June 10, 2021. "This

increase in wood production looks like simple economics at work: With lumber at historic prices, producers should be incentivized to boost supply while buyers presumably would rethink purchasing at those levels. Except this uptick in wood production hasn't coincided with a reversal to pre-pandemic lumber prices." <https://bit.ly/2TYFUf9>

■ **Zillow Market Pulse**, *www.Zillow.com*, by Matthew Speakman, June 11, 2021. "Prices rose at their fastest pace in decades in May, but investors were largely unfazed. More people are quitting their jobs than ever before—a good sign for the labor market going forward. And consumer housing confidence continues to fall." <https://bit.ly/3xu3AXt>

■ **How the Hotel Sector is Navigating the Economic Reopening**, *WealthManagement.com*, by Bendix Anderson, June 14, 2021. "Summer leisure bookings are skyrocketing as Americans emerge from the pandemic, but business travel is rebounding more slowly." <https://bit.ly/3zFd4ky>

■ **Zillow May 2021-May 2022 Home Value & Sales Forecast**, *www.Zillow.com*, by Zillow Research, June 14, 2021. "Zillow economists expect home values to increase 6.1% over the next quarter (May-August), by 17.9% through the end of this year (December 2020-December 2021) and by 14.9% through the twelve months ending in May 2022." <https://bit.ly/3grHclv> ❖

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