

NEWSLETTER

WELCOME NEW TEAM INSTRUCTOR

BY BRAD ELDRIDGE, MAI, CAE



Instructor: David Wallis, GISP, CMS

TEAM Consulting is pleased to announce that David Wallis, GISP, CMS, is joining its instructor group. While Wallis specializes in mapping courses, he is an enthusiastic presenter who covers a wide range of assessment and strategic planning topics.

Wallis has over 23 years in county government as chief appraiser and IT/GIS Director for Cowlitz County, Washington. He currently serves as the chief information officer for the City of Longview, Washington. He has taught legal descriptions, GIS and legal documents courses statewide for the Washington Department of Revenue for over 27 years and is a certified IAAO national senior specialty instructor. He also specializes in courses on strategic and operational planning, leadership development, policy and creating internal training programs.

Wallis graduated magna cum laude through the University Honors Program at Western Washington University with a bachelor of arts degree in technical writing and a minor in Spanish. He earned his Geographic Information Systems Professional (GISP) designation in 2009. He also earned his IAAO Cadastral Mapping Specialist (CMS) credential in 2012. Wallis is a Washington State Department of Revenue (WADOR) Accredited Appraiser since 1997 and an International Association of Assessing Officers (IAAO) Certified National Specialty Instructor for assessment, mapping and GIS courses and workshops.

Wallis and his wife, MaryAlice, have been married for 36 years and they have four grown children and five grandchildren. Wallis enjoys spending time with his family, recording and playing music in his recording studio and with his band "5/50," and reading classic literature.

Wallis is available to schedule as a keynote speaker on strategic and operational planning, as well as a variety of topics noted on the following page.

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TEAM CONSULTING WORKSHOPS

- How to teach adult students
- How to be a better manager
- Public relations and customer service
- The art of making a powerful presentation
- Up the Creek: managing daily personnel disasters

WALLIS' SPECIALTY WORKSHOPS

- Basic legal descriptions (one day)
- Interpreting legal documents (one day)
(This is often combined with the basic legal descriptions course for a two-day offering)
- Planning the Future: strategic thinking and planning for elected officials, public administrators and community leaders (this could be anything from a keynote, to a multi-day, to an ongoing multi-month engagement, depending on the need and commitment)

■ GIS and the assessor's office (one day)
Wallis is also available to teach IAAO Courses 101, 102, 400, 600, 601, 650, 651 and 854.

You can reach Wallis at 360-430-4911 or 1983dlw@gmail.com.

DESIGNATION SPOTLIGHT:

Professionals Earn AAS Designation Using TEAM's Review Workshop Materials



ALTA NERI-NEWMAN, RES, AAS, earned the Assessment Administration Specialist designation. She is an assessor with the Portage Township Assessor's Office in Indiana. She's been in the profession for 16

years and holds a bachelor of science in accounting from Indiana Wesleyan University in Marion, Indiana. Congratulations!

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GOT THE CAP RATE BLUES?

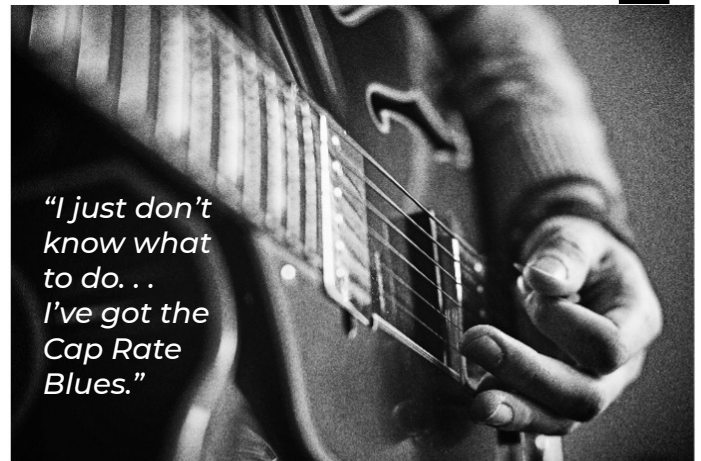
Having trouble keeping up with value changes in commercial real estate? Do you have a tough time developing cap rates? TEAM Consulting, LLC, can help. We can perform a capitalization rate study for most commercial property types, including:

- | | |
|---------------------|------------------------|
| ■ Hotels | ■ Retail |
| ■ Self-Storage | ■ Office |
| ■ Auto-related | ■ Industrial |
| ■ Senior housing | ■ Mobile Home/RV Parks |
| ■ Workforce Housing | |
| ■ Apartments | |

We can also perform Gross Income Multiplier (GIM) studies for duplex, triplex and fourplex properties.

Let TEAM assist you with a capitalization rate study on your next valuation cycle.

Contact Brad Eldridge, MAI, CAE
eldridge.brad@gmail.com or 785-550-0945.





HELLO? IS ANYONE THERE?

OFFICE VACANCY AND ITS FUTURE RAMIFICATIONS

BY KARA ENDICOTT, CAE, RES, RMA

It's the day before Christmas holiday and I am sitting in our department listening to the crickets theoretically chirp. I am pretty much the only one here. You might think this is unusual and due to the holidays, but realistically, our office is like this several days a week due to the hybrid work environment many offices in the state and country have gone to. It was, of course, a by-product of the pandemic when everyone was encouraged to self-isolate to keep the spread of disease down, but now that society has returned to "normal," why would we continue to maintain a hybrid schedule?

Simple answer, during a very tough job market for employers, it seems to be something that employees are in favor of keeping. We have had questions from commissioners about our productivity, but by all measures, it has increased since this model was introduced. That left few excuses to not continue the option for staff.

So, the scheduling looks like this:

- Mondays and Fridays most staff are remote.
- Tuesdays half the staff is in the office.
- Wednesdays everyone is required to be in the office for meetings and collaboration.
- Thursdays staff not in the office on Tuesdays are in.

Is it a nightmare to manage? Sometimes, but again statistics are not showing us we need to change.

The crickets reminded me that we were not the only office in the metro or state doing this. In fact, during hearings, a major complaint from those who appealed office buildings was a high physical vacancy that needed to be accounted for in their valuation. You probably noticed I said physical vacancy. That's because they were still collecting the same amount of rent. Companies simply were paying to leave the space empty while they figured out what the future held for them.

As we enter the 2023 tax year/2024 valuation year, the current climate may begin to change. Many of the office leases that were signed for multiple years are coming to an end, so we may finally get a true picture of what a hybrid work schedule will do to office rents.

According to CBRE, "87% of large companies with 10,000 or more employees say they will be adopting hybrid work." At a recent panel discussion on intelligent buildings and return-to-site trends, Usman Shuja, vice president and general manager for connected buildings at Honeywell International

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OFFICE VACANCY



tenant maintains their credit rating while defraying expenses with the sub-lease. Often, we hear these sub-leases are the new market from appeals. Well, yes and no. That depends on how much sub-leasing is occurring in your market and whether it is becoming the norm, much like whether you decide to use foreclosure sale in your analysis. I would still argue the original tenant's lease must still be considered in the valuation though.

So, what does this all mean? Honestly, I am not completely sure. Like much of our business, we are waiting for the market to prove what values to place on our properties. Unfortunately, that often puts us behind the curve on things which can bite us when we go to upper-level appeals, because — while we understand our valuation was as of a certain date — it

is often hard for ruling entities to not think about what is currently happening in the market at the time of trial. What we can know for sure is the market for office space is evolving at a rate we have not seen before, making our crystal ball that tells us future values more cloudy by the moment. ■

Images Source: Microsoft Stock Images

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said, “The challenge for real estate portfolio managers is (determining) how much real estate (they) need to manage in this environment.”

Large cities are at unprecedented lows in occupancy. The national average is at 32.7%. Large cities like San Francisco are at 20%, while New York is fairing better at a 62%, as reported by Kastle Systems using building security access data.

These numbers are showing us what we may have already sensed, property managers are walking a loose tight rope as they try to cull the market for potential suitors of any future vacancy opening in the coming year. There is no hard data about what the market will do because we have never seen a work culture shift like this in the past.

We do know that bringing back workers to the office will help us build a more desirable culture for our department than remote alone can facilitate. To keep our workers happy at the office, it usually calls for improvements in the work environment.

Recently, due to a staff reorganization at my office, we decided to also reorganize the layout of the office itself. During this reorganization, we found a need to create more collaborative spaces since when the employees were in the office, they often needed to have meetings or planning sessions. What this new need will translate to in the marketplace will most likely be tenants requesting more tenant improvement allowances to sign a new lease.

We also have an issue with secondary tenants and leases. Large companies go to a hybrid environment and no longer need all the space they once did, so they sub-lease the space to another company for well below market rate. They continue to pay the landlord the original rate, so the property owner does not see a financial loss and the original

MEET OUR TEAM

Amy Rasmussen, RES, AAS, FIAAO
Brad Eldridge, MAI, CAE
Christa Rush, RES
Dan Cypert, RES, AAS
David Wallis, GISP, CMS
Ed Crapo, AAS, ASA, FIAAO
Jerald Rudman, CIAO-M
Kara Endicott, CAE, RES, RMA
Keith Cunningham, PhD
Ken Voss, MAI, AI-GRS, SRA, CAE
Kevin D. Hayes, MAI, CAE, RES, CFE
Lath Harris, CAE, SRA
Lori-Ann Seethaler, RES, MIMA
Marion Johnson, CAE, FIAAO
Pete Davis
Randy Ripperger, CAE, FIAAO
Richard Norejko, CMS
Robert T. Lee, ESQ., J.D., AAS
Scott Johnson, RES, ICA
Stephen D. White
Terry Taylor, CAE, AAS, RES
Tina Stone, PPS, AAS
Trevor Abernathie, RES, CSDA, CAA

WORKSHOP SPOTLIGHT



VALUATION OF SUBSIDIZED HOUSING

BY BRAD ELDRIDGE, MAI, CAE

Our workshop offerings are inspired by feedback in the classroom and challenges we hear from our assessment family. New in 2023 is the Valuation of Subsidized Housing.

Section 42 properties have been active in the development and acquisition marketplace. This property type has several unique features and presents unique valuation issues for appraisers.

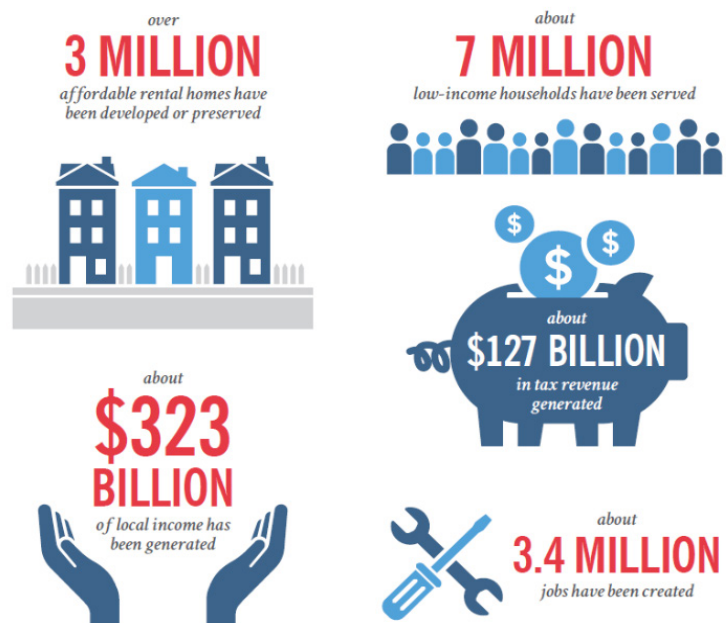
This workshop provides an overview of various subsidized housing types, with a primary focus on Section 42 properties. An explanation of how tax credit properties work is provided, as well as a walk-through of how the tax credit development is funded. The material includes valuation methods and resources for data applied in the analysis. Valuation issues regarding real property, tangible personal property and intangible personal property are addressed.

Currently the workshop is available in a half-day format and will soon be expanded to a full-day offering. ■

LOW-INCOME HOUSING TAX CREDITS

ECONOMIC IMPACTS

SINCE THE LIHTC WAS ENACTED IN 1986:



To schedule this workshop contact Brad Eldridge
email: eldridge.brad@gmail.com
phone: 785-550-0945

WILL IT EVER SELL?

BY BRAD ELDRIDGE, MAI, CAE



▲ The World's Tallest Condo

"Set atop the mega-tower in New York City's Billionaires' Row, the building's three-story penthouse is about to hit the market for \$250 million. If sold it would surpass the \$238 million billionaire Ken Griffin paid in January 2019 for his condo at nearby 220 Central Park South. When it officially lists on Sept. 19, it will become the most expensive home in the country right now, according to Zillow; surpassing media mogul Michael Eisner's oceanfront estate in California that listed for \$225 million less last month."

Pictured above: The winding staircase that connects to all three floors of the penthouse.

<http://bit.ly/3YoLOly>



◀ Don't Judge a Book By It's Cover

Allegedly, the home was designed by a "well-known" but unnamed designer. If you like steel with bold color accents, this is the house for you. \$3,999,000. It's in North Woodmere, New York, and has six beds, five baths.

bit.ly/3ZnuhLN



▲ Frank Lloyd Wright House in Wisconsin

Sometimes the market appreciates certain architects and their designs. Well, we didn't have to wait long for this one to sell, as it went for \$300,000 above its asking price. This Frank Lloyd Wright house was built in 1954 for a Wisconsin family behind the manufacturing company SC Johnson.

<http://bit.ly/3SGEXTa>



▲ \$18 Million for Invisible House

The Invisible House — which has been visited by the likes of Lizzo and Demi Lovato — has hit the market for \$18 million. The property is owned by Chris and Roberta Hanley, who have produced films like "American Psycho," "Spring Breakers," and "The Virgin Suicides." Additional Zillow info can be found at

bit.ly/3YozyRT

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WILL IT EVER SELL?

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◀ Canyon Views in Los Angeles for \$16 Million

The modernist masterpiece is suspended 60 feet above a canyon in Los Angeles. Built for Russell Garcia, a composer and arranger, the home not only has a unique architectural legacy, but also a Hollywood one. Previous owners — including Garcia, Gallo, and McIlwee and Damaschke — have worked in the film industry, and the house has even made its own big-screen appearances, most notably in “Lethal Weapon 2” in 1989.

bit.ly/3y8vN8B



▲ \$1 Billion Asking Price for Miami Property

The 15.5-acre parcel, once home to the Miami Herald newspaper, is one of the largest undeveloped pieces of land along the city’s waterfront. The property sits on Biscayne Bay, across from Miami Beach and near art and concert venues.

“This site is among the most valuable in the United States, let alone South Florida,” said Michael T. Fay, principal and managing director of Avison Young’s Miami operations who leads the team managing the sale. “The rarity of this opportunity coupled with the potential to build a landmark office, retail, residential, hospitality and entertainment destination will attract prospective buyers from all over the world.”

<http://bit.ly/3YfxvQ2>



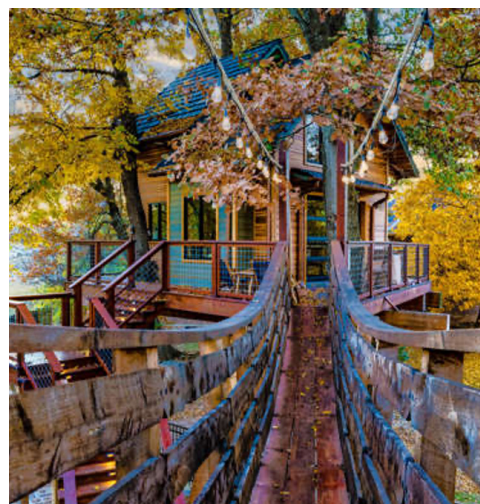
◀ Mixed Bag on Mega Mansions Owned by Celebrities

From Christie Brinkley to Sylvester Stallone, take a walk through price roller coaster on celebrities who have tried selling their unique mansions.

With a listing price of just \$1 million, Eminem’s Detroit mansion is one of the most affordable properties on our list. It’s

so secluded, however, that it’s nearly impossible to find; you’ll need to take a long, quiet road just to reach it — hence the name and why it’s such a hard sell.

<http://bit.ly/3KVpsEX>



◀ Not Your Typical Treehouse

You could drop \$1 million on Slim Shady’s former pad, or for a little more you could relive your childhood dreams in style. Take a look at this retirement project that is listed for \$1.25 million — it comes with a heated pool and a swinging bridge. ■

<http://bit.ly/3ETImbr>