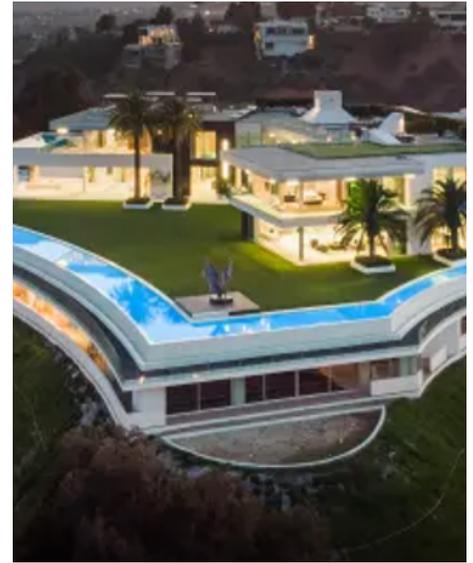


NEWSLETTER



Appraising the Appraiser: Making Performance Appraisals Work!

BY STEPHEN WHITE, DIRECTOR/CHIEF APPRAISER AT COBB COUNTY, GA.
AND TEAM CONSULTING INSTRUCTOR

How do you feel about providing an estimate of value on your most valuable asset? Your employees!

Most jurisdictions require an annual performance appraisal on each employee. Many managers and supervisors loathe the exercise of writing up a performance appraisal on each employee. The employee and the manager/supervisor often have a negative viewpoint of the entire process. The employee may feel this is the opportunity for the manager/supervisor to air their complaints about all the work they have done for the past year while all the good work goes unnoticed. Managers/supervisors feel the entire process is a waste of time, and generally the discussion takes on a negative or argumentative tone.

The truth is, performance appraisals — if administered properly — are a great tool for making a better employee. This is the opportunity for the manager to highlight the worth of the employee and outline any items that need addressed. In this article, we will outline a few common practices by managers/supervisors that can hinder the success of the performance appraisal and the discussion that goes along with the appraisal. Many of us have just done performance appraisals at the end of the calendar year. I thought this would be a good time to focus on how we can improve. We will also focus on a few helpful tips to make sure you get the most out of this process.

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MANAGEMENT MATTERS



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COMMON ISSUES

Here are three common issues with the performance appraisal that hinder the success of the tool:

1. COPY AND PASTE – One of the common issues with the performance appraisal is to grab the electronic file from last year, look it over, change a few words here and there (want to make it look like we put some effort into it!), then sign the document and we are all done! We've all done it, but don't we feel a little guilty when we sit down to write that document and upon completion feel like maybe we really didn't give it our best effort? A good recommendation is to think about the employee's year and write a few notes before we get the electronic file. This way we have fresh ideas that we can incorporate into this year's file. If we copy and paste, generally the employee knows because they compare one year's file to the next and they know we aren't giving it our all!

2. LACK OF DETAILED COMMENTS – Another common issue is when the manager or supervisor just puts one or two sentences for each category on the appraisal. The sentences tend to be very high level and generic. The supervisor then gives a "meets expectations" or "average" grade for each category. The point of the appraisal is being missed. This is the opportunity to commend the employee for what they are doing well and provide counsel on areas they need to improve. Many supervisors don't want to deal with the confrontation, so they take the "high road" and provide a benign comment that won't generate discussion.

3. LACK OF HONESTY – Again, the supervisor misses the opportunity to correct bad behavior. We are concerned the employee will push back on comments the supervisor makes regarding areas needing improvement. The supervisor is afraid of confrontation. Instead, the supervisor avoids the issue and doesn't comment on any problem behavior at all or the supervisor puts such generic comments in the document and the issue is somewhat glanced over. Here is an example of comments for an employee that has issues with professional appearance: "Ensure that you adhere to the office's high standards for professionalism." It's a positive comment and the employee misses what the supervisor really wants them to work on. Here is a better way to put the need, "I am concerned that your appearance does not reflect the professional attire that we expect for our employees. Specifically, you appear to be dressed too casual for office attire and your clothes do not follow what is required according to our dress and grooming policy." Now the employee knows specifically what they need to give attention to.

TIPS FOR SUCCESS

Here are some tips to making the performance appraisal a successful tool for the employee and the supervisor and/or manager:

1. BE HONEST – Address issues head on. Are you sick of them coming in late? Are they calling out sick one too many times on Mondays? Do they not dress professional enough? Do you feel they are rude with customers? Do you feel like they are always walking around the office socializing and they are never at their desk working? These are some topics that managers deal with, but

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sometimes these issues never make it to the performance appraisal because the manager doesn't want to deal with the confrontation. In order for the problem to go away, you have to specifically mention the issue.

2. COMPLEMENT, COUNSEL, COMPLEMENT – When handling issues, make sure you apply positive comments in the performance appraisal — as well as the items needing attention. Everyone has things they need to work on. Conversely, everyone has something they do well. Highlight good points about the employee and don't just use the performance appraisal as an opportunity to focus on items they need to work on. The performance appraisal is also about letting employees know you noticed their good qualities. I like to use a positive comment before and after addressing points that are issues needing attention.

3. UNITY – This may seem like an odd tip. However, the performance appraisal is most effective if the supervisor and his/her managers are united in the performance appraisal ratings and comments. Managers can provide advice or feedback to the supervisor on what to write in the appraisal, but really the document should mainly be

the opinion of the immediate supervisor. Nobody works closer to the employee than the supervisor. The manager or upper level managers should never allow personal feelings to get in the way of the performance appraisal. The last thing anyone wants is a supervisor delivering a performance appraisal that he/she does not fully agree with. This can lead to comments from the supervisor indicating they don't fully agree with the performance appraisal. Instead, it is more powerful when the management team is united on remarks and/or ratings given in the appraisal. If the employee gets the impression the performance appraisal is the opinion of one manager but not the other, the effectiveness is lessened.

In today's labor market, finding quality employees is a real challenge. Once the employee is brought on board, the performance appraisal is a great tool to take them to the next step. If the appraisal is used poorly, it allows poor performance to foster and ultimately cost the organization. If the employee recognizes how they are valued to the organization, they will respect the performance appraisal and look for ways to improve on items mentioned and discussed. This leads to a happier employee and a happier management team! ■

Image Source: Microsoft 365 Stock Images

TEAM Consulting LLC

Leaders in property assessment & valuation



PROFESSIONAL SERVICES

Are you having difficulty keeping up with all your assessment functions? **TEAM Consulting, LLC** can help. We offer expertise in valuation services and assessment administration to support government agencies and local jurisdictions. Our professionals can assist your office with a wide variety of assessment office needs:

- Development of mass appraisal valuation models and analysis
- Appeals and litigation support
- Benchmark and Capitalization Rate studies
- Staff training, office procedures and work flow

Let TEAM Consulting assist you with your assessment duties on your next valuation cycle.

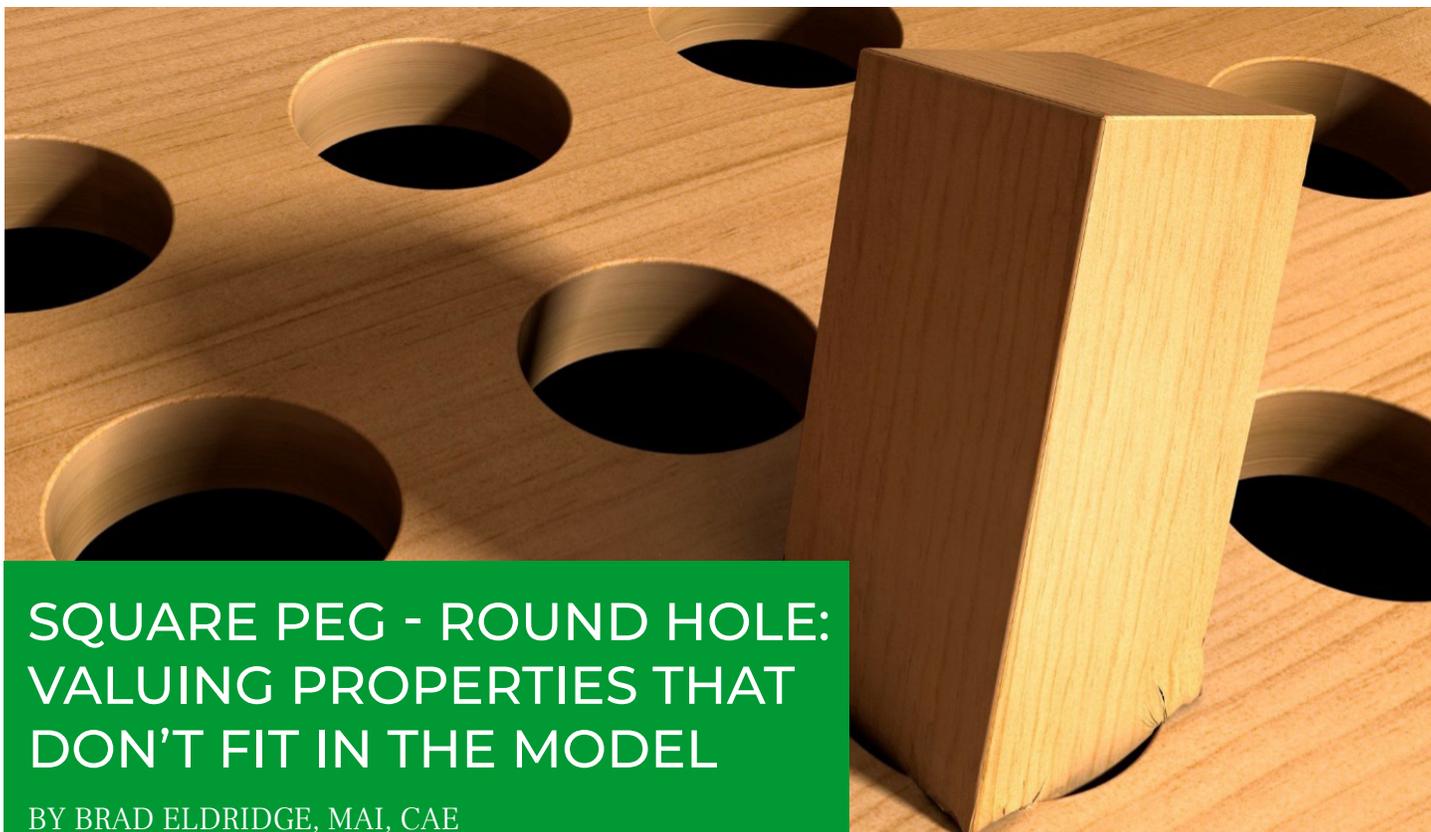
Past TEAM Consulting assignments have included assisting clients with the following tasks:

- Valuation analysis of short term rental housing for litigation
- Review of Commercial Real Estate Division processes and procedures
- Professional development and appraisal education
- Business process review for state Tax Administration Division
- Collection, analysis and model building for income and expense data
- Commercial properties using desktop appraisal technology

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



WORKSHOP SPOTLIGHT



SQUARE PEG - ROUND HOLE: VALUING PROPERTIES THAT DON'T FIT IN THE MODEL

BY BRAD ELDRIDGE, MAI, CAE

We can really crank out some values using mass appraisal when there is sufficient data available. For an appraiser, it's hard to beat that feeling when you have a data sample that really represents the spectrum of properties you are appraising. But what do we do with those unique properties? . . . You know, that one specialized commercial property with architectural features that only a mother could love?

TEAM Consulting has put together a new half-day workshop to assist commercial appraisers in finding solutions to value difficult commercial properties that may not fit in the traditional mass appraisal model. It includes suggestions on resources for obtaining information to support the analysis and provides a roadmap for establishing a reliable market value.

OBJECTIVES OF THE WORKSHOP INCLUDE:

- Identify the Uniform Standards of Professional Appraisal Practice (USPAP) relevant to appraising challenging commercial properties.
- Know where to find guidance in USPAP regarding difficult-to-value properties.
- Recognize typical challenges in appraising unique commercial properties.
- Describe features of a non-stabilized property

- Identify possible solutions to overcome difficult-to-appraise commercial properties.
- Be familiar with research and analysis strategies available to commercial real estate appraisers.
- Understand options to the appraiser when all three approaches to value cannot be developed.
- Know how to arrive at a reliable value conclusion for challenging appraisal assignments.

The workshop material contains a discussion of the various types of unique properties and what features make them special. The discussion also addresses what parts of the appraisal process create challenges for the commercial property appraiser.

Strategies detailed in the material involve specifics to the data and sale confirmation process that led the appraiser to solving the appraisal problem, as well as examples of supporting size adjustments for a subject property that's larger than the data set's sizes. ■

**To schedule this workshop:
Contact Brad Eldridge at
eldridge.brad@gmail.com**

SURVEY RESPONSES ON RECENT TEAM CONSULTING SERVICES

BY BRAD ELDRIDGE, MAI, CA

TEAM Consulting hit a new record in 2021 by providing professional development and education services to over 2,000 assessment professionals. Thank you to all our instructors and education coordinators that helped make that happen.

A wide range of consulting services were also provided to jurisdictions from coast to coast. Here's a look at some of the feedback TEAM Consulting has received on recent services provided.

“
The report was easy to read and follow how the results were arrived at.
”

“
We were pleased with the consultant's communication with us regarding what information was needed for his report, how it was prepared and the final results.
”

“
Nice presentation that offered useful solutions, tips and tricks.
”

“
Because of the detail of the study, we were able to use the study results as evidence (for our value appeal hearings).
”

“
I like that (the consultant) took the time to go over the report with us. He practically insisted on it and it was good that he did. We learned what his approach was to working on the task at hand and also how he structured the report itself to relay his findings.
”

“
I liked the class participation and that there were lots of examples.
”

“
Excellent course. The instructor knew the subject and kept the course flowing with communication from the participants. Excellent!!!
”

We appreciate all feedback we receive — whether it's good or bad. All comments received are considered in future workshop offerings and services provided to our clients. We look forward to continuing what works and incorporating suggestions for improvement where needed.

Do you have ideas for workshop content or improving the education experience?

Please let Brad Eldridge know your thoughts at eldridge.brad@gmail.com or give him a call at 785-550-0945.

“
Thoroughly enjoyed presentation. Found it very informative
”

“
I learned several new things to help me be a better trainer, several of which I wouldn't have thought about before this workshop.
”

BE LIKE GREG



Greg McHenry, AAS, RMA, former County Appraiser for Riley County, Kansas, and past IAAO President

BY BRAD ELDRIDGE, MAI, CAE

Most of the readers of this newsletter likely have heard of Greg McHenry, the most recent past-president of the International Association of Assessing Officers (IAAO). Greg recently passed away, and he will be tremendously missed. There have been several homages printed in industry communications about Greg, but this one is going to be a little different.

There's a lot of ways we can honor someone when they pass — ceremonies to gather in remembrance, writings of all their accomplishments, recalling stories of the departed and reflections through prayer. One of the things that sticks out in my mind is an IAAO membership ad titled "Be Like Greg," which detailed the timeline of Greg's membership in IAAO and how IAAO set him up for success in his career in assessment.

Greg reached out to many people in the assessment community to help them achieve a similar path. I remember his first call to me asking to join an IAAO committee. I loved collaborating with Greg on different tasks, sharing ideas and solving problems with him.

I think one of the best ways we can honor someone and allow their legacy to continue is to find their positive attributes and project them in your daily behavior.

The list of Greg's positive attributes goes on and on, so I am going to share with you a few ways I aspire to "Be Like Greg":

- **Approach difficult situations with grace and pace. Take time to process and not react.**
- **In adversarial situations, find common ground and work to understand ways to work through differences with diplomacy.**
- **Enjoy making memories with your family.**
- **Make time to mentor and help others.**
- **Go outside and enjoy God's creations.**
- **Listen with intent. Show the person talking that you care about what they are saying.**
- **Smile. (I've been accused of having a frowny face when I'm deep in my spreadsheet analysis...this one will take a lot of work!)**
- **Share your honest opinion with tact.**

As I practice these, Greg's legacy lives on and his warm spirit will be present. Maybe you experienced a Greg trait that you can project in your personal interactions as well? Here's to a great man that helped make this world a better place and dedicated himself to the assessment industry. ■

WILL THAT EVER SELL?

BY BRAD ELDRIDGE, MAI, CAE



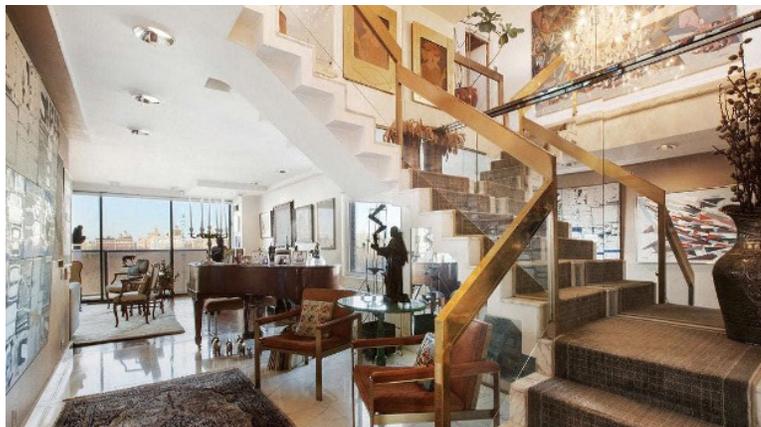
◀ Fans of *Dynasty*, *Melrose Place* and *Beverly Hills 90210*: hold on to your coffee. The creator of such riveting dramas has listed his home. That's right — for a modest \$165 million, you can enjoy the former residence of Aaron Spelling. The 56,000 square-foot home contains 123 rooms and features 14 bedrooms, 27 bathrooms, a tanning room, a solarium, a games room, grand foyer, formal dining room, library, movie theater and bowling alley.

<https://bit.ly/3uA6MRt> | <https://bit.ly/3tHrLCw>

▶ Looking through the articles on Mr. Spelling's listing led me to another impressive home in the Los Angeles area. "The One" is dubbed as the "biggest and most expensive modern home in America" and took over 10 years to build. The developer planned to list the property at \$500 million, but due to skyrocketing costs in 2020-2021, the property was placed in receivership last year. It was listed in January 2022 for \$295 million to try and cover the \$255.7 million in debt on the project. It eventually sold at auction for \$126 million + \$12% commission = \$141 million total price. Try not to get lost in the 105,000 square feet.

Watch the video: <https://cnb.cx/3wDb79b>

Auction details: <https://bit.ly/3wHSRLU>



◀ In related news, another unique residence location recently sold on the Upper East Side of Manhattan, New York. Sir Paul McCartney found a buyer for his penthouse on Fifth Avenue for \$8.5 million, much less than the \$15.5 million he paid in 2015 for the property. Now before you pull out your calculator and try to figure out how much the market declined between the two sales, keep in mind that McCartney had "gutted" the two-story unit that had not been updated since the 1960s. As you can imagine, demo work on a high-rise unit can take time . . . then you have to get building materials back up there! Sounds like the renovation was too much of a "Long and Winding Road" for McCartney to say "I Feel Fine" about.



◀ We've highlighted the Basket Building in previous TEAM Consulting newsletters as a unique building, but the property is an interesting case study of special use properties. Some claim that you'd have to be a real basket case to design a building in the shape of a basket, but that didn't stop Longaberger from fashioning their corporate headquarters after their "medium market basket" in Newark, Ohio.

The 180,000 square-foot building features a seven-story atrium, 141-seat auditorium, multiple conference rooms, 25 underground parking spaces — and don't forget about the 75-ton handles on the roof. The structure was built in 1997 for \$32 million and was valued as high as \$28 million after it was completed. For the decade following, the county's market value fell to \$12-\$13 million and then to \$8 million in 2017. The property was listed for sale at \$5 million in 2017 and then sold for \$1.2 million to a developer that planned to

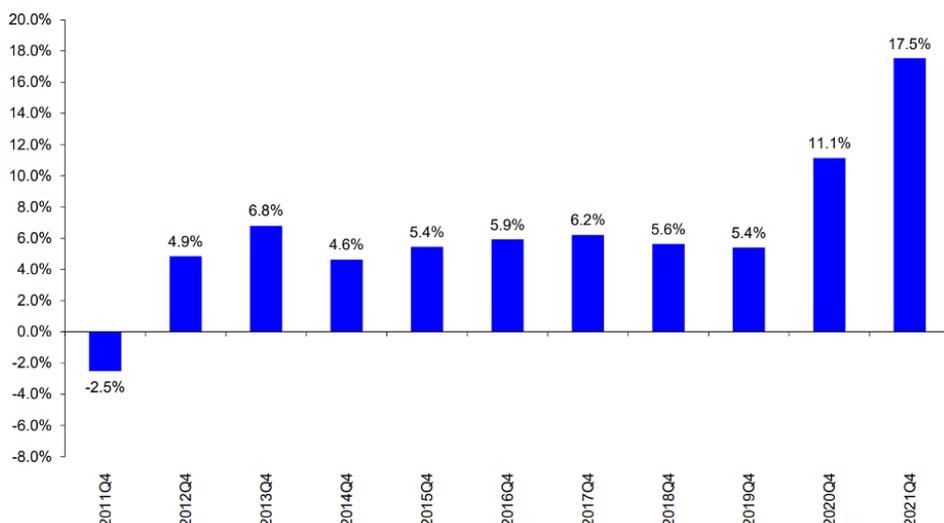
convert the property to a boutique hotel. About the time the developer had the plans and tax credits approved to start the project, the pandemic hit and halted the hotel project. It was back on the market at an asking price of \$6.5 million in 2021, but now the owner does not want to sell! <https://bit.ly/36r1LTm> | <https://bit.ly/37UStiA> | <https://bit.ly/3LBaUrp> ■

Real Estate Notes of Interest



Brad Eldridge, MAI, CAE is a Senior Consultant with TEAM Consulting
Email: eldridge.brad@gmail.com

House Price Appreciation Over Previous Four Quarters for U.S. Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal) through 2021Q4



U.S. House Prices Rise 17.5 Percent over the Last Year; Up 3.3 Percent from the Third Quarter,

Federal Housing Financing Agency, February 22, 2022. "Housing trends over the past year have created challenges. The quick house price gains may be counterbalanced as mortgage rates increase. However, more expensive housing has elevated affordability to become a broader concern as available supply remains limited." See graph top right.

Mortgage Rates Exceed Four Percent,

Freddie Mac, March 17, 2022. "The Federal Reserve raising short-term rates and signaling further increases means mortgage rates should continue to rise over the course of the year. While home purchase demand has moderated, it remains competitive due to low existing inventory, suggesting high house price pressures will continue during the spring home-buying season."

Realtor.com® February Housing Report: Home Prices Hit All-Time High Ahead of Spring Buying Season,

Realtor.com, March 3, 2022. "In February (2022), listing prices grew at a double-digit annual pace nationwide (+12.9%) and in nearly half of the

50 largest U.S. markets, led by the southern (+12.5%) and western (+12.1%) regions."

A Record 8% of U.S. Homes Are Worth at Least \$1 Million,

Redfin, March 9, 2022. "That's nearly double the pre-pandemic share. The biggest jump was in Anaheim, where 55% of homes were worth \$1 million or more in February, up from 27% two years earlier."

Zillow January 2022-January 2023 Home Value & Sale Forecast,

Zillow Research, February 16, 2022. "Zillow expects annual home value growth to continue to accelerate through the spring, peaking at 21.6% in May before gradually slowing to 17.3% by January 2023."

Buyers Pay up to 3.7% more for Homes that Work Hard & Play Hard,

by Jeff Tucker, Zillow Research, March 15, 2022. "A broadband internet connection and other remote work-friendly features can help a home sell for up to 2.5% more than expected. Homes with retreat spaces including a she-shed or meditation room can sell for around 2% more."

SFR Investors Continue to Gobble Up Available Homes,

by Bendix Anderson, WealthManagement.com, March 3, 2022. "Enticed by rapidly increasing rents in the sector, investors have accounted for more than one-quarter of all single-family home sales in recent months."

Contract for Deed: The Promise of Homeownership that Often Leaves Midwest Buyers Out in the Cold,

by Steve Vockrodt and Laura Ziegler, KCUR 89.3, March 2, 2022. "The contract for deed option is marketed as a way for people who can't get a conventional mortgage to realize the dream of owning a home. But more often than not, buyers do not end up as homeowners."

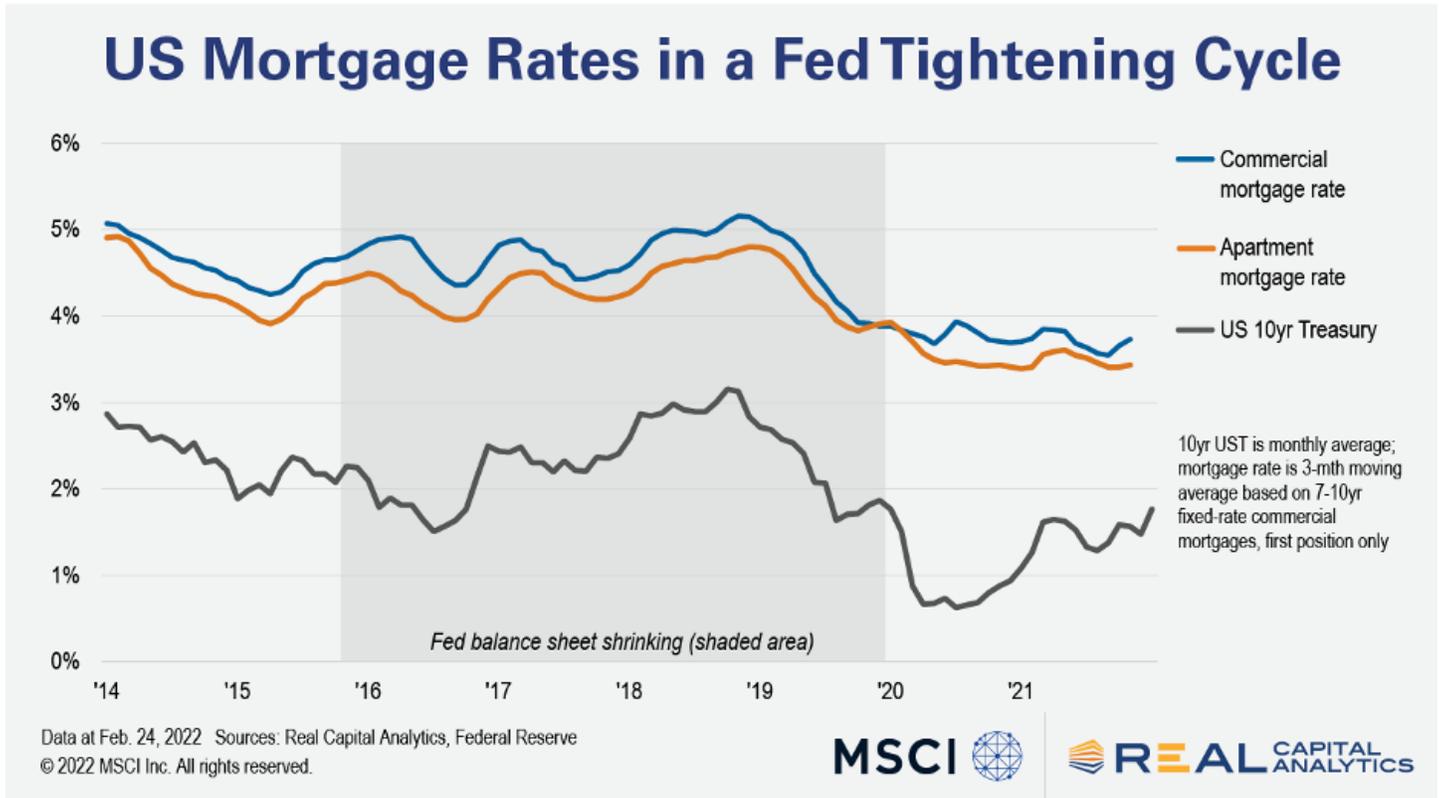
U.S. Foreclosure Activity In February 2022 Continues To Increase Steadily,

Attom, March 10, 2022. "Overall foreclosure activity up 11% from January and are up 129% from one year ago. Foreclosure starts grew 40% month-over-month."

Nearly 6,000 U.S. Homes Have Sold For \$100,000+ Above Asking Price This Year,

Redfin,

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Real Estate Notes continued from page 8

March 8, 2022. “Americans were competing for a limited number of homes for sale at the beginning of 2022, trying to get ahead of rising mortgage rates — and they paid up to win.”

Consumer Financial Protection Bureau Outlines Options To Prevent Algorithmic Bias In Home Valuations, *Consumer Financial Protection Bureau,*

February 23, 2022. “Both in-person and algorithmic appraisals appear to be susceptible to bias and inaccuracy, absent appropriate safeguards. The Consumer Financial Protection Bureau (CFPB) outlined options to ensure that computer models used to help determine home valuations are accurate and fair.”

Action Plan to Advance Property Appraisal and Valuation Equity, *Interagency Task Force on Property Appraisal and Valuation Equity,* March

2022. “New studies validate appraisal bias in the U.S. housing market. A widespread pattern of undervaluation in communities of color can impact an entire neighborhood. Each instance of a lower purchase price becomes a candidate for the next appraiser to choose as a comparable sale for the next appraisal in the community, carrying the impact of the lower value forward.”

National Average Property Tax Delinquency Rate Declines in 2021, *CoreLogic,* February 23,

2022. “For the 2011 -2021 period, the average national property tax delinquency rates peaked at 7.1% in 2011 and declined to a low of 5.4% in 2018. Average national property tax delinquency rates declined from 6.3% in 2020 to 5.9% in 2021.”

The US Mortgage Market in a Rising Rate Environment, *by Jim Costello, Real Capital Analytics,* March 8, 2022. “During the depths of the COVID crisis

in 2020, the spread between mortgage rates and the 10yr UST hit a pandemic-era high of 330 bps for commercial properties and 290 bps for apartments. Will spreads continue to contract to pre-pandemic levels?” *See graph above.*

Capital Markets 2022 U.S. Outlook, *Cushman & Wakefield,*

March 2022. “Contrary to popular belief, changes in interest rates and changes in cap rates have an extremely weak if any relationship historically. Rather, what matters is whether the economy is growing and whether cap rate spreads are wider or narrower.”

Is It Time to Recalibrate Net Lease Cap Rate Expectations?

by Beth Mattson-Teig, WealthManagement.com, March 29, 2022. “While increased competition has pushed net lease cap rates down, exclusive WMRE

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REAL ESTATE NOTES OF INTEREST

Real Estate Notes continued from page 9

research found some mixed views on whether the tide will turn.”

US Loan Loss Rates in Covid Era Sit Below GFC Extremes, by

Alexis Maltin,

WealthManagement.com,

March 28, 2022. “Nearly two

years after the onset of the pandemic, the losses taken by lenders on previously defaulted U.S. commercial real estate loans remain far below the rates seen during the depths of the Global Financial Crisis.”

CBRE H2 2021 Cap Rate Survey,

CBRE, March 2022. “As the U.S.

heals from the pandemic, investor demand for real estate has grown to new heights.” See graph top right.

United States Retail Outlook Q4 2021, JLL, March 1, 2022.

“Retail real estate saw measurable growth in 2021. As COVID restriction eased and employment grew, consumers headed back to stores, ready to spend.”

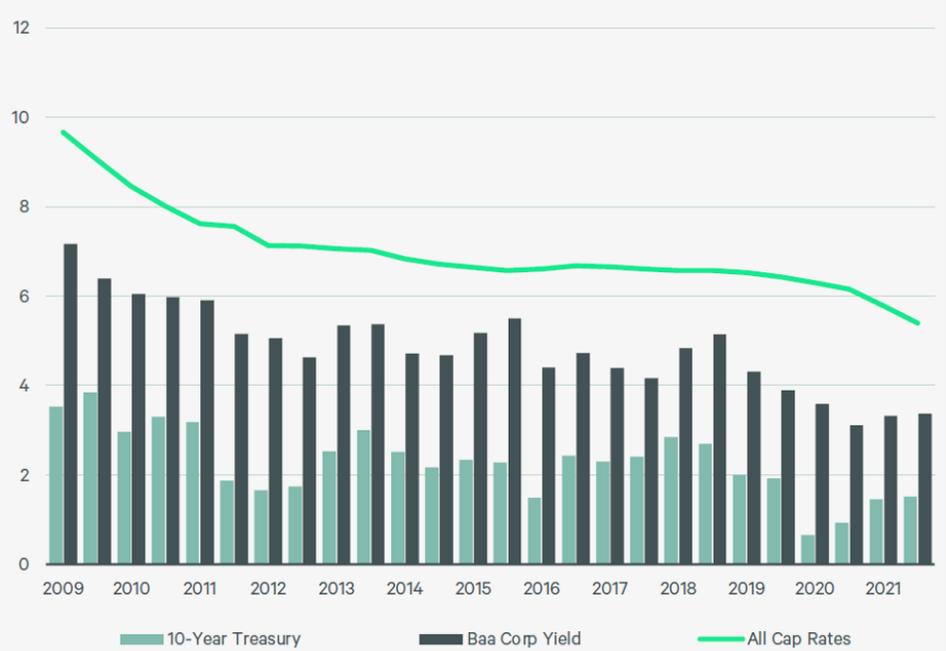
Research Brief: Suburban Retail Outlook, Marcus & Millichap,

March 2022. “Retailers in suburban areas recovering more quickly. Suburban vacancy drops below downtown rate for first time.”

2022 U.S. Self-Storage

Investment Forecast, Marcus & Millichap, March 9, 2022. “Self-storage operators saw record performance over the last two years as lifestyles adapted to the pandemic. Report includes 2022 economic, demographic and capital markets outlooks; In-depth analysis of housing trends and implications for storage users; and supply and demand forecasts for every market.”

FIGURE 3: Real estate cap rate and bond yield (%)



Growth in New Types of Health and Wellness Tenants Drives Retail Leasing Activity, by Jenn

Elliot, WealthManagement.com,

March 10, 2022. “The entire category of health and wellness is expanding to include more than traditional medical, dental and vision uses.”

Hospitality Market Update,

CBRE Hotels, February 28, 2022.

“The worst of 2022 is likely behind us. January was a low point, but things have started to improve in February.”

Hotel Recovery Likely to

Continue, by Michael Tucker,

Mortgage Bankers Association,

March 1, 2022. “The hotel sector’s recovery that started last year will likely continue despite current operational hurdles, sector analysts said.”

Seniors Housing and Skilled

Nursing IQ 2022 Report, Marcus

& Millichap, March 2022. “Two-thirds of relinquished units refilled in the second half of 2021. Across the final six months of last year, more than 30,000 seniors housing

units were absorbed, according to NIC Map® Data Service. This was a very impressive rebound after roughly 44,000 units were relinquished on a net basis during the four quarters following the onset of the pandemic.”

Yes, Lenders Are Interested in Financing Retail Properties, by

Jenn Elliott,

WealthManagement.com,

February 22, 2022. “Debt is widely available for retail properties after a couple of years of being hard to come by.”

US Commercial Property Prices

Touch New Highs; Office Lags,

by Michael Savino, Real Capital

Analytics, February 25, 2022. “The

RCA CPPI National All-Property Index climbed 20.3% from a year earlier and 1.6% from December, the latest RCA CPPI: US report shows. The price index for industrial properties rose a record 28.1% from a year ago, the fastest annual rate among the major property sectors. The index for retail properties increased 20.4%

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REAL ESTATE NOTES OF INTEREST

Real Estate Notes continued from page 10

year-over-year, a record for this sector according to the latest data." See graph top right.

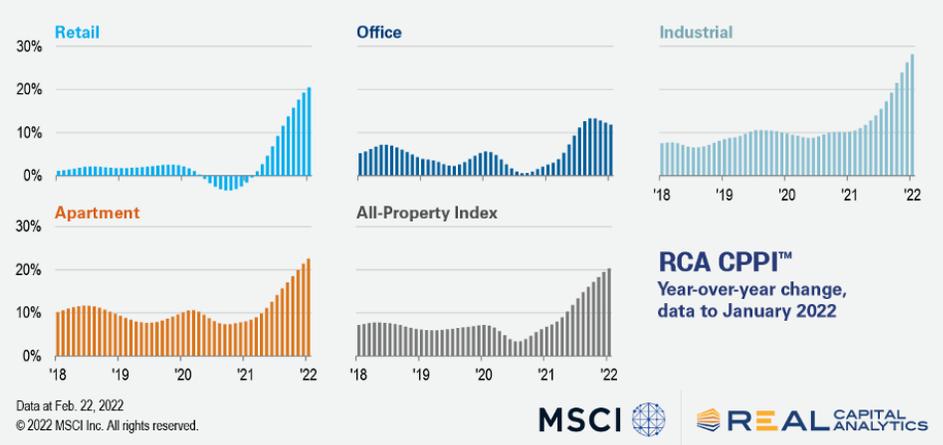
Self-Driving Trucks Start to Propel Land Near Major Cities, by Konrad Putzier, *The Wall Street Journal*, February 28, 2022. "You can't just put a truck anywhere. That is creating a significant supply-and-demand imbalance. Investors are looking to profit by buying up these hard-to-find sites and renting them out to logistics or traditional trucking companies under five- or 10-year leases."

Growing Demand Continues to Drive New Data Center Development, by Patricia Kirk, *WealthManagement.com*, March 7, 2022. "The pandemic accelerated the use of digital platforms and cloud services, generating a surge in data center development that is attracting tons of capital."

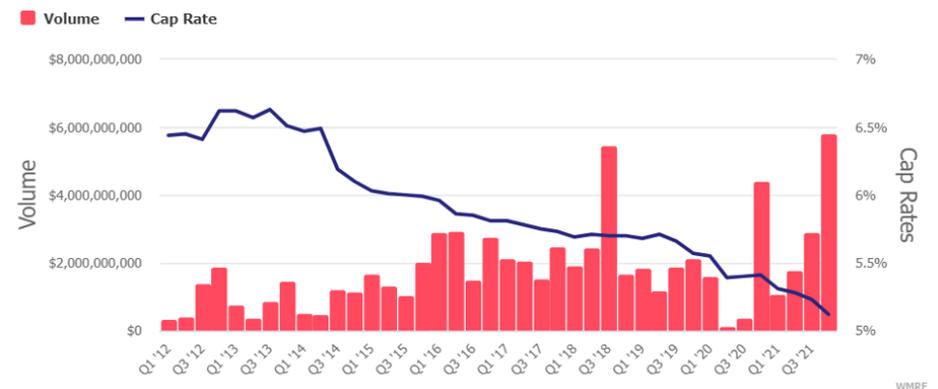
The Net Lease Auto Report Q4 2021, *The Boulder Group*, March 3, 2022. "The supply chain constraints and chip shortages increased the length of car ownership, benefiting the auto parts and auto service sectors. The current vehicle fleet in the United States continues to age, providing investors with further confidence in the auto parts and auto service sectors. According to IHS Markit, the typical age of a vehicle on the road is more than 12 years old – representing an all-time high."

Record Multifamily Price Appreciation and Rising Mortgage Rates Fuel Drop in Freddie Mac Apartment Investment Market Index, *Freddie Mac*, March 21, 2022. "Record multifamily price appreciation, which saw its largest single-quarter growth in the history of the index, and rising

Most US Property Types Reach New Pricing Highs



Student Housing Cap Rates
Source: Real Capital Analytics



mortgage rates more than offset unprecedented growth in net operating incomes (NOIs). Over the past year, property prices grew by 19.6%, mortgage rates increased by 6 basis points and NOI grew by 17.7%."

Surging Demand Drives Cap Rates for Student Housing Lower, by Bendix Anderson, *WealthManagement.com*, March 14, 2022. "Investment sale volume on student housing properties reached a new record in 2021 as the sector has fully recovered and schools largely returned to full on-campus instruction." See graph second from top.

Senior Housing's New, New Thing?, by Deborah Smith, *WealthManagement.com*, March

28, 2022. "There is something exciting taking hold within the senior housing market — it's called Active Adult Living (AAL). AAL cap rates tend to be all over the board (which seems consistent with the lack of clarity of the sector, in general) but it appears they trend lower than senior housing counterparts but on-par or higher to multifamily cap rates."

U.S. Office Buildings Face \$1.1 Trillion Obsolescence Hurdle, *Bloomberg (via WealthManagement.com)*, March 2, 2022. "About 30 percent of U.S. office buildings are at high risk of becoming obsolete, according to one consultant."

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REAL ESTATE NOTES OF INTEREST

Real Estate Notes continued from 11

Publicly-Traded REIT Earnings Jumped 24.6% in 2021, by David Bodamer, *WealthManagement.com*, March 8, 2022. “Impacted by global uncertainty, publicly-traded REITs’ total returns have started the year slow despite strong news during fourth quarter earnings results.”

The Impact of Inflation on U.S. Consumers, by James Bohner and Rebecca Rockey, *Cushman & Wakefield*, March 7, 2022. “U.S. inflation is at its highest level in 40 years, but it has not yet had a material impact on overall consumer spending. Supply chain disruptions, the reopening of the economy, and energy prices account for nearly two-thirds of the current inflation.”

CRE Executives See Increasing Uncertainty, by Michael Tucker, *MBA Newslink*, March 22, 2022. “After a challenging two years, the real estate industry again faces more uncertainty — and not just for the short term, a new report from the Urban Land Institute and PwC said.”

Russian Money Flows Through U.S. Real Estate, by Heidi Przybyla and Christine Haughney, *NBC News*, March 2, 2022. “Despite new sanctions, Russians have spent years pouring funds into properties.”

The Great Resignation’s Impact on Office Users, *CBRE Viewpoint*, March 2, 2022. “Employers can proactively focus on addressing employees’ pain points, optimizing flexible work arrangements, redesigning offices to better support hybrid work, fostering cultures that transcend physical space and tapping new markets for talent.”

These Are the Top 5 Reasons People Are Quitting During the Great Resignation, According to a Massive New Analysis (Hint: None of Them Is Pay), by Jessica Stillman, *Inc.com*, January 18, 2022. “There have been endless think pieces written in the past few months about what exactly is driving the so-called Great Resignation. Is it people leaving to start their own independent thing? Is it fed-up low-wage workers using a tiny bit of new leverage to demand less awful treatment? Or is it more about professionals who can afford to be choosy searching for jobs that better align with their values and aspirations?”

New Employee Surprises Company with Rustic Cubicle Renovation, by Francesca Gariano, *Today.com*, January 22, 2022. “After an extended period working from home during the pandemic, some workers are beginning to return to the workplace and saying goodbye to their home offices. One employee took their return to the office extra serious this year, opting for a complete makeover of his cubicle to make things feel more homey.”

House or yacht? Legal Fight Looms Over Property Taxes for Floating Star Island Mansion, by David Ovalle, *Miami Herald*, March 29, 2022. “Arkup #1, a gleaming rectangle-shaped house boat anchored off Miami Beach’s exclusive Star Island, has all the trappings of a floating mansion: a luxury kitchen, spacious living room, two upstairs bedrooms, gym space and even a patio overlooking the sparkling waters of Biscayne Bay.”

Editor’s Note: Thank you to Jeff Middleton for helping us continue our series, House or Boat? Another interesting case study on property classification and valuation. ■

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