

NEWSLETTER

MCCARTHY JOINS TEAM PARTNERSHIP

BY BRAD ELDRIDGE, MAI, CAE

We have welcomed a new partner into TEAM Consulting, LLC. In mid-2023, Edie McCarthy bought out Ed Crapo's interest in TEAM Consulting, LLC. McCarthy joins Kara Endicott, CAE, RES, RMA, and Brad Eldridge, MAI, CAE, in the ownership group. McCarthy brings over three decades of experience in assessment and has a passion for sharing that knowledge in the classroom.

McCarthy is the assessor for the town of Greenburgh, New York, in Westchester County. Greenburgh is comprised of six villages, 10 school districts and nine fire districts. She is responsible for approximately 30,000 parcels. She has been the Westchester County assessor for over 16 years.

McCarthy was previously the assessor in White Plains, New York, and Rye, New York, with a total 34 years in public service.

She is past-president of the New York State Assessor's state association, along with past-president of her county association in Westchester County.

She has a master's degree in real estate from New York University, and has been teaching appraisal and assessment courses in New York for over 20 years.

McCarthy has been active with the International Association of Assessing Officers (IAAO), serving on the conference content, legal and awards committees, as well as presented at several IAAO and IAAO legal conferences. She is also a certified IAAO virtual and in-person instructor.

Congratulations, Edie!



Inside THE ISSUE

Brad Eldridge Appointed as County Appraiser	Page 2
Where is the Economy Heading?	Page 3
Team Consulting Instructors Honored at IAAO Conference	Page 7
Updated and New Workshops	Page 6
Workshop Fees Changing	Page 7
Real Estate Notes of Interest	Page 8

DOUGLAS COUNTY COMMISSION APPOINTS BRAD ELDRIDGE AS NEW COUNTY APPRAISER



BY KARREY BRITT, DOUGLAS COUNTY PUBLIC INFORMATION OFFICER

Douglas County Commissioners appointed Brad Eldridge as County Appraiser during its Oct. 18 business meeting. Eldridge, of Lawrence, has served in an interim position since longtime County Appraiser Steven Miles retired on June 23.

By Kansas statute, the County Appraiser's Office is responsible for determining the value of all taxable property in Douglas County, which includes residential, commercial and personal property like boats, recreational vehicles and planes. The Appraiser's Office manages and values approximately 50,000 personal and real property accounts each year.

County Commission Chair Patrick Kelly said Eldridge has the experience and expertise to serve the Douglas County community as the next county appraiser.

"Brad is committed to Douglas County, having worked in the Appraiser's Office since 2009. His dedication to working with the public and other Douglas County employees is an asset and will

strengthen our community," Kelly said.

Eldridge has 25 years of experience as a real estate appraiser, including 14 years overseeing commercial real estate values for Douglas County. He is a certified general appraiser for the state of Kansas, and he has a MAI designation from the Appraisal Institute, which is the highest designation in the appraisal industry.

He holds the Certified Assessment Evaluator designation from the International Association of Assessing Officers, where he serves as a senior national instructor. He also serves as a workshop developer, instructor and senior consultant for Florida-based TEAM Consulting LLC, an agency that provides consulting services in assessment administration.

Eldridge writes and teaches classes for aspiring county appraisers who are seeking to meet their requirements and certifications. In 2021, he co-authored the Residential and Commercial Property Case Study exams that are used for the Kansas Registered Mass Appraiser (RMA) designation. The designation is one of the required designations for county appraiser eligibility in the state of Kansas.

He has been an active member of the Kansas County Appraisers Association for many years. He currently helps with public relations and its newsletter in addition to serving on the affordable housing committee, Orion CAMA (Computer Assisted Mass Appraisal) enhancement committee and special projects/ratio studies/geospatial committee.

While serving in the Douglas County Appraiser's Office,

Eldridge created data storage solutions for all commercial property types, which include industrial, retail office and apartments. He developed analysis tools and spreadsheets for commercial property valuation that integrates the County's appraisal software, and he established market summary narratives for all commercial property types.

"Brad Eldridge is an imminently qualified appraiser and manager," County Administrator Sarah Plinsky said. "Douglas County is fortunate to have someone with Brad's qualifications to lead our experienced appraisal team. I look forward to our continued growth and excellence."

Eldridge's goals as county appraiser include public engagement, integration of technology and effective leadership. He oversees 13 full-time employees, one part-time employee and an annual budget of about \$1 million.

"As a leader, I feel it is important to create a positive work environment with a culture of teamwork as well as promote professional development," he said. "We have a talented team of dedicated folks who work hard to meet the demands of a rigid tax calendar."

Eldridge received his bachelor's degree in business administration from Baker University in 1998 and has completed more than 70 appraisal courses.

The county appraiser serves a four-year term that is appointed by the County Commission. Eldridge will fill the unexpired term of Miles, which ends in June 2025. He will then be considered for reappointment. ■

U.S. ECONOMY HIGHLIGHTS

- Highest GDP in 2 years
- Unemployment near record low
- Employment gains and exceeding expectations
- Median household income figures declined slightly from 2021 to 2022
- Retail spending is flat to increasing
- Industrial production is flat to increasing
- Currently in inverted yield curve

WHERE IS THE ECONOMY HEADING?

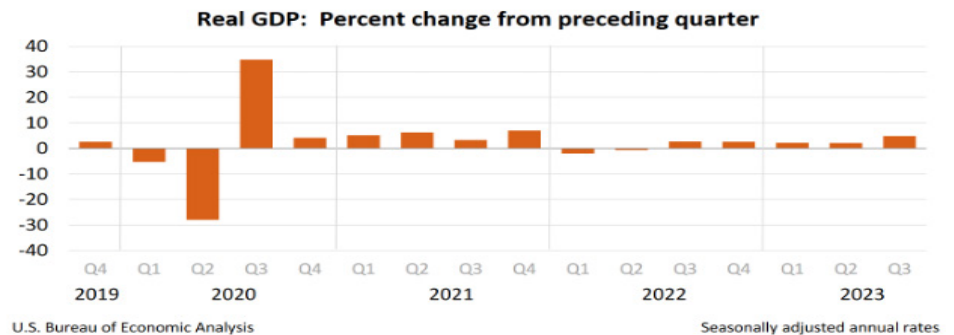
BY BRAD ELDRIDGE, MAI, CAE

With a full year of higher interest rates under our belt, there have been many concerns what the true impact has been on our economy. A lot of us have seen sale volume decline during 2023 as a result, but that decrease in the number of sales has not necessarily resulted in lower real estate prices. Why? What is the impact of inflation on the economy?

While the local economic conditions vary from place to place, a good place to start is looking at the overall national economic trends.

GROSS DOMESTIC PRODUCT (GDP)

What is GDP? It is a comprehensive measure of U.S. economic activity. GDP measures the value of the final goods and services produced in the United States (without double counting the intermediate goods and



services used up to produce them). Changes in GDP are the most popular indicator of the nation's overall economic health.

The performance of GDP is usually measured each quarter of the year, gauged by the percent growth from the previous quarter. Positive GDP growth indicates the economy is expanding. Negative growth indicates that the economy is contracting.

The above chart reveals that we experienced a slight decrease in GDP in the first two quarters of 2022, but returned to positive GDP growth since then. Two consecutive quarters of negative GDP growth signals overall contraction and economists used to think that defined a recession.

However, the economy is more complex than just what we produce and involves overall employment, household income, retail sale trends and industrial production. Consumer Price Index helps us measure inflation, while the relationship between short and long-term U.S. Treasury rates (the yield curve) tells us the strength of longer-term growth.

continued on page 4

ECONOMIC FORECAST

continued from page 3

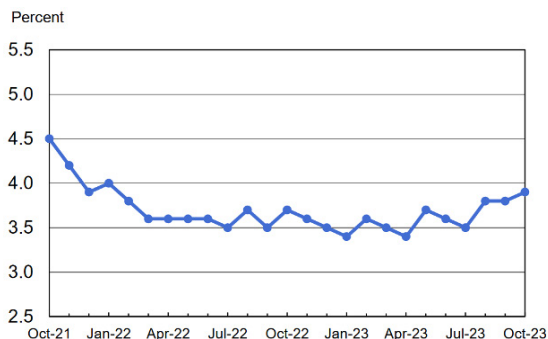
The National Bureau of Economic Research (NBER) defines a recession as a significant decline in economic activity that is spread across the economy and that lasts more than a few months. Since our overall unemployment rates were low and other economic indicators were positive, most economists did not consider the early part of 2022 to be a recession.

The most recent GDP growth rate of 4.95% for Q3 2023 is the highest it has been in two years, indicating that the economy has adapted to the higher interest rate environment.

EMPLOYMENT

The U.S. job market demonstrated its resilience in the third quarter even as the Federal Reserve continued to increase interest rates to pump the brakes on inflation. The unemployment rate is currently at 3.9% and has been running near its 50-year low of 3.4% over the past two years.

Unemployment rate, Seasonally Adjusted October 2021 – October 2023



September nonfarm payrolls grew by 336,000—the most in eight months and exceeded expectations. Job growth data for July and August were revised upward. More jobs were added in the third quarter compared to the second quarter of 2023.

September's gain, the 33rd consecutive monthly increase, is the largest monthly jump since January. It is significantly more than August's net increase of 227,000 jobs, which was revised up by 40,000 from initial

estimates. Job growth at the height of summer was stronger than initially thought. In addition to August's revisions, July's gains were revised up by 79,000 to 236,000.

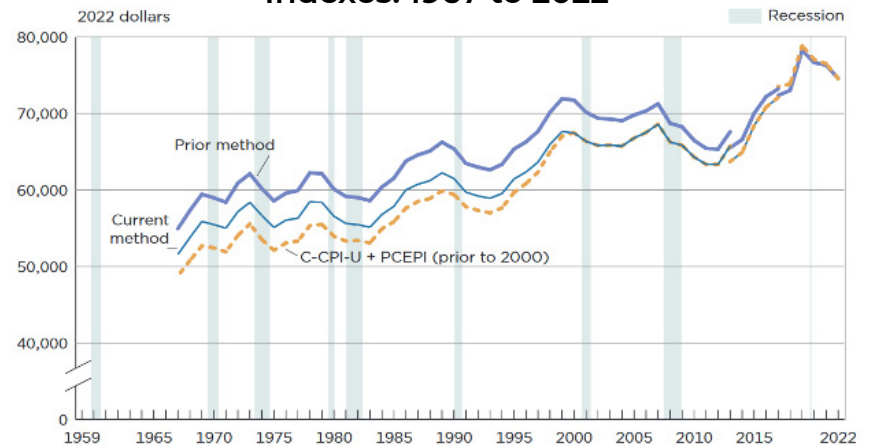
These increases occurred despite employment declines in manufacturing due to strike activity, which is finding resolve as of the publishing of this newsletter.

HOUSEHOLD INCOME

Median household income levels help us understand affordability for housing and retail goods, while year-over-year trends help us understand whether it is growing or shrinking. Given the annual income figures reported for income taxes are not due until April of the following year, there is a delay in the reporting.

The methods of analyzing household income have evolved over the years, while current and prior methods both take into account inflation. The following chart shows household income trends from 1967 to 2022 in terms of 2022 dollars.

Historical Median Income Using Alternative Price Indexes: 1967 to 2022



Looking at the longer term trends for household income, it is common for the median to fluctuate over time—usually decreasing during or after a recession. The highest median household figures occurred in 2019 at \$78,250.

Real median household income was \$74,580 in 2022, a 2.3% decline from the 2021 estimate of \$76,330. Between 2021 and 2022, the number of full-time, year-round workers increased by 3.4%, compared to a 1.7% increase in the number of total workers. This suggests a continuing shift from working part-time or part-year to full-time, year-round work.

RETAIL SALES

Employment and retail spending go hand-in-hand. If you have a job, you have money to spend. Low unemployment in recent years has kept retail sales stable to increasing.

One of the concerns for recession watchers is retail sale trends. If retail sales flatten or decrease, it reflects the difficulty in households ability to make purchases. The previous data showed us that household income trends are decreasing, but over the past year overall retail sales have been flat to slightly increasing.

continued on page 5

ECONOMIC FORECAST

continued from page 4

Advance Retail Sales – Retail Trade: 1992 to August 2023



History shows us that retail sales typically decrease during a recession, with the recession of 2001 being the exception. Most recent trends in 2022-2023 show us that retail spending has been holding steady even though household incomes have been declining.

INDUSTRIAL PRODUCTION

Manufacturing orders typically decrease before or during a recession. New orders in the manufacturing segment have surpassed the pre-pandemic levels and have been fluctuating near record levels.

Manufacturer's New Orders – Total Manufacturing: 1992 to 2023



The Federal Reserve's Industrial Production figures increased in September 2023 and is running at an annualize increase of 2% in Q3 2023, while capacity utilization moved up slightly in September and is equal to its long-run (1972-2022) average.

The Institute for Supply Management reported in October 2023: new orders and backlogs are contracting; employment contracting; production expanding; supplier deliveries faster; raw materials inventories contracting; customers' inventories too low; prices decreasing; exports and imports contracting. A lot of these issues are due to the auto workers strike, which has ended due to deals between the UAW and the Big Three automakers.

CONSUMER PRICE INDEX (CPI)

Inflation continues to be a concern for most people right now. We've all seen increases over the past two years for everything from a gallon of milk to the cost of housing. Our friends in Florida will ask you to hold their drink while they open a letter from their insurance company. I did see a dozen eggs at the store last night on sale for 99 cents...so maybe things are starting to return to "normal."

The federal government pumped a lot of money into the economy during the COVID-19 Pandemic – roughly \$2.6 trillion was initially made available in 2020-2021. About \$4.3 trillion has been spent to-date in

continued on page 6

ECONOMIC FORECAST

continued from page 5

response to COVID-19. That's a lot of new Benjamin's floating out in the economy. While it prevented us from falling of the economic cliff in 2020, we're all experiencing the residual impact of inflation as a result.

The CPI components include: Food & Beverage, Housing, Apparel, Transportation, Medical Care, Recreation, Education & Communication, Other Goods & Services.

12-Month Percentage Change, Consumer Price Index (Not Seasonally Adjusted)



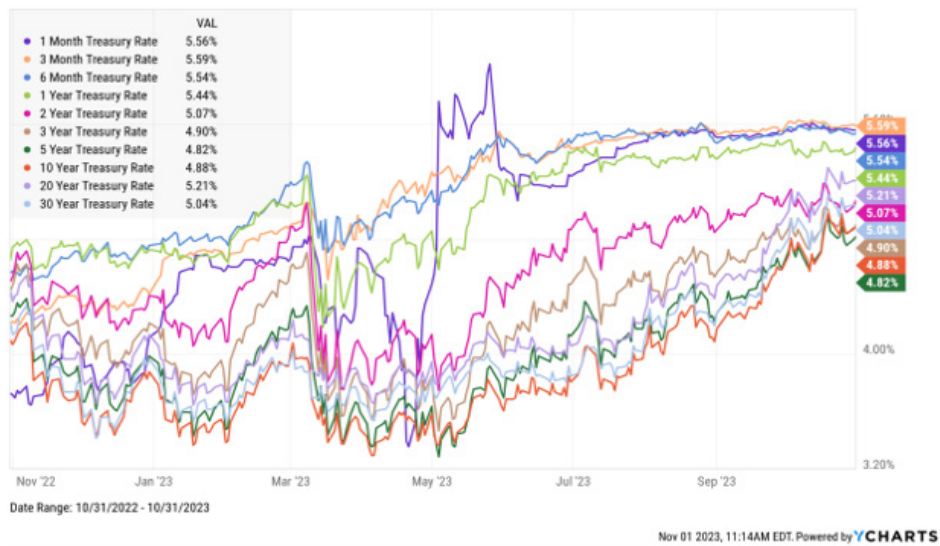
Source: U.S. Bureau of Labor Statistics.

The historical data reveals that inflation is getting closer to the 2% to 3% range that is typical. The higher interest rates over the past year have helped with this issue.

US TREASURY RATES (YIELD CURVE)

If you like pasta, then you'll love the spaghetti noodles on the next graph.

U.S. Treasury Yields Thru October 2023



The data shows that three-year treasuries (4.90%) are lower than the three-month rate of 5.59%. For perspective, three-month treasuries were near 0% at the beginning of 2022.

Short term rates are higher than long term rates, which is an "inverted yield curve." Normally, the longer the term, the higher the rate. Think about home loans, where 30-year interest rates are typically higher than a 15-year note (currently at roughly 8% and 7.35%, respectively).

So what does this mean? The market thinks that long-term growth will be weak and best gains are in the short term. Recent trends in this area are returning closer to normal. Don't freak out yet ... it just means we're in for some twists and turns. In many (not all) cases, inverted yield curves have come before a recession.

Think about cap rates on real estate – the higher the cap rate, the higher the risk. Yield rates behave similarly, so when short-term treasuries are high, that means the market thinks there is more risk at present.

There have been six major U.S. recessions since 1976, per the National Bureau of Economic Research's definition. All six recessions were preceded by an inverted 10-year versus two-year spread lasting longer than two months, and each recession (other than the 2020 pandemic-induced one) occurred less than two years after the 10-2 spread first inverted.

CONCLUSION

Most economists consider the U.S. economy to be strong. There are several risks and concerns, but overall, inflation is getting controlled. Employment and retail spending are strong, and the industrial sector is doing well. For real estate in most markets, demand has been exceeding supply, which continues to put upward pressure on prices despite the higher interest rate environment. As you start your next valuation cycle, take a look at the economic factors in your metropolitan area and state to better understand what direction the local economy is heading. ■

Sources: Office 365 Images, Bureau of Economic Analysis, Bureau of Labor Statistics, National Bureau of Economic Research, U.S. Census Bureau, Federal Reserve Economic Data (FRED) of St. Louis, Nasdaq.com



TEAM CONSULTING INSTRUCTORS RECEIVE HIGH HONORS AT IAAO CONFERENCE

BY BRAD ELDRIDGE, MAI, CAE

There are a lot of rewarding moments that we experience during our careers in assessment. One of those moments is seeing your peers receive recognition for their hard work and contributions to the assessment industry.

Congratulations to Marion Johnson, Amy Rasmussen, Terry Taylor, Tina Stone and Kevin Hayes! These folks have mentored many appraisers and assessors over the years. We appreciate all they have done for recruiting and training folks in assessment.

PROFESSIONAL DEVELOPMENT LIFETIME ACHIEVEMENT AWARD

– Marion Johnson, CAE, FIAAO

Johnson is a former IAAO president and past president of the Kansas County Appraiser's Association. He has taught assessment classes worldwide as an IAAO senior instructor for more than 30 years.

He has served on numerous committees and has authored nearly a dozen articles appearing in the Assessment Journal, as well as IAAO Workshop 158, Workshop 909, and wrote the current CAE and RES exams, both case study and master.

CLIFFORD B. ALLEN MOST VALUABLE MEMBER AWARD – Terry Taylor, CAE, RES, AAS, FIAAO

This award is presented to a member who has made a significant contribution to IAAO for a period of years and is one of IAAO's oldest and most coveted awards.

Taylor, director of residential real estate with the Orange County (Florida) Property Appraiser's Office, joined IAAO in 2006 and has served IAAO in various capacities. He is a member of the IAAO Board of Directors, representing Region 3. Taylor is a senior instructor for IAAO and also won the Instructor of Excellence award in 2019. Taylor is pictured above far left with IAAO President Patrick Alesandrini.

IAAO FELLOWS PROGRAM (FIAAO DESIGNATION) – Tina Stone, PPS, AAS, FIAAO and Terry Taylor, CAE, RES, AAS, FIAAO

The IAAO Board created the Fellows program to recognize individuals who have dedicated their career to the development of the assessment profession and made exceptional contributions to the IAAO and the assessment industry. The program recognizes the best of the best within the assessment profession. Stone

“I am truly honored to be recognized and counted amongst both past and new recipients of this prestigious award. It was a very proud moment in my professional career. It provides validation and motivation for me to continue my work in assisting with development of property tax appraisal and my work with IAAO.”

– Tina Stone, PPS, AAS, FIAAO

and Taylor are pictured above second and third from left with Alesandrini.

KENNETH J. MCCARREN AND PRESIDENTIAL CITATION AWARDS – Amy Rasmussen, RES, AAS, FIAAO

The McCarren award is presented to the IAAO member who has recruited the most new IAAO members. Amy recruited several new members from California and other areas during her travels in 2023.

Former IAAO President Rasmussen was also recognized by Alesandrini with a Presidential Citation award for assistance during his presidency in 2023. Rasmussen is pictured far right with Alesandrini.

continued on page 8

HONORS AT IAAO CONFERENCE

continued from page 7



INSTRUCTOR OF EXCELLENCE AWARD – Kevin Hayes, MAI, CAE, RES, CFE

This award is presented to an IAAO instructor who has gone beyond basic textbook instruction and motivated students to learn professional skills that will positively influence their careers. The instructor will have made significant contributions toward promoting the IAAO educational program.

We've enjoyed having Hayes represent TEAM Consulting on teaching assignments over the years. His knowledge and demeanor in the classroom creates a great experience for the adult learners in our profession.

"I am honored and humbled to win the Instructor of Excellence award at the IAAO Conference in Salt Lake City. I am thankful and blessed to have the opportunity to teach so many students throughout the Country. I owe a great deal of gratitude to my wife, Stephanie, and President Pat Alesandrini who both

encouraged me to become an IAAO Instructor," Hayes said.

Some recent feedback on Kevin's teaching at various TEAM Consulting offerings:

“

Kevin was very engaging. Typically, I struggle to stay awake mid-afternoon, but this week that was not the case.

”

“

The instructor was outstanding

”

“

I've read through our evaluations and the general consensus is that you are an awesome teacher and everyone wants you to come back soon!!!! 😊

”

“

Very informative and presents information in a way that students grasp what is being presented.

”

“

Very personable and knowledgeable. He presented the material clearly.

”

“

Why does Brad keep leaving banana peels in your classroom?

”

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

UPDATED AND NEW WORKSHOPS AVAILABLE FROM TEAM



BY BRAD ELDRIDGE, MAI, CAE

Kara Endicott, CAE, RES, RMA, and Brad Eldridge, MAI, CAE, lead a session titled From the Boots Up: Building a Better Manager at the 2023 IAAO Conference in Salt Lake City.

One of the fun parts of working with different jurisdictions across the country is receiving feedback from education coordinators and assessment professionals about their professional development needs. We utilize this feedback to develop new content and update existing TEAM Consulting workshops.

We have been busy in 2023 updating nearly all of the 30-plus workshops in the TEAM Consulting portfolio. From new unique home examples to the latest information on green residential building trends—we've got the latest content for your continuing education programs.

NEW WORKSHOPS AVAILABLE FOR 2024

Nuts and Bolts (Management) – One Day

This workshop will take you through the basics of managing personnel and the usual tasks a manager is responsible for in the day-to-day life of an office. The material contains general guidelines for these tasks and will use scenarios to help you gain a working knowledge and practice finding solutions for these skills.

From the Boots Up: Building a Better Manager – One Day

This one-day workshop focuses on managers themselves and how they might improve the way

they handle situations. As managers, we all have flaws and areas we can work to improve, whether it is communicating, work-life balance or team building.

The material contains suggestions for self-improvement and will use scenarios to help you gain a working knowledge and practice finding solutions for these skills.

Words, Words and Some Numbers: Sales Ratios in Action – One Day

This workshop focuses on the statistics used in sales ratio studies and how those can translate to the day-to-day life of an assessment office. Many of appraisers are taught how to calculate these statistics, but many do not know what should be done once they have them.

The material casts light on how a ratio study can help the assessor's office produce more accurate work and make the work process more efficient.

Small Income-Producing Residential Properties – One Day

This one-day workshop takes a look at guidance and suggestions on the valuation of small income-producing properties. The methodology for valuing these properties differs from owner-occupied residential properties due to the investor's income orientation. The material will focus on valuation issues for residential properties that contain one to five dwelling units.

Topics discussed include the Uniform Standards of Professional Appraisal Practice (USPAP), property issues, investor perspective and market trends. Both short-term (like Airbnb) and long-term

continued on page 10



continued from page 9

rentals will be addressed. The most focus will be placed on the income approach, with some discussion of reconciling the sales comparison and cost approach value indications. Actual market data will be used to illustrate the concepts and valuation issues.

Virtual Instructor Workshop – Two Hours

This is a “train the trainer” session that provides instructors and presenters to make the most of virtual classroom environment. This session will focus on tools available in the Zoom platform, but will also provide resources for

using the Microsoft Teams, Skype and GoToMeeting platforms. This workshop is developed to be taught on the Zoom platform so participants and have the opportunity to see and use tools available to the virtual instructor, such as breakout rooms and illustrative tools.

Self-Study Options Available

Many of our assessment professionals have utilized self-study options of TEAM workshops to obtain continuing education credit. The workshop author will make contact with the student to ensure the material was read with engaging questions to ensure the materials have been utilized.

Additional information about our workshops and accessibility for self-study materials can be found on the [TEAM website](#). For more information and scheduling of workshops, please contact [Brad Eldridge](#), MAI, CAE. ■

Photo Source: Office 365

WORKSHOP FEES CHANGING FOR 2024

TEAM Consulting is not immune to the inflationary economy we've all experienced over the past three years. To keep up with our increasing cost of doing business, we are making modest increases to material fees that will apply for educational offerings booked in 2024

Minimum	\$400	Per event
0-74 Students	\$30	Per day per person
75-99 Students	\$28	Per day per person
100+ Students	\$26	Per day per person

Instructor fees will vary depending on the instructor, location and associated travel involved. While having a structured fee schedule is convenient, we respect the time and expertise of our instructors and prefer to have their input when quoting instructor fees for a particular event.

Proposed fees to education coordinators will separate the instructor fee from the travel costs. This creates a fair situation for all parties involved by passing through the actual travel expenses to the education sponsor.

Most virtual workshops using Zoom or Teams platforms will be billed at \$1,400 per day. We have



Zoom licenses available if needed, but prefer the education sponsor to host the virtual platform to streamline communication with attendees.

If you have any questions or inquiries about booking an educational offering, please email [Brad Eldridge](#), MAI, CAE. ■

REAL ESTATE NOTES OF INTEREST



By Brad Eldridge, MAI, CAE
Brad is a Senior Consultant with TEAM Consulting, LLC and lives in Lawrence, Kansas. Email: eldridge.brad@gmail.com

[Here's what's stopping cities from converting offices into apartments](#), *CNBC*, July 15. *CNBC* explores the issue of converting office buildings into apartments in this 12-minute video. "Declines in office leasing activity is constraining funding for services like education and transit, leading some local leaders to prioritize conversion of dated buildings. These rule changes may create some additional housing supply in regions like the U.S. East Coast."

[Existing-Home Sales Fell 2.0% in September](#), *National Association of Realtors*, Oct. 26. "The median existing-home sales price rose 1.9% from one year ago to \$406,700. It was the fourth time the monthly median sales price eclipsed \$400,000, joining June 2023 (\$410,000), June 2022 (\$413,800) and May 2022 (\$408,600)."

[As Treasury Yields Decline, Mortgage Rates Move Down](#), *Freddie Mac*, Nov. 9. "30-year fixed-rate mortgage averaged 7.5% as of November 9, 2023, down from last week when it averaged 7.76%. A year ago at this time, the 30-year FRM averaged 7.08%. 15-year fixed-rate mortgage averaged 6.81%. A year ago at this time, the 15-year FRM averaged 6.38%."

Change in RCA CPPI July 2023

	1-mth	3-mth	1-yr	3-yr	5-yr	10-yr
Office	-0.1%	-1.0%	-8.3%	8.6%	11.2%	58.2%
Office - CBD	-0.6%	-2.1%	-9.3%	-7.2%	-2.3%	48.5%
Office - Sub	0.3%	-0.1%	-7.5%	11.5%	12.5%	60.0%
Industrial	-0.1%	-0.5%	-1.7%	34.2%	59.5%	135.1%
Retail	-0.2%	-1.1%	-8.2%	14.1%	13.4%	39.3%
Commercial	0.1%	-0.3%	-5.5%	16.2%	23.2%	67.2%
Apartment	0.1%	-0.2%	-12.2%	20.4%	38.0%	129.1%
All Types	0.3%	0.1%	-9.6%	17.0%	26.9%	85.1%
6 Major Metros All Types	-0.2%	-0.9%	-8.4%	5.9%	13.8%	68.8%
Non-Major Metros All Types	-0.1%	-1.0%	-9.8%	20.1%	31.5%	91.1%

© 2023 MSCI Inc. All rights reserved. Data believed to be accurate but not guaranteed or warranted; subject to future revision.

Editor's Note: Higher interest rates have been here for over a year. It's starting to become the new normal and baked into buyer expectations.

[Mortgage Rates Decline After a Three-Week Ascent](#), *Freddie Mac*, June 8. "30-year fixed-rate mortgage averaged 6.71% as of June 8, down from last week when it averaged 6.79%. A year ago at this time, the 30-year FRM averaged 5.23%. 15-year fixed-rate mortgage averaged 6.07%. A year ago at this time, the 15-year FRM averaged 4.38%."

[Redfin Survey Finds 1 in 10 Home Sellers Are Moving Because They're Being Called Back to the Office](#), *Redfin*, Sept. 13. "While returning to the office wasn't the most common reason respondents listed for moving, the response rate is notable because back-to-office mandates are an emerging cause of relocation."

[Large Metro Markets Show Biggest Slowdown in Single-Family Construction](#), by *Elizabeth Thompson and Stephanie Pagen*, *National Association of Home Builders*, Sept. 5. "Rising mortgage rates and elevated construction costs have taken a toll on the pace

of single-family construction in markets across the nation, with the slowdown most pronounced in large metro areas. Multifamily market growth also fell in most areas of the country."

[RCA CPPI US Commercial Property Price Indexes, July 2023](#), *MSCI*, Aug. 24. "All U.S. commercial property sectors posted annual price declines in July as deal activity retreated to the lowest level of any month since the onset of the pandemic in early 2020. The RCA CPPI National All-Property Index dropped 9.6% from a year ago and ticked up 0.3% from June." See *graph above*.

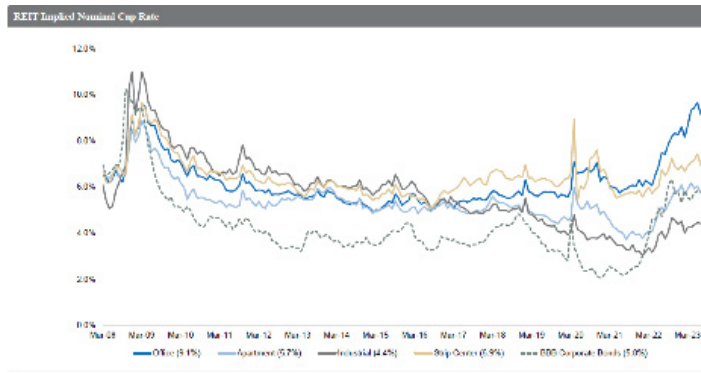
[CRE Loan Extensions Rise Amid Uncertainty and Higher Rates](#), by *Paul Bubny*, *Connect CRE*, Sept. 18. "Year to date, about \$5.65 billion in commercial real estate loans have been modified with an extension, according to Trepp. Although the term increase varies from loan to loan, the largest share of these extensions, 37%, was for term increases of 1-12 months. That said, more than 20% of modified CRE loans have gone for extensions of 37 months or more."

[Capital Markets Report, 2Q 2023](#), *Newmark*, Aug. 2023.

continued on page 12

REAL ESTATE NOTES OF INTEREST

Real Estate Notes continued from page 11



“Transaction markets now show clear increases in transaction cap rates, belatedly following the public markets. Even so, both in the private and public markets, cap rates appear distinctly unattractive relative to the cost of debt capital, possibly excepting office REITs.”

Quick Serve Restaurant Market Analysis,

Valbridge Property Advisors, September 2023.

“The quick-service restaurant (QSR) market analysis provides a summary of the national net lease QSR market. The data used to produce this analysis was gathered from Costar, The Boulder Group, QSR Magazine, Franchise Times, IBISWorld, and Valbridge Property Advisors’ proprietary database.”

Full Service Restaurants Market Analysis,

Valbridge Property Advisors, September 2023. “The market analysis provides a summary of the national full-service restaurant (FSR) real estate market. The data used to produce this analysis was gathered from Costar, The Boulder Group, FSR Magazine, Franchise Times Magazine, IBIS World, and Valbridge database.”

United States Construction Market Trends Q2

2023, *CBRE, Aug. 16.* “Finding skilled labor continues to remain a major challenge for all aspects of the industry inclusive of shipping and trucking, manufacturing and on-site construction. Gasoline and petroleum costs are now much lower than their all-time highs last summer but are still significantly higher than pre-pandemic values.”

Natural Disasters: Costlier Than You Might Think,

by Amy Wolff Sorter, Connect CRE, Sept. 7. “Natural disasters in the U.S. in 2022 generated about \$175 billion in damage. Lost revenue and higher insurance rates prove to be challenges for property owners after a disaster.”

United States Retail Outlook Q2 2023,

JLL, September 2023. “There is now less space available for lease in shopping centers than at any other time since before the Great Recession of 2008. Availability within non-mall multi-tenant retail centers dropped to 7.5% in June, a precipitous drop from 2020 when pandemic measures caused availability to spike to double digits.”

A Guide to U.S. Store Expansion Strategies for Investors and Retailers,

Colliers International, Fall 2023. “We reveal how brands adapt to changing consumer preferences and behaviors and create new ways to connect with their customers. Whether through immersive experiences, personalized services or social media integration, brands are finding new ways to engage and delight their customers.”

Q2 2023 Industrial: “Reverting to the Norm,”

by Amy Wolff Sorter, Connect CRE, Aug. 10. “The vacancy rate is still below the 10-year average, but 2023 is on track to post the weakest annual growth for more than a decade. Manufacturing organizations are pausing growth because of a “bleak economic outlook” while developers grapple with higher interest rates.”

Industrial Market Outlook | Q2 2023,

Colliers International, Aug. 7. “Amidst the economy’s ongoing flirtation with recession, the U.S. industrial market experienced signs of weakening in the second quarter of 2023. The overall vacancy rate increased by 50 basis points during the quarter, reaching 4.5%. Despite the rise in vacancy, asking rents continued their upward trajectory and crossed the \$10 per square foot mark for the first time.”

U.S. Office Market Outlook Report | Q2 2023,

Colliers International, Aug. 25. “The softening in key U.S. office market fundamentals, seen in the prior two quarters, continued in the second quarter of 2023. As a result, net absorption remained negative, while vacancy and sublease space hit new record highs. The U.S. office vacancy rate stands at 16.4%, an increase of 30 basis points in the second quarter. Vacancy has inched above the prior peak of 16.3%, seen at the height of the Global Financial Crisis, with further upward pressure expected to follow.”

Another Use for Abandoned Office Space:

Satellite Campuses, *by Amy Wolff Sorter, Connect CRE, Sept. 14.* “What needs to happen to empty office space in urban centers? Much of the news focuses on office-to-multifamily conversions. While the theory is attractive, the reality seems to be more

continued on page 13

REAL ESTATE NOTES OF INTEREST

Real Estate Notes continued from page 12

difficult. A recent article in Urban Land suggested another use: university satellite campuses.”

U.S. Hotels State of the Union, CBRE, Sept. 5.

“Consumers have money to travel as wage growth has outpaced RevPAR and airfare. Recent Declines in airfares have driven YTD TSA throughput to recover to 2019 levels. July RevPAR fell 1.2% due to occupancy, down by 2.1%, partially offset by a modest increase in ADR, up 1.0%. Markets in contraction continue to increase. We are lowering our 2023 RevPAR growth forecast from 6.0% to 4.6% owing to a weaker-than-expected Q2 2023.”

U.S. Seniors Housing & Care Investor Survey 2023, CBRE, July 5.

“This 12th edition of CBRE’s Seniors Housing & Care Investor Survey polled a more select

	Class A			Class B			Class C			
	Low - High (%)	Avg. (%)	Change (bps)	Low - High (%)	Avg. (%)	Change (bps)	Low - High (%)	Avg. (%)	Change (bps)	
Core	Active Adult	4.0 - 7.0	5.2	57	4.0 - 7.0	5.9	21	5.0 - 9.0	6.6	-24
	Independent Living	4.0 - 7.0	5.7	41	4.0 - 7.0	6.5	25	6.0 - 9.0	7.1	-23
	Assisted Living	5.0 - 8.0	6.4	29	5.0 - 8.0	7.2	6	6.0 - 10.0	8.1	-19
	Memory Care	5.0 - 9.0	7.4	41	5.0 - 9.0	8.3	71	6.0 - 12.0	9.1	40
	Skilled Nursing	7.0 - 13.0	10.6	-13	7.0 - 13.0	11.5	-3	8.0 - 14.0	12.3	-103
	CCRC/LPC	5.0 - 11.0	7.7	69	5.0 - 11.0	8.5	56	6.0 - 13.0	9.2	17
Non-Core	Active Adult	4.0 - 8.0	5.9	67	4.0 - 8.0	6.5	32	5.0 - 10.0	7.0	-24
	Independent Living	5.0 - 8.0	6.3	15	5.0 - 8.0	7.1	2	6.0 - 10.0	7.7	-38
	Assisted Living	5.0 - 9.0	6.8	0	5.0 - 9.0	7.8	37	6.0 - 13.0	8.6	11
	Memory Care	6.0 - 10.0	7.9	56	6.0 - 10.0	8.8	84	7.0 - 12.0	9.8	62
	Skilled Nursing	7.0 - 14.0	11.2	4	7.0 - 14.0	11.9	19	8.0 - 14.0	12.5	-108
	CCRC/LPC	5.0 - 12.0	8.1	16	5.0 - 12.0	8.9	46	7.0 - 13.0	9.6	21
Average Change per Class			32				33			

Source: CBRE Seniors Housing Investor Survey, 2023; change from 2022, Survey.

group of seniors housing thought leaders than previous surveys. The resulting market sentiment insights are therefore based exclusively on feedback from industry veterans.” ■



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.



WWW.TEAMCONSULTING.CC