

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

- I. Other Presentations In Which Either The Date And /
Or Sponsoring Organization Is Missing
 2. Appraisal Topics
 - c. "Appraiser - Generalist or Specialist?",
no date

Appraiser - Generalist or Specialist?

- I. Initial thrust of providing discipline and structure to the appraisal process was to focus on the conclusion of fair market value. The single question permitted the model to organize a variety of subjects in a limited fashion to accomplish one thing. The appraiser adapted dozens of factors and became a specialist at doing one kind of report.
 - A. As a real estate analyst the appraiser has locked himself into only fair market value and conditioned his market to ask for that.
 - B. Unfortunately fair market value as traditionally defined is relevant only to public institutions such as lenders, courts, and public managers of real estate. The appraisal is sought to defend these public groups against criticism of their decisions rather than to assist in the decision making process.
 - C. People will pay less for a contingent fall-back position than for positive guidance on the nature of their problem thus the appraiser is unable to charge for truly professional service.
 - D. Despite the appraiser's draw on knowledge of many topics, his product has become the specialized jargon and the scapegoat of those who fear the public more than they fear the failure to think.
 - E. The concept of fair market value remains acceptable because it provides a simple minded device for regulating complex decisions and because:

"I'll tell you what the real problem is, we ask people to think instead of asking them to believe. And history has always gone to those who ask people to believe."
--Ralph Nader
 - F. Indeed many appraisers are beginning to ask their clients to believe, the juries to believe, the public regulators to believe by intimidation of their designation, or their constant reference to 1935 stone tablets and textbooks, of of the mystery of experience.
 - G. This type of specialization where consistency of logic rather than empirically reliable results was the beginning or the end of other dogmas and other systems which depended on deductive logic and a list of principles. This type of specialism leads quickly to economic obsolescence and rapid loss of influence.
- II. However, the crumbling of the concept of highest and best use is the device by which the appraiser can avoid decline into specialism and become a generalist in real estate analysis.
 - A. The brief history of wealth maximization at the basic principle of land use.

- B. Recognition of real estate as a single element in a mosaic with a need for compatibility with community plans, environment, and use cost.
 - C. A concept of private property has been recognised as a concept to maximize social wealth rather than individual wealth by internalizing the rewards of thrift rather than of externalizing the cost of use.
 - D. The appraiser must now identify the constraints to which property use must adapt and then predict economic behavior in the market in response to those constraints. In the process of finding technical help the appraiser becomes an expert on experts, a generalist who can manage and interpret the specialist in economic terms.
 - E. The appraiser as generalist must retain a total view of the property and the assumptions about its future productivity. These assumptions must still be validated by the specialist in soils, law, engineering, merchandizing, or management.
 - F. The first step in this direction is found in the replacement concepts for the old highest and best use terminology.
 - 1. The most fitting use is that use which is the optimal reconciliation of effective consumer demand, the cost of production, and the fiscal and environmental impact on third parties.
 - 2. The most probable use will be something less than the most fitting use depending on topical constraints imposed by current political factors, the state of real estate technology, and short term solvency pressures on consumer, producer, or public agency.
- III. These concepts permit the appraiser to use the techniques of modern decision making for enterprise management to predict the probable transaction zone of buyer and seller. Each problem must be approached in its own context rather than in terms of simple models of economic man and narrow principles of value, or the arrogance of the single point estimate.
- A. Since one element of context is the purpose for which appraisal is sought, the appraiser can answer a variety of real estate questions, perhaps regaining client's loss to other professions by default and the regaining assignments which showcase his ability in a contemporary fashion to regain respect from his clientele.
 - B. Predicting prices and decisions is behavioral psychology and the motivations of buyers and sellers have become too complex to ignore with a simple model of prudent man and wealth maximization. Listing black letter law must be expanded by administrative, political interpretation. There is no avoidance of difficult issues in the context through a statement of limiting conditions; if you can't buy the assumptions, you can buy the conclusions.
 - C. The willingness of the appraiser to leave special issues of soil or structural engineering to others by refusing to work as a team with those specialties means eventually those with special expertise will learn to convert their findings to economic dimensions and take over the function of a appraisal by default.

- D. The appraiser doing nothing but residential appraisal forms in mechanical repetition first become specialist, then a technician and then a clerk and property inspector. The appraiser who clings to obsolete terminology as he values income property eventually is a little more than the real estate clerk of the probate court dependent on the election of a county judge.
- IV. However, today there are many reasons to hope that appraisal can regain legitimate professional status and economic function.
- A. We have the opportunity to meet the underground in appraisal societies who talk about most probable price and pursue the professional potential of appraisal as consultants.
 - B. It is interesting that the government attempts to remove what is gauche in appraisal text has stimulated people to think about removing much of the pure crap as well.
 - C. Appraisal firms are hiring land planners or survey research specialist or data-base systems people to support the appraisal process.
 - D. It is interesting that the University of Connecticut has been so effective in improving the terminology and textbook of appraisals so skilfully that the industry has endorsed a minor revolution.
 - E, It is hopeful even dead flies of real estate from University of Wisconsin are still invited to provoke, to stain, to motivate the profession toward what we all know must eventually happen - another congress of appraisal theorists and practitioners who will rewrite the stone tablets of appraisal.
 - F. The objective of every real estate appraiser should be to make the term real estate consultant redundant and obsolete.