

Massachusetts and Rhode Island Chapter Newsletter



Upcoming Education

7 Hour USPAP Update

February 27, 2014
Sheraton Providence
Warwick, RI

March 19, 2014
Crowne Plaza
Woburn, MA

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Upcoming Meetings & Events

Economic Outlook and RE Trends 2014

January 14, 2014
Federal Reserve Boston
600 Atlantic Avenue
Boston, MA

12:00 pm - Chapter Meeting

12:30 pm - 2 Hour CE Program

This program will fulfill the
Candidate Chapter meeting
attendance requirement

Register Soon

PRESIDENT'S MESSAGE by Karen K. Hanlon, MAI ***Annual Real Estate Forum with Commercial Brokers Association held on October 1st.***

The Massachusetts and Rhode Island Chapter of the Appraisal Institute held a joint meeting with the Commercial Brokers Association (CBA) at the Federal Reserve Boston on October 1st. The program topic was "Real Estate Forum: Capital Markets and Economic Insights." We had the honor of hosting a panel of nationally renowned experts in the field of economics and the commercial real estate sectors who presented to our Chapter and our co-sponsor, CBA, at this highly anticipated annual event. The keynote speaker was Cathy Minehan, former President and CEO of the Federal Reserve Boston and current Dean of the School of Management at Simmons College, who spoke on global, national, and local economic conditions. Bill McCall, President and Founding Principal of McCall and Almy, served as moderator with expert market commentary. Greg LaBine of Holiday Fenoglio Fowler (HFF) spoke on the state of the debt and equity markets; Aaron Jodka of Property and Portfolio Research (PPR) covered the Boston office and apartment market; and Chris Phaneuf of Eastdil Secured spoke on the capital markets and commercial real estate investments.

Cathy Minehan led the program with a fascinating summary of economic conditions on a national and worldwide basis, then covering local conditions. She stated that the U.S. and world economies face somewhat less uncertainty, and that the developed world is re-emerging as an engine of growth. She also indicated that recoveries are still fragile, but on more solid foundations. She observed that monetary policy remains the major bulwark to growth and fiscal policy is dominated by politics. She also stated that the economic outlook is arguably less uncertain with deleveraging done, new household formation rising, mixed news on employment, but more stability; and solid business profits. The result is increased housing, auto sale, construction, and manufacturing. Her short term outlook calls for a moderate pace of GDP growth, assuming the budget and debt ceiling political crises are solved. She concluded with a number of observations on the market: Monetary policy support to credit markets is expected to slowly ebb through 2015, with tapering beginning this year; and overnight interest rates are expected to rise in 2015 – 2016. In the longer term, the fiscal problem must be solved.

Greg LaBine, a commercial real estate finance expert from HFF, discussed the current debt and equity markets status. Mr. LaBine stated that capital is available from all sources including banks, insurance companies, commercial mortgage backed securities and agencies, Fannie and Freddie. This includes construction loans for projects in quality locations and best in class sponsors. Sponsorship, markets, quality of product, cash flow integrity, maturing loan balance and reproduction costs (*con't on page 3*)



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2013 NEW ENGLAND APPRAISERS EXPO

by Joseph V. Comperchio, SRA, 2013 Chapter Vice President

On October 21, the Massachusetts-Rhode Island Chapter of the Appraisal Institute and the Massachusetts Board of Real Estate Appraisers hosted the 23rd annual New England Appraiser's Expo at the Sheraton Four Points conference center in Norwood, MA. The day-long event was an educational program and vendor showcase for valuation professionals. Over 350 people attended from a multi-state area.

The Massachusetts-Rhode Island Chapter of the Appraisal Institute and the Massachusetts Board of Real Estate Appraisers would like to once again acknowledge the sponsors of this year's event; Landy Insurance, The Warren Group, MLS Property Information Network, Inc. and Compstak. The program was organized in a format that included a morning general session among all attendees. Afternoon sessions were separated into residential and commercial programs. Sponsor booths were active all day.

The joint morning session opened with economist Paul Willen of the Federal Reserve Bank of Boston whose program included an interesting and witty presentation of current economic events affecting real estate markets. Steven G. Elliott, SRA, MRA followed with a presentation of his views of the future of the valuation profession as seen from his current role as Chair of the Appraisal Foundation Board.

The final morning session was a green building appraisal overview hosted by Bruce Wiley, MAI and featured presentations by Sandra Adomatis, SRA; Dan Winters; and James Finlay. The purpose of the program was to provide an introduction to the importance of understanding green buildings and sustainable features. The overview was intended to precede the more targeted afternoon programs.

The afternoon programs were separated into a residential and commercial program. The commercial program began with a multi-family panel hosted by Steven Kaye, MAI and included Simon Butler, Executive Vice President/Partner at CBRE/New England who spoke to the state of the multi-family market in the metro area. Mr. Butler was followed by Richard High, President of John M. Corcoran & Co. LLC and Corcoran Management Company, Inc. The discussion centered on the factors contributing to the strength of the multi-family market. Tim O'Donnell, President of Fantini & Gorga spoke to financing opportunities available in the market.

A Green Commercial Program followed, hosted by Bruce Wiley, MAI. Nikhil Nadkarni of the City of Boston, Climate and Buildings Program Manager spoke to the Boston Energy Reporting and Disclosure Ordinance (BERDO) which goes into effect in 2014. Dan Winters, Managing Principal of Evolution Partners spoke of LEED and Energy Star as well as Green building certifications, green oriented trends and future expectations. Sandra Adomatis, SRA presented an insightful identification of the six elements of green buildings, a discussion of USPAP issues with regard to valuation of green buildings and general benefits of green buildings. James Finlay of Wells Fargo spoke to banks and green feature lending, qualifications of appraisers for green appraising. Bruce Wiley, MAI wrapped up the program

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Massachusetts and Rhode Island Chapter

President's Message (con't from page 1)

are the major factors that are considered in the lending process. Major core markets are still preferred over lesser, secondary locations. Cap rates have moved back to 2005 to 2007 period lows (or even lower) for core assets in major, prime markets. Mr. LaBine observed that higher debt constants and possible cap rate implications may be in the making, and there is concern over the federal balance sheet at over \$3.6 trillion, up from less than a trillion in 2008

Mr. Jodka, Manager of U.S. Market Research at PPR, gave a summary of the Downtown Boston office market, noting that the Boston office market is among the top 5 markets in the country for lowest vacancy at 12.1%. Mr. Jodka reported that Boston had positive absorption over the past year with rental increases of 2.0%. Among the submarkets experiencing the most absorption / growth are the Financial District, the Seaport District, and the Route 128 submarkets of Waltham/Watertown, Burlington/Woburn, and Wellesley/Needham. Mr. Jodka also reported on the multifamily rental market and noted that supply is projected to increase, while demand is not expected to keep pace with supply. A modest rise in vacancy rates is expected.

Chris Phaneuf, Director at Eastdil Secured, offered highlights on the real estate capital markets. Mr. Phaneuf noted that the overall market continues to be very active and liquid, and transaction velocity is accelerating. He observed that there are no material price changes yet, with recent rate volatility, however there is some cautiousness on long-term leased "bond-like" product until rates settle out, unless it is a trophy asset. Current themes in the market include a growing global demand for U.S. real estate; growing confidence in absorption and rent growth; and growing demand for assets with upside and vacancy as the economy improves. He further noted that pricing has recovered to 2006-2007 levels or higher for most institutional assets, and that while there is still a material spread between primary and secondary markets and assets, the CMBS market is narrowing that gap. He concluded by observing that increased rates are a concern but still attractive on a historic basis, and the need for return and concerns for future inflation should continue to push capital into real estate.

All noted that the Seaport District is a "hot pocket." There are billions in commerce that the area supports, including the growing cruise ship business. Among the many new changes in the "Innovation District" are the renovation of the Northern Avenue Bridge, several notable tenant relocations, and the development of Pier 4.

New England Appraisers Expo (con't from page 2)

with a recap, discussion of the Marshall and Swift - Green Building Section, a disclosure of the PV Value - Tool for valuing solar panels and a discussion identifying Appraisal Institute courses and seminars relating to valuing green buildings.

The afternoon residential program included a Green Residential Program hosted by Sandra Adomatis, SRA presented a comprehensive session which included a discussion identifying high performance housing, a detailed presentation of the Residential Green Energy Efficient Addendum, FNMA guidelines and a mini-case study among other important and timely issues. Rich Goulet, MRA, wrapped up the residential program with a timely discussion regarding recognizing and supporting changed market conditions adjustments.

I want to thank Steve Sousa, Paula Wolfe and Melissa Gilmore of the MBREA, Steven Kaye, MAI, and Bruce Wiley, MAI for their efforts in organizing and putting together such a high-powered group of professionals which resulted in a hugely successful event.



UPDATE ON PENDING MASSACHUSETTS LEGISLATION

by Steven Foster, MAI and William A. LaChance, MAI, SRA

The Chapter Government Relations Committee continues to monitor the status of three bills:

Bill H.992

This bill, which regulates appraisal management companies, had a hearing date of October 10, 2013 at 1:00 PM before the Joint Committee on Financial Services.

Bill S.114

This bill, which is intended to clear the records of those appraisers that took all the required USPAP courses but failed to take the update within 24 months (the licensing board's interpretation which is no longer used) has stalled in the Senate Ways & Means Committee. Senator Kennedy's office, sponsor of the bill, suggested that we have our membership email Senator Stephen Brewer, Chairperson of the Senate Ways and Means to help facilitate moving the bill along. If you were affected by the Licensing Board's interpretation or want to assist those that were, please take the time to reach out to Senator Brewer. Senator Brewer can be contacted at Stephen.brewer@masenate.gov

Bill H.1629

This bill, which should be of interest to most appraisers, limits the State licensing board's ability to investigate a complaint to the USPAP Record Retention Rules of 5 years or 2 years after completion of court action.

As of November 12th, the status of these bills is that they are in committee and can stay there until the end of 2014. By then, some action must be taken by the committee. If the bills are re-filed, the Government Relations Committee is recommending that we try to move Bills 1629 and 114 to the Committee on Professional Licensure as the focus of that committee is defined as being more consistent with the content of the Bills.

APPRAISAL INSTITUTE DESIGNATIONS – *The beginning or the end?*

As I was going through the appraisal apprenticeship prior to receiving my MAI designation, I had the pleasure of knowing a very kind and knowledgeable appraiser who guided me along the way. I hope each of you finds that person during your career. When I received the MAI designation (finally!) his comment was this: "I view the designation as just the beginning, not the end". I've puzzled over his comment during my 30 years in the business and I think he was just right. We jump through all the hoops to get state certified and then think this is it. Those of us who aspire to more credibility join the Appraisal Institute and continue our education and training. Once we become designated, we feel we have "arrived", only to learn what we do not know. The education we need to become better appraisers is an ongoing process. The thing that makes this business interesting is that every property has different twists and turns which we need to learn how to value. I am constantly buying books from the Appraisal Institute to become competent to appraise properties for which I have been lucky (or not so lucky) to be assigned. This year alone, I've read books on conservation easements, affordable housing and partial interest valuations. How could I have gone so long without knowing how to appraise these things? Most of our business is mundane and feels like we are just punching a clock, but occasionally we are challenged beyond our boundaries. That is what makes this industry interesting and keeps most of us going. Never stop learning! Happy Holidays to you all!

Your Editor,

Susan R. Balogh, MAI

BOSTON WHARF TOWER EMERGING LEADERS TOUR

by Gregory Curtis, Emerging Leaders Committee Chair

On October 15, 2013 candidates from the Massachusetts Chapter of the Appraisal Institute were invited for a private tour of Gerding Edlen's new apartment building known as 315 on A. The Class A apartment building is the first high-rise apartment building to be completed in Boston's Seaport District.

Mr. Patrick Wilde, Project Manager for Gerding Edlen, conducted the tour and provided a detailed overview of the development and answered questions from candidates. After the tour, the group gathered at Lucky's Lounge for networking, beers and cocktails, and appetizers. This was a free event sponsored by the Emerging Leaders.



APPRAISAL INSTITUTE TO ISSUE TWO REVIEW DESIGNATIONS IN 2014

The Appraisal Institute will begin issuing two review designations in 2014. The AI-GRS (Appraisal Institute – General Review Specialist) and AI-RRS (Appraisal Institute – Residential Review Specialist) designations will be the Appraisal Institute's first new designations in more than 20 years. "Research shows that individuals who hold professional designations have enhanced earning potential compared to non-designated individuals," said Appraisal Institute President Richard L. Borges II, MAI, SRA. "This is especially true for individuals in the real estate valuation profession who hold a designation from a recognized professional association such as the Appraisal Institute."

The Appraisal Institute Board of Directors adopted the review designation program after years of research, responding in part to the growing and important role that appraisal review plays in risk management and mitigation for many clients and users of appraisal services. According to Appraisal Institute research, there were about 12,500 review appraisers in the United States in 2012. As of June 30, 2013, the total U.S. appraiser population stood at 82,250 individuals, reflecting all active state-licensed and -certified appraisers.

Beginning in 2014, the Appraisal Institute will offer four new courses to address review designations: Review Theory — Residential; and Review Theory — General are scheduled to be released in first quarter 2014. Review Case Studies — Residential and Review Case Studies — General, are scheduled to premiere in July 2014. Appraisal Institute Designated members soon will be able to fulfill the requirements for the review designations. Those who are not already AI Designated members can become candidates for the review designations and begin the journey to designation, although some of the requirements that those individuals must fulfill are not yet available. Learn more about the review designations.

"The Appraisal Institute confers designated membership on real estate appraisal professionals demonstrating the highest standards of education, expertise and ethics," Borges said. "In its continuing mission to elevate the real estate valuation profession, the Appraisal Institute specifies rigorous requirements for designated membership regarding experience, education and moral character."

Welcome to the Massachusetts and Rhode Island Chapter

The Chapter is pleased to welcome 16 new AI Professionals to our Chapter since June! The real estate professionals listed below have chosen to become part of the Appraisal Institute and open the door to world-class education and networking opportunities. As rapidly as the profession is changing, appraisers today need to prepare for the future. But it is tough to keep up on your own. Appraisal Institute opens the door for you to share in the collective wisdom and experience of 25,000 individuals who are working together to build a stronger future for the profession.

JR Beretta of Lincoln, RI
Practicing Affiliate
Amy Duffield of Walpole, MA
Practicing Affiliate
Kara C. Gibson of Nantucket, MA
Practicing Affiliate
Jeffrey Leger of West Springfield, Ma
Candidate for Designation
Jeremiah Manfra of Peabody, MA
Candidate for Designation
Vanessa Mann of Warwick, RI
Candidate for Designation
Robert McCormack of Foxboro, MA
Candidate for Designation
Saundra L Moscicki of Brewster, MA
Practicing Affiliate

Eve Moss of Boston, MA
Candidate for Designation
Robert Norberg of Walpole, MA
Practicing Affiliate
Timothy S. Payson of Westerly, RI
Practicing Affiliate
Robert Randles, Jr. of Plymouth, MA
Practicing Affiliate
William Renehan of Dighton, MA
Practicing Affiliate
William M. Salerno of South Kingstown, MA
Practicing Affiliate
Robert Tripodi of Pembroke, MA
Practicing Affiliate
Edward Warzybok of Pembroke, MA
Candidate for Designation

MEMBER BENEFIT SPOTLIGHT

Below are just a few of the many benefits enjoyed by those who belong to the Appraisal Institute.

IREM's Income/Expense Analysis® Reports Discover Where Your Property Stands

Receive a 20% discount on the Institute of Real Estate Management's Income/Expense Analysis® Reports. To learn more, [click here](#).

Real Estate Research Corporation Reports Premier Commercial Publications

Designated members and Candidates for Designation receive a free issue of the current Real Estate Research Corporation (RERC) Report and a 20% discount on the subscription price. [click here](#) to learn more.

2013 Self-Storage Almanac Industry Facts, Stats and Analysis

The most comprehensive self-storage industry statistics are now available to Designated members at a steep discount. [Tell me more](#).

OfficeMax Savings Just For You

Save BIG with the OfficeMax discount program and benefit from tailored customer service. For more information, [click here](#).

2013 CHAPTER SPONSORS

Thank you to the following companies who become a Sponsor of the Massachusetts and Rhode Island Chapter.

Their support of the Massachusetts and Rhode Island Chapter of the Appraisal Institute is recognized and appreciated.

Contact Lianne at the Chapter office for more information at 781.397.8922 about becoming a Chapter Sponsor.

[Learn about the Sponsorship Program here.](#)

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Massachusetts and Rhode Island Chapter

2014 PROGRAMS SCHEDULE as of 10/30/12

as of 10-18-13

AI Qualifying Education

<u>Course Name</u>	<u>Location</u>	<u>Start Date</u>	<u>Hours</u>	<u>Instructor</u>
General Income Approach Part 1	Woburn, MA	February 12, 2014	30	Bowler
7 Hour National USPAP Update	Warwick, RI	February 27, 2014	7	Accetta
General Income Approach Part 2	Woburn, MA	March 12, 2014	30	Bowler
7 Hour National USPAP Update	Woburn, MA	March 19, 2014	7	Avery
Basic Appraisal Principles	Braintree, MA	March 20, 2013	30	Bowler/Elliott
15 Hour USPAP	Braintree, MA	April 10, 2014	15	Elliott
Basis Appraisal Procedures	Braintree, MA	May 15, 2014	30	Comperchio/Elliott
General Appraiser Sales Comparison	Woburn, MA	May 7, 2014	30	Bowler
RE Finance, Stats and Valuation Modeling	Woburn, MA	June 6, 2014	15	Dowling
Gen Appraiser Site Valuation & Cost Approach	Woburn, MA	June 18, 2014	30	Bowler
7 Hour National USPAP Update	Braintree, MA	June 26, 2014	7	Elliott
General Market Analysis and HBU	Woburn, MA	July 16, 2014	30	Bowler
Business Practices and Ethics	Braintree, MA	September 18, 2014	7	Avery
7 Hour National USPAP Update	Woburn, MA	September 30, 2014	7	Avery
7 Hour National USPAP Update	Warwick, RI	October 30, 2014	7	Accetta
7 Hour National USPAP Update	Woburn, MA	December 4, 2014	7	Elliott

AI Continuing Education - Various Locations

Chapter Meeting/CE Programs - Various Locations

1st Chapter Meeting/CE Program		January 14, 2014	2	
Spring Chapter Meeting/CE Program		April/May 2014	2	
Fall Chapter Meeting/CE Program		September 1, 2014	2	
Real Estate Forum: Capital Markets and Economic Insights		OCTOBER TBA	2	
New England Appraisers Expo		OCTOBER TBA	7	
Holiday Meeting and Installation of Officers		December 1, 2014	0	

This is a partial list and does not include Social Events and other Chapter CE Programs that will be added throughout the year.

Visit the Massachusetts and Rhode Island Chapter of the Appraisal Institute's website

www.massri-appraisalinstitute.org as this schedule will be updated regularly