



Appraisal Institute News Release



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Knowledge of Market Key to Preventing Delays, Says Article in The Appraisal Journal

CHICAGO (Dec. 14, 2011) — The appraisal process can cause delays in a property's development or sale, according to an article published this week in The Appraisal Journal, reinforcing the need to have appraisers with local market knowledge provide reliable opinions of value — especially in the current market.

The Appraisal Journal is the quarterly technical and academic publication of the Appraisal Institute, the nation's largest organization of real estate appraisers. The materials presented in the publication represent the opinions and views of the authors and not necessarily those of the Appraisal Institute.

"Project Delay Economics," by Randall Bell, MAI, looks at what can happen to the value of property when a real estate transaction or project is delayed. Delays can arise from any number of reasons, from construction issues to legal issues. But regardless of the cause, delays can impact value and are a major source of litigation, the author writes.

Appraisers are often called on to measure the impact a delay has on the value of project. The author cautions, however, that although a delay often has negative consequences, a delay can also have neutral or even positive financial effects if the property is later sold at the same or higher price. He cites an example of a house in escrow for \$300,000 that has its sale delayed when the buyer backs out. If the property is then quickly sold for \$315,000 to another buyer, the delay had a positive effect for that property owner, he says.

Bell is CEO of Bell Anderson & Sanders LLC, a detrimental conditions consulting firm located in Laguna Beach, Calif. He is the author of "Real Estate Damages," which is published by the Appraisal Institute.

Click here to read [Project Delay Economics](#) in the Fall 2011 issue of The Appraisal Journal.

Also in The Appraisal Journal's Fall 2011 issue:

"The Use of Focus Groups for Property Valuation Research," by Ron Throupe, Ph.D., illustrates how appraisers can use focus groups to get a better understanding of a local market's dynamics.

"Ground Leases: Rent Reset Valuation Issues," by Tony Sevelka, MAI, examines rent reset clauses in long-term leases and how the courts interpret these provisions.

“The Impact of Age on the Value of Historic Homes in a Nationally Recognized Historic District,” by Kimberly Winson-Geideman, Dawn Jourdan and Shan Gao, looks at how the age of homes in historic districts enhances the value of these older homes.

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