

2018 Calendar

Common Violations Class

- August 28, 2018
Columbus BOR
Augusta, GA
706-323-1701
- September 28, 2018
Albany BOR
Albany, GA
229-883-6664
- September 20, 2018
GAMLS
Morrow, GA
770-493-9000

Brokerage and Trust Account Class

- September 26 & 27, 2018
[Valdosta BOR](#)
- October 16 & 17, 2018
Athens Area REALTORS
www.realtorathens.com

[Link to the
Georgia Real
Estate License
Laws, Rules,
and Regulations](#)

[Link to GREC
Disciplinary
Actions](#)
View Current
Suspensions and
Revocations

[Link to
Proposed Rule
Changes](#)

Georgia Real Estate Infobase

[Click Here](#)



In an era where information is so readily available, the ability to select and sort data that is meaningful to the user can be quite a challenge. For the real estate professional, it is critical to focus on data that is useful to the business of real estate transactions. One of the basic tenets of real estate is to understand and know the market where the licensee practices real estate, whether it is residential, commercial, industrial, etc.

The licensee can access free demographics, housing statistics, population trends and much more. One such free source is the American Fact Finder division of the United States Census Bureau. The Census Bureau produces official estimates of populations for the nation, states, counties, cities, towns. The American Community Survey (ACS) produces population, demographic and housing unit estimates. This information can be accessed through the American Fact Finder website at <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

The American Community Survey can provide insight into trends in the housing market, for both rental property and owner-occupied statistics for a specific area, to better inform a client or customer. This type of information is often needed to market properties to investors and commercial buyers as well as residential buyers. Market knowledge is critical for buyers and sellers alike to make better decisions. Providing data is added value to the services a real estate licensee can provide.

Not only are there tables and charts for large metropolitan areas, but real

[Look up stats
for your Zip
Code with this
link.](#)

...Continued on page 2

AUGUST 2018 Meeting - Commission Actions Taken	
Cases Sent to the Attorney General for Review and Disposition by Consent Order or by Hearing	1
Cease & Desist Orders Issued	5
Citations Issued	6
Letter of Findings Issued	0
Consent Orders Entered Into	1
Final Orders of Revocation of Licensure	3
Cases Closed for Insufficient Evidence or No Apparent Violation	27
Licensing Cases - Applicant has a Criminal Conviction - License Issued	13
Licensing Cases - Applicant has a Criminal Conviction - License Denied	1

[Click here to review a legend of the disciplinary actions the Commission may impose.](#)

SUBMIT
Comments & Suggestions

To sign up to receive the GREC RENEWSletter
[Click Here](#)

Online Courses from GREC
\$10 each 3 Hour CE Course
Total of 9 Hours CE Available
 (Also Approved as Instructor CE, not approved as License Law CE)
“Avoiding Trust Account Trouble”
“Practicing Real Estate & Staying Out of Trouble”
“Being a Broker and Staying Out of Trouble”

Georgia Real Estate Commission
 Suite 1000
 International Tower
 229 Peachtree Street NE
 Atlanta, GA 30303-1605
 Phone 404-656-3916

American Fact Finder....

estate agents outside the Metro area may find the data even more useful for specific towns, cities, counties and even zip codes. For example, the following examples for the city of Valdosta and a metro zip code in Georgia are both easily obtained for years 2016-2010 providing information that allows the licensee to consider trends and market area specifics.

[Look up your stats for your Town or City with this link.](#)

30342 Zip Code

Population: 2016 ACS 5-Year Population Estimate

30,423 Source: 2012-2016 American Community Survey 5-Year Estimate

Popular tables for this geography:

- 2010 Census
 - General Population and Housing Characteristics (Population, Age, Sex, Race, Household Size, ...)
 - Race and Hispanic or Latino Origin
 - Hispanic or Latino by Type (Mexican, Puerto Rican, ...)
 - Households and Families (Relationships, Children, Household Size, ...)
- 2016 American Community Survey
 - Demographic and Housing Estimates (Age, Sex, Race, Households and Housing, ...)
- 2017 Population Estimates Program
 - Annual Population Estimates
- Census 2000
 - General Demographic Characteristics (Population, Age, Sex, Race, Households and Housing, ...)

Want more? Need help? Use [Guided Search](#) or visit [Census.gov's Quick Facts](#).

Valdosta city, Georgia

Population: 2017 Population Estimate (as of July 1, 2017)

56,085 Source: 2017 Population Estimates

Popular tables for this geography:

- 2010 Census
 - General Population and Housing Characteristics (Population, Age, Sex, Race, Household Size, ...)
 - Race and Hispanic or Latino Origin
 - Hispanic or Latino by Type (Mexican, Puerto Rican, ...)
 - Households and Families (Relationships, Children, Household Size, ...)
- 2016 American Community Survey
 - Demographic and Housing Estimates (Age, Sex, Race, Households and Housing, ...)
- 2017 Population Estimates Program
 - Annual Population Estimates
- Census 2000
 - General Demographic Characteristics (Population, Age, Sex, Race, Households and Housing, ...)

Want more? Need help? Use [Guided Search](#) or visit [Census.gov's Quick Facts](#).

What can you do with this information?

- Create Informative Marketing Pieces
- Analyze potential market areas for listings and prospecting
- Learn and understand your local market
- Share with investors or consider investing in property,
- Recognize trends of vacancy in rental housing.

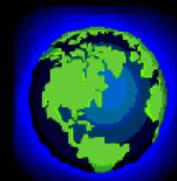
To further understand keywords used in the census data, visit:
<https://www.census.gov/geo/reference/terms.html> and for the ACS survey visit
<https://www.census.gov/programs-surveys/acs/library/keywords.html>



Focus on Terminology: “Geocoding”

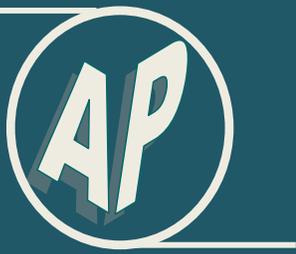
“Geocoding is an attempt to provide the geographic location (latitude, longitude) of an address by matching the address to an address range. “ (Ref: www.census.gov)

The [Census Geocoder](http://www.census.gov/geocoder/) is an address look-up tool that converts your address to an approximate coordinate (longitude/latitude) and returns information about the address range that includes the address and the census geography the address is within. “The Geography division of the Census Bureau includes cartographers, geographers, statisticians, and technology specialists. They have many functions including defining geographic areas, maintaining databases, and developing tools to visualize geographic data. (Ref. <https://www.census.gov/geo/about/>)



Click here to geocode your address:

<https://geocoding.geo.census.gov/geocoder/locations/address?form>



The Appraisers Page

Useful Links:

[GREAB
Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

Commercial Appraisals – Why do they take so long and cost so much?

By: Ed Mitchell, MAI, CDEI

I work at a firm that has a very large residential appraisal department and one of our largest client groups is residential agents. Because of this, many of the commercial appraisal inquiries we receive are from residential agents who are assisting someone with a commercial property. These agents and their clients are often shocked to find out that the commercial appraisal they need will cost a few thousand dollars and will take two weeks or more to complete. Most residential agents are accustomed to appraisals costing \$400 to \$500 and taking a week or so from order to delivery. When I quote a commercial appraisal fee to an agent I frequently hear “Why is it so much more than a residential appraisal? Why does it take longer? Isn’t it the same process?” The answer is yes, and no. Let’s look at the reasons why commercial appraisals take longer and cost more than residential appraisals.

The Ordering Process

The ordering process for residential appraisals is largely automated. At our firm, most orders are placed online. The property information and even the payment is input by the client. This process generally works very smoothly, as most residential appraisals are pretty straightforward.

In contrast, most commercial appraisal bids involve one or more lengthy conversations with the client. Before we can quote a fee, we must determine exactly what is being appraised (not only the physical property but also the ownership interest- fee simple, leased-fee, leasehold). We also need to know why the property is being appraised, as this can impact what type of report we are preparing. Before quoting a fee, I generally have a conversation with the client, look up aerial photos and street views of the property online, and pull up the tax record and tax plat in an effort to minimize any surprises later. This research often necessitates another conversation with the client, as it uncovers details that weren’t previously discussed (i.e., the aerial photo shows an additional building or a billboard on the property; the property appears to have easements for a power line, gas line, or access; the property appears to have floodplain or wetlands, etc.). In most cases, just gathering enough information to quote a fee can easily take half an hour, and there’s no guarantee it will turn in to an order.

The Site Visit

Site visits for residential property are often quicker and more efficient than for commercial properties. Not only is the typical house smaller than a commercial property, the properties are often in the same general area. A residential appraiser who works primarily in the northeast suburbs, for example, may be able to measure and photograph four or five houses in one day because they are all in the same general area. Commercial appraisers don’t usually have the luxury of only working in one area, so site visits may range from the extreme northern suburbs to the extreme southern suburbs. Keep in mind that the area that comprises “metro” Atlanta is a huge area and traffic is unrelenting in virtually every part of it!

Zoning Research

Zoning for residential properties is almost always “residential” of some kind and is generally the same for an entire neighborhood. Commercial zoning, however, changes from one municipality to the next and even from one parcel to the next. It must be carefully researched and verified on every assignment. This can usually be done online but sometimes requires calling the local zoning department to verify. As you might imagine, it’s not easy to get someone



The Appraisers Page

Georgia Real Estate Appraisers Board

August 2018

Useful Links:

[GREAB
Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

Commercial Appraisals – Why do they take so long and cost so much?

By: Ed Mitchell, MAI, CDEI

on the phone, as essentially all local planning and zoning departments are overwhelmed by the continued growth in the Atlanta area.

Highest and Best Use Research

The highest and best use analysis for real estate consists of four tests:

1. What is physically possible?
2. What is legally permissible?
3. What is financially feasible?
4. What is maximally productive?

These questions require minimal analysis in a typical residential appraisal. The highest and best use of residential property is almost always continued use as residential, particularly if it's located in a subdivision. In most cases, nothing else is allowed under the zoning or covenants and no further analysis is required.

The highest and best use of many commercial properties is not as well defined. They are generally not in a master-planned development and they can often be redeveloped or adaptively reused to meet market demand (this is very common in urban areas). Research related to highest and best use can be very time consuming, particularly for vacant land.

Sales Research

Research for residential sales is generally limited to the local multiple listing service. Agents generally do a good job of inputting important information so that appraisers don't have to call to confirm details of each sale. Most listing and sales data can be taken at face value, with no in-depth research required.

Commercial research entails using expensive data services such as CoStar and LoopNet (or, if you are in a small or rural market, public records). There are no standards for data entry and much of the information provided has to be verified. Contacting buyers, sellers, or agents to verify details can be incredibly time consuming. In addition, we often have to read deeds and legal descriptions to determine exactly what was transferred, as commercial transactions are often more complex than residential transactions.

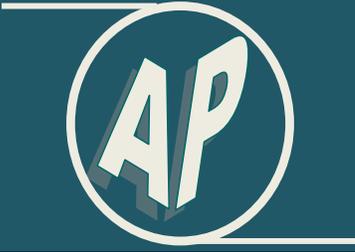
Income/Expense Analysis

Most residential properties don't warrant an in-depth income/expense analysis, as the majority of homes are purchased for owner-occupancy. Even homes that are rented are often valued primarily using comparable sales, as they are worth more to owner-occupants than they are to investors.

Commercial properties are much more likely to require an in-depth income/expense analysis, as they are often bought and sold by investors. This can require significant research for the subject property and the rent/expense comparables. I recently appraised a multi-tenant retail building and spent the better part of a day just reading and summarizing the leases (which were over 40 pages each, and all were different). In addition, considerable time is usually spent analyzing and even recasting historical operating statements. This can take hours or even days depending on the complexity of the property.

Continued on page 5

Page 4



The Appraisers Page

Georgia Real Estate Appraisers Board

August 2018

Useful Links:

[GREAB
Web Site](#)

[Appraisal Act](#)

[GREAB
Disciplinary
Sanctions](#)

Commercial Appraisals – Why do they take so long and cost so much?

By: Ed Mitchell, MAI, CDEI

The Review Process

Residential appraisals are typically done on forms that can generally be reviewed quickly. Many or all of the calculations on the form are automated, leaving little or no room for simple math errors. The format doesn't change from one appraisal to the next and the information is in essentially the same place every time.

Commercial appraisals are often in a narrative format. They are almost entirely manually written. In the review process, they must be read word-for-word and checked for consistency and math errors. Again, this is time consuming.

The Deliverable

Residential appraisals are generally done on a standardized form with specialized software that automates many tasks. Some of the information needed can be downloaded directly into the form from other sources such as the appraisal order, tax records, or the multiple listing service. Even delivery of the final report is sometimes as simple as hitting "send" once the report is complete.

Commercial appraisals are generally created in some combination of software such as Microsoft Word and Excel. They are often typed, with none of the information being downloaded. A boilerplate sentence on a residential form may equate to an entire original paragraph in a narrative report. Finally, a commercial report often requires "assembly" once all the parts are complete. This can involve merging the document with any spreadsheets, etc. The final report typically has to be converted to a PDF file and then emailed or uploaded to a portal.

The Risk...

Generally speaking, you can only be so wrong on a residential appraisal. The sales comparables used are generally more consistent than those used for commercial appraisals (sometimes homes are nearly identical in location, age, size, floor plan, and condition). In addition, you often have a long track record of sales within a subdivision to use for guidance. I refer to these factors as "guard rails", as there is generally enough data to keep you from going too far astray in your analysis.

In contrast, commercial properties exhibit far less consistency and often pose highest and best use conundrums, particularly in large urban markets. It is possible to miss the value on a commercial property and the impact can be enormous. Because of this, higher E&O insurance premiums are yet another cost factor that results in commercial appraisals costing more.

Conclusion

Commercial appraisals generally have more variables – they are more complex and time consuming. They take many times the hours necessary for a residential appraisal (a \$2,000 commercial appraisal can easily take more hours to complete than the cost-equivalent number of residential appraisals). However, they are a good value when you consider the fee is typically a very small percentage of the commercial asset's value. In addition, a good commercial appraisal almost always includes research and information that informs the agent, buyer, or seller of something that was not apparent or previously known to them. Lastly, the cost is often recouped by buyers and sellers in the negotiation process, as they help keep buyers from paying too much and keep sellers from accepting too little.

Ed Mitchell, MAI, CDEI, is the manager of Commercial Valuation and Consulting for D.S. Murphy & Associates. He can be reached at emitchell@dsmurphy.com or (678) 636-4838.