



The Role of Intuition

Blending knowledge, experience and creativity in complex appraisals

BY ORELL ANDERSON, MAI

Though I've been a forensic appraiser for over 25 years, venturing out on my own in 2014 has given me a greater appreciation for the appraisal business. Sitting in the president's seat, I get to participate in every level of the business—from performing appraisal analyses, writing reports and consulting with clients to managing my team, marketing the company and even buying ink for our office printer.

Forensic appraisal—and real estate appraisal in general—is a multifaceted business by nature. We are not just appraisers, but salespeople, marketers, consultants and managers. In other words, we wear many hats. Many of us straddle the fence between industry and

research, acting as both practitioners and scholars. We work in a business bound by strict ethics and standards in the larger context of an evolving court system and technological landscape. We abide by convention while engaging in creative problem solving. We apply a consistent framework and thinking to a wide variety of property types and cases. It's a constant balancing act between the old and the new, between the conventional and the unconventional.

Just as the three traditional appraisal methods give some sense and order to the vast array of property valuation problems we face, I use three basic approaches in my work as an appraiser.

1 Knowledge: How it *should* be done

Knowledge is indispensable in our business. Appraisers work within a heavily scrutinized industry replete with specialized terms, methods, standards and ethics. The appraiser must be familiar with a variety of property types and markets, with a multitude of conditions that could affect value and a complex legal environment.

Once a subject property has been inspected and researched, the appropriate methodologies must be applied. Given these accepted methodologies, the appraiser must be familiar with each

method and when to apply it. This is also a heavily regulated industry. That means no matter how intelligent or clever you are, you must know what you are doing and why you are doing it so that you stand firmly within USPAP and the larger body of appraisal knowledge. And if you are an expert witness, you must be able to defend whatever position you find the data directing you to take.

2 Experience: How it has been done

You can't major in real property valuation at an Ivy League university and go straight into appraising a complex property and opining on value in a jury trial. Textbooks and accolades will only take you so far, and knowing how a property should be appraised isn't enough. The appraiser must know how it has been done before. As forensic appraisers, we are working within the larger context of the legal system, and the accepted methods and definitions change over time as property valuation problems continue to pass through the courts.

The appraisal business as a whole is still largely based on an apprenticeship model. That's because experience matters, and the only way to get that kind of experience is by working with those who have experience doing it. More than 25 years after I started as an appraiser, I still cherish and use what was passed on to me by my mentors. Today, I mentor younger members of my team, teaching them what was taught to me, as well as a few things I learned along the way. Finally, it is through experience and years of work that we establish those relationships that are at the core of this business.

3 Creativity: How it could be done

Appraisers are problem solvers. And problem solving requires not only knowledge and experience, but also creativity and intuition. It's easy to get bogged down in the methodology and minutiae and fail to see the bigger picture. The current framework will only take you so far.

Yes, it's essential to know how it should be done and how it has been done. However, knowledge and experience will only help you solve problems that have already been solved before. For the forensic appraiser, complex litigation problems always have one or more inflection points where the thinking must pivot from the known to the unknown. It is in these moments that the body of appraisal knowledge expands, as appraisers solve more and more complex problems that do not fit into the current framework and conventional thinking.

Intuition Comes Into Play

Past International President Pat Petitto, SR/WA told me once that whatever I did, I needed to "own it." She was referring to my position as the Chair of the International Valuation Committee at the time. At first, I didn't understand. What could we possibly own?

Her words sat in the back of my mind for the next few months as I went about my day-to-day work. At the time, as is usually the case, several of my jobs included different types of right of way corridor projects, including pipelines, transportation corridors and high-voltage transmission lines.

The meaning of her words struck me when I realized that nobody seemed to own "corridor valuation" as such. There were no textbooks on the subject. It occurred to me that to truly wrap our heads around this type of work, we needed to expand our understanding of corridor valuation. I suggested to the Valuation Community of Practice that we consider writing a book—and by doing so, we would own the idea by becoming the authoritative source on the topic.

It was roughly three and a half years ago when Pat Petitto left her presidential post. Since then, the corridor valuation idea has taken on a life of its own, as a joint publication with the IRWA and Appraisal Institute moves forward. With only knowledge and experience, Pat's words would have come and gone, and I would have kept looking at corridor valuation assignments with the same eyes. It is through intuition that we break out of our old ways of thinking.

As appraisers, we must always be grounded in our standards and ethics. However, there are moments where we must rely on intuition to best solve our client's problem. ✪



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