

Philadelphia Metropolitan Chapter

Volume 2 Issue 2

A Message from the President

Michael Silverman, MAI, MRICS



The first half of 2011 has been like a roller coaster with the end nowhere in sight. The limited number of transactions, uncertainty in overall trends for various property types, and conflicting predictions for the future, leave appraisers relying more heavily on more sources for data including interviews with brokers, investors, and other market participants. In this uncertain environment, support for many valuations include not just quality, relevant and confirmed/verified comparable sales and rentals, but in-depth research, interviews, as well as reliance on a variety of publications and third party data sources. Now, more than ever, supplementing comparable transactions with these resources is paving the way for more detailed and pertinent reports. While the lack of transactions certainly makes our analysis difficult, the additional research, interviews and interactions among market participants, will enhance our knowledge and provide more relevant and accurate appraisals. While there are many data sources, I have included market information developed from selected cities for the Q1 2011 by Integra Realty Resources and is included herein for your benefit. The data presented is representative of Classes A and B.

Office - CBD

MARKET AREA	Vacancy Rate - Q1 2011	Avg. Asking Rent - Q1 2011	Going-In Cap Rate - Q1 2011	Going-In Discount Rate (IRR) - Q1 2011	Reversion Rate - Q1 2011	Market Rent Growth Rate - Q1 2011	Expense Growth Rate - Q1 2011
Atlanta, GA	13.70%	\$19.07	8.00%	9.00%	8.50%	0.00%	3.00%
Baltimore, MD	15.20%	\$21.62	7.75%	9.00%	8.25%	0.00%	2.50%
Boston, MA	11.50%	\$38.50	7.25%	8.50%	7.75%	2.50%	3.00%
Dallas, TX	23.10%	\$18.41	8.50%	9.50%	8.50%	1.00%	2.50%
Denver, CO	15.40%	\$25.75	6.75%	8.25%	7.25%	3.00%	3.00%
Fort Worth, TX	9.20%	\$21.29	7.50%	9.75%	8.00%	1.00%	2.50%
New Jersey, Northern	18.00%	\$27.00	8.00%	8.50%	8.25%	2.00%	3.00%
New York, NY	10.20%	\$56.00	6.25%	8.25%	6.50%	5.00%	3.00%
Philadelphia, PA	10.00%	\$25.00	7.50%	8.50%	7.75%	2.00%	2.50%
San Francisco, CA	14.50%	\$32.24	6.00%	7.75%	6.75%	5.00%	3.00%
Washington, DC	11.30%	\$49.91	6.00%	7.25%	6.50%	1.50%	2.50%
Wilmington, DE	17.00%	\$16.00	8.50%	10.00%	9.00%	0.00%	3.00%

IRR.

Office - Suburban

MARKET AREA	Vacancy Rate - Q1 2011	Avg. Asking Rent - Q1 2011	Going-In Cap Rate - Q1 2011	Going-In Discount Rate (IRR) - Q1 2011	Reversion Rate - Q1 2011	Market Rent Growth Rate - Q1 2011	Expense Growth Rate - Q1 2011
Atlanta, GA	17.30%	\$19.07	8.50%	10.00%	9.00%	0.00%	3.00%
Baltimore, MD	13.70%	\$22.38	7.75%	9.00%	8.25%	0.00%	2.50%
Boston, MA	15.50%	\$22.50	7.75%	9.00%	8.25%	2.00%	3.00%
Dallas, TX	18.56%	\$21.01	8.00%	9.00%	8.00%	1.00%	2.50%
Denver, CO	15.85%	\$18.50	7.25%	9.00%	7.75%	3.00%	3.00%
Fort Worth, TX	9.78%	\$21.78	7.50%	10.00%	8.25%	1.00%	2.50%
New Jersey, Northern	21.00%	\$25.25	8.25%	8.75%	8.50%	2.00%	3.00%
New York, NY	21.00%	\$25.25	8.00%	8.50%	8.25%	0.00%	3.00%
Philadelphia, PA	13.00%	\$21.25	7.75%	9.00%	8.25%	3.00%	3.00%
San Francisco, CA	17.40%	\$31.38	7.50%	9.00%	8.00%	0.00%	3.00%
Washington, DC	14.60%	\$28.34	7.00%	8.25%	7.50%	0.00%	2.50%
Wilmington, DE	14.00%	\$15.50	8.25%	9.50%	8.50%	0.00%	3.00%

IRR.

Community Center

MARKET AREA	Vacancy Rate - Avg. Asking Rent		Going-In Cap Rate - Q1 2011	Going-In Discount Rate		Reversion Rate - Q1 2011	Market Rent Growth Rate - Expense Growth	
	Q1 2011	- Q1 2011		(IRR) - Q1 2011	Q1 2011		Q1 2011	Rate - Q1 2011
Atlanta, GA	8.00%	\$14.67	8.00%	9.50%	8.50%	0.00%	3.00%	
Baltimore, MD	7.20%	\$17.49	7.25%	8.75%	7.75%	1.00%	2.50%	
Boston, MA	8.00%	\$18.00	7.75%	9.00%	8.00%	1.00%	3.00%	
Dallas, TX	6.20%	\$21.86	8.25%	9.25%	8.50%	0.00%	2.50%	
Denver, CO	12.00%	\$15.00	8.00%	9.50%	8.50%	3.00%	3.00%	
Fort Worth, TX	13.27%	\$18.49	9.00%	10.00%	8.50%	0.00%	2.50%	
New Jersey, Northen	7.50%	\$22.00	7.25%	8.25%	7.75%	2.00%	3.00%	
New York, NY	5.90%	\$47.00	6.75%	8.50%	7.25%	2.00%	3.00%	
Philadelphia, PA	8.00%	\$17.60	7.75%	9.00%	8.00%	2.00%	3.00%	
San Francisco, CA	3.50%	\$31.26	7.25%	8.75%	7.75%	2.00%	3.00%	
Washington, DC	6.90%	\$21.87	6.75%	8.00%	7.00%	1.00%	2.50%	
Wilmington, DE	11.00%	\$20.00	7.75%	8.75%	8.25%	1.00%	3.00%	

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Neighborhood Center

MARKET AREA	Vacancy Rate - Avg. Asking Rent		Going-In Cap Rate - Q1 2011	Going-In Discount Rate		Reversion Rate - Q1 2011	Market Rent Growth Rate - Expense Growth	
	Q1 2011	- Q1 2011		(IRR) - Q1 2011	Q1 2011		Q1 2011	Rate - Q1 2011
Atlanta, GA	14.70%	\$13.49	8.50%	10.00%	9.00%	0.00%	3.00%	
Baltimore, MD	7.80%	\$19.11	7.00%	8.25%	7.50%	1.00%	2.50%	
Boston, MA	10.00%	\$15.00	7.50%	9.00%	7.75%	1.00%	3.00%	
Dallas, TX	11.60%	\$13.50	8.50%	9.75%	9.00%	0.00%	2.50%	
Denver, CO	12.00%	\$14.00	8.25%	9.75%	8.75%	3.00%	3.00%	
Fort Worth, TX	13.03%	\$11.84	9.00%	10.00%	8.75%	0.00%	2.50%	
New Jersey, Northen	8.00%	\$18.00	7.75%	8.50%	8.25%	2.00%	3.00%	
New York, NY	5.90%	\$39.00	7.00%	8.50%	7.50%	2.00%	3.00%	
Philadelphia, PA	11.00%	\$15.20	7.50%	9.00%	7.75%	2.50%	3.00%	
San Francisco, CA	3.60%	\$31.04	7.25%	8.75%	7.75%	2.00%	3.00%	
Washington, DC	7.40%	\$23.89	6.50%	7.75%	6.75%	1.00%	2.50%	
Wilmington, DE	14.00%	\$22.00	7.75%	8.75%	8.25%	1.00%	3.00%	

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Industrial

MARKET AREA	Vacancy Rate - Avg. Asking Rent		Going-In Cap Rate - Q1 2011	Going-In Discount Rate		Reversion Rate - Q1 2011	Market Rent Growth Rate - Expense Growth	
	Q1 2011	Q1 2011		(IRR) - Q1 2011	Q1 2011		Q1 2011	Q1 2011
Atlanta, GA	14.00%	\$3.53	8.00%	10.00%	8.50%	0.00%	3.00%	
Baltimore, MD	14.90%	\$4.32	7.50%	9.00%	8.00%	0.00%	2.50%	
Boston, MA	18.50%	\$5.50	8.25%	10.00%	8.75%	1.00%	3.00%	
Dallas, TX	12.50%	\$4.48	8.75%	9.50%	8.50%	1.00%	2.50%	
Denver, CO	9.00%	\$4.00	8.50%	10.00%	9.00%	3.00%	3.00%	
Fort Worth, TX	11.40%	\$3.53	10.00%	11.00%	11.00%	1.00%	2.50%	
New Jersey, Northen	8.60%	\$4.75	8.00%	8.50%	8.50%	2.00%	3.00%	
New York, NY	8.50%	\$12.25	8.00%	8.75%	8.50%	2.00%	3.00%	
Philadelphia, PA	8.00%	\$4.20	7.50%	8.75%	7.75%	3.00%	3.00%	
San Francisco, CA	8.30%	\$9.12	7.00%	8.75%	7.50%	3.00%	3.00%	
Washington, DC	17.90%	\$6.12	8.00%	9.00%	8.25%	0.00%	2.50%	
Wilmington, DE	15.00%	\$3.50	8.00%	9.00%	8.25%	0.50%	3.00%	

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Apartment - CBD

MARKET AREA	Vacancy Rate - Q1 2011	Avg. Asking Rent - Q1 2011	Going-In Cap Rate - Q1 2011	Going-In		Market Rent Growth Rate - Q1 2011	Expense Growth Rate - Q1 2011
				Discount Rate (IRR) - Q1 2011	Reversion Rate - Q1 2011		
Atlanta, GA	8.20%	\$1,182.00	5.50%	7.00%	6.00%	3.00%	3.00%
Baltimore, MD	5.60%	\$1,074.00	5.75%	7.00%	6.25%	3.00%	2.50%
Boston, MA	4.00%	\$2,550.00	4.50%	7.00%	5.25%	4.00%	3.00%
Dallas, TX	8.20%	\$1,569.00	5.50%	8.00%	6.00%	6.00%	2.50%
Denver, CO	5.80%	\$1,350.00	5.25%	7.25%	5.75%	3.00%	3.00%
Fort Worth, TX	8.80%	\$709.89	5.50%	8.00%	6.00%	3.00%	2.50%
New Jersey, Northern	5.50%	\$1,700.00	5.50%	7.75%	6.00%	4.00%	3.00%
New York, NY	3.10%	\$2,700.00	5.75%	8.00%	6.25%	4.00%	3.00%
Philadelphia, PA	5.00%	\$1,685.00	6.00%	8.00%	6.50%	3.00%	3.00%
San Francisco, CA	4.30%	\$1,858.00	4.75%	7.00%	5.50%	7.00%	3.00%
Washington, DC	5.30%	\$1,407.00	5.00%	7.00%	5.25%	4.00%	2.50%
Wilmington, DE	6.80%	\$1,100.00	7.50%	8.75%	7.75%	0.00%	3.00%

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Apartment – Suburban

MARKET AREA	Vacancy Rate - Q1 2011	Avg. Asking Rent - Q1 2011	Going-In Cap Rate - Q1 2011	Going-In		Market Rent Growth Rate - Q1 2011	Expense Growth Rate - Q1 2011
				Discount Rate (IRR) - Q1 2011	Reversion Rate - Q1 2011		
Atlanta, GA	9.70%	\$845.00	6.50%	8.00%	7.00%	3.00%	3.00%
Baltimore, MD	4.70%	\$976.00	5.75%	7.00%	6.25%	3.00%	2.50%
Boston, MA	5.00%	\$1,500.00	5.25%	7.50%	6.00%	4.00%	3.00%
Dallas, TX	8.10%	\$791.00	6.00%	8.50%	6.50%	5.00%	2.50%
Denver, CO	7.50%	\$900.00	5.75%	8.00%	6.25%	3.00%	3.00%
Fort Worth, TX	8.80%	\$709.89	6.00%	8.50%	6.50%	4.00%	2.50%
New Jersey, Northern	5.60%	\$1,430.00	6.00%	8.00%	6.50%	3.00%	3.00%
New York, NY	5.60%	\$1,430.00	6.25%	8.25%	6.75%	3.00%	3.00%
Philadelphia, PA	5.00%	\$900.00	6.75%	8.25%	7.25%	3.00%	3.00%
San Francisco, CA	3.80%	\$1,645.00	5.25%	7.50%	6.00%	7.00%	3.00%
Washington, DC	4.80%	\$1,346.00	5.50%	7.50%	6.00%	4.00%	2.50%
Wilmington, DE	6.50%	\$1,000.00	7.00%	8.50%	7.25%	1.50%	3.00%

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Despite the tumultuous economic climate, five members of the Philadelphia Metro Chapter have successfully pursued and completed the MAI designation. These individuals demonstrated significant persistence and dedication and accomplished this prestigious designation. It is my honor to recognize these outstanding individuals and their accomplishments.

- John Pasquarella, MAI (Integra Realty Resources)
- John Coyle IV, MAI (Coyle, Lynch, & Company)
- Erick Mazzoni, MAI (Cushman & Wakefield)
- Julius Gasparre, Jr., MAI (CB Richard Ellis)
- Jordan Yuter, MAI (Liberty Valuation Group)

In addition to these individuals, we have successfully implemented the mentoring program which will continue to enhance our membership for the foreseeable future.

Thank you very much for the honor in serving the Philadelphia Metro Chapter of the Appraisal Institute.

Government Affairs Update

By Jerry McNamara

Eric M. Lehmayr, MAI of Lancaster, PA was recently appointed to the PA Appraiser Board. Eric has been very active with the Appraisal Institute having served two terms as the President of the Central PA chapter and currently serving as Region VI education liaison.

The PA bill to register Appraisal Management Companies, HB398, is currently in the Senate Consumer Protection and Professional Licensure committee. It passed the House with a 189-5 vote on May 2. The Senate is in session this week and then is scheduled to recess, so HB398 is most likely not going to be passed until the fall.

Upcoming Education



Courses

Seminars

September 7-10

General Appraiser Income Approach P. 1

November 2-5

General Appraiser Income Approach P. 2

December 5-11

Advanced Concepts and Case Studies

September 15, 2011

USPAP Update, Delaware State Regulations

October 20, 2011

Litigation Skills for the Appraiser: An Overview

November 17, 2011

Business Practices and Ethics

TRIPLE DIP! All seminars are approved or pending the following credits:

PA, NJ, DE CE Credit

National AI

PA Brokers

To register for courses and seminars go to: <http://www.appraisalinstitute.org/education/philadelphiometro.aspx>

Online Education: Learn at your own pace anytime, anywhere. Top-notch Appraisal Institute courses and seminars come straight to your desktop with online education!

Learn from any computer anywhere, whenever you have time. It's easy, convenient and a great way to get the education you want. Check out the current course listing now!

HELP WANTED

WANTED: Cushman & Wakefield is looking for a junior level appraiser to perform commercial and industrial appraisals for our existing national clients throughout the Philadelphia MSA. The ideal candidate will have 1 to 2 years of experience in commercial real estate appraisal or related fields. We will consider entry level candidates as well. Proficiency in Word and Excel is required. Argus experience is a plus. Competitive compensation package with full benefits offered. Please e-mail your resume to erick.mazzoni@cushwake.com.

Wanted: Integra Realty Resources – Philadelphia has an opening for a Real Estate Analyst. The successful candidate will have the ability to complete various tasks, projects & assignments, in connection with commercial real estate valuation and consulting assignments. They will help with market research and conduct various surveys for project analysis and problem solving for the client. The ideal candidate will be detail oriented, possess strong communication skills, work autonomously and as a team member, manage time well and be well versed in MS Office and Excel. MBA or MS in Real Estate or Finance is desirable. An undergraduate degree is required. BS or BBA will be given preference, but BA in related studies is acceptable. A full description is available on the Philadelphia AI website.

INTERESTED CANDIDATES SHOULD FORWARD A RESUME AND A WORK SAMPLE VIA EMAIL TO JOSEPH PASQUARELLA at JPASQUARELLA@IRR.COM

For more information, refer to our Employment Opportunities website at <http://www.phila-ai.com/phila-ai/jobs.cfm>. Post your career opportunities in the next edition of the Philadelphia Metropolitan Chapter e-newsletter and / or on the Chapter website. Contact Tiffany Lewis (Email: contact@phila-ai.com) with posting information.

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