

Avery Associates

Real Estate Appraisers – Counselors

282 Central St.

P.O. Box 834

Acton, MA 01720

Tel: 978-263-5002

Fax: 978-635-9435

jon@averyandassociates.com

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2016 Lots of Challenges

As is the custom at this time of year we often reflect on what has passed and look forward to the New Year. Much has been said about the past year and rather than look in the rearview mirror, I prefer to look ahead.

There are many things, which are changing as we wrap up 2015 that will provide some challenges for 2016. One clear change in the investment landscape is the Federal Reserve's decision to finally raise rates. The end of what some consider a too long period of artificially low interest rates will present challenges to the investment community in the pursuit of yield and establishing cap rates. On a consumer level, the incremental change in borrowing rates will work its way into home prices which may ripple through the market. A possible offset is an increase in time deposit rates which would benefit some seniors who rely on such deposits providing some of their income.

Many will be closely watching the multi family rental market to see if the growing supply (and full pipeline) will outstrip demand. The answer to this question is likely to be found by keeping a close watch on the jobs report and employment trends. Continued economic growth which produces new jobs should result in increased new households which will need housing. The affordability challenge continues to loom large and must be addressed.

The appraisal industry faces a number of challenges in the New Year. The aging of the profession coupled with the increased requirements to become accredited will surely lead to a shortage of qualified professionals. There are a number of different opinions when this will become a problem, but it will if the industry and overenthusiastic rule making bodies do not step up and develop solutions. Practitioners also have responsibilities. In particular individuals must not lose track of the great importance of maintaining the trust and confidence of those who rely on their services in so many different ways to make important capital investment decisions.

Ah yes – lest we forget, this is a presidential election year. If the primary campaign is any indication, we are in for a lively election season. Lets hope the electorate displays great wisdom and brings out the best in all the candidates.

Always be mindful that challenges present opportunities, so don't be left behind!

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