

# Challenges of International Appraisal: Navy Perspective

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# Real Estate Mission & Focus



- To *acquire, manage, and dispose* of the real estate interests required (or no longer required) by the Navy abroad
- Navy (DOD) property overseas generally comes from **two sources**:
  1. **Ceded Land** from host nations via Status of Forces Agreements (SOFA)
  - ➔ 2. **Leased Facilities** from organizations or individuals
- Appraiser usually values **market rent** of leasehold interest

# Area of Responsibility (AOR)



# Appraisal Challenges



- **“Dorothy & Toto Feelings” of the Land of Oz**

- **Unfamiliar with:**

- surroundings
- language
- people
- transportation / directions
- culture and customs
- market



- **Limited time in market for investigation: 2-3 days usually**

- **Lack of traditional market sources and reliable data**

- **Traditional sources:**

- ~~Courthouses~~
- Realtors
- ~~Multiple Listing Services (MLS)~~
- ~~Appraisers~~
- Published Sources
- (Subject) Property Owners
- Internal Files

*“The use of appraisals in the United States may be reliant on data and analyses that are not relevant in some other countries...including the availability of relevant market sales data. Such data may exist in the United States but may not be available in many other countries.”*

Mark Lee Levine, Ph.D, CRE  
Daniels School of Business  
University of Denver, CO

# More Challenges

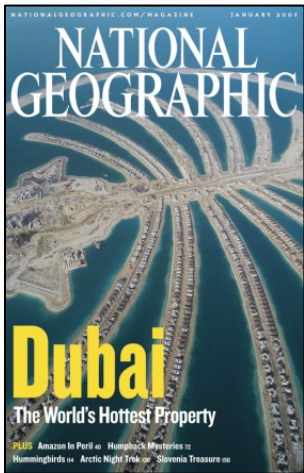


- **Attention to proper interaction w/ local nationals**

- mutual curiosity
- “U.S. Navy” sparks interest
- business protocol
- “I’m just here for (free) information...”



- **Market Extremes**



Djibouti, Africa

- **High US market activity**

- drives up prices
- creates market w/i market
- two prices for same property
  - local national vs. US military
  - which reflects “market” value?

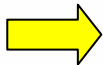
## **RE/MAX** Property Management

RE/MAX offers an extensive range of property management services with the focus on maximizing your investment. Our Property Management service is a partnership with the Landlord and as such can be tailor made to match each individual landlord's requirements. By using a professional property management company to look after your investment, you are guaranteed peace of mind.

### **Our Management Property Services include:**

Leasing

- Property Maintenance
- Housekeeping
- Security
- Ground Maintenance
- Rent Collections
- Inspections and advice on rental levels
- Marketing
- Viewings
- Ensuring all legal requirements are met
- Negotiating terms
- Preparing Tenancy Agreements
- Inventory advice
- Navy registration



# So, What Do You Do?



- **Goal: gather sufficient market data to reach a sound conclusion**
- **Educate myself on local market through internet research** 1
  - Published articles, reports, studies, property advertisements
- **Talk to people – the more the better** 2
  - **best source: prominent real estate agents w/ experience in market**
  - **other sources:**
    - free-zones and air/seaport authorities
    - companies that rent their real estate holdings
    - property owners
- **Review current Navy lease inventory for similar properties** 3
- **Gather “listings” of comparable properties (when no comps available)** 4



# Advice to Others & Myself



- **Recognize that you are new to market**
  - you are Dorothy, not the Wizard (and Toto has run away...)
  - Dorothy's position is challenging, but promising also
- **Consider who can help you, then ask them for help**
  - Are there any “modern-day” Scarecrows, Tin Men, and Cowardly Lions?
- **Make the best of what information you have**
  - be flexible in your approach and analysis
- **Overcome the challenges w/ persistence**
  - there IS an answer out there: keep looking for it
  - the challenges won't make the assignment go away
- **Enjoy the journey: Kansas can wait**

