

COVID – 19 APPRAISAL ADDENDUM

The global outbreak of a “novel coronavirus“ known as Covid 19 was officially declared a pandemic by the WHO (World Health Organization) on March 11, 2020. Subsequently, the United States of America identified Covid 19 as a national health pandemic.

Directly related to the pandemic financial markets and global economies have experienced significant volatility and turmoil. Unemployment rates have risen, and the US economy has suffered significant negative results.

Readers and users of the report are cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. I, the appraiser, make no representations regarding effects caused by the pandemic or other related incidents on the subject property after the effective date of the appraisal.

There exists insufficient data in the marketplace [...read more](#) to determine the impact of these rapid changes on the housing market. While the most current data is being used, a large portion of the market data utilized in this report may have been created prior to measures implemented by the Federal Reserve and response by consumers.

Many states have been under “Stay-At-Home Orders” or partial restrictions regarding an in-person inspection. Some states have gone through forced openings, while others are re-instating restrictions because of a renewed increase in Covid 19 cases. The full impact on the real estate market will vary from region to region but is not yet fully understood in any region.

Currently, there appears to be a high demand for mortgage refinancing due to historically low-interest rates. The extent of this phenomenon is difficult to determine, it may be short-lived. While high demand exists, limitations on in-person meetings to stem the spread of the virus has, at least temporarily, negatively impacted transaction volume.

Based on some parts of our country and other parts of the world, where case numbers of the coronavirus have trended positively, there is optimism the current market disruption will be short-term. The current situation is unprecedented and there is no empirical data to support or extrapolate what the impact to market values may or may not be because of this pandemic.

It is likely that we will see prolonged marketing times and exposure times relative to prior norms for the near term while the market continues to suffer from uncertainty. It is assumed that the market will revert to prior conditions after the public health risk has been mitigated.

I have spoken to local commercial brokers and lenders who agree the market reaction is “all over the place” and that most sales under contract are still closing. On the residential side rentals and second homes are in high demand because people want to escape the congestion of heavily populated cities.

As the pandemic evolves so will market reaction. Subject to the potential changing markets, I suggest lenders obtain a new appraisal reflecting the then-current conditions after the pandemic is over.