



# FOCUS VALUATION ADVISORS

Appraisal Management & Review | Economics & Consulting

## IN FOCUS *Real Estate & Economic Commentary*

The data presented herein were obtained from The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council ([www.asc.gov](http://www.asc.gov)). The ASC maintains a Federal Registry of Licensed and Certified Appraisers. The Registry is often used as a proxy for the number of appraisers in the U.S. Nevertheless, many appraisers hold licenses or certifications in more than one state so the registry tends to overstate the numbers.

The Appraisal Institute, in a robust and comprehensive analysis separated out multiple license holders and also surveyed 1,576 member and non-member valuation professionals this year and extracted additional metrics such as age, gender, race, income, position and more.

The Appraisal Institute is a global membership association comprised of more than 23,000 members practicing in nearly 60 countries. Its mission is to advance professionalism, ethics, global standards, methodologies and practices world wide.

This commentary is written by William "Bill" Pittenger, MAI, SRA Senior Director Economic & Consulting Services at FOCUS Valuation Advisors. Contact Mr. Pittenger at [bill.pittenger@focusvaluation.net](mailto:bill.pittenger@focusvaluation.net).

To receive our commentaries, please e-mail [bill.pittenger@focusvaluation.net](mailto:bill.pittenger@focusvaluation.net).

To learn more about FOCUS Valuation Advisors, please visit our web site at [www.focusvaluation.net](http://www.focusvaluation.net).



## Appraisal Profession Ages and Population Shrinks *Demographics, Recession and Cleansing Drive Systemic Change*

September 12, 2012 | by William L. Pittenger, MAI, SRA

The appraisal profession as a whole has been aging at least since the 1980's. Practitioners have grown older and new entrants to the profession have slowed, with the exception of a brief period during the housing bubble. Today, 58% of practicing appraisers are age 51 or older followed by 31% in the 36 to 50 age cohort. Only 10% are age 25-35 and a mere one-percent are under 25. Approximately 48.4% have been practicing for 20 or more years while just 7.5% have been practicing for less than four years. Moreover, approximately 70% of appraisers are male, 30% are female, 58% hold bachelors degrees and 16% hold masters degrees. Twenty five percent have something less than a bachelors degree.

As shown on the chart at the bottom of the page, the total number of licensed and certified appraisers listed on the nationwide Federal Registry is currently about 104,100. That is down 14% from the cyclical peak in 2007 when large numbers of persons entered the appraisal business; particularly the residential side of the business where barriers to entry were minimal and there was a discernible shortage of appraisers during the housing bubble years. The Appraisal Institute reckons that the number of appraisers, excluding those who hold multiple state licenses or certifications, is perhaps around 85,000. That number is down 9% from 2007. The number of appraisers has been contracting at 3% per year for the last four years.

So what is driving the declining number of appraisers and what might the future hold for both the profession and users of appraisal services? First is the age cohort. The average age is high and many are retiring; some after lengthy careers. Note the previously described duration of practice. More importantly, they are not being replaced. Second is the recession which took a huge toll on residential appraisers in particular. Residential sales volume declined 50%; new home sales volume declined 80%; residential loan volume declined 50% and all sectors have been slow to rebound. Finally, in our view there is a natural cleansing action taking place. Many persons entered the appraisal business who were unqualified, had too little experience and training (notwithstanding licensing requirements) and have left or are leaving the industry today.

In the writer's view, professional commercial appraisers will continue to do well due to their analytical skill. The residential side of the business will become bifurcated in the sense that there will be residential analysts who will excel at what they do and be compensated well for their professionalism and skill. There will also continue to be the form fillers and their work will be largely dominated by automated valuation and other more clerical forms of evaluation. As the shake out continues unabated, there will almost certainly be fewer appraisers and that does not bode well for the profession or users of appraisal services.

