



# ELRC FALL CONFERENCE 2009

MICHIGAN

September 22 – September 24



**Land Conservation in Uncertain Markets**



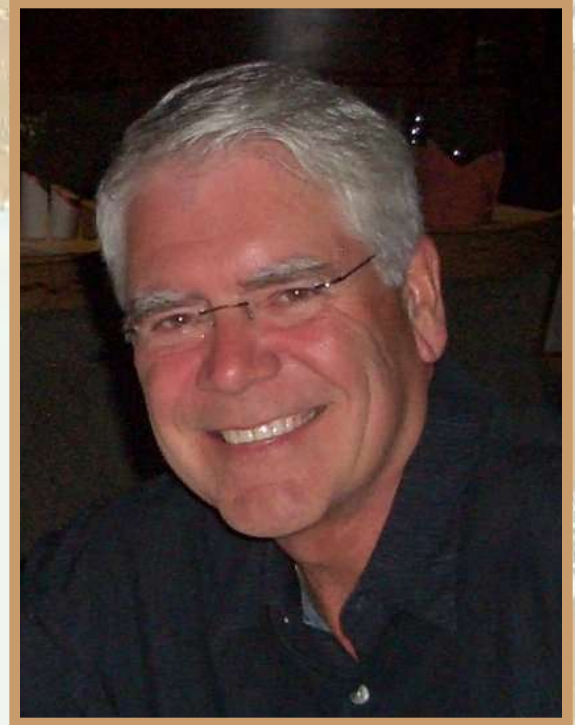


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DISCUSSION MODERATOR:

**Kenneth Stock, CGA**



Review Appraiser, DNR Real Estate Services  
[stockk@michigan.gov](mailto:stockk@michigan.gov)



# Paul A. Rose, MSA

State Certified General Appraiser

[pcrose@freeway.net](mailto:pcrose@freeway.net)





# HOW WE GOT HERE...

“What do we do in the absence of market data?”

**A MACRO-ECONOMIC  
PERSPECTIVE**





# THE EARLY DAYS OF THE CREDIT COLLAPSE...

- How deep is the problem?
- How large is the market correction?





### Home Prices vs Median Income



Source - eFinance Directory - 7/9/2007





# Historic Price Performance - nominal dollars (non-inflation adjusted):

| Asset Class                            | Performance Period | Annualized Rate of Appreciation |
|--|--------------------|---------------------------------|
| Equities - S&P 500                     | 1975-2008          | 8.8%                            |
| Gold                                   | 1968-2008          | 7.8%                            |
|  | 1978-2008          | 6.0%                            |
| Crude Oil                              | 1958-2008          | 7.2%                            |
|  | 1978-2008          | 6.5%                            |
| Ag. Land (ISU)                         | 1968-2007          | 5.8%                            |
| Median Single-family Home Sales Prices | 1940-2000          | <b>6.4%</b>                     |
|  | 1940-2007          | 6.9%                            |
|  | 1970-2007          | 7.5%                            |



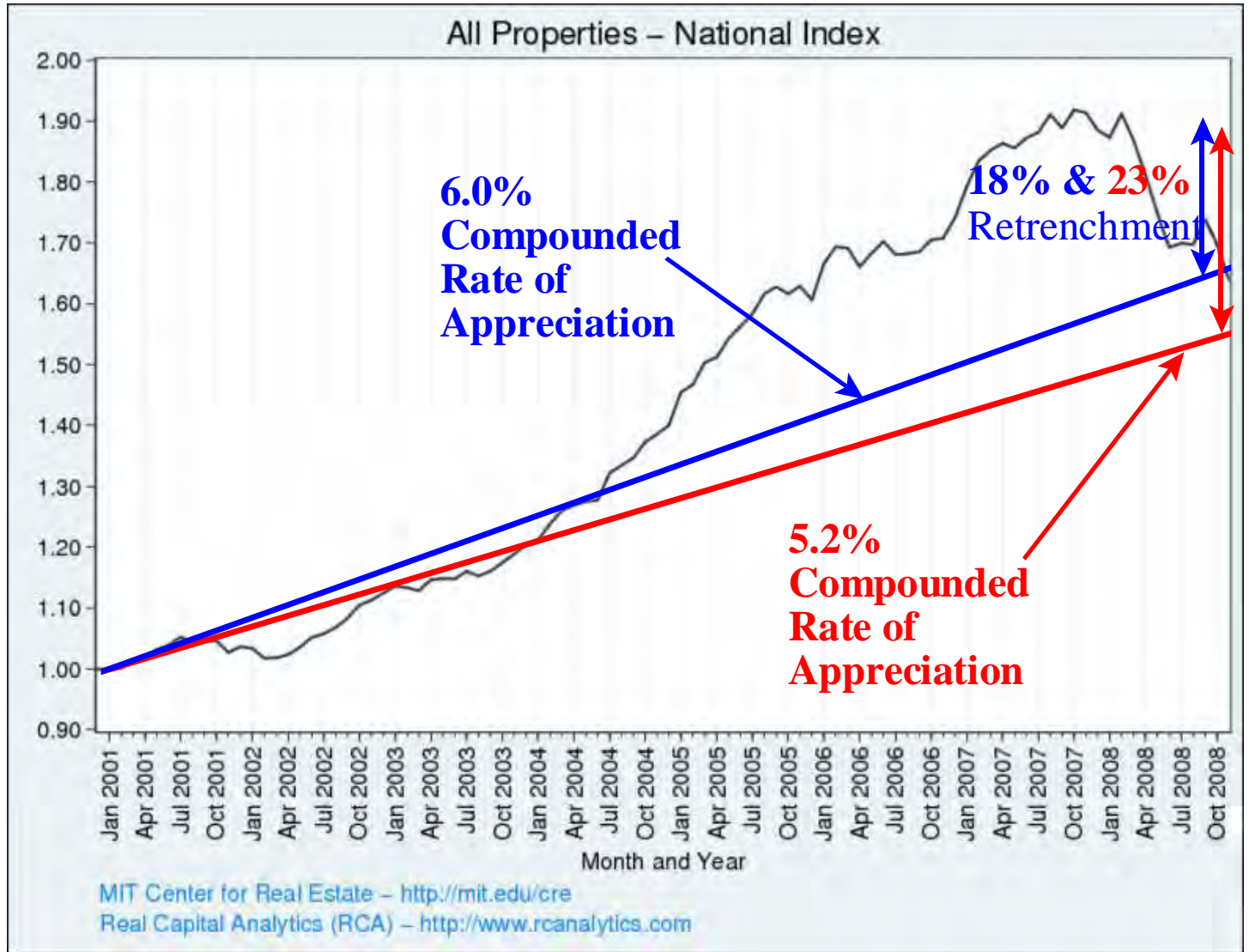
## Market Correction - (Projection made 10/08)

Based upon the analysis of historic land values, commodity and financial markets, it has been concluded that this value “reset” is likely to resemble an adjustment of the 2006 existing home median sale price from \$222,000 to \$175,000. The \$175,000 target value is based upon the 6.4% annual rate of appreciation which had historically existed between the period of 1940 and 2000. This equates to a decline of approximately **21.1%**.



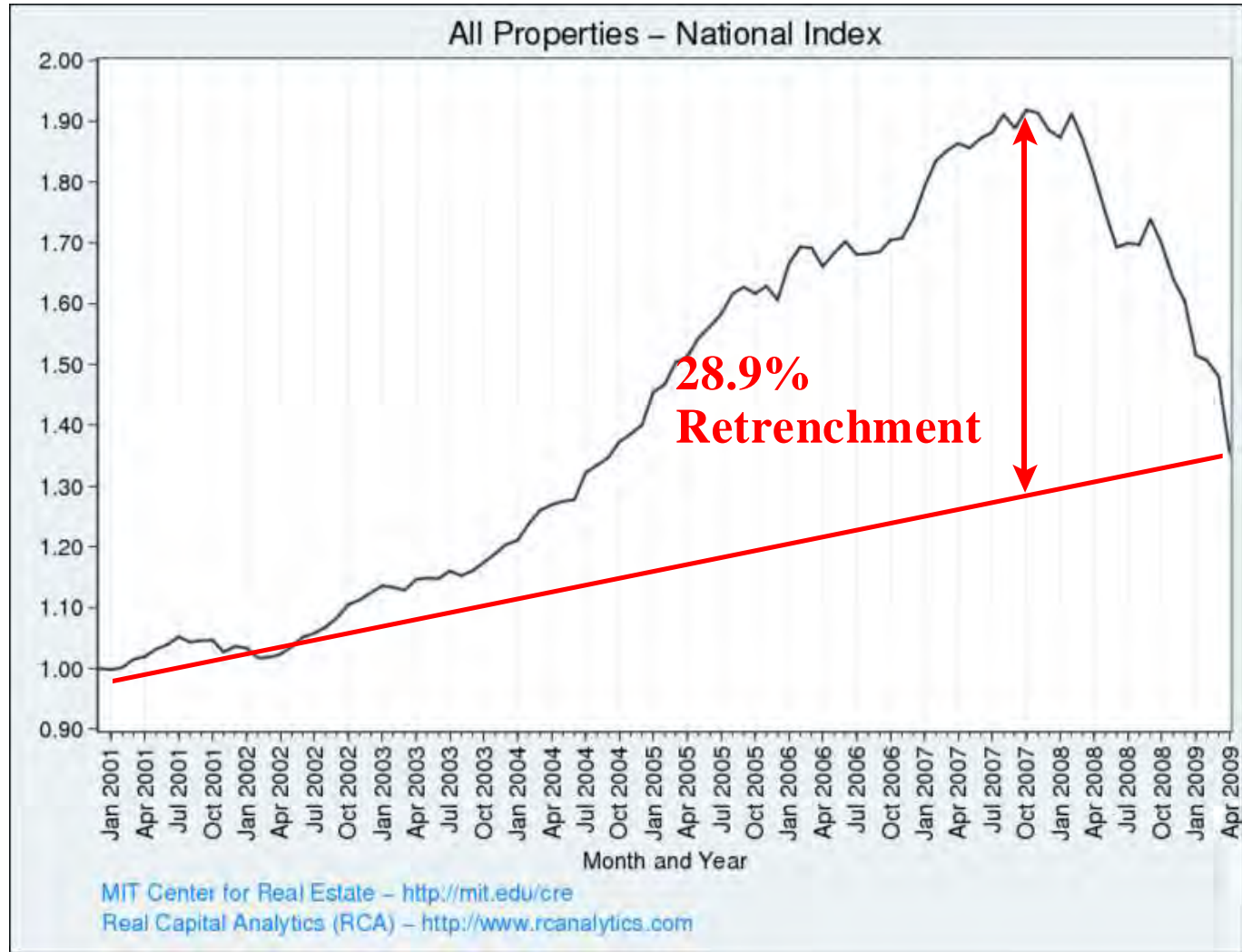


# MIT All Properties Index - October 2008





# MIT All Properties National Index - April 2009



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# ADDITIONAL CONSIDERATIONS...





# Implications of changing marketing time --

## Extended marketing time





# Seller/Broker Market Disconnects...

**If we have a limited number of willing sellers in certain property types and value levels, has this market decline really occurred?**





# Are distressed sales reflective of current market conditions in a distressed market?

Accelerated marketing times

