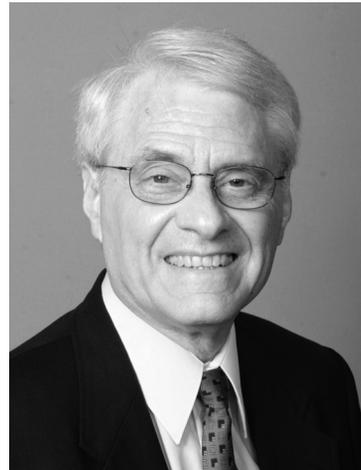


## Donald R. Epley, PhD, MAI, SRA

**Donald R. Epley, PhD, MAI, SRA**, is the winner of *The Appraisal Journal's* 2018 Outstanding Service Award. This award recognizes the member of *The Appraisal Journal's* Editorial Board, Review Panel, or Academic Review Panel who during the previous year showed exceptional commitment to *The Appraisal Journal* through outstanding service.

Epley is director emeritus of the Center for Real Estate and Economic Development at the University of South Alabama. He is a designated member of the Appraisal Institute and has served the appraisal profession as a member of the Appraisal Institute's Academic Liaison, Body of Knowledge, and Education Committees; he currently is a member of *The Appraisal Journal's* Academic Review Panel.

Epley was an elected trustee to the Appraisal Foundation, where he was chair of publications and a member of the Executive Committee. He has been president of the American Real Estate Society and chair of the American Real Estate Society Foundation. He was an active Appraisal Institute instructor, teaching predesignation classes and seminars. His research on the appraisal profession and appraisal process covers forty years. He has authored or coauthored over 100 refereed journal articles and eight texts, including a text on income-property valuation. One of his recent publications on automatic valuation models was nominated for an award by the International Association of Assessing Officers. He currently is CEO of Coastal Economics, specializing in measurements of economic growth, market trends analysis, and current appraisal profession issues.



# Winning Article: “Using the Income Approach for Minority Interests”



**Dennis A. Webb, MAI**

**Dennis A. Webb, MAI**, is the winner of the 2018 Armstrong/Kahn Award for his article, “Using the Income Approach for Minority Interests,” published in the Spring 2018 issue of *The Appraisal Journal*.

The Armstrong/Kahn Award is presented by *The Appraisal Journal*'s Editorial Board for the most outstanding original article published in *The Appraisal Journal* during the previous year. Articles are judged on the basis of pertinence to appraisal practice; contribution to the valuation literature; provocative thought; thought-provoking presentation of concepts and practical problems; and logical analysis, perceptive reasoning, and clarity of presentation.

In “Using the Income Approach for Minority Interests,” Webb demonstrates methods of valuing undivided interests in real estate and specifically the discount for lack of control that applies for minority holdings in partnerships and limited liability companies. The article's discounted cash flow (DCF) model is offered as an additional and independent income approach for lack of control. It uses a yield premium based on REIT trading and real estate rate survey data. The resulting fundamental analysis is familiar and able to incorporate subject-specific characteristics, such as growth and leverage, more easily and effectively than other commonly used methods. The model enhances existing approaches by adding the DCF method to the appraiser's conventional NAV method and results in a well-supported, logical, and persuasive analysis.

Dennis A. Webb, MAI, ASA, FRICS, is a business and real estate appraiser, former syndicator, and engineer. Webb is the principal of Primus Valuations, a specialty valuation and litigation consulting firm with offices in Los Angeles and Denver. Webb's practice is focused on the business of holding and operating real estate, allocating value to special-use real estate, and business valuation. His mission is to bring active engagement and collaboration into the valuation process, including real estate families, advisors, real estate appraisers, and valuers alike. He has authored numerous articles on holding company and fractional interest valuation and other valuation topics, and published in *The Appraisal Journal*, *Estate Planning*, and the *Journal of Business Valuation and Economic Loss Analysis*, among others. Webb is also a frequent presenter at valuation conferences and teaches extensively on interdisciplinary valuation topics.

To read the award-winning article, go to <http://bit.ly/TAJarticles>.

## Winning Article: “Market Value: What Does It Really Mean?”

**Michael V. Sanders, MAI, SRA**, is the winner of the 2018 Swango Award for his article, “Market Value: What Does It Really Mean?” published in the Summer 2018 issue of *The Appraisal Journal*.

*The Appraisal Journal’s* Editorial Board presents the Swango Award to the best article published during the previous year on residential, general, or technology-related topics, or for original research of benefit to real estate analysts and valuers. The article must be written by an appraisal practitioner. Articles are judged based on practicality and usefulness in addressing issues faced by appraisers in their day-to-day practice; logical analysis, perceptive reasoning, and clarity of presentation; and soundness of methodology used, especially in an area of original research.

In “Market Value: What Does It Really Mean?” Sanders explores important definitional differences among the various definitions of *market value* and *fair market value* embedded in codes, regulations, and court decisions across the country. The article demonstrates how the many value definitions in common use are needlessly subjective and in clear conflict with other definitions, especially in respect to the value standards and the conditions imposed on the hypothetical market under which a sale is presumed to occur. The article discusses the problems this causes and the practical impact on appraisal practice.

Michael V. Sanders, MAI, SRA, is principal of Coastline Realty Advisors, based in Southern California. His practice specializes in real estate damage economics, consulting, and litigation support. He was a contributing author of *Real Estate Damages: Applied Economics and Detrimental Conditions*, and a contributor to *Applications in Litigation Valuation: A Pragmatist’s Guide*, both published by the Appraisal Institute. He has authored a number of articles for publications, including *The Appraisal Journal*, *Right of Way, Valuation*, *California Lawyer*, *Orange County Lawyer*, and *San Francisco Law Review*.



**Michael V. Sanders, MAI, SRA**

To read the award-winning article, go to <http://bit.ly/TAJarticles>.

## Winning Article: “Environmental Risk Premiums and Price Effects in Commercial Real Estate Transactions”



**Thomas O. Jackson, PhD, MAI**



**Chris Yost-Bremm, PhD**

**Thomas O. Jackson, PhD, MAI, and Chris Yost-Bremm, PhD,** are the winners of the 2018 Richard U. Ratcliff Award for their article, “Environmental Risk Premiums and Price Effects in Commercial Real Estate Transactions,” published in the Winter 2018 issue of *The Appraisal Journal*.

The Richard U. Ratcliff Award is presented annually for the best original article published in *The Appraisal Journal* written by an academic author. Articles are judged on the basis of pertinent appraisal interest, provocative thought, logical analysis, perceptive reasoning, clarity of presentation, and overall contribution to the literature of valuation. To be eligible for this award, an article must have been peer reviewed by members of *The Appraisal Journal’s* Academic Review Panel and the author must be primarily engaged in teaching at a college or university.

In “Environmental Risk Premiums and Price Effects in Commercial Real Estate Transactions,” Jackson and Yost-Bremm present a study of the effects of environmental contamination on commercial properties’ sale prices and overall capitalization rates. Using a series of regression models, the study estimates price discounts and environmental risk premiums for sales of retail centers in Southern California over a fourteen-year period. Environmental risk for commercial real estate can be related to uncertainties concerning state-mandated cleanup requirements, potential off-site liabilities, and other factors. As risk increases, income is discounted or capitalized through higher required rates of return into lower prices and values. In the study, significant price discounts are evident for contaminated properties sold prior to remediation, but these are shown to disappear after the properties are remediated. In addition, environmental risk premiums, as measured through overall capitalization rates, are found but decline over time as market participants become more knowledgeable about the contamination-related issues.

Thomas O. Jackson, PhD, MAI, is a retired appraiser, urban planner, and college professor. He has over thirty-six years of experience in valuation of real property, urban planning, and real estate consulting. For over eighteen years he operated Real Property Analytics, Inc., a real estate appraisal and consulting firm based in

College Station, Texas, where he specialized in analyzing real estate potentially impacted by environmental contamination as well as other complex valuation related issues. Jackson was the G. Steven Dawson Fellow in Real Estate and a clinical associate professor in the Department of Finance of the Mays Business School at Texas A&M University, where he taught real property valuation in the Master of Real Estate Program as well as courses on land development and land use planning in the College of Architecture. He is a former member of the Professional Standards and Guidance Committee and the Education Committee of the Appraisal Institute. In addition to *The Appraisal Journal*, his research has been published in numerous other academic and professional journals.

Chris Yost-Bremm, PhD, is an assistant professor of finance at San Francisco State University, and he is a consultant with Real Property Analytics, Inc. Yost-Bremm has a PhD in finance from the Mays Business School at Texas A&M University, and he holds an MBA (with distinction) as well as undergraduate degrees in management and international economics (with honors) from California State University, Chico. His interests include econometrics and statistical modeling.

**To read the award-winning article, go to <http://bit.ly/TAJarticles>.**

