

RECOMMENDED READING

The Appraisal of Land

by Max Derbes Jr., CRE, MAI (2006, Mechling Books, Chicora, PA, 470 pages)

REVIEWED BY P. BARTON DELACY, CRE, MAI



FEW COUNSELORS HAVE BEEN MORE PROLIFIC in their writing and teaching than the late Max Derbes Jr., MAI, CRE, ASA, SR/WA. Max died last year at the age of 82, but not before writing his final magnum opus, *The Appraisal of Land*. The book is a virtual encyclopedia of theory and application, reflecting the author's half century in the field, which was punctuated

with extensive writing and teaching experience.

A veteran of World War II and second-generation MAI, Derbes joined his father's real estate firm in 1946 in New Orleans. During a nearly 60-year career, Derbes had significant industrial and right-of-way engagements including the then-proposed super-collider project near Dallas. He also wrote the industrial property valuation course for the former AIREA (the American Institute of Real Estate Appraisers), now the Appraisal Institute.

Privately published by Mechling Books, *The Appraisal of Land* has had only limited distribution to practicing appraisers. According to his son, Max J. Derbes III, CRE, the family would gladly donate the book rights to a real estate or appraisal professional organization that agreed to publish the work.

USE VALUE: LOGICAL OR UNORTHODOX?

Notwithstanding the book's staid presentation, some of the content is not without controversy. When Derbes first attempted to publish earlier in the decade, the Appraisal

Institute and the International Right of Way Association both took a pass because of Derbes' discussion of the "use value" of land. Derbes explores at length the concept that, under some circumstances, land is not necessarily worth its highest and best use value but some other value related to its value in use and its logical contribution to the value of the property.

Derbes goes to great lengths to acknowledge where the Uniform Standards of Professional Appraisal Practice, or USPAP, call for a highest and best use valuation of land, and when they allow for some exception. He also quotes a number of legal cases in which judges make those distinctions. Nevertheless, his conclusion has been challenged as unorthodox by other leading practitioners active in the Appraisal Institute today.



About the Columnist

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This viewpoint is a shame because the book properly anticipates some of the scope of work challenges confronting appraisers today. Derbes concludes that it is up to the appraiser to determine the type of use that dictates the value of land. This is similar to the 2006 USPAP scope of work rule. Scope of work requires the appraiser to shoulder the burden to define the appropriate value and ensure that the results of such an analysis not be misleading or inappropriate.

Derbes' perspective may have evolved through his litigation practice, where he was often asked to value special purpose industrial properties for local assessors. His guiding definition was: "Use value relates to the value that results from that use deemed appropriate by the appraiser in light of the client's objectives" (see page 314).

As an example, he notes that the value of a farm under special assessment might be different for property tax purposes than for a mortgage loan.

BOOK COVERS TRADITIONAL TECHNIQUES AND TODAY'S CONTROVERSIES

Though *The Appraisal of Land* presentation is old school and gives one the feel of an Ellwood text, Derbes left few issues uncovered. He begins with defining the appraisal problem and discussing conventional valuation methodology, then moves to economic theories including use value.

His section on right of way valuation encompasses traditional before-and-after techniques before extending to current controversies such as site contamination, corridor analysis and other complicated takings issues.

Perhaps it is appropriate for a professional body to sponsor a second edition of this thoughtful work as a legitimate contribution to the real estate profession. Indeed, with the real estate valuation profession dating back not

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much earlier than the depression era of the 1930s, it may be too soon for valuation theories to become so ossified and orthodox. Perhaps there is still time in the academy and in the field to debate the precepts and theories that compelled thoughtful practitioners such as Derbes to devote their lives.

On balance, the book is a worthy edition to anyone's real estate and valuation library. However a second edition might seek to consolidate some of the chapters and, more important, provide enhanced illustrations and diagrams to break up the text for an emerging generation of attention-deficit afflicted practitioners. ■