

October 12, 2012 12:30 am

Appraisals are essentially meaningless



From Mr Ted Leary and Mr Jack Rodman.

Sir, Dag Detter's comments, in "[Swedish lessons for the new owners of Spain's banks](#)" (October 9), are right on point. We might add two more.

First, there is likely insufficient entrepreneurial capital to cover all the bad real estate loans in Europe. Buyers have a choice and will, our experience tells us, enter the markets where loan/asset sales are the most professionally managed and where the assets are the most rationally priced.

Second, after a dramatic fall in real estate values, appraisals are essentially meaningless and the only way to establish values is through an open – often auction – sales process.

Once those values are established, buyers will follow. Until then buyers will seek other opportunities in other markets.

Ted Leary and Jack Rodman, Crosswater Realty Advisors, Los Angeles, CA, US