

Prop-Tech – A Challenge to Valuation as we know it?

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Key words: Real estate development; Risk management; Standards; Valuation; Prop-Tech; Ownership of Data; Data Management; Confidentiality; Independence; International Standards; Intellectual Property Rights; Mature and Developing Economies

SUMMARY

FIG 2018

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Paper Title:

Prop-Tech – A challenge to valuation as we know it?

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Prop-Tech, Ownership of Data, Data Management, Confidentiality, Independence, International Standards, Intellectual Property Rights, Mature and Developing Economies.

Paper Objectives:

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Valuation

The purpose of this paper is to identify some of the changing dynamics in the valuation sector, consider the risks and opportunities this brings to the profession and discuss next steps.

Over the last 5 years, technology has become increasingly used in valuations. However, there is now a combination of factors coinciding that suggest that the valuations discipline is in the process of taking a dramatic change of direction. These drivers have led to the increased focus on PropTech, a phrase being used to represent the change starting to happen across the sector.

An increasing number of factors are driving property value. It is increasingly difficult to understand the volume of data available on these factors and how they are driving market change.

This paper will examine:

Challenges / risks / opportunities

The changes underway will continue and most likely accelerate; which will bring challenges and opportunities to valuers and the Valuation Professional Organisations (VPOs) that currently represent them. For example:

- External studies have shown that many of the tasks that are part of a valuers role today will become automated. An early RICS assessment has suggested that this could be up to 56% of today's role over a 5 to 10 year time frame
- Valuations are often used for risk assessment purposes. This is an area where there is an increased market appetite along with a need for increased transparency, technology may well lead to an increased volume of valuations.
- There is little clarity across the industry about the ownership and IP (Intellectual Property) of data used to create valuations.
- There are an increasing number of new competitors into this space; for example technology companies, Accountants or Risk Assessors. This poses a risk and opportunity for our profession.

The changes are not all negative. The changes are opening new opportunities for the Valuation Profession but to capitalise on the opportunities an understanding of the skills required to deliver market relevant products is essential. Many of the opportunities lie within the framework of risk management and the opportunity to align traditional valuations with the risk management of other industry players.

Ben is responsible for delivery of the RICS Global Valuation Strategy which has a key role to play in securing a global financial stability through participation by the RICS in the development and application of International Valuation Standards. Ben is well qualified for this role as an Economist and a Chartered Surveyor and he has a particular interest in the interface of the economy and property markets.

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Ben's has been a practising valuer and respected academic holding senior positions at Nottingham Trent University and The College of Estate Management. Ben joined the RICS as Global Director of Valuation in 2011 having served on various RICS Boards including International Governing