

## Valuation and the Management of Real Estate in the Future

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FIG Working Week 2005

TS 15, Valuation and Real Estate Management I

Cairo, Egypt April 16-21, 2005

## Content

- Some trends in valuation and real estate management
- Relation of these trends to the present educational situation
  - case Finland as an example
- The importance of the field for profession and education of surveyors

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## Real Estate Management

- Companies are outsourcing their space
  - leasing and need of market information are increasing
  - > more valuations
  - effective premises -> modern flexible buildings
  - old properties face problems
- Demand for RE Management services
  - better service level and know how -> professionalism
- IFRS/IAS
  - fair values required -> valuations
  - need to compare -> valuation standards (IVS)
- Real Estate funds and other RE vehicles increasing
  - needs for right values increase

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## Valuation

- Global RE funds, huge amount of money seeking place to invest
  - need for common valuation bases
- The globe is "shrinking"
  - need to harmonise regulations and practices
- Local conditions don't, however, lose their impacts
- Population growth
  - poverty, slums etc.
  - more demand for specialities or simply for "good" areas in growing cities -> value increases
- Security of tenure
  - full compensation in compulsory purchase

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## Valuation

- Equality and impartiality
  - uniform practices
- New financial instruments also in RE markets
  - new educational requirements
- More focus on RE in taxation
  - mass appraisal, GIS supported valuations
- Increase of information, registers -> IT based systems
- Need for real-time information -> IT based systems
- Need for fastness -> IT based systems
- Need to decrease costs -> IT based systems

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## Probable outcomes

- Valuation will largely be based on IT applications and data solutions, WEB based services SOA
- There will be valuers with different backgrounds, e.g. real estate, construction, business, law, geography, architecture, statistics, biology etc.
  - > competition will increase
- On the other hand valuation especially in big cases will be more like a team work with different backgrounds, due diligence
- Education?
  - as an example changes in Finland

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## The members of the Graduate School KIITO

- Helsinki University of Technology TKK
  - Institute of Real Estate Studies
  - Laboratory of Construction Economics and Management
  - Laboratory of Heating, Ventilation and Air-Conditioning
- Tampere University of Technology
  - Department of Geoinformatics
  - Department of Construction Economics
- Swedish School of Economics and Business Administration
  - Department of Management and Organisation
  - Department of Finance and Statistics
- Turku School of Economics
  - Department of National Economics

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## Where do our graduates go?

- 2/3 of our students graduate (M.Sc. from the Dep. of Surveying) in Real Estate Economics (92% in 2003)
- Most of them have their major in Real Estate Economics and Valuation or in Real Estate Management
- Almost all of them go to the private sector in RE companies, RE consultant companies, construction companies, RE investment companies, investment analysis companies, RE service producers, or in public sector RE institutions
- Very few of them are interested in the Finnish Association of Surveyors and those in RE management are not calling them surveyors

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**RAKU** Developing cluster of real estate

- produces and maintains our business, service and living environment
- about 70% of National wealth
- employs 500 000 Finns ( over 20% )

500 000 empl. 500 billion €

business volume 40 billion €/a  
 interest 15 billion/a

35 billion €

LUVUT-VTT Kinnestöklusterin merkitys

## Broadening the Study Object of Real Estate Studies

- 1700 Rural Real Estates
- 1950 Urban Real Estates
- 1980 Housing and Property Companies
- 1990 Real Estate Investment Companies
- 2000 (Real Estate) Stock Market / Financial markets

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## The Future?

- The technical matters are going to be "every person's tools and knowledge", and they are going to be global solutions -> only a few real experts in those areas are needed and it's not necessary to educate them in every country
- Information of human activities and preferences is always needed, also forecasting of changes
- RE is an important field in societies and there will be a lot of work even in the future - but are the surveyors and FIG able to compete in the area? – certainly not without education and subjects interesting those experts

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## Conclusions and general trends

- on-line access to data
- open access for every property owner to data concerning his own property
- intelligent data
- valuation based on WEB Services

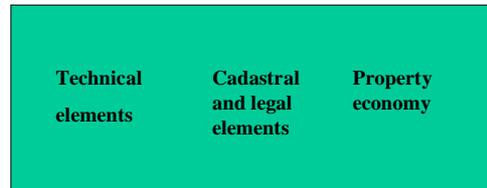
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## Conclusion and trends, education

- Master level education and PhD possibilities
- Specialized generalist
- Responsible to society

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## Overall model for education



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## Significant elements in the valuation process

- Trustworthiness
- Reliability
- Accuracy
- Responsibility
- Professionalism

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Thank you for your attention!