



Valuation - the lifeblood of the market - but is it enough?

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Why is a vibrant property profession important to society?

- 60% of a nations wealth
- 60% of all utilised materials used in Construction
- 60% of energy used on heating and servicing buildings
- 40% of carbon emissions emitted from Buildings
- 10% of workforce employed in the sector

What is the value proposition



- ▶ Public benefit
- ▶ Market efficiency
- ▶ Externalities
- ▶ Pareto optimality

Standardisation



1. Division of labour
2. Limits 'time stealers'
3. Reduce risk

Hernando De Soto – *“The mystery of capital”* 

Capital Creation–

- ▶ *“Capital is not created by money; it is created by people whose property systems help them to cooperate and think about how they can get assets they accumulate to deploy additional production”*

Hernando De Soto – *“The mystery of capital”* 

Fungibility

- ▶ *“If standard descriptions of assets were not readily available, anyone who wanted to buy, rent or give credit against an asset would have to expend enormous resources comparing and evaluating it against other assets- which would also lack standard descriptions.”*

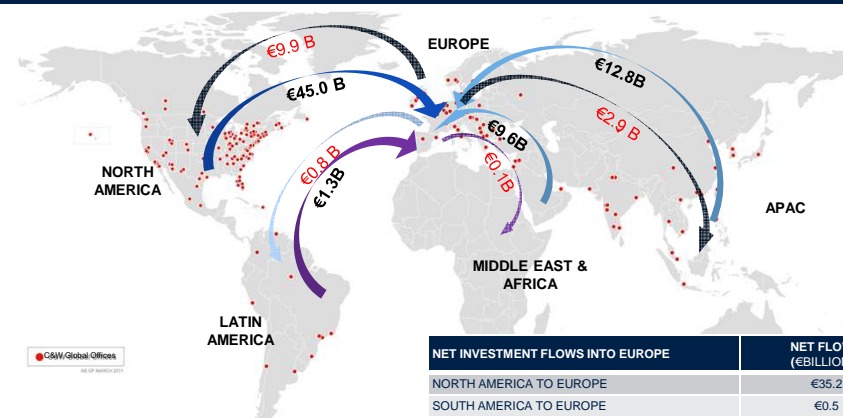
Market Value

- ▶ *Market value* is the estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

EUROPE - a magnet for capital from all areas

Inward Investment strong from all regions


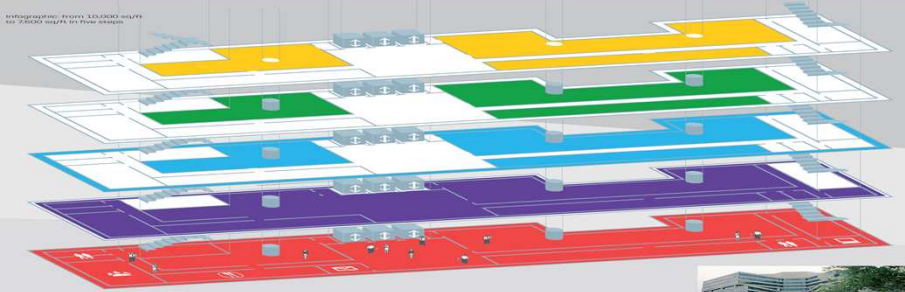
CROSS BORDER ACTIVITY: Year to Dec 2014



*Deals \$SM+, totals may not add due to rounding. Includes JV activity.

Source: C&W Capital Markets, RCA

NET INVESTMENT FLOWS INTO EUROPE	NET FLOWS (€BILLIONS)
NORTH AMERICA TO EUROPE	€35.2
SOUTH AMERICA TO EUROPE	€0.5
MEA TO EUROPE	€9.5
APAC TO EUROPE	€9.9
TOTAL GLOBAL NET FLOWS TO EUROPE	€55.1
EUROPE TO EUROPE	€47.9

HYDROGRAPHIC FLOOR, 3.05.0000.0000
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VARIATION IN PROPERTY MEASUREMENT GLOBALLY

- RICS CODE OF MEASURING PRACTICE (INTERNATIONAL) OFFICE AREA**
- API MEASUREMENT CODE (AUSTRALIA) OFFICE AREA, COLUMNS**
- SINGAPORE MEASURING PRACTICE (SINGAPORE) OFFICE AREA, COLUMNS, EX. WALLS**
- ISOMA INTERNATIONAL OFFICE AREA, COMMON PARTS, EX. WALLS (DOOR) TOILETS, MAINT ROOMS, COLUMNS**
- RICS CODE OF MEASURING PRACTICE (HONG KONG) OFFICE AREA, LIFT SHAFTS, COLUMNS, EX. WALLS, TOILETS, COMMON PARTS**

MEASUREMENT VARIATIONS BETWEEN MARKETS CAUSED BY INCONSISTENT MEASUREMENT STANDARDS CAN BE AS HIGH AS:

24%

IN SOME OF THE PARTS OF THE FLOORS NOT PRESENT BUT FOUND IN OTHER FOUNDATIONS CAN BE INCLUDED

IN INDIA OFF-SITE AREAS SUCH AS CAR PARKING AND COMMON AREAS CAN BE INCLUDED



IN SOME COUNTRIES, ONLY AIR CONDITIONED SPACE IS INCLUDED

LOOKING FOR AN OFFICE MEMBERS OF 2000 MEASUREMENT VARIATIONS COULD MEAN THE ACTUAL CAPACITY IS JUST 76 STAFF

BENEFITS OF IPMS:

- INCREASED TRANSPARENCY OF PROPERTY DATA
- CONSISTENT LANGUAGE FOR MEASUREMENT WORLDWIDE
- REDUCES RISK, FACILITATING INTERNATIONAL TRADE IN PROPERTY
- LARGER PROPERTY PORTFOLIO BENCHMARKING
- GREATER CREDIBILITY FOR VALUATION PROFESSIONALS WORLDWIDE


www.ipmsc.org

IFRS

IVS

IPMS



Where to now?



- ▶ Financial Stability
- ▶ SEC
- ▶ Fair Value
- ▶ RICS – AICPA – ASA
- ▶ Long Term Value, Future Value,

framework within the Rules of Conduct so that the users of valuation services can have confidence that the valuation of a RICS Member is consistent with IVSC internationally recognised standards”.



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So - Where is the valuation world going?

Thank you for listening.

