LOOKING AT TODAY'S GLOBAL VALUATION PROFESSION
A volatile decade provides lessons for our future

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FOREWORD

About This Paper

We are living through a decade when unprecedented market volatility is exacerbated by powerful forces of globalization, urbanization and securitization. Cross-border socio-economic change is occurring at an unprecedented pace.

This paper looks at the steps being taken to globalize the appraisal profession to meet these new challenges. Through a global lens it suggests ways in which the profession can respond to questions about its objectivity, its education, the impact of finance on real estate values, its access to more transparent data sources, and the public interest agenda.

The views expressed in this original paper are the author's alone. They do not necessarily reflect the views of any corporate or institutional entity the author represents.

1. INTRODUCTION – A WORLD OF CHANGE

In almost every decade, it seems, the valuation profession is re-tooling and up-skilling to remain relevant and credible. This is entirely appropriate and this most recent decade is no exception.

We work in a global economy at a time when the process of accurately valuing real estate is at its most difficult. Our inter-connected global economy has been characterized by volatility and lost confidence. Banking losses and the consequent freezing of many sources of credit have driven property values in many markets, to an all-time low. But with sellers disinclined to trade and comparable data hard to access, appraisers find themselves "flying blind". Typically there is scant supporting evidence to conclude an accurate value opinion in markets that are directionally uncertain.

It is perhaps inevitable then that, in such conditions, poignant questions for the profession arise. Questions ranging from the very meaning of "value" and "worth", to ongoing discussions about standards, competence, independence, regulatory enforcement, ethics, transparency, relevance, global consistency and of course, in the current environment, the impact on value of new forms of creative financing and securitized funding.

My paper today examines our profession through a global lens. Where are we and how do we set about planning for our global future?

I do not wish to seem presumptuous or to claim that my forty years' experience in global appraising qualifies me to pass judgment on my peers. But I have been fortunate in that time to have met leaders of our valuation profession in countries as far apart as Mexico, Poland, China, Botswana, Malaysia, Rumania, India and Australia. I stand here today, as in effect a messenger sharing with you some of the common global issues I hear discussed.

Everywhere I go, as here today, I sense a willingness to learn and improve by collaborating with each other to learn from recent experiences and, in the case of the past three years, find opportunities among the debris of the economic fallout. Never has there been a time when sound professional advice has been more in demand. Never has there been a more pressing need for appraisers to become interpreters, rather than merely presenters, of market data; just one example of several issues we need to address if we are to adapt and advance as a globally relevant profession.

2. A GLOBAL PROFESSION – DIVERSE AND COMPLEX

Just like other professions in today's changing world of business, appraisers operate in a globally diverse and complex society. The appraisal profession itself is diverse; not only in the broad geographic spread of its practioners, but in the vast scale and span of their disciplines. Collectively we use an extraordinarily broad array of skills and methodologies. Add to these, our requirements to comply with a variety of national and global standards, ethical codes, disclosure obligations and regulatory frameworks; and one begins to reveal a multifaceted profession.

Within it, we find a complex interweaving of disciplines. They relate to real estate, businesses, personal property, machinery and equipment – even arts and antiques. The types of interests and rights valued and the value-types sought are as innumerable as the purposes for which they will be used. Values for lending, taxation, securitization, equitable distribution etc. and all with a confusing smorgasbord of names; market value, investment value, fair value, business value, value in use, retrospective value, tax value, rental value, liquidation value, derivative value etc. - then dissected further perhaps into fractional interests, undivided estates and, before or after-tax values.

As if these issues were not enough, in a world where urbanization is a major force (as I shall touch on later), the reciprocal role of the rural practitioner assumes a relatively greater importance. With globally scarce land and water resources, the rural appraiser becomes involved in important and complex issues such as the valuation of growing timber and crops, mineral and water rights, sustainable government land policies, and the environmental impact of carbon emissions and climate change; all core issues which affect public interest agendas such as the world's rich-poor imbalance.

This is today's global profession - diverse and complex. Globally disparate and disciplinarily fragmented on a broad scale; and operating in a world where values become obsolete in a matter of hours as markets react to the latest "breaking newsflash", via e-messaging via our i-phones.

3. ADDRESSING THE GLOBAL ISSUES

Fortunately, confronted by such complexities, we are a profession that seems eager respond to many of these challenges. In its desire for improvement, our appraisal organizations are working more and more collaboratively with other like-minded bodies and publishing a constant flow of globally relevant, peer-reviewed articles from both the practitioners and academics.

The past decade produced a number of landmark papers. Going back to 2002 (a time when we were reeling from Y2K, a dot-com downturn and tragically the 9/11 attack of 2001) I read with interest, two UK papers published as part of the RICS "Leading Edge Series"; Michael Brett's "Valuation Standards for the Global Market" and, two years later, Gilbertson and Preston's landmark 2004 thesis, "A Vision for Valuation".

In the first, Brett, writing at a time when the Enron/Worldcom scandals had produced stinging indictments of professional ethics, applauded our professional bodies' initiatives in buttressing our standards and ethical codes. He noted the rapid progress being made towards profession's promulgation of International Valuation Standards.

Gilbertson and Preston were more critical. They pointed out areas where reform was needed to keep pace with a fast moving global business arena. Written in prosperous economic times, it urged the profession to quickly adapt to global business trends and to proactively explore new areas where valuation expertise was becoming relevant. (Had we heeded their 2004 recommendations, the profession might today have a more effective response to the economic downfall that was to come).

Contemporaneously, but in a similar vein, in a report to the 2006 World Valuation Congress in Kuala Lumpur, Dr. Kerry Vandell of the Center for Real Estate at the University of California-Irvine in a presentation entitled, "Expanding the Academic Discipline of Real Estate Valuation," describes what he calls the "childhood and adolescent phases through which the profession has progressed" including the processes that led to the formation of many of our professional appraisal organizations. These were set up, for the most part, to offer member the credibility of professional education and a code of ethics; both important marketing elements that members could use to put distance between themselves and some of the less-scrupulous early valuation practitioners.

In parallel, an associated *academic* discipline grew up, undertaking the research and publication of learned literature that challenged the profession to attain higher levels of thought leadership.

Vandell's vision for the professions' future is that, through consolidation and unification processes, the profession will gradually integrate into what he calls "the world economic order". To do this, he calls for the profession to develop "synthesized global methodologies to ensure a rapid, techno-driven convergence within the profession". He foresees the disappearance of what he calls the profession's "Balkanized approach", and its replacement by professional integration.

In a remarkably similar plea for greater professional homogeneity, the Appraisal Institute's Joe Vella, a former Chair of the IVSC, warned in a November 2008 speech to the International Business School in Rheingau, Germany, that, "….valuers can no longer present themselves as a fractured profession with little or no synergy between the different valuation practices. The market place requires a unified, highly qualified, and multidisciplinary valuation profession. The realization has set in, that the profession has not been as proactive as it could have been in giving the types of training or orientation to acclimate valuers to the world of financial reporting changes."

Most recently the University of Reading paper "Issues in Property Investment Valuation" by Crosby, Lizieri, McAllister and Martin, syntethizes the current issues facing the profession into six challenges to be faced. They warn that if it is to progress as an efficacious global profession beyond the constraints of each country's evolving culture, the profession must take care "not to miss turning points" or give "misleading signals" to its clients. Beyond the sales comparison approach, beyond the single-property perspective, beyond the tolerance for limited data transparency, beyond obsolete bank lending practices, beyond the bounds of tradition and, most important perhaps, beyond the client pressures that arise in the all-too-common "bonus culture" our now weakened financial brokerage paradigms. Finally it asks questions about the profession's methods, information sources, bias, and methodological flexibility in the face of market volatility.

Papers such as these, underscore the need for a more homogeneous valuation. Currently we are a multi-headed hydra. In order to equip future valuation professionals to face powerful the new market forces which I describe below, we need convergence of the profession's many fragments.

4. GLOBALIZATION, URBANIZATION AND SECURITIZATION

Having laid out (above) where the profession sits today, I would like to take a brief at three dominant influences on today's cross-border property markets - globalization, urbanization and securitization. (In other papers I have analyzed and written in greater detail about the impact of each).

For the purposes of this paper, it is sufficient to say that they represent powerful gusts that blow almost daily through our socio-economic systems. Their speed and ferocity continues to surprise us all. When least expected, their impact unsettles the unsuspecting, displaces the unprepared and generally wreaks the same havoc in economic terms, as a major storm.

Globalization implies that the destinies of our countries, regions and cities are irrevocably tied together by cross-border cultural, political and trading. Neither governments nor central banks seem to quite have it under control, international corporations and their investment bankers, live and thrive within the global business environment.

Therefore if we as an appraisal profession intend to offer international expertise, we need to become comfortable with it.

Urbanization reflects the fact that in we live in an increasingly urbanized global society where roughly 50% of the world's population live in cities - almost a quarter in slum conditions. 165,000 people everyday are estimated to move into a city somewhere in the world. City living has important implications for our life styles, our working environment, our social networks and our health. Most of all it has a major impact on the way we design, plan, build, own, maintain, renew and appraise our urban property.

Securitization means that our real estate is globalized by cross-border investment capital that has no geographic boundaries. In the case of sub-prime crisis, the fact that other nations' capital resources were heavily invested in the economic stability of the US, had disastrous results. It taught us that even the smallest property markets in which we appraise are likely to contain elements of global funding.

On a more general note it taught us that in the current uncertainty about the underlying value of the world's real estate assets, the profession's global voice has remained largely invisible. . While we may feel in one sense slighted by this apparent lack of respect from the world's business leaders, this is a good type of invisibility: we are fortunate not to have taken the blame for the uncertainty. In military terms, we have kept our powder dry not wanting to draw fire by exposing our collective head above the proverbial trench. We "live to fight another day" in the hoped-for economic recovery, with a relatively clean record.

The bad news comes when we hear veiled (and sometimes not so veiled) taunts inferring that the uncertainty pervading the world's asset-backed property markets arose, in part, from inaccurate, incompetent and, in some cases, non-impartial valuations.

Ouch! These accusations hurt. They demand action to preserve the profession's credibility through the current cycle and beyond. In the world of property investing, the stakes can be high. Many appraisers are employed as experts driving important decisions across the new global, urban and securitized economy.

With this in mind let us look briefly at, firstly, internal changes in valuation profession over the past five years and, secondly, at contemporary external evidence of changes in the investment markets in which valuation expertise plays such an important role.

Internal Changes

Internally, our profession has already recognized and begin to address some of these changes. We have ventured into such new territory as converging national and international standards for financial reporting, agreeing globally consistent techniques for valuing intangible assets, and finding appropriate methods and frequencies to apply to the burgeoning array of creative investment vehicles.

In most countries the valuation profession has taken steps to codify standards and enforce ethical codes. The publication of the first RICS *Red Book* of valuation standards in 1974, was a major step forward. Similarly, in the US in the late-1980s, after the national "savings and loan" crisis that involved federally-insured deposits, The Appraisal Foundation was set up to implement a system whereby all US real estate appraisers (but not appraisers of other types of property) were required firstly to hold a license for each state in which they worked and secondly to comply (under enforcement processes carried out by State appraisal boards) to comply with the the Uniform Standards of Professional Appraisal Practice.

The goals of these parallel systems were similar: to impose competence and integrity that would ensuire respect and credibility for our profession. In other words, as USPAP states: “to promote and maintain a high level of public trust in appraisal practice” (USPAP 2008-9: Preamble).

The move towards more robust ethics received a much-needed boost in the post-Enron era when hard-hitting compliance requirements were introduced by the 2002 Sarbanes-Oxley legislation. In addition to the *Red Book* and *USPAP,* the IVSC’s *International Valuation Standards and Guidance Notes* took steps to become the accepted guidelines in financial reporting. It was also adopted as the default standards-set in countries who had not yet established their own nation standards.

Similarly, documents such as TeGova’s *Blue Book*, the API’s and PINZ’s respective Australian and New Zealand *Professional Practice Guides,* Japan’s *Real Estate Appraisal Standards,* the Peoples Republic of China’s *National Standards for Real Estate Appraisal* etc. were promulgated; all examples of making standards codification the basis for the oversight of valuation ethics and competence. Each is also helpful in understanding how consistent methodologies are gradually converging globally. This process continues with progress being made in such areas as monitoring valuation accuracy, producing guidelines for the use of automated valuation models (AVMs), addressing global consistency in valuing assets for financial reporting (VFR) (implemented across developed markets with the glaring exception of the USA which, ‘though moving towards convergence, still relies its own GAAP accoutering model) and the global sharing of taxation assessment methodologies using mass appraisal techniques.

Notwithstanding such initiatives, bridging decades of cultural cross-border mistrust among valuers, has not been easy or rapid. Comparisons of accepted valuation procedures in different parts of the world reveal that, in going about the business of valuation relying primarily on local knowledge and experience, the profession has been slow to espouse the notion of globalization. In the bigger frame, the traditional societal differences across Europe and between the world’s continental regions, have inevitably spawned significant differences in valuation cultures.

Examples abound. Valuation debates involving the relative merits of the German banking system’s HypZert qualification for valuers who provide Mortgage Lending Value (MLV) and the UK ‘s conventional “market” value theories, for instance have been inconclusive. Those between the competing markets of France and Spain and perhaps most visibly between the USA system of USPAP-driven State Certification and the rest of the world, are only slowly embracing convergence.

More recently, academic debates initiated by valuation and property organizations such ARES, IARES, IPF, PCA, WAVO, NACAU, IVSC, WVC, EPRA, INREV and the various world regions of the RICS, have fostered a mutual understanding of diverse valuation cultures. In may such dialogs, the education systems of the predominant North American , European and UK bodies have formed a basis for global discussion.

In another important collaborative move, the Toronto Valuation Accord (TVA) confirmed the unified support of the professional for the “mark to market” accounting rule proposals. Signed by all American and international professional valuation organizations, the TVA following an October 2003 summit held in association with FASB meetings, unanimously agreed that:

“The move toward market value in financial reporting is in the best interest of the public, investors, government, and business decision makers”.

While such discussions represent measurable progress, a recent JLL Survey reminds us “change continues to be exponential and lightning fast". If we don't respond professionally and collaboratively with more of such initiatives, we doomed not only to repeat past failures but to become dinosaurs struggling for survival against the fast-moving dynamics of the economies and property markets we serve.

External Changes

Without repeating my detailed statements about change (earlier), advances in technology and communications, have accelerated economic cycles to an extent to where the traditional external influences on the way we respond to requests for valuation services, have changed.

For an example, in retrospect we perhaps should have devised a robust prophylactic valuation tool that would have served as an early warning system, against the 2007 sub-prime crisis. If assets used as collateral for direct or indirect investment in asset-backed markets had been valued according to an internationally-accepted standard of competence, accompanied by an enforced code of ethics, the stability that is so fundamental to market confidence, might have been preserved.

It is not the purpose here to rue what might have been. Being wise after the event serves no purpose. But mindful of the lessons we learned in the global downturn, I want to look at five current segments of the profession where, from listening to our profession's leaders, I sense a collaborative appetite for change. These five areas are:

a. Appraiser Objectivity
b. Appraisal Education
c. A two-way understanding of the interaction of finance and property
d. Accessing, applying and interpreting newly transparent data sources
e. The public interest agenda.

a. Appraiser Objectivity

Worldwide, the view that the core ingredient of competent valuation and effective standards is objectivity, appears to be unanimous. Bias is unacceptable. USPAP (the USA's valuation standards described earlier), expresses it as follows:

"An appraiser must perform assignments ethically and competently and with impartiality, objectivity, and independence."

If a report card were issued on the topic of impartiality, we would find evidence suggesting that the profession as a whole should come under the same scrutiny in this respect, as credit rating agencies, mortgage brokers, estate agents, and commissioned loan officers. In the interest of brevity, I am assuming that this is understood and that, in the final analysis, the cornerstone of the valuation profession rests on opinions that are unbiased and impartial. However, enforcement of standards and ethics is a difficult area for most professional bodies.

The Report Card for this topic reads:

Needs constant scrutiny

b. Appraisal Education

In my year as RICS President, I visited twenty or thirty academic institutions involved in educating our future valuation professionals. In most cases, curricula were robust and comprehensive, and the quality of teaching faculty and the student intake, was high. What the programs generally complained about was a relatively low level of community and practitioner support. Therefore some programs lacked relevance to the employer-needs of their communities with the result that many had problems with job-placement.

One successful example of overcoming this problem was the award winning "World of Work" (WoW) program being at Liverpool John Moores University (LJMU) in UK. LJMU maintains a fully-staffed Graduate Development Center (GDC) which encourages undergraduates, from the time they enter the University, to reach tested levels in nine "employability skills" topics. These include problem-solving, team and interpersonal skills, verbal and written communications, personal organization, initiative and flair, numerate reasoning skills and IT literacy.

"Because these employability skills are highly valued by employers," explained LJMU Vice-Chancellor Dr. Michael Brown, "our graduates have an edge in the interview process and, if selected, get a head start in their professional careers". In today's all-too-thin employment markets, both traditional and innovative academic programs, need practitioner support.

Again, from a practical viewpoint, the profession can help develop flexible, time-sensitive study courses that can be adapted from existing curricula and aggregated by busy professionals towards a recognized credential. Similarly, the wider acceptance of distance education using interactive technologies can successfully mix self-study with on-line, real time mentoring. This can be an important catalyst to achieving the goals of globally consistent standards.

The payback for combining the traditional teaching of educational institutions with experiences in the workplace are high. Firstly, my campus visits revealed that working students seem more motivated, have a greater understanding of the framework on which theoretical knowledge hangs, and have a greater appreciation for the wise use of classroom time. Secondly, collaborative, profitable knowledge-sharing opportunities are an essential component in teaching "soft" skills for expert testimony, dispute resolution, and public policy setting.

The educational efficacy of our global profession depends not only on a robust academic curriculum but on the willingness of business and academic leaders to work together to meet the needs of our changing employment market. It is only by attracting younger professionals that our profession will survive.

The Report Card for this topic reads:
Both the profession and academia score highly in targeting innovative education initiatives for the workplace. But collaboratively they are not yet doing enough in the fields of global connectivity, community-academic cooperation, resource sharing, student exchanges, and finding ways to share business opportunities. Such activities would enhance the classroom-workplace experience and prepare both graduates and employers for a smoother and more predictable employment transition.

c. Data Transparency

There are many features of real estate appraisal work which could be materially improved upon if we had access to a centralized research bureau which could provide us with authoritative figures. Nothing is so fatal as decisions reached without the possession of complete and adequate data. AI: 1933

By data transparency in a valuation context, I mean the competent tracking and codifying of accurate transactional data in a system that records and promptly arrays details of properties, property markets, yields, and trends, in an accessible public or private data repository, whether freely or for a fee.

The recent market demise described earlier has starkly exposed the flaws of intransparency in today's world property markets. It is no exaggeration to say that opacity underlies market uncertainty and lost confidence.

This comes as no surprise when we consider the binge of cheap credit and the myopic acceptance of risk that lured naively unquestioning investors into what appeared to be an enticing, but opaque, array of financial products, Many - major players among them - had only the flimsiest notion of the true nature, let alone the value of, the underlying asset.

Such trusting acquiescence is unlikely to be repeated. In the broader context of the alarming losses among cross-border investors who participated in markets they knew little about, the world's regulators are wisely and unanimously calling for greater informational openness as a prerequisite for economic recovery. Market confidence, they feel, will return only on a vigorous mandate of transparency.

Quite simply, investors need to understand what's going on. What is the true nature of the underlying asset? What lies behind past transactions? What are the fundamentals of its market. How and by whom was the asset financed, managed owned; and, if securitized, into what tranches?

It is perhaps paradoxical then that, given the devastating impact of intransparency on the world's asset-backed property markets, the concept of data as a closely-held stock-in-trade, should survive. In an era of open source software and collaborative business enterprise when vast reservoirs of data are readily (and often freely) available via a central repository, many transaction participants prefer to keep confidential the details of their property trading.

Considering the quantity of data that exists in the public domain this secretive data culture means that formal property records remain, in many markets, disappointingly disorganized and widely-dispersed across myriad of databases.

In the new era where real estate debt and equity instruments disburse absentee interests in a community's real estate far and wide, the knowledge and understanding of property should no longer be the exclusive domain of a few. This message is particularly poignant at a time when society in general is beginning to show a remarkable interest in property. It is no longer confined to the question of home values. Today, important issues about sustainability and a greener world have given momentum to the "need to know" and "need to share" generation.

Whether actively concerned in the local housing market or trading portfolios of assets that are physically invisible to today's investors, the availability of accurate and timely market information, just as in the world's stock markets, becomes critical. It is this fact that has given rise to urgent calls from our political leaders for a greater degree of transparency.

In summary, the inconsistencies of collecting and collating data, property measurements, yield calculations and communication systems, expose the need, particularly in uncertain markets for clearer indicators on which to base the determination of asset values.

For the valuation profession, and for those caught either in the alluring "money-speak" of creative funding or on the stormy seas of multi-layered real estate trading, transparency is a lifeline. Indeed, given the greatly increased appetite for a shared data culture, the valuation profession can take a leadership role in setting new standards for data transparency?

It is only the well-informed appraiser who, armed with accurate market data, will survive the difficulties of working with a lean supply of comparable market activity. The challenge will be to find effective, collaborative, solutions to cost-effective data-sharing on a local, regional, national and global basis.

Making progress but needs improvement. Collaborative data-sharing in the world's property markets remains in its infancy. Under pressure for transparency as a prerequisite to fair trading, the appraisal profession must accept a shared data culture; a culture that will value not only push for more transparent transactional information but take a lead role in promoting consistent methods of physically measuring properties and, in the investment market, an internationally accepted method of calculating yield. In addition, given today's internet technologies, attention must be paid to communicating data via consistent data-sharing protocols. There is a still a long way to go.

d. The Property-Finance Collision

Understanding the property-finance revolution is a major prerequisite of applying the valuation's profession's skill-set. The coming together of property and finance was described at a REIT Conference I attended in Singapore as "a catastrophic five-year train wreck".

It is in the aftermath of such a train wreck that real estate valuation professionals are blamed for not understanding the intricacies of the creative financing that legitimized what would otherwise have been, non-feasible transactions. In turn, for their part, financial advisors knew little about the underlying property.

Sir David Clementi, Past President of UK's Investment Property Forum agrees. "The long term challenge," he thinks, "is to understand the changing nature of property as an asset class and its implications for property fund management".

There is no doubt that many real estate transactions – including many landmark investments - would not and should not have happened but for the availability of cheap and voluminous credit. While clearly, finance expanded effective demand, the question for appraisers remains; to what extent is a property's value influenced by the availability of cheap finance; and conversely, as now, by the non-availability of credit?

In a world where asset-backed financial engineering has collided head-on with securitized global real estate markets, the valuation profession should begin to take a lead role in helping markets understand the finance-property implications?

Even more to the point, is the follow-up question; is the valuation profession equipped and educated to levels that enable it to take its place in an advisory arena that previously was dominated by financial advisors?

Traditional appraisal methodology mandates that appraisers distinguish between the value of financial interests and the value of the real estate asset. But with finance and real estate markets becoming inseparable are we equipped, as valuers, to deal with these two worlds? Dr. Neil Crosby of UK's Reading University, speaking to an IPD/IPF Conference in Brighton UK, suggests not. "In the fallout from the recent financial crises", he says, "valuation techniques need improvement to an extent far beyond any advisory papers we have so far authored".

But we are not without hope. For three decades, the profession's International Valuation Standards Council has been working to promulgate international standards for appraising financial instruments, in parallel with the IASB's work establishing and refining financial reporting standards.

According to Past IVSC Chair, Joe Vella, the International Valuation Standard are "robust, independent and international", enough to be recognized in over 100 countries around the world. Brazil, Canada, India and Korea, he said, will adopt them by 2010 with Japan converging by 2011.

In the same spirit of integration, the 8,000-member Australian Property Institute (API) supported by the Australian Valuation and Property Standards Board (ASV&PB), in the fifth edition its Professional Practice Guide adopts the international Standards and Guidance Notes of the IVSC. In the current downturn, international convergence and harmonization efforts are likely to accelerate in response to the need for globally consistent accounting. In this context, the valuation profession in the USA continues to advocate the crucial need for "incorporating market value concepts into the financial reporting framework."

In conclusion, the collision of finance and property not only raises issues of awareness and understanding in both segments, but identifies a need for collaborative education and training. The "marriage" of the two worlds still appears be to be distant. They have collided, it seems, during extreme cycles of market volatility. The path to a more integrated property/finance world will require work.

The Report Card for this topic reads:
Only slow progress. The dust has not yet settled from the collision of property and finance. Collaborative steps must be made by both professions to share, understand and adapt to each others' skills base and facilitate the property-finance knowledge-transfer. Each profession needs to implement more robust ways of educating its professionals to become advisors within the changing regulatory environment of global financial reporting.

e. The Public Interest Agenda

Given the world's growing interest in its real estate (as described earlier), this section asks the question, is the valuation profession providing a robust value-based response to the world's the public interest agenda? Specifically, what are valuers contributing to global debates about "green value", codified land titles, water rights, fair ad valorem tax systems (particularly in emerging markets), the world's rural-urban land balance, the impact of climate change on habitations and the effective management of natural and man-made disasters?.

While economic forecasts for 2010-11 remain gloomy, and the prioritizing of corporate social responsibility (CSR) recedes, the global downturn brings a much-needed breathing space for the valuation profession to take stock of the opportunities for a greater recognition of its role in these and other public interest issues. Valuation as an important adjunct to diligent stewardship of the world's property resources, can provide a needed boost to the profession's respect and visibility.

If we did not realize it before, the current financial crisis shows the extent to which we live and work in a global village. It has also shown that being motivated solely by profits is not necessarily the most effective long-term world view. There is no doubt that, for those searching for global answers, the public interest issues are deserving of adequate long-term attention from our profession.

In this respect, profession organizations have begun emphasizing the long-term importance of members acting in the public interest . Our collective skill-set, knowledge-base and experience in the world's property markets, can make a useful contribution to finding solutions to long-term public interest questions. While this is not the place to debate such details, the Top-10 issues on which the profession's specialist knowledge could prove useful, include:

1. Green Value
2. Sustainability
3. Codified Land Titles
4. Climate Change - its impact on habitats and land use,
5. Renewable energy sourcing
6. Urbanization Issues – housing, food, clean water, and health
7. Fair ad valorem tax systems
8. The world's rural-urban land balance
9. Disaster Prevention and Management
10. Finding residual value in the built-environment left behind by world events like Olympics, World Cups, Expositions, etc

The Report Card for this topic reads:
More effort needed. Not to initiate, participate in, and lead the debate about sustainability and conservation particularly regarding resource valuation skills, would be short sighted.

8. CONCLUSION – CHALLENGE AND OPPORTUNITY

As we have seen, for those with traditional notions about real estate values, the boom-bust cycle of the past five years were, if not an eye-opener, were a learning experience. We have explored (above) how the recession has brought unprecedented changes to global real estate markets; and how the forces of globalization, urbanization and securitization, are driving us to take a fresh look at our profession's credibility.

We see the wisdom of collaborating professionally in adapting our knowledge base and skill-sets to new market demands; and we must be visionary and courageous in replacing valuation principles that have been overtaken by changing market behaviors or have been replaced by new technologies for analyzing, developing and reporting our opinions.

But my paper is not about change for change's sake. I do not advocate throwing babies out with our bath water. Those things that we do right and those traditional tenets on which our predecessors founded the profession must be preserved. In this context, the words of the US Appraisal Institute's 2009 President, Jim Amorin, are relevant.

"We must be influenced", he stresses, "by those who applaud the underlying elements of our professionalism – namely, transparency and independence – but must ignore those who espouse interests that are opposed to these cornerstones of our professionalism. In other words, valuations that are influenced by the optimism of investors, lenders and developers, are unacceptable".

Remaining independent and above reproach and thereby sustaining our credibility as a profession that can provide the interpretive wisdom to decision-makers is, after all, where our true "value" lies.

In conclusion, let me quote from the 2006 landmark book, "Wikinomics" by Neil Tapscott and Anthony Williams (published by Penguin):

"Mass collaboration is changing the way societies are harnessing knowledge to create value. A new type of business is emerging – one that opens its doors to the world, co-innovates with its customers, shares resources, that were previously closely guarded, harnesses the power of mass collaboration and behaves not as a multi-national but as a truly global enterprise. These companies are driving important changes in their industries and re-writing the rules of competition."

These are important lessons for our profession. I have outlined ways in which we need to work collaboratively and globally to create a more competitive and relevant profession. I leave you with the thought that this is not only a *challenge* but, should our appraisal organizations take it on, a great *opportunity.*

END