New challenges for valuers - Need for extended education

- Valuation as an academic subject
- Valuation in a new institutional setting
- Transparency in valuation assumptions
- Valuation education - two approaches
- The KTH Valuation curriculum
- Curriculum comparison
- Conclusions and recommendations

Valuation as an academic subject

- Introduced by Richard U Ratcliff
  1961 Real Estate Analysis
  1972 Valuation for Real Estate decisions
- Value and valuation theory linked to Investment Theory and Theory for Decision making
- Early research
  Assessment for tax purpose
  Compulsory purchase
A new institutional setting

Globalization

IVS

Property index  Mortgage lending St

Valuation

Basel II  IFRS

Transparency in valuation assumptions

- The Swedish property index is based on transparency in assumptions
- Assumptions about rents, yields, vacancy rates are disclosed on an aggregate level

- The valuers as group “can not hide behind the value estimate”
  - Need for a closer understanding of market relations
Valuation education - two approaches

The Grasskamp approach

The Financial approach

The KTH Valuation program - I

- Bachelor level 180 ECTS
  - Mathematics, IT 57 ECTS
  - Building Science 28
  - Economic Science 45
  - Planning and building process 15
  - Law 21
  - Natural Resources 6
  - GIS 8

180
The KTH Valuation program - II

- Master level 120 ECTS
- Research methods
- Urban & regional economics
- Market analysis
- Business cycles
- Real estate development
- Investment analysis of financial assets
- Financial economics
- Portfolio management
- Financial institutions
- Contract theory
- Advanced issues in real estate
- Real Estate Valuation

Profile of programs

Core courses are the same around the world

KTH – Mathematics – a program within the surveying tradition

Reading – Early focus on valuation – a planning tradition

Wisconsin – Design and architecture

Western Sydney – Economics and finance
Future of valuation education and the profession

- International competition about research money and students
- The valuation profession has a strong need for research and a strong academic back up
- Valuation as a profession will survive as along as valuers can add value to investment decision making
- New challenges for valuers
  - Green building
  - Energy performance
  - Expert systems

A pathway ahead for valuation education

A mix of the Grasskamp and financial approaches