

Exploring Non-Traditional and Alternative Areas of Work for Valuers in Thailand

Survey, Research, IT, GIS-CAMA, Education, and Publications

A discussion paper presented at the 13th Congress of the ASEAN Valuers Association, September 13-15, 2004 in Kuala Lumpur, Malaysia

Mr. Pratak Simapichaicheth Dr. Sopon Pornchokchai
Chairman, Thai Real Estate Business School President, Thai Appraisal Foundation

Abstract

This paper explores the current need for non-traditional areas of work, be it for survival or growth and expansion. Various common issues confronted by valuers from all over the world provides supporting evidence. With the goal of improving the situation faced by valuers in the long term future, suggestions for further adjustments are presented. There is opportunity in crisis. Two feasible alternatives are presented for consideration: first, to remain in the industry by adopting new technologies and by becoming more specialized; or second, to explore professional opportunities in alternative fields that are valuation-based or real estate-based.

Keywords: valuers, valuation, appraisal, Thailand, profession

Why do valuers need to explore non-traditional areas of work? There are two major reasons why one would conduct such a search. First, and more conventionally, is the internal drive to expand our business horizons. However, exploring non-traditional areas of work for this reason may not result in a trend because it depends on the background, expertise, and initiatives of each individual entrepreneur. Second, external environmental forces may drive the exploration of non-traditional areas of work. In the field of valuation, the demand for and relevance of conventional areas of work may be dwindling, eventually coming to a point where one can no longer rely on them for a living. Therefore, non-traditional areas of work need to be explored as supplemental or alternative sources of income. This second reason may be the major concern for valuers in the world today.

Is There a Future for Valuers?

Social and economic conditions have changed, and valuers are being critiqued worldwide. Because the value appraised by the seller is incongruent and inconsistent with the value estimated by the buyer, the credibility of valuers is being critiqued more increasingly. McFarquhar (2000, 4) observed that valuers are now under shaky condition in terms of career stability, even in highly developed countries where valuation had been a well established profession for centuries, such as in the United Kingdom. Bates (2001, 5) also observes that appraisers in the USA are subjected to a similar plight.

In 2003, the World Valuation Congress held its 10th bi-yearly world congress entitled "Is There a Future for The Valuation Profession?" at Cambridge University, United Kingdom (WVC, 2003). Some 250 participants gathered to discuss this main theme. Greenwood (2003, 6) summarized the discussions in stating that automated valuation models (AVM) and other technologies have reduced valuation services to the status of a commodity that can be produced at the lowest possible cost. He also concluded that in today's world, valuers will have to actively acquire new innovative skills in order to survive. These, however, have not previously existed in the domain of the valuers.

There has been increasing concern about the AVM dilemma, which is predicted to decrease the number valuers and their jobs worldwide. In the 2004, at the Appraisal Today Conference, Zillioux mentioned that AVM is now widely used for most tasks previously carried out by valuers, such as pre-qualification, first mortgage, home equity, wholesale review, quality control, default and foreclosure, portfolio valuation tracking, and internet marketing. As a result, the need for valuation is likely to shrink drastically in the near future, particularly of residential properties, which are the major source of income for typical valuers.

Substantial facts may be drawn upon to support this prediction. The level of valuation fee has been declining worldwide. In Australia, Bond (2003, 14-15) also pointed out that the high cost of professional indemnity insurance of Aus\$4,000 to Aus\$10,000 has discouraged many valuers, who has since moved on to other professions. Ghyoot (2004, 7) identified the increasing pressure of cost competition among valuers. He suggested that valuers may consider other work alternatives, such as consultancy services in the areas of asset, financial, and real estate portfolio management.

The threat to valuers is not only limited to local valuation firms, but also to large international firms. Large accounting firms have diversified into property consultancy services, hence intruding upon the work opportunities of valuers. Given this situation, the future of conventional practices of valuers may not be bright. In a globalized world, issues become inter-related, and adaptation and development takes time. Therefore, it is critical that a paradigm shift takes place among valuers, if the profession is to survive and to develop into the future.

Being Competitive for Survival

On the whole, there are two pathways that valuers can take in order to become more competitive and survive in the changing world. First is to become acquainted with the AVM-CAMA and learn to use it to the best advantage of the valuer. Second is to specialize in the field of valuation.

Valuers cannot avoid the use of the AVM or Computer-Assisted Mass Appraisal (CAMA). These technologies have been developing since the 1970's and have been accepted in the Uniform Standards Of Professional Appraisal Practice (USPAP, 2004). The International Association of Assessing Officers (IAAO, 2002) published the standards for CAMA in 2002. Later in 2004, IAAO (2004) also approved standards for AVM. A valuer in the contemporary world needs to know about the innovations brought on by CAMA and AVM and must adopt and apply these tools to their best advantage. CAMA and GIS (Geographic Information Systems) have already become widespread in the world of valuation.

Specialization

Being strong in a particular field is also another way to gain an edge over one's competitors, and survive and grow. In the USA, a considerable number of valuation firms have begun to specialize in particular types of properties. For example, the [HVS International](#) specializes in global hospitality consulting. Rushmore (2004) of the HVS International went further and has written a book on "Hotels and Motels: Valuations and Market Studies" for the [Appraisal Institute](#) (1992) based in Chicago.

In the Asia-Pacific region, some prospective areas for specialization are as follows:

- Plantation, oil palm, rubber or fruit orchards
- Utility properties including facilities projects
- Agricultural properties
- Environment concerns and contaminated properties
- Easement, right-of-way and appropriation

Inevitably, limits and limitations exist for both suggested alternatives. They cannot be ignored and it is important that they are seriously taken into consideration. In the case of AVM, CAMA and other information technology, it is debatable whether they are "boon or bane"? Important investment decisions should not be made without adequate scrutiny and well informed judgement. Therefore rational and intelligent people should not allow themselves to blindly believe in the artificial intelligence. In the case of specialization, aggregated and qualified expertise is needed. This will take a certain amount of time, and given the time constraint, some valuers may not be able to furnish themselves with the proper knowledge and experience in time to make the changes that will enable them to survive.

The application of technology in AVM, CAMA and GIS as well as the specialization in a particular field of valuation and consultancy services are thus two major way out. In addition, there are still a need for the diversification of related real estate business.

Diversification: Diversity of Services Offering

There is also a diversity of related fields which should be considered as ways to expand the business under normal conditions without imposing a time constraint on oneself, or as ways for making the switch to another business during the survival phase. The following are some valuation-based diversity of services:

- **Survey.** There are a several types of surveys that can be considered, such as building inspection, land title survey and certification, quantity survey, traffic count survey and the like. Surveys in these areas can be complementary and supplementary to the main valuation services.
- **Research.** This includes a wide range of services such as market feasibility study (market survey, site analysis), financial feasibility studies for project development and/or investment, product tests, surveys of clients and consumers (questionnaire, focus group etc.).
- **AVM- CAMA.** Actually, this expertise can be applied to various fields of services, types of real estate, and sectors of the markets. In the case of Thailand, the AVM- CAMA is essential for property tax purposes for over 1,000 municipalities and 7,000 sub-district administrations and 100 of other local authorities.
- **GIS.** For most local authorities, the preparation of tax maps is very essential. This applies to the very first step of surveying, remote-sensing interpretation, users-friendly programming, database management and other follow-up jobs over time. The need for this service can be very broad and essential.
- **Education.** In Thailand, since 1995, the Agency for Real Estate Affairs has taught valuation, and in 2002 has established and managed the Thai Real Estate Business School. The school operates under the supervision of the Ministry of Education of the Royal Thai Government. As of August 2004, over 44 batches of fundamental courses have been organized, producing some 2,000 students nationwide.
- **Publications.** Real estate publications can be another line of valuation-related business. This includes the publishing of text books, reference book, pocket books and journals for sale to the public. It can help gain publicity to the firm as a whole as well.

In addition, there are also non valuation-based fields of business that can be expanded into or shifted to. The following are some examples:

- **Agency / Brokerage.** There is the Real Estate Brokers Association with some 200 brokerage firms. However, if one wants to be a broker, he should not be a fee valuer at the same time in order to avoid potential conflict of interest.
- **Estate management.** Again, in Thailand, there is the Property Management Association of Thailand made up of over 50 firms of property managers.

In addition, there are some other real estate-related field such as property development, facility management, relocation, finance and the like.

Conclusion

The need to exploration non-traditional areas of work is internally driven by the expansion of the horizon of professional service provisions, and on the other hand externally driven by the shrinkage of the conventional valuation profession today. Impediments to further development of the profession include consumer doubts in the credibility of valuers, the introduction of AVM – CAMA, and the intrusion of other related professions.

In order to survive and develop further, valuers must seek to create opportunity amidst the impending threat, by making friends with AVM-CAMA in order to make the most out of them. In addition, they must become more specialized in their valuation expertise, applying their valuation capabilities to the field of plantation (oil palm, rubber or fruit orchards), utility properties (including facilities projects), agricultural properties, environment concerns and contaminated properties as well as easement, right-of-way and appropriation, etc.

In considering the shift to alternative fields where valuation capabilities may be of value added, the valuer may consider offering a diversity of valuation-based diversity services, such as survey, research, AVM-CAMA, GIS, education, and publications. On the other hand, they must also take into consideration non valuation-based alternatives, such as brokerage, property management, facility management and the like.

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Mr. Pratak Simapichaicheth

MCA (economics), Victoria University
 Cert. Appraisal, LRTI-Lincoln Institute of Land Policy
Vice President, Valuers Assoc. of Thailand
pratak@trebs.ac.th

Mr. Simapichaicheth was a founding member of the Valuers Association of Thailand in 1985 and, currently, is Vice President of the ASEAN Valuers Association and serving 2 terms as Secretary General of the AVA. As one of Thailand's senior valuers, he participates in valuation assignments for consultancy projects to the US Agency for International Development, Asian Development Bank and Planning & Development Collaborative International (Washington).

Mr. Simapichaicheth was the founding President of the Thai Credit Foncier Association and has served as the President of the ASEAN Association for Planning and Housing (AAPH). He is the chair person of Land Institute Foundation and Concurrently, Chairman of the Thai Real Estate Business School.

Dr. Sopon Pornchokchai

Ph.D. (land & Hsg), Asian Institute of Technology
 Cert. Appraisal, LRTI-Lincoln Institute of Land Policy
President, Thai Appraisal Foundation
sopon@thaiappraisal.org

Dr. Pornchokchai has had experience in real estate research and valuation since 1982. He is an experienced valuer and lecturer on valuation at the undergraduate and graduate levels and in training courses in Thailand and abroad. Prior to starting TREBS, he was a consultant to the ESCAP, UN-Habitat, International Labour Organization and other international organizations. He gained a Ph.D. in land and housing from the Asian Institute of Technology (AIT) and had further property valuation training from LRTI-Lincoln Institute of Land Policy and in housing development from Katholieke Universiteit Leuven (Belgium).

Currently, Dr. Pornchokchai is the President of the Thai Appraisal Foundation which is a principal member of the FIABCI, managing director of Agency for Real Estate Affairs and IAAO representative to Thailand. His research master pieces include the discovery of 1,020 slums (1985), CAMA (computer-assisted mass appraisal) modeling (1990), forecast of 300,000 unoccupied housing units (1995 and 1998), study for property information centre (2000) and land value modeling (2002).