

Constructing Building Integrity: Raising Standards Through Professionalism

Industry Factsheet: Property Valuers

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Overview

This fact sheet summarises the integrity system framework for property valuers in Australia. While Queensland and Western Australia are the only states that have statutory registration and licencing requirements and statutory codes of conduct for property valuers, the research found that **the integrity system for the valuation profession is both effective and robust**. The relevant Acts and Regulations for valuers mandate stringent education and qualification requirements and impose penalties for professional misconduct, and the Australian Property Institute (API) places a strong emphasis on maintaining high levels of ethical and professional standards in their stated goals, values and codes of conduct. The valuation profession also has a wide range of industry standards that they are expected to abide by, while the API has a professional standards scheme in place with the Professional Standards Councils (PSC). As a result, the valuation profession is highly regulated and monitoring and compliance mechanisms are further strengthened by effective co-regulatory arrangements with the professional associations.

The desk research of academic and ‘grey’ literature, and interviews, found that the integrity system for property valuers is largely robust. However, property valuers also face a range of ethical challenges that negatively impact the profession including **skills shortages, a reluctance to adopt new valuation practices and technologies, and commercial pressures and incentives** when valuing properties. The fact sheet will outline the goals, values, and professional standards of property valuers before summarising the various ethical tensions that the profession faces and providing recommendations on how they can be addressed. It should be read in parallel with the industry report [*Constructing Building Integrity: Raising Standards Through Professionalism*](#), which describes the full scope of this work, methods used and recommendations, as well as the supplementary resource document that outlines the integrity system maps (high-level and detailed) for property valuers.

Goals and values of peak professional bodies

The peak professional body that govern the ethical and professional standards of property valuers in Australia is the Australian Property Institute (API).

The API’s overarching goal is to ‘set and maintain the highest standards of professional practice, education, ethics, and professional conduct for our Members’ (API, n.d). The API Strategic Plan 2023-28 further outlines the association’s main objectives, which are:

- **Future Focused** (help the property sector to respond and adapt to a changing operational landscape)
- **A Strong and Sustainable Association** (deliver a Compelling Member Value Proposition, cultivate an Aligned Culture, invest in a Progressive Business Model, and ensure Organisational Sustainability)
- **Powerful Voice** (raise the profile and drive positive change for the property profession)
- **Skilled Professionals** (nurture skilled and confident property professionals by developing and implementing standards to ensure consistency and professionalism).

The research found that the API and other relevant property valuation associations (Australian Valuers Institute and Royal Institution of Chartered Surveyors) all place significant emphasis on promoting integrity in the property valuation industry by providing a range of guidelines, policies and processes to raise ethical and professional standards. The API Rules of Professional Conduct and Code of Ethics of Ethics are detailed in scope, while the association also plays a key role in the accreditation and licencing of property valuers and has stringent qualification pathways to become a Certified Practicing Valuer, while each association has compliance and complaints mechanisms in place.

The property valuers that were interviewed for this project emphasised that a core ethical value for the profession is to ‘*maintain impartiality and a professional approach without being influenced by anything*’ [Interviewee 1]. Interviewee 2 also noted that

*‘what I really do like about it is that **we are truly independent**, unlike a lot of professions who operate as advocates...it is the thing that we should be proud of and the thing that gives us a lot of credibility’.* – Interviewee 2

Integrity system analysis – property valuers

This section will outline the integrity enablers that promote high ethical and professional standards for the property valuation profession, and the various ethical tensions that negatively impact property valuers in various aspects of their work (which are outlined in more detail in the key findings section). The full integrity system can be accessed in the supplementary integrity system mapping document.

Integrity enablers

Education and training: Property valuers in Australia must fulfil stringent qualification, education, training and experience requirements for valuers to become a Certified Practising Valuer (CPV) including an API-accredited tertiary degree and mandatory professional experience and CPD.



Regulatory framework: Despite the recent retreat in statutory registration requirements, statutory valuation authorities regulate the industry in all examined jurisdictions while professional standards are further strengthened by mandatory international and national industry standards and other compliance mechanisms (risk management, complaints processes, penalties/ disciplinary actions).



Strong professional associations: The valuation profession in Australia is governed by multiple national and international professional associations (API, AVI, RICS) that promote high ethical and professional standards for valuers.



Detailed code of conduct: The API, AVI and RICS codes of conduct are detailed and provide practical guidance on ethical decision-making.



Professionalism: The desk research and interviews found that the established integrity system for valuers significantly reduces the scope for professional misconduct.

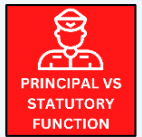


Effective Co-regulation: The API plays a significant co-regulatory role in monitoring the professional standards (including accreditation and licencing) of property valuers, while the API also has a professional standards scheme (APIV) in place with the PSC.



Ethical tensions

Impartiality conflicts: Interviewees stated that ethical tensions can arise when the statutory role and impartiality of valuers is challenged by principals (e.g. developers) with a vested interest in finalising projects.



Skills shortage and competence challenges: The research found that the valuation profession in Australia is facing a significant shortage as the median age and number of non-practicing registered valuers has increased, while the number of replacement graduates has not kept pace. The evidence also suggests that Australian valuers are reluctant to integrate technological advances in property valuation techniques due to a preference for traditional approaches and low adaptation by professional bodies and tertiary institutions.



Commercial drivers, pressures and incentives: Finally, interviewees identified a range of ethical tensions that can arise in a volatile property market where property valuations often constitute the deciding factor in determining the profitability of a building project.



Key findings

Despite the abovementioned risks and challenges, the research supports the overall finding that the integrity system for property valuers is robust enough to discourage most types of unethical behaviour and to punish ethical misconduct. Interviewees stated that it is *‘very uncommon in this day and age to find valuers who don’t do the right thing’* [Interviewee 2] because the integrity system is

‘multipronged...you’ve got the Institutes’ ethical area, ethical standards and the banking standards and our legislation and also the broader ethical standards that relate to negligence and consumer law’. – Interviewee 1

Nevertheless, the research also found that the profession faces numerous ethical tensions that have the potential to negatively impact the valuation industry.

Commercial drivers, pressures and incentives

Ethical tensions can arise when property valuers’ professional duty to remain independent and impartial comes into conflict with the interests of multiple invested stakeholders during a property valuation. Interviewees pointed out that

*‘for Valuers, there’s **always the possibility to be influenced** by the person who owns the property who want whatever value to get the deal over the line’. – Interviewee 1*

According to the interviewees, property Valuers’ interactions with developers constitutes one of the more ethically contentious professional relationships. Valuers are often put under **significant pressure to achieve a certain price on valuations** to ensure that the deal goes through, and that other construction professions’ perceptions often shifted in accordance with market fluctuations – during an economic downturn,

‘the construction industry hates valuers because it makes it difficult for them to sell or settle on their developments’. – Interviewee 2

These pressures are further exacerbated by the **profit-driven nature of the construction industry**.

The recent API industry research report ‘The future of the Australian Property Valuation industry’ found that 90% of survey respondents felt that ‘the valuation profession is being driven by a model that favours profits over quality’ (API, 2021, 11). According to Interviewee 2, relentless market forces may compel some property valuers to *‘write figures for payment’*, although this was not viewed as a significant risk factor.

The future of the valuation profession

Another theme that emerged from the research is that the valuation industry in Australia is under pressure from various micro and macro-level factors, including a **skills shortage** and a **rapidly evolving professional environment**. According to Wilkinson, Antoniadis & Halvitigala (2018, 366), ‘[t]he long-term viability of the Australian valuation profession is a concern [because] many members will retire in the next decade, raising questions regarding where the next generation will come from.’

According to interviewee 2, another key issue is that valuers

*‘still do things like we did 20 or 30 years ago and the reason a lot of our clients don’t see value is because **what we do is out of date**, not aligned with their needs and not aligned with their business’. – Interviewee 2*

Valuers’ **responsiveness to innovation and technology** is also a key theme in the academic literature, with Abidoye et al (2019) finding that the reluctance of Australian valuers to adopt AI property valuation techniques was due to preference for traditional valuation approaches, resistance by Valuers to use it in practice, and low adoption of AI techniques by professional bodies and tertiary institutions. In the 2021 API report, 75% of survey respondents stated that the next generation of professionals needed to be trained differently while also noting that ‘local knowledge surpasses big data and increased use of technology and automation can ‘miss the mark’ when it comes to comprehensive valuations’ (API 2021, 11). This suggests that a more holistic approach involving professionals, education providers, professional associations and regulators is needed to **‘future-proof’ the industry**.

Pathways to action

To address the abovementioned ethical tensions, it is recommended that the existing integrity system for property valuers is further strengthened to ensure that the profession remains cognizant of their ethical and professional obligations that the valuation profession is 'future-proofed' by putting a range of mechanisms in place to increase the current cohort of practicing valuers and to diversify their skill-sets and competencies to include newer technologies and practices.

RECOMMENDED PATHWAYS TO ACTION

It is recommended that the following actions are taken to address the ethical tensions and further strengthen the integrity enablers for property valuers:

Education, Training & Accreditation (*Final Industry Report Rec. 3*)

- Addressing the valuer skill shortage driven by an ageing profession and a lack of practicing registered valuers and new graduates entering the profession
- Encouraging the implementation and adoption of new technologies and innovative practices by valuation professionals and expanding their knowledge exchange networks in order to develop more effective and collaborative practices.

Regulatory Framework (*Final Industry Report Rec. 4*)

- Strengthening industry standards to further reduce potential ethical risks arising during property valuations.

Professional Associations (*Final Industry Report Rec. 5*)

- Further enhancing links between API registration and regulatory bodies to ensure that industry and professional standards remain congruent across both regimes.
- Maintaining the APIV professional standards scheme to enhance the risk profile of the valuation industry and strengthen professional standards.

FURTHER READING

Abidoye, R. B., Junge, M., & Lam, T. Y. M. (2019). Property valuation methods in practice: evidence from Australia. *Property Management*, 37(5), 701–718. <https://doi.org/10.1108/PM-04-2019-0018>

Australian Property Institute (n.d.), *About Us*. <https://www.api.org.au/about/>

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Australian Property Institute (2023), *API Strategic Plan 2023-2028*. https://www.api.org.au/wp-content/uploads/2023/05/SOAP-2023-28-V6C_pg1.pdf

Australian Property Institute (2024), *Code of Ethics*. https://www.api.org.au/wp-content/uploads/2023/12/Code_of_Ethics_eff._31_March_2024-1.pdf

Australian Property Institute (2024), *Rules of Professional Conduct*. https://www.api.org.au/wp-content/uploads/2024/04/Rules_of_Professional_Conduct_eff._31_March_2024.pdf

Australian Valuers Institute (2016), *Code of Ethics*. <https://valuersinstitute.com.au/assets/avi-code-of-ethics.pdf>

Royal Institution of Chartered Surveyors (2021), *Rules of Conduct*. <https://www.rics.org/profession-standards/rics-standards-and-guidance/conduct-competence/rules-of-conduct>

Wilkinson, S., Antoniadis, H., & Halvitigala, D. (2018). The future of the Australian valuation profession: New knowledge, emerging trends and practices. *Property Management*, 36(3), p. 336. <https://doi.org/10.1108/PM-04-2017-0026>

PROJECT RESEARCH:

Additional research arising from the project (including the Final Industry Report) can be found at: <https://www.griffith.edu.au/law-futures-centre/institute-ethics-law-governance/our-research/construction-building-integrity>

CITATION

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