



International
Valuation
Standards
Council

THE VALUATION PROFESSION IN 2023



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The valuation profession is constantly evolving, with new trends and developments emerging all the time. As we look ahead to 2023, there are several key trends that are shaping the field and that valuers really need to be aware of.

ESG

One major trend that is shaping the valuation profession is the growing importance of sustainability and

environmental, social, and governance (ESG) factors. As concerns about climate change and social responsibility become more pressing, investors and other stakeholders are increasingly seeking valuations that take these factors into account. ESG considerations could influence the future role of valuers in several important ways:

First, valuers may need to become more proficient in assessing and incorporating ESG factors into their analysis. This can involve new methodologies and approaches to valuing assets and liabilities that take into account non-financial risks and opportunities, or becoming more familiar with sustainability reporting frameworks and metrics.

Second, valuers will likely need to work more closely with other professionals, such as sustainability consultants or data analysts, to gather and analyse ESG data. As the availability of ESG data and analytics increases, valuers may need to develop new skills in areas such as data analytics and data

visualisation to effectively incorporate this information into their analysis.

Finally, valuers will need to play a more consultative role, helping companies and investors understand the financial implications of ESG risks and opportunities, for instance as new regulation is developed, when might be best timing to make an acquisition or disposal, or whether to retrofit assets. This may also involve providing guidance on how to manage and mitigate ESG risks, or helping companies develop sustainability strategies that create value for all stakeholders.

Last year, IVSC issued a survey looking at the evolution of ESG in valuation, which highlighted the growing demand for more information from investors and other users of valuations. It also clearly highlighted the array of standards, guidelines and metrics used by valuers today, creating further challenges around consistency and transparency of ESG reporting. We will run our ESG survey again in 2023 and it will be interesting to assess the rate at which ESG considerations are being factored in the valuation analysis.



Technology

Another trend is the increasing use of technology in valuation. In recent years, there has been a proliferation of new software and tools that make it easier for valuers to perform their work. These tools range from simple spreadsheet-based models to more sophisticated software that can analyse large amounts of data and perform complex calculations. New technology has the potential to help improve the speed, accuracy and precision of valuations. For example, machine learning algorithms could be used to analyse patterns in financial data to inform valuation models. Valuers who are able to effectively utilise these tools will be in a strong position to deliver high-quality valuations more efficiently.

Last year IVSC issued the first in a series of Perspectives Papers looking at the emergence of Automated Valuation Models and posing the question: “can an AVM ever produce an IVS-compliant valuation?” Over the next year, we will further explore some of the new and emerging technologies of relevance to valuers, through our Perspectives Papers.

In addition to the Perspectives Papers, the next edition of IVS will incorporate new chapters on Data and Inputs and Models and is due to be published in 2024. This will provide valuers and other stakeholders with further requirements on the effective use of technology within the valuation process.

Global business



A third trend that is shaping the valuation profession is the increasing global nature of business. With the rise of international trade and the proliferation of multinational corporations, valuers are being called upon to value businesses that operate in a variety of different countries and regions. This requires a deep understanding of the local economic and political environment in each of these areas.

The increasing prevalence of cross-border transactions is creating new demand for valuation professionals with expertise in international standards and practices. Valuation professionals who are familiar with the IVS and who have experience valuing assets and liabilities in different countries and markets are in high demand.

The global nature of business is also requiring valuers to be more culturally sensitive and to have a deeper understanding of different cultures and market practices. This is especially important when valuing assets or liabilities in countries with different legal systems, business practices, and cultural norms.

IVSC membership has grown rapidly over recent years and last year our network of member and sponsor organisations reached 190. As well as a form of competitor differentiation one of the benefits of membership is the opportunity to connect with and learn from like-minded organisations throughout the world. As the global nature of business evolves, this opportunity will become even greater and we invite any forward looking, quality focused organisations with an interest in valuation, to join IVSC.

2023 Loading...



Emerging challenges for 2023 and beyond

Uncertainty continues throughout the world, moving from a pandemic to conflict, inflation and supply chain impacts. Uncertainty is a double edged sword - it can make a valuer's role more complicated but also increases the demand for high quality valuation skills as investors look for additional advice in times of change. There are also several emerging challenges that valuers will need to navigate in 2023 and beyond. One of the biggest challenges is the growing complexity of the business world. With the proliferation of new technologies, business models, and regulatory frameworks, valuers need to be able to adapt to constantly changing conditions. This requires a strong foundation in the principles of valuation, ethics and professionalism, as well as a willingness to stay up-to-date on the latest developments within the IVS.

IVSC Valuation Professional Organisations (VPOs) are at the forefront of efforts to equip valuers with the knowledge and skills they need to navigate changing markets. Today, in IVSC membership there are over 90 leading professional organisations providing education and qualifications. Together with the IVSC, these organisations are working to enhance valuation quality and professionalism in the public interest.

Another challenge that valuers will need to overcome is the growing demand for transparency and accountability. As stakeholders become more savvy and sophisticated, they are increasingly seeking greater visibility into the valuation process. This means that valuers will need to be able to clearly articulate their methods and assumptions, and be prepared to defend their conclusions.

In April, we will publish an Exposure Draft outlining proposed changes to the IVS which would then come into effect in 2024. The consultation will be open for 12 weeks and will seek feedback from valuers and all those that are involved in the valuation process, as well as users of valuation information. Please do respond to the consultation whether to say you agree or to express alternative approaches - the more feedback we get, the better the standards will be.

Underlining the importance of transparency in valuations, the proposed changes will also include requirements and clarifications that focus on the role of non-valuers (eg. data providers), involved in the valuation process.

This will ensure IVS is relevant and applicable to all those involved in the valuation process, creating greater levels of transparency and helping to build trust in valuation amongst all users.

Despite these challenges, the valuation profession remains a vital and growing field, and at IVSC we are seeing increasing recognition of this from some of the world's most significant regulatory, as well as investor leaders. As the global economy continues to evolve, the demand for high-quality valuations will only increase, making it an exciting time to be a valuer. Those who are able to adapt to the trends and challenges of the profession will be well-positioned to succeed in the years ahead.