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Property experts caution against reliance on computerised valuations

SINGAPORE — With IT and computer modelling tools now available online to help property hunters estimate property prices, the Singapore Institute of Surveyors and Valuers (SISV) has come out strongly to warn the public that those relying solely on such computer-generated “values” for their property transactions and decision-making do so “at their own risk”.

By Toh Ee Ming -
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SINGAPORE — With IT and computer modelling tools now available online to help property hunters estimate property prices, the Singapore Institute of Surveyors and Valuers (SISV) has come out strongly to warn the public that those relying solely on such computer-generated “values” for their property transactions and decision-making do so “at their own risk”.

While the institute clarified that its statement dated April 6 was not targeted at any particular company, it was issued on the same week the Singapore Real Estate Exchange (SRX) reported on its website that its newly launched valuation service, called SRX V-8, is “able to churn out valuations faster than an incumbent consultancy” and at an affordable price through a computer-assisted process.

The tool is available on SRX Property, an online portal that provides information on property transactions and market pricing.

The SISV said it was prompted to speak up after receiving inquiries about the validity of such computer-generated values offered by organisations and IT firms. In its statement, it said that such computer-generated values are “not considered valuations” and they are, therefore, not recognised by the institute.

It reminds the public that the real-estate market is still an “imperfect market” with no properties being identical to one another, and an expert’s assessment is still needed: “The SISV supports the use of IT and computer modelling … However, these are only tools to assist the valuer and cannot replace the rigorous process of inspection, data collation, validation, verification and analysis undertaken by a professional valuer.”

Noting that while there has been “increased confusion in the market” with the recent surge of such services, an SISV spokesperson said valuation businesses have not been affected yet because corporate clients still require a “rigorous valuation process for audit and legal purposes for which valuers have to show proof of due diligence”.

Property firm HSR's group CEO Jeffrey Hong also cautioned against being too reliant on such computer-generated values because they might be "less accurate" despite the convenience and accessibility that it promises.

He said: "People cannot just depend on the last transacted prices to value properties. We still have to combine these methods with the traditional way of a valuer going to the premises to take a look and assess the property, because every property is unique by itself ... That would only be fair to the public."

Mr Png Poh Soon, director of valuation at Knight Frank, said he has seen customers who questioned why values generated by certified valuers differ from computer-generated values.

He stressed that computerised valuations might not be able to capture factors such as fast-changing market trends, or aspects about the property that might affect its prices, such as it being located next to less-than-desirable sites or having an oddly shaped layout.

Given that the numbers churned out by such computer-generated methods are quite "voluminous", Mr Png questioned if they have been analysed by "a trained eye".

"We're not quite sure if the computer-generated values have gone through the necessary rigour and robustness of checks to replace the proper certified valuation," he said.