

## IVSC TAB Meeting Update December 2023

***Items shown in bold italics should include links to the relevant documents***

This IVSC Update highlights preliminary decisions of the IVSC Tangible Assets Board (Board). Projects affected by these decisions can be found on the ***IVSC Publication Schedule***. The Board's final decisions on IVS® Standards and Amendments as set out in the ***IVSC Standards Review Board Due Process and Working Procedures***

The Board met remotely on 13 December 2023. The topics in order of discussion were:

### Administration

- IVSC TAB Meeting Update November 2023  
*(IVSC TAB Meeting Update November 2023)*

### Global Insights & Markets Update

Around the World – Markets update, turning our mind to 2024 and beyond

- *Africa – Molefi Kubuzie*
- *North America – James Gavin, Brendan Gallagher, Kyle TenHuisen*
- *South America – Eduardo Rottman*
- *Asia/Oceania – CK Lau, Sandip Kumar Deb, Kim Hildebrandt*
- *Europe – Ludmila Simonova, Becky Gaughan*
- *Middle East – Paakow Winful, Ron Cohen-Seban*

### Updates and Discussion

- IVS (effective 31 January 2025) Update – Alexander Aronsohn  
*(2023.12.05. IVS 2024 Publication Process and Timetable)*
- RICS European Leaders Forum Data List Discussion– Alexander Aronsohn  
*(Valuation ESG data list draft version 02OCT23)*
- Prudential Value – All  
*(Update on discussion from IVSC Chairs Meeting)*

### Standing Items

- Agenda consultation Topic Discussion – All  
*(2023.12.05. Proposed Agenda Consultation Topics and 2023.12.05 IVSC SRB Topic Form)*
- SRB update – Kim Hildebrandt/Alexander Aronsohn
- TAB Meeting Timetable 2024

*(TAB Draft Meeting Dates and Times 2024)*

- IVSC TAB Working Groups – All  
*(2023.12.05. IVSC TAB Working Groups)*
  - *TAB MV and Prudential Value Working Group*
  - *TAB ESG Working Group*
  - *TAB Inspection Working Group*
- IVSC Q1 in person meeting – New York
  - *26th February 2024 until 28th February 2024 am*
  - *Joint Board Dinner 27th February 2024 pm*
- Correspondence & communication – All
  - *API statement on site inspections dated 16 November 2023 (“What constitutes a Valuation of real property by an API Valuer under the API Rules”), and letter to NT & AA from Robert Hecek.*
  - *Correspondence from IVSC Advisory Forum re Site Inspections following Paris AGM (pending receipt)*
- AOB

The Board was asked if there were any conflicts of interest in relation to the proposed topics and no conflicts were declared.

## Administration

### **IVSC TAB Meeting Update November 2023 (IVSC TAB Meeting Update November 2023)**

The Board reviewed the IVSC meeting update and agreed that it was an accurate report of the meeting. There were no further revisions suggested and the meeting update was approved by the TAB.

### **Next steps**

No action required.

## Global Insights & Markets Update

### **Around the World – Markets update, turning our mind to 2024 and beyond**

The Board discussed the IVS Exposure Draft Consultation process and the proposed IVS General Standard consultation revisions and also provided general market updates.

- *Africa – Molefi Kabuzie*
  - Two main issues:
    - Climate Conditions: UN have forecasted that the dry weather and drought will continue through 2024.
    - Economic Growth: Economic activities still affected, and this is forecast to continue during 2024.
  - Revenue Services Organisation have provided new regulations on benchmarking portfolios and have stated that for portfolios with an NAV of under \$ 50 million the benchmarking does not need to be done by a professional valuer. When the portfolio has an NAV of over \$50 million then a valuer is required to provide a Market Value.
- *North America*  
*USA - James Gavin*
  - Transaction activity still reduced but slowly picking up.
  - Expect cycle of reduced transactions and prices to become positive in USA in 2025.
  - 2024 is seen more as a year of stabilisation of prices and interest rates.

- Appraisal Foundation now published USPAP 2024 and there are USPAP Update courses available.

*USA - Kyle TenHuisen*

- Bit of volatility in the US markets though things somewhat constant.
- Transactions are down as USA heads to an election year; transactions are not expected to increase in the near future.
- Some strong investment interest in energy and infrastructure.

*Canada – Brendan Gallagher*

- Firms experimenting with AI and use of AI for some activities more prevalent.
- A number of consulting firms are rationalising staffing levels at the moment.
- Increased M & A valuations for infrastructure.
- Most work relating to impairment work and refining of values and market volatility has led to an increase in valuation instructions in some areas.

- *Europe*

*Ludmila Simonova*

- War ongoing and situation still difficult and market uncertain.
- Infrastructure needs rebuilding and discussions re war reparations are ongoing.

*Becky Gaughan*

- Has been a difficult 2023 but there are hopes for some market improvement during 2024.
- Potential reductions in value resulting in difficult conversations with clients.
- Increasing need to explain to clients why values are decreasing.
- RICS has released new standards around risk management.

- *South America – Eduardo Rottman*

- In Argentina there is a new president with some proposals to solve the difficult economic situation.
- The Argentine peso has devalued 50% to the US dollar, which has caused issues for the real estate market as the market is dollar related.
- In Venezuela there is still market instability, and the government are involved in a territorial claim with the UK.
- In Brazil the real estate market is stable for low-income housing and on middle- and higher-income units but the office and retail markets are still in recovery.
- There is a big expectation for V20 in Rio De Janeiro, and they are working hard on the programme.

- No date has currently been set for V20, but it is likely to take place between October /November.
- UPAV are planning their next meeting in Chile in November 2024.
- *Middle East*  
*Paakow Winful*
  - Increase use of AI for meeting notes.
  - TAQEEM investigating the use of AI for exam questions.
- Ron Cohen-Seban*
  - War still ongoing and this is influencing the economy and the market.
  - Retail sales have decreased in Tel Aviv due to ongoing rocket attacks.
  - Jerusalem is less affected, so the market is more stable.
  - Many retail outlets are being vacated by tenants and this has created some investment opportunities within the retail space.
  - Residential sales have decreased by 6-% since October and In November there was a 20% increase in mortgages.
- *Asia/Oceania –Kim Hildebrandt*
  - There is a current focus in relation to inspection and the most recent API guidance makes inspection mandatory for real estate transactions.
  - There is also a significant investment in infrastructure to meet this future growth.

## **Next steps**

KH and AA to chase Council of Europe regarding recent correspondence.

## **Updates and Discussion**

### **IVS (effective 31 January 2025) Update (2023.12.05. IVS 2024 Publication Process and Timetable)**

AA advised that the publication of the revised IVS had been unanimously approved at the IVSC SRB public meeting on 29<sup>th</sup> November 2023.

AA further advised that the proposed publication dates for IVS were as follows:

31<sup>st</sup> January 2024 - *IVS (effective 31 January 2025)*

31<sup>st</sup> January 2024 - *IVS (effective 31 January 2025) Red Line*

31<sup>st</sup> January 2024 - *IVS (effective 31 January 2025) Basis of Conclusion*

AA also advised that the IVS (effective 31 January 2025) Basis of Conclusion may be published a week after this date, but the SRB was still aiming for this to be published at the same time.

AA added that in addition to the publication of IVS the IVSC would be providing three webinars in January on the changes to IVS.

AA advised that as part of this process the SRB would be preparing a slide pack and script so a consistent message could be provided for all presentations.

AA further advised that as with the IVS Exposure Draft the SRB would provide a presentation to IVS key stakeholders on request.

AA also advised that prior to publication of IVS on 31 January 2023 the SRB and the IVS Asset Boards would be sent copies of the final version of IVS both in black line and red line for review prior to publication.

### **Next steps**

TAB to review the black line and red line version of IVS (effective 31 January 2025) prior to publication to ensure all the changes had been made to the standard.

### **RICS European Leaders Forum Data List Discussion (*Valuation ESG data list draft version 02OCT23*)**

AA advised that the ESG Data List for Real Estate Valuation had been prepared by the RICS European Leaders Forum.

AA further advised that he was part of the working group and the RICS was looking to publish this document in Q1 2024.

AA also advised that the RICS was looking to include his name as a member of the working group and was also looking to add the IVSC logo to the paper.

AA added that though he was happy for his name to be included as a member of the working group he did not feel that the IVSC logo should be included on this document as the requirements were too detailed for a principle-based standard.

Furthermore, though much of the information and requirements contained within the document was suitable for the UK and more developed markets within the EU, most of this information would not be available within other markets such as Africa and Latin America.

The Board discussed this document and agreed that the requirements contained within it may be too detailed for some jurisdictions, but also that it would be hard for professional surveying firms to comply with these requirements in every valuation.

However, the Board did feel that this was a worthwhile initiative and noted that the ESG Data List for Real Estate Valuations did reference the IVSC Perspectives Paper on ESG and Real Estate.

Further to discussion the majority of the Board agreed that they were happy for AA's name to be included in the list of working group members but did not feel it was necessary for the IVSC to include their logo on this document.

### **Next steps**

AA to advise the RICS European Leaders Forum that he was happy for his name to be included among the list of working group members, but that the IVSC did not consider it necessary to include their logo on this document as the requirements may be too detailed and prescriptive for an overarching principle-based standard which has global remit.

### **Prudential Value (Update on discussion from IVSC Chairs Meeting)**

During the IVSC Chairs meeting KH advised the Chairs that the recent EMF statement on "Property Value" had been published without IVSC approval though IVSC had been part of preliminary discussions on the topic via AA.

KH further advised the Chairs Meeting that the EMF statement also included the logos of AEV, Hypzert and the RICS, not all of whom had approved the publication.

KH also advised the Chairs that the TAB did not necessarily agree with all the comments contained in the statement, some of which may have contradicted the TAB views on Prudential Value communicated via letter to the Basel Committee on Banking Supervision (BCBS).

KH informed the Chairs that the TAB was proposing to publish a position statement on Prudential Value highlighting their views in relation to Prudential Value to provide clarity to IVSC stakeholders.

KH further informed the TAB that though the Chairs were not necessarily against the TAB publishing a position statement on Prudential Value they did raise concerns that no such statement had been issued by the IVSC before and therefore did not necessarily want to set this precedent.

KH informed the TAB that the Chairs preference was to publish a perspectives paper on Prudential Value as they were concerned that a position statement on Prudential Value may be too strong.

KH advised that the Chairs agreed with the TAB that IVSC needs to be mindful of how other stakeholders use the IVSC brand.

KH further advised that as a result of this conversation with the Chairs, the TAB would seek to publish a perspectives paper on Prudential Value in Q1 2024 post the publication of IVS (effective 31 January 2025).

KH also advised that the IVSC Chairs agreed with this approach.

The Board discussed this approach and agreed with the view of the IVSC Chairs.

KH further advised that it would not take long to draft this perspectives paper as much of the content was already contained within the Prudential Value letter sent to the Basel Committee on Banking Supervision (BCBS).

KH asked AA to include Prudential Value as an agenda item for the TAB January Meeting and asked AA to recirculate the Prudential Value letter for further consideration.

### **Next steps**

AA to include Prudential Value as an agenda item for the TAB January Meeting and to send the BCBS letter on Prudential Value to the TAB in advance of this call.

## **Standing Items**

### **Agenda consultation Topic Discussion (2023.12.05. Proposed Agenda Consultation Topics and 2023.12.05 IVSC SRB Topic Form)**

AA advised that he had only received two Tab Proposed Agenda Consultation Topic Forms.



AA further advised that the Proposed TAB Agenda Consultation Topics and the TAB members responsible for producing the Topic Forms were as follows:

1. *Agricultural and Plantation Land / Biological Assets (forests, plantations etc) - SKD*
2. *Compulsory Purchase/ Expropriation/compensation/Unregistered land (TAB) – LS/SKD/MK*
3. *Insurance Valuations -PW/KH*
4. *Private vs Public Markets -KH*
5. *Prudential Value -KH*
6. *Quality Control and Individual Valuer --ER*
7. *Inspections and Investigations -JG and BG*
8. *Valuation Risk /Valuation in a volatile market, Reasonable Range – BGs*
9. *Trade Related Property – BG/RC/ER*
10. *Valuation Reviews, Appeals and External Audit – RC/BRG*

KH advised that he had discussed the process for choosing Agenda Consultation topics with the SRB and was advised that the TAB was empowered to choose their own topics.

KH further advised that the SRB would review the Asset Board Topic Forms to see if further clarification was required in relation to the issue or to see if any of the topics suggested related to more than one Asset Board.

KH also advised that the Agenda Consultation would be a key topic for the TAB during the TAB physical meeting in February in New York.

LS asked whether the office location for the New York meeting had been chosen and whether there was a hotel recommendation and proposed Agenda.

AA advised that details regarding both the meeting location and hotel recommendations would be sent in early January 2024 by Louise Nicholson.

AA further advised that a proposed Agenda had not yet been agreed for the New York meeting but that this would be an agenda item for the TAB January Meeting.

### **Next steps**

Louise Nicholson to send details regarding the New York TAB physical meeting in January 2024. AA to include the TAB New York Physical Meeting as an Agenda Item for the next Tab call.

## **SRB update**

AA advised that the SRB was focussed on finalising IVS (effective 31 January 2025) for publication.

KH advised that there had been some discussion in relation to who had the final approval on publication of the Asset Standards as this was particularly important if some SRB member views differed from those of the Asset Board.

KH also advised that further to discussions it was agreed that the Asset Boards retain independence in relation to their Chapters and Agenda though the SRB may provide comments in relation to consistency.

The TAB generally discussed the Standard Setting due process and agreed that the due process general works well, but standard setting is never perfect.

## **Next steps**

None.

## **TAB Meeting Timetable 2024 (TAB Draft Meeting Dates and Times 2024)**

AA advised that the TAB will have received invites for the following 2024 meetings: -

<b>Tangible Assets Board 2024 Dates (last Wednesday of every month / UK timings</b>	
17 January	00:00
26, 27, 28 February	Face to Face / New York
13 March	18:00
9 April	06:00
13 – 17 May	Face to Face / venue TBC
12 June	00:00
10 July	18:00
14 August	06:00
11 September	12:00
9 October	00:00
November	AGM / Date & Venue TBC
11 December	18:00

AA further advised that the meetings had been put in the calendar as a place holder for next year.

AA asked the TAB to advise him of any of the meeting dates did not work.

### **Next steps**

TAB to advise AA if any of the meeting dates don't work for them.

### **IVSC TAB Working Groups (2023.12.05. IVSC TAB Working Groups)**

The Board was provided with an updated list of the TAB working groups. The Board agreed that the current list of IVSC TAB working groups was sufficient.

### **Next steps**

None

### **IVSC Q1 in person meeting – New York**

AA advised that the TAB would be having a physical meeting in New York from 26th February 2024 until 28th February 2024 am.

AA further advised that all the Boards would be having a joint dinner on the 27<sup>th</sup> February.

AA also advised that further details would be issued in due course and AA would include these within the December Meeting Notes.

Further to the December meeting the details of the IVSC TAB joint meeting are as follows:

### **Hotel**

The Omni Berkshire Place  
21 East 52nd Street at Madison Avenue  
New York, New York, 10022  
<https://www.omnihotels.com/hotels/new-york-berkshire>  
Tel:+12127535800

### **Meeting Location**

PWC, 300 Madison Avenue, New York, NY 10017.

TAB Meetings Schedule:

### **Tangible Assets Board**

Monday 26th February (Full Day)

Tuesday 27th February (Full Day) – incl. TAB Public meeting at 14:00

Tuesday 27th February – joint Dinner for all Boards

Wednesday 28th February (Half Day/AM only)

### **Next steps**

None

### **Correspondence & communication**

KH advised that the API had issued a statement on site inspections dated 16 November 2023 and titled *“What constitutes a Valuation of real property by an API Valuer under the API Rules”*.

KH further advised that the API had issued an additional clarification statement.

KH added that post the AGM Robert Hecek had sent a letter to AA and NT on inspection.

KH further added that post the Paris AGM the IVSC Advisory Forum had advised that they would be sending a letter to the SRB requesting for real estate site inspections to be mandatory.

AA advised that he had participated in a call with John Martin and Robert Hecek post the AGM advising them of the TAB position in relation to site inspections.

AA further advised that since this call no letter had been received from the AF.

AA also advised that the IVSC TAB Inspection Working Group was planning to issue a perspective paper on this issue during 2024.

### **Next steps**

IVSC TAB Inspection Working Group to draft a perspective paper on inspection to be published during Q2 2024.

### **AOB**

AA advised that the IVSC had posted applications for new IVSC Board members during 2024.

AA further advised that several Board members had come to the end of their term and the IVSC were looking for 2/3 new Board members to be joining the TAB.

AA advised that interviews would be taking place during January 2024 and that he would be participating in the interview process.

AA added that he would keep the TAB in the loop and advise them when he had any further information.

KH asked if there was any other business and as there was no other business KH thanked the TAB for all their hard work during 2024 and wished the TAB season's greetings and a Happy New Year.