The responsible use of Artificial Intelligence (AI) in real estate valuation (13853)

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Key words: artificial intelligence, valuation, ethics, trust, transparency, standards, consistency, stakeholder engagement

SUMMARY

The use of artificial intelligence (AI) within surveying and the built and natural environment sector is growing. In 2025 RICS published mandatory conduct expectations for RICS members and regulated firms worldwide. The main objective was to ensure that as AI becomes embedded into processes such as valuation, construction, infrastructure and land services, the core values of professional judgement, client protection, data integrity and public interest remain preserved.

Although technology has long supported valuations, recent innovations may fundamentally reshape valuation methodologies and reporting.

CONCLUSION

The RICS standard represents a significant step in professionalising the use of AI within surveying practice. It strikes a balance between innovation and regulatory/professional guard-rails: enabling AI to support the profession, but requiring surveyors and firms to remain in control, transparent, ethical and accountable. It reinforces that technological change does not displace the role of the surveyor, but rather must be harnessed responsibly in service of clients, the public interest and the built environment.

At the same time, valuation acts as a core pillar of financial reporting, investment analysis, public policy, secured lending and property purchasing /renting decisions. Its importance extends not just to those preparing valuations, but also to those who rely heavily on them, which includes investors, auditors, regulators, owner occupiers and renters.

While valuations prepared exclusively using AI, automated statistical techniques, machine learning, or deep learning do not currently comply with IVS (International Valuation Standards) or RICS requirements, these technologies present valuable opportunities for valuers to strengthen the valuation process. They can drive greater efficiency, broaden access to data, and enable more rigorous analytical insights. At the same time, their adoption raises critical considerations around how valuers can consistently exercise professional judgement and

professional scepticism, and how valuation risk can be effectively identified and managed throughout the valuation assignment.

Recognising the pace of change in technology playing a greater role in the valuation industry, the responsible use of artificial intelligence is therefore of immeasurable benefit to society as a whole.

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1. BACKGROUND

1.1 AI technologies are increasingly being adopted across both the built and natural environments. Some systems are tailored to specific areas of surveying practice, such as valuation or construction, while others are designed for more general business applications. The *RICS Responsible Use of Artificial Intelligence (AI)* standard, effective March 2026, supports the use of such AI systems, recognising their potential to advance the profession.

1.2 However, it is also widely acknowledged that, if not properly managed, the use of AI can present significant professional and commercial risks to both individuals and firms. The substantial benefits of AI must therefore be balanced with responsible use, as failure to do so could undermine confidence in, and damage the reputation of, the profession.

1.3 Accordingly, after a wide ranging public consultation, RICS has adopted a balanced approach in the standard, aimed at securing the public benefit of surveying and safeguarding the profession's future. Central to its requirements is recognition of the essential role of the professional surveyor's skill and experience, alongside the need to avoid complacency in relation to the use of AI technologies when delivering surveying services. It is vital that those providing valuation services, with the use of Artificial Intelligence, understand the associated risks and are equipped to manage them effectively.

1.4 This professional standard therefore establishes requirements that:

- support the upskilling of the profession
- set a baseline for practice management within regulated firms, focused on minimising the risk of harm arising from the use of AI in service delivery
- enable informed and transparent decision-making in relation to AI procurement and reliance on AI-generated outputs
- promote clear communication and information sharing with clients and other relevant stakeholders, and
- provide a framework for the responsible development of AI systems by members and regulated firms.

1.5 At the same time, valuation acts as a core pillar of financial reporting, investment analysis, public policy, secured lending and property purchasing /renting decisions. Its importance extends not just to those preparing valuations, but also to those who rely heavily on them, which includes investors, auditors, regulators, owner occupiers and renters. Artificial Intelligence (AI) is currently being used by valuers, though the extent and use of AI across

different markets and within markets may vary widely. What does and should the responsible use of AI look like in a valuation context?

1.6 Whilst technology has long supported valuation practice, recent developments may significantly change how valuations are carried out and reported. Valuation best practice standards setters such as IVSC and RICS, recognises the growing influence of technology and continually reflects on the potential impact on the profession.

2. EXISTING RELATED VALUATION STANDARDS

2.1 Both IVSC and RICS publicly affirm the essential role of humans in the valuation process and explicitly state that where no human is involved in the valuation process, the output will not be considered compliant with either RICS or IVSC standards.

2.2 INTERNATIONAL VALUATION STANDARDS (effective 31 January 2025)[1]

Glossary

Automated Valuation Model (AVM): A type of model that provides an automated calculation for a specified asset at a specified date, using an algorithm or other calculation techniques without the valuer applying professional judgement over the model, including assessing, and selecting inputs or reviewing outputs

Valuation Model: A quantitative implementation of a method in whole or in part that converts inputs into outputs used in the development of a value.

IVS 104 Data and Inputs states, *"the valuer is responsible for assessing and selecting the data, assumptions and adjustments to be used as inputs in the valuation based upon professional judgement and professional scepticism."*

IVS 105 Valuation Models states, *"in all cases the valuer must apply professional judgement and professional scepticism in the selection and use of valuation models and the application of inputs used in the valuation model."* And 40.03 *"The valuer must understand the way the valuation model operates."*

***Note for the reader – at the time of drafting and submission of this paper, IVSC were in the process of developing their *IVS Exposure Draft for Consultation 2026* – due for publication and public consultation on 31 January 2026. This paper will be reviewed in light of the Exposure Draft, any updates will be noted whilst presenting at FIG Congress May 2026.**

2.2RICS VALUATION – GLOBAL STANDARDS (2024)

[1] Sourced from *'Navigating the Rise of AI in Valuation: Opportunities, Risks, and Standards'* IVSC Perspectives Paper (July 2025).

PS 1 Compliance with standards where a written valuation is provided
"1.4 The use of open source and/or commercially available AI is not prohibited, subject to professional judgement, terms of engagement, investigations, reporting and records appropriately and proportionately considering:
• confidentiality
• intellectual property
• data and input verification
• appropriate assessment and professional judgement in relation to any process and/or model outputs (also see 1.3 above)
• transparency with the intended user(s) of the valuation and
• all other ethical, technical and legal matters referred to in these standards.

3. KEY REQUIREMENTS OF THE RICS RESPONSIBLE USE OF AI STANDARD

3.1 Baseline AI Knowledge

3.1.1 Surveyors using AI must maintain a **minimum level of understanding** of:

- Different types of AI systems
- Known limitations and failure modes (e.g. hallucinations, over-confidence)
- Risk of bias and data quality issues
- Data privacy, confidentiality and security risks

3.1.2 This does not require technical expertise or coding skills, but surveyors must be sufficiently informed to use AI critically and safely.

3.2 Practice Management and Governance

3.2.1 Firms must embed AI governance into day to day practice management.

a. Data Governance

Requirements include:

- Secure handling and storage of private and confidential data
- Restricted access on a need to know basis
- Anonymisation where possible
- Explicit client consent before uploading confidential data to AI systems
- Compliance with data protection laws (e.g. UK GDPR)

b. System Governance

3.2.2 Firms must:

- Assess whether AI is appropriate for a given task
- Maintain a written register of AI systems that materially affect service delivery
- Define responsibilities for oversight, use, and review
- Ensure that AI outputs are capable of human review and challenge

The absence of explainability or auditability must itself be treated as a documented risk.

c Risk Management

- AI related risks must be formally recorded, including:
- Erroneous outputs
- Bias and discrimination
- Data misuse or retention
- Legal and professional liability
- Reputational risk

3.2.3 Risk registers should be actively reviewed and updated, rather than treated as static compliance documents.

3.3 AI Procurement and Due Diligence

Before adopting third party AI systems, firms must carry out and document robust due diligence, covering:

- How the AI was trained and on what data
- Known risks of bias or data gaps
- Data protection and security arrangements
- Environmental or stakeholder impacts
- Contractual liability and responsibility for errors

If suppliers cannot provide sufficient information, that lack of transparency must be treated as a material risk, not ignored.

3.4 Use of AI Outputs and Professional Judgement

A central requirement of the standard is that:

- AI outputs must be reviewed, tested, and challenged
- Surveyors must not follow AI outputs blindly
- Decisions informed by AI must still be defensible using professional reasoning

Where AI outputs appear inconsistent, implausible or outside accepted professional norms, they must not be relied upon without further investigation.

3.5 Client Communication and Transparency

Surveyors must communicate clearly with clients about:

- Whether AI is being used in delivering services

- The role AI plays in decision making
- Any material risks or limitations associated with AI use

This supports informed client consent and helps maintain trust. Disclosure does not need to be overly technical but must be honest and meaningful.

3.6 Development of In House AI Systems

Firms developing their own AI tools must:

- Apply the same governance, testing, and risk management standards as for third party tools
- Ensure systems are fit for purpose before use
- Maintain oversight throughout the system lifecycle

Experimental or "beta" systems must not be deployed in live professional work without appropriate controls.

4 RICS RECOGNISES THAT AI:

4.4 Is increasingly embedded in valuation, construction, infrastructure, and land services

4.5 Can drive efficiency, insight, and innovation

4.6 Also introduces novel risks that traditional professional frameworks were not designed to manage

4.7 By making responsible AI use a mandatory professional standard, RICS aims to:

- Protect clients and the public
- Preserve trust in surveying opinions
- Ensure innovation enhances, rather than undermines, professional practice.

5 CONCLUSION

5.4 Education is key, for valuers and also consumers to help embed and drive change more quickly.

5.5 The responsible use of consistent, trusted and transparent AI systems to help valuers develop their professional judgement, is vital to elevating the profession.

5.6 The role of valuers is to assess Market Value in the light of evidence normally obtained through analysis of comparable transactions. Valuers reflect, not lead, markets.

5.7 The RICS standard represents a significant step in professionalising the use of AI within surveying practice. It strikes a balance between innovation and regulatory/professional guard-rails: enabling AI to support the profession, but requiring surveyors and firms to remain in control, transparent, ethical and accountable. It reinforces that technological change does not displace the role of the surveyor, but rather must be harnessed responsibly in service of clients, the public interest and the built environment.

5.8 At the same time, valuation acts as a core pillar of financial reporting, investment analysis, public policy, secured lending and property purchasing /renting decisions. Its importance extends not just to those preparing valuations, but also to those who rely heavily on them, which includes investors, auditors, regulators, owner occupiers and renters.

5.9 While valuations prepared exclusively using AI, automated statistical techniques, machine learning, or deep learning do not currently comply with IVS (International Valuation Standards) or RICS requirements, these technologies present valuable opportunities for valuers to strengthen the valuation process. They can drive greater efficiency, broaden access to data, and enable more rigorous analytical insights. At the same time, their adoption raises critical considerations around how valuers can consistently exercise professional judgement and professional scepticism, and how valuation risk can be effectively identified and managed throughout the valuation assignment.

5.10 Recognising the pace of change in technology playing a greater role in the valuation industry, the responsible use of artificial intelligence is therefore of immeasurable benefit to society as a whole.

Suggested reading

European Valuation Standards 9th edition (2020)

'Navigating the Rise of AI in Valuation: Opportunities, Risks, and Standards' IVSC Perspectives Paper (July 2025).

International Valuation Standards (effective 31 January 2025)

RICS Global Valuation Standards

BIOGRAPHICAL NOTES

As part of the Professional Groups and Forums team at RICS, Nigel sits on a number of commercial property-related panels whose function is to shape industry best practice, raise standards and develop policy. He also has joint responsibility for (and input into) the guidance notes, journals, articles and forums produced and managed by these groups.

Nigel comes from a valuation background, having previously worked at Deloitte LLP. He has experience in valuation for secured lending, risk management and governance. Nigel has experience in the financial modelling of institutional investment in the residential sector and development/estate regeneration advice.

He is keen to drive standards within the industry and raise the profile of the RICS with the membership.

Nigel has been previously involved with the RICS in a number of different guises; as a former RICS Matrics UK Chair (2013-2014), the Matrics global representative on RICS International Governing Council (2013-2014) and the Matrics representative on the RICS Nominations Committee (2011-2013).

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