

**SPEECH BY MINISTER FOR NATIONAL DEVELOPMENT LAWRENCE WONG
AT THE 20TH ASEAN VALUERS ASSOCIATION CONGRESS
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I am very happy to join you today for the 20th ASEAN Valuers Association, or AVA Congress. It is particularly significant that we are here for this year's Congress because 2017 is also the 50th anniversary of the founding of ASEAN. We are very happy that we have such a distinguished group here in Singapore, and I would like to welcome all our guests from abroad.

The valuation industry plays a crucial role in ensuring the proper functioning of markets. As ASEAN has grown and prospered over the past 50 years, so too have the importance of valuers. Over the last decade, the ASEAN region has grown at an average of 7% per annum, more than double the world growth of about 3% over the same period. If we combine the economies of the 10 ASEAN member states, it would be the sixth largest economy in the world. If our growth trends continue in the not so distant future, we will be within the top five largest economies of the world. So ASEAN collectively accounts for something significant. And as ASEAN continues to grow, the role of valuers and organisations like AVA will only become more important.

Today, I want to talk about two trends that will drive growth for the valuation industry, and the role organisations like AVA can play to position the industry for the future. These are trends that are changing not just for valuers, but for many other professions as well.

The Rise of Digital Innovation

The first trend is the rise of digital innovation. Digital services and platforms will play an increasingly central role in driving future growth and development around the world. Over the years, particularly in recent years, we have seen dramatic changes and transformations across many industries. They are taking advantage of digital connectivity, of big data, and of new technologies to transform themselves and to better meet the needs of consumers.

Take the travel industry for example – in the old days we used to buy travel tickets from agents. But this has since changed dramatically for many ASEAN countries. Now, online sites like Expedia disrupt traditional travel agencies by allowing everyday travellers to become their own travel agents. Today, anyone can find the best travel deals from the comfort of their homes, with just the click of a button.

Likewise, in the media distribution industry, there has been tremendous changes in the way we consume media. The days of buying DVDs or music albums, and those who are older will remember cassette tapes and records – these days are over because you now have companies like Netflix and Spotify where consumers only need to pay for what they consume, even if it is just one song. Consumers do not even have to own the music because they can stream them online, on demand, at a very low price.

So these are companies which have come in, disrupted the existing industries, and transformed them. By developing sophisticated digital platforms, they offer consumers greater convenience, and a wider array of services at lower cost.

Compared to these industries, the real estate sector has not been impacted by digital innovations at the same degree. But things are starting to change. Already, we are seeing signs of disruption in several countries. Not so much in ASEAN yet, but if you look further afield, there are signs of change.

In the area of valuation for example, some valuation companies, mortgage lenders and insurers have been developing computer models to assist them in their decision making. Such models have been made possible by the increase in the availability of data over the years, and developments in machine learning techniques.

For example, in Canada, the Canada Mortgage and Housing Corporation has a database of property information on around 8 million properties. They have made use of the data to develop an automated risk assessment system that helps it to assess mortgage insurance applications. Amongst other things, this model evaluates the physical characteristics and prior sales activity of the property itself. So a lot of these things have become automated, and they develop using machine learning.

We have also witnessed similar developments in other parts of the real estate sector. In the UK, the US, Australia and several countries, traditional brick and mortar property agencies are being challenged by online agencies offering highly customised services to consumers at lower prices.

Just like the companies I mentioned earlier - Expedia and Spotify, you now have online agencies for real estate, like Redfin and Purple Bricks in other countries. They have developed sophisticated, user-friendly platforms, and they offer automated features to handle administrative work like the scheduling of house viewings. All these have allowed them to increase the productivity of their agents while offering more convenience to their customers. So even the work in the real estate sector is changing and evolving, and there is a lot more of online viewing and online platforms for consumers to purchase properties directly.

Valuers with the ASEAN countries, together with other stakeholders in the real estate sector, from property agents to conveyancing lawyers, will have to embrace these digital trends. There will be challenges arising from these changes, but at the same time, there are also new opportunities. So we must embrace the changes and be a part of how these new innovations shape the industry in the future.

New Focus Areas in Valuation

Let me now move on to the second trend.

Valuation work is traditionally associated with physical assets – real estate, buildings, industrial plants and machinery. But increasingly, valuation of non-tangible assets like intellectual property, service contracts, and proprietary data, are also becoming more important when valuing businesses.

This is partly driven by the trend of digital innovation which I highlighted earlier, but it is also broadly due to the continued strong growth of the services sector. In many ASEAN countries, the services sector accounts for more than 50% of GDP and is continuing to grow very strongly. So services will grow, the digital economy will grow, which means that valuation of non-tangible assets becomes more important.

In many ways, valuing non-tangible assets can be more complex than valuing physical assets. So there are new opportunities for valuers in business and intellectual property valuation. As the theme of this year's Congress puts it, the valuation industry must focus on "Real Estate and Beyond". It is not just real estate – the "and beyond" part becomes increasingly important as well.

It is crucial that the valuation industry prepares its people to tackle the challenges in these new areas. I understand that AVA has lined up a comprehensive list of topics for this year's Congress to discuss issues not just in the traditional core areas like the valuation of properties, but also in business valuation, and I am glad that AVA is playing an active role in preparing its members for the future.

Working Together to Seize Opportunities

These two trends will shape the valuation industry as well as the broader real estate industry in ASEAN over the coming years. Adapting to them will not be easy. Industry associations like AVA and its component members will have to play a key role in positioning the valuation sector to seize the opportunities, and also to cope with the new challenges. I will just highlight two aspects of work which are critical.

First, we have to ensure that our people are equipped with the right knowledge and skills for the future – and industry associations like AVA are well placed to facilitate this. That is why in Singapore we have taken a deliberate approach to work with our industry associations wherever possible, to curate and provide training programmes so that workers can continually upgrade their skills to remain relevant. So the first aspect of work to adapt to this change is skills training. That is something that we are very focused on. In fact, we have a whole national initiative called "SkillsFuture" where we want everyone across all sectors to continuously upgrade their skills.

Second, industry associations need to take the lead to coordinate industry-wide standards and processes, to facilitate the adoption of new technology, or further professionalise different fields of valuation. The real estate industry is tightly interlinked, and work processes often cut across various stakeholders. Getting buy-in from these stakeholders both within the valuation industry and also across the broader real estate sector will require forward planning and careful coordination. So the second area of

work is about getting industry associations to coordinate the change across the whole sector, because there are many stakeholders, and that work needs to come together as well.

In short, to seize future opportunities, everyone has to work together. In Singapore, the approach we take is a tripartite approach. In other words, we bring together companies and industry associations as one partner; we bring together our workers and unions as a second partner; and thirdly, the government comes along as well. So there are three parties in the tripartite approach where together, we promote growth, development, and competitiveness for our industries.

We are taking this tripartite approach to develop a “Real Estate Industry Transformation Map” so that our real estate industry – from the developers and facility managers, to property agents and valuers – will be able to understand the changes that are coming, develop themselves, upgrade their skills, so that we can grow the sector and continue to provide good jobs for Singaporeans.

Many of the trends that I shared earlier will help shape this industry transformation map that we are working on, and will help us develop the strategies that are necessary to position our real estate industry for the future. We envision a future real estate industry, which includes the valuation sector, that is more technology-enabled, customer-centric, professional and productive. This will better meet the needs of our future economy and customers, and also provide more good and productive jobs for Singaporeans within the real estate industry itself.

Moving towards the future, together

In conclusion, the real estate industry will continue to benefit from ASEAN’s continued growth. There are challenges, but these challenges are not unique to the real estate sector, and they are certainly not unique to the valuation professionals. These challenges are happening across all industries and all professional services, but at the same time, digital change is opening up many new opportunities.

So the real estate industry, including the valuation sector, must adapt to the change, and transform in the face of digital innovation. It will provide new opportunities for valuers, and open up new fields including business and intellectual property valuation. AVA, and its member organisations, all have a key role to play in positioning the ASEAN valuation industry for the future. I look forward to seeing more stakeholders in the ASEAN real estate sector coming together, like what AVA has done today, to work together to help the industry transform for the future.

On this note, I would like to declare the Congress open, and I wish all of you a fruitful Congress ahead.
