

Real Estate Professionals & Market Expectations

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1980-90s



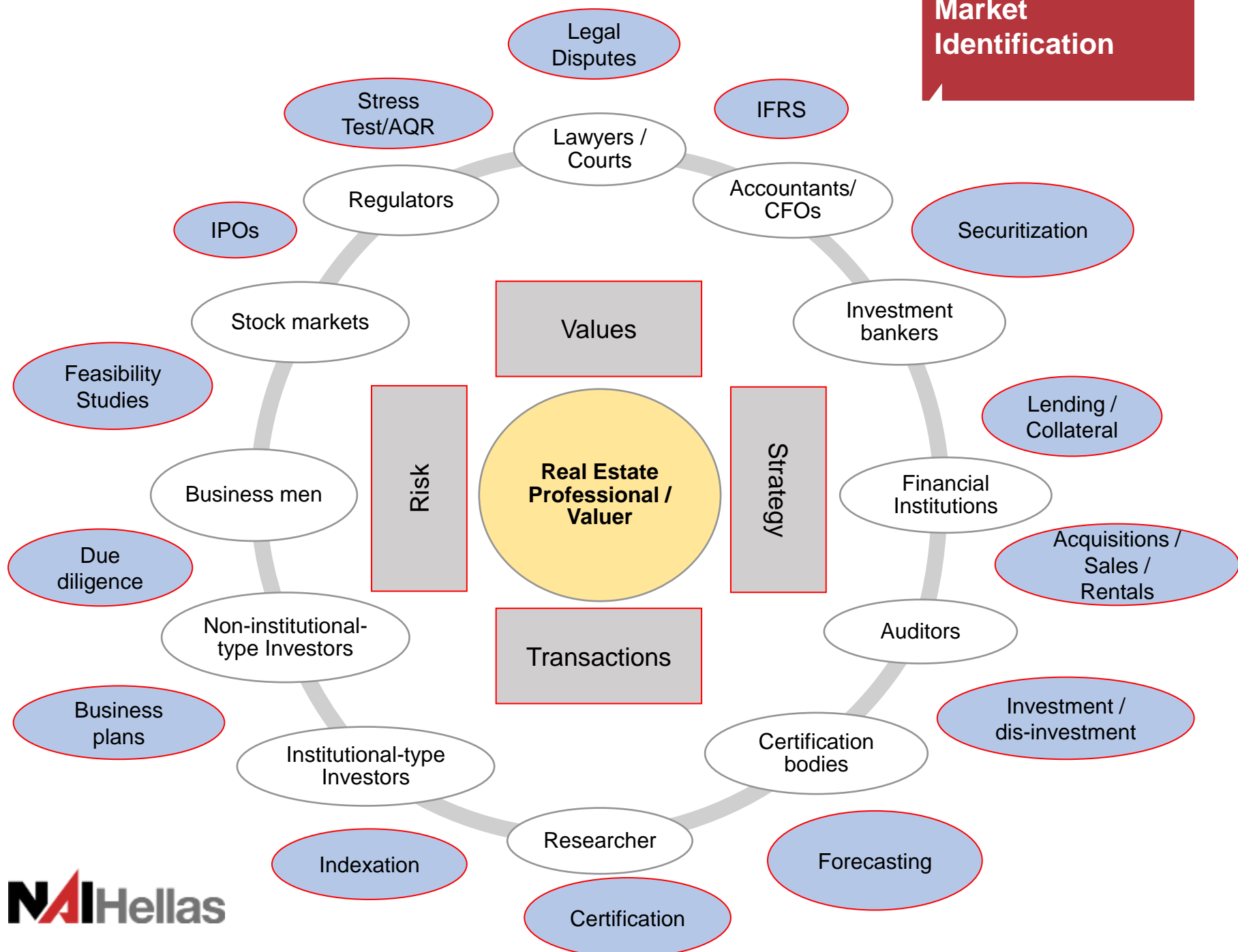
Today



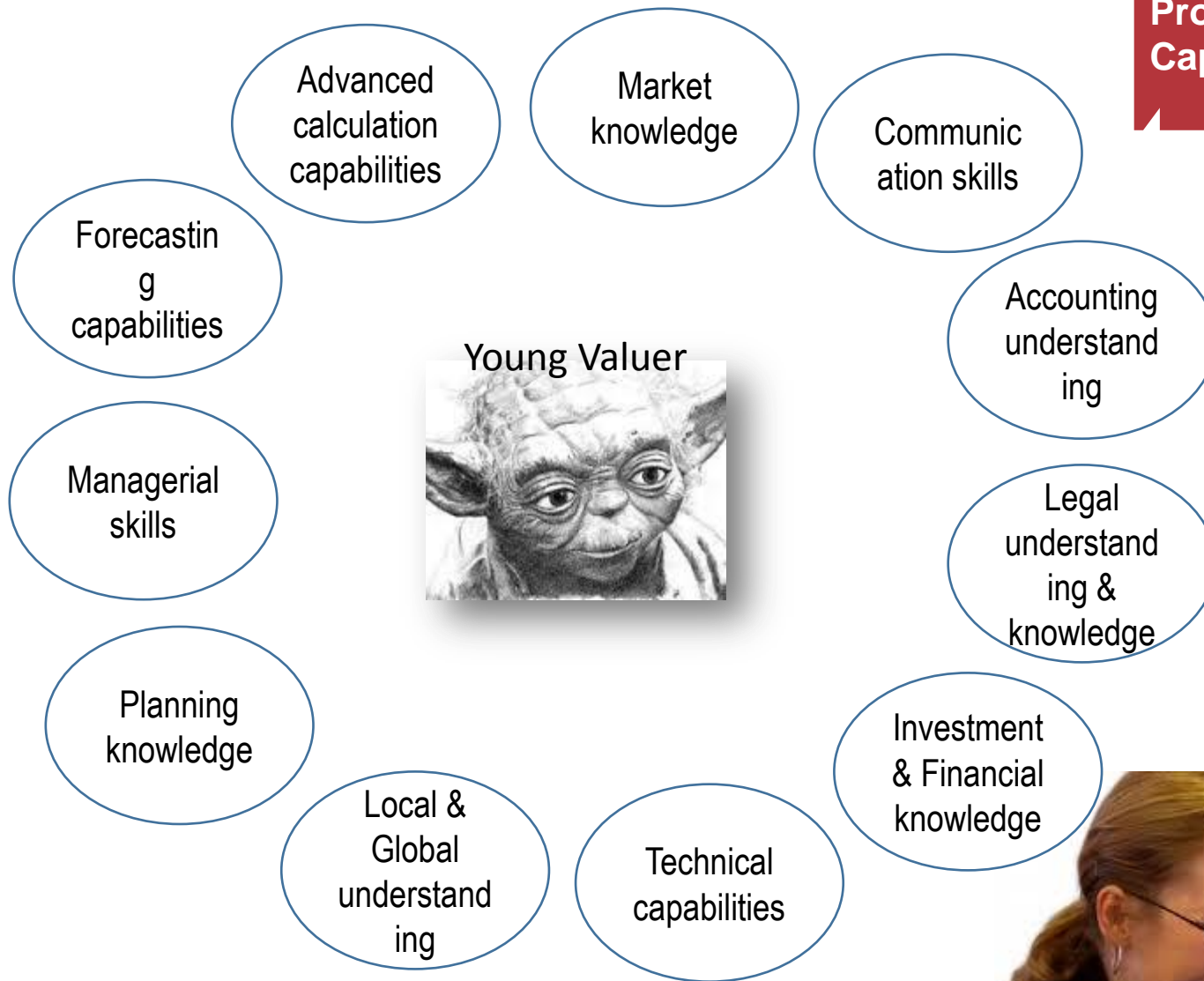
Next year?



Market Identification



Professional Capabilities



A growing complicated environment ...

Conclusion No. 1 – Not all service receivers want/expect the same service

Conclusion No. 2 – Not all service receivers are trained enough to be able to express what they want

- “...*the desired valuation methodology is that of the Revaluation Model according to IAS 16*”

Conclusion No. 3 – Different service receivers set their own standards and terminology

- *Comparative based valuation on net effective rent – Income Method*
- *Comparative based valuation on unit of area – Comparative Method*
- *DCF based on hope value – Residual Method*
- *Discounted Comparable - ??*
- *Forbidden use of DRC methodology even for special-type properties*
- *If a property is empty then its value does not exceed its land value.*

Conclusion No. 4 – No one is informed that there is more than one value

Conclusion No. 5 – Almost everyone anticipates that his Special Value is the Market Value

- Enterprise value = Market Value of property
- Quality of operation = included in the Market Value of a property

Conclusion No. 6 – Calculations do not stop at EBITDA... any more ...

- After Tax Equity IRR, Equity multiplier, ROE, ROI, net yield etc.
- Free Cash Flow Equity/Firm

Conclusion No. 7 – In many cases the RE professional operates in an un-structured business environment

Conclusion No. 8 – Everything starts with a VALUE!!!

Market expectations

In order for a professional team to compete in the modern RE consulting market the following capabilities are required:

- Increasing calculation requirements
 - Advanced financial modeling capabilities
 - Scenario creation with stress test and sensitivity analysis
 - Industry-use international software & certification for its use
- Continuous education & effort to improve
- Certification
 - Individual level (REV, MRICS)
 - Firm level (ISO etc.)
- Increasing operations management procedures for large projects
 - CRM/ERP etc.
 - Quality assurance procedures
- Increasing demand to combine other professionals' experience
- Satisfying tight time schedules
- Full certified working teams covering the full spectrum of the team experience required
- Professional Indemnity Insurance
- In-depth market intelligence

In order to bequeath our profession to the following generations we all need to work in order to:

- highlight the importance of our profession
- increase recognition to our profession
- upgrade our competencies and adjust to modern market expectations
- increase professionalism
- educate the market
- promote cooperation between us and,
- protect our profession from low quality instructions

"I don't have any data to give you, and I am not very sure of what exactly I want, but I want it on Friday and ... if possible for free."

- The average client

Thank you !

