

## GUIDANCE NOTE ON APPLICATION OF PREDICTIVE ANALYTICS AND DATA MODELING IN REAL ESTATE VALUATION

### 1. Preamble

The Valuation profession is witnessing rapid evolution in response to dynamic market conditions and increasing expectations from stakeholders for greater transparency and analytical rigor. Recent developments, such as lenders requesting appended rates from listing portals and the emergence of public predictive tools, have further underlined the need for valuers to safeguard their professional standards while embracing data-driven innovations.

Recognizing these evolving market dynamics, the Institution of Valuers (IOV) encourages its members to continuously adapt and enhance their valuation services to meet these requirements. In particular, integrating data modelling and predictive analytics can significantly strengthen analytical support, improve risk management, and reinforce professional credibility.

### 2. Purpose

While these developments reflect the increasing market appetite for data-driven intelligence, they present a dual challenge and opportunity for real estate valuers:

- **Challenge:** The risk of undermining independent professional judgment and potentially creating liability from using unverified or external third-party data.
- **Opportunity:** The chance for valuers to leverage their own robust, field-based data to develop proprietary predictive analytics, reinforce professional credibility, and expand revenue streams through thoughtfully packaged intelligence services.

This guidance note aims to:

- Promote responsible and professional use of historical and market data in real estate valuation modeling.
- Provide a protective framework to safeguard valuers against potential legal and operational risks.
- Encourage the development of standardized practices around predictive analytics and the potential packaging of these insights into new service offerings.

### 3. Data Gathering and Modeling

Members are encouraged to:

- Systematically gather historical valuation data, market data, and assignment-specific information from credible sources.
- Apply robust modeling techniques and analytics frameworks to derive predictive insights and benchmarks that support, but do not replace, professional judgment in real estate valuations.
- Maintain thorough documentation of methodologies, data sources, and assumptions used in generating predictive or trend-based analyses.

#### 4. Ownership and Protection of Data

Valuers who develop historical data repositories or valuation databases through multiple real estate assignments and sources shall:

- Retain full ownership and control over their proprietary data and models.
- Use such data strictly for professional purposes and within the scope of real estate valuation engagements.
- Be vigilant in protecting data from unauthorized access or misuse.

#### To further protect valuers:

- This guidance note recognizes valuers' rights to their self-compiled databases as professional intellectual property, providing a strong defense in the event of disputes concerning data use or ownership.
- Members should include appropriate disclaimers and limitations in their reports when referencing analytics or trends derived from their proprietary data.

#### 5. Exclusion of Personal Identifiable Information (PII)

Valuers shall ensure that:

- No personal identifiable information (PII), as defined under the Information Technology Act, 2000 (IT Act), is included in analytical models, reports, or databases.
- All data used and shared is anonymized, aggregated, and fully compliant with applicable data protection laws.

#### 6. Packaging and Distribution as Intelligence Services

Members are encouraged to explore opportunities to responsibly package and distribute predictive analytics and insights as value-added intelligence services to stakeholders such as lenders, investors, and developers in the real estate sector.

When considering such services:

- Clearly define the scope, limitations, and terms of use for any distributed insights.
- Ensure transparency and include disclaimers clarifying that these analytics are intended to support — not replace — independent professional valuation judgments.
- Secure appropriate legal counsel to safeguard data ownership and clarify liability boundaries when offering insights as a standalone service or via APIs.

#### 7. Legal Considerations

Members are advised to:

- Periodically review and update their data governance and privacy policies to comply with prevailing laws and best practices.

- Seek legal advice before entering into agreements involving data sharing or commercialization of predictive insights.
- Explicitly define rights, responsibilities, and disclaimers in client agreements and valuation reports utilizing analytics.

## 8. Promotion of Best Practices

By adopting predictive analytics responsibly, valuers can:

- Enhance the quality, consistency, and defensibility of real estate valuation reports.
- Strengthen their market position as technologically advanced and risk-aware professionals.
- Contribute to a more transparent and data-driven real estate valuation ecosystem in India.
- Explore new revenue streams through thoughtfully packaged intelligence services.

## 9. Conclusion

IOV strongly encourages its members to embrace predictive analytics as a tool to support — not replace — professional judgment. By adapting to evolving market dynamics, responsibly leveraging data, and exploring new service avenues, members can confidently innovate while safeguarding their professional interests and upholding public trust.

### **NOTE: Suggested Disclaimers and Limitations for Predictive Analytics and Data-Based Insights**

Members may include the following disclaimers (customized as appropriate) when integrating predictive analytics or sharing intelligence services:

#### **1. General Valuation Report Disclaimer**

Disclaimer:

The predictive analytics, trends, and data-backed benchmarks annexed to this report are intended to support, but not replace, the valuer's independent professional judgment. These insights are based on historical data and predictive modeling techniques and are indicative in nature. Actual market conditions and property-specific factors may vary and should be independently verified by the user. Neither the valuer nor any associated parties shall be held liable for any decisions made solely based on these predictive analytics.

#### **2. Data Ownership and Use**

Data Ownership:

All historical data, valuation databases referenced in this report are the proprietary intellectual property of the valuer. Unauthorized reproduction, distribution, or commercial use without explicit written consent is strictly prohibited.

### **3. Forecasting Trends Disclaimer**

Forecasting Disclaimer:

The forecasting trends included in this report are derived using data-driven modeling methodologies. These forecasts are intended to provide directional insight and should not be construed as guarantees or absolute predictions. Users are advised to consider these trends as supplementary reference points and not as definitive market outcomes.

### **4. Intelligence Services Distribution**

Distribution Disclaimer:

Any predictive analytics or trend insights shared as standalone intelligence services or via APIs are provided on an “as is” basis. While reasonable efforts have been made to ensure data accuracy and reliability, the valuer expressly disclaims any warranties, express or implied, including but not limited to fitness for a particular purpose. Users assume full responsibility for any decisions or actions taken based on such distributed insights.

### **5. Exclusion of PII**

Data Privacy Disclaimer:

All data used in modeling and predictive analytics has been anonymized and aggregated to ensure compliance with applicable data protection laws, including the Information Technology Act, 2000. No personal identifiable information (PII) is included or shared as part of these analytics.

### **6. Limitation of Liability**

Liability Limitation:

The valuer and associated parties shall not be liable for any direct, indirect, incidental, consequential, or punitive damages arising out of or related to the use of predictive analytics or data-based insights provided in this report or as standalone services.