

Managing Risks in Property Exposure via Valuations/Appraisal Assessment

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Key words:

ABSTRACT

Western world governments and private business have developed sophisticated risk management systems that aim to identify risk and formulate mitigation strategies. This creates an environment that promotes greater certainty and profitability for these organisations to operate in the global marketplace.

As part of this process, global organisations have begun to standardise practices to ensure consistency across their world-wide operations. Apart from operational efficiency gains, this provides them with heightened risk management via a consistent approach to risk assessment and its treatment.

The development of a system for “**grading the level of risk**” across defined property types will lead to greater certainty of property value when valuation assessments are undertaken. Enhanced risk management grading will enable global investors to more confidently assess the exposure and risk levels associated with property types and in turn, the likelihood of fluctuations in property value over time.

I have used the experience of Valuer-General Victoria throughout my presentation as a case study as it demonstrates some of the sophisticated risk management styles that have been developed. However, before outlining these methods, it is important to firstly define risk and exposure.

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