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AI Impact on Valuation Practice – The Next Decade

1. Introduction

Valuation practice in India is entering a period of significant transformation. The rapid growth of Artificial Intelligence (AI), combined with the increasing digitalisation of land records, RERA databases, GIS maps and compliance systems, is redefining how valuers gather information, analyse markets and produce reports. While valuation has always depended on the professional judgement of qualified valuers, AI will not replace valuers, but it will fundamentally change expectations around speed,transparency, accuracy and regulatory compliance.

The valuer of the future will work in an environment where automation performs the repetitive tasks and professionals focus on reasoning, interpretation and certification. This article examines how AI will influence valuation practice in India over the coming years and the skills that will be necessary to maintain professional standards.

2. Digital Transformation as the Foundation for AI Integration

AI's impact on valuation is only possible because of the larger digital transformation underway. Several developments are converging:

- **Digitisation of land records and cadastral maps** across multiple states, improving access to ownership and parcel data.

- **Online registration databases** displaying market transactions and guidance values.
- **RERA platforms** providing project details, approvals, updates and quarterly progress.
- **Municipal online systems** offering FAR/FSI norms, occupancy certificates, plan approvals and tax records.
- **Geospatial datasets,** including satellite imagery, slope maps, flood zones, road connectivity, public utilities and environmental buffers.

This expanding digital environment creates an enormous quantity of structured and semi-structured data. AI thrives on such data and can analyse this information far faster than any manual process. In the decade ahead, most valuation assignments will begin with automated data extraction rather than manual collection.

3. AI-Enabled Data Collection and Verification

One of the most immediate changes will be the automation of data gathering. Presently, a large portion of a valuer's time is spent searching for records, verifying dimensions, checking approvals and comparing past sales. AI tools will streamline this dramatically.

3.1 Automated document extraction

AI will gather details from:

- Record of Rights (ROR)
- Encumbrance certificates
- Mutation records
- Approved plans
- RERA registration data
- Municipal tax records

Optical Character Recognition (OCR) and natural language processing will extract relevant clauses, areas, restrictions and legal notes.

3.2 GIS and satellite-assisted analysis

AI models will analyse:

- Proximity to main roads, markets and schools
- Access width and connectivity
- Flood-prone or CRZ zones
- Topography and slope
- Land use around the site

Optical Character Recognition (OCR) and natural language processing will extract relevant clauses, areas, restrictions and legal notes.

3.3 Fraud detection and anomaly identification

Banks and NBFCs are likely to implement AI systems that:

- Detect irregular plot boundaries
- Flag repeated valuation discrepancies
- Identify abnormal variance from local market benchmarks

Such tools will enhance transparency and safeguard institutions from inflated valuations.

4. AI-Assisted Market Value Estimation

4.1 Automated Valuation Models (AVMs)

Machine Learning techniques like Random Forest, XGBoost, etc will use:

- Ten-year transaction history
- Location-based features
- Building characteristics
- Development trends
- Local economic indicators

These models can predict probable values within an acceptable accuracy range. Many international banks already use AVMs for screening; India will likely follow.

4.2 Geo-spatial valuation

GeoAI models will adjust values based on:

- Distance to the beach, coast or river
- Proximity to employment centres
- Public transport access

Such adjustments, when documented, strengthen the scientific basis of valua-

4.3 Predictive market movement

AI can analyse thousands of economic variables to predict short-term market changes. For valuers, this may assist in:

- Feasibility studies
- Highest and best use decisions
- Marketability assessments

However, human judgement will remain central for interpreting these trends.

5. AI for Technical and Structural Evaluations

5.1Drone-based inspections with AI vision models will provide objective visual evidence supporting valuations.

5.2 Digital Twins of Buildings

Digital twins will combine:

- BIM models
- Material specifications
- Life-cycle performance data

Valuers will be able to estimate remaining life and replacement cost with greater accuracy.

5.3 Automated measurement extraction

AI will calculate plinth area, setbacks from:

- Floor plans
- Laser scanning
- High-resolution photography

6. Valuation Reporting and Compliance in the AI Era

6.1 Automated report generation

Valuers will use AI-based templates that automatically:

- Insert relevant data
- Check compliance with IBBI formats
- Highlight missing sections
- Ensure uniformity across reports

This reduces time and raises the quality standard.

6.2 Real-time validation by institutions

Banks or regulators may use AI to evaluate:

- Land area mismatch
- Unsupported assumptions
- Unusual deviations from market trends
- Non-compliance with standards

Such screening will increase report accountability

6.3 Enhanced transparency

AI enables traceable workflows where:

- Data sources are documented
- Adjustments are justified
- Market comparables are verifiable

This strengthens defensibility in litigation and arbitration.

7. Challenges and Safeguards

Despite its benefits, AI brings several risks that must be managed.

7.1 Data quality and bias

Valuers must cross-check automated outputs.

7.2 Over-reliance on automation

AI cannot understand special circumstances such as:

- Title complications
- Access restrictions
- Encroachments
- Litigation history
- Development control exceptions

Professional judgement remains essential.

7.3 Ethical considerations

Valuers must ensure that:

- Data privacy is respected
- Client confidentiality is preserved
- Automated models are used responsibly

7.4 Regulatory gaps

IBBI, RERA and banking bodies will need to frame:

- AI usage guidelines
- Model validation procedures
- Accountability norms

8. Skills Required for the Next-Generation Valuer

8.1 Technical skills

- Understanding of AI-assisted tools
- Basic Python and data analytics
- GIS mapping
- Digital measurement methods
- Modern report automation systems

8.2 Analytical capabilities

8.3Technical skills

- Market pattern recognition
- Risk assessment
- Economic understanding

8.4 Soft skills

- Communication
- Clear explanation of assumptions
- Expert witness capability in courts and arbitration

10. Conclusion – The Road Ahead

AI will be the most influential technology to shape valuation practice in the coming decade. Its impact will be visible across the entire valuation workflow—from data gathering to analysis, documentation, compliance and monitoring. Far from replacing valuers, AI will elevate the profession by enabling faster decisions, reducing errors and improving transparency.

Institutions will increasingly expect speed, scientific reasoning and digital integration, and AI will help valuers meet these expectations. At the same time, the core of valuation—professional judgement, integrity, field experience and ethical governance—will remain irreplaceable.

The valuers who embrace AI early, understand its strengths and limitations, and utilise it as a powerful assistant rather than a substitute, will lead the next generation of the profession in India.