

PROPERTY RESEARCH GUIDELINES

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Guidance Papers

Objectives

The principal objective of a Guidance Paper (GP) and Resource Pack (if applicable) is to clarify professional and industry processes, best practices, and procedures and to discuss their use and implementation.

A GP is designed to be of assistance to Members and those who use Members' services. They serve as a guide and measure of acceptable professional practice and conduct of a Member.

The intention of a GP is to:

- a) provide information on the characteristics of different types of assets that are relevant to the advice.
- b) provide information on appropriate practices and their application.
- c) provide information that assists Members in exercising the judgements they are required to make in specific situations'; and
- d) convey elements of what is considered "competent professional practice" for Australian Property Institute (API) Members and "best practice" for Property Institute of New Zealand (PINZ) Members.

A GP is not intended to provide comprehensive training, instruction or prescriptive practices and procedures, or direct that a process, professional approach, or method should or should not be used in any specific instruction or situation.

Member Obligations

The Member is responsible for choosing the most appropriate approach in a matter based upon the task and instruction. It is a matter for each Member to decide the appropriate practice in any situation, and if they are unclear, seek professional advice from others, or contact the Institute(s). Members have the responsibility of deciding when it is appropriate to depart from the guidance and practices contained in a GP.

The Institute(s) do not warrant that anything contained in this, or any GP is the definitive or final statement on any issue. Members must perform their own work pursuant to their own professional expertise and experience and if required, seek additional advice which might include legal advice.

Court or Tribunal Reliance

A court or tribunal may consider the contents of any relevant GP or other document relating to a recommended professional practice published by Institute(s) in deciding whether the member acted to a standard required by law.

Currency of Publication

Case law and relevant legislation may change over time and whilst the Institutes(s) consider this GP current at the time of publication, Members and those who use Members' services should have regard to legislative changes and new rulings and if necessary, seek further advice prior to having regard to this GP.

Departure or Non-Compliance

Where a Member considers that a circumstance exists that warrants the departure from or non-compliance with any of this GP, the Member's report (or other advice) must include a statement that outlines:

- a) the reasons for the departure or non-compliance with this GP; and
- b) any impact the Members departure or non-compliance may have on the content of the report.

Members are advised to seek legal and/or other advice before departing from practice recommended in a GP.

Enquiries

If any Member considers any information or advice in this GP to not be accurate or up to date, or wish to raise any issue for consideration arising from the contents of this GP, please refer this to

API contact: standards@api.org.au

PINZ contact: standards@property.org.nz

1.0 Introduction

1.1 Scope of this Guidance Paper

This Guidance Paper (GP) applies to Members who undertake Property Research Services on behalf of known clients with whom they have entered an appropriate Services Agreement. The purpose of this GP is to provide information, commentary and advice to Members undertaking Property Research; i.e. 'fee for service' commissions, whether standalone or as the underpinning of property advice, in turn, providing the basis for informed decision making.

This Property Research GP is not intended to provide guidance for academic research. Rather, the objective of is to provide guidance on what services constitute Property Research and to provide guidance as to the Standards expected of Members.

This GP should be read in conjunction with other GPs and/or API/PINZ practice standards which are either over-arching or directly applicable to the issues involved.

GPs are intended to embody recognised 'acceptable practice' and therefore may (although this should not be assumed) provide some professional support if properly applied. While they are not mandatory, it is likely that they will serve as a comparative measure of the level of performance of a Member. Further the API and PINZ do not warrant that anything contained in this or any GP is the definitive and/or final statement on any issue raised in the GP. Members must perform their own work pursuant to their own professional expertise and experience.

Where recommendations are made in this GP for specific professional tasks, these are intended to represent 'acceptable practice'; i.e. recommendations that in the opinion of the API and PINZ meet practice accepted by peer professional opinion as acceptable professional practice. Although Members are not required to follow the recommendations contained in the GP, they should consider the following points.

- a) When an allegation of professional negligence and/or breach of a statutory duty is made against a Member, a court or tribunal will almost always take account of the contents of any relevant GP published by the API and PINZ in deciding whether the Member acted to a standard as required by law.
- b) In the opinion of the API and the PINZ, a Member conforming to the practices recommended in this GP should have at the very least a partial defence to an allegation of negligence and/or other alleged breach, if they have followed those practices. However, Members have the responsibility of deciding when it is inappropriate to follow a GP.

It is for each Member to decide on the appropriate procedure to follow in any professional task. However, where Members do not comply with the practice recommended in this TIP, they should do so only for a good professional reason and it is recommended that Members record for their own purposes why they did not comply with something contained within a GP. In the event of a legal dispute, a court or tribunal may require them to explain why they decided not to adopt the recommended practice.

1.2 Certifications

The API does not have any specific Certification for a Property Researcher, but there are various Certifications which may, depending upon the role of a Property Researcher, be relevant as follows:

- a) Certified Property Practitioner (CPP)

- b) Certified Development Practitioner (CDP)
- c) Certified Practising Valuer (CPV)
- d) Certified Commercial Property Manager (CCPM)

PINZ has registration as a Property Advisor through the member registration process.

2.0 Definitions

The following are terms that have both relevance to and appear in this GP. Other defined words and terms may be used but are not listed below in the interests of brevity. Those terms are contained in the International Valuation Standards Glossary of Terms (<https://www.ivsc.org/standards/glossary>) and the defined terms adopted by the API. (<https://www.api.org.au/definitions>).

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| Property Research | the term is taken to mean the act of undertaking specialised, detailed, and rigorous investigations, to establish an informed, evidence-based understanding of the property market, or a specific property. Property Research represents a key value-add in the professional services supply chain. Property Research underpins all property advice provided to corporations, government, or individuals. |
| Property Researcher | the term is taken to mean specialists dedicated exclusively to undertaking Property Research. Property Advisors, Property Valuers, and other Property Practitioners rely on property research to formulate an opinion <i>and then</i> provide advice. |
| Research Method | the term is taken to mean the systematic, continuous process of investigation and comparison to acquire a robust evidence base. It is not the intention of this GP to prescriptively set out the Research Method, as the method may vary depending upon the nature of the investigation. This GP highlights the importance of having an identifiable, orderly framework resulting in information that may be reasonably relied upon. The Research Method represents professional best practice and is a defensible audit trail underpinning advice. |
| Research Standard | the term is taken to mean the minimum acceptable professional level considered by the Institute as a basis of comparison. |
| Institute | All references to 'Institute' mean API/PINZ |

3.0 Research

Research narrows the gap between speculation and informed opinion; it is a systematic investigation into causal relationships and likely outcomes. Research provides property practitioners with the evidence to develop rational and informed conclusions. Robust, accurate, and dependable research assures clients of the professionalism and integrity of property practitioners.

As an applied science, the Property Researcher adopts the 'scientific method' approach for investigating phenomena (Figure 2); where, empirical evidence is subjected to specific principles of reasoning consisting of systematic observation, measurement, and the formulation, testing, and modification of hypotheses. The process is continuous with iterative improvements resulting in greater degrees of certainty for the subject being investigated.

Figure 1 - Research and the hierarchy of property services

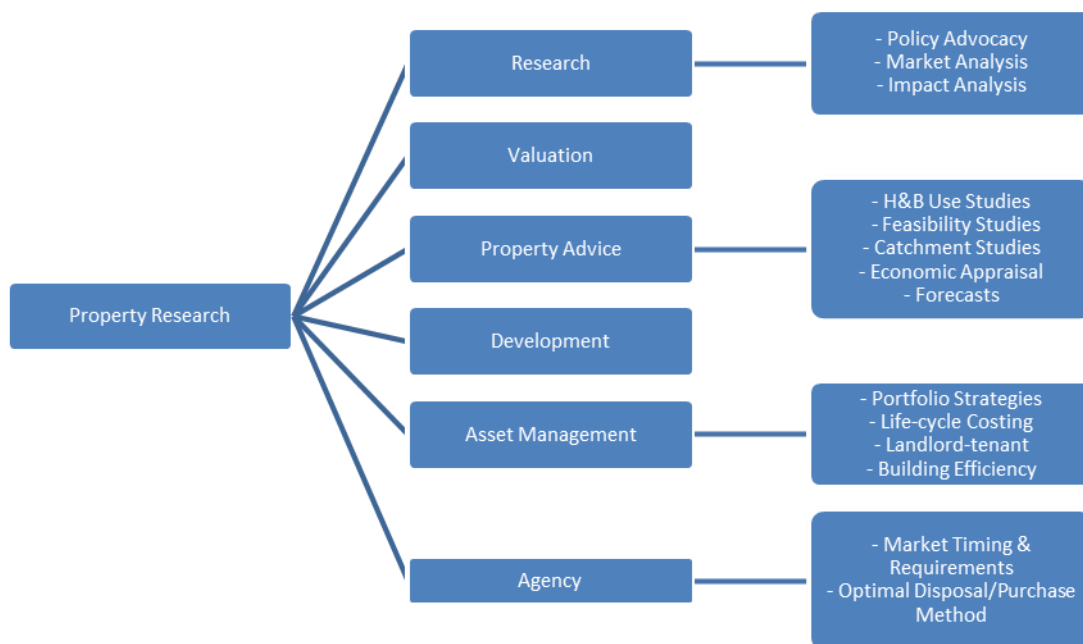
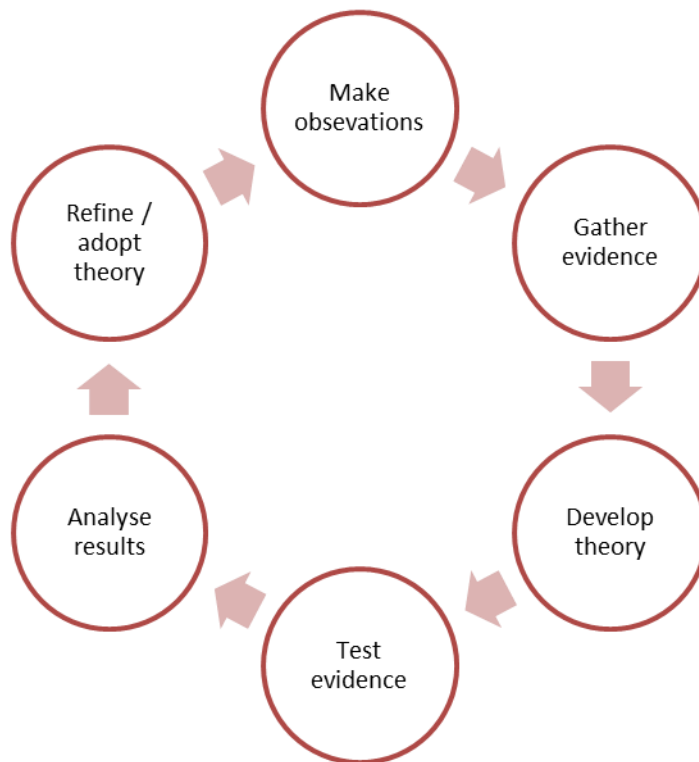


Figure 2 – Iterative 'Scientific Method' approach to research



There are two broad situations considered where a Member:

- a) is engaged to undertake Property Research by a Client; and
- b) unilaterally broadcasts Property Research as a display of expertise and for 'community benefit'.

Best practice would suggest elements common to a Property Research brief / assignment would include where applicable:

- a) Scoping Client Requirements.
- b) Obtain Instructions in Writing.
- c) Reliance and Indemnification.
- d) Limit of Liability and Professional Standards Schemes.
- e) Description of research approach and data collection techniques.
- f) Drafts and ensuring discussions; and
- g) Final report.

3.1 Drafts and Ensuing Discussions Scoping Client Requirements

The basic principle common to every assignment is understanding and resolving the client's needs. Communication is key; engaging with the client in scoping discussions, listening to their perception of the problem and their requirements to progress will achieve the requisite understanding. Failure to identify and define the client need usually results in scope creep in the absence of effective procedures to deal with changing requirements.

Typically, Property Researchers will maintain information and data sets as the basis for ongoing areas of research. While scoping client need, it is unethical to steer clients towards outcomes that exploit the value of the existing resources when the requirement is for tailored work. Similarly, 'gold plating' the scope is considered unethical and an unconscionable breach of client trust.

Transparency during the scoping discussions will identify the resource requirements and capability of the Property Researcher to resolve the client's needs. The client is often in possession of confidential, proprietary information that will inform and benefit the research and subsequent discussions. Agreement should be sought as to the use and treatment of such information for the purposes of the research. The purpose of the dialogue is the development of the brief – or the return brief, as the situation dictates.

Documenting the progression of the discussions – either directly via client emails or as file notes – evidences the brief development and the process of recording the agreement. When agreement is achieved as to the scope of work required and the agreed deliverables, timeframe, proprietary interests of the resulting research, confidentiality, etc. written instructions (see 3.2 below) should be obtained.

3.2 Obtain Instructions in Writing

Prior to commencing any assignment, a Member must obtain or confirm in writing all instructions and variations of instructions from the client or the client's representatives. The instructions should clearly detail the.

- a) scope of the reporting required.
- b) deliverables (meetings, draft, presentation, final, updates).
- c) timeframe for the deliverables.
- d) use to which the advice is to be put.
- e) proprietary ownership of information (client and Member).
- f) confidentiality, third party reliance and indemnification; and
- g) basis of fees and the payment schedule.

Where the Client provides information, the Property Researcher should take reasonable steps to evaluate the suitability for inclusion as the situation dictates. Proprietorship of the resulting findings (including the development of models) and future applications should be considered and agreed prior to commencement of the commission.

3.3 Reliance and Indemnification

The instructions should be clear as to the intended purpose of the report, and this must be held confidential to that instructing party and no reliance placed on the report by any other party.

Property Researchers should be mindful of the reliance placed on their skills and judgement. A Member should maintain appropriate levels of professional indemnity insurance and minimise the risk associated with negligence where a loss results.

A Property Researcher in undertaking Services should consider all information and/or advice of whatsoever type provided to them by Others. However, a Property Researcher should not accept or adopt or otherwise confirm and/or agree to the truthfulness and/or correctness of any such information and/or advice which in any way might constitute a Property Researcher representing acceptance, adoption, confirmation, or agreement that anyone can rely on that information and/or advice as being the Property Researcher's information and/or advice.

A Property Researcher should include an appropriately worded disclaimer or qualification in any document in which that Property Researcher makes any reference in that document to information and/or advice provided by others. Style and content of disclaimers and qualifications in a document, and proximity in the document of such disclaimers and qualifications to the information and/or advice to which the disclaimers and qualifications are to apply, should be considered. Courts have even commented upon font size in documents, of such disclaimers and qualifications. A Property Researcher should consider other GPS from the API and/or PINZ regarding the wording of such disclaimers and/or qualifications and otherwise it is recommended that they seek legal advice.

3.4 Representations

A Property Researcher must be aware that they may make statements and/or give advice ("Researcher's representations") whether in writing or oral that could have the effect of inducing someone to rely on those Researcher's representations regarding the provision of Property Research Services. A Property Researcher should therefore always have a reasonable basis for making such representations.

For example, Property Researchers must be aware of the changing and dynamic nature of property markets which might affect a previous Researcher's representation to the extent that the representation made must be withdrawn and not continue to be made as a misrepresentation. As such a 'corrected' representation may need to be made (e.g., an updated market outlook). It is not uncommon for Property Researchers to make, for example (and these examples are not exhaustive but just illustrative) Researcher's representation's about 'vacancy rates', 'customer traffic', 'market growth rates', 'market outlook', when providing Property Research Services.

3.5 Limit of Liability and Professional Standards Schemes

The professional standards legislation that exists in every Australian jurisdiction governs the operation of Professional Standards Schemes. A Professional Standards Scheme is a legal instrument that obliges associations to monitor, enforce and improve the professional standards of their members. This is designed to help protect the people, or consumers, who use their members' services.

The Australian Property Institute Valuers Limited (APIV) is the Professional Standards Scheme applicable to Members providing valuation of real property in Australia. There is currently no scheme for Property Researchers or other Members providing non-valuation services. Members must ensure that appropriate levels of insurance are maintained, and disclaimers applied.

3.6 Drafts and Ensuing Discussions

All reports issued as 'draft' should display an appropriate watermark to this effect. Similarly, where draft reports are released to the client for comment/review and discussions ensue, copies of the marked-up draft with notations of the comments should be retained on file.

3.7 Final Report

The recommended key aspects that should be incorporated into a Property Research report include, but are not limited to:

| Title | The identifier. |
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| Document control | To record the version and review stage. Issued reports should have a reference number for on-going control. |
| Date | Identify both the dates applicable to the research project and the date of final execution. |
| Table of Contents, Table of Figures, Table of Tables, Table of Acronyms | This component provides the Client with ready access to key data sets and findings. If the document is in electronic format, hyperlinks are a useful tool. |
| Statement of Quality Assurance | Ensures that a quality management system is in place and that professional standards are maintained. Directors should countersign final reports. |
| Disclaimers | The Property Researcher should delineate their area of expertise and delimits their scope of obligations. Where other specialists' information and findings are cited, the Property Research should draw this to the attention of the reader to this via referencing (4.3) and, where applicable, |

| Title | The identifier. |
|---------------------------------------|---|
| | should include a statement disclaiming the limit of their expertise in the nominated appropriate area of the report. |
| Third Party Reliance | Statement detailing the intended audience and the requirement to seek permission to release to other parties – if applicable. |
| Executive Summary and Recommendations | This section should provide a succinct overview of the key findings and recommendations without distorting the facts. |
| Background and Context | This component provides the context, outlining the Client need and the intended use of the resulting analysis. |
| Methodology | This component explains the process by which data, results, and evidence are collected, organised, and analysed. Any assumptions made should be stated. |
| Results and Discussion | The body of the report – usually over sections – where there is a logical transition to reporting, analysing, discussing, and substantiating the results. |
| Conclusion | A summary of the results and major findings. |
| References | This component cites all the references made in the paper to other research studies and sources of information (refer 4.2). |
| Appendices | A copy of the letter of instruction and any variations (if applicable). Supporting reports and materials where applicable. |

4.0 Research Standards

The Property Researcher must align with the standards of the [API Rules of Professional Conduct](#). The Code sets out the expectation that Members:

- a) must carry out their professional duties ethically, with honesty, competence, and in good faith, without personal bias, and in a manner which upholds the values and reputation of the property and valuation profession.
- b) must not provide any advice or make any statement without reasonable foundation unless it is appropriately qualified or limited.
- c) must maintain the strictest independence and impartiality where the exercise of objective judgement is required.
- d) must not, without appropriate acknowledgement, reproduce, paraphrase, or summarise any work, words, ideas or intellectual property of another person which creates the impression that it is their own, and all reports prepared by Members must give appropriate acknowledgement of the ideas, scholarship and intellectual property of others insofar as these have been used.
- e) must take reasonable steps to gather sufficient relevant data in forming an opinion or, in the absence or deficiency of such data, explain the basis on which the opinion was formed; and
- f) must ascertain and verify such relevant facts and information as a prudent professional would have ascertained or verified when providing professional property advice.

4.1 Qualities of 'Good Research'

Unbiased – the researcher must let the facts must 'speak for themselves'. Where multiple positions exist, resulting from, say, uncertainty (e.g. discount rates), a balanced presentation of the circumstances and the rationale for the adopted position would mitigate the potential for bias. However, the adopted position must be defensible and that of the researcher not the client.

Accurate – research must present the 'current' position as is reasonably known. Comment should be included that the research is reflective as at the date of production. The research is the subject of a commercial reliance and where there is uncertainty this need to be clear.

Assumptions - Requiring Further Consultancy - those assumptions that can be confirmed by engaging another consultant. Therefore, if assumptions have been made that could be confirmed by engaging another expert, the benefitting consultancy envisaged should be clearly identified.

Relevant – the client needs to understand the application and limitations of the work to avoid misapplication and/or misinterpretation of the findings. This may entail the researcher detailing in the report the appropriate use of the findings as well as the consequences of failing to act, the likelihood of circumstances eventuating, and the areas of risk and uncertainty.

Vetted – research should pass through a robust system of checks and balances to ensure that it is unbiased, accurate, and relevant. ISO:9000 provides an appropriate quality management framework. Such frameworks are widely acknowledged to deliver benefits at multiple levels, improving business and practice, reputation, reducing litigation and insurance premiums.

4.2 Referencing

The use of other sources of research, papers, opinions of others must all be appropriately referenced and to avoid misrepresenting as the Property Researchers' own work. Crediting of these other sources of research must be undertaken through in-text referencing and full sources included to the end of the report or in an Appendix.

If the Property research is based on previous research, ensure that such research is still valid and not outdated or disapproved since this weakens credibility.

The Harvard Referencing author-date citation style is widely recognised. In-text references (generally) appear in the following format:

(Author's Last Name Year of Publication, Page Number/s)

- *Example:* (Rost 1978, p64)

References lists appear in the following format:

(Author's Last Name and First Name Initial, Year of Publication, Name of Work, Edition, Publisher, Location of Publication)

- *Example:* Rost, RO, Collins, HG, 1978, *Land Valuation and Compensation in Australia*, 2nd Edition, Australian Institute of Valuers, Canberra.

4.3 Ethics

Ethics lies to the core of the Property Professional's daily practice.

This is particularly the case for instances of property advocacy; from the outset, it is incumbent to the Property Researcher to remind the client that the service offered is reputable, credible, and independent advice – not simply advice that favours a desired outcome. Such a stance may result in business pressures; long term 'reputational investment' requires the Property Professional to decline and refer business where appropriate.

Ethics seeks to resolve the question; how should I live? The API Professional Guidelines (Section 0 above) provides 'guideposts' to assist in the Property Researcher in resolving this. A guiding principle for practitioners is point 1.1 from the Guidelines, describing behaviour that,

"upholds the values and reputation of the property and valuation profession."

Another (classic) tool to aid the practitioner in their decisions is the 'Sunlight Test'; how would the practitioner act if action and the reasons for making it were public knowledge?

There are clear instances where Research behaviour is unethical – e.g. knowingly representing other's work as one's own. Another example of unethical behaviour includes misdirection / misleading information to support a client's preferred opinion or desired outcome. As discussed above, mitigated by ensuring the Researcher's professional boundaries are clearly understood from the outset.

Dilemmas are often unavoidable and professional life is challenging. The API does not provide an ethics counselling service. Not for profit providers that provide a hotline service include:

The International Ethics Standards Coalition (IESC) provides Ethi-call, an independent service, offering impartial, objective support.

5.0 Effective Date

This GP is applicable from 1 July 2021 Earlier adoption is permitted.

This GP replaces, *ANZRPTIP* 6, which was effective from 9 February 2018 and was withdrawn on 30 June 2021.