TEGOVA
The European Group of Valuers' Associations

TEGOVA's Position on the Use of Artificial Intelligence in Valuation

Rev 13

For the TEGOVA General Assembly, Vienna, 24 October 2026

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This position is evolutive and subject to regular review.

Introduction

Valuer-regulatory status of the contents of this Position:

- Apart from the provisions of the AI Act that apply to valuers and are therefore mandatory, Parts 1 to 3.3 have the status of recommendations.

- Part 3.4 "The Blue Book Codes of Conduct" amends those Codes and is therefore mandatory.

- Part 4 "AI Literacy" is added to the TEGOVA Minimum Educational Requirements and is therefore mandatory.

Artificial Intelligence (AI) is a rapidly developing, powerful and transformative varied range of information technologies that can in seconds manage, analyse and interpret data to produce results with applications from everyday life to medicine, law to valuation and much more. While Large Language Models (LLMs) have attracted great attention with their statistical use of language trained on enormous databases of texts to create documents, other systems can summarise meetings, undertake research, translate, produce presentations and do much else. Some systems are tailored to have a narrow focus for particular roles or disciplines. Valuers may use or be given material generated by AI, whether from LLMs or more tailored applications such as can assist with drafting reports. AI is swiftly becoming so ubiquitous that it might not be noticed as such, as with its integration with internet search engines.

As the use of cars, pocket calculators, spreadsheets, laptops and the internet have changed professional work, AI is now doing so, requiring an awareness of its potential and its limitations, challenges and risks. Many of those issues are old questions but now posed with greater force. AI may be understood as an assistant, increasingly powerful in operation but inanimate and without consciousness, capable of giving effective support but also of being wrong or irrelevant, even on occasion inventing material. Human professional experience and judgment need to be applied to its electronic outputs as much as to the work of human assistants.

This paper reviews the issues that AI is seen to pose in 2026 for the work of valuers, both generally and in the context of the EU's AI Act. It is stressed that AI technologies are, with enormous financial investments, developing at great speed and becoming more capable by the month. Nonetheless, the skills of the professional in understanding and reporting to the client remain human ones.

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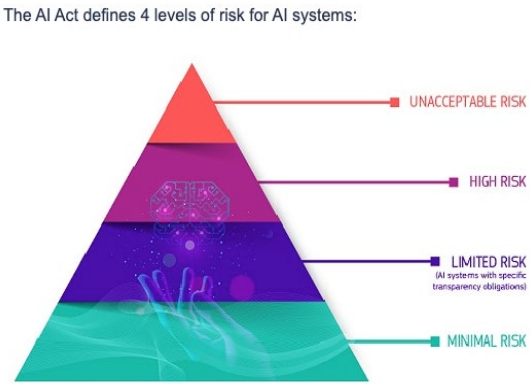
1. Valuation under the AI Act

1.1. Context

REGULATION (EU) 2024/1689 of 13 June 2024, known as the EU AI act, aims to protect EU citizens and make the internal market more coherent and effective by creating a single, harmonised framework governing the entire lifecycle of artificial intelligence systems — from their development and introduction to the market to their practical use. At its core, the Regulation encourages the deployment of AI that is centred on human needs, operates reliably, and reflects the fundamental values of the European Union.

It seeks to ensure that technological progress does not come at the expense of health, safety, fundamental rights, democratic integrity or environmental protection. The Regulation also prevents Member States from introducing national rules that would restrict the development or use of AI systems, unless expressly permitted. In doing so, it guarantees the free movement of AI-based goods and services across the Union and avoids regulatory fragmentation, supporting a genuinely integrated European market.

The AI Act introduces a uniform framework with a risk-based approach:



- **Minimal risk**: most AI systems such as spam filters and AI-enabled video games face no obligation under the AI Act.
- **Limited risk/Specific transparency risk**: systems like chatbots must clearly inform users that they are interacting with a machine, while certain AI-generated content must be labelled as such.
- **High risk**: high-risk AI systems such as AI-based medical software or AI systems used for recruitment must comply with strict requirements, including risk mitigation systems, high quality data sets, clear user information, human oversight, etc.

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- **Unacceptable risk**: for example, AI systems that allow "social scoring" by governments or companies are considered a clear threat to people's fundamental rights and are therefore banned.

1.2. Relevance of the AI Act for the practicing valuer in the EU

Most of the Act does not apply to valuers as it concerns providers of AI systems. Nonetheless it does also harmonise rules on the use of AI systems, and it applies to deployers of AI systems defined as "***a natural or legal person***, public authority, agency or other body ***using an AI system under its authority*** except where the AI system is used during a personal non-professional activity (Art. 3(4)). Clearly valuers are deployers.

TEGOVA Commentary

The valuer, when acting as deployer of AI systems, retains responsibility for the valuation report, irrespective of whether the AI system is provided by a third party or internally developed.

Article 4 – AI literacy

> *Providers and deployers of AI systems shall take measures to support the development of AI literacy of their staff and other persons dealing with the operation and use of AI systems on their behalf, taking into account their technical knowledge, experience, education and training and the context the AI systems are to be used in, and considering the persons or groups of persons on whom the AI systems are to be used. This obligation does not require providers or deployers to guarantee any specific level of AI literacy of any individual.*

TEGOVA Requirement

Valuers, employed and self-employed, are expected to meet the requirements of AI literacy.

See Part 4

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Article 95 – Codes of conduct for voluntary application of specific requirements

2.The AI Office and the Member States shall facilitate the drawing up of codes of conduct concerning the voluntary application, including by deployers, of specific requirements to all AI systems, on the basis of clear objectives and key performance indicators to measure the achievement of those objectives, including elements such as, but not limited to:

…

c) promoting AI literacy, in particular that of persons dealing with the development, operation and use of AI;

It seems clear that "persons" dealing with the (…) use of AI" would cover valuers.

AVMs now have some AI functions so in theory their manufacturers could be considered as providers of AI systems and subject to the AI Act's provisions for providers. Time and practice will tell. But the Act seems much more focused on 'pure' AI systems like search engines rather than those integrated into other products.

More likely, the AI element of AVMs will become part of the requirements for AVMs under the Capital Requirements Regulation's article 208(3a), in particular the requirement to have in place adequate IT processes, systems and capabilities (point (e)).

2. *Valuation beyond the AI Act*

Valuers will need to take account of the relevant aspects of the AI Act but also cover all other valuer-important phenomena because AI is permeating work practice at speed, in valuation as elsewhere.

Currently, AI systems provide tools for valuers such as:

- Image recognition for property inspection (e.g. structural analysis)
- Natural language processing for document analysis (e.g. lease review)
- Predictive analytics for market forecasting
- Automated report generation
- Risk assessment (e.g. environmental risks, market volatility)
- Market analysis and comparable adjustments
- Proposing a Market Value
- Damage assessment including estimating cost of repairs and impact on the overall valuation

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- Drafting neighbourhood descriptions
- Zoning compliance research and analysis
- HABU analysis
- Cross-checking comparables against tax records
- Writing reconciliation comments and narratives
- Automated valuation models (AVMs)

Several of these tools operate on the record of a property rather than on the property itself. Image recognition may assist the valuer in analysing what has been photographed, but it does not determine what should have been photographed, nor does it register what is absent from the record. The use of AI does not displace inspection of the property, it enhances it.

The valuation process, as reflected across the various Blue Books, can be broken down into several stages: data collection, verification and cleaning, market analysis, selection and application of methodologies, reconciliation of results, and report preparation.

In the data collection and processing phase, artificial intelligence offers clear gains but with some risks. The use of AI requires the valuer's critical judgment.

It can automate data extraction from multiple sources, identify inconsistencies, detect outliers, and structure complex databases.

The main challenge at this stage concerns the authenticity, quality, provenance and relevance of data. If the data presented are biased, incomplete, legally questionable, or does not exist, AI amplifies the errors at scale. Valuers using AI at this stage must ensure that sources exist and are legitimate, up to date, and representative.

Examples of critical issues include:

(i) transactions recorded but not representative of the ordinary market, such as intra-group or forced sales
(ii) datasets that are geographically incomplete or constructed on illiquid micro-markets
(iii) data that are legally unverified, out of date, or collected from sources with terms of use incompatible with professional obligations
(iv) reports that do not include relevant facts
(v) reported transactions that did not happen.

The reliability of AI-assisted analysis is not uniform across asset classes. Commercial property remains substantially behind residential in the availability and accessibility of data, and key inputs — transactional evidence, lease terms, incentives, rebates — are frequently confidential and therefore absent from any dataset available to an automated system. Undisclosed incentives may cause reported prices to overstate effective value. The valuer must calibrate reliance on AI-assisted analysis to the depth and reliability of the data available in the specific market and asset

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class concerned.

Analysis of market data: An algorithm may suggest which transactions are statistically closest, but the decision on actual comparability is not purely statistical. Two properties may share similar physical characteristics and geographic proximity yet belong to distinct micro-markets with specific social or urban dynamics that escape generalised models.

Furthermore, AI tends to operate on historical information. Valuation, however, is an exercise anchored in the present while incorporating expectations about the future. In contexts of market volatility, energy transition, fiscal change, or shifts in credit conditions, simple extrapolation of historical trends may lead to systematic errors.

The valuer must therefore question the model:

- Why was this transaction considered relevant?
- Is the sale date aligned with the current economic cycle of the asset being valued?
- What implicit assumptions are embedded in the weighting?

Human judgement remains critical.

Application of valuation methodologies: The choice of the most appropriate method depends on the nature of the asset, the purpose of the valuation, the regulatory framework, and the degree of market maturity.

An AI system may automatically calculate values using different methods and even suggest weightings based on historical patterns. However, the decision regarding which method to adopt, which adjustments to apply, and how to treat anomalous rents or exceptional capitalisation rates requires professional judgement.

When using AI technologies, four risks merit particular attention: opacity, bias, lack of accountability, and correlated errors.

Opacity arises when complex models produce results that are difficult to explain, and it is essential to recognise that valuation requires traceability. The valuer must be able to justify the value assigned, and this includes "the capacity to provide a clear, meaningful explanation of the logic and main elements of any AI-assisted findings." (see revision of the EVS Code of Conduct below).

Valuers are not required to explain the internal workings of the model at an engineering level, but must be able to provide a clear and meaningful explanation of the role played by artificial intelligence, the main inputs considered, the type of output generated, the checks performed, the limitations identified, and how these outputs were verified, accepted, adapted, or rejected in the valuation process.

Bias represents a structural risk. If historical data reflect territorial inequalities or distorted market

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practices, models will tend to reproduce them.

“Territorial inequalities" include markets with significantly different transaction coverage between central and peripheral areas, or segments where the lack of sufficient data leads the model to transfer patterns from non-homogeneous contexts.

"Distorted market practices" include prices influenced by relationships between parties, urgent divestment needs, unusual financing conditions, or other factors that are not representative of market value.

Valuers must be aware of these effects and critically examine results that appear to reinforce unjustified patterns.

Lack of accountability: When a result is presented as “supported by AI technologies”, the temptation to dilute responsibility may arise. However, from an ethical and legal standpoint, accountability rests with the professional who signs the report. AI is not accountable to courts, regulators, or clients, whereas valuers who use it are.

The difficulty is compounded by presentation. AI-derived outputs are perceived as objective and data-driven, and are typically expressed with a fluency and confidence that bears no relation to their reliability. A result may appear superficially accurate while resting on a pattern fitted to historical data that no longer hold. Exaggerated claims as to the capabilities of these systems have encouraged reliance on their outputs without adequate professional scrutiny. The valuer must apply the same skepticism to a well-presented AI output as to any other unverified assertion of fact.

Valuers must not find themselves merely accepting a value produced by a system without applying the critical judgement derived from knowledge, experience, and professional reasoning. Regardless of the technology used, and of the degree of the valuer’s use of it at the different stages of the valuation process, the valuer is in charge of all aspects of the valuation produced and must exercise control and judgment over all analytical processes and results generated by technological tools, ensuring that the valuation process remains transparent, explainable, and justifiable to all stakeholders.

Correlated error and market feedback. The risks above concern the individual valuation. A further risk arises at market level. Where a large number of valuers rely on similar systems, drawing on the same data sources and comparable algorithms, individual errors cease to be independent of one another. Systems trained on similar data may respond in similar ways to the same signals, so that error is no longer dispersed across the profession but concentrated and repeated across it. The consequence is a risk of correlated misvaluation at scale, with the potential to distort the market the valuations purport to measure and to feed back into it through lending decisions taken on their basis.

This risk is structurally different from the others addressed in this Position, because individual

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valuers cannot detect it by examining their own work. It is aggravated where AI-derived values are relied upon by parties without valuation training, and where the outputs of one system enter the datasets on which others are trained.

TEGOVA Recommendation

Valuers should not treat convergence between their own conclusion and an AI-derived output as independent corroboration of value, since both may derive from the same underlying data. The valuer's own market knowledge, direct enquiry and evidence obtained outside automated sources remain an essential control.

TEGOVA draws the attention of lending institutions and supervisory authorities to the systemic dimension of this risk, which cannot be managed at the level of the individual valuation.

These issues become still more critical where the valuer is acting as an expert in a dispute process, giving evidence to a tribunal or court on which decisions will be made.

The formation of professional judgement. Market knowledge is not acquired from datasets alone. It is built through inspection, through direct enquiry, and through repeated exposure to the routine work of collecting and testing evidence. That routine work is precisely what AI is best placed to absorb.

The profession therefore faces a question that no individual assignment will reveal: if the tasks through which valuers in training have historically acquired market understanding are automated, the judgement that this Position requires of them will have no means of being formed. A reduced number of valuers active in the market also means a reduced volume of the direct enquiry, professional contact and observation from which market understanding derives.

TEGOVA Recommendation

Firms should ensure that the adoption of AI does not deprive valuers of training of direct engagement with inspection, evidence gathering and market enquiry. Continuing professional development should reinforce, rather than presuppose, the market knowledge on which professional judgement rests.

Proportionate to their size, valuation firms within TEGOVA member associations should develop and implement internal policies governing the use of AI in valuation assignments. They should also set out proportionate procedures for human oversight, verification of material AI-assisted outputs, traceability and record-keeping, and the protection of confidential client information.

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Valuation review

Valuation reviews are among the most delicate assignments even for an experienced valuer. The difficulty lies, on the one hand, in avoiding the temptation to elevate minor—or sometimes merely apparent—non-conformities into review findings. On the other hand, it lies in the genuine need for relevant experience with comparable valuation assignments, particularly where the valuation is complex and highly context-dependent.

In that sense, an AI agent that does not itself perform valuations on a regular basis and that has not been specifically trained and governed to act as an experienced valuation reviewer may be inclined to operate primarily as a mechanical checker of standards, methodologies, or formal requirements. While this may identify certain issues, it may also miss the overall rationale of the assignment—the necessary "helicopter view" of the valuation's purpose, context, assumptions, limitations, and materiality.

The risk is therefore not simply that AI may identify issues incorrectly, but that it may generate a growing number of formally plausible yet insufficiently material or contextually justified challenges.

TEGOVA Recommendation
Proper governance, contextualisation, methodological discipline, and clear materiality thresholds are essential if AI is to support, rather than complicate, valuation review.

Valuation is not merely calculation; it is judgement. And judgement implies responsibility, context, and awareness of consequences. This is where the ethical conversation begins.

Automated valuation models (AVMs)

TEGOVA Recommendation

Where AVMs are used as analytical support, the valuer should ensure that:

- the comparables relied on are appropriate;
- the assessment of value is not mechanically derived.

Valuers should be aware that AVMs may not have sufficient access to data sources that are not publicly available including historical data which becomes less available the further one looks into the past.

More generally, AVM outputs involving critical selection of evidence, interpretation of context or methodological choice, should be checked and validated by the valuer prior to reconciliation of results and final conclusion on value as part of the process of forming a professional judgment.

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Environmental awareness

TEGOVA Recommendation
Valuers are encouraged to remain mindful of the environmental footprint of AI and to use these tools proportionately to their professional needs, taking into account the energy consumption associated with their use.

3. Ethical challenges and Blue Book Codes of Conduct

A proper understanding of the potential challenges that the use of analytical, algorithmic or other technological tools powered by artificial intelligence can introduce in the valuation profession, requires reflection on the ethical and deontological principles that can be affected by it.

3.1. Data governance and confidentiality

The use of external service providers offering technological valuation support services requires the valuer to ensure compliance with personal data protection obligations, particularly those arising from the General Data Protection Regulation (GDPR).

It is recommended that valuers pay particular attention to the terms and conditions governing the use of technological platforms, especially regarding the confidentiality of data entered and its retention period.

Valuers should be aware that data entered into an AI system may by that act become publicly available under the terms of the AI provider and could be disclosable in litigation. This may arise through either the AI system used or its interaction with other programmes.

This is particularly important when valuers use AI software available under free-access models, as such versions often provide limited control over how data or documents uploaded into the system are processed, stored, or reused. Paid versions more frequently offer enhanced control and data governance features.

The use of free-access AI tools is not automatically incompatible with professional practice. However, such tools often provide more limited assurance regarding data retention, reuse, confidentiality settings, and contractual safeguards. Accordingly, valuers should not input confidential, personal, or commercially sensitive information into any AI system unless they are satisfied that the platform provides governance safeguards appropriate to the nature of the data and to the valuer's professional obligations.

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Where such safeguards cannot be established with reasonable confidence, the valuer must either use a more suitable system or ensure prior sanitisation of the information so that no confidential identifiers or personal data are exposed to unauthorised processing.

The relevant criterion is therefore not whether a tool is free or paid, but whether its governance conditions are professionally adequate for the intended use.

The valuer should clearly explain the measures implemented to safeguard data confidentiality throughout the process.

Where AI-generated information is materially relied upon, the valuer must be able to identify and independently verify the underlying source or evidence.

3.2. Data integrity and security

Data protection concerns the confidentiality of information entrusted to the valuer. Data integrity concerns whether the information relied upon is what it purports to be.

AI systems are vulnerable to the manipulation of their inputs, whether deliberate or accidental. A system relying on manipulated data may produce inaccurate or fraudulent results while presenting them with the same apparent authority as any other output.

Material adverse facts — structural defects, flood exposure, an adjoining use that affects value — are typically absent from the documentary record rather than misstated within it, and their absence is invisible to a system that processes only what it is given.

AI systems are also frequently connected to large datasets and cloud-based platforms and are therefore exposed to unauthorised access. Compromise of such a system could result in the undetected alteration of valuation inputs or outputs.

> **TEGOVA Recommendation**
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> Valuers must satisfy themselves as to the provenance and integrity of the data relied upon, and must not treat the absence of an adverse fact in an automated dataset as evidence that no such fact exists. Physical inspection and direct enquiry remain the primary means of identifying matters that documentary sources manipulate or omit.
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> Valuers and their firms should apply to AI platforms the same standards of information security applied to other systems holding client information.

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3.3. Transparency and client information

The valuer is not required to explain the internal engineering logic of a proprietary AI model, but must be able to explain and document the professional use made of it, the controls performed, the limitations identified, and its influence on the valuation process and conclusion.

The valuer should take care to check the use of AI in materials provided, whether within the valuation practice, by the client, or otherwise, and, where possible and relevant, state the source of the data used by the AI.

Disclosure is necessary where the use of AI has materially influenced the valuation conclusion or any material part of the service delivered. In such cases, disclosure is consistent with the valuer's duty of care, with the need for transparency towards the client, and with the requirement that the valuation process remain explainable and justifiable.

By contrast, disclosure need not be formalised for incidental or purely administrative uses of AI that do not materially affect the valuer's analysis, judgement, or conclusion.

This is therefore not a question of disclosing all uses of AI indiscriminately, but of ensuring proportionate transparency where AI has had a meaningful role in the professional service.

Disclosure template:

> Digital tools, artificial intelligence and statistical models may have been used in a supporting capacity (compliance checking, consistency control, analytical cross-reading, clarity enhancement). The outputs were tested against market evidence and validated through the expert's professional judgement. The expert ensured that the confidentiality of the assignment was maintained throughout. The findings, sources, analyses, calculations and conclusions are exclusively those of the report's author, who assumes responsibility for them.

> Personal data collected during this assignment is processed in accordance with the General Data Protection Regulation (GDPR). Such data is strictly limited to what is necessary for the performance of the assignment and will be retained solely for the duration of the expert's statutory liability period. The digital tools and artificial intelligence solutions used in this assignment are configured to exclude any reuse of data for the purpose of training or improving third-party models.

3.4. The Blue Book Code of Conduct

In the current Blue Book Code of Conduct, the AI-relevant provisions are:

- the duty of care to the instructing party – Applies to disclosure of AI use and maintenance of human oversight: and
- the obligation to exercise professional judgment objectively and independently in undertaking work – Involves extending control and professional judgment to the AI-generated parts of valuation reports

However, further elements are necessary. Taking into consideration the main factors related to data governance, confidentiality and transparency, the Code of Conduct is enhanced as follows:

> When using automated or AI systems or tools, the valuer must retain independent professional judgement and responsibility, critically review and verify any information or output materially relied upon, and ensure appropriate transparency, confidentiality and data protection.

4. AI Literacy

4.1 Status and scope

This Part is added to the TEGOVA Minimum Educational Requirements and is mandatory. It applies to all valuers, whether employed or self-employed, and gives effect to Article 4 of the AI Act, under which deployers must ensure a sufficient level of AI literacy among their staff and among any other persons operating AI systems on their behalf.

AI literacy is not a body of technical knowledge about how AI systems are built. It is the professional capacity to decide whether, when and how such systems may properly be used in a valuation.

4.2 Core competences

The valuer must be able to:

- identify the principal categories of AI system likely to be encountered in valuation practice, and recognise AI functionality embedded in tools not presented as AI;
- determine, in a given assignment, whether an AI system is the appropriate tool, and record that determination;

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- interact with the system purposefully, formulating effective instructions and refining their use in the light of the valuation objective;
- test outputs against market evidence and against the valuer's own knowledge;
- apply the data governance and confidentiality requirements of Part 3, including the sanitisation of sensitive information;
- explain, in plain professional language, the role played by the system, the checks performed, and how outputs were verified, accepted, adapted or rejected.

4.3 Critical judgement and the risk of undue reliance

Awareness of a system's limitations does not in itself prevent reliance on it. Outputs presented fluently and confidently invite trust irrespective of their reliability, and the professional literature identifies the development of critical thinking as the principal safeguard against a drift towards blind trust as these tools proliferate.

AI literacy therefore includes the capacity to determine what to trust and when, and to withhold reliance where the basis for it cannot be established. This is a matter of professional scepticism rather than of technical skill, and it must be taught and assessed as such.

4.4 Competences that the use of AI makes more important

As AI absorbs the descriptive and compilatory stages of the work, the competences that determine the valuation become correspondingly more decisive. Education and continuing professional development should give priority to:

- reasoned judgement in conditions of incomplete information;
- mastery of information across multiple dimensions, including numeracy and financial analysis;
- inspection and direct market enquiry, essential to assessing construction quality, identifying defects and appreciating environmental and locational factors;
- clear communication of reasoning to clients, lenders, tribunals and supervisors.

Where AI is used in support of inspection, valuers must be able to identify what falls outside the scope of the technology.

4.5 Acquisition, maintenance and evidence

AI literacy is to be acquired through initial education and maintained through continuing

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professional development. Member associations must ensure that:

- the competences in 4.2 to 4.4 are addressed in the EVS Minimum Educational Requirements (MER);
- valuers can demonstrate, on request, how those competences have been maintained.
- those who teach, examine or supervise valuers are themselves competent in the matters set out in this Part.

Simulation and other forms of experiential learning are particularly suited to this purpose, since they provide exposure to circumstances rarely encountered during a limited period of supervised practice, and allow error without consequence. They complement supervised professional practice.

4.6 Review

The capabilities of these systems change rapidly. This Part is to be reviewed whenever developments in technology, regulation or practice make revision necessary, and member associations should notify TEGOVA of developments in national practice that bear on its content.

> **TEGOVA Recommendation**
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> More advanced capabilities, such as configuring customised AI workflows or firm-specific tools or participating in the training or tuning of valuation-related systems, may be encouraged as part of continuing professional development, but are not a universal minimum requirement for all valuers.

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