

THE FUTURES REPORT 2020



This report was written and published prior to the major global outbreak of Covid-19, and subsequent societal upheaval.

While this will obviously have a significant impact on many short and medium-term trends in the sectors RICS professionals work, we believe that the key issues and focus areas we highlight in this report remain salient.

Accordingly, this remains an important summary of areas we intend to take action in to support the profession in a future shaped by disruption.

Our Futures work is an ongoing work programme, and we will continue to update our thinking and analysis to better reflect the new world we are entering over the next few months.

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THE CHANGING INDUSTRY LANDSCAPE

Introduction.

This is a report about change. The change that is happening across our profession and the many markets, sectors and economies we advise and support. It is also about how we are responding to this change in a way that is strategic, commercially focused and sustainable.

The modern professions were born out of change. ‘The 19th and 20th centuries saw industrial revolutions, the need to codify advances in medicine and law and a demand for comparable information across different markets. These, along with other drivers, brought professionals together to agree on systems and standards that would command public confidence and enable practical advances in science, technology manufacturing and commerce’.

RICS’ stewardship of the built and natural environment over this period helped to ensure the sustainable development of the world around us, providing a legacy of which we can be proud. For example, RICS has been using data to help drive good practice across the profession since our inception – in many ways, we can lay claim to being the original data champions.



What is clear, however, is that we cannot afford to stand still. To continue to provide leadership in the 21st century, we must constantly assess our role as a standard setter, regulator, educator and global professional body, to deliver confidence to governments, markets and the public. We must be ready to innovate, to adapt and to lead the response to change.

To a certain extent, what we are talking about is not new. For over 150 years, we have led the profession through change, enabling our members to take advantage of the opportunities and manage the risks it presents. What is new, however, is the speed and pace of this change, which is now of a different order and requires us to think strategically about how we focus and deploy our expertise and resource.

What is also new is an increasing public scepticism about the role of experts and the importance of global institutions that are capable of driving high standards across markets. This scepticism raises fundamental questions about how the professions – and professionals as individuals – can re-establish the value of their role and rebuild public confidence'. RICS has an opportunity to help lead this debate.

In 2015, we launched our ground-breaking Futures project with the publication of the insight paper *Our changing world: let's be ready*, which set out how our sector was likely to be shaped by a series of relentless global trends. These included urbanisation on an unprecedented scale, the dramatic way in which big data and technology was disrupting our sector and the climate crisis. At the time, we concluded that the profession had a central role to play in shaping solutions to these challenges, provided we could be brave in our thinking and collaborative in our approach.

Since then, we have done a significant amount of work across our key markets, engaging with the profession about the ways in which it has responded to these trends. This analysis has been used to inform our strategy and business plans. Whether you are running a small practice in the north of England, helping drive best practice across the Indian subcontinent or working for a large international firm across multiple major capital markets, this analysis is aimed at you.

What follows is an evolving record of our response to change. As the Canadian prime minister put it in a recent speech at the World Economic Forum:

'The pace of change has never been this fast ... it will never be this slow again.'

As a global professional body, we need to respond to this challenge if we are going to ensure our members deliver confidence in the years ahead.



SCENE SETTING

Building roads out of plastic.

Dr Rajagopalan Vasudevan has a vision. He wants to help tackle the glut of waste plastic that is filtering into our ecosystem by spraying it against aggregate heated to an exact temperature, and then using the combined material to build new roads.

Over the past 10 years, 50,000km of highway in India has been paved using this new technology – one of many examples of the way in which innovation is driving change across our sector. As Dr Vasudevan puts it:

‘Plastic tar roads have double the strength of ordinary asphalt and can withstand both heavy loads and heavy traffic, making them suitable for rural thoroughfares and motorways. To date, there have been no permanent deformations. The roads aren’t affected by rain or stagnated water, so no potholes have formed, meaning that there’s been no need for any maintenance expenditure.’

RICS is at the heart of the debate on urban development in India. On the back of our research, which identified significant market need, we established the first school for the built environment based out of campuses in Noida and Mumbai. Working in collaboration with Amity University and the Indian Ministry of Housing and Urban Affairs’, we have since enrolled over 2,500 students, many of whom are now at the forefront of planning decisions across this rapidly developing economy.



Extracting utility from big data.

After financial services, the construction industry generates the largest amount of data of any sector. A key challenge for the profession is how we use this data to improve what we deliver. Despite the promise of artificial intelligence (AI) and the Internet of Things industry, estimates suggest that up to 95% of construction industry data is not used, but wasted.

At a recent roundtable at RICS headquarters in London, experts from across the sector and around the world identified the ownership and curation of information as critical issues for the profession. It was felt strongly that this data should be open source, but there was an acknowledgment that concerns around privacy and the drive to gain a competitive advantage could be obstacles to this'. As one participant put it:

'More data is available to more people and in a more transparent way. People who don't embrace that principle, and think they create a competitive advantage by building walls around their data, are bound to disappear in the coming decade. The revolution that is going on really only happens once every 100 years.'

RICS has been using data to help drive good practice across the profession since our inception – in many ways, we can lay claim to being the original data champions. Moving forwards, we have a key role to play in helping to shape thinking on data usage, which is why we are currently scoping the development of an Innovation and Technology Hub to enable us to provide a centre of expertise in this area.

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China has more than 100 cities with a population of over 1m people. It also has 6 of the world's 30 megacities – those with a population over 10m – while its urban population has expanded by more than 500m in the last 3 decades. This rapid urbanisation has led to many millions of people being lifted out of poverty, but it has also created profound social and economic challenge. As a 2015 report in *The Economist* found, the success of urban planning in China has been mixed:

‘China depends on its cities for economic growth and innovation. But it is failing to make the most of its largest conurbations [...] The giant cities are polluted, pricey and congested [...] [and] share the legacy of a central-planning mindset [...] Industrial land is heavily subsidised, so factories have remained in urban areas rather than moving to cheaper sites on city outskirts. The amount of land classified as urban has more than doubled since 2000 – 40% of new urbanites became so when cities engulfed their villages.’

China's future growth is contingent on its ability to utilise built space more effectively. This represents a huge opportunity for our profession. There are now 12,700 members of the profession working across this key market, many in tier two and three emerging cities, helping drive sustainable approaches to urban planning. Working in partnership with the Chinese government, as well as state-owned and private enterprises, our profession is right at the centre of helping to meeting these challenges.

Adopting drone technology.

John Cusack is a fan of drones. As a surveying professional and technical operations director of Qubic Aerial Systems, he has seen how their adoption has changed the way the profession works:

'Drones are incredible for use in situations where we don't want to put people in danger, or previously had to rely on using elevated platforms – I've never been a fan of heights. A lot of our work involves inspections for building insurance claims, for example, in the aftermath of fires and floods [...] Buying the equipment is just a small part of starting out – the big investment comes in flight training and data processing. Ultimately, the drone is just a device for capturing data – where we add value for our clients is in how we process and analyse it.'

The rapid development of drones has led to a significant increase in their use in surveying applications, including mapping, building assessments and land and agriculture management. In May 2019, RICS published an insight paper looking at drone compliance issues for surveyors, which set out current and emerging regulatory trends, including national and international legislation and developing standards. We have also introduced online courses looking at the application of drone technology across the construction sector, aimed at helping the profession better utilise this technology.



Protecting cities from climate change.

In August, the president of Indonesia announced that he would be moving the capital city of the country from Jakarta to a new green city on the island of Borneo. His reason for the £33bn relocation was that the current capital was sinking, and that with two-thirds of the city at sea level, climate change was posing an unsustainable risk.

RICS recently commissioned analysis that looked at what a global temperature change of 2°C would mean for a range of similar coastal cities, including Lagos, Tokyo, Dhaka and Miami. The results were stark and reflect a significant disparity between developed and developing economies.

In Lagos, for example, over 70% of its 12m inhabitants live in slums, most of which are less than 2 metres above sea level. If temperatures rise by 2°C, then sea levels along the west African coast can expect to rise 20–40cm by 2050. If temperatures increase by as much as 4–5°C, then sea levels would overwhelm much of Lagos, Port Harcourt and other Nigerian ports.

In contrast, Tokyo, the world's most populous metropolis, plans to protect its 38m residents by engineering itself out of the problem. In 2006, it spent \$4bn building the world's largest underground cistern to hold flood water. The city is now debating whether to build 336 miles of 'super levees' along its riverbanks, as well as a massive sea barrier, costing tens of billions of dollars, at the mouth of the Bay of Tokyo to hold back potentially catastrophic storm surges.

These examples illustrate the centrality of our profession to the management and mitigation of climate-related risk, a challenge that is only set to increase.



Ethics, data and the built environment.

Over recent years, the area around King's Cross station in London has transformed into one of the most striking urban developments in the capital city. What was once an area of poverty and dilapidation is now home to a major European transport hub and significant new retail space. As the Financial Times reported in August 2019, it is also harvesting our data:

'London's King's Cross is using facial recognition to track tens of thousands of people [...] across a total area that covers more than 160 acres of the city. The 67-acre King's Cross area, which has been recently redeveloped [...] has multiple cameras set up to observe visitors.'

What this development illustrates is the way in which surveillance technology has evolved from analogue to digital, raising important questions about the ethics of data capture across the built environment. In 2018, RICS published an insight paper in conjunction with Oxford University – Big data, smart cities, intelligent buildings – surveying in a digital world – to equip our members with the insights and tools to be able to consider these issues carefully and act with integrity in an increasingly data-driven world.



The global picture

Urbanisation, climate change and the rapid evolution of technology raise profound questions about how our sector needs to evolve:

The global construction market output is forecast to grow to \$15.5tn by 2030, an 85% increase from 2019.

- India's urban population is expected to grow by 165m by 2030, swelling Delhi by 10.4m people to become the world's second largest city.
- China's poor urban air quality and water pollution costs the economy 6% GDP each year.
- The world will need 331m new lost-cost homes by 2025.

**\$15.5
trillion**

Each of these trends present challenges and opportunities for our profession. Take climate change as a case in point.

Buildings will need to be increasingly adaptable to the effects of warmer weather, requiring the construction sector to rethink its business model and ensure that climate change resilience and sustainability is built into every project.

Cities consume 75% of the world's natural resources and account for 80% of global greenhouse gas emissions. In the US, the cost of sprawl is estimated to be \$1tn per annum.

Research undertaken by the UK government in 2012 suggested that in the short term, extreme weather (flooding, storms, heatwaves and droughts) may have more of an effect than long-term changes (increasing average temperatures and sea level rise), but that by the middle of this century, these long-term changes will be the ones that are felt most acutely.

Most buildings were designed for the climate that existed when they were built and as a result are not equipped to cope with current or future climates. As well as the direct threat this poses to the built environment, risk to our sector may be intensified by its dependency on other sectors. For example, increased pressure on water and energy supply, investment and insurance could have a major impact on the way in which the construction industry delivers.



80%



90%

More than half of the population live in urban areas, with 1.5m people added to the global urban population every week. 90% of this urban population growth will take place in African and Asian countries.

This point was underscored by a 2018 report on Climate Resilient Infrastructure from the OECD, which estimated that \$6.3tn per year will need to be invested globally between 2016 and 2030 to keep pace with urban development.

Our profession has a compelling opportunity to help manage these global demographic shifts in a way that is sustainable – through, for example, the application of technology and the careful measurement and usage of finite resources.

If we can get this right, through our leadership, we can ensure that future generations will benefit from cleaner, greener, sustainable cities that are capable of housing people more sustainably and that the land which is left behind is stewarded effectively for future generations. We will also ensure the long-term viability of our profession.

The UN predicts that two-thirds of the world's population will be living in cities by 2050 – approximately 6.5bn people.



6.5BN

OUR KEY MARKETS

RICS operates principally (although not exclusively) across eight key geographic markets, each of which are in different states of maturity and present distinct challenges and opportunities. However, the overriding themes of population growth, urbanisation and sustainability are common across all. To enable these markets to prosper, surveying professionals have a critical role to play in helping them to manage development and to provide appropriate infrastructure.

This is what we see happening in our key markets over the next 20 years.

Americas.

Across the Americas (Brazil, Canada, Mexico and the US), combined population levels are predicted to increase by 90m, rising from 706m to 797m.

GDP growth is forecast to average just under 2% per annum across the region in aggregate.

The infrastructure investment deficit in the US is estimated to reach \$12.4tn. This compares to \$1.2tn in Brazil, \$554bn in Mexico and \$20bn in Canada.

Construction output is forecast to rise by a cumulative 67% in the US, 70% in Brazil, 95% in Mexico and 40% in Canada.

Australia & New Zealand.

The combined population of Australia and New Zealand (currently estimated to be 30.4m) is predicted to rise by 9m.

For Australia, forecasts point to annual GDP growth roughly averaging 3% between now and 2040. Projections are marginally softer across New Zealand, standing at around 2%.

Meanwhile, the infrastructure investment deficit is envisaged to be around \$158bn in Australia, a much greater shortfall in comparison to the New Zealand estimate, which stands at approximately \$17bn.

The construction sector in Australia is forecast to expand by a cumulative 52%, and by 37% in New Zealand on the same basis.



China.

The population of China (currently estimated to be 1.43bn) is predicted to increase by only 14m. GDP growth is forecast to average just over 4% per annum.

Strong investment performance across the country will mean that over \$26tn will be spent on infrastructure.

The construction sector in China is forecast to expand by a cumulative 88%.

Europe.

The population of continental Europe is predicted to increase by 20m. This is a mixed picture, however, with some nations expecting to see population levels fall, including Italy and Poland.

GDP growth is forecast to average 1% per annum.

Infrastructure investment needs for Europe are projected to be around \$14.8tn.

Across the Eurozone in aggregate, the construction sector is forecast to expand by a cumulative 23%, with growth averaging slightly more than 1% per year.



India.

The population of India (currently estimated to be 1.35bn) is predicted to increase by 225m, making India the world's most populous country by that point.

GDP growth is forecast to average just under 6% per annum.

Infrastructure investment needs are projected to be around \$4.5tn.

The construction sector is forecast to expand by a cumulative 318% in India, with growth averaging 15% per year.

Middle East & Africa.

GDP growth is forecast to average around 2.5% per annum.

Infrastructure spending needs on capital and maintenance in the Middle East and Africa are estimated to be around \$400bn in the next decade.

UK & Ireland.

The combined population of the UK and Ireland (currently estimated to be 72m) is predicted to rise by 5m.

GDP growth is forecast to average just under 1.5% per annum.

Approximately \$1.8tn will have to be spent on infrastructure across the UK.

The UK construction sector is forecast to expand by a cumulative 18%.



If the challenge is to understand change so that we can respond strategically on behalf of our profession and the organisations they work in, lead and advise, then we need to understand this picture, not only at the macro (global and market) level, but also on the ground.

To build a clear picture of the challenges and opportunities ahead, over the last 18 months, we have consulted extensively with the profession and industry leaders to build the evidence base for our strategy and business plans. What follows is a synopsis of this analysis, which we have used to frame the second half of this report.



THE VIEW FROM OUR PROFESSION

Earlier this year, we collated the results of over 1,000 conversations with professionals across our key markets. These conversations came from seminars, workshops, council outreach and formal consultation. The following examples are intended to illustrate what we found:

- It is critical for our profession to be able to understand and utilise data effectively.
- The underlying quality of this data will need to be managed, while the data itself is something the profession will need to think seriously about owning.
- AI and the Internet of Things are now core parts of our sector. This brings huge potential, but we need to think about the privacy aspects of these new technologies.
- The drive for better connectivity will bring opportunities and risks for the profession as we see increasing convergence between the built environment and technology sectors.
- While technology offers greater efficiency, it has its limits, and our professional judgement will continue to be vital.
- Traditional business models are changing and becoming more decentralised, as is the way real estate is owned, traded and managed. It is no longer just about bricks and mortar, but the consumer.

- It will become increasingly important to understand the full lifecycle of an asset, not just its value at a fixed point in time. We also need to think about how we value the digital as well as the physical assets we manage.
- The traditional office is going through a paradigm shift and workspaces are increasingly being designed to help drive culture and performance. Smarter utilisation of these buildings will bring significant benefit.
- As technology improves our efficiency and effectiveness, the profession will move up the value chain. Lifelong learning will become increasingly important here. We will need to become more proficient in the use of technology. Non-technical skills and emotional intelligence will also be key to our continued competitiveness.
- We need to understand and manage the impact of urbanisation on the environment, which will be an increasingly urgent requirement of the profession going forward.

A full report of these findings is available on our website.



THE VIEW FROM INDUSTRY LEADERS

Between January and April 2019, we consulted extensively with industry leaders across our key sectors and markets. These quotes were provided by industry leaders who spoke as part of our research under the Chatham House rule:

- ‘It is important for us that RICS maintains its focus on credentials but as we develop our portfolio of digital products, we also need to be able to have these assured in a way that commands industry confidence. What the market will demand is assurance.’
- ‘The solutions of the future will come from new collaborations and combinations of capabilities from across existing professions with new and different partners from the digital, media and analytics worlds.’
- ‘In the valuation sector, the provision of high-quality data a key tool – RICS should be thinking about how it helps ensure the consistency of this data.’
- ‘I think there is an opportunity for RICS to help join up the profession’s response to AI across different organisations and sectors. We don’t want 100 different firms all doing their own thing if there is an opportunity to collaborate.’
- ‘The traditional brokerage model will be dead in five years’ time.’

- ‘At the moment, RICS does not have a product. Get your standards into good commercial shape and you can train against this product set, which will generate commercial return and drive quality across the sector.’
- ‘The opportunity space is to deliver value to budget while adding value back into the sector as well as the built and natural environment.’
- ‘Our experience is that undergraduates do not understand construction technology or how buildings fit together. If you do not know this, how can you advise on cost? This needs addressing on an industry-wide basis or we will end up with an acute skills shortage.’
- How does RICS remain relevant? It needs to develop a stronger voice around change.’

Taken together, these member and market perspectives provide a rich evidence base on which to build our change strategy – what we call our action agenda.



ACTION AGENDA - OUR RESPONSE TO CLIMATE CHANGE



Introduction.

To respond to the external challenges documented in the first half of this report, we need to remain relevant and trusted as an institution and a profession. This will allow us to effect positive change on the built and natural environment.

To remain relevant, we must evolve the way we train and develop the future professionals – our students and members – so that they are equipped to deal with change across the sector. To remain trusted, we must evolve our role as a regulator and standard setter to keep pace with an increasingly data driven age.

Since we launched our Futures project in 2015, much of the focus of our work has been about making progress on these fronts. This work has fallen under three broad areas of activity: talent and skills, data and technology, and sustainability. In particular, we want to:

- Develop our global standards – as well as the pipeline of talent to deliver against these standards – so that our profession remains relevant
- Shape best practice in the use of data and technology across our sector and to be trusted for the quality of our insight here and
- Ensure our profession – as well as the sectors, economies and markets we support – operates in way that is ethical and sustainable.

Talent & Skills.

Traditional, ‘career-path’ routes to professional qualification are increasingly being questioned and challenged. The way in which people choose to learn, and the way that learning is applied in the workplace, is changing.



In some markets, employers and school-leavers are questioning the value of a stand-alone degree course compared to structured learning and qualification while employed. The industry is developing a broader and deeper requirement for professionally qualified individuals rather than simply qualifications aimed at the higher, traditional “professional” end of the range. Lifelong learning is becoming increasingly important as RICS professionals recognise the need to maintain, develop and enhance competencies throughout their careers. Technology and the role of data in our sector is also evolving at a rapid pace, diminishing the importance of some traditional professional roles and creating demand for new specialisms.

These drivers of change mean we must review and evaluate our education and qualifications framework to ensure they remain relevant now and, in the future. As Ian Jeal, our global director of education and qualification standards, puts it:

‘The speed of change across the profession affects everyone. We need to support all members in ways that enable them to remain competent and relevant regardless of what direction their career takes them. As technology enables the profession to move up the value chain, we know that non-technical competencies such as resilience, emotional intelligence and the ability to collaborate will become more important. The sectors that employ the profession see diversity of talent and thought as the key to long-term commercial success.’

An RICS professional qualifying in 2019 can expect a 40–50-year career. The change they are likely to encounter over this time will mean their ‘entry’ qualification is unlikely to provide all the skills they will need to see them through the full trajectory of their career. We know from conversations with employers that the traditional RICS-accredited degree route to professional qualification is perceived as increasingly outdated. To remain relevant, we must evaluate and review the ways in which the professionals of the future join the profession to ensure they remain relevant and competent, now and in the future.

Chrissie O'Rourke, who heads our conduct standards team, explains:

'Our current requirements for CPD focus on input rather than output and do not set any mandatory content. The review we are undertaking will consider how this model needs to evolve from one that is skills-centric to one that is career-centric. This may well include mandatory study as well as bespoke requirements for particular types of work or stages of post qualification experience.'

We also need to encourage and devise new routes to membership that enable the brightest and the best to join the profession regardless of socio-economic background, or prior education and experience.

That is why we are:

- Reviewing our eligibility requirements and processes for admission to the profession
- Undertaking a thematic review of our CPD model to support the profession at every stage of their career, including the provision of a wider portfolio of learning programmes and lifelong learning
- Aligning our subscriptions renewal and CPD processes so that members of the profession can share the steps they have taken to maintain their professional knowledge and competence as part of their annual professional renewal and
- Updating our inclusive employer quality mark.

In the longer term, as we create new paths to entry and expand the profession in new and emerging markets, we will only have succeeded if at the same time we secure new entrants from a greater diversity of backgrounds in the markets where the profession is already more established. We also need to ensure our support is available throughout a surveyor's working life.

As Barry Cullen, diversity and inclusion director at RICS, puts it:

'The future sustainability of our profession depends on getting this right.'



Data & Technology.

The past couple of decades have seen the digitisation of the built environment, the increasing collection, manipulation and analysis of big data and the development of AI and machine learning. These developments have the potential to help the surveying profession to expand its services, improve quality, better meet client needs and reduce costs. However, they also have the potential to remove the need for surveyors in traditional business areas, reduce the cost of entry for competitors, enable former clients to manage without professional services and eliminate traditional surveying activities. In short, they are both an opportunity and a threat to the profession.

Recent RICS research has emphasised the pace of technological change that is powering the digitisation of the built environment, through blockchain, digital twins and other platforms. Much of the drive to capture, verify and share this information is coming from organisations outside of the traditional property industry. RICS has a significant opportunity to reinforce its relevance to our current members, their end-users and their customers. We want to position ourselves as a hub that has the credibility to bridge between the tech sector and our profession.

That is why we are:

- Ensuring our data standards are captured, verified and shared in a common computer-readable format aligned to the requirements of the corresponding written standard
- Developing an overarching approach to proptech innovations, which builds on our existing Tech Affiliate Programme and supports our overall engagement with the sector
- Launching a tech partner recognition scheme to allow technology firms to adopt RICS data standards in return for an accompanying validation process by RICS to provide market confidence that their solutions and products support our standards and
- Positioning ourselves as a safe harbour for global data sharing through a proposed data partner solution.

As Ken Creighton, our director of professional standards, puts it:

‘RICS has a key role to play in helping the profession think through its relationship with new technologies as these come on stream. To do so, we need to get close to the tech sector and ensure we are providing a bridge between our two communities.’



Through our emerging tech community offering, which includes the Tech Affiliate Programme, the tech partner scheme and the future data partner solution, we will have the opportunity to build a permanent relationship with the technology sector to support standards adoption, thought leadership, market insight and commercial revenues. In order to take this opportunity, we have:

- Established leader forums with the Tech Affiliate Programme community on data standards and automated valuation models
- Used these forums to capture insight, which will enable us to develop our regulatory role in the technology sector and gain perspective on the use and management of these new technologies and
- Increased the breadth of the insight papers we are producing in this area to share the outputs from these forums with our members.

The future for RICS will include a greater role in data capture and gathering as technology evolves across the built and natural environment. We envision RICS taking a truly global role in assuring access to reliable and trustworthy data and leading in the sector. We will do this by convening tech experts and new entrants to the market to ensure there are reliable, agreed-on solutions for the profession, rather than a dizzying array of different options. As Andrew Knight, director of international data standards, puts it:

‘There is a clear need for a ‘whole system approach’ here, working and sharing data with other regulatory and standard setting bodies. With the current pace of technological change, the need for an agile and focused process to gain and action market insight has never been more critical.’

RICS’ ability to continue to lead the regulation of the profession depends on our ability to maintain the trust and confidence of professionals, the public and the markets that the profession serves. The pace of technological change and innovation provides a dynamic opportunity for us to adopt technologies that can directly enhance the professionalism of members and markets.

Looking ahead, we are tasking ourselves with making the best use of leading technology, big data and AI to equip the profession with a smarter, more agile assurance regime. Areas of the healthcare sector are already making strides in this area, and we can learn from their risk analysis and data capture ability to develop our own data-enabled and automated risk tools. This would help us support professionals to act proactively to reduce compliance breaches and enable our regulatory activities to anticipate and prevent issues.





We aspire to achieve that by leading and working together with the profession to deliver excellence by:

- Providing global, real-time updates to members on areas of professional risk or liability
- Undertaking anticipatory and pre-emptive regulatory activity
- Promoting professionalism through proactive assurance and
- Supporting intuitive lifelong learning/ continuing professional competency and business development support.

As Chris Alder, director of regulation at RICS, puts it:

‘We are committed to supporting professionals throughout their professional journey by developing innovative tools that help build professional skills and expertise, supporting professional practices grow and develop and through proactive assurance, to anticipate areas of regulatory risk.’

Sustainability.

In each of its annual reports since 2016, the World Economic Forum has identified climate and sustainability risks in the top three most likely and most impactful global risks. In response, the UN has agreed actions to be taken by governments and created a joint vision for sustainable and resilient urbanisation. In response to these challenges, nations, the private sector and civil society have come together at the UN to agree actions to be taken by governments and businesses in the areas of anti-corruption, the environment and human and labour rights. They have also created a joint vision for sustainable and resilient urbanisation.

The development of housing, transport and public infrastructure systems that enable communities to prosper comes at a cost. Building construction and operations account for 36% of global final energy use, and nearly 40% of energy-related carbon dioxide emissions. Previously, assumptions about energy use of buildings were based on imprecise averages and estimates, but our growing ability to gather and analyse big data offers an opportunity to understand energy demands on a more granular level. RICS is committed to aligning the commercial and public interests in this area and developing practical solutions that enable our profession to help drive positive change.



That is why we have:

- Established the RICS Building Carbon database, a free-to-use, publicly available resource for building professionals to benchmark their designs and have access to more detailed comparative data on carbon emissions and
- Launched a professional statement on whole life carbon assessment for the built environment, which sets out specific mandatory principles and supporting guidance for the assessment of environmental performance of buildings.

Rosie Rich, our lead on this project, explains:

‘Our carbon database and professional statement are just two of the ways in which we are helping the sector think about carbon capture in a more strategic and effective way.’

During the typical lifecycle of a building, landlords – as well as end users – are exposed to a significant amount of data to do with the performance of that building, much of which will be discarded. If every data point relating to a built asset could be captured and retained, a huge amount could be achieved, from better decision-making about investments to more sustainable and innovative approaches to the design and maintenance of buildings.



That is why we are:

- As a founding member of the Global Alliance for Buildings and Construction, leading a project to develop a ‘building passport’ – a data platform that can host all building-related data, from design and planning through to demolition. This will enable financing institutions, investors, insurers, policymakers, owners and operators to gain access to information that will help them assess the many factors affecting the overall quality and performance of buildings.

As Ursula Hartenberger, our global head of sustainability policy, puts it:

‘The concept of a building passport could transform the way we use building data, leading to more efficient affordable use of built space.’

If we are going to reduce carbon emissions across the built environment, then we are going to need to develop best practice guidelines for our sector.

That is why we have:

- Introduced a training tool kit for property valuation professionals to factor sustainability costs into the valuation process, funded by the EU.



Real estate is a prime target for money launderers, who typically use built assets to disguise illicit money flows. Trusted members of the profession need the tools and the guidance to be able to identify and report any suspicions they may have in this respect.

That is why we have:

- Recently launched a professional statement on countering bribery, corruption, money laundering and terrorist financing, which sets out mandatory requirements for the profession and RICS-regulated firms, as well as guidance on good practice in reporting suspicious activity.

We will be undertaking an anti-money laundering thematic review later this business year to better understand the challenges associated with implementation and compliance.

Luay Al-Khatib, EMEA director of regulation at RICS, adds:

‘Our public interest role requires that we work in collaboration with the authorities to tackle money laundering across the built environment. Our thematic review will ensure we do so in way that is focused and equips the profession to manage this significant challenge.’

As a signatory to the UN Global Compact, the world’s largest corporate sustainability initiative, RICS is also committed to supporting the UN sustainable development goals. These provide a powerful aspiration for improving our world – laying out where we collectively need to go and how to get there. Our profession has a key role to play in making these goals a reality. Our research identifies a rising expectation from consumers and prospective employees that companies should act in a way that is socially responsible.

While there are many existing codes and standards in place, we also know that it can be difficult to balance commercial realities with ethical obligations. This is why we are considering:

- Introducing new standards in this area to encourage member firms to improve governance and mitigate risk on everything from supply chain management to whistle blowing.

Due to the scale of the many geopolitical challenges we have set out in this report, from urbanisation to climate change and data management, we recognise that tackling them will require collaboration and the sharing of expert perspective. That is why we have:

- Established the World Built Environment Forum to convene experts from across the sector and beyond, and share our own insights and research to explore ways to manage urbanisation, population growth, resource scarcity, climate change and other issues of pivotal consequence to create better places and spaces for future generations.

Driven by the collective expertise of our stakeholders, we continue to seek collaborative, responsible and commercially viable approaches to progressive change in the built and natural environment.

We are determined to shape the solutions for a sustainable planet. It is obvious to us, and strongly echoed in the feedback we have had from the profession, that RICS should take a leading role on this agenda in the built and natural environment. Over the next few years, our ambitions will likely stretch to looking at how we can leverage our internationally recognised role as a standards setter to advocate for ambitious carbon-reduction targets, reduced pollution from buildings and the creation of resilient infrastructure.



This could see RICS reviewing our existing standards to see how they support this agenda, as well as developing new mandatory requirements around sustainability for RICS-qualified professionals, with new rules and clear expectations and targets around behaviours. With our global reach and growing membership in markets around the world, we are well placed to highlight, champion and initiate examples of best practice – as well as calling out poor performance – across our sector.

Success for RICS is collaborating with the profession and wider stakeholders to ensure professionals are equipped to address the challenges and maximise the opportunities of urbanisation, the scarcity of global resources and climate change to help build resilient, successful communities. We will have achieved our ambitions only when our reputation, and that of the profession, is of a force for positive social impact.





CONCLUSION AND NEXT STEPS

How the world is changing and how we respond to this change will continue to be our primary focus in the years ahead. What is clear from the evidence we have gathered since the launch of our Futures project in 2015' is that we are in the midst of a period of significant transition across our sector. Our challenge is to help our profession navigate this change and enable it to manage the many opportunities and challenges that it will bring.

To do so, we will move away from the production of periodic progress reports and towards a framework that will allow us to document and share the insights we are gathering, their likely impact across the profession and what we are doing to respond.

We would welcome your feedback. You can find out more at:

<https://www.rics.org/uk/news-insight/future-of-surveying/>

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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