

NAVIGATING ECONOMIC CRISIS: THE CHANGES IN VALUATION PRACTICES AMIDST THE POST-COVID ECONOMIC CRISIS OF SRI LANKA

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From 2022 onwards, Sri Lanka underwent the worst economic crisis in its history, the origins of which can be traced back several years. The country's economy has been affected negatively due to the COVID-19 pandemic, improper tax and agricultural policies, and political instability, leading to currency devaluation, escalating inflation, and inadequate foreign exchange reserves. The atypical behaviour of economic attributes led all the economic sectors into trouble. The increased uncertainty in the market severely affected property valuation, which is an essential profession within the real estate sector of Sri Lanka. The objective of this study is to investigate how professional valuers adjusted their professional behaviour to incorporate the impact of the crisis into the process of property valuation. In this investigation, data was gathered via semi-structured interviews with a purposefully selected group of 12 valuers and analyzed using thematic analysis methods, employing the 'Prospect Theory' as a theoretical lens. Results revealed substantial controversy among valuers regarding the professional practices they adopted, particularly concerning the reference time periods used for obtaining market data and the extent to which uncertainty was disclosed in reporting, leading to inconsistencies within the profession. Therefore, it is recommended to establish a framework to guide valuers in valuing properties in circumstances with a higher level of uncertainty. Although the study focused on all types of valuation in general, future studies could delve into specific categories of property valuations, as well as concentrate on global economic crises.

Keywords: Economic crisis, Property valuation, Thematic analysis, Uncertainty