

ARVIO CONFERENCE 2025

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SHAPING THE FUTURE OF REAL ESTATE VALUATION

LJUBLJANA

At the 3rd Arvio Conference, experts from across Europe gathered to explore how data, regulation, and artificial intelligence are reshaping property valuation and real estate-backed finance. Organized by **Arvio**, a leading PropTech company specializing in automated valuation and real estate-based insurance technologies, the event brought together a cross-section of the financial ecosystem; from banks and insurers to appraisers and technology innovators.

The conference was chaired by **Ajda Kaluža**, CEO and Founder of Arvio, whose 11 years in banking and background in actuarial science have positioned her at the intersection of risk, data, and real estate. "AI is now formally recognized by valuation standards", Ajda reminded participants in her opening address, "but responsibility always remains with the valuer. Tools can assist - not replace - expertise."

With this pragmatic tone, the conference unfolded around four key themes: the standardization of automated valuation models (AVMs), the integration of ESG factors into valuation, the impact of EU regulations such as CRR3 and prudent value, and the practical deployment of AI and data analytics across the valuation and lending lifecycle.

Setting Standards: The European AVM Landscape

The conference opened with **Dr. Andreas Bücker**, Director General of the **European AVM Alliance (EAA)**, who provided a rare inside view of how Europe is moving toward consistent standards for automated valuation models. He traced the evolution of the Alliance since 2013 - now spanning ten European jurisdictions - and emphasized the importance of common definitions and quality benchmarks for AVM providers.

"We saw a very disparate field of offerings", said Bücker. "Our goal was clarity - not to judge good or bad solutions, but to set objective technical requirements for what an AVM actually is."

This alignment, he explained, is essential as AVMs become embedded in the credit process. With the forthcoming CRR3 regulation mandating more transparent and conservative valuation practices for real estate collateral, automated models will play an expanding role in risk monitoring and portfolio analysis.

For Arvio, a certified member of the EAA, the conversation underscored its long-term investment in developing tested, transparent AVMs. As Kaluža noted later, "every model must show not just what it can do - but where it fails. Transparency and known limitations are the foundation of trust."



ESG Integration: Between Regulation and Market Reality

One of the most anticipated discussions focused on **ESG (Environmental, Social, and Governance)** integration in real estate valuation - a theme woven through the day's sessions.

Branimir Majčica, Deputy for Real Estate Valuation at the City of Zagreb, highlighted the regulatory momentum toward net-zero buildings and the persistent data gap between ESG costs and value outcomes.

"We have plenty of cost data", Majčica said, "but little valuation data linking energy performance or climate resilience to market prices. Cost is not value - and without consistent valuation standards, we risk mispricing sustainability."

Klemen Kubelj, Arvio's climate risk lead, translated this challenge into data practice. He demonstrated how physical climate risks such as flooding and storms can be modelled using exposure, hazard, and vulnerability data - transforming environmental hazards into quantifiable financial impacts.

His models, developed within Arvio's platform, show how banks can integrate physical risk directly into loan monitoring and portfolio stress testing.

From the banking side, **Mojca Černe**, Authorized Officer for Sustainable Development at Delavska hranilnica, emphasized the operational gap between regulatory ambition and data reality. "We're still learning what to do with ESG data," she said. "We can't reject all properties marked as high flood risk - common sense must guide our decisions until data quality improves."

In Slovenia, appraiser **Andraž Brili** added a market perspective: ESG awareness is rising, but adoption lags. "Buyers still care most about price and location", he said. "For most, ESG is a nice-to-have - until financing terms, insurance premiums, or regulation make it unavoidable."



Prudent Value and the Regulatory Shift

The discussion turned from sustainability to prudence as **Dr. Boštjan Kaluža**, Arvio's Chief Data Scientist and part of a working group on prudential value at European AVM Alliance (EAA), unpacked the implications of the CRR3 'prudent value' requirement. Drawing from EU banking regulation, he explained how prudent value demands valuations that exclude speculative or cyclical price effects, requiring banks to document methodology and market-cycle adjustments.

"Market value reflects three layers - fundamental, cyclical, and sentiment", Kaluža explained. "Prudent value filters out the speculative noise. It's about quantifying sustainability, not optimism."

He illustrated the concept with housing market data from Ljubljana, where prices had climbed above long-term averages. Under CRR3, such conditions would trigger downward adjustments in collateral valuation, tightening risk margins for lenders.

Panelists agreed that while the principle enhances stability, implementation remains uneven across markets. In the "Real-World Challenges in Valuation" session moderated by Ajda Kaluža, **Tatjana Nešovanović** (AIK Bank, Serbia) and **Edina Velić** (Sparkasse Bank, Slovenia) described how national regulators are interpreting CRR3 differently - some applying adjustments individually, others via loan-to-value (LTV) buffers.

"We're learning by doing", said Velić. "Banks now need not just expert judgment but consistent data points to calculate averages and prudent adjustments. Without quality data, we're flying blind."

The Role of AI: From Tool to Co-Valuer

If regulation defines the boundaries of modern valuation, AI defines its next frontier. In her technical talk, Ajda Kaluža provided a framework for responsible AI adoption, emphasizing transparency and governance over automation hype.

"Anything that outputs recommendations about comparables or adjustments is, by standard definition, AI", she explained. "But you must know how it works, what data it uses, and where it doesn't work. Demand transparency - from your providers and within your organizations."

She outlined best practices: documenting model purpose, data sources, limitations, and bias; training staff before deployment; and ensuring GDPR compliance. Her core message was that AVMs and AI are only as good as their oversight - echoing her earlier remark: "Responsibility for valuation remains with the valuer."

The subsequent AI and Automation panel deepened this conversation. **Filip Vučagić** (Colliers) cautioned that "liquidity, transparency, and reliable data" remain prerequisites for trustworthy AI outputs, particularly in thin markets. "Human expertise still anchors credibility", he said. "AI should assist interpretation, not replace reasoning."

Nešovanović added a pragmatic banking angle: AI could revolutionize collateral monitoring. She described how Serbian banks could use automated models to track value movements, read cadastral data, and issue alerts when ownership changes threaten mortgage rank. "Automation won't replace appraisers", she said, "but it will protect collateral integrity in real time."

Together, these insights pointed toward a hybrid future - one where AI enhances consistency, auditors demand transparency, and valuers evolve into interpreters of data rather than collectors.



Innovation and Technology Highlights

Arvio's showcase underscored its dual focus: AVM reliability and ESG-linked data intelligence. The company demonstrated integrations between automated valuation and physical-risk datasets, allowing lenders to visualize flood or heat exposure alongside collateral values. This reflects a wider industry trend - embedding climate risk and prudent valuation within a single digital workflow.

New methodologies highlighted at the conference included:

- Comparables-based machine-learning models for residential AVMs, benchmarked under European AVM Alliance standards.
- Prudent value calibration tools, designed to help banks adjust valuations to market cycles.
- Physical-risk mapping modules translating hazard data into loss probabilities at asset and portfolio level.

Each initiative reflected Arvio's broader mission: making valuation not only faster, but more explainable and auditable.

"Technology should make compliance easier, not harder." "When valuation data is transparent and traceable, it serves both regulators and practitioners."

Industry Takeaways and Market Outlook

The discussions revealed a sector in rapid convergence - between valuation, sustainability, and risk management. Several recurring insights emerged:

Data Quality Is the New Capital

Across all panels, participants echoed a common warning: poor input data undermines every model. As Velić remarked, "Garbage in, garbage out." Whether in ESG scoring or AVM calibration, reliable data pipelines are now essential infrastructure.

ESG Is Moving from Reporting to Risk

Regulators and investors increasingly expect ESG to influence collateral risk weighting. Banks that ignore climate and energy data may soon face capital penalties or stranded-asset exposure.

Prudent Valuation Requires Collaboration

Implementing CRR3 demands coordination between valuers, risk officers, and model developers. The traditional separation between valuation and risk is dissolving, replaced by shared data frameworks.

AI Governance Is a Competitive Advantage

Transparent, well-documented AI tools are not just safer - they are more credible to regulators and clients. As Kaluža summarized: "Clarity builds confidence."

For appraisers and banks alike, the conference signaled a clear direction: valuation is no longer a static report but an ongoing data-driven process that links property fundamentals to financial and environmental resilience.

THANK YOU FOR BEING PART OF OUR CONFERENCE - SEE YOU NEXT YEAR!

ABOUT ARVIO:

Founded in Ljubljana, Arvio (www.arvio.ai) is a PropTech leader specializing in automated property valuation, real estate-backed insurance analytics, and ESG data solutions. Through its proprietary AVM and AI-driven risk models, Arvio supports banks, insurers, and appraisers in achieving compliant, data-transparent valuations across Central and Southeastern Europe.

Don't know where to start?

Start small - get in touch and tell us which task needs to be done.

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