

# RICS Global Distressed Property Monitor

RICS Economics Q1 2010

www.rics.org

## Ireland and US to see biggest pick up in distressed properties in Q2

- **Distressed properties coming to market increased in 17 of the 25 countries surveyed down from 18 in Q4**
- **In addition the pace of increase in distressed listings moderated across 64% of countries although not so in UAE and several Western European countries**
- **US and Republic of Ireland expected to see the fastest pace of increase in distressed assets in Q2 2010**
- **Australia, Russia, Hong Kong and India continue to report declines in expected distressed property listings**

The Q1 Global Distressed Property Monitor from RICS shows that distressed properties\* coming to market are continuing to rise globally although at a generally slower pace outside of the UAE and a handful of European markets.

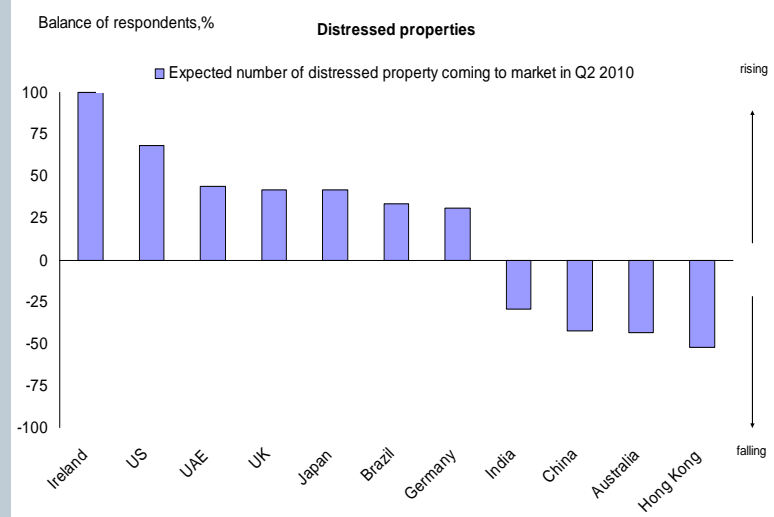
17 of the 25 countries surveyed are reporting a pick up in distressed properties compared to 18 three months earlier although in the UAE and Malaysia, agents reported a pick up for the first time in two quarters.

The biggest growth in distressed listings was reported in the US and the Republic of Ireland for the quarter, closely followed by the UAE. That said, even in the two top ranking countries for distressed listings, the pace of growth is no longer rising. Indeed, surveyors in 16 of the 25 countries reported that growth in distress listings is moderating.

At the other end of the spectrum, India, Hong Kong, Australia and China reported a decline in the number of distressed properties coming to market compared to three months earlier. There were also marginal declines in Brazil and Canada. Interestingly, France and Russia also reported modest declines coming on the back of an increase in distressed properties last quarter.

Looking forward, real estate professionals continue to expect rises in distressed properties hitting the market in Q2 2010, across 70% of countries surveyed. Of these, Ireland and the US are expected to see the fastest increase next quarter, with Scandinavia and New Zealand also anticipating a pick up. Agents in Hong Kong, Australia, China and India expect a decline in the number next quarter.

- *A distressed property is defined as a property that is under a foreclosure order or is advertised for sale by its mortgagee. Distressed property usually fetches a price that is below its market value.*



There has been a turnaround in the mood amongst surveyors in Russia, where in broad-brush terms, the net balance has stabilised, after reporting an increase last quarter. The expected level of properties in distress has also turned around in Russia, as it registers a net balance of -18, falling from +47 last quarter. Rising interest rates in Brazil and Malaysia could be weighing on expectations where a modest pick up in distressed listings is anticipated.

Levels of interest from specialist funds continues to rise across 20 countries, down from 21 last quarter with Japan reporting the most notable upturn. Investor interest into distressed properties increased again in Republic of Ireland although rose at a slower pace than last quarter.

Malaysia topped the list for enquiries into distressed property listings from specialist funds, with the net balance improving from +22 to +47. Respondents in Switzerland also reported a smart turnaround in enquiries. A handful of countries experienced a decline in interest over the period, the most notable being Germany, Russia and Portugal.

The difference between the growth in interest shown in distressed property assets and the expected growth in the number of properties coming to market in Q2 is most imbalanced in Ireland, the US and Scandinavia, with the New Zealand market also experiencing low demand relative to expected flow of distressed assets likely to hit the market in the coming quarter.

**RICS UK (press office)**  
T +44 (0) 20 7695 1682  
sthorton@rics.org

**RICS Europe**  
T +32 (2) 733 1019  
ricseurope@rics.org

**RICS Americas**  
T +1 212 847 7400  
ricsamericas@rics.org

**RICS Asia Pacific**  
T +852 2537 7117  
ricsasiapacific@rics.org

**RICS Oceania**  
T +61 (2) 92162333  
info@rics.org.au

**RICS Middle East & Africa**  
T +971 (4) 375 3074  
sluthria@rics.org

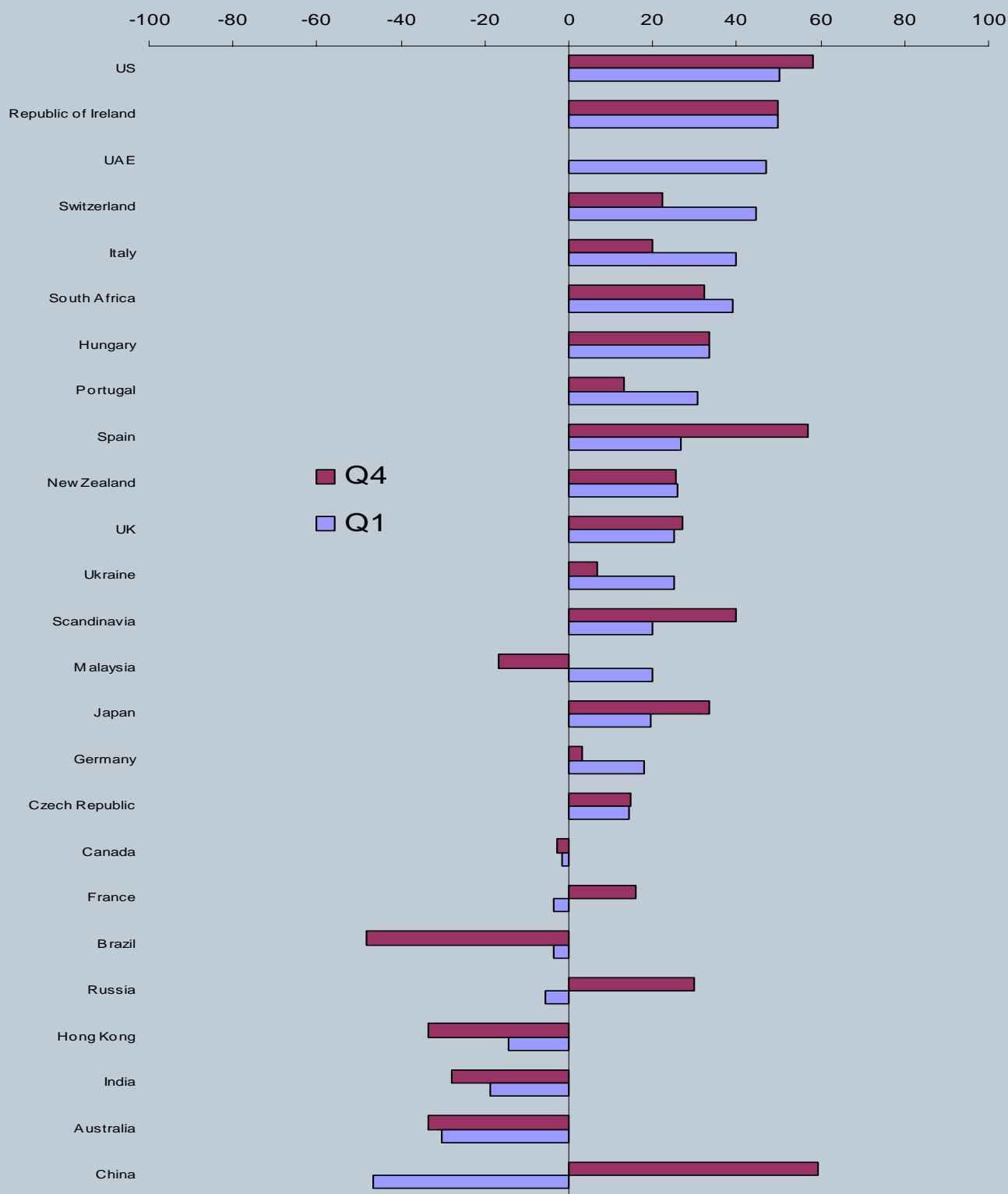
**RICS India**  
48 & 49 Centrum Plaza  
Sector Road, Sector 53  
Gurgaon - 122002 India  
T +91 124 459 5400  
F +91 124 459 5402  
ricsindia@rics.org



# RICS Global Distressed Property Monitor

## Country statistics - for Q1 2010

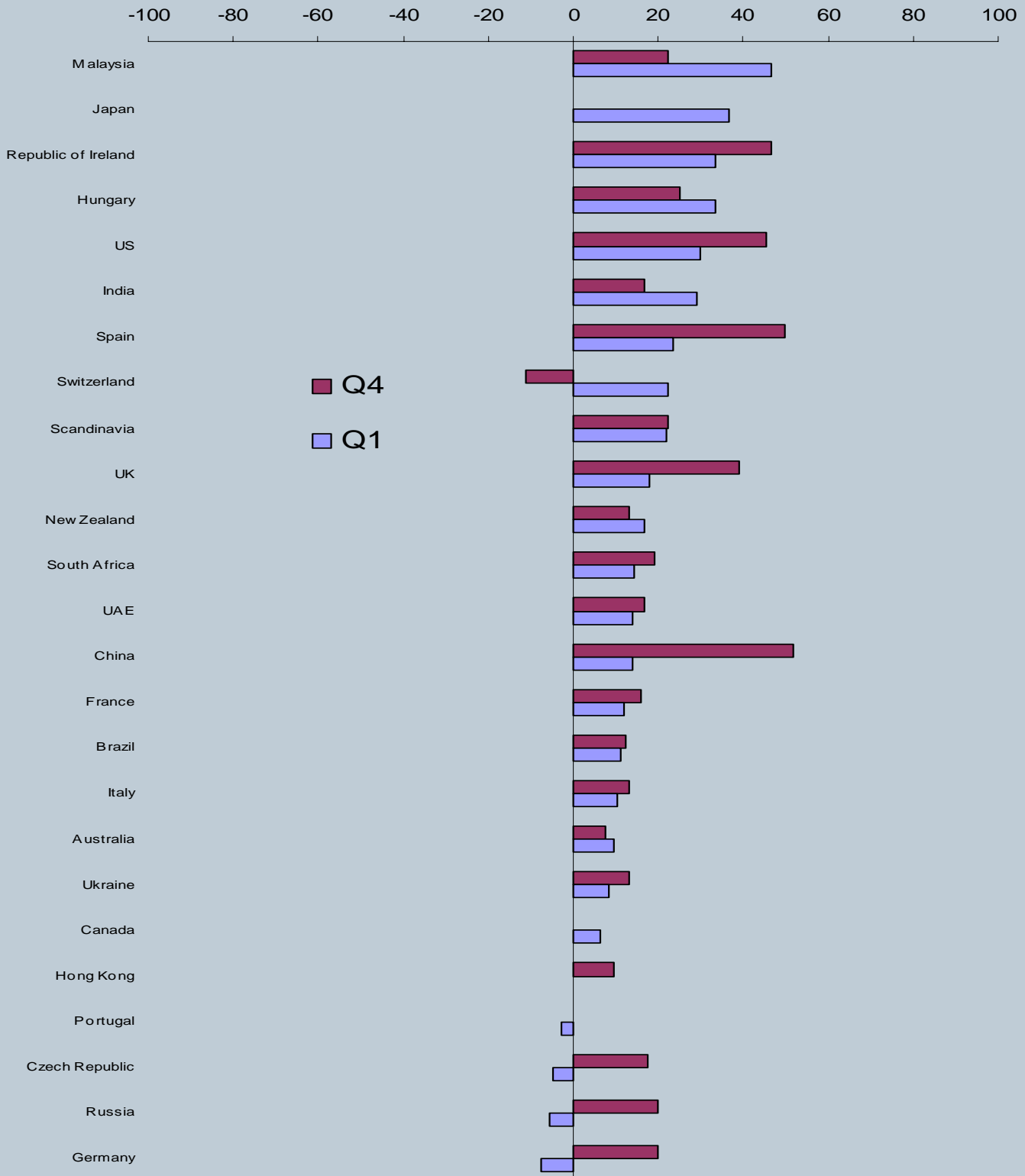
Agents reporting a rise in distressed properties in Q1 ranked by net balance scores



# RICS Global Distressed Property Monitor

## Country statistics - for Q1 2010

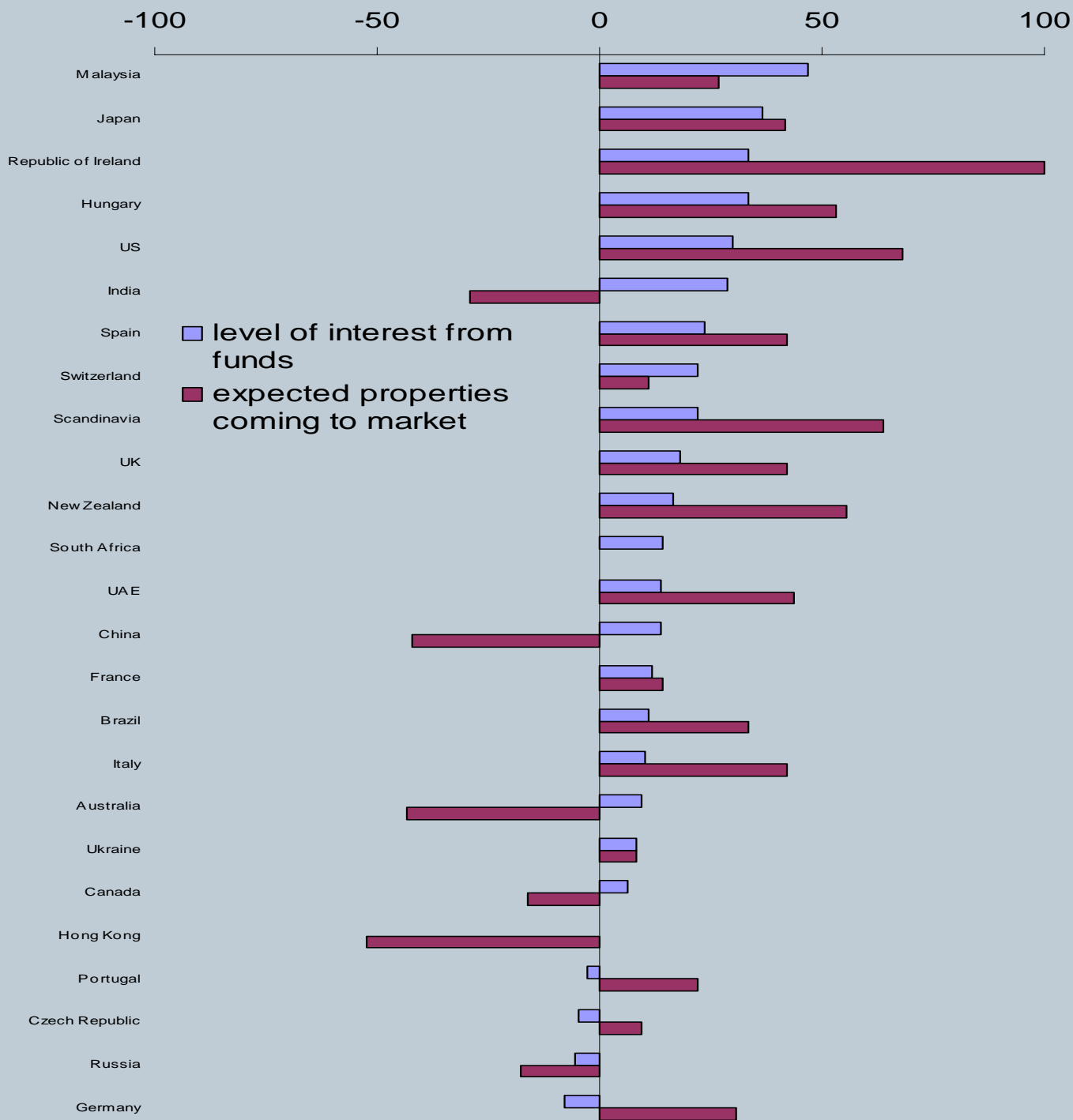
Level of interest from specialist funds in Q1 ranked by net balance scores



# RICS Global Distressed Property Monitor

## Country statistics - for Q1 2010

Level of interest from specialist funds v expected rise in distressed properties coming to the market in Q1



# RICS Global Distressed Property Monitor

## Country statistics - for Q2 2010

Level of distressed properties expected in Q2 ranked by net balance scores  
(compared to the previous 3 month period)



# RICS Global Distressed Property Monitor

## Survey Methodology

### RICS Global Commercial Property Survey

RICS' Global Commercial Property Survey is a quarterly guide to the developing trends in the commercial property investment and occupier market. This edition details market conditions for the first quarter of 2010 based on information collected from leading international real estate organisations and local firms.

466 surveyor offices responded to the questionnaire conducted between 24/2/2010 and 24/3/2010.

### Methodology

Survey questionnaires were sent to real estate organisations in February 2010, with responses received up until the 24<sup>th</sup> of March 2010. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 466 company responses were received.

Responses have been amalgamated across the three real estate sub-sectors of offices, retail and industrial property at a country level, to form diffusion indices for the commercial market as a whole.

### Contact details

For further information please contact RICS Communications Directorate  
T +44 (0)20 7334 3774/3891

### Taking part in the RICS Global Property Survey

If you wish to participate in the quarterly survey, please email [jguilfoyle@rics.org](mailto:jguilfoyle@rics.org) to register your details. Please provide your name, company details and the location(s) you wish to cover within the email or register online at [www.rics.org/globalproperty](http://www.rics.org/globalproperty)

### Become a member of RICS

If you would like to find out more about becoming a member of RICS, please visit [www.rics.org/professional](http://www.rics.org/professional)

### RICS Global Commercial Property Survey

#### Disclaimer

This document is intended as a means for debate and discussion and should not be relied on as legal or professional advice. Whilst every reasonable effort has been made to ensure the accuracy of the contents, no warranty is made with regard to that content. Data, information or any other material may not be accurate and there may be other more recent material elsewhere. RICS will have no responsibility for any errors or omissions. RICS recommends you seek professional, legal or technical advice where necessary. RICS cannot accept any liability for any loss or damage suffered by any person as a result of the editorial content, or by any person acting or refraining to act as a result of the material included.

# RICS Global Distressed Property Monitor

## Subscription information and contributor enquiries

The Quarterly Global Commercial Property Survey is available from the RICS web site - [www.rics.org](http://www.rics.org), along with other quarterly surveys covering the housing market, residential lettings, commercial property, construction activity, the farmland market and arts and antiques.

This publication has been produced by RICS Economics. For economic and statistical enquiries regarding this publication, please contact.

Oliver Gilmartin  
RICS Senior Economist  
Communications Directorate  
Tel +44 (0)20 7334 3847.

For access to city level agents' comments and contributor details please go to the following web address.

[www.rics.org/GPScomments](http://www.rics.org/GPScomments)

The Royal Institution of  
Chartered Surveyors  
12 Great George Street  
Parliament Square  
London SW1P 3AD

T +44 (0)20 7222 7000  
F +44 (0)20 7334 3846

[economics@rics.org](mailto:economics@rics.org)  
[www.rics.org](http://www.rics.org)