

### Greater levels of distress emerge

- Supply of distressed assets rises globally
- Countries in peripheral Europe, Italy and the UAE expect the supply of distressed properties coming to market to increase at the fastest pace
- Demand for foreclosed property continues to rise, but in less countries than in Q2

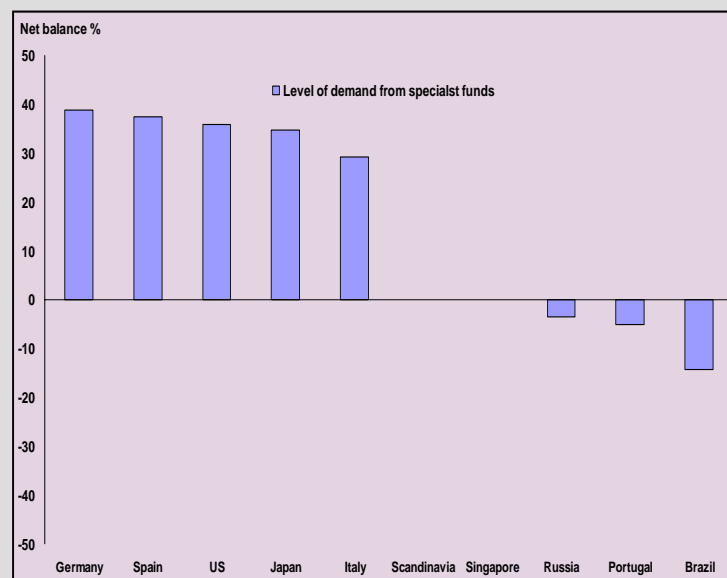
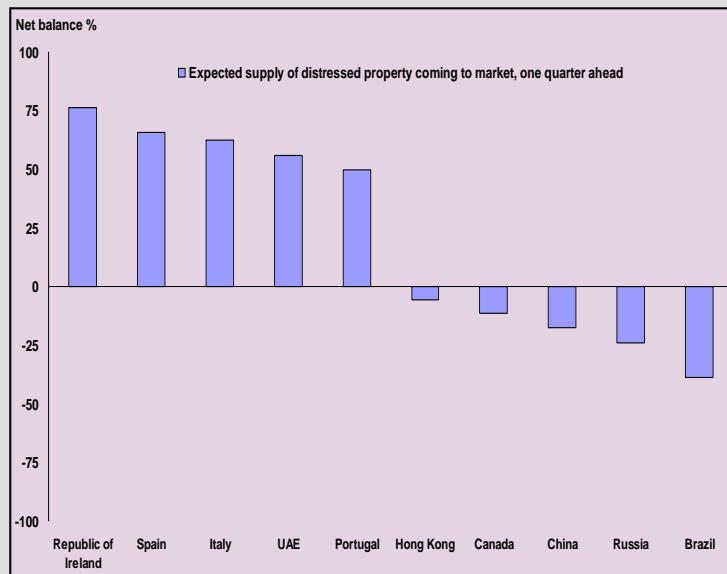
The latest RICS Global Distressed Property Monitor shows that more countries are expecting greater levels of distressed property to become available on the market, and in most instances at a faster pace than seen previously. Of the 25 countries included in the report, respondents in roughly three quarters indicated that they expected the supply of distressed assets to rise in the coming quarter, compared to the previous quarter.

Once again, expected supply is rising at the fastest pace in the Southern European countries at the centre of the intensifying euro crisis. Property professionals in the Republic of Ireland, Spain and Italy are expecting the greatest increases in supply, while there are also anticipated rises in Portugal, the UAE, UK, Hungary and France.

At the other end of the spectrum, respondents in Brazil, Russia, China, Canada and Hong Kong reported they expect fewer foreclosed properties to appear in Q4. In Malaysia, Singapore, Germany and Poland there is expected to be little change in the supply of distressed properties.

Alongside this, interest in distressed assets from specialist funds continues to rise across 19 of the 25 countries, but this is down from Q2, where 21 indicated rising demand. Respondents in Germany, Spain, the US and Japan indicated the greatest increase in fund interest, though there was a sizeable shift in sentiment in Malaysia. In contrast, demand from investors declined in Brazil, Portugal and Russia. It remained unchanged in Poland, Scandinavia and Singapore.

Significantly, there has been a noticeable uptick in the number of countries where expected supply is outstripping demand (in terms of net balance reading). Respondents in 15 countries expect supply to rise beyond increasing demand from investors, compared to only 11 in Q2. This supply overhang was most prominent in Portugal, the Republic of Ireland and the UAE. Meanwhile, fund interest only outstrips supply in 9 countries, and this is most acute in Chinese and German markets.



*\*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.*

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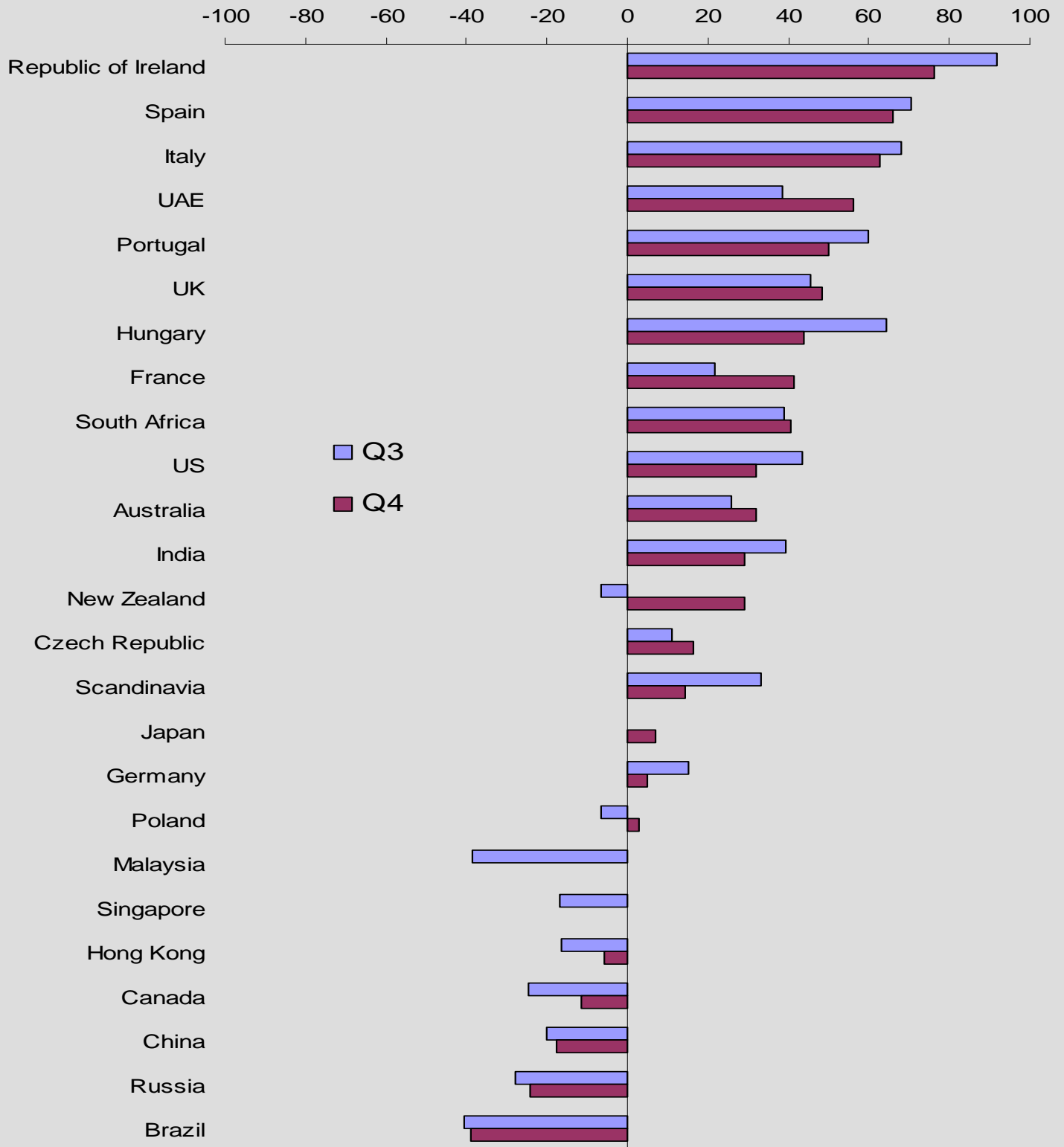
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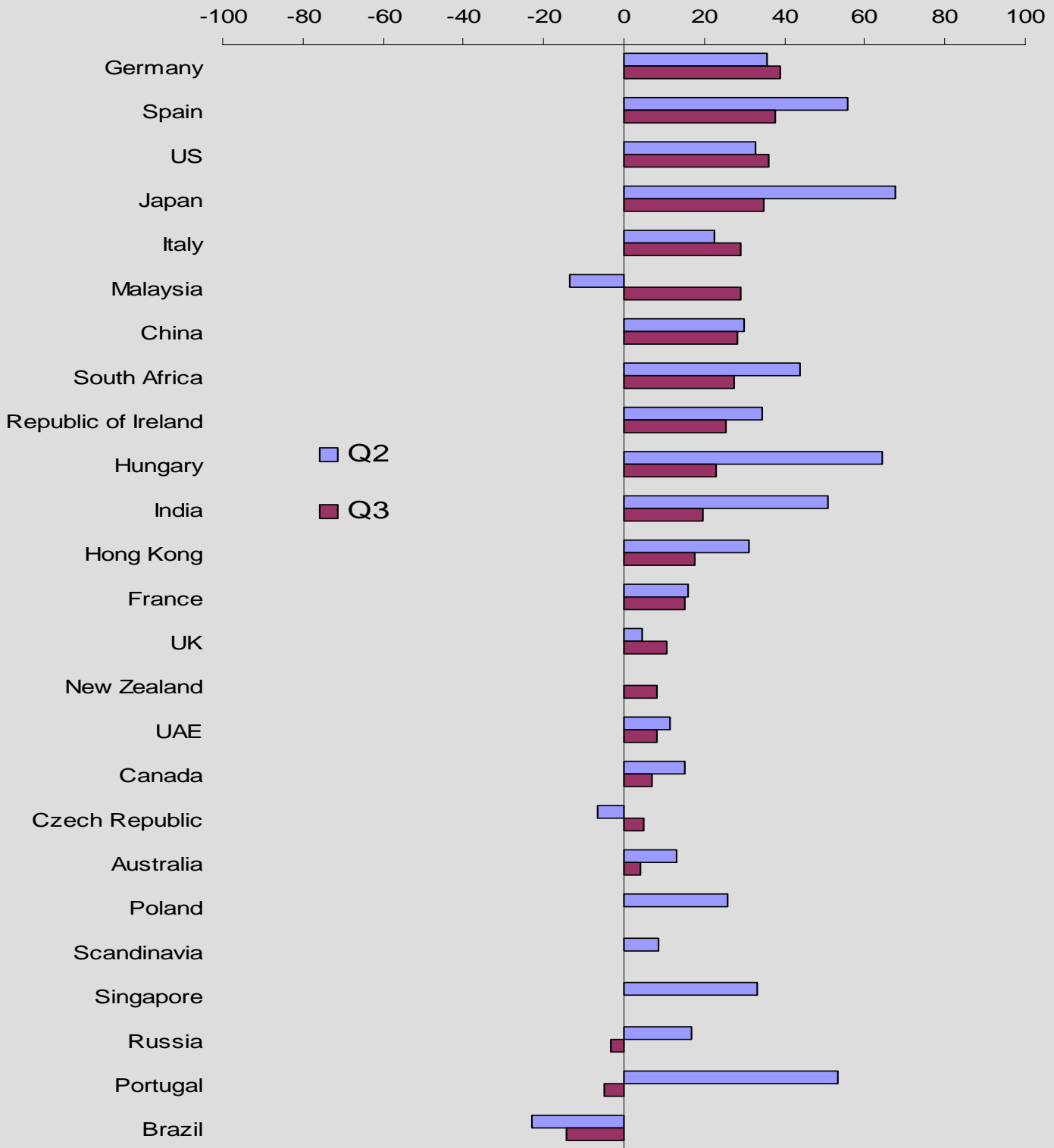
# Country statistics - for Q3 2011

Level of distressed properties expected next quarter ranked by net balance scores (compared to the previous quarter)



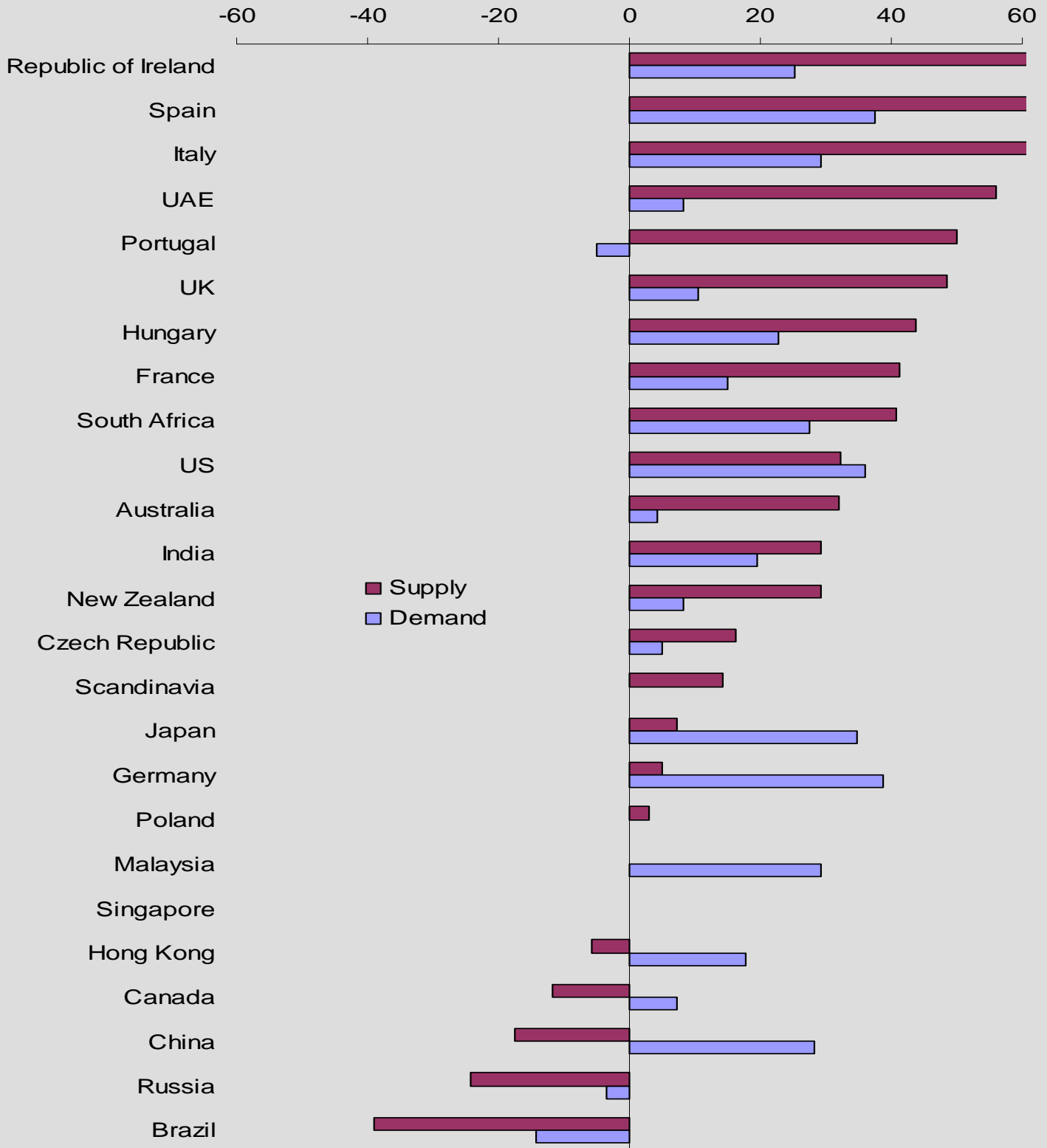
# Country statistics - for Q3 2011

Level of interest from specialist funds ranked by net balance scores



# Country statistics - for Q3 2011

Difference between expected supply of distressed property next quarter and demand, ranked by net balance scores



# 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 third quarter of 2011 based on information collected from leading international real estate organisations and local firms.

### Methodology

Survey questionnaires were sent out on 2<sup>nd</sup> September 2011, with responses received up until the 23<sup>rd</sup> of September. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 809 company responses were received, with 254 from the UK.

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

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

For access to city level agents' comments and contributor details please view the rics economics website.

### RICS Global Commercial Property Survey

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