

Distressed property listings easing outside of Europe & US

- The number of countries reporting distressed properties coming to market rising fell to 13 countries, down from 17 in Q1
- The pace of increase in distressed listings was greatest in the US and Europe
- Distressed properties are expected to come to market at the quickest pace in Portugal and Ireland in Q3
- Brazil, Russia and Hong Kong report declines in expected distressed property

The Q2 Global Distressed Property Monitor from RICS indicates that growth in distressed property listings* eased back across 85% of countries surveyed when compared to the first quarter.

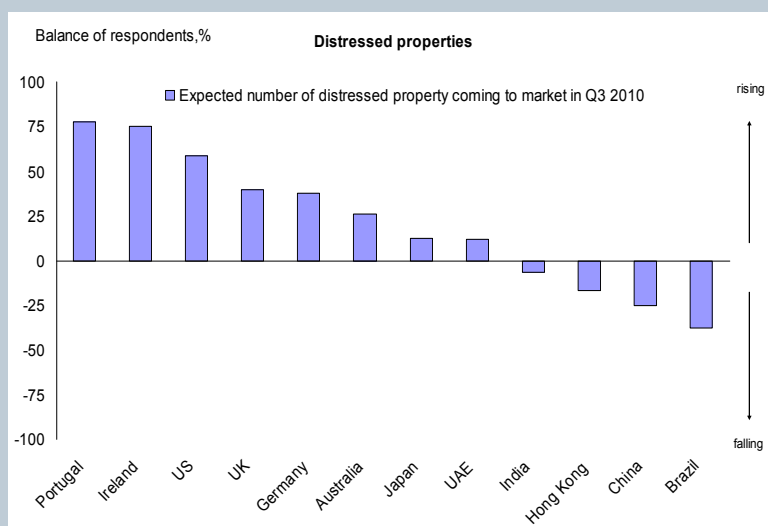
Even so, respondents in 13 of the 25 countries are still reporting a rise in distressed property listings albeit at a generally slower pace than was evident in Q1. Only 3 countries reported that distress in the market is increasing at a faster pace than last quarter; these were Portugal, Spain and Germany.

Growth in distressed listings was greatest in the US and some European economies, such as Portugal, Spain, Republic of Ireland and Germany. Indeed in Portugal, surveyors are reporting that distressed property is coming to market at nearly twice the pace of Q1 and this is also true of Germany. However, the pace of decline in the US and Ireland has moderated slightly from the first quarter.

By way of contrast, 8 countries reported a decline in the number of distressed properties coming to market compared to three months earlier. The pace of decline was greatest in Brazil, Russia, India and Hong Kong. Interestingly, surveyors in Japan indicate a modest turnaround, where the net balance fell from +19 to -6. Other countries where there were marginal declines were Canada, Australia and China.

Meanwhile, real estate professionals continue to expect distressed property coming to market in Q3 in just over half the countries surveyed. Of these, it was again Portugal, Ireland and the US reporting the biggest increases in expected distress; there was also a pick up in Spain and Scandinavia.

- *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.*



Interestingly, agents in Australia are now reporting that they expect the number of distressed properties to increase next quarter; the first such result for two quarters. At the other end of the spectrum, both Malaysia and Brazil have experienced a turnaround in sentiment towards expected distress; the net balance having moved from +27 and +33 to -11 and -38 respectively.

Interest from specialist funds has increased in a handful of markets; notably Ireland, the US, Russia and Hungary. The most notable upturn was seen in Russia, where the net balance improved from -6 to +43.

However, agents suggest that levels of interest appear to be moderating across more than 50% of countries surveyed. Indeed, in Malaysia and Japan the net balance has moderated to zero from +47 and +37. Furthermore, across South Africa, UAE and Germany interest from specialist funds fell back modestly.

The imbalance between interest in distressed property and expected distressed property coming to market is greatest in Portugal, where growth in expected listings is outstripping demand from specialist funds. This is also the case in the US, Scandinavia, Australia and Germany.

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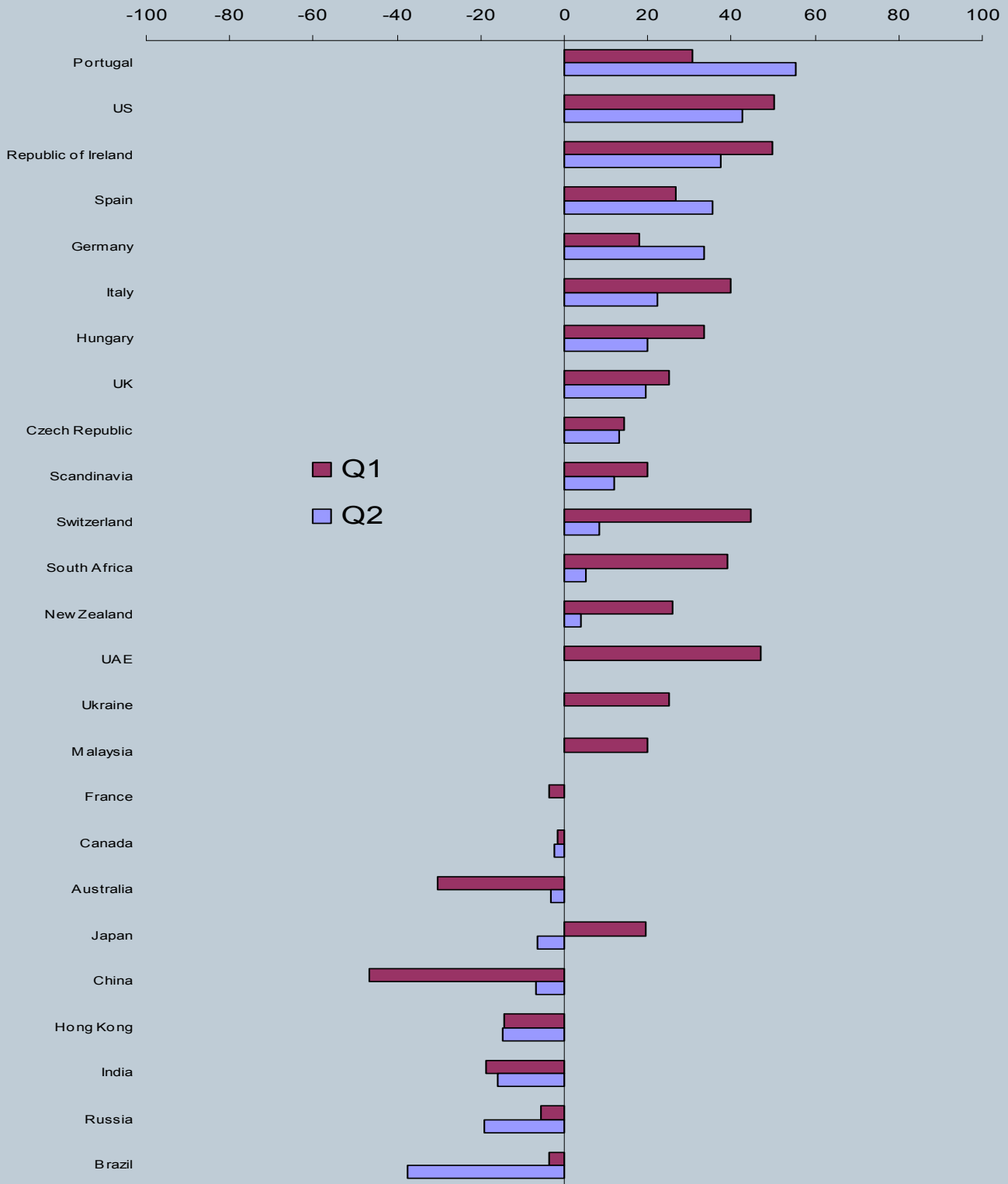
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RICS Global Distressed Property Monitor

Country statistics - for Q2 2010

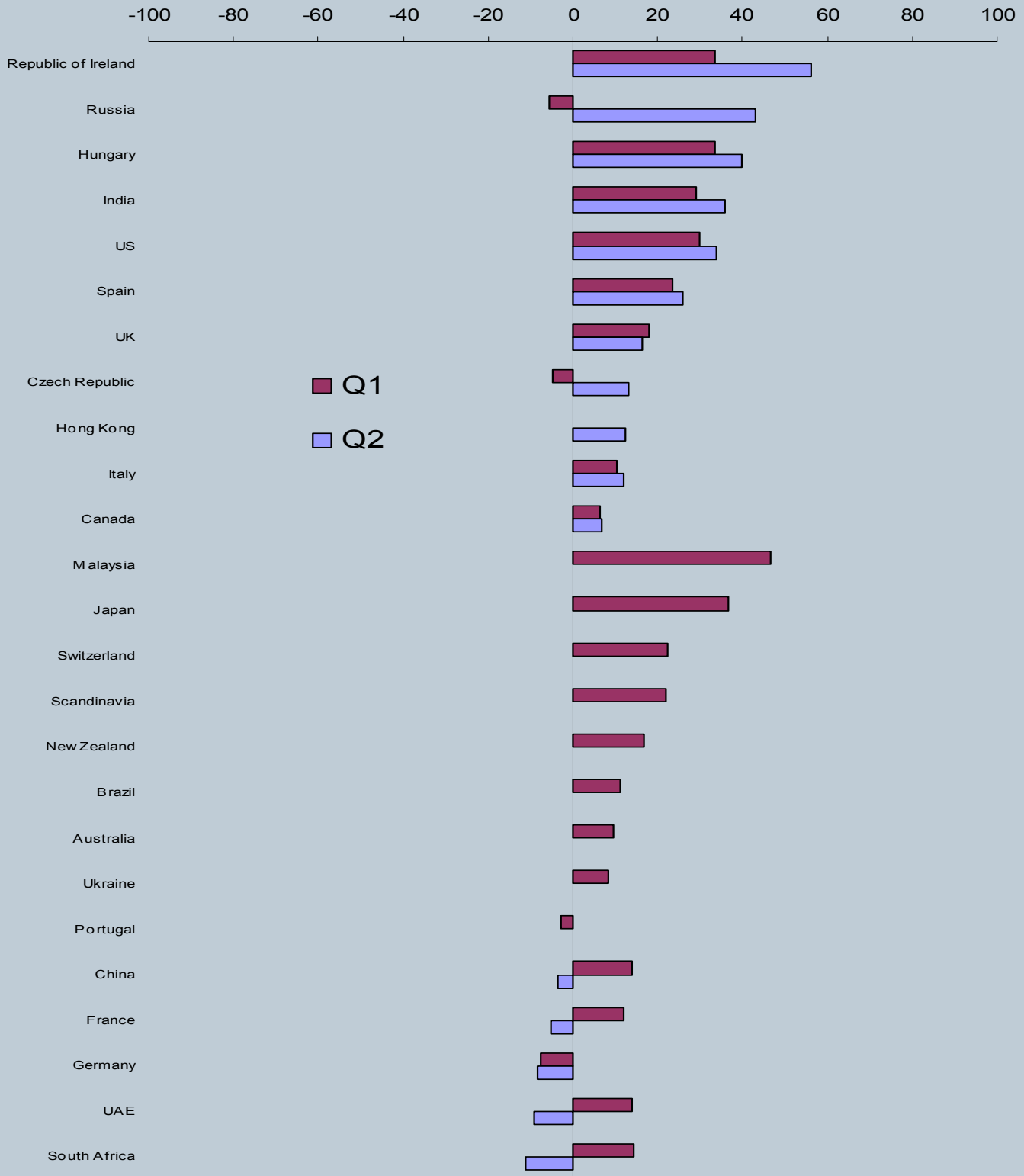
Agents reporting a rise in distressed properties in Q2 ranked by net balance scores



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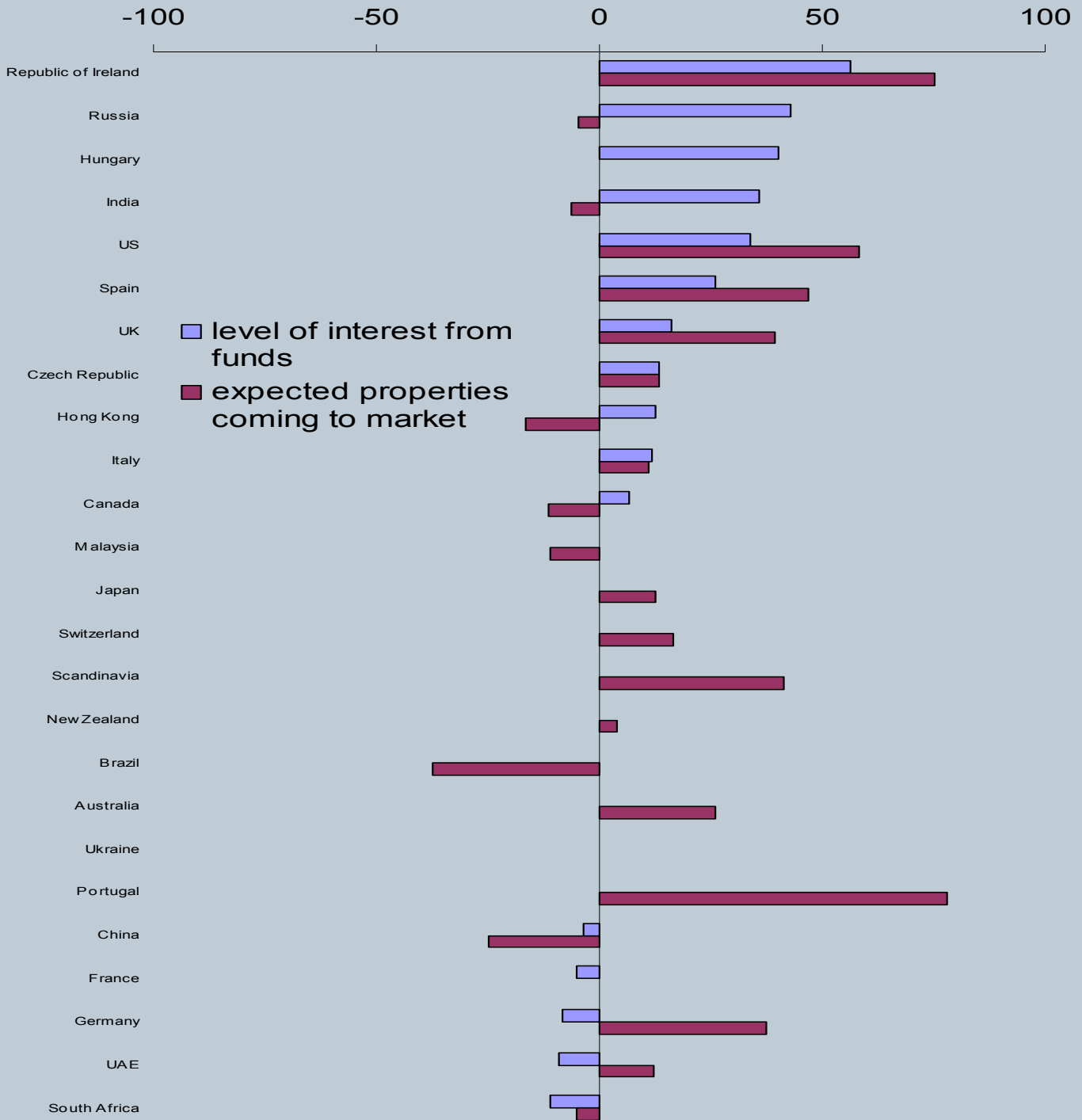
Level of interest from specialist funds in Q2 ranked by net balance scores



RICS Global Distressed Property Monitor

Country statistics - for Q2 2010

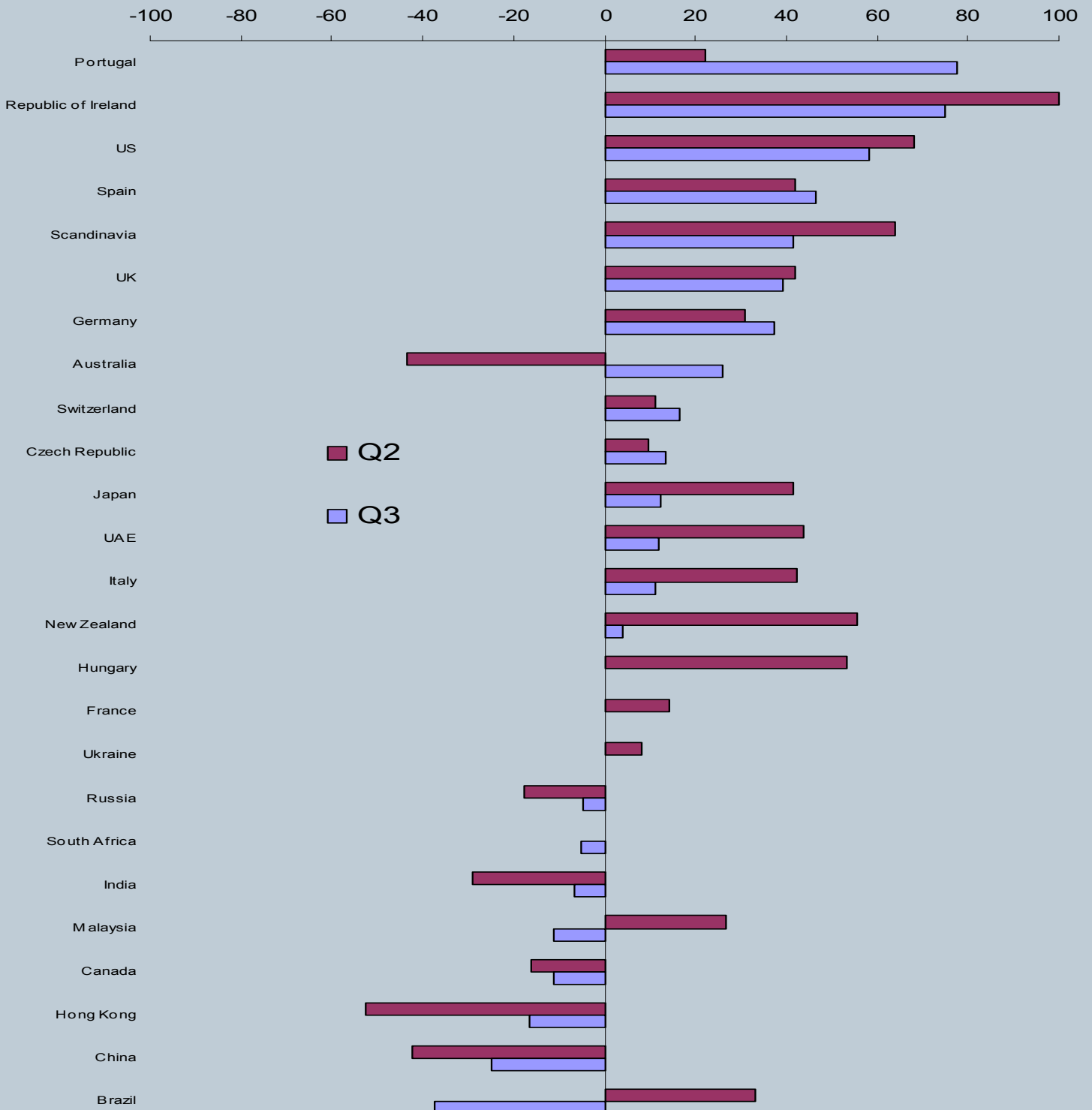
Level of interest from specialist funds v expected rise in distressed properties coming to the market in Q2



RICS Global Distressed Property Monitor

Country statistics - for Q2 2010

Level of distressed properties expected in Q3 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.

385 surveyor offices responded to the questionnaire conducted between 1/6/2010 and 25/6/2010.

Methodology

Survey questionnaires were sent to real estate organisations in June 2010, with responses received up until the 25th of June 2010. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 385 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.

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Taking part in the RICS Global Property Survey

If you wish to participate in the quarterly survey, please email 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

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RICS Global Commercial Property Survey

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The Quarterly Global Commercial Property Survey is available from the RICS web site - 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.

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

www.rics.org/GPScomments2010q2

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