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Distressed properties expected to flood market

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Property supply will outstrip demand and more distressed properties will enter the market.

These are two predictions made in the latest Royal Institution of Chartered Surveyors (RICS) global distressed property monitor.

Property supply is expected to outstrip demand in the fourth quarter and the number of distressed properties is predicted to dramatically increase from the third fourth quarters.

The expected increase would take New Zealand from registering a negative score in the third quarter to a positive score in the fourth. The only other country predicted to do so is Poland.

An increase in the number of distressed properties inadvertently leads to an increase in supply but it may be more of a correlation than a direct cause RICS Oceania New Zealand manager Andrew Crosby said.

"The results show New Zealand expects a reasonably large rise in the number of distressed properties," Mr Crosby said.

The RICS global distressed property monitor is a measure of expectations from leading figures in the real estate industry. Results are based on net figures calculated by subtracting the number of negative responses from positive responses.

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