

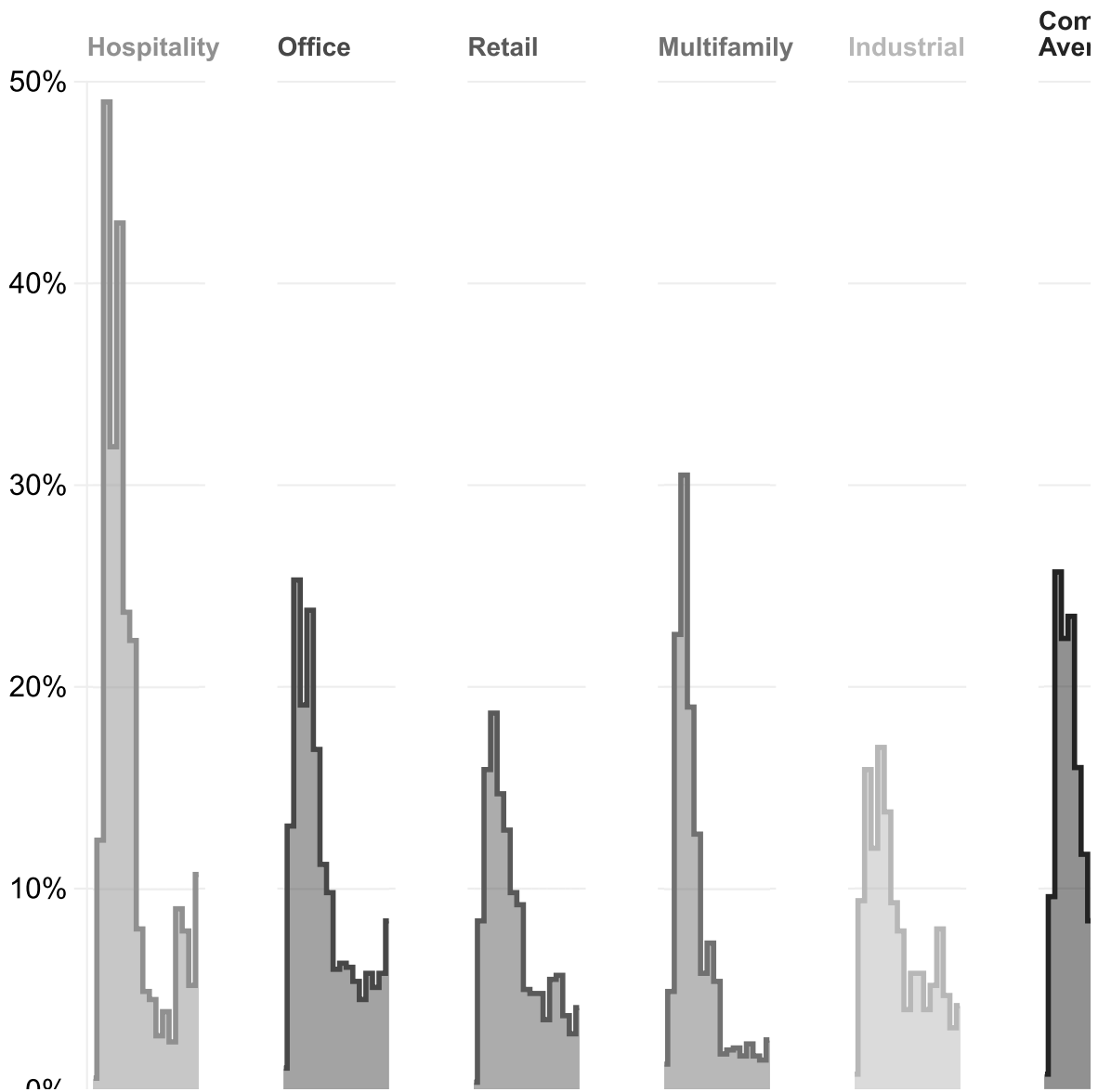


CHART OF THE DAY

Distressed Property Sales Reach 10-Year High

Retail and Multifamily Deals Catch Up With Office and Hospitality, CoStar Data Shows

Percentage of Commercial Property Sales With Distress



Source: CoStar, April 2024
Chart: Leslie Trejo



By Mark Heschmeyer
CoStar News

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Sales of distressed property in the first quarter of 2024 made up a higher percentage of transactions than at any time during the past 10 years.

The percentage of distressed property sales — a designation that typically applies to real estate when money is owed that can't be repaid — increased from an average of 6% in 2023 to 6.7% in the first quarter, according to CoStar data. The multifamily percentage in the first quarter was more than double the average for last year. Retail also saw a sharp increase, from 4.1% for all of last year, to 6.3% in the first quarter.

Distressed hospitality and office deals still account for their highest percentages since 2020 when the nation fought to contain the COVID-19 pandemic.

CoStar's distressed sales tally includes auction sales, bankruptcy and other court-appointed sales, sales identified as distressed, high-vacancy property sales, sales of lender-owned properties, short sales, and foreclosure and deed-in-lieu sales.

According to Meghan Czechowski, senior vice president and head of the Walker & Dunlop-owned appraisal firm Apprise, interest in distressed assets, both properties and loans, has ballooned this year. Czechowski said the firm's appraisal work in January was 80% higher than a year earlier. Much of that work is for loan refinancing, she said, but that trend also could signal renewed interest in acquisitions.

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