

Global Perspectives: Real estate investment risk

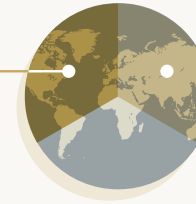
Investment Risk Forum (IRF) leaders

The IRF is a global group of over 40 investment leaders assembled by RICS to discuss risk in real estate investment.

US\$1,000,000,000,000+

US\$1 trillion+ investment capital represented through the RICS Investment Risk Forum

1/3



One third of survey respondents work for organisations investing in real estate in more than 20 countries around the world

Report key findings

1 Risk management after the Global Financial Crisis

90%

of investors believe the industry's approach to risk management has improved since the Global Financial Crisis



60%

of respondents said their risk management function was driven by investment performance

24%

said it was compliance led

More than half the investors have risk-focused roles and teams within their business



2 Availability and accuracy of data

Over **50%** of investors think

Inconsistent data reporting

is a major challenge for risk managers today



2 Key challenges

Data is unavailable or of poor quality



Data is not comparable between markets



UK and US are leading the way on provision of data

3 The shifting investment landscape

Respondents are seeing...

A changing geographic focus



Moves into alternative assets



Over half of respondents are currently worried about style drift from their disclosed investment strategy

57%

4 Investment risks

Top 3 risks



1 Changing real estate occupation and use habits



2 New generations of employees lacking experience of property cycles/ lessons learnt



3 Valuation accuracy

Conclusions

3

AREAS FOR INDUSTRY IMPROVEMENT

1

Transparent and consistent data

2

Common standards to underpin property markets

3

Thought leadership and best practice in risk management