

This report does not constitute a rating action.

The aim of this newsletter is to provide a periodic update of selected commentaries and rating actions from S&P Global Ratings related to real estate. This edition covers the period from Oct. 7, 2024, to 2:00 p.m. BST on Oct. 21, 2024.

If you have comments or feedback on this edition, please [click here](#).

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## Research Highlights

### North America

#### U.S. Structured Finance Chart Book: October 2024 (Oct. 16, 2024)

**Practice:** Structured Finance

**Segment:** Commercial, Residential

This chart book is a roundup of the latest credit developments and underlying performance indicators observed across U.S. structured finance sectors, including RMBS and CMBS.

[Click here to access the report »](#)

#### U.S. Home Price Overvaluation Ticks Up As Wage Growth Lags Home Price Gains (Oct. 14, 2024)

**Practice:** Structured Finance

**Segment:** Residential

Our assessment of U.S. home price overvaluation rose roughly two percentage points to 16.6% as of second-quarter 2024. Home price appreciation gains outpaced income growth and overvaluation remains high nationwide, with 92% of metropolitan statistical areas or divisions still overvalued. The credit impact on U.S. RMBS continues to depend on the geographic distribution of the mortgage pools and the valuation dates of the properties backing the loans in those pools.

[Click here to access the report »](#)

## U.S. CMBS Update Q3 2024: Issuance Remains Robust Despite Accelerated Office Downgrades (Oct. 11, 2024)

**Practice:** Structured Finance

**Segment:** Commercial

Overall U.S. CMBS delinquency, special servicing, and modification rates continued to trend upward in the third quarter, driven mostly by the office sector, though multifamily rates increased noticeably. Rating actions have been biased heavily toward downgrades, especially single asset single borrower (SASB) office, and this trend will likely continue through year end.

Rated exposures to Hurricanes Helene and Milton surpassed \$2 billion across several metros in Florida, Georgia, and the Carolinas. Insurance coverage should broadly help, but there may be underinsured properties in areas that are not flood prone.

Overall issuance volume rose to \$29 billion from \$26 billion the previous quarter, comprising two-thirds SASB and one-third conduits. We have raised our full-year new issuance forecast to \$90 billion from \$80 billion.

We declined to give rating feedback on seven of the 27 single-borrower transactions priced in the third quarter, mostly because they were not covering debt service on day one and due to some concentration risk.

[Click here to access the report »](#)

## U.S. Private Mortgage Insurance Sector View (Oct. 10, 2024)

**Practice:** Insurance

**Segment:** Residential

The U.S. private mortgage insurance sector may have elevated near-term loss ratios, but will remain profitable. Headwinds range from still-high mortgage rates and home price appreciation making housing unaffordable, to below-trend economic growth and potential labor market stresses. Tailwinds include home equity embedded in the current portfolios - which help offset potential claims - and strong underwriting standards since the Great Financial Crisis.

Today's underlying loan portfolio characteristics are also significantly better than those of 2007. Stricter regulation, improved risk management, and the government-sponsored enterprises' implementation of capital requirements contributes to the stark difference.

[Click here to access the report »](#)

## Europe, Middle East, Africa

### Dutch Buy-To-Let RMBS Withstand Rate Hikes And Tighter Regulations (Oct. 21, 2024)

**Practice:** Structured Finance

**Segment:** Residential

Dutch buy-to-let originations are set to take off again in the coming months following downward pressure over 2023 and 2024. Rate hikes and regulatory constraints on the Dutch rental market have not undermined the credit performance of buy-to-let RMBS transactions that we rate. While non-call risk remains it could decrease, as origination volumes and evolving products provide encouraging signs to originators.

[Click here to access the report »](#)

## **EMEA Structured Finance Chart Book: October 2024 (Oct. 16, 2024)**

**Practice:** Structured Finance

**Segment:** Commercial, Residential

This chart book is a roundup of the latest credit developments and underlying performance indicators observed across EMEA structured finance sectors, including RMBS and CMBS. Year-to-date EMEA securitization issuance is running at a multiyear high of €109 billion, thanks to strong U.K. RMBS and CLO activity.

[Click here to access the report »](#)

## **Swedish Covered Bond Market Insights 2024 (Oct. 10, 2024)**

**Practice:** Structured Finance

**Segment:** Commercial, Residential

Easing interest rates, economic recovery, and the end of the central bank's purchase program will support higher market-based covered bond issuances in Sweden, according to our latest Swedish Covered Bond Market Insights 2024 report.

This report presents the local covered bond market, explains how the relevant legal framework works, provides an overview on the local mortgage market, and compares key characteristics of the existing programs.

[Click here to access the report »](#)

## **Rebound In Property Transfer Fees Supports Ratings On French Departments (Oct. 8, 2024)**

**Practice:** Public Finance

**Segment:** Commercial, Residential

We expect rated French departments' financial performance will recover in 2025 as the expected rebound property transfer fees (DMTOs) gains traction. French departments suffered from the downturn of the real estate market over the past 18 months. If the current recovery continues, DMTOs will start to rise in fourth-quarter 2024, limiting the year-over-year decrease to 15%. The recovery in DMTOs will increase French departments' tax revenues, albeit with a delay due to the months-long lag between transactions and tax collection.

[Click here to access the report »](#)

## Asia-Pacific

### China Property Watch: Charting A Path To Stabilization (Oct. 18, 2024)

**Practice:** Corporates

**Segment:** Residential

Addressing the imbalance between too much stock and too little confidence will be key to stabilizing China's property market. We estimate national property sales will decline to about RMB8.5 trillion-RMB9.0 trillion in 2024 and further to RMB8.0 trillion-RMB8.5 trillion in 2025. Property sales could stabilize toward the second half of 2025, but only if the conditions are right.

The first key condition will be easier access to funding. When developers witness more favorable funding opportunities, they might regain their confidence in land acquisitions and new starts. Secondly, the government will have to increase measures to reduce inventories. When inventories gradually reduce, we believe developers will no longer need to resort to drastic price cuts to destock. Third, a rebound in developers' confidence will concurrently boost homebuyers' sentiment, in our view. Indicative of this would be a rebound in land acquisitions and new starts, as well as stabilization in primary home prices. By addressing funding, supply, and confidence, the property market could see a positive shift, leading to stability in prices and sales. Otherwise, the current squeeze on margins and deteriorating sales could take a further toll on the creditworthiness of the developers we rate.

[Click here to access the report »](#)

### China's Mortgage Rate Cut Will Not Affect Rated RMBS (Oct. 16, 2024)

**Practice:** Structured Finance

**Segment:** Residential

A mortgage rate cut on existing loans announced in recent weeks will have no rating impact on the residential mortgage-backed securities (RMBS) that we rate in China.

[Click here to access the report »](#)

### China Brief: Renewed Loan Lifeline No Panacea For Commercial Landlords (Oct. 14, 2024)

**Practice:** Corporates

**Segment:** Commercial

China's commercial real estate landlords are not out of the woods yet. The extension of access to commercial real estate-backed loans will allow them to tap inexpensive, long-dated capital. But it may take a mix of funding support and demand-side measures to boost confidence and improve lease conditions.

[Click here to access the report »](#)

### Australian Prime Home Loan Arrears Fell In August Due To Rising New Issuance (Oct. 11, 2024)

**Practice:** Structured Finance

**Segment:** Residential

Arrears declined in August for Australian prime home loans and rose for nonconforming home loans. The Standard & Poor's Performance Index (SPIN) for Australian prime mortgage loans excluding noncapital market issuance declined to 0.89% in August from 0.94% in July. "RMBS Arrears Statistics: Australia" provides a comprehensive analysis of arrears statistics on loans underlying Australian RMBS. The latest report is in two parts.

[Click here to access the reports »](#)

## Selected Rating Actions

### Non-Financial Corporations

- [Piedmont Office Realty Trust Inc. Downgraded To 'BB+' On Modestly Elevated Credit Metrics, Notes 'BBB-'; Outlook Stable](#), Oct. 17, 2024
- [Kilroy Realty Corp. Downgraded To 'BBB-' From 'BBB' On Modestly Weaker Credit Metrics, Secular Headwinds; Outlook Stable](#), Oct. 14, 2024
- [Highwoods Properties Inc. Downgraded To 'BBB-' On Elevated Credit Protection Metrics; Outlook Stable](#), Oct. 14, 2024
- [BXP Inc. 'BBB' Ratings Affirmed On Solid Leasing Activity And Elevated Leverage; Outlook Negative](#), Oct. 14, 2024
- [Prologis Targeted U.S. Logistics Holdings L.P. 'A-' Rating Affirmed On Sound Operating Performance; Outlook Stable](#), Oct. 11, 2024
- [Adler Group S.A. And Adler RE Upgraded To 'B-' After Completing Debt Restructuring; Outlook Negative](#), Oct. 11, 2024
- [Sun Hung Kai Properties Outlook Revised To Negative On Weakening Property Development Margins; 'A+' Ratings Affirmed](#), Oct. 8, 2024
- [Heimstaden AB Assigned 'B-' Rating; Outlook Negative](#), Oct. 8, 2024
- [AvalonBay Communities Inc. Affirmed On Sound Operating Performance And Improved Balance Sheet; Outlook Stable](#), Oct. 7, 2024

### Financial Institutions

- [Deutsche Pfandbriefbank 'BBB-/A-3' Ratings Affirmed On Strategic Update; Outlook Still Negative On Asset Quality Risk](#), Oct. 14, 2024

### Structured Finance – CMBS

- [Four GS Mortgage Securities Corp. Trust 2017-375H Ratings Lowered And One Affirmed](#), Oct. 18, 2024
- [Virginia Housing Development Authority Series 2024D And E Mortgage Bonds Rated 'AAA', 2024F Rated 'AAA/A-1+', Oct.18, 2024](#)
- [3650 REIT Loan Servicing LLC AVERAGE Commercial Mortgage Loan Special Servicer Ranking Affirmed; Ranking Outlook Stable](#), Oct. 17, 2024
- [3650 REIT Loan Servicing LLC AVERAGE Commercial Mortgage Loan Special Servicer Ranking Affirmed; Ranking Outlook Stable](#), Oct. 15, 2024
- [Seven Citigroup Commercial Mortgage Trust 2015-101A Ratings Lowered And Two Affirmed](#), Oct. 15, 2024
- [Trafford Centre Finance's U.K. CMBS Notes Ratings Raised](#), Oct. 10, 2024

- [Six BXP Trust 2017-CC Ratings Lowered](#), Oct. 7, 2024

## Structured Finance – RMBS

- [Hipocat 9 Class C And D Spanish RMBS Ratings Raised; Class A2a To B Notes Affirmed](#), Oct. 8, 2024

## Public Finance

- [U.K. Social Housing Provider Futures Housing Group Ltd. Downgraded To 'A'; Outlook Stable](#), Oct. 11, 2024

## Covered Bonds

- [Kookmin Bank US\\$7 Billion Global Covered Bond Program Series 2024-1 Rated 'AAA': Ratings On Other Series Affirmed](#), Oct. 21, 2024
- [Transaction Update: Civitas SPV S.r.l. 2017-1](#), Oct 21, 2024
- [Transaction Update: Fosse Master Issuer PLC 2019-1](#), Oct. 18, 2024
- [Transaction Update: Finance Ireland RMBS No.5 DAC](#), Oct. 17, 2024
- [Transaction Update: E-MAC NL 2006-II B.V.](#), Oct. 17, 2024
- [Transaction Update: FORDless STORM 2018 B.V.](#), Oct. 10. 2024

## Upcoming Events

- [China Property Watch: Charting A Path To Stabilization](#), Oct. 24, 2024
- [Request For Comment: Global Methodology And Assumptions: Assessing Pools Of Residential Loans \(U.S.\)](#), Oct. 30, 2024
- [U.S. Public Finance Housing Hot Topics Event](#), Nov. 19, 2024

## Webinar Replays

- [Asia-Pacific Quarter 3 2024 Banking Update: A Choppier Ride For The Rest Of The Year](#), Aug. 21, 2024

## Previous Edition Of Real Estate Digest

- [Real Estate Digest](#), Oct. 7, 2024

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