

S&P Global
Ratings

EMEA Structured Finance Chart Book

November 2024

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This report does not constitute a rating action

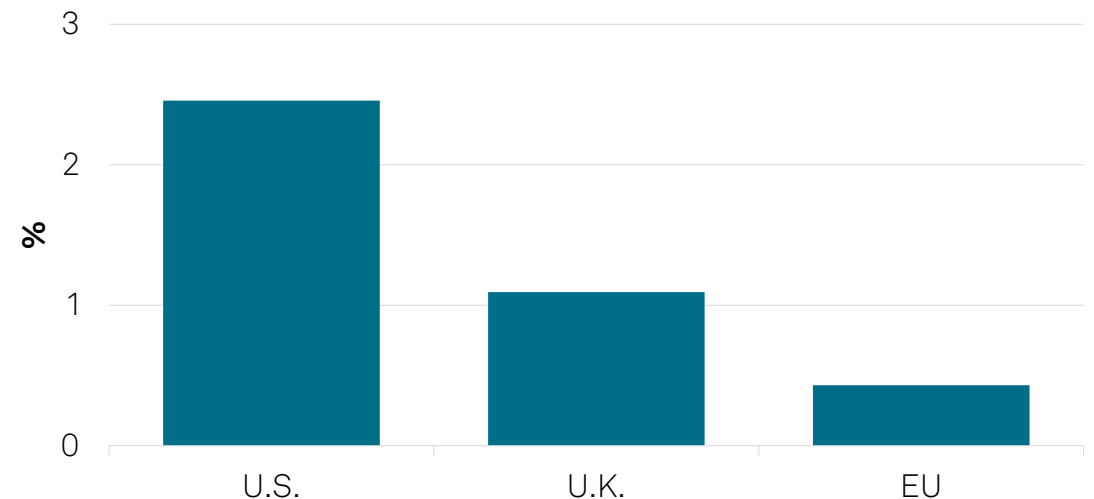


Highlights—News

- **European Commission securitization consultation.** On Oct. 9, the European Commission launched its much-anticipated consultation on EU securitization. This follows renewed calls to revive the market from its muted state relative to the U.S., for example (see chart), as part of wider initiatives to enhance EU competitiveness and further develop capital markets. The consultation is both broad in scope and ambitious on timeframe. Responses are due by Dec. 4 for over 160 questions, which cover substantially all the regulatory areas that market practitioners have identified as constraining issuance growth, including requirements on disclosures and investor due diligence, as well as the treatment of securitization exposures in banks' and insurers' regulatory liquidity and capital rules.
- **Issuance.** Investor-placed securitization issuance for October 2024 was close to €18 billion--the second-highest monthly volume of the year so far. Overall year-to-date issuance by the end of October had reached nearly €127 billion, comfortably exceeding even the most recent full-year high of €114 billion in 2021. European benchmark covered bond issuance in October was €11.2 billion--about the 10-year average for the month. Cumulative issuance reached €143 billion year-to-date. This is down 10% on the same period in 2023 when issuance was at a decade high.

Rating actions. In October 2024, we raised 29 of our ratings on European securitization tranches across a mix of sectors, including collateralized loan obligations (CLOs), and German, Irish, and Italian auto asset-backed securities (ABS). There were also 13 downgrades, mostly in a single U.K. nonconforming RMBS.

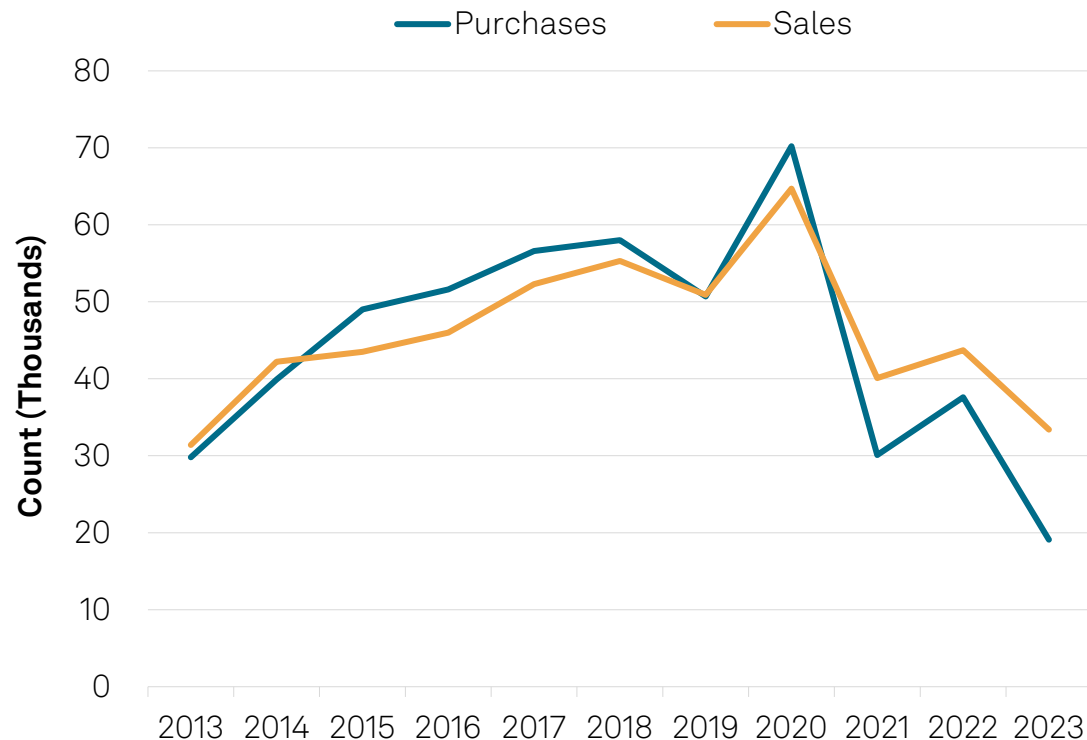
Securitization issuance relative to GDP



Based on 2018-2023 time period. Excludes U.S. agency mortgage-backed securities. Source: Bureau of Economic Analysis (U.S.), Office for National Statistics (U.K.), Eurostat, S&P Global Ratings.

Highlights—Dutch Buy-To-Let RMBS Withstand Rate Hikes And Tighter Rules

Annual Dutch BTL purchases and sales



BTL--Buy-to-let. Source: Land Registry, S&P Global Ratings. For more details, see "[Dutch Buy-To-Let RMBS Withstand Rate Hikes And Tighter Regulations](#)," published Oct. 21, 2024.

- Rate hikes and regulatory constraints on the Dutch rental market have not undermined the credit performance of buy-to-let (BTL) RMBS transactions that we rate.
- Dutch house prices picked up again in 2024, having dropped in 2023 as a result of lower demand.
- We expect BTL loan origination volumes to increase in the coming months as declining rates spur on refinancing activity and lenders diversify into new products.
- As a result of rate hikes and tighter regulations, BTL property purchases dropped by 49% and sales by 24% in 2023 compared with 2022. Rental properties have tended to shift to the owner-occupier market, where they were mostly bought by first-time buyers.
- For related BTL RMBS transactions, non-call risk remains but could decrease, as origination volumes and evolving products provide encouraging signs to originators.

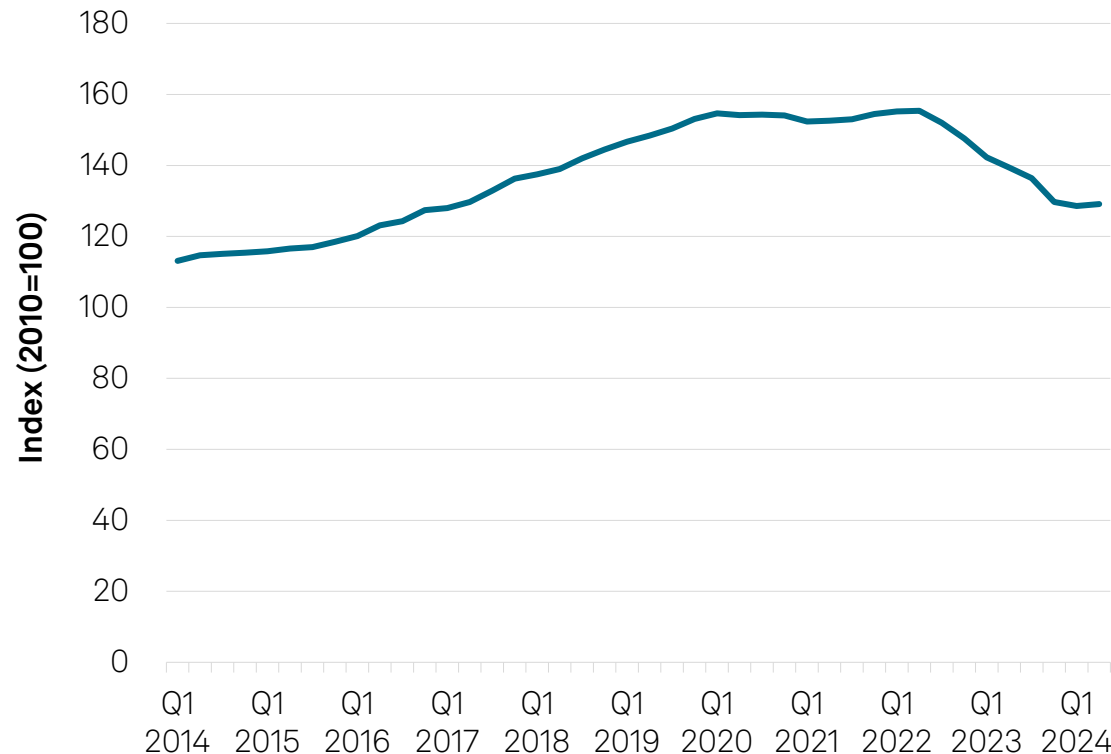
Highlights—Solar ABS Trends: Partially Cloudy Skies

- In a recently-published Credit FAQ, we provide a snapshot of the residential solar sector by addressing frequently asked questions related to the way panels are funded and how solar asset-backed securities (ABS) have typically been structured in the U.S.
- **How are global solar panel markets funded?**
 - Most solar panels are funded by loans, which in turn can be funded through securitization. In the U.S., the average installation cost is roughly \$30,000, and securitizations backed by distributed-generation solar systems have been around since at least 2013. We first rated a solar ABS in 2013 and now have public ratings on seven U.S. transactions.
- **What is the landscape outside the U.S.?**
 - There is an active market for solar panels in Europe, with a recent shift from a leased-based market to a loan-based one. There are several warehouse facilities being funded by a broad array of investors, and volumes are rising to the point that capital markets will likely become a source of funding. Germany is the largest market, with several active lenders, but there is also interest in Spain and Italy.
 - European borrowers tend to be homeowners with high credit scores. We therefore expect credit performance to be better than that of typical unsecured debtors. However, the historical performance data available from the originators is typically very limited, as they have only recently started to originate these loans.
 - The first European solar ABS priced on Oct. 31, 2024.

Source: S&P Global Ratings. For more details, see "[Credit FAQ: Solar ABS Trends: Partially Cloudy Skies](#)," published Oct. 17, 2024.

Highlights—German Covered Bond Market Insights 2024

German commercial real estate price index



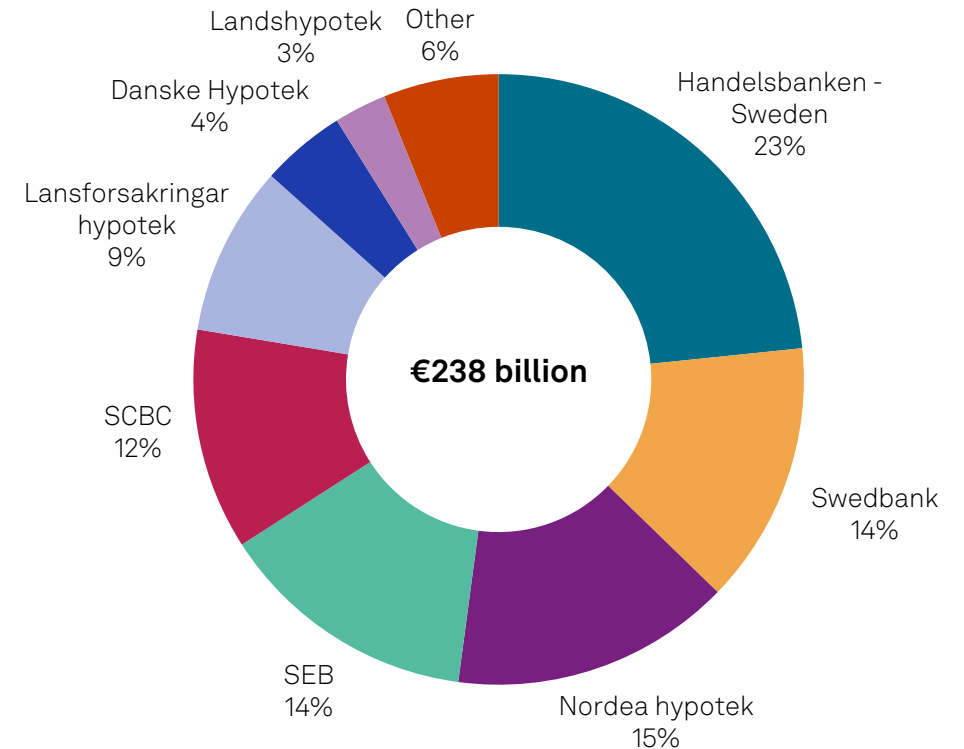
Q--Quarter. Source: The Association of German Pfandbrief Banks (vdp), S&P Global Ratings. For more details, see "[German Covered Bond Market Insights 2024](#)," published Oct. 3, 2024.

- Year-to-date German benchmark covered bond issuance is lower than in the equivalent period in 2023 but remained buoyant, with €26 billion issued by the beginning of September.
- We expect subdued issuance activity for the rest of 2024 on the back of weakening supportive trends.
- German households' debt servicing risks remain below historical levels despite sharply rising interest rates, which have cooled the housing market.
- With the ECB's monetary policy pivot in 2022, the boom in German real estate has come to an end, with residential house prices in Germany falling 24% in real terms. That said, there are now signs of a stabilization in house and commercial real estate prices as policy rates fall.
- Foreclosures on immobile real estate in Germany increased in 2023 but remain below historical levels.

Highlights—Swedish Covered Bond Market Insights 2024

- Increasing salaries and declining interest rates will support credit performance, while the correction in Swedish house prices will drive the housing market.
- Swedish covered bond issuers have avoided the credit and liquidity concerns surrounding real estate companies but could offer a secure refinancing option for attractive assets in need of refinance.
- Although the number of borrowers receiving a temporary exemption from the amortization requirement has recently increased, it remains low in relation to the whole market.
- Year-to-date euro-denominated benchmark covered bond issuance from Sweden remains subdued compared with 2023. We expect easing interest rates, economic recovery, and the end of the central bank's purchase program will support higher investor-placed covered bond issuance.

Outstanding Swedish covered bond balances



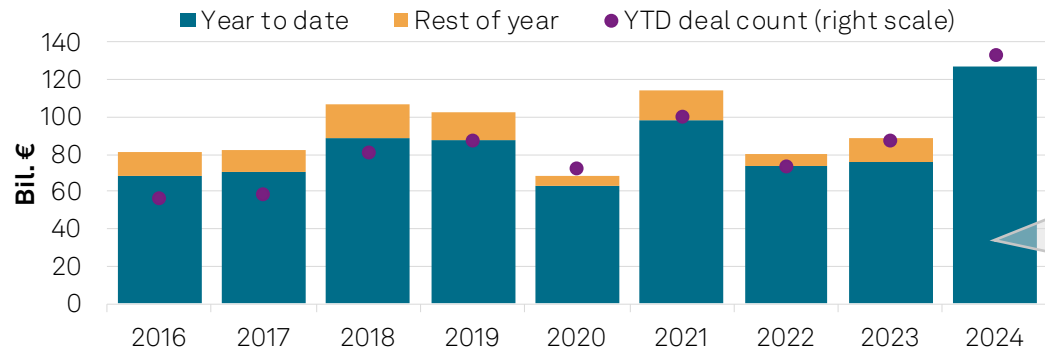
Includes both investor-placed and retained issuance. Source: Harmonized transparency templates, as of June 2024, S&P Global Ratings. For more details, see "[Swedish Covered Bond Market Insights 2024](#)," published Oct. 10, 2024.

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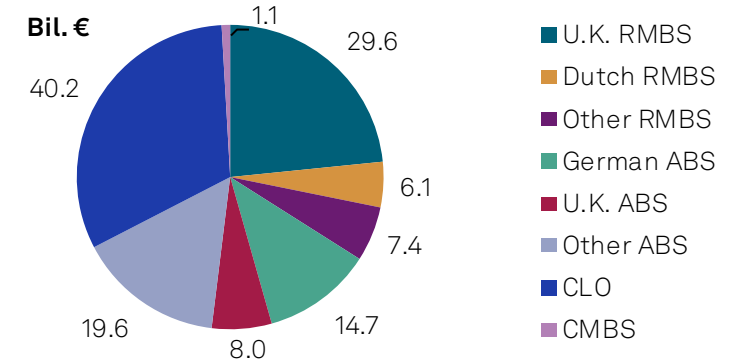
Issuance—Securitizations

1. Investor-placed securitization issuance

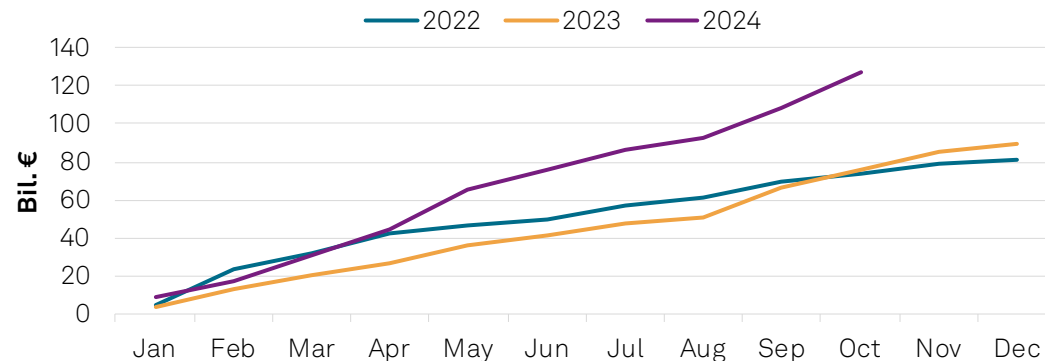


Year-to-date securitization issuance is running at a multiyear high of €127 billion, thanks to strong U.K. RMBS and CLO activity.

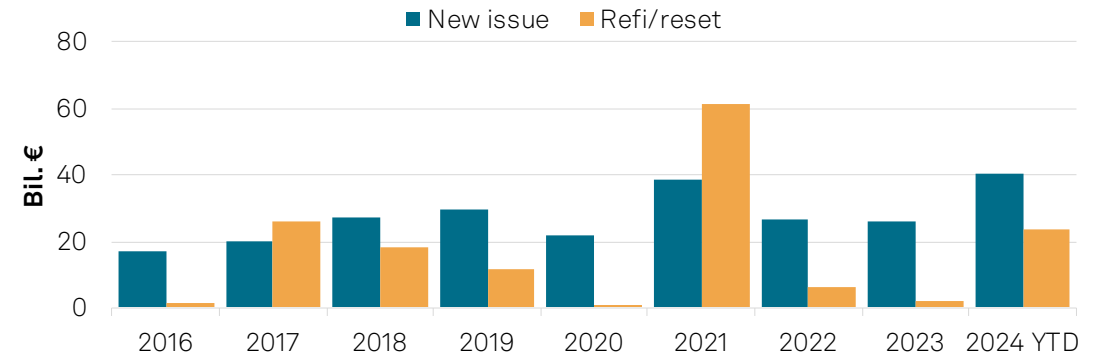
2. 2024 YTD investor-placed securitization issuance, by sector



3. Cumulative investor-placed securitization issuance



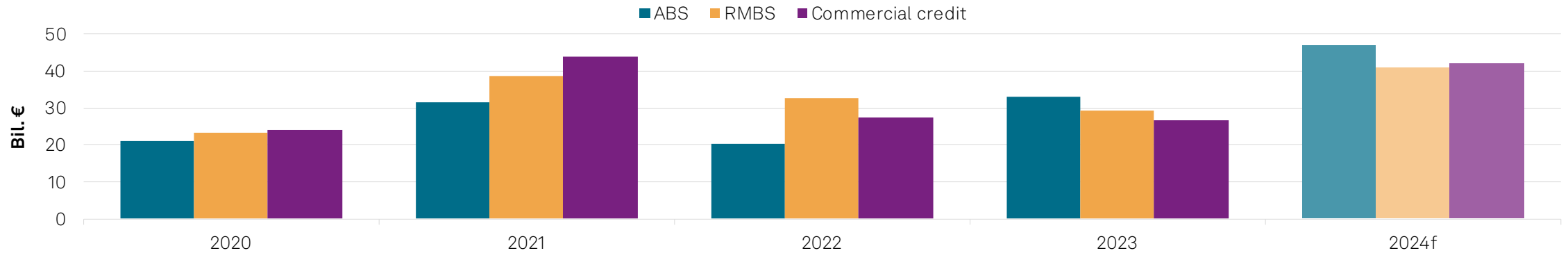
4. CLO refinancing and reset issuance



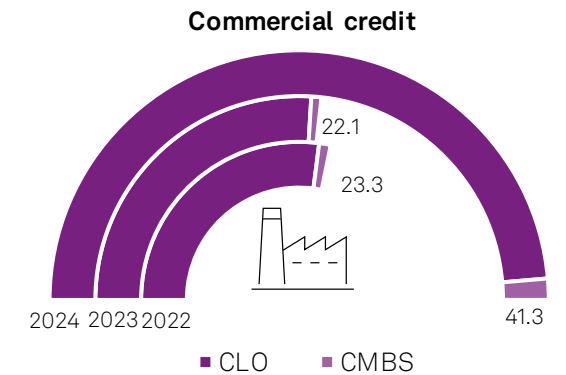
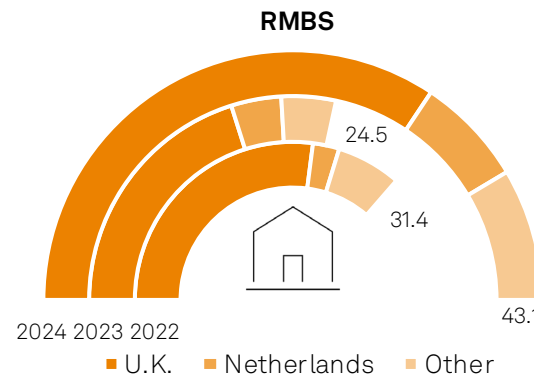
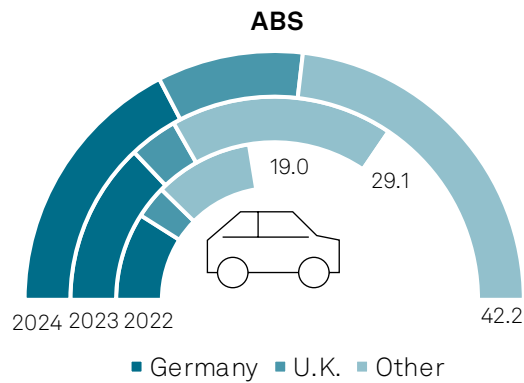
1-3. Year-to-date (YTD) figures as of end-October each year. Excludes CLO refinancings and resets. Source: S&P Global Ratings. 4. Source: S&P Global Ratings, Pitchbook LCD.

Issuance—Securitizations

Annual investor-placed securitization issuance



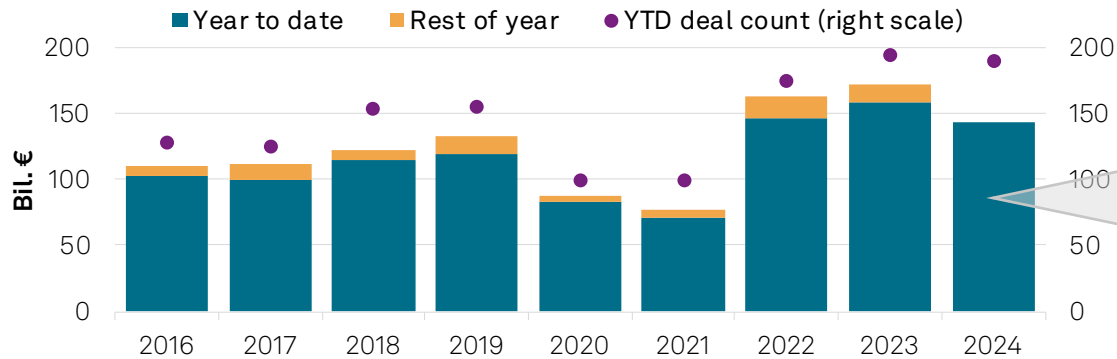
YTD investor-placed securitization issuance, by subsector (bil. €)



f--Forecast. Year-to-date (YTD) figures as of end-October each year. Commercial credit includes CLOs and CMBS. Excludes CLO refinancings and resets. Source: S&P Global Ratings.

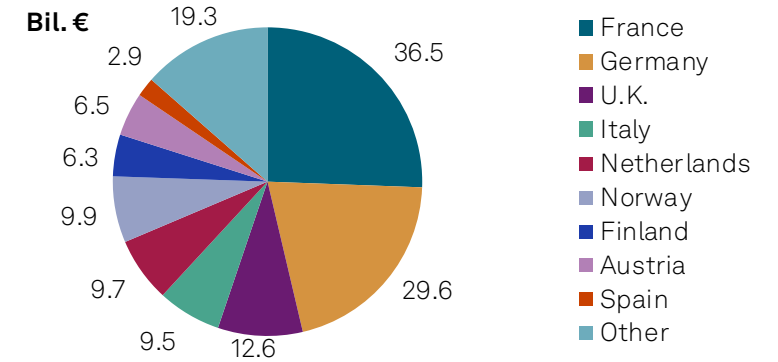
Issuance—Covered Bonds

1. Benchmark covered bond issuance

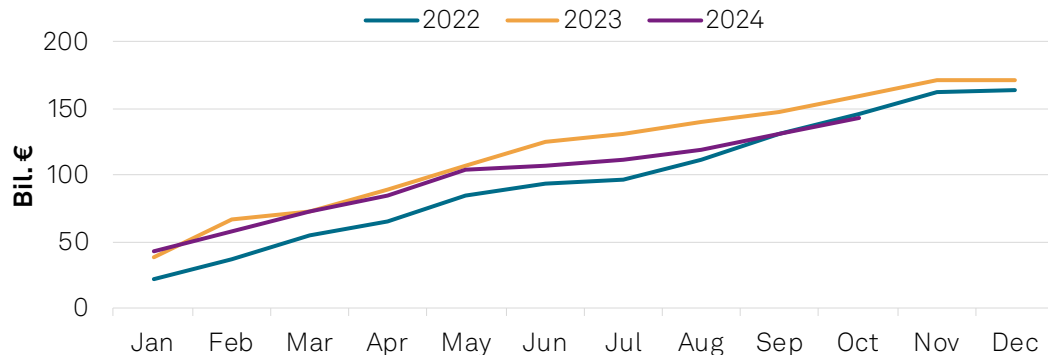


2. 2024 YTD benchmark covered bond issuance, by country

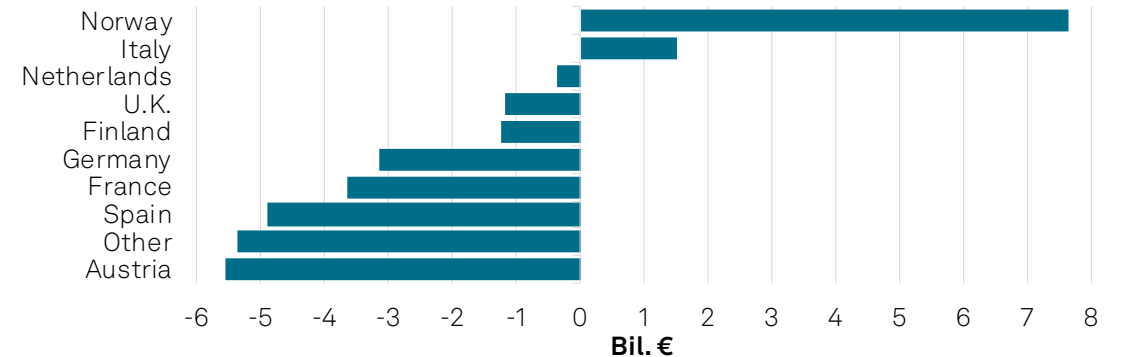
Benchmark covered bond issuance is down on last year at €143 billion, but is still strong compared with most other recent years.



3. Cumulative benchmark covered bond issuance



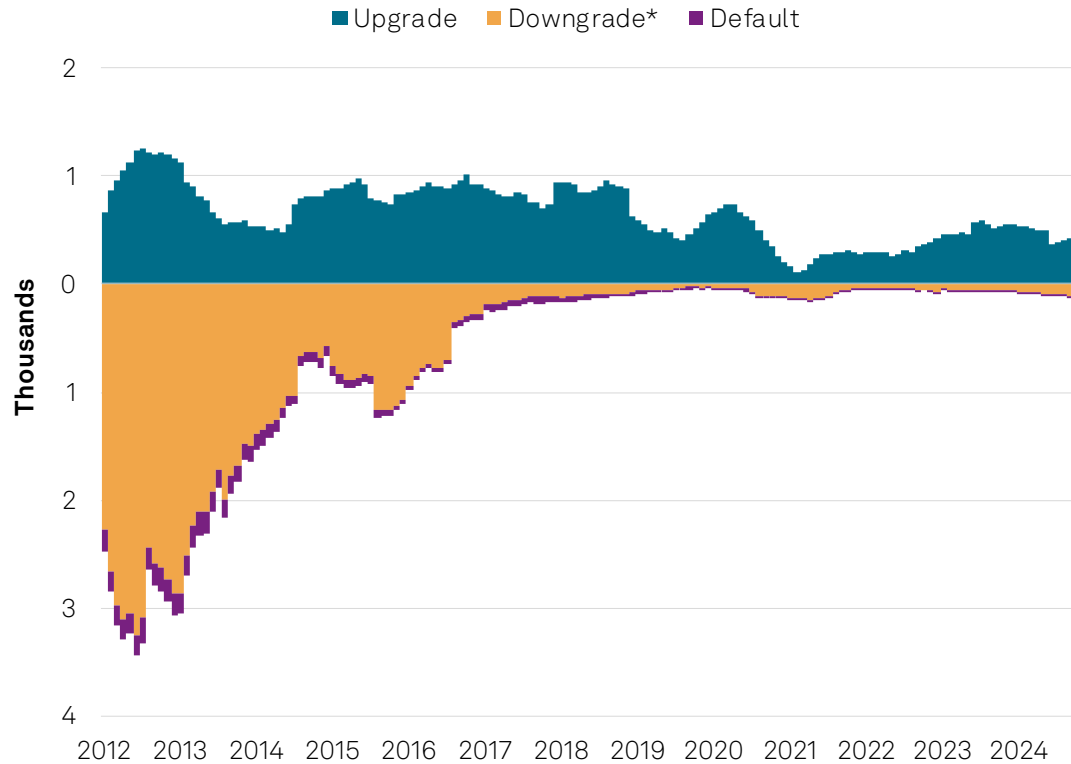
4. Change in YTD issuance, 2024 vs. 2023, by country



1-4. Year-to-date (YTD) figures as of end-October each year. Source: S&P Global Ratings.

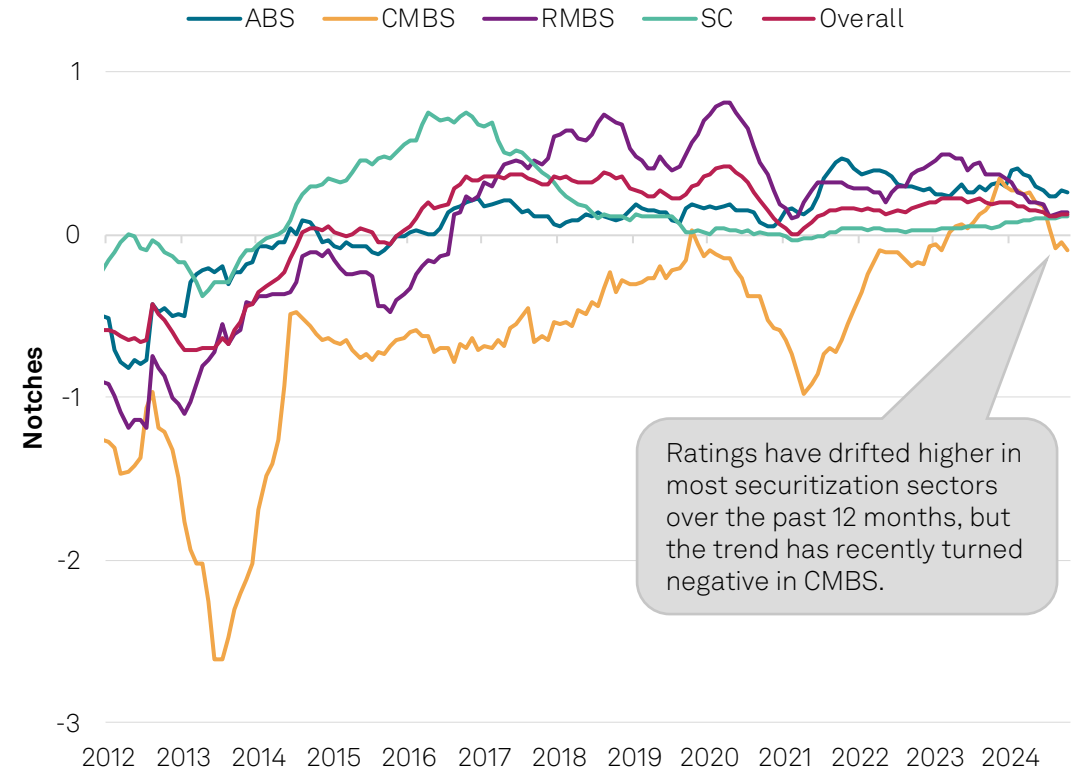
Credit Performance—Long-Term Ratings Drift

Rating action count, 12-month rolling



*Excluding defaults. Excludes covered bonds. Source: S&P Global Ratings.

12-month trailing average change in credit quality

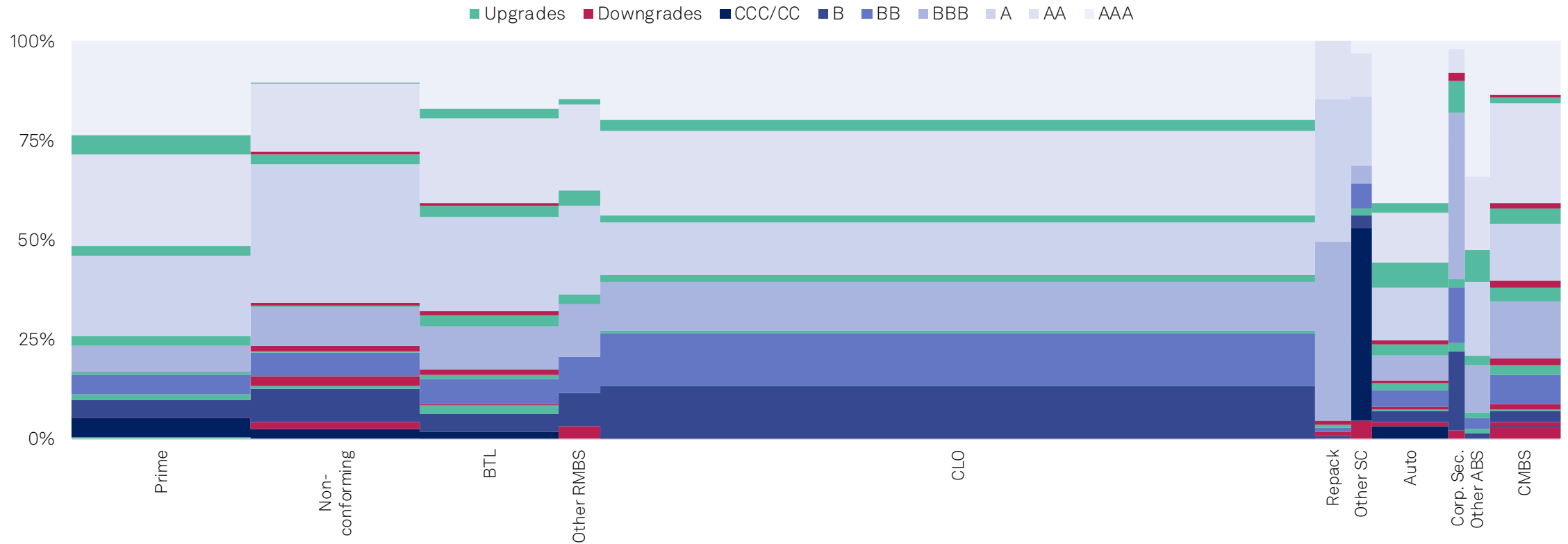


Ratings have drifted higher in most securitization sectors over the past 12 months, but the trend has recently turned negative in CMBS.

As of end-September 2024 SC--Structured credit. Securities whose ratings migrated to 'NR' over the period are classified based on their rating prior to 'NR'. Source: S&P Global Ratings.

Credit Performance—Ratings Heatmap

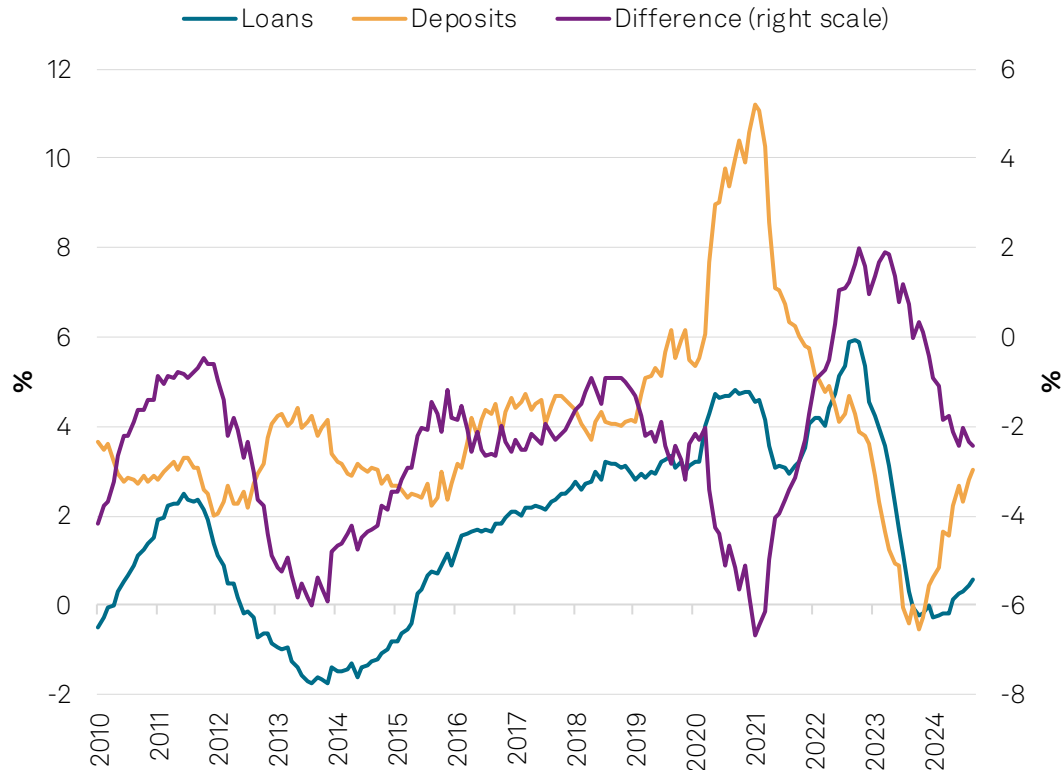
Distribution of ratings and 12-month transitions



BTL--Buy-to-let. SC--Structured credit. Based on rating transitions over the previous 12 months as of end-October 2024. Excludes confidential ratings and covered bonds. Source: S&P Global Ratings.

Fundamentals—Issuance Drivers

12-month lending and deposit growth, eurozone real economy



Difference is loan book growth minus deposit growth. Real economy includes households and non-financial corporates. Source: European Central Bank.

Eurozone credit institutions' use of central bank funding



LTRO--Long-term refinancing operations. MRO--Main refinancing operations. Source: European Central Bank.

RMBS



Alastair Bigley

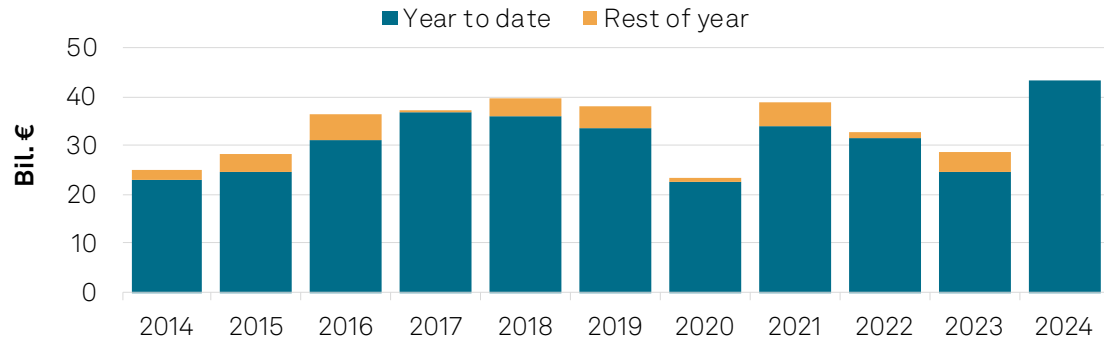
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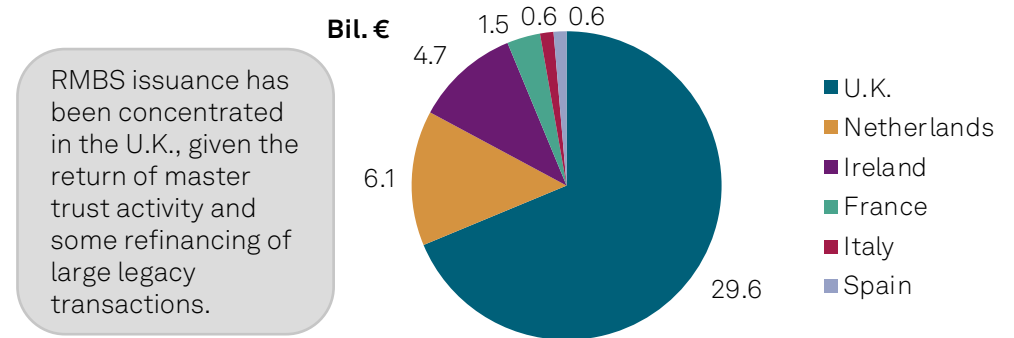
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RMBS—Issuance

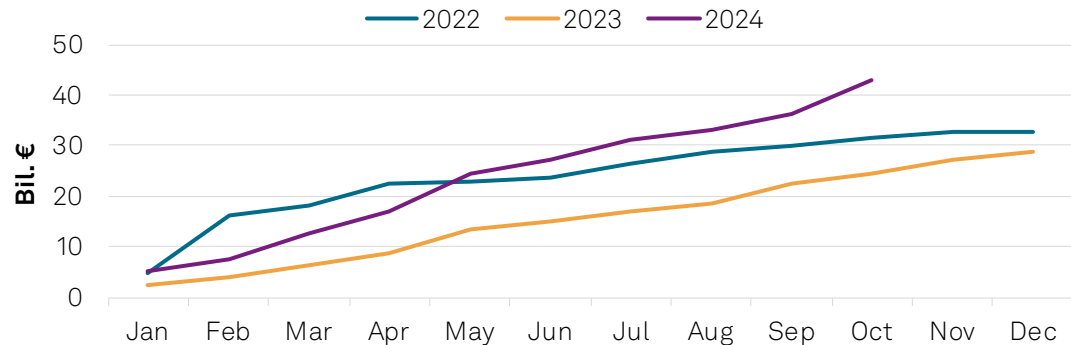
Investor-placed RMBS issuance



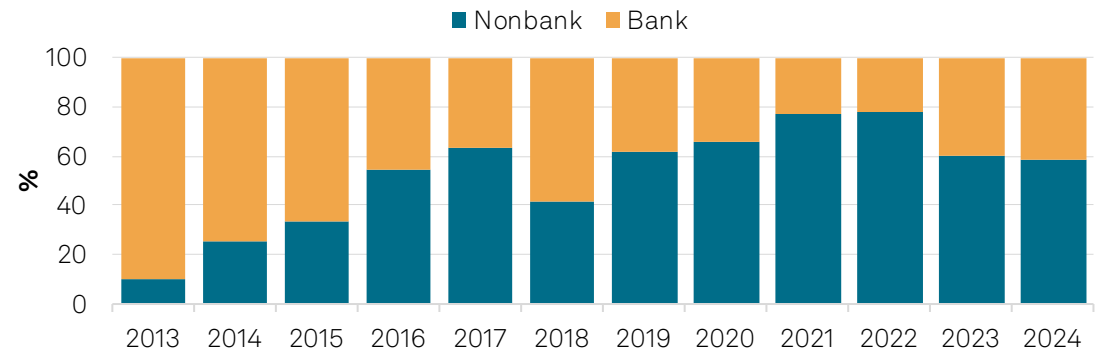
2024 YTD investor-placed RMBS issuance, by country



Cumulative investor-placed RMBS issuance



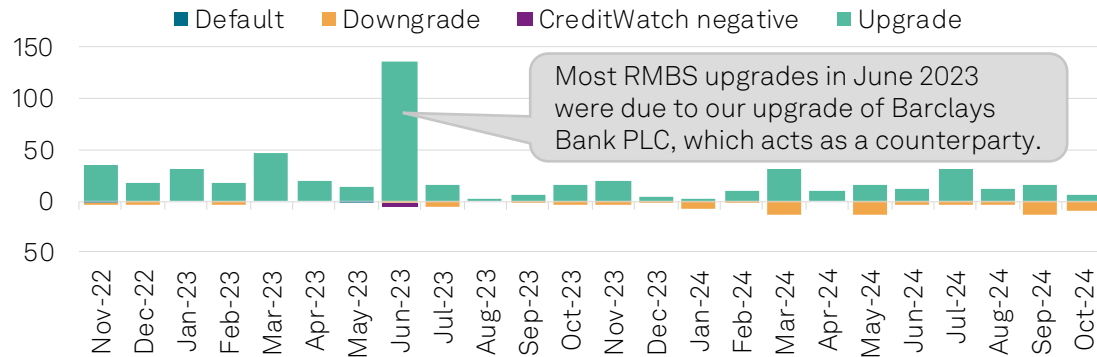
RMBS issuance mix, by originator type



Year-to-date (YTD) figures as of end-October each year. Source: S&P Global Ratings.

RMBS—Rating Actions And Performance Metrics

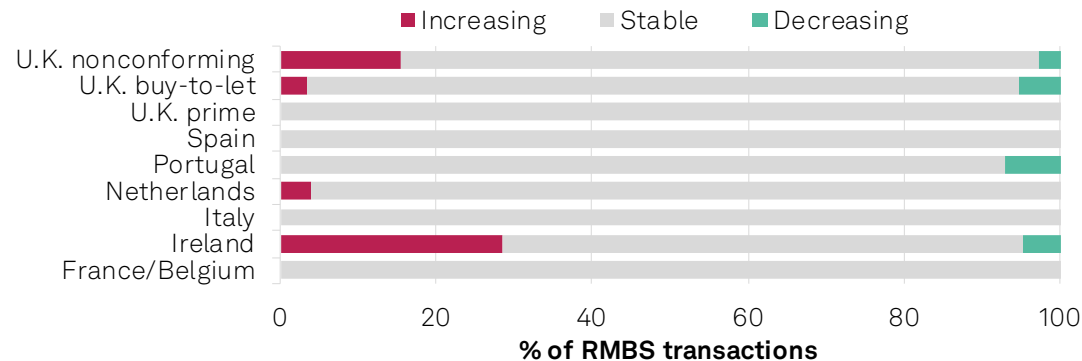
1. Monthly rating actions count, last 24 months



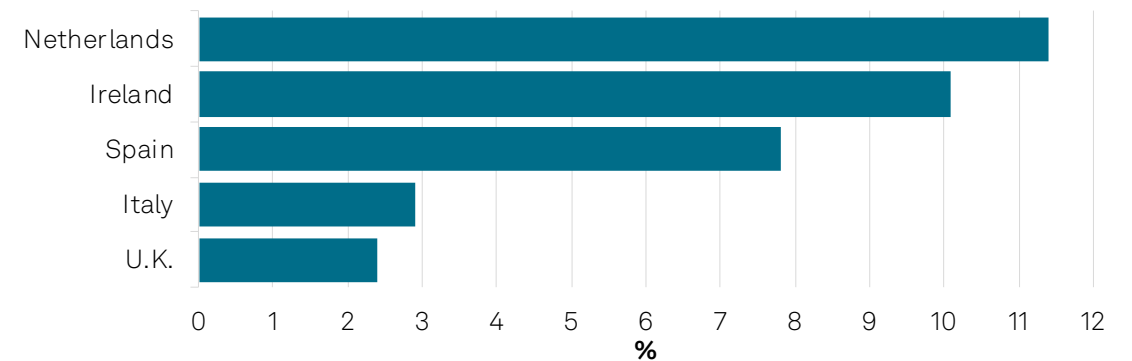
2. Cumulative rating actions count, last 12 months

	Prime	Nonconforming	BTL	Other RMBS
Upgrade	75	25	56	10
CreditWatch neg.	0	0	0	0
Downgrade	5	42	22	6
Default	0	0	0	0

3. Prevalence of increasing/decreasing total arrears rate



4. Latest annualized house price growth



1. Excludes confidential ratings. Source: S&P Global Ratings. 2. BTL--Buy-to-let. Excludes confidential ratings. Source: S&P Global Ratings. 3. Transaction arrears classified as increasing/decreasing if quarter-on-quarter change in total arrears rate is greater than/less than two percentage points. Source: S&P Global Ratings. 4. Latest data available between August and October 2024. Source: National statistical offices, Nationwide (U.K.).

ABS



Doug Paterson

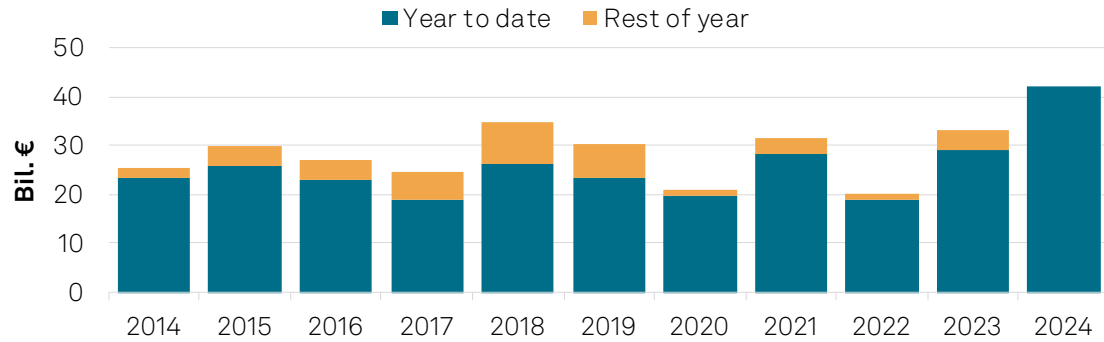
Director

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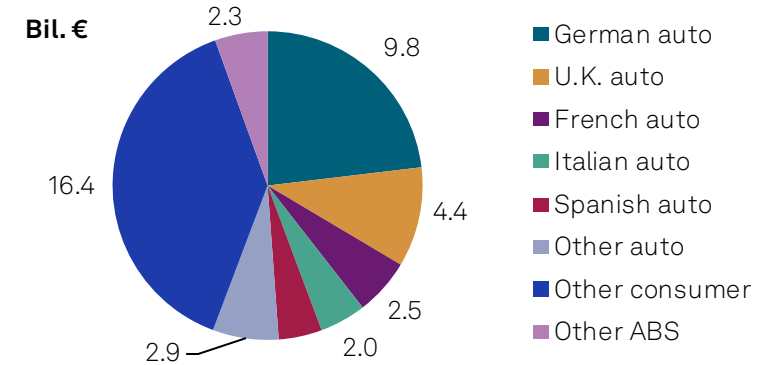
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ABS—Issuance

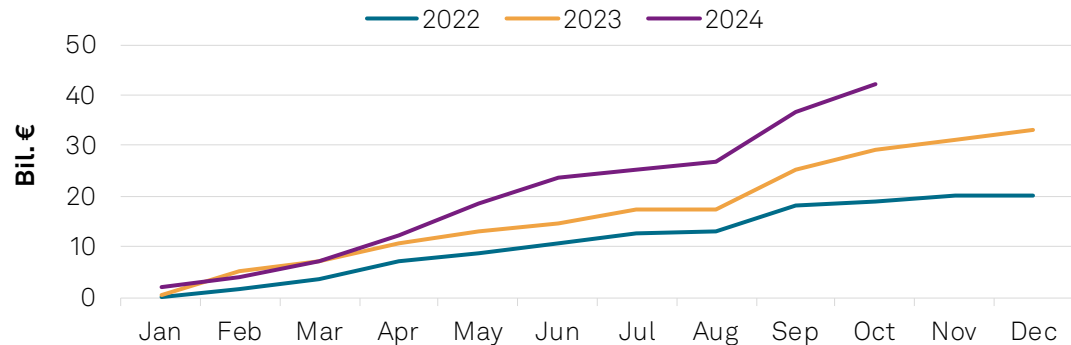
Investor-placed ABS issuance



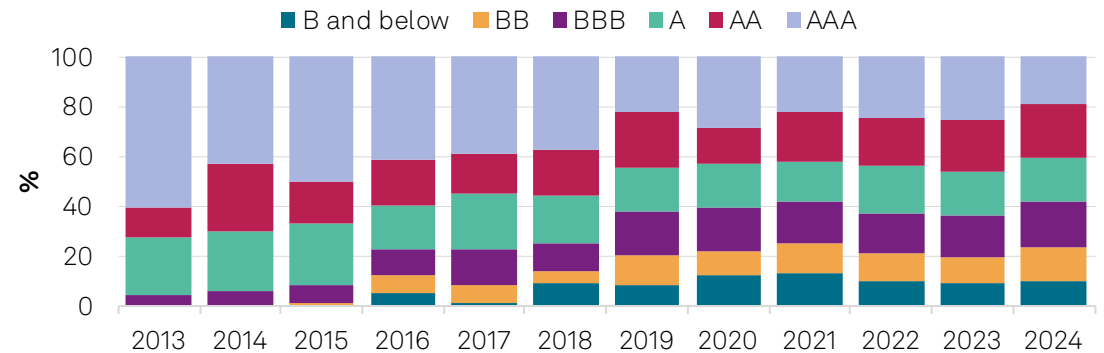
2024 YTD investor-placed ABS issuance, by subsector



Cumulative investor-placed ABS issuance



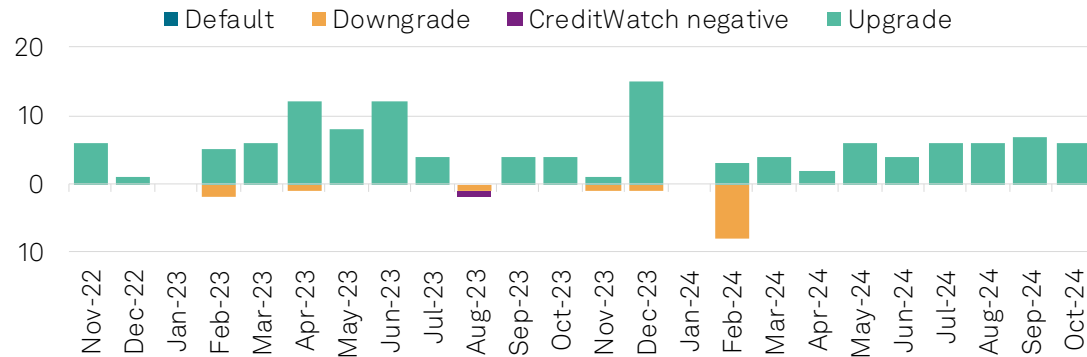
ABS issuance mix, by tranche rating category count



Year-to-date (YTD) figures as of end-October each year. Source: S&P Global Ratings.

ABS—Rating Actions And Performance Metrics

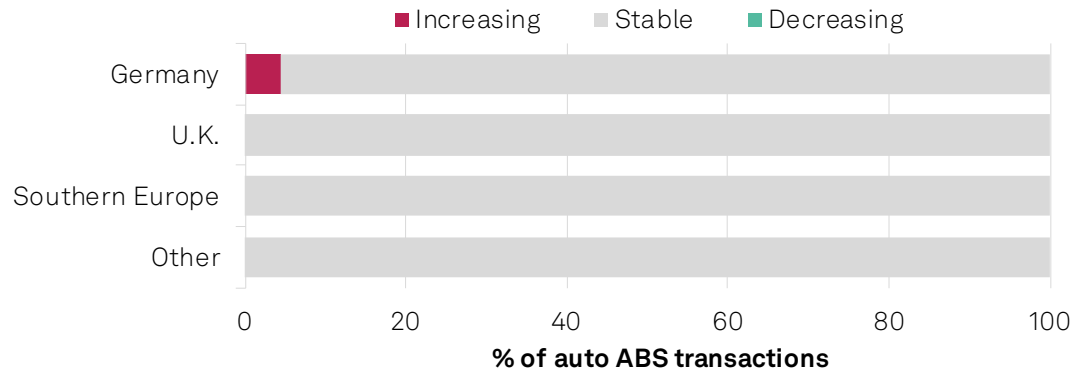
1. Monthly rating actions count, last 24 months



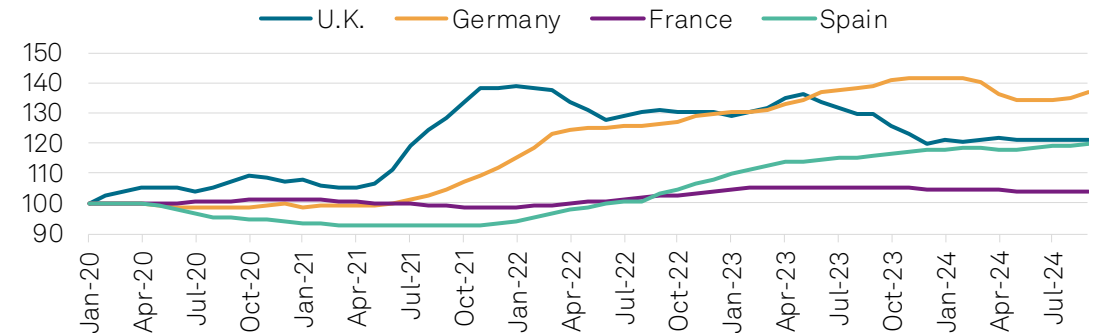
2. Cumulative rating actions count, last 12 months

	Auto/ consumer	Credit cards	Corp. sec.	Other ABS
Upgrade	43	0	8	9
CreditWatch neg.	0	0	0	0
Downgrade	8	0	2	0
Default	0	0	0	0

3. Prevalence of increasing/decreasing 30+ day arrears rate



4. Used car price index



1. Excludes confidential ratings. Source: S&P Global Ratings. 2. Excludes confidential ratings. Source: S&P Global Ratings. 3. Transaction arrears classified as increasing/decreasing if month-on-month change in 30+ day arrears rate is greater than/less than 50 basis points. Source: S&P Global Ratings. 4. Source: National statistical offices.

Structured Credit



Sandeep Chana

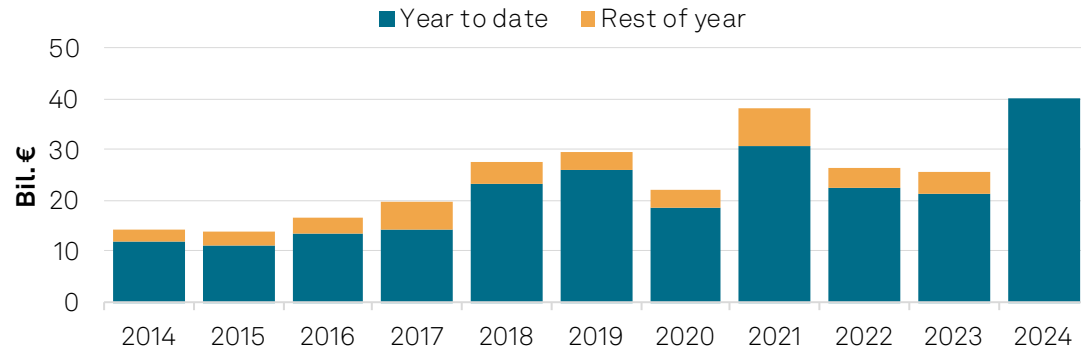
Director

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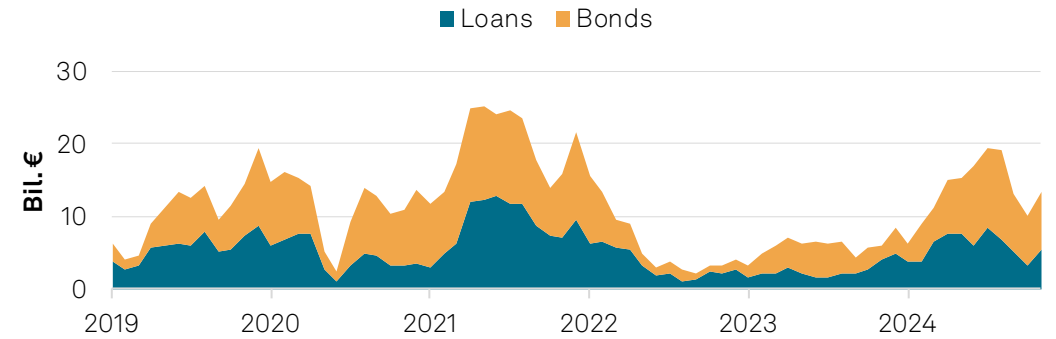
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CLO—New Issuance

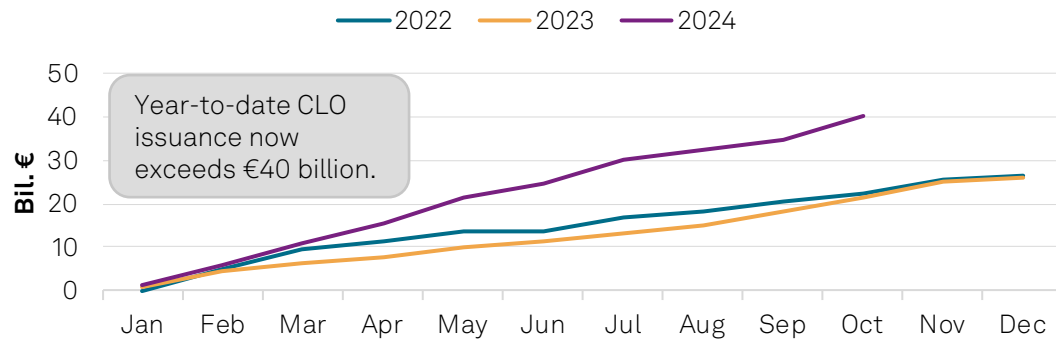
1. Investor-placed CLO new issuance



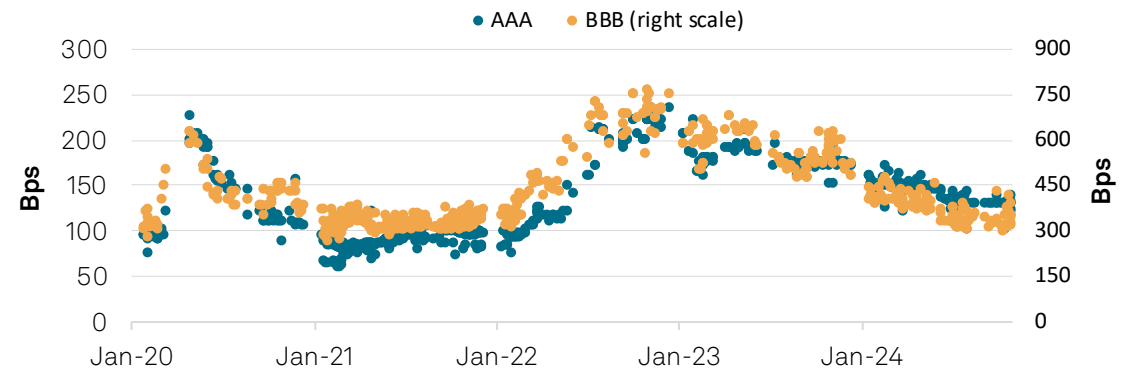
2. Monthly European leveraged finance origination volumes



3. Cumulative investor-placed CLO new issuance



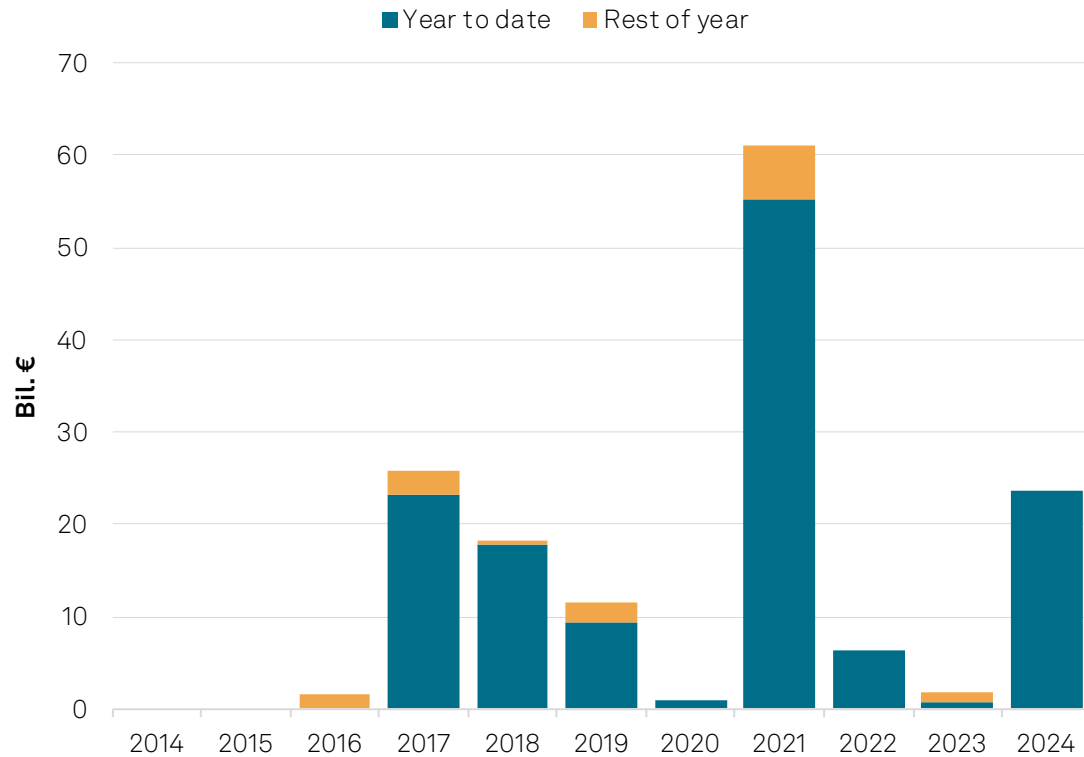
4. European new issue CLO tranche discount margins



1. Year-to-date (YTD) figures as of end-October each year. Source: S&P Global Ratings. 2. Three-month rolling average. Loan figures are institutional only. Source: Pitchbook LCD, S&P Global Ratings. 3. Source: S&P Global Ratings. 4. Bps--Basis points. Pitchbook LCD.

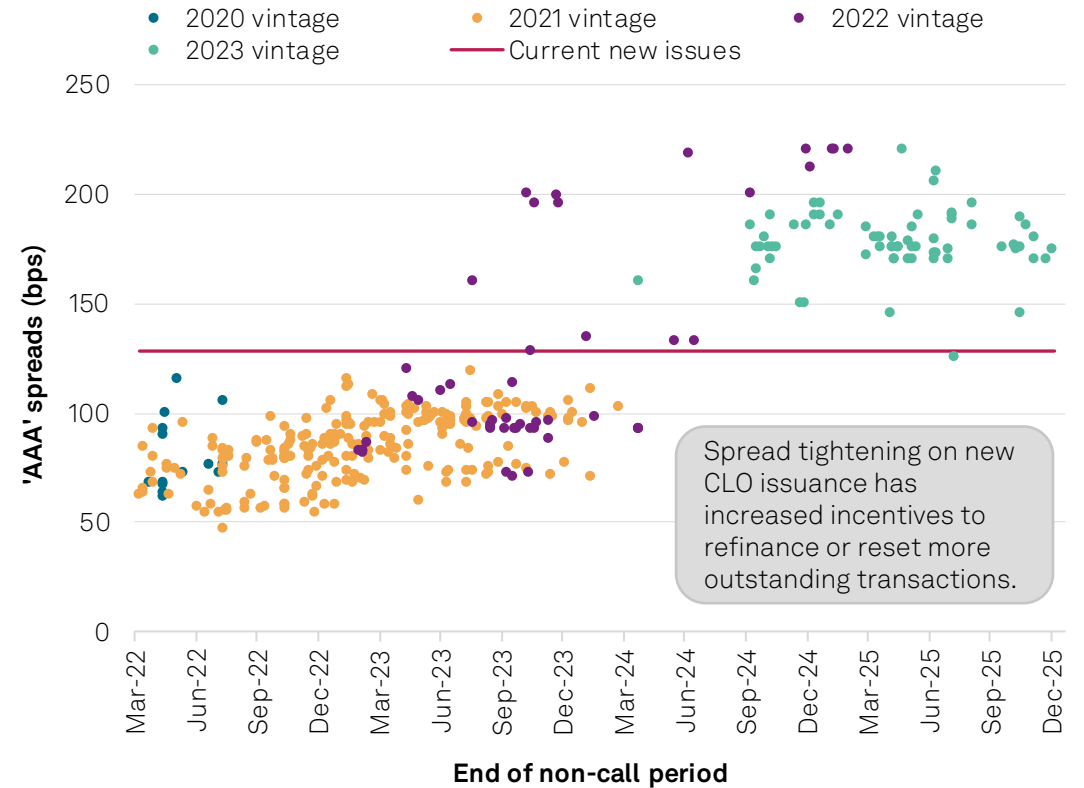
CLO—Refi/Reset Issuance

Investor-placed CLO refi/reset issuance



Year-to-date (YTD) figures as of end-October each year. Source: S&P Global Ratings, Pitchbook LCD.

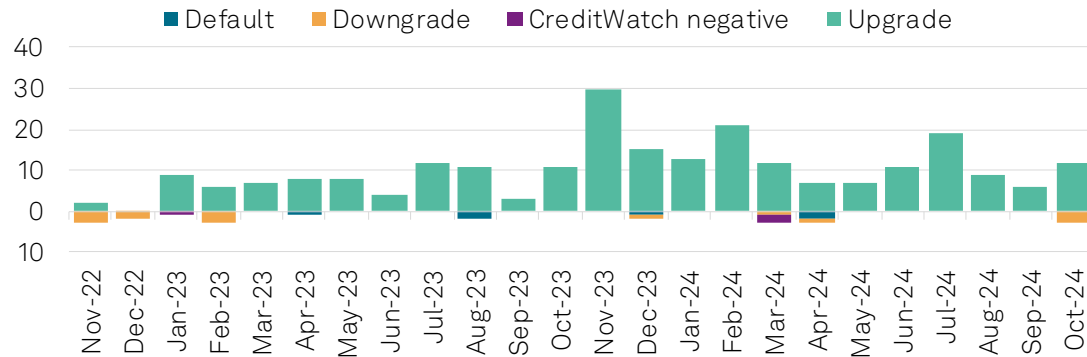
Refi/reset candidates: existing versus current 'AAA' spreads



bps--Basis points. Source: Pitchbook LCD, S&P Global Ratings.

CLO & Structured Credit—Rating Actions And Performance Metrics

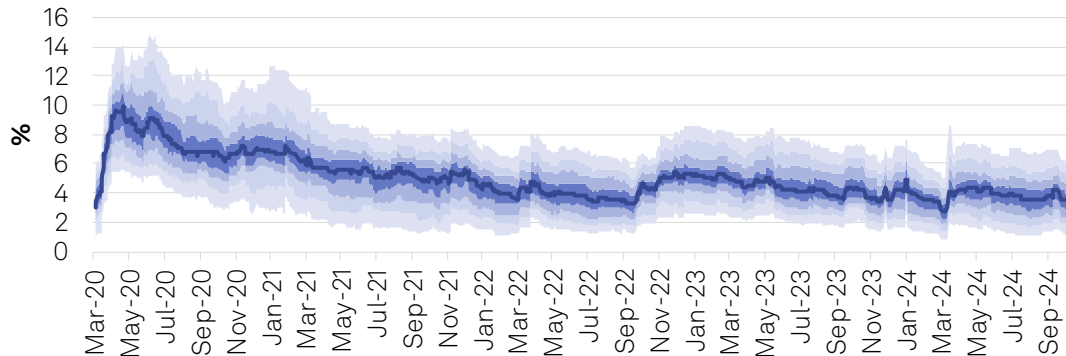
1. Monthly rating actions count, last 24 months



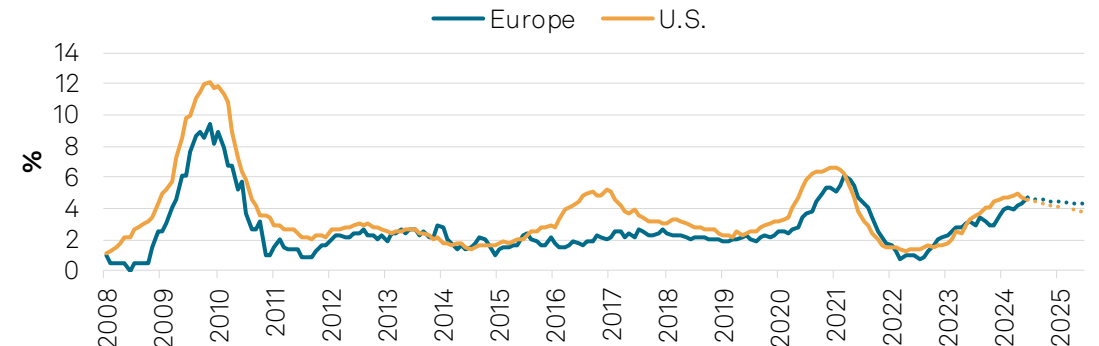
2. Cumulative rating actions count, last 12 months

	CLO	SME	Repack	Other SC
Upgrade	159	0	2	1
CreditWatch neg.	0	0	2	0
Downgrade	1	0	5	0
Default	0	1	0	2

3. European CLO exposure to 'CCC' category corporate obligors



4. Speculative-grade corporate default rate



1. Excludes confidential ratings. Source: S&P Global Ratings. 2. SME—Small and midsize enterprises. SC—Structured credit. Excludes confidential ratings. Source: S&P Global Ratings. 3. Solid line is the median, with each band representing a decile, from 10th to 90th percentiles. Estimates based on portfolios from latest available trustee reports, with ratings updated. Source: S&P Global Ratings. 4. Dashed lines represent forecasts. Source: S&P Global Ratings.

CMBS



Mathias Herzog

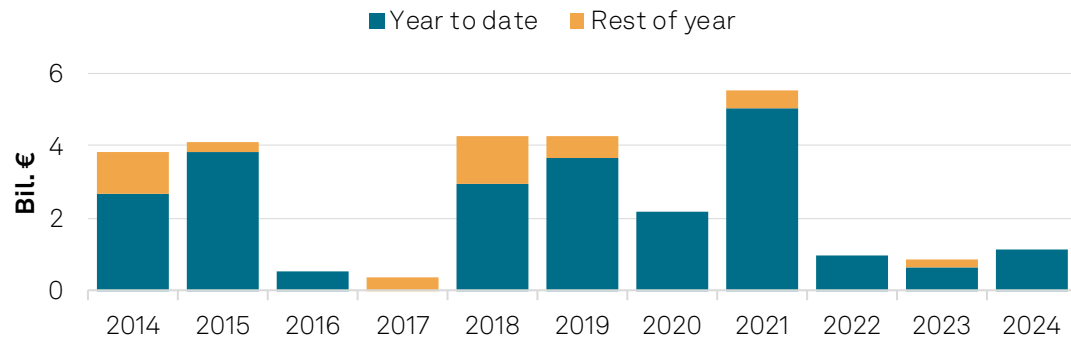
Director

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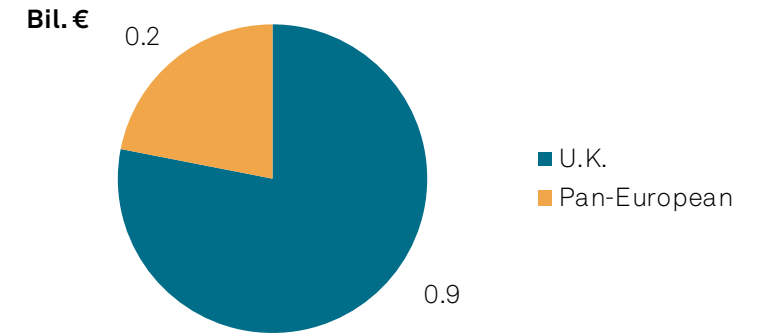
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CMBS—Issuance

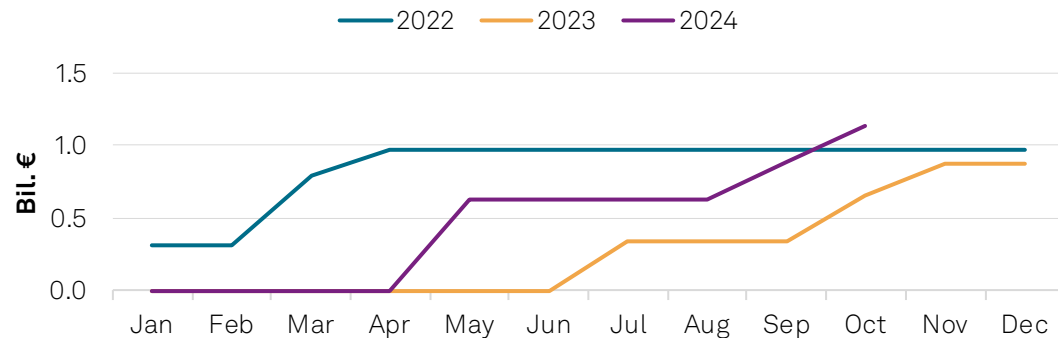
Investor-placed CMBS issuance



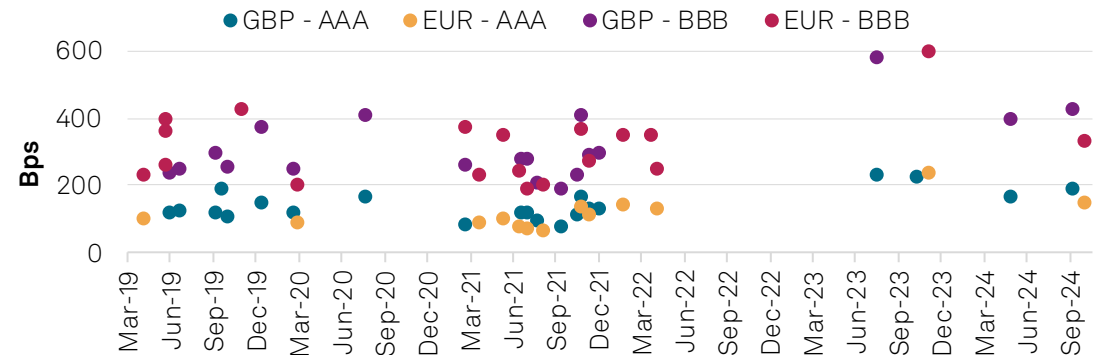
2024 YTD investor-placed CMBS issuance, by country



Cumulative investor-placed CMBS issuance



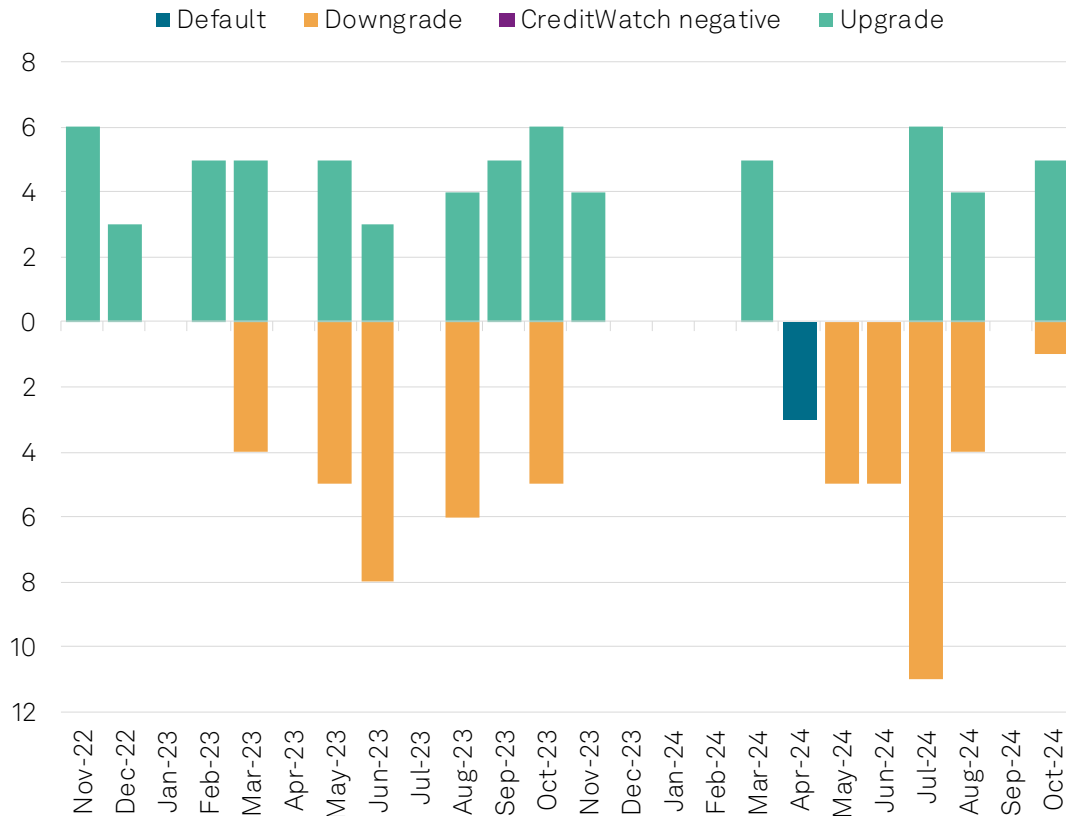
Primary spreads on European CMBS issuance



Year-to-date (YTD) figures as of end-October each year. Bps--Basis points. Sterling spreads are over three-month LIBOR before 2020 and subsequently over Sterling Overnight Index Average (SONIA). Source: S&P Global Ratings.

CMBS—Rating Actions

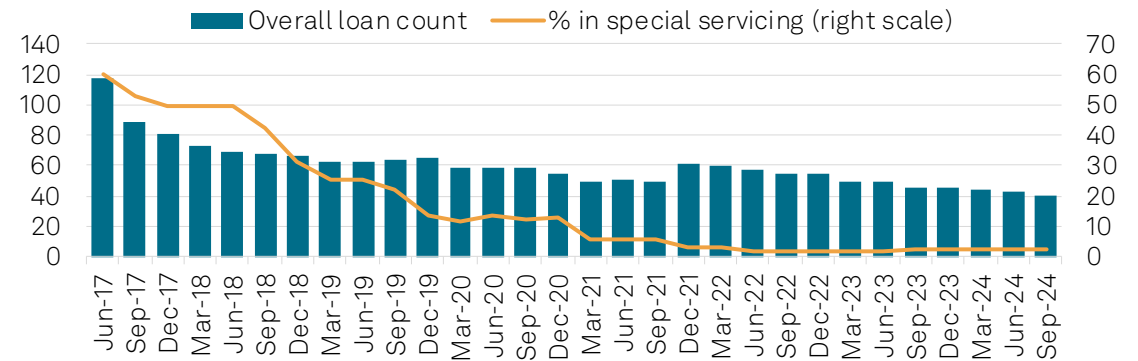
1. Monthly rating actions count, last 24 months



2. Cumulative rating actions count, last 12 months

	Hotel	Retail	Mixed	Other CMBS
Upgrade	0	8	9	7
CreditWatch neg.	0	0	0	0
Downgrade	0	0	17	9
Default	0	3	0	0

3. European CMBS loans in special servicing



1. Excludes confidential ratings. Source: S&P Global Ratings. 2. Excludes confidential ratings. Source: S&P Global Ratings. 3. Based on loans backing European CMBS rated by S&P Global Ratings. Source: S&P Global Ratings.

Covered Bonds



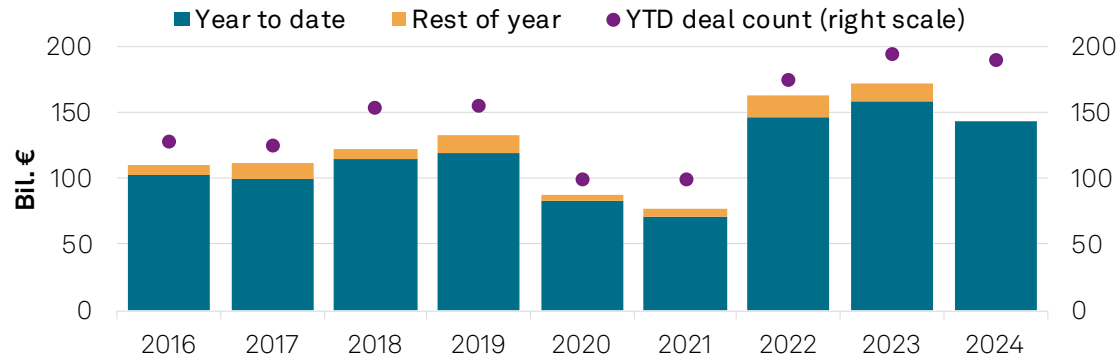
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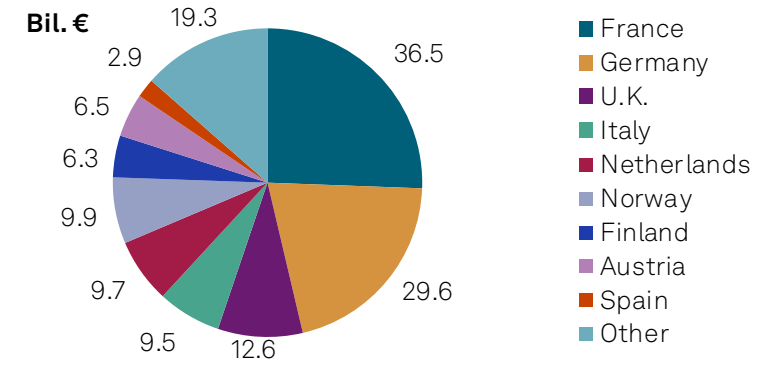
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Covered Bonds—Issuance

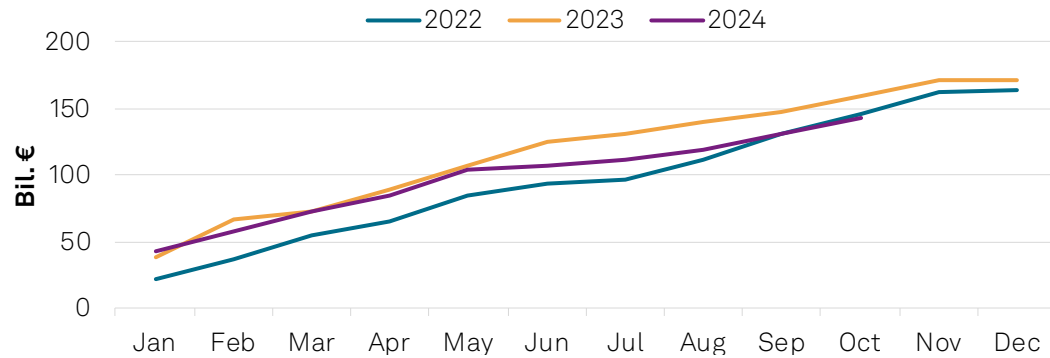
Benchmark covered bond issuance



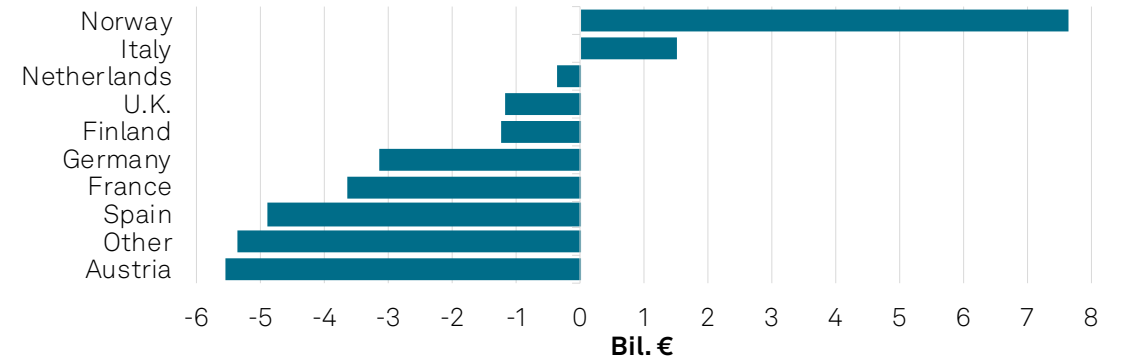
2024 YTD benchmark covered bond issuance, by country



Cumulative benchmark covered bond issuance



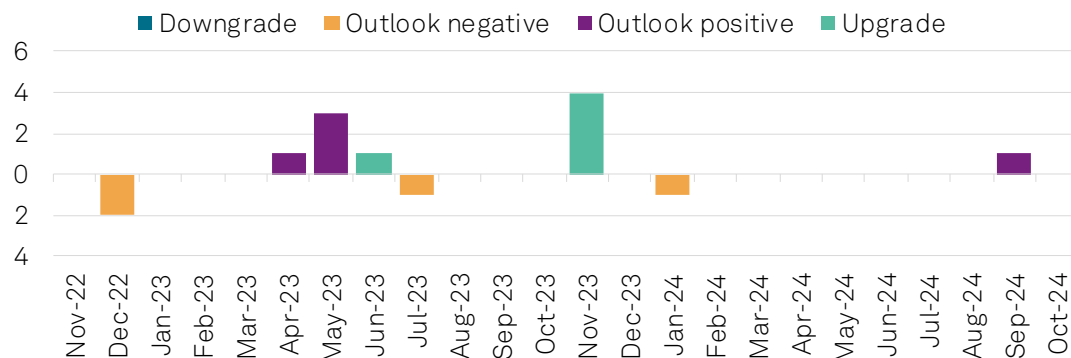
Change in YTD issuance, 2024 versus 2023, by country



Year-to-date (YTD) figures as of end-October each year. Source: S&P Global Ratings.

Covered Bonds—Rating Actions And Performance Metrics

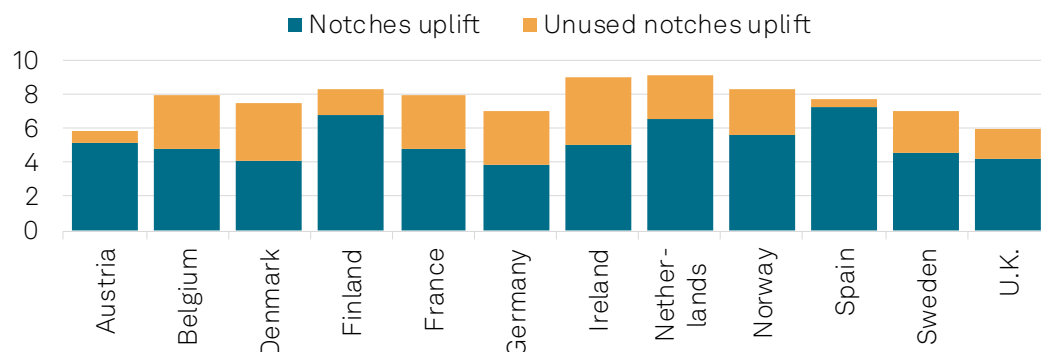
1. Monthly rating actions count, last 24 months



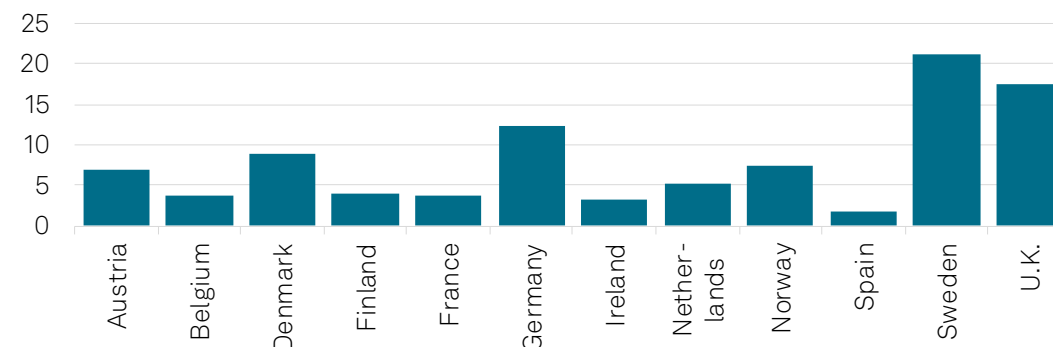
2. Cumulative rating actions count, last 12 months

	Northern Europe	Southern Europe	Central & Eastern Europe	Other CB
Upgrade	4	0	0	0
Outlook positive	0	0	0	0
Outlook negative	1	0	0	0
Downgrade	0	0	0	0

3. Average notches of uplift



4. Average overcollateralization multiple



1. & 2. Based on count of issuers with covered bond rating actions in the time period. Excludes confidential ratings and Spanish multi-cedulas. CB—Covered Bonds. Source: S&P Global Ratings. 3. As of Q4 2024. Source: S&P Global Ratings. 4. Multiple of credit enhancement available over that required for the current rating. As of Q4 2024. Excludes programs with available overcollateralization exceeding 100%. Source: S&P Global Ratings.

Recent Research (1)

- [EMEA RMBS And ABS Monitor Q3 2024](#), Oct. 23, 2024
- [European CMBS Monitor Q3 2024](#), Oct. 21, 2024
- [Dutch Buy-To-Let RMBS Withstand Rate Hikes And Tighter Regulations](#), Oct. 21, 2024
- [Credit FAQ: Solar ABS Trends: Partially Cloudy Skies](#), Oct. 17, 2024
- [Swedish Covered Bond Market Insights 2024](#), Oct. 10, 2024
- [European CLO Monitor Q3 2024](#), Oct. 7, 2024
- [German Covered Bond Market Insights 2024](#), Oct. 3, 2024
- [EMEA ABS And RMBS Counterparty Monitor Q3 2024](#), Oct. 2, 2024
- [U.K. Corporate Securitization Issuers Can Withstand Higher Refinancing Rates](#), Sept. 18, 2024
- [Global Covered Bond Insights Q4 2024: On Course For A Strong Year](#), Sept. 18, 2024
- [French Covered Bond Market Insights 2024](#), Sept. 18, 2024
- [Highlights From S&P Global Ratings' European Structured Finance Conference 2024](#), Sept. 9, 2024
- [ABS Frontiers: The Credit DNA Of Synthetic Risk Transfer Securitizations](#), Sept. 3, 2024
- [European CLOs: Awash With Cash](#), Sept. 3, 2024
- [European Covered Bonds Resist Commercial Real Estate Jitters](#), Aug. 27, 2024
- [European RMBS Index Report Q2 2024](#), Aug. 16, 2024

Recent Research (2)

- [European And U.K. Credit Card ABS Index Report Q2 2024](#), Aug. 12, 2024
- [European Auto ABS Index Report Q2 2024](#), Aug. 12, 2024
- [Legacy U.K. Buy-To-Let RMBS: Crunch Time For Arrears And Losses](#), July 18, 2024
- [ABS Frontiers: Aging Populations Could Drive Demand For Reverse Mortgages](#), July 12, 2024
- [Credit FAQ: How House Price Changes Affect Our EMEA Residential Mortgage Loans Analysis](#), July 12, 2024
- [Covered Bonds Outlook Midyear 2024: Growth And Rates Support Performance](#), July 11, 2024
- [Electric Shock: How Vehicle Engine Types Affect Auto ABS Risk](#), July 10, 2024
- [U.S. And European Commercial Real Estate Market Stress Reflected In CMBS Downgrades](#), July 9, 2024
- [EU Covered Bond Harmonization: Next Steps](#), June 26, 2024
- [U.K. Economic Outlook Q3 2024: A Cooling Labor Market Paves The Way For Rate Cuts](#), June 24, 2024
- [Economic Outlook Eurozone Q3 2024: Growth Returns, Rates Fall](#), June 24, 2024
- [Swedish Covered Bonds Withstand Higher Mortgage Rates](#), June 20, 2024
- [Over One-Third Of U.K. Interest-Only RMBS Borrowers Miss Maturity Payments](#), June 17, 2024
- [The Four Main Approaches For Rating Data Center Financings](#), June 13, 2024
- [The Danish Covered Bond Legal Framework: A Closer Look](#), June 5, 2024
- [ABS Frontiers: Looming Basel 3.1 Rules Could Incentivize More Bank Securitization](#), June 3, 2024

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