

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 Nov. 4, 2024, to 3:00 p.m. GMT on Nov. 18, 2024.

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

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Research Highlights

North America

U.S. Social Housing Providers: Laying The Groundwork To Address Affordable Housing Needs (Nov. 14, 2024)

Practice: Public Finance

Segment: Residential

U.S. Department of Housing and Urban Development support remained stagnant from political deadlock and budgetary impasses in 2024, and future budgetary cuts could occur as part of Congress' proposed spending. However, strategic competence and operational effectiveness of management teams, with many issuers seeking to increase revenue amid inflationary expenditure pressures, should keep ratings stable.

To increase revenue, debt profiles could weaken in the short term as many issuers execute aggressive growth strategies, including preservation of affordable units with Section 8 conversions under the Rental Assistance Demonstration program, and that opportunities to increase funding for affordable housing may occur through local ballot measures and proposed federal fiscal policy (although ultimately partisan dynamics could shape outcomes).

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

U.S. Residential Mortgage Operational Assessment Rankings (Nov. 14, 2024)

Practice: Structured Finance

Segment: Residential

The report is our list of ranked U.S. residential mortgage originators and aggregators.

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

U.S. Structured Finance Chart Book: November 2024 (Nov. 13, 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 residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS).

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

Europe, Middle East, Africa

Cross-Practice Views On Rating European Digital Infrastructure (Nov. 14, 2024)

Practice: Cross-practice

Segment: Commercial

We have published slides on the key credit quality drivers and trends for European digital infrastructure assets. The slides are part of a S&P Global Ratings' webinar, "Cross-Practice Views On Rating European Digital Infrastructure," and they focus on data center and fiber assets and operators, looking at them through the lenses of corporate infrastructure, project finance, and asset-backed securities (ABS).

The slides notably address the implications of data centers' current rapid growth, and the factors influencing data center operators' credit quality, including key contractual and financial considerations. And they look at fiber networks' continued roll-out, relevant regulatory and market factors in Europe, and key considerations in terms of business risk assessment.

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

[Click here to access the webinar replay »](#)

Bulletin: Vonovia's Return To Growth Is Rating Neutral As Long As New Investments Don't Compromise Its Deleveraging Target (Nov. 14, 2024)

Practice: Corporates

Segment: Residential

Vonovia SE's (BBB+/Stable/A-2) third-quarter results will support its deleveraging trajectory as long as its new investments are mainly equity-funded and EBITDA-accretive. We further expect Vonovia to remain prudent and reach its own financial policy target of loan-to-value of 40%-45% in a timely manner, versus 47.9% as of Sept. 30, 2024.

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

European RMBS Index Report Q3 2024 (Nov. 14, 2024)

Practice: Structured Finance

Segment: Residential

Our European RMBS index tracks the collateral performance of the transactions we rate. Quarter-on-quarter total delinquencies were stable in most indices, exceptions being an increase in U.K. BTL pre-2014 and U.K. nonconforming pre- and post-2014 transactions. Prepayment rates vary and reflect local market specifics. Prepayment rates for most jurisdictions were broadly in line with Q2 2024.

For several sectors, arrears will likely continue to increase as borrowers refinance into the higher-rate environment, with increasing unemployment and decreasing wage growth also on the horizon. However, proactive servicing and forbearance may increase collection rates for delinquent loans more than in previous periods of stress.

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

[Click here to access our new interactive European RMBS Index Dashboard »](#)

Spanish Securitized Asset Credit Quality Unlikely To Suffer Following Floods (Nov. 14, 2024)

Practice: Structured Finance

Segment: Residential

The recent devastating floods in Autonomous Community of Valencia, Castilla La Mancha, and Andalucía, are unlikely to have a material effect on the credit quality of the RMBS, ABS, and covered bond programs rated by S&P Global Ratings. The full impact of the floods on residential properties and displaced individuals remains uncertain, yet most financial damage resulting from the floods will be offset by Spain's compulsory catastrophic risk insurance consortium and the central government. The majority of RMBS and ABS transactions and covered bond programs we rate have limited exposure to affected areas.

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

EMEA Structured Finance Chart Book (Nov. 13, 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.

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

Saudi Residential Real Estate: The Market Is Booming (Nov. 11, 2024)

Practice: Corporates

Segment: Residential

Saudi Arabia's thriving residential real estate market reflects strong growth fundamentals and a largely youthful population of over 35 million people. Numbers of new residential units and mortgages continue to rise, in keeping with the country's homeownership target. We believe that Saudi Arabia's economic indicators and population growth will remain strong, and that new household formation and declining interest rates will support the demand for residential mortgages. We expect that demand for residential real estate will remain high, particularly in Riyadh and Jeddah, thanks to robust population growth of 3.3% on average over 2024-2027, driven by domestic migration and partly by expat inflows.

Visa policy reforms and regulatory changes could boost direct foreign investment to the real estate sector. However, private real estate developers face significant challenges, including mounting construction costs and competition for financing from other Vision 2030 projects. Saudi Arabia and the rest of the Gulf Cooperation Council region have not seen much impact from the conflict in the Middle East, with debt yields remaining broadly stable and tourism inflows robust. However, if tensions were to escalate, we could see a higher risk premium on debt; weaker tourism, foreign direct investment, and capital inflows; and more pressure on defense spending. This, in turn, could prevent Saudi Arabia from achieving some of its Vision 2030 targets.

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

Adler Group's Sale Of Stake In Brack Capital Properties Further Improves Immediate Liquidity; Refinancing Risk Remains (Nov. 7, 2024)

Practice: Corporates

Segment: Residential

Adler Group S.A.'s (B-/Negative/B) sale of its 62.78% stake in Brack Capital Properties N.V. (BCP) further improves its immediate liquidity needs, although we still view a risk that the group will fail to address its upcoming debt maturities, including secured bank debt and the €300 million bond due in April 2026.

The sale of Adler's stake in BCP has no impact on our issuer credit ratings on Adler Group S.A. and Adler Real Estate GmbH (B-/Negative/--), or on our recovery analysis and issue ratings. We will continue monitoring the company's progress on asset sales and update our analysis accordingly.

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

The Autumn Budget Kicks Off A Funding Regime Revision For U.K. Public Sector Entities (Nov. 5, 2024)

Practice: Public Finance

Segment: Residential

The U.K. government's Autumn Budget 2024 outlines steps to address deficiencies in the funding framework for public finance entities, but near-term underfunding persists. We expect more measures to be announced over the next few months. This report takes a look at the budget's implications for the sector.

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

U.K. Social Housing Providers' Financial Capacity Shrinks On Investment Needs (Nov. 4, 2024)

Practice: Public Finance

Segment: Residential

Our 41 rated U.K. social housing providers have been increasing their investments in their existing homes over the past few years. This has tightened their ratings headroom, although the average rating remains 'A'. We believe that these providers' capacity to keep increasing their investments in their existing assets and new homes has reduced. According to our sensitivity analysis, if investments in existing and new homes were to increase modestly above expectations, interest coverage for nearly 70% of our U.K.-rated social housing providers could drop to a level that is no longer commensurate with the current ratings. In this case, many of the ratings could migrate toward the lower end of the 'A' category. However, whether pressure from rising investments would translate into rating actions outside our sensitivity analysis would primarily depend on management's response to the financial pressure.

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

Asia-Pacific

Southeast Asia Property Market Outlook Hinges On Policy Shifts And External Conditions (Nov. 14, 2024)

Practice: Corporates

Segment: Commercial, Residential

The outlook for real estate markets in Southeast Asia is mixed. Indonesia's residential property markets face uncertainty pending the direction of property tax policies. Buyer sentiment in Vietnam is recovering, while Singapore's commercial real estate market remains resilient relative to peers in the region.

Indonesia's residential property sales could drop by 5%-10% if the country's property VAT reduction programs expires as scheduled at end-2024. However, the president-elect has proposed eliminating such taxes, which could boost property sales if approved. Meanwhile, Indonesian developers face lower refinancing risks in 2025. Various developers conducted liability management exercises earlier this year, including full principal repayment and tender offers below par. In Vietnam, sentiment in the residential property market is gradually recovering from its trough, supported by various policies implementation and broad-based economic growth. But developers continue to face high refinancing pressure.

Prime commercial real estate remains resilient in Singapore. A strong event calendar and recovering tourist inflows will support downtown malls and hospitality assets. We also anticipate vacancy rates at suburban malls will remain stable despite macroeconomic uncertainties. Elevated office supply may cap rental upside and push up vacancies.

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

China Securitization Performance Watch 3Q 2024: Same Direction; Different Drivers (Nov. 11, 2024)

Practice: Structured Finance

Segment: Residential

China's new securitization issuance grew 4.8% year on year to Chinese renminbi (RMB) 1,399 billion (US\$200 billion) in the first three quarters of 2024. Our 2024 issuance forecast remains at RMB1.65 trillion, a 12% decline from 2023. Severe arrears in RMBS transactions increased. Given tepid economic conditions, we expect volatility to remain elevated for the next one to two quarters.

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

Hong Kong Residential Property In 2025: Volume Will Rise, Not Price (Nov. 11, 2024)

Practice: Corporates

Segment: Residential

Hong Kong's home prices should stabilize next year after losing nearly 30% from a 2021 peak. But the pain is not over for developers. They have high inventories and will likely focus on destocking for years to come. Hong Kong housing inventories are high, and more supply is on the way. Developers face further margin pressure because they will be booking residential projects acquired back when land prices were higher.

We revised up our forecast on residential sales volume on easing mortgage rates and market-boosting measures by the government. By our estimates, primary sales can reach 20,000 units in 2025. However, that compares to 21,000 completed units in inventory as of September 2024. And new supply over the next three or four years may exceed 80% of the government's 10-year private home supply target.

Given the supply situation, we expect developers will be willing to take more margin pain in order to destock. For developers we rate, the weighted-average EBITDA margin could edge down further to 34.9% by their fiscal years 2026 (which range from March to December for the entities). That compares with above 45% in fiscal 2022. To control their leverage, rated Hong Kong developers will likely remain selective in land acquisitions. We believe most of these companies have the flexibility to cut land spending, because they have sufficient land bank in Hong Kong for development for the next five years.

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

Australian Prime Home Loan Arrears Rise Modestly In September, Report Says (Nov. 11, 2024)

Practice: Structured Finance

Segment: Residential

Arrears increased modestly in September for Australian prime home loans and declined for nonconforming home loans. The Standard & Poor's Performance Index (SPIN) for Australian prime mortgage loans excluding noncapital market issuance rose to 0.90% in September from 0.89% in August. "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 »](#)

Japan Apartment Loan RMBS: Rent Income Is Keeping Defaults At Bay (Nov. 7, 2024)

Practice: Structured Finance

Segment: Residential

Assets underlying apartment loan RMBS will continue to perform well thanks to stable income backed by long-term master leases. Rent levels for properties underlying RMBS backed by apartment loans are declining. However, they are doing so at a slower pace than the market average. The performance of apartments could deteriorate because of inflated loan repayments amid higher interest rates. Over the longer term, a worsening supply-demand balance and lower rental income due to demographic shifts could further dent performance. In recent years, we have seen pure investment transactions where both land and buildings are purchased. Initial loan-to-value ratios for such transactions are relatively high. This is because there is no in-kind initial investment in land. Under a stressed environment, performance of apartment loans in these transactions is likely to deteriorate faster than that of traditional apartment loans, where borrowers own the land before the transactions start.

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

China Brief: Barter Eases Cash Crunch For More Developers (Nov. 6, 2024)

Practice: Corporates

Segment: Residential

A spike in barter is likely muddling the financials of China's private developers. To manage construction capital expenditure, some developers are settling their bills by offering residential properties to suppliers and contractors. Barter transactions offer temporary relief to China developers amid a broad liquidity crunch. But we think the arrangement may lead some entities to overstate their revenues and profits.

Bartering, or gong di fang, has long been a facet of the Chinese property market, but it's ramping up. We estimate barter deals now account for 5%-15% of the sales of rated private developers, many times the level before the downturn. We assume that developers can persuade their contractors and suppliers to accept residential property as payment at a somewhat inflated indicated value. This may improve an entity's profit measures. Crucially, though, the transaction is cashless, and it is not a real indication of market appetite.

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

Selected Rating Actions

Non-Financial Corporations

- [Healthcare Realty Trust Inc. Ratings Affirmed On Solid Operating Performance And Steady Credit Metrics; Outlook Stable](#), Nov. 18, 2024
- [Frasers Logistics & Commercial Trust Outlook Revised To Negative On Stressed Credit Metrics; 'BBB+' Rating Affirmed](#), Nov. 14, 2024
- [Outlook On Finnish Property Group Sato Revised To Stable On Same Action On Parent Fastighets AB Balder; Rating Affirmed](#), Nov. 13, 2024
- [Cousins Properties Inc. Outlook Revised To Stable From Negative On Solid Performance, Low Leverage; Ratings Affirmed](#), Nov. 12, 2024
- [LGI Homes Inc.'s Proposed Senior Unsecured Notes Rated 'BB-'; Outlook Revised To Negative; Ratings Affirmed](#), Nov. 12, 2024
- [Fastighets AB Balder Outlook Revised To Stable On Proven Capital Access And Stabilizing Leverage; 'BBB' Ratings Affirmed](#), Nov. 11, 2024
- [Retail Opportunity Investments Corp. 'BBB-' Credit Rating On CreditWatch Negative On Announced Acquisition By Blackstone](#), Nov. 7, 2024
- [Safehold Inc. Assigned 'BBB+' Issuer Credit Rating; Outlook Positive](#), Nov. 7, 2024

Structured Finance – CMBS

- [Various Rating Actions Taken On GS Mortgage Securities Corp. II Series 2005-ROCK Due To Full Defeasance](#), Nov. 15, 2024
- [Four Ratings Lowered From One 2021-PARK Mortgage Trust](#), Nov. 14, 2024

- [Six CSWF 2021-SOP2 Ratings Affirmed](#), Nov. 14, 2024
- [Seven Ratings On J.P. Morgan Chase Commercial Mortgage Securities Trust 2018-AON Lowered And Two Affirmed](#), Nov. 6, 2024
- [Five Ratings On GS Mortgage Securities Corp. Trust 2017-485L Lowered](#), Nov. 6, 2024

Structured Finance – RMBS

- [Ratings Raised On Seven Classes Of Bluestone New Zealand RMBS; 22 Affirmed; 21 Removed From UCO](#), Nov. 18, 2024
- [Barton Series 2019-1 Trust Class A-1R Notes Assigned Rating; Four Note Classes Affirmed, One Withdrawn](#), Nov. 18, 2024
- [TORRENS Series 2019-2 Trust Class A-R Notes Assigned Rating; Four Note Classes Affirmed; One Withdrawn](#), Nov. 15, 2024
- [Great Hall Mortgages No. 1 PLC Series 2007-2 All U.K. RMBS Ratings Affirmed](#), Nov. 12, 2024
- [Dutch Property Finance 2022-2 B.V. Class B-Dfrd To D-Dfrd RMBS Ratings Raised; Class A Notes Affirmed](#), Nov. 12, 2024
- [Various Rating Actions Taken On 153 Classes From 56 U.S. RMBS Transactions](#), Nov. 7, 2024
- [Various Rating Actions Taken On 47 Classes From 32 U.S. RMBS Transactions](#), Nov. 6, 2024
- [Deephaven Residential Mortgage Trust 2024-1 Notes Assigned Ratings](#), Nov. 4, 2024
- [Pontormo RMBS S.r.l. Class A2-2017, A2-2019 Italian RMBS Ratings Affirmed; Class A1-2017, A1-2019 Ratings Withdrawn](#), Nov. 4, 2024

Public Finance

- [U.K.-Based Housing Association Peabody Trust Ratings Affirmed at 'A-'; Outlook Negative](#), Nov. 15, 2024

Covered Bonds

- [Transaction Update: Danske Hypotek AB \(Mortgage Covered Bond Program\)](#), Nov. 18, 2024
- [Transaction Update: Oberoesterreichische Landesbank AG Mortgage Covered Bond Program](#), Nov. 13, 2024
- [Transaction Update: Nykredit Realkredit A/S \(Capital Center H Mortgage Covered Bonds\)](#), Nov. 13, 2024
- [MBH Mortgage Bank Co. PLC Covered Bond Ratings Withdrawn At Issuer's Request](#), Nov. 5, 2024

Upcoming Events

- [U.S. Public Finance Housing Hot Topics Event](#), Nov. 19, 2024

Webinar Replays

- [U.K. Public Sector Outlook After The Autumn Budget](#), Nov. 12, 2024
- [North America Non-Bank Financial Institutions Update](#), Nov. 14, 2024
- [Request For Comment: Global Methodology And Assumptions: Assessing Pools Of Residential Loans \(U.S.\)](#), Oct. 30, 2024
- [China Property Watch: Charting A Path To Stabilization](#), Oct. 24, 2024

Previous Edition Of Real Estate Digest

- [Real Estate Digest](#), Nov. 4, 2024

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