

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. 18, 2024, to 12:00 p.m. GMT on Dec. 2, 2024.

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

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Research Highlights

North America

Credit FAQ: How We Rate Canadian Covered Bonds (Nov. 22, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

Canadian covered bonds have specific legal, regulatory, operational, and administrative factors that can affect how they are rated. We organize our analytical process for rating covered bonds into four key stages. This report further explains these stages and gives an overview of specific regulations that affect Canadian covered bonds.

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

Scenario Analysis: Refinancing Prospects For Triple-Net Lease Securitizations If Higher Interest Rates Persist (Nov. 22, 2024)

Practice: Structured Finance

Segment: Commercial

The ability of a triple-net lease transaction issuer to refinance is dependent on benchmark interest rates, market conditions, and collateral performance. In the low interest rate environment over the last decade, all S&P Global Ratings-rated triple-net lease transactions have been able to refinance at their anticipated repayment dates (ARDs). However, in the current environment, higher interest rates prevail, and they could persist due to the uncertainties in the capital market. In a recent scenario analysis, we tested how rated triple-net lease securitizations would fare in a hypothetical scenario of elevated interest rates.

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

U.S. CDFIs Take On More Debt To Grow Their Lending Capacity: Ratings Will Likely Remain Stable (Nov. 19, 2024)

Practice: Public Finance

Segment: Residential

We view the flexibility demonstrated by U.S. community development financial institution (CDFI) management teams to develop and execute strategies that meet their missions key to rating strength and stability. In 2024, that meant taking on more debt to expand their lending capacity. U.S. CDFIs are looking to grow by attracting new capital to expand their lending capacity in underserved communities. Lending strategies and funding sources vary among rated CDFIs, which is reflected in our view of their individual financial strength.

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

Europe, Middle East, Africa

U.K. Legacy RMBS Arrears To Be Higher For Longer (Nov. 28, 2024)

Practice: Structured Finance

Segment: Residential

Declining U.K. interest rates may see arrears rise in legacy U.K. nonconforming transactions. While rate cuts would reduce monthly installments for existing borrowers on floating rates and should be positive for residential mortgage-backed securities (RMBS) transactions backed by residential collateral, we don't anticipate a rapid material improvement in reported arrears. If interest rates fall rapidly but collateral performance does not immediately improve, U.K. legacy RMBS transactions' common pro rata/sequential switch triggers may be breached, which may in turn affect payment priority.

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

Bulletin: Regulatory Concerns Over Notting Hill Genesis' Governance Already Captured In Base-Case Assumptions (Nov. 27, 2024)

Practice: Public Finance

Segment: Residential

Our view of Notting Hill Genesis' (NHG's) creditworthiness is not immediately affected by the judgement published by the Regulator of Social Housing (RSH) on Nov. 27, 2024. The RSH downgraded its governance rating on NHG to G3, from G1, revealing improvements needed to ensure compliance with health and safety standards, alongside needed enhancements to the group's risk management framework. The regulator also found NHG had failed to uphold its new consumer standards, prompting it to assign NHG its C3 consumer rating.

We incorporated these risks in our base case on NHG, published on Sept. 13, 2024, when we revised to negative from stable the outlook on the 'A-' rating on NHG. At the same time, we lowered to 'bbb' from 'bbb+' our assessment of the group's stand-alone credit profile. These actions reflected our forecast of weaker than previously expected financial indicators and risks that these would not recover. We consider the sizable program of investments on NHG's existing properties, which will include fire remediation works, resulting in significantly tighter financial headroom. Our negative outlook also captures that NHG's management may not be able contain costs while executing its plans to deliver investments needed to its stock. We also see uncertainty around the group's ability to reduce debt, since its effectiveness depends on achieving its stock rationalization program. We understand NHG is working closely with the RSH to address the regulatory concerns found in the inspection, and we will monitor the progress.

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

A Primer On Portugal's RMBS Market (Nov. 25, 2024)

Practice: Structured Finance

Segment: Residential

The report provides a comprehensive guide to the fundamentals of the Portuguese housing, mortgage, and RMBS markets. We also describe the key features and risks of loan origination and summarize the Portuguese securitization legal framework. The report also covers: Portuguese lending and underwriting standards and their impact on RMBS performance; key RMBS market drivers and considerations; and a comparison of Portuguese RMBS with covered bonds.

Almost 74% of all newly originated residential mortgages in 2024 have an initial fixed rate lasting between one and five years, after which they switch to a floating rate. This should mitigate the impact on households from increasing interest rates.

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

Banking Brief: Pressure On German Bauspar Products Resumes (Nov. 25, 2024)

Practice: Financial Institutions

Segment: Residential

After a short-lived boom, business model and earnings capacity questions are again coming to the fore for German bauspar banks. We consider the recovery of building savings or bauspar contracts in Germany over 2023-2024 is a flash in the pan. As interest rates for standard mortgages have peaked, customer demand returns to standard amortizing mortgages.

Weaker new business activity and the stabilization of standard mortgages' underwriting volumes indicate that bauspar contracts' relative attractiveness has decreased. We expect bauspar banks' aggregate pretax return on equity--which increased to 4.1% in 2023, from 1.4% in 2021--will decline to 2%-3%, which remains below that of peers with similar business risk profiles.

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

Asia-Pacific

Korean Banks Will Avoid Property Contagion Risk From Nonbank Deposit-Takers (Nov. 29, 2024)

Practice: Financial Institutions

Segment: Residential

Korean banks' adequate risk management and capital buffers will likely shield them from property risks. Spillover risk from weak nonbank deposit-taking institutions is also unlikely to be high, in our view. We anticipate nationwide property market conditions will remain sluggish over the next one to two years. This is considering still-high borrowing costs, the government's efforts to lower household leverage, and a rapid rise in property prices in the past few years, especially during the pandemic. The number of unsold housing units is still elevated in regional cities and provinces, despite a notable pick-up in housing prices and transaction volumes in Seoul and surrounding areas in recent quarters.

The government will remain keen to lower the country's high household debt-to-GDP ratio over the next several years. The government has further tightened debt servicing-to-income ratio requirements and announced it would reduce lending limits for policy mortgage loans in Seoul and surrounding areas to curb a rapid increase in household loans. Headwinds in domestic real estate project financing pose little concern for banks, in our opinion. This is because of their small exposure relative to their assets and the generally good quality of projects, which focus on the residential market. The banks' accumulation of additional provisioning over the past few years will also cushion against asset quality strain.

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

An Overview Of Australia's Housing Market And Residential Mortgage-Backed Securities (Nov. 27, 2024)

Practice: Structured Finance

Segment: Residential

Uncertainty over geopolitics, inflation, and interest rates hasn't dampened enthusiasm for Australian RMBS transactions. Increasing global uncertainty and the lagging effects of monetary policy could tilt risks to the downside over the coming year. But RMBS performance should remain mostly stable if the labor market remains robust.

The sector's popularity is a testimony to the resilience of collateral performance through economic cycles, the agility of issuers to recalibrate when necessary, and investors' appetite for relative value--a longstanding attribute of the sector.

This report provides a comprehensive overview of the Australian housing and mortgage market, and it addresses risks and developments and how they affect RMBS. The report covers: Australia's economy and demographic trends, and how they affect the broader housing loan market and RMBS; property market dynamics and their effect on Australian RMBS; and Australian RMBS performance trends and their key drivers.

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

Australian RMBS Arrears Stabilizing As Most Borrowers Adjust To Higher Rates, Report Says (Nov. 26, 2024)

Practice: Structured Finance

Segment: Residential

Australian RMBS mortgage arrears are stabilizing. This is because most borrowers have adjusted to higher interest rates. While strong new issuance activity is diluting the effects of debt serviceability pressures across the RMBS sector, arrears remain low due to household prudence in curtailing discretionary expenditures, the continued channeling of savings to offsets, and low unemployment.

"RMBS Performance Watch: Australia" provides a comprehensive analysis of arrears statistics on loans underlying Australian RMBS. The report is broken into eight parts.

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

RMBS Performance Watch: New Zealand Q3 2024 (Nov. 25, 2024)

Practice: Structured Finance

Segment: Residential

This report provides a comprehensive analysis of arrears statistics on loans underlying New Zealand RMBS.

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

Selected Rating Actions

Non-Financial Corporations

- [Anywhere Real Estate Group LLC Second-Lien Debt Rating Raised On Term Loan Repayment](#), Nov. 26, 2024
- [Teranet Holdings L.P. Ratings Affirmed At 'BBB-' After Correction Of Criteria Misapplication; Outlook Stable](#), Nov. 26, 2024
- [Office Properties Income Trust Ratings Placed On CreditWatch Developing On Announced Debt Exchange Offer](#), Nov. 25, 2024
- [China Vanke Downgraded To 'B+' On Shrinking Balance Sheet, Weakening Liquidity; Outlook Negative](#), Nov. 20, 2024
- [Icade S.A. Downgraded To 'BBB' On Higher Leverage Amid Operating Stress And Health Care Disposal Delays; Outlook Stable](#), Nov. 18, 2024
- [Healthcare Realty Trust Inc. Ratings Affirmed On Solid Operating Performance And Steady Credit Metrics; Outlook Stable](#), Nov. 18, 2024

Structured Finance – CMBS

- [Think Tank Commercial Series 2024-3 Trust Small-Ticket CMBS Assigned Ratings](#), Nov. 27, 2024
- [Six Morgan Stanley Capital I Trust 2015-420 Ratings Affirmed](#), Nov. 27, 2024
- [Various Rating Actions Taken On Eight Classes From Sabey Data Center Issuer LLC; Ratings Removed From UCO](#), Nov. 27, 2024
- [Ratings Lowered On Three Classes From BBCMS 2021-AGW Mortgage Trust And Two Affirmed](#), Nov. 26, 2024
- [Six Natixis Commercial Mortgage Securities Trust 2018-285M Ratings Lowered](#), Nov. 21, 2024
- [FREMF 2024-K758 Mortgage Trust/Freddie Mac SPC Series K-758 Assigned Ratings](#), Nov. 21, 2024
- [BBCMS Mortgage Trust 2024-C30 Certificates Assigned Ratings](#), Nov. 20, 2024
- [Seven 1345 Avenue Of The Americas And Park Avenue Plaza Trust Series FB 2005-1 Ratings Affirmed](#), Nov. 19, 2024

Structured Finance – RMBS

- [Jubilee Place 2020-1 B.V. Ratings Raised On Class C-Dfrd To E-Dfrd Dutch RMBS Notes; Other Ratings Affirmed](#), Nov. 29, 2024
- [Ratings Raised On 10 Tranches In Three Spanish RMBS Transactions Following Upgrade of CaixaBank S.A.](#), Nov. 28, 2024

- [Firstmac Mortgage Funding Trust No.4 Series 2024-5PP Prime RMBS Assigned Ratings](#), Nov. 27, 2024
- [Various Ratings Actions Taken On 12 RMBS Non-Qualified Mortgage Transactions](#), Nov. 27, 2024
- [OBX 2024-NQM17 Trust Notes Assigned Ratings](#), Nov. 26, 2024
- [Twenty-Nine Ratings Raised. 41 Affirmed On 12 U.S. RMBS Non-Qualified Mortgage Transactions](#), Nov. 26, 2024
- [Morgan Stanley Residential Mortgage Loan Trust 2024-NQM4 Certificates Assigned Ratings](#), Nov. 26, 2024
- [Holbrook Mortgage Transaction 2023-1 PLC U.K. RMBS Ratings Raised On Four Classes: Two Classes Affirmed](#), Nov. 26, 2024
- [Kinbane 2024-RPL 2 DAC Irish RMBS Notes Assigned Ratings](#), Nov. 26, 2024
- [Various Rating Actions Taken On 70 Classes From 18 U.S. RMBS Transactions](#), Nov. 26, 2024
- [Progress 2019-1 Trust Class A-R Notes Assigned Rating: Three Classes Affirmed. One Withdrawn](#), Nov. 25, 2024
- [ResLoC U.K. 2007-1 PLC Class D1 And E1b U.K. RMBS Ratings Raised; All Other Classes Affirmed](#), Nov. 22, 2024
- [Series 2024-2 WST Trust Prime RMBS Assigned Rating](#), Nov. 22, 2024
- [Various Rating Actions Taken On 231 Classes From 73 U.S. RMBS Transactions](#), Nov. 22, 2024
- [COLT 2024-INV4 Mortgage Loan Trust Certificates Assigned Ratings](#), Nov. 21, 2024
- [Lugo Funding DAC Spanish RMBS Notes Assigned Ratings](#), Nov. 21, 2024
- [Medallion Trust Series 2019-1 Class A1-R Notes Assigned Rating; One Rating Withdrawn. Five Affirmed](#), Nov. 21, 2024
- [FORDless STORM 2018 B.V. Class D Dutch RMBS Rating Raised: Class A To C Ratings Affirmed](#), Nov. 19, 2024
- [Polaris 2022-2 PLC Class B-Dfrd To D-Dfrd U.K. RMBS Ratings Raised; Three Notes Affirmed](#), Nov. 18, 2024
- [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

Public Finance

- [Muenchner Wohnen GmbH 'AA-/A-1+' Ratings Affirmed Post-Merger](#), Nov. 28, 2024
- [U.K.-Based Social Housing Provider Stonewater Ltd. Downgraded To 'A-'; Outlook Stable](#), Nov. 27, 2024

- [U.K.-Based Social Housing Provider Clarion Housing Group Affirmed At 'A-'; Outlook Stable](#), Nov. 26, 2024
- [German Public Housing Provider GBG Unternehmensgruppe Outlook Revised To Stable; 'A+' Rating Affirmed](#), Nov. 26, 2024
- [U.K. -Based Hyde Housing Association Outlook Revised To Negative; 'A-' Rating Affirmed](#), Nov. 22, 2024
- [Apex Housing Association Ltd. 'A-' Rating Affirmed; Outlook Stable](#), Nov. 22, 2024
- [Sovereign Network Group Ratings Lowered To 'A-'; Outlook Stable](#), Nov. 21, 2024
- [U.K. Social Housing Provider Lincolnshire Housing Partnership Ltd. 'A-' Rating Affirmed; Outlook Stable](#), Nov. 20, 2024

Covered Bonds

- [Korea Housing Finance Corp. US\\$15 Billion Global Covered Bond Series 2024-5 Rated 'AAA'; Other Ratings Affirmed](#), Nov. 29, 2024
- [Transaction Update: Belfius Bank SA/NV \(Mortgage Covered Bonds\)](#), Nov. 25, 2024
- [Transaction Update: MMB SCF](#), Nov. 20, 2024
- [Transaction Update: Danske Hypotek AB \(Mortgage Covered Bond Program\)](#), Nov. 18, 2024

Webinar Replays

- [U.K. Public Sector Outlook After The Autumn Budget](#), Nov. 12, 2024
- [Housing Affordability in the United States, an Economic and Credit Perspective](#), Nov. 14, 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. 18, 2024

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