

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 April 8, 2024, to 12:00 p.m. BST on April 22, 2024.

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

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Research Highlights

North America

Credit FAQ: Count, Cooperation, Compensation, And Commissions: Are Real Estate Brokerage Fortunes Tied To Agent Finesse? (April 15, 2024)

Practice: Corporates

Segment: Residential

A rule change in which the National Association of Realtors would no longer allow real estate listing agents to offer compensation to buyers' agents to post on the Multiple Listing Service (MLS) won't have a material impact on the major real estate brokerages that we rate. If a settlement on March 15, 2024, (pending court approval in mid-July) is approved, seller agents can post listings on the MLS without necessarily offering to split the commission with the buyer's agent. A potential drop in commission rates is difficult to ascertain at this stage and depends on how consumers and agents respond to the rule change.

In this FAQ, we address questions from investors on credit risks for the companies related to the settlement, hypothetical scenarios, and complexities in estimating commission income amid broader uncertainty.

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

U.S. Home Price Overvaluation Softens As Wage Growth Outpaces Home Price Gains (April 15, 2024)

Practice: Structured Finance

Segment: Residential

Our assessment of U.S. home price overvaluation fell roughly one percentage point to 14.3% as of fourth-quarter 2023, as per capita income growth outpaced home price appreciation. Regional variation persists, however, and our assessment shows that about 89% of metropolitan statistical areas or divisions (which we refer to collectively as MSAs) are overvalued.

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

U.S. CMBS Update Q1 2024: Office Performance And Interest Rates Are Still Driving The Conversation (April 10, 2024)

Practice: Structured Finance

Segment: Commercial

U.S. commercial mortgage-backed securities (CMBS) overall delinquency and special servicing rates continued to trend upward in first-quarter 2024, largely driven by the office sector. Property type exposures in conduits and single-borrower transactions have largely mirrored market credit concerns. Overall issuance pace increased significantly year over year, with \$18 billion issued in the first quarter.

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

Bulletin: Newark Housing Authority Issuer Credit Rating Remains On CreditWatch Negative (April 10, 2024)

Practice: U.S. Public Finance

Segment: Residential

Our issuer credit rating on Newark Housing Authority (A/Watch Neg/--) remains on CreditWatch with negative implications, where it was originally placed on Aug. 10, 2023. We aim to resolve the CreditWatch status within the next 30 days, once we analyze the financial documents and management-related information received and assess the authority's long-term creditworthiness.

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

Bulletin: Blue Owl Capital Inc.'s \$205 Million Acquisition Of Prima Will Expand Real Estate Finance Capabilities (April 9, 2024)

Practice: Corporates

Segment: Commercial

Blue Owl Capital Inc.'s proposed \$205 million (\$170 million upfront and \$35 million earnout) acquisition of New York-based Prima Capital Advisors (not rated) will add real estate finance to Blue Owl's equity-focused real estate platform. Prima currently manages approximately \$10 billion in assets under management on behalf of institutional investors and high net worth individuals. Our rating is not affected by the announcement.

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

Europe, Middle East, Africa

Your Three Minutes In Banking: Commercial Real Estate Isn't Worrying CEE Banks (April 17, 2024)

Practice: Financial Institutions

Segment: Commercial

While some banks in Western Europe and the U.S. are under pressure from commercial real estate (CRE) exposures, across Central and Eastern Europe (CEE) there is little reason to expect that banks will suffer material credit losses from CRE portfolios. The difference can be attributed to structural factors in CEE markets, real estate companies' generally sound performance, and the region's positive economic environment. CEE banks have played their part too, by limiting exposure to riskier CRE projects and maintaining their domestic focus.

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

European CMBS Can Ride The Refinance Wave (April 11, 2024)

Practice: Structured Finance

Segment: Commercial

Due to the continuous increase in interest rates, several European commercial mortgage-backed securities (CMBS) loans have had their maturity dates extended by one year, resulting in them being either unhedged or extended with higher hedging rates. This may result in borrowers struggling to pay interest on their loans, given current higher interest rates. In this article, we take a closer look at the loans that are due to refinance in 2024 and the loan maturity profile for European CMBS overall.

Several of the commercial real estate loans due to mature in 2023 follow the amend and pretend route, which not all loans will continue to take this year. Nevertheless, five loans out of 13 did repay in 2023. Overall, we believe most loans in our ongoing surveillance of European CMBS transactions that are due to mature in 2024 are in a good position to refinance. Even if these loans default, most should be able to fully repay the debt during a workout process and before the notes' maturity date.

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

Asia-Pacific

JHF RMBS Performance Watch April 2024: Rising Interest Rates And Prices Have Limited Impact (April 18, 2024)

Practice: Structured Finance

Segment: Residential

We expect increased interest rates and slight inflation will have limited impact on delinquencies and defaults of loans backing Japan Housing Finance Agency's (JHF) residential mortgage-backed securities (RMBS). This report monitors the performance of residential mortgage-secured pass-through notes issued by JHF and its predecessor, the Government Housing Loan Corp.

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

China Banks Brace For Tide Of Bad Property Loans (April 15, 2024)

Practice: Financial Institutions

Segment: Commercial, Residential

The post-pandemic recovery in the asset quality of Chinese banks has hit a wall. The country's push to promote access to financial services has helped most micro and small enterprise loans perform following a moratorium on repayments during the pandemic. Nullifying this improvement, however, are the ongoing strains in the property sector, which have spread to surviving developers. This could ultimately increase the burden on some banks because more debt restructuring of local government financing vehicles in weak regions could ensue if poor land sales hurt fiscal revenues.

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

Australian Home Loan Arrears Fell In February, Report Says (April 11, 2024)

Practice: Structured Finance

Segment: Residential

Australian prime and nonconforming home loan arrears fell in February. The Standard & Poor's Performance Index for Australian prime mortgage loans excluding noncapital market issuance fell to 0.95% in February from 1.00% in January. Most of this fall was in later arrears categories. Nonconforming arrears dropped to 4.17% from 4.43% in December, with falls across all arrears categories.

"RMBS Arrears Statistics: Australia" provides a comprehensive analysis of arrears statistics on loans underlying Australian residential mortgage-backed securities. The latest report is in two parts.

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

Indonesian Developers Could Opt For Debt Restructuring, Tender Offers As Maturity Wall Looms (April 8, 2024)

Practice: Corporates

Segment: Commercial, Residential

A key driver of Indonesian property developers' creditworthiness in 2024 will be their ability to refinance well ahead of maturity. Obstacles remain as a 2025 maturity wall approaches. Offshore funding conditions continue to be selective, and heightened borrowing costs have forced developers to turn to domestic banks to meet refinancing needs. This trend will likely endure, but domestic banks are unlikely to fully satisfy the refinancing needs. For 2025, offshore bond maturities alone stand at about US\$710 million, or Indonesian rupiah 11 trillion.

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

Latin America

Bulletin: Falabella S.A.'s Sale Of Real Estate Assets In Peru Shows Progress In Plan To Reduce Leverage (April 17, 2024)

Practice: Corporates

Segment: Commercial

Falabella S.A.'s definitive agreement to sell real estate operations in Peru to its subsidiary Plaza S.A. (not rated) for around \$589 million shows progress in its plan to monetize roughly \$800 million-\$1 billion of assets to reduce leverage. We continue to forecast that asset sales and increased EBITDA, due to somewhat better business prospects and company efforts to underpin results, will allow Falabella to reduce S&P Global Ratings-adjusted leverage to 4.3x in 2024 and 3.5x in 2025.

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

Selected Rating Actions

Non-Financial Corporations

- [Covivio Hotels 'BBB+' Rating Affirmed; Outlook Stable; Stand-Alone Credit Profile Revised Up To 'bbb-', April 19, 2024](#)
- [Prime Property Fund LLC Downgraded To 'BBB+' On Sustained Elevated Leverage, Outlook Negative, April 18, 2024](#)
- [Shea Homes L.P. Upgraded To 'BB-' On Operating Momentum, Outlook Stable; Debt Ratings Affirmed, April 16, 2024](#)
- [Longfor Group Holdings Downgraded To 'BB+' From 'BBB-' On Sustained Weakness In Property Development; Outlook Negative, April 12, 2024](#)
- [Five Point Holdings LLC Upgraded To 'B-' From 'CCC+' On Improving Credit Metrics; Outlook Stable, April 11, 2024](#)
- [China Vanke Downgraded To 'BB+' On Weakening Competitive Position And Surging Leverage; Outlook Negative, April 10, 2024](#)
- [Apartment Income REIT Corp. 'BBB' ICR Placed On CreditWatch Negative On Announced Acquisition By Blackstone Affiliates, April 8, 2024](#)

Structured Finance – CMBS

- [SGS Finance PLC U.K. CMBS Ratings Lowered And Withdrawn Following Restructuring, April 18, 2024](#)
- [Three Wells Fargo Commercial Mortgage Trust 2016-BNK1 Ratings Lowered And Five Affirmed, April 16, 2024](#)
- [Two J.P. Morgan Chase Commercial Mortgage Securities Trust 2019-FL12 Ratings Lowered And Two Affirmed, April 14, 2024](#)

- [Torchlight Loan Services LLC ABOVE AVERAGE Commercial Mortgage Loan Servicer Ranking Affirmed: Ranking Outlook Stable](#), April 11, 2024
- [Three GS Mortgage Securities Corp. Trust 2013-PEMB Ratings Lowered And Two Affirmed](#), April 11, 2024

Structured Finance – RMBS

- [Dutch Property Finance 2023-1 B.V. Class A To D-Dfrd Dutch RMBS Notes Affirmed Following Review](#), April 19, 2024
- [Ratings Withdrawn, Discontinued, And Affirmed On 249 Classes From 60 U.S. RMBS Transactions Issued Between 2000 And 2006](#), April 18, 2024
- [Lusitano Mortgages No. 5 PLC Portuguese RMBS Class C Rating Raised: Other Classes Affirmed](#), April 17, 2024
- [Domi 2022-1 Dutch RMBS Ratings Raised On Three Classes; Three Affirmed](#), April 16, 2024
- [QPCU Heroes Trust Repo Series No.1 Class A Notes Rating Affirmed After Additional Note Issuance](#), April 15, 2024
- [Murray Trust Repo Series No.1 Class A Notes Rating Affirmed](#), April 15, 2024
- [Ratings Lowered On 543 Classes From 189 U.S. RMBS Transactions Issued Between 2002 And 2007](#), April 12, 2024
- [EUROMAX V ABS PLC Class A3 CDO Of ABS Rating Lowered To 'D \(sf\)' Due To Missed Interest Payment](#), April 12, 2024

Covered Bonds

- [Transaction Update: NN Bank N.V. Dutch Soft-Bullet Covered Bond Program](#), April 19, 2024
- [Transaction Update: MBH Mortgage Bank Co. PLC \(Mortgage Covered Bond Program\)](#), April 19, 2024
- [Transaction Update: Credit Mutuel Home Loan SFH \(Mortgage Covered Bonds\)](#), April 19, 2024
- [Transaction Update: Barclays Bank UK PLC Global Covered Bond Program](#), April 16, 2024
- [Transaction Update: Oberbank AG \(Mortgage Covered Bond Program\)](#), April 8, 2024

Webinars And Events

Upcoming Events

- [Q2 European Structured Finance Insights: SRT, Private Credit Funds Vs. CLOs, And Bridging Loan RMBS](#), April 24, 2024
- [European Real Estate: Adapting To Change Virtual Conference](#), June 18, 2024
- [European Structured Finance Conference 2024](#), Sept. 5, 2024

Webinar Replays

- [China LGFVs' Bigger Housing Role: Risk Control Matters](#), April 16, 2024
- [China Vanke Downgraded To 'BB+' On Weakening Competitive Position And Surging Leverage: Outlook Negative](#), April 12, 2024
- [The Credit Implications Of China's Initiatives To Support Growth](#), April 11, 2024

Previous Edition Of Real Estate Digest

- [Real Estate Digest](#), April 8, 2024

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