

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 22, 2024, to 10:00 a.m. BST on May 7, 2024.

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

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Research Highlights

Global

Covered Bonds In New Markets: Issuance Holds Up In 2024 (April 29, 2024)

Practice: Structured Finance

Segment: Residential

Global covered bond issuance remained strong in first-quarter 2024, and we expect year-end volumes to come close to the record highs of 2023. In this report we take a closer look at the issuance outlook, regulatory and legislative developments, and key characteristics of covered bond markets in Central and Eastern Europe (CEE), Asia, Latin America, and Africa.

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

North America

U.S. CMBS Overall Delinquency Rate Increased By 32 Bps To 4.7% In April 2024; Office Loans Had The Highest Increase (April 30, 2024)

Practice: Structured Finance

Segment: Commercial

The report provides our observations and analyses of the U.S. private-label commercial mortgage-backed securities (CMBS) universe, totaling \$711.5 billion as of April 2024. The overall U.S. CMBS delinquency (DQ) rate increased by 32 basis points (bps) month over month to 4.7% in April 2024. The rate increased 190 bps from a year earlier, representing a 65.0% year-over-year increase by DQ balance. By dollar amount, total delinquencies increased to \$33.3 billion, representing a net month-over-month increase of \$2.05 billion and a net year-over-year increase of \$13.2 billion.

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U.S. Public Finance Housing Rating Actions, First-Quarter 2024 (April 25, 2024)

Practice: U.S. Public Finance

Segment: Residential

Our U.S. public finance housing rating actions (including outlook revisions) for first-quarter 2024 consisted of three positive rating actions, three negative rating actions, and 47 affirmations.

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

Europe, Middle East, Africa

Property Shortage And Government Push Will Fuel Growth For Saudi Developers (May 6, 2024)

Practice: Corporates

Segment: Commercial, Residential

Real estate developers in Saudi Arabia will benefit from strong demand for properties, underpinned by population growth and home-ownership targets under the government's Vision 2030 program. We expect a steady demand for housing and higher off-plan sales (before construction has been completed), amid the government's efforts to increase home ownership by Saudi nationals and simplified ownership for foreigners, thereby boosting Saudi developers' revenue and profits. We also expect listed real estate developers in Saudi Arabia to gradually diversify their funding sources, moving away from their current reliance on bank facilities and increasingly tapping into capital market funding.

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

European CMBS Monitor Q1 2024 (April 29, 2024)

Practice: Structured Finance

Segment: Commercial

Our European commercial mortgage-backed securities (CMBS) monitor report provides data for the CMBS transactions that we rate, including maturities, delinquencies, and specially serviced loans, as well as rating and note-level matters.

The outstanding rated European CMBS balance decreased to £22.2 billion from £23.1 billion over the previous quarter, primarily due to the full repayment of two loans in this quarter and substantial prepayment of one loan. The new transaction only partially offsets the repayments.

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

Bulletin: Berlin-Based Housing Provider HOWOGE's Credit Profile Can Absorb Planned Acquisition Of 4,500 Apartments (April 26, 2024)

Practice: Corporates

Segment: Residential

The acquisition of about 4,500 apartments announced by HOWOGE (A/Stable/A-1) aligns with the company's growth strategy. HOWOGE, owned by Berlin's city government, confirmed that it will purchase a portfolio of housing units, associated parking spaces, and a few other assets from Vonovia SE, a listed real estate company. The assets are mostly in Berlin's areas where HOWOGE already has an existing portfolio. In addition, HOWOGE has teamed up with Berlinovo (A-/Stable/A-2), another local government-owned social housing company, to purchase 60 hectares of land, partly zoned for future development. The total purchase price is reportedly €700 million. HOWOGE expects to use a mix of unsecured and secured financial instruments, in addition to its existing liquidity, to fund the acquisition, which is scheduled to be completed in January 2025.

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

Asia-Pacific

China Property Watch: Searching For A Bottom (May 7, 2024)

Practice: Corporates

Segment: Residential

A double squeeze looms for China's property market. Structural factors are squeezing rated developers, strains that are unfolding alongside a continued sales slide. We expect that developers will be digging deep to repay debt should cash flows turn negative, with many still locked out of capital markets.

We believe national sales continue to search for a bottom but may find support at about Chinese renminbi (RMB) 10 trillion to RMB 10.3 trillion this year, down 10%-15% from 2023.

Regrettably for issuers, that is not the whole story. Market structure is shifting, and not in a positive way for rated firms. Sales are increasingly shifting to the secondary market, with little benefit to the developers. Secondly, the government is offering more social housing for sale. Volumes will count toward our sales projections but will likely cannibalize the sales of rated developers.

This downbeat projection for the market echoes our recent downgrades to speculative grade of China Vanke Co. Ltd. and Longfor Group Holdings Ltd.--two developers with established operating and financing records. Conditions remain tough.

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

Japan Private Sector RMBS Performance Watch: Rate Hike Has Limited Impact (April 30, 2024)

Practice: Structured Finance

Segment: Residential

The underlying asset performance of Japanese private sector residential mortgage-backed securities transactions should remain stable. Our economic forecast as of March 2024 is for a gradual rise in interest rates to 1.0% through 2027 as the Bank of Japan normalizes its interest rate policy. However, we believe a rise in interest rates will have a limited impact because most remaining transactions in the index pool are backed by fixed rate loans. We forecast Japan's inflation pace will fall gradually by 2027. Therefore, we think it is unlikely to hurt the performance of underlying mortgage assets. In our view, the unemployment rate is a key driver of residential loan performance. We project Japan's unemployment rate will remain below 3% through 2027. Given the unemployment rate is a primary factor in forecasting mortgage performance, a low unemployment rate supports performance of residential loans.

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

Bulletin: Shanghai Construction Has Solid Defenses For Tough Year Ahead (April 29, 2024)

Practice: Corporates

Segment: Commercial, Residential

Shanghai Construction Group Co. Ltd. has more capacity to manage difficult conditions. The firm is improving its management of working capital, and this helped turn its free operating cash flow positive last year. While we believe continued depressed conditions in the Chinese property market and intense competition will constrain earnings growth, the firm has come into the year with more headroom to absorb setbacks. This view informs our stable ratings outlook (BBB/Stable/--) on the Chinese engineering and construction firm.

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

Selected Rating Actions

Non-Financial Corporations

- [Office Properties Income Trust Downgraded To 'CC' From 'CCC' On Proposed Debt Exchange Offer, Outlook Negative](#), May 2, 2024
- [Alexandrite Monnet UK Holdco \(Befimmo\) Assigned Preliminary 'B+' Ratings; Outlook Stable](#), May 2, 2024
- [Australia-Based Property Group Dexus 'A-/A-2' Ratings Affirmed; Outlook Stable](#), April 30, 2024
- [Greentown China Outlook Revised To Stable As Weakening Sales, Margins Offset Business Strength; 'BB-' Rating Affirmed](#), April 29, 2024
- [Cousins Properties Inc. And Cousins Properties L.P. Assigned 'BBB' Issuer Credit Ratings; Outlook Negative](#), April 25, 2024
- [Seazen Companies Downgraded to 'B' On Sustained Weakness In Property Development; Outlook Remains Negative](#), April 23, 2024
- [Spanish Residential Real Estate Developer Via Celere 'B' Rating Affirmed; Outlook Stable](#), April 23, 2024

Structured Finance – CMBS

- [Ratings Affirmed On Seven Classes From SFAVE Commercial Mortgage Securities Trust 2015-5AVE](#), May 2, 2024
- [Seven Ratings Affirmed From CSMC Trust 2017-CHOP](#), April 24, 2024
- [Two COMM 2013-LC13 Mortgage Trust Ratings Lowered, One Withdrawn](#), April 22, 2024

Structured Finance – RMBS

- [London Wall Mortgage Capital PLC's Series Fleet 2021-02 Ratings Raised On Six Classes Of Notes; One Class Affirmed](#), April 30, 2024
- [Various Rating Actions Taken On 49 Classes From 20 U.S. RMBS Transactions](#), April 23, 2024
- [Fourteen Ratings Raised, 22 Affirmed From Six U.S. RMBS Non-Qualified Mortgage Transactions](#), April 26, 2024

Covered Bonds

- [Transaction Update: La Banque Postale Home Loan SFH](#), April 29, 2024
- [Transaction Update: Nykredit Realkredit A/S \(Capital Center D Mortgage Covered Bonds\)](#), April 29, 2024
- [Transaction Update: Realkredit Danmark A/S \(Capital Center T Covered Bond Program\)](#), April 23, 2024

Public Finance

- [Wohnungsbau Ludwigsburg Outlook Revised To Positive On Shrinking Role Of Sales Activities: 'A-/A-2' Ratings Affirmed](#), April 30, 2024

Webinars And Events

Upcoming Events

- [North-America Non-Bank Financial Institutions Update](#), May 23, 2024
- [European Real Estate: Adapting To Change Virtual Conference](#), June 18, 2024
- [European Structured Finance Conference 2024](#), Sept. 5, 2024

Webinar Replays

- [Q2 European Structured Finance Insights: SRT, Private Credit Funds Vs. CLOs, And Bridging Loan RMBS](#), April 24, 2024
- [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 22, 2024

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