

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 May 7, 2024, to 12:00 p.m. BST on May 20, 2024.

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

Analytical Contact

Osman Sattar
London
osman.sattar
@spglobal.com

Research Highlights

Global

Global Criteria For Assessing Pools Of Residential Loans Updated To Include China (May 17, 2024)

Practice: Structured Finance

Segment: Residential

We have published our updated methodology and assumptions for assessing pools of residential loans, which describe our approach to rating residential mortgage-backed securities (RMBS) and covered bonds, in its criteria articles, "Global Methodology And Assumptions: Assessing Pools Of Residential Loans," published Jan. 25, 2019, and "Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Asia-Pacific Supplement," published April 4, 2024. The scope of the criteria was expanded to include China. The criteria became effective for China as of May 17, 2024.

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

North America

Comments Requested On Proposed Canadian Application Assumptions For Global RMBS (May 15, 2024)

Practice: Structured Finance

Segment: Residential

S&P Global Ratings is requesting comments on its proposed Canada-specific variables to be used when applying "Global Methodology And Assumptions: Assessing Pools Of Residential Loans," published Jan. 25, 2019, to analyze pools of loans in residential mortgage-backed securities (RMBS) and covered bonds in Canada. This proposal is outlined in a request for comment titled "Request For Comment: Global Methodology And Assumptions: Assessing Pools Of Residential Loans--North America Supplement (Canada)," published on May 15, 2024.

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

Cyber Risk Insights: Hackers Are Knocking On The Door Of U.S. Affordable Housing Issuers (May 14, 2024)

Practice: U.S. Public Finance

Segment: Residential

The growing sophistication of cyber attacks means that U.S. affordable housing issuers may need to monitor and adjust risk management practices to evolve with changing threats. We have observed these issuers implement various practices to reduce exposure, including transitioning to cloud-based data storage, multifactor authentication, penetration testing, third-party reviews, and increasing employee training. Given the differing roles of U.S. affordable housing issuers--owner, lender, and developer--the sector faces varying exposures to event risks stemming from cyber attacks.

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

U.S. Structured Finance Chart Book: May 2024 (May 9, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

We have published our "U.S. Structured Finance Chart Book: May 2024," a roundup of the latest credit developments and underlying performance indicators observed across U.S. structured finance sectors, including RMBS, secured and nontraditional ABS, unsecured ABS, ABCP/muni-structured, CLOs, and CMBS.

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

Latin America

What's Behind Heightened Interest In FIBRA Terrafina? (May 17, 2024)

Practice: Corporates

Segment: Commercial

Earlier this year, FIBRA Terrafina (BBB/Stable/--), one of the largest industrial real estate investment trusts in Mexico, announced a proposal to internalize (or take over) its advisory functions, currently provided by PGIM Real Estate, to unlock shareholder value and strengthen its governance practices and standards. Shortly afterward, Terrafina has received six unsolicited nonbinding offers to acquire up to 100% of its Certificados Bursatiles Fiduciarios Inmobiliarios (CBFIs; real estate trust certificates). The offers came from the following peers: FIBRA Prologis (FPL; BBB+/Stable/A-2), Fibra UNO (not rated), Fibra Macquarie (not rated), and Fibra Monterrey (not rated). The remaining two offers were made confidentially. As a result, Terrafina has postponed the vote on its internalization plan to analyze the most attractive option for its CBFI holders.

In this report, we present frequently asked questions from investors and our view of the implications of these bids and the internalization process, along with the potential credit effect on Terrafina and FPL.

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

Europe, Middle East, Africa

Sector And Industry Variables Updated For Europe Supplement Of Global RMBS Criteria (May 17, 2024)

Practice: Structured Finance

Segment: Residential

We have updated our sector and industry variables for "Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Europe Supplement," published April 4, 2024. This follows our recently updated macroeconomic assumptions for certain European economies and their residential mortgage markets, as a result of which we lowered the 'B' through 'AA+' anchor default probabilities of 15 European jurisdictions.

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

Bulletin: Colonial's Equity Raise Restores Financial Headroom To Fund Growth Capex Program (May 17, 2024)

Practice: Corporates

Segment: Commercial, Residential

Inmobiliaria Colonial's (Colonial's) announced €622 million capital increase restores headroom under downside triggers and increased the company's financial flexibility to fund its capital expenditure (capex) growth plans. The announced equity raise and the €500 million asset disposal plan (around €200 million already completed) should enable Colonial to offset the further expected asset valuation while increasing the company's financial flexibility to fund its growth plans and keep its debt-to-debt-plus-equity ratio within the thresholds for the current rating.

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

European RMBS Index Report Q1 2024 (May 16, 2024)

Practice: Structured Finance

Segment: Residential

We have published our European RMBS Index Report for Q1 2024, which tracks the collateral performance of all our rated European RMBS transactions and enables the filtering of data to identify key metrics and trends.

Quarter-on-quarter total delinquencies were stable in most indices, with notable exceptions being U.K. nonconforming and Ireland other. Our U.K. BTL - post 2014, Spain, and Portugal indexes experienced minor collateral performance deterioration.

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

Bulletin: Deutsche Pfandbriefbank's First Quarter Results Show A Mixed Picture (May 14, 2024)

Practice: Financial Institutions

Segment: Commercial

Deutsche Pfandbriefbank AG's (pbb)'s first-quarter 2024 earnings confirm our view that ongoing challenging conditions in commercial real estate (CRE) markets, especially in the U.S., would lead to further material credit losses and reduced, but positive, earnings. Pbb's published earnings and credit metrics are consistent with the expectations underpinning our rating action in February 2024 (see "Deutsche Pfandbriefbank Downgraded To 'BBB-/A-3' On Challenges From Commercial Real Estate; Outlook Negative," published on Feb. 14, 2024). The 'BBB-/A-3' long- and short-term ratings are based on our view that pbb will remain moderately profitable in 2024, with credit losses contained at about 35 basis points (bps)-45bps in our forecast, and that the bank can demonstrate solid capital, funding, and liquidity buffers to mitigate the risk of eroding investor confidence.

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

EMEA Structured Finance Chart Book (May 9, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

We have published our "EMEA Structured Finance Chart Book: May 2024." The report includes a roundup of the latest new issuance and credit developments that we have observed across structured finance sectors, along with data on issuance drivers, recent rating actions, and underlying performance indicators. We also highlight the key takeaways from our recent research publications.

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

Asia-Pacific

Bulletin: Aozora Bank's Investment From Daiwa Securities Group Is No Panacea (May 14, 2024)

Practice: Financial Institutions

Segment: Commercial

Aozora Bank's financial flexibility will remain constrained for now, even if a capital and business alliance between Daiwa Securities Group and Aozora Bank is realized. We believe an alliance would, however, be a first step for Aozora Bank Ltd. (BBB/Negative/A-2) toward improving creditworthiness. We believe the capital increase would boost the bank's risk-adjusted capital ratio, which we expect to stay around 7% over the next two years or so, by around 90 basis points. We also believe that improving the bank's financial position could increase the bank's risk tolerance and thus its ability to generate profits.

As uncertainty continues over the U.S. office-related commercial real estate market and the interest rate environment at home and abroad, we believe the potential for increased loss absorbency from the capital increase will be limited. Therefore, the bank's financial flexibility will remain constrained.

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

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 RMB10.3 trillion this year. The range is a 10%-15% drop from 2023.

Regrettably for issuers, that is not the whole story. The structure of the market 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 »](#)

Australian Home Loan Arrears Rose In March, Report Says (May 14, 2024)

Practice: Structured Finance

Segment: Residential

Australian prime and nonconforming home loan arrears increased in March. The Standard & Poor's Performance Index (SPIN) for Australian prime mortgages loans excluding noncapital market issuance increased to 1.00% in March from 0.95% in February. Most of this increase was in the early arrears categories, which can be more volatile. Strong new issuance in the first quarter will have had some dilutionary effects on the reported level of arrears.

"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 »](#)

Selected Rating Actions

Non-Financial Corporations

- [Regency Centers Corp. Outlook Revised To Positive On Conservative Balance Sheet, Solid Performance; Ratings Affirmed](#), May 16, 2024
- [Commercial Real Estate Firm Alexandrite Monnet UK Holdco \(Befimmo\) Rated 'B+': Outlook Stable](#), May 15, 2024
- [Mirvac Wholesale Office Fund 'A-' Rating Affirmed; Outlook Remains Negative](#), May 13, 2024
- [Forest City Realty Trust Inc. Downgraded To 'CCC+' On Upcoming Debt Maturities; Outlook Negative](#), May 10, 2024

- [Brookfield Residential Properties ULC Outlook Revised To Stable On Better-Than-Expected Leverage; 'B' Rating Affirmed](#), May 10, 2024
- [Argan S.A. Outlook Revised To Stable On Lower Leverage; 'BBB-' Ratings Affirmed](#), May 10, 2024
- [Frasers Logistics & Commercial Trust 'BBB+' Rating Affirmed On Sound Portfolio Quality; Outlook Stable](#), May 9, 2024
- [Adler Group S.A. And Adler Real Estate Downgraded To 'CCC-' On Likely Debt Restructuring; Outlook Negative](#), May 7, 2024

Structured Finance – RMBS

- [Progress 2021-1 Trust Ratings Raised On Three Note Classes; Three Affirmed](#), May 20, 2024
- [Finsbury Square 2021-2 PLC U.K. RMBS Ratings Raised On Five Classes Of Notes; Five Classes Affirmed](#), May 17, 2024
- [Mulcair Securities No. 3 DAC Class B-Dfrd, C-Dfrd, And D-Dfrd Irish RMBS Ratings Raised; Other Ratings Affirmed](#), May 17, 2024
- [Finance Ireland RMBS No. 4 DAC Class B-Dfrd, C-Dfrd, And D-Dfrd Irish RMBS Ratings Raised; Other Ratings Affirmed](#), May 17, 2024
- [Firstmac Mortgage Funding Trust No.4 Series 2022-3 Ratings Raised On Four Note Classes; Two Affirmed](#), May 17, 2024
- [MTG SCU Trust Repo Series No.1 Class A Notes Rating Affirmed](#), May 16, 2024
- [Southern Pacific Financing 06-A PLC U.K. RMBS Ratings Lowered On Two Classes; Two Classes Affirmed](#), May 15, 2024
- [Various Rating Actions Taken On 64 Classes From 19 U.S. RMBS Transactions](#), May 10, 2024
- [Preferred Residential Securities 05-2 PLC Class C1a To E1c U.K. Nonconforming RMBS Notes Affirmed](#), May 10, 2024
- [Various Rating Actions Taken On 51 Classes From Six U.S. RMBS Transactions](#), May 8, 2024

Covered Bonds

- [Transaction Update: Nykredit Realkredit A/S Capital Center E \(Mortgage Covered Bonds Program\)](#), May 17, 2024
- [Transaction Update: OP Mortgage Bank](#), May 13, 2024

Public Finance

- [U.K. Social Housing Provider Karbon Homes Ltd. 'A' Ratings Affirmed; Outlook Positive](#), May 17, 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

- [China Property Watch: Searching For A Bottom](#), May 20, 2024
- [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](#), May 7, 2024

Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.