

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 July 29, 2024, to 12:00 p.m. BST on Aug. 12, 2024.

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

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Research Highlights

North America

U.S. CMBS Delinquency Rate Rose 3 Bps To 4.9% In July 2024; Office Loans Had The Highest Increase (July 31, 2024)

Practice: Structured Finance

Segment: Commercial

The U.S. CMBS overall delinquency (DQ) rate rose 3 bps month over month to 4.9% in July. By balance, DQ rates increased for office (50 bps to 7.8%) and multifamily (33 bps to 3.6%), decreased for retail (67 bps to 5.5%) and lodging (25 bps to 5.2%), and remained essentially flat for industrial (0.5%). Special servicing rates rose for office, retail, and lodging loans, and fell for multifamily and industrial loans. The share of loans that were either modified or extended increased 16 bps month over month to 10.1% in July.

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Latin America

Bulletin: FIBRA Prologis' Acquisition Of Terrafina Will Strengthen Its Competitive Position Without Affecting Credit Profile (Aug 7, 2024)

Practice: Corporates

Segment: Commercial

FIBRA Prologis (FIBRAPL; BBB+/Stable/A-2) recently acquired FIBRA Terrafina (Terrafina; BBB/Watch Dev/--), with a 77.13% stake. The transaction was executed through the exchange of 217,092,999 Certificados Bursátiles Fiduciarios Inmobiliarios (CBFIs) and a cash payment of MXN11.8 billion to Terrafina's CBFi holders, who elected to exercise their cash option as part of the tender offer.

We think the combined portfolio will make FIBRAPL's market position in Mexico stronger by bolstering its scale in terms of gross leasable area (GLA), number of properties, and tenants, while sustaining strong operating indicators like occupancy and retention

rates, average leasing rent per square foot, and average rent maturities. We think this will increase its share of dollar-based rents along with top line and EBITDA base.

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Europe, Middle East, Africa

Does The Spanish Code Of Good Practices Increase Risk In Spanish RMBS? (Aug. 9, 2024)

Practice: Structured Finance

Segment: Residential

The Spanish Code of Good Practices (CGP) aims to protect vulnerable mortgage borrowers whose primary residence purchase cost was below €300,000. In this Credit FAQ, we describe and provide our opinion on the main risks that we observe in portfolios with a significant exposure to loans benefitting from either of the CGPs in Spain.

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

Asia-Pacific

China Securitization Performance Watch 2Q 2024: Weak Issuance Will Likely Persist (Aug. 9, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

China's new securitization issuance fell 10% year-on-year to Chinese renminbi (RMB) 774 billion (US\$107 billion) in the first half of 2024. We have trimmed our 2024 issuance forecast to RMB1.65 trillion, down 12% from 2023. Issuance was mainly dragged by a slowdown in key sectors such as auto loan asset-backed securities (ABS), supply chain ABS, commercial mortgage-backed securities, and lease receivables ABS under the China Securities Regulatory Commission scheme. Collateral performance was mixed for the second quarter. Arrears remained elevated for auto and consumer loan ABS, while severe arrears in residential mortgage-backed securities dropped. Given tepid economic conditions, we expect volatility to remain elevated for the next one to two quarters.

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

RMBS Arrears Statistics: Australia (Aug. 9, 2024)

Practice: Structured Finance

Segment: Residential

Arrears declined in June for Australian prime home loans and nonconforming home loans. That's according to our recently published "RMBS Arrears Statistics: Australia," which 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 »](#)

Bulletin: A Full Earnings Recovery For Citic Financial Will Take Time (Aug 9, 2024)

Practice: Financial Institutions

Segment: Commercial, Residential

China Citic Financial Asset Management Co. Ltd. (Citic Financial) expects a sharp increase in net profit in the first half of 2024 from a net loss in the first half of 2023. Although the company's first-half results signaled some improvements in its earnings prospects, its return on average assets is likely to stay below 1% in 2024-2025. This is because credit impairments will continue to strain its profitability.

Citic Financial's asset quality will remain constrained over the next two years, mainly due to the lingering downturn in China's property sector. However, its reduced risk appetite and persistent efforts to dispose of legacy-problem assets will partly offset the pressure from the macro environment. Citic Financial continued to lower its real estate exposure in its portfolio of restructured distressed assets. The gross exposure fell by 12.5% to RMB104 billion in 2023, which accounted for 10%-11% of its total assets.

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

Why Have China C-REITs Started So Slowly? (Aug. 8, 2024)

Practice: Corporates

Segment: Commercial, Residential

It has been a tepid start for China's commercial REITs (C-REITs). Only four have listed since the country announced that it would support IPO of REITs backed by commercial properties in March 2023—including shopping malls, department stores, and farmers' markets. We still believe China's C-REIT sector has the potential to become one of the world's largest, with possible underlying assets of over US\$5 trillion.

In this report, we address their most frequent queries about C-REITs and explain why this market remains promising.

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

Japan Structured Finance Midyear Outlook: 2024 Issuance Will Likely Rise To ¥7 Trillion (July 31, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

New issuance of Japanese securitization transactions will likely total about ¥7 trillion in 2024, having risen 16% to about ¥3.6 trillion in the first half; we expect ABS issuance to continue increasing and RMBS issuance to trend down in the second half of 2024. We did not raise or lower any ratings on Japanese securitization transactions in the first half of 2024. We took no rating actions on J-REIT transactions in the first half of 2024; we believe rent and occupancy rates in the office sector will continue to improve in the second half.

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

Australia's Office Funds Look To Asset Sales To Protect Ratings (July 29, 2024)

Practice: Corporates

Segment: Commercial

Australia's wholesale office funds face a dilemma: sell assets at reduced valuations, or risk a potential downgrade. Managers of rated wholesale office funds are leaning toward the former and aim to sell more than A\$2 billion of Australian office assets over the next 12 months. Proceeds will reduce debt and repair weakened credit metrics. The measures will address deteriorated cash flow and coverage metrics, which have weakened over the past two years amid rising interest rates, debt-funded capex and softening tenant demand.

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

Selected Rating Actions

Non-Financial Corporations

- [Phillips Edison & Co. Inc. Upgraded To 'BBB' On Sustained Low Leverage And Solid Operating Performance, Outlook Stable](#), Aug. 8, 2024
- [FIBRA Terrafina 'BBB' Issuer Credit Rating Placed On CreditWatch Developing Following Acquisition By FIBRA Prologis](#), Aug. 7, 2024
- [Xinhu Zhongbao Downgraded To 'CCC-' With Negative Outlook; Ratings Withdrawn At Company's Request](#), Aug. 6, 2024
- [Property Company New Immo Holding Downgraded To 'BB' After Same Action On Parent ELO; Outlook Negative](#), Aug. 5, 2024
- [The New Home Co. Inc. Outlook Revised To Positive From Stable; 'B-' Ratings Affirmed](#), Aug. 1, 2024
- [D.V.I. Deutsche Vermögens- und Immobilienverwaltungs Downgraded To 'BB+' On Ongoing Tight Credit Metrics; Outlook Stable](#), Aug. 1, 2024
- [Agree Realty Corp. Upgraded To 'BBB+' On Good Operating Performance And Prudent Growth; Outlook Stable](#), July 29, 2024
- [Weekley Homes LLC Upgraded To 'BB' From 'BB-' On Operating Momentum; Debt Rating Raised; Outlook Stable](#), July 29, 2024
- [Real Estate Developer PNC Investments LLC \(Sobha\) Upgraded To 'BB' On Stronger Expected EBITDA; Outlook Stable](#), July 29, 2024
- [Beijing Construction Engineering Group Outlook Revised To Negative On Uncertain Recovery; 'BBB' Rating Affirmed](#), July 29, 2024

Structured Finance – CMBS

- [Five Ratings Lowered On Worldwide Plaza Trust 2017-WWP](#), July 26, 2024
- [Five COMM 2019-521F Mortgage Trust Ratings Lowered And One Affirmed](#), Aug. 6, 2024
- [Four Ratings On GS Mortgage Securities Corp. Trust 2018-RIVR Lowered And Removed From CreditWatch](#), Aug. 6, 2024
- [Four Ratings Lowered On HMH Trust 2017-NSS](#), Aug. 2, 2024
- [Six Ratings Lowered On CSMC Trust 2017-CALI And Two Affirmed](#), Aug. 1, 2024
- [Four WFLD 2014-MONT Mortgage Trust Ratings Lowered](#), Aug. 1, 2024
- [Ten Morgan Stanley Capital I Trust 2014-150E Ratings Lowered](#), July 30, 2024

Structured Finance – RMBS

- [Five Ratings Raised And One Affirmed In Spanish RMBS Transactions](#), Aug. 9, 2024
- [Various Rating Actions Taken On 85 Classes From 33 U.S. RMBS Transactions](#), Aug. 6, 2024
- [Bletchley Park Funding 2024-1 PLC U.K. RMBS Notes Assigned Ratings](#), Aug 6, 2024
- [Brants Bridge 2022-1 PLC Class B To D-Dfrd U.K. RMBS Ratings Raised; Class A And X1-Dfrd Notes Affirmed](#), July 31, 2024
- [Jubilee Place 4 B.V. Ratings Raised On Class B-Dfrd To E-Dfrd Dutch RMBS Notes; Other Ratings Affirmed](#), July 30, 2024
- [Jubilee Place 3 B.V. Ratings Affirmed On All Classes Of Dutch RMBS Notes](#), July 30, 2024
- [Dutch Property Finance 2020-2 B.V. Class D-Dfrd And E-Dfrd RMBS Ratings Raised; Class A To C-Dfrd Notes Affirmed](#), July 30, 2024
- [Various Rating Actions Taken On 577 Ratings From 14 U.S. RMBS Transactions](#), July 30, 2024

Covered Bonds

- [Transaction Update: AIB Mortgage Bank \(Mortgage Covered Bonds\)](#), Aug. 1, 2024

Webinars And Events

Upcoming Events

- [European Structured Finance Conference 2024](#), Sept. 5, 2024

Webinar Replays

- [Australian Property Spotlight 2024](#), July 30, 2024
- [S&P Global Ratings' Analytical Approaches To Data Center Ratings](#), Aug. 1, 2024
- [Q3 2024 European Structured Finance Insights: Basel 3.1, Data Center Securitizations, And IO Risk In RMBS](#), July 17, 2024
- [Australian Property Spotlight Seminar 2024](#), July 24, 2024
- [Asia-Pacific Office REITs And Landlords: The Great Waiting Game](#), June 26, 2024
- [A Closer Look At Self-Managed Super Fund \(SMSF\) Loans In Australian RMBS](#), June 25, 2024
- [U.K. Public Sector Credit Quality Ahead Of General Election](#), June 19, 2024
- [European Real Estate: Adapting To Change Virtual Conference](#), June 18, 2024

- [U.S. Structured Finance – Mid-Year Outlook](#), June 18, 2024

Previous Edition Of Real Estate Digest

- [Real Estate Digest](#), July 29, 2024

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