

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 Aug. 27, 2024, to 12:00 p.m. BST on Sept. 9, 2024.

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

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## Research Highlights

### North America

#### U.S. Regional Banks 2Q 2024 Update (Sept. 5, 2024)

**Practice:** Financial Institutions

**Segment:** Commercial

In second-quarter 2024, U.S. regional banks reported lower earnings than the prior-year period, hurt by lower net interest income and muted growth in noninterest income. Loan growth was modest, up 0.5% from the previous quarter, reflecting weaker loan demand (especially for commercial and industrial loans), macroeconomic concerns, and capital and funding considerations. Asset quality metrics deteriorated somewhat further amid economic pressures and weakness in commercial real estate (notably office) and consumer (notably cards) lending.

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#### U.S. GSIBs Q2 2024 Update: Well-Positioned For Lower Rates (Aug. 27, 2024)

**Practice:** Financial Institutions

**Segment:** Commercial

We expect profitability at U.S. global systemically important banks (GSIBs) to remain reasonably strong. In the second quarter, net interest income (NII) stabilized but may fall if the Fed begins cutting rates in September, unless earning asset growth accelerates. Fee income growth may offset a decline in NII. On asset quality, we believe pressure will increase but remain manageable. We expect delinquencies and charge-offs to gradually rise amid relatively higher rates, below-potential economic growth, stress in commercial real estate, and declining consumer savings.

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## **SF Credit Brief: U.S. CMBS Delinquency Rate Rose 5 Bps To 4.9% In August 2024; Office Loans Maintain The Highest Rate (Aug. 29, 2024)**

**Practice:** Structured Finance

**Segment:** Commercial

The U.S. CMBS overall delinquency (DQ) rate rose 5 basis points (bps) month over month to 4.9% in August. By balance, DQ rates increased for multifamily (42 bps to 4.0%) and retail (19 bps to 5.7%); and decreased for office (23 bps to 7.6%), lodging (16 bps to 5.1%), and industrial (10 bps to 0.4%). Special servicing rates rose for office, multifamily, industrial, and retail loans, and fell for lodging loans. The share of loans that were either modified or extended increased 20 bps month over month to 10.3% in August.

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## **Global Methodology And Assumptions: Assessing Pools Of Residential Loans--North America Supplement (Aug. 29, 2024)**

**Practice:** Structured Finance

**Segment:** Residential

The supplement contains Canada-specific variables to be used when applying our global methodology framework--set out in "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. At the same time, we made nonmaterial changes to our global RMBS criteria to reference this new supplement.

This criteria supplement follows a request for comment titled "Request For Comment: Global Methodology And Assumptions: Assessing Pools Of Residential Loans--North America Supplement (Canada)," published May 15, 2024. For a comparison of the changes between the RFC article and the final criteria supplement, see [RFC Process Summary: Global Methodology And Assumptions: Assessing Pools Of Residential Loans \(Canada\)](#), published Aug. 29, 2024.

The current RMBS criteria is unchanged by this criteria supplement because Canada was already in scope.

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## Europe, Middle East, Africa

## **Bulletin: Hyde Housing's Large Asset Base Likely To Offset Risks From A Potential Partnership With Tower Hamlets Community Housing (Aug. 29, 2024)**

**Practice:** Public Finance

**Segment:** Residential

The large asset base and extremely strong liquidity of Hyde Housing Association Ltd. (A-/Stable/--) will likely mitigate risks from the potential business combination with Tower Hamlets Community Housing (THCH). As a result, we see no immediate impact on Hyde's creditworthiness.

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

## European Covered Bonds Resist Commercial Real Estate Jitters (Aug. 27, 2024)

**Practice:** Structured Finance

**Segment:** Commercial

Europe's ongoing commercial real estate (CRE) valuations correction is increasing credit risk, particularly for the office and retail sectors. Covered bonds have remained resilient to this risk, although a few issuers face challenging funding conditions.

Higher interest rates, expanding e-commerce, and the rise in remote working accelerated by the COVID-19 pandemic have produced unprecedented levels of stress in European CRE. Some sectors now face market value declines that exceed those during the global financial crisis. Despite falling prices, CRE performance in covered bonds has remained relatively stable, although we have observed a meaningful deterioration recently.

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## Asia-Pacific

### Your Three Minutes In China's LGFV Debt Resolution: Buying Time Is Buying Bad Habits (Sept. 05, 2024)

**Practice:** Corporates

**Segment:** Commercial, Residential

The report examines the recent borrowing patterns of local government financing vehicles (LGFVs) in eight debt-laden cities in China. We look at how these vehicles have benefited, or not, from a program launched last year ("Decree 35") to help beleaguered LGFVs refinance maturing high-cost debt and improve their capital structures.

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

### China Securitization ABS And RMBS Tracker July 2024 (Aug. 28, 2024)

**Practice:** Structured Finance

**Segment:** Residential

This chartbook tracks the performance of China asset-backed securities (ABS) and residential mortgage-backed securities (RMBS) that we rate. Cumulative delinquency rates of RMBS transactions decreased because of the paydown of rated transactions with high delinquency rates. We expect the strong credit enhancement available to maintain the stability of our RMBS ratings.

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

### Bulletin: Greentown's Focus On Premium Residences Will Support Its China Market Position (Aug. 27, 2024)

**Practice:** Corporates

**Segment:** Residential

Greentown China Holdings Ltd.'s relatively resilient sales performance is due to its focus on premium products in China's selected higher-tier cities. We believe this will support the developer's market position amid China's prolonged property market downturn.

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

## Selected Rating Actions

### Non-Financial Corporations

- [China Vanke Co. Ltd. Downgraded To 'BB-' On Weakening Sales And Margins; Outlook Negative](#), Sept. 6, 2024
- [Swire Pacific 'A-' Ratings Affirmed On Portfolio Resilience; Outlook Stable](#), Aug. 27, 2024

### Financial Institutions

- [Blackstone Mortgage Trust Outlook Revised To Negative On Weaker Asset Quality And Rising Leverage; 'B+' Ratings Affirmed](#), Aug. 27, 2024

### Structured Finance – CMBS

- [Four Ratings Lowered On Wells Fargo Commercial Mortgage Trust 2018-1745](#), Sept. 6, 2024
- [Ratings Lowered On Three Classes From MSDB Trust 2017-712F](#), Sept 5, 2024
- [Nine Ratings Lowered, Six Affirmed From BANK 2017-BNK6](#), Aug. 28, 2024
- [Seven CSMC Trust 2014-USA Ratings Lowered And Two Affirmed](#), Aug. 28, 2024

### Structured Finance – RMBS

- [Cheshire 2021-1 PLC Class B-Dfrd To Class E-Dfrd RMBS Ratings Lowered; Class A And Class F-Dfrd Ratings Affirmed](#), Sept. 9, 2024
- [Ratings Raised On 60 Classes Of Australian Prime RMBS; 129 Affirmed; 117 Ratings Removed From UCO](#), Sept. 6, 2024
- [Ratings Raised On Nine Classes Of Australian Prime RMBS; 65 Affirmed; 44 Removed From UCO](#), Sept. 4, 2024
- [Ratings Raised On Two Classes Of Australian Prime RMBS; 123 Affirmed; 75 Ratings Removed From UCO](#), Sept. 4, 2024
- [Eurosail 2006-4NP PLC Class M1a, M1c, And B1a U.K. RMBS Ratings Raised; Other Ratings Affirmed](#), Sept. 3, 2024
- [Newgate Funding PLC Series 2006-2 Ratings On All Classes Of U.K. RMBS Notes Affirmed](#), Sept. 3, 2024
- [TDA CAM 8 Class B And C Spanish RMBS Notes Ratings Raised; Class A And D Ratings Affirmed](#), Sept. 3, 2024
- [Twenty-One Ratings Raised And 35 Affirmed From Nine U.S. RMBS Non-Qualified Mortgage Transactions](#), Aug. 30, 2024

- [Various Rating Actions Taken On Uropa Securities PLC's Series 2007-1B U.K. Nonconforming RMBS Notes](#), Aug. 30, 2024
- [Holmes Master Issuer PLC Series 2022-1, 2023-1, 2023-2, And 2024-1 U.K. RMBS Ratings Affirmed](#), Aug. 29, 2024
- [Rating Raised On One Class Of Australian Prime RMBS; 155 Affirmed; 93 Ratings Removed From UCO](#), Aug. 29, 2024
- [Ratings Raised On 10 Classes Of Australian RMBS; 49 Classes Affirmed; 39 Ratings Removed From UCO](#), Aug. 28, 2024
- [Ratings On 32 Classes Of Australian Prime RMBS Affirmed; 13 Ratings Removed From UCO](#), Aug. 27, 2024

## Covered Bonds

- [Austrian Anadi Bank AG Mortgage Covered Bond Ratings Withdrawn At Issuer's Request](#), Aug. 28, 2024

## Upcoming Events

- [European Structured Finance Conference 2024](#), Sept. 5, 2024
- [U.S. Public Finance Housing Hot Topics Event](#), Nov. 19, 2024

## Webinar Replays

- [Asia-Pacific Quarter 3 2024 Banking Update: A Choppier Ride For The Rest Of The Year](#), Aug. 21, 2024
- [U.S. Banking Update](#), Aug. 20, 2024
- [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

## Previous Edition Of Real Estate Digest

- [Real Estate Digest](#), Aug. 27, 2024

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