

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 Dec. 2, 2024, to 10:30 a.m. GMT on Dec. 16, 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

Data Centers: Can Infrastructure Developments Keep Up With The Increasing Demand? (Dec. 4, 2024)

Practice: Corporates

Segment: Commercial

Since the significant speed and extent of data center growth have taken many by surprise, there are only a few plans in place to provide the physical infrastructure that these power-hungry assets require. We expect sectors exposed to data centers will continue to benefit from favorable tailwinds in 2025. After that, pressure could likely increase as bottlenecks materialize.

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

Credit FAQ: How We Rate ABS And RMBS Transactions In Non-Established Markets (Dec. 3, 2024)

Practice: Structured Finance

Segment: Residential

This FAQ covers our rating process and highlights some common credit considerations for transactions related to asset-backed securities (ABS) and residential mortgage-backed securities (RMBS) in jurisdictions with no or limited public structured finance transactions.

We generally define a non-established market as a market with no or limited precedent for securitization. Overall, the approach is mostly similar to that for developed ABS/RMBS markets. However, as the markets are not as developed from a securitization perspective, asset performance data, other relevant data, documentation, and legal frameworks are not as standardized, which we need to consider and account for in our analysis.

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

North America

2025 U.S. And Canada Structured Finance Outlook (Dec. 13, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

We forecast \$110 billion in new commercial mortgage-backed security (CMBS) issuance, up modestly from 2024. Single asset, single borrower transactions should continue to drive issuance volume. We expect collateral performance in 2025 to stabilize and begin to show signs of improvement on the expectation of further interest rate cuts. Still, uncertainty regarding the outlook on long-term rates (10-year Treasuries) given potential changes to fiscal policy may be a wildcard.

We expect national-level home price appreciation to be positive in 2025, supported by declines in the 30-year fixed rate mortgage, lingering supply constraints, and relatively low unemployment rates. Non-agency RMBS issuance will likely increase in 2025 as a forecasted fall in the 30-year fixed rate mortgage spurs purchase and refinance activity. We forecast private-label RMBS issuance of \$160 billion for 2025, up from roughly \$138 billion in 2024.

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

U.S. Office Real Estate Investment Trust (REIT) Portfolio: How Credit Stories Have Evolved (Dec. 11, 2024)

Practice: Corporates

Segment: Commercial

Our outlook for real estate includes elevated interest rates and slower economic growth. Elevated rates in the near term heighten refinancing risk, particularly for struggling property types and properties. Demand for retail, housing, and industrial assets remain resilient. Weak office fundamentals led to multiple downgrades year to date in 2024, and we maintain a negative rating bias for office REITs. Tighter access to capital could pressure liquidity. Expected rate cuts in 2025 could bring more transaction volume and price discovery while improving access to capital.

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

U.S. CMBS Delinquency Rate Rose 35 Basis Points To 5.6% In November 2024; Office Rate Is Nearing 10.0% (Dec. 10, 2024)

Practice: Structured Finance

Segment: Commercial

This report is our monthly summary update of U.S. CMBS delinquency trends. In it, we provide our observations and analyses of the U.S. private-label CMBS universe, which totaled \$652.8 billion as of November 2024 (a net increase of \$1.32 billion month over month). The overall U.S. CMBS delinquency (DQ) rate rose 35 basis points (bps) month over month to 5.6% in November and soared 139 bps year over year (a 36.9% increase by DQ balance). By dollar amount, total delinquencies grew to \$36.7 billion, representing net month-over-month and year-over-year increases of \$2.4 billion and \$9.9 billion, respectively.

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

A Review Of U.S. CMBS Exposure To U.S. General Services Administration's Office Leases Following Presidential Election (Dec. 9, 2024)

Practice: Corporates

Segment: Commercial

Our outlook for real estate includes elevated interest rates and slower economic growth. Elevated rates in the near term heighten refinancing risk, particularly for struggling property types and properties. Demand for retail, housing, and industrial assets remain resilient. Weak office fundamentals led to multiple downgrades year to date in 2024, and we maintain a negative rating bias for office REITs. Tighter access to capital could pressure liquidity. Expected rate cuts in 2025 could bring more transaction volume and price discovery while improving access to capital.

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

Latin America

2023 Annual Mexican Structured Finance Default And Rating Transition Study (Dec. 11, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

The Mexican structured finance national scale ratings default rate remained at 0% for the second consecutive year in 2023. The upgrade rate increased significantly to 13.2% in 2023 from 0.0% in 2022. Meanwhile, the downgrade rate nearly tripled to 7.5% in 2023 from 2.9% in 2022. All four downgrades in 2023 came from the RMBS sector, while the seven upgrades were mixed among the CMBS, RMBS, and ABS sectors.

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

Europe, Middle East, Africa

European Structured Finance Outlook 2025: Up In The Air (Dec. 11, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

European securitization issuance looks set to remain high at €135 billion in 2025, given a broadening base of originators and sponsors, a better outlook for most areas of underlying lending, and rising market engagement from bank originators motivated by both funding and risk transfer requirements.

RMBS volumes were up about 60% to €46 billion in 2024, with growth in most subsectors. Volumes should remain strong in 2025. In 2024, European CMBS issuance remained subdued at less than €2 billion, in line with our expectations at the beginning of the year. Our outlook for 2025 assumes that gradually falling interest rates and a bottoming out of commercial real estate prices will lead to a further modest pickup in volumes.

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

Covered Bonds Outlook 2025: Lower Rates, Higher Uncertainty (Dec. 6, 2024)

Practice: Structured Finance

Segment: Commercial, Residential

Our covered bonds rating outlook remains stable, underpinned by the ample credit enhancement available to most of the programs that we rate and the presence of unused rating notches, both of which reduce the risk of downgrades. Benchmark European covered bond issuance ebbed slightly in 2024 but remained close to recent highs. The drivers of new supply look slightly weaker in 2025, as scheduled covered bond redemptions remain flat and bank deposits bounce back while lending remains lackluster. We therefore expect Benchmark European covered bond issuance of about €140 billion.

House price corrections and increasing income have returned affordability to 2015 levels. Higher-for-longer mortgage rates are taking their toll on residential mortgage performance, but it remains strong thanks to tight labor markets. Easing interest rates and a return to growth will limit the risk of further deterioration.

High interest rates, e-commerce, and working from home have produced unprecedented levels of stress in European commercial real estate (CRE). Some sectors now face market value declines that exceed those during the global financial crisis. While we believe that overall CRE asset performance will remain weak in 2025, the availability of significant excess credit enhancement remains a key strength.

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

Asia-Pacific

Australian Prime Home Loan Arrears Fell In October, Report Says (Dec. 11, 2024)

Practice: Structured Finance

Segment: Residential

Arrears decreased modestly in October for Australian prime and nonconforming home loans. The Standard & Poor's Performance Index (SPIN) for Australian prime mortgage loans excluding noncapital market issuance fell to 0.87% in October from 0.89% in September. Strong new issuance is diluting the SPIN in percentage terms, masking debt serviceability pressures to some extent.

"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

- [Link REIT 'A' Ratings Affirmed On Sufficient Financial Buffer Against Softer Hong Kong Retail Sentiment; Outlook Stable](#), Dec. 16, 2024
- [CareTrust REIT Inc. Upgraded To 'BB+' On Increased Scale, Low Leverage; Outlook Stable](#), Dec. 12, 2024
- [Branicks Group AG 'CCC' Ratings Affirmed On Still Tight Liquidity; Outlook Negative](#), Dec. 12, 2024
- [Flamingo II Lux \(Emeria\) Outlook Revised To Negative On Weaker Cash Flows And High Leverage; 'B-' Rating Affirmed](#), Dec. 11, 2024
- [Willhem AB Outlook Revised To Stable On Stabilizing Credit Metrics; 'A-/A-2' Ratings Affirmed](#), Dec. 10, 2024
- [Arabian Centres Co. \(Cenomi\) Assigned 'BB-' Rating; Outlook Stable](#), Dec. 6, 2024
- [Retail Property Co. IGD Siiq SpA On CreditWatch Negative On Liquidity Pressure And Shortening Debt Maturity Profile](#), Dec. 5, 2024
- [Adams Homes Inc. Outlook Revised To Negative On Weaker-Than-Expected Earnings, Ratings Affirmed](#), Dec. 4, 2024
- [Planet Financial Group Assigned 'B-' Rating, Outlook Stable; \\$400 Million Proposed Senior Unsecured Notes Rated 'B-'](#), Dec. 3, 2024

Structured Finance – CMBS

- [Four BANK 2019-BNK19 Ratings Lowered And Five Affirmed](#), Dec. 13, 2024
- [Four Ratings Lowered On Morgan Stanley Capital I Trust 2017-ASHF; Three Affirmed](#), Dec. 13, 2024
- [Ratings Lowered On Five Classes From Four U.S. CMBS Transactions Due To Interest Shortfalls; One IO Class Downgraded](#), Dec. 13, 2024
- [FREM 2024-K167 Mortgage Trust/Freddie Mac SPC Series K-167 Certificates Assigned Ratings](#), Dec. 12, 2024
- [Five WFRBS Commercial Mortgage Trust 2013-C11 Ratings Lowered And One Affirmed](#), Dec. 11, 2024
- [Ratings On Eight BMO 2022-C3 Mortgage Trust Certificates Affirmed](#), Dec. 9, 2024
- [Four CLNY Trust 2019-IKPR Ratings Lowered](#), Dec. 5, 2024
- [Seventeen Citigroup Commercial Mortgage Trust 2017-P8 Ratings Lowered And Four Affirmed](#), Dec. 4, 2024
- [Elizabeth Finance 2018 DAC Class B To E U.K. CMBS Ratings Lowered; Class A Notes Affirmed](#), Dec. 4, 2024

- [Five BFLD Trust 2020-EYP Ratings Lowered](#), Dec. 3, 2024
- [Juturna \(European Loan Conduit No. 16\) PLC Class A SPUR Corrected To 'A+' from 'AA-': Class A Rating Affirmed](#), Dec. 3, 2024

Structured Finance – RMBS

- [Various Rating Actions Taken On Five Classes From Five U.S. RMBS Reverse Mortgage Transactions](#), Dec. 13, 2024
- [TS EULE UG \(haftungsbeschränkt\) Class A German RMBS Rating Affirmed](#), Dec. 13, 2024
- [OBX 2024-NQM18 Trust Notes Assigned Ratings](#), Dec. 12, 2024
- [Sapphire XXXI Series 2024-3 Trust RMBS Assigned Ratings](#), Dec. 12, 2024
- [Shamrock Residential 2024-1 DAC Irish RMBS Notes Assigned Ratings](#), Dec. 11, 2024
- [Various Rating Actions Taken On 100 Classes From 40 U.S. RMBS Transactions](#), Dec. 10, 2024
- [Four Ratings Affirmed From Sixteenth Mortgage-Backed Notes Trust And La Hipotecaria Panamanian Mortgage Trust 2021-1](#), Dec. 10, 2024
- [Crimson Bond Trust 2024-1 Prime RMBS Assigned Ratings](#), Dec. 8, 2024
- [Fastnet Securities 17 DAC Class D-Dfrd And E-Dfrd Irish RMBS Ratings Raised: Other Classes Affirmed](#), Dec. 6, 2024
- [Finance Ireland RMBS No. 5 DAC Class B-Dfrd To E-Dfrd Ratings Raised; Class A Notes Affirmed](#), Dec. 6, 2024
- [Southern Pacific Financing 05-B PLC Class E U.K. Nonconforming RMBS Rating Lowered: Other Ratings Affirmed](#), Dec. 5, 2024
- [MADRID RMBS I And II Ratings Raised On Class C, D, And E Spanish RMBS Notes: Other Classes Affirmed](#), Dec. 3, 2024

Public Finance

- [U.K.-Based Social Housing Provider Aster Group Ltd. 'A' Ratings Affirmed; Outlook Stable](#), Dec. 12, 2024
- [U.K. Public Sector Funding Agency MORhomes PLC 'A-' Rating Affirmed; Outlook Negative](#), Dec. 6, 2024

Covered Bonds

- [Transaction Update: Sp Mortgage Bank PLC CBA Mortgage Covered Bond Program](#), Dec. 9, 2024
- [Transaction Update: Landshypotek Bank AB \(Mortgage Covered Bonds\)](#), Dec. 3, 2024

Upcoming Events

- [U.S. Public Finance 2025 Outlook Series](#), Jan. 7-23, 2025

Webinar Replays

- [U.K. Public Sector Outlook After The Autumn Budget](#), Nov. 12, 2024
- [Housing Affordability in the United States, an Economic and Credit Perspective](#), Nov. 14, 2024
- [North America Non-Bank Financial Institutions Update](#), Nov. 14, 2024
- [Request For Comment: Global Methodology And Assumptions: Assessing Pools Of Residential Loans \(U.S.\)](#), Oct. 30, 2024
- [China Property Watch: Charting A Path To Stabilization](#), Oct. 24, 2024

Previous Edition Of Real Estate Digest

- [Real Estate Digest](#), Dec. 2, 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.