

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 Feb. 17, 2025, to 11:00 a.m. GMT on March 3, 2025.

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Research Highlights

Criteria

Comments Requested On Proposed Changes To Global CMBS Methodology And Assumptions (Feb. 25, 2025)

Practice: Structured Finance

Segment: Commercial, Residential

We are requesting comments on our proposed combined global criteria framework for rating commercial mortgage-backed securities (CMBS) transactions. The proposed framework would supersede the suite of CMBS criteria that we have been using to rate transactions backed by commercial mortgages and is described in "[Request for Comment: Global CMBS Methodology And Assumptions](#)," published Feb. 25, 2025.

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

Global

2024 Annual Global Structured Finance Default And Rating Transition Study (Feb. 21, 2025)

Practice: Structured Finance

Segment: Commercial, Residential

The global structured finance trailing 12-month default rate more than doubled to 2.7% in 2024, from 1.3% the year prior. U.S. residential mortgage back securities (RMBS) and European commercial mortgage back securities (CMBS) drove the increase, with legacy U.S. RMBS (pre-2009) accounting for 93% of the year's total defaults. By region and sector, U.S. CMBS had the highest downgrade rate, at 16.1%, and it was the only sector in 2024 to outpace its historical average of 12.0%. Continued stress in the commercial real estate sector resulting in sharp declines in property valuations in the underlying collateral caused the elevated downgrade rate.

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

North America

Bulletin: Apollo Global Management's \$1.5 Billion Acquisition Of Bridge Investment Group Will Expand Its Real Estate Capabilities (Feb. 24, 2025)

Practice: Corporates

Segment: Commercial

Apollo Global Management Inc.'s (Apollo) proposed acquisition of Salt Lake City-based Bridge Investment Group (Bridge) will expand Apollo's real estate capabilities. Our ratings on Apollo Global Management (A/Stable/--) and Apollo Asset Management Inc. (AAM; A/Stable/--) are not affected by the announcement. We expect the transaction to close in third-quarter 2025, subject to customary approvals.

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

U.S. Banks Are Better Positioned To Manage Commercial Real Estate Risks (Feb. 19, 2025)

Practice: Financial Institutions

Segment: Commercial

We believe commercial real estate (CRE) will likely continue to hamper asset quality credit metrics for U.S. banks over the next few years, particularly for those that are more heavily exposed to this asset class. However, in our view, the probability that problems in CRE will lead to a material weakening in the creditworthiness of rated banks has declined over the last year. This led us to revise our outlooks to stable from negative on six banks with material CRE exposures.

Although we expect CRE charge-offs to continue, due to a combination of CRE price stabilization and balance sheet improvement, even banks with more concentrated exposure to CRE loans should be able to better absorb such losses without substantially affecting earnings. Most banks we rate have increased their capital and deposits, and have reported declines in unrealized losses on securities, all supporting financial strength.

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Europe, Middle East, Africa

EMEA Structured Finance Chart Book (Feb. 26, 2025)

Practice: Structured Finance

Segment: Commercial, Residential

Investor-placed securitization issuance for January 2025 was close to €8.5 billion--slightly higher than in January 2024. While RMBS issuance was at only half the level of the previous year, both the ABS and CLO sectors have got off to a strong start. At €3.2 billion, January CLO issuance was comfortably more than double the level of a year earlier. European benchmark covered bond issuance in January was €28.4 billion--down 34% compared with last year. That said, volumes in January 2023 and 2024 were unusually high, so this marks a return to more typical levels.

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

Israel's Public RMBS Market Takes Off (Feb. 25, 2025)

Practice: Structured Finance

Segment: Residential

The first public residential mortgage-backed securities (RMBS) transaction in Israel closed in August 2024. This followed the Bank of Israel's approval of a memorandum on the country's new securitization law the month before. The proposed law for regulating securitization transactions was then published on Feb. 18, 2025, in the Official Gazette of the State of Israel. We believe that the new law will support the development of the Israeli RMBS market, and we expect to see further transactions in due course. In this Credit FAQ, we answer questions we have received since we rated this landmark transaction about the nature of the market and our analysis of RMBS in Israel.

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

Bulletin: Norwegian Banks Withstand Challenging Operating Climate; BICRA Group Remains '2' (Feb. 25, 2025)

Practice: Financial Institutions

Segment: Commercial, Residential

We believe the Norwegian banking sector will continue to demonstrate resilience over the next two years as commercial real estate risks recede and operating conditions improve. As a result of our recent review, we currently believe that Norway is better equipped to manage economic imbalances relative to peers with similar private debt levels.

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Bulletin: Standard Chartered Can Manage Economic Headwinds In 2025 (Feb. 24, 2025)

Practice: Financial Institutions

Segment: Commercial

Standard Chartered group is likely to manage the risks arising from moderating economic growth in its key markets such as Hong Kong, mainland China, and Korea. The group's controlled risk appetite and adequate underwriting standards will help it to navigate macroeconomic uncertainties arising from global trade tensions.

The impact of ongoing challenges in the Hong Kong and mainland China commercial real estate sector (CRE) will be manageable for Standard Chartered group, in our view. Such exposures are small and are backed by adequate levels of provisioning or collateral. As of end-2024, the group's mainland China CRE exposure was only about 0.7% of gross customer loans, while Hong Kong CRE accounted for 0.9%.

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Bulletin: Damac Real Estate Development Ltd.'s Sukuk Upsize To \$750 Million Is Credit Neutral (Feb. 21, 2025)

Practice: Corporates

Segment: Commercial

Damac Real Estate Development Ltd. (Damac; BB/Stable/--) has upsized its sukuk issuance to \$750 million from the \$500 million initially proposed. The increased amount will be neutral to Damac's credit quality. Damac has issued senior unsecured sukuk trust certificates that pay a 7% interest rate and mature in 2028, through Alpha Star Holding IX Ltd.

Damac plans to use some of the net proceeds from the issuance to refinance its \$200 million private sukuk, which has been already called and is expected to be paid in full in February 2025. It will also use the net proceeds for general corporate purposes, including to buy land.

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European RMBS Index Report Q4 2024 (Feb. 20, 2025)

Practice: Structured Finance

Segment: Residential

In this report, we launch a new interactive [European RMBS Index Dashboard](#), which enables users to track the collateral performance of all our rated European RMBS transactions and filter data to identify key metrics and trends. Quarter-on-quarter total delinquencies and prepayments were stable in most indices, exceptions being an increase in U.K. BTL pre-2014 and U.K. nonconforming pre- and post-2014 transactions. Additionally, considerable changes in Ireland prime and U.K. BTL pre-2014 groups significantly affected total delinquencies and prepayments. Our expectation of rate cuts foresees that delinquency rates for most jurisdictions will stabilize and decline throughout 2025.

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

Bulletin: Sweden's Economic Comeback Supports A Stable Banking Industry; BICRA Group Remains '2' (Feb. 19, 2025)

Practice: Financial Institutions

Segment: Commercial, Residential

Sweden's housing market is rebounding. More transaction activity and tentative gains on house prices, as interest rates lower, are shifting the housing market from correction to recovery phase. Following a fall of about 15% in nominal terms from an April 2022 peak, house prices stabilized in early January 2023 and subsequently regained ground. We forecast that nominal national house prices rose a modest 1% in 2024 and will quicken pace at 2%-3% annually over 2025-2027, as inflation pressures recede and the Riksbank (the Swedish central bank) maintains a looser monetary stance. With policy rate peaking at 4.0% by third-quarter 2023, the central bank cut the policy rate by 150 basis points (bps) in 2024. The most recent cut of 25bps in January brought the policy rate to 2.25%, and it is expected that the terminal rate will reach of 2% by end-June 2025.

Although the commercial real estate (CRE) sector has regained firmer funding access, office vacancy levels indicate medium-term challenges persist. CRE lending represents about 40% of corporate lending; this has increased over the past two years, as many of the larger publicly listed CRE firms that have faced more difficult financing conditions sought bank financing to shore up liquidity. Many property companies have restructured their balance sheets, and several larger firms raised equity multiple times over 2024. Although interest coverage, as measured by earnings in relation to interest expenses, is expected to improve with the easing interest rate environment, contract indexation will likely wane and vacancy rates may weigh on earnings. That said, with the transaction market positioned to improve, we do not anticipate further pronounced declines in valuations.

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Bulletin: Non-Renewal Of Dhahran Mall Lease Will Test Arabian Centres Co.'s Ability To Deleverage (Feb. 18, 2025)

Practice: Corporates

Segment: Commercial

Arabian Centres Co. (Cenomi; BB-/Stable/--) could take longer to deleverage if the company does not fully offset the financial impact from the loss of its Dhahran Mall. At this stage, we believe the company could absorb the impact of the Dhahran Mall loss, given the growth of the U Walk Jeddah project and the improved operational performance of its other malls.

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

Bulletin: Gecina Displays Solid 2024 Results In Line With Rating Expectations (Feb. 18, 2025)

Practice: Corporates

Segment: Commercial, Residential

We expect French office real estate company Gecina (A-/Stable/A-2) to maintain credit metrics in line with our current ratings following the publication of its 2024 financial results.

The market continues to polarize between prime and secondary locations, which is reflected in the valuation trends of Gecina's portfolio. Prime areas, such as Paris City (57% of the portfolio) experienced a valuation increase of 4.1%, driven by a stabilized net capitalization rate of 4.1% and a like-for-like rental growth of 10.1% over 2024. In contrast, valuations in La Defense and other regions (10% of the portfolio) saw an average decline of -7% in 2024, from approximately -20% in 2023. This decline occurred despite La Defense's high occupancy rate of 99.6% and like-for-like rental growth of 7.1%, which could not offset a 50 basis points yield expansion to 10.1%.

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Asia-Pacific

Bulletin: Sun Hung Kai's Financial Discipline Will Mitigate Margin Pressure, Aid Debt Reduction (March 3, 2025)

Practice: Corporates

Segment: Commercial, Residential

Sun Hung Kai Properties Ltd. (SHKP) will likely continue to reduce debt by prudently spending on land and controlling capital expenditure. Such financial discipline will help the company tide over further margin declines amid continued soft home prices in Hong Kong.

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Bulletin: Bank of East Asia's Lower Property Exposure To Mitigate Asset Quality Pressure (Feb. 21, 2025)

Practice: Financial Institutions

Segment: Commercial, Residential

The asset quality risk of Bank of East Asia Ltd. (BEA) could start to ease following the bank's reducing property exposure and tightening underwriting standards. We believe asset quality remains the primary risk for BEA (A-/Stable/A-2). This is amid weaknesses in the office and retail property markets, as well as an uncertain outlook for Hong Kong's home prices.

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China AMC Brief: Looser Reins, Faster Pace (Feb. 19, 2025)

Practice: Financial Institutions

Segment: Residential

Beijing's transfer of controlling stakes in three asset managers will not weaken their ties to the central government, in our view. We believe the new structure will enhance the governance of the three asset management companies (AMCs), with no diminishment of state support.

We expect government support for the AMCs will stay very high. Indeed, while China's GDP growth continues to decelerate, the need for AMCs to help the economy to manage nonperforming assets has increased.

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Bulletin: Goodman's Equity Plan To Fuel Growth (Feb. 19, 2025)

Practice: Corporates

Segment: Commercial

Goodman Group's planned A\$4.4 billion equity raising will bolster its ability to meet credit thresholds for our rating on it. This sizable cash injection will strengthen the group's financial position and enable it to deliver on development-led growth ambitions.

The Australia-based property developer needs to fund a growing development-related fixed investment program focused on construction of fully-fitted data centers. These projects have longer completion dates than its traditional industrial-focused assets. They could take around three to four years to complete. As a result, we expect Goodman's average work-in-progress period of 24 months to lengthen.

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Hong Kong Retail Landlords: A Choice Between Lower Rents Or Higher Vacancy (Feb. 18, 2025)

Practice: Corporates

Segment: Commercial

Retail landlords in Hong Kong face a difficult choice this year. They can either preserve rental rates or occupancy rates, but not both. In our view, landlords will focus on keeping tenants.

Given the competitive strains on Hong Kong's retailers, even the most premier mall owners might prioritize preserving occupancy at the cost of lowering rent. Lower rents would likely cause less immediate damage to recurring cash flows than losing tenants altogether.

We believe retailers will be price-sensitive on lease rates because they are struggling with more than a typical downturn. Hong Kong is losing shoppers to mainland China's vast and efficient online markets. Easing access and quicker speeds for trips across the border is also hurting. This shift may be structural.

We believe even top Hong Kong property companies could face downward revaluations on their retail-related portfolio. However, not all valuations are born equal. Real estate companies with more aggressive valuation assumptions could face greater devaluation risks.

Most of Hong Kong property companies have diversified lines of businesses. Over time, this will offset risks from structural threats to individual business models. It won't help much this year. The property market is in pain across segments in Hong Kong, spanning residential and office as well as retail. Real estate companies have few places to hide.

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Bulletin: Dexus Divestments To Deliver Deleveraging (Feb. 18, 2025)

Practice: Corporates

Segment: Commercial

Dexus' proposed A\$2 billion divestments will improve its financial leverage. Rising co-investments in pooled funds and the funds management business will concurrently increase income for the property group. Divestments to date reduced pro forma gearing to 31.3% as of Dec. 31, 2024, from 32% as of June 30, 2024.

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Bulletin: GPT Group's Diversity Supports Investments And Strategy (Feb. 17, 2025)

Practice: Corporates

Segment: Residential

GPT Group is well-positioned to transition toward funds management, thanks to the quality and diversity of its balance sheet assets. The Australian property company aspires to increase the share of management operations in its total earnings.

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Selected Rating Actions

Non-Financial Corporations

- [Jones Lang LaSalle Inc. Outlook Revised To Stable On Improved CRE Transaction Activity, Lower Leverage; Ratings Affirmed](#), Feb. 28, 2025
- [Essential Properties Realty Trust Inc. Outlook Revised To Positive From Stable On Strong Growth, Solid Credit Metrics; 'BBB-' Ratings Affirmed](#), Feb. 27, 2025
- [Global Net Lease Inc. Ratings Placed On CreditWatch Positive On Multi-Tenant Portfolio Sale](#), Feb. 27, 2025
- [Altisource Portfolio Solutions S.A. Upgraded To 'CCC+' On Lower Cash Interest And Debt Burden; Outlook Stable](#), Feb. 27, 2025
- [Sun Communities Inc. Ratings Placed On CreditWatch Positive On Announced Sale Of Safe Harbor Marinas And Debt Reduction](#), Feb. 26, 2025
- [Norwegian Property Company Steen & Strom Upgraded To 'A-' After Similar Upgrade To Parent; Outlook Stable](#), Feb. 26, 2025
- [Regency Centers Corp. Upgraded To 'A-' On Sustained Low Leverage, Solid Performance; Outlook Stable](#), Feb. 25, 2025
- [Klepierre Upgraded to 'A-' On Operating Outperformance And Reduced Leverage; Outlook Stable](#), Feb. 24, 2025
- [The New Home Co. Inc. Upgraded To 'B' From 'B-' On Improved Credit Metrics; Outlook Stable; Senior Unsecured Debt Rating Raised To 'B' \(Recovery Rating: '3'\)](#), Feb. 21, 2025
- [Altisource Portfolio Solutions S.A. Downgraded To 'SD' From 'CC' On Completed Distressed Exchange](#), Feb. 20, 2025
- [Medical Properties Trust Inc. 'CCC+' Issuer Credit Rating Affirmed On Refinancing, Outlook Negative; New Debt Rated 'B-'](#), Feb. 19, 2025
- [Sweden-Headquartered Castellum AB Assigned 'BBB' Rating; Outlook Stable](#), Feb. 17, 2025

Financial Institutions

- [Claros Mortgage Trust Inc. Downgraded To 'CCC+' On Rising Liquidity Pressure And Refinancing Risk; Outlook Negative](#), Feb. 21, 2025

Structured Finance – CMBS

- [Royal Office Finance L.P. Senior Secured Debt Rating Affirmed At 'AAA'; Outlook Is Stable](#), Feb. 25, 2025
- [Pembroke Property Finance 3 DAC CMBS Notes Assigned Ratings](#), Feb. 24, 2025
- [Benchmark 2025-V13 Mortgage Trust Certificates Assigned Ratings](#), Feb. 19, 2025

- [Elizabeth Finance 2018 DAC Class A U.K. CMBS Rating Lowered; Other Notes Affirmed](#), Feb. 19, 2025

Structured Finance – RMBS

- [J.P. Morgan Mortgage Trust 2025-VIS1 Certificates Assigned Ratings](#), Feb. 28, 2025
- [BBVA RMBS 22 Rating Raised On Junior Class Following Review; Senior Class Affirmed](#), Feb. 28, 2025
- [EFMT 2025-INV1 Certificates Assigned Ratings](#), Feb. 27, 2025
- [Ripon Mortgages PLC Refinanced U.K. Buy-To-Let RMBS Notes Assigned Ratings](#), Feb. 27, 2025
- [Domi 2021-1 And Domi 2023-1 Ratings Raised On Class C-Dfrd And D-Dfrd Dutch RMBS Notes; Other Classes Affirmed](#), Feb. 24, 2025
- [Bankinter 13 Class D Spanish RMBS Rating Raised; Other Classes Affirmed](#), Feb. 20, 2025
- [TDA Ibercaja 6 Class D Spanish RMBS Rating Raised; Three Classes Affirmed](#), Feb. 19, 2025
- [Shawbrook Mortgage Funding 2022-1 PLC E-Dfrd RMBS Rating Raised; Other Ratings Affirmed](#), Feb. 17, 2025

Public Finance

- [Sacramento County Housing Authority, CA Bond Outlook Revised To Negative On Likely Inability To Cover Bond Payment](#), Feb. 28, 2025
- [U.K. Housing Association Incommunities Group Ltd. Rating Lowered To 'A-' On Elevated Investments; Outlook Negative](#), Feb. 24, 2025
- [U.K.-Based Sanctuary Housing Association Outlook Revised To Stable On Deleveraging Plan; 'A' Rating Affirmed](#), Feb. 20, 2025
- [U.K.-Based THFC Sustainable Finance \(No. 2\) PLC Assigned 'A+' Rating; Outlook Stable](#), Feb. 20, 2025

Podcasts

- [Covered Bonds Uncovered - Episode 2](#), Feb. 7, 2025
- [Covered Bonds Uncovered](#), Dec. 17, 2024

Webinar Replays

- [Is A Storm Brewing For The Hong Kong Property Sector?](#), Feb. 20, 2025
- [Outlook 2025 For European Social Housing Providers](#), Feb. 6, 2025

- [Outlook 2025 For European Social Housing Providers](#), Feb. 6, 2025
- [Australia And New Zealand Structured Finance Outlook 2025: Exploring New Horizons](#), Feb. 4, 2025
- [European Structured Finance Outlook 2025](#), Jan. 21, 2025
- [U.S. and Canada Structured Finance 2025 Outlook](#), Jan. 16, 2025
- [U.S. Public Finance 2025 Outlook Series](#), Jan. 7-23, 2025

Previous Edition Of Real Estate Digest

- [Real Estate Digest](#), Feb. 17, 2025

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