

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 April 28, 2025, to 11:00 a.m. BST on June 2, 2025.

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## Research Highlights

### Global

#### **Private Markets Monthly, May 2025: Assessing And Financing The Data Centers Of Tomorrow Amid Today's Market Disruption (May 30, 2025)**

**Practice:** Cross-practice

**Segment:** Commercial

Private credit is a key funding source for data center transactions--providing flexible capital solutions that support the asset class' acceleration and advancement and filling a widening infrastructure funding gap that has traditionally been supported by banks. Investors are drawn to private funding's potential for alpha, asset liability matching, credit resilience, and diversification in a constantly-evolving realm of emerging and established digital infrastructure projects.

We expect the customization of these capital-intensive data center transactions to become both more common and complex as demand for new infrastructure grows. Issuers are likely to utilize multiple layers of financing across both public and private markets due to the expansive amount of capital available and significant competition at play in funding these essential assets.

But developing and deploying today's data centers that will power tomorrow's technological revolution is not without substantive risks, which may be compounded by current market uncertainties and longer-term sustainability concerns.

In this edition of Private Markets Monthly, S&P Global Ratings' subject matter experts provide transparency on how we rate data center transactions and how we expect the asset class to evolve moving forward.

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

## North America and Latin America

### U.S. Structured Finance Chart Book: May 2025 (May 23, 2025)

**Practice:** Structured Finance

**Segment:** Commercial, Residential

This report provides a round-up of the latest credit developments and underlying performance indicators observed across U.S. structured finance sectors. The sectors include RMBS and CMBS, among others.

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

## Europe, Middle East, Africa

### Tariff Effects On European Structured Finance Are Limited (May 23, 2025)

**Practice:** Structured Finance

**Segment:** Commercial, Residential

European structured finance issuance has held up well during a period of financial market volatility, which was prompted by the U.S. administration's announcements on import tariffs and trading partners' reactions. Global trade shifts could have some direct effects on corporate-backed structured finance sectors, such as collateralized loan obligations (CLOs) and commercial mortgage-backed securities (CMBS), although these are likely to be idiosyncratic and limited in scale. The more negative macroeconomic backdrop could also cause indirect tariff effects that would be more widespread across European structured finance. Despite these downside risks, the overall ratings performance of the European structured finance sector is set to remain stable.

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

### EMEA Structured Finance Chart Book: May 2025 (May 23, 2025)

**Practice:** Structured Finance

**Segment:** Commercial, Residential

This report provides a round-up of the latest credit developments and underlying performance indicators observed across EMEA structured finance sectors. The sectors include RMBS and CMBS, among others.

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### European RMBS Index Report Q1 2025 (May 22, 2025)

**Practice:** Structured Finance

**Segment:** Residential

Our European RMBS index tracks the collateral performance of the transactions we rate.

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

[Click here to access the report's interactive dashboard »](#)

## **European Commercial Real Estate Companies Hardly Affected By Shifts In U.S. Trade Policy (May 20, 2025)**

**Practice:** Corporates

**Segment:** Commercial

High real interest rates, volatile construction costs, and a potential increase in investors' risk aversion because of recent shifts in U.S. tariffs could slow the recovery in European real estate values. However, the current conditions hardly affect European real estate investment trusts' (REITs') access to financing, at least for now. Additionally, more capital could be allocated to European real estate, which is seen as a safe haven, compared with the U.S. Moreover, REITs' property yields have largely expanded over the past two years. Therefore, we continue to expect flat valuations over 2025-2026, unless interest rates were to increase significantly above the peak level from October 2023, without being offset by higher cash flows. We might reconsider our revenue growth assumptions if macroeconomic or global trade conditions deteriorated significantly. Albeit lower than over 2023-2024, our current revenue growth expectations are positive for all property segments, except for non-prime office.

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

## **Bulletin: Vantage Data Centers Jersey Borrower SPV Ltd. Class A-2 Rating Unaffected By Class A-1 Variable Funding Note Draw (May 19, 2025)**

**Practice:** Structured Finance

**Segment:** Commercial

Our 'A- (sf)' credit rating on Vantage Data Centers Jersey Borrower SPV Ltd.'s £600 million class A-2 notes is not affected by the additional £40 million class A-1 variable funding note (VFN) draw. The total A-1 drawn balance is now £83 million.

The transaction is a securitization of real estate and tenant lease payments for space and electrical capacity in two operating wholesale data centers (CW11 and CW13) managed by Vantage Data Centers Europe S.a.r.l., Vantage Data Centers United Kingdom Opco Ltd., and VDC UK Management Company Ltd. (together "Vantage").

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

## **Bulletin: Vonovia's Organic Rental Growth Accelerates, Leverage Tilts Down (May 9, 2025)**

**Practice:** Corporates

**Segment:** Residential

Vonovia's first-quarter 2025 results are in line with its expectations, notably rising organic rent growth and decreasing leverage.

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

## **Bulletin: Cofinimmo's Creditworthiness Could Improve On Aedifica's Potential Takeover Offer (May 6, 2025)**

**Practice:** Corporates

**Segment:** Commercial

Aedifica's (BBB/Stable/--) proposed all-share tender offer to acquire Cofinimmo (BBB/Stable/A-2) could result in a stronger market position at the transaction's close. The combined group would become the largest listed health care real estate investment company in Europe, almost doubling its portfolio to €12.1 billion pro forma from €6.1 billion currently. We understand the offer is a proposal at this stage and expect Aedifica to discuss it with Cofinimmo's board of directors. If successful, the acquisition could close by October 2025. We expect to assess the acquisition's potential impact on Cofinimmo's creditworthiness and the ratings in the coming weeks as we get more certainty about the negotiations and transaction's timing.

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

## **Bulletin: Aedifica's Proposed Acquisition Could Improve Its Scale And Strengthen Its Market Position (May 6, 2025)**

**Practice:** Corporates

**Segment:** Commercial

Aedifica's (BBB/Stable/--) proposed all-share tender offer to acquire competitor Cofinimmo could result in a stronger market position at the transaction's close. The combined group would become the largest listed health care real estate investment company in Europe, almost doubling its portfolio size to €12.1 billion pro forma from €6.1 billion currently. We understand the offer is a proposal at this stage and expect Aedifica to discuss it with Cofinimmo's board of directors soon. If successful and in line with the proposed terms, we expect such an all-share acquisition to strengthen Aedifica's creditworthiness. We will reassess the ratings in the coming weeks as we get more certainty about the negotiations and transaction's timing.

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

## **Saudi Residential Real Estate Brief: Growth To Continue Despite Rising Prices (May 5, 2025)**

**Practice:** Corporates

**Segment:** Residential

We expect the Saudi real estate market will continue to grow, helped by ambitious government plans and evolving consumer preferences. Affordability issues and execution risks will need careful navigation, though, in light of macroeconomic pressures and relatively high interest rates.

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## Changing Market Dynamics Present A Major Test For The Rated U.K. Student Accommodation Projects (April 30, 2025)

**Practice:** Corporates

**Segment:** Commercial

The testing times are not over for the U.K.'s private student accommodation sector, or PBSA. Financial headroom has been already eroded by Brexit, tax hikes, visa changes and the pandemic. The sector is also grappling with universities financial pressure and higher affordability burdens for both domestic and international students. We believe these trends may expose the long-stable sector to more market-based risks than we previously anticipated.

The situation is worse than we originally anticipated. We recently downgraded four projects and believe our portfolio's overall current ability to face ongoing volatility has generally weakened.

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## Asia-Pacific

### Bulletin: Goodman Property Trust's New Fund Will Help It Finance Growth Ambitions (May 29, 2025)

**Practice:** Corporates

**Segment:** Commercial

Goodman Property Trust's (GMT) planned launch of its fund management platform will build headroom within the current 'BBB' rating. The capital unlocked through the introduction of third parties will help GMT meet the sizable capital outlays it requires to fulfill its growth ambitions. This should also improve the trust's portfolio diversity across directly and partly owned assets, supporting its competitive position.

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

### RMBS Performance Watch: Australia (May 28, 2025)

**Practice:** Structured Finance

**Segment:** Residential

Arrears are likely to remain low with interest rate cuts in play and inflation coming down. Heightened global uncertainty and its effect on global trade and supply chains, will have downstream impacts on business and consumer confidence, affecting investment and consumer spending decisions. Households are likely to behave more cautiously, electing to save or paydown mortgages over spending. This will help to keep arrears low. While we expect unemployment to rise, we forecast it to remain below prepandemic levels, minimizing the likelihood of a spike in arrears performance. Interest rate cuts will ease debt serviceability pressures. But we believe they won't make a material difference to overall arrear levels because they're likely to be gradual. These factors will enable most households to remain current on their mortgages. New issuance patterns are likely to be more sporadic in this environment as issuers navigate increasing market volatility, adjusting quickly to changing conditions and pricing.

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## China's LGFVs In Transition: Cutting Debt May Prove Easier Than Making Money (May 26, 2025)

**Practice:** Corporates

**Segment:** Commercial

Local government financing vehicles (LGFVs) in China may have finally tamed their debt growth. The next step will be to run their operations along commercial lines, without relying on subsidies or other support from their local-government owners. We believe this goal could be much harder.

Chinese authorities have drawn a line in the sand for thousands of local government financing vehicles, or LGFVs, to transform into market-oriented state-owned enterprises by mid-2027. This could be a tall order. By our calculations, LGFVs would need to increase EBITDA at an annual rate of 40% over three years just to bring leverage (debt to EBITDA) in line with other SOEs.

We think LGFVs in wealthier locales and with fiscally stronger governments will be better positioned to become profitable or take convincing steps toward commercialization. Those that fail to genuinely transition could face higher risk premiums in the market. Indeed, some of these companies may seek to declare they are no longer LGFVs, what's commonly called "delisting as LGFVs," to signal their transition progress and to broaden new funding access. A new status, however, may not come with meaningful changes in their credit risks.

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## Top Philippine Developers Pursue Growth Despite Industry Strains (May 21, 2025)

**Practice:** Corporates

**Segment:** Commercial, Residential

The top four property developers in the Philippines are leading their sector out of a post-pandemic hangover. The entities are pivoting to more high-end projects where demand has been resilient. While the firms' leverage is higher than pre-pandemic, their presales are expanding. The investment positioning for growth should prove constructive, in our view.

The top four property developers are Ayala Land Inc., Megaworld Corp., Robinsons Land Corp. and SM Prime Holdings Inc. Together, they account for 60% of the market capitalization of the sector and the total revenue among listed real estate companies in Philippines. These four were selected based on a sole criterion: that their market capitalization exceeds US\$1 billion.

The capital expenditure of the top four has largely reverted to pre-pandemic levels, with their spending shifting to investment properties and land acquisitions, from residential development. The rapid rebound in capital expenditure underscores the top four's focus on growth over a five to 10-year horizon. Even in a period of economic uncertainty, they have prioritized expansion, counting on the country's broad-based economic growth, as well as a significant runway for property growth.

The real estate sector is a cornerstone of Philippines' economy. It contributes about 11% of GDP and comprises about 17% of the total market capitalization of companies traded on the Philippine Stock Exchange.

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## China Banks: Property Stabilization Won't Be A Cure-All (May 16, 2025)

**Practice:** Financial Institutions

**Segment:** Commercial, Residential

A stabilization in China's property market is good news for lenders. Banks that cater to larger and wealthier cities will benefit the most. The coast is not completely clear, however.

We anticipate a stabilization in the property market, rather than a roaring recovery. We see the potential for stabilization to improve consumer confidence, spreading economic benefits. We also still see uncertainties, including the potential for trade tensions between China and the U.S. to derail the current momentum.

The downside risks are larger for regional banks that are more exposed to smaller cities, whose property markets are lagging the trend toward price stabilization. Moreover, these banks still have higher exposures to property.

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## Banks Can Help, Not Fix, Shandong's LGFV Issues (May 15, 2025)

**Practice:** Financial Institutions

**Segment:** Residential

A gap is opening among Shandong banks. The lenders with reasonable capital buffers and asset quality are better positioned to support SOEs. However, the province greatly relies on banks in Shandong's rural and economically weaker regions, and these institutions have less capacity to support faltering entities.

Shandong is going through an economic transformation. Local governments in the province encourage banks to lend to state-linked firms in emerging sectors, particularly high-end manufacturing. We believe this will widen the gap between the better capitalized banks in the upper-tier markets, and the banks with moderate capital buffer in Shandong's hinterland.

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## China Property Watch: Rebooting An Economic Engine (May 11, 2025)

**Practice:** Corporates

**Segment:** Commercial, Residential

China's grinding property downturn is finally losing steam. Policymakers see a steadying of home prices as key to consumer demand, we believe, and thus important to countering tariff pressures. Firms focusing on upper-tier markets with good access to funding will benefit most from this stabilization; those that don't, likely won't.

Nationwide primary property sales will drop 3% to renminbi (RMB) 9.3 to RMB9.4 trillion in 2025, in our view. This is a modest decline compared with the 17% drop in primary sales in 2024.

We believe the government is more determined to reboot the property sector. This will be key to supporting consumer confidence, which Beijing has identified as its economic priority.

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## Bulletin: Pakuwon's Solid Cash Flows Can Support Tender Offer (May 8, 2025)

**Practice:** Corporates

**Segment:** Commercial, Residential

Pakuwon Jati Tbk. PT's growing recurring income and robust cash flow will help it fulfil a tender offer for a part of its outstanding notes.

The Indonesia property developer announced a capped bond tender offer of up to US\$100 million for its outstanding US\$400 million senior unsecured notes due 2028. The tender will be fully funded through internal cash. If completed, the transaction would reduce the company's leverage and strengthen its credit profile (BB+/Stable/--).

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## Selected Rating Actions

### Non-Financial Corporations

- [Diversified Healthcare Trust Outlook Revised To Positive From Negative On Reduced Refinancing Risk](#), May 30, 2025
- [Commercial Real Estate Firm Alexandrite Monnet UK Holdco \(Befimmo\) 'B+' Ratings Affirmed; Outlook Stable](#), May 26, 2025
- [Ventas Inc. 'BBB+' Ratings Affirmed On Strong Operating Performance; Outlook Remains Stable](#), May 22, 2025
- [CPI Property Group S.A. Ratings Affirmed On Reduced Leverage; Outlook Negative](#), May 21, 2025
- [The New Home Co. Placed On CreditWatch Positive On Announced Acquisition Of Landsea Homes Corp.](#), May 14, 2025
- [Office Properties Income Trust Upgraded To 'CCC-' From 'SD', Outlook Negative; New Debt Rated](#), May 9, 2025
- [Office Properties Income Trust Downgraded To 'SD' From 'CC' Following Debt Exchange](#), May 6, 2025
- [Societe Fonciere Lyonnaise Rating Affirmed At 'BBB+'; Outlook Remains Stable](#), April 29, 2025
- [Grand City Properties Downgraded To 'BBB' Following Same Action On Parent; Outlook Stable](#), April 29, 2025
- [Aroundtown S.A. Downgraded To 'BBB' On Revised Disposal Expectations And Tight Credit Metrics; Outlook Stable](#), April 29, 2025

### Public Finance

- [Research Update: U.K.-Based Housing Group Karbon Homes Outlook Revised To Stable From Positive; 'A' Ratings Affirmed](#), May 20, 2025



## Podcasts

- [Covered Bonds Uncovered: Dutch Covered Bond Insights and Blockchain Meets Covered Bonds](#), April 17, 2025
- [Covered Bonds Uncovered: Bank Outlook for 2025 and Insights on Emerging Covered Bond Markets](#), March 20, 2025
- [Covered Bonds Uncovered - Episode 2](#), Feb. 7, 2025
- [Covered Bonds Uncovered – Episode 1](#), Dec. 17, 2024

## Webinars And Webinar Replays

- [China Property Watch: Heading Into Stabilization Amid Turbulence](#), May 15, 2025
- [First 100 Days Recap: What We're Watching For U.S. Public Finance](#), May 1, 2025

## Previous Edition Of Real Estate Digest

- [Real Estate Digest](#), April 28, 2025

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