

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 Jan. 1, 2024, to Jan. 14, 2024.

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

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## Research Highlights

### Global

#### Industry Credit Outlook 2024: Real Estate (Jan. 9, 2024)

**Practice:** Corporates

**Segment:** Commercial, Residential

Negative rating bias is increasing globally. EMEA has the largest proportion of ratings on negative outlook at 31%, compared with 21% in the U.S. and 20% in APAC. As such, we expect downgrades will outpace upgrades in 2024 as borrowing costs and refinancing risks increase. Higher borrowing costs and equity price declines are limiting access to capital, while more restrictive bank lending is pushing issuers to alternative sources of funding. Slower economic growth puts pressure on revenue growth, with cost-of-living pressures also likely to dent consumer spending and confidence, which could hurt demand for real estate.

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#### Industry Credit Outlook 2024: Homebuilders and Developers (Jan. 9, 2024)

**Practice:** Corporates

**Segment:** Commercial, Residential

Housing demand remains resilient in the U.S. Mortgage rates increased close to 8%, further hurting affordability. However, low existing home inventories supported homebuilders. Access to financing could remain difficult in Europe. Banks are tightening lending conditions, especially for commercial real estate developers, which could face elevated refinancing risks. Brazil announced several changes to its housing program. We expect a higher number of launches due to changes to the Minha Casa, Minha Vida housing program.

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## Industry Credit Outlook 2024: Building Materials (Jan. 9, 2024)

**Practice:** Corporates

**Segment:** Commercial, Residential

The environment is gloomy in the residential building construction sector. Higher interest rates have impaired consumer demand and we do not anticipate volume recovery before 2025. Industrial construction and civil engineering improved. Both benefit from investments in low-carbon energy, infrastructure renovations, and government spending. Increased interest rates are a challenge for highly indebted companies, while higher debt service costs start to dent cash flows.

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## Global Structured Finance 2024 Outlook (Jan. 10, 2024)

**Practice:** Structured Finance

**Segment:** Commercial, Residential

Commercial mortgage-backed securities (CMBS) were a notable exception to the stable performance enjoyed by the overall structured finance market, as a slower-than-expected return to the office has brought about material cash flow disruption and value declines, especially in the U.S and Europe. Strong housing markets have supported credit in the U.S. and Australian residential mortgage-backed securities (RMBS) sectors. China, however, continues to grapple with a sluggish property market, while many European housing markets are overvalued.

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## North America

### SF Credit Brief: U.S. CMBS Overall Delinquency Rate Rose 10 Bps To 4.1% In December 2023; Office Loans Had The Highest DQ Rate By Property Type, Overtaking Retail (Jan. 4, 2024)

**Practice:** Structured Finance

**Segment:** Commercial

The overall delinquency rate for CMBS in the U.S. increased by 10 basis points month over month to 4.1% in December. 60-plus-days and 120-plus-days delinquent loans represented 86.4% and 16.7% of total delinquent loans, respectively. Special servicing rates increased for lodging and industrial loans, and decreased for retail, office, and multifamily loans. By balance, delinquency rates increased for lodging, multifamily, industrial, and office loans, and decreased for retail loans.

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## Europe, Middle East, Africa

### Bulletin: Swedish Real Estate Company SBB Conserves Liquidity Through Temporary Deferral Of Hybrid Coupon Payments (Jan. 3, 2024)

**Practice:** Corporates

**Segment:** Commercial, Residential

Although Swedish real estate company Samhällsbyggnadsbolaget i Norden AB (publ) (SBB) has announced plans to postpone the next coupon payment on each of its five outstanding hybrid notes, we expect the deferral to be only temporary. The hybrid instruments affected comprise four euro-denominated bonds issued by SBB and one Swedish krona (SEK)-denominated bond issued by Offentliga Hus i Norden AB, SBB's wholly owned subsidiary.

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## Selected Rating Actions

### Non-Financial Corporations

- [Cushman & Wakefield Downgraded To 'BB-' From 'BB' On Weaker Credit Metrics; Outlook Negative](#), Jan. 13, 2024
- [Research Update: Boston Properties Inc. Rating Lowered To 'BBB' From 'BBB+' On Weaker Credit Metrics, Office Headwinds; Outlook Negative](#), Jan. 11, 2024
- [Phillips Edison & Co. Inc. Outlook Revised To Positive On Updated Financial Policy, Solid Performance; Ratings Affirmed](#), Jan. 9, 2024
- [Diversified Healthcare Trust Upgraded To 'CCC+' On Reduced Refinancing Risk, Outlook Negative; Secured Notes Rated 'B'](#), Jan. 3, 2024
- [Weekley Homes LLC Outlook Revised To Positive On Operating Momentum; 'BB-' Rating Affirmed](#), Jan. 2, 2024

### Financial Institutions

- [Mongolian Mortgage Corp. 'B-/B' Ratings Affirmed On Proposed Exchange Offer; Outlook Stable; New Notes Rated 'B-'](#), Jan. 4, 2024

### Structured Finance – RMBS

- [Various Rating Actions Taken On 145 Classes From 50 U.S. RMBS Transactions](#), Jan. 8, 2024

## Structured Finance – Covered Bonds

- [CCF SFH Covered Bond Program Outlook Revised To Negative: 'AAA' Ratings Affirmed](#), Jan. 2, 2024
- [Nykredit Realkredit A/S General Capital Center And Capital Center C Covered Bond Ratings Withdrawn At Issuer's Request](#), Jan. 2, 2024

## Webinars And Events

### Upcoming Events

- [Webinar: European Structured Finance Outlook 2024](#), Jan. 17, 2024
- [Webinar: China Structured Finance Outlook 2024](#), Jan. 23, 2024
- [Webinar: U.S. Housing Sector Outlook 2024](#), Jan. 25, 2024

### Webinar Replays

- [North/South America Structured Finance Outlook for 2024](#), Jan. 11, 2024

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