



Real Estate Insight

April 2023

European residential real estate firms face price, interest-cover pressure; refinancing risk intensifies for CMBS; covered bonds to shine as go-to product in troubled times; higher rates challenge open-ended real estate funds

Scope Group's regular round-up of latest research on the European real estate sector, providing authoritative views across the asset class, from companies to markets, funds and structured products.



Research highlights from Scope Ratings, Scope ESG and Scope Fund Analysis

European residential real estate firms face up to 10% fall on average in fair values by end-2024

April 2023 — “As yields rise, rental income growth is unlikely to offset higher cost of debt for the sector in the medium term.”

**Philipp Wass**

Executive Director, Corporates
Scope Ratings

[Full article →](#)**European CMBS under pressure as refinancing risk intensifies concerns**

March 2023 — “Six loans securing four European CMBS have now been forced to seek maturity extensions to prevent refinancing failures amid powerful sector headwinds. The same threats are also being felt in the EUR 300bn CRE debt market.”

**Florent Albert**

Senior Director, Structured Finance
Scope Ratings

[Full report →](#)**Open-ended real estate funds face multiple challenges**

March 2023 — “Higher interest rates have changed the environment for open-ended mutual property funds. In the past years, the funds' returns were largely driven by the appreciation of the properties in the portfolio. This will not continue to the same extent in 2023.”

**Sonia Knorr**

Head of Alternative Investment
Scope Fund Analysis

[Full report →](#)

A third of commercial real estate loans in European CMBS face significant refinancing risk

January 2023 — “Almost 20% of the loans in European CMBS maturing this year and next face very high refinancing risk as their expected cash flows are too low to meet higher expected requirements from lenders.”



Mathias Pleissner

Deputy Head, Covered Bonds
Scope Ratings

[Full report →](#)

Covered Bond Outlook 2023: credit stability despite growing challenges

January 2023 — “Cover-pool credit quality will remain stable. Even though mortgage borrowers face pressures from higher interest rates and a higher cost of living, the risk of large-scale mortgage defaults is remote under our base case.”



Karlo Fuchs

Head of Covered Bonds
Scope Ratings

[Full report →](#)

Scope assigns preliminary unsolicited ratings to notes issued by CASSIA 2022-1 S.R.L. – Italian CMBS

January 2023 — “Scope Ratings GmbH (Scope) has assigned preliminary unsolicited ratings to the Class A, B and C notes issued by CASSIA 2022-1 S.R.L., a EUR 235.47m CMBS of two loans secured by logistics and light industrial properties in Italy.”



Benjamin Bouchet

Director, Structured Finance
Scope Ratings

[Full report →](#)

Structural mortgage risks expose European households to value corrections

January 2023 — “We can expect a 9% drop in average values within two years because that’s where we are: mortgage rates are coming from historical lows and, according to the ECB, they increased more strongly than ever recorded in the first half of 2022.”



Mathias Pleissner

Deputy Head, Covered Bonds
Scope Ratings

[Full report →](#)

Norway’s residential housing boom is over: prices starting to fall

November 2022 — “Norway’s house prices are falling as the economic backdrop deteriorates and the era of ultra-low interest rates ends. This will expose households to an affordability shock. Banks are entering the challenging environment from a position of strength.”



Mathias Pleissner

Deputy Head, Covered Bonds
Scope Ratings

[Full report →](#)

European real estate grapples with inflation, higher yields: assessing challenges for debt holders

November 2022 — “Accelerating structural changes in Europe’s economy post-Covid will remodel the property sector after a decade of loose monetary policy and the huge fiscal response to the pandemic. Higher capitalisation rates, uneven rental growth and economic uncertainty will lead to the underperformance of some, but not all, real estate asset classes.”



Florent Albert

Senior Director, Structured Finance
Scope Ratings



Philipp Wass

Executive Director, Corporates
Scope Ratings

[Full report →](#)

Scope Group's real estate analysis in the media

A selection of headlines from articles citing Scope from top media outlets in H1 2023

Global Capital: [European CMBS faces refi challenge amid liquidity question](#)

Handelsblatt: [Steigende Zinsen belasten Gewerbeimmobilienmarkt zunehmend](#)

Bloomberg: [Blackstone Defaults on Nordic CMBS](#)

Washington Post: [Blackstone CMBS Default Presages Bad Times for Property Owners](#)

Private Debt Investor: [Blackstone faces refinancing challenge](#)

Real Estate Capital Europe: [Scope: A third of European CMBS loans face refinancing risks](#)

German Real Estate Finance: [Significant refinancing risk' for a third of European CMBS](#)

Wirtschaftswoche: [Lohnen sich offene Immobilienfonds noch?](#)

Handelsblatt: [Vonovia - Diese Aktien von Immobilienkonzernen bieten Chancen](#)

All Scope Group's latest rating actions, commentary and analysis are available at [scooperatings.com](https://www.scooperatings.com) and [scopeexplorer.com](https://www.scopeexplorer.com).