

Macro Roundup Article

Headline: [US CRE, One Year Later: Volatile, Dispersed, but Not Systemic](#)

Article Link: <https://www.gspublishing.com/content/research/en/reports/2024/05/16/73962ee6-c108-4e2b-9a04-a55d4af8519f.html>

Author(s)	Lotfi Karoui and Vinay Viswanathan
Publication	Goldman Sachs
Publication Date	May 17, 2024

Tweet: [A @GoldmanSachs analysis argues there is little risk of a systemic shock emerging from US commercial real estate, as banks continue to extend credit and allow modifications.](#)

Summary: Credit availability has been resilient, suggesting the risk of a credit crunch is still remote and leaving us comfortable with our view that the likelihood of a systemic shock from the CRE market is low. Modifications and extensions will likely remain a key channel through which borrowers address their refinancing needs. The resilience of the debt financing backdrop will likely continue to stabilize property performance, especially outside of the office sector. On the market side, we think the magnitude and speed of erosion in the risk premium provided by the new issue CMBS market has shifted the opportunity set to bond selection in older vintages in the secondary market. We continue to favor exposures to single-asset/single-borrower bonds collateralized by retail and luxury resort properties while also seeing value up the capital structure in AAA CRE CLO AAA floaters.

Related Articles: Work From Home and the Office Real Estate Apocalypse and Corporate Debt, Boom-Bust Cycles, and Financial Crises and Real-Estate Doom Loop Threatens America's Banks

Primary Topic: Financial Markets

Topics: Business Cycle, Financial Markets, GDP, Op-Ed/Blog Post

Permalink: <https://www.edwardconard.com/macro-roundup/a-goldmansachs-analysis-argues-there-is-little-risk-of-a-systemic-shock-emerging-from-us-commercial-real-estate-as-banks-continue-to-extend-credit-and-allow-modifications?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2024/05/21064-us-cre-one-year-later-volatile-dispersed-but-not-systemic-featured-thumbnail-image.png>