

Macro Roundup Article

Headline: [US Banks Prepare for Losses in Rush for Commercial Property Exit](#)

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Summary: Some US banks are preparing to sell off property loans at a discount even when borrowers are up to date on repayments, a sign of their determination to reduce exposure to the teetering commercial real estate market. HSBC USA is in the process of selling off hundreds of millions of dollars of commercial real estate loans, potentially at a discount, as part of an effort to wind down direct lending to US property developers, according to three people familiar with the matter. Meanwhile, PacWest last month sold \$2.6bn of construction loans at a loss. Real estate investment group Kennedy-Wilson, for instance, agreed to pay \$2.4bn, or 92 cents on the dollar, for the block of PacWest loans that had an aggregate principal value of \$2.6bn. Shares of PacWest surged nearly 20% after it announced the transaction. According to two of the people briefed on the HSBC sales process, the loans are fetching bids that would price the loans in the mid-90s as a percentage of their face value — meaning the bank would have to take a loss of as much as 5%.

Primary Topic: Financial Markets

Topics: Factoid, Financial Markets, GDP, News article

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