

S&P Global

Market Intelligence

Outlook for Banks As the Fed Pivots

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Elevate
Birmingham, AL

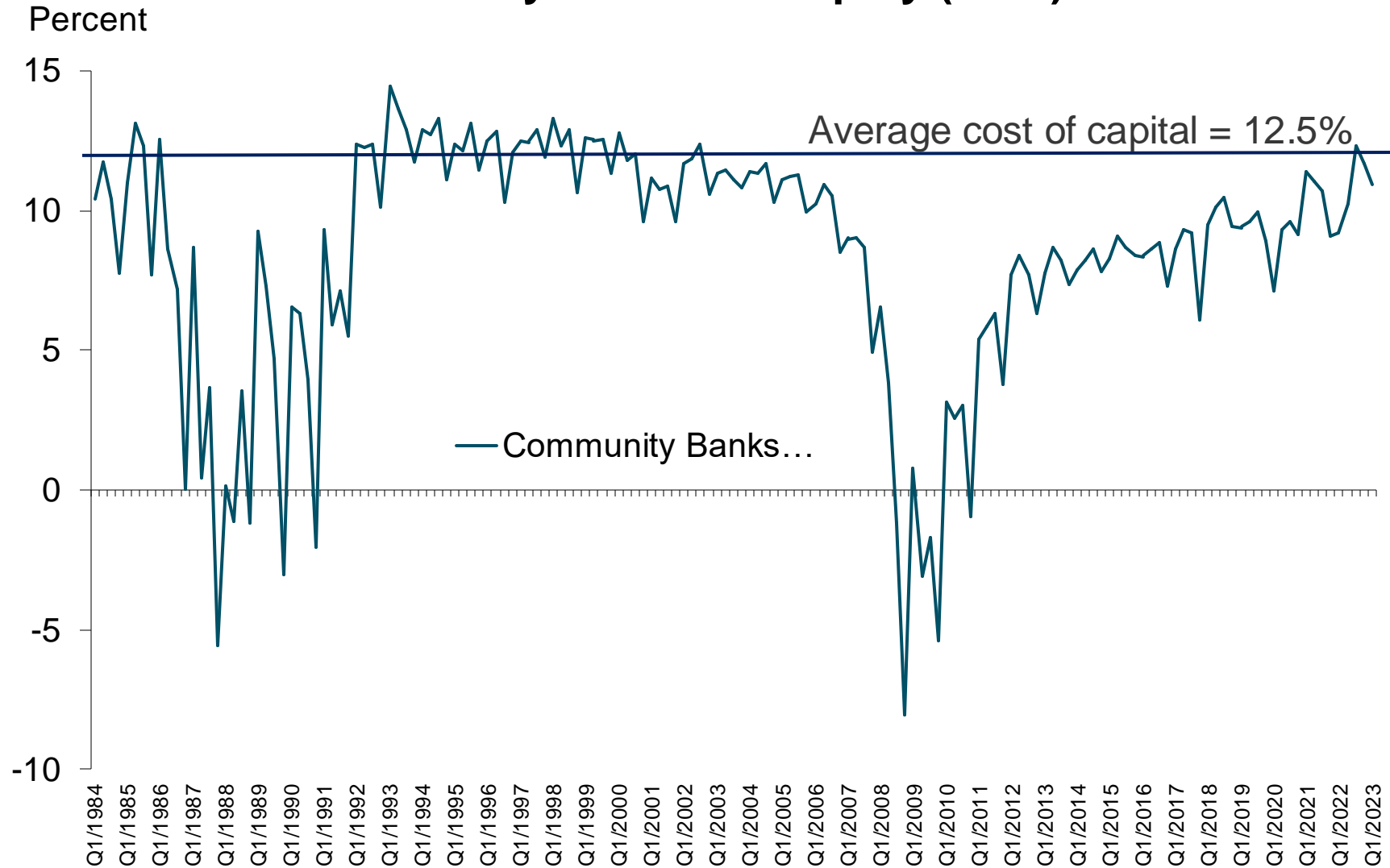
Chris Nichols
Director, Capital Markets



Performance Measure



Community Banks (<\$10Bn assets) Quarterly Return on Equity (ROE)



Source: FDIC.

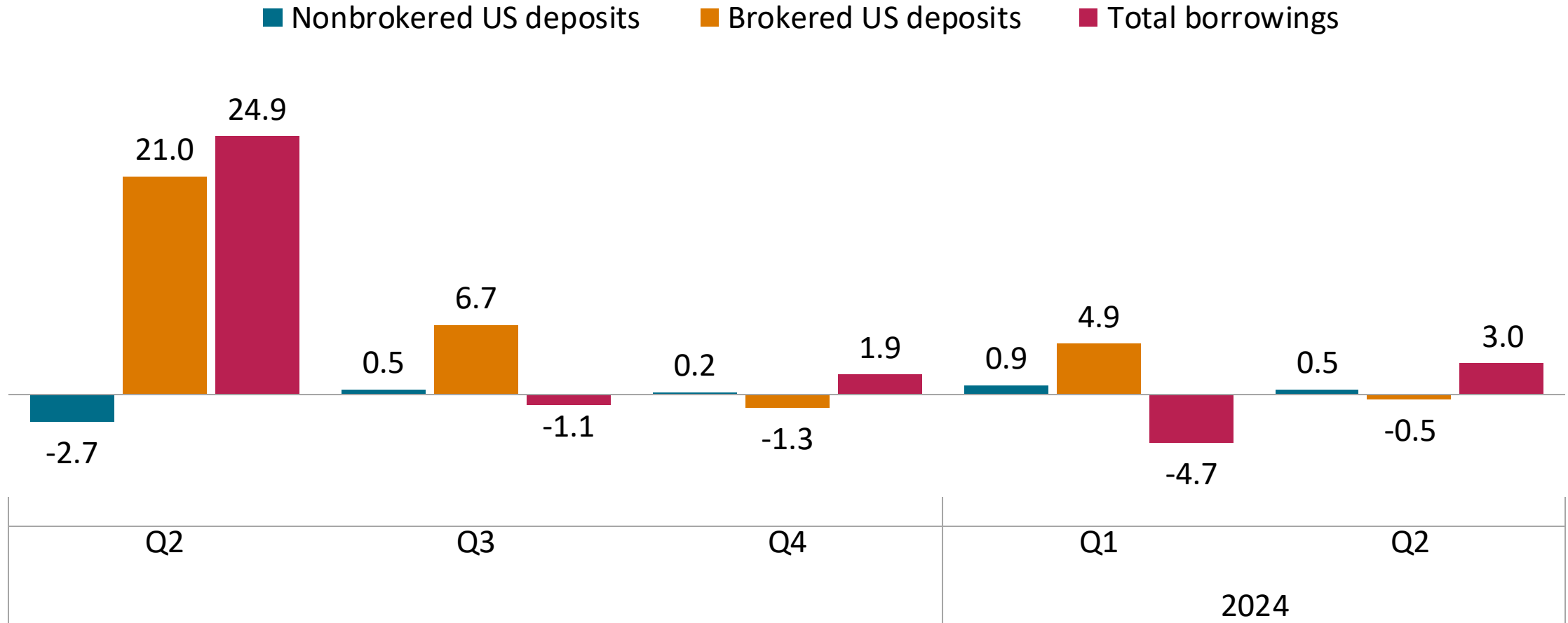
Earnings growth challenging as margin pressures give way for higher credit costs

- **Bank starting to ease deposit rates, treading lightly with new loans:** Banks have lowered deposit rates since mid-September, while keeping lending standards tight but do not see many cracks in the armor.
- **Higher credit losses:** Credit costs are rising, driven by higher rates, credit normalization and risk from commercial real estate.
- **Signs of stronger capital raising, M&A:** Investors have priced in earnings pressures and valuations have recovered recently. Capital markets are reopening and there are green shoots of M&A activity.



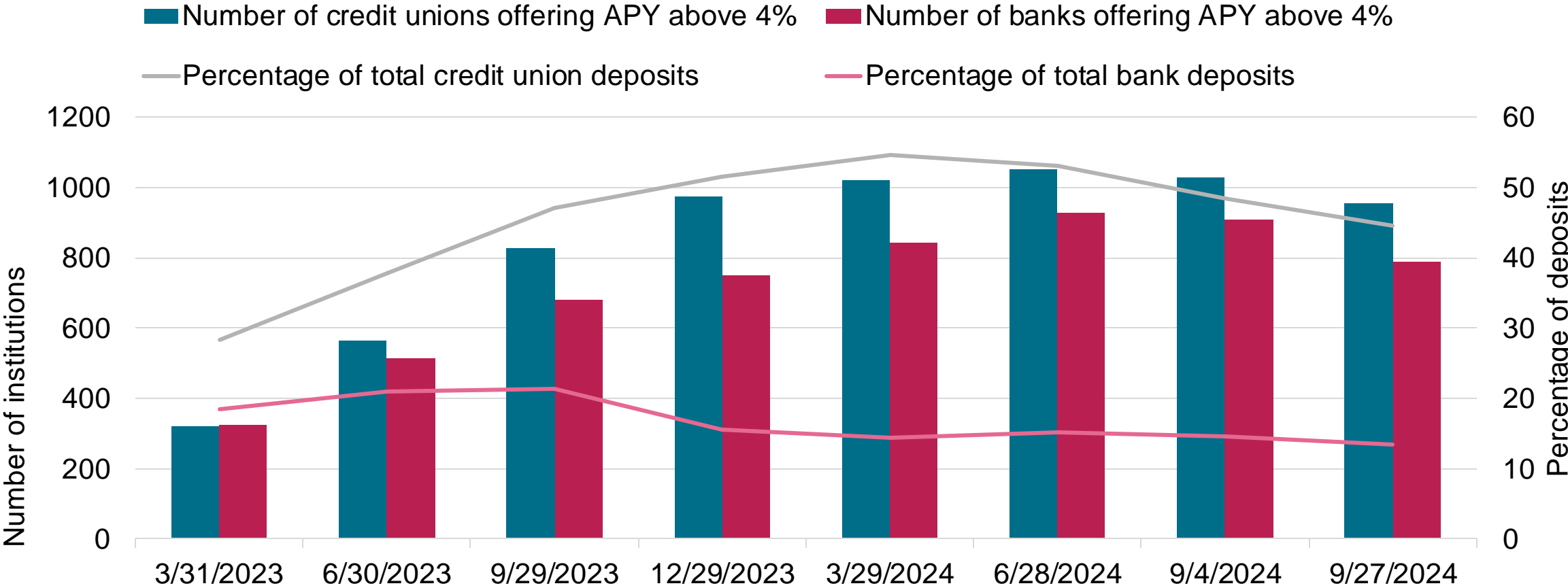
US community banks' deposits grow modestly in Q2

QOQ changes in US community bank aggregate funding composition (%)



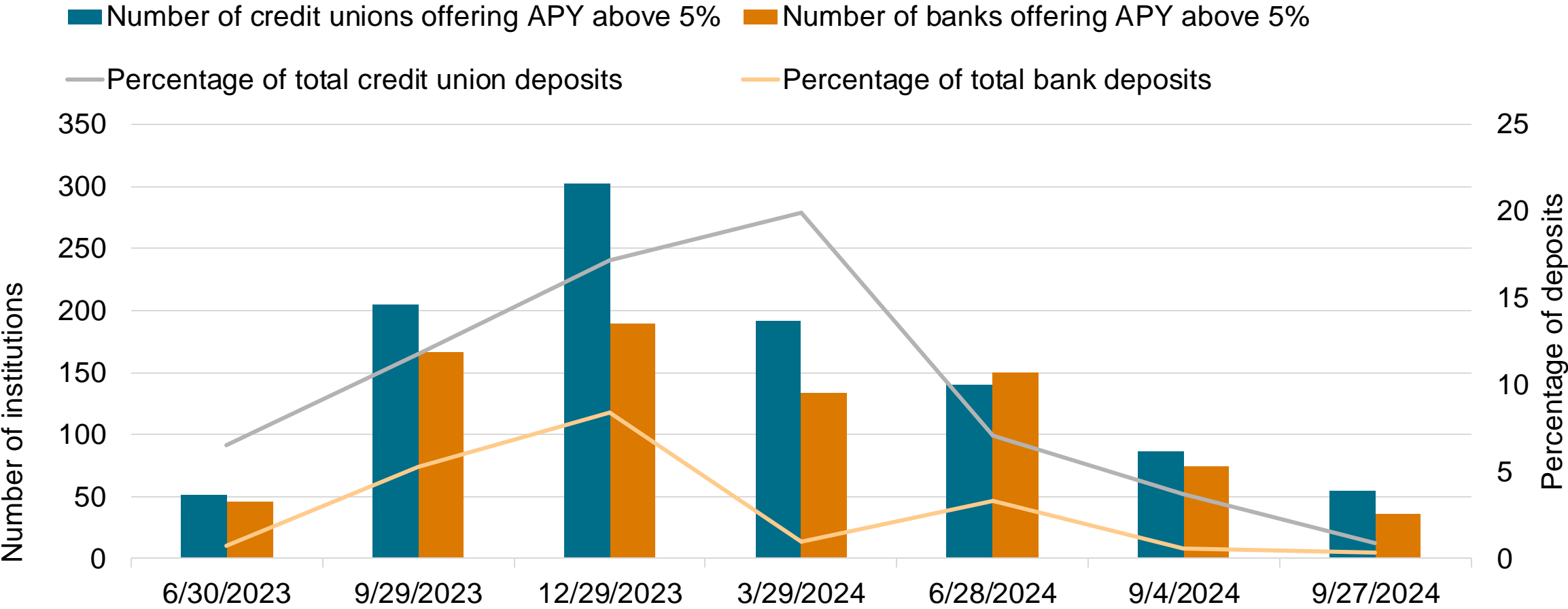
Data compiled Sept. 9, 2024.
 Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.
 Data based on regulatory filings as of June 30, 2024.
 Source: S&P Global Market Intelligence.

Banks, credit unions marketing 1-year CDs above 4% have fallen in the last month



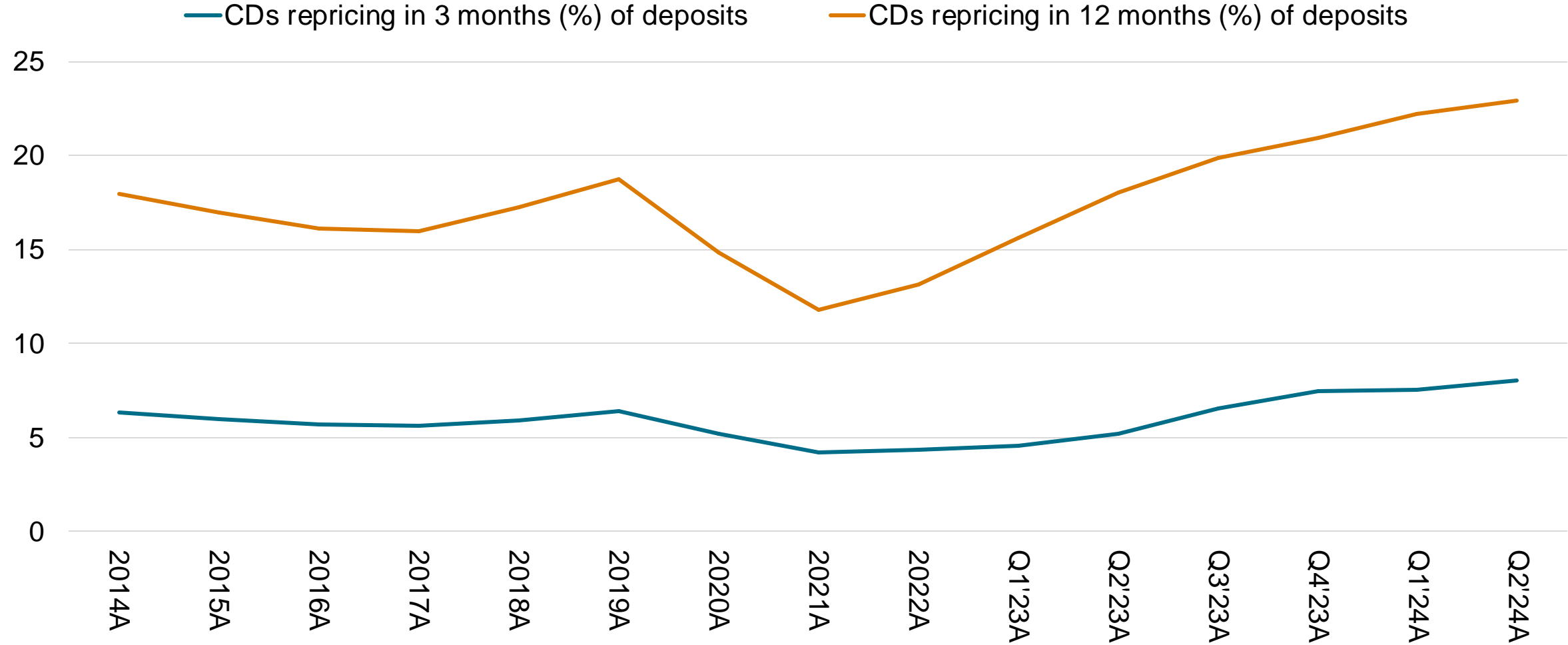
Data compiled Oct. 4, 2024.
 APY = annual percentage yield; CD = certificate of deposit.
 Based on 1-year CDs with a \$10,000 minimum investment.
 Banks comprises US commercial banks, savings banks and savings and loan associations.
 Source: S&P Global Market Intelligence.

Banks, credit unions marketing 1-year CDs above 5% has fallen considerably



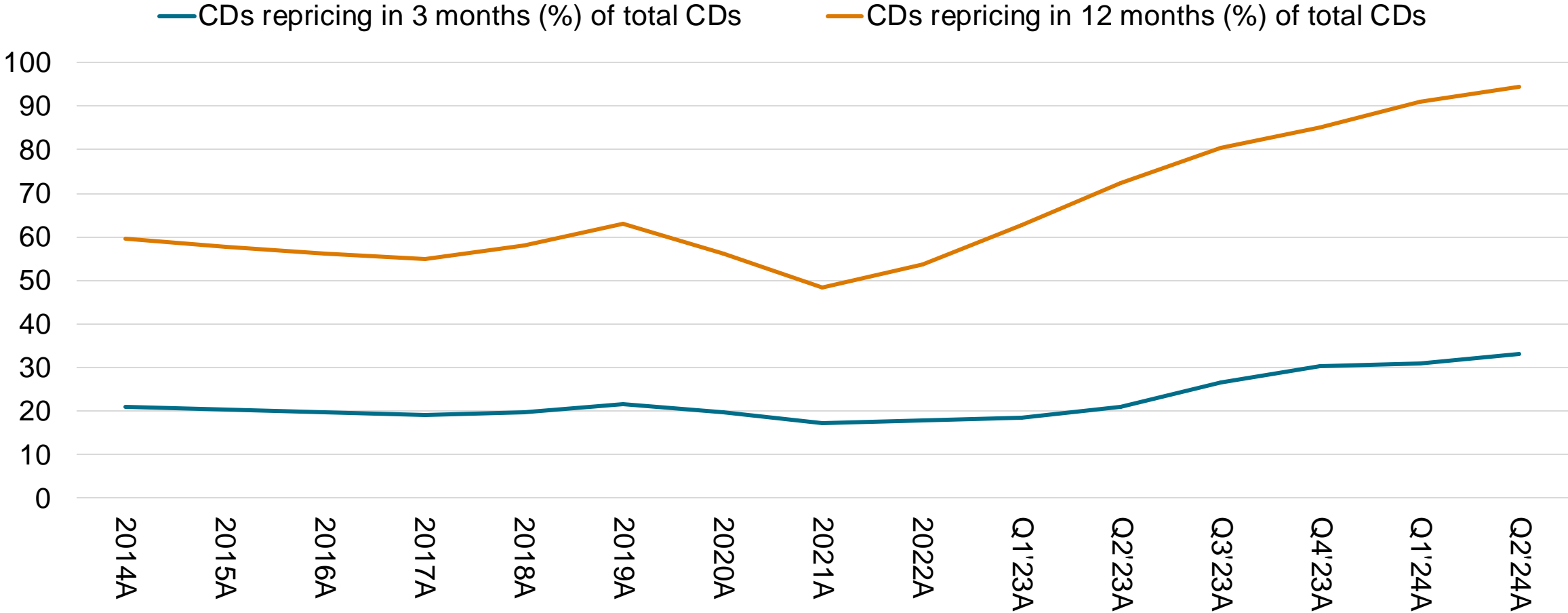
Data compiled Oct. 4, 2024.
 APY = annual percentage yield; CD = certificate of deposit.
 Based on 1-year CDs with a \$10,000 minimum investment.
 Banks comprises US commercial banks, savings banks and savings and loan associations.
 Source: S&P Global Market Intelligence.

Many CDs maturing in Q2'25 at community banks



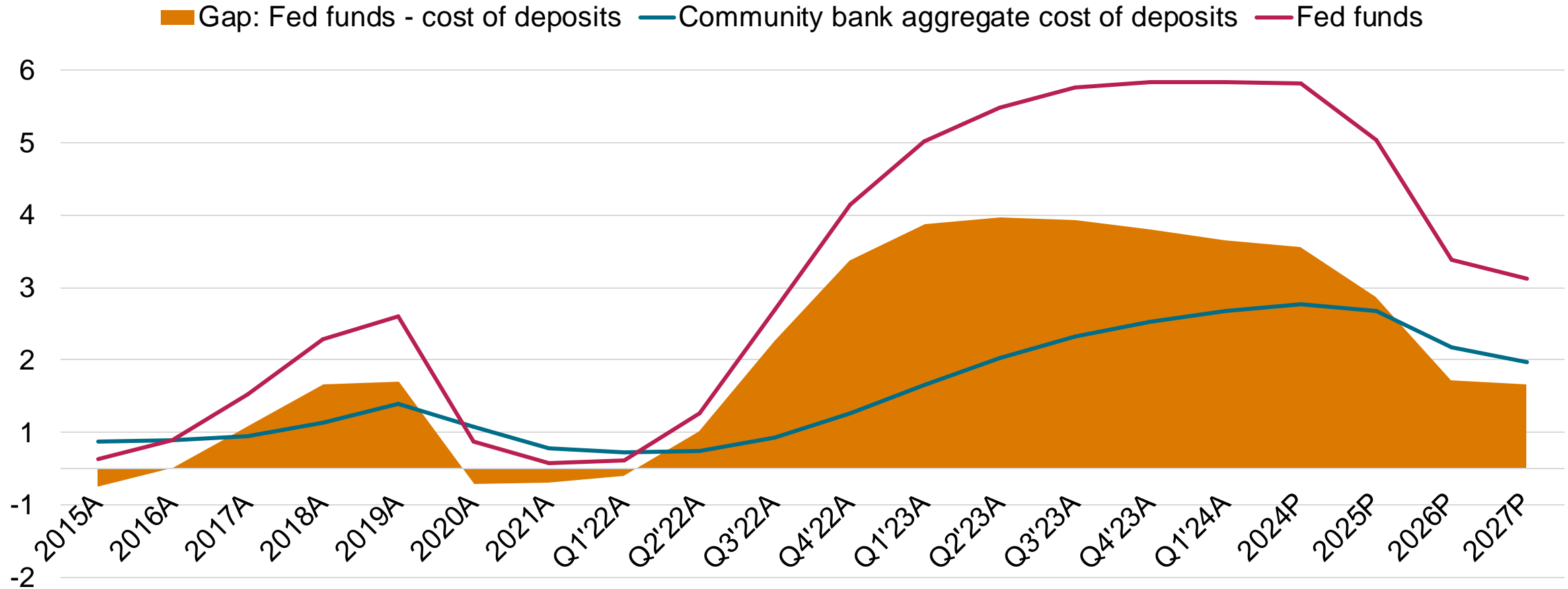
Data compiled Sept. 9, 2024.
CD = certificate of deposit.
Data based on regulatory filings
Source: S&P Global Market Intelligence.

Many CDs maturing in Q2'25 at community banks



Data compiled Sept. 9, 2024.
 CD = certificate of deposit.
 Data based on regulatory filings
 Source: S&P Global Market Intelligence.

Narrowing gap between deposit costs, fed funds will allow for deposit growth in 2024 (%)



Data compiled July 10, 2024.

A = actual; P = projected.

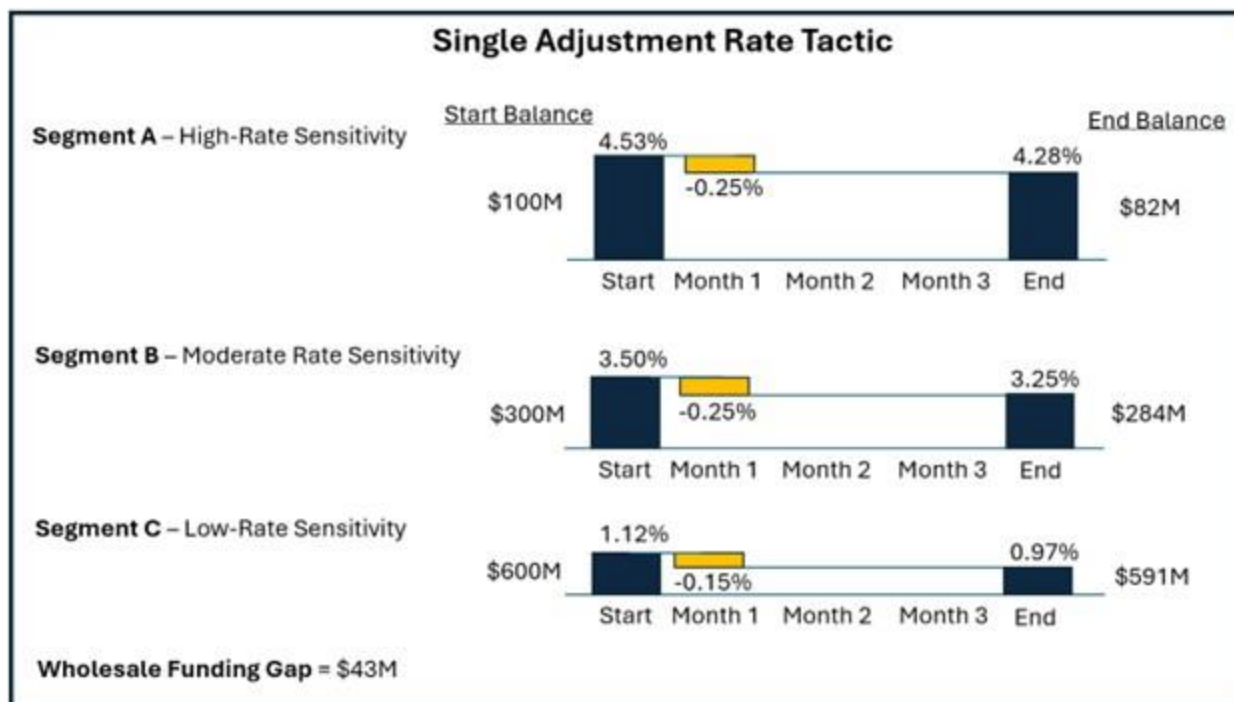
Cost of deposits = Interest expense on deposits/average deposits in the period, including noninterest-bearing deposits.

Sources: S&P Global Market Intelligence; proprietary estimates.

Bringing Down Deposit Rates



1. Set objectives of deposit rate reduction – COF, beta, etc.
2. Dropping rates is different than raising rates
3. Don't move when the Fed moves – End cycle action
4. Don't drop deposit rates all at once
5. Apply rate changes by segment, test and optimize

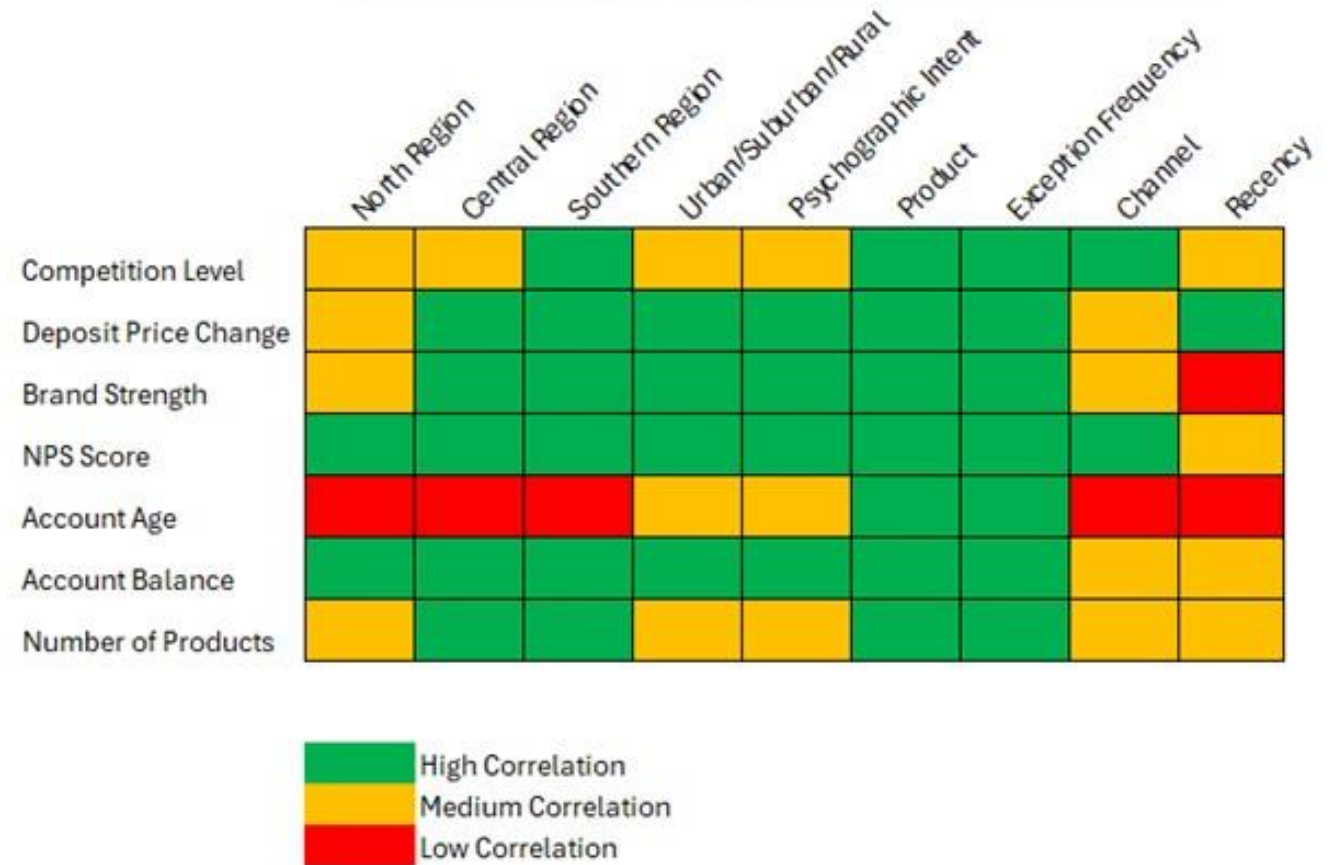


Deposit Management



1. Track deposit sensitivities
2. Test in different groups
3. Apply cuts by beta when reducing rates
4. After beta, then by margin

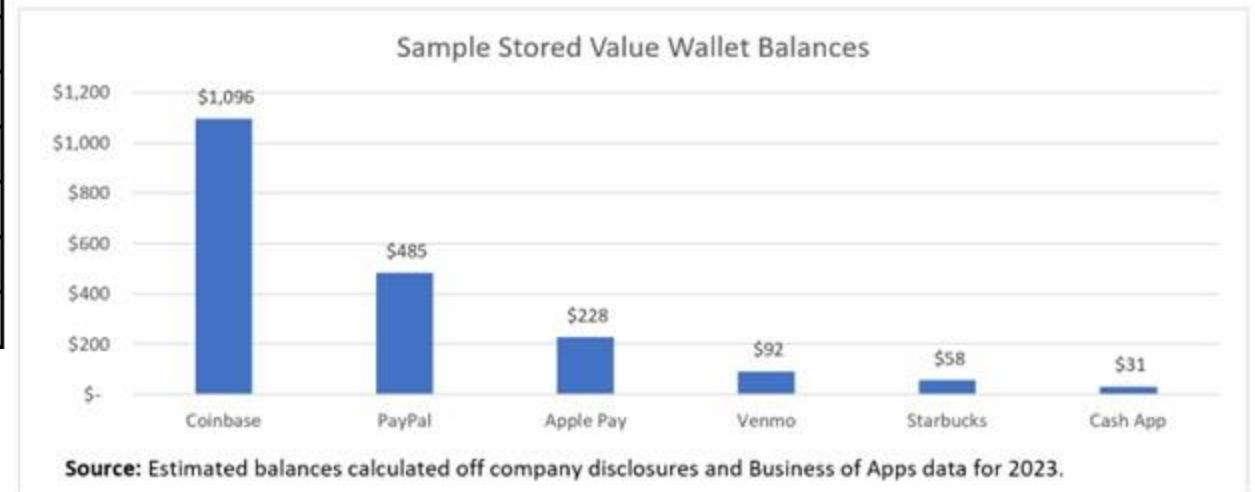
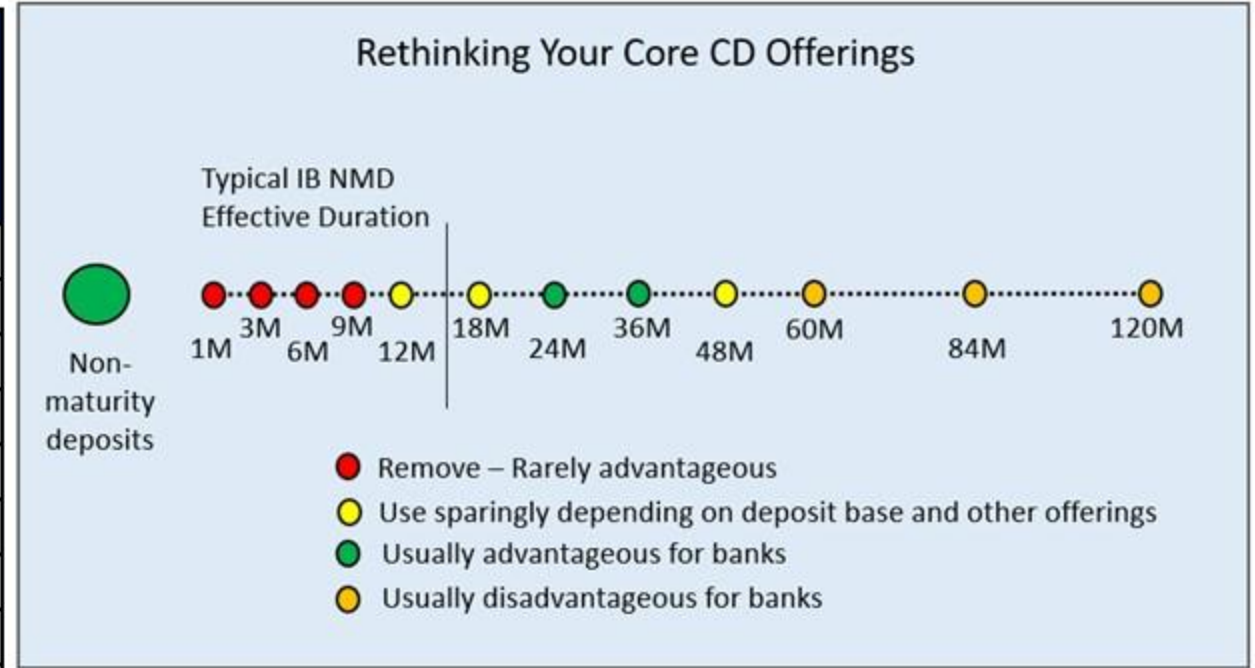
Deposit Rate Sensitivity Drivers By Attribute Heat Map



Cost of Funds Management Tips

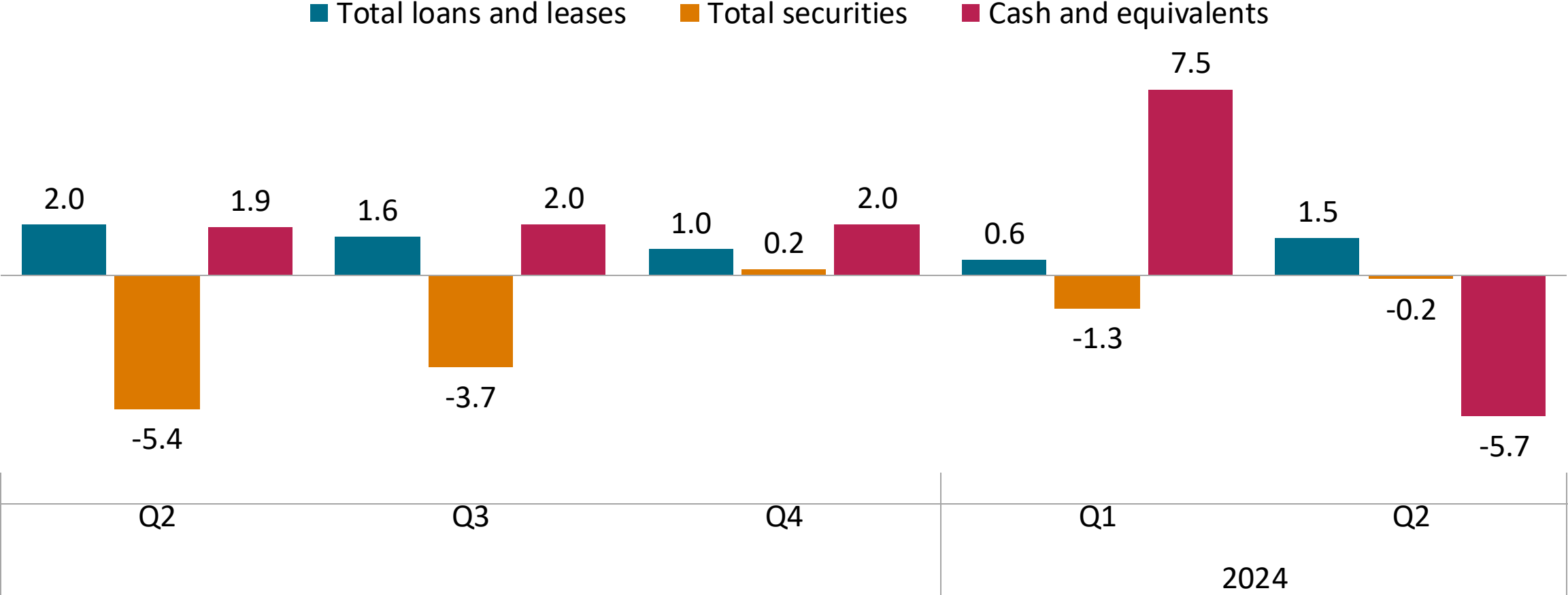


Rank	Deposit Marketing Tactic	Typical 1st Year ROI	Typical Balances per 100 Accounts
1	Treasury Management New Customer Acquisition	4745%	\$ 55,147,900
2	Transaction Account Cross-sell	3674%	\$ 1,648,927
3	Business Savings Balance Additions	3044%	\$ 4,009,094
4	401k/IRA Balance Additions	914%	\$ 1,842,101
5	Personal Savings Balance Additions	806%	\$ 531,005
6	Health Savings Account Balance Additions	724%	\$ 289,800
7	Specialty Commercial Transaction Account Acquisition	371%	\$ 4,161,200
8	Business Savings New Customer Acquisition	358%	\$ 3,568,900
9	Transaction Account Up-sell	350%	\$ 1,301,224
10	401k/IRA New Customer Acquisition	342%	\$ 558,844
11	Personal Savings New Customer Acquisition	307%	\$ 4,600,000
12	Health Savings Account Commercial Program Acquisition	241%	\$ 3,976,000
13	CD/MM Cross-sell	200%	\$ 5,950,851
14	Payment/Debit Card Transaction Promotion	200%	\$ 150,019
15	Health Savings Account New Customer Acquisition	180%	\$ 284,000



US community bank loan growth rebounds in Q2

QOQ changes in US community bank aggregate asset composition (%)



Data compiled Sept. 9, 2024.
 Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.
 Data based on regulatory filings as of June 30, 2024.
 Source: S&P Global Market Intelligence.

4Q Pricing Trends - Summary



- Nominal spreads reversed a trend and tightened 20 bps in 3Q due to expectations of better credit quality and margins. Average SOFR-equivalent credit spread for community banks is currently 2.35% starting 4Q, a trend we expect to stabilize.
- Target risk-adjusted ROE shifted from 16% to 20% due to cost of fund relief.
- The average through-cycle probability of default (POD) is 0.49%, down 2 bps. from 1Q 2024. POD volatility is flat in 3Q and remains low at 0.27%.
- Expected loss given default increased 1.5% percentage points to 44.0% (due to higher cap rates).
- Average community bank portfolio expected loss increased 7bps to 0.28%, or well within bank reserve levels.

ROE Targets ARE Increased YOY



LOAN COMMAND Calculator Scenarios Relationships Loans Pipeline Stats

NEW SCENARIO

LOAN METRICS BOOK SCENARIO

Regulatory ROE
20.4%
EXCELLENT

Economic ROE
20.6%
EXCELLENT

Stressed ROE
-0.6%
LOW

RETURN ON ASSETS
2.0%

DEBT YIELD
20.4%

NOMINAL NIM
3.2%

NET PROFIT
\$111,044

ANNUAL PROBABILITY OF DEFAULT
2.50% 5.55% 8.23%
BASELINE ADVERSE SEVERELY ADVERSE

POD VOLATILITY
2.68%
AVERAGE

NET POD CHANGE
40.5%

LOSS GIVEN DEFAULT
42.5%

EXPECTED LOSS
1.06%

UNEXPECTED LOSS - CAPITAL AT RISK
\$58,114

RECALCULATE RESULTS

LOAN COMMAND Calculator Scenarios Relationships Loans Pipeline

NEW SCENARIO

LOAN METRICS BOOK SCENARIO

Regulatory ROE
16.3%
GOOD

Economic ROE
16.5%
GOOD

Stressed ROE
-4.8%
LOW

RETURN ON ASSETS
1.6%

DEBT YIELD
21.6%

NOMINAL NIM
3.6%

NET PROFIT
\$89,950

ANNUAL PROBABILITY OF DEFAULT
2.50% 5.55% 8.23%
BASELINE ADVERSE SEVERELY ADVERSE

POD VOLATILITY
2.68%
AVERAGE

NET POD CHANGE
40.5%

LOSS GIVEN DEFAULT
42.5%

EXPECTED LOSS
1.06%

UNEXPECTED LOSS - CAPITAL AT RISK
\$58,114

RECALCULATE RESULTS

LOAN COMMAND

NEW SCENARIO

BORROWER	Nashville
ORIGINATION TYPE	New Commercial
LOAN TYPE	Owner CRE
LOAN INDUSTRY	Beverage Manufacturing
LOAN AMOUNT	\$1,000,000
RATE	SOFR 1M 2.55%
FEES	0%
EXPECTED MATURITY	120 Mo
AMORTIZATION	120 Mo
INTEREST ONLY PERIOD	0 Mo
DEPOSITS	Set Deposits
CREDIT	5
LOCATION	37011
COMMENTS	Add Comments



4Q Loan Pricing and Expected Performance



LOAN COMMAND Calculator Scenarios Relationships Loans Pipeline Stats

NEW SCENARIO

BORROWER Nashville

ORIGINATION TYPE New Commercial

LOAN TYPE Owner CRE

LOAN INDUSTRY Beverage Manufacturing

LOAN AMOUNT \$1,000,000

RATE SOFR 1M | 2.35%

FEES 0%

EXPECTED MATURITY 120 Mo

AMORTIZATION 120 Mo

INTEREST ONLY PERIOD 0 Mo

DEPOSITS Set Deposits

CREDIT 4

LOCATION 37011

COMMENTS Add Comments

RECALCULATE RESULTS

LOAN METRICS BOOK SCENARIO

Regulatory ROE
20.6%
EXCELLENT

Economic ROE
21.2%
EXCELLENT

Stressed ROE
9.8%
LOW

RETURN ON ASSETS 2.1%

DEBT YIELD 22.9%

NOMINAL NIM 3.0%

NET PROFIT \$111,580

ANNUAL PROBABILITY OF DEFAULT

2.08% 5.55% 8.23%

BASELINE ADVERSE SEVERELY ADVERSE

0.50% 5.00%

POD VOLATILITY 2.68% AVERAGE

NET POD CHANGE 40.5%

LOSS GIVEN DEFAULT 27.5%

0% 100.00%

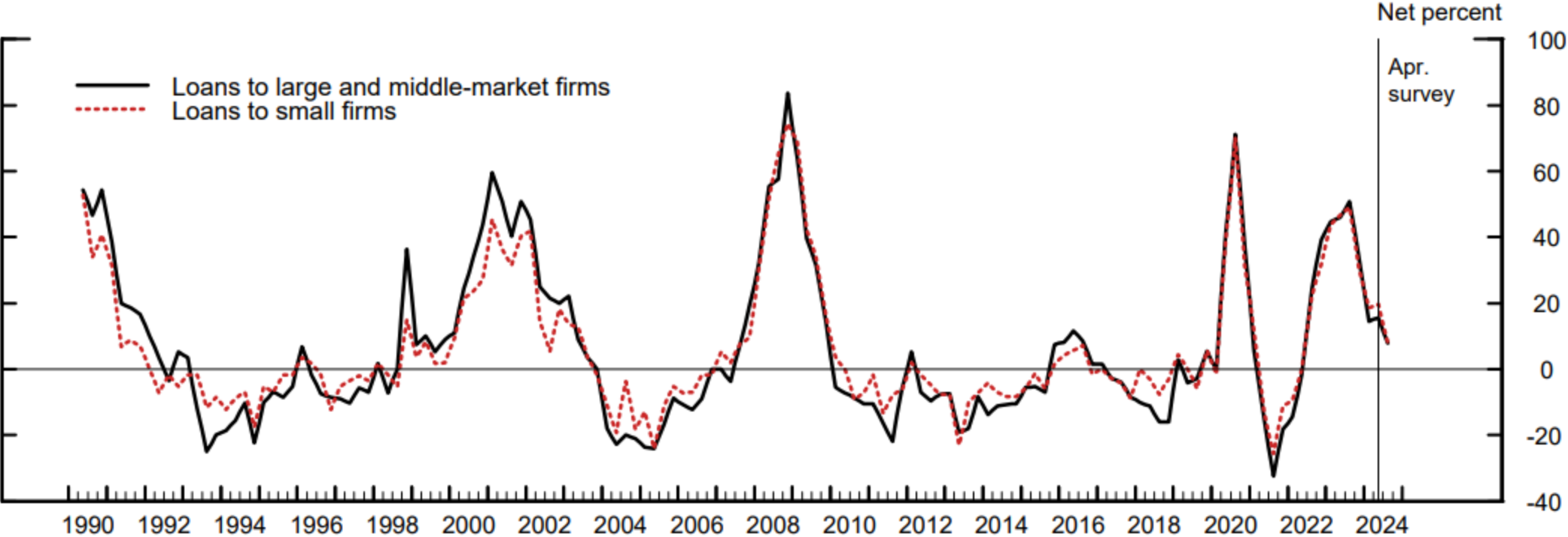
EXPECTED LOSS 0.57%

UNEXPECTED LOSS - CAPITAL AT RISK \$57,940

C&I lending standards remain tight but pace of tightening declining

Measures of supply and demand for commercial and industrial loans, by size of firm seeking loan

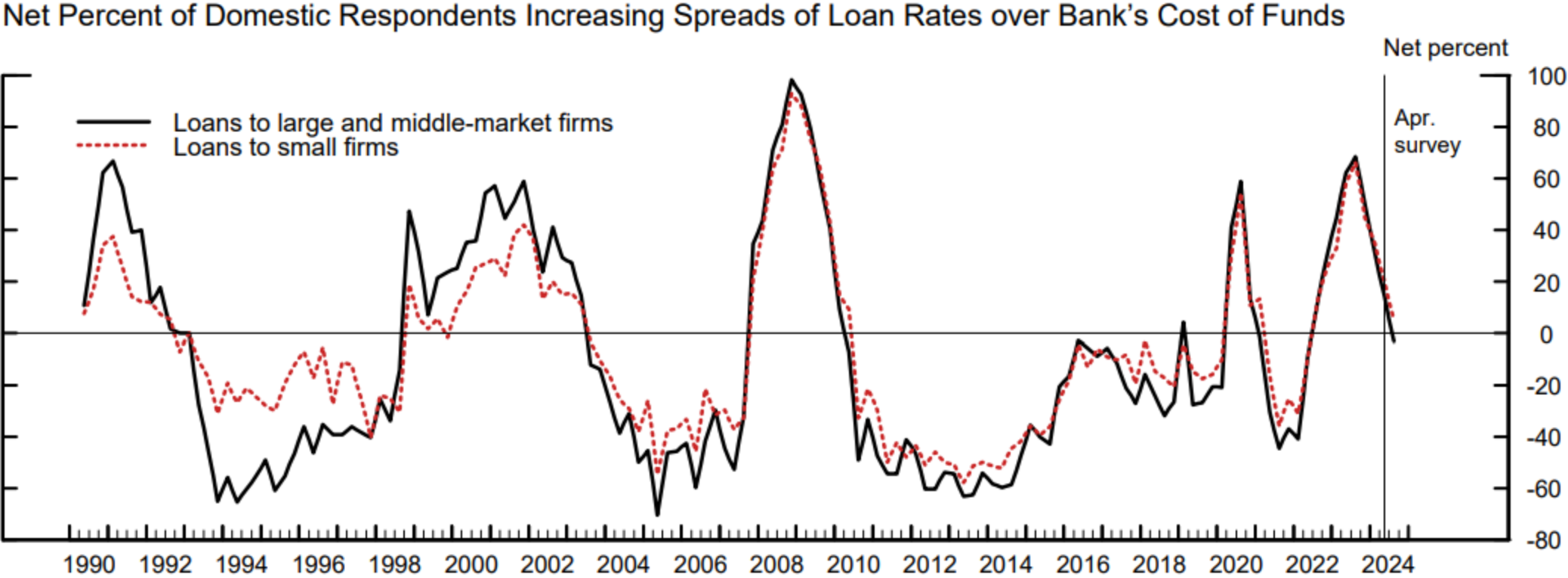
Net Percent of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



Data compiled Aug. 15, 2024.
Source: Federal Reserve.

C&I lending standards remain tight but pace of tightening declining

Measures of supply and demand for commercial and industrial loans, by size of firm seeking loan

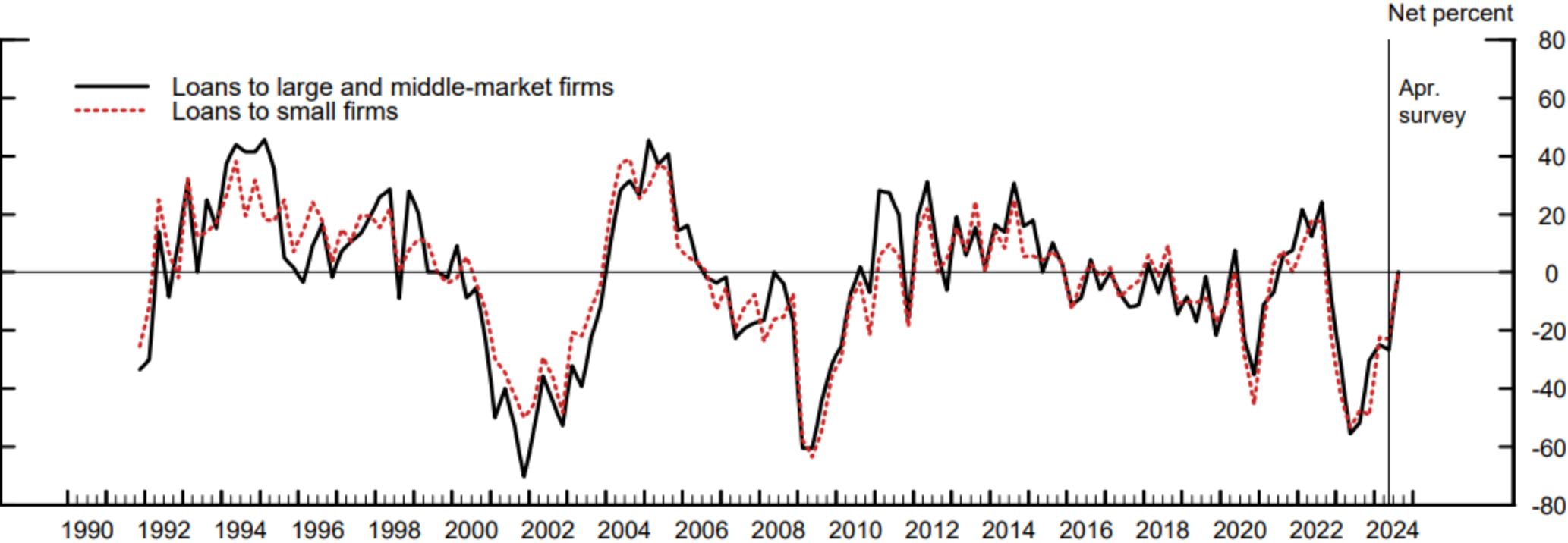


Data compiled Aug. 15, 2024.
Source: Federal Reserve.

C&I lending demand remains weak but improving

Measures of supply and demand for commercial and industrial loans, by size of firm seeking loan

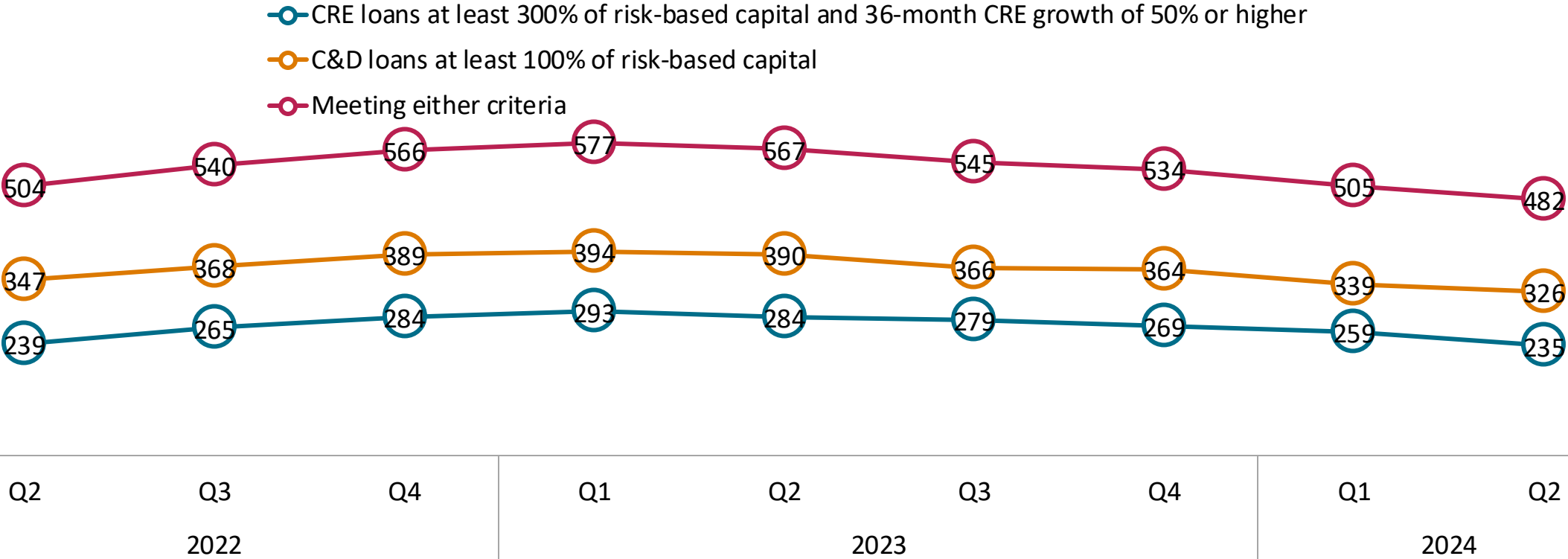
Net Percent of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans



Data compiled Aug. 15, 2024.
Source: Federal Reserve.

Regulators subjecting banks with elevated CRE exposures to greater scrutiny

Number of US banks exceeding 2006 CRE loan concentration guidance (actual)



Data compiled Aug. 20, 2024.

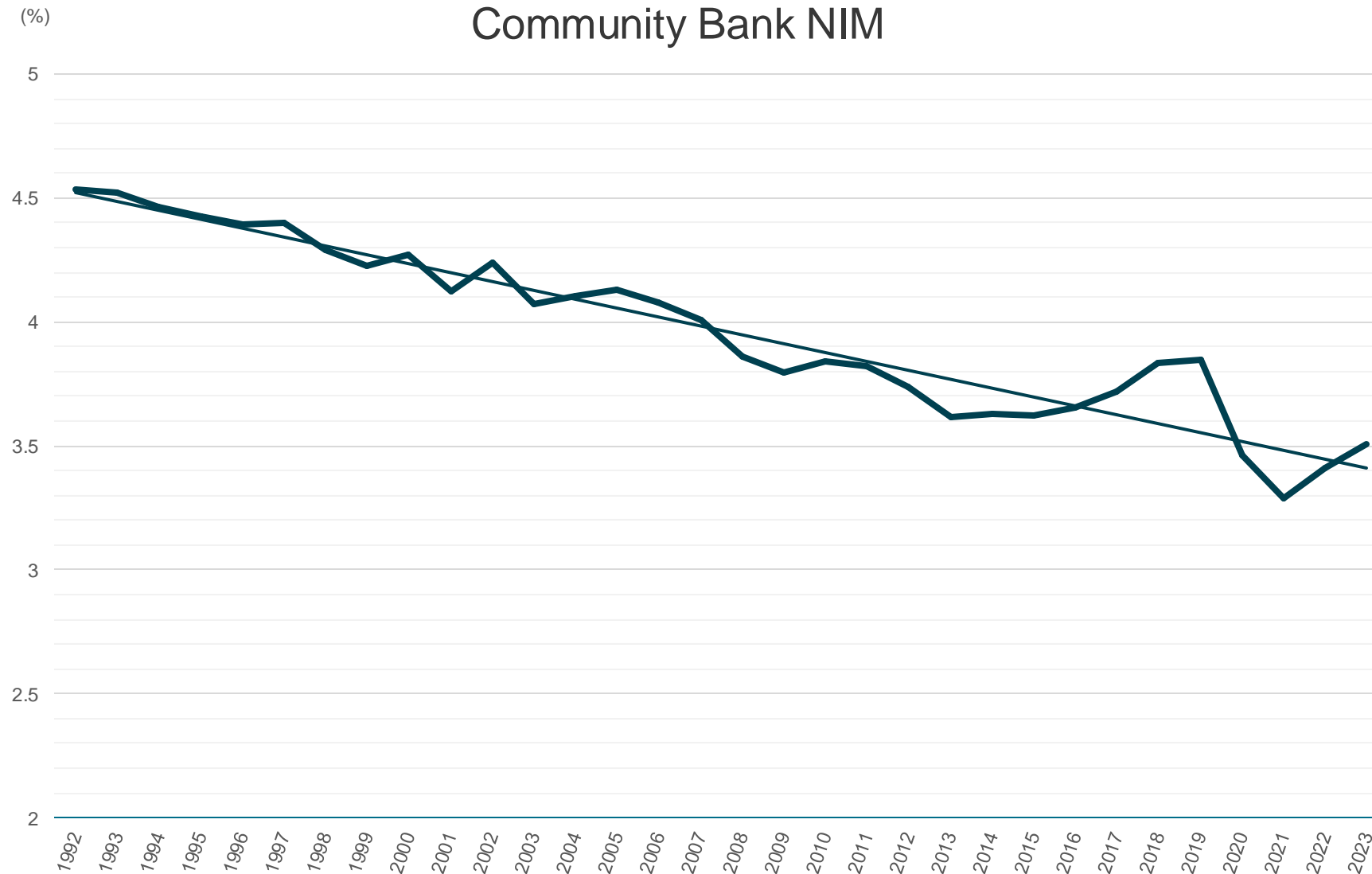
CRE = commercial real estate; C&D = construction and development; ALLL = allowance for loan and lease losses.

Analysis includes operating and historical US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded. Since the first quarter of 2020, regulators have recommended using Tier 1 capital plus the entire ALLL as the denominator in credit concentration calculations because of many banks qualifying for and opting into the community bank leverage ratio framework. Banks adopting the current expected credit loss model should use the portion of the credit losses attributed to loans and leases plus Tier 1 capital. Companies that met both criteria are included in the totals for each criterion, causing overlap between the totals of each criterion.

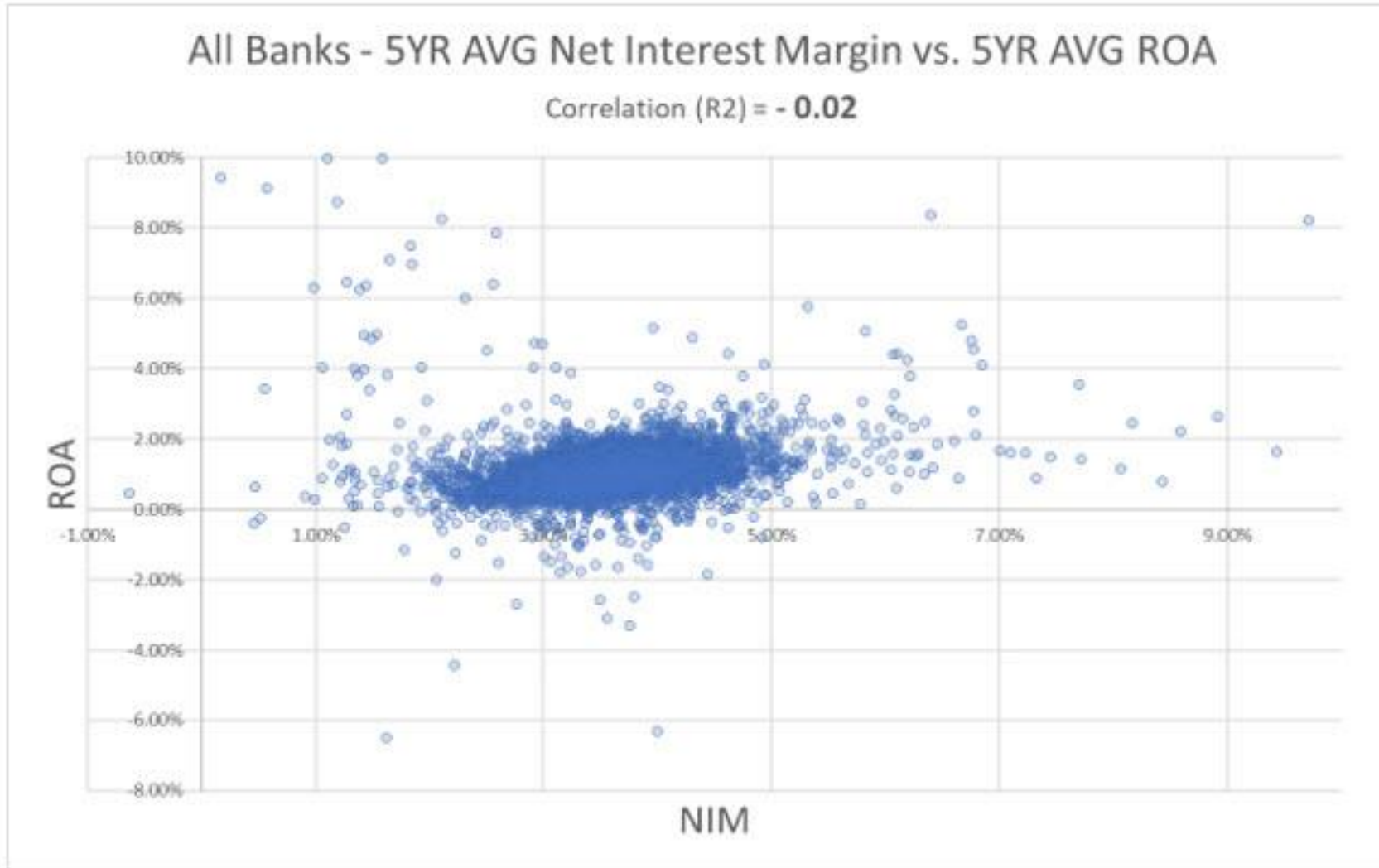
Data based on regulatory filings.

Source: S&P Global Market Intelligence.

Direction for NIM



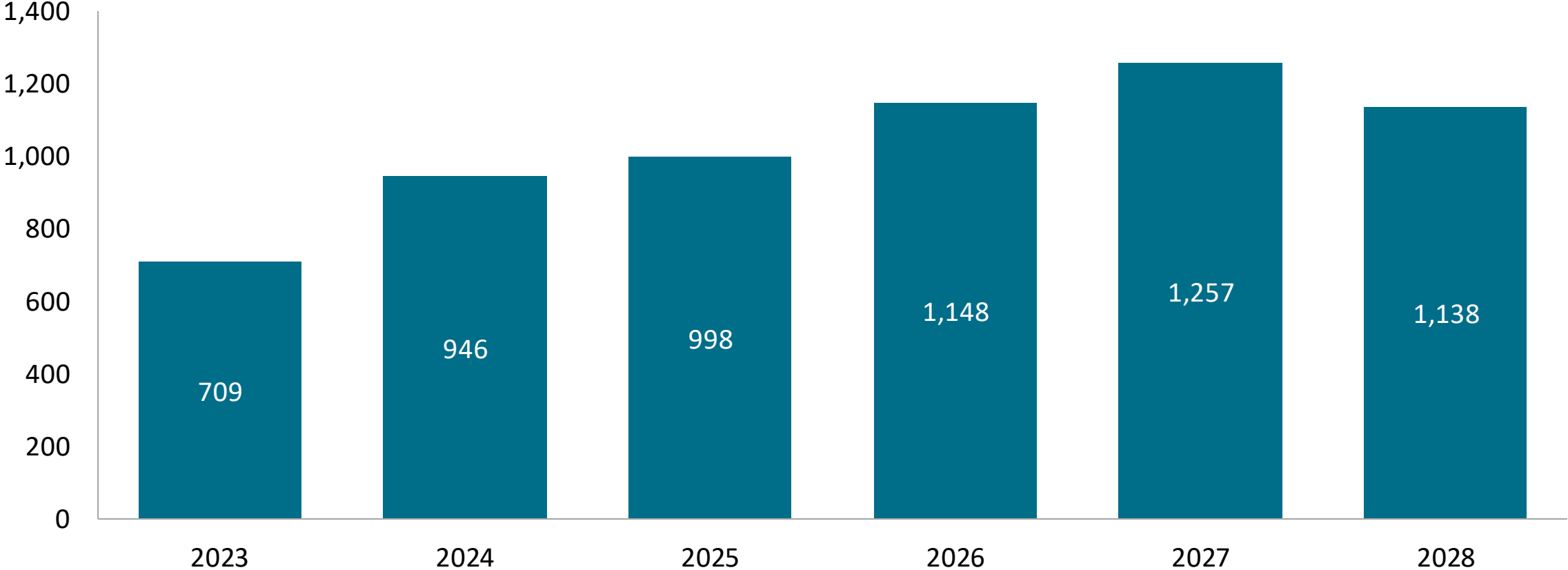
The Problem with NIM



5yr Avg - Correlation to ROA - all banks \$100mm to \$10Bn assets

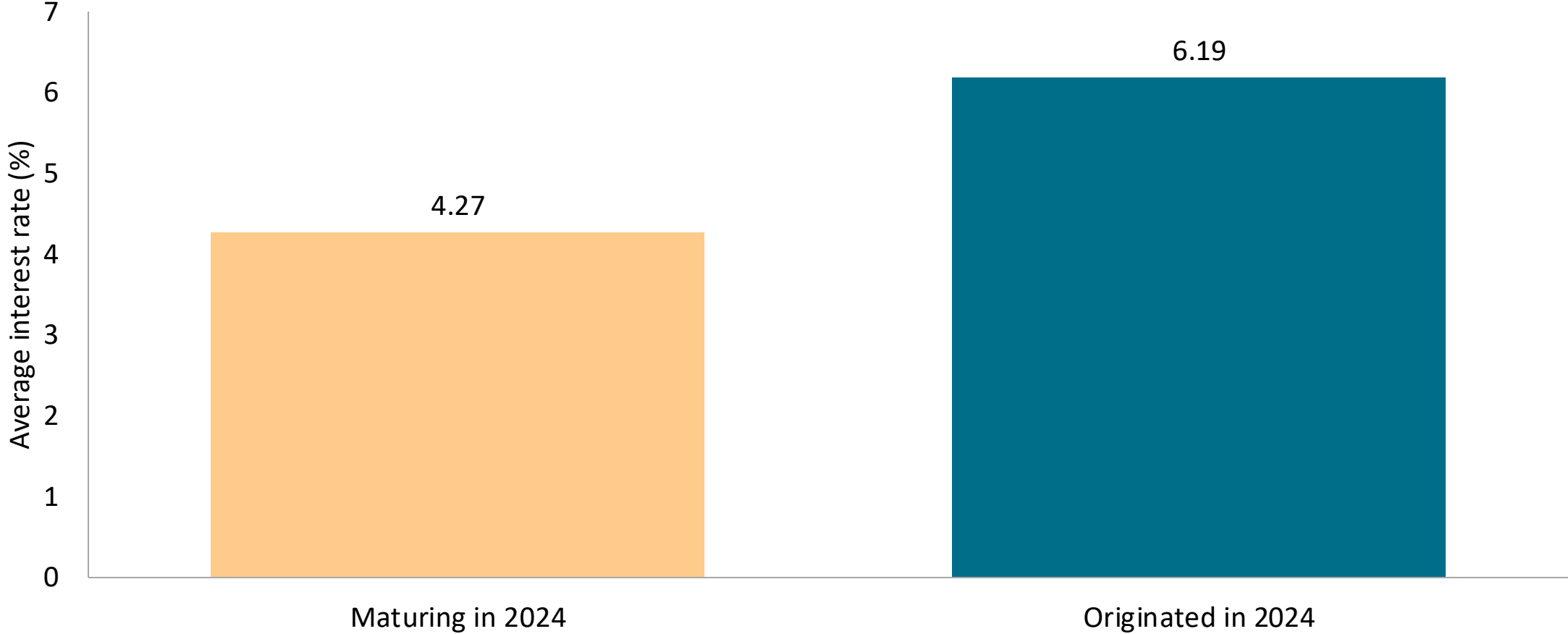
1 Nonint Inc/ Avg Assets	0.901
2 Nonint Exp/ Avg Assets	0.424
3 Net Loan Charge-Offs/ Avg Tot Lns & Lses	0.053
4 Average of Interest Exp/ Avg Assets	-0.049
5 Average of Interest Income/ Avg Assets	-0.033
6 Provision Exp/ Avg Assets	0.032
7 Yield on Earning Assets (%)	-0.028
8 Realized Gains/ Avg Assets	-0.026
9 Net Interest Income/ Avg Assets	-0.020
10 Net Interest Margin	-0.014
11 Net Loan Charge-offs	0.013
12 Total Assets	-0.004

Roughly \$950B of US commercial real estate mortgages are estimated to mature in 2024 (\$B)



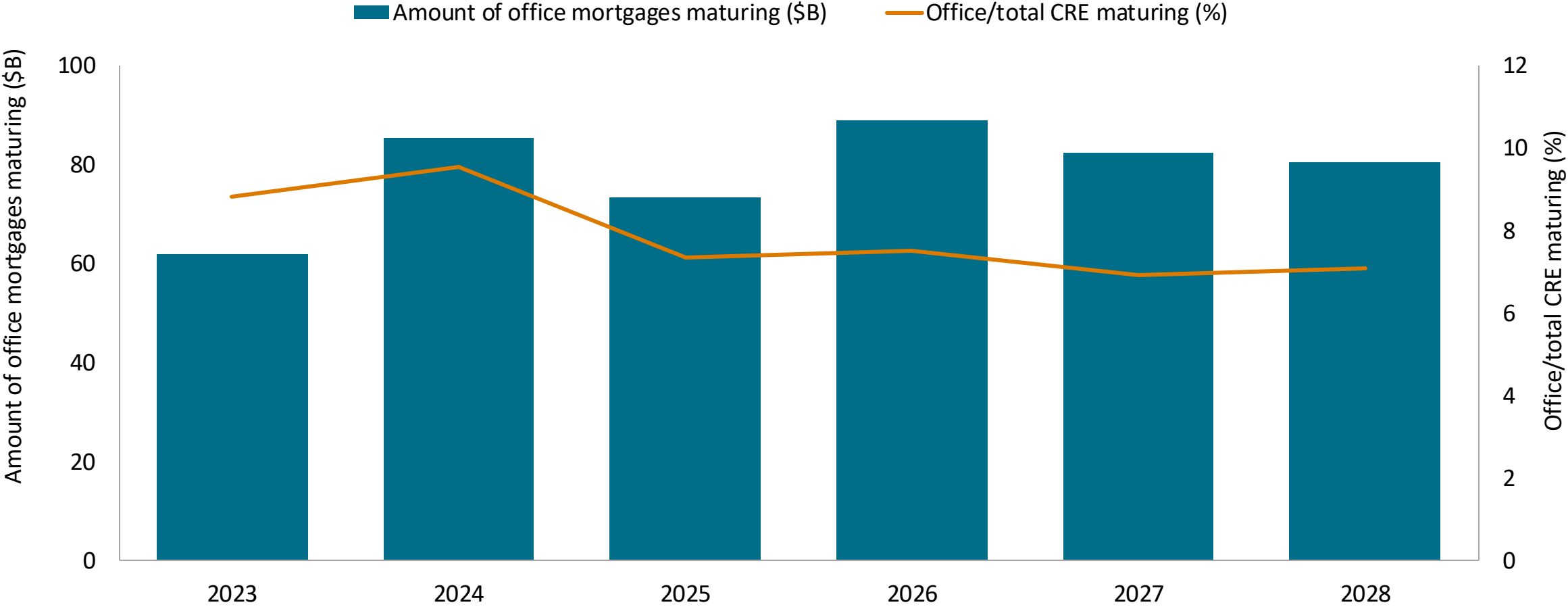
Data compiled Aug. 19, 2024.
Data represents the aggregation of 3.6 million commercial real estate property mortgages, sourced from various tax filings from approximately 75% of US counties. While roughly 60% of the loans were originally missing a maturity date, analysis uses a random forest model to impute the missing values. Since the random forest model varies each time it is run, the values shown represent averages across five runs.
The raw data does not include roughly 25% of counties, so we created another model using gross county product and the number of properties in the county to estimate the total mortgage amounts in the missing counties. Ultimately, these were relatively minimal amounts compared to the overall market.

Average interest rate on commercial real estate mortgages originated in 2024 is nearly 200 basis points higher than mortgages maturing in 2024



Data compiled Aug. 19, 2024.
Data represents the aggregation of 3.6 million commercial real estate property mortgages, sourced from various tax filings from approximately 75% of US counties. While roughly 60% of the loans were originally missing a maturity date, we used a random forest model to impute the missing values.
Source: S&P Global Market Intelligence.

Roughly 10% of commercial real estate mortgages estimated to mature in 2024 are office properties



Data compiled Aug. 19, 2024.
 Data represents the aggregation of 3.6 million commercial real estate property mortgages, sourced from various tax filings from approximately 75% of US counties. While roughly 60% of the loans were originally missing a maturity date, we used a random forest model to impute the missing values. Since the random forest model varies each time it is run, the values shown represent averages across five runs.
 Source: S&P Global Market Intelligence.

- Looking at transit, cell phone and office control data, office usage has continued to improve this year.
- Peak usage is now at 70% based on cell data.
- However, average usage is in the 40% to 65% range. Or about 50% of pre-pandemic levels.
- **45% of the office space has yet to come up for renewal**

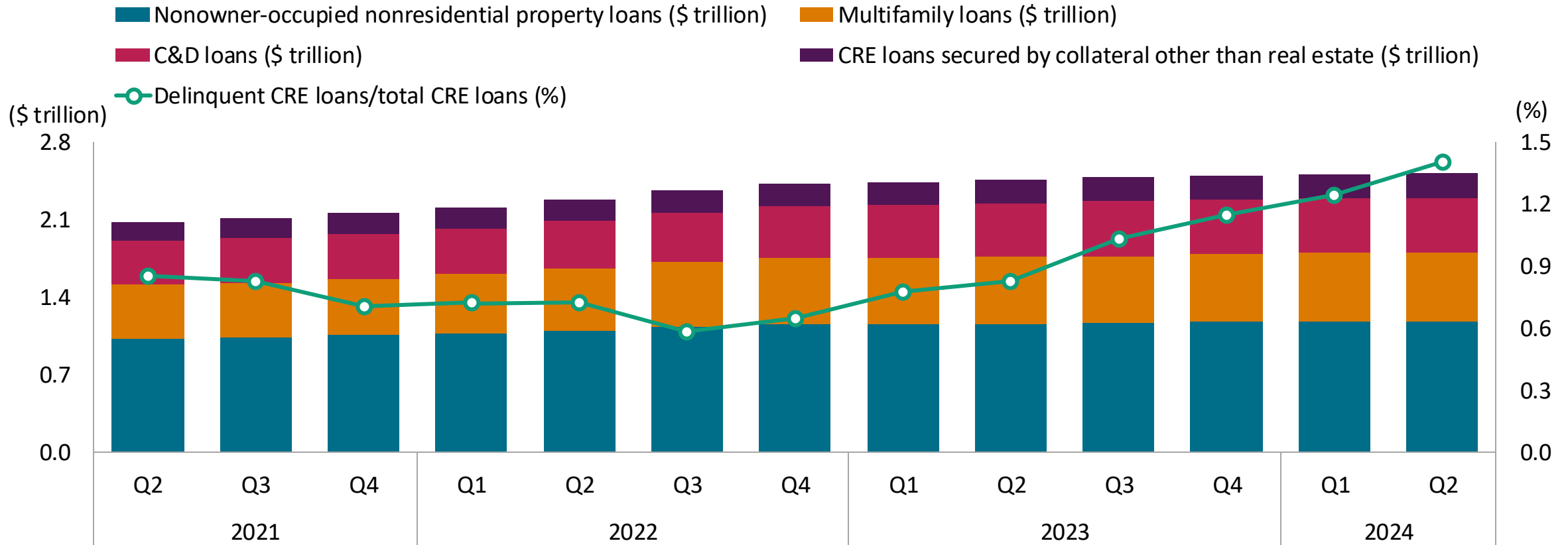
- **Lease reduction has been in the 12% range which we use for modeling purposes.**

- Forecasting the “peak day” syndrome
- LTV lower than last recession



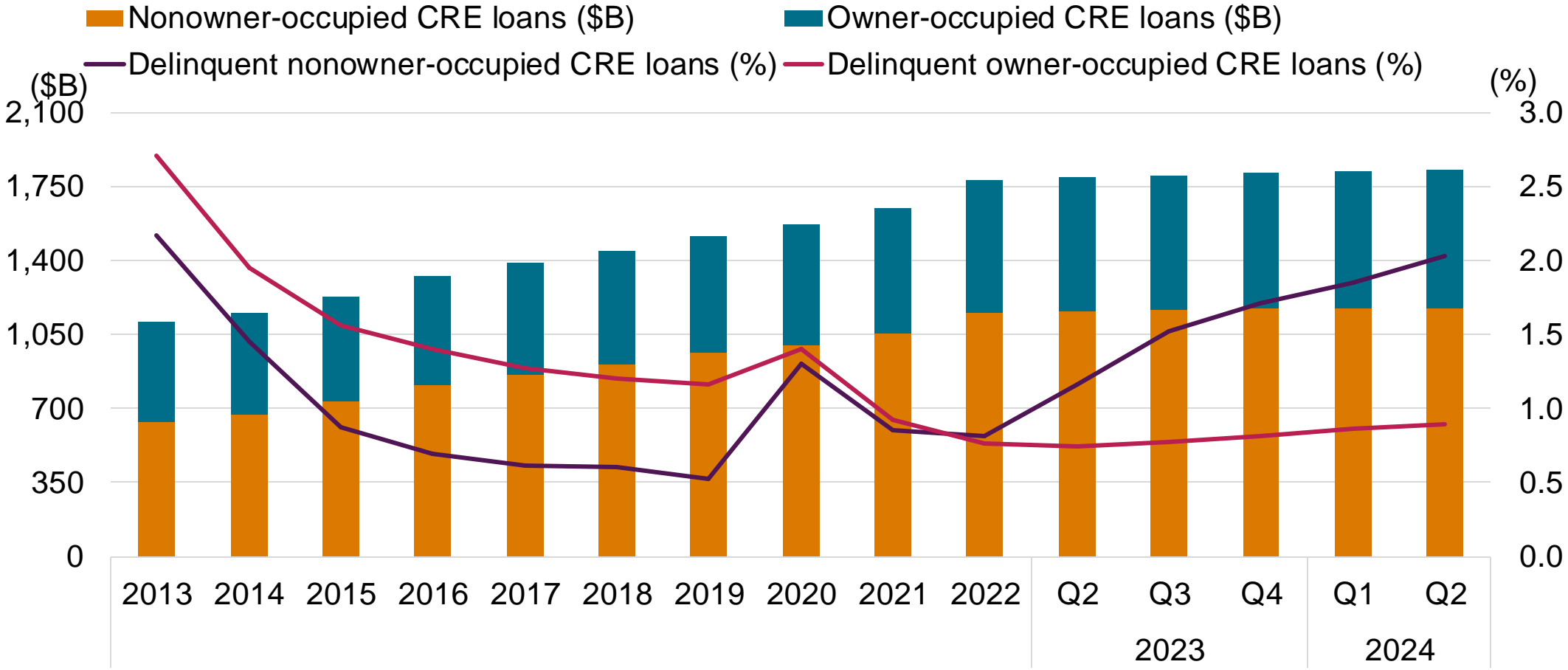
If at risk – Restructure NOW!!!

CRE composition and delinquency at US banks (%)



Data compiled Aug. 20, 2024.
 CRE = commercial real estate; C&D = construction and development.
 Delinquent loans consist of loans 30 or more days past due and loans in nonaccrual status.
 Analysis based on aggregates for operating and historical US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.
 Data based on regulatory filings.
 Source: S&P Global Market Intelligence.

Commercial real estate loan delinquency at US banks



Data compiled Aug. 16, 2024. CRE = commercial real estate; NCOs = net charge-offs. Analysis includes US commercial banks, savings banks, and savings and loan associations. Excludes nondepository trusts and companies with a foreign banking charter. based on regulatory filings.
 * Delinquent loans include loans 30-plus days past due or in nonaccrual status.
 Source: S&P Global Market Intelligence.

Data

CRE loan breakdown by type, assets and region, Q2 2024

			Delinquent CRE loans*					
	CRE loans		Owner-occupied		Nonowner-occupied		Nonowner-occupied CRE NCOs/avg. nonowner-occupied CRE loans (%)	
	Total (\$B)	Nonowner-occupied (%)	Q2 2024 (%)	QOQ change (bps)	Q2 2024 (%)	QOQ change (bps)	Q2 2024 (%)	QOQ change (bps)
By asset size								
Less than \$3B	452.98	58.3	1.01	7	0.83	3	0.03	-4
\$3B - \$10B	281.15	66.1	0.83	2	0.86	15	0.13	8
\$10B - \$100B	577.50	65.3	0.73	0	0.78	3	0.20	6
Greater than \$100B	517.44	66.6	0.99	1	4.94	53	1.62	49
By region (<\$10B in total assets)								
South Central	114.59	60.8	1.05	-3	1.05	18	0.05	2
Southeast	130.55	58.4	0.91	11	0.79	6	0.01	1
West	109.67	63.2	0.97	26	0.79	23	0.07	-9
Midwest	223.98	58.4	0.92	6	0.74	-1	0.10	6
Northeast	155.33	66.7	0.98	-9	0.92	6	0.09	2

Data compiled Aug. 30, 2024.

CRE = commercial real estate; NCOs = net charge-offs.

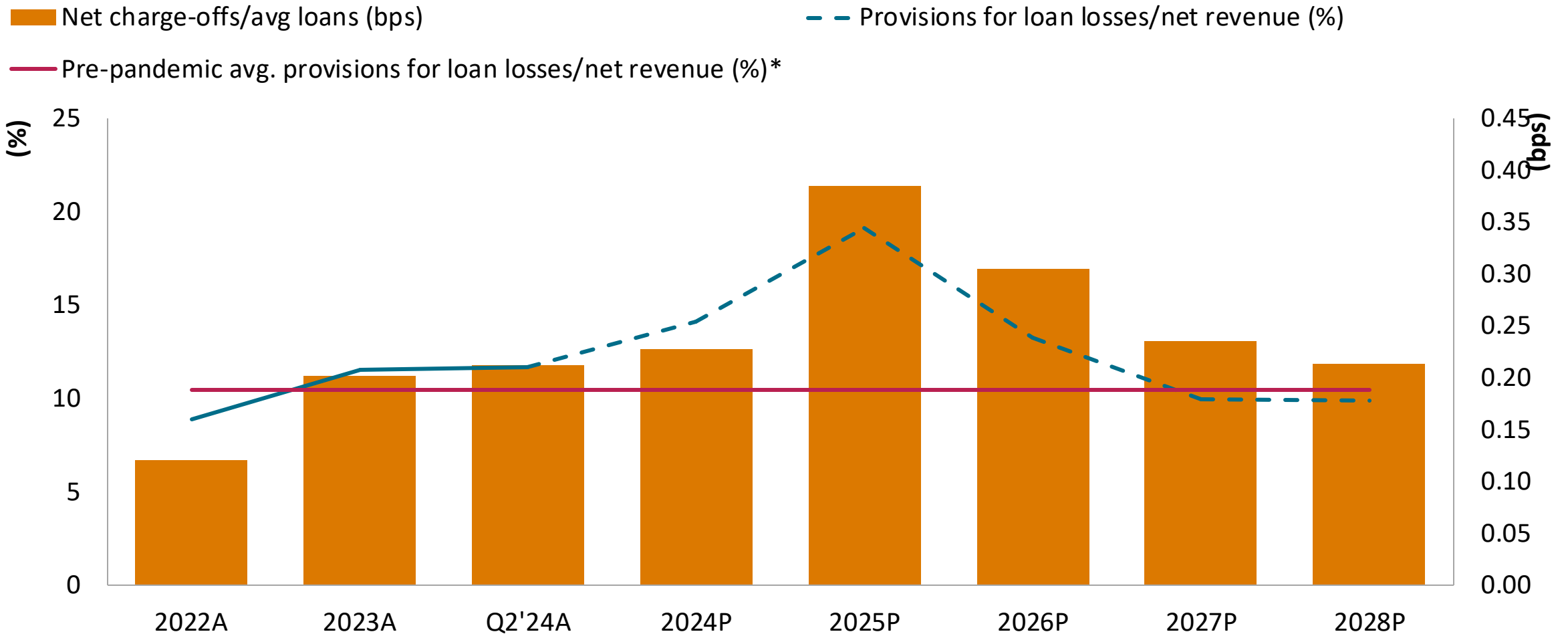
Analysis includes US commercial banks, savings banks, and savings and loan associations. Excludes nondepository trusts and companies with a foreign banking charter.

Data based on regulatory filings.

* Delinquent loans include loans 30-plus days past due or in nonaccrual status.

Source: S&P Global Market Intelligence.

Credit costs will rise substantially in 2024 but remain manageable (%)



Data compiled Sept. 23, 2024.
 ** Average of provisions for loan losses/net revenue from 2013-2019. Net revenue = net interest income + noninterest income - noninterest expense.
 Sources: S&P Global Market Intelligence; proprietary estimates

Community bank earnings under pressure as margins dip, credit costs increase

Community bank aggregate profitability metrics (%)

	<u>2023A</u>	<u>Q2'24A</u>	<u>2024P</u>	<u>2025P</u>
Efficiency ratio	57.25	63.41	63.99	61.58
ROAA	1.09	1.06	1.01	1.01
Net interest margin	3.24	3.36	3.40	3.53
YOY earnings growth	-3.8	-9.2	-5.8	8.7

Data compiled July 29, 2024.

A = actual; P = projected;

Sources: S&P Global Market Intelligence; proprietary estimates

Q&A

Thank You!

Nathan Stovall

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Chris Nichols

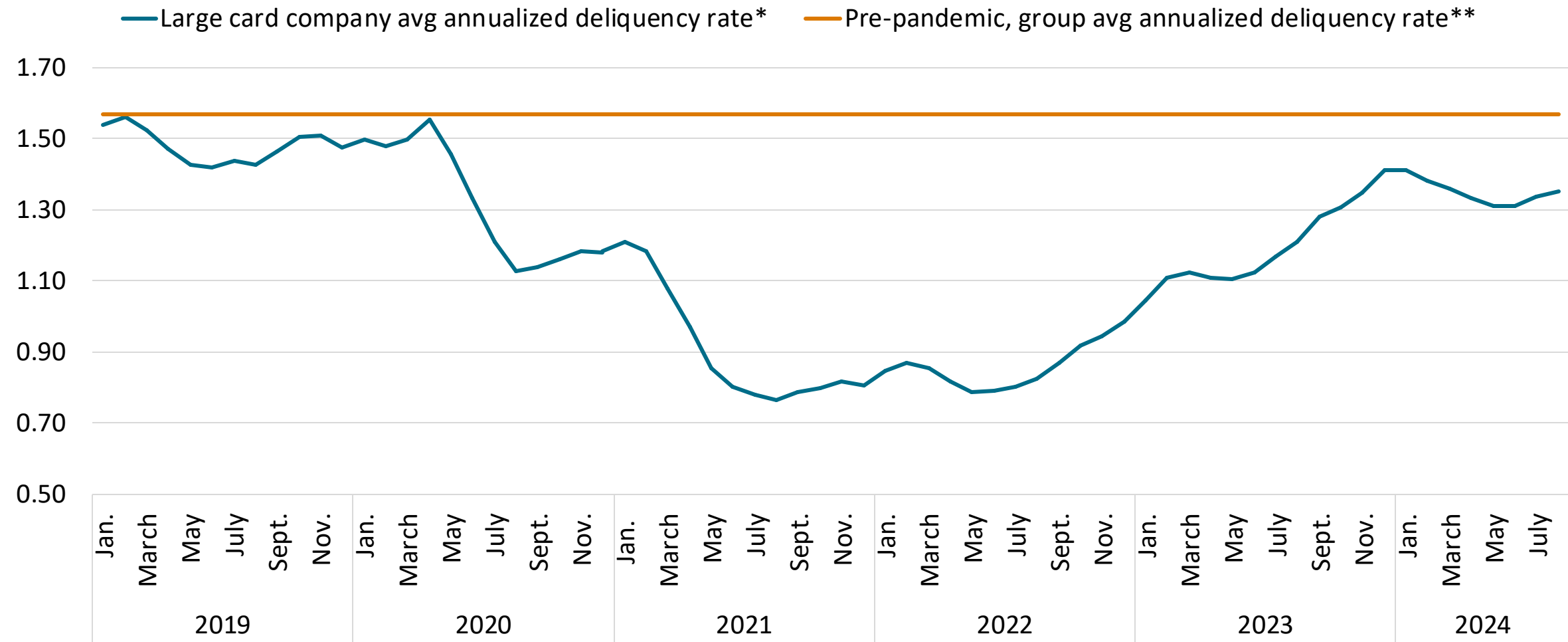
Director, Capital Markets
Email: cnichols@southstatebank.com
Tel: 925-202-8944

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Appendix

Credit card delinquencies 30+ days (%)



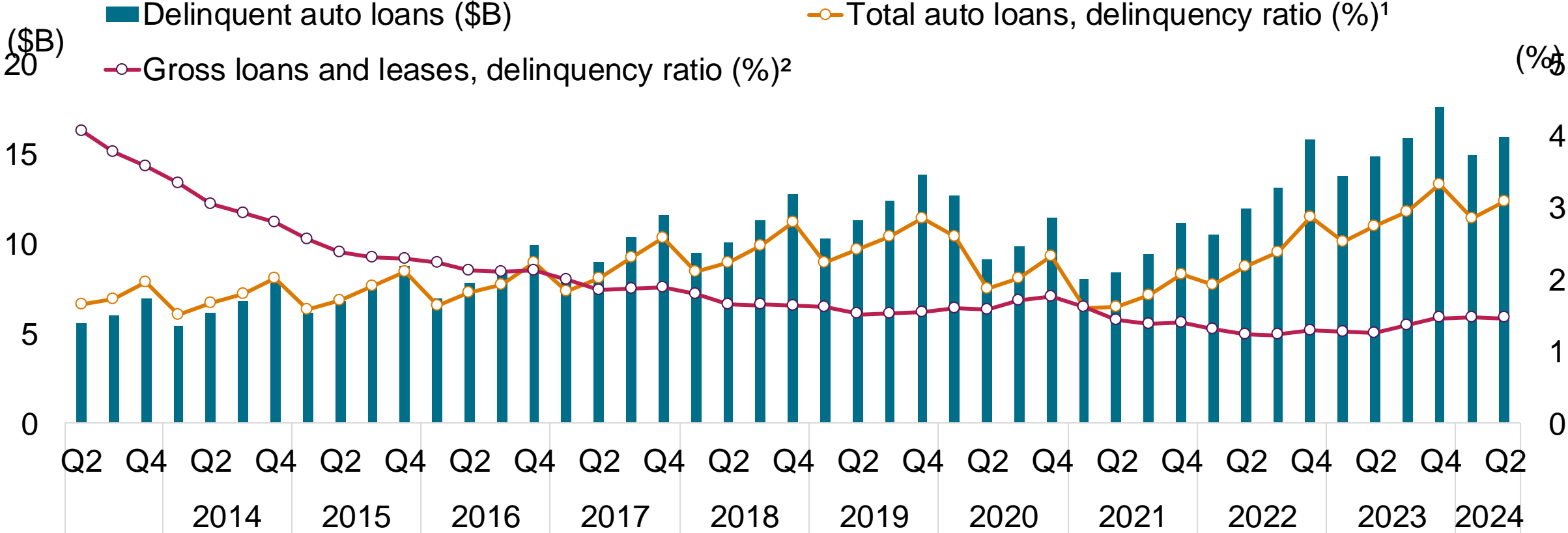
Data compiled Sept. 23, 2024.

*Average of delinquency rates among American Express Co., Bank of America Corp., Capital One Financial Corp., Citigroup Inc., Discover Financial Services and JPMorgan Chase & Co.

**Average of the group average delinquency rate from 2013-2019

Sources: S&P Global Market Intelligence

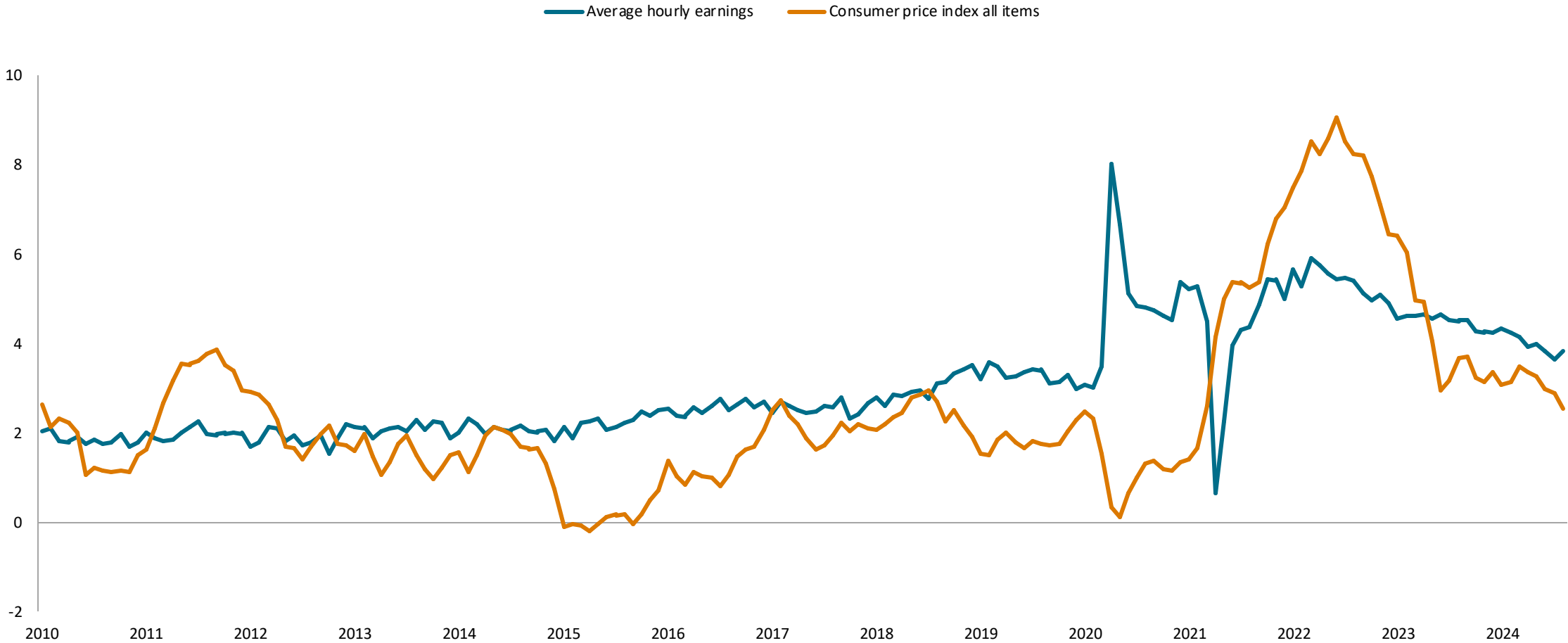
Auto loan delinquency at US banks



Data compiled Aug. 16, 2024.
 Analysis includes US commercial banks, savings banks and savings and loan associations; excludes nondepository trusts and companies with a foreign banking organization charter.
 1 Represents nonaccrual and past-due auto loans as a percentage of total auto loans.
 2 Represents nonaccrual and past-due gross loans and leases as a percentage of gross loans and leases.
 Based on regulatory filings.
 Delinquent loans include those at least 30 days past due or in nonaccrual status.
 Source: S&P Global Market Intelligence.

Wages growing slower than consumer prices (%)

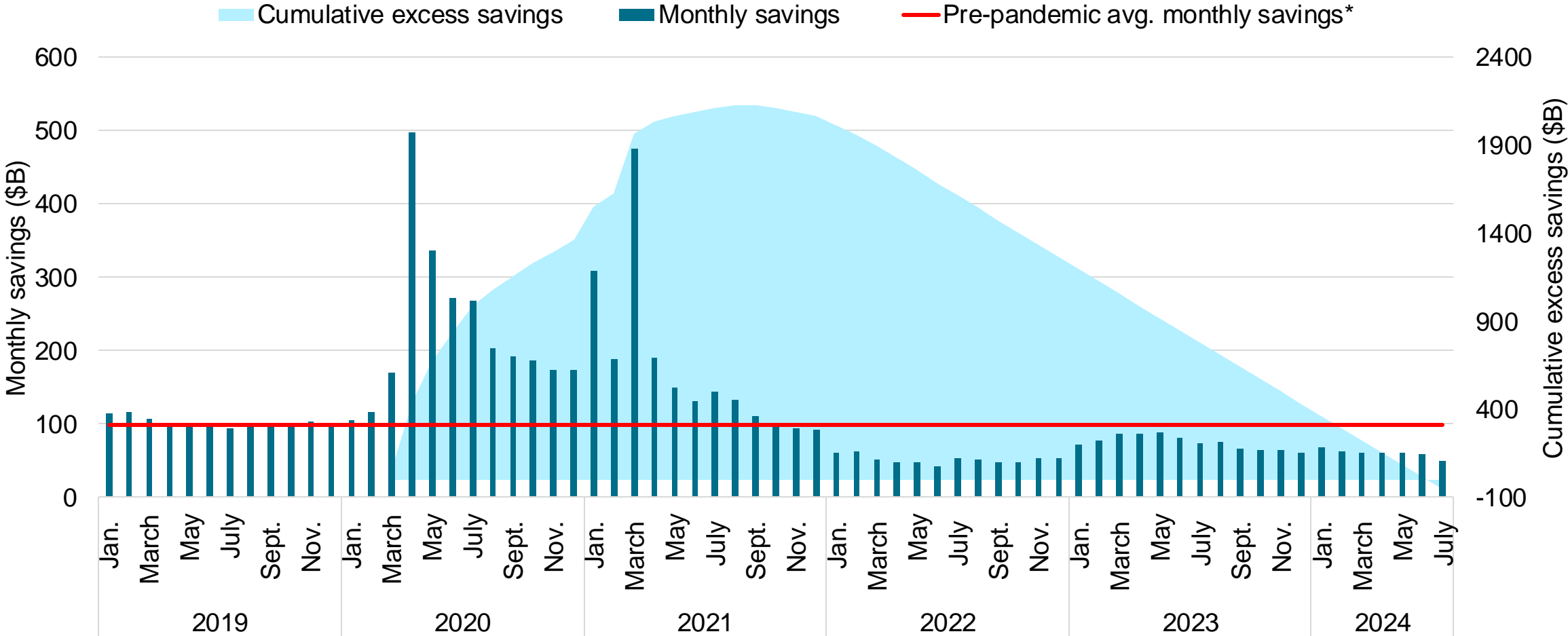
YOY change: January 2010–August 2024



Data accessed Sept. 11, 2024.
Consumer price index includes year over year change in non-seasonally adjusted consumer price index for all items, while average hourly earnings includes seasonally adjusted data.
June and July 2024 are preliminary figures.
Source: US Bureau of Labor Statistics.

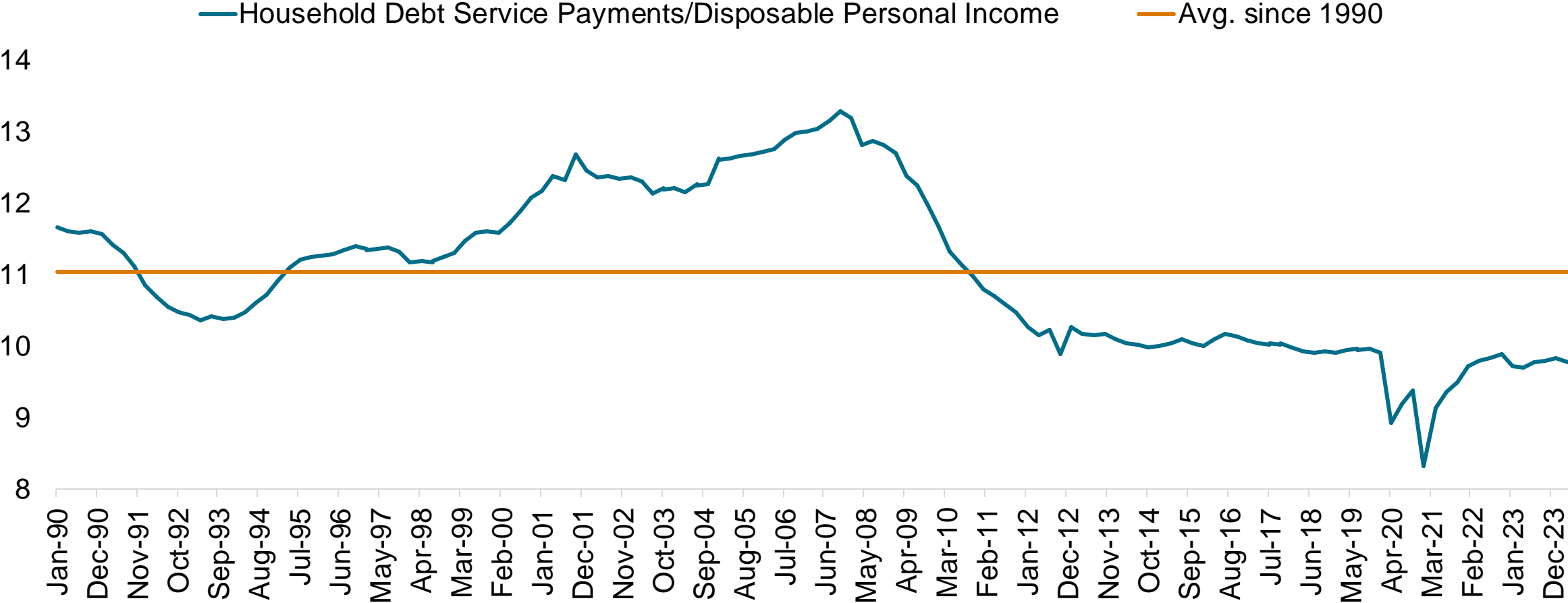
Consumers have spent excess savings

Cumulative aggregate pandemic-era excess savings



Data compiled Aug. 14, 2024.
 *Represents the average monthly savings from Jan. 2019-Feb. 2020.
 Source: Source: Bureau of Economic Analysis, San Francisco Federal Reserve

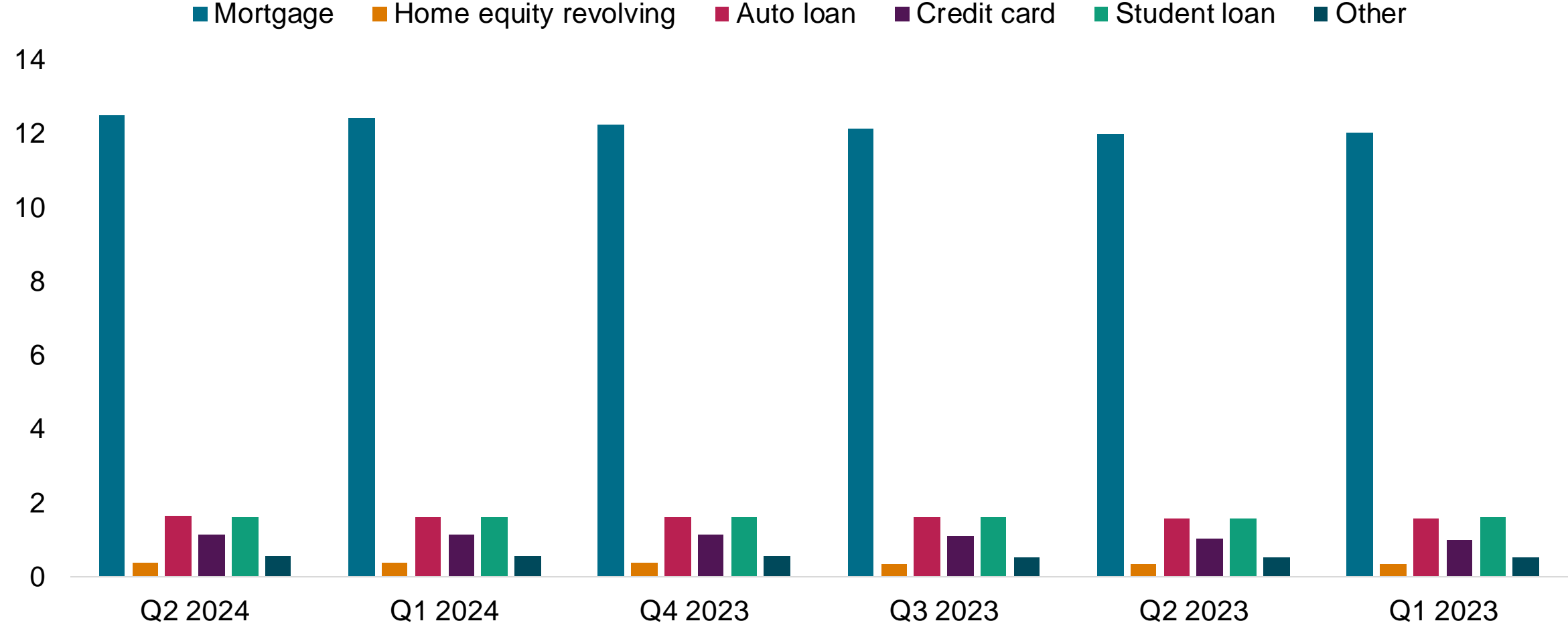
Consumer debt remains well below historical levels (%)



Data compiled Aug. 5, 2024.
 Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.
 Data based on regulatory filings as of June 30, 2024.
 Source: S&P Global Market Intelligence.

Consumers locked in mortgages while rates were low

Composition of household debt balance (\$T) – nonseasonally adjusted

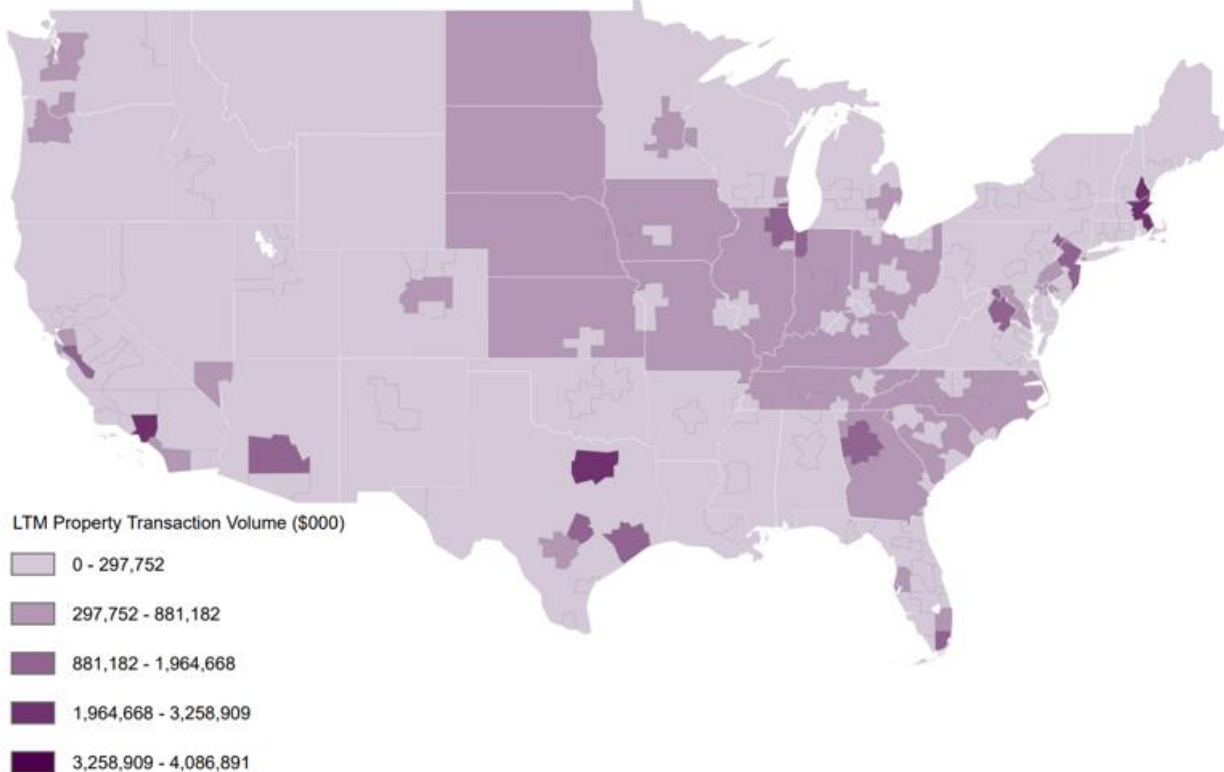


Data compiled Aug. 6, 2024.
 Source: Federal Reserve Bank of New York. © 2024 S&P Global.

Office transaction volume, 12-months ended June 30, 2024

Real estate transaction volume by market in 12-months ended June 30, 2024

Office



Data compiled Sept. 11, 2024.

Includes Real Capital Analytics markets by office transaction volume in the twelve months ended June 30, 2024.

Sources: S&P Global Market Intelligence; Real Capital Analytics.

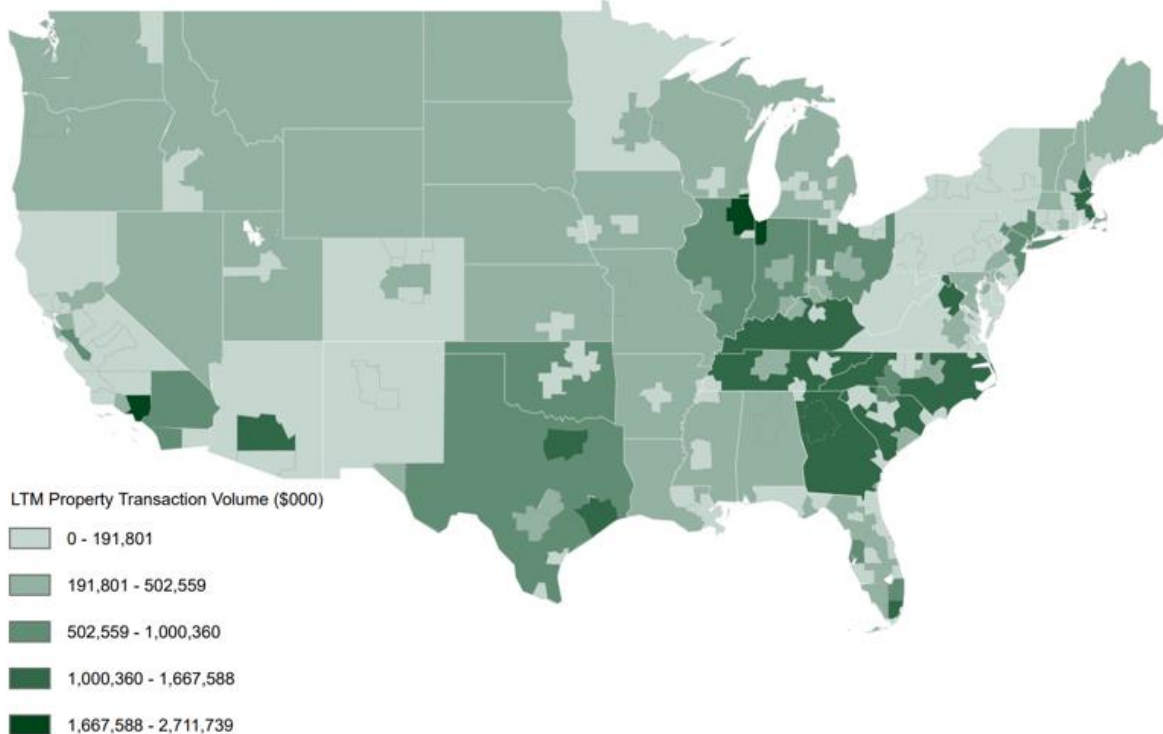
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Top markets by office real estate transaction volume in 12-months ended June 30, 2024

Market	Number of properties sold	Property transaction volume	
		(\$B)	YOY change (%)
Manhattan	67	4.09	-39.4
Los Angeles	98	2.73	-5.6
Dallas	95	2.51	-33.4
Boston	54	2.45	-37.5
Washington, D.C.	24	1.86	3.2
Houston	91	1.77	-22.1
Chicago	80	1.58	-17.6
Atlanta	76	1.56	-51.2
Phoenix	82	1.46	-5.8
San Jose	48	1.44	-16.6
Washington, D.C. Virginia suburbs	53	1.24	-49.3
Austin	39	1.10	2.9
Miami-Dade County, Fla.	38	1.05	55.5
Northern New Jersey	45	0.95	-52.0
Seattle	51	0.87	-28.1
Philadelphia	26	0.80	-18.4
Orange County, Calif.	45	0.77	-50.5
Minneapolis	44	0.74	-10.0
San Francisco	27	0.73	-44.8
Charlotte	38	0.70	-18.8

Retail transaction volume, 12-months ended June 30, 2024

Real estate transaction volume by market in 12-months ended June 30, 2024
Retail



Data compiled Sept. 11, 2024.

Includes Real Capital Analytics markets by retail transaction volume in the twelve months ended June 30, 2024.

Sources: S&P Global Market Intelligence; Real Capital Analytics.

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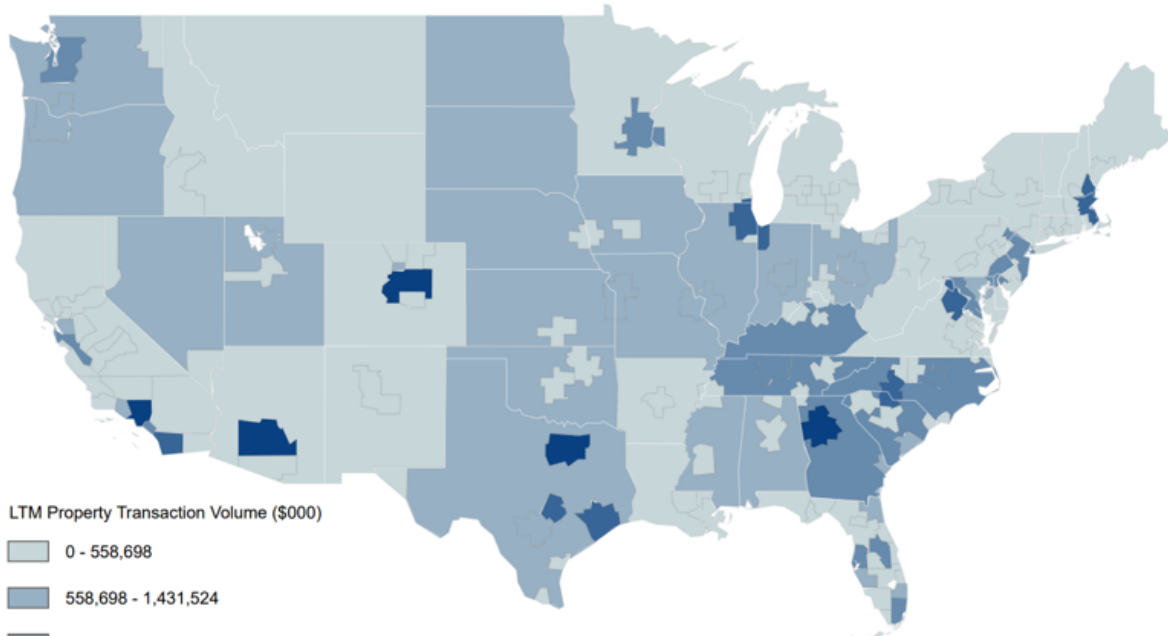
Top markets by retail real estate transaction volume in 12-months ended June 30, 2024

Market	Number of properties sold	Property transaction volume	
		(\$B)	YOY change (%)
Manhattan	67	2.71	137.6
Chicago	128	1.99	28.6
Los Angeles	126	1.76	-47.4
Atlanta	122	1.66	-15.2
Houston	96	1.60	2.5
Dallas	105	1.49	-22.2
Phoenix	87	1.25	-21.6
Boston	43	1.24	30.6
Miami-Dade County, Fla.	65	1.12	-7.8
Washington, D.C. Virginia suburbs	35	1.01	94.3
Inland Empire, Calif.	47	0.81	16.6
Orange County, Calif.	42	0.80	37.9
New York City outer boroughs	77	0.80	-20.9
Northern New Jersey	52	0.80	-29.5
San Diego	38	0.79	12.1
Tampa	64	0.74	-0.2
Broward County, Fla.	39	0.66	-16.5
Charlotte	50	0.66	38.3
Westchester, N.Y.	42	0.64	95.3
Long Island, N.Y.	25	0.63	-36.4

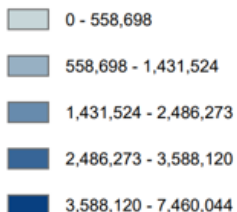
Apartment transaction volume, 12-months ended June 30, 2024

Real estate transaction volume by market in 12-months ended June 30, 2024

Apartment



LTM Property Transaction Volume (\$000)



Data compiled Sept. 11, 2024.

Includes Real Capital Analytics markets by apartment transaction volume in the twelve months ended June 30, 2024.

Sources: S&P Global Market Intelligence; Real Capital Analytics.

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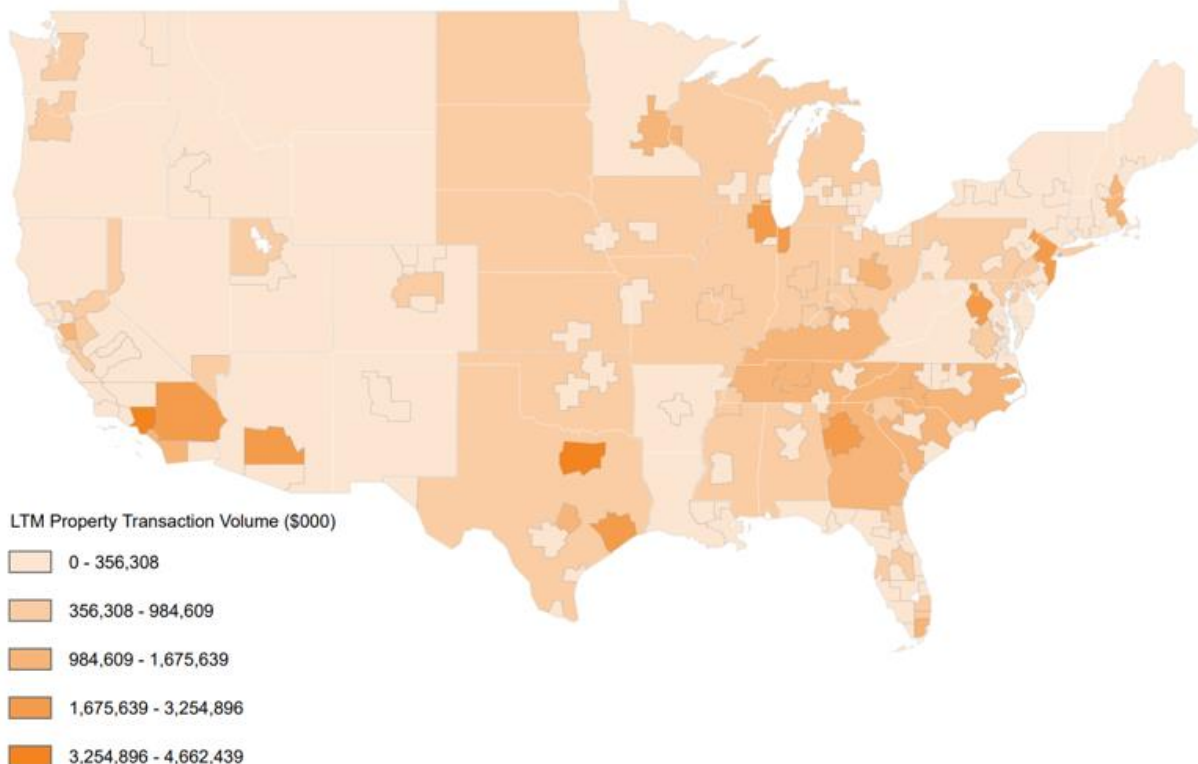
Top markets by apartment real estate transaction volume in 12-months ended June 30, 2024

Market	Number of properties sold	Property transaction volume	
		(\$B)	YOY change (%)
Dallas	199	7.46	-43.8
Atlanta	121	5.82	-28.5
Los Angeles	168	4.09	-35.1
Phoenix	71	3.80	-38.3
Denver	70	3.73	26.3
Houston	99	3.46	-50.1
Boston	82	3.36	-18.1
Washington, D.C. Virginia suburbs	31	3.31	11.1
Manhattan	144	3.20	-39.1
Austin	69	3.11	-43.9
Chicago	109	2.77	-48.9
San Diego	59	2.73	24.0
Charlotte	61	2.56	-30.1
Seattle	78	2.46	-42.0
Tampa	43	2.43	47.3
Miami-Dade County, Fla.	54	2.42	-6.7
Raleigh and Durham, N.C.	49	2.36	-10.0
Philadelphia	56	2.34	-1.0
Broward County, Fla.	43	2.18	-13.2
Orange County, Calif.	36	2.07	26.7

Industrial transaction volume, 12-months ended June 30, 2024

Real estate transaction volume by market in 12-months ended June 30, 2024

Industrial



Top markets by industrial real estate transaction volume in 12-months ended June 30, 2024

Market	Number of properties sold	Property transaction volume	
		(\$B)	YOY change (%)
Dallas	199	4.66	-23.5
Los Angeles	197	4.39	-46.5
Inland Empire, Calif.	105	2.86	-61.1
Chicago	162	2.76	-40.9
Houston	155	2.61	-14.8
Atlanta	147	2.57	-37.1
Northern New Jersey	111	2.51	-44.2
Washington, D.C. Virginia suburbs	33	2.17	79.4
Phoenix	115	2.08	-14.2
Boston	64	1.65	-18.8
Orange County, Calif.	79	1.62	-30.8
East Bay, Calif.	60	1.59	-46.7
Minneapolis	101	1.37	-26.2
Charlotte	81	1.32	1.1
Columbus	39	1.23	6.1
Miami-Dade County, Fla.	70	1.21	-52.7
Austin	40	1.19	24.4
San Diego	63	1.12	-48.9
New York City outer boroughs	77	1.10	11.5
Nashville	51	1.08	-7.4

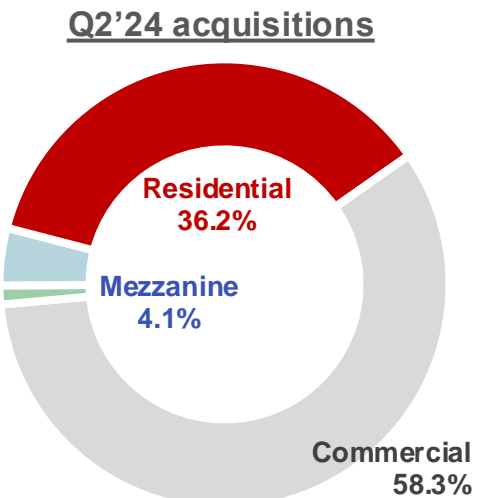
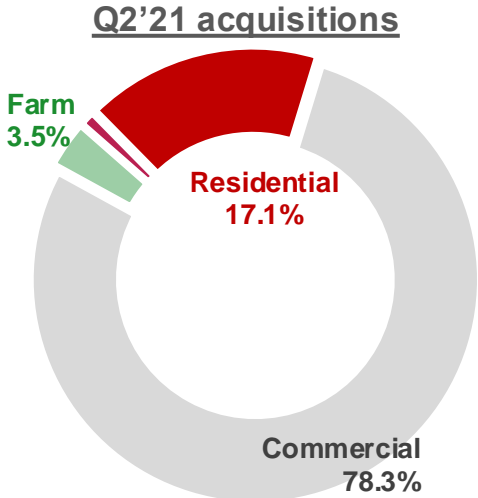
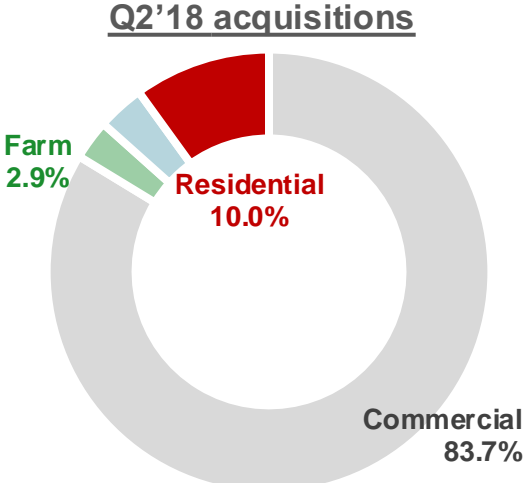
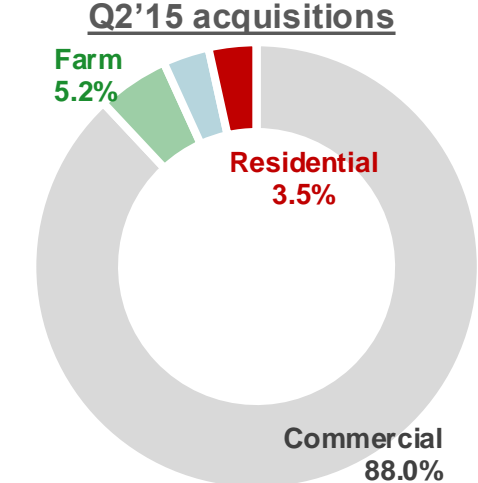
Data compiled Sept. 11, 2024.

Includes Real Capital Analytics markets by industrial transaction volume in the twelve months ended June 30, 2024.

Sources: S&P Global Market Intelligence; Real Capital Analytics.

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Residential loans account for a large and growing share of life insurer mortgage acquisitions



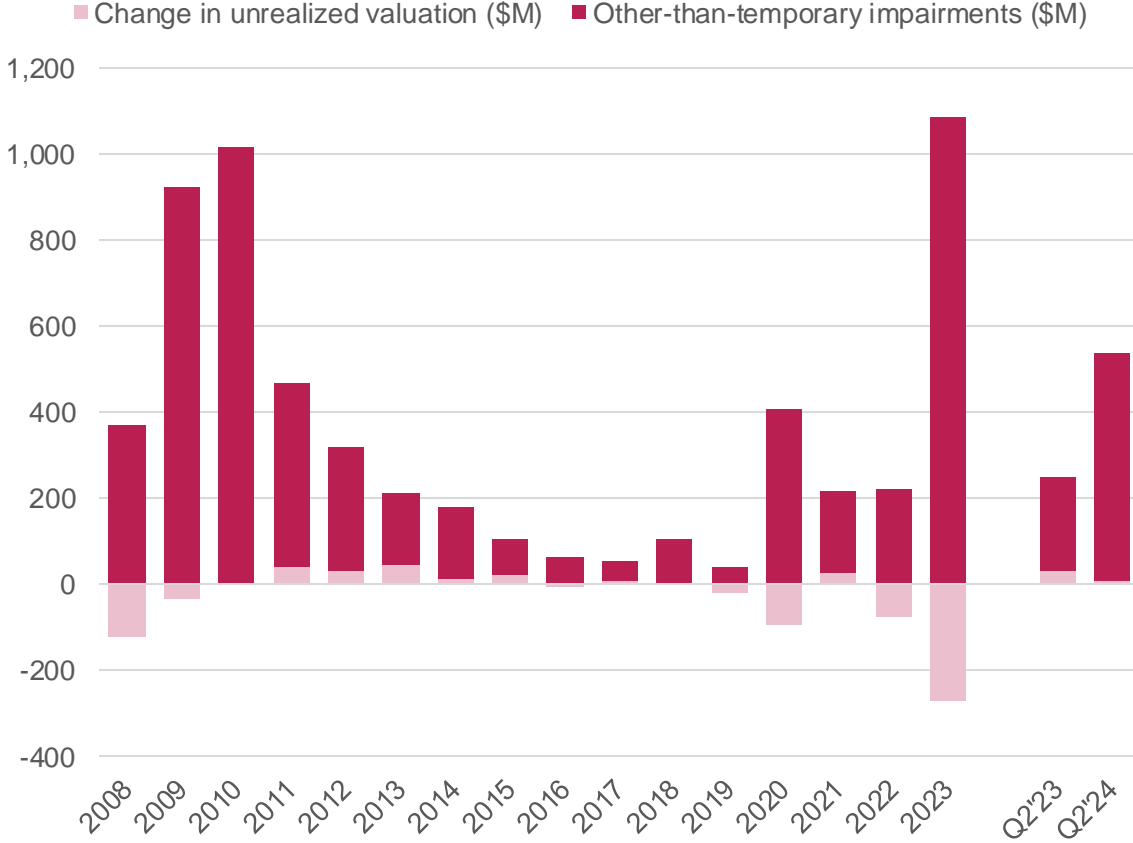
Year-over-year growth in US life insurer uninsured mortgage holdings by property type (%)

Multifamily	▶ 15.9	▶ 19.2	▶ 5.5	▶ 13.7	▶ 10.0	▶ 6.1
Office	▶ 8.3	▶ 4.6	▶ 1.7	▶ -3.0	▶ 0.1	▶ -6.7
Industrial	▶ 10.8	▶ 13.5	▶ 11.8	▶ 7.6	▶ 19.7	▶ 12.5
Healthcare	▶ -13.4	▶ 11.0	▶ 13.1	▶ 14.5	▶ 21.6	▶ 6.9
Retail	▶ 2.2	▶ 2.7	▶ -2.7	▶ -2.4	▶ -4.0	▶ -2.0
Mixed-use	▶ 16.9	▶ 12.8	▶ -3.1	▶ 1.9	▶ 38.0	▶ 11.5
Lodging	▶ 6.3	▶ 11.6	▶ 0.0	▶ -1.0	▶ -1.2	▶ 1.5
Residential	▶ 27.1	▶ 22.1	▶ -1.4	▶ 32.4	▶ 48.3	▶ 44.6

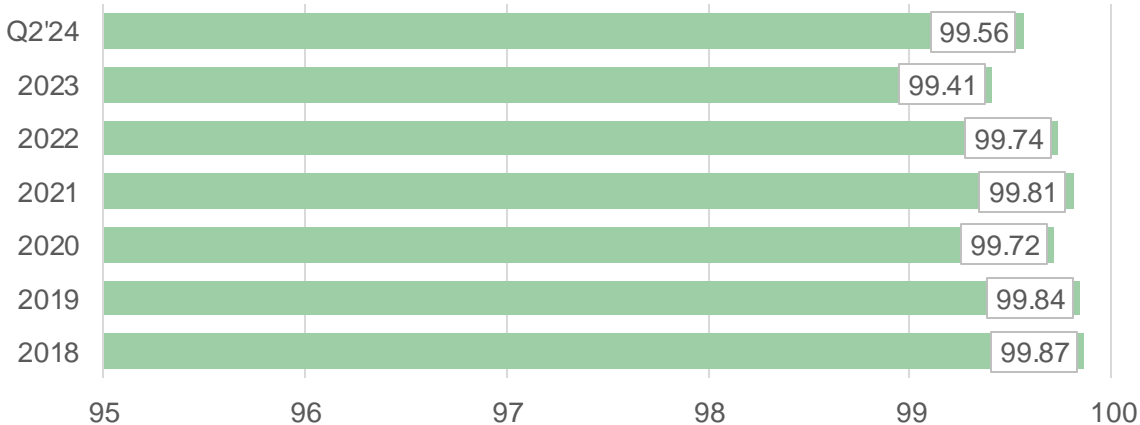
Data compiled Sept. 9, 2024. Results reflect disclosures on statutory balance sheets for the years displayed. Total cash and invested assets excludes nonadmitted assets. General accounts only. Includes fraternal societies for 2019 forward. Q2'24 data manually adjusted to include Prudential Insurance Co. of America. Source: S&P Global Market Intelligence.

Other-than-temporary mortgage impairments surged 142% in Q2'24 among US life insurers, but percentage of commercial loans in good standing also rose

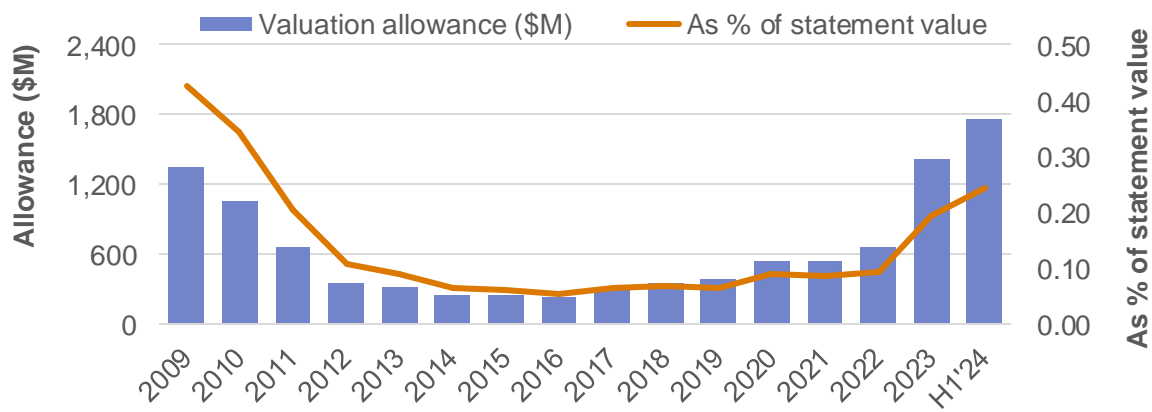
Net reductions in life industry mortgage loan book value due to, other-than-temporary impairments, changes in unrealized valuations (\$M)



Share of commercial mortgages in good standing (%)

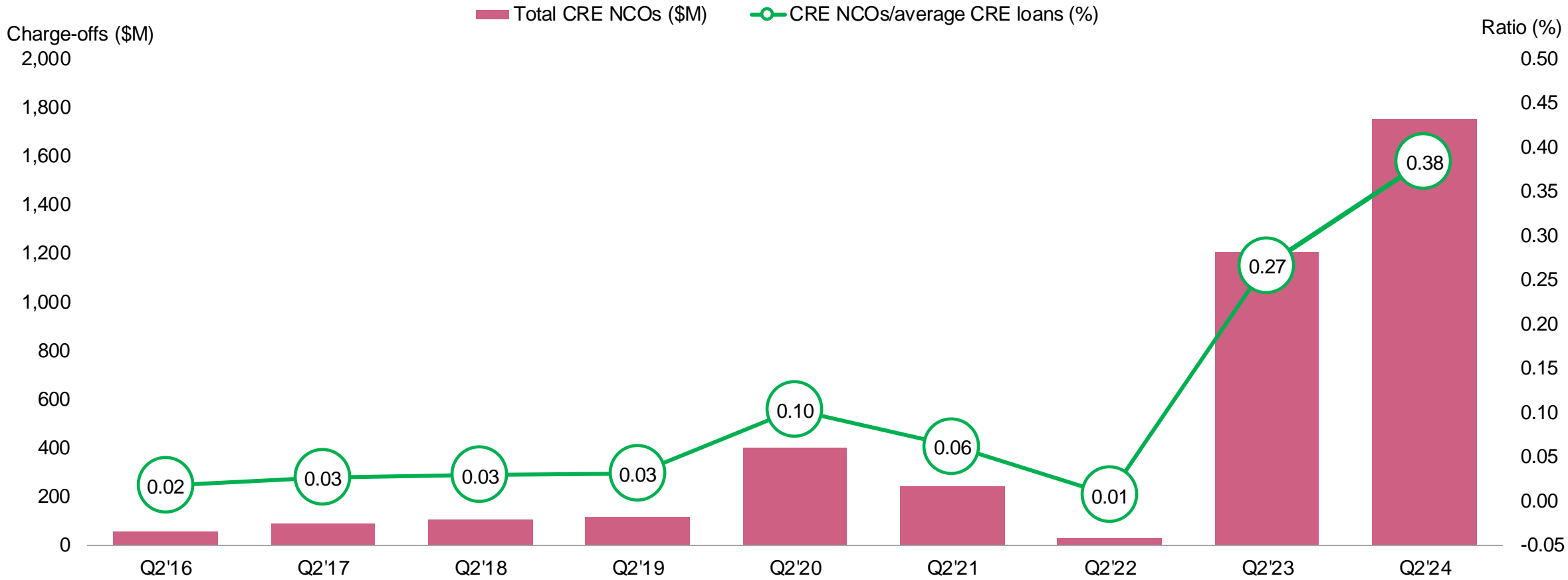


Life industry aggregate mortgage valuation allowance



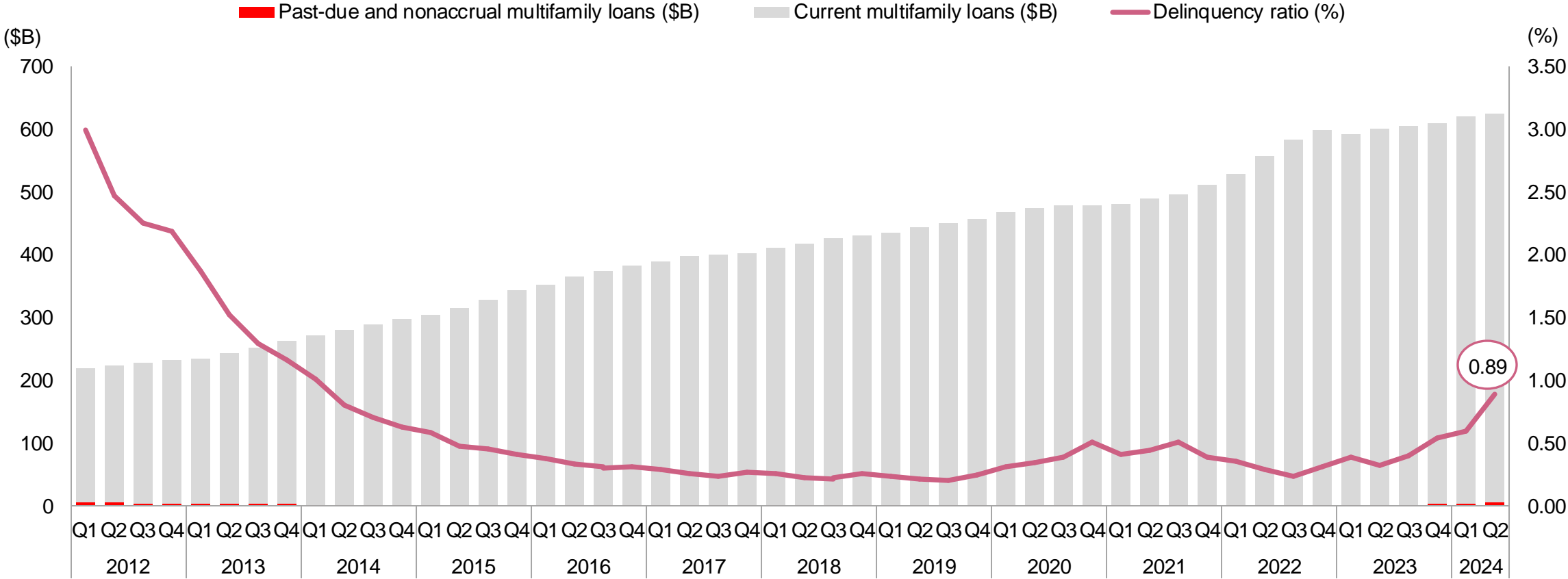
Data compiled Sept. 9, 2024.
 Valuation changes and impairments reflect disclosures on the Schedule B – Verification pages of annual statements. General accounts only. Includes fraternal societies for 2019 forward. Q2'24 data manually adjusted to include Prudential Insurance Co. of America.
 Annual loans in good standing reflect uninsured commercial mortgage subtotals displayed on Schedule B, Part 1 of annual statements and on the life general interrogatories of quarterly statements.
 Source: S&P Global Market Intelligence.

CRE net charge-offs at US banks and thrifts up sharply from pre-2023 lows



Data compiled Sept. 9, 2024.
 CRE = commercial real estate; NCO = net charge-off.
 Analysis includes US commercial banks, savings banks, and savings and loan associations; excludes nondepository trusts and companies with a foreign banking organization charter. Commercial real estate loans include nonfarm and nonresidential loans for US offices.
 Data based on regulatory filings.
 Source: S&P Global Market Intelligence.

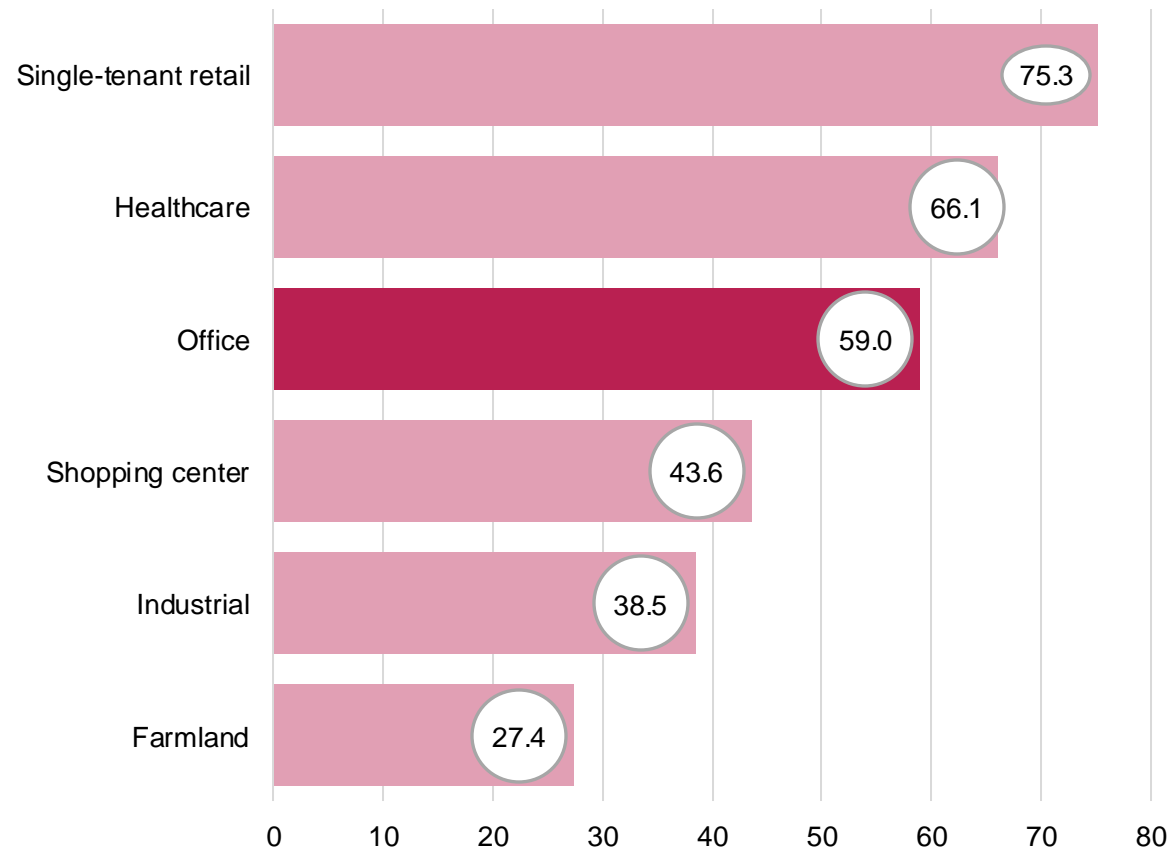
The delinquency rate on multifamily loans at US banks and thrifts hits highest point since Q1'14 but remains a small fraction of total investment in the property type



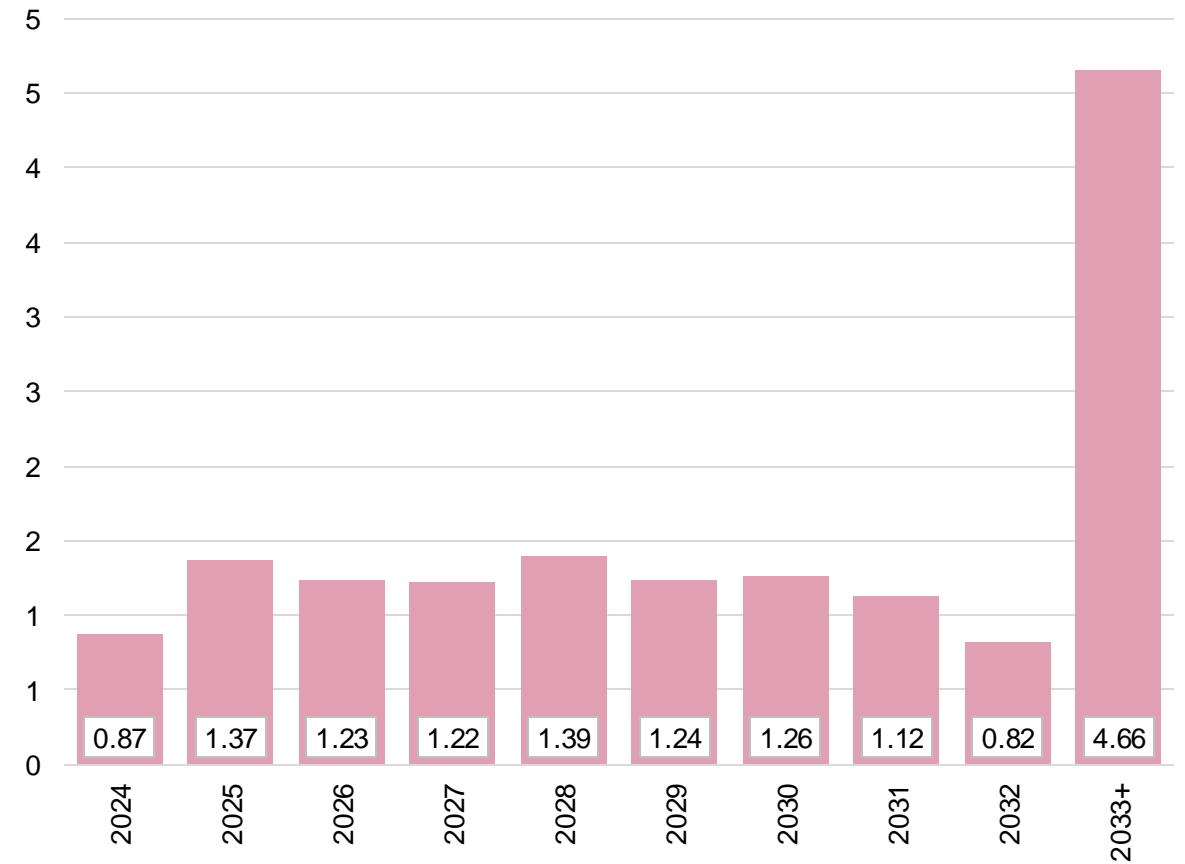
Data compiled Sept. 9, 2024.
 Delinquency ratio = past-due and nonaccrual loans as a percentage of total multifamily loans.
 Analysis includes US commercial banks, savings banks, and savings and loan associations. Excludes nondepository trusts and companies with a foreign banking organization charter. Data based on regulatory filings.
 Source: S&P Global Market Intelligence

Among office REITs, 61% of leases do not expire until after 2028

Share of leases expiring after Dec. 31, 2028 (%)



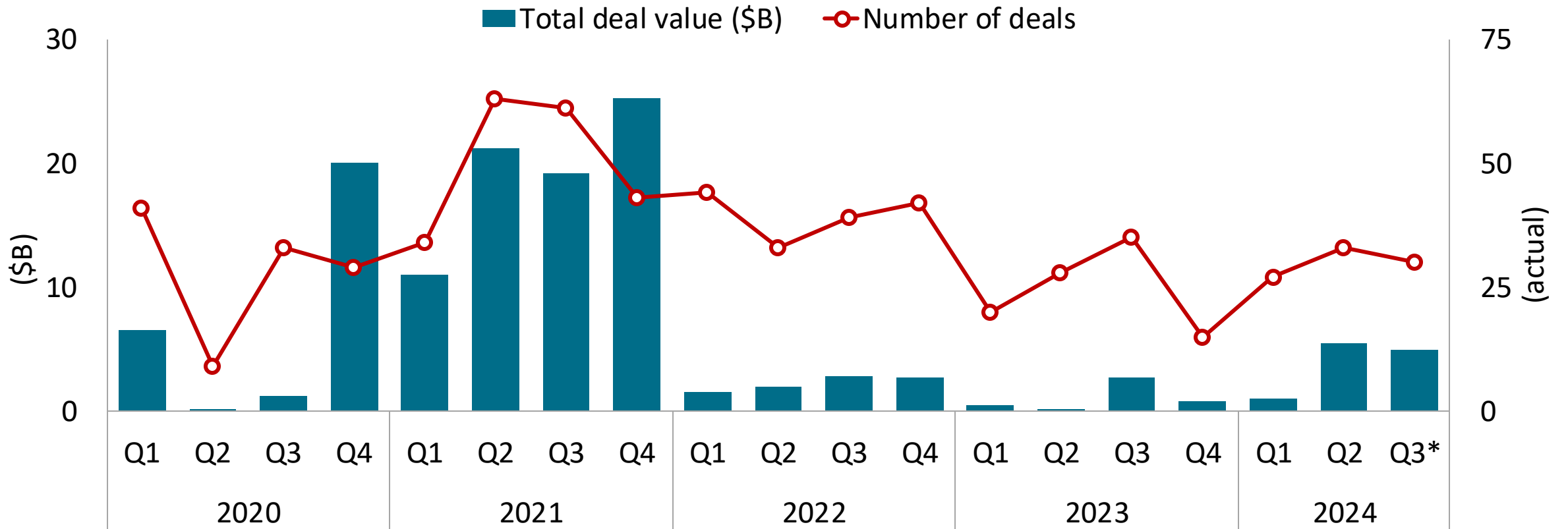
Office REIT lease expirations by year (\$B)



Data compiled Sept. 13, 2024, and current as of June 30, 2024.
 Represents aggregated schedules for select major exchange-traded REITs based on property focus. Reflects current annualized rent, excluding any future step ups. Includes joint venture properties if reported and excludes month-to-month leases.
 Office REIT lease expiration chart excludes COPT Defense Properties and Paramount Group Inc. due to not reporting as granular annual data.
 Source: S&P Global Market Intelligence.

Signs of bank M&A picking up

Quarterly deal volume for US banks



Data compiled Sept. 27, 2024.

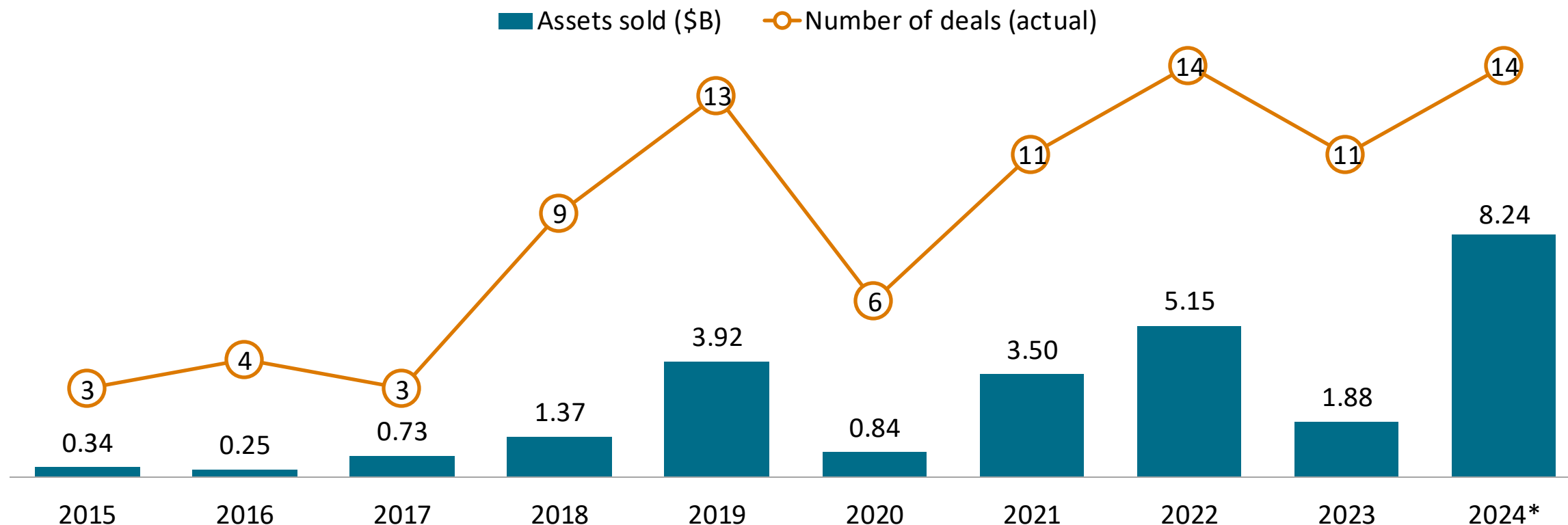
Analysis limited to the US-based whole-company and franchise bank and thrift transactions announced between Jan. 1, 2019, and Sept. 26, 2024. Government-assisted, branch and minority-stake deals, as well as thrift merger conversions and terminated transactions, are excluded from the analysis.

* Quarter to date through Sept. 8, 2024.

Sources: S&P Global Market Intelligence

Credit union-bank deals reach another record-setting mark in 2024

US credit union-bank M&A deals announced since 2015



Data compiled Aug. 19, 2024.

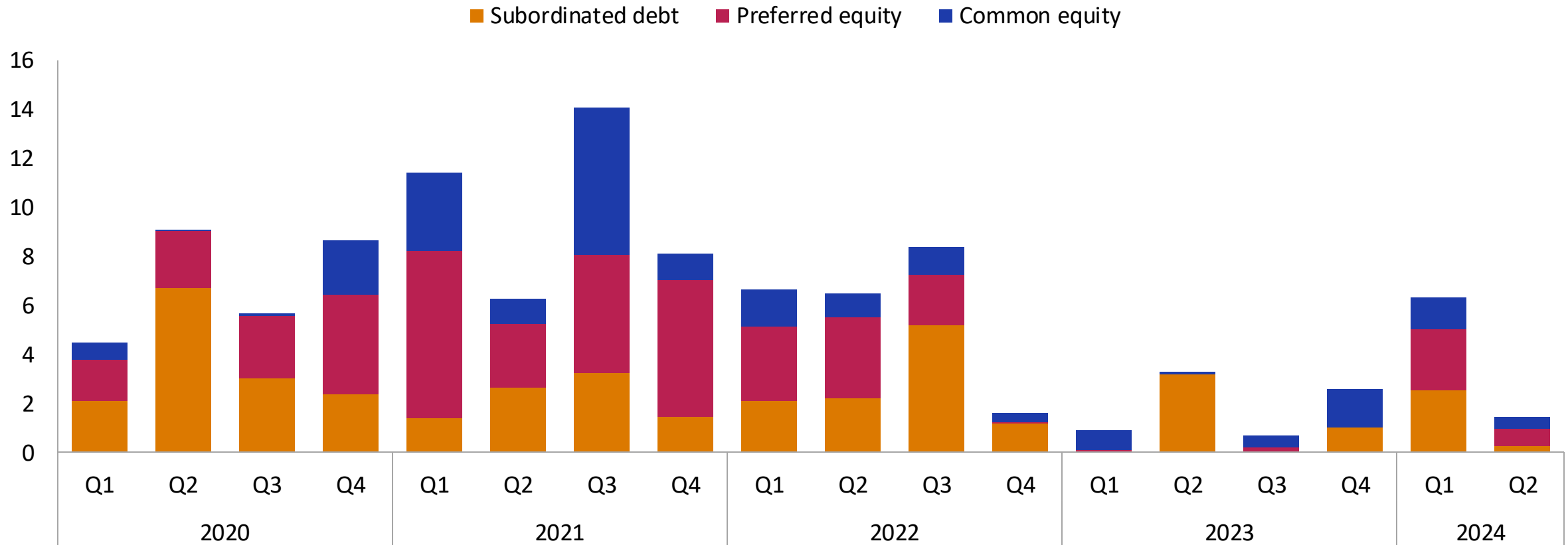
Analysis limited to whole-bank and franchise deals announced between Jan. 1, 2015, and Aug. 19, 2024, with a US credit union buyer and US bank or thrift target; excludes branch, government-assisted, minority-stake and terminated deals, as well as thrift merger conversions.

* Jan. 1, 2024, to Aug. 19, 2024.

Total assets for the targets are as of the most recent quarter before the deals' announcements.

Source: S&P Global Market Intelligence.

Capital raising has been slow, but pipelines building



Data compiled July 10, 2024.
 Consists of offerings by US banks and thrifts completed between April 1, 2021, and June 30, 2024.
 Excludes exchange offerings.
 Offering size reflects gross proceeds raised by the company in instances where offerings had primary and secondary components.
 Debt does not include medium-term notes, branded notes or structured-finance issues.
 Data compiled on a best-efforts basis.
 Source: S&P Global Market Intelligence.

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