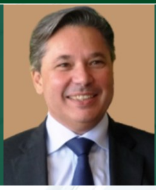
Investments - Flash



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US SECURITIZED REAL ESTATE FAVORED BY FED POLICY

Anticipation of interest rate cuts starting in September supports the real estate market

The average value of real estate in the United States recorded its fifth consecutive monthly decline in June. The S&P CoreLogic Case-Shiller national index rose by only 1.9% year-on-year. However, there are significant regional disparities, with New York and Chicago still enjoying robust growth (around 6.5%). In monthly terms, the FHFA house price index fell in June (-0.2%) for the third consecutive month. The political and economic environment appears to be disrupted by Trump's chaotic policies, which are also affecting the real estate sector, while consumer confidence remains at the lower end of its fluctuation range over the last ten years. In an uncertain environment, building permits have been declining for four months. However, new home sales are holding up and remained at an average level of around 650,000 units per month in July. The US direct real estate market is certainly slowing down somewhat and is probably still in a transition phase marked by relatively high mortgage rates. Despite this, prices are holding up due to limited supply and persistent tensions between supply and demand. Commercial real estate remains under more pressure than the residential market. Signs of an economic slowdown are still insufficient to weigh on the market, but in terms of securitized real estate, we can already consider that a number of uncertainties are being factored in by the EPRA Nareit USA index, which is down about 10% from its November 2024 high. The probability of the Fed cutting interest rates has increased since Jackson Hole, with a projection of 4.25% in September and 3.85% in December. Securitized real estate should benefit from these upcoming developments, even if the reasons for these cuts are to be found in the increased risk of recession.