

Real estate securitisation: a growing market with a long-term horizon

LUGANO, SWITZERLAND, November 28, 2022 /EINPresswire.com/ -- Real estate securitisation is a market that offers great prospects, even if the financial market does not yet seem to fully understand its potential. These findings clearly emerge from the financial market analysis of recent months and are increasingly attracting the interest of financial players.

The overall transaction amount is growing, especially in the real estate securitisation sector. This particular type of Securitisation envisages that the transaction manager (or spv) can purchase at the same time both the real estate and the cash flows resulting from its income first and its sale later: the transaction can be financed through the issuance of abs securities.



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Aleo Christopher

The guarantee and security of the entire operation is also provided by the appointment of a master servicer, who is responsible for managing the operational aspects of the operation, and the appointment of a real estate expert, who guarantees the competence and qualifications to perform the management and administration tasks.

As with 'classic' Securitisation, real estate securitisation requires predictability of the cash flows from the real estate underlying the transaction. Only in this way is it possible to guarantee the payment of coupons from the abs and thus investor satisfaction.

Thus, although all real estate can, at least in theory, be securitised, to structure a project for success, it is necessary to start with a project that has all the required administrative authorisations on its side to achieve the set objectives within a certain timeframe.

The need to proceed, by 2030, with the start of the decarbonisation process of all real estate assets in the European Union may represent a turning point for the real estate securitisation market. In fact, through this instrument, many buildings on Italian territory can be upgraded, also at the energy level as required by the standards. The consequence will be an important redevelopment of the urban fabric, with numerous and widespread investments throughout the territory: a market that offers important growth prospects when it is becoming difficult for investors to move to protect their earning capacity.

The changes that were introduced with the Budget Law of 2019 allowed svp to carry out transactions to purchase the real estate subject to securitisations without the need to make themselves assignees of a loan anymore and to create a special purpose vehicle that only had the function of holding the real estate assets subject to the transaction. This led to considerable time savings and a simplification of procedures, which made this instrument even more attractive to companies and investors.

[iSwiss](#) Securitisation spa, a company of the iSwiss banking group, is also part of this continually growing landscape. It has been particularly active in the real estate securitisation sector in recent months, going so far as to close several transactions for a total amount of EUR 6.3bn, divided into 4 different vehicles.

Very interesting are the reflections of iSwiss CEO Christopher Aleo, for whom: "Real estate securitisation is definitely the tool of the future. Although until now, it has been little known to the general public, both because of the complexity of operations and costs. The iSwiss securitisation spa, master servicer and arranger, with the support of legal credit and other leading consulting firms, aims instead to provide a simple and clear view of the mechanisms of Securitisation and the new important events that have occurred in this sector."

Christopher Aleo continues: 'Securitisation, also in real estate, is set to be a real tsunami in the financial world in the coming years. Times change rapidly and so do the markets, so you have to be ready for the new challenges and seize the market's opportunities.

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