S&P Global
Ratings

RatingsDirect®

Research Update:

Vesteda Residential Fund FGR Downgraded To 'BBB' On Substantial Investor Redemption Request; On CreditWatch Negative

March 5, 2026

Primary Contact

Teresa Stromberg
Stockholm
46-8-440-5922
teresa.stromberg
@spglobal.com

Secondary Contact

Manish Kejriwal
Dublin
353-0-1-568-0609
manish.kejriwal
@spglobal.com

Additional Contact

Nicole Reinhardt
Frankfurt
49-693-399-9303
nicole.reinhardt
@spglobal.com

Rating Action Overview

- On March 2, 2026, Vesteda Residential Fund FGR announced a significant indicative redemption request from its unitholders of approximately €4.1 billion, representing about 52% of the fund's equity base. While we understand that investors may still revise their requests downward until April 20, 2026, we think that Vesteda will need to dispose of a substantial amount of its asset portfolio to serve those requests over the next three years, resulting in a weakening of its credit metrics and liquidity position.
- Consequently, we forecast that Vesteda's S&P Global Ratings-adjusted ratio of debt to debt plus equity will increase to 32%-33% (from 25.1% as of Dec. 31, 2025), debt to EBITDA will increase to 10.5x-11.0x (from 9.4x), and EBITDA interest coverage will decrease to 2.9x-3.1x. (from 4.3x) over the next 12-24 months, breaching our downside threshold of 30%, 9.5x, and 3.8x, respectively, for the 'A-' rating.
- Therefore, we have lowered our long-term issuer credit and issue ratings on Vesteda to 'BBB' from 'A-' and affirmed the short-term rating at 'A-2'.
- We placed all the ratings on CreditWatch with negative implications to reflect that we could lower the ratings over the next three to six months if the company's liquidity position deteriorates and it does not secure adequate funding to meet upcoming liquidity needs. This could occur, for example, if the redemption period is not extended from the current three to five years during the second quarter of 2026, asset sales are delayed, or upcoming debt maturities are not refinanced in a timely manner.

Rating Action Rationale

Vesteda announced an unexpected material redemption request by its investors of €4.1 billion. We anticipate a weakening of its credit metrics, dependency on favorable investor sentiment toward the Dutch residential market, and a shrinking and increasingly concentrated asset base. On March 2, 2026, Vesteda announced that almost all the participants utilized the fund's seven-year liquidity review window and indicated their intention to partially or fully redeem their units with a total value of about €4.1 billion, or about 52% of the total fund equity base as of Dec. 31, 2025. We understand that the significant redemptions are mainly due to current investors' desire to rebalance their exposure to the real estate sector or to mitigate the impact from the recent fiscal developments, including the real estate transfer tax and regulatory changes. We understand that Vesteda is required to fulfill the redemption request over the next three years with a potential extension, subject to investor approval, expected by the end of the second quarter of 2026. An initial tranche of €800 million (out of €4.1 billion) is required to be redeemed by Aug. 1, 2027, with the remaining balance due within 18 months, contingent upon investor approval of the liquidity plan scheduled for June 2026.

We anticipate that leverage will increase to satisfy redemption requests and expect S&P Global Ratings-adjusted debt to debt plus equity will increase to about 32%-33% over the next 12-24 months, from 25.1% as of Dec. 31, 2025. We understand that asset sales will be the primary means of satisfying those material redemption amounts and therefore will reduce Vesteda's portfolio over the next few years to about €6.5 billion-€7.0 billion from €10.5 billion as of year-end 2025. Under our base-case projection, we assume Vesteda will likely need to dispose of assets totaling approximately €3.5 billion-€4.0 billion over the coming years. Our forecast incorporates positive like-for-like fair-value changes of approximately 2.0% in 2026 and a flat valuation result in 2027, following a 5.5% positive asset revaluation in 2025. We also consider Vesteda's commitment to a shareholder remuneration policy, targeting an annual dividend of approximately €175 million-€200 million each year over the next 12-24 months. Therefore, we project a gradual increase in Vesteda's leverage, with the S&P Global Ratings-adjusted debt-to-debt plus equity ratio expected to reach approximately 32%-33% by year-end 2027, versus 25.1% as of Dec. 31, 2025. We understand that the fund remains committed to its financial policy of maintaining a loan-to-value (LTV) ratio below 30% (24.1% as of Dec. 31, 2025), which would translate into S&P Global Ratings-adjusted debt to debt plus equity of about 30%.

We also anticipate that debt to EBITDA and EBITDA interest coverage will weaken over the next 12-24 months, primarily due to increased interest expenses and lower cash flow generation. Vesteda's average weighted debt maturity as of Dec. 31, 2025, was moderate and stood at 4.2 years. The fund has two upcoming bond maturities in next 12-18 months: €500 million bonds due in July 2026 with a 2.0% coupon and a €500 million bond maturing in May 2027 with a 1.5% coupon. We anticipate that these maturing bonds will be refinanced at materially higher costs, leading to an increase in the average cost of debt to approximately 2.8%-3.0% over the next 12-18 months (compared with 2.4% as of Dec. 31, 2025). Coupled with the anticipated asset disposals, we expect weaker absolute EBITDA and cashflow generation. Consequently, we anticipate that S&P Global Ratings-adjusted debt to EBITDA will increase to 10.5x-11.0x and EBITDA interest coverage will fall to about 2.9x-3.1x in 2027 (from 9.4x and 4.3x as of Dec. 31, 2025), weakening significantly from previous levels. To satisfy recent redemptions, we anticipate the fund will execute an orderly sale of assets over the next few years and may utilize sales proceeds to repay debt if necessary to maintain compliance with its financial policy. We understand the company targets to execute on its asset's unit-and-block-sales program and actively pursue opportunities to attract new investors to effectively manage the redemptions.

Favorable investor sentiment toward the Dutch residential market has not returned yet, mainly evidenced by the magnitude of the recent redemption requests and a limited transaction market. We note investor sentiment remains muted on the Dutch residential market, evident in a muted transaction market over the past few years, according to JLL The Netherlands Living Q4 2025, which in our view could depend upon some uncertainty related to regulatory environment as well as tax considerations for foreign investors. As such, the precise trajectory of

Vesteda's credit profile over the forecast period is subject to greater uncertainty than would otherwise be the case, reflecting the inherent challenges associated with executing a substantial asset disposal program. While Vesteda's primary approach to managing redemptions through asset disposals, the timing of these sales introduces a degree of unpredictability into our credit metric projections. The realized prices and terms of the necessary asset sales, which are inherently dependent on market conditions, could significantly influence Vesteda's financial performance and assets base and, consequently, its key credit ratios and overall portfolio scope.

Our current liquidity assessment is adequate; however, Vesteda's funding needs remain significant beyond our 12-month horizon, and if not addressed in a timely manner, these could negatively affect its liquidity profile. Vesteda holds approximately €64 million cash and cash equivalent as of Dec. 31, 2025, and benefits from a €650 million revolving credit facility maturing in 2030, as well as a bridge facility of €300 million with a one-year extension option (due in June 2026) and a recently signed standby bridge facility of €600 million, which should cover its liquidity needs of about €950 million-€1 billion in the next 12 months. However, the company's €800 million redemption commitments, to be satisfied by August 2027, will be factored into our liquidity assessment beginning in the third quarter of 2026. The company's large, unencumbered asset base, proven track record of access to capital markets, and healthy banking relationship support our view on its ability to raise funding if needed. Yet, failure to secure sufficient funding to timely meet these sizable redemption requests could markedly deteriorate its liquidity profile, potentially leading us to lower the rating further.

Vesteda will continue to benefit from a solid real estate assets base with good rental demand and consistent strong operating performance over the next few years. We expect the absolute portfolio size to shrink to €6.5 billion-€7.0 billion from €10.5 billion after the expected asset disposal of about €3.5 billion-€4.0 billion. However, we still think Vesteda's property portfolio will remain fundamentally strong. This is supported by a diversified residential tenant base, undersupplied rental market, and consistently strong operating performance, including high and stable occupancy levels and positive rental growth. We expect Vesteda's operating performance to remain stable, underpinned by expected like-for-like rental growth of 3.5%-4.0% annually in 2026 and 2027 (5.5% in 2025) and a high occupancy rate of about 98% (98% in 2025). The portfolio is concentrated in major Dutch cities, which benefit from strong demographic growth, solid housing demand, and constrained new supply. Vesteda applies an annual inflation adjustment plus a 3% surplus charge to most of its rental contracts. We understand that Vesteda applies the same rental indexation policy across its social, mid-rental, and liberalized housing segments. This is also in line with latest rent regulation changes in the Dutch market. We anticipate the housing market will remain solid over the next few years, and we expect house prices in the Netherlands to rise by 5.3% in 2026 and 4.5% in 2027, driven by a continuing shortage of homes, a lack of new-build properties, and rising household income.

We anticipate Vesteda's portfolio will remain strong and benefit from solid operating performance compared to peers, though we expect a significant reduction in size and scale following anticipated asset disposals. Peers like Deutsche Wohnen (BBB+/Stable/A-2), with €23.7 billion in assets as of Sept. 30, 2025, and Heimstaden Bostad (BBB-/Stable/--), with €30.1 billion as of Dec. 31, 2025, have larger, more diversified portfolios, which enhance asset and tenant diversification and reduce volatility. However, Vesteda's financial risk profile appears more robust than Heimstaden Bostad's, and our rating on Vesteda now aligns with that on Blackstone Property Partners Europe Holdings (BBB/Stable/--), which has a greater diversification and a portfolio value of about €11.2 billion as of June, 30, 2025, but operates with higher leverage.

CreditWatch

The CreditWatch placement reflects that we could lower the ratings by one or more notches over the next three to six months. This could occur if Vesteda fails to secure adequate liquidity sources to meet its liquidity needs as planned by end of the second quarter of 2026. This could occur, for example, if the redemption period were not extended to five years from three currently, if asset sales are delayed, or if upcoming debt maturities are not refinanced in a timely manner.

We expect to resolve the CreditWatch within the next six months once we have more clarity regarding Vesteda's liquidity plan to manage the upcoming maturity and redemptions request and extension request approval from current participants.

Company Description

Vesteda is an open-ended fund and one of the largest unlisted investment funds in the Netherlands. As of Dec. 31, 2025, the portfolio comprised 28,147 residential units valued at €10.5 billion. The company focuses on residential properties in the Dutch midmarket unregulated sector (about 79% of the portfolio value as of Dec. 31, 2025), with limited exposure to the upper-middle-market rent segment (16%) and regulated rents (5%)

Our Base-Case Scenario

Assumptions

- GDP growth in the Netherlands decreasing to 1.2% in 2026, after 1.7% in 2025, recovering to 1.5% in 2027. We estimate the consumer price index of 2.4% and 2.1% for 2026 and 2027.
- We estimate like-for-like rental income growth for Vesteda's portfolio of about 3.5%-4.0% in 2026 and 3.5% in 2027, supported by rent indexation and rent renewal.
- A broadly stable occupancy rate of 98% over our forecast horizon (98.0% at year-end 2025).
- A positive like-for-like revaluation in 2026 of about 2.0% and flat thereafter, driven by stable market yield developments.
- Overall stable EBITDA margins to remain about 65%-66% in 2026 (65.9% in 2025).
- Annual capital expenditure (capex) of €60 million-€65 million in 2026 and €55 million-€60 million in 2027.
- Asset disposals of about €600 million-€700 million in 2026 and €700 million- €800 million in 2027.
- Redemption of about €700-900 million in 2026 and €800 million-€1 billion in 2027 and in 2028 (the company is required to settle a total of €800 million by August 2027).
- Buyoff land-lease (lease liability) of €25 million and €11 million in 2026 and 2027.
- Dividend distributions of about €200 million-€220 million in 2026, €190 million-€200 million in 2027, and €170 million-€180 million in 2028; in line with the company's plan.
- Average cost of debt to increase to about 2.7%-2.8% in 2026 and 3.0%-3.1% in 2027 (compared with 2.4% in 2025) following upcoming maturities assumed to be refinanced at 3.5%-4.0%.

Key metrics

Based on these assumptions, we preliminary arrive at the following credit measures over the next 12-24 months:

- EBITDA of €280 million-€290 million for 2026, €260 million-€280 million for 2027.
- Adjusted debt to debt plus equity at about 28%-29% in 2026 and 32%-33% in 2027.
- Adjusted EBITDA to interest coverage of about 3.6x-3.8x in 2026 and 2.8x-3.0x 2027.
- Debt to EBITDA of 9.5x-10.0x in 2026 and 10.0x-11.0x in 2027.

Liquidity

We currently assess Vesteda's liquidity as adequate and forecast sources will cover funding needs by at least 1.2x over 2026. The short-term rating is 'A-2.'

Principal liquidity sources	Principal liquidity uses
• About €64 million of unrestricted cash and cash equivalents; • About €1.55 billion available under the undrawn bank lines, including the syndicated revolving credit facility, the existing bridge facility, and the new signed standby bridge facility; • Signed asset sales of about €34 million; and • Our forecast of €205 million-€215 million of cash funds from operations.	• About €600 million of short-term debt maturities including €500 million green bond maturing in July 2026 and U.S. private placement facility maturing in December 2026; • €27 million of committed capex; • Committed acquisitions of about €9 million; and • About €150 million of regular equity redemption payments, outside the indicative redemption request.

Covenants

As of Dec. 31, 2025, Vesteda had significant headroom exceeding 30% under all its financial maintenance covenants. We expect Vesteda to maintain solid headroom under all financial covenants. The company has the following financial maintenance covenants:

- An LTV ratio of maximum 50% (as of Dec. 31, 2025, it was 24.1%); and
- An interest coverage ratio of minimum 2.0x (as of Dec. 31, 2025, 4.9x)

Vesteda's LTV target, of less than or equal to 30%, is more conservative than the LTV covenant.

Environmental, Social, And Governance

Environmental, social, and governance factors are neutral consideration in our credit rating analysis of Vesteda. The company implemented a sustainability improvement strategy and 98% of its properties achieved green energy labels by year-end 2025. This will help the company reduce greenhouse gas emissions and cut its carbon footprint by 55% by 2030 and 95% by 2050, compared with 1990 levels. We understand the company will allocate about €25 million-€35 million for sustainability investments per year over 2026-2028 to continue improving the portfolio's quality and energy performance. Vesteda issued its first green bond in May 2019 and its second in October 2021, followed by the third in April 2024, under its green financing framework.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of Dec. 31, 2025, the capital structure solely comprised unsecured debt. Unsecured bonds are issued by the company's financing entity, Vesteda Finance B.V. (BBB/Watch Neg/A-2).

Analytical conclusions

We rate the senior unsecured bond 'BBB', in line with the issuer credit rating. This is because the company has zero exposure to secured debt as of Dec. 31, 2025

Rating Component Scores

Vesteda Residential Fund FGR--Rating Component Scores

Component	
Foreign currency issuer credit rating	BBB/Watch Neg/A-2
Local currency issuer credit rating	BBB/Watch Neg/A-2
Business risk	Strong
Country risk	Very low risk
Industry risk	Low risk
Competitive position	Strong
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	bbb+
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Negative
Stand-alone credit profile	bbb

Related Criteria

- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019

- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry, Feb. 26, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Industry Credit Outlook: Industry Credit Outlook 2026: Real Estate, Jan. 14, 2026
- Vesteda Residential Fund FGR, May 1, 2025

Ratings List

Ratings List		
Downgraded; CreditWatch Action		
	To	**From**
Vesteda Residential Fund FGR		
Vesteda Finance B.V.		
Issuer Credit Rating	BBB/Watch Neg/A-2	A-/Stable/A-2
Vesteda Finance B.V.		
Senior Unsecured	BBB/Watch Neg	A-

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.