

Bond Case Briefs

Municipal Finance Law Since 1971

Fitch: U.S. Military Housing Weathers Rising OpEx Environment

Fitch Ratings-New York/Chicago/San Francisco-27 January 2022: U.S. military housing metrics are primed for improvement this year after weathering the effects of rising operating expenses as well as navigating the global pandemic, according to Fitch Ratings in its annual peer review of the sector.

‘Strong financial metrics for U.S. military housing projects attributed to the sector’s preservation of high investment-grade ratings despite volatility in net operating income,’ said Fitch Senior Director Mikiyon Alexander. ‘The average increase in the 2022 basic allowance for housing rates may mitigate this volatility in 2022.’

The aforementioned volatility in net operating income was brought on by declining occupancy and increases in operating expenses outweighing growth in basic allowance for housing over the last several months. Fitch downgraded ratings on four military housing projects against one upgrade last year. Additionally, 72% of the outstanding ratings have Negative Outlooks (versus no projects with a Positive Outlook).

‘While military housing projects are typically subject to annual fluctuations in basic allowance for housing rates, a larger increase in average rates for 2022 is pointing to more stability for the sector in the coming months,’ said Alexander.

Fitch’s ‘U.S. Military Housing Peer Review’, which analyzes 13 military projects representing a total of 28 bases, is available at ‘www.fitchratings.com’.

Contact:

Mikiyon Alexander
Senior Director
Primary Rating Analyst
+1 646 582 4796
mikiyon.alexander@fitchratings.com
Fitch Ratings, Inc.
Hearst Tower 300 W. 57th Street
New York, NY 10019

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email:
sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com