S&P Global
Ratings

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Vonovia SE

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This report does not constitute a rating action.

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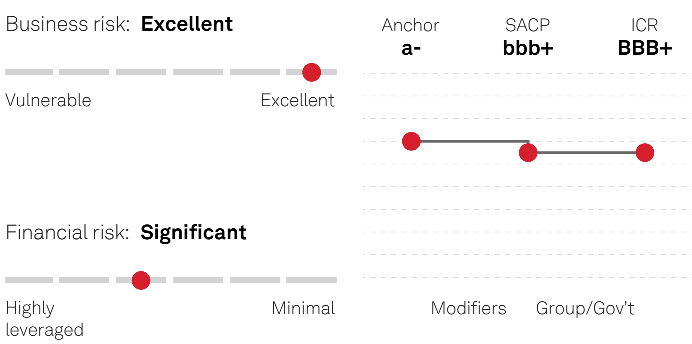
Ratings Score Snapshot



Issuer credit rating

BBB+/Stable/A-2

ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

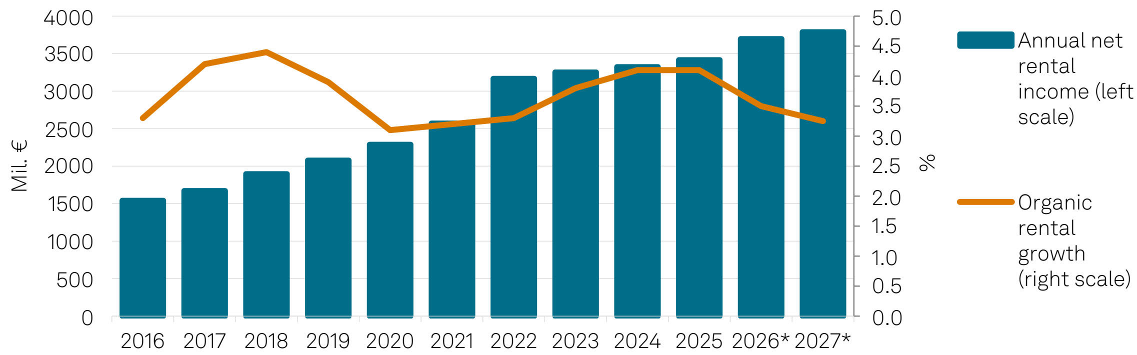
Key strengths	Key risks
Very large portfolio of income-generating residential property assets worth about €85.7 billion as of June 30, 2026.	High reliance on Germany and its economy (and some exposure to Austria and Sweden), which poses a rent affordability risk and where regulatory pressure could increase.
Good asset locations in regions that enjoy supportive economic and sociodemographic trends, mostly in Germany (88% of asset value), Sweden (8.5%), and Austria (3.5%).	We expect a relatively high, albeit declining, debt-to-EBITDA ratio of 15x-17x (excluding revenue from recurring sales and developments) in 2026-2028.
Strong track record of positive like-for-like rental income growth, supported by a highly diversified asset and tenant base, high occupancy rates, and long tenant stays.	High debt leverage, albeit improving, with debt to debt plus equity of 56.8% as of June 30, 2026.
Healthy debt service capacity thanks to a low cost of debt (2.1% as of June 30, 2026), with EBITDA interest coverage expected to remain at about 2.5x-3.0x in 2026-2028.	
Prudently managed debt profile with long average maturity, high fixed or hedged ratio of 96%, and very good access to diversified funding sources, which limit refinancing risks.	

Vonovia's updated financial policy targets will maintain financial headroom and flexibility, supporting its current rating level. As part of its 2025 results, the company revised its financial policy target to a loan-to-value (LTV) ratio of about 40%, net debt to EBITDA of below 12x, and EBITDA interest coverage comfortably above 3x, to be reached by the end of 2028. This compares with previous targets of 40%-45% LTV, 14x-15x net debt to EBITDA, and at least 3.5x EBITDA interest coverage. This demonstrates its commitment to a more conservative balance sheet and lower leverage, while adjusting to a sustainably higher interest rate environment. We understand that the company aims to reach its targets mainly through asset disposals and the sale of non-strategic equity participation. As of June 30, 2026, the S&P Global Ratings-adjusted ratio of debt to debt plus equity stood at 56.8% (slightly up from 56.0% year-end 2025 and well improved from 59.9% at year-end 2024). We expect debt to debt plus equity to remain at about 55%-56% by year-end 2028, leaving sufficient headroom under our current rating threshold of 60%. While we assumed material disposal proceeds over our forecast period, we continue to cautiously assume flat like-for-like valuations excluding capital expenditure (capex), and about €1.5 billion-€2 billion of investments including approximately €500 million maintenance capex annually.

Vonovia's EBITDA interest coverage target implies potential further weakening of the ratio, adjusting to a sustainably higher interest rate environment. As of June 30, 2026, its S&P Global Ratings-adjusted EBITDA interest coverage stood at 2.9x, stabilizing from 2.7x in 2025 and 3.1x in 2023. We continue to assume a conservative rate of about 3.5% on new refinancings in 2026-2028, like the company's 2032 bonds currently trading at about 3.5% and recent refinancing activities remaining partially below our pricing assumptions. Over the next 24 months, we expect the company will maintain S&P Global Ratings-adjusted EBITDA interest coverage of at least 2.5x, providing comfortable headroom under our 1.8x rating downside threshold. Our EBITDA calculation excludes income generated from its development and recurring sales business, in line with our criteria.

Rental income growth is expected to remain solid, supported by healthy indexation and a housing shortage. The company reported 3.3% organic rental growth year on year (excluding new construction) in the first half of 2026, compared with 4.1% for the same period in June 2025, 3.7% in 2024, and 3.3% in 2023. We expect modernization capex and steady indexation to continue supporting the company's rental growth for the next two years, despite very low tenant churn of typically 7%-8%, which limits gains from lease renewals. Vonovia reported a 1.8% rise in like-for-like portfolio valuation (including capex) in the first half of 2026, in line with other German residential peers with comparable net initial rental yields of 3.0%-3.5%. However, our assumptions remain conservatively flat for 2026-2028, given the current interest rate volatility.

Vonovia SE's reported annual rental income and like-for-like annual rental growth



* As per S&P forecast

The EBITDA contribution from Vonovia's nonrental business is now 13% and will gradually increase toward its 20%-25% target by 2028, in our view. We understand that Vonovia continues to aim to fund its strategic shift mostly with free cash flow (up to 60% of investments) and disposal proceeds. While we exclude most of the nonrental revenue from our adjusted EBITDA, we think it could support debt reduction faster than revenue from lower-yielding rents. However, we continue to view these segments as much more volatile than rental income. The rating reflects our expectations that Vonovia will expand these businesses gradually, fund them mainly with equity and free cash flow, and maintain them as a moderate part of its overall EBITDA. If the company invested more in volatile businesses, took more operational risks, and failed to reduce its leverage, we would likely view this as negative for the rating.

Vonovia identified about 20,000 units as non-core and plans to monetize equity stakes. During the second quarter of 2026, Vonovia increased its non-core portfolio by about 25%, adding about 6,000 units (equivalent to about €800 million) from its Swedish portfolio. In addition, the company plans to monetize some of its equity investments, such as Vesteda, which should raise about €200 million cash in 2027. Depending on the success of disposals, we also understand that Vonovia may choose to exercise the call option in 2028 from its €2 billion sale of minority stakes to Apollo in 2023. While our updated base case assumed total disposals of €4.5 billion between 2026 and 2028 and approximately €200 million cash inflow in 2027 from its Vesteda stake, we have not considered the execution of the call option. Should the likelihood of execution increase, we will update our base case accordingly and review our treatment of equity of the minority stake.

Outlook

The stable outlook on Vonovia reflects our view that the company will continue generating robust rental growth, supported by the undersupply of housing in Germany, increasing rent indexation, and low tenant defaults. This should enable the company's EBITDA interest coverage to remain well above 1.8x and its debt-to-debt-plus-equity ratio to remain well below 60% for at least the next two years.

We anticipate that Vonovia will preserve a sound liquidity cushion and adjust its capital allocation strategy to fast-evolving financial market conditions. Its commitment to a lower financial policy target will maintain financial headroom.

Downside scenario

We could consider a negative rating action if:

- The debt-to-debt-plus-equity ratio increases to 60% or above for a prolonged period, because of higher revaluation losses or lower asset sales than expected;
- The liquidity cushion significantly decreases, for example because of a late refinancing of upcoming maturities or the issuance of debt with shorter maturities;
- EBITDA to interest moves toward 1.8x; or
- Outstanding secured debt exceeds 40% of the company's asset value, which may lead us to notch down our ratings on its unsecured debt.

Upside scenario

We could raise our ratings by one notch if:

- The company disposes of substantial assets or development projects or raises enough equity such that its debt-to-debt-plus-equity ratio stays below 55%, while maintaining EBITDA interest coverage at 3.0x or above; and
- Vonovia increases its payback capacity via internal cash flow generation so that its debt-to-EBITDA ratio (excluding revenue from sales) sustainably returns to historical levels of mid-teens or below.

Our Base-Case Scenario

Assumptions

- Real GDP growth in Germany of 0.4% in 2026 and 1.1% in 2027. Consumer price index growth in Germany of 3.1% in 2026 and 2.4% in 2027.
- Annual rental income of about €3.6 billion-€3.7 billion for 2026 and €3.8 billion-€3.9 billion for 2027, and S&P Global Ratings-adjusted EBITDA of about €2.5 billion-€2.6 billion each year, excluding recurring sales and development activities.
- Like-for-like rental income growth of 3.0%-3.5% annually over 2026-2028, supported mainly by modernization capex and progressive growth in indexation, partly offset by the limit of in-place rental uplifts due to regulation.
- Occupancy remaining stable and high at about 98% for 2026-2028.
- EBITDA margins to remain at about 68%-70% over our forecast horizon.
- About €1.3 billion-€1.5 billion per year of modernization and development capex.
- About €500 million maintenance capex per year.
- Conservative assumption of about €1 billion of asset disposals in 2026 and €2.5 billion in 2027 and € billion in 2028, in line with the company's strategy to dispose of non-core assets and reduce leverage.

- Flat like-for-like portfolio revaluation excluding capex.
- Cash dividend payments of about €1.1 billion-€1.2 billion per year in 2026-2028. We assume no scrip dividends.
- Interest rate averaging 3.5% on new financings in 2026-2028, close to current trading yield of the company's 2030 bonds.

Key metrics

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2024a	2025a	2026e	2027f	2028f
Revenue	3,538	3,598	3,698	3,790	3,876
EBITDA	2,276	2,467	2,570	2,691	2,752
Funds from operations (FFO)	1,258	1,400	1,499	1,619	1,654
Interest expense	821	914	999	993	1,018
Cash flow from operations (CFO)	1,708	1,649	1,520	1,621	1,636
Capital expenditure (capex)	1,130	1,482	1,900	2,000	2,100
Dividends	650	850	1,100	1,174	1,192
Debt	41,954	41,002	41,946	41,025	41,707
Equity	28,127	32,168	32,104	32,038	31,963
Cash and short-term investments (reported)	2,084	3,574	3,529	1,652	1,504
Adjusted ratios					
EBITDA margin (%)	64.3	68.6	69.5	71.0	71.0
EBITDA interest coverage (x)	2.8	2.7	2.6	2.7	2.7
Debt/EBITDA (x)	18.4	16.6	16.3	15.2	15.2
Debt/debt and equity (%)	59.9	56.0	56.6	56.2	56.6

Company Description

Vonovia is the leading listed residential real estate holding company in Germany and the largest listed real estate landlord by portfolio size in Europe. As of June 30, 2026, the company's portfolio was worth about €85.7 billion, and it owned about 528,370 residential units in Germany, Austria, and Sweden and managed about another 75,148 units for third parties.

The company is listed on the German stock index with a market capitalization of about €18.3 billion as of June 30, 2026. The largest shareholders are Norges Bank (14.0%), BlackRock (8.0%), and APG (3.7%) with 74.3% in free float.

Peer Comparison

Vonovia SE--Peer Comparisons

	Vonovia SE	Vesteda Residential Fund FGR	Grand City Properties S.A.	TAG Immobilien AG	Heimstaden Bostad AB
Foreign currency issuer credit rating	BBB+/Stable/A-2	BBB/Stable/A-2	BBB/Stable/A-2	BBB/Stable/A-2	BBB-/Stable/--
Local currency issuer credit rating	BBB+/Stable/A-2	BBB/Stable/A-2	BBB/Stable/A-2	BBB/Stable/A-2	BBB-/Stable/--
Period	Quarterly	Annual	Quarterly	Quarterly	Quarterly

Vonovia SE--Peer Comparisons

	Vonovia SE	Vesteda Residential Fund FGR	Grand City Properties S.A.	TAG Immobilien AG	Heimstaden Bostad AB
Period ending	2026-06-30	2025-12-31	2026-03-31	2026-03-31	2026-06-30
Revenue	3,666	422	602	392	1,626
EBITDA	2,653	280	339	320	981
Funds from operations (FFO)	1,527	222	203	201	337
Interest expense	907.4	65.0	31.2	29.6	136.1
Operating cash flow (OCF)	1,233	214	189	172	271
Capital expenditure	1,558	95	97	189	413
Dividends paid	1344.3	199.0	0.2	0.0	13.7
Cash and short-term investments	2,100	64	1,596	1,120	238
Debt	41,954	2,626	3,576	3,156	15,713
Equity	31,898	7,844	5,331	3,336	13,798
Valuation of investment property	85,840	10,497	8,986	7,447	29,899
Adjusted Ratios					
EBITDA margin (%)	72.4	66.4	56.3	81.7	60.3
EBITDA interest coverage (x)	2.9	4.3	2.8	2.8	1.8
Debt/EBITDA (x)	15.8	9.4	10.6	9.9	16.0
Debt/debt and equity (%)	56.8	25.1	40.1	48.6	53.2

Business Risk

Vonovia's excellent business risk profile is underpinned by the company's very large portfolio of income-generating residential assets in Germany (88% of total portfolio value as of June 30, 2026), Sweden (8.5%), and Austria (3.5%). It has become the largest residential property holding company and listed real estate owner in Europe. We view residential property as less cyclical and volatile than most other commercial real estate segments and think that the German market provides strong fundamentals for landlords. These include a long average tenant stay (12-14 years compared with less than five years in the U.K. and France), and a cultural preference for renting rather than owning, despite a good average affordability ratio. Vonovia also enjoys significant asset and tenant diversity, with about 528,370 units owned.

The company's business model has proven highly resilient over the past years, notably throughout the COVID-19 pandemic as well as low economic growth prospects in Germany, with very few rent defaults, no occupancy effect, and solid annual like-for-like rental income growth consistently exceeding 3%.

The company's strategic portfolio (about 92% of the total German portfolio value as of June 30, 2026) is well spread across different regions of Germany and, more specifically, in cities and regions with positive economic and demographic trends. These include Berlin (32.7% of Vonovia's German portfolio on June 30, 2026), the Rhine Main area (9.1%), Southern Ruhr area (7.7%), Rhineland (7.3%), Dresden (7.1%), and Hamburg (4.5%). Austria and Sweden make up 12% of the total portfolio, and we think that both markets offer similar supply demand fundamentals to Germany.

The company's track record of market leadership and executing a clearly articulated strategy, consistent with its capabilities and the market environment, also support our business risk assessment. Over the past decade, Vonovia has established a strong track record of successfully integrating large portfolio acquisitions, realizing synergies, and benefiting from economies of scale. Vonovia's portfolio grew strongly over this period and it expanded geographically outside Germany; its acquisitive investing policy in regulated residential real estate markets with fundamentals was comparable to other companies in its core German market. Vonovia's focus on long-term holdings with limited asset rotation and continuously high occupancy rates provides good cash flow predictability. In line with the changing market environment for real estate landlords, Vonovia has put its growth strategy on hold due to rising interest rates and yield expansion with falling property values, and it now focuses on selective noncore sales to protect its balance sheet.

Vonovia has raised its guidance for annual investments to about €1.4 billion in 2026 and toward €2 billion by 2028, from €1.2 billion in 2025 and €836 million in 2024 (excluding capitalized maintenance). The company has some exposure to more risky development and asset arbitrage activities (12.9% of total reported EBITDA for the first six months of 2026) through different forms: the value-add segment (8.8%), recurring unit sales (2.7%), and property development (1.4%). While these activities provide Vonovia with a recurring source of cash flow to fund its future investments, we think that they are more volatile and less predictable than rental income. We exclude the recurring sales and development contribution from our adjusted EBITDA calculation and adjusted EBITDA metrics, in line with our methodology for real estate investment trusts. Moreover, the development of residential assets exposes the company to risks of cost overruns and vacancies. That said, we understand the company adopts a cautious approach with proactive leasing and selling processes during the construction cycles, supported by a structural undersupply of housing in Germany.

Our rating analysis includes a one-notch downward adjustment through our comparable rating analysis. This reflects the company's relatively high leverage and low cash flow generation compared with other similar sized residential real estate holding companies operating in less regulated, and therefore higher-yielding, markets such as the U.S. This is reflected by a relatively high debt-to-EBITDA ratio of more than 15x, versus less than 10x for some U.S. peers. We expect this ratio will improve toward 15x from 15.5x as of June 30, 2026, because of increasing cash flow from its organically funded investment pipeline and its expansion into non-rental business, especially the value-add segment. We also regard a debt-to-debt-plus-equity ratio of above 55% as being at the weaker end of the significant financial risk category.

We also think that Vonovia's high concentration in Germany, with about 88% of assets, leaves it strongly exposed to Germany's economy and regulation--regarding social, regulatory, and reputational uncertainties--compared with globally more diversified residential real estate peers in the same business risk category. In addition, the German government's climate protection law sets high targets for carbon dioxide reduction over the coming years, which is likely to require large ongoing investments over the medium-to-long term, potentially reducing profitability.

Financial Risk

Vonovia's debt leverage remains high relative to industry standards and that of peers at the same rating level, with a debt-to-debt-plus-equity ratio of about 55.0%-60.0% (56.8% as of June 30, 2026, corresponding to reported LTV of 46.0%). We view positively the company's recently announced target to reduce its reported LTV to about 40% by year-end 2028 versus 45% before. This translates into an S&P Global Ratings-adjusted ratio of debt to debt plus equity of about 50%-55%. We understand that Vonovia aims to reach this level through the disposal of non-core assets and our expectation of a positive valuation impact of existing properties. Our base case considers the company's disposal strategy, albeit with a slightly more conservative assumption (€4.5 billion between 2026 to 2028 versus Vonovia's target of €4.8 billion over the same period). We have also assumed flat annual like-for-like valuations.

Moreover, Vonovia has a high debt-to-EBITDA ratio (excluding recurring sales and developments) of 15.8x as of June 30, 2026 (down from 18.4x year-end 2024). We expect the ratio to improve slightly further toward 15x in 2026-2028. Still, the ratio remains higher than that of peers, which enjoy higher rental yields and therefore stronger debt to EBITDA for similar debt-to-debt-plus-equity ratios. This discrepancy mainly stems from the low-yield nature of low-risk German residential assets.

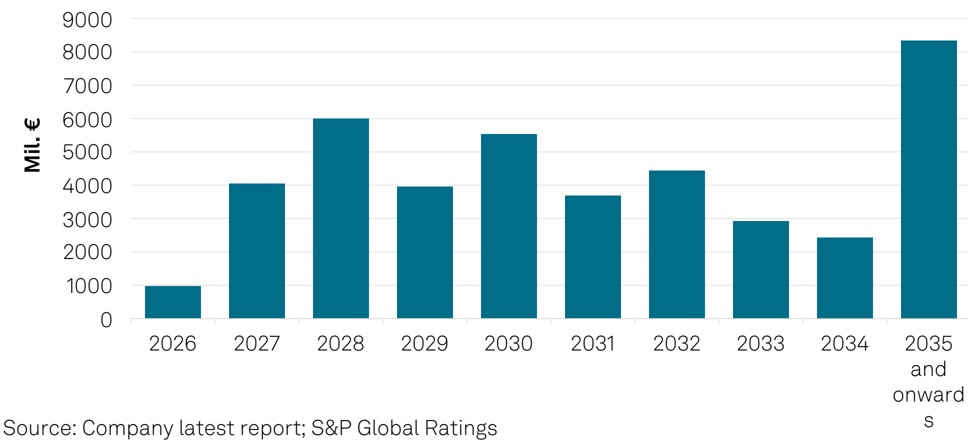
The company has solid, albeit decreasing, interest coverage, with a ratio of EBITDA to interest at 2.9x, as of June 30, 2026. This is due to its still-low cost of funding (2.1%), high exposure to fixed and hedged rated debt (96%), and its relatively long average debt maturity profile of 6.3 years as of June 30, 2026, with rising interest rates gradually affecting its funding profile. We forecast that the ratio will stabilize at about 2.5x- 2.7x for upcoming years, given that higher interest costs will be offset by growing EBITDA, and will therefore remain well above our downside threshold of 1.8x over the next two to three years.

Debt maturities

Vonovia’s weighted average debt maturity was 6.3 years as of June 30, 2025.

Vonovia SE's debt maturity profile

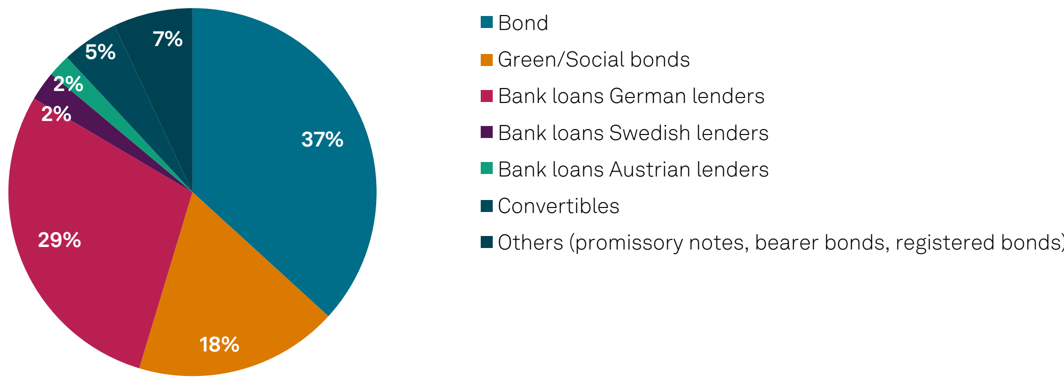
As of June 2026



Source: Company latest report; S&P Global Ratings

Vonovia SE's total debt by funding source

As of June 2026



Source: S&P Global Ratings based on company report.

Vonovia SE--Financial Summary

Period ending	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**	**Mar-26**	**Jun-26**
Reporting period	RTM	RTM	RTM	RTM	RTM	RTM
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	3,558	3,591	3,562	3,598	3,639	3,666
EBITDA	2,289	2,232	2,334	2,467	2,522	2,653
Funds from operations (FFO)	1,246	1,150	1,294	1,400	1,462	1,527
Interest expense	829	896	820	914	938	907
Operating cash flow (OCF)	1,848	2,074	1,915	1,649	1,427	1,233
Capital expenditure	1,211	1,297	1,409	1,482	1,521	1,558
Dividends paid	650	852	850	850	850	1,344
Cash and short-term investments	2,431	1,922	3,266	3,513	2,054	2,100
Debt	41,062	41,402	40,430	41,002	40,829	41,954
Common equity	28,924	28,336	31,562	32,168	32,372	31,898
Valuation of investment property	82,039	82,668	83,362	84,644	84,882	85,840
Adjusted ratios						
EBITDA margin (%)	64.3	62.2	65.5	68.6	69.3	72.4
EBITDA interest coverage (x)	2.8	2.5	2.8	2.7	2.7	2.9
Debt/EBITDA (x)	17.9	18.6	17.3	16.6	16.2	15.8
Debt/debt and equity (%)	58.7	59.4	56.2	56.0	55.8	56.8

Reconciliation Of Vonovia SE Reported Amounts With S&P Global Ratings' Adjusted Amounts - EUR (Millions)

	Debt	**Shareholder Equity**	**Revenue**	**EBITDA**	**Operating income**	**Interest expense**	**S&PGR adjusted EBITDA**	**Operating cash flow**	**Dividends**	**Capital expenditure**
Period date	2026-06-30									
Company reported amounts	42,234	27,204	3,666	2,675	4,193	884	2,653	1,976	1,344	1,565

Reconciliation Of Vonovia SE Reported Amounts With S&P Global Ratings' Adjusted Amounts - EUR (Millions)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Cash taxes paid	-	-	-	-	-	-	(273)	-	-	-
Cash interest paid	-	-	-	-	-	-	(846)	-	-	-
Lease liabilities	675	-	-	-	-	-	-	-	-	-
Postretirement benefit obligations/ deferred compensation	413	-	-	-	-	16	-	-	-	-
Accessible cash and liquid investments	(2,100)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	7	(7)	(7)	-	(7)
Income (expense) of unconsolid. cos.	-	-	-	61	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	151	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(737)	-	-
Noncontrolling/ minority interest	-	4,694	-	-	-	-	-	-	-	-
Debt: other	732	-	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(180)	(180)	-	-	-	-	-
EBITDA: Inventory	-	-	-	16	16	-	-	-	-	-
EBITDA: other	-	-	-	82	82	-	-	-	-	-
D&A: Asset valuation gains/(losses)	-	-	-	-	(1,718)	-	-	-	-	-
Total adjustments	(280)	4,694	-	(21)	(1,648)	24	(1,126)	(744)	-	(7)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	41,954	31,898	3,666	2,653	2,545	907	1,527	1,233	1,344	1,558

Liquidity

We assess Vonovia's liquidity as adequate. We anticipate that liquidity sources will likely cover uses by more than 1.2x for the 12 months from June 30, 2026. In the following 12 months, Vonovia will face €4.2 billion of additional debt maturities (including amortization), which we think will be well covered by about €3.7 billion available undrawn credit facilities, €2.1 billion unrestricted cash and liquid securities, and €1.4 billion-€1.5 billion of forecast cash funds from operations (FFO).

Principal liquidity sources	Principal liquidity uses
• About €2.1 billion of unrestricted cash and liquid securities as of June 30, 2026; • €3.7 billion of undrawn credit lines available, maturing in more than 12 months; • Our forecast of about €1.4 billion-€1.5 billion of FFO; and • About €2 billion proceeds from bond issuances carried out after the reporting date.	• About €4.2 billion of short-term debt maturities, including amortization, in the next 12 months; • Additional approximately €843 million of debt repayments after the reporting date, maturing in more than 12 months; and • Committed capex of about €600 million for the next 12 months.

Covenant Analysis

Requirements

Most of the company's bank debt facilities were granted for the purpose of financing real estate assets. Loan agreements are therefore mostly secured by land charges and the assignment of rental payments, and the majority include financial covenants such as LTV ratios and a debt-service-coverage ratio.

Vonovia also has covenants under documentation for its outstanding corporate bonds, mainly relating to its:

- LTV ratio (at less than 60%, compared with 45.4% as of June 30, 2026);
- Secured LTV (at less than 45%, compared with 13.7% as of June 30, 2026);
- Interest coverage ratio (greater than 1.8x, compared with 3.9x as of June 30, 2026); and
- Unencumbered assets to unsecured debt (greater than 125%, compared with 173% as of June 30, 2026).

Compliance expectations

We expect that Vonovia will maintain adequate headroom, greater than 10%, under all remaining covenants.

Environmental, Social, And Governance

Environmental, social, and governance factors are a neutral consideration in our credit rating analysis of Vonovia. We consider Vonovia's exposure to social and environmental factors to be on par with the German residential industry. Social and political debates on rent affordability in Germany's metropolitan areas may result in increased regulation and reputation risk for Vonovia as the largest German residential real estate company. Vonovia, alongside its core subsidiary Deutsche Wohnen SE (BBB+/Stable/A-2) and its peers, has become a target for social protests blaming the company for rising rents in German metropolitan cities. We think that additional rent regulation could hinder like-for-like rental growth for Vonovia. We view positively the German government's aim to establish a law that prevents state-level expropriations of residential housing portfolios held by residential real estate companies. This will likely reduce concerns about expropriation, particularly in Berlin, and supports the stability and attractiveness of the German housing market (see "Germany Brief: Government Intervention Restores Stability In The Housing Sector," July 6, 2026). The company refurbishes and renovates approximately 3%-4% of its portfolio per year to meet the latest thermal insulation and energy efficiency standards. The German government's published climate package targets reducing carbon dioxide emissions for buildings by 65% by 2030 compared with 1990.

Issue Ratings--Subordination Risk Analysis

Capital structure

As of June 30, 2026, the company's secured debt represented 13.7% of its assets.

Analytical conclusions

This level of secured debt is well below our 40% threshold for notching down senior unsecured debt. We therefore rate Vonovia's senior unsecured bonds 'BBB+', in line with the long-term issuer credit rating.

Rating Component Scores

Foreign currency issuer credit rating	**BBB+/Stable/A-2**
Local currency issuer credit rating	**BBB+/Stable/A-2**
Business risk	**Excellent**
Country risk	Very Low
Industry risk	Low
Competitive position	Excellent
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**a-**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Negative (-1 notch)
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. 25, 2018
- General Criteria: Methodology For Linking Long-Term And Short, 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 Update Europe: Real Estate (REITs), July 16, 2026
- Germany Brief: Government Intervention Restores Stability In The Housing Sector, July 6, 2026
- Vonovia's Updated Financial Policy Targets Will Improve Financial Headroom And Support Current Rating Level, March 19, 2026
- Vonovia's Nonrental Business Starts Supporting Cash Flow, With Leverage Headroom Improving, Nov. 11, 2025
- Vonovia SE, Aug. 19, 2025

Ratings Detail (as of August 16, 2026)*	
Vonovia SE	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+
Issuer Credit Ratings History	
11-Nov-2022	BBB+/Stable/A-2
17-Dec-2021	BBB+/Positive/A-2
10-Mar-2015	BBB+/Stable/A-2
Related Entities	
Deutsche Wohnen SE	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.