



CMBS Delinquency Rate Moves Slightly Higher in November 2022; Jump in Multifamily Rate Offsets Declines in Other Major Property Types

In November, the Trepp CMBS Delinquency Rate moved up slightly but remained just a tick below 3%.

Expectations for the CRE market have been for higher delinquency rates over the next few months as a result of higher interest rates, challenges refinancing maturing loans, and a slowing US economy.

Yet, the latest overall delinquency reading would have been lower had it not been for a few large multifamily loans going delinquent in November.

The Trepp CMBS Delinquency Rate in November was 2.99%, an increase of three basis points from October. The increase in the delinquency rate was only the fourth in the last 29 months.

A loan backed by apartments in Queens, NY led to a big spike in the multifamily rate, as did a delinquency for a large 2019 single-asset, single-borrower (SASB) apartment loan. That may not be the last of such stories. Trepp noted recently that a large apartment loan backed by San Francisco properties could also become delinquent in the near future. (The Queens and San Francisco stories were covered in Trepp's client, only newsletter, TreppWire.)

All other major property types showed declines in the delinquency rate in November, defying some analyst expectations.

Without the multifamily blip, the overall delinquency rate would have been lower in November.

The percentage of loans in the 30 days delinquent bucket is 0.13% – up four basis points for the month.

Our numbers above reflect percentages that assume defaulted loans are still part of the denominator.

CHART 1: DELINQUENCY STATUS

Current	96.22
30 Days Delinquent	0.13
60 Days Delinquent	0.05
90 Days Delinquent	0.52
Performing Matured Balloon	0.78 ¹
Non-Performing Matured Balloon	0.59
Foreclosure	0.91
REO	0.79

¹ Loans that are past their maturity date but still current on interest are considered current.

Source: Trepp

CHART 2: DELINQUENCY RATE BY PROPERTYTYPE (% 30 DAYS +)

	22-NOV	22-OCT	22-SEP	3 MO	6 MO	12 MO
Overall	2.99	2.96	2.92	2.98	3.14	4.38
Industrial	0.41	0.43	0.43	0.51	0.38	0.53
Lodging	4.64	4.89	5.02	5.18	5.83	9.40
Multifamily	1.81	0.85	0.93	0.95	1.02	1.90
Office	1.70	1.75	1.58	1.50	1.63	1.81
Retail	6.63	6.66	6.61	6.45	6.57	8.09

Source: Trepp

The Overall Numbers

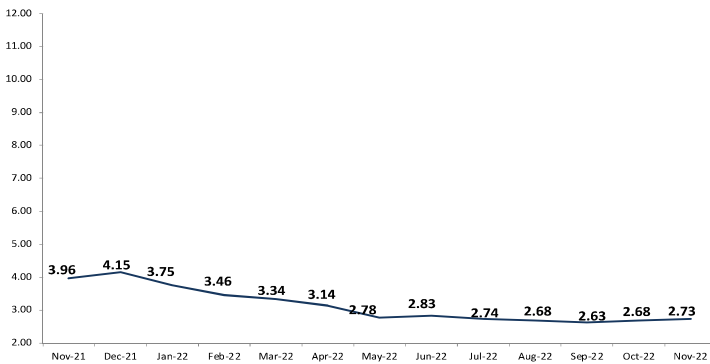
- The overall US CMBS delinquency rate inched up three basis points in November to 2.99%. (The all-time high on this basis was 10.34% registered in July 2012. The COVID-19 high was 10.32% in June 2020.)
- Year over year, the overall US CMBS delinquency rate is down 139 basis points.
- Year to date, the rate is down 158 basis points.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 2.86%, down one basis point for the month.

- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 3.17%, up four basis points from September.
- One year ago, the US CMBS delinquency rate was 4.38%.
- Six months ago, the US CMBS delinquency rate was 3.14%.

The CMBS 2.0+ Numbers

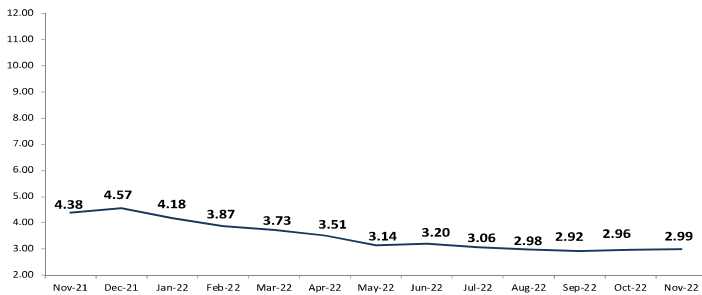
- The CMBS 2.0+ delinquency rate moved up five basis points to 2.73% in November. The rate is down 123 basis points year-over-year.
- The percentage of CMBS 2.0+ loans that are seriously delinquent is now 2.60%, up one basis point for the month.

GRAPH 1: THE CMBS 2.0+ DELINQUENCY RATE



Source: Trepp

GRAPH 2: PERCENTAGE OF CMBS MARKED AS 30+ DAYS DELINQUENT



Source: Trepp

For more information about Trepp’s commercial real estate data, contact info@trepp.com.
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About Trepp

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- If defeased loans were taken out of the equation, the overall CMBS 2.0+ delinquency rate would be 2.88%, up five basis points for the month.

Overall Property Type Analysis (CMBS 1.0 and 2.0+)

- The industrial delinquency rate fell two basis points to 0.41%.
- The lodging delinquency rate dropped 25 basis points to 4.64%.
- The multifamily delinquency rate jumped 96 basis points to 1.81% driven largely by the delinquencies in NY and CA.
- The office delinquency rate dipped five basis points to 1.70%.
- The retail delinquency rate declined three basis points to 6.63%.

Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.24% (down two basis points month over month)
- Lodging delinquency rate: 4.54% (down 24 basis points)
- Multifamily delinquency rate: 1.81% (up 96 basis points)
- Office delinquency rate: 1.40% (down five basis points)
- Retail delinquency rate: 5.85% (unchanged)



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