



CMBS Delinquency Rate Stays Strong in September 2022 Even as Broader Market Volatility Spikes; Headline Number Hits Another Post-COVID Low

In September 2022, the Trepp CMBS Delinquency Rate fell once again. For now, commercial mortgage-backed securities (CMBS) loan performance remains the model of steadiness even as volatility in the equity and foreign exchange markets have spiked and interest rates and lending spreads have moved considerably higher and wider.

There may be more challenges ahead for the CMBS market, particularly for loans with near-term maturities and office properties with expiring leases. For now, however, the performance in the CMBS universe continues to defy the growing market turbulence.

The Trepp CMBS Delinquency Rate in September was 2.92%, a decrease of six basis points from August. The delinquency rate has now fallen for 25 of the last 27 months.

The percentage of loans in the 30 days delinquent bucket is 0.14% - up five basis points for the month.

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

The Overall Numbers

- The overall US CMBS delinquency rate fell six basis points in September to 2.92%. (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 233 basis points.
- Year to date, the rate is down 165 basis points.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 2.78%, down 11 basis points for the month.

CHART 1: DELINQUENCY STATUS

Current	96.27
30 Days Delinquent	0.14
60 Days Delinquent	0.03
90 Days Delinquent	0.57
Performing Matured Balloon	0.82 ¹
Non-Performing Matured Balloon	0.46
Foreclosure	0.97
REO	0.75

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

Source: Trepp

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

	22-SEP	22-AUG	22-JUL	3 MO.	6 MO.	12 MO.
Overall	2.92	2.98	3.06	3.20	3.73	5.35
Industrial	0.43	0.51	0.43	0.49	0.48	0.59
Lodging	5.02	5.18	5.60	5.94	6.87	11.45
Multifamily	0.93	0.95	0.94	1.03	1.53	1.95
Office	1.58	1.50	1.62	1.68	1.65	2.02
Retail	6.61	6.45	6.57	6.69	7.50	9.75

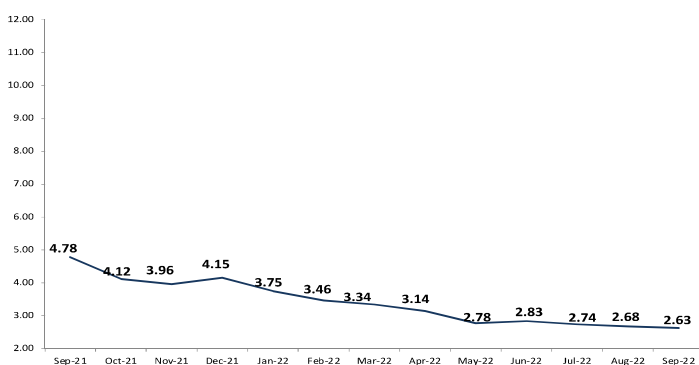
Source: Trepp

- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 3.07%, up down seven basis points from August.
- One year ago, the US CMBS delinquency rate was 5.25%.
- Six months ago, the US CMBS delinquency rate was 3.73%.

The CMBS 2.0+ Numbers

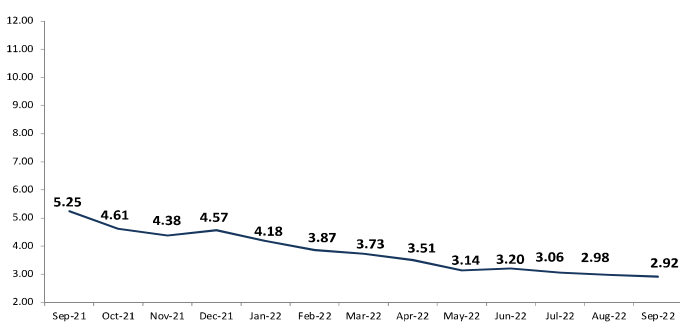
- The CMBS 2.0+ delinquency rate fell five basis points to 2.63% in September. The rate is down 215 basis points year-over-year.
- The percentage of CMBS 2.0+ loans that are seriously delinquent is now 2.49%, down 10 basis points for the month.
- If defeased loans were taken out of the equation, the overall CMBS 2.0+ delinquency rate would be 2.76%, down seven basis points 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

Overall Property Type Analysis (CMBS 1.0 and 2.0+)

- The industrial delinquency rate fell eight basis points to 0.43%.
- The lodging delinquency rate dropped 16 basis points to 5.02%.
- The multifamily delinquency rate dipped two basis points to 0.93%.
- The office delinquency rate moved up eight basis points to 1.58%.
- The retail delinquency rate rose 16 basis points to 6.61%.

Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.21% (down seven basis points month over month)
- Lodging delinquency rate: 4.94% (down 15 basis points)
- Multifamily delinquency rate: 0.93% (down two basis pts)
- Office delinquency rate: 1.29% (up eight basis points)
- Retail delinquency rate: 5.79% (up 25 basis points)



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