



CMBS Delinquency Rate Cracks 3% Level in August 2022, Lowest Since April 2020

In August 2022, the Trepp CMBS Delinquency Rate fell below 3% for the first time since before the COVID-19 pandemic. It was a year ago that the benchmark dropped below 6% and six months since the rate fell below 4%.

The declines should not be terribly shocking to players in the CMBS market. Those property segments that were crushed by the COVID-19 pandemic – hotel and retail – continue to see steady improvement each month as loans in those categories cure and/or pay off.

Meanwhile, distress in the office segment – the property type most likely to be impacted by increased work from home trends – will take years to play out as a result of most firms being locked into five- and 10-year leases.

The Trepp CMBS Delinquency Rate in August 2022 was 2.98%, a decrease of eight basis points from July. The delinquency rate has now fallen for 24 of the last 26 months.

The percentage of loans in the 30 days delinquent bucket is 0.09% – unchanged 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 eight basis points in August to 2.98%. (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 266 basis points.
- Year to date, the rate is down 159 basis points.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 2.89%, down eight basis points for the month.

CHART 1: DELINQUENCY STATUS

Current	96.31
30 Days Delinquent	0.09
60 Days Delinquent	0.06
90 Days Delinquent	0.58
Performing Matured Balloon	0.73 ¹
Non-Performing Matured Balloon	0.50
Foreclosure	1.00
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-AUG	22-JUL	22-JUN	3 MO.	6 MO.	12 MO.
Overall	2.98	3.06	3.20	3.14	3.87	5.64
Industrial	0.51	0.43	0.49	0.38	0.66	0.63
Lodging	5.18	5.60	5.94	5.83	7.82	12.05
Multifamily	0.95	0.94	1.03	1.02	1.51	2.18
Office	1.50	1.62	1.68	1.63	1.67	2.12
Retail	6.45	6.57	6.69	6.57	7.49	10.43

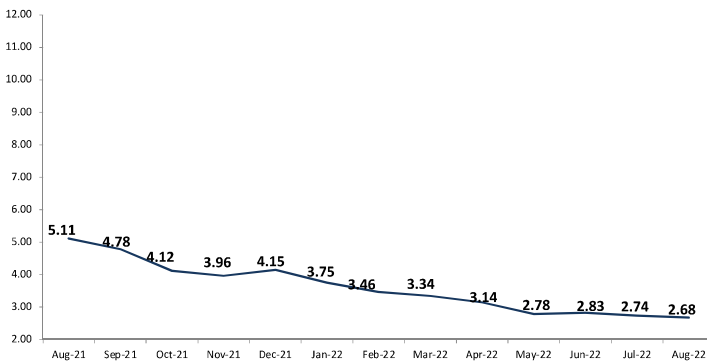
Source: Trepp

- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 3.14%, up down nine basis points from July.
- One year ago, the US CMBS delinquency rate was 5.64%.
- Six months ago, the US CMBS delinquency rate was 3.87%.

The CMBS 2.0+ Numbers

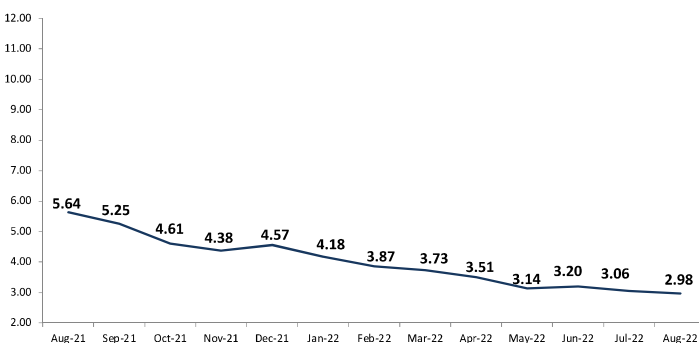
- The CMBS 2.0+ delinquency rate fell six basis points to 2.68% in August. The rate is down 243 basis points year-over-year.
- The percentage of CMBS 2.0+ loans that are seriously delinquent is now 2.59%, down six basis points for the month.
- If defeased loans were taken out of the equation, the overall CMBS 2.0+ delinquency rate would be 2.83%, down five 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 moved up eight basis points to 0.51%.
- The lodging delinquency rate dropped 42 basis points to 5.18%.
- The multifamily delinquency rate inched up one basis point to 0.95%.
- The office delinquency rate fell 12 basis points to 1.50%.
- The retail delinquency rate declined 12 basis points to 6.45%.

Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.28% (up nine basis points month over month)
- Lodging delinquency rate: 5.09% (down 42 basis points)
- Multifamily delinquency rate: 0.95% (up one basis point)
- Office delinquency rate: 1.21% (down nine basis points)
- Retail delinquency rate: 5.54% (down 11 basis points)



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