



CMBS Delinquency Rate Inches Up in October 2022, But Still Below 3%

In October 2022, the Trepp CMBS Delinquency Rate moved up modestly. Whether this is the beginning of a turning point as a result of higher interest rates and a slowing US economy or just a momentary bump remains to be seen.

CMBS investors have been watching carefully for signs of distress. It is expected that the higher refinancing costs could make it difficult for some marginally performing assets to be refinanced.

The Trepp CMBS Delinquency Rate in October was 2.96%, an increase of four basis points from the September reading. The increase in the delinquency rate was only the third in the last 28 months.

The percentage of loans in the 30 days delinquent bucket is 0.09%, down 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 inched up four basis points in October to 2.96%. (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 165 basis points.
- Year to date, the rate is down 161 basis points.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 2.87%, up nine basis points for the month.

CHART 1: DELINQUENCY STATUS

Current	96.37
30 Days Delinquent	0.09
60 Days Delinquent	0.12
90 Days Delinquent	0.47
Performing Matured Balloon	0.68 ¹
Non-Performing Matured Balloon	0.57
Foreclosure	0.95
REO	0.76

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-OCT	22-SEP	22-AUG	3 MO.	6 MO.	12 MO.
Overall	2.96	2.92	2.98	3.06	3.51	4.61
Industrial	0.43	0.43	0.51	0.43	0.51	0.53
Lodging	4.89	5.02	5.18	5.60	6.34	9.91
Multifamily	0.85	0.93	0.95	0.94	1.20	1.7
Office	1.75	1.58	1.50	1.62	1.71	1.27
Retail	6.66	6.61	6.45	6.57	7.36	7.12

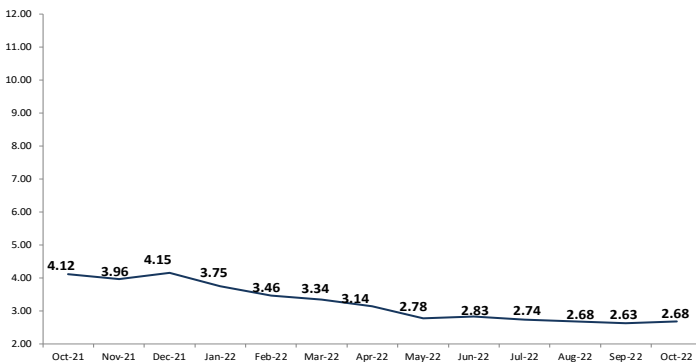
Source: Trepp

- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 3.13%, up six basis points from September.
- One year ago, the US CMBS delinquency rate was 4.61%.
- Six months ago, the US CMBS delinquency rate was 3.51%.

The CMBS 2.0+ Numbers

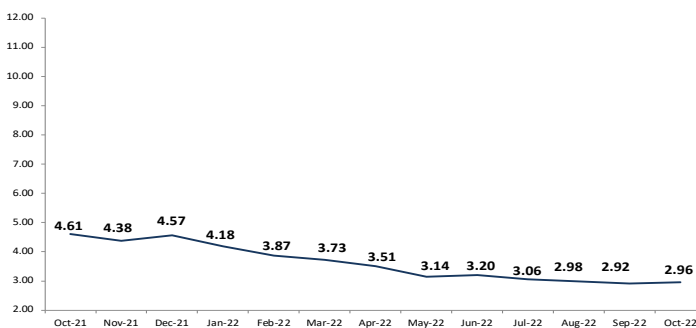
- The CMBS 2.0+ delinquency rate moved up five basis points to 2.68% in October. The rate is down 144 basis points year-over-year.
- The percentage of CMBS 2.0+ loans that are seriously delinquent is now 2.59%, up 10 basis points for the month.
- If defeased loans were taken out of the equation, the overall CMBS 2.0+ delinquency rate would be 2.83%, up 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 was unchanged at 0.43%.
- The lodging delinquency rate dropped 13 basis points to 4.89%.
- The multifamily delinquency rate dipped eight basis points to 0.85%.
- The office delinquency rate moved up 17 basis points to 1.75%.
- The retail delinquency rate inched five basis points to 6.66%.

Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.26% (up five basis points month over month)
- Lodging delinquency rate: 4.78% (down 16 basis points)
- Multifamily delinquency rate: 0.85% (down eight basis points)
- Office delinquency rate: 1.45% (up 16 basis points)
- Retail delinquency rate: 5.85% (up six basis points)



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For inquiries about the data analysis conducted in this research, contact press@trepp.com or 212-754-1010.

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