



Trepp CMBS Delinquency Rate Rises for Only Second Time in Two Years in June 2022 – Blip or Inflection Point?

The Trepp CMBS delinquency rate posted a rare uptick in June 2022. The rate moved up just six basis points, and only time will tell if this is just a blip, or an inflection point triggered by higher borrowing costs for commercial real estate and weakening fundamentals for the US economy.

This uptick is only the second increase in the rate over the last 24 months. The last increase in the rate came in late 2021

The Trepp CMBS Delinquency Rate in June was 3.20%, an increase of six basis points in May. All major property types saw small increases in their respective delinquency rates in June.

The percentage of loans in the 30 days delinquent bucket is now 0.18% – up five basis points for the month.

Last month, the Trepp team asked rhetorically if market volatility, inflation, and interest rates over the last three months would cause a slowing of the rate of improvement in CMBS delinquency levels. One month's data is too small a data point to call the increase in the rate this month a trend, but the direction of the delinquency number over the next few months will give a sense of the impact of recent events on the overall CMBS market.

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

The Overall Numbers

- The overall US CMBS delinquency rate moved up six basis points in June to 3.20%. (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 295 basis points.
- Year to date, the rate is down 137 basis points.

CHART 1: DELINQUENCY STATUS

Current	96.06
30 Days Delinquent	0.18
60 Days Delinquent	0.04
90 Days Delinquent	0.68
Performing Matured Balloon	0.741
Non-Performing Matured Balloon	0.39
Foreclosure	1.13
REO	0.78

¹Loans 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-JUN	22-MAY	22-APR	3 MO.	6 MO.	12 MO.
Overall	3.20	3.14	3.51	3.73	4.57	6.15
Industrial	0.49	0.38	0.51	0.48	0.52	0.65
Lodging	5.94	5.83	6.34	6.87	8.79	14.27
Multifamily	1.03	1.02	1.20	1.53	1.76	2.02
Office	1.68	1.63	1.71	1.65	2.53	2.09
Retail	6.69	6.57	7.36	7.50	8.28	10.71

Source: Trepp

- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 3.02%, up one basis point for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 3.38%, up five basis points from May.
- One year ago, the US CMBS delinquency rate was 6.15%.
- Six months ago, the US CMBS delinquency rate was 4.57%.

www.trepp.com 1



CMBS Research July 2022

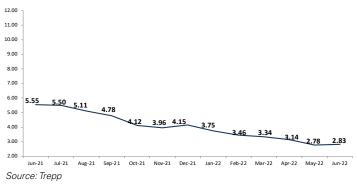
GRAPH 1: PERCENTAGE OF CMBS MARKED AS 30+ DAYS DELINQUENT



The CMBS 2.0+ Numbers

- The CMBS 2.0+ delinquency rate rose five basis points to 2.83% in June. The rate is down 272 basis points year-overyear.
- The percentage of CMBS 2.0+ loans that are seriously delinquent is now 2.65%, down one basis point for the month.
- If defeased loans were taken out of the equation, the overall CMBS 2.0+ delinquency rate would be 3.02%, up eight basis points for the month.

GRAPH 2: THE CMBS 2.0+ DELINQUENCY RATE



Overall Property Type Analysis (CMBS 1.0 and 2.0+)

- The industrial delinquency rate moved up 11 basis points to 0.49%.
- The lodging delinquency rate rose 11 basis points to 5.94%.
- The multifamily delinquency rate inched up one basis point to 1.03%.
- The office delinquency rate moved up five basis points to 1.68%.
- The retail delinquency rate climbed 12 basis points to 6.69%.

Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.23% (up 11 basis points month over month)
- Lodging delinquency rate: 5.80% (up six basis points)
- Multifamily delinquency rate: 1.04% (up two basis points)
- Office delinquency rate: 1.28% (up five basis points)
- Retail delinquency rate: 5.69% (up 14 basis points)



TreppTolk, Trepp's daily blog, leverages our market expertise and proprietary data sets in structured finance, commercial real estate, and banking.

For more information about Trepp's commercial real estate data, contact info@trepp.com. For inquiries about the data analysis conducted in this research, contact press@trepp.com or 212-754-1010.

About **Trepp**

Trepp, founded in 1979, is the leading provider of data, insights, and technology solutions to the structured finance, commercial real estate, and banking markets. Trepp provides primary and secondary market participants with the solutions and analytics they need to increase operational efficiencies, information transparency, and investment performance. From its offices in New York, San Francisco, and London, Trepp serves its clients with products and services to support trading, research, risk management, surveillance, and portfolio management. Trepp subsidiary, Commercial Real Estate Direct, is a daily news source covering the commercial real estate capital markets. Trepp is wholly owned by Daily Mail and General Trust (DMGT).