New Data Shows Declines in National Distress Rates

New data from commercial real estate (CRE) data provider CRED iQ shows the delinquency rate for commercial mortgage-backed securities (CMBS) continued its downward trend in June 2022, dipping to 3.30%, marginally down from 3.32% the previous month.

CRED iQ regularly monitors distressed rates and market performance for nearly 400 Metropolitan Statistical Areas (MSAs) across the US, an enormous data set that includes some $900 billion in outstanding CRE debt.

Month-by-Month Improvements

In the report, they've laid out distressed rates and month-over-month changes for the month of June 2022, for the 50 largest MSAs, as well as a breakdown by property type (see below). "Distressed rates (DQ + SS%)," they write, "include loans that are specially serviced, delinquent, or a combination of both."

Standout Areas

Of the top 50 MSAs, some 43 showed month-over-month improvements "in the percentage of distressed CRE loans within the CMBS universe". New Orleans (-9.57%) and Louisville (-3.41%) were two of the MSAs with the acutest declines [in distress rate] this month.

On the other end of the scale, Charlotte (+1.15%) and Virginia Beach (+1.12%) were among the seven MSAs showing increases in distress rates last month.

By Property Type

"For a granular view of distress by market-sector", the report also delves into distress by property type, which potentially holds strategic insight for regional commercial real estate professionals.

"Hotel and retail were the property types that contributed the most to the many improvements in distressed rates across the Top 50 MSAs," they detail. "Loans secured by lodging and retail properties accounted for the 10 largest declines in distress by market-sector. This included the lodging sectors for New Orleans and Detroit as well as the retail sectors for Tampa and Cincinnati."

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