

CMBS Supply/Demand Stable; Delinquency Rate Drops

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Carlton Fields Executive Director of Financial Services Consulting, Brian Olasov, was quoted in the *MBA Newslink* article, “CMBS Supply/Demand Stable; Delinquency Rate Drops.” In Moody’s *Red-Yellow-Green* CMBS report, which tracks which markets are vulnerable to loan default risk factors, the overall composite score remained in the green zone. The commercial mortgage-backed securities delinquency rate fell again in September--the third straight month--reported Trepp LLC, New York. Olasov commented:

With the exception of new-supply lodging, all other asset classes raise what I call the ‘Passover Question’: how is this recovery different from all other recoveries? The economic cycle is now more than 100 months into a recovery--the second-longest cycle since World War II. At this point in prior real estate cycles, lenders loosened standards, borrowers sought the last dollar of debt and new supply flooded the market, leading to rises in vacancies and dips in rental receipts. With limited exceptions, supply has been muted this time around resulting in a benign balance between supply and demand.

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