

CMBS Delinquency Rate Drops, Loss Severities Increase

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Carlton Fields Executive Director - Financial Services, Brian Olosov, was quoted in the *Mortgage Bankers Association Newslink* article, "CMBS Delinquency Rate Drops, Loss Severities Increase," regarding the continued fall of the commercial mortgage-backed securities delinquency rate.

The rate fell yet again for the sixth consecutive month, but large loans liquidated with high loss severities drove up the second quarter's loss severity figure.

Olosov remarked that much of the data confirms tested wisdom.

"Longer workout periods produce higher losses, larger loans in bigger metros tend to have lower loss severities and lending on the second regional mall in a one-mall town produces dismal outcomes," Olosov stated. "But among the nearly 12,000 loans experiencing losses from 1998 forward, there are always notable exceptions. These exceptions underscore the risks in moving away from skilled, experienced underwriting towards automated, rules-based lending."

However, Olosov also noted that other credit ratings research showed the balance of loans reaching a 13-month high, meaning CMBS 2.0 transfers are slowly ticking up.

[Read the article.](#)

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