

CMBS Delinquency Rate Measures Diverge Slightly

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Brian Olosov, Carlton Fields' Executive Director – Financial Services, was quoted in the *MBA Newslink* article titled, "CMBS Delinquency Rate Measures Diverge Slightly," on the differing CMBS rates reported by Trepp and Fitch Ratings, New York. Trepp stated that the commercial mortgage-backed securities delinquency rate has continued to decline, while Fitch Ratings, New York announced a "brief, but small" rise in the rate of their transactions. Olosov observed that the delinquency ratios diverge due to the ratings agencies measuring "different universes," but also shared that there are commonalities among both ratings. First, there is a "complete mismatch" between pre-crisis CMBS 1.0 delinquencies — roughly 47.5 percent of unpaid principal balance for both analyses — and CMBS 2.0 delinquencies, just 0.40 percent for Fitch and 0.55 percent for Trepp, he said. "Second, the bulk of these defaults are in REO, which means that resolution is just a property sale away," Olosov said. "Obviously, as these dwindling delinquencies from 1.0 get resolved, overall performance numbers will improve." Olosov also mentioned that if net CMBS outstandings continue to increase, the downwards trend for delinquencies will become steeper yet. "Absent some unexpected cataclysmic event, these improving trends are mathematically 'baked in' over the next several months," he said. [Read the article.](#)

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Brian Olosov

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