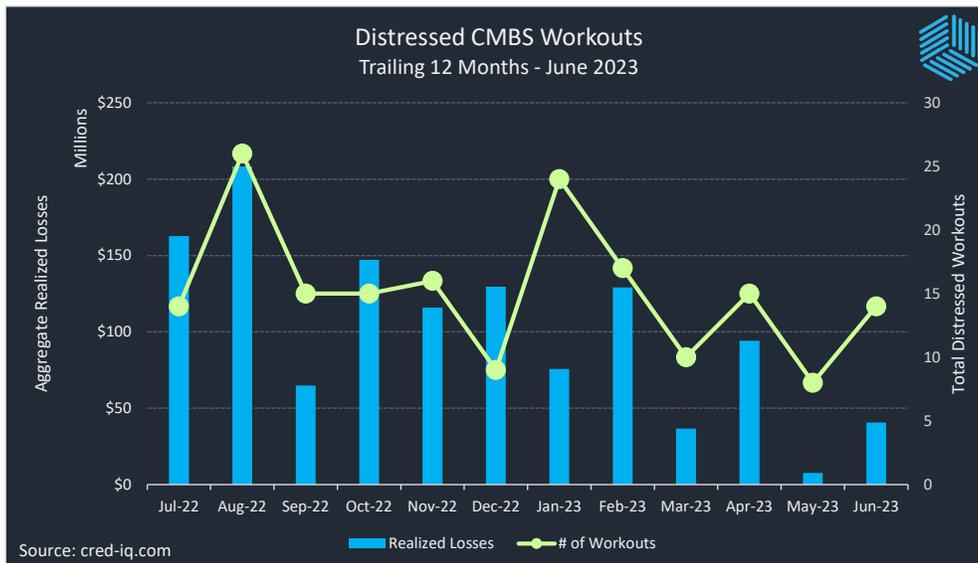


CMBS – Distressed Commercial Real Estate Loan Workouts and Payoffs – June 2023

CMBS transactions incurred approximately \$41 million in realized losses during June 2023 via the workouts of distressed assets. CRED IQ identified 14 workouts classified as dispositions, liquidations, or discounted payoffs in June 2023. Of the 14 workouts, five were resolved without a principal loss. Of the nine workouts resulting in losses, severities for the month of June ranged from 1% to 90%, based on outstanding balances at disposition. Aggregate realized losses in June 2023 were more than 5x higher than May 2023 due, in part, to a higher volume of distressed workouts including two notable retail workouts. The aggregate realized loss total of \$40.7 million was lower than the average aggregate monthly CMBS loss total for the trailing 12 months, which was equal to approximately \$101 million.

By property type, workouts were concentrated in lodging and retail. Lodging workouts accounted for five of the 14 distressed resolutions in June 2023 and retail workouts accounted for four distressed workouts. Distressed workouts for retail properties had the highest total of aggregate realized losses (\$25 million) by property type, which accounted for 60% of the total for the month. Distressed lodging workouts had the second-highest total of aggregate losses by property type with \$11.1 million, or 27% of the total.

The two largest individual losses were associated with REO retail properties. First, the [Romeoville Towne Center](#), a 108,242-SF community center located 40 miles southwest of Chicago, IL, liquidated with a \$13.4 million loss. Outstanding debt at the time of disposition totaled \$17.1 million, equal to a 78% loss severity. The property had been REO since February 2019 and had been in special servicing since 2014. Second, a 155,309-SF big-box retail outparcel of the Potomac Mills Mall in Woodbridge, VA known



as [Square 95](#), was liquidated with a \$10.1 million loss. Outstanding debt on the property totaled \$22.1 million prior to disposition, equal to a 46% loss severity.

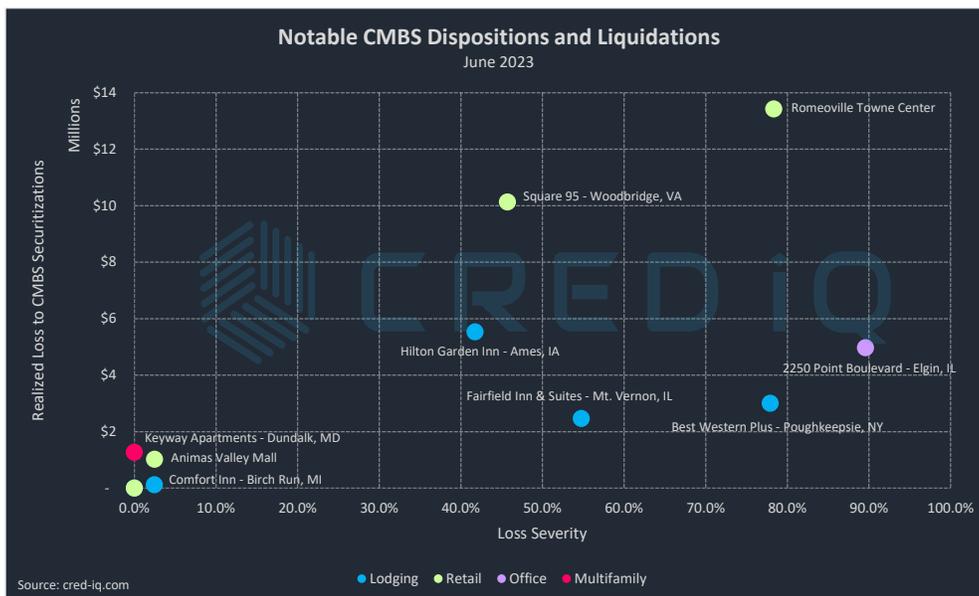
The largest individual loss severity involved a suburban Chicago office property, [2250 Point Boulevard](#). The 80,978-SF office building transferred to special servicing in July 2020 and became REO in November 2021. Outstanding debt prior to disposition totaled \$5.5 million and the liquidation resulted in a realized loss of \$5 million, equal to a 90% severity.

The largest workout by outstanding balance was a \$220 million mortgage secured by [693 Fifth Avenue](#), a 96,514-SF mixed-use (retail/office) property located in Midtown Manhattan, NY. Prior to the loan’s transfer to special servicing in May 2022, the property primarily generated revenue from its retail component, including ground-floor space formerly leased to Valentino. The retail space was backfilled by Burberry in April 2023 and

the loan was paid off in June 2023 without incurring a principal loss.

Excluding defeased loans, there was approximately \$5.2 billion in securitized debt among CMBS conduit, and Single-Borrower Large-Loan securitizations that was paid off or liquidated in June 2023, which was approximately a 53% increase compared to \$3.4 billion in May 2023. In June, 2% of the loan resolutions were categorized as dispositions, liquidations, or discounted payoffs, which was in line with the prior month. Loan prepayment remained subdued in June — approximately 8% of the loans were paid off with prepayment penalties.

Retail had the highest total of outstanding debt payoff by property type in June with approximately 30% of the total by balance. Lodging had the next highest percentage of outstanding debt payoff with 25% of the total. The \$540 million loan secured by the [Miracle Mile Shops](#) retail complex in Las Vegas, NV was among the largest mortgages to pay off in June 2023.



June 2023 Distressed CMBS Workouts

Deal Name	Property Name	Property Type	Balance Prior to Disposition (millions)	Realized Loss to Trust (millions)	Loss Severity	Time to Resolution ¹
MSC 2015-UBS8	2250 Point Boulevard - Elgin, IL	Office	\$5.5	\$5.0	89.6%	35
MSC 2007-T25	Romeoville Towne Center	Retail	\$17.1	\$13.4	78.4%	113
CSAIL 2015-C3	Best Western Plus - Poughkeepsie, NY	Lodging	\$3.9	\$3.0	77.9%	36
WFCM 2015-NXS2	Fairfield Inn & Suites - Mt. Vernon, IL	Lodging	\$4.5	\$2.5	54.8%	32
COMM 2015-CR25	Square 95 - Woodbridge, VA	Retail	\$22.2	\$10.1	45.7%	64
WFCM 2017-C38	Hilton Garden Inn - Ames, IA	Lodging	\$13.2	\$5.5	41.8%	34
WFRBS 2012-C10	Animas Valley Mall	Retail	\$41.1	\$1.0	2.5%	7
CGCMT 2017-P7	Comfort Inn - Birch Run, MI	Lodging	\$4.5	\$0.1	2.5%	36
WFCM 2018-C45	Keyway Apartments - Dundalk, MD	Multifamily	\$3.8	\$0.0	1.3%	21
JPMCC 2016-JP2	693 Fifth Avenue	Mixed Use	\$219.5	\$0.0	0.0%	13
JPMDB 2016-C4						
DBJPM 2016-C3						
JPMCC 2016-JP3	Mall of Georgia Crossing	Retail	\$19.7	\$0.0	0.0%	10
COMM 2012-CR4						
MSBAM 2013-C7	Hampton Inn - Lexington, KY	Lodging	\$7.2	\$0.0	0.0%	< 1
MLMT 2005-CK11	Green Valley Technical Plaza	Office	\$5.7	\$0.0	0.0%	22
FHMS 2017-Q006	324 East 14th Street - New York, NY	Multifamily	\$1.3	\$0.0	0.0%	7

¹Number of months since most recent transfer to special servicer

Source: cred-iq.com

About CRED iQ

[CRED iQ](#) is a commercial real estate data, analytics, and valuation platform providing actionable intelligence to CRE and capital markets investors. Subscribers use the platform to identify valuable leads for leasing, lending, refinancing, distressed debt, and acquisition opportunities.

The platform also offers a highly efficient valuation engine which can be leveraged across all property types and geographies. Our data platform is powered by over \$2.0 trillion in transactions and data covering CRE, CMBS, CRE CLO, Single Asset Single Borrower (SASB), and all of GSE / Agency.

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