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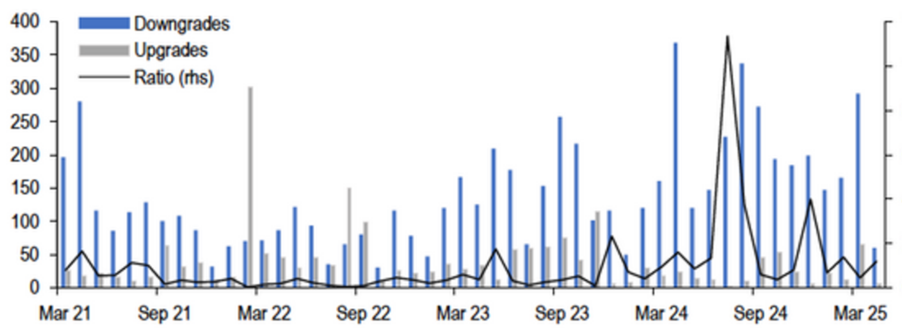
Figure 10: Summary of deals with ratings action

Summary of CMBS deals with ratings actions (upgrades and downgrades), April 4, 2025 to April 10, 2025

Deal Name	Deal Type	CMBX	Upgrade (+) / Downgrade (-)	# of Bonds w/ Ratings Changes	Senior Most Bond w/ Ratings Changes	Notches	Rating Agency
UBSCM 2019-C18	Conduit	N/A	-	11	AAA	2-5	Fitch
BMO 2022-C1	Conduit	N/A	-	8	BBB-	1-3	S&P
WFCM 2018-C44	Conduit	N/A	-	8	AAA	2-3	DBRS Morningstar
MSBAM 2012-CKSV	Other	N/A	-	7	A	1-4	S&P
ACM 2016-1A	Conduit	N/A	+	5	AA+	1-3	KBRA
CGCMT 2016-GC36	Conduit	N/A	-	5	AA	3	Fitch
CGCMT 2016-GC37	Conduit	N/A	-	5	A-	2-3	Fitch
WFCM 2016-BNK1	Conduit	10	-	4	AAA	3-4	S&P
BBCMS 2018-CBM	SASB	N/A	-	3	Aa2	2-3	Moody's
JPMCC 2013-LC11	Conduit	N/A	-	3	Ba3	2-3	Moody's
BMO 2023-C6	Conduit	N/A	-	2	B-	2	Fitch
WFRBS 2013-C15	Conduit	7	-	2	B-	2	KBRA
CCUBS 2017-C1	Conduit	11	-	1	Aa3	1	Moody's
JPMCC 2014-C20	Conduit	8	-	1	Ba3	1	Moody's

Source: J.P. Morgan, Bloomberg Finance L.P.

Figure 11: CMBS ratings downgrades to upgrades ratio since March 2021



Source: J.P. Morgan, Bloomberg Finance L.P.

Due to unusually high call volume...

CRE CLO issuance has increased significantly this year, already reaching $8.3bn in the first quarter and nearly matching the total issuance for all of 2024 (Figure 12). Deals issued this year have been executed at attractive levels, with a weighted average advance rate of 86% and a blended cost of TSOFR+170. We previously mentioned that recent execution levels likely would, in part, entice CRE CLO issuers to call outstanding deals with the intention of reissuing some of the underlying loans in new deals eventually, and this has seemingly come to fruition. This year, we count 18 deals that have been called, which already surpasses the total for the prior year of 15.

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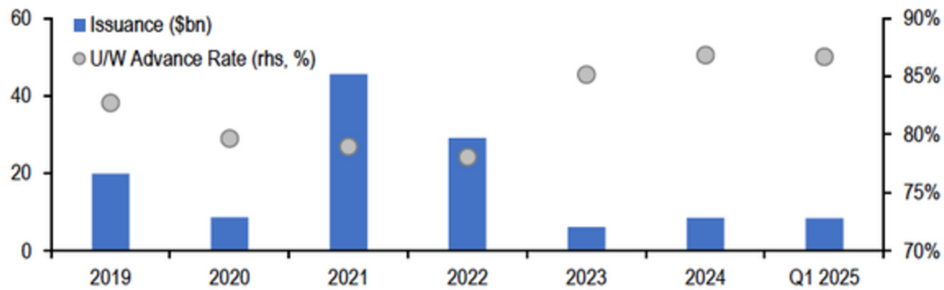
Figure 12: After a couple of down years, CRE CLO issuance is picking up with the Q1 2025 total nearly matching 2024's total

CRE CLO issuance levels ($bn) and U/W advance rates (rhs, %)



Source: J.P. Morgan, Bloomberg Finance L.P.

At the time these deals were called, they had a total outstanding balance of $7.9bn. The issuers most active in calling deals this year have been FS Rialto, Arbor, Ready Capital, and ACRES. Each of these managers has called over $1bn in deals since the beginning of the year (Figure 13). Of the $7.9bn of called deals this year, about 90% have originated from the 2021 or 2022 vintages. It is unsurprising that the called deals are highly skewed towards the 2021 and 2022 vintages, given these vintages' share of the entire CRE CLO market, and how unfavorably their weighted average advance rates and cost of offered notes compare to current execution levels. On average, the deals that have been called have lower advance rates and a higher cost of offered notes than the deals still outstanding at the vintage level (Figure 14). For example, 2021 vintage called deals had an average advance rate and cost of offered notes of 66% and TSOFR+186, respectively. Meanwhile, the outstanding deals have an average advance rate and cost of offered notes of 75% and TSOFR+169, respectively. This implies that issuers are selectively calling deals based on the amount of leverage they provide and their cost. As these managers come to the market with new deals, we'll look to see if loans from these called deals are included and how much capital infusion was needed to secure refinancing. As we argued previously, on average, we expect refinancing these loans would require a 15% to 25% equity contribution from sponsors.

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Figure 13: About $7.9bn of CRE CLO deals have been called in 2025 with most being from the 2021 and 2022 vintages

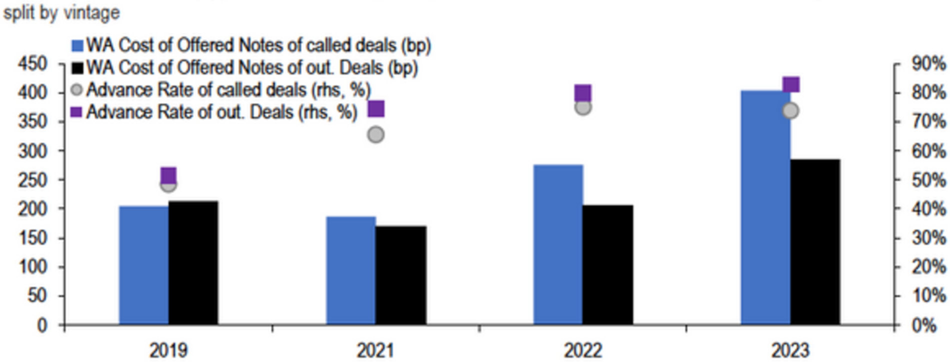
List of all CRE CLO deals called in 2025

							Prop Type Concentration					
Deal Name	Vintage	Orig. Bal. ($mn)	Most Recent Bal. ($mn)	Most recent advance rate	Most recent WA debt cost	60d+ DLQ	Multifamily	Office	Retail	Lodging	Industrial	Other
ACRES 2021-FL1	2021	803	590	78.4%	162	0.0%	67.7%	26.1%	0.0%	0.0%	0.0%	6.2%
ACRES 2021-FL2	2021	700	494	73.1%	203	0.0%	93.9%	0.0%	0.0%	0.0%	0.0%	6.1%
ARCLO 2021-FL1	2021	785	456	71.6%	169	2.4%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ARCLO 2022-FL2	2022	1050	931	81.0%	243	8.4%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
BDS 2021-FL7	2021	600	316	60.6%	136	0.0%	93.8%	0.0%	0.0%	0.0%	6.2%	0.0%
BPCRE 2022-FL2	2022	609	326	64.7%	243	16.7%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FSRIA 2019-FL1	2019	426	171	67.0%	128	13.9%	22.4%	16.9%	0.0%	28.0%	11.7%	21.0%
FSRIA 2022-FL7	2022	815	757	83.7%	312	6.0%	48.7%	16.3%	10.7%	18.6%	5.7%	0.0%
FSRIA 2022-FL5	2022	690	597	79.9%	315	16.5%	59.7%	15.9%	0.0%	19.3%	5.1%	0.0%
LCCM 2021-FL2	2021	608	289	62.2%	218	6.6%	16.7%	65.4%	4.8%	0.0%	0.0%	13.2%
PFP 2021-8	2021	1135	363	48.4%	206	0.0%	38.3%	41.6%	0.0%	11.0%	9.0%	0.0%
RCMT 2021-FL6	2021	653	316	65.4%	169	7.2%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
RCMT 2021-FL5	2021	629	194	39.2%	287	3.8%	43.9%	43.5%	0.0%	0.0%	0.0%	12.5%
RCMT 2022-FL8	2022	1135	774	66.3%	257	10.0%	91.2%	0.0%	0.0%	0.0%	8.8%	0.0%
SGCP 2022-FL4	2022	401	316	62.3%	295	25.9%	87.0%	0.0%	0.0%	0.0%	0.0%	13.0%
SGCP 2023-FL5	2023	346	290	73.8%	404	0.0%	42.2%	0.0%	0.0%	0.0%	57.8%	0.0%
TRTX 2019-FL3	2019	1230	311	38.4%	246	24.2%	14.1%	85.9%	0.0%	0.0%	0.0%	0.0%
VMC 2022-FL5	2022	650	415	74.0%	265	0.0%	35.2%	39.0%	0.0%	13.0%	0.0%	12.8%

Source: J.P. Morgan, Trepp, Morningstar Credit

Figure 14: On average, called deals provided less leverage and were more expensive to issuers than deals that are still outstanding

WA cost of offered notes (bp) and advance rates (rhs, %) for CRE CLO deals called in 2025 and outstanding CRE CLO deals split by vintage



Source: J.P. Morgan, Bloomberg Finance L.P.

As Figure 13 highlights, the serious delinquency rate of these called deals varies greatly. Some deals have zero delinquencies, while several deals have a serious delinquency rate well above 15%. When deals get called, the underlying loans often get placed on warehouse lines at different financial institutions. These institutions have different risk tolerances, which allows deals with varying levels of delinquencies to be called. However, it is likely that delinquent borrowers established plans to cure delinquent loans over a specified time period with their warehouse line provider. Clearly, the calling of deals is advantageous for bondholders as it ensures the return of principal and ultimately shifts the risk associated with delinquent loans entirely to issuers and/or warehouse line providers. While $7.9bn, which is equivalent to about 12% of the outstanding CRE CLO market, has already been called this year, we expect to see several more deals called by year-end.

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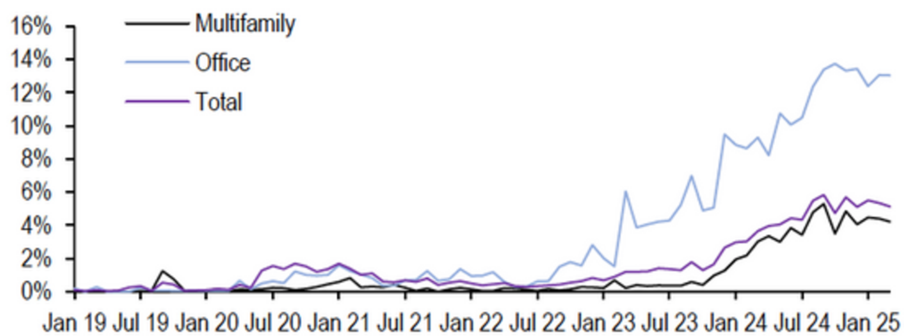
As for the outstanding CRE CLO market, the serious delinquency rate has decreased to 5.1% as of the March 2025 remit period. Since the beginning of the year, delinquencies have fallen by nearly 40bp (**Figure 15**). Delinquencies continue to be highly concentrated in the 2021 and 2022 vintages, as they accounted for about 81% of all serious delinquencies during the March 2025 remit period. While the 2021 and 2022 vintages continue to account for the vast majority of the outstanding CRE CLO market, their share of the market has decreased significantly since the beginning of the year, from 75% to 67%. The heightened level of called deals and new issuance are driving this decline in market share. Considering that these two vintages are the most stressed with regard to serious delinquencies, if this pace of called deals continues and their market share continues to decline, it can potentially limit upward pressure on the serious delinquency rate for the entire CRE CLO market in the near term.

Figure 15: The serious delinquency rate for the CRE CLO market declined to 5.1% this month

60d+ delinquency rate (including non-performing matured and FC/REO loans) for CRE CLO loans, as of March 2025



Source: : J.P. Morgan, Trepp

DLQ buyouts and loan modifications are also limiting further serious delinquencies in the CRE CLO market. We are on pace to see a similar level of DLQ buyouts as last year, with approximately $457mn of DLQ buyouts already occurring this year (**Figure 16**). Over the last several months, we have continued to see an elevated level of loan modifications. During the March 2025 remit period, we estimate that about $313mn of CRE CLO loans have been modified. Loan modification data is often lagged, so there were likely more loan modifications than currently being reported for March. However, in January and February 2025, a total of about $2.5bn of loans were modified (**Figure 17**). 85% of the modified loans are from the 2021 and 2022 vintages, and about 42% were maturity date extensions. During this period, Arbor was again the most active issuer, having modified about $614mn of loans, and MF1 wasn't too far behind with $411mn of modified loans. Regarding MF1, we estimate that this issuer modified five loans during the first two months of the year, with the largest by far being the $229mn *Riverpoint* loan (**MF1 2021-FL7**). This loan was modified with a soft/hard pay structure, which we discussed in great detail here, and is why the outstanding balance of this loan has been increasing over the last couple of months. We continue to think these types of PIK-ing loan modifications are prevalent in the CRE CLO market, increasing the potential for increased maturity defaults down the line.

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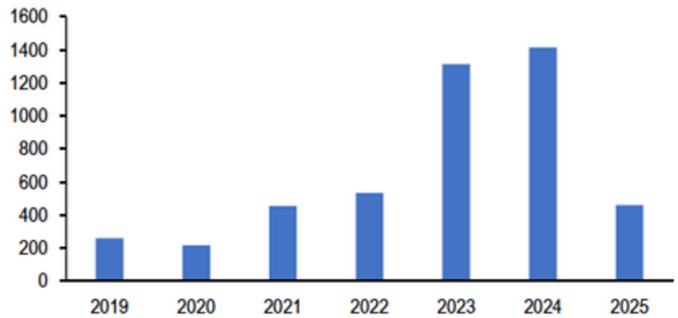
Figure 16: Through the first three months of the year, 2025 DLQ buyouts are on pace to match the total for 2024

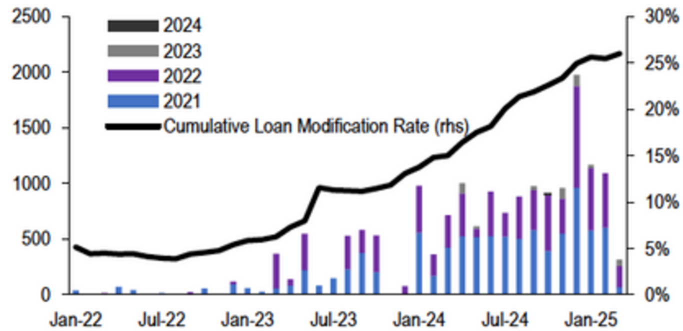
Annual CRE CLO DLQ buyouts ($mn)



Source: J.P. Morgan, Trepp

Figure 17: We continue to see an elevated level of CRE CLO loan modifications

Total CRE CLO loan modifications by vintage ($mn) and the cumulative loan modification rate (%, rhs), as of March 2025



Source: J.P. Morgan, Trepp