

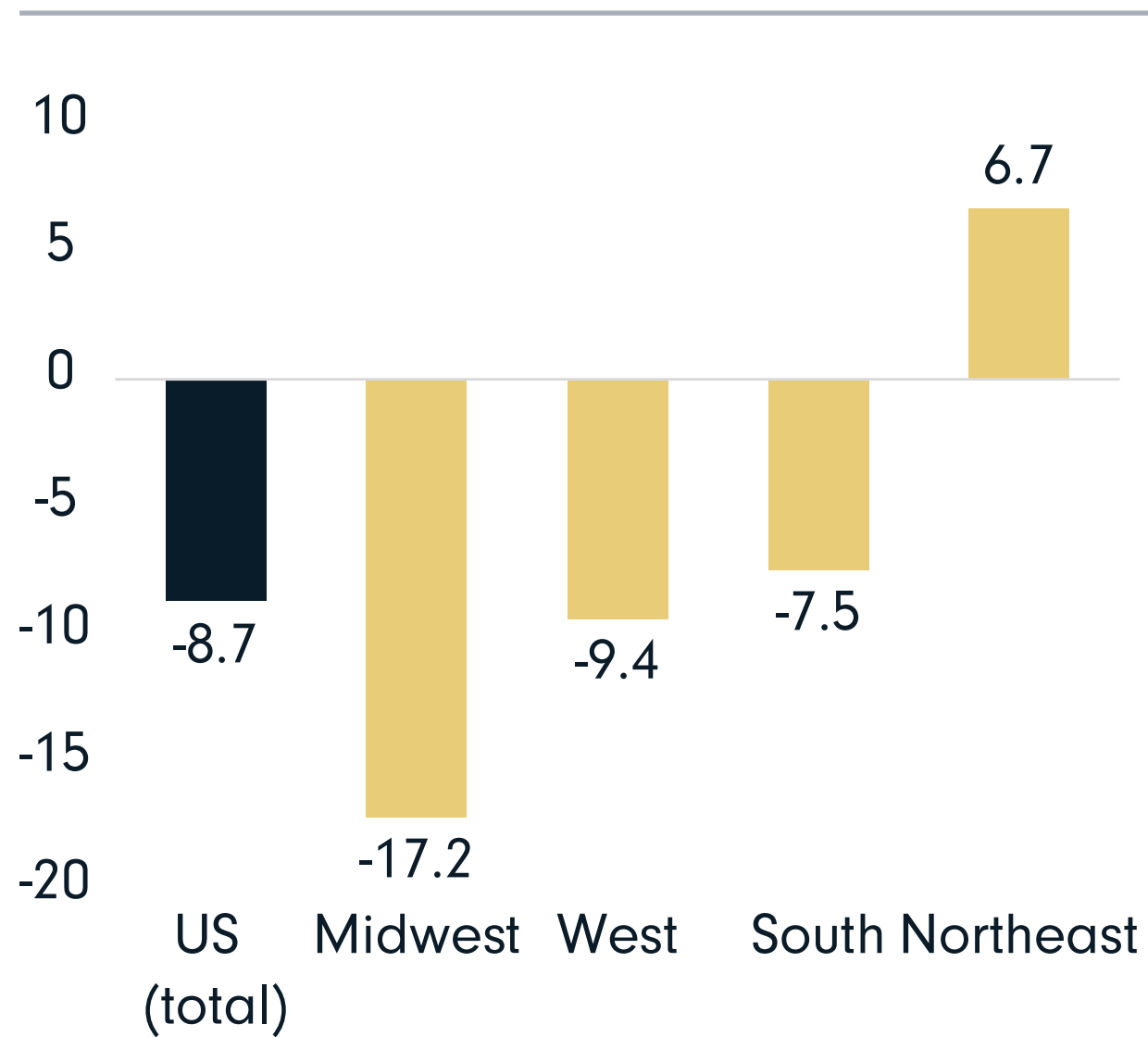
# Securitization in Focus

September 2023

## Residential Mortgage-Backed Securities (RMBS)

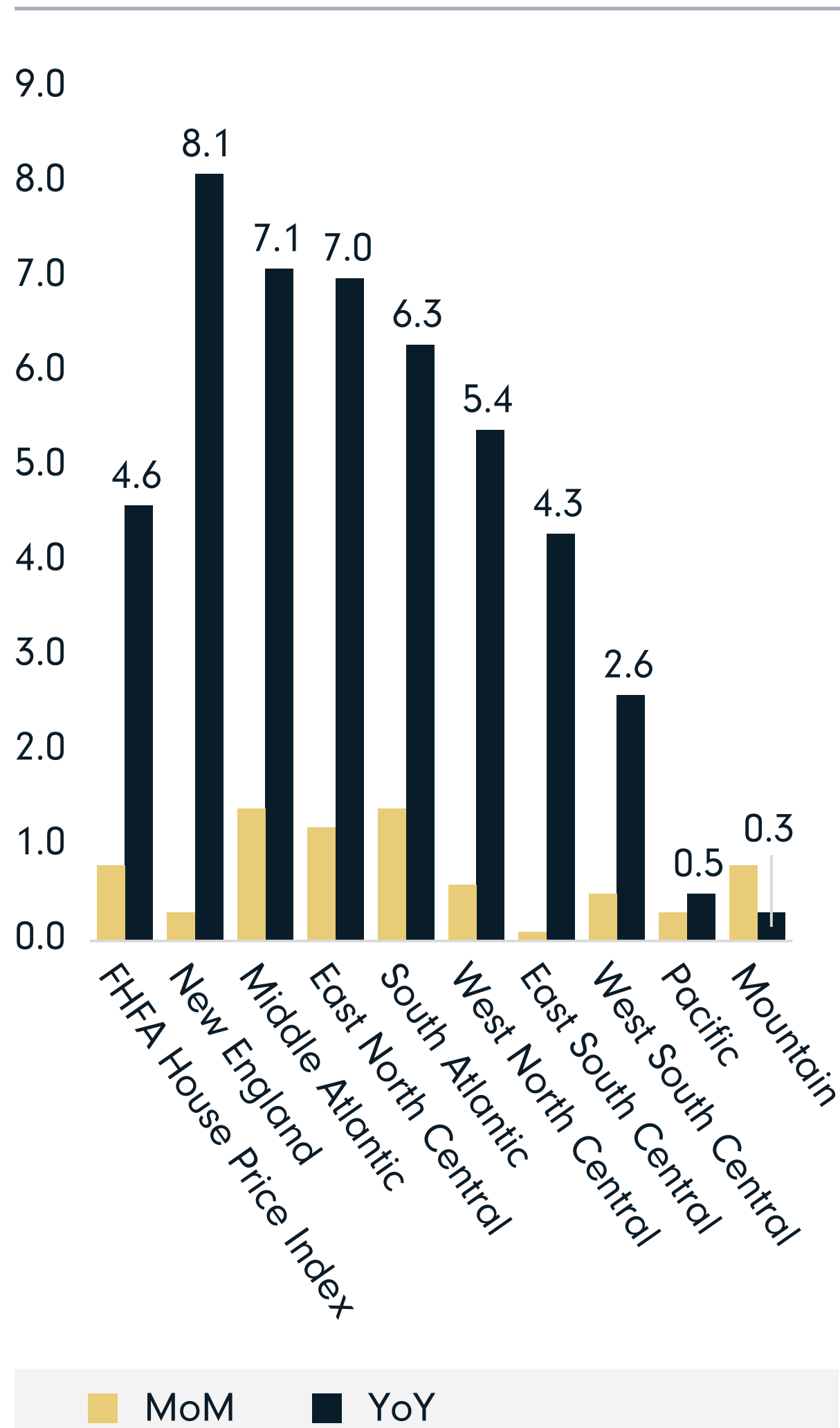
New homes sales have been on the decline in most regions. However, housing prices are not showing any signs of slowing, despite rising rates.

### New Home Sales (MoM % change)



As of 31 Aug 2023.

### Housing Prices (%)



As of 31 Jul 2023.

## Asset-Backed Securities (ABS)

**\$31.6B**

Total ABS Issuance in September 2023



September issuance reached its highest level since May 2022 (\$33.7B), with autos accounting for nearly half of the total volume.

Issuance was front end loaded in September, with nearly 75% completed by mid-month. The largest single day was September 12, when eight auto deals hit the market totaling \$7.6 billion.

Delinquencies	Sep 2023 (%)	MoM (%)
Prime	1.4	Unchanged
Subprime	14.2	Unchanged
Bank Card	1.4	Up from 1.3
Retail Card	2.3	Unchanged
Consumer Unsecured	0.0	Unchanged
Brick & Mortar	5.7	Up from 5.6
Marketplace Lending	5.9	Unchanged

## Commercial Mortgage-Backed Securities (CMBS)

Overall CMBS delinquency rates are up but below all-time levels (10.34% in July 2012) and COVID-19 peak (10.32% in June 2020).

Office delinquencies were the biggest mover in September, while other commercial property sectors held steady.

+30 Day Delinquencies (%)	Sep 2023	Aug 2023	Jul 2023	3M	6M	1Y
Overall	4.39	4.25	4.41	3.90	3.09	2.92
Industrial	0.30	0.33	0.31	0.42	0.37	0.43
Lodging	5.27	5.31	5.85	5.35	4.41	5.18
Multifamily	1.85	1.84	1.83	1.59	1.91	0.93
Office	5.58	5.07	4.96	1.59	2.61	1.58
Retail	6.92	6.87	6.86	6.48	6.23	6.97

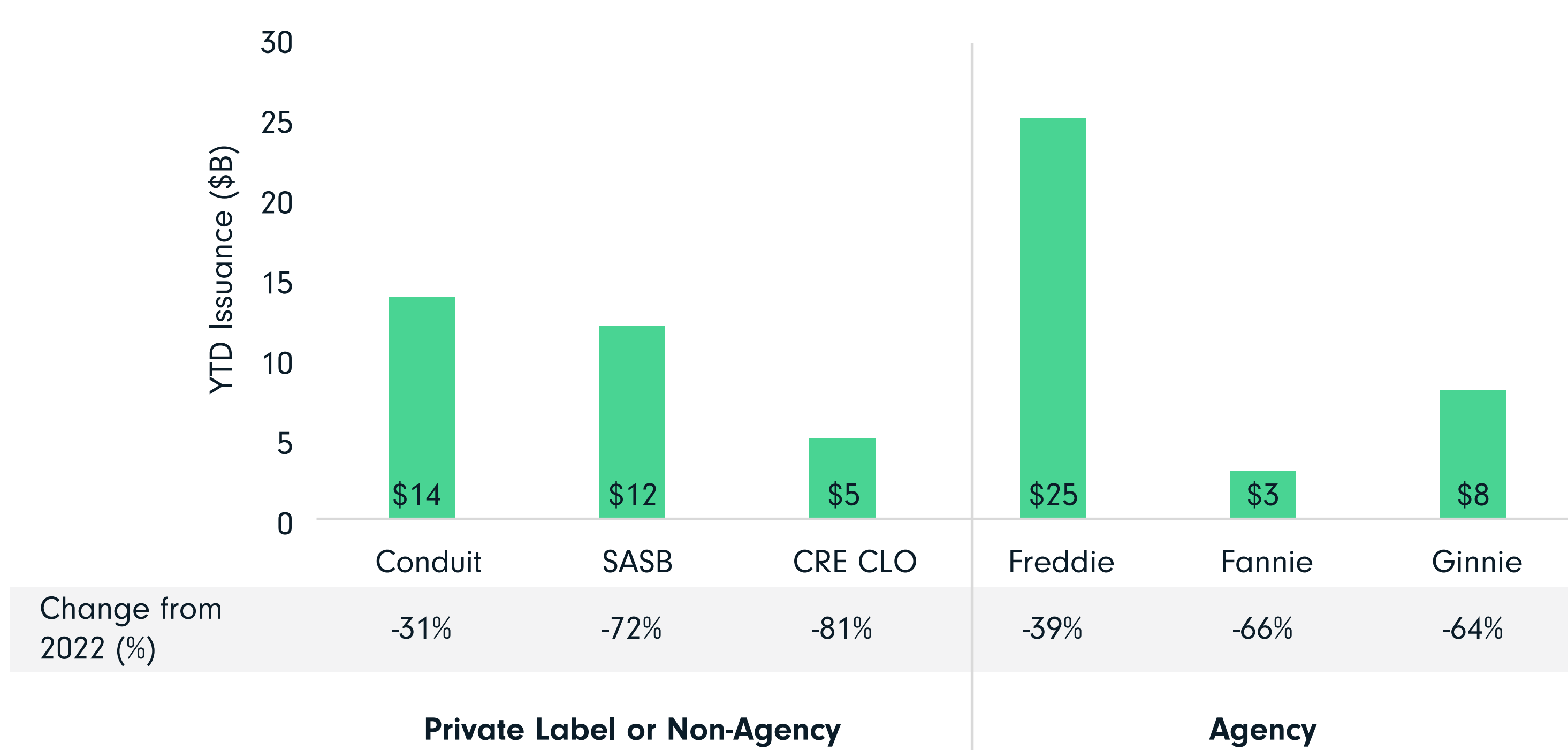
**8.34%**

Office special services rate as of 30 Sep 2023.

Special servicing has increased each month this year following a slight drop in January. The current overall rate is 6.87% – nearly half of the all-time high of 13.36% in May 2012.

Office experienced the largest increase (up 62 basis points) and has surpassed 8% for the first time since May 2017.

### CMBS Issuance



Sources: Deutsche Bank, Barclays, Trepp.

SASB – Single asset, single borrower. CRE CLO – Commercial real estate collateralized loan obligation.

Special servicing of commercial mortgage-backed loans involves greater discretion than servicing other loan types, e.g., a servicer must use judgment to maximize recovery value of the property. Special servicers handle forecloses, re-structure or work out loans that become delinquent or suffer other adverse events.

The FHFA House Price Index (FHFA HPI®) is a comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities.

The views expressed are those of Diamond Hill as of October 2023 and are subject to change without notice. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. Investing involves risk, including the possible loss of principal. Past performance is not a guarantee of future results.