July 2026

KCP K-LOC Index

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K-LOC Index 27.24% ↑

K-LOCs 3,138	**Transactions** 538	**Balance** $81.46 Billion

Office Index	**Lodging Index**	**Retail Index**	**Multifamily Index**
43.96%	27.39%	22.84%	15.50%

The KBRA Loan of Concern (K-LOC) Index was 27.24% in July 2026, up from 27.13% in June 2026. We identified 82 loans ($1.56 billion) as new K-LOCs in our conduit CMBS coverage universe in July. Conversely, we removed the K-LOC designation from 83 loans ($2.14 billion), including 15 ($674.2 million) that were liquidated in July.

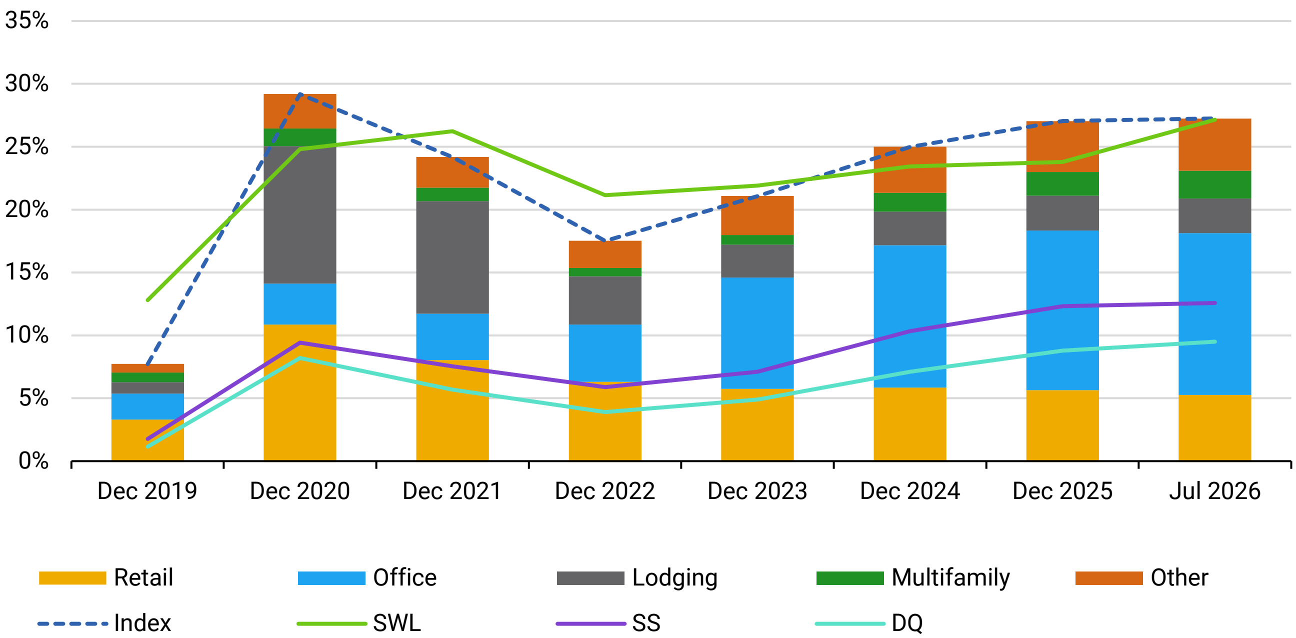
The K-LOC Index for July 2026 is a composite of 3,138 K-LOCs with an aggregate unpaid principal balance (UPB) of $81.46 billion across 538 conduit transactions.

Month in Review

K-LOC Index and Other Credit Trends

The conduit delinquency rate increased 57 basis points (bps) to 9.50% in July, well above 8.07% in July 2025 and 5.88% in July 2024. The special servicing and watchlist rates also increased month-over-month (MoM) to 12.58% and 27.14%, respectively, from 12.47% and 27.01% in June. These rates were 11.12% and 24.65% in July 2025 (see Figure 1 for a history of distressed credit trends).

Figure 1: K-LOC Index and Other Credit Trends Since December 2019



Sources: KBRA Credit Profile (KCP), Trepp

Delinquency Update

The delinquency rate for conduit transactions was 9.50% in July. The CMBX series delinquency rate of 8.11% is up MoM from 7.59% in June and up year-over-year (YoY) from 6.78% in July 2025. See Appendix 3 for a vintage and CMBX series breakdown of delinquency, special servicing, and master servicer watchlist (SWL) rates.

For all conduit transactions, the 30-day delinquency rate was higher YoY at 0.55% in July 2026 from 0.45% in July 2025. The 60- and 90-day delinquency rates also increased over the same period to 0.19% and 1.17%, respectively, from 0.12% and 1.06%. Loans with a matured nonperforming status increased YoY to 2.65% in July 2026 from 2.37%. The share of loans backed by properties in foreclosure held steady at 2.65%, compared to 2.66% in July 2025, while the portion carrying a real estate owned (REO) designation continues to grow, reaching 2.30%, up from 1.41% in July 2025.

Figure 2: Delinquency, Special Servicing, and Watchlist Rate Summary

	Delinquent (%)									
	30	60	90	MNP	FCL	REO	Total	SWL (%)	SS (%)	Index (%)
CMBS	0.55	0.19	1.17	2.65	2.65	2.30	9.50	27.14	12.58	27.24
CMBX	0.60	0.22	1.24	1.79	2.40	1.86	8.11	27.00	10.44	24.04

Sources: KBRA Credit Profile (KCP), Trepp

MSA Update

Figure 3 lists the five most distressed metropolitan statistical areas (MSA) across the 20 largest based on conduit UPB. K-LOC Indexes for all 20 MSAs tracked in this report are provided in Appendix 2. We also follow each of these 20 MSA Indexes across the trailing 36 months ended July 2026 alongside the MSA-specific delinquency, special servicing, and master SWL rates (see Figure 12).

Figure 3: Top Five Distressed MSA Indexes

MSA	K-LOC Balance ($000s)	MSA Index Property Type Allocation (%)					MSA Index (%)
		RT	OF	LO	MF	OT	
1 Denver	1,256,078	6.64	38.99	2.51	-	4.01	52.15
2 Chicago	4,576,753	6.88	25.60	2.68	2.28	6.55	43.99
3 San Francisco	3,570,195	0.98	23.25	2.76	6.73	5.54	39.27
4 Seattle	2,401,515	0.70	28.06	7.33	0.86	1.53	38.49
5 Washington, D.C.	3,799,306	4.36	25.28	0.90	0.49	4.39	35.43

Sources: KBRA Credit Profile (KCP), Trepp

D.C. Office Faces Major Tenant Departure

The $42 million 1825 K Street NW loan (BANK 2023-BNK46, BANK5 2023-5YR4) was identified as a K-LOC in July following the departure of the property's largest tenant, Union of Concerned Scientists (UCS; 10% of gross leasable area (GLA)), at lease expiration. The loan was underwritten in July 2023, assuming 73% collateral occupancy; however, occupancy declined to 69% as of September 2025 and is projected to fall to 59% with the loss of UCS. At issuance, the tenant accounted for 16% of underwritten base rent. The collateral is a 13-story, 260,419 sf office building located in Washington, D.C.'s central business district, approximately 0.5 miles from the White House.

Texas Industrial Portfolio Faces Tenant Closure

We identified the Chase St. & Cardone loan ($42 million; BBCMS 2022-C17) as a K-LOC over occupancy concerns. The collateral comprises two industrial properties totaling approximately 1.8 million sf, including a 667,586 sf property in Harlingen, Texas, and a 1.1 million sf property in Gary, Indiana. KCP research indicates Cardone Industries, the sole tenant at the Harlingen property (38% of portfolio GLA), is expected to vacate along with the closure of the company's other Texas facilities. Cardone filed Worker Adjustment and Retraining Notification (WARN) notices in connection with the impacted locations, indicating that closures and employee layoffs are permanent.

The tenant's expected departure follows financial distress at its parent company, First Brands Group, which filed for Chapter 11 bankruptcy protection in September 2025. In January 2026, First Brands announced plans to wind down the Cardone business after failing to secure additional financing or sell the business. Cardone accounted for 42% of underwritten collateral revenue, and its departure would materially weaken property performance.

Spotlight: Tracking Chicago's Office Valuation Reset

Chicago office distress is increasingly being reflected in collateral values. The Chicago MSA office K-LOC Index (conduit only) stands at 74.1%, while the K-LOC rate for loans on offices in the central business district (CBD), or The Loop, is similarly elevated at 73%. In addition, 33.4% of Loop office exposure by UPB is in special servicing. Downtown Chicago office vacancy reached 27.2% as of Q2 2026, according to Cushman & Wakefield, with even higher vacancy in the Central Loop and East Loop submarkets at 31% and 34%, respectively. Within KCP's coverage universe, weighted average occupancy for Chicago Loop office properties, excluding Willis Tower (BBCMS 2018-TALL), was just 51%. The deterioration in market fundamentals has translated into a pronounced valuation basis reset. The latest appraisals for distressed Loop office properties in CMBS average just $59/sf, representing a 74% decline from average at-issuance appraisal values performed between 2015 and 2019. KCP's proprietary values average an even lower $50/sf, representing a 78% decline from issuance appraisal values. Willis Tower was excluded from these valuation metrics given the significant non-office revenue generated by its Skydeck and other unique features that make it less representative of broader Chicago valuation trends. Most recently, in July 2026, an updated appraisal for Aon Center valued the property at $195 million ($70/sf), effective May 2026, further reinforcing the broader repricing trend across the market.

The May 2026 appraisal of Aon Center represents a 41% decline from its September 2025 value of $330.5 million ($119/sf) and a 75% decline from its $780 million ($281/sf) "As Is" appraisal at issuance in 2018. The 83-story, 2.8 million sf Class A tower in Chicago's East Loop collateralizes $536 million in mortgage debt, consisting of $350 million of pari passu A notes participated across JPMCC 2018-AON and three conduit transactions, and a $186 million subordinate B note in JPMCC 2018-AON. The capital stack also includes $141.5 million of mezzanine debt. The loan was modified in 2023, extending its maturity by three years to July 2026, but transferred back to special servicing in February 2026 after the borrower failed to make a required payment toward tenant improvements and leasing commissions (TI/LC), and indicated repayment at maturity was unlikely. The loan subsequently failed to pay off at its extended maturity and remained delinquent as of August. The special servicer has denied the borrower's request for another three-year extension but is reportedly negotiating a shorter-term forbearance arrangement, including an extension of up to two years with enhanced lender protections and a potential discounted payoff (DPO) option. Any agreement is expected to require substantial upfront and ongoing borrower capital to replenish leasing reserves and stabilize operations.

Recent investment sales provide further evidence that the lower appraisal marks are broadly consistent with where market transactions are clearing, with Loop office sales over the past 12 months averaging approximately $67/sf. However, trades of older, high-vacancy properties point to further downside potential. In January 2026, David Werner Real Estate and The 601W Companies, which also owns Aon Center, purchased 175 West Jackson Boulevard, a 1.4 million sf tower in the Central Loop, for approximately $41 million ($29/sf), representing an 87% decline from the $305 million ($210/sf) Brookfield paid for the property in 2018. More recently, in May, Prime Group acquired the 815,000 sf 55 West Monroe Street for approximately $24 million ($29/sf), compared with the $243.8 million ($304/sf) paid for the property in 2014. The largely vacant building had previously been marketed as both an office lease-up opportunity and a potential conversion candidate, with concepts including residential and hotel uses. In June 2026, the 37-story, 1.5 million sf tower at 131 South Dearborn Street, formerly known as Citadel Center, sold for $137 million ($91/sf), 76% below its 2006 sales price of $560 million ($370/sf). While the sale price represented a steep discount from the property's prior value, it was well above the pricing levels achieved by 175 West Jackson Boulevard and 55 West Monroe Street, reflecting the property's newer vintage, modern infrastructure, and demonstrated ability to attract large corporate tenants. The range of outcomes illustrates the varying degrees of distress across the Loop office market, with location, occupancy, asset quality, and capital requirements influencing where individual properties ultimately trade.

A March 2026 appraisal valued Illinois Center at $66.5 million ($32/sf), in line with recent distressed market sales. The property comprises two adjacent Class A towers (2.1 million sf) in the East Loop that collateralize a $260 million loan participated across CGCMT 2015-GC33, GSMS 2015-GC34, and CGCMT 2015-GC35. The asset has experienced significant performance deterioration since the pandemic, with occupancy down to 33% as of March 2026 from 72% at issuance, and NCF in 2025 of just $3.8 million representing an 82% drop from the originator's underwritten assumption, which supported a $390 million ($186/sf) "As Is" appraisal valuation at issuance. The special servicer filed for foreclosure in November 2025, and a receiver was appointed in February 2026, with the loan subsequently reported as REO in August.

Similar operational challenges are evident at 10 South LaSalle Street, a 37-story, 781,426 sf Class B tower in the Central Loop, which collateralizes a $105 million loan participated across WFCM 2016-C32 and WFCM 2016-NXS5. The property ended 2025 just 48% occupied and operated at a net loss following several years of tenant departures. Its two largest tenants at issuance, Chicago Title Insurance Company and Northern Trust Company, each occupied approximately 13% of the building and vacated at their respective lease expirations in March 2025 and December 2020. The loan has been in special servicing since August 2022, with a receiver appointed in May 2025, and subsequently defaulted at its January 2026 maturity. The servicer has also pursued foreclosure, with unpaid mechanics' liens reportedly complicating the workout. The property was most recently appraised at $27.2 million ($35/sf) in April 2026, 84% below the appraised value of $166.5 million ($213/sf) at issuance.

Chicago's recent appraisals and sales activity suggest that price discovery is increasingly giving way to an established, albeit substantially lower, clearing basis for Loop office assets. Lower acquisition costs may give investors willing to bet on a viable path to stabilization greater flexibility to fund leasing costs, modernize properties, or pursue alternative uses, while higher-quality assets can still command a premium over deeply distressed buildings. However, the reset presents a considerably more difficult picture for legacy CMBS loans originated against pre-pandemic values and capital structures. With vacancy remaining elevated, many properties requiring significant TI/LC and capital investment, and tenant demand increasingly favoring superior locations and better-amenitized buildings, meaningful value recovery will likely depend on successful leasing and repositioning rather than a broader rebound in office valuations.

Appendix 1: Conduit Index Tables and Figures

The following figures track the K-LOC Index over time (see Figure 4 and Figure 5). We supplement this data with a trailing 24-month view of indexes for the CMBX 8 through CMBX 18 series in Figure 8.

We also examine the index by property type (see Figure 6 and Figure 7). In Figure 9, we display the property type composition of K-LOCs by vintage.

Figure 4: K-LOC Index - Vintage

	Current K-LOC			K-LOC Index (%)								TTM (%)		MoM (%)	
Vintage	Deals	Loans	Balance ($000s)	YE 24	YE 25	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Min	Max	Δ	Indicator
2010	2	2	136,278	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	-	–
2011	11	17	1,068,920	99.95	99.98	99.98	99.98	99.99	100.00	100.00	100.00	99.97	100.00	-	–
2012	15	24	1,623,835	99.88	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	-	–
2013	36	75	3,746,532	98.07	98.11	98.03	98.01	98.02	98.22	98.19	98.15	97.91	98.22	-0.04	↓
2014	42	145	5,448,497	96.32	97.12	97.00	96.91	96.88	97.10	97.06	96.73	96.73	97.37	-0.34	↓
2015	57	263	8,271,045	41.63	95.69	95.75	97.26	97.42	97.39	97.36	97.33	71.93	97.42	-0.03	↓
2016	55	446	11,382,432	31.92	48.85	52.43	53.72	55.85	59.58	65.17	69.89	41.14	69.89	7.23	↑
2017	51	476	12,164,177	28.37	35.55	36.42	36.92	37.52	37.50	37.93	38.55	33.98	38.55	1.66	↑
2018	45	397	9,013,449	24.65	28.22	28.12	28.28	28.17	29.01	29.32	29.48	26.70	29.48	0.53	↑
2019	53	470	10,317,067	20.76	23.78	24.27	24.81	25.09	24.98	25.05	25.51	22.87	25.51	1.85	↑
2020	33	186	5,146,369	13.90	18.48	19.36	20.05	20.29	20.12	20.98	20.51	18.20	20.98	-2.22	↓
2021	31	167	3,657,006	7.86	10.77	10.74	11.08	11.40	12.26	12.53	12.64	9.18	12.64	0.89	↑
2022	25	150	3,126,034	7.10	13.09	14.03	14.34	13.85	13.99	14.04	13.80	11.99	14.34	-1.76	↓
2023	26	158	3,263,307	4.09	12.93	15.96	16.17	15.95	16.23	16.30	17.42	10.00	17.42	6.86	↑
2024	35	123	2,400,211	1.33	4.13	5.31	5.91	6.19	6.44	6.73	7.35	2.68	7.35	9.32	↑
2025	21	39	690,303	-	1.28	1.11	1.52	1.38	1.75	1.93	2.20	1.11	2.20	14.13	↑
K-LOC Index	**538**	**3,138**	**81,455,461**	**24.99**	**27.05**	**26.71**	**26.86**	**26.72**	**26.94**	**27.13**	**27.24**	**26.71**	**27.32**	**0.39**	↑

Source: KBRA Credit Profile (KCP)

Figure 5: K-LOC Index - CMBX

	Current K-LOC			K-LOC Index (%)								TTM (%)		MoM (%)	
Series	Deals	Loans	Balance ($000s)	YE 24	YE 25	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Min	Max	Δ	Indicator
CMBX 6	14	22	1,540,292	99.87	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	-	–
CMBX 7	20	42	1,707,492	98.29	98.33	98.48	98.45	98.46	98.46	98.41	98.41	98.33	98.63	0.01	↑
CMBX 8	22	83	3,214,492	95.38	96.88	96.81	96.73	96.67	97.02	96.97	96.40	96.25	97.02	-0.59	↓
CMBX 9	25	112	3,812,257	41.84	94.84	94.68	97.89	97.83	97.81	97.80	97.76	63.87	97.89	-0.04	↓
CMBX 10	25	254	6,242,530	32.42	47.56	49.25	50.13	52.28	55.80	63.51	68.81	41.17	68.81	8.34	↑
CMBX 11	25	217	5,518,986	25.82	32.25	33.14	33.58	33.89	33.74	33.94	34.38	31.23	34.38	1.30	↑
CMBX 12	25	226	4,883,445	24.89	27.48	26.84	26.87	26.93	27.08	27.17	27.29	26.31	27.48	0.44	↑
CMBX 13	25	217	4,451,725	18.18	22.35	22.30	22.51	22.79	22.61	23.06	22.92	21.39	23.06	-0.62	↓
CMBX 14	24	149	3,365,353	14.73	16.93	17.95	18.51	18.77	18.53	19.57	18.84	16.72	19.57	-3.75	↓
CMBX 15	25	141	2,730,153	8.50	11.90	11.80	12.22	12.74	13.26	13.39	13.37	10.31	13.39	-0.18	↓
CMBX 16	25	163	3,127,252	7.89	13.30	14.14	14.43	14.10	14.44	14.27	14.64	12.63	14.64	2.55	↑
CMBX 17	25	164	3,098,160	7.54	13.95	15.63	15.82	15.39	15.41	15.56	16.40	12.62	16.40	5.38	↑
CMBX 18	24	97	2,055,032	-	5.33	6.68	7.61	7.73	8.11	7.98	9.27	3.94	9.27	16.12	↑
CMBX Index	**320**	**1,920**	**46,358,470**	**23.53**	**25.40**	**23.62**	**23.85**	**23.64**	**23.77**	**24.02**	**24.04**	**23.62**	**25.40**	**0.09**	↑

Source: KBRA Credit Profile (KCP)

Figure 6: K-LOC Index - Vintage Property Type Allocation

	YE 24 (%)					YE 25 (%)					Jul 26 (%)					YoY Indicator				
Vintage	**RT**	**OF**	**LO**	**MF**	**OT**	**RT**	**OF**	**LO**	**MF**	**OT**	**RT**	**OF**	**LO**	**MF**	**OT**	**RT**	**OF**	**LO**	**MF**	**OT**
2010	100.00	-	-	-	-	100.00	-	-	-	-	100.00	-	-	-	-	–	–	–	–	–
2011	98.69	-	0.64	0.63	-	99.31	-	-	0.67	-	99.23	-	-	0.77	-	↑	–	↓	↑	–
2012	63.80	15.89	6.96	0.33	12.91	60.44	17.58	7.55	0.38	14.04	63.53	16.99	2.00	0.46	17.02	↓	↑	↑	↑	↑
2013	44.43	36.34	2.86	1.39	13.05	48.99	35.47	2.99	0.28	10.38	55.69	28.12	1.81	-	12.53	↑	↓	↑	↓	↓
2014	24.21	52.04	5.52	1.91	12.64	22.10	56.34	4.12	1.28	13.29	21.46	53.79	4.44	1.63	15.41	↓	↑	↓	↓	↑
2015	10.32	18.35	5.74	1.79	5.43	23.14	48.14	8.41	2.71	13.28	23.27	52.79	7.84	2.50	10.93	↑	↑	↑	↑	↑
2016	8.82	14.17	3.98	1.11	3.84	14.57	21.62	5.31	1.35	5.99	19.77	31.88	7.57	1.71	8.96	↑	↑	↑	↑	↑
2017	3.62	15.53	4.34	0.63	4.26	3.97	20.37	5.90	0.73	4.58	4.32	22.31	5.87	0.81	5.23	↑	↑	↑	↑	↑
2018	3.25	11.67	4.31	1.21	4.22	3.68	12.90	5.27	1.46	4.91	4.53	13.32	5.37	1.63	4.63	↑	↑	↑	↑	↑
2019	2.57	10.89	2.22	1.97	3.11	2.77	12.53	2.94	1.74	3.81	2.80	13.13	3.47	2.01	4.10	↑	↑	↑	↓	↑
2020	0.91	6.87	0.48	2.79	2.85	0.99	10.59	0.17	2.64	4.10	0.95	12.53	0.21	2.89	3.94	↑	↑	↓	↓	↑
2021	1.10	3.87	0.24	0.65	2.01	1.59	5.24	0.21	1.54	2.19	1.14	7.45	0.26	1.72	2.07	↑	↑	↓	↑	↑
2022	0.66	2.16	0.59	2.48	1.21	0.87	5.97	1.29	3.46	1.51	0.79	6.06	1.12	3.54	2.28	↑	↑	↑	↑	↑
2023	0.40	0.24	0.49	1.82	1.13	0.76	2.52	1.88	3.31	4.45	1.02	4.58	2.20	3.85	5.77	↑	↑	↑	↑	↑
2024	0.14	-	0.05	0.78	0.37	0.17	0.46	0.17	2.61	0.72	0.32	1.29	0.61	3.89	1.25	↑	↑	↑	↑	↑
2025	-	-	-	-	-	-	0.04	0.25	0.80	0.20	0.16	0.12	0.40	1.25	0.27	–	↑	↑	↑	↑
K-LOC Index	**5.84**	**11.33**	**2.68**	**1.50**	**3.65**	**5.65**	**12.69**	**2.78**	**1.87**	**4.06**	**5.26**	**12.86**	**2.77**	**2.20**	**4.15**	↓	↑	↑	↑	↑

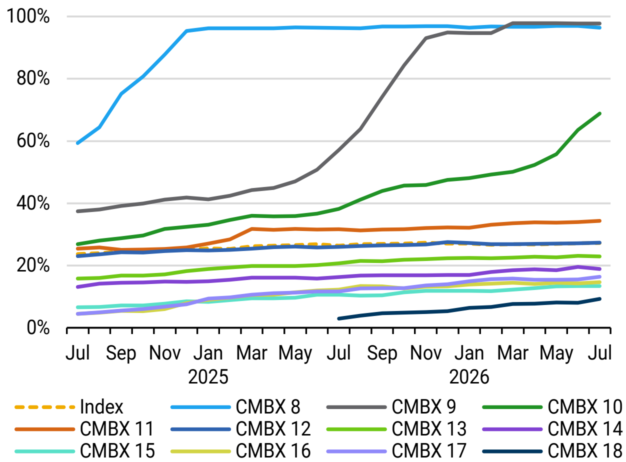
Sources: KBRA Credit Profile (KCP), Trepp

Figure 7: K-LOC Index - CMBX Property Type Allocation

	YE 24 (%)					YE 25 (%)					Jul 26 (%)					YoY Indicator				
Series	**RT**	**OF**	**LO**	**MF**	**OT**	**RT**	**OF**	**LO**	**MF**	**OT**	**RT**	**OF**	**LO**	**MF**	**OT**	**RT**	**OF**	**LO**	**MF**	**OT**
CMBX 6	61.74	16.95	7.42	-	13.77	59.08	18.37	7.89	-	14.66	62.03	17.92	2.11	-	17.94	↓	↑	↑	–	↑
CMBX 7	48.68	35.72	4.56	0.51	8.82	49.51	37.49	4.74	0.63	5.96	59.74	29.73	1.71	-	7.24	↑	↑	↑	↑	↓
CMBX 8	21.26	53.96	4.92	0.52	14.71	17.51	59.61	4.07	0.45	15.23	18.23	55.23	4.43	0.56	17.94	↓	↑	↓	↓	↑
CMBX 9	10.19	18.42	6.27	1.50	5.47	26.00	48.93	8.93	1.20	9.78	25.28	54.43	8.74	0.88	8.42	↑	↑	↑	↓	↑
CMBX 10	8.90	14.15	3.84	1.06	4.46	13.79	22.29	5.06	1.10	5.31	18.43	33.22	7.15	1.64	8.37	↑	↑	↑	↑	↑
CMBX 11	3.31	13.40	4.29	0.71	4.10	3.86	17.48	5.63	0.73	4.56	4.53	18.90	5.50	0.85	4.60	↑	↑	↑	↑	↑
CMBX 12	3.31	11.17	3.89	1.13	5.39	3.35	12.46	4.24	1.30	6.14	3.42	12.43	4.23	1.43	5.79	↑	↑	↑	↑	↑
CMBX 13	2.66	9.82	1.33	1.17	3.21	2.81	12.25	2.41	1.14	3.75	2.64	12.47	2.74	1.11	3.96	↑	↑	↑	↓	↑
CMBX 14	1.35	7.51	0.34	2.53	3.01	1.35	9.03	0.25	2.37	3.93	1.27	10.80	0.43	2.38	3.96	↓	↑	↓	↓	↑
CMBX 15	1.22	4.65	0.33	0.56	1.74	1.73	5.80	0.34	1.41	2.63	1.26	7.90	0.41	1.38	2.43	↑	↑	↑	↑	↑
CMBX 16	0.93	2.52	0.79	2.07	1.57	1.43	5.80	1.39	2.76	1.92	1.19	6.70	1.13	2.55	3.06	↑	↑	↑	↑	↑
CMBX 17	0.61	1.65	0.92	2.87	1.48	0.96	4.55	1.85	3.70	2.89	1.08	5.76	2.33	3.22	4.01	↑	↑	↑	↑	↑
CMBX 18	-	-	-	-	-	0.05	0.56	0.19	3.84	0.69	0.11	1.63	0.83	5.20	1.50	↑	↑	↑	↑	↑
CMBX Index	**5.18**	**10.65**	**2.43**	**1.45**	**3.81**	**4.93**	**12.00**	**2.49**	**2.01**	**3.98**	**4.21**	**11.36**	**2.31**	**2.20**	**3.95**	↓	↑	↑	↑	↑

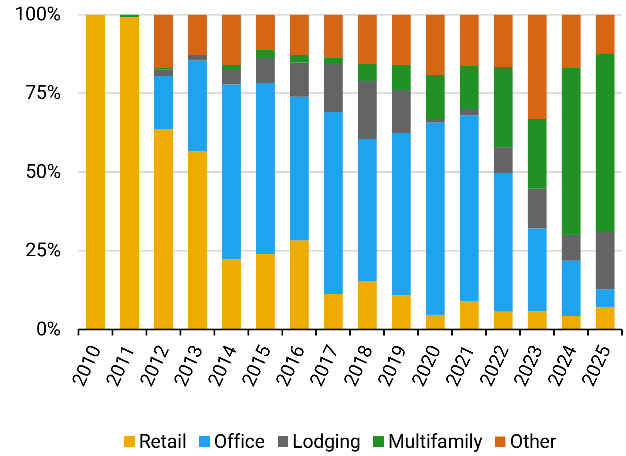
Sources: KBRA Credit Profile (KCP), Trepp

Figure 8: K-LOC Index Versus Individual CMBX K-LOC Indexes



Sources: KBRA Credit Profile (KCP), Trepp

Figure 9: Vintage K-LOC Composition by Property Type (July 2026)



Source: KBRA Credit Profile (KCP)

The CMBX 12 series index closely tracks the benchmark rate with older series expressing higher levels of distress. As transactions season, the respective CMBX K-LOC Index tends to increase, particularly as performing loans reach maturity and are paid off, leaving a higher concentration of nonperforming loans (see Figure 5 and Figure 8).

Earlier vintage transactions have a higher concentration of retail K-LOCs, while later vintages have greater exposure to office and multifamily K-LOCs (see Figure 9). Across vintages studied in this report, 47.23% of K-LOCs by UPB are collateralized by office, followed by retail (19.31%), lodging (10.15%), and multifamily (8.07%).

Appendix 2: MSA Index Tables and Figures

We examine K-LOC balance by MSA to quantify credit behavior across various markets. An MSA is defined by a geographic boundary associated with a large, urbanized core or population nucleus, including adjacent regions with a high degree of social and economic integration. For CMBS properties in a given MSA, we divide the balance of all K-LOCs by total principal balance, based on allocated loan amount (ALA), to calculate the index.

We have generated K-LOC Indexes for the 20 largest MSAs by total conduit principal balance. The represented metros constitute nearly two-thirds of all conduit debt in the KCP coverage universe. We also feature property type allocations (see Figure 10) and stratify delinquency rates (see Figure 11) by MSA to provide additional insight into the performance of individual markets.

Additionally, we follow the 20 MSA Indexes across the trailing 36 months ended July 2026 (see Figure 12). For each MSA, the index is tracked against the MSA-specific CMBS conduit delinquency rate as well as specially serviced and master SWL rates.

Figure 10: MSA Index and Property Type Allocation as of July 2026

MSA		K-LOC Balance ($000s)	MSA Index Property Type Allocation (%)					MSA Index (%)
			RT	OF	LO	MF	OT	
1	New York City	18,922,971	3.34	14.16	0.81	2.72	7.69	28.72
2	Los Angeles	3,899,859	2.81	10.96	2.90	1.17	3.55	21.38
3	Washington, D.C.	3,799,306	4.36	25.28	0.90	0.49	4.39	35.43
4	Chicago	4,576,753	6.88	25.60	2.68	2.28	6.55	43.99
5	San Francisco	3,570,195	0.98	23.25	2.76	6.73	5.54	39.27
6	Houston	2,172,277	2.13	11.67	2.85	7.91	1.95	26.51
7	Philadelphia	1,965,157	2.96	16.17	1.14	3.73	2.40	26.40
8	Miami	1,087,234	4.96	6.62	2.88	0.23	0.63	15.32
9	Dallas-Fort Worth	1,385,358	1.32	11.94	2.84	3.26	1.61	20.97
10	San Jose	1,855,710	0.41	24.57	2.72	-	0.66	28.36
11	Seattle	2,401,515	0.70	28.06	7.33	0.86	1.53	38.49
12	Las Vegas	340,768	2.21	2.36	-	0.45	0.76	5.79
13	Detroit	1,217,468	1.20	15.35	3.08	1.56	1.15	22.34
14	Boston	709,875	4.13	7.57	1.39	0.00	0.16	13.25
15	Atlanta	1,224,035	3.28	13.53	4.63	0.87	1.03	23.33
16	Phoenix	545,529	0.17	9.56	1.96	-	0.98	12.68
17	Inland Empire	571,425	6.28	2.94	3.31	2.60	0.56	15.70
18	San Diego	271,490	1.30	4.19	2.17	-	0.73	8.39
19	Charlotte	851,050	6.21	20.01	3.61	0.12	4.13	34.08
20	Denver	1,256,078	6.64	38.99	2.51	-	4.01	52.15

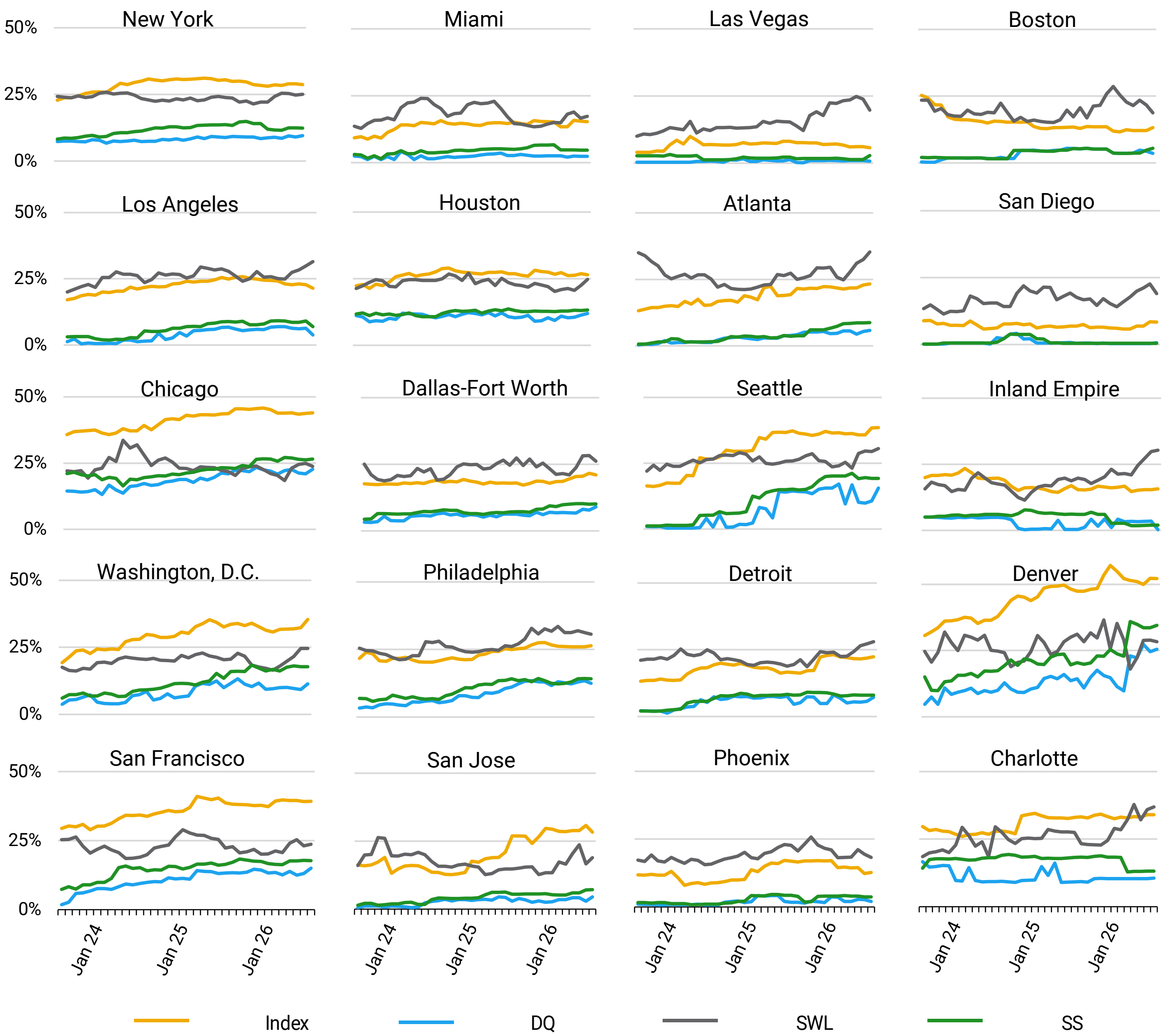
Note 1: The MSA Index gradient reflects distance from the K-LOC Index; darker green being lower and darker red being higher.
Note 2: The 20 largest MSAs are listed in descending order based on total conduit principal balance.
Sources: KBRA Credit Profile (KCP), Trepp

Figure 11: Delinquencies by MSA as of July 2026

MSA		Delinquent (%)							SWL (%)	SS (%)	MSA Index (%)
		30	60	90	MNP	FCL	REO	Total			
1	New York City	0.50	0.38	1.28	1.72	3.81	1.88	9.57	25.06	12.41	28.72
2	Los Angeles	0.42	0.24	0.70	1.60	0.74	0.09	3.79	31.47	6.88	21.38
3	Washington, D.C.	1.78	-	0.82	4.24	3.58	0.92	11.33	24.53	17.80	35.43
4	Chicago	0.80	0.04	3.31	4.16	9.49	4.89	22.70	23.78	26.51	43.99
5	San Francisco	0.13	-	1.32	4.34	4.93	4.24	14.96	23.67	17.78	39.27
6	Houston	1.37	-	3.46	1.14	0.52	5.48	11.96	24.79	13.28	26.51
7	Philadelphia	0.51	-	0.94	2.54	5.50	2.98	12.48	30.64	14.13	26.40
8	Miami	-	0.04	-	0.39	0.59	1.34	2.36	17.28	4.67	15.32
9	Dallas-Fort Worth	1.48	-	-	2.15	1.71	3.63	8.97	26.13	10.10	20.97
10	San Jose	1.27	-	-	1.08	0.28	1.83	4.47	18.93	7.14	28.36
11	Seattle	-	-	3.02	6.08	1.89	4.57	15.55	30.56	19.23	38.49
12	Las Vegas	-	-	-	-	-	0.74	0.74	19.80	2.89	5.79
13	Detroit	-	0.32	1.20	3.67	1.23	0.73	7.16	28.02	8.01	22.34
14	Boston	-	-	-	-	-	3.62	3.62	18.75	5.48	13.25
15	Atlanta	0.16	-	1.63	1.21	0.77	2.13	5.89	35.28	8.77	23.33
16	Phoenix	-	-	-	0.31	1.67	-	1.98	18.23	3.70	12.68
17	Inland Empire	0.13	-	-	-	0.12	0.02	0.27	30.31	1.96	15.70
18	San Diego	0.22	-	-	0.11	0.41	-	0.74	19.08	0.52	8.39
19	Charlotte	0.12	-	1.14	5.87	-	3.40	10.53	36.98	13.13	34.08
20	Denver	-	-	5.92	17.59	0.14	1.83	25.49	28.26	34.45	52.15

Note: The 20 largest MSAs are listed in descending order based on total conduit principal balance.
Sources: KBRA Credit Profile (KCP), Trepp

Figure 12: MSA Indexes, Delinquency, Special Servicing, and Master Servicer Watchlist Rates



Note: The data presented is reflective of the trailing 36 months ended July 2026.
Sources: KBRA Credit Profile (KCP), Trepp

Appendix 3: Delinquency, Special Servicing, Servicer Watchlist Rates

The K-LOC Index is generally higher than delinquency and special servicing rates, and serves as a more meaningful gauge of default risk relative to the SWL, which may include false positives with regard to true credit concerns.

Figure 13: Vintage Delinquencies as of July 2026

	Delinquent (%)									
Vintage	**30**	**60**	**90**	**MNP**	**FCL**	**REO**	**Total**	**SWL (%)**	**SS (%)**	**Index (%)**
2010	-	-	-	-	-	-	-	100.00	-	100.00
2011	5.72	-	-	20.59	-	33.80	60.12	22.11	77.89	100.00
2012	4.61	-	-	14.78	8.03	8.61	36.03	31.36	68.64	100.00
2013	-	-	-	26.27	9.19	9.22	44.68	30.83	58.60	98.15
2014	-	-	6.33	20.56	4.28	27.46	58.64	15.77	71.76	96.73
2015	-	-	1.68	22.31	18.33	12.19	54.50	18.53	74.16	97.33
2016	0.09	0.48	0.30	13.08	5.09	6.58	25.62	55.04	38.31	69.89
2017	0.26	0.07	0.81	0.26	3.36	2.42	7.17	33.74	12.52	38.55
2018	0.22	0.50	2.20	1.46	3.96	2.17	10.51	26.63	13.65	29.48
2019	0.35	0.15	1.64	1.22	1.15	1.26	5.77	30.19	7.63	25.51
2020	0.57	0.15	1.44	0.15	2.65	0.86	5.82	24.52	5.80	20.51
2021	0.42	0.49	0.28	0.71	1.21	0.29	3.39	22.77	3.93	12.64
2022	0.41	0.09	0.93	-	1.33	0.37	3.14	24.36	3.54	13.80
2023	0.73	0.06	1.06	-	3.06	0.13	5.05	29.21	6.20	17.42
2024	1.59	0.06	1.31	-	0.41	0.04	3.42	26.18	2.40	7.35
2025	0.59	0.11	0.26	-	0.15	-	1.10	14.03	0.92	2.20
CMBS	**0.55**	**0.19**	**1.17**	**2.65**	**2.65**	**2.30**	**9.50**	**27.14**	**12.58**	**27.24**

Sources: KBRA Credit Profile (KCP), Trepp

Figure 14: CMBX Delinquencies as of July 2026

	Delinquent (%)									
Series	**30**	**60**	**90**	**MNP**	**FCL**	**REO**	**Total**	**SWL (%)**	**SS (%)**	**Index (%)**
CMBX 6	4.86	-	-	15.58	8.46	8.59	37.50	28.12	71.88	100.00
CMBX 7	-	-	-	30.60	12.43	9.37	52.40	7.88	79.13	98.41
CMBX 8	-	-	10.69	10.43	3.05	31.30	55.48	16.25	71.68	96.40
CMBX 9	-	-	-	22.98	22.93	14.30	60.20	17.37	79.90	97.76
CMBX 10	0.16	0.87	0.43	8.26	4.36	6.67	20.74	61.44	32.41	68.81
CMBX 11	0.34	0.14	0.92	0.07	3.29	1.93	6.68	30.35	9.93	34.38
CMBX 12	0.17	0.29	1.94	1.71	3.16	1.19	8.45	25.35	10.71	27.29
CMBX 13	0.32	0.31	0.80	1.08	1.07	0.74	4.31	27.48	6.02	22.92
CMBX 14	0.56	0.03	1.96	0.04	1.45	0.41	4.45	25.22	4.82	18.84
CMBX 15	0.84	0.53	0.81	0.69	1.41	0.53	4.81	24.50	4.43	13.37
CMBX 16	0.08	0.12	0.91	0.04	1.91	0.54	3.59	24.83	3.93	14.64
CMBX 17	0.42	0.14	0.95	-	2.41	0.54	4.47	29.14	5.74	16.40
CMBX 18	1.81	0.04	1.85	-	0.56	0.06	4.32	29.33	2.75	9.27
CMBX	**0.60**	**0.22**	**1.24**	**1.79**	**2.40**	**1.86**	**8.11**	**27.00**	**10.44**	**24.04**

Sources: KBRA Credit Profile (KCP), Trepp

About the Index and Our Methodology

The K-LOC designation serves as KBRA's primary metric used to identify loans that are in default or at heightened risk of default based on KBRA Credit Profile's (KCP) proprietary research and analysis. KCP is a division of KBRA Analytics.

For any given cohort, the index is the quotient of its aggregate K-LOC balance and the cohort's defeasance-adjusted UPB. As it includes loans at risk of default, it is a useful, forward-looking credit barometer. The K-LOC designation is determined by our team of analysts, who perform in-depth monthly analysis on individual transactions and the underlying loan collateral. For the purposes of this report, we focus exclusively on conduit CMBS and exclude legacy transactions issued in 2008 and earlier.

All our calculations, figures, and graphics present defeasance-adjusted data that excludes fully and partially defeased loans. In our figures, empty fields "-" contain values equal to zero.

Want more? In-depth research and analysis at the transaction level, including collateral valuations and loss projections, are available within our KCP reports, which are published monthly for every deal in our coverage universe and are available at kcp.kbra.com.

The KCP platform is a subscription-based surveillance service that covers about 1,400 commercial real estate (CRE) securitizations with an aggregate balance of nearly $900 billion. For each deal, monthly reports are posted to our website that contain color and commentary for CMBS transactions and their underlying loan collateral. Unlike other sources of valuation and loss data, which primarily rely on models, the service is supported by a dedicated team of analysts, who can more readily appreciate the non-homogeneous nature of CRE, loan, and transaction structures, as well as imperfect servicer information.

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