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Tropical Storm Lala: Assessing CMBS Exposure

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On August 15, Tropical Storm Lala strengthened into a Category 1 hurricane, with sustained winds of approximately 75 mph as it approached the Hawaiian Islands. The hurricane passed south of Hawaii Island, commonly referred to as the Big Island, with the eye of the storm moving within 35 miles of South Point, but never making landfall. Lala was downgraded back into a tropical storm as it passed the Big Island, moving westward away from the rest of the archipelago.

The Big Island sustained the most severe damage from the storm, with certain higher-elevation areas receiving between 30 and 40 inches of rain and wind gusts exceeding 100 mph at Mauna Kea. Heavy rainfall resulted in significant flooding and landslides, affecting road infrastructure and restricting access to certain communities. At least 100 homes were reportedly damaged, including houses that were swept from their foundations by flooding, while six bridges sustained significant damage or were destroyed. The storm also caused widespread damage to electrical infrastructure, with fallen trees and high winds damaging power lines and contributing to extensive outages.

KBRA Credit Profile (KCP), a division of KBRA Analytics, reviewed its commercial mortgage-backed securities (CMBS) coverage universe and identified six properties on the Big Island, collateralizing six loans—$136.7 million by the allocated loan amount (ALA)—across six CMBS deals. At this time, KCP has not confirmed damage to any properties serving as CMBS loan collateral. KCP subscribers can access the full list of CMBS properties located on the Big Island here.

The remaining Hawaiian Islands were less severely impacted, although Maui and Oʻahu reported localized flooding, downed trees and power lines, power outages, and property damage. Molokaʻi and Kauaʻi experienced comparatively lower impact, while Lānaʻi, Kahoʻolawe, and Niʻihau largely avoided significant property damage. More than 200,000 homes and businesses across Hawaii were without power by midday on August 16 as Lala moved past the island chain, including nearly two-thirds of electricity customers on the Big Island.

KCP will continue to monitor the situation and assess CMBS exposure to potential damage as the situation evolves.