

Macro Roundup Article

Headline: [Commercial Property Risks Rise Up Bank Investors' Worry List](#)

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Tweet: Commercial property loans are an increasing risk for American banks with the stress falling on smaller banks, commercial real estate lending makes up 43% of small banks total lending versus 13% for large banks. @FinancialTimes

Summary: Strains in the \$5.6tn market for commercial real estate (CRE) loans have deepened in recent months as the Federal Reserve's year-long series of interest rate rises leads to sharply higher borrowing costs and weakening property valuations. Thousands of small and medium-sized banks that make up the bulk of US lenders account for about 70 per cent of so-called CRE loans, according to JPMorgan analysts. Most of the products are not repackaged for the asset-backed securitization markets so remain on banks' books. CRE loans make up 43 per cent of small banks' total lending, against just 13 per cent for the biggest banks. About 17 per cent of office loans are held in CMBS, according to Goldman Sachs, making the market joint-top funder alongside regional and local banks.

Primary Topic: Banking

Topics: Banking, Business Cycle, Factoid, Financial Markets, News article

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