

# Rising Treasury Yields Cause the Giliberto-Levy Commercial Mortgage Performance Index to Slump in Q1-2024

*The Giliberto-Levy Commercial Mortgage Performance Index (G-L 1) generated 0.29% total return for 1Q 2024*

RICHMOND, VIRGINIA, USA, May 7, 2024

/EINPresswire.com/ -- The Giliberto-Levy Commercial Mortgage Performance Index (G-L 1) generated 0.29% total return for 1Q 2024.

## Quarterly Performance

Coupon income from G-L 1 loans produced 1.12% for the quarter, while the index's capital value declined 0.83%. (The sum of income and capital value equals total return.)

Two opposing patterns underpinned that decline. First, U.S. Treasury yields rose roughly 25 to 40 basis points (bp) at maturities greater than one year. In contrast, commercial mortgage credit spreads moved down about 10 bp for all major sectors except office. Taken together, commercial mortgage yields ended the quarter roughly 30 bp higher on average, leading to mark-to-market declines in loan values.

Credit effects continued to increase. The overall change was small, but we noted that both office and retail trailing four-quarter credit effects now are in double digits at 14 bp and 11 bp, respectively. The last time this occurred was in late 2014 as credit effects from the global financial crisis (GFC) finally died down after peaking in 2012.

Lending volume was down in 1Q. We believe some of this is a seasonal effect, as the same pattern occurred moving from 4Q 2022 to 1Q 2023. That said, persistently high interest rates have put a damper on activity for several years.

About the G-L 1



Michael Giliberto

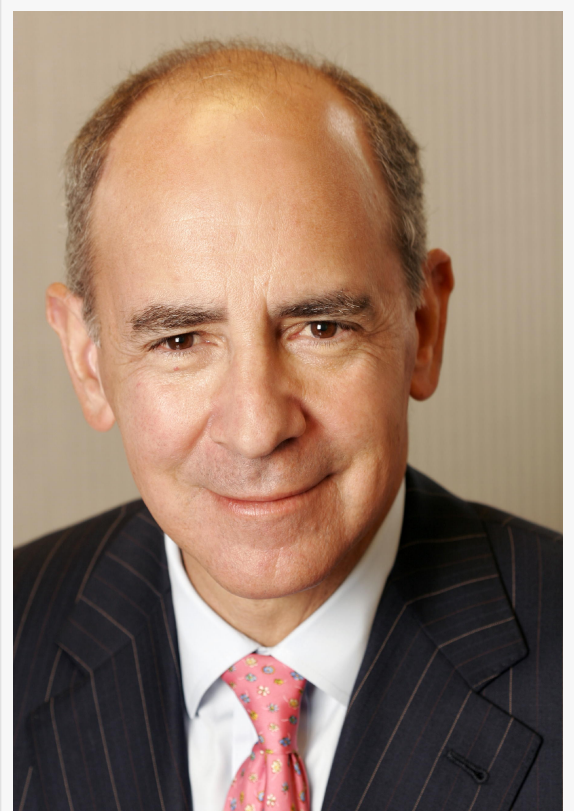
The G-L 1 Index tracks the investment performance of senior fixed-rate commercial mortgage loans held on balance sheets of institutions such as life insurance companies and pension funds. Index returns are a market-value-weighted blend of office, apartment, retail, industrial, lodging, mixed-use and other miscellaneous property types. G-L 1 has tracked more than \$1 trillion of investments and provides more than 50 years of performance data.

For more information on the G-L indices and how to subscribe, please visit [www.jblevyco.com](http://www.jblevyco.com) or call 804-500-9026.

“

Surging U.S. Treasury yields caused this abrupt reversal from the strong return posted in Q4-2023.”

*Michael Giliberto and John Levy*



John B. Levy

Julia Grant  
John B. Levy & Company, Inc.  
+1 804-500-9026  
jgrant@jblevyco.com  
Visit us on social media:

[Twitter](#)

[LinkedIn](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/709325845>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2024 Newsmatics Inc. All Right Reserved.