Global Credit Data
by banks for banks

REAL ESTATE
DEFAULT RATE REPORT
2025

85,623
Cohort size

1.30%
Default rate

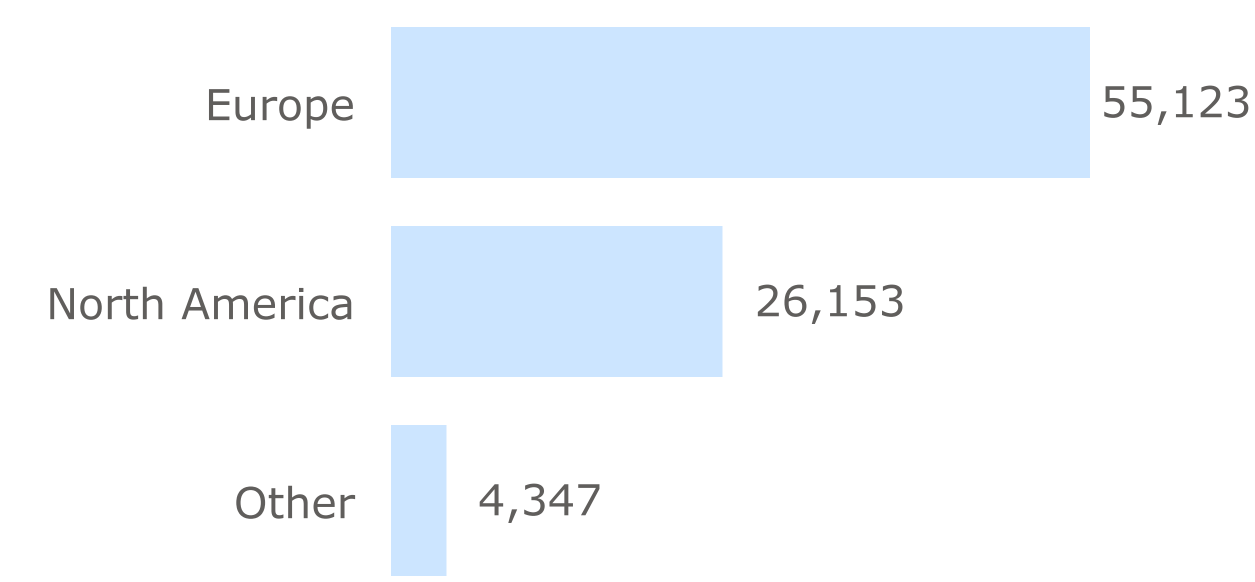
2007-2024
History coverage

More than 85,000 borrowers in our PD database

We have been collecting internal PD and default data from over 50 global banks since 2007. This report focuses on commercial real estate and construction obligors, with a deep dive into North American borrowers. The analysis explores how default dynamics evolved through the global financial crisis and the COVID-19 period. It compares trends between residential and non-residential real estate.

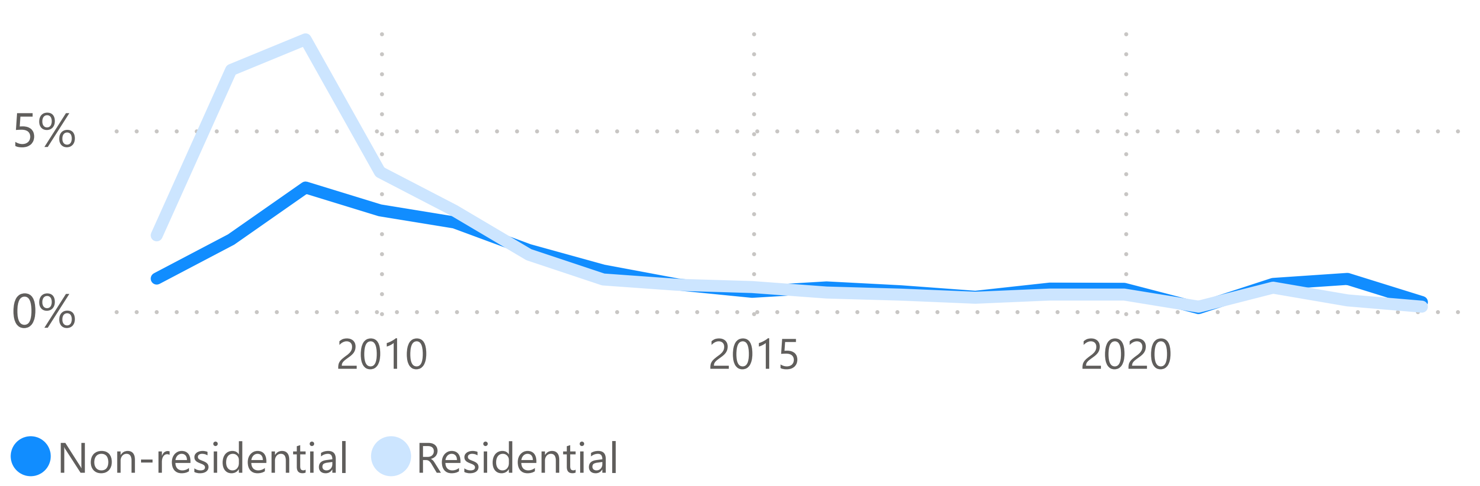
Member banks have access to granular data by country and industry to support their risk modelling and interactions with regulators.

Borrowers by region



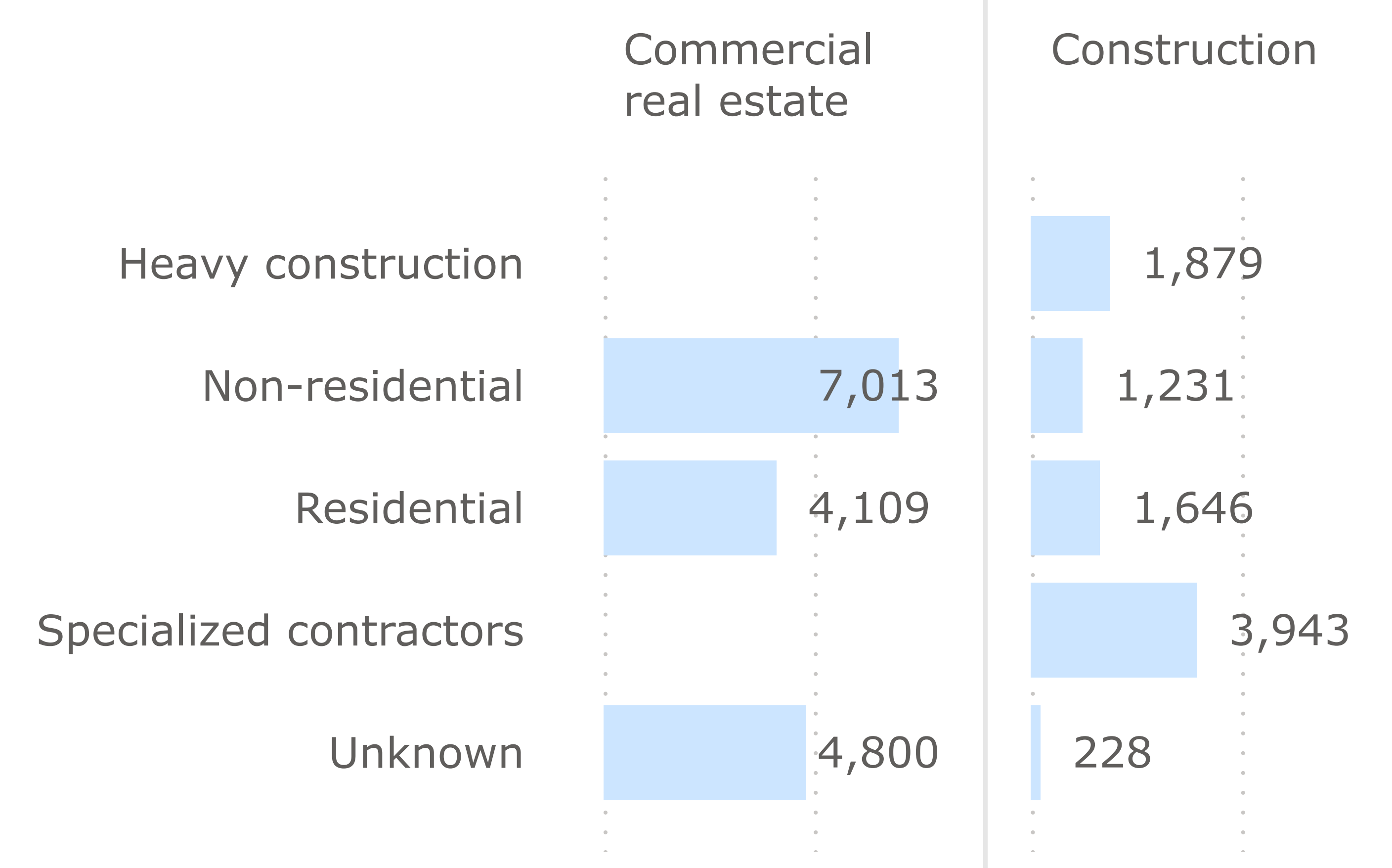
North America: Default rates decreasing

Residential vs Non-residential default rate



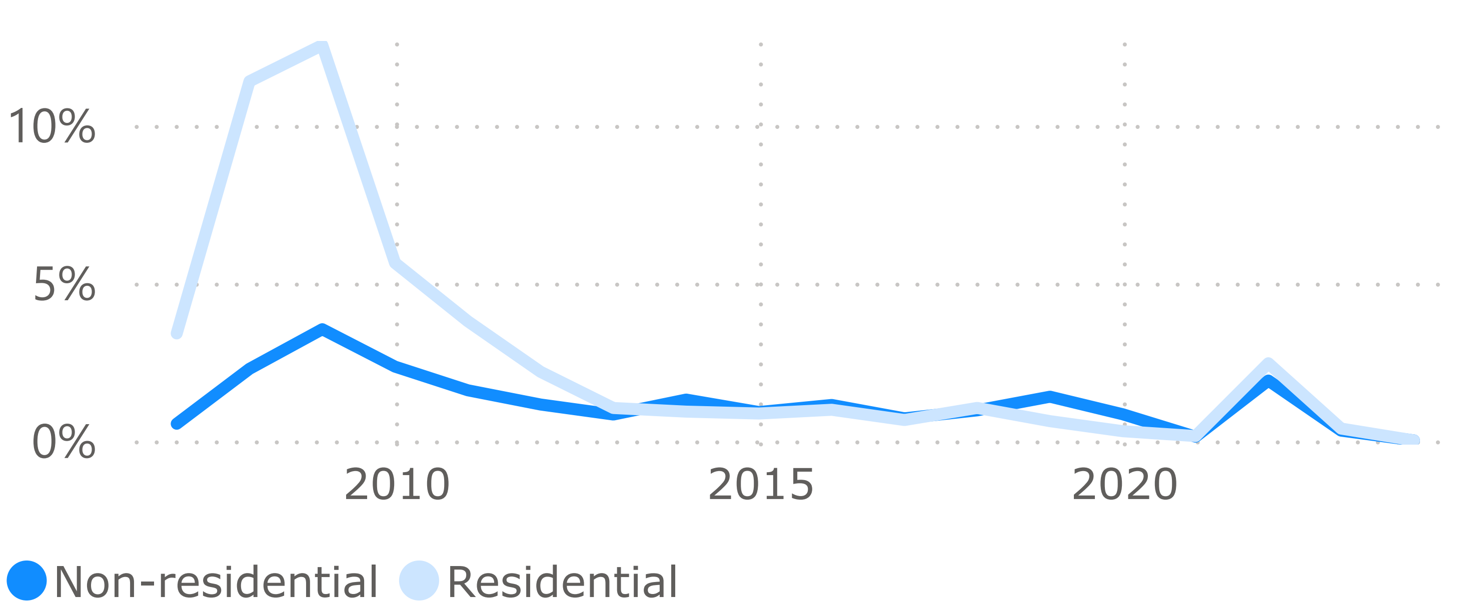
The chart shows that default rates in North America peaked in 2009 during the global financial crisis, with residential defaults rising higher than non-residential. Since then, both have declined steadily, with only a brief uptick in non-residential defaults in 2023 before converging again at low levels in 2024.

Borrowers by industry

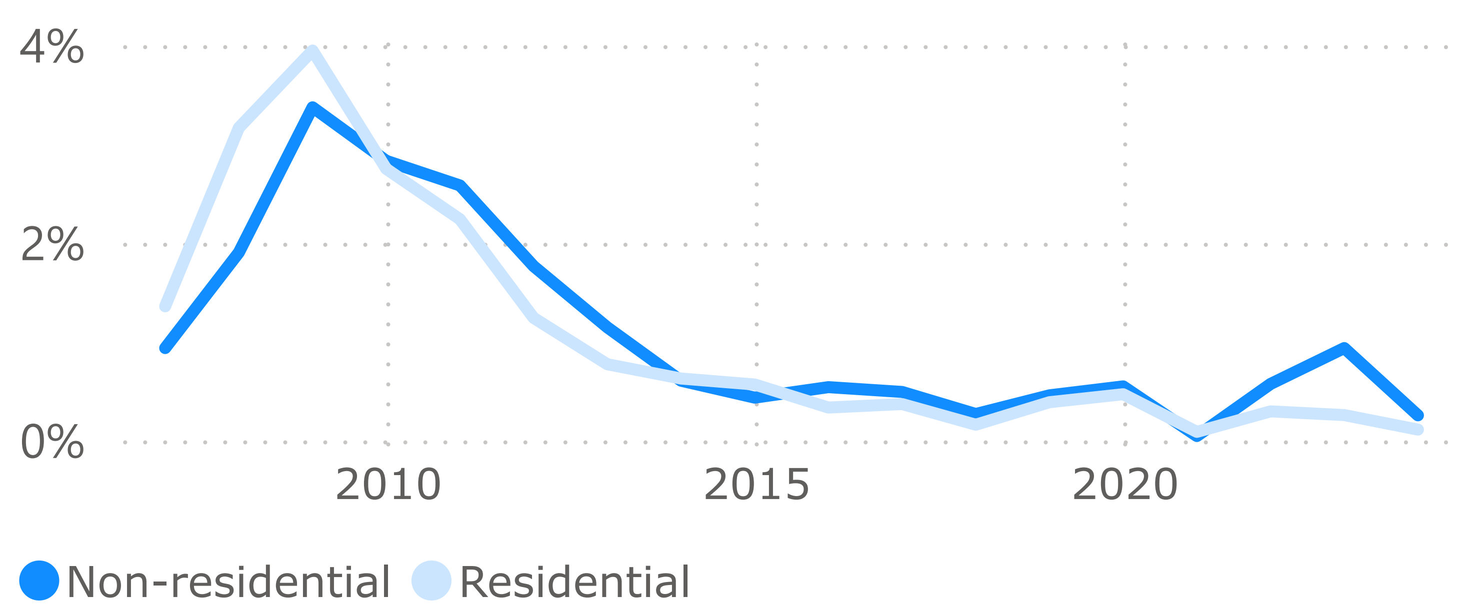


Construction vs Commercial real estate default rate over time

Construction industry default rate



Commercial real estate industry default rate



The charts show that default rates in both the construction and commercial real estate industries peaked sharply around 2009 during the global financial crisis, with residential defaults significantly higher at the time. Since then, default rates in both sectors have declined to historically low levels.

In the construction sector, occasional small upticks appear. This is most notable around 2022 and is likely linked to the COVID-19 period. While in commercial real estate, non-residential defaults have remained slightly higher in recent years.

DEFAULT RATE: observed proportion of performing borrowers at the beginning of the year that experience a default event within a one-year period.

COHORT SIZE: count of performing borrowers on January 1st of each year of the dataset. The overall cohort size is calculated by averaging the yearly cohort sizes

MORE FROM GLOBAL CREDIT DATA

Based on internal ratings from 50+ member banks, Global Credit Data monitors the rating migrations on the basis of more than 85,000 Real Estate borrowers over the last +15 years.

This dashboard is based on the PD & Rating Platform, find more information on our website.

Explore our other dashboards. They provide an instant insight into observed Recovery Rates and other key benchmarks for various exposure classes, industry sectors and collateral types: Corporates, Banks and Financial Institutions, Sovereigns, Real Estate Finance, Shipping Finance, Aircraft Finance.

To meet the standards set by global regulations like BCBS239, GCD has established a robust framework to measure, monitor and improve data quality.

ABOUT GCD

At GCD, our mission since 2004 has been to empower banks and the financial industry with a deep understanding of credit risk through a unique data source. As a non-profit organisation owned by 50+ member banks, we collect valuable data directly from banks' books.

Our activities revolve around pooling credit data, particularly from low default portfolios. Beyond data pooling we foster knowledge exchange, facilitate research and information sharing services, creating a dynamic environment for insights and collaboration.

Join our community to access exclusive data insights, gain market understanding, and benchmark your performance against industry peers.

WWW.GLOBALDREDITDATA.ORG

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