

## US CMBS Delinquency Report: Delinquency Rate Continues to Drop

The Trepp CMBS Delinquency Rate picked up where it left off in 2014 with yet another rate decrease. The trend of slowly shrinking delinquency rates began two and a half years ago. January marks the 18th time the rate has fallen in the last 20 months. The delinquency rate for US commercial real estate loans in CMBS is now 5.66%, down nine basis points for the month and 159 basis points from a year ago.

CMBS loans that were previously delinquent but paid off either at par or with a loss totaled almost \$1.2 billion in January. Removing these previously distressed assets from the numerator of the delinquency calculation helped move the rate down by 22 basis points. Over \$500 million in loans were cured last month, which helped push delinquencies lower by 10 basis points. Almost \$1.5 billion in loans became newly delinquent in January, which put 27 basis points of upward pressure on the rate. In addition, the

US CMBS Delinquency Rate-30+ Days	
January 2015	5.66%
December 2014	5.75%
November 2014	5.80%
3 Months Ago	6.14%
6 Months Ago	6.04%
1 Year Ago	7.25%

Trepp CMBS universe grew by about \$4 billion as a result of adding new CMBS 3.0 deals. (Deals are added after they've been seasoned six months.)

The CMBS market got off to a fast start in 2015 and conditions remain favorable for elevated issuance activity. Plenty of 2015 loans will need to be refinanced, the ten year treasury yield keeps decreasing, and spread volatility has been modest. All of this means investors and issuers should stay busy for the foreseeable future.

### The Numbers:

- The overall US CMBS delinquency rate dropped nine basis points to 5.66%.
- The percentage of loans seriously delinquent

(60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.47%, 16 basis points lower for the month.

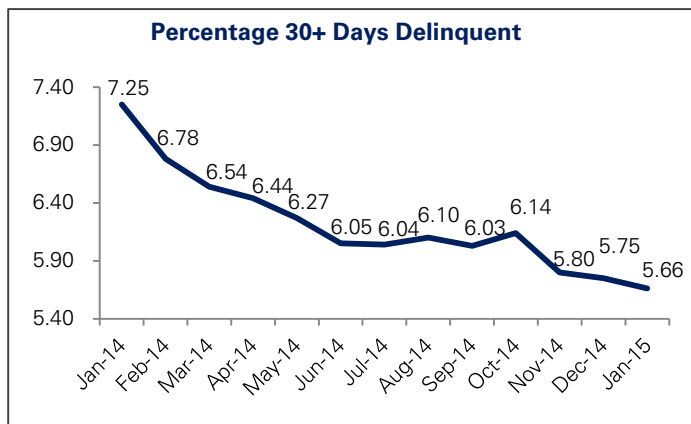
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.96%—down nine basis points from December.
- There are currently \$29.9 billion in delinquent loans, about \$300 million lower than last month. This number excludes loans that are past their balloon date but are current on their interest payments.

Delinquency Status	
Current	94.13%
30 Days Delinquent	0.19%
60 Days Delinquent	0.05%
90 Days Delinquent	0.41%
Performing Matured Balloon <sup>1</sup>	0.22%
Non-Performing Matured Balloon	0.33%
Foreclosure	1.16%
REO	3.52%

<sup>1</sup> Loans that are past their maturity date but still current on interest are considered current.

### Historical Perspective:

- One year ago, the US CMBS delinquency rate was 7.25%.
- Six months ago, the US CMBS delinquency rate was 6.04%.
- One year ago, the rate of loans seriously delinquent was 7.02%.
- Six months ago, the rate of loans seriously delinquent was 5.88%.



- The multifamily delinquency rate slid four basis points to 8.81%. Apartment loans remain the worst performing among the major property types.

- The office delinquency rate was the only major property type to weaken—office delinquencies inched up 10 basis points to 6.18%.

- The delinquency rate for retail loans dropped six basis points to 5.60%.

### Property Type Analysis:

- The industrial delinquency rate sank 35 basis points to 7.20%.
- The lodging delinquency rate fell 37 basis points to 4.40%. Lodging remains the best performing major property type.

	Jan 15	Dec 14	Nov 14	3 Mo.	6 Mo.	1 Yr.
Industrial	7.20	7.55	7.49	7.69	7.89	10.59
Lodging	4.40	4.77	4.97	5.35	5.19	7.35
Multifamily	8.81	8.85	8.83	9.80	9.24	10.67
Office	6.18	6.08	6.21	6.48	6.52	7.80
Retail	5.60	5.66	5.67	5.88	5.53	6.13

### Top 5 Loans Taking Losses

Property Name	Previous Bal	Prop Type	City	State	Status	Realized Loss	Deal
Genesee Valley Center	105,119,898	RT	Flint	MI	REO	71,342,068	JPMCC 2007-LD11
Denmark MHC Portfolio	89,250,000	MH	Various	VR	90+ Days	68,538,375	JPMCC 2007-LD11
Simon - Cheltenham Square Mall	50,626,611	RT	Philadelphia	PA	Foreclosure	24,148,972	BACM 2004-5
Sacramento Corporate Center	39,599,007	OF	Sacramento	CA	REO	4,805,739	GCCFC 2007-GG9
Investcorp Portfolio	39,474,038	MU	Various	PA	REO	30,437,722	JPMCC 2005-CB13

### Top 5 Newly Delinquent Loans

Property Name	Current Bal	Prop Type	City	State	New DQ Status	Deal
400 Atlantic Street	265,000,000	OF	Stamford	CT	30 Days	GSMS 2007-GG10
Central Mall	118,968,094	RT	Various	VR	Non-Performing Beyond Maturity	MSC 2005-IQ9
Commerce Corporate Plaza	66,969,534	OF	Albany	NY	Non-Performing Beyond Maturity	CSMC 2007-C5
Collin Creek Mall	57,954,219	RT	Plano	TX	30 Days	JPMCC 2001-CIB2
Metro Square 95 Office Park	48,000,000	OF	Jacksonville	FL	30 Days	CSMC 2007-C2

For inquiries about the data analysis conducted in this research, contact [press@trepp.com](mailto:press@trepp.com) or call 212-754-1010. For more information on Trepp’s CMBS products, contact [info@trepp.com](mailto:info@trepp.com).

### About Trepp

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