

US CMBS Delinquency Report: Delinquencies Maintain Steady Improvement

The Trepp CMBS Delinquency Rate fell for the fourth straight month and the 20th time in the last two years. The delinquency rate for US commercial real estate loans in CMBS is now 5.58%, down eight basis points for February and 120 basis points from a year ago.

CMBS loans that were previously delinquent but paid off either at par or with a loss totaled about \$550 million in February. Removing these previously distressed assets from the numerator of the delinquency calculation helped move the rate down by 10 basis points. Over \$700 million in loans were cured last month, which helped push delinquencies lower by 14 basis points.

US CMBS Delinquency Rate-30+ Days	
February 2015	5.58%
January 2015	5.66%
December 2014	5.75%
3 Months Ago	5.80%
6 Months Ago	6.10%
1 Year Ago	6.78%

Almost \$1.5 billion in loans became newly delinquent in February, which put 22 basis points of upward pressure on the rate. However, the Trepp CMBS universe grew by about \$4.5 billion as a result of adding newly seasoned CMBS 3.0 deals.

The CMBS market continued its hot start to 2015 both in terms of new issuance and spread levels. New issue pricing levels at the end of February were close to the best levels of the year. The pace of new issuance also seems poised to maintain itself for at least the next few months.

The Numbers:

- The overall US CMBS delinquency rate dropped eight basis points to 5.58%.

- The percentage of loans seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.42%, five basis points lower for the month.

- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.88%—down eight basis points from January.

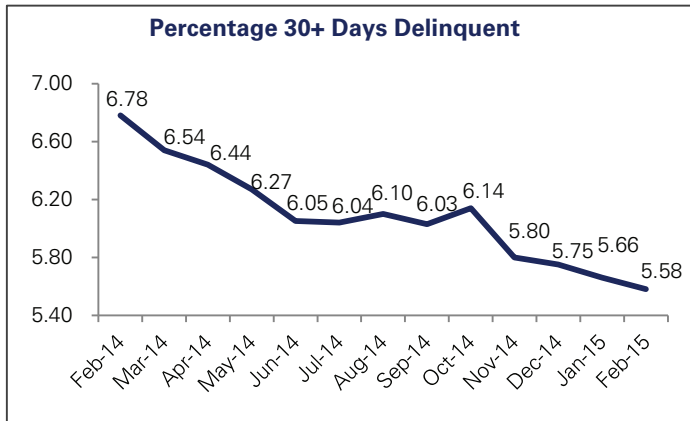
- There are currently \$29.8 billion in delinquent loans. This number excludes loans that are past their balloon date but are current on their interest payments.

Delinquency Status	
Current	94.25%
30 Days Delinquent	0.16%
60 Days Delinquent	0.09%
90 Days Delinquent	0.35%
Performing Matured Balloon ¹	0.17%
Non-Performing Matured Balloon	0.32%
Foreclosure	1.19%
REO	3.47%

¹ 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 6.78%.
- Six months ago, the US CMBS delinquency rate was 6.10%.
- One year ago, the rate of loans seriously delinquent was 6.54%.
- Six months ago, the rate of loans seriously delinquent was 5.88%.



- The multifamily delinquency rate fell 16 basis points to 8.65%. Apartment loans remain the worst performing among the major property types.

- The office delinquency rate improved four basis points to 6.14%.

- The delinquency rate for retail loans dropped 22 basis points to 5.38%.

Property Type Analysis:

- The industrial delinquency rate increased 19 basis points to 7.39%.
- The lodging delinquency rate jumped 11 basis points to 4.51%. Lodging remains the best performing major property type.

Delinquency Rate by Property Type						
	Feb 15	Jan 15	Dec 14	3 Mo.	6 Mo.	1 Yr.
Industrial	7.39	7.20	7.55	7.49	8.39	9.28
Lodging	4.51	4.40	4.77	4.97	5.37	6.62
Multifamily	8.65	8.81	8.85	8.83	9.09	10.35
Office	6.14	6.18	6.08	6.21	6.61	7.23
Retail	5.38	5.60	5.66	5.67	5.69	5.77

Top 5 Loans Taking Losses

Property Name	Previous Bal	Prop Type	City	State	Status	Realized Loss	Deal
Park 80 West (A & B note)	72,000,000	OF	Saddle Brook	NJ	Current	28,728,460	LBUBS 2005-C2
Regency Square	69,310,324	RT	Richmond	VA	REO	65,260,705	BACM 2002-PB2
Logan Hotel Portfolio	30,552,950	LO	Various	VR	Perf Beyond Mat	1,159,766	BSCMS 2007-PW17
Atria East	28,989,828	OF	Garden City	NY	90+ Days	7,859,606	BACM 2005-2
Clarion LaGuardia Airport Hotel	16,638,195	LO	East Elmhurst	NY	REO	8,715,453	GECMC 2007-C1

For inquiries about the data analysis conducted in this research, contact press@trepp.com or call 212-754-1010. For more information on Trepp's CMBS products, contact info@trepp.com.

About Trepp

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