



US CMBS Delinquency Rate Continues to Fall

The Trepp CMBS Delinquency Rate dropped modestly in August, the second consecutive month in which it has decreased. The delinquency rate for US commercial real estate loans in CMBS is now 5.44%, a decrease of five basis points from the July level.

After hitting a post-crisis low in February 2016, the reading climbed consistently for more than a year as loans from 2006 and 2007 reached their maturity dates and did not pay off via refinancing. In the 16 months between March 2016 and June 2017, the delinquency rate moved up 13 times. However, the rate has recently shown signs of subduing. With the wave of maturities becoming more of a ripple and the continued resolution of distressed loans, the largest monthly rate increases should be behind us.

Delinquency readings for three of the five major property types fell in August and one was unchanged. Only the office sector finished the month with a higher month-over-month rate.

The August 2017 rate is now 76 basis points higher than the year-ago level and 21 basis points higher year-to-date. The reading hit a multi-year low of 4.15% in February 2016. The all-time high was 10.34% in July 2012.

About \$1.1 billion in loans became newly delinquent in August, which put 27 basis points of upward pressure

CHART 1: DELINQUENCY STATUS

Current	94.23%
30 Days Delinquent	0.09%
60 Days Delinquent	0.01%
90 Days Delinquent	0.14%
Performing Matured Balloon	0.34%
Non-Performing Matured Balloon	1.09%
Foreclosure	1.76%
REO	2.35%

Source: Trepp

CHART 2: DELINQUENCY RATE BY PROPERTY TYPE (% 30 DAYS +)

	Aug-17	Jul 17	Jun 17	3 Mo.	6 Mo.	1 Yr.
Industrial	6.55	6.96	7.57	7.37	5.94	5.57
Lodging	3.49	3.68	3.53	3.42	3.43	3.15
Multifamily	2.91	2.91	3.92	2.82	2.82	2.38
Office	7.31	7.24	7.67	7.46	7.65	6.03
Retail	6.61	6.63	6.65	6.50	5.93	5.81

Source: Trepp

on the rate. Over \$400 million in loans were cured last month, while just over \$1.0 billion in previously delinquent CMBS loans were resolved with a loss or at par in August. These changes helped shave 10 and 25 basis points off of the August reading, respectively.

The Numbers

- The overall US CMBS delinquency rate fell five basis points to 5.44% in August.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.35%, down eight basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.55%, down seven basis points from July.

Historical Perspective

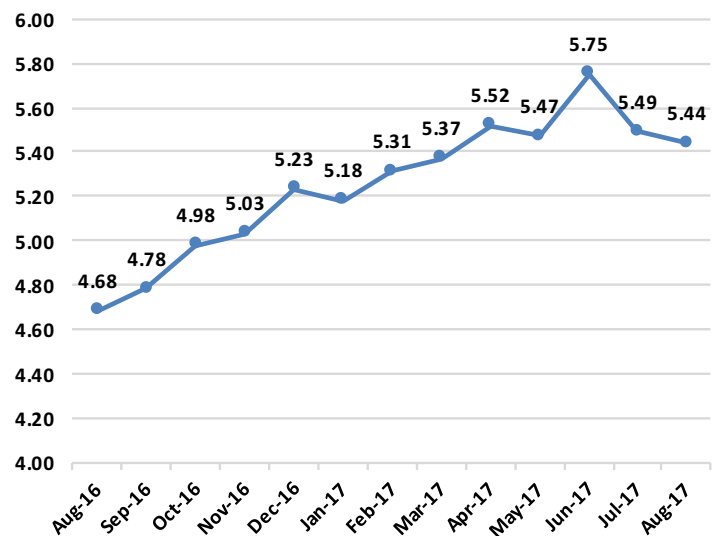
- One year ago, the US CMBS delinquency rate was 4.68%.
- Six months ago, the US CMBS delinquency rate was 5.31%.
- One year ago, the rate of seriously delinquent loans was 4.58%.

- Six months ago, the rate of seriously delinquent loans was 5.20%.

Property Type Analysis

- The industrial delinquency rate dropped 41 basis points to 6.55%.
- The delinquency reading for hotel loans fell 19 basis points to 3.49%.
- The multifamily delinquency rate was unchanged at 2.91%. Apartment loans are the best performing major property type.
- The office delinquency rate moved up seven basis points to 7.31%.
- The retail delinquency rate inched down two basis points to 6.61%.

GRAPH 1: PERCENTAGE 30+ DAYS DELINQUENT



Source: Trepp

CHART 3: TOP 5 NEWLY DELINQUENT LOANS

Loan Name	Current Balance	Prop Type	City	State	Delinquency Status	CMBS Deal
Metropolitan Square	\$124,144,152.90	OF	Saint Louis	MO	Non-Performing Beyond Maturity	WBCMT 2005-C21
550 West Jackson	\$97,485,000.00	OF	Chicago	IL	Foreclosure	BACM 2008-1
4000 Wisconsin Avenue	\$53,000,000.00	OF	Washington	DC	30 Days Delinquent	BACM 2007-5
20770-20810 Madrona Avenue	\$33,453,890.59	OF	Torrance	CA	Non-Performing Beyond Maturity	MSC 2007-IQ16
City Center Englewood	\$33,000,000.00	RT	Englewood	CO	Non-Performing Beyond Maturity	BSCMS 2007-PW17

Source: Trepp

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About Trepp

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