



US CMBS Delinquency Rate Jumps Again in December; All of Early 2016 Gains Now Erased

The Trepp CMBS Delinquency Rate moved sharply higher in December, with the new rate hitting its highest level in 14 months. The delinquency rate for US commercial real estate loans in CMBS is now 5.23%, an increase of 20 basis points from November. The delinquency rate has now moved higher in nine of the last 10 months, and all of the gains from early 2016 have been reversed. The rate is now at its highest level since October 2015.

The year began on an extremely positive note, as the delinquency rate fell 102 basis points over the first two months of the year. At one point this year, the rate reflected a year-over-year improvement of 143 basis points. A large part of that decrease was due to the resolution of the \$3 billion Stuyvesant Town/Peter Cooper Village loan. Since then, the rate has steadily climbed as loans from 2006 and 2007 have reached their maturity dates and have not been paid off via refinancing.

The rate is now six basis points higher than the year-ago level. The rate hit a multi-year low of 4.15% in February 2016. The all-time high was 10.34% in July 2012.

With a cascade of loans from the 2007 vintage coming due in 2017, it is hard to see the rate going down any time in the near future. Many of the stronger performing loans from 2006 and 2007 were either defeased prior to maturity or paid off during their open period. Those that make it to their maturity date tend to be loans with more middling debt service coverage or uncertainty in their rent rolls.

The Numbers:

- The overall US CMBS delinquency rate increased 20 basis points to 5.23%.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.08%, 13 basis points higher for the month.

- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.46%, up 20 basis points from November

Delinquency Status	
Current	94.62%
30 Days Delinquent	0.15%
60 Days Delinquent	0.02%
90 Days Delinquent	0.21%
Performing Matured Balloon	0.14%
Non-Performing Matured Balloon	0.98%
Foreclosure	1.54%
REO	2.33%

Source: Trepp

Historical Perspective:

- One year ago, the US CMBS delinquency rate was 5.17%.
- Six months ago, the US CMBS delinquency rate was 4.60%.
- One year ago, the rate of seriously delinquent loans was 5.00%.
- Six months ago, the rate of seriously delinquent loans was 4.48%.

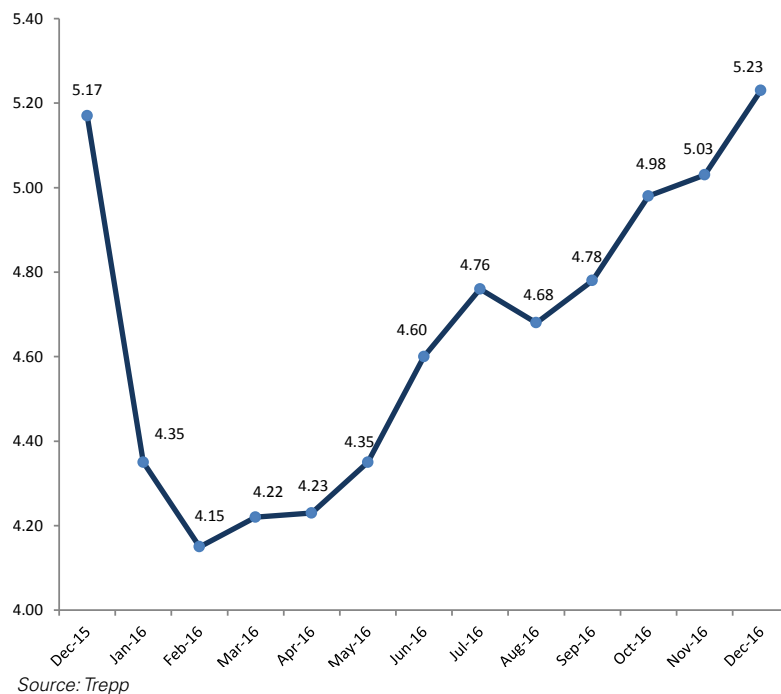
Delinquency Rate by Property Type						
	Dec 16	Nov 16	Oct 16	3 Mo.	6 Mo.	1 Yr.
Industrial	5.62	5.68	5.54	5.28	5.95	5.73
Lodging	3.57	3.63	3.43	3.25	3.27	2.82
Multifamily	2.72	2.50	2.41	2.33	2.35	8.28
Office	7.13	6.57	6.44	6.33	5.76	5.79
Retail	6.37	6.18	6.19	5.89	5.72	5.76

Source: Trepp

Property Type Analysis:

- The industrial delinquency rate dropped six basis points to 5.62%. Year-over-year, the industrial rate improved 11 basis points.
- The lodging delinquency rate fell six basis points to 3.57%. Year-over-year, the lodging rate increased 75 basis points. A year ago, lodging loans had the lowest delinquency rate among major property types, but that is no longer the case.
- The multifamily delinquency rate increased 22 basis points to 2.72%. Apartment loans moved from the worst performing major property type to the best in 2016. Year-over-year, the multifamily rate shed 556 basis points.
- The office delinquency rate surged 56 basis points to 7.13%. Year-over-year, the office rate jumped 134 basis points. That was the the biggest increase among major property types in 2016.
- The delinquency rate for retail loans added 19 basis points to 6.37%. Year-over-year, the retail rate was up 61 basis points.

Percentage 30+ Days Delinquent



Top 5 Newly Delinquent Loans

Property Name	Current Balance	Prop Type	City	State	New DQ Status	Deal Name
Skyline Portfolio - B Note	\$98,400,000	OF	Falls Church	VA	Foreclosure	GECMC 2007-C1
The Mall at Stonecrest	\$93,876,224	RT	Lithonia	GA	Non-Performing Beyond Maturity	BACM 2005-1
950 L'Enfant Plaza	\$90,000,000	OF	Washington	DC	Non-Performing Beyond Maturity	MSC 2007-HQ11
Lakeforest Mall - A Note	\$80,377,867	RT	Gaithersburg	MD	Foreclosure	BSCMS 2005-T20
The Plaza at PPL Center	\$67,442,855	OF	Allentown	PA	Non-Performing Beyond Maturity	JPMCC 2007-CB18

Source: Trepp

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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