



US CMBS Delinquency Report: Delinquency Rate Resumes Ascent in February

The Trepp CMBS Delinquency Rate, which has been moving steadily higher over the last 12 months, continued to climb in February. January resulted in a rare pause of the reading's growth, but the rate resumed its upward trend in February. The delinquency rate for US commercial real estate loans in CMBS is now 5.31%, an increase of 13 basis points in February. The reading has consistently climbed over the past year as loans from 2006 and 2007 have reached their maturity dates and have not been paid off via refinancing.

The rate is now 116 basis points higher than the year-ago level. The reading hit a multi-year low of 4.15% in February 2016. The all-time high was 10.34% in July 2012. The February reading is the highest since August 2015.

In December, we noted that "it is hard to see the rate going down anytime in the near future." That is a prediction we are comfortable standing by for at least the next few months as the "wall of maturities" plays out.

Office delinquencies helped push the rate higher in February. In fact, delinquency readings for four of the five major property types fell, but a large spike in the office sector more than offset those gains.

In February, over \$2.3 billion in loans became newly delinquent. This put 53 basis points of upward pressure on the delinquency rate. A sizable portion of that \$2.3 billion came from notes that were current, but are now "nonperforming loans that are beyond the maturity date." Many of the larger loans in this category were office notes.

About \$1.3 billion in CMBS loans that were previously delinquent paid off with a loss or at par last month, which helped mitigate the jump in new delinquencies. Removing those previously distressed assets from the numerator of the delinquency calculation moved the rate down by 30 basis points. Over \$850 million

in loans were cured last month, which helped push delinquencies lower by another 20 basis points. The shrinking denominator (outstanding loans in the calculation) accounted for the rest of the difference.

Delinquency Status	
Current	94.55%
30 Days Delinquent	0.11%
60 Days Delinquent	0.07%
90 Days Delinquent	0.16%
Performing Matured Balloon	0.15%
Non-Performing Matured Balloon	1.15%
Foreclosure	1.51%
REO	2.31%

Source: Trepp

The Numbers:

- The overall US CMBS delinquency rate jumped 13 basis points to 5.31%.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.20%, up 19 basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.49%, up nine basis points from January.

Historical Perspective:

- One year ago, the US CMBS delinquency rate was 4.15%.
- Six months ago, the US CMBS delinquency rate was 4.68%.
- One year ago, the rate of seriously delinquent loans was 4.06%.
- Six months ago, the rate of seriously delinquent loans was 4.58%.

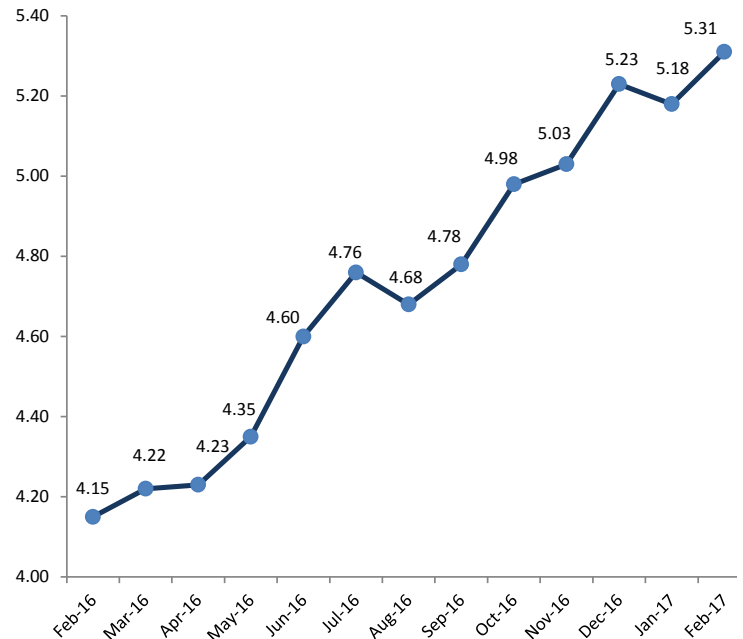
Property Type Analysis

- The industrial delinquency rate improved eight basis points to 5.94%.
- The lodging delinquency rate fell 13 basis points to 3.43%.
- The multifamily delinquency rate dipped 14 basis points to 2.82%. Apartment loans remain the best performing major property type.
- The office delinquency rate shot up 54 points to 7.65%.
- The delinquency rate for retail loans came down 17 basis points to 5.93%.

Delinquency Rate by Property Type						
	Feb 17	Jan 17	Dec 16	3 Mo.	6 Mo.	1 Yr.
Industrial	5.94	6.02	5.62	5.68	5.57	5.86
Lodging	3.43	3.56	3.57	3.63	3.15	2.60
Multifamily	2.82	2.96	2.72	2.50	2.38	2.37
Office	7.65	7.11	7.13	6.57	6.03	4.98
Retail	5.93	6.10	6.37	6.18	5.81	5.47

Source: Trepp

Percentage 30+ Days Delinquent



Source: Trepp

Top 5 Newly Delinquent Loans

Property Name	Current Balance	Prop Type	City	State	New DQ Status	Deal Name
TIAA RexCorp New Jersey Portfolio	\$270,375,000	OF	Various	NJ	Non-Performing Beyond Maturity	GSMS 2007-GG10
TIAA RexCorp Long Island Portfolio	\$235,900,000	OF	Various	NY	Non-Performing Beyond Maturity	GCCFC 2007-GG9
TIAA RexCorp Plaza - A Note	\$150,000,000	OF	Uniondale	NY	Non-Performing Beyond Maturity	GSMS 2007-GG10
Skyline Portfolio - B Note	\$131,200,000	OF	Falls Church	VA	REO	BACM 2007-1
Omni Marathon Reckson	\$108,000,000	OF	Uniondale	NY	Non-Performing Beyond Maturity	GCCFC 2007-GG9

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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