



## US CMBS Delinquency Report: Delinquency Rate Plummets in February

The Trepp CMBS Delinquency Rate fell sharply in February as the rate has now dropped in eight straight months. The delinquency rate for US commercial real estate loans in CMBS is now 4.51%, a decrease of 32 basis points from the January level. It is now possible that the rate could break the post-crisis low from February 2016 over the next few months, which is a prediction we feel comfortable making.

The delinquency rate has now decreased each month since June 2017. As the rate gradually slid downward, we predicted that future declines were likely as the Wall of Maturities period was coming to a close. We still stand by that call and believe that further reductions are likely in store for the next few months.

The delinquency rate moved up in 13 of the 16 months between March 2016 and June 2017. The delinquency level has receded consistently since June as most of the bubble-year loans from 2006 and 2007 passed their maturity date and were resolved (albeit, sometimes with losses).

Since June 2017, the Trepp CMBS Delinquency Rate has fallen by 124 basis points.

**CHART 1: DELINQUENCY STATUS**

Current	95.24%
30 Days Delinquent	0.07%
60 Days Delinquent	0.02%
90 Days Delinquent	0.02%
Performing Matured Balloon	0.25%
Non-Performing Matured Balloon	0.56%
Foreclosure	1.49%
REO	2.27%

Source: Trepp

**CHART 2: DELINQUENCY RATE BY PROPERTYTYPE (30 DAYS +)**

	FEB-18	JAN-18	DEC-17	3 MO.	6 MO.	1 YR.
Industrial	5.54	5.60	5.67	6.10	6.55	5.94
Lodging	3.23	4.51	3.82	3.63	3.49	3.43
Multifamily	2.40	2.08	2.36	2.71	2.91	2.82
Office	5.46	5.84	6.40	6.50	7.31	7.65
Retail	6.16	6.30	6.13	6.79	6.61	5.93

Source: Trepp

The February 2018 rate is 80 basis points lower than the year-ago level. The reading hit a multi-year low of 4.15% in February 2016, and the all-time high was 10.34% in July 2012. The rate is lower by 38 basis points year-to-date.

Almost \$600 million in loans became newly delinquent in February, which put 13 basis points of upward pressure on the delinquency rate. More than \$800 million in notes were cured last month, which reduced the delinquency rate by 20 basis points. In addition, more than \$700 million in previously delinquent CMBS debt was resolved with a loss or at par in February. Those resolutions shaved 17 basis points off the February reading. Another large increase in the denominator of newly issued loans accounted for the difference.

### The Numbers

- The overall US CMBS delinquency rate fell 32 basis points to 4.51% in February.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 4.44%, down 28 basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 4.63%, down 32 basis points from January.

## Historical Perspective

- One year ago, the US CMBS delinquency rate was 5.31%.
- Six months ago, the US CMBS delinquency rate was 5.44%.
- One year ago, the rate of seriously delinquent loans was 5.20%.
- Six months ago, the rate of seriously delinquent loans was 5.35%.

- The retail delinquency rate dropped 14 basis points to 6.16%.

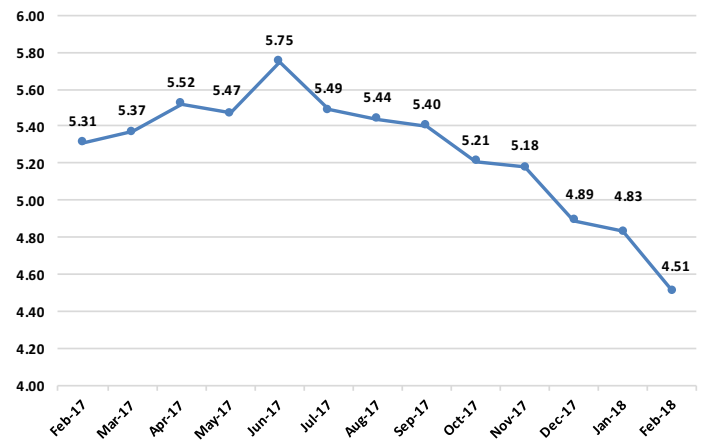
For more information about Trepp's commercial real estate data, contact [info@trepp.com](mailto:info@trepp.com).

For inquiries about the data analysis conducted in this research, contact [press@trepp.com](mailto:press@trepp.com) or 212-754-1010.

## Property Type Analysis

- The industrial delinquency rate fell six basis points to 5.54%.
- The delinquency reading for hotel loans plunged 128 basis points to 3.23%.
- The multifamily delinquency reading moved up 32 basis points to 2.40%. Apartment loans remain the best performing major property type.
- The office delinquency rate decreased by 38 basis points to 5.46%.

**GRAPH 1: PERCENTAGE OF 30+ DAYS DELINQUENT CMBS**



Source: Trepp

**CHART 3: FIVE LARGEST NEWLY DELINQUENT CMBS LOANS**

LOAN NAME	BALANCE	PROP TYPE	CITY	STATE	DELINQUENCY STATUS	CMBS DEAL
Sandalwood Portfolio	\$60,441,926.01	MF	Various	TX	30 Days Delinquent	COMM 2015-CR27
Rosemont Commons	\$55,500,000.00	RT	Fairlawn	OH	Non-Performing Beyond Maturity	GSMS 2007-GG10
JQH Hotel Portfolio	\$50,000,000.00	LO	Various	-	Non-Performing Beyond Maturity	JPMCC 2007-LD11
Crossroads Office Portfolio	\$43,177,157.37	OF	Various	NY	30 Days Delinquent	COMM 2015-CR26
Studio Green Apartments	\$26,936,844.59	MF	Newark	DE	Foreclosure	WFRBS 2013-C12

Source: Trepp

## About Trepp

Trepp, LLC, founded in 1979, is the leading provider of information, analytics and technology to the CMBS, commercial real estate and banking markets. Trepp provides primary and secondary market participants with the web-based tools and insight they need to increase their operational efficiencies, information transparency and investment performance. From its offices in New York, San Francisco and London, Trepp serves its clients with products and services to support trading, research, risk management, surveillance and portfolio management. Trepp is wholly-owned by Daily Mail and General Trust (DMGT).