



## CMBS Delinquency Report: Delinquency Rate Continues to Fall

The Trepp CMBS Delinquency Rate dropped again in January, as the rate has now fallen in seventh straight months. The delinquency rate for US commercial real estate loans in CMBS is now 4.83%, a decrease of six basis points from the December level.

The delinquency rate moved up in 13 of the 16 months between March 2016 and June 2017. However, the delinquency level has receded consistently since June as most of the bubble-year loans from 2006 and 2007 have passed their maturity date and have been resolved. In other words, fewer loans from the bubble years are defaulting and those that did default are being resolved away (often with losses) at a decent clip. Since June 2017, the Trepp CMBS Delinquency Rate has fallen by 92 basis points.

There were actually more new delinquencies in January than loans that were cured and resolved, which indicates that the rate could have swelled slightly. However, the surge of new issuance in the second half of 2017 helped increase the number of performing loans substantially. (We introduce new deals into our calculations after they have been outstanding, or seasoned for six months.)

The delinquency rate has now decreased in each month since June 2017. At the time, we predicted that further

**CHART 1: DELINQUENCY STATUS**

Current	95.02%
30 Days Delinquent	0.11%
60 Days Delinquent	0.03%
90 Days Delinquent	0.08%
Performing Matured Balloon	0.14%
Non-Performing Matured Balloon	0.73%
Foreclosure	1.63%
REO	2.25%

Source: Trepp

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

	JAN-18	DEC-17	NOV-17	3 MO.	6 MO.	1 YR.
Industrial	5.60	5.67	6.10	6.55	7.57	5.62
Lodging	4.51	3.82	3.63	3.84	3.53	3.57
Multifamily	2.08	2.36	2.71	3.00	3.92	2.72
Office	5.84	6.40	6.50	7.10	7.67	7.13
Retail	6.30	6.13	6.79	6.55	6.65	6.37

Source: Trepp

rate declines were possible in the following months as the Wall of Maturities neared its end. We stand by that call and believe that further reductions could be in the cards in the coming months.

The January 2018 rate is 35 basis points lower 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.

Almost \$1.35 billion in loans became newly delinquent in January, which put 32 basis points of upward pressure on the delinquency rate. About \$290 million in loans were cured last month, which reduced the delinquency rate by seven basis points. Nearly \$800 million in previously delinquent CMBS loans were resolved with a loss or at par in January. Those resolutions shaved 19 basis points off the January reading. The large increase in the denominator of newly issued loans accounted for the difference.

### The Numbers

- The overall US CMBS delinquency rate fell six basis points to 4.83% in January.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure,

REO, or non-performing balloons) is now 4.72%, down 11 basis points for the month.

- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 4.95%, down five basis points from December.

- The multifamily delinquency reading dropped 28 basis points to 2.08%. Apartment loans remain the best performing major property type.
- The office delinquency rate decreased by 56 basis points to 5.84%.
- The retail delinquency rate increased 17 basis points to 6.30%.

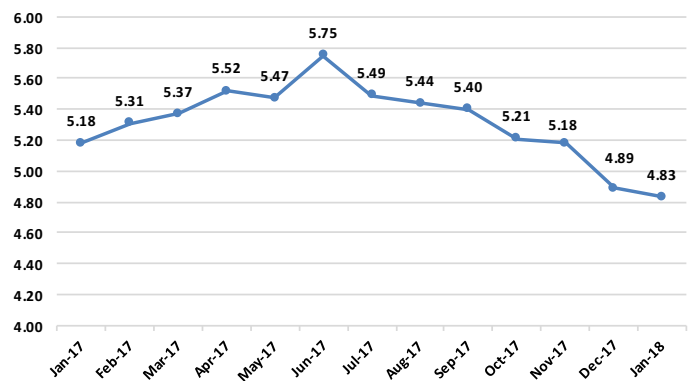
## Historical Perspective

- One year ago, the US CMBS delinquency rate was 5.18%.
- Six months ago, the US CMBS delinquency rate was 5.49%.
- One year ago, the rate of seriously delinquent loans was 5.01%.
- Six months ago, the rate of seriously delinquent loans was 5.43%.

## Property Type Analysis

- The industrial delinquency rate fell seven basis points to 5.60%.
- The delinquency reading for hotel loans climbed 69 basis points to 4.51%.

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



Source: Trepp

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.

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

LOAN NAME	BALANCE	PROP TYPE	CITY	STATE	DELINQUENCY STATUS	CMBS DEAL
Ashford Hospitality Portfolio	\$156,750,000.00	LO	Various	-	Non-Performing Beyond Maturity	BAMLL 2015-ASHF
Westfield Southlake	\$139,979,343.50	RT	Merrillville	IN	Non-Performing Beyond Maturity	LBUBS 2008-C1
Ashford Hospitality Portfolio - Freely Prepayable	\$128,250,000.00	LO	Various	-	Non-Performing Beyond Maturity	BAMLL 2015-ASHF
Central Mall	\$111,642,560.60	RT	Various	-	Foreclosure	MSC 2005-IQ9
Hammons Hotel Portfolio	\$96,596,232.17	LO	Various	-	30 Days Delinquent	CGCMT 2015-GC33

Source: Trepp

## About Trepp

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