



US CMBS Delinquency Report: Delinquency Rate Retreats Following Big June Jump

Though the Trepp CMBS Delinquency Rate climbed steeply in June, it retreated just as quickly in July. The delinquency rate for US commercial real estate loans in CMBS is now 5.49%, a decrease of 26 basis points from the June level. The rate is now only two basis points higher than where it stood at the end of May.

After hitting a post-crisis low in February 2016, the reading has consistently climbed since early 2016 as loans from 2006 and 2007 have reached their maturity dates and have not been paid off via refinancing. The rate has moved up in 13 of the last 17 months.

Delinquency readings for four of the five major property types fell in July, with the lodging sector being the only one to increase.

The July rate is now 73 basis points higher than the year-ago level, and 26 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 \$1.4 billion in loans became newly delinquent in July. Almost \$1.2 billion in loans were cured last month, and about \$1.7 billion in CMBS loans that were previously delinquent were resolved with a loss or at par.

DELINQUENCY RATE BY PROPERTY TYPE (% 30 DAYS +)						
	Jul 17	Jun 17	May 17	3 Mo.	6 Mo.	1 Yr.
Industrial	6.96	7.57	7.37	7.15	6.02	5.63
Lodging	3.68	3.53	3.42	3.22	3.56	3.12
Multifamily	2.91	3.92	2.82	2.66	2.96	2.51
Office	7.24	7.67	7.46	7.97	7.11	6.23
Retail	6.63	6.65	6.50	6.30	6.10	5.76

Source: Trepp

The Numbers

- The overall US CMBS delinquency rate fell 26 basis points to 5.49% in July.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.43%, down 22 basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.62%, down 30 basis points from June.

Historical Perspective

- One year ago, the US CMBS delinquency rate was 4.76%.
- Six months ago, the US CMBS delinquency rate was 5.18%.
- One year ago, the rate of seriously delinquent loans was 4.67%.
- Six months ago, the rate of seriously delinquent loans was 5.01%.

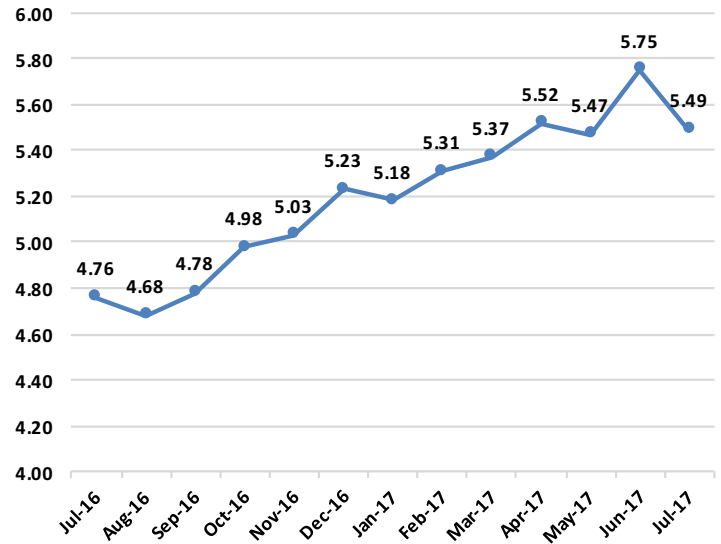
DELINQUENCY STATUS	
Current	94.16%
30 Days Delinquent	0.06%
60 Days Delinquent	0.03%
90 Days Delinquent	0.16%
Performing Matured Balloon	0.37%
Non-Performing Matured Balloon	1.13%
Foreclosure	1.83%
REO	2.28%

Source: Trepp

Property Type Analysis

- The industrial delinquency rate moved down 61 basis points to 6.96%.
- The delinquency reading for lodging notes jumped 15 basis points to 3.68%.
- The multifamily delinquency rate dropped 101 basis points to 2.91%. Apartment loans are back to being the best performing major property type. (A footnote: Two large portfolio loans that failed to pay off in June 2017 were reported as delinquent last month. An extension option was triggered and the loans are now back to being reported as current. This explains the large moves in this category for the last two months).
- The office delinquency rate fell 43 basis points to 7.24%.
- The retail delinquency rate decreased two basis points to 6.63%.

PERCENTAGE 30+ DAYS DELINQUENT



Source: Trepp

For inquiries about the data analysis conducted in this research, contact info@trepp.com or call 212-754-1010. For press inquiries, contact press@trepp.com.

TOP 5 NEWLY DELINQUENT LOANS

Loan Name	Current Balance	Prop Type	City	State	Delinquency Status	CMBS Deal
Independence Mall	\$200,000,000.00	RT	Independence	MO	Non-Performing Beyond Maturity	WBCMT 2007-C33
Koger Center	\$115,500,000.00	OF	Tallahassee	FL	Non-Performing Beyond Maturity	CSMC 2007-C1
Hammons Hotel Portfolio	\$97,343,373.86	LO	Various	-	30 Days Delinquent	CGCMT 2015-GC33
Killeen Mall	\$82,000,000.00	RT	Killeen	TX	Foreclosure	CSMC 2008-C1
Mesilla Valley Mall	\$54,000,000.00	RT	Las Cruces	NM	Non-Performing Beyond Maturity	CSMC 2007-C5

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 dmgi, the information publishing division of the Daily Mail and General Trust (DMGT).

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