



US CMBS Delinquency Report: Delinquency Rate Continues to Climb in March

The Trepp CMBS Delinquency Rate ascended once again in March, as another slew of loans turned newly delinquent last month. The delinquency rate for US commercial real estate loans in CMBS is now 5.37%, an increase of six basis points from 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 has moved higher in 11 of the last 13 months.

The rate is now 115 basis points higher than the year-ago level, and 14 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.

Late last year, we noted that "it is hard to see the rate going down anytime in the near future." We still believe that trend will continue until the summer as the "wall of maturities" plays out. The rate should begin to level off or retreat later in 2017.

Industrial, retail, and lodging delinquencies helped push the rate higher in March. Delinquency readings for office and multifamily loans fell month-over-month.

In March, almost \$2.0 billion in loans became newly delinquent. This put 46 basis points of upward pressure on the delinquency rate. Over \$500 million in loans were cured last month, which helped push delinquencies

lower by 12 basis points. About \$1.1 billion in CMBS loans that were previously delinquent paid off with a loss or at par last month, which also helped mitigate the jump in new delinquencies. Removing those previously distressed assets from the numerator of the delinquency calculation moved the rate down by 26 basis points. The shrinking denominator (the amount of outstanding loans in the calculation) accounted for the rest of the difference.

The Numbers:

- The overall US CMBS delinquency rate jumped six basis points to 5.37%.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.18%, down two basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.55%, up six basis points from February.

Historical Perspective:

- One year ago, the US CMBS delinquency rate was 4.22%.
- Six months ago, the US CMBS delinquency rate was 4.78%.
- One year ago, the rate of seriously delinquent loans was 4.06%.
- Six months ago, the rate of seriously delinquent loans was 4.67%.

Property Type Analysis

- The industrial delinquency rate shot up 109 basis points to 7.03%.
- The delinquency reading for lodging notes increased 27 basis points to 3.70%.

Delinquency Status	
Current	94.29%
30 Days Delinquent	0.19%
60 Days Delinquent	0.07%
90 Days Delinquent	0.12%
Performing Matured Balloon	0.35%
Non-Performing Matured Balloon	1.16%
Foreclosure	1.58%
REO	2.25%

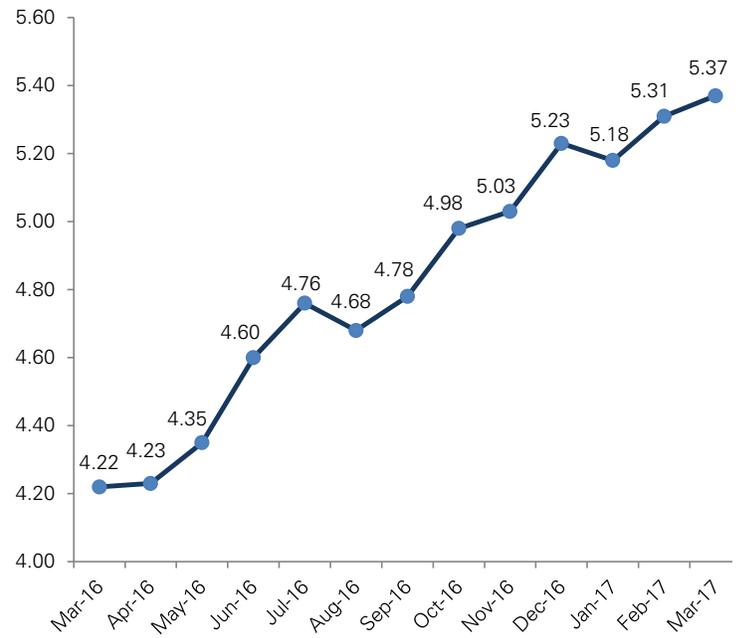
Source: Trepp

- The multifamily delinquency rate dropped 22 basis points to 2.60%. Apartment loans remain the best performing major property type.
- The office delinquency rate fell 27 points to 7.38%.
- The delinquency rate for retail loans moved up 19 basis points to 6.12%.

Delinquency Rate by Property Type						
	Mar 17	Feb 17	Jan 17	3 Mo.	6 Mo.	1 Yr.
Industrial	7.03	5.94	6.02	5.62	5.28	5.91
Lodging	3.70	3.43	3.56	3.57	3.25	2.76
Multifamily	2.60	2.82	2.96	2.72	2.33	2.34
Office	7.38	7.65	7.11	7.13	6.33	5.23
Retail	6.12	5.93	6.10	6.37	5.89	5.33

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
Osprey Pool	\$113,360,000	OF	Various	VR	30 Days Delinquent	WBCMT 2007-C31
Hammons Hotel Portfolio	\$97,839,924	LO	Various	VR	30 Days Delinquent	CGCMT 2015-GC33
Rockvale Square	\$92,400,000	RT	Lancaster	PA	Foreclosure	WBCMT 2007-C32
Hammons Hotel Portfolio	\$70,933,945	LO	Various	VR	30 Days Delinquent	GSMS 2015-GC34
777 Scudders Mill Road - Unit 3	\$60,700,000	OF	Plainsboro	NJ	Non-Performing Beyond Maturity	BSCMS 2007-PW15

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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