



US CMBS Delinquency Report: Delinquency Rate Dips in May

In a departure from a trend that has persisted for well over a year, the Trepp CMBS Delinquency Rate fell modestly in May. The delinquency rate for US commercial real estate loans in CMBS is now 5.47%, a decrease of five basis points from April. After hitting a post-crisis low in February 2016, 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 had moved up in 12 of the last 14 months before the May reading.

The rate is now 112 basis points higher than the year-ago level, and 24 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.

Last month, we noted that it was hard to see the rate going down anytime in the near future. This month's data defied that prediction for at least one period. We still believe that as pre-crisis loans reach their balloon dates, the rate should continue to inch higher over the next few months.

Even though the overall delinquency rate decreased in May, readings for four of the five major property types moved higher. Only a strong showing from office loans pulled the delinquency rate lower this month.

DELINQUENCY STATUS	
Current	94.25%
30 Days Delinquent	0.12%
60 Days Delinquent	0.07%
90 Days Delinquent	0.16%
Performing Matured Balloon	0.28%
Non-Performing Matured Balloon	1.10%
Foreclosure	1.80%
REO	2.22%

Source: Trepp

About \$1.7 billion in loans became newly delinquent in May. This put 40 basis points of upward pressure on the delinquency rate. About \$1.15 billion in loans were cured last month, which helped push delinquencies lower by 27 basis points. A few sizable loans that moved from "non-performing, past maturity" to "performing, past maturity" were part of the latter category. In fact, those loans made up about half of the "cured" total. (We do maintain that this is a somewhat fickle categorization for loans past their maturity date.) Had these loans remained "non-performing, past maturity", then the May rate would have been higher than April's.

About \$735 million in CMBS loans that were previously delinquent were resolved with a loss or at par in May. Removing those previously distressed assets from the numerator of the delinquency calculation moved the rate down by 17 basis points.

The Numbers

- The overall US CMBS delinquency rate slipped five basis points to 5.47%.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.35%, down seven basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.61%, down eight basis points from April.

Historical Perspective

- One year ago, the US CMBS delinquency rate was 4.35%.
- Six months ago, the US CMBS delinquency rate was 5.03%.

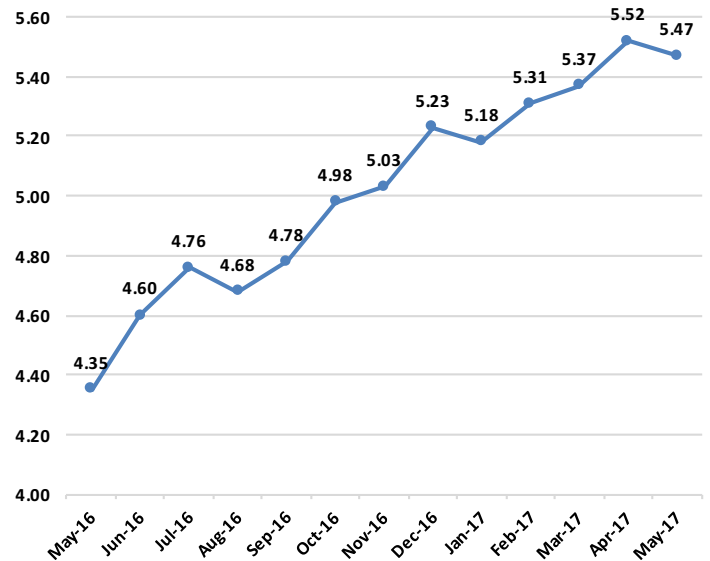
- One year ago, the rate of seriously delinquent loans was 4.24%.
- Six months ago, the rate of seriously delinquent loans was 4.95%.

Property Type Analysis

- The industrial delinquency rate moved up 22 basis points to 7.37%.
- The delinquency reading for lodging notes jumped 20 basis points to 3.42%.
- The multifamily delinquency rate climbed 16 basis points to 2.82%. Apartment loans remain the best performing major property type.
- The office delinquency rate fell 51 points to 7.46%.
- The retail delinquency rate increased 20 points to 6.50%.

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.

PERCENTAGE 30+ DAYS DELINQUENT



Source: Trepp

	DELINQUENCY RATE BY PROPERTY TYPE					
	May 17	Apr 17	Mar 17	3 Mo.	6 Mo.	1 Yr.
Industrial	7.37	7.15	7.03	5.94	5.68	5.72
Lodging	3.42	3.22	3.70	3.43	3.63	2.96
Multifamily	2.82	2.66	2.60	2.82	2.50	2.36
Office	7.46	7.97	7.38	7.65	6.57	5.51
Retail	6.50	6.30	6.12	5.93	6.18	5.36

Source: Trepp

TOP 5 NEWLY DELINQUENT LOANS

Loan Name	Current Balance	Prop Type	City	State	Delinquency Status	CMBS Deal
PDG Portfolio Roll-Up	\$159,436,054	RT	Various	AZ	Foreclosure	MSC 2007-IQ14
Hammons Hotel Portfolio	\$97,592,689	LO	Various	VR	30 Days Delinquent	CGCMT 2015-GC33
City View Center	\$77,221,468	RT	Garfield Heights	OH	Non-Performing Beyond Maturity	MSC 2007-IQ14
JQH Hotel Portfolio	\$50,000,000	LO	Various	VR	Non-Performing Beyond Maturity	JPMCC 2007-LD11
OfficeMax Headquarters	\$49,000,000	OF	Naperville	IL	Foreclosure	MLMT 2007-C1

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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