



US CMBS Delinquency Report: Delinquency Rate Climbs Back Above 5%, Reaching Highest Level Since December 2015

The Trepp CMBS Delinquency Rate continued to climb in November. The rate began to rise in March as loans from the 2006 and 2007 vintages started to reach their maturity dates, which has caused the reading to move higher in eight of the last nine months. The delinquency rate for US commercial real estate loans in CMBS is now 5.03%, an increase of five basis points from October and the highest level since December 2015.

The current rate is only 10 basis points lower than the year-ago level. At one point this year, the rate was showing a year-over-year improvement of 143 basis points. Since the beginning of the year, the delinquency reading is now 14 basis points lower. The rate hit a multi-year low of 4.15% in February 2016. The all-time high was 10.34% in July 2012.

In November, CMBS loans that were previously delinquent but paid off with a loss or at par totaled about \$800 million. Removing these previously distressed assets from the numerator of the delinquency calculation helped move the rate down by 18 basis points. Over \$700 million in loans were cured last month, which helped push delinquencies lower by another 16 basis points. However, over \$1.1 billion in loans became newly delinquent in November, which put 25 basis points of upward pressure on the delinquency rate. A reduction in the denominator due to the maturation of performing loans accounted for the remainder of the difference.

The Numbers:

- The overall US CMBS delinquency rate increased five basis points to 5.03%.
- The percentage of seriously delinquent loans (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 4.95%, up eight basis points for the month.

Delinquency Status	
Current	94.76%
30 Days Delinquent	0.08%
60 Days Delinquent	0.03%
90 Days Delinquent	0.33%
Performing Matured Balloon	0.21%
Non-Performing Matured Balloon	0.88%
Foreclosure	1.40%
REO	2.31%

Source: Trepp

- Over \$2.6 billion in loans were defeased in November. If all defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.26%, an increase of six basis points from October.

Historical Perspective:

- One year ago, the US CMBS delinquency rate was 5.13%.
- Six months ago, the US CMBS delinquency rate was 4.35%.
- One year ago, the rate of seriously delinquent loans was 5.02%.
- Six months ago, the rate of seriously delinquent loans was 4.24%.

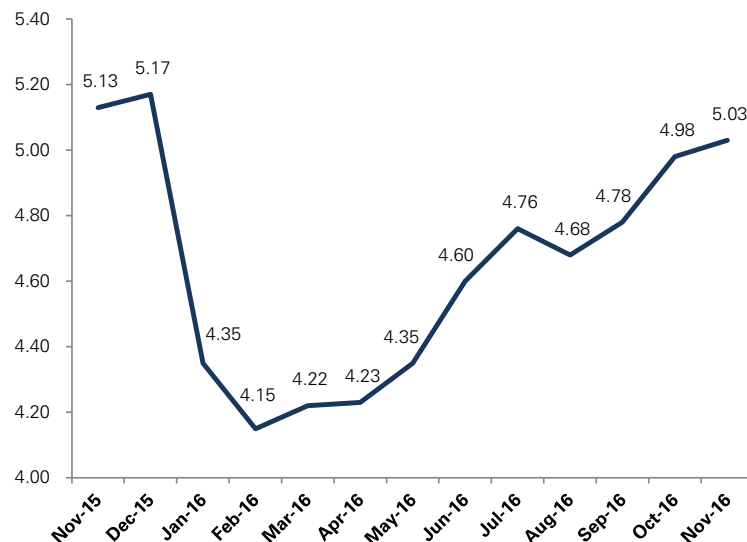
Delinquency Rate by Property Type	Nov 16	Oct 16	Sep 16	3 Mo.	6 Mo.	1 Yr.
	Industrial	5.68	5.54	5.28	5.57	5.72
Lodging	3.63	3.43	3.25	3.15	2.96	2.75
Multifamily	2.50	2.41	2.33	2.38	2.36	8.15
Office	6.57	6.44	6.33	6.03	5.51	5.73
Retail	6.18	6.19	5.89	5.81	5.36	5.64

Source: Trepp

Property Type Analysis:

- The industrial delinquency rate jumped 14 basis points to 5.68%.
- The lodging delinquency rate increased 20 basis points to 3.63%.
- The multifamily delinquency rate moved up nine basis points to 2.50%. Apartment loans are the best-performing major property type.
- The office delinquency rate rose 13 basis points to 6.57%.
- The retail delinquency rate dipped slightly, falling one basis point to 6.18%.

Percentage 30+ Days Delinquent



Source: Trepp

Top 5 Newly Delinquent Loans

Property Name	Current Balance	Prop Type	City	State	New DQ Status	Deal Name
UBS Center - Stamford	\$148,666,194	OF	Stamford	CT	Non-Performing Beyond Maturity	LBUBS 2004-C1
Wells Fargo Place	\$90,000,000	OF	St. Paul	MN	Non-Performing Beyond Maturity	CSMC 2007-C1
Gateway Center IV	\$57,040,487	OF	Newark	NJ	Non-Performing Beyond Maturity	MSC 2006 IQ12
Gateway Office Building	\$56,200,000	OF	Rockville	MD	Non-Performing Beyond Maturity	MSC 2006-IQ12
Chemed Center Leasehold (3)	\$55,782,794	OF	Cincinnati	OH	Non-Performing Beyond Maturity	WBCMT 2006-C26

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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