



## US CMBS Delinquency Report: Delinquency Rate Climbs Again; Readings for All Five Major Property Types Increase

The Trepp CMBS Delinquency Rate continued its ascent in October. 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 seven of the last eight months. The delinquency rate for US commercial real estate loans in CMBS is now 4.98%, an increase of 20 basis points from September.

The rate is now only 25 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. The delinquency reading is now 19 basis points lower since the beginning of the year. The rate hit a multi-year low of 4.15% in February 2016. The all-time high was 10.34% in July 2012.

In October, CMBS loans that were previously delinquent but paid off with a loss or at par totaled about \$820 million. Removing these previously distressed assets from the numerator of the delinquency calculation helped move the rate down by 18 basis points. Almost \$500 million in loans were cured last month, which helped push delinquencies lower by another 10 basis points. However, over \$1.9 billion in loans became newly delinquent in October, which put 42 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 20 basis points to 4.98%.
- The percentage of seriously delinquent loans (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 4.87%, also up 20 basis points for the month.

Delinquency Status	
Current	94.89%
30 Days Delinquent	0.11%
60 Days Delinquent	0.05%
90 Days Delinquent	0.20%
Performing Matured Balloon	0.13%
Non-Performing Matured Balloon	0.78%
Foreclosure	1.53%
REO	2.31%

- Over \$2 billion in loans were defeased in October. If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.20%, an increase of 21 basis points from September.

### Historical Perspective:

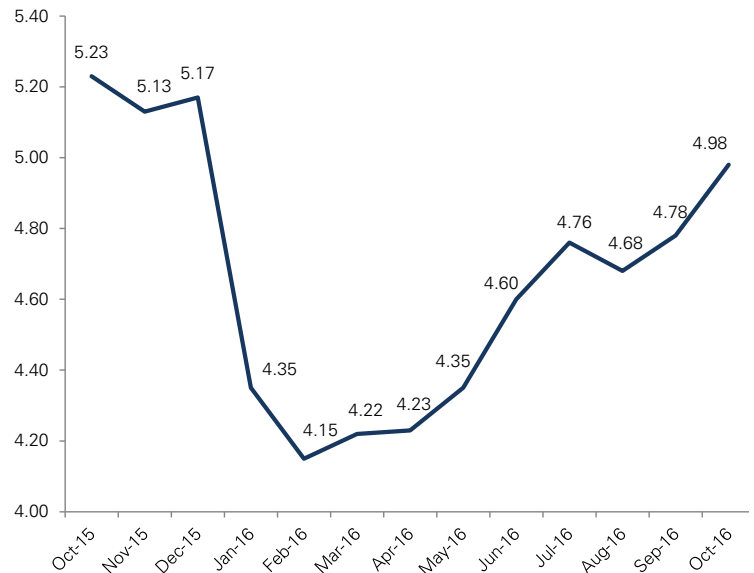
- One year ago, the US CMBS delinquency rate was 5.23%.
- Six months ago, the US CMBS delinquency rate was 4.23%.
- One year ago, the rate of seriously delinquent loans was 5.10%.
- Six months ago, the rate of seriously delinquent loans was 4.13%.

Delinquency Rate by Property Type						
	Oct 16	Sep 16	Aug 16	3 Mo.	6 Mo.	1 Yr.
Industrial	5.54	5.28	5.57	5.63	5.95	6.28
Lodging	3.43	3.25	3.15	3.12	2.87	3.17
Multifamily	2.41	2.33	2.38	2.51	2.32	8.18
Office	6.44	6.33	6.03	6.23	5.30	5.70
Retail	6.19	5.89	5.81	5.76	5.20	5.72

Property Type Analysis:

- The industrial delinquency rate jumped 26 basis points to 5.54%.
- The lodging delinquency rate increased 18 basis points to 3.43%.
- The multifamily delinquency rate moved up eight basis points to 2.41%. Apartment loans are the best-performing major property type.
- The office delinquency rate rose 11 basis points to 6.44%.
- The retail delinquency rate added 30 basis points to 6.19%.

Percentage 30+ Days Delinquent



Top 5 Newly Delinquent Loans

Property Name	Current Balance	Prop Type	City	State	New DQ Status	Deal Name
CA Headquarters	\$165,643,200	OF	Islandia	NY	Non-Performing Beyond Maturity	GSMS 2006-GG8
JQH Hotel Portfolio	\$109,738,033	LO	Various	VR	30 Days Delinquent	COMM 2006-C8
PPG Portfolio	\$97,221,995	OF	Various	VR	Non-Performing Beyond Maturity	MSC 2006-HQ10
390 Park Avenue	\$95,255,228	OF	New York	NY	Non-Performing Beyond Maturity	CSFB 2005-C2
The Mall at Stonecrest	\$93,876,224	RT	Lithonia	GA	Non-Performing Beyond Maturity	BACM 2005-1

For inquiries about the data analysis conducted in this research, contact [press@trepp.com](mailto:press@trepp.com) or call 212-754-1010. For more information on Trepp's CMBS products, contact [info@trepp.com](mailto:info@trepp.com).

About Trepp

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