



US CMBS Delinquency Rate Recedes for Third Consecutive Month

The Trepp CMBS Delinquency Rate dropped modestly again in September, marking the third straight month in which it has decreased. The delinquency rate for US commercial real estate loans in CMBS is now 5.40%, a decrease of four basis points from the August level.

After hitting a post-crisis low in February 2016, the reading climbed consistently for more than a year as loans issued in 2006 and 2007 reached their maturity dates and did not pay off via refinancing. In the 16 months between March 2016 and June 2017, the delinquency rate moved up 13 times. However, the rate has recently shown signs of abatement. As we noted last month, the wave of maturities has been reduced to more of a ripple. When combined with the continued resolution of distressed loans, the largest monthly rate increases should be behind us. In fact, further declines in the overall reading are quite possible in the coming months.

The September 2017 rate is 62 basis points higher than the year-ago level and 17 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.

Almost \$1.3 billion in loans became newly delinquent in September, which put 32 basis points of upward pressure on the delinquency rate. Over \$800

CHART 1: DELINQUENCY STATUS

Current	94.32%
30 Days Delinquent	0.16%
60 Days Delinquent	0.04%
90 Days Delinquent	0.11%
Performing Matured Balloon	0.28%
Non-Performing Matured Balloon	0.96%
Foreclosure	1.69%
REO	2.44%

Source: Trepp

CHART 2: DELINQUENCY RATE BY PROPERTYTYPE (% 30 DAYS +)

	SEP-17	AUG-17	JUL-17	3 MO.	6 MO.	1 YR.
Industrial	6.55	6.55	6.96	7.57	7.03	5.28
Lodging	3.84	3.49	3.68	3.53	3.70	3.25
Multifamily	3.00	2.91	2.91	3.92	2.60	2.33
Office	7.10	7.31	7.24	7.67	7.38	6.33
Retail	6.55	6.61	6.63	6.65	6.12	5.89

Source: Trepp

million in notes were cured last month, while almost \$700 million in previously delinquent CMBS loans were resolved with a loss or at par in September. These changes helped shave 20 and 17 basis points off of the September reading, respectively.

The Numbers

- The overall US CMBS delinquency rate fell four basis points to 5.40% in September.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 5.24%, down 11 basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 5.53%, down two basis points from August.

Historical Perspective

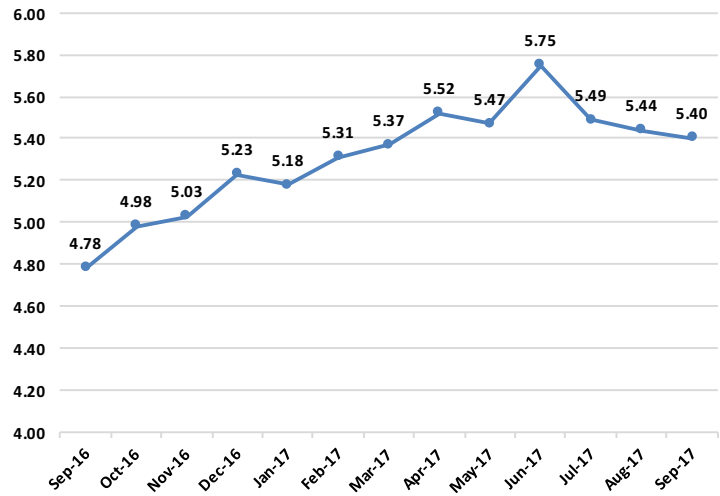
- One year ago, the US CMBS delinquency rate was 4.78%.
- Six months ago, the US CMBS delinquency rate was 5.37%.
- One year ago, the rate of seriously delinquent loans was 4.67%.

- Six months ago, the rate of seriously delinquent loans was 5.18%.

Property Type Analysis

- The industrial delinquency rate was unchanged at 6.55%.
- The delinquency reading for hotel loans moved up 35 basis points to 3.84%.
- The multifamily delinquency rate inched up nine basis points to 3.00%. Apartment loans are the best performing major property type.
- The office delinquency rate dropped 21 basis points to 7.10%.
- The retail delinquency rate fell six basis points to 6.55%.

GRAPH 1: CMBS: PERCENTAGE 30+ DAYS DELINQUENT



Source: Trepp

CHART 3: FIVE LARGEST NEWLY DELINQUENT CMBS LOANS

LOAN NAME	BALANCE	PROP TYPE	CITY	STATE	DELINQUENCY STATUS	CMBS DEAL
Charleston Town Center	\$92,970,549.61	RT	Charleston	WV	Non-Performing Beyond Maturity	BSCMS 2007-T28
The Mall at Stonecrest	\$92,066,680.26	RT	Lithonia	GA	Non-Performing Beyond Maturity	BACM 2005-1
Hammons Hotel Portfolio	\$70,401,371.24	LO	Various	-	30 Days Delinquent	GSMS 2015-GC34
NMS Los Angeles Multifamily Portfolio	\$65,000,000.00	MF	Various	CA	30 Days Delinquent	COMM 2015-CR27
707 Broad Street	\$42,000,000.00	OF	Newark	NJ	Non-Performing Beyond Maturity	LBUBS 2007-C6

Source: Trepp

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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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