



US CMBS Delinquency Report: Rate Hits Lowest Level in Almost Two Years

Thanks to more distressed legacy loans being resolved away (and new performing loans being issued in their place), the overall Trepp CMBS Delinquency Rate resumed its decline after a brief timeout in March.

In March, the rate ticked up for the first time since June 2017, but we saw that as more of a blip than a harbinger of things to come. This month, the rate fell sharply as it hit its lowest level since May 2016.

The overall delinquency rate for US commercial real estate loans in CMBS is now 4.36%, a decrease of 19 basis points from the March level.

We recently noted that we felt the rate could potentially break the post-crisis low set in February 2016 at some point this year. We stand by that prediction as the rate is only 21 basis points away from its post-crisis nadir. (It wouldn't be all that surprising if a new low came before your July 4th barbecue.)

The April 2018 rate is 116 basis points lower than the year-ago level. The reading hit a multi-year low of 4.15% in February 2016, and the all-time high of 10.34% occurred in July 2012. The rate is 53 basis points lower in the year to date.

CHART 1: DELINQUENCY STATUS

Current	95.34
30 Days Delinquent	0.05
60 Days Delinquent	0.11
90 Days Delinquent	0.09
Performing Matured Balloon	0.31
Non-Performing Matured Balloon	0.49
Foreclosure	1.30
REO	2.32

Source: Trepp

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

	APR-18	MAR-18	FEB-18	3 MO.	6 MO.	1 YR.
Industrial	4.53	5.31	5.54	5.60	6.24	7.15
Lodging	2.98	3.35	3.23	4.51	3.42	3.22
Multifamily	2.26	2.39	2.40	2.08	2.98	2.66
Office	5.57	5.80	5.46	5.84	6.92	7.97
Retail	5.97	5.99	6.16	6.30	6.47	6.30

Source: Trepp

The Overall Numbers

- The overall US CMBS delinquency rate fell 19 basis points to 4.36% in April.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 4.31%, down eight basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 4.48%, down 19 basis points from March.
- One year ago, the US CMBS delinquency rate was 5.52%.
- Six months ago, the US CMBS delinquency rate was 5.21%.

The CMBS 2.0+ Numbers

- The CMBS 2.0+ delinquency rate was unchanged at 0.55% in April.*
- The percentage of 2.0+ loans that are seriously delinquent is now 12 basis points higher at 0.51%.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate for 2.0+ debt would be 0.56%, or unchanged month over month.

* This does not include loans that are past their maturity date and listed as performing (21 basis points), but does include loans that are past their maturity date and are categorized as non-performing. This is consistent with all of our previous calculations.

The CMBS 1.0 Numbers

- The CMBS 1.0 delinquency rate was 47.41% in April, a drop of 43 basis points.
- The percentage of 1.0 debt that is seriously delinquent is now 47.26%, down 36 basis points from the prior month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate for the 1.0 segment would be 50.49%, a drop of 56 basis points from March.

Overall Property Type Analysis:

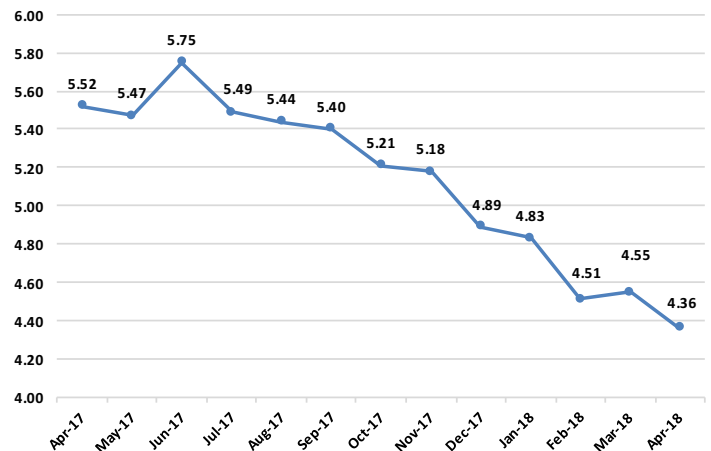
- The industrial delinquency rate fell 78 basis points to 4.53%.
- The lodging delinquency reading dropped 37 basis points to 2.98%
- The multifamily delinquency rate slid 13 basis points to 2.26%. Apartment loans remain the best performing major property type.
- The office delinquency rate was down 23 basis points to 5.57%.

CHART 3: FIVE LARGEST NEWLY DELINQUENT CMBS LOANS

LOAN NAME	BALANCE	PROP TYPE	CITY	STATE	DELINQUENCY STATUS	CMBS DEAL
Rite Aid Portfolio	\$99,369,616.04	Retail	Various	-	Non-Performing Beyond Maturity	GSMS 2014-GSFL
Regions Harbert Plaza	\$81,418,214.05	Office	Birmingham	AL	Foreclosure	LBUBS 2008-C1
Sandalwood Portfolio	\$60,241,660.51	Multifamily	Various	TX	30 Days Delinquent	COMM 2015-CR27
Crown Ridge at Fair Oaks	\$32,969,329.68	Office	Fairfax	VA	Non-Performing Beyond Maturity	MSC 2005-HQ7
Cole Centerpointe of Woodridge	\$29,413,000.00	Retail	Woodridge	IL	30 Days Delinquent	WBCMT 2007-C33

Source: Trepp

GRAPH 1: CMBS: PERCENTAGE 30+ DAYS DELINQUENT



Source: Trepp

- The retail delinquency reading inched two basis points lower to 5.97%.

Property Type Analysis – CMBS 2.0+

- Industrial delinquency rate: 0.14% (down 12 basis points month over month)
- Lodging delinquency rate: 0.83% (down six basis points)
- Multifamily delinquency rate: 1.31% (down nine basis points)
- Office delinquency rate: 0.58% (down one basis point)

- Retail delinquency rate: 0.42% (up six basis points)

Property Type Analysis – CMBS 1.0:

- Industrial delinquency rate: 54.69% (down 372 basis points month over month)
- Lodging delinquency rate: 58.31% (down 479 basis points)
- Multifamily delinquency rate: 19.59% (down 23 basis points)
- Office delinquency rate: 43.64% (down two basis points)
- Retail delinquency rate: 58.81% (up 28 basis points)

For more information about Trepp's commercial real estate data, contact info@trepp.com.

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About Trepp

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