



US CMBS Delinquency Report: Rate Increases for First Time Since June

Beginning with this report, we will now reference three delinquency rates in our monthly CMBS Delinquency Reports: the total rate (which looks at the entire private-label CMBS universe and is what we have been producing for the last eight years), a rate for pre-financial crisis loans, and a rate for post-crisis loans. When we aren't calling them pre- and post-crisis loans, we will refer to them as CMBS 1.0 and CMBS 2.0+ loans. The official cutoff for CMBS 1.0 is 2008, and 2009 is the beginning of CMBS 2.0+.

The overall Trepp CMBS Delinquency Rate posted a rare increase in March, albeit a modest one. This is the first time the rate has ticked up since June 2017. The overall delinquency rate for US commercial real estate loans in CMBS is now 4.55%, an increase of four basis points from the February level.

We noted last month that we felt the rate could potentially break the post-crisis low from February 2016 at some point this year. The March uptick represented a small speed bump in that prediction. The Trepp CMBS Delinquency Rate had fallen in each of the eight months since June 2017 for a total decrease of 120 basis points.

The March 2018 rate is 82 basis points lower than the year-ago level. The reading hit a multi-year low of 4.15% in

CHART 1: DELINQUENCY STATUS

Current	95.18
30 Days Delinquent	0.16
60 Days Delinquent	0.02
90 Days Delinquent	0.10
Performing Matured Balloon	0.26
Non-Performing Matured Balloon	0.54
Foreclosure	1.41
REO	2.32

Source: Trepp

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

	MAR-18	FEB-18	JAN-18	3 MO.	6 MO.	1 YR.
Industrial	5.31	5.54	5.60	5.67	6.55	7.03
Lodging	3.35	3.23	4.51	3.82	3.84	3.70
Multifamily	2.39	2.40	2.08	2.36	3.00	2.60
Office	5.80	5.46	5.84	6.40	7.10	7.38
Retail	5.99	6.16	6.30	6.13	6.55	6.12

Source: Trepp

February 2016, and the all-time high of 10.34% occurred in July 2012. The rate is 34 basis points lower in the year to date.

The Numbers

- The overall US CMBS delinquency rate increased four basis points to 4.55% in March.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 4.39%, down five basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 4.67%, up four basis points from February.
- One year ago, the US CMBS delinquency rate was 5.37%.
- Six months ago, the US CMBS delinquency rate was 5.40%.

The CMBS 2.0+ Numbers

- The CMBS 2.0+ delinquency rate hit 0.55% in March.*
- The percentage of 2.0+ loans that are seriously delinquent is now 0.39%.

- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 0.56%.

* This does not include loans that are past their maturity date but are listed as performing (22 basis points) but does include loans that are past their maturity date but are categorized as non-performing. This is consistent with all our calculations in the past.

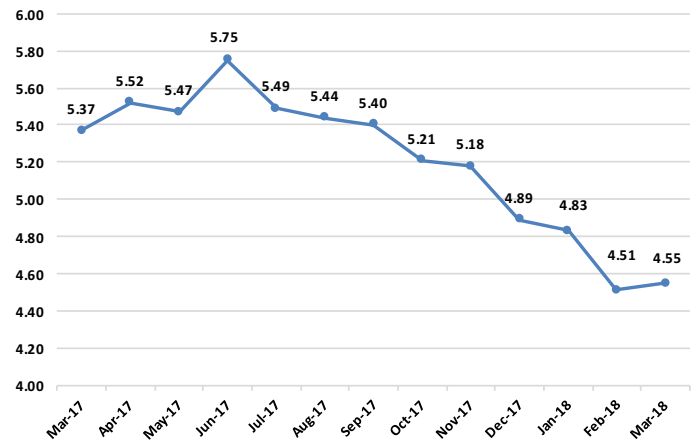
The CMBS 1.0 Numbers

- The CMBS 1.0 delinquency rate was 47.84% in March.
- The percentage of 1.0 loans that are seriously delinquent is now 47.62%.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 51.05%.

Overall Property Type Analysis:

- The industrial delinquency rate fell 23 basis points to 5.31%.
- The lodging delinquency reading jumped up 12 basis points to 3.35%
- The multifamily delinquency rate inched down one basis point to 2.39%. Apartment loans remain the best performing major property type.

GRAPH 1: CMBS: PERCENTAGE 30+ DAYS DELINQUENT



Source: Trepp

- The office delinquency rate climbed 34 basis points to 5.80%, making it March's largest increase among major property types.
- The retail delinquency reading dropped 17 basis points to 5.99%.

Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.26%
- Lodging delinquency rate: 0.89%
- Multifamily delinquency rate: 1.40%
- Office delinquency rate: 0.59%
- Retail delinquency rate: 0.36%

CHART 3: FIVE LARGEST NEWLY DELINQUENT CMBS LOANS

LOAN NAME	BALANCE	PROP TYPE	CITY	STATE	DELINQUENCY STATUS	CMBS DEAL
JP Morgan International Plaza I & II	\$155,950,577.60	OF	Farmers Branch	TX	Non-Performing Beyond Maturity	GCCFC 2006-GG7
175 West Jackson	\$147,178,875.50	OF	Chicago	IL	30 Days Delinquent	COMM 2013-CR12
JQH Hotel Portfolio (Rollup)	\$100,000,000.00	LO	Various	VR	Non-Performing Beyond Maturity	BACM 2007-3
175 West Jackson	\$88,307,325.24	OF	Chicago	IL	30 Days Delinquent	COMM 2013-CR13
PPG Portfolio	\$80,353,885.55	OF	Longmont	CO	Non-Performing Beyond Maturity	MSC 2006-HQ10

Source: Trepp

Property Type Analysis CMBS 1.0:

- Industrial delinquency rate: 58.41%.
- Lodging delinquency rate: 63.10%.
- Multifamily delinquency rate: 19.82%
- Office delinquency rate: 43.66%.
- Retail delinquency rate: 58.53%

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

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About Trepp

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