



Trepp CMBS Delinquency Rate Hits New Post-Pandemic Low in January 2022

Key Highlights

- The January 2022 CMBS delinquency rate was 4.18, a decrease of 39 basis points from December.
- The decline in the rate was helped by the curing of two big HNA Group loans which total more than \$1.2 billion.

The Trepp CMBS delinquency rate resumed its decline in January 2022 after a one-month pause in December 2021. In December, the rate increased for the first time since June 2020. Prior to the rise, the rate had fallen for 17 consecutive months.

In January, the overall delinquency number saw a sizable decline as the Trepp CMBS delinquency rate posted its lowest reading since April 2020. The January 2022 CMBS delinquency rate was 4.18, a decrease of 39 basis points from the December number.

The decline in the rate was helped by the curing (reverting from delinquent to current status) of two big HNA Group loans which total more than \$1.2 billion. The 245 Park Avenue (NY) loan and the 181 West Madison Street (Chicago) loan both went from being 30 days delinquent in December to being reported as current in January. (An affiliate of the HNA Group filed for bankruptcy which led the two loans to go to special servicing. The fact that the loans became current in January does not yet mean that lenders are out of the woods on these assets.)

The percentage of loans in the 30 days delinquent bucket is now 0.16%, down 33 basis points for the month.

In terms of loans in grace period, 2.17% of loans by balance missed the January payment but were less than 30 days delinquent. That was up four basis points for the month.

Our numbers above reflect percentages that assume defeased loans are still part of the denominator.

The Overall Numbers

- The overall US CMBS delinquency rate dropped 39 basis points in January to 4.18%. (The all-time high on this basis was 10.34% registered in July 2012. The COVID-19 high was 10.32% in June 2020.)
- The percentage of A/B loans (i.e. loans in grace period or beyond grace period) was 2.17% in January.

CHART 1: DELINQUENCY STATUS

Current	95.64
30 Days Delinquent	0.16
60 Days Delinquent	0.19
90 Days Delinquent	1.18
Performing Matured Balloon	0.171
Non-Performing Matured Balloon	0.50
Foreclosure	1.17
REO	0.98

¹Loans that are past their maturity date but still current on interest are considered current. Source: Trepp

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

	22-JAN	21-DEC	21-NOV	3 MO.	6 MO.	12 MO.
Overall	4.18	4.57	4.38	4.61	6.11	7.58
Industrial	0.42	0.52	0.53	0.53	0.63	0.87
Lodging	8.37	8.79	9.40	10.04	12.94	19.19
Multifamily	1.81	1.76	1.90	1.70	4.52	2.35
Office	2.00	2.53	1.81	1.80	2.16	2.14
Retail	7.96	8.28	8.09	8.39	10.54	12.94

Source: Trepp

- Year over year, the overall US CMBS delinquency rate is down 340 basis points.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or nonperforming balloons) is now 4.02%, down six basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 4.43%, down 39 basis points from December.
- One year ago, the US CMBS delinquency rate was 758%
- Six months ago, the US CMBS delinquency rate was 6.11%.

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CMBS Research February 2022

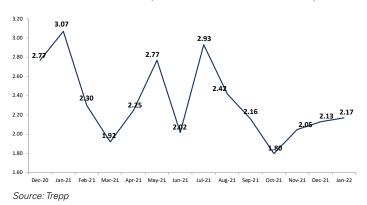
GRAPH 1: PERCENTAGE OF CMBS MARKED AS 30+ DAYS DELINQUENT



GRAPH 2: THE CMBS 2.0+ DELINQUENCY RATE



GRAPH 3: PERCENTAGE OF CMBS IN GRACE PERIOD OR BEYOND GRACE PERIOD (<30 DAYS BEHIND PAYMENT)



The CMBS 2.0+ Numbers

- The CMBS 2.0+ delinquency rate fell 40 basis points to 3.75% in January. That, too, is a post-April 2020 low. The rate is down 308 basis points year-over-year.
- The percentage of CMBS 2.0+ loans that are seriously delinquent is now 3.59%, down six basis points for the month.
- If defeased loans were taken out of the equation, the overall CMBS 2.0+ delinquency rate would be 3.98%, down 39 basis points for the month.

Overall Property Type Analysis (CMBS 1.0 and 2.0+)

- The industrial delinquency rate fell 10 basis points to 0.42%.
- The lodging delinquency rate dropped another 42 basis points to 8.37%.
- The multifamily delinquency rate inched up five basis points to 1.81%.
- The office delinquency rate declined 53 basis points to 2.00%.
- The retail delinquency rate fell 32 basis points to 7.96%.

Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.11% (down 10 basis point month over month)
- Lodging delinquency rate: 8.27% (down 40 basis points)
- Multifamily delinquency rate: 1.81% (up five basis pts)
- Office delinquency rate: 1.48% (down 56 basis points)
- Retail delinquency rate: 6.87% (down 35 basis points)



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For more information about Trepp's commercial real estate data, contact info@trepp.com. For inquiries about the data analysis conducted in this research, contact press@trepp.com or 212-754-1010.

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