



Special Servicing Rate Falls in January 2022 As Large Lodging Loans Cure

Key Takeaways:

- The Trepp CMBS Special Servicing Rate fell 42 basis points in January to 6.33%.
- The lodging sector saw a 113-basis point decline to 12.59% while the retail sector fell 44 basis points to 12.29%.
- Approximately \$289.9 million in CMBS debt was transferred to special servicing in January. The office, multifamily, and mixed-use sectors made up 85.43% of the of the month's newly transferred balance.

The Trepp CMBS Special Servicing Rate fell 42 basis points in January to 6.33%. One year ago, the US special servicing rate was 9.71%.

The largest cures in January were concentrated in the lodging and retail sectors. (A cure refers to a loan reverting from previously delinquent status to current.) The lodging sector saw a 113-basis point decline to 12.59% while the retail sector fell 44 basis points to 12.29%.

The percentage of loans on the servicer watchlist fell for the fourth consecutive month with 26.11% of loans reported as on the servicer watchlist, a drop of 38 basis points from the December reading.

CHART 1: CMBS SPECIAL SERVICING RATE (JANUARY 2021 - JANUARY 2022)



Approximately \$289.9 million in CMBS debt was transferred to special servicing in January. The office, multifamily, and mixed-use sectors made up 85.43% of the of the month's newly transferred balance.

The largest of these transfers was the \$59.6 million Writer Square mixed-use loan. The 186,200 square foot property was built in Denver in 1980 and renovated in 2016. The

TABLE 1: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS FULL

	JAN-22	DEC-21	NOV-21	3 MO.	6 MO.	1 YR.
Industrial	0.64%	0.60%	0.59%	0.67%	0.67%	1.06%
Lodging	12.59%	13.72%	15.15%	16.16%	17.95%	24.49%
Multifamily	2.13%	2.11%	2.16%	2.39%	2.67%	2.75%
Office	3.19%	3.23%	2.97%	2.33%	2.93%	2.52%
Retail	12.29%	12.73%	13.08%	13.67%	14.66%	17.04%
Overall	6.33%	6.75%	6.95%	7.17%	8.14%	9.71%

Source: Trepp

TABLE 2: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS 2.0+

	JAN-22	DEC-21	NOV-21	3 MO.	6 MO.	1YR.
Industrial	0.27%	0.22%	51.99%	0.25%	0.21%	0.45%
Lodging	12.43%	13.56%	14.99%	16.01%	17.80%	24.27%
Multifamily	2.13%	2.10%	2.17%	2.39%	2.68%	2.74%
Office	2.63%	2.67%	2.40%	1.68%	2.01%	1.50%
Retail	11.20%	11.64%	11.94%	12.51%	13.24%	15.19%
Overall	5.87%	6.30%	6.82%	6.67%	7.51%	8.92%

Source: Trepp

loan had been monitored since its DSCR dropped from 1.30x at year-end 2019 to 0.87x at year-end 2020, and then 0.72x per a June 2021 report. Servicer watchlist notes indicate that the property has been negatively impacted by the pandemic, leading to the lower reported DSCR and a slight dip in occupancy (reported as 76% in June 2021 in comparison to its normal range of ~ 85%).

Other noteworthy transfers include the \$59.3 million TEK Park (MSBAM 2016-C31) office loan and the \$33.2 million Park at Caldera (MSBAM 2014-C19) multifamily loan.

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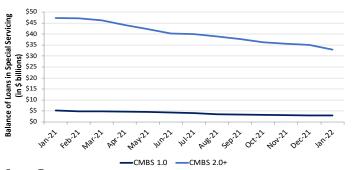
CMBS Research February 2022

TABLE 3: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS 1.0

	JAN-22	DEC-21	NOV-21	3 MO.	6 MO.	1YR.
Industrial	52.52%	51.23%	50.05%	50.74%	47.16%	43.90%
Lodging	42.73%	43.31%	43.17%	43.01%	44.53%	46.46%
Multifamily	0.00%	2.17%	0.00%	0.00%	0.00%	9.27%
Office	46.84%	39.85%	38.71%	41.43%	46.07%	45.18%
Retail	76.08%	74.36%	74.77%	72.07%	74.14%	81.87%
Overall	43.53%	41.02%	41.17%	41.94%	45.91%	49.89%

Source: Trepp

CHART 2: BALANCE OF LOANS IN SPECIAL SERVICING (JANUARY 2021 - JANUARY 2022)



Source: Trepp

Overall Numbers (CMBS 1.0 and 2.0+)

- The overall US CMBS special servicing rate is 6.33% in January.
- One year ago, the US CMBS special servicing rate was 9.71%.
- Six months ago, the US CMBS special servicing rate was 8.14%.

The CMBS 2.0+ Numbers

- The overall US CMBS 2.0+ special servicing rate is 5.87%.
- One year ago, the US CMBS 2.0+ special servicing rate was 8.92%.
- Six months ago, the US CMBS 2.0+ special servicing rate was 7.51%.

The CMBS 1.0 Numbers

- The overall US CMBS 1.0 special servicing rate is 43.53%.
- One year ago, the US CMBS 1.0 special servicing rate was 49.89%.
- Six months ago, the US CMBS 1.0 special servicing rate was 45.91%.

Overall Property Type Analysis (CMBS 1.0 and 2.0+):

- Industrial special servicing rate: 0.64% (up 4 basis points)
- Lodging special servicing rate: 12.59% (down 112 basis points)
- Multifamily special servicing rate: 2.13% (up 2 basis points)
- Office special servicing rate: 3.19% (down 4 basis points)
- Retail special servicing rate: 12.29% (down 44 basis points)

Property Type Analysis CMBS 2.0+:

- Industrial special servicing rate: 0.27% (up 4 basis points)
- Lodging special servicing rate: 12.43% (down 113 basis points)
- Multifamily special servicing rate: 2.13% (up 2 basis points)
- Office special servicing rate: 2.63% (down 4 basis points)
- Retail special servicing rate: 11.20% (down 45 basis points)

Property Type Analysis CMBS 1.0:

- Industrial special servicing rate: 52.52% (up 129 basis points)
- Lodging special servicing rate: 42.73% (up 58 basis points)
- Multifamily special servicing rate: 0.00 % (down 217 basis points)
- Office special servicing rate: 46.84 % (up 699 basis points)
- Retail special servicing rate: 76.08% (up 172 basis points)



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