



# Special Servicing Rate Falls Further in March; Malls Make Up Majority of Newly Transferred Balance

The Trepp CMBS Special Servicing Rate fell 42 basis points in March to 5.66%. Six months ago, the Trepp special servicing rate was 7.48%, and 12-months ago the rate was 9.42%.

The largest cures in March continued to be concentrated in the lodging and retail sectors. The lodging rate fell 100 basis points to 10.88% while the retail rate fell 102 basis points to 10.90%

The percentage of the loans on the servicer watchlist fell 37 basis points to 25.52%. This is the sixth consecutive month of declines in the rate.

Approximately \$668.3 million in CMBS debt was transferred to a special servicer in March. The new transfers were largely made up of loans backing retail properties, which equated to 69% of the newly transferred balance.

The largest of the newly transferred loans was the \$237.2 million Walden Galleria (**JPMCC 2012-WLD**). Watchlist commentary noted that the loan received a modification in April 2020 due to COVID-related monetary default, and was added to the watchlist as NCF DSCR fell to 0.68x, below its 0.75x threshold. The decrease was reportedly caused by a decline in occupancy as well as several current tenants receiving a rent reduction or referral, leading to a decline in effective gross income. The loan was transferred to special servicing this month for imminent maturity default.

Other noteworthy transfers include the \$80 million Chicago Ridge Mall (**COMM 2012-CR2**) loan and the \$78.7 million Bellis Fair Mall (**GSMS 2012-GCJ7**) loan.

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



Source: Trepp

TABLE 1: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS FULL

	MAR-22	FEB-22	JAN-22	3 MO.	6 MO.	1 YR.
Industrial	0.62%	0.71%	0.64%	0.60%	0.68%	0.87%
Lodging	10.88%	11.88%	12.59%	13.72%	16.84%	24.16%
Multifamily	1.66%	1.95%	2.13%	2.11%	2.53%	2.64%
Office	3.15%	3.10%	3.19%	3.23%	2.68%	2.74%
Retail	10.90%	11.92%	12.29%	12.73%	13.97%	16.23%
Overall	5.66%	6.08%	6.33%	6.75%	7.48%	9.42%

Source: Trepp

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

	MAR-22	FEB-22	JAN-22	3 MO.	6 MO.	1YR.
Industrial	0.26%	0.30%	0.27%	0.22%	0.25%	0.30%
Lodging	10.72%	11.73%	12.43%	13.56%	16.68%	23.93%
Multifamily	1.66%	1.95%	2.13%	2.10%	2.53%	2.63%
Office	2.60%	2.55%	2.63%	2.67%	2.01%	1.77%
Retail	9.96%	10.85%	11.20%	11.64%	12.79%	14.58%
Overall	5.25%	5.64%	5.87%	6.30%	6.98%	8.70%

Source: Trepp

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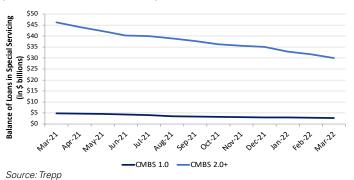
CMBS Research April 2022

#### TABLE 3: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS 1.0

	MAR-22	FEB-22	JAN-22	3 MO.	6 MO.	1 YR.
Industrial	56.70%	56.42%	52.52%	51.23%	47.93%	45.93%
Lodging	43.03%	42.88%	42.73%	43.31%	44.49%	46.62%
Multifamily	0.00%	0.00%	0.00%	2.17%	0.00%	6.14%
Office	46.41%	46.30%	46.84%	39.85%	40.12%	44.94%
Retail	70.52%	75.69%	76.08%	74.36%	71.93%	75.60%
Overall	41.50%	43.41%	43.53%	41.02%	41.65%	47.44%

Source: Trepp

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



#### Overall Numbers (CMBS 1.0 and 2.0+)

- The overall US CMBS special servicing rate is 5.66% in March.
- One year ago, the US CMBS special servicing rate was 9.42%.
- Six months ago, the US CMBS special servicing rate was 7.48%.

#### The CMBS 2.0+ Numbers

- The overall US CMBS 2.0+ special servicing rate is 5.25%.
- One year ago, the US CMBS 2.0+ special servicing rate was 8.70%.
- Six months ago, the US CMBS 2.0+ special servicing rate was 6.98%.

#### The CMBS 1.0 Numbers

- The overall US CMBS 1.0 special servicing rate is 41.50%.
- One year ago, the US CMBS 1.0 special servicing rate was 47.44%.
- Six months ago, the US CMBS 1.0 special servicing rate was 41.65%.

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

- Industrial special servicing rate: 0.62% (down 9 basis points)
- Lodging special servicing rate: 10.88% (down 100 basis points)
- Multifamily special servicing rate: 1.66% (down 29 basis points)
- Office special servicing rate: 3.15% (up 5 basis points)
- Retail special servicing rate: 10.90% (down 102 basis points)

# Property Type Analysis CMBS 2.0+:

- Industrial special servicing rate: 0.26% (down 4 basis points)
- Lodging special servicing rate: 10.72% (down 100 basis points)
- Multifamily special servicing rate: 1.66% (down 29 basis points)
- Office special servicing rate: 2.60% (up 5 basis points)
- Retail special servicing rate: 9.96% (down 89 basis points)

## **Property Type Analysis CMBS 1.0:**

- Industrial special servicing rate: 56.70% (up 28 basis points)
- Lodging special servicing rate: 43.03% (up 15 basis points)
- Multifamily special servicing rate: 0.00 % (no change)
- Office special servicing rate: 46.41 % (up 11 basis points)
- Retail special servicing rate: 70.52% (down 517 basis points



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