



## Special Servicing Rate Rises for the Fourth Month in a Row; Lodging and Multifamily Bump Drive Increase

The Trepp CMBS Special Servicing Rate rose 23 basis points in November to 5.20% – a stark jump from the incremental increases of the months prior. Six months ago, the rate was 5.12%, and 12 months ago, the rate was 6.95%.

The November rate represents the largest month-to-month increase since September 2020. In November, three of the five major CRE property types experienced a rise in their respective special servicing rates, while the retail sector special servicing rate inched down, and the industrial special servicing rate remained unchanged.

The percentage of loans on the servicer watchlist fell 32 basis points to 20.12%.

November's 23 basis point increase was largely due to a host of lodging, multifamily, and office transfers. In a month where the multifamily delinquency rate rose nearly 100 basis points, the multifamily special servicing rate also rose by 69 basis points, more than any other major CRE property type. Imminent maturity defaults are also proving to be a prime reason for special servicing transfers of late. Three of the five largest special servicing transfers in November were due to imminent maturity default, as the current interest rate environment continues to make refinancing difficult.

### New Transfers

Approximately \$2.8 billion in CMBS debt was transferred to a special servicer in November. Lodging transfers made up 29% of the newly transferred balance while office made up 20%.

The largest loans to transfer this month were the \$900 million 20 Times Square, and the \$772 million Starwood Lodging Hotel Portfolio.

The collateral for 20 Times Square (TSQ 2018-20TS) is a 99-year ground lease on the property. Above the land

**TABLE 1: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS FULL**

	NOV-22	OCT-22	SEP-22	3 MO.	6 MO.	1 YR.
Industrial	0.37%	0.37%	0.30%	0.30%	0.46%	0.59%
Lodging	7.06%	6.72%	7.07%	7.40%	8.42%	15.15%
Multifamily	2.33%	1.65%	1.87%	1.90%	1.29%	2.16%
Office	3.85%	3.72%	3.43%	3.18%	3.36%	2.97%
Retail	11.01%	11.22%	10.97%	11.03%	10.86%	13.08%
<b>Overall</b>	<b>5.20%</b>	<b>4.97%</b>	<b>4.94%</b>	<b>4.92%</b>	<b>5.12%</b>	<b>6.95%</b>

Source: Trepp

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

	NOV-22	OCT-22	SEP-22	3 MO.	6 MO.	1 YR.
Industrial	0.19%	0.19%	0.07%	0.07%	0.20%	51.99%
Lodging	6.92%	6.57%	6.93%	7.26%	8.28%	14.99%
Multifamily	2.33%	1.65%	1.87%	1.90%	1.29%	2.17%
Office	3.55%	3.37%	3.14%	2.85%	2.91%	2.40%
Retail	10.34%	10.45%	10.20%	10.19%	9.92%	11.94%
<b>Overall</b>	<b>4.95%</b>	<b>4.68%</b>	<b>4.66%</b>	<b>4.61%</b>	<b>4.76%</b>	<b>6.82%</b>

Source: Trepp

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

	NOV-22	OCT-22	SEP-22	3 MO.	6 MO.	1 YR.
Industrial	74.75%	74.27%	78.31%	77.95%	75.95%	50.05%
Lodging	45.04%	39.02%	38.87%	38.73%	38.28%	43.17%
Multifamily	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Office	38.59%	41.83%	35.32%	38.22%	44.31%	38.71%
Retail	67.86%	70.49%	69.91%	70.80%	70.71%	74.77%
<b>Overall</b>	<b>52.97%</b>	<b>37.87%</b>	<b>36.19%</b>	<b>37.45%</b>	<b>40.42%</b>	<b>41.17%</b>

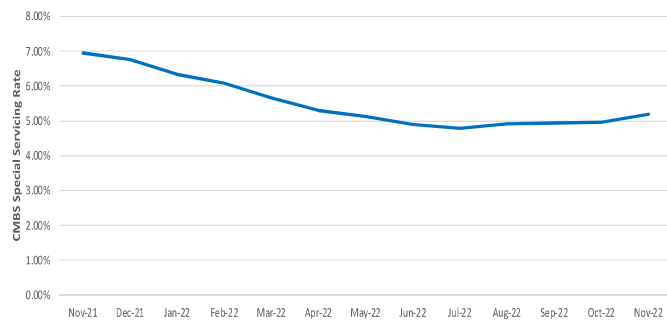
Source: Trepp

and expected to support the ground lease – were three

revenue-generating assets: a hotel; four floors of retail space; and Times Square signage (electronic billboards). According to special servicer commentary, the hotel on the land has been foreclosed upon by the ground lease holder. That hotel – again according to special servicer notes has \$26 million in construction liens outstanding. The loan matures in May 2023.

The Starwood Lodging Hotel Portfolio (**GSMS 2017-SLP**) is a portfolio of 138 hotels across the US. The loan was slated to mature last month, but was extended, and the new terms push the maturity date out to February 2024, with another 12-month extension option agreed upon. Servicer comments note that the borrower will sell 49 properties for \$218 million. All proceeds will go to pay down the loan balance.

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

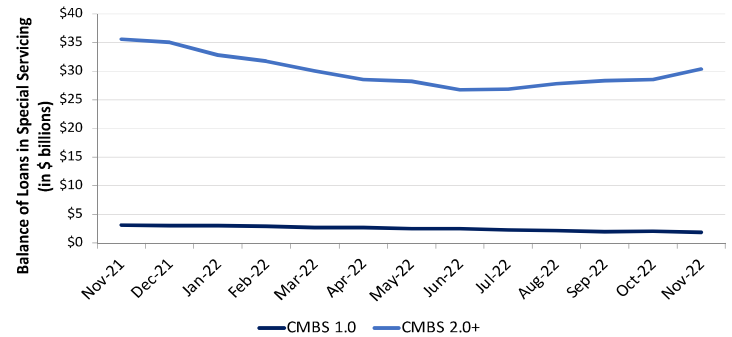


Source: Trepp

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

- The overall US CMBS special servicing rate is 5.20% in November.
- One year ago, the US CMBS special servicing rate was 6.95%.
- Six months ago, the US CMBS special servicing rate was 5.12%.

**CHART 2: BALANCE OF LOANS IN SPECIAL SERVICING (NOVEMBER - NOVEMBER 2022)**



Source: Trepp

### The CMBS 2.0+ Numbers

- The overall US CMBS 2.0+ special servicing rate is 4.95%.
- One year ago, the US CMBS 2.0+ special servicing rate was 6.82%.
- Six months ago, the US CMBS 2.0+ special servicing rate was 4.76%.

### The CMBS 1.0 Numbers

- The overall US CMBS 1.0 special servicing rate is 52.97%.
- One year ago, the US CMBS 1.0 special servicing rate was 41.17%.
- Six months ago, the US CMBS 1.0 special servicing rate was 40.42%.

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

- Industrial special servicing rate: 0.37% (No Change)
- Lodging special servicing rate: 7.06% (up 34 basis points)
- Multifamily special servicing rate: 2.33% (up 69 basis pts)
- Office special servicing rate: 3.85% (up 14 basis points)
- Retail special servicing rate: 11.01% (down 21 basis points)

## Property Type Analysis CMBS 2.0+:

- Industrial special servicing rate: 0.19% (No Change 0 basis point)
- Lodging special servicing rate: 6.92% (up 35 basis points)
- Multifamily special servicing rate: 2.33% (up 69 basis points)
- Office special servicing rate: 3.55% (up 18 basis points)
- Retail special servicing rate: 10.34% (down 11 basis points)

## Property Type Analysis CMBS 1.0:

- Industrial special servicing rate: 74.45% (up 48 basis points)
- Lodging special servicing rate: 45.04% (up 602 basis points)
- Multifamily special servicing rate: 0.00% (No Change)
- Office special servicing rate: 38.59% (Down 324 basis points)
- Retail special servicing rate: 67.86% (down 263 basis points)



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