



## Special Servicing Rate Falls for Twelfth Consecutive Month, One Year of Declines

The Trepp CMBS Special Servicing Rate fell 30 basis points in September, coming in at 7.48%. This month's drop marks one year of consistent declines in the special servicing rate, following the initial rise due to the economic impact of COVID-19.

In the past 12 months, the special servicing rate has fallen 300 basis points, down to 7.48% in September 2021 from 10.48% in September 2020. The lodging sector fell from 17.40% the month prior to 16.84% in September, recording a 57-basis point drop. Meanwhile, the retail sector rate fell 21 basis points to 13.97%, while office (2.68% in September) and multifamily (2.53% in September) dropped five and three basis points, respectively.

The percentage of loans on the servicer watchlist rose for the ninth consecutive month – increasing 32 basis points to 29.32% in September.

Approximately \$355.6 million in CMBS debt across 15 notes were transferred to special servicing in September. This month, office properties backed by CMBS made up 58.70% of the newly transferred balance.

**CHART 1: CMBS SPECIAL SERVICING RATE (SEPTEMBER 2020 - SEPTEMBER 2021)**



Source: Trepp

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

	SEP-21	AUG-21	JUL-21	3 MO.	6 MO.	1 YR.
Industrial	0.68%	0.68%	0.67%	0.77%	0.87%	1.17%
Lodging	16.84%	17.40%	17.95%	18.68%	24.16%	26.04%
Multifamily	2.53%	2.56%	2.67%	2.69%	2.64%	2.66%
Office	2.68%	2.73%	2.93%	3.01%	2.74%	2.85%
Retail	13.97%	14.18%	14.66%	14.43%	16.23%	18.32%
<b>Overall</b>	<b>7.48%</b>	<b>7.79%</b>	<b>8.14%</b>	<b>8.24%</b>	<b>9.42%</b>	<b>10.48%</b>

Source: Trepp

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

	SEP-21	AUG-21	JUL-21	3 MO.	6 MO.	1 YR.
Industrial	0.25%	0.25%	0.21%	0.22%	0.30%	0.49%
Lodging	16.68%	17.25%	17.80%	18.49%	23.93%	25.80%
Multifamily	2.53%	2.56%	2.68%	2.68%	2.63%	2.63%
Office	2.01%	1.97%	2.01%	2.07%	1.77%	1.67%
Retail	12.79%	12.99%	13.24%	12.96%	14.58%	16.49%
<b>Overall</b>	<b>6.98%</b>	<b>7.25%</b>	<b>7.51%</b>	<b>7.59%</b>	<b>8.70%</b>	<b>9.60%</b>

Source: Trepp

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

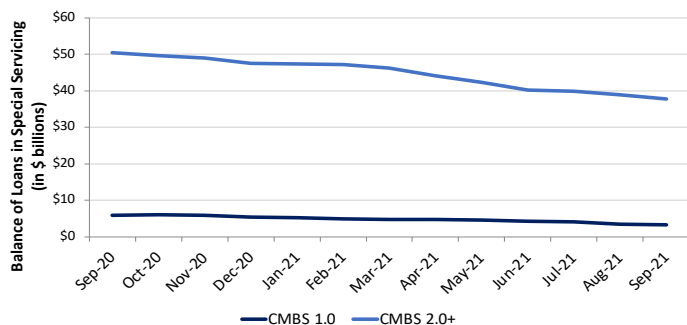
	SEP-21	AUG-21	JUL-21	3 MO.	6 MO.	1 YR.
Industrial	47.93%	47.50%	47.16%	47.59%	45.93%	43.77%
Lodging	44.49%	44.35%	44.53%	47.91%	46.62%	46.72%
Multifamily	0.00%	0.00%	0.00%	6.95%	6.14%	11.83%
Office	40.12%	41.44%	46.07%	45.79%	44.94%	40.65%
Retail	71.93%	71.04%	74.14%	74.13%	75.60%	77.44%
<b>Overall</b>	<b>41.65%</b>	<b>42.05%</b>	<b>45.91%</b>	<b>46.21%</b>	<b>47.44%</b>	<b>48.10%</b>

Source: Trepp

One of the largest loans sent to the special servicer was the \$61 million JFK Hilton (WFRBS 2013-C18). The 356-room, full-service airport hotel was built in 1987 and renovated in 2012. The loan was previously in special servicing after being returned to the Master Servicer as a Corrected Mortgage Loan in January 2021. It entered into a Consent Agreement and was allowed to use FF&E to fund debt servicer payments for June 2020 – November 2020 after struggling in the economic downturn caused by the pandemic. In September, it was transferred to special servicing to negotiate the discounted pay-off (DPO)/payoff of the loan.

Other noteworthy transfers include the \$33.9 million 255 Rockville Pike (CMLT 2008-LS1) office loan and the Honeywell Building (COMM 2015-LC21).

**CHART 2: BALANCE OF LOANS IN SPECIAL SERVICING (SEPTEMBER 2020 - SEPTEMBER 2021)**



Source: Trepp

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

- The overall US CMBS special servicing rate is 7.48% in September.
- One year ago, the US CMBS special servicing rate was 10.48%.
- Six months ago, the US CMBS special servicing rate was 9.42%.

### The CMBS 2.0+ Numbers

- The overall US CMBS 2.0+ special servicing rate is 6.98%.
- One year ago, the US CMBS 2.0+ special servicing rate was 9.60%.
- Six months ago, the US CMBS 2.0+ special servicing rate was 8.70%.

### The CMBS 1.0 Numbers

- The overall US CMBS 1.0 special servicing rate is 41.65%.
- One year ago, the US CMBS 1.0 special servicing rate was 48.10%.
- Six months ago, the US CMBS 1.0 special servicing rate was 47.44%.

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

- Industrial special servicing rate: 0.68% (No Change 0 basis point)
- Lodging special servicing rate: 16.84% (down 57 basis points)
- Multifamily special servicing rate: 2.53% (down 3 basis points)
- Office special servicing rate: 2.68% (down 5 basis points)
- Retail special servicing rate: 13.97% (down 21 basis points)

### Property Type Analysis CMBS 2.0+:

- Industrial special servicing rate: 0.25% (no change: 0 basis points)
- Lodging special servicing rate: 16.68% (down 57 basis points)
- Multifamily special servicing rate: 2.53% (down three basis points)
- Office special servicing rate: 2.01% (up five basis points)
- Retail special servicing rate: 12.79% (down 19 basis points)

### Property Type Analysis CMBS 1.0:

- Industrial special servicing rate: 47.93% (up 43 basis points)
- Lodging special servicing rate: 44.49% (up 14 points)
- Multifamily special servicing rate: 0.00 % (no change: 0 basis points)
- Office special servicing rate: 40.12 % (down 132 basis points)
- Retail special servicing rate: 71.93% (up 90 basis points)

For more information about Trepp's commercial real estate data, contact [info@trepp.com](mailto:info@trepp.com).

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## About Trepp

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