



CMBS Special Servicing Rate Sees Slight Decline in October After Hitting 2020 Peak

Following the 2020 year-to-date peak in Trepp's CMBS special servicing rate seen in September, the number has since inched down in October. The Trepp CMBS Special Servicing rate saw a reduction of 20 basis points in October, coming in at 10.28%, compared to 10.48% in September.

This change can be attributed in part to loans that have been granted forbearances and are now being transferred out of special servicing and returned to the master servicer.

In terms of the property types, the reduction is on account of a decrease in the lodging and retail special servicing rates. The lodging special servicing rate came in at 25.45%, down 59 basis points from the number in September. The retail special servicing rate clocked in at 18.00%, seeing a downtick from 18.32% in September.

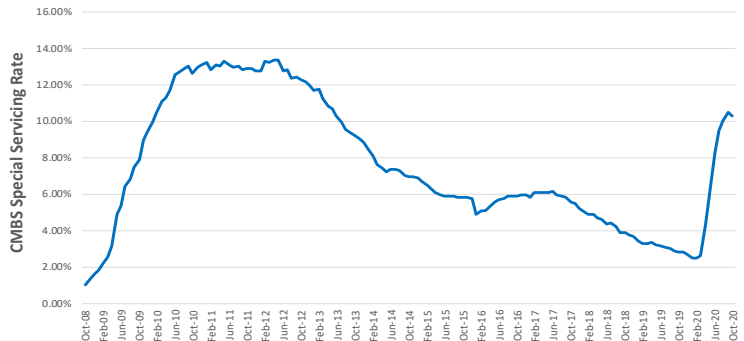
This is the first month of 2020 in which the CMBS delinquency rate (which saw a reduction of 64 basis points from the September number) and the CMBS special servicing rate, both witnessed a decline.

The special servicing rate for CMBS 2.0+ notes saw a reduction of 22 basis points, clocking in at 9.38% in October. In terms of the outstanding balance of these loans that are currently in special servicing, the total reduced by roughly \$870 million to \$49.59 billion in October.

In the legacy CMBS universe, the overall special servicing rates saw an increase of 331 basis points, coming in at 51.40% in October. Additionally, the total outstanding balance of these loans increased to \$5.98 billion from \$5.90 billion in September.

The number of loans newly transferred to special servicing also slowed down in October, with a total of 68 loans sent to special servicing in comparison to 98 the month before. Together, these loans hold an outstanding balance of \$2.14 billion. About 45% of the new specially serviced loan balance are lodging CMBS loans followed by retail CMBS loans which accounted for about 40%.

CHART 1: CMBS SPECIAL SERVICING RATE (OCTOBER 2008 – OCTOBER 2020)



Source: Trepp

TABLE 1: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS FULL

	OCT-20	SEP-20	AUG-20	3 MO.	6 MO.	1 YR.
Industrial	1.15%	1.17%	1.21%	1.24%	1.56%	2.76%
Lodging	25.45%	26.04%	24.99%	24.30%	11.42%	1.91%
Multifamily	2.74%	2.66%	2.56%	2.27%	2.02%	2.62%
Office	2.95%	2.85%	2.93%	2.85%	2.37%	3.20%
Retail	18.00%	18.32%	17.31%	16.04%	6.09%	4.78%

Source: Trepp

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

	OCT-20	SEP-20	AUG-20	3 MO.	6 MO.	1 YR.
Industrial	0.49%	0.49%	0.49%	0.50%	0.42%	0.98%
Lodging	25.20%	25.80%	24.73%	24.04%	10.97%	1.11%
Multifamily	2.72%	2.63%	2.53%	2.24%	1.84%	2.28%
Office	1.68%	1.67%	1.63%	1.50%	0.93%	1.04%
Retail	16.17%	16.49%	15.45%	14.11%	3.92%	1.64%

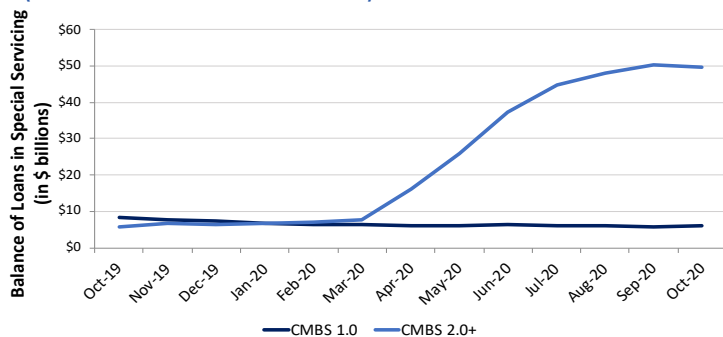
Source: Trepp

TABLE 3: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS 1.0

	OCT-20	SEP-20	AUG-20	3 MO.	6 MO.	1 YR.
Industrial	44.62%	43.77%	44.65%	44.42%	47.75%	50.18%
Lodging	46.95%	46.72%	46.65%	46.07%	45.50%	52.36%
Multifamily	9.43%	11.83%	11.53%	12.69%	19.26%	24.93%
Office	49.40%	40.65%	38.84%	39.29%	37.95%	41.11%
Retail	77.79%	77.44%	76.41%	75.52%	65.69%	70.45%

Source: Trepp

CHART 2: BALANCE OF LOANS IN SPECIAL SERVICING (OCTOBER 2019 – OCTOBER 2020)



Source: Trepp

Overall Numbers (CMBS 1.0 and 2.0+)

- The overall US CMBS special servicing rate decreased by 20 points from September and came in at 10.28% in October.
- One year ago, the US CMBS special servicing rate was 3.00%.
- Six months ago, the US CMBS special servicing rate was 4.39%.

The CMBS 2.0+ Numbers

- The overall US CMBS 2.0+ special servicing rate reduced by 22 basis points to 9.38%.
- One year ago, the US CMBS 2.0+ special servicing rate was 1.26%.
- Six months ago, the US CMBS 2.0+ special servicing rate was 3.26%.

The CMBS 1.0 Numbers

- The overall US CMBS 1.0 special servicing rate grew by 330 basis points to 51.40%.
- One year ago, the US CMBS 1.0 special servicing rate was 47.80%.
- Six months ago, the US CMBS 1.0 special servicing rate was 43.30%.

Overall Property Type Analysis (CMBS 1.0 and 2.0+)

- Industrial special servicing rate: 1.15% (down two basis points)
- Lodging special servicing rate: 25.45% (down 59 basis points)
- Multifamily special servicing rate: 2.74% (up eight basis points)
- Office special servicing rate: 2.95% (up 10 basis points)
- Retail special servicing rate: 18.00% (down 32 basis points)

Property Type Analysis CMBS 2.0+

- Industrial special servicing rate: 0.49% (no change)
- Lodging special servicing rate: 25.20% (down 60 basis points)
- Multifamily special servicing rate: 2.72% (up nine basis points)
- Office special servicing rate: 1.68% (up one basis point)
- Retail special servicing rate: 16.17% (down 32 basis points)

Property Type Analysis CMBS 1.0

- Industrial special servicing rate: 44.62% (up 85 basis points)
- Lodging special servicing rate: 46.95% (up 23 basis points)
- Multifamily special servicing rate: 9.43% (down 240 basis points)
- Office special servicing rate: 49.40% (up 875 basis points)
- Retail special servicing rate: 77.79% (up 35 basis points)

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.

About Trepp

Trepp, founded in 1979, is the leading provider of information, analytics and technology to the CMBS, commercial real estate and banking markets. Trepp provides primary and secondary market participants with the web-based tools and insight they need to increase their operational efficiencies, information transparency and investment performance. From its offices in New York, San Francisco and London, Trepp serves its clients with products and services to support trading, research, risk management, surveillance and portfolio management. Trepp is wholly-owned by Daily Mail and General Trust (DMGT).

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