



Overall CMBS Special Servicing Rate Declines While Lodging Rate Reverses Course

Following the 2020 year-to-date peak in the CMBS special servicing rate seen in September, November was the second month that registered a modest decline. The Trepp CMBS Special Servicing rate saw a reduction of 12 basis points in November coming in at 10.16%, in comparison to 10.28% in October.

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.

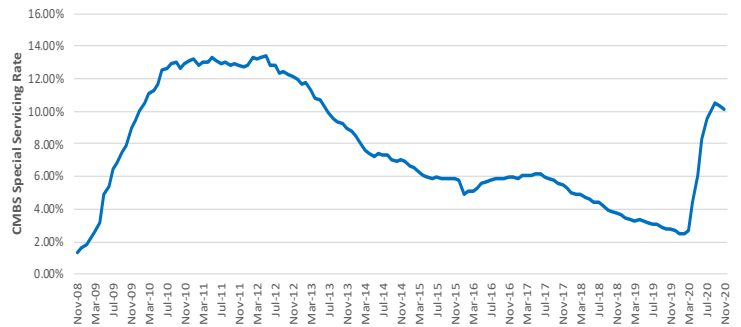
Despite a reduction in the overall CMBS special servicing rate, there was a modest uptick in the lodging, industrial, and multifamily special servicing rates. Interestingly, after a slight reduction in the lodging special servicing rate last month, the increasing trend has resumed with the number rising again in November for the most COVID-impacted sector. The retail special servicing rate, on the other hand, continued its decreasing trend after hitting its year-to-date peak in September. It came in at 17.47% in November, a 53-basis points reduction from October.

The special servicing rate for CMBS 2.0+ notes saw a reduction of 11 basis points, clocking in at 9.27% in November. In terms of the outstanding balance of these loans that are currently in special servicing, the total reduced by roughly \$563 million to \$49.03 billion in November.

In the legacy CMBS universe, the overall special servicing rate saw a reduction of six basis points, coming in at 51.34% in November. The total outstanding balance of these loans fell to \$5.80 billion from \$5.98 billion in October.

The number of loans newly transferred to special servicing also slowed down November with a total of 61 loans sent to special servicing in comparison to 68 the month before. Together, these loans hold an outstanding balance of \$1.39 billion. About 36% of the new specially serviced loan balance was attributed to retail CMBS loans followed by lodging CMBS loans which accounted for about 26%.

CHART 1: CMBS SPECIAL SERVICING RATE (NOVEMBER 2020 – NOVEMBER 2020)



Source: Trepp

TABLE 1: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS FULL

	NOV-20	OCT-20	SEP-20	3 MO.	6 MO.	1 YR.
Industrial	1.26%	1.15%	1.17%	1.21%	1.33%	2.40%
Lodging	25.56%	25.45%	26.04%	24.99%	16.21%	2.07%
Multifamily	2.89%	2.74%	2.66%	2.56%	1.89%	2.50%
Office	2.82%	2.95%	2.85%	2.93%	2.42%	2.71%
Retail	17.47%	18.00%	18.32%	17.31%	9.31%	5.36%

Source: Trepp

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

	NOV-20	OCT-20	SEP-20	3 MO.	6 MO.	1 YR.
Industrial	0.60%	0.49%	0.49%	0.49%	0.41%	0.64%
Lodging	25.37%	25.20%	25.80%	24.73%	15.86%	1.29%
Multifamily	2.87%	2.72%	2.63%	2.53%	1.73%	2.18%
Office	1.58%	1.68%	1.67%	1.63%	1.04%	1.13%
Retail	15.62%	16.17%	16.49%	15.45%	7.36%	2.30%

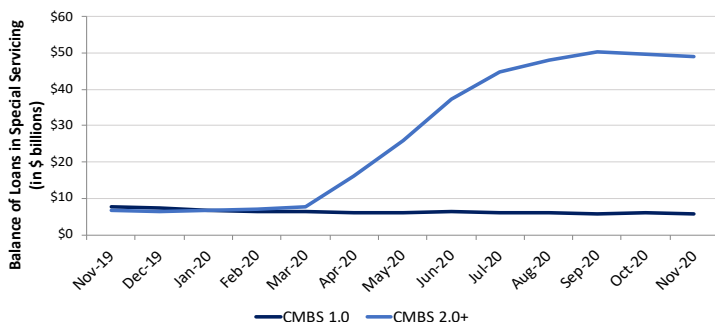
Source: Trepp

TABLE 3: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS 1.0

	NOV-20	OCT-20	SEP-20	3 MO.	6 MO.	1 YR.
Industrial	44.88%	44.62%	43.77%	44.65%	43.06%	51.89%
Lodging	43.06%	46.95%	46.72%	46.65%	45.57%	51.61%
Multifamily	9.13%	9.43%	11.83%	11.53%	18.48%	24.98%
Office	49.50%	49.40%	40.65%	38.84%	38.10%	36.22%
Retail	79.73%	77.79%	77.44%	76.41%	65.35%	71.44%

Source: Trepp

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



Source: Trepp

Overall Numbers (CMBS 1.0 and 2.0+)

- The overall US CMBS special servicing rate decreased by 12 points from October and came in at 10.16% in November.
- One year ago, the US CMBS special servicing rate was 3.00%.
- Six months ago, the US CMBS special servicing rate was 6.08%.

The CMBS 2.0+ Numbers

- The overall US CMBS 2.0+ special servicing rate reduced by 11 basis points to 9.27%.
- One year ago, the US CMBS 2.0+ special servicing rate was 1.46%.
- Six months ago, the US CMBS 2.0+ special servicing rate was 5.07%.

The CMBS 1.0 Numbers

- The overall US CMBS 1.0 special servicing rate declined by six basis points to 51.34%.
- One year ago, the US CMBS 1.0 special servicing rate was 46.66%.
- Six months ago, the US CMBS 1.0 special servicing rate was 42.87%.

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

- Industrial special servicing rate: 1.26% (up 11 basis points)
- Lodging special servicing rate: 25.56% (up 11 basis points)
- Multifamily special servicing rate: 2.89% (up 15 basis points)
- Office special servicing rate: 2.82% (down 13 basis points)
- Retail special servicing rate: 17.47% (down 53 basis points)

Property Type Analysis CMBS 2.0+:

- Industrial special servicing rate: 0.60% (up 11 basis points)
- Lodging special servicing rate: 25.37% (up 17 basis points)
- Multifamily special servicing rate: 2.87% (up 15 basis points)
- Office special servicing rate: 1.58% (down 10 basis points)
- Retail special servicing rate: 15.62% (down 55 basis points)

Property Type Analysis CMBS 1.0:

- Industrial special servicing rate: 44.88% (up 26 basis points)
- Lodging special servicing rate: 43.06% (down 389 basis points)
- Multifamily special servicing rate: 9.13% (down 30 basis points)
- Office special servicing rate: 49.50% (up 10 basis points)
- Retail special servicing rate: 79.73% (up 194 basis points)

For more information about Trepp's commercial real estate data, contact info@trepp.com.

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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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