



Trepp CMBS Delinquency Rate Cracks 4% Level, Hitting Another New Post-Pandemic Low in February 2022

The Trepp CMBS delinquency rate continued its impressive decline in February 2022. The rate has now fallen in 19 of the last 20 months with only a brief uptick in late 2021. The decline was helped by the ongoing healing of the retail and hotel segments.

The delinquency rate in February was 3.87%, a decline of 31 basis points from January. That's the first time the rate has been below 4% since April 2020.

The percentage of loans in the 30 days delinquent bucket is now 0.18%, up two basis points for the month.

In terms of loans in grace period, 1.87% of loans by balance missed the February payment but were less than 30 days delinquent. That's a drop of 30 basis points and could be a sign that more improvements in the delinquency rate are forthcoming.

Our numbers above reflect percentages that assume defeased loans are still part of the denominator.

The Overall Numbers

- The overall US CMBS delinquency rate dropped 31 basis points in February to 3.87%. (The all-time high on this basis was 10.34% registered in July 2012. The COVID-19 high was 10.32% in June 2020.)
- The percentage of A/B loans (i.e. loans in grace period or beyond grace period) was 1.87% in February.
- Year over year, the overall US CMBS delinquency rate is down 293 basis points.
- Year to date, the rate is down 70 basis points.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 3.69%, down 33 basis points for the month.

CHART 1: DELINQUENCY STATUS

Current	95.82
30 Days Delinquent	0.18
60 Days Delinquent	0.06
90 Days Delinquent	1.08
Performing Matured Balloon	0.30 ¹
Non-Performing Matured Balloon	0.47
Foreclosure	1.15
REO	0.93

¹ Loans that are past their maturity date but still current on interest are considered current.

Source: Trepp

CHART 2: DELINQUENCY RATE BY PROPERTY TYPE (% 30 DAYS +)

	22-FEB	22-JAN	21-DEC	3 MO.	6 MO.	12 MO.
Overall	3.87	4.18	4.57	4.38	5.64	6.80
Industrial	0.66	0.42	0.52	0.53	0.63	0.88
Lodging	7.82	8.37	8.79	9.40	12.05	16.38
Multifamily	1.51	1.81	1.76	1.90	2.18	2.30
Office	1.67	2.00	2.53	1.81	2.12	2.04
Retail	7.49	7.96	8.28	8.09	10.43	11.83

Source: Trepp

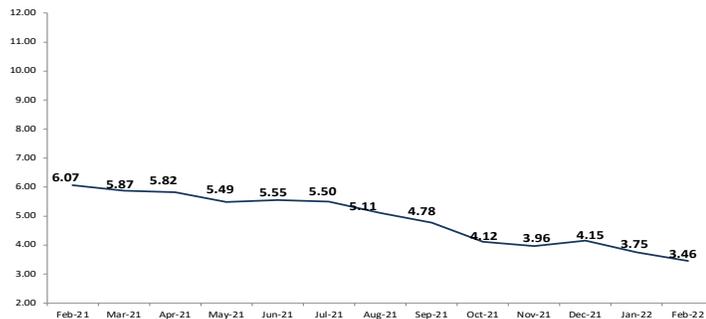
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 4.10%, down 33 basis points from January.
- One year ago, the US CMBS delinquency rate was 6.80%.
- Six months ago, the US CMBS delinquency rate was 5.64%.

GRAPH 1: PERCENTAGE OF CMBS MARKED AS 30+ DAYS DELINQUENT



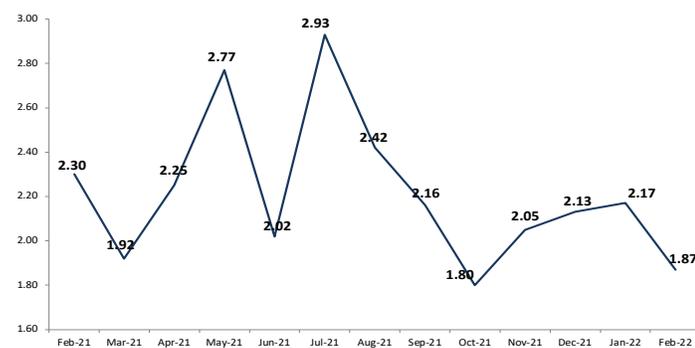
Source: Trepp

GRAPH 2: THE CMBS 2.0+ DELINQUENCY RATE



Source: Trepp

GRAPH 3: PERCENTAGE OF CMBS IN GRACE PERIOD OR BEYOND GRACE PERIOD (<30 DAYS BEHIND PAYMENT)



Source: Trepp

The CMBS 2.0+ Numbers

- The CMBS 2.0+ delinquency rate fell 29 basis points to 3.46% in February. That, too, is a post-April 2020 low. The rate is down 261 basis points year-over-year.
- The percentage of CMBS 2.0+ loans that are seriously delinquent is now 3.27%, down 32 basis points for the month.
- If defeased loans were taken out of the equation, the overall CMBS 2.0+ delinquency rate would be 3.67%, down 31 basis points for the month.

Overall Property Type Analysis (CMBS 1.0 and 2.0+)

- The industrial delinquency rate moved up 24 basis points to 0.66%.
- The lodging delinquency rate dropped another 55 basis points to 7.82%.
- The multifamily delinquency rate fell 30 basis points to 1.51%.
- The office delinquency rate declined 33 basis points to 1.67%.
- The retail delinquency rate decreased 47 basis points to 7.49%.

Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.31% (up 20 basis point month over month)
- Lodging delinquency rate: 7.70% (down 57 basis points)
- Multifamily delinquency rate: 1.51% (down 30 basis pts)
- Office delinquency rate: 1.16% (down 32 basis points)
- Retail delinquency rate: 6.45% (down 32 basis points)



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