



## Trepp CMBS Delinquency Rate Continues to Fall in March 2022 – Another Big Gain for Hotel Loans

The recent increase in interest rates, commodity prices, and general volatility hasn't had any noticeable performance in the CMBS market aside from some spread widening up and down the credit stack.

The Trepp CMBS delinquency rate posted another decline in March, continuing a trend that started almost two years ago. The rate has now fallen in 20 of the last 21 months with only a brief uptick in late 2021. The overall delinquency rate in March 2022 was 3.73%, a decline of 14 basis points from February.

In March, the hotel delinquency rate fell sharply, as loans in that segment continue to cure (or turn from delinquent to current status) at an impressive rate. The delinquency rate on hotel loans fell to below 7%, down 95 basis points month over month. In the early months of the COVID-19 pandemic, the hotel delinquency rate surged to about 25%.

The percentage of loans in the 30 days delinquent bucket is 0.19%, up one basis point for the month.

In terms of loans in grace period, 1.92% of loans by outstanding balance missed the March payment but were less than 30 days delinquent. That's up five basis points from February.

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 14 basis points in March to 3.73%. (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 1.92% in March.
- Year over year, the overall US CMBS delinquency rate is down 285 basis points.

### CHART 1: DELINQUENCY STATUS

Current	96.28
30 Days Delinquent	0.19
60 Days Delinquent	0.09
90 Days Delinquent	0.95
Performing Matured Balloon	0.38 <sup>1</sup>
Non-Performing Matured Balloon	0.40
Foreclosure	1.13
REO	0.58

<sup>1</sup> Loans that are past their maturity date but still current on interest are considered current.

Source: Trepp

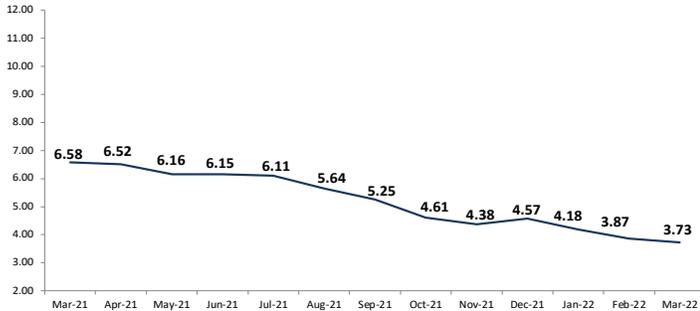
### CHART 2: DELINQUENCY RATE BY PROPERTY TYPE (% 30 DAYS +)

	22-MAR	22-FEB	22-JAN	3 MO.	6 MO.	12 MO.
Overall	3.73	3.87	4.18	4.57	5.25	6.58
Industrial	0.18	0.31	0.11	0.21	0.59	0.73
Lodging	6.75	7.70	8.27	8.67	11.45	15.95
Multifamily	1.53	1.51	1.81	1.76	1.95	3.14
Office	1.16	1.16	1.48	2.04	2.02	2.21
Retail	6.48	6.45	6.87	7.22	9.75	10.89

Source: Trepp

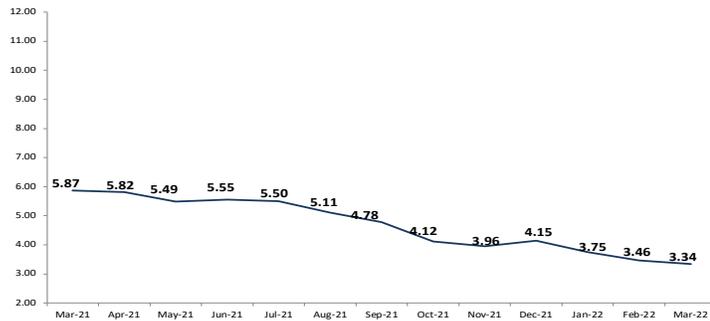
- Year to date, the rate is down 84 basis points.
- The percentage of loans that are seriously delinquent (60+ days delinquent, in foreclosure, REO, or non-performing balloons) is now 3.54%, down 15 basis points for the month.
- If defeased loans were taken out of the equation, the overall 30-day delinquency rate would be 3.94%, down 16 basis points from February.
- One year ago, the US CMBS delinquency rate was 6.58%.
- Six months ago, the US CMBS delinquency rate was 5.25%.

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



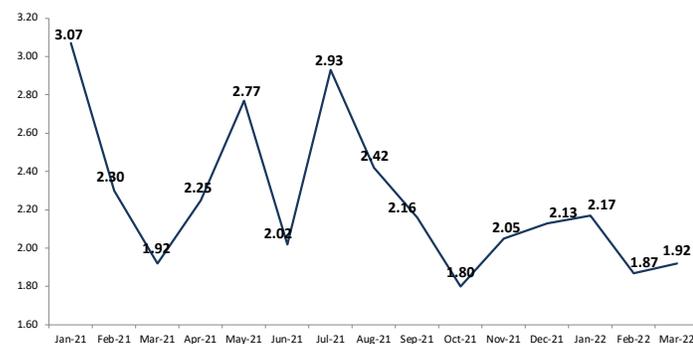
Source: Trepp

**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 12 basis points to 3.34% in March. That, too, is a post-April 2020 low. The rate is down 253 basis points year-over-year.
- The percentage of CMBS 2.0+ loans that are seriously delinquent is now 3.15%, down 12 basis points for the month.
- If defeased loans were taken out of the equation, the overall CMBS 2.0+ delinquency rate would be 3.52%, down 15 basis points for the month.

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

- The industrial delinquency rate fell 18 basis points to 0.48%.
- The lodging delinquency rate dropped another 95 basis points to 6.87%.
- The multifamily delinquency rate inched up two basis points to 1.53%.
- The office delinquency rate declined two basis points to 1.65%.
- The retail delinquency rate moved up one basis point to 7.50%.

## Property Type Analysis CMBS 2.0+

- Industrial delinquency rate: 0.18% (down 13 basis point month over month)
- Lodging delinquency rate: 6.75% (down 95 basis points)
- Multifamily delinquency rate: 1.53% (up two basis pnts)
- Office delinquency rate: 1.16% (unchanged)
- Retail delinquency rate: 6.48% (up three basis points)



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