



CMBS Special Servicing Rate Falls Again in March

The Trepp Special Servicing rate declined seven basis points to 3.42% in March. The reading has shed 138 basis points year over year. There was a slight bump in the rate of hotel loans in special servicing last month, but a notable decline in the office tally made up for lodging's increase and helped push the rate down.

A group of 26 loans totaling \$340.9 million were newly transferred to special servicing in March. The total number of newly specially serviced loans for March is nearly three times larger than February's total of eight. Nine of the 26 new servicing transfers are backed by retail properties, representing 58% of the total balance.

The special servicing rate for CMBS 1.0 spiked in March, thanks to a 410-basis-point surge in the lodging rate and a 114-basis-point jump for retail. In the CMBS 2.0 universe, the retail segment stood out thanks to an 11% increase in its special servicing rate.

CHART 1: ALL CMBS – CURRENT VS. SPECIAL SERVICING TRANSFERS BY REASON

Status	Percent
Current	96.58%
Monetary Default	0.56%
Non-Monetary Default	0.20%
Imminent Default	2.07%
Other	0.59%

Source: Trepp

CHART 2: ALL CMBS - SPECIAL SERVICING RATE BY PROPERTY TYPE

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Property Type	MAR-19	FEB-19	JAN-19	3 MO.	6 MO.	1 YR.
Industrial	2.28%	2.36%	2.41%	2.57%	3.10%	4.89%
Lodging	2.16%	2.05%	2.06%	2.09%	2.49%	4.01%
Multifamily	2.51%	2.58%	2.59%	2.58%	2.53%	2.51%
Office	3.87%	4.06%	4.24%	4.28%	4.52%	5.86%
Retail	5.49%	5.51%	5.81%	5.94%	5.63%	6.66%

Source: Trepp

GRAPH 1: PERCENTAGE OF CMBS IN SPECIAL SERVICING – LAST 12 MONTHS



Source: Trepp

The Overall Numbers (CMBS 1.0 and 2.0):

- The overall US CMBS special servicing rate fell seven basis points to 3.42% in March
- One year ago, the US CMBS special servicing rate was 4.80%.
- Six months ago, the US CMBS special servicing rate was 3.90%.
- Specially serviced loans make up approximately 4% of all loans that are either on the servicer watchlist, specially serviced, or delinquent.

The CMBS 2.0+ Numbers:

- The overall US CMBS 2.0 special servicing rate was unchanged at 1.11%.
- One year ago, the US CMBS 2.0 special servicing rate was 0.98%.
- Six months ago, the US CMBS 2.0 special servicing rate was 1.06%

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CMBS Research April 2019

The CMBS 1.0 Numbers:

- The overall US CMBS 1.0 special servicing rate rose 40 basis points to 48.38%.
- One year ago, the US CMBS 1.0 special servicing rate was 50.20%.
- Six months ago, the US CMBS 1.0 special servicing rate was 49.51%

Overall Property Type Analysis (CMBS 1.0 and 2.0):

- The industrial reading dipped eight basis points to 2.28%.
- The lodging rate jumped 11 basis points to 2.16%.
- The multifamily rate fell seven basis points to 2.51%.
- The office reading slid decreased 19 basis points to 3 87%
- The retail rate slid two basis points to 5.49%.

Property Type Analysis – CMBS 2.0+:

 Industrial special servicing rate: 0.43% (down one basis point month over month)

- Lodging special servicing rate: 1.31% (up four basis points)
- Multifamily special servicing rate: 1.94% (down one basis point)
- Office special servicing rate: 1.04% (down four basis points)
- Retail special servicing rate: 1.38% (up nine basis points)

Property Type Analysis – CMBS 1.0:

- Industrial special servicing rate: 43.89% (down 11 basis points month over month)
- Lodging special servicing rate: 45.72% (up 416 basis points)
- Multifamily special servicing rate: 28.66% (down 120 basis points)
- Office special servicing rate: 42.72% (down 68 basis points)
- Retail special servicing rate: 65.35% (up 114 basis points)

CHART 3: FIVE LARGEST LOANS TRANSFERRED TO SPECIAL SERVICING - MARCH 2019

LOAN NAME	BALANCE (\$)	PROP TYPE	CITY	STATE	DEAL NAME	TRANSFER REASON
Harborplace	67,026,988	RT	Baltimore	MD	UBSBB 2013-C5	Monetary Default
Franklin Mills - B note	54,000,000	RT	Philadelphia	PA	JPMCC 2007-LD11	Imminent Default
735 Sixth Avenue	34,000,000	RT	New York	NY	CGCMT 2013-GC15	Monetary Default
Massillon Industrial	19,718,056	IN	Massillon	ОН	WFCM 2014-LC16	Imminent Default
The IMG Building	16,779,134	OF	Cleveland	ОН	UBSCM 2018-C9	Other

Source: Trepp

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

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