



CMBS Special Servicing Rate Increases for the First Time in 10 Months

The Trepp Special Servicing rate jumped 11 basis points higher to 3.53% in April. This is the first month-over-month increase in the special servicing reading since July 2018 and is the largest rate hike in the last two years. A key culprit for the overall bump was the 24-basis-point jump in the retail sector's rate. The special servicing readings for the other four major property sectors also increased.

A total of 26 loans totaling \$910.2 million were newly transferred to special servicing in April. Retail loans made up 68% of that balance, which far exceeds the percentage represented by the other four major property types.

The largest notes that were transferred to special servicing in April were the \$300 million Destiny USA Phase I loan and the \$130 million Destiny USA Phase II loan. Both pieces are collateralized by the Destiny USA superregional mall in Syracuse, New York. According to April servicer commentary, the two loans were transferred due to an imminent payment default that "is not likely to be cured" before the loan matures in June.

While Trepp's Special Servicing rate rose by 11 basis points in April, it is still 115 basis points less than its year-ago level.

The Overall Numbers (CMBS 1.0 and 2.0):

- The overall US CMBS special servicing rate increased by eleven basis points to 3.53% in April

FIGURE 1: ALL CMBS – CURRENT VS. SPECIAL SERVICING TRANSFERS (BY REASON)

STATUS	PERCENT
Current	96.47%
Monetary Default	0.57%
Non-Monetary Default	0.21%
Imminent Default	2.16%
Other	0.58%

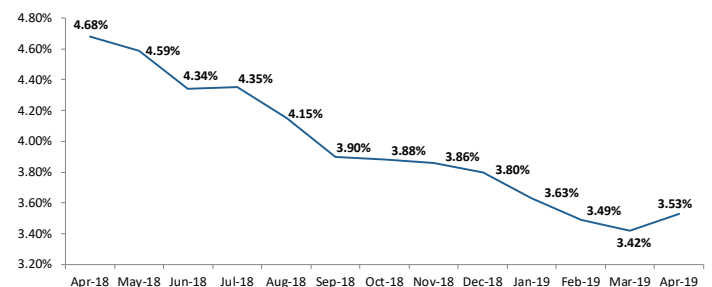
Source: Trepp

FIGURE 2: ALL CMBS – SPECIAL SERVICING RATES BY PROPERTY TYPE

	APR-19	MAR-19	FEB-19	3 MO.	6 MO.	1 YR.
Industrial	2.36	2.28	2.36	2.41	3.06	4.47
Lodging	2.25	2.16	2.05	2.06	2.44	3.89
Multifamily	2.59	2.51	2.58	2.59	2.44	2.48
Office	3.92	3.87	4.06	4.24	4.39	5.62
Retail	5.73	5.49	5.51	5.81	5.77	6.65

Source: Trepp

FIGURE 3: PERCENTAGE OF CMBS IN SPECIAL SERVICING RATE – LAST 12 MONTHS



Source: Trepp

- One year ago, the US CMBS special servicing rate was 4.68%.
- Six months ago, the US CMBS special servicing rate was 3.88%.

The CMBS 2.0+ Numbers

- The overall US CMBS 2.0 special servicing rate rose by 16 basis points to 1.27%.
- One year ago, the US CMBS 2.0 special servicing rate was 0.99%.
- Six months ago, the US CMBS 2.0 special servicing rate was 1.10%.

The CMBS 1.0 Numbers

- The overall US CMBS 1.0 special servicing rate rose by 167 basis points to 50.05%.
- One year ago, the US CMBS 1.0 special servicing rate was 49.61%.
- Six months ago, the US CMBS 1.0 special servicing rate was 49.49%.

Overall Property Type Analysis (CMBS 1.0 and 2.0):

- Industrial special servicing rate: 2.36% (up eight basis points month over month)
- Lodging special servicing rate: 2.25% (up nine basis points)
- Multifamily special servicing rate: 2.59% (up eight basis points)
- Office special servicing rate: 3.92% (up five basis points)
- Retail special servicing rate: 5.73% (up 24 basis points).

Property Type Analysis CMBS 2.0+:

- Industrial special servicing rate: 0.53% (up 10 basis points month over month)
- Lodging special servicing rate: 1.26% (down five basis points)
- Multifamily special servicing rate: 2.10% (up 16 basis points)
- Office special servicing rate: 1.09% (up five basis points)
- Retail special servicing rate: 1.85% (up 47 basis points)

Property Type Analysis CMBS 1.0:

- Industrial special servicing rate: 44.10% (up 21 basis points month over month)
- Lodging special servicing rate: 56.20% (up 1,048 basis points)
- Multifamily special servicing rate: 26.35% (down 231 basis points)
- Office special servicing rate: 45.22% (up 250 basis points)
- Retail special servicing rate: 65.97% (up 62 basis points)

FIGURE 4: FIVE LARGEST LOANS TRANSFERRED TO SPECIAL SERVICING – APRIL 2019

LOAN NAME	BALANCE (\$)	PROPERTY TYPE	CITY	STATE	CMBS DEAL	TRANSFER REASON
Destiny USA Phase I	300,000,000.00	RT	Syracuse	NY	JPMCC 2014-DSTY	Imminent Default
Destiny USA Phase II	130,000,000.00	RT	Syracuse	NY	JPMCC 2014-DSTY	Imminent Default
One Stamford Forum	67,347,037.35	OF	Stamford	CT	WFCM 2016-BNK1	Imminent Default
600 Broadway	50,000,000.00	RT	New York	NY	CGCMT 2016-P3	Imminent Default
Aspen Heights - Statesboro	49,175,793.66	MF	Statesboro	GA	MSBAM 2014-C17	Imminent Default

Source: Trepp

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

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