



Special Servicing Rate Cures in May 2022 Despite Wider Market Volatility

The Trepp CMBS Special Servicing Rate fell 18 basis points in May 2022 to 5.12%. Six months ago, the rate was 6.95%, and 12 months ago, the rate was 8.65%.

The lodging sector experienced the largest improvement, amounting to a 56-basis point drop, while the multifamily and retail sectors followed with 20 basis point cures of their own.

The percentage of loans on the servicer watchlist fell to 22.35%. This is the eighth consecutive month of declines in the rate.

Distress rates continue to decline despite the recent volatility in the stock market, painting the picture of a CMBS market that has yet to take any collateral damage. Loans continue to cure (become current), and the market is showing a sign of resiliency – cementing itself as a different financial environment than the one we saw during the Great Financial Crisis. Additionally, spreads have widened but issuers move ahead with quoting loans and deals continue to come to market.

New Transfers

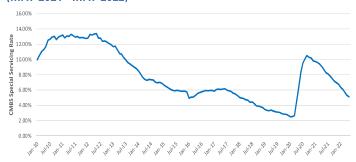
Approximately \$772.5 million in CMBS debt was transferred to a special servicer in May. Roughly 99% of the new transfers were within the office, retail, and mixed-use sectors.

The largest of the newly transferred loans was the \$235 million 285 Madison Avenue loan (NCMS 2018-285M). We recently wrote about the transfer of the loan in our client-only newsletter, TreppWire, stating "... Remittance comments indicate the borrower has requested a maturity extension. The fixed-rate loan matures in November. The collateral is a 51,.208 square-foot office in Midtown Manhattan near Grand Central Terminal. For 2021, the loan posted a DSCR (NCF) of 1.12x when occupancy was 96%. In addition to the \$235 million CMBS loan, there is also a \$35 million B-note on the property."

Other noteworthy transfers include the \$140 million Westfield MainPlace Ioan (UBSBM 2012-WRM) and two of the Ioans backing 693 Fifth Avenue (DBJPM 2016-C3).

Editor's Note: Two pieces of 693 Fifth Avenue have not yet reported to be with the special servicer, but we expect them to within the coming month.

CHART 1: CMBS SPECIAL SERVICING RATE (MAY 2021 - MAY 2022)



Source: Trepp

TABLE 1: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS FULL

	MAY-22	APR-22	MAR-22	3 MO.	6 MO.	1 YR.
Industrial	0.46%	0.53%	0.62%	0.71%	0.59%	0.82%
Lodging	8.42%	8.98%	10.88%	11.88%	15.15%	20.11%
Multifamily	1.29%	1.49%	1.66%	1.95%	2.16%	2.65%
Office	3.36%	3.35%	3.15%	3.10%	2.97%	2.82%
Retail	10.86%	11.06%	10.90%	11.92%	13.08%	15.59%
Overall	5.12%	5.30%	5.66%	6.08%	6.95%	8.65%

Source: Trepp

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

	MAY-22	APR-22	MAR-22	3 MO.	6 MO.	1 YR.
Industrial	0.20%	0.21%	0.26%	0.30%	51.99%	0.26%
Lodging	8.28%	8.85%	10.72%	11.73%	14.99%	19.95%
Multifamily	1.29%	1.49%	1.66%	1.95%	2.17%	2.64%
Office	2.91%	2.83%	2.60%	2.55%	2.40%	1.85%
Retail	9.92%	10.11%	9.96%	10.85%	11.94%	13.98%
Overall	4.76%	4.90%	5.25%	5.64%	6.82%	7.94%

Source: Trepp

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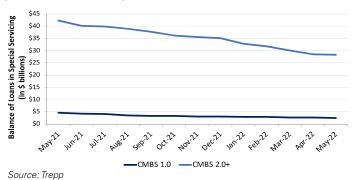
CMBS Research June 2022

TABLE 3: SPECIAL SERVICING RATE BY PROPERTY TYPE CMBS 1.0

	MAY-22	APR-22	MAR-22	3 MO.	6 MO.	1 YR.
Industrial	75.95%	78.20%	56.70%	56.42%	50.05%	47.35%
Lodging	38.28%	38.14%	43.03%	42.88%	43.17%	38.82%
Multifamily	0.00%	0.00%	0.00%	0.00%	0.00%	6.69%
Office	44.31%	47.11 %	46.41%	46.30%	38.71%	46.45%
Retail	70.71%	70.70%	70.52%	75.69%	74.77%	75.87%
Overall	40.42%	41.74%	41.50%	43.41%	41.17%	47.17%

Source: Trepp

CHART 2: BALANCE OF LOANS IN SPECIAL SERVICING (MAY 2021 - MAY 2022)



Overall Numbers (CMBS 1.0 and 2.0+)

- The overall US CMBS special servicing rate is 5.12% in May.
- One year ago, the US CMBS special servicing rate was 8.65%.
- Six months ago, the US CMBS special servicing rate was 6.95%.

The CMBS 2.0+ Numbers

- The overall US CMBS 2.0+ special servicing rate is 4.76%.
- One year ago, the US CMBS 2.0+ special servicing rate was 7.94%.
- Six months ago, the US CMBS 2.0+ special servicing rate was 6.82%.

The CMBS 1.0 Numbers

- The overall US CMBS 1.0 special servicing rate is 40.42%.
- One year ago, the US CMBS 1.0 special servicing rate was 47.17%.
- Six months ago, the US CMBS 1.0 special servicing rate was 41.17%.

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

- Industrial special servicing rate: 0.46% (down 7 basis points)
- Lodging special servicing rate: 8.42% (down 56 basis points)
- Multifamily special servicing rate: 1.29% (down 20 basis pts)
- Office special servicing rate: 3.36% (up 1 basis point)
- Retail special servicing rate: 10.86% (down 20 basis points)
- Industrial special servicing rate: 0.46% (down 7 basis points)

Property Type Analysis CMBS 2.0+:

- Industrial special servicing rate: 0.20% (down 1 basis point)
- Lodging special servicing rate: 8.28% (down 56 basis points)
- Multifamily special servicing rate: 1.29% (down 20 basis pts)
- Office special servicing rate: 2.91% (up 8 basis points)
- Retail special servicing rate: 9.92% (down 19 basis points)

Property Type Analysis CMBS 1.0:

- Industrial special servicing rate: 75.95% (down 225 basis pts)
- Lodging special servicing rate: 38.28% (up 14 basis points)
- Multifamily special servicing rate: 0.00 % (no change)
- Office special servicing rate: 44.31 % (down 280 basis points)
- Retail special servicing rate: 70.71% (up 1 basis points)



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