

INDUSTRY NEWS:

Special servicing exposure continues to rise dramatically on a monthly basis, having increased for the 22nd straight month through February 2010. The unpaid balance for specially serviced CMBS increased on a net basis by \$4.3 billion in February 2010, up to a trailing 12-month high of \$76.13 billion from \$71.83 billion in January 2010 and \$66.86 billion in December 2009. On the other hand, newly transferred specially-serviced loans totaled 400 at \$6.68 billion in February 2010, as shown in Table 2. Worth noting is that 240 of these loans at \$5.35 billion (80% of newly transferred balance) were issued from 2005 through 2007. Both the volume and unpaid balance of CMBS loans transferred to special servicing on a monthly basis continues to raise questions about underlying credit stability in today's market climate for these more recent vintage CMBS deals. As a result of the recent transfer activity, the corresponding percentage of loans in special servicing increased to 9.55% of all CMBS by unpaid balance in February 2010, up from 9.01% a month prior. Over 60% of the delinquent unpaid balance through February 2010 came from transactions issued in 2006 and 2007, with nearly 33% of all delinquency found in 2007-issued transactions. When we extend our review to include the 2005 vintage, an additional 17% of total delinquency is found; thus nearly 77% of CMBS delinquency comes from 2005 to 2007 vintage transactions.

Source | RealPoint Delinquency Report | 03.25.10

