



COMMERCIAL / MULTIFAMILY MORTGAGE DELINQUENCY RATES FOR MAJOR INVESTOR GROUPS | Q4 2015

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MORTGAGE DELINQUENCY
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Commercial/Multifamily Mortgage Delinquencies

Commercial/Multifamily Delinquencies Remain Low

Fourth Quarter 2015

Delinquency rates for commercial and multifamily mortgage loans continued to decline in the fourth quarter of 2015, according to the Mortgage Bankers Association's (MBA) Commercial/Multifamily Delinquency Report.

"The performance of commercial and multifamily mortgages remains strong, with continued improvement in the delinquency rates of loans held by banks and in commercial mortgage backed securities (CMBS)," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "Strong property fundamentals and values, coupled with still low interest rates, are likely to continue the positive trend."

The MBA analysis looks at commercial/multifamily delinquency rates for five of the largest investor-groups: commercial banks and thrifts, commercial mortgage-backed securities (CMBS), life insurance companies, Fannie Mae, and Freddie Mac. Together these groups hold more than 80 percent of commercial/multifamily mortgage debt outstanding.

Based on the unpaid principal balance (UPB) of loans, delinquency rates for each group at the end of the fourth quarter were as follows:

- Banks and thrifts (90 or more days delinquent or in non-accrual): 0.73 percent, a decrease of 0.09 percentage points from the third quarter of 2015;
- Life company portfolios (60 or more days delinquent): 0.04 percent, unchanged from the third quarter of 2015;

- Fannie Mae (60 or more days delinquent): 0.07 percent, an increase of 0.02 percentage points from the third quarter of 2015.
- Freddie Mac (60 or more days delinquent): 0.02 percent, an increase of 0.01 percentage points from third quarter of 2015;
- CMBS (30 or more days delinquent or in REO): 4.73 percent, a decrease of 0.11 percentage points from the third quarter of 2015;

The analysis incorporates the same measures used by each individual investor group to track the performance of their loans. Because each investor group tracks delinquencies in its own way, delinquency rates are not comparable from one group to another.

Construction and development loans are not included in the numbers presented here, but are included in many regulatory definitions of 'commercial real estate' despite the fact they are often backed by single-family residential development projects rather than by office buildings, apartment buildings, shopping centers, or other income-producing properties. The FDIC delinquency rates for bank and thrift held mortgages reported here do include loans backed by owner-occupied commercial properties.

Differences between the delinquencies measures are detailed in Appendix A.

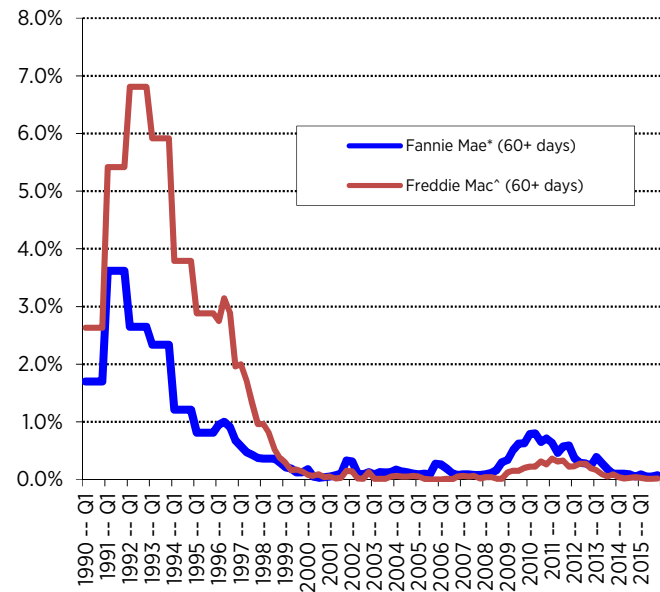
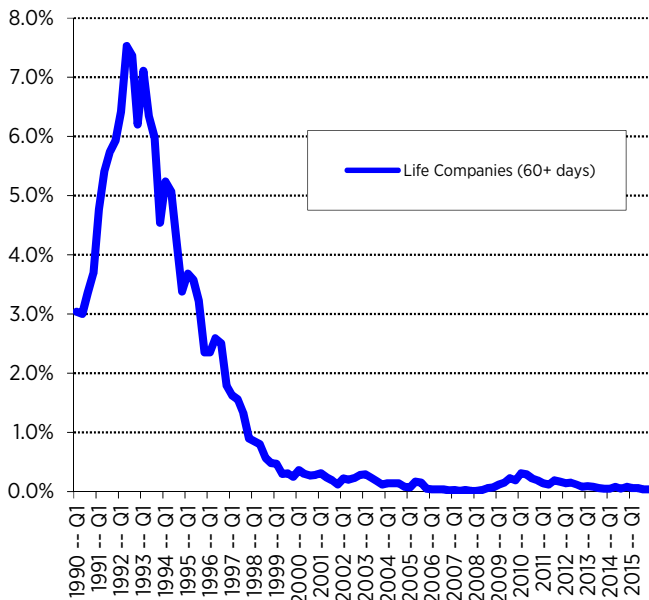
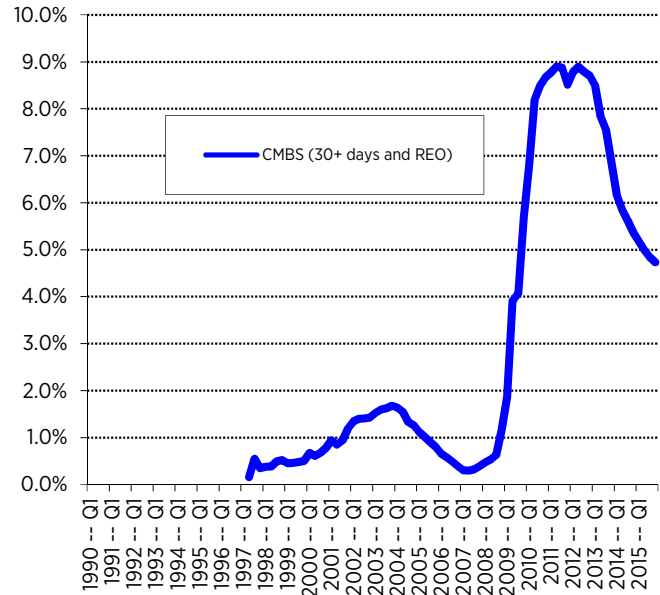
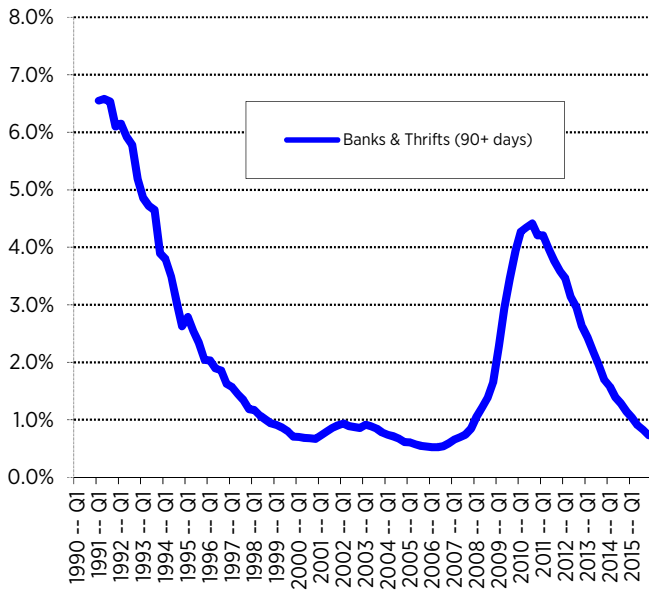
CHART 1. COMMERCIAL/MULTIFAMILY MORTGAGE DELINQUENCY RATES AMONG MAJOR INVESTOR GROUPS



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Selected delinquency rates at the end of the period

NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.



Sources: Wells Fargo Securities, LLC and Intex Solutions, Inc., American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation

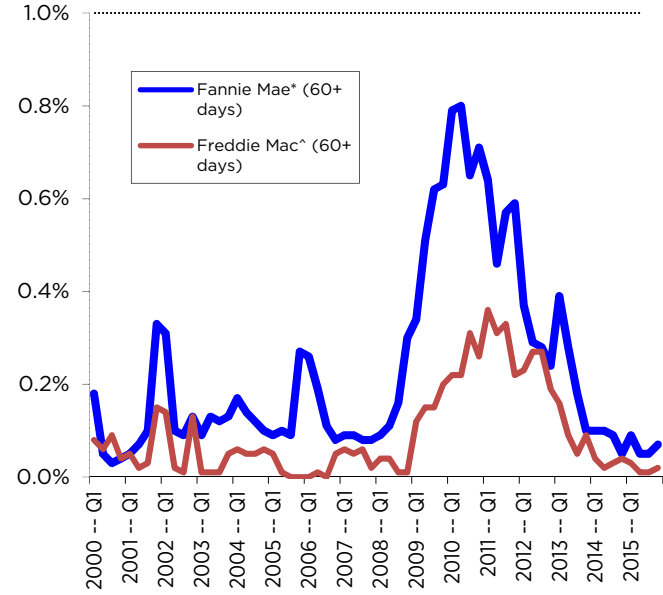
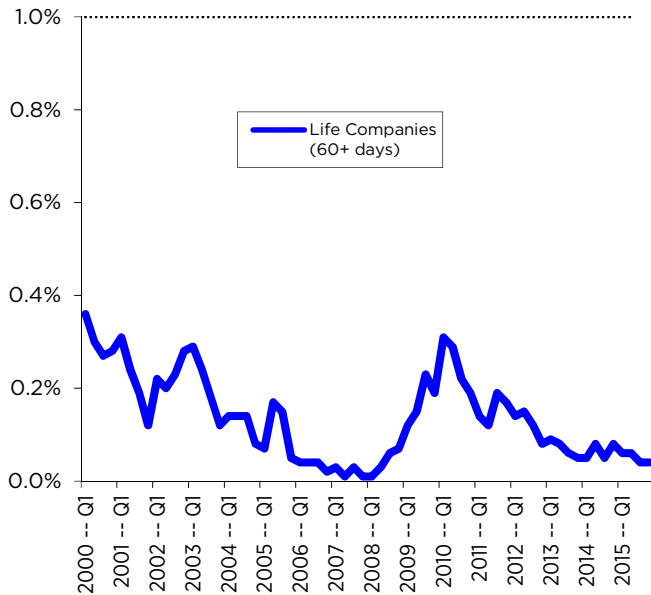
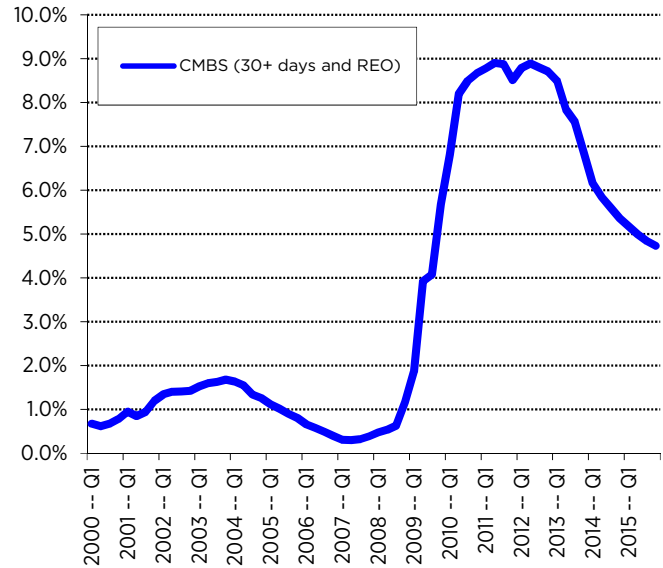
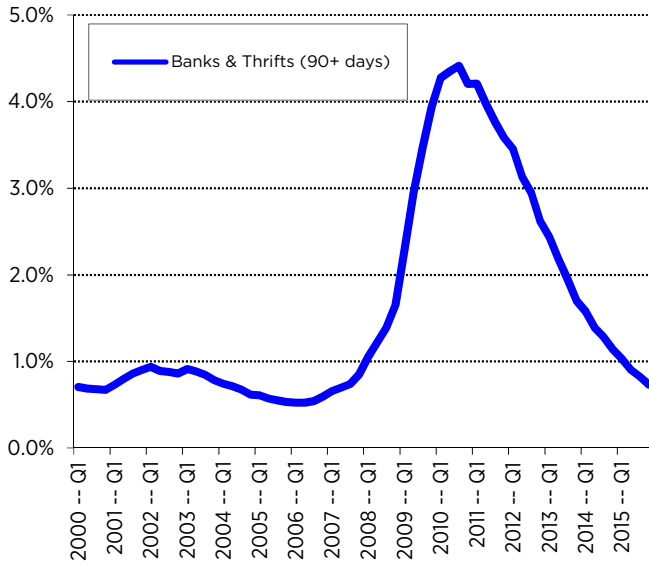
CHART 2. COMMERCIAL/MULTIFAMILY MORTGAGE DELINQUENCY RATES AMONG MAJOR INVESTOR GROUPS, 2000 - PRESENT



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Selected delinquency rates at the end of the period

NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.



Sources: Wells Fargo Securities, LLC and Intex Solutions, Inc., American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation

**COMMERCIAL/MULTIFAMILY MORTGAGE DELINQUENCY RATES
AMONG MAJOR INVESTOR GROUPS**



MORTGAGE BANKERS ASSOCIATION

Selected delinquency rates at the end of the period

NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.

	CMBS (30+ days and REO)	Life Companies (60+ days)	Fannie Mae (60+ days)	Freddie Mac (60+days)	Banks & Thriffs (90+ days)
Year-end					
1998 -- Q4	0.52%	0.48%	0.29%	0.37%	0.93%
1999 -- Q4	0.50%	0.25%	0.12%	0.14%	0.71%
2000 -- Q4	0.78%	0.28%	0.04%	0.04%	0.67%
2001 -- Q4	1.20%	0.12%	0.33%	0.15%	0.90%
2002 -- Q4	1.43%	0.28%	0.13%	0.13%	0.86%
2003 -- Q4	1.68%	0.12%	0.13%	0.05%	0.78%
2004 -- Q4	1.25%	0.08%	0.10%	0.06%	0.62%
2005 -- Q4	0.80%	0.05%	0.27%	0.00%	0.53%
2006 -- Q4	0.39%	0.02%	0.08%	0.05%	0.59%
2007 -- Q4	0.39%	0.01%	0.08%	0.02%	0.85%
2008 -- Q4	1.17%	0.07%	0.30%	0.01%	1.66%
2009 -- Q4	5.68%	0.19%	0.63%	0.20%	3.94%
2010 -- Q4	8.67%	0.19%	0.71%	0.26%	4.21%
2011 -- Q4	8.51%	0.17%	0.59%	0.22%	3.58%
2012 -- Q4	8.71%	0.08%	0.24%	0.19%	2.62%
2013 -- Q4	6.86%	0.05%	0.10%	0.09%	1.70%
2014 -- Q4	5.36%	0.08%	0.05%	0.04%	1.14%
2015 -- Q4	4.73%	0.04%	0.07%	0.02%	0.73%
Quarter-end					
2012 -- Q4	8.71%	0.08%	0.24%	0.19%	2.62%
2013 -- Q1	8.50%	0.09%	0.39%	0.16%	2.43%
2013 -- Q2	7.84%	0.08%	0.28%	0.09%	2.18%
2013 -- Q3	7.56%	0.06%	0.18%	0.05%	1.95%
2013 -- Q4	6.86%	0.05%	0.10%	0.09%	1.70%
2014 -- Q1	6.15%	0.05%	0.10%	0.04%	1.58%
2014 -- Q2	5.84%	0.08%	0.10%	0.02%	1.39%
2014 -- Q3	5.60%	0.05%	0.09%	0.03%	1.28%
2014 -- Q4	5.36%	0.08%	0.05%	0.04%	1.14%
2015 -- Q1	5.17%	0.06%	0.09%	0.03%	1.03%
2015 -- Q2	4.99%	0.06%	0.05%	0.01%	0.90%
2015 -- Q3	4.84%	0.04%	0.05%	0.01%	0.82%
2015 -- Q4	4.73%	0.04%	0.07%	0.02%	0.73%

Sources: Wells Fargo Securities, LLC and Intex Solutions, Inc., American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation.

Note: Differences between the delinquency measures are detailed in Appendix A.

APPENDIX A SOURCES & MEASURES OF DELINQUENCIES

Commercial Mortgage-backed Securities (CMBS)

Source: Wells Fargo Securities, LLC and Intex Solutions, Inc.

The delinquency rate for CMBS loans covers loans 30+ days delinquent, including those in foreclosure, and real estate owned (REO). The CMBS rate is the only one to include REO in either the numerator or the denominator. This series includes all private-label (non-Ginnie Mae, Fannie Mae or Freddie Mac issued) deals that are currently outstanding, including both fixed- and floating-rate deals. In reports released prior to Q3 2011, this series included only deals issued prior to 2009. Beginning with the Q3 2011 release all deals are included regardless of issue date.

Life Companies

Source: American Council of Life Insurers

The delinquency rate for life insurance company loans covers loans 60+ days delinquent, including those in foreclosure, and does not include real estate owned (REO) in either the numerator or the denominator.

Fannie Mae

Source: Fannie Mae Monthly Volume Summary and Office of Federal Housing Enterprise Oversight Annual Reports to Congress

The delinquency rate for multifamily loans either held in portfolio or securitized and guaranteed by the company covers loans 60+ days delinquent, including those in foreclosure, and does not include real estate owned (REO) in either the numerator or the denominator. The company was unable to provide December delinquency figures for the years 2000 to 2004, so the fourth quarter numbers presented for those years are November, rather December, figures. In January 2011, Fannie Mae revised its 2010 monthly multifamily delinquency rates for all periods presented to exclude multifamily borrowers who have entered into a forbearance agreement and are abiding by the terms of the agreement, but had been previously included in the multifamily delinquency rates due to an error.

Freddie Mac

Source: Freddie Mac Monthly Volume Summary and Office of Federal Housing Enterprise Oversight Annual Reports to Congress

The delinquency rate for multifamily loans either held in portfolio or securitized and guaranteed by the company covers loans 60+ days delinquent, including those in foreclosure, and does not include real estate owned (REO) in either the numerator or the denominator. Freddie Mac notes that their delinquency rate “[e]xcludes mortgage loans whose original contractual terms have been modified under an agreement with the borrower as long as the borrower complies with the modified contractual terms.” As an example, after Hurricane Katrina, Freddie Mac modified a number of loans affected by the storms. In May 2010, Freddie Mac returned to reporting multifamily delinquencies as those loans 60+ days delinquent.

FDIC-insured Banks & Thrifts

Source: Federal Deposit Insurance Corporation

The delinquency rate for FDIC banks and thrifts covers loans 90+ days delinquent, including those in foreclosure and in non-accrual status, and does not include real estate owned (REO) in either the numerator or the denominator. The universe of loans covered by this series also includes a large number of “owner-occupied” commercial loans – loans supported by the income of the resident business rather than by rent and lease payments. In a 2007 analysis by MBA of the ten banks with the largest commercial mortgage portfolios, approximately half, in dollar volume, of their commercial (non-multifamily) loan portfolio was comprised of these “owner-occupied” properties.

Data are available for life companies, FDIC-insured banks and thrifts, Fannie Mae and Freddie Mac since 1990 and CMBS since 1997.



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