



# JMBM Global Hospitality Group

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# CMBS Market Overview

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\$550 billion private-label market (not including GSE product)

Averages \$90 billion in originations per year since 2014

Overall issuance since 2000:  
About \$2 trillion

CMBS market serves all major property types:  
Retail, Office, Multifamily, Hotel, Industrial, Self-Storage

# CMBS Market Overview

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Borrowers attracted to higher proceeds, non-recourse features of CMBS loans

Most financing is 5 or 10-year, fixed-rate debt

Average LTVs for CMBS loans 5 to 10 points higher than bank loans

Average CMBS loan size about twice that of the average bank loan

Loans can be as small as \$1 million and as large as \$3 billion

Reporting  
Requirements  
are  
Extensive...

## At Origination

- Historical and underwritten NOI, NCF, Occupancy; Appraised Value and LTV; Top Tenants, Square Footage, Lease Expiration, Rent PSF

## Monthly

- Loan payment status, Watchlist status, Special servicer workout strategy (if applicable)

## Quarterly

- NOI, NCF, DSCR, Occupancy; Top-five tenants, Updated lease exp. dates, Size of lease

## At loan resolution

- Payoff amount, Prepayment penalty, Realized loss

# Comparison of CMBS Market: GFC vs. COVID-19

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## Issuance:

- GFC: No CMBS issuance for 21 months
- COVID: No CMBS issuance for 60 days

## Lending Spreads:

- GFC: AAA spreads as wide as 1500 over Treasuries
- COVID: AAA spreads as wide as 350 over Treasuries

## Open Markets:

- GFC: No lending to any major property types
- COVID: Lending to MF, OF, IN – little to no lending for RT, LO

# Current Status vs. One Year Ago

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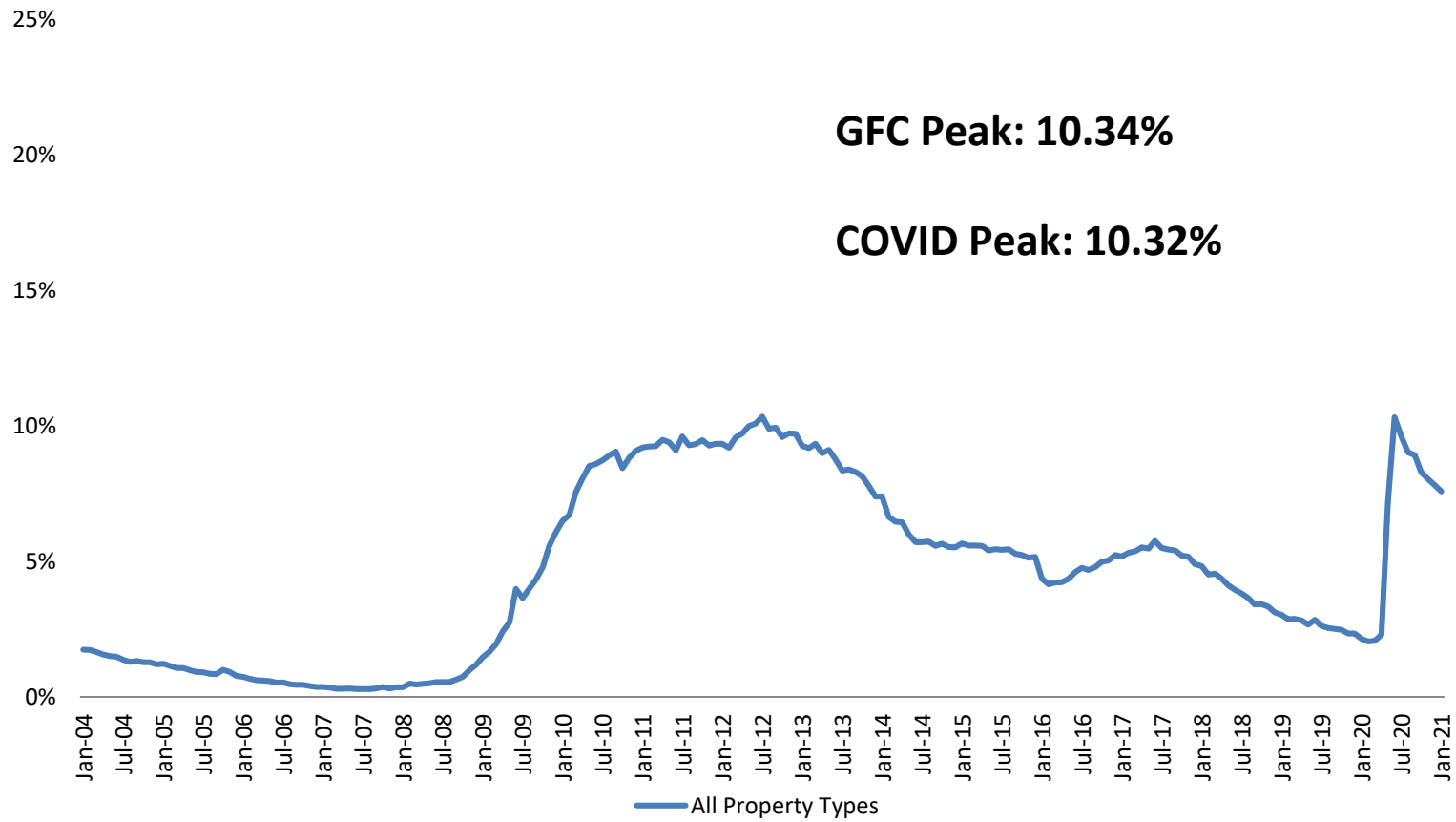
## % of Loans 30+ Days Delinquent

Property Type	Dec-20	Dec-19
Industrial	1.14	1.45
Office	2.18	1.98
Multifamily	2.75	2.00
Retail	12.94	4.42
Lodging	19.80	1.53

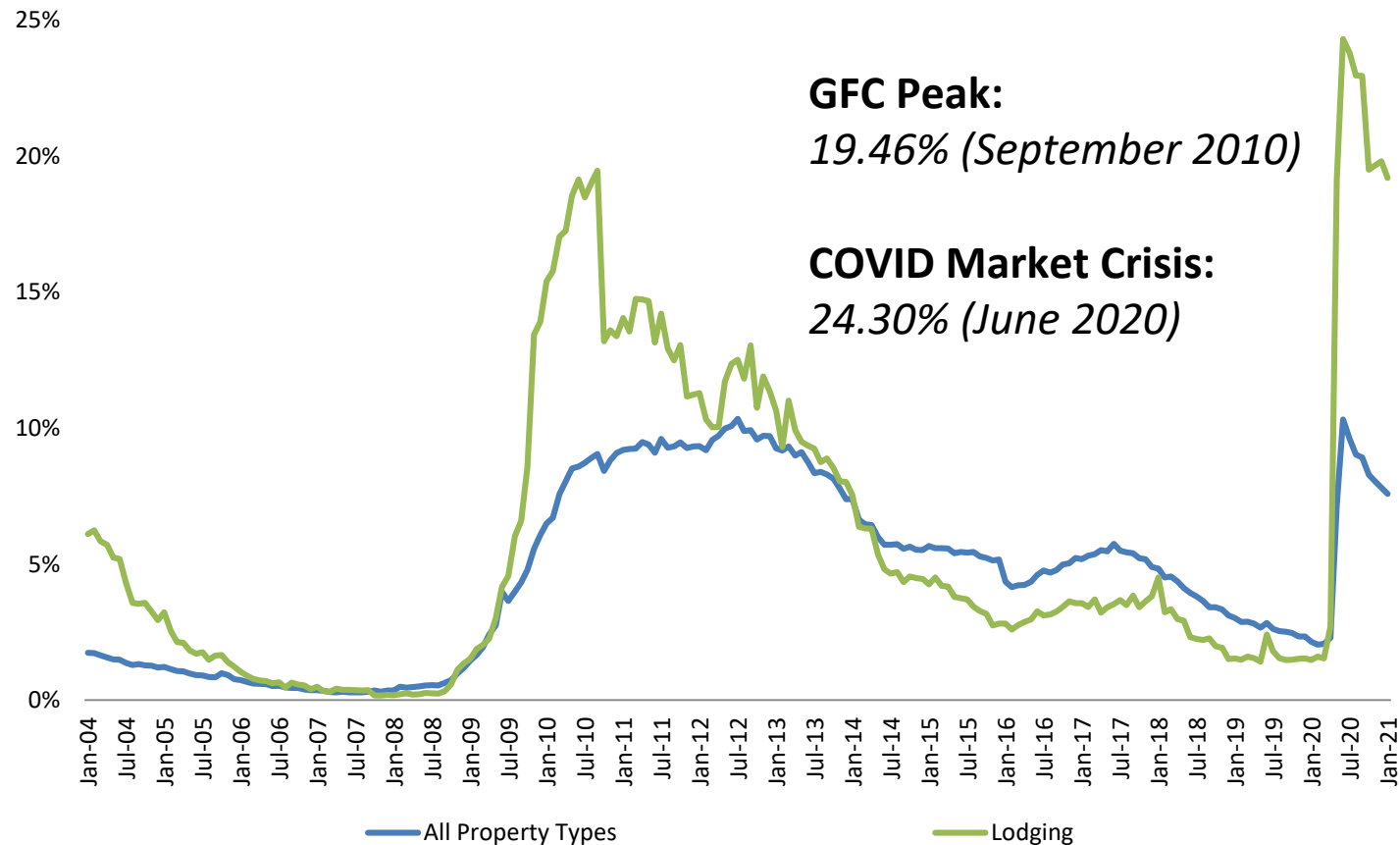
# Overall Delinquency Rate Over Time



## % of Loans 30+ Days Delinquent – Market Aggregate

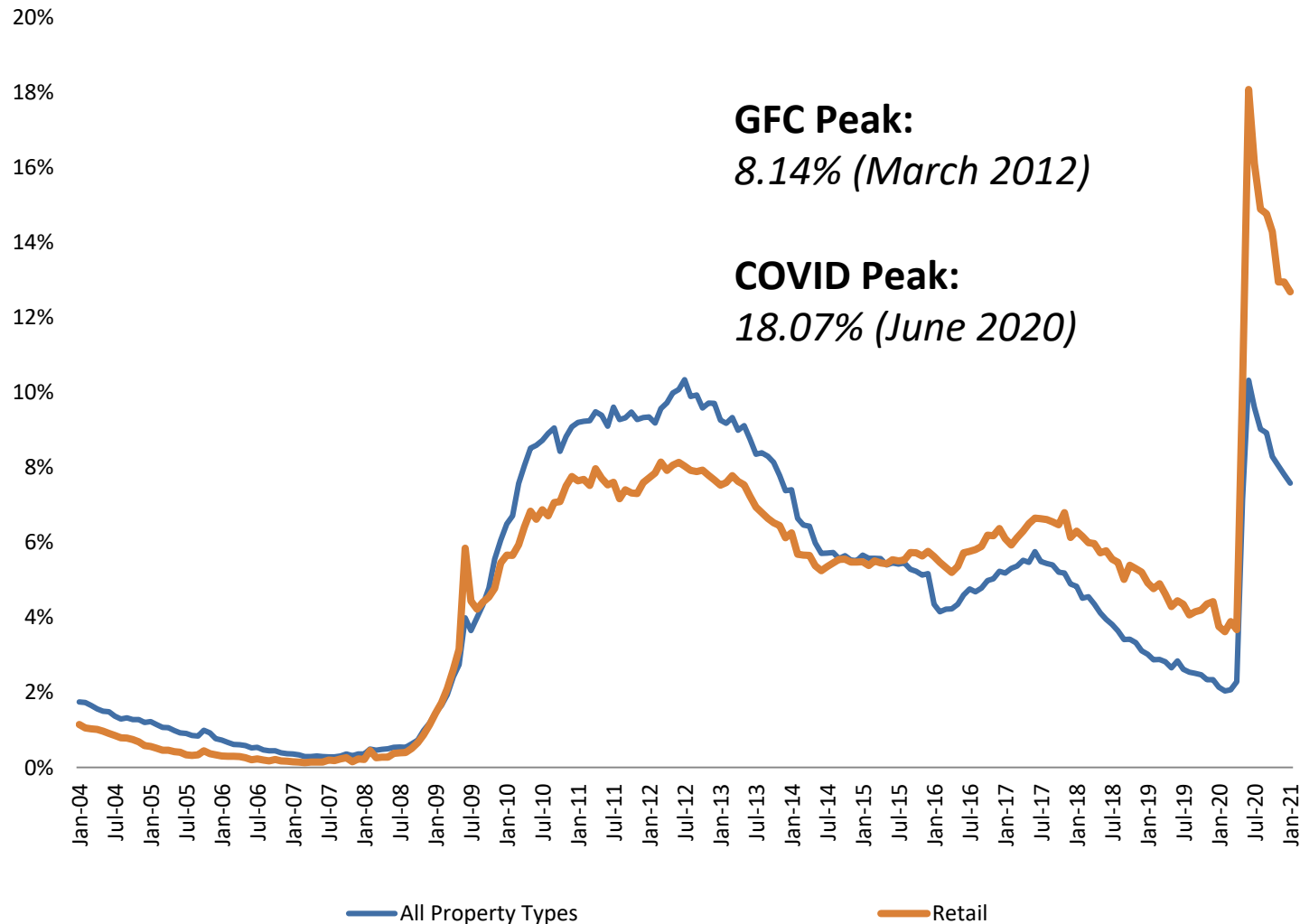


# Delinquency Rate Over Time: Lodging

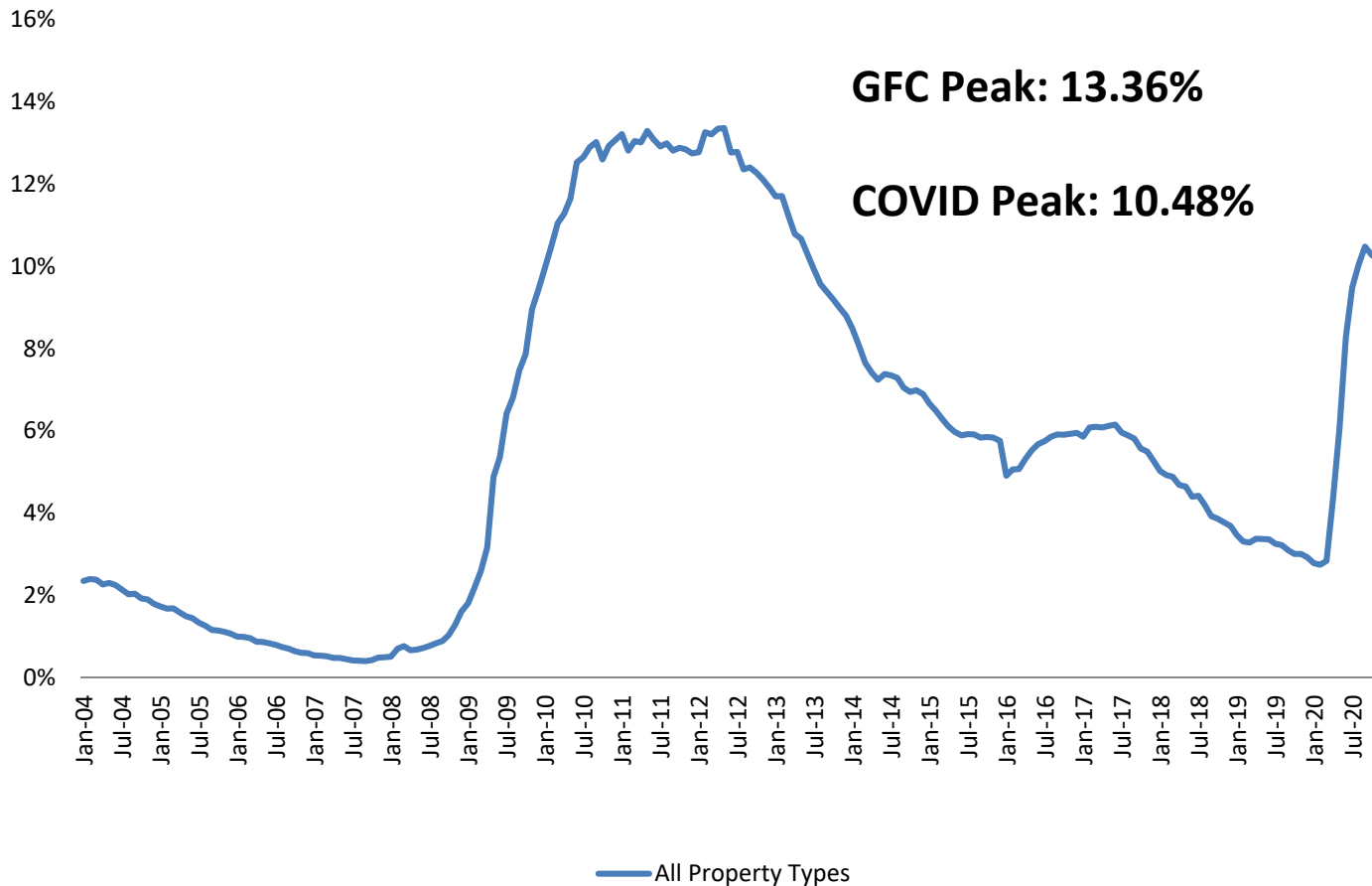




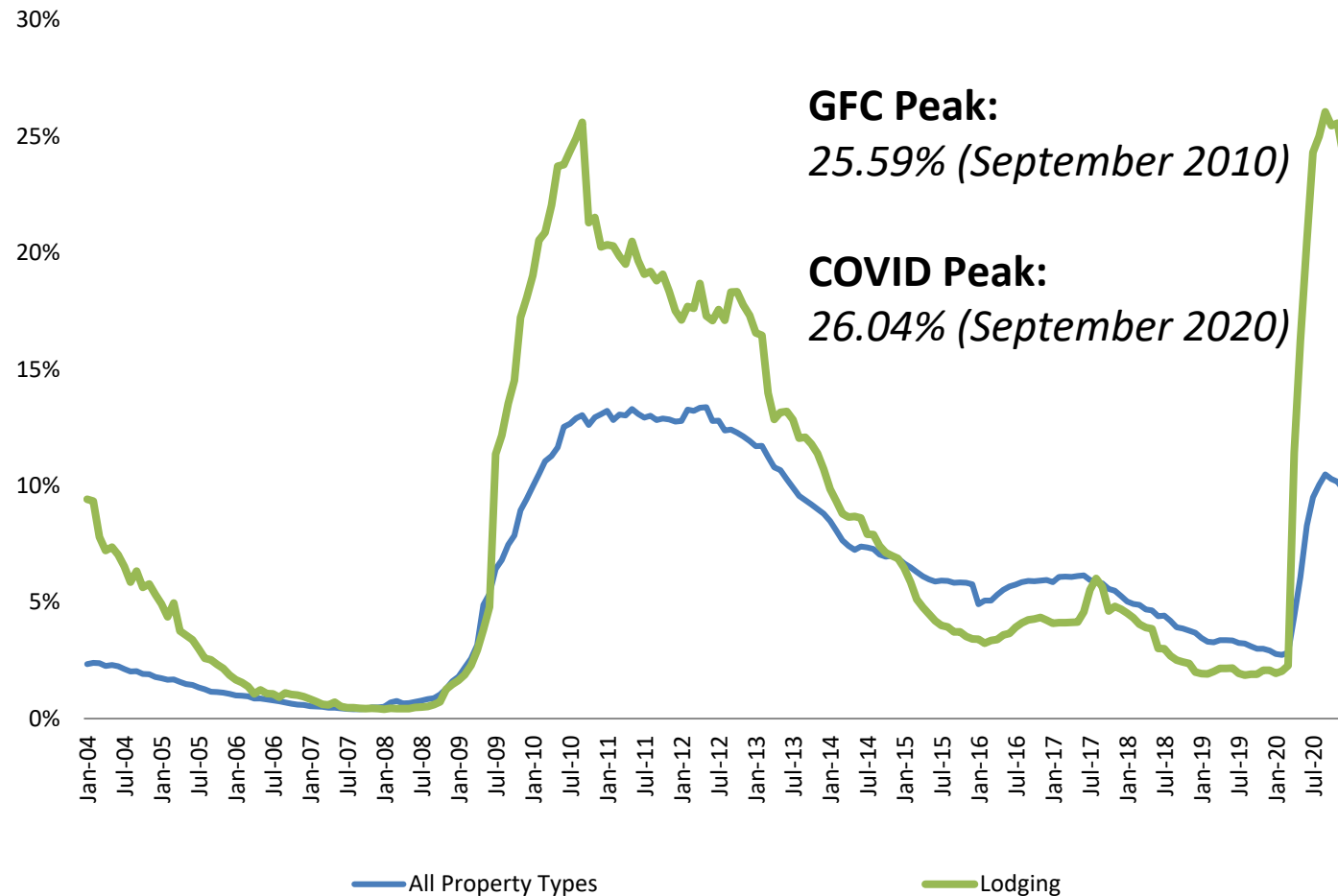
# Delinquency Rate Over Time: Retail



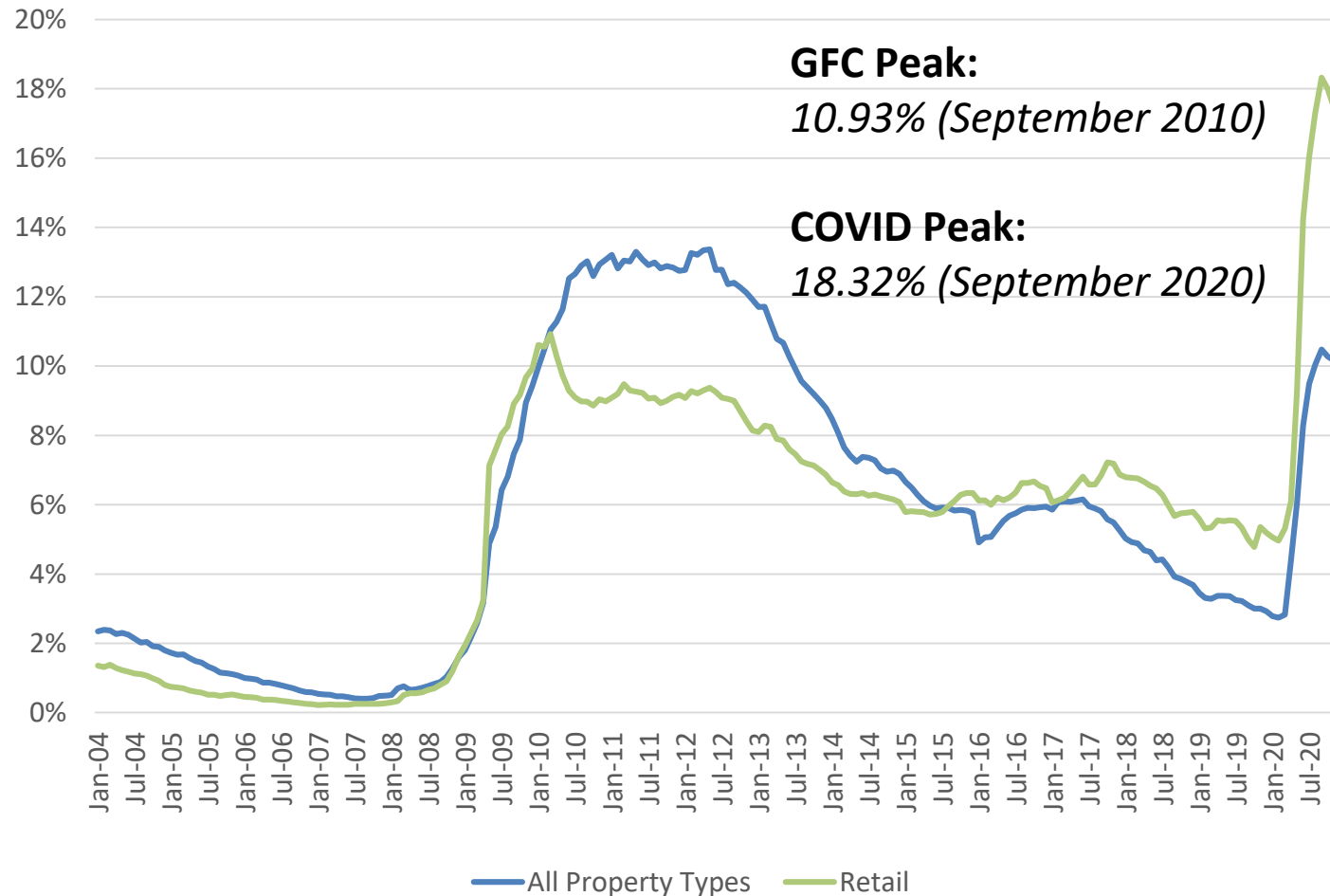
# Overall Special Servicing Rate Over Time



# Special Servicing Rate Over Time: Lodging



# Special Servicing Rate Over Time: Retail



# Property Type Review: Retail

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## Concerns:

- Shopping Malls
- Retailer Bankruptcies
- Lease Rejections
- Store Closings
- Falling Valuations
- Borrowers Giving Back Keys (Jingle Mail)

## Resilience:

- Grocery Anchored
- Outdoor Shopping Centers
- Target/Walmart/Home Depot/Costco-Anchored Properties

# Property Type Review: Lodging

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## Concerns:

- All segments hit hard: Leisure, Business, Conference
- Certain submarkets hit harder than others
  - NYC, Chicago, Houston, Portland
- Most hotels have seen partial year 2020 DSCR < 1.0x
- Lack of financing
- Falling valuations

## Resilience:

- Special servicer accommodations
  - Use of FF&E Reserves
- Distressed capital plentiful – floor under values
- Pent up demand for leisure segment

# Property Type Review: Office / Multifamily

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## Office

- Concerns:
  - Enormous amounts of sublet space in some markets
  - Fraying of co-working market
  - Questions about renewal demand post-COVID

## Multifamily

- Concerns:
  - Rapidly falling occupancy in major cities (NYC, SF)
  - Long-term impact of the Eviction Moratorium
  - Questions about long-term demand for 24-hour cities

# Case Study: Las Vegas Outlet Mall

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## *Fashion Outlets of Las Vegas Sees Disappointing Auction Bid*

- Prizm Outlets Mall (formerly Fashion Outlets of Las Vegas) in Primm, NV Auctioned Via Ten-X
  - REO asset with unpaid balance of \$62.2 million
  - The collateral: 375,000 square feet of mall space
- Property was valued at \$125 million in 2012 when loan was securitized.
- Most recently valued at \$28.2 million in July 2020.
- Top auction bid \$1.5 million (met reserve)
- \$20 million in unpaid advances
- Loss of >100% of loan balance





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