

Real Estate Industry Alerts Tracker - March 5, 2021 Issue

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A green banner with the text "Kelley Drye Real Estate" in white, "INDUSTRY ALERTS" in black below it, and a white arrow pointing to the right.

Kelley Drye Real Estate
INDUSTRY ALERTS

CMBS Delinquency Rate Continues to Decline

Trepp's February Delinquency Report revealed that the Trepp CMBS Delinquency Rate dropped 78 basis points in February to 6.8%, representing the largest decline over the past eight months. Overall, more than 93% of loans are listed as current. The percentage of loans that are between 30 and 60 days delinquent decreased by 16 basis points from January to 0.58%. The percentage of loans in or beyond grace period also declined to 2.3%, which represents a 77 basis point decline from January. Overall, the percentage of loans in special servicing continued to decline, from 9.72% to 9.60%. The hardest hit sectors, lodging and retail, showed slight improvement in terms of loans in special servicing.

A copy of the report may be found [here](#).

Federal Judge in Texas Strikes Down CDC Eviction Moratorium

In a 21-page ruling, U.S. District Court Judge Barker found in favor of a group of landlords and property managers who alleged that the Center for Disease Control (CDC) exceeded the federal government's authority in issuing, and then extending, the federal eviction moratorium. Judge Barker found that the federal government did not have the authority under the U.S. Constitution to order property owners not to evict specific tenants or to grant such power to the CDC. While the ruling does not affect eviction moratoriums issued by individual states, Judge Barker did note that such mandates could also encroach on landlords' rights under state law. An appeal to the U.S. Court of Appeals for the 5th Circuit is expected.

Additional information may be found [here](#).

Commercial Real Estate Price Growth in January

A new report from Real Capital Analytics found that commercial real estate prices continued to

accelerate in January, 2021, while deal volume declined from highs in December, 2020. The US National All-Property Index rose 1.2% from December, 2020 and 6.9% from last year. Office prices, driven by suburban offices, increased 3.3% year-over-year in January. Multifamily price increases were near 7%, but pricing was still below the prices posted in 2018. Transaction volume decreased considerably in January, down 58% in year-over-year transaction volume after record activity in December where volume had increased 8% year-over-year.

Additional information may be found [here](#) and [here](#).

U.S. Shopping Mall Values Plunged During the Pandemic

Data compiled by Bloomberg revealed that U.S. shopping mall values plunged an average of 60% based on reappraisals that were triggered by delinquencies, defaults or foreclosures, with \$4 billion in value lost from 118 retail-anchored properties with CMBS loans. While sale prices for the few malls that sold last year were down just 1.8% from January, 2020, according to data from Real Capital Analytics Inc., the modest decline is attributable to the fact that most of the properties sold were high-quality projects.

Additional information may be found [here](#).

HSBC Plans to Reduce Office Space Post-Pandemic

HSBC announced plans to reduce its physical office space (not including its branch network) worldwide by 40% in the future. HSBC's chief executive, Noel Quinn, acknowledged that as a result of the pandemic, the bank would be moving to a more hybrid model that would create a more "agile way of working." Its chief financial officer, Ewan Stevenson, indicated that the cost savings from reducing office space would be material, and that the bank hopes to reduce costs by \$4.5 billion by 2022.

Additional information may be found [here](#).