

**RESEARCH**

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## WeWork CMBS Exposure Update

Given WeWork's recent financial challenges, we revisited the company's exposure to current and prior CMBS deals. Since 2013, WeWork has been included as a loan in CMBS deals. Its exposure as a tenant in CMBS deals increased through 2019, then decreased until 2021 which had exposure to WeWork through the \$505M SASB deal VASA 2021-VASA.

Vintage	WeWork Exposure (\$)	No. of Deals
2013	\$ 16,065,994	2
2014	\$ 61,214,856	3
2015	\$ 52,215,073	5
2016	\$ 263,373,131	8
2017	\$ 131,264,154	9
2018	\$ 164,110,229	7
2019	\$ 528,221,094	18
2021	\$ 598,076,697	6
2022	\$ 214,970,996	9
2023	\$ 24,826,045	7

Source: Moody's Analytics CMBS data

\*WeWork Exposure is calculated by multiplying the percent of the net usable square footage occupied by WeWork and the initial loan balance

Prior to its August 2019 IPO attempt, WeWork was listed as a tenant in 39 properties. Today, the company is listed as a tenant in 32 properties (and 32 loans), and WeWork's concentration in the rent roll of new CRE loans is much smaller. For instance, the average percent of square footage occupied by WeWork in properties with loans originated in 2019 was 35.9% compared to 11.2% for loans in 2023. WeWork's strategic downsizing has led to the loss of their tenancy in several notable properties. Among those with significant exposure are 'The Tower at Burbank', which carries a \$195 million loan that was originated in 2019. The property continues to perform even after WeWork's late 2022 lease termination. This compares to the \$160 million, 2017 vintage loan on 'Park Square' in Boston whose loan is currently on the master servicer's watchlist with a 51% occupancy after WeWork terminated in June 2023.

Currently, the greatest concentration of WeWork's remaining CMBS exposures lies in New York Metro Area and San Francisco Bay Area, the center of WeWork's operations. San Francisco, in particular, has significant challenges of late, as Moody's Analytics CRE Thought Leadership team discussed in their June 23rd Weekly Update, [CRE Exposure to San Francisco is a Growing Concern](#).

The five properties with the largest exposures to WeWork as a tenant are below:

Property Name	Location	Valuation	Value Date	Loan Balance	WeWork Exposure*	Total Occupancy	WeWork Occupancy	Deals	Loan Performing
The Village at San Antonio Center	Mountain View, CA	\$ 640,000,000	2/24/2021	\$ 505,600,000	\$414,071,935	92%	82%	VASA 2021-VASA	Yes
8 TIMES SQUARE & 1460 BROADWAY	New York NY	\$ 360,000,000	10/1/2016	\$ 200,000,000	\$166,296,695	100%	83%	CD 2016-CD2 CD 2017-CD3 CGCMT 2016-P6	Yes
600 CALIFORNIA ST	San Francisco, CA	\$ 183,000,000	4/25/2023	\$ 240,000,000	\$124,127,008	88%	52%	GSCG 2019-600C	No
315 W 36TH STREET	New York NY	\$ 127,000,000	1/22/2018	\$ 77,000,000	\$ 71,846,962	95%	93%	COMM 2018-COR3 BMARK 2018-B3	No
57 EAST 11TH STREET	New York NY	\$ 76,000,000	1/29/2019	\$ 55,000,000	\$ 55,000,000	100%	100%	BMARK 2019-B11 GSMS 2019-GC39 GSMS 2019-GC40	Yes
79 Madison Avenue	New York NY	\$ 190,000,000	11/1/2015	\$ 85,000,000	\$ 41,453,332	68%	49%	CGCMT 2016-GC37 CGCMT 2016-P3	Yes

Source: Moody's Analytics CMBS data

\*WeWork Exposure is calculated by multiplying the percent of the net usable square footage occupied by WeWork and the initial loan balance

Of the remaining twenty-seven properties, five of them are non-performing including 385 Fifth Avenue in New York, Tower Place in Atlanta, and 81 Prospect Street in Brooklyn which is a part of the DUMBO Heights Portfolio loan. Those three loans reached maturity in June, July, and September, respectively, yet failed to pay off. The Manhattan in Washington DC (maturity in August 2027) is in special servicing, but currently performing. Additionally, eight properties are on the watchlist – chief among them 79 Madison Avenue (maturity in January 2026), 214 West 29th Street in New York (maturity in July 2029), and The Moonwater Office out of Las Vegas (maturity in January 2032).

Today's CMBS exposure to WeWork's restructuring is more digestible for the market than that its exposure 2019. Yet, the environment for office tenants and properties has become more challenging. We are not aware of any loan with a WeWork tenancy suffering a loss to date. However, we expect losses going forward regardless of the path of WeWork, such as 600 California Street where the current LTV is at slightly over 131%. Recoveries will be related to market conditions for office space, especially in NYC and San Francisco.

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