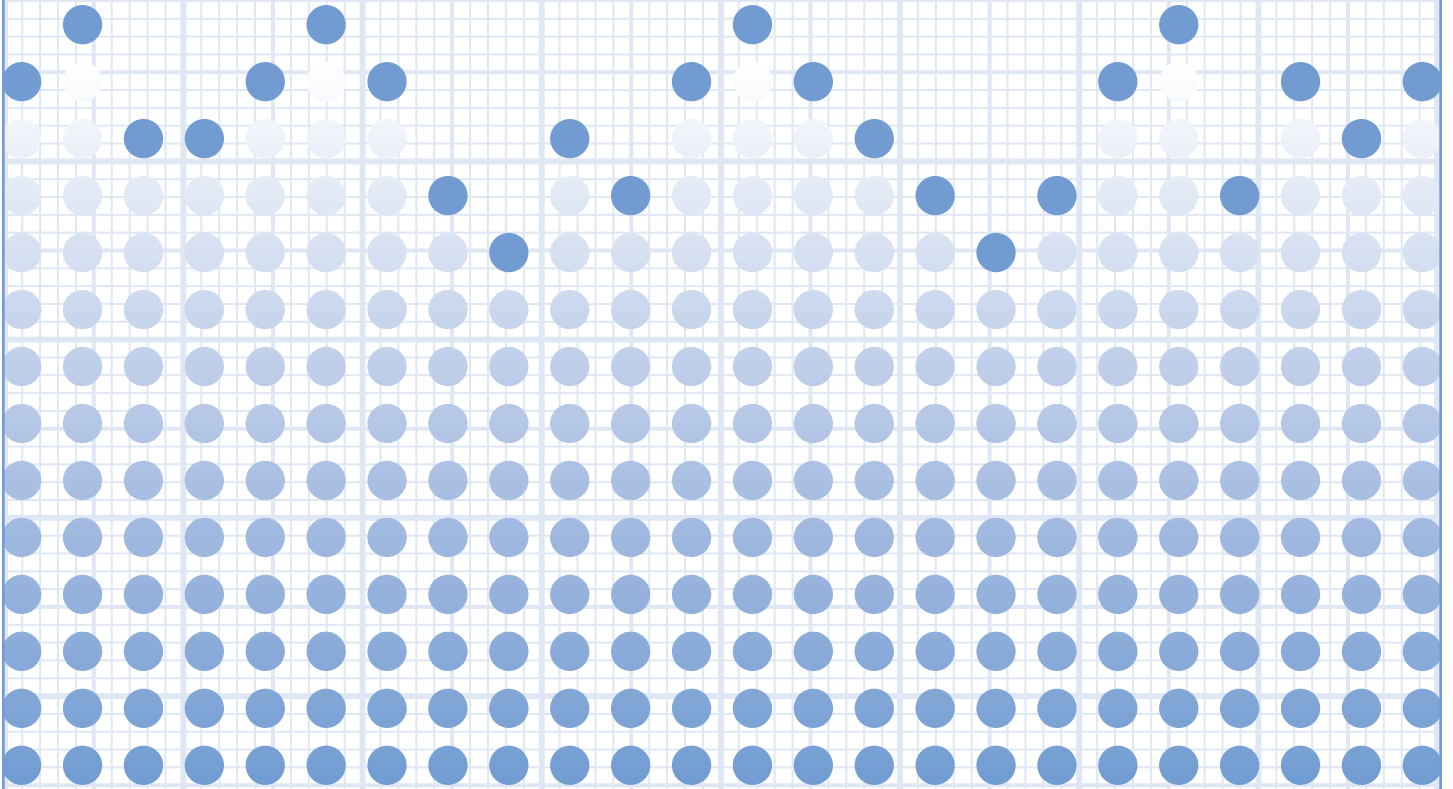


# MBA COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING

SECOND QUARTER 2007



*Commercial/Multifamily Mortgage Debt Outstanding*  
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MBA COMMERCIAL/MULTIFAMILY  
**MORTGAGE DEBT  
OUTSTANDING**



# Commercial/Multifamily Mortgage Debt Outstanding

*Second Quarter 2007*

The level of commercial/multifamily mortgage debt outstanding grew by 3.4 percent in the second quarter, exceeding \$3.1 trillion, according to the Mortgage Bankers Association (MBA) analysis of the Federal Reserve Board Flow of Funds data.

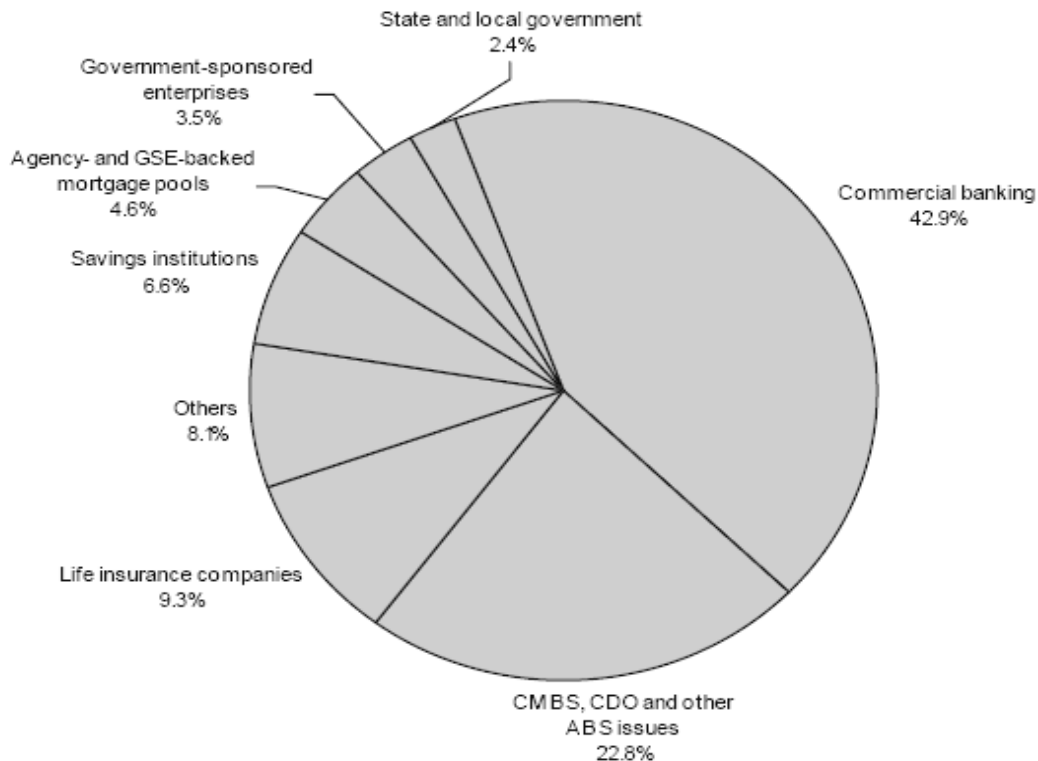
The \$3.121 trillion in commercial/multifamily mortgage debt outstanding recorded by the Federal Reserve was an increase of \$103.8 billion from the first quarter 2007. Multifamily mortgage debt outstanding grew to \$778 billion, an increase of \$16.1 billion or 2.1 percent from the first quarter.

"These numbers reflect the period preceding the recent changes in the credit markets, and show investors continued to invest heavily in commercial/multifamily mortgage debt during the second quarter," said Jamie Woodwell, Senior Director

Commercial/Multifamily Research "And while next quarter's numbers are likely to show the impact of the recent market disruptions, commercial/multifamily fundamentals remain strong – property markets remain solid, loan delinquency rates are extremely low, and bonds backed by commercial real estate loans continue to perform well."

The Federal Reserve Flow of Funds data summarizes the holding of loans or, if the loans are securitized, the form of the security. For example, many life insurance companies invest both in whole loans for which they hold the mortgage note (and which appear in this data under Life Insurance Companies) and in commercial mortgage-backed securities (CMBS), collateralized debt obligations (CDOs) and other asset backed securities (ABS) for which the security issuers and trustees hold

**Commercial Multifamily Mortgage Debt Outstanding**  
*By Investor Group, Second Quarter 2007*



the note (and which appear here under CMBS, CDO and other ABS issuers).

Commercial banks continue to hold the largest share of commercial/multifamily mortgages, \$1.34 trillion, or 43 percent of the total. Many of the commercial mortgage loans reported by commercial banks however, are actually "commercial and industrial" loans to which a piece of commercial property has been pledged as collateral. It is the borrower's business income - not the income derived from the property's rents and leases - that drives the underwriting, pricing and performance of these loans. A recent *MBA Research PolicyNote* found that among the top 10 commercial real estate bank lenders, 48 percent of their aggregate balance of commercial (non-multifamily) real estate loans were related to owner-occupied properties.

Since the other loans reported here are generally income property loans, meaning that the income primarily comes from rents, the commercial bank numbers are not comparable.

CMBS, CDO and other ABS issues are the second largest holders of commercial/multifamily mortgages, holding \$710 billion, or 23 percent of the total. Life insurance companies hold \$289 billion, or 9 percent of the total, and savings institutions hold \$207 billion, or 7 percent of the total. Government Sponsored Enterprises (GSEs) and Agency- and GSE- backed mortgage pools, including Fannie Mae, Freddie Mac and Ginnie Mae, hold \$142 billion in multifamily loans that support the mortgage-backed securities they issue and an additional \$108 billion "whole" loans in their own portfolios, for a total share of 8 percent of outstanding commercial/multifamily mortgages. (As noted above, many life insurance companies, banks and the GSEs also purchase and hold a large number of CMBS, CDO and other ABS issues. These loans appear in the CMBS, CDO and other ABS category referenced above.)

## MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Looking just at multifamily mortgages, the GSEs and Ginnie Mae hold the largest share of multifamily mortgages, with \$142 billion in federally related mortgage pools and \$108 billion in their own portfolios - 32 percent of the total multifamily debt outstanding. They are followed by commercial banks with \$161 billion, or 21 percent of the total; CMBS, CDO and other ABS issuers with \$116 billion, or 15 percent of the total; savings institutions with \$93 billion, or 12 percent of the total; state and local governments with \$62 billion, or 8 percent of the total; and life insurance companies with \$45 billion, or 6 percent of the total.

## CHANGES IN COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING

In the second quarter of 2007, CMBS, CDO and other ABS issues saw the largest increase in dollar terms in their holdings of commercial/multifamily mortgage debt - an increase of \$49 billion, or 7.5 percent, which represents 48 percent of the total \$104 billion increase. Commercial banks increased their holdings of commercial/multifamily mortgages by \$36 billion, or 3 percent - representing 35 percent of the net increase in commercial/multifamily mortgage debt outstanding.

In percentage terms, other insurance companies saw the biggest increase in their holdings of commercial/multifamily mortgages - a jump of 14 percent, while all sectors saw an increase this quarter.

## CHANGES IN MULTIFAMILY MORTGAGE DEBT OUTSTANDING

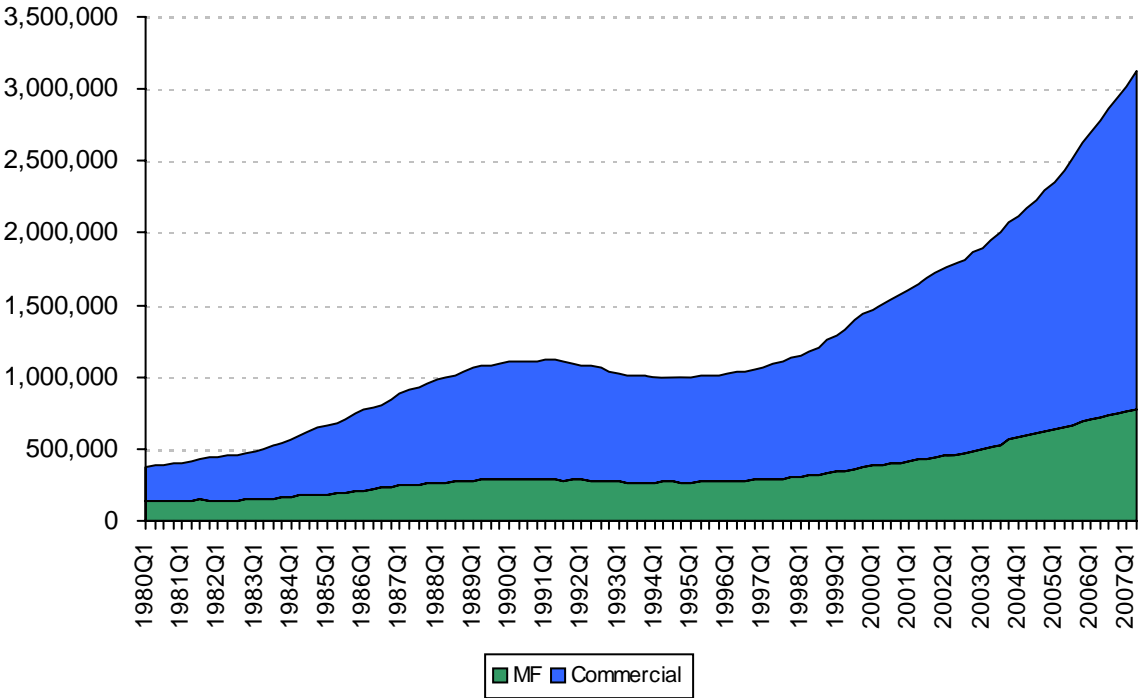
The \$16 billion increase in multifamily mortgage debt outstanding between the first quarter 2007 and second quarter 2007 represents a 2.1 percent increase. In dollar terms, CMBS, CDO and other ABS issuers saw the largest increase in their holdings of multifamily mortgage debt - an increase of \$8.4 billion, or 8 percent, which represents 52 percent of the total increase. Agency and GSE backed mortgage pools increased their

holdings of multifamily mortgage debt by \$3.3 billion, or 2.4 percent.

In percentage terms, CMBS, CDO and other ABS issues recorded the biggest increase in their holdings of multifamily mortgages, 8 percent, while savings institutions and finance companies saw the biggest drop, - 1.1 percent.

**COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING**

Total Commercial and Multifamily Mortgage Debt Outstanding, by Quarter  
(\$millions)



Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## QUARTERLY COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Commercial and Multifamily Mortgage Debt Outstanding, by Sector

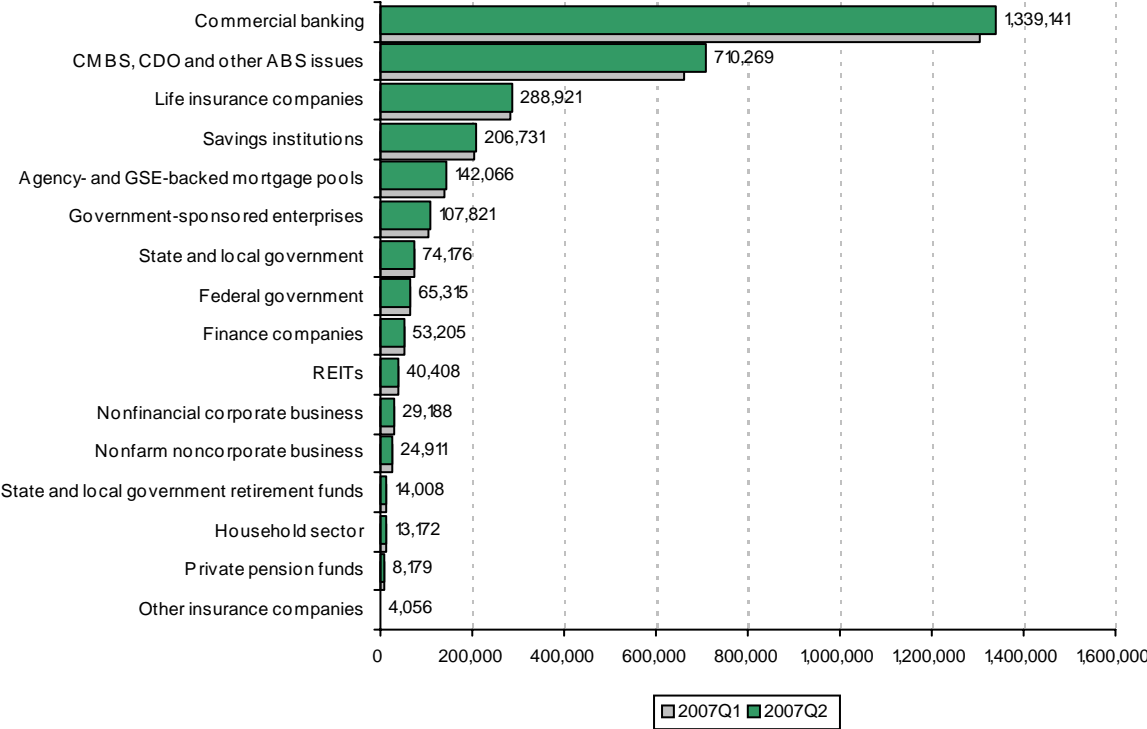


	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2007 Q2		2007 Q1		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Commercial banking	1,339,141	42.9%	1,302,924	43.2%	36,217	2.8%	34.9%
CMBS, CDO and other ABS issues	710,269	22.8%	660,772	21.9%	49,497	7.5%	47.7%
Life insurance companies	288,921	9.3%	283,663	9.4%	5,258	1.9%	5.1%
Savings institutions	206,731	6.6%	205,021	6.8%	1,710	0.8%	1.6%
Agency- and GSE-backed mortgage pools	142,066	4.6%	138,798	4.6%	3,268	2.4%	3.1%
Government-sponsored enterprises	107,821	3.5%	106,502	3.5%	1,319	1.2%	1.3%
State and local government	74,176	2.4%	72,659	2.4%	1,517	2.1%	1.5%
Federal government	65,315	2.1%	64,607	2.1%	708	1.1%	0.7%
Finance companies	53,205	1.7%	52,481	1.7%	724	1.4%	0.7%
REITs	40,408	1.3%	38,929	1.3%	1,479	3.8%	1.4%
Nonfinancial corporate business	29,188	0.9%	28,932	1.0%	256	0.9%	0.2%
Nonfarm noncorporate business	24,911	0.8%	24,243	0.8%	668	2.8%	0.6%
State and local government retirement funds	14,008	0.4%	13,627	0.5%	381	2.8%	0.4%
Household sector	13,172	0.4%	12,979	0.4%	193	1.5%	0.2%
Private pension funds	8,179	0.3%	8,032	0.3%	147	1.8%	0.1%
Other insurance companies	4,056	0.1%	3,558	0.1%	498	14.0%	0.5%
<b>TOTAL</b>	<b>3,121,567</b>		<b>3,017,727</b>		<b>103,840</b>	<b>3.4%</b>	

Source: Flow of Funds Accounts, Federal Reserve Board of Governors

**COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING**

Total Commercial and Multifamily Mortgage Debt Outstanding, by Sector  
 (\$millions)

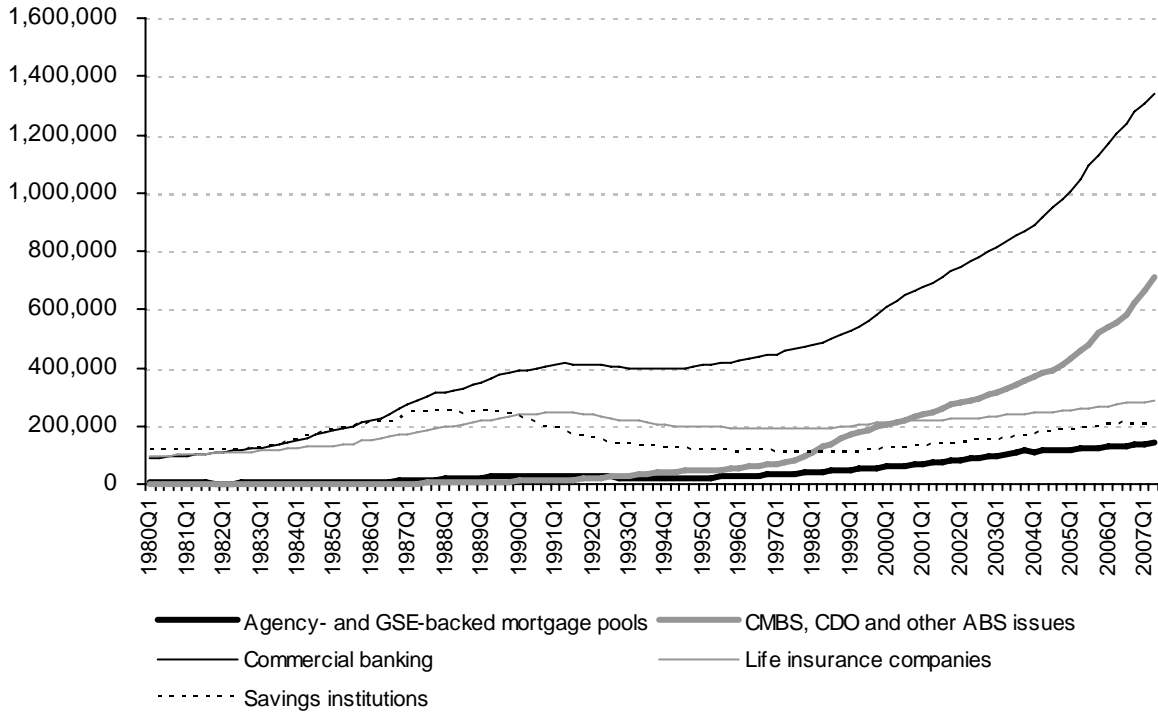


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

**COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING**

Total Commercial and Multifamily Mortgage Debt Outstanding,  
by Selected Sector by Quarter

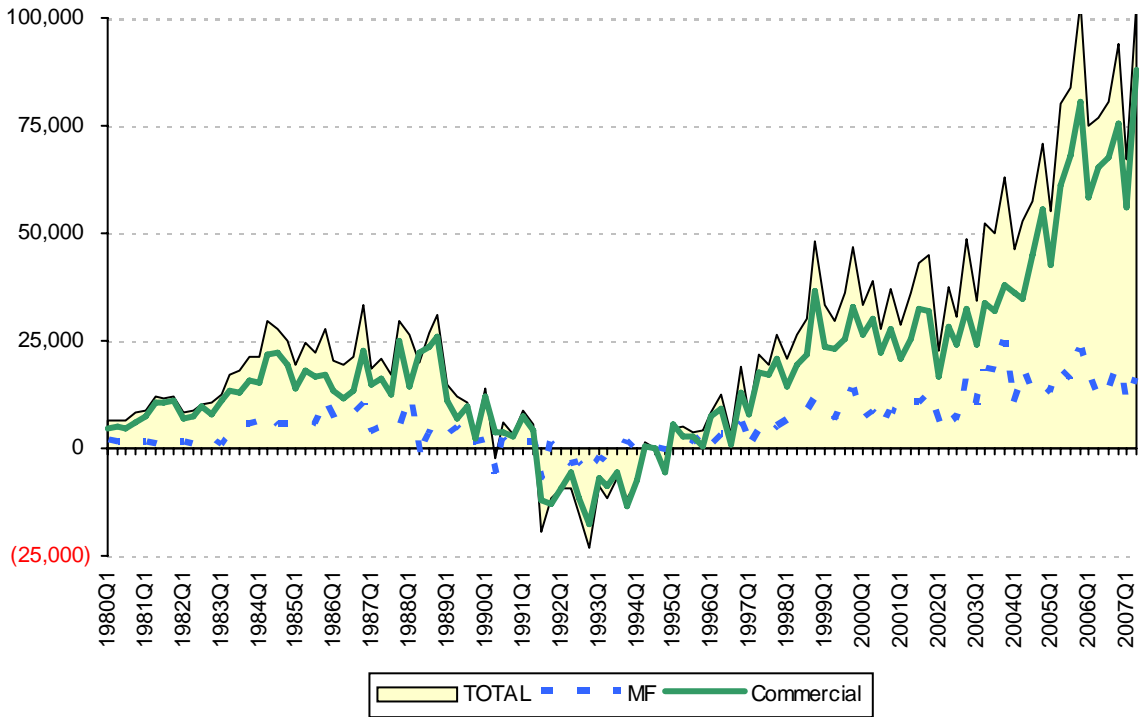
(\$millions)



Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

Net Change in Commercial and Multifamily Mortgage Debt Outstanding, by Quarter  
 (\$millions)

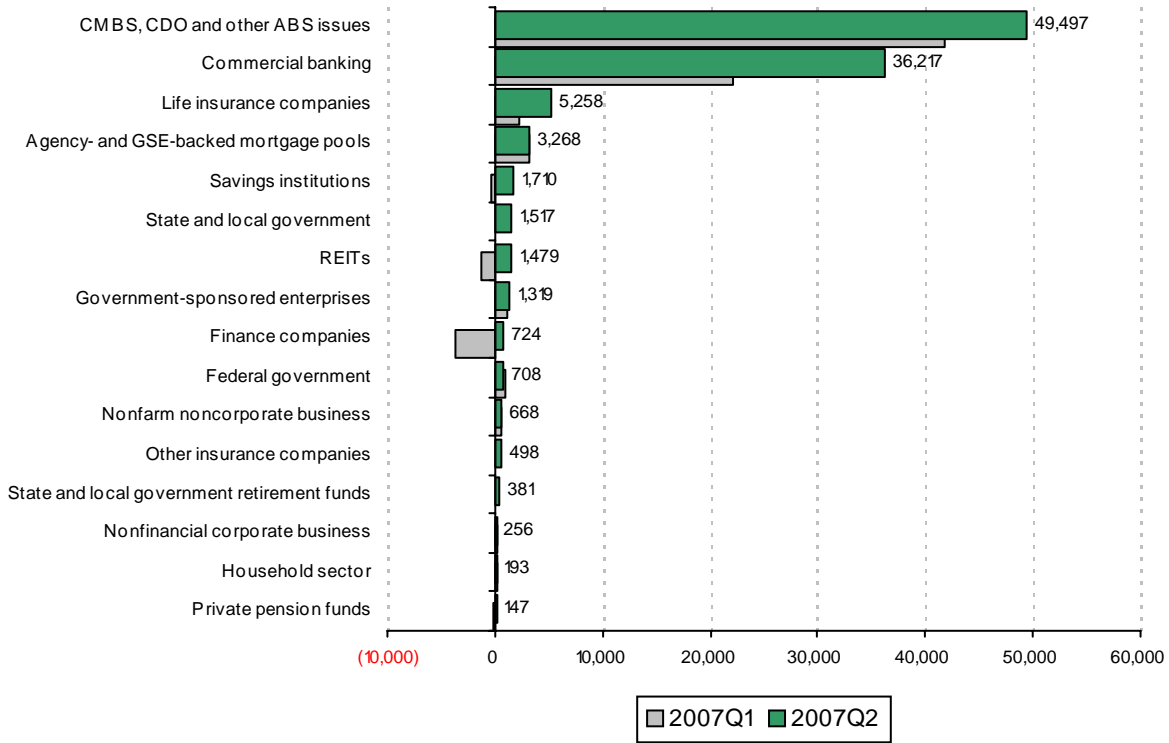


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

Net Change in Commercial and Multifamily Mortgage Debt Outstanding, by Sector

(\$millions)



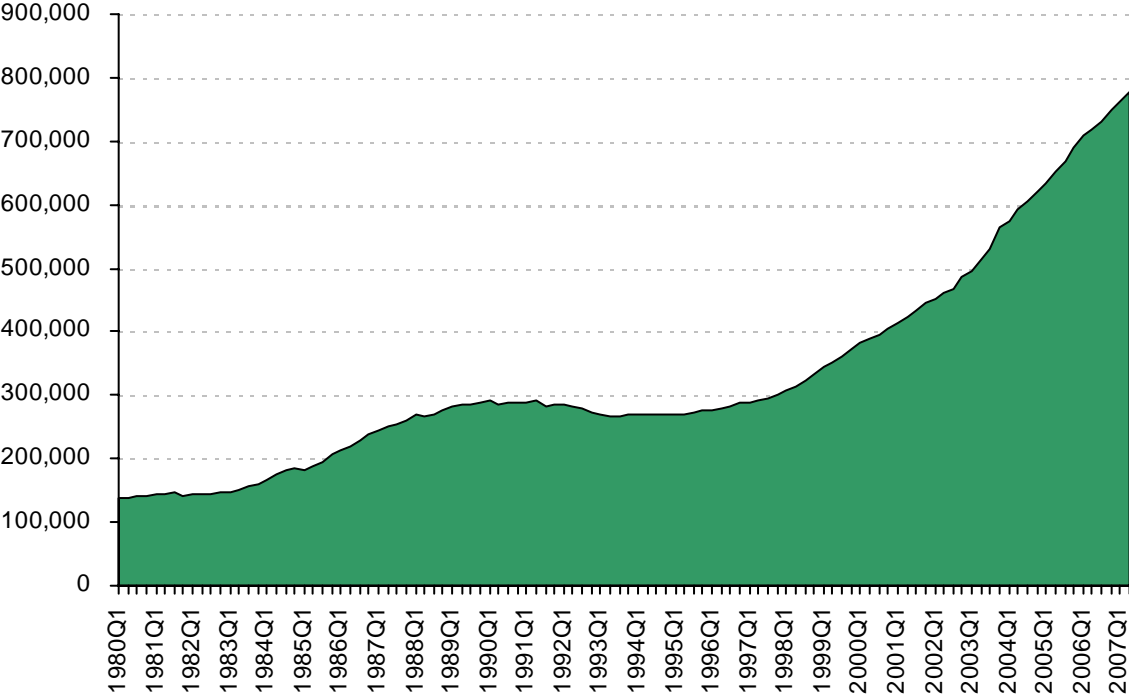
Source: Flow of Funds Accounts, Federal Reserve Board of Governors



## MULTIFAMILY MORTGAGE DEBT OUTSTANDING

**MULTIFAMILY MORTGAGE DEBT OUTSTANDING**

Total Multifamily Mortgage Debt Outstanding, by Quarter  
(\$millions)



Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## QUARTERLY MULTIFAMILY MORTGAGE DEBT OUTSTANDING

### Multifamily Mortgage Debt Outstanding, by Sector



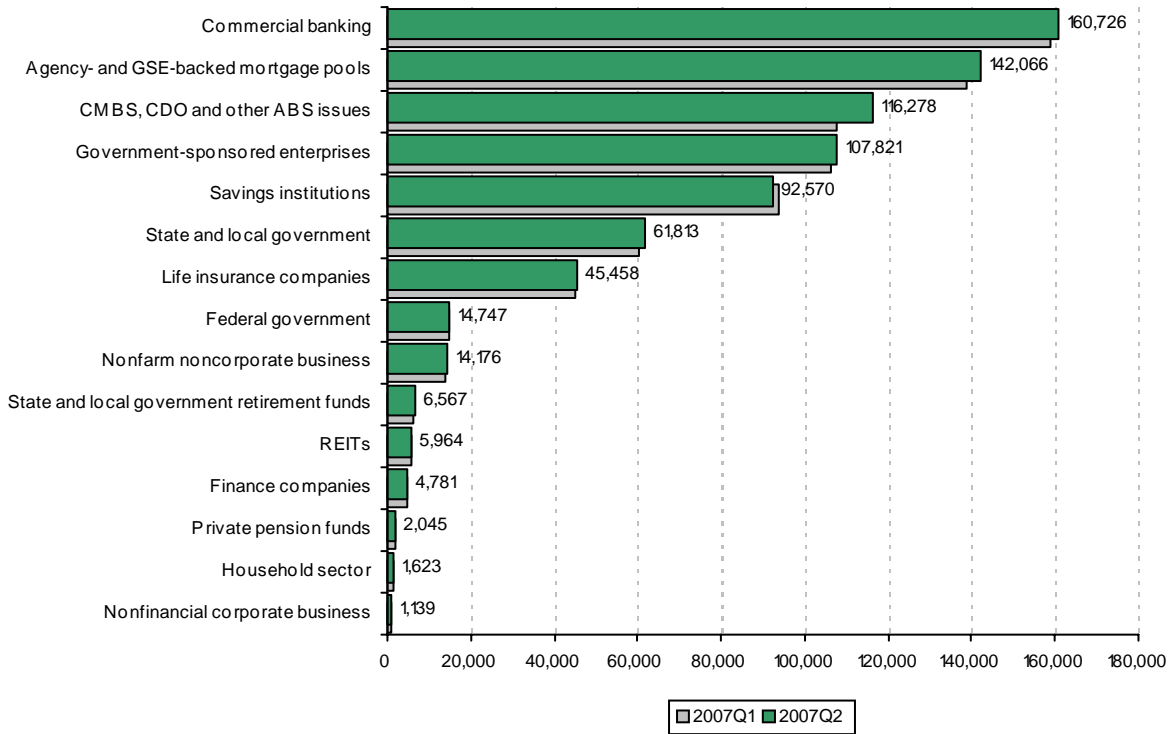
	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2007 Q2		2007 Q1		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Commercial banking	160,726	20.7%	159,042	20.9%	1,684	1.1%	10.5%
Agency- and GSE-backed mortgage pools	142,066	18.3%	138,798	18.2%	3,268	2.4%	20.3%
Government-sponsored enterprises	107,821	13.9%	106,502	14.0%	1,319	1.2%	8.2%
CMBS, CDO and other ABS issues	116,278	15.0%	107,877	14.2%	8,401	7.8%	52.3%
Savings institutions	92,570	11.9%	93,627	12.3%	-1,057	-1.1%	-6.6%
State and local government	61,813	7.9%	60,549	7.9%	1,264	2.1%	7.9%
Life insurance companies	45,458	5.8%	45,108	5.9%	350	0.8%	2.2%
Federal government	14,747	1.9%	14,678	1.9%	69	0.5%	0.4%
Nonfarm noncorporate business	14,176	1.8%	13,796	1.8%	380	2.8%	2.4%
State and local government retirement funds	6,567	0.8%	6,388	0.8%	179	2.8%	1.1%
REITs	5,964	0.8%	5,759	0.8%	205	3.6%	1.3%
Finance companies	4,781	0.6%	4,834	0.6%	-53	-1.1%	-0.3%
Private pension funds	2,045	0.3%	2,008	0.3%	37	1.8%	0.2%
Household sector	1,623	0.2%	1,607	0.2%	16	1.0%	0.1%
Nonfinancial corporate business	1,139	0.1%	1,126	0.1%	13	1.2%	0.1%
<b>TOTAL</b>	<b>777,774</b>		<b>761,699</b>		<b>16,075</b>	<b>2.1%</b>	

Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Sector

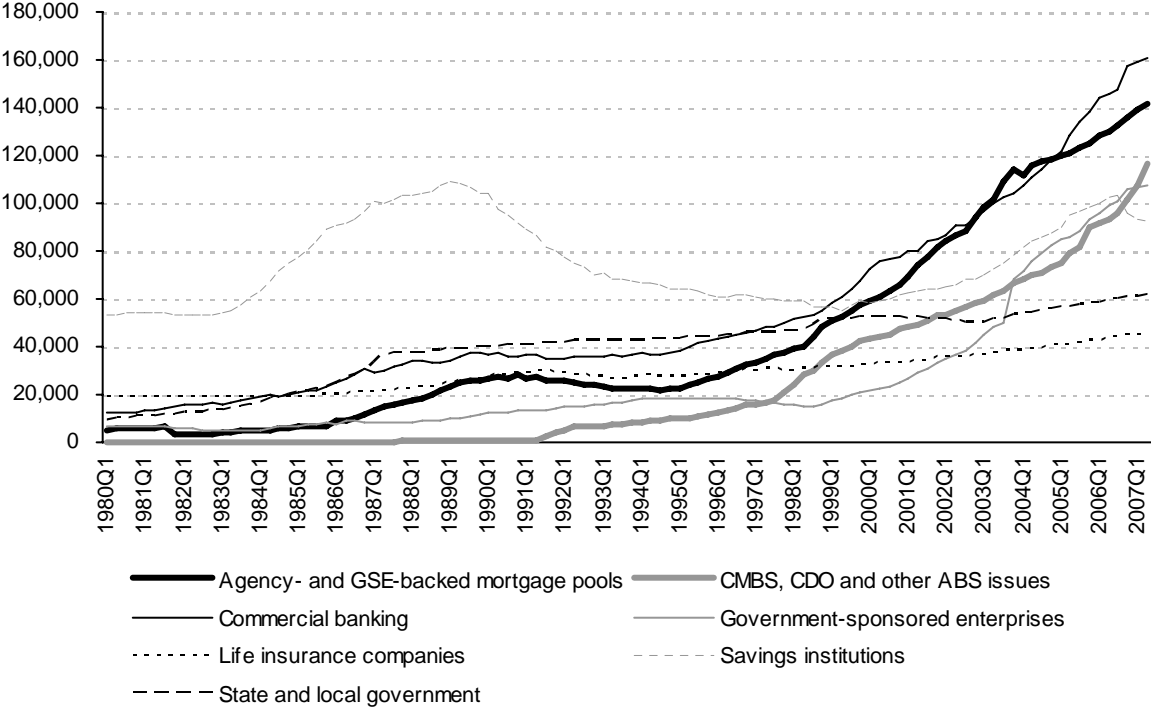
(\$millions)



Source: Flow of Funds Accounts, Federal Reserve Board of Governors

**MULTIFAMILY MORTGAGE DEBT OUTSTANDING**

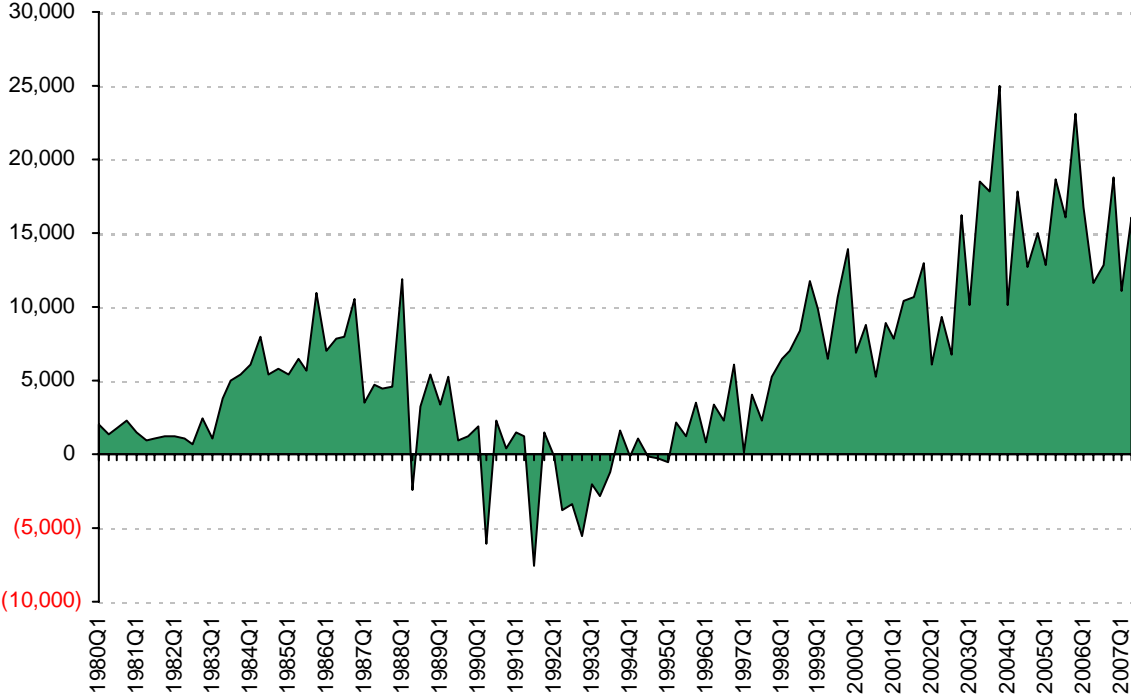
Total Multifamily Mortgage Debt Outstanding, by Selected Sector by Quarter  
 (\$millions)



Source: Flow of Funds Accounts, Federal Reserve Board of Governors

**MULTIFAMILY MORTGAGE FLOWS**

Net Change in Multifamily Mortgage Debt Outstanding, by Quarter  
 (\$millions)

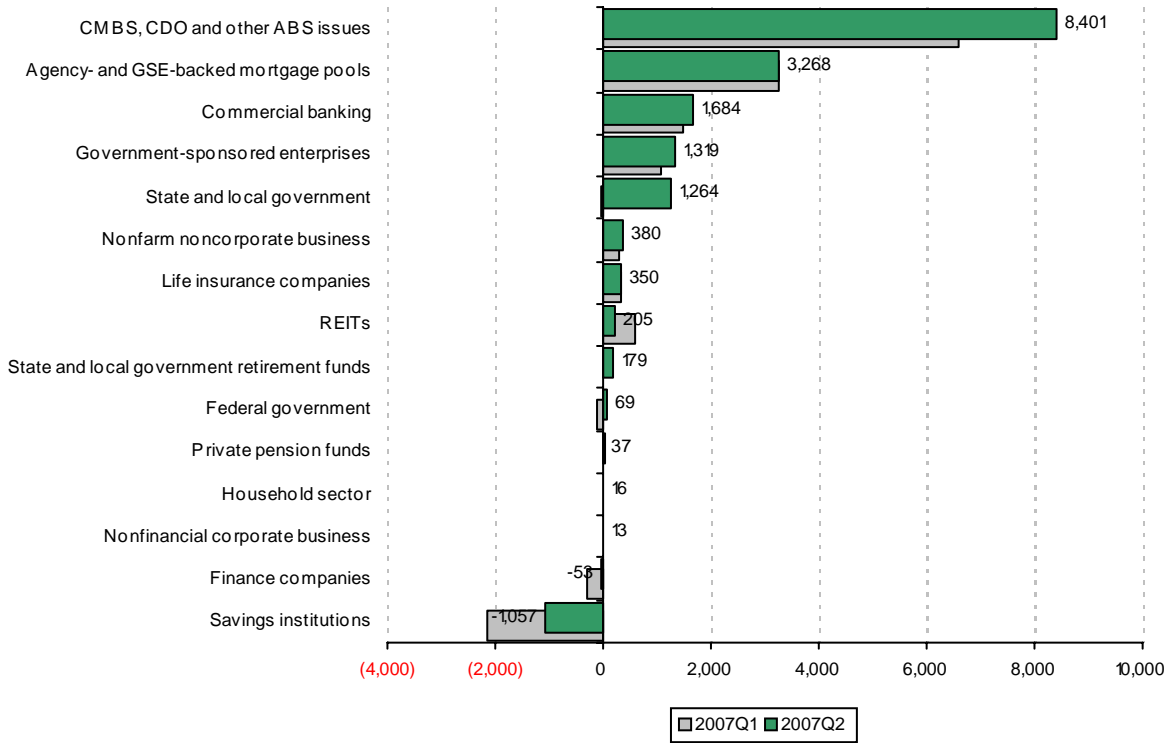


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## MULTIFAMILY MORTGAGE FLOWS

### Net Change in Multifamily Mortgage Debt Outstanding, by Sector

(\$millions)



Source: Flow of Funds Accounts, Federal Reserve Board of Governors





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