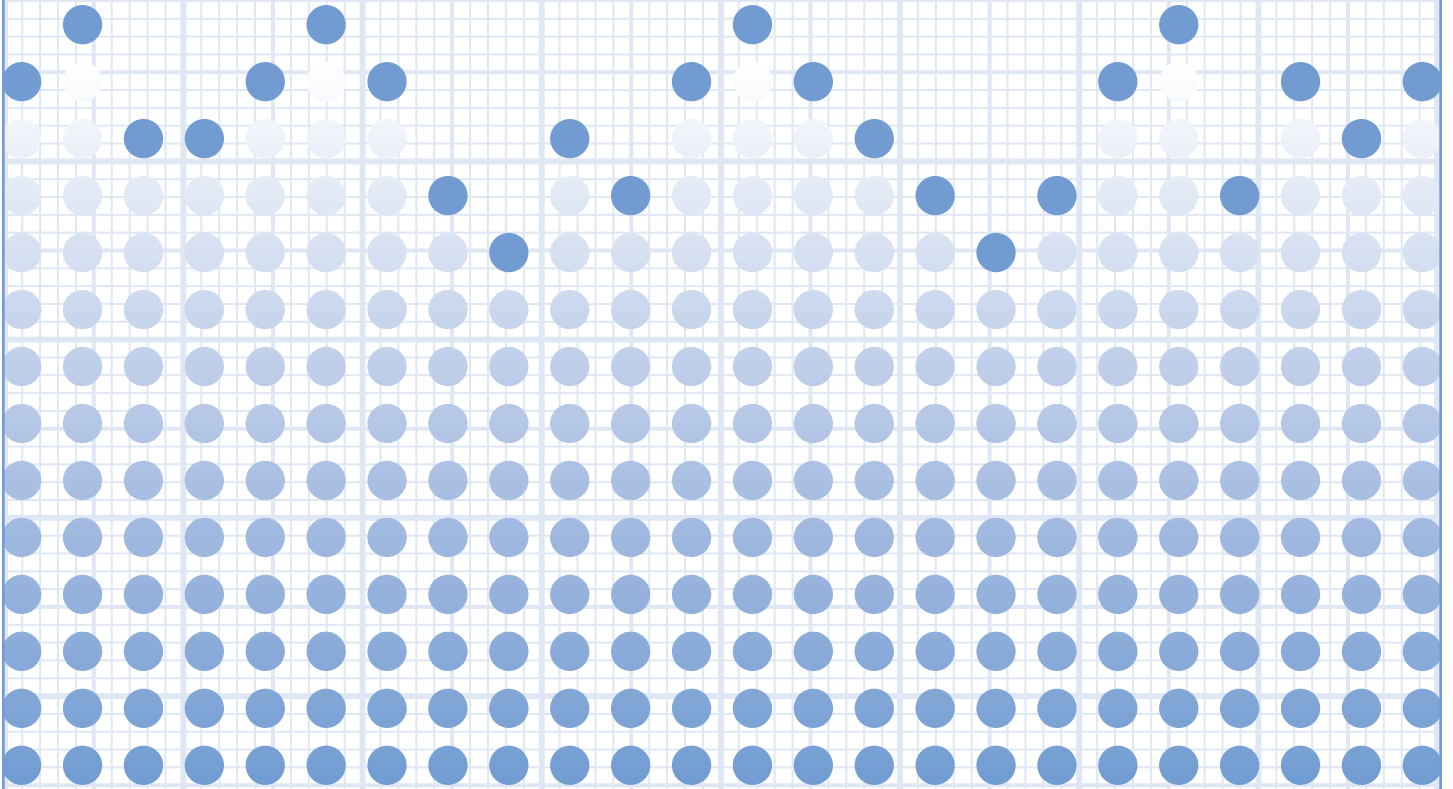


# MBA COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING

FIRST QUARTER 2009



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



# Commercial/Multifamily Mortgage Debt Outstanding

First Quarter 2009

The level of commercial/multifamily mortgage debt outstanding remained relatively unchanged in the first quarter, at \$3.48 trillion, according to the Mortgage Bankers Association (MBA) analysis of the Federal Reserve Board Flow of Funds data.

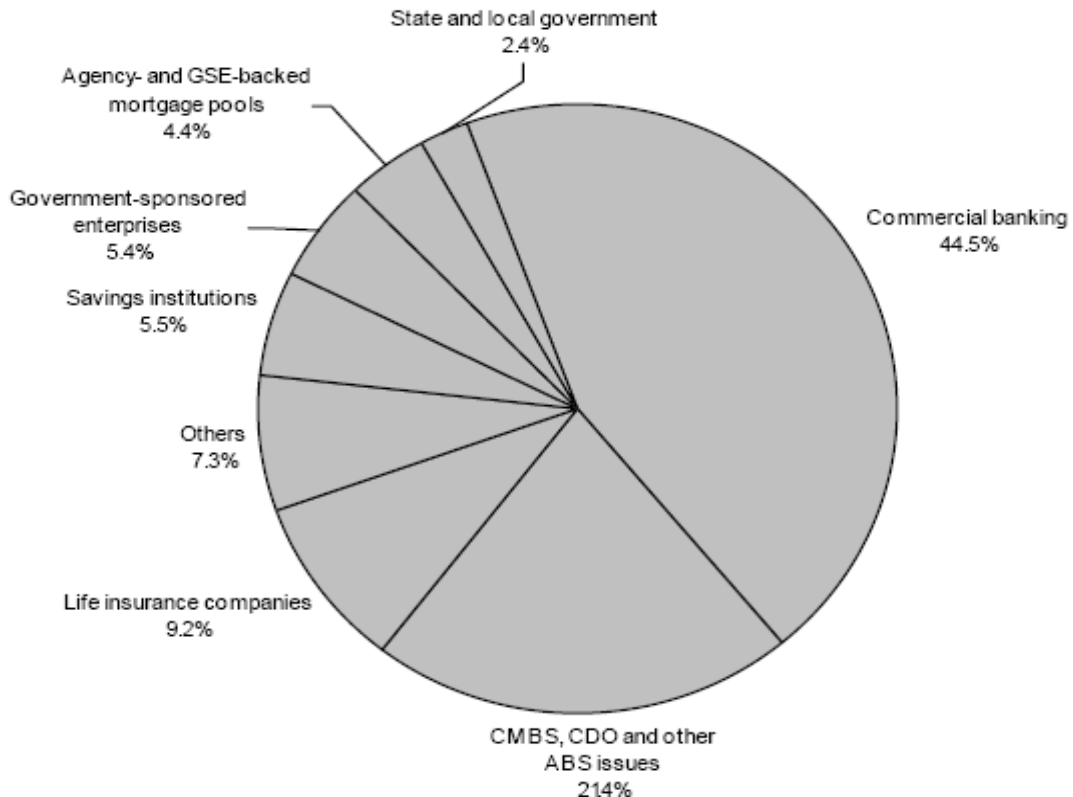
The \$3.48 trillion in commercial/multifamily mortgage debt outstanding recorded by the Federal Reserve was a decrease of \$33 million from the fourth quarter 2008. Multifamily mortgage debt outstanding grew to \$908 billion, an increase of \$5 billion or 0.6 percent from fourth quarter.

"Banks, thrifts Fannie Mae and Freddie Mac

all increased their holdings of commercial and multifamily mortgages during the first quarter, while run-off among CMBS and life company loans decreased those investors' holdings," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "The relatively long-term nature of commercial real estate finance has meant greater stability in the levels of commercial and multifamily mortgage debt outstanding than is seen among many other types of credit."

The Federal Reserve Flow of Funds data summarizes the holding of loans or, if the loans are securitized, the form of the

**Commercial Multifamily Mortgage Debt Outstanding**  
*By Investor Group, First Quarter 2009*



security. For example, many life insurance companies invest both in whole loans for which they hold the mortgage note (included under Life Insurance Companies in this data) and in CMBS, collateralized debt obligations (CDOs) and other asset backed securities (ABS) for which the security issuers and trustees hold the note.

Commercial banks continue to hold the largest share of commercial/multifamily mortgages, \$1.56 trillion, or 45 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. An 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. (Note: It is the borrower's business income, not the income derived from the property's rents and leases, which drive the underwriting, pricing and performance of these loans.)

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 issuers are the second largest holders of commercial/multifamily mortgages, holding \$736 billion, or 21 percent of the total. Life insurance companies hold \$316 billion, or 9 percent of the total, and savings institutions hold \$194 billion, or 6 percent of the total. The GSEs, agency-backed mortgage pools and GSE-backed mortgage pools, including Fannie Mae, Freddie Mac and Ginnie Mae, hold \$191 billion in multifamily loans that support the mortgage-backed securities they issued and an additional \$154 billion in "whole" loans in their own portfolios. This represents a total share of 10 percent of outstanding commercial/multifamily mortgages. As noted above, many life insurance companies, banks and the GSEs purchase and hold a large number of CMBS,

CDO and other ABS issues. These loans appear in the CMBS, CDO and other ABS category previously referenced.

#### MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Looking just at multifamily mortgages, the GSEs and Ginnie Mae hold the largest share of multifamily mortgages, with \$191 billion in federally related mortgage pools and \$154 billion in their own portfolios or 38 percent of the total multifamily debt outstanding. They are followed by commercial banks with \$217 billion, or 24 percent of the total. CMBS, CDO and other ABS issuers hold \$113 billion, or 13 percent of the total; state and local governments with \$69 billion, or 8 percent of the total; savings institutions with \$66 billion, or 7 percent of the total; and life insurance companies with \$51 billion, or 6 percent of the total.

#### CHANGES IN COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING

In the first quarter of 2009, commercial banks saw the largest increase in dollar terms in their holdings of commercial/multifamily mortgage debt – an increase of \$7 billion, or 0.4 percent. GSEs increased their holdings of commercial/multifamily mortgages by \$3 billion, or 1.7 percent. Agency and GSE-backed mortgage pools increased their holdings of commercial/multifamily mortgages by \$2 billion, or 1 percent. Federal government increased their holdings of commercial/multifamily mortgages by \$1.4 billion, or 2 percent.

In percentage terms, GSEs saw the largest increase in their holdings of commercial/multifamily mortgages, a jump of 1.7 percent. Nonfinancial corporate business saw their holdings decrease by 21 percent.

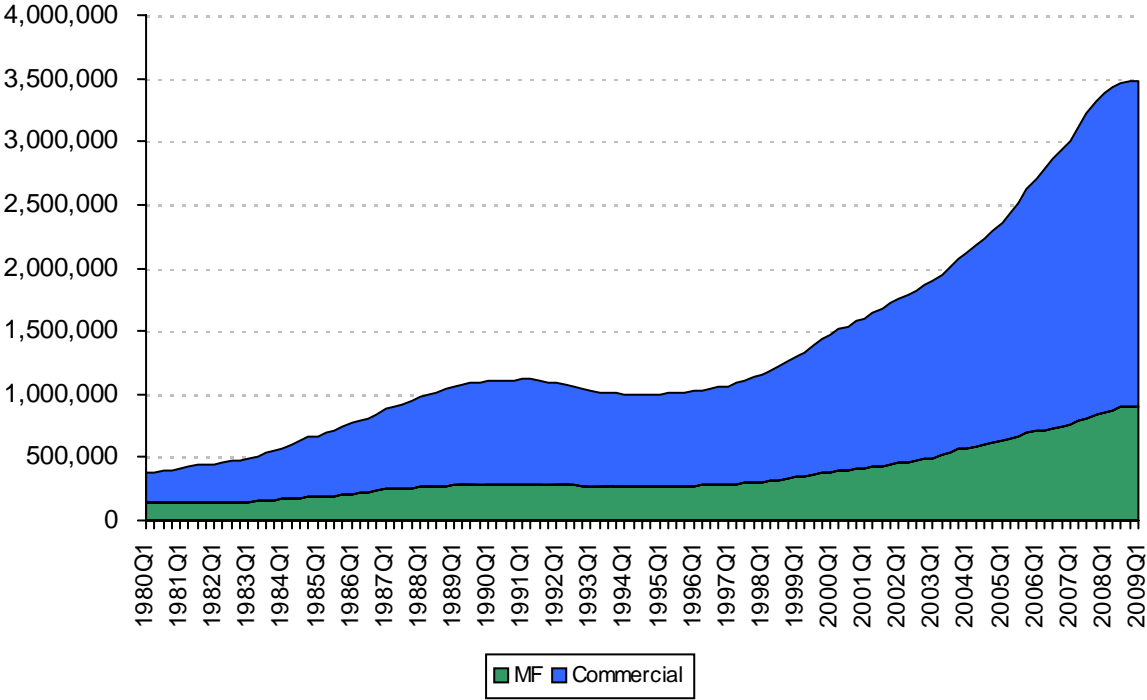
#### CHANGES IN MULTIFAMILY MORTGAGE DEBT OUTSTANDING

The \$5 billion increase in multifamily mortgage debt outstanding between the fourth quarter 2008 and first quarter 2009 represents a 0.6 percent increase. In dollar terms, GSEs saw the largest increase in their holdings of multifamily mortgage debt, an increase of \$3 billion, or 2 percent. Commercial banks increased their holdings of multifamily mortgage debt by \$2 billion, or 0.7 percent. Agency- and GSE-backed mortgage pools increased by \$1.5 billion, or 1 percent. CMBS, CDO and other ABS issues saw the biggest drop in their holdings of multifamily mortgage debt by \$1 billion, or -1 percent.

In percentage terms, GSEs recorded the biggest increase in their holdings of multifamily mortgages at 1.7 percent. Nonfinancial corporate business saw the biggest drop of -22 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



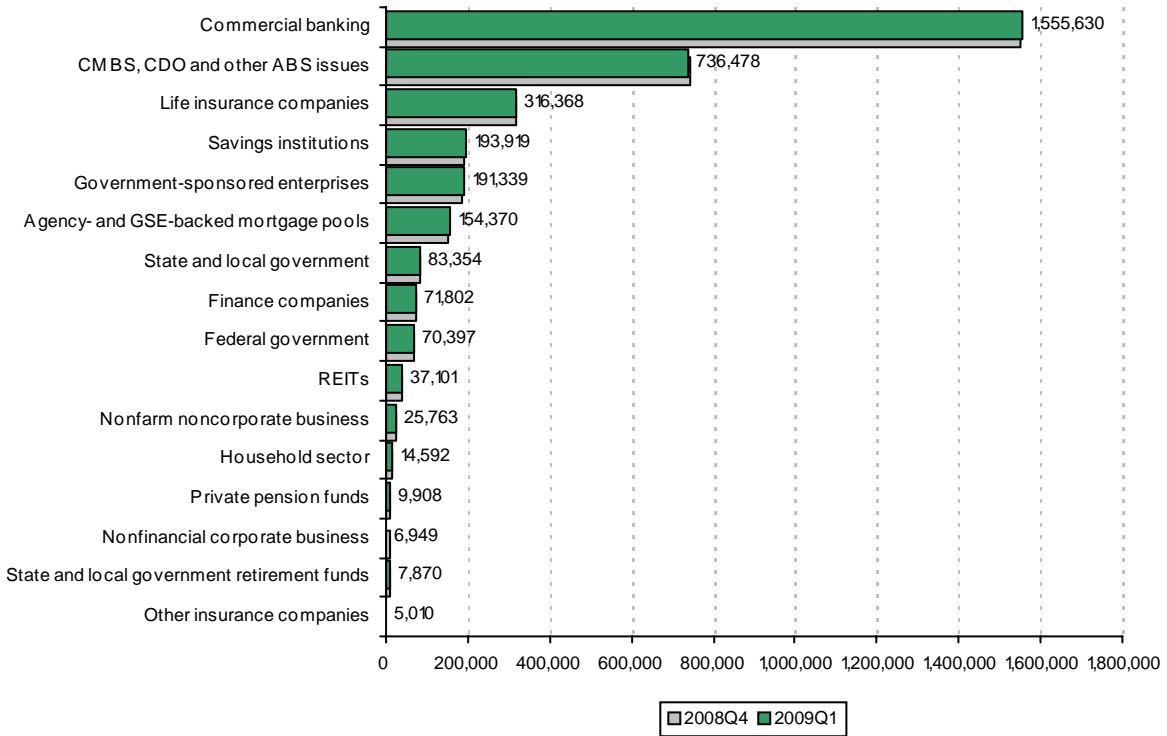
	Mortgage Debt Outstanding				Change	
	2009 Q1		2008 Q4		(\$millions)	Percent
	(\$millions)	% of total	(\$millions)	% of total		
Commercial banking	1,555,630	44.7%	1,548,938	44.5%	6,692	0.4%
CMBS, CDO and other ABS issues	736,478	21.2%	743,637	21.4%	-7,159	-1.0%
Life insurance companies	316,368	9.1%	318,861	9.2%	-2,493	-0.8%
Savings institutions	193,919	5.6%	192,947	5.5%	972	0.5%
Government-sponsored enterprises	191,339	5.5%	188,105	5.4%	3,234	1.7%
Agency- and GSE-backed mortgage pools	154,370	4.4%	152,868	4.4%	1,502	1.0%
State and local government	83,354	2.4%	82,834	2.4%	520	0.6%
Finance companies	71,802	2.1%	72,457	2.1%	-655	-0.9%
Federal government	70,397	2.0%	69,034	2.0%	1,363	2.0%
REITs	37,101	1.1%	39,195	1.1%	-2,094	-5.3%
Nonfarm noncorporate business	25,763	0.7%	26,156	0.8%	-393	-1.5%
Nonfinancial corporate business	6,949	0.2%	8,837	0.3%	-1,888	-21.4%
Household sector	14,592	0.4%	14,380	0.4%	212	1.5%
Private pension funds	9,908	0.3%	9,757	0.3%	151	1.5%
State and local government retirement funds	7,870	0.2%	7,923	0.2%	-53	-0.7%
Other insurance companies	5,010	0.1%	4,954	0.1%	56	1.1%
<b>TOTAL</b>	<b>3,480,850</b>		<b>3,480,883</b>		<b>-33</b>	<b>0.0%</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)

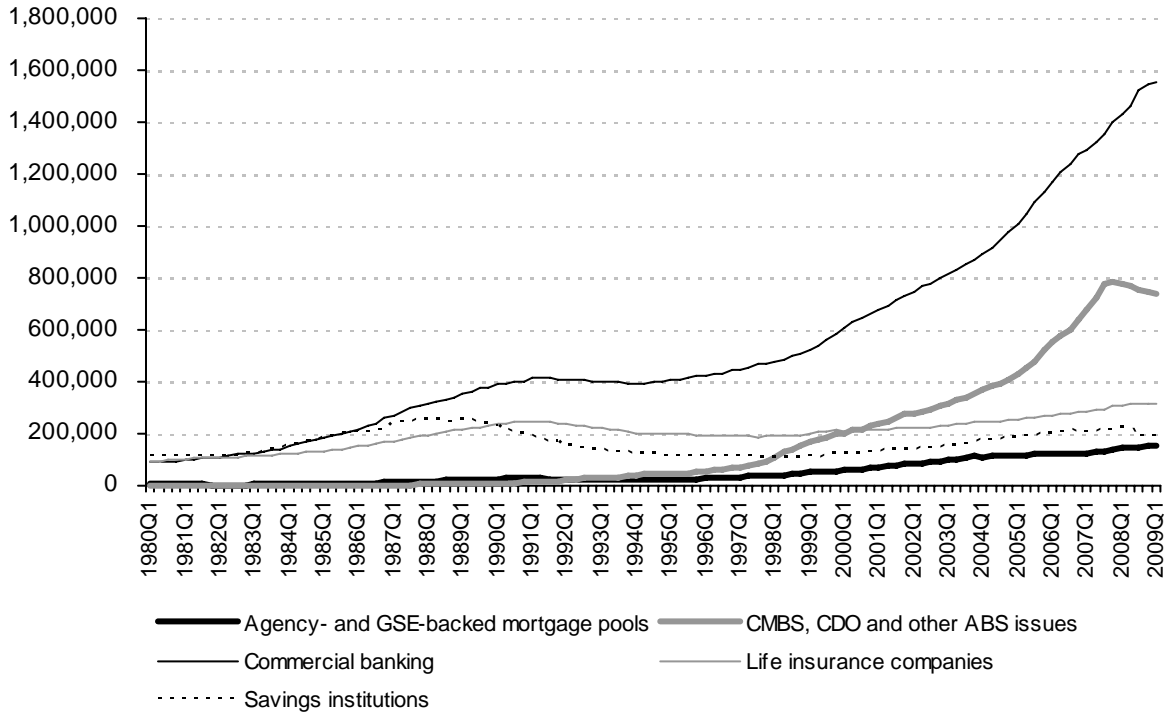


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

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

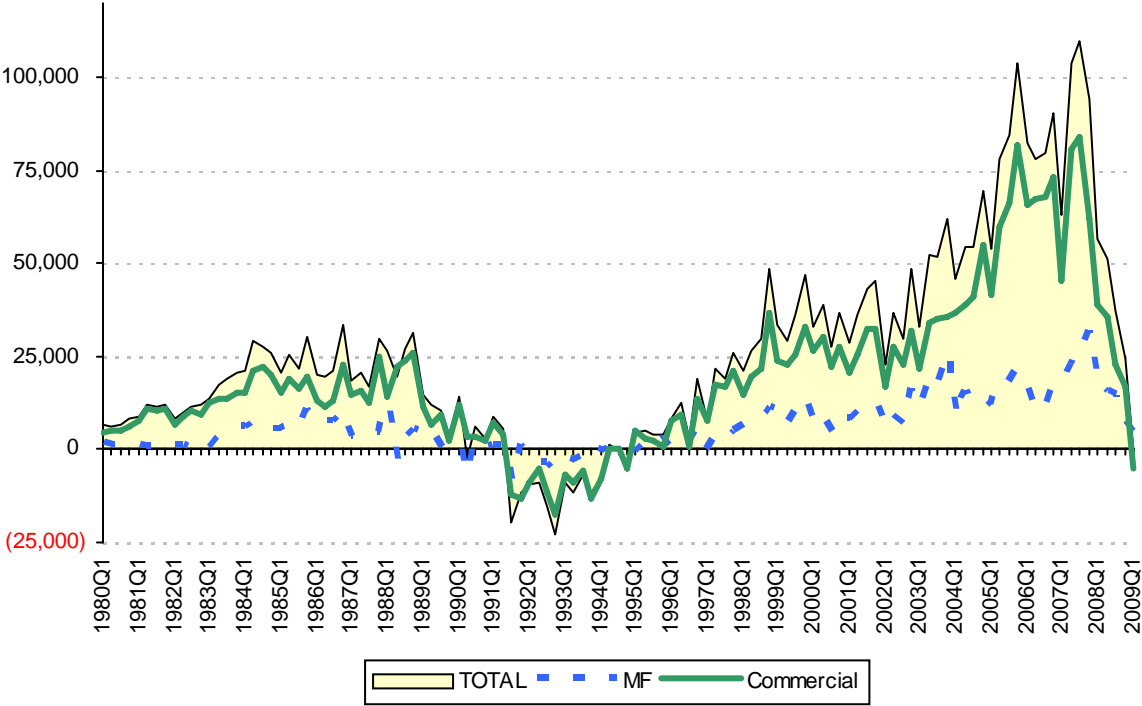
(\$millions)



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)

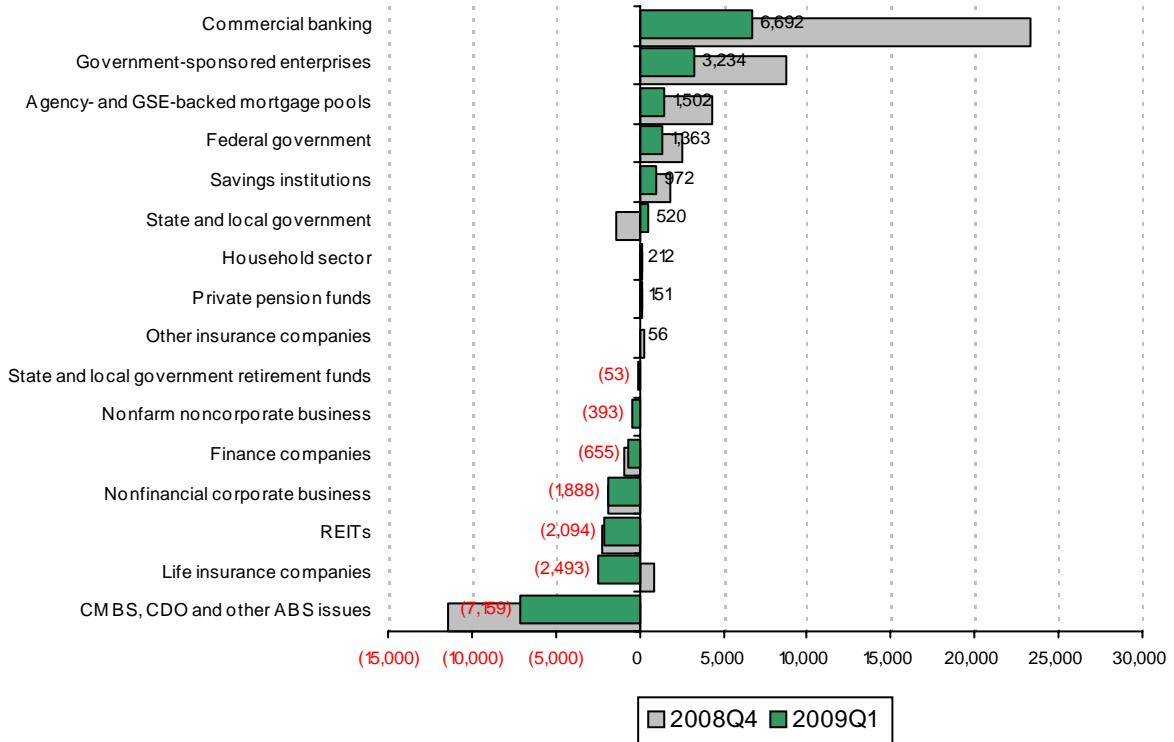


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

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

(\$millions)



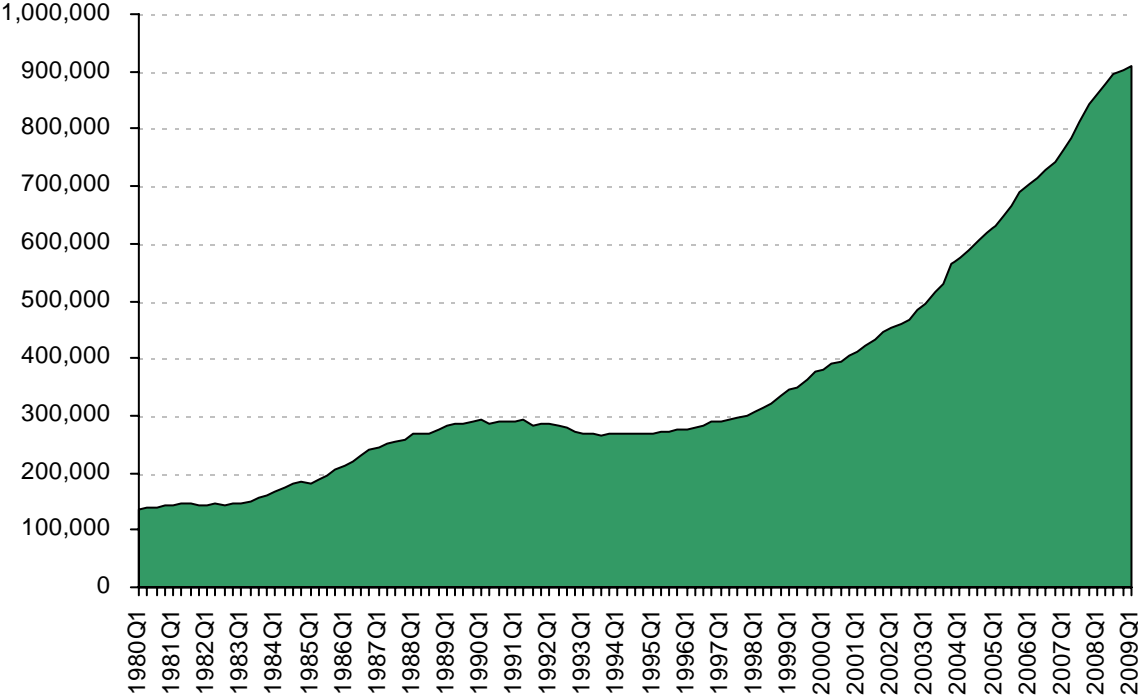
Source: Flow of Funds Accounts, Federal Reserve Board of Governors



## 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



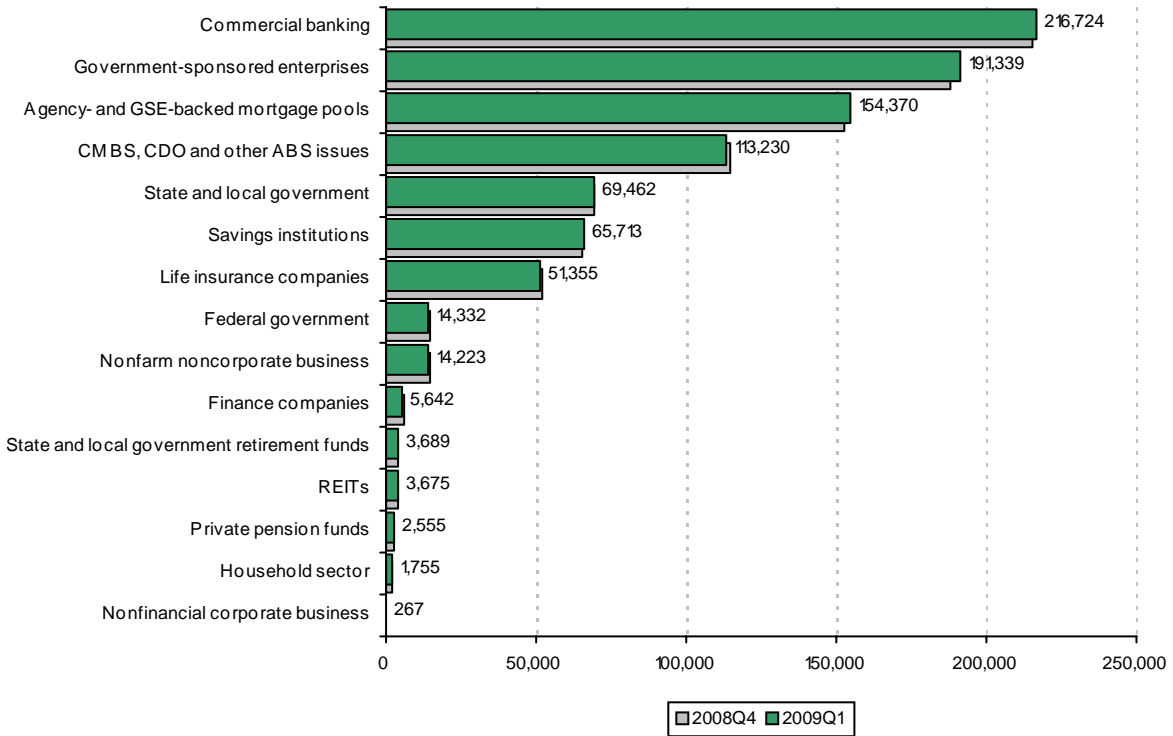
	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2009 Q1		2008 Q4		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Commercial banking	216,724	23.9%	215,118	23.8%	1,606	0.7%	31.8%
Government-sponsored enterprises	191,339	21.1%	188,105	20.8%	3,234	1.7%	64.1%
Agency- and GSE-backed mortgage pools	154,370	17.0%	152,868	16.9%	1,502	1.0%	29.8%
CMBS, CDO and other ABS issues	113,230	12.5%	114,464	12.7%	-1,234	-1.1%	-24.5%
State and local government	69,462	7.6%	69,028	7.6%	434	0.6%	8.6%
Savings institutions	65,713	7.2%	65,199	7.2%	514	0.8%	10.2%
Life insurance companies	51,355	5.7%	51,755	5.7%	-400	-0.8%	-7.9%
Nonfarm noncorporate business	14,223	1.6%	14,440	1.6%	-217	-1.5%	-4.3%
Federal government	14,332	1.6%	14,358	1.6%	-26	-0.2%	-0.5%
Finance companies	5,642	0.6%	5,839	0.6%	-197	-3.4%	-3.9%
REITs	3,675	0.4%	3,918	0.4%	-243	-6.2%	-4.8%
State and local government retirement funds	3,689	0.4%	3,714	0.4%	-25	-0.7%	-0.5%
Private pension funds	2,555	0.3%	2,405	0.3%	150	6.2%	3.0%
Household sector	1,755	0.2%	1,733	0.2%	22	1.3%	0.4%
Nonfinancial corporate business	267	0.0%	340	0.0%	-73	-21.5%	-1.4%
<b>TOTAL</b>	<b>908,331</b>		<b>903,284</b>		<b>5,047</b>	<b>0.6%</b>	

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

## MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Sector

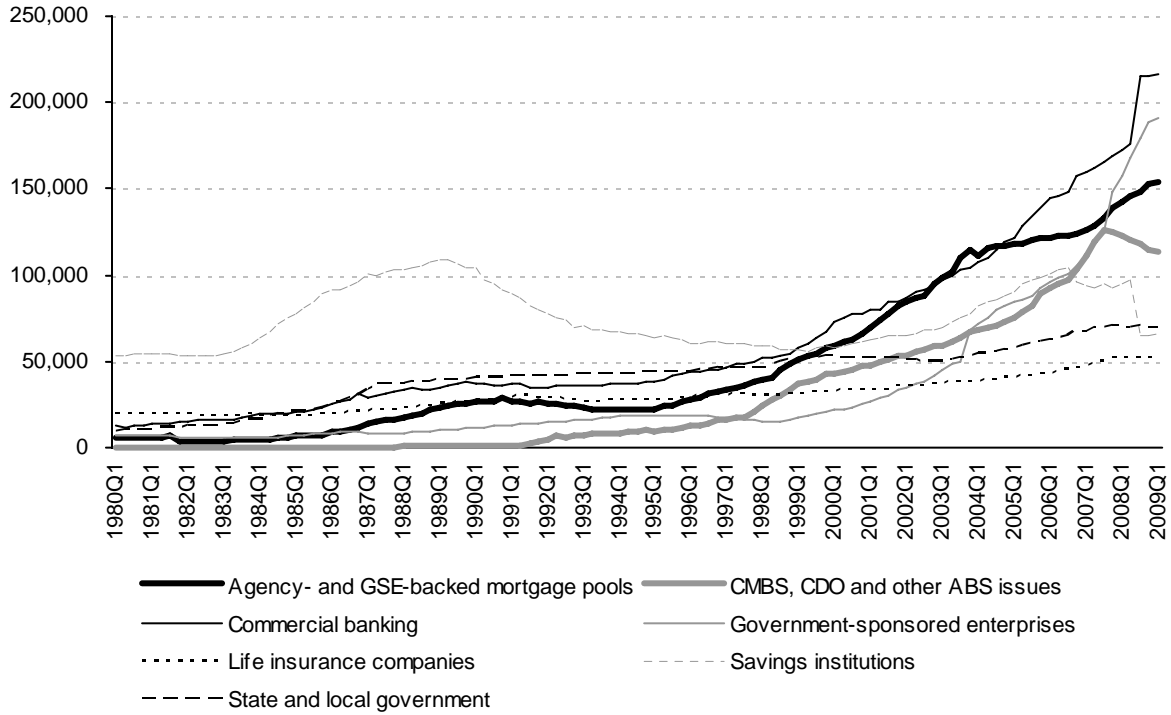
(\$millions)



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

## MULTIFAMILY MORTGAGE DEBT OUTSTANDING

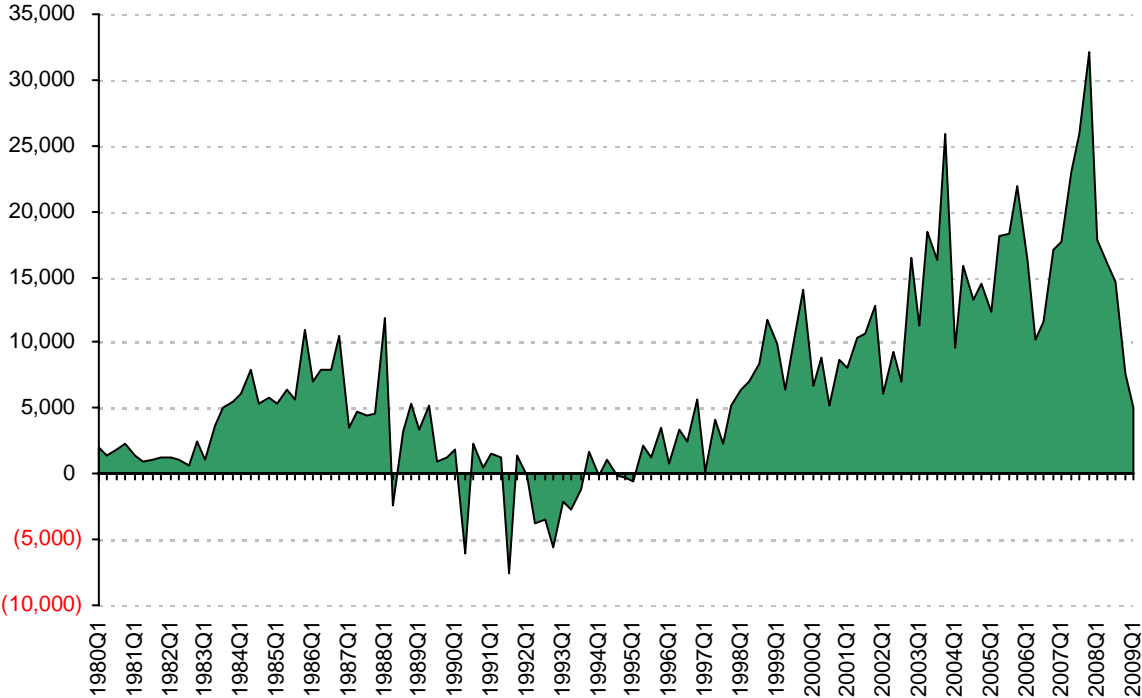
Total Multifamily Mortgage Debt Outstanding, by Selected Sector by Quarter  
 (\$millions)



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

**MULTIFAMILY MORTGAGE FLOWS**

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

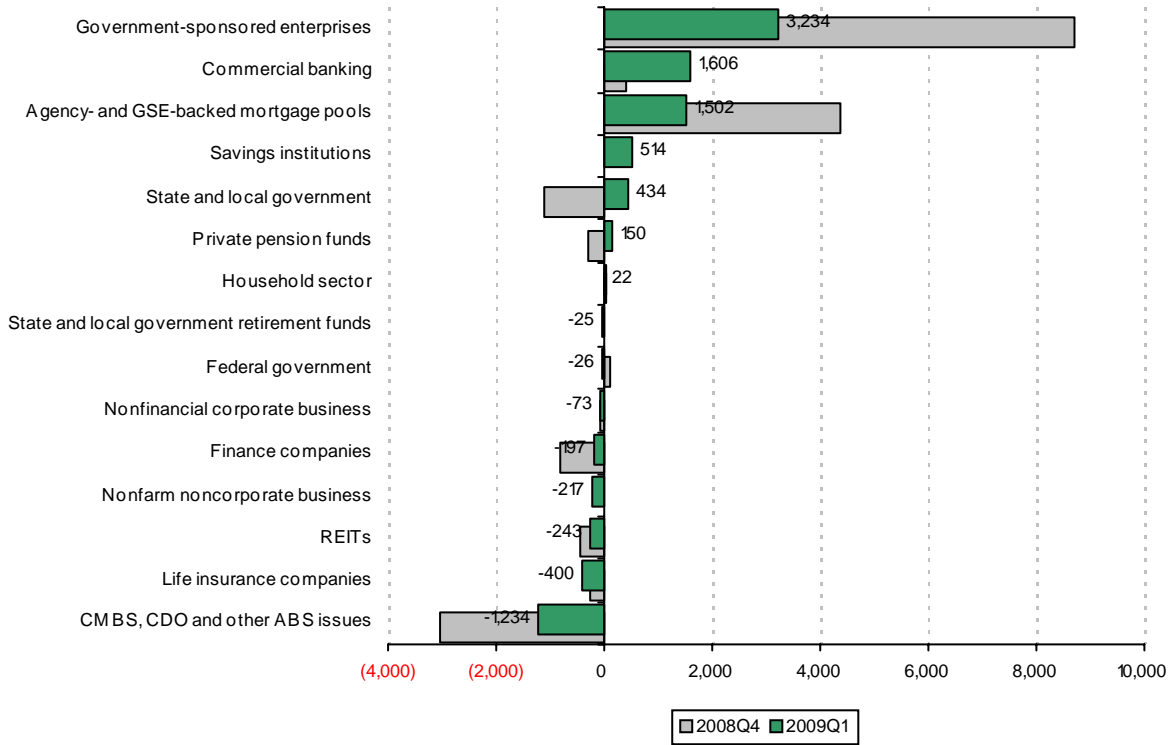


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## 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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