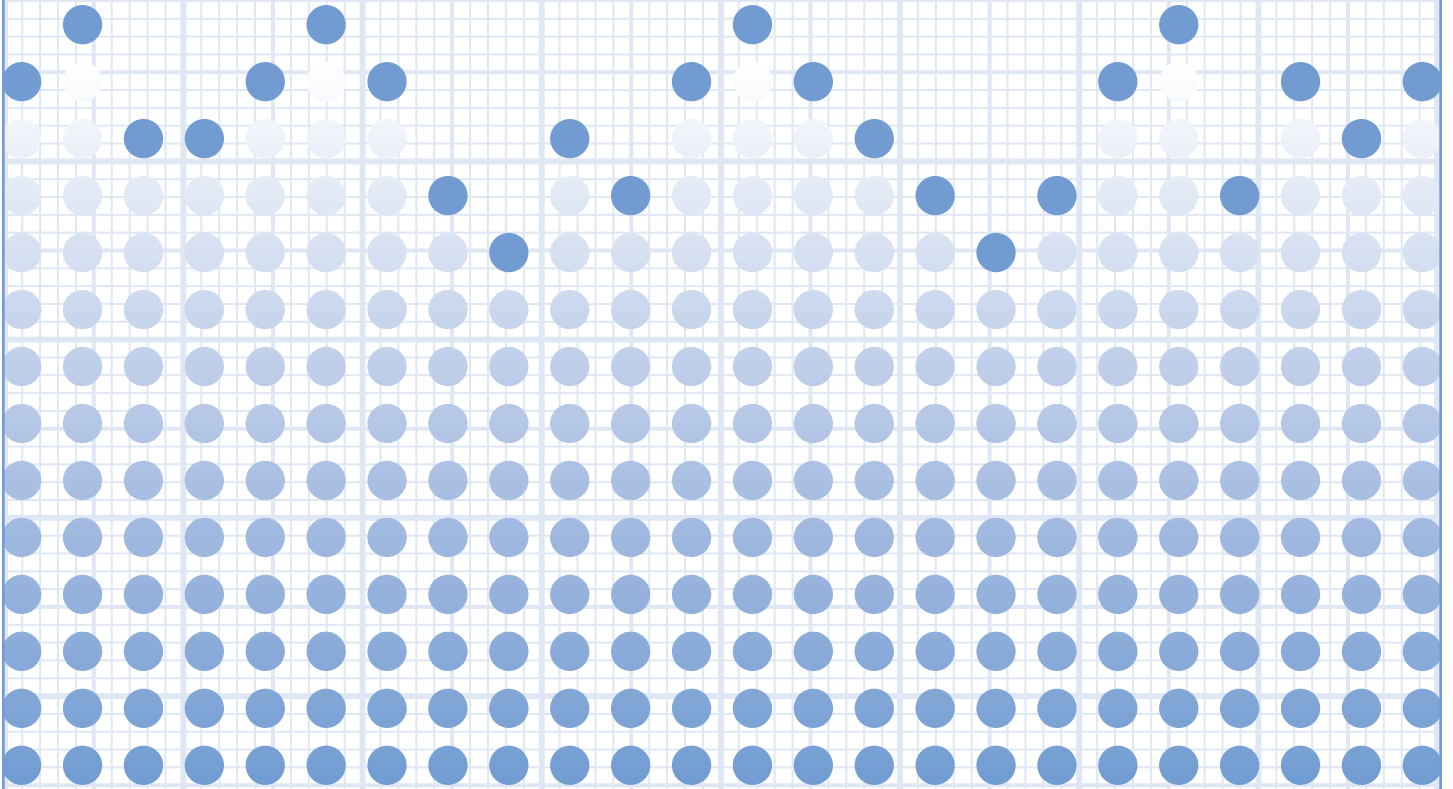


# MBA COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING

THIRD QUARTER 2008



*Commercial/Multifamily Mortgage Debt Outstanding*  
© December 2008 by the Mortgage Bankers Association  
1331 L Street, NW, Washington, DC 20005 • (202) 557-2700

*Commercial/Multifamily Mortgage Debt Outstanding* third quarter 2008 data is provided by MBA solely for use as a reference. No part of the Survey may be reproduced, stored in a retrieval system, transmitted or redistributed in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without MBA's prior written consent.

**Disclaimer**

Although the MBA takes great care in producing Commercial/Multifamily Mortgage Debt Outstanding and all related data products, the MBA does not guarantee that the information is accurate, current or suitable for any particular purpose. The referenced data are provided on an "as is" basis, with no warranties of any kind whatsoever, either express or implied, including, but not limited to, any warranties of title or accuracy or any implied warranties of merchantability or fitness for a particular purpose. Use of the data is at the user's sole risk. In no event will MBA be liable for any damages whatsoever arising out of or related to the data, including, but not limited to direct, indirect, incidental, special, consequential or punitive damages, whether under a contract, tort or any other theory of liability, even if MBA is aware of the possibility of such damages.

MBA COMMERCIAL/MULTIFAMILY  
**MORTGAGE DEBT**  
**OUTSTANDING**



# Commercial/Multifamily Mortgage Debt Outstanding

Third Quarter 2008

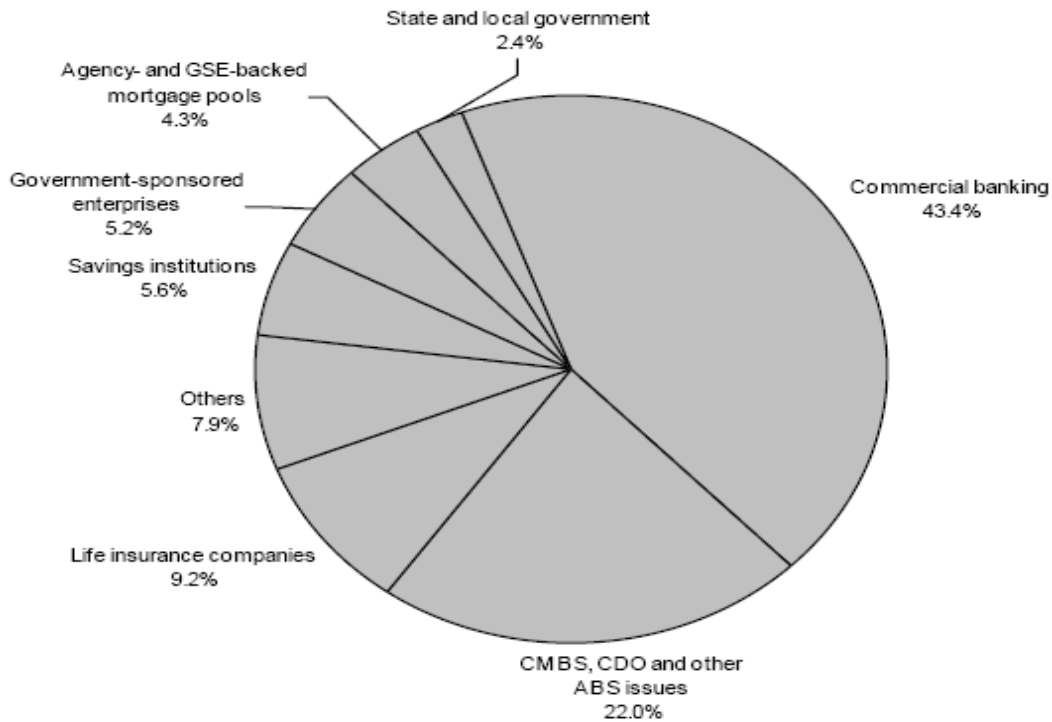
The level of commercial/multifamily mortgage debt outstanding decreased slightly by 0.1 percent in the third quarter, to \$3.44 trillion, according to the Mortgage Bankers Association (MBA) analysis of the Federal Reserve Board Flow of Funds data.

The \$3.44 trillion in commercial/multifamily mortgage debt outstanding recorded by the Federal Reserve was a decrease of \$3.3 billion from the second quarter 2008. Multifamily mortgage debt outstanding grew to \$890 billion, an increase of \$15.2 billion or 1.7 percent from second quarter.

"Uncertainty surrounding the weakening

economy, coupled with the continuing pressures of the credit crunch, led to a slight pullback among investors in commercial/multifamily mortgages in the third quarter," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "The government-sponsored enterprises and other finance companies have taken advantage of the limited competition to increase their holdings, but the numbers show banks and thrifts beginning to pull back on their holdings, life insurance companies slowing the growth of their portfolios, and the CMBS market continuing to pay-down its holdings with few if any acquisitions."

**Commercial Multifamily Mortgage Debt Outstanding**  
*By Investor Group, Third Quarter 2008*



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 (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, \$1.49 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. An MBA Research Policy Note 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 \$758 billion, or 22 percent of the total. Life insurance companies hold \$315 billion, or 9 percent of the total, and savings institutions hold \$191 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 \$149 billion in multifamily loans that support the mortgage-backed securities; they issued an additional \$179 billion "whole" loans in their own portfolios, for 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 \$149 billion in federally related mortgage pools and \$180 billion in their own portfolios or 37 percent of the total multifamily debt outstanding. They are followed by commercial banks with \$210 billion, or 24 percent of the total. CMBS, CDO and other ABS issuers hold \$118 billion, or 13 percent of the total; savings institutions with \$65 billion, or 7 percent of the total; state and local governments with \$70 billion, or 8 percent of the total; and life insurance companies with \$50 billion, or 6 percent of the total.

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

This quarter's results are impacted by the acquisition of a large savings institution by a commercial bank. As a result, the savings institution's assets appear as a net increase in the holdings of the commercial banking sector and a net decrease in the holdings of the savings institution sector. Interpretation of the results for these two sectors should therefore be treated with care.

In the third quarter of 2008, driven by the acquisition mentioned above, commercial banks saw the largest increase in dollar terms in their holdings of commercial/multifamily mortgage debt – an increase of \$30 billion, or 2 percent. Finance companies increased their holdings of commercial/multifamily mortgages by \$2.3 billion, or 3.2 percent. GSEs increased their holdings of commercial/multifamily mortgages by \$12 billion, or 6.8 percent. Agency and GSE-backed mortgage pools

increased their holdings of commercial/multifamily mortgages by \$2.6 billion, or 1.8 percent.

In percentage terms, GSEs saw the largest increase in their holdings of commercial/multifamily mortgages, a jump of 6.8 percent. Savings institutions saw their holdings decrease by 17 percent.

#### CHANGES IN MULTIFAMILY MORTGAGE DEBT OUTSTANDING

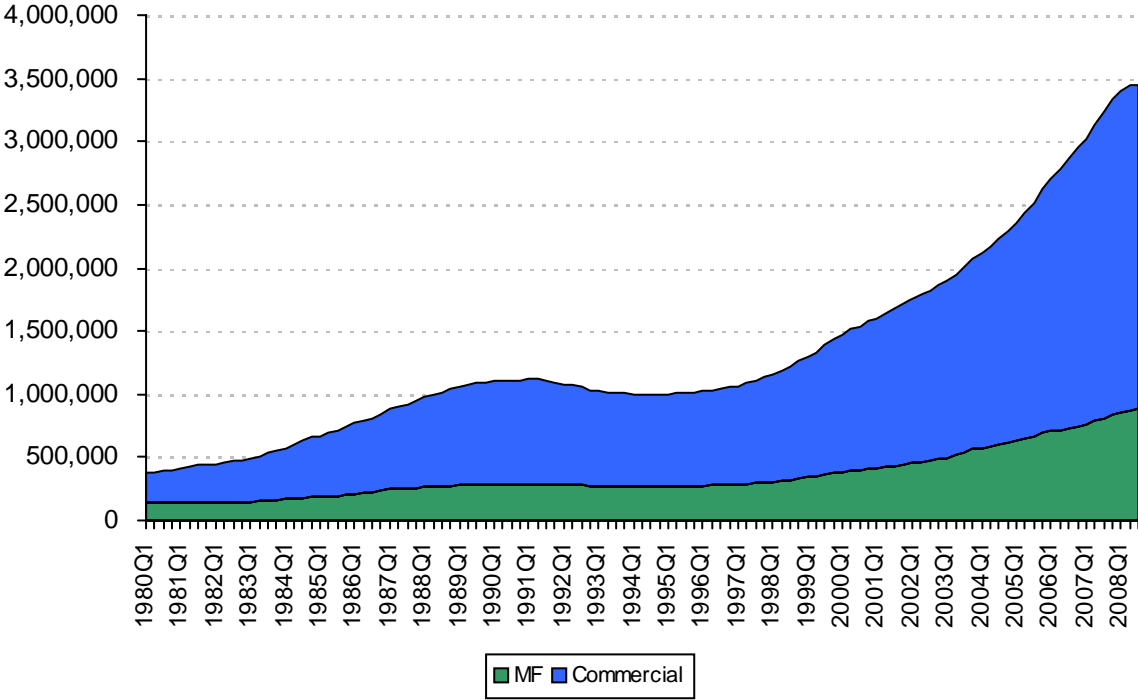
The \$15 billion increase in multifamily mortgage debt outstanding between the second quarter and third quarter of 2008 represents a 1.7 percent increase. In dollar terms and driven by the acquisition mentioned above, commercial banks saw the largest increase in their holdings of multifamily mortgage debt, an increase of \$34 billion, or 19.4 percent. GSEs increased their holdings of multifamily mortgage debt by \$12 billion, or 6.8 percent. Agency- and GSE-backed mortgage pools increased by \$3 billion, or 1.8 percent. Savings institutions saw the biggest drop in their holdings of multifamily mortgage debt by \$32 billion, or -32.7 percent.

In percentage terms, commercial banks recorded the biggest increase in their holdings of multifamily mortgages at 19.4 percent. Savings institutions saw the biggest drop of -32.7 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



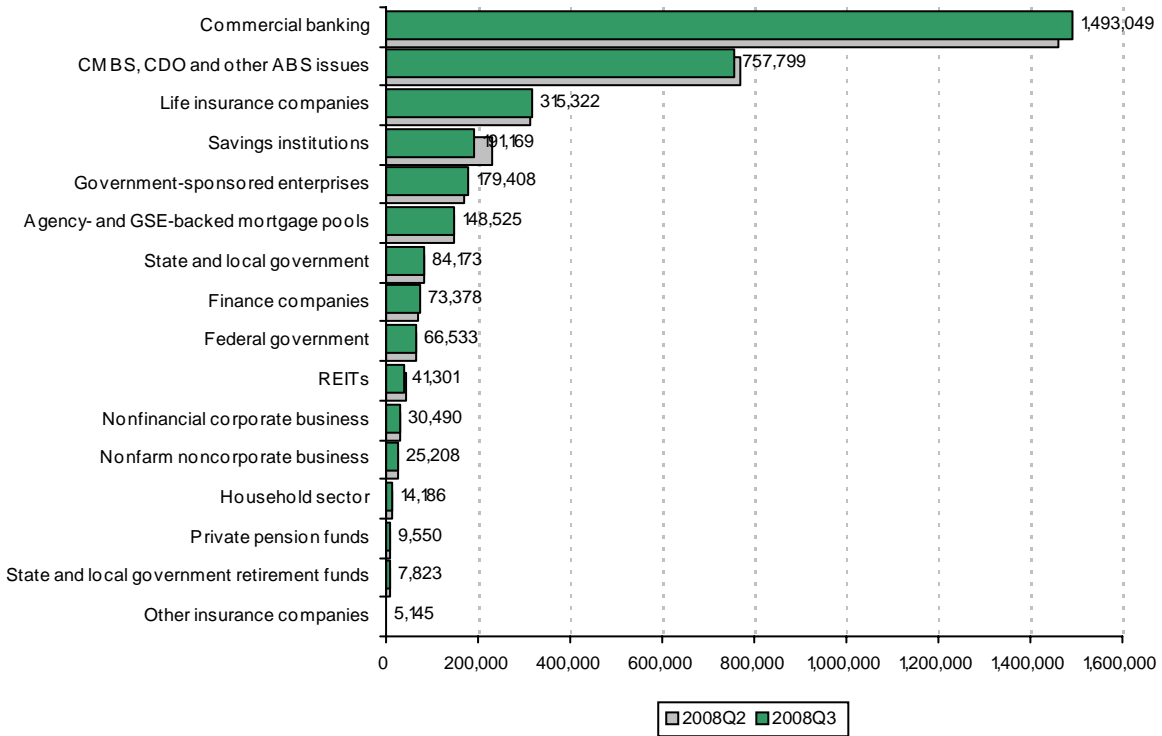
|                                             | Mortgage Debt Outstanding |            |                  |            | Change        |              |
|---------------------------------------------|---------------------------|------------|------------------|------------|---------------|--------------|
|                                             | 2008 Q3                   |            | 2008 Q2          |            | (\$millions)  | Percent      |
|                                             | (\$millions)              | % of total | (\$millions)     | % of total |               |              |
| Commercial banking                          | 1,493,049                 | 43.4%      | 1,463,036        | 42.5%      | 30,013        | 2.1%         |
| CMBS, CDO and other ABS issues              | 757,799                   | 22.0%      | 770,923          | 22.4%      | -13,124       | -1.7%        |
| Life insurance companies                    | 315,322                   | 9.2%       | 313,065          | 9.1%       | 2,257         | 0.7%         |
| Savings institutions                        | 191,169                   | 5.6%       | 230,239          | 6.7%       | -39,070       | -17.0%       |
| Government-sponsored enterprises            | 179,408                   | 5.2%       | 167,907          | 4.9%       | 11,501        | 6.8%         |
| Agency- and GSE-backed mortgage pools       | 148,525                   | 4.3%       | 145,916          | 4.2%       | 2,609         | 1.8%         |
| State and local government                  | 84,173                    | 2.4%       | 83,900           | 2.4%       | 273           | 0.3%         |
| Finance companies                           | 73,378                    | 2.1%       | 71,117           | 2.1%       | 2,261         | 3.2%         |
| Federal government                          | 66,533                    | 1.9%       | 66,588           | 1.9%       | -55           | -0.1%        |
| REITs                                       | 41,301                    | 1.2%       | 42,129           | 1.2%       | -828          | -2.0%        |
| Nonfinancial corporate business             | 30,490                    | 0.9%       | 30,226           | 0.9%       | 264           | 0.9%         |
| Nonfarm noncorporate business               | 25,208                    | 0.7%       | 25,036           | 0.7%       | 172           | 0.7%         |
| Household sector                            | 14,186                    | 0.4%       | 13,976           | 0.4%       | 210           | 1.5%         |
| Private pension funds                       | 9,550                     | 0.3%       | 9,422            | 0.3%       | 128           | 1.4%         |
| State and local government retirement funds | 7,823                     | 0.2%       | 7,856            | 0.2%       | -33           | -0.4%        |
| Other insurance companies                   | 5,145                     | 0.1%       | 5,011            | 0.1%       | 134           | 2.7%         |
| <b>TOTAL</b>                                | <b>3,443,059</b>          |            | <b>3,446,347</b> |            | <b>-3,288</b> | <b>-0.1%</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)

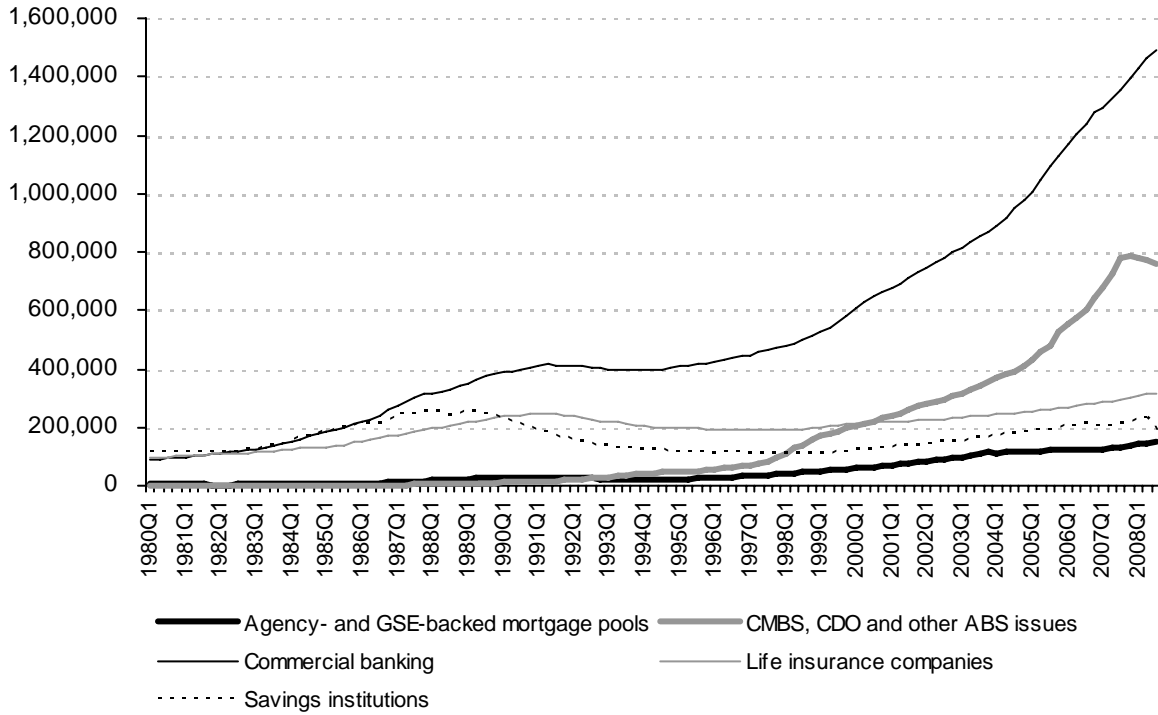


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

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

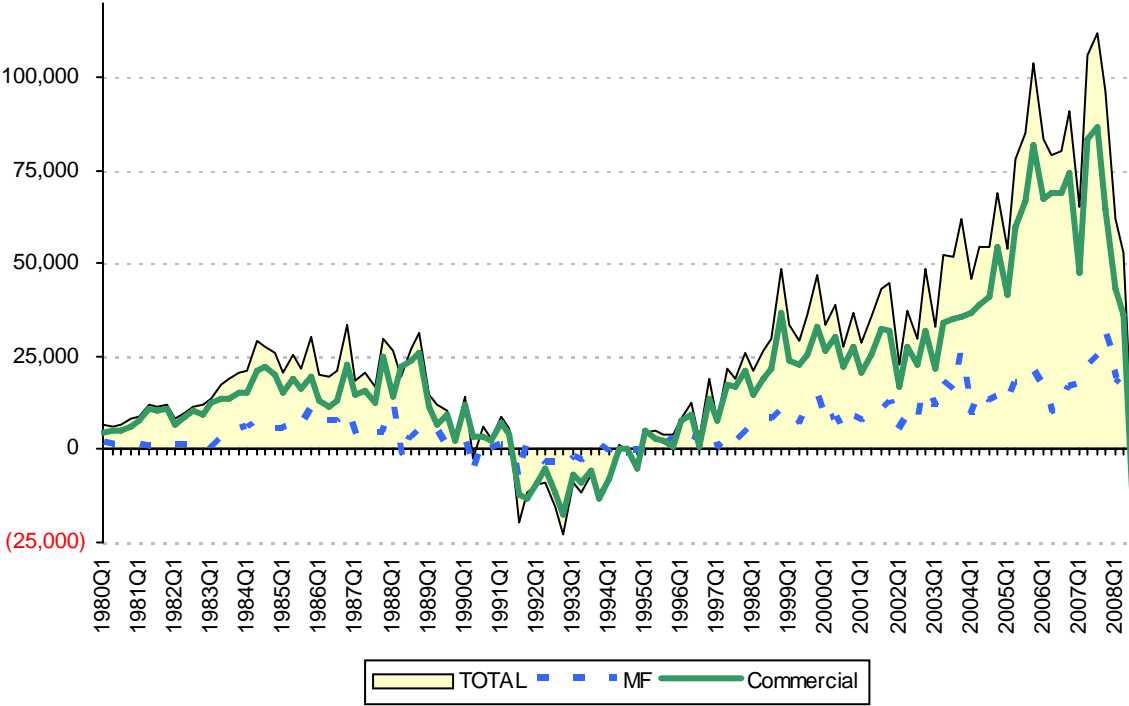
(\$millions)



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)

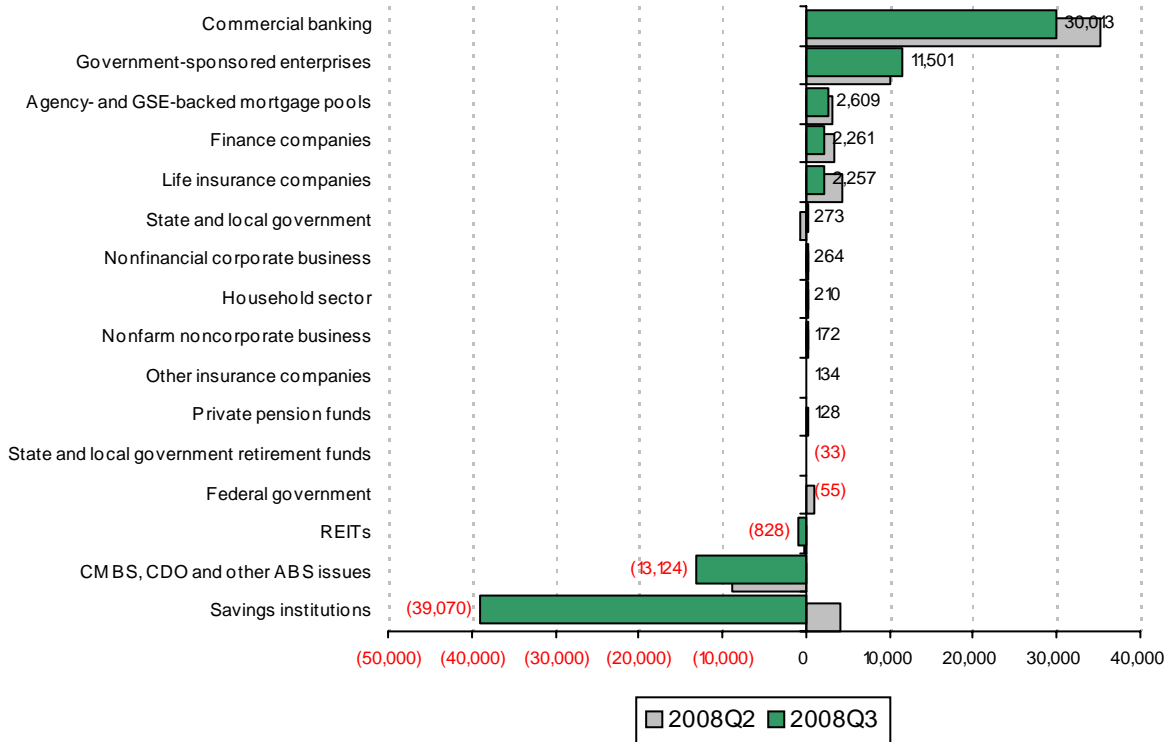


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

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

(\$millions)



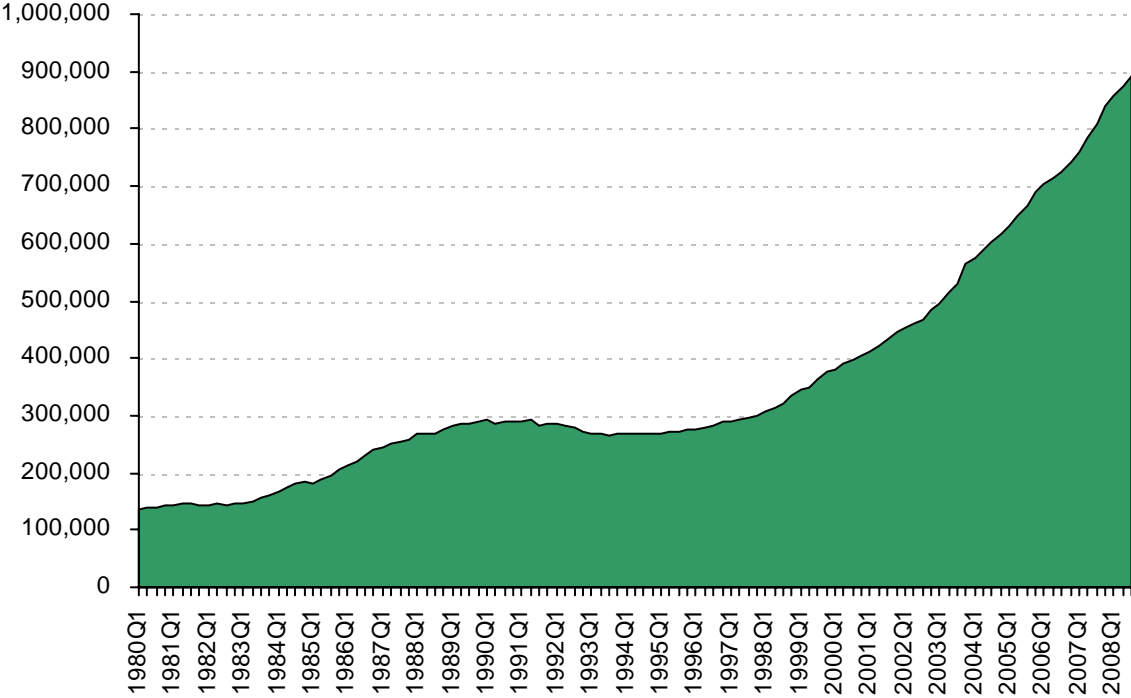
Source: Flow of Funds Accounts, Federal Reserve Board of Governors



## 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



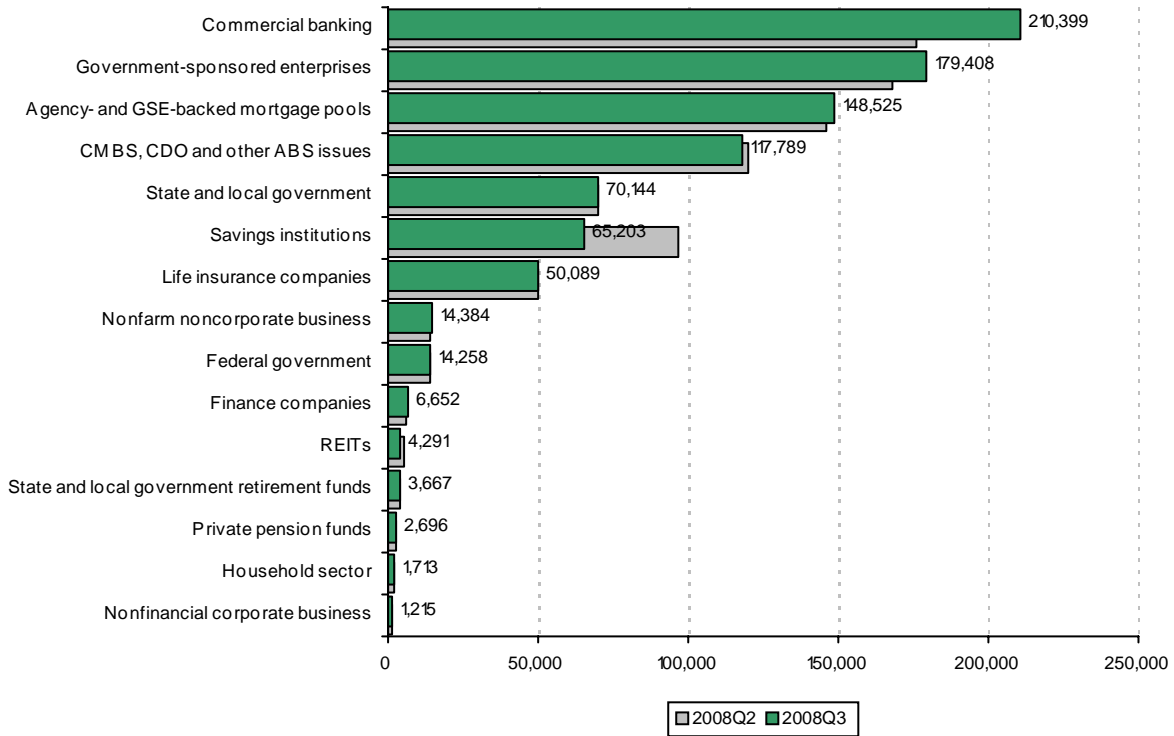
|                                             | Mortgage Debt Outstanding |            |                |            | Change        |             | Sector Share<br>of \$ Change |
|---------------------------------------------|---------------------------|------------|----------------|------------|---------------|-------------|------------------------------|
|                                             | 2008 Q3                   |            | 2008 Q2        |            | (\$millions)  | Percent     |                              |
|                                             | (\$millions)              | % of total | (\$millions)   | % of total |               |             |                              |
| Commercial banking                          | 210,399                   | 23.6%      | 176,145        | 20.1%      | 34,254        | 19.4%       | 224.7%                       |
| Government-sponsored enterprises            | 179,408                   | 20.1%      | 167,907        | 19.2%      | 11,501        | 6.8%        | 75.4%                        |
| Agency- and GSE-backed mortgage pools       | 148,525                   | 16.7%      | 145,916        | 16.7%      | 2,609         | 1.8%        | 17.1%                        |
| CMBS, CDO and other ABS issues              | 117,789                   | 13.2%      | 120,027        | 13.7%      | -2,238        | -1.9%       | -14.7%                       |
| Savings institutions                        | 65,203                    | 7.3%       | 96,924         | 11.1%      | -31,721       | -32.7%      | -208.1%                      |
| State and local government                  | 70,144                    | 7.9%       | 69,917         | 8.0%       | 227           | 0.3%        | 1.5%                         |
| Life insurance companies                    | 50,089                    | 5.6%       | 49,756         | 5.7%       | 333           | 0.7%        | 2.2%                         |
| Federal government                          | 14,258                    | 1.6%       | 14,316         | 1.6%       | -58           | -0.4%       | -0.4%                        |
| Nonfarm noncorporate business               | 14,384                    | 1.6%       | 14,286         | 1.6%       | 98            | 0.7%        | 0.6%                         |
| Finance companies                           | 6,652                     | 0.7%       | 5,957          | 0.7%       | 695           | 11.7%       | 4.6%                         |
| REITs                                       | 4,291                     | 0.5%       | 5,028          | 0.6%       | -737          | -14.7%      | -4.8%                        |
| State and local government retirement funds | 3,667                     | 0.4%       | 3,683          | 0.4%       | -16           | -0.4%       | -0.1%                        |
| Private pension funds                       | 2,696                     | 0.3%       | 2,435          | 0.3%       | 261           | 10.7%       | 1.7%                         |
| Household sector                            | 1,713                     | 0.2%       | 1,693          | 0.2%       | 20            | 1.2%        | 0.1%                         |
| Nonfinancial corporate business             | 1,215                     | 0.1%       | 1,198          | 0.1%       | 17            | 1.4%        | 0.1%                         |
| <b>TOTAL</b>                                | <b>890,433</b>            |            | <b>875,188</b> |            | <b>15,245</b> | <b>1.7%</b> |                              |

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

## MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Sector

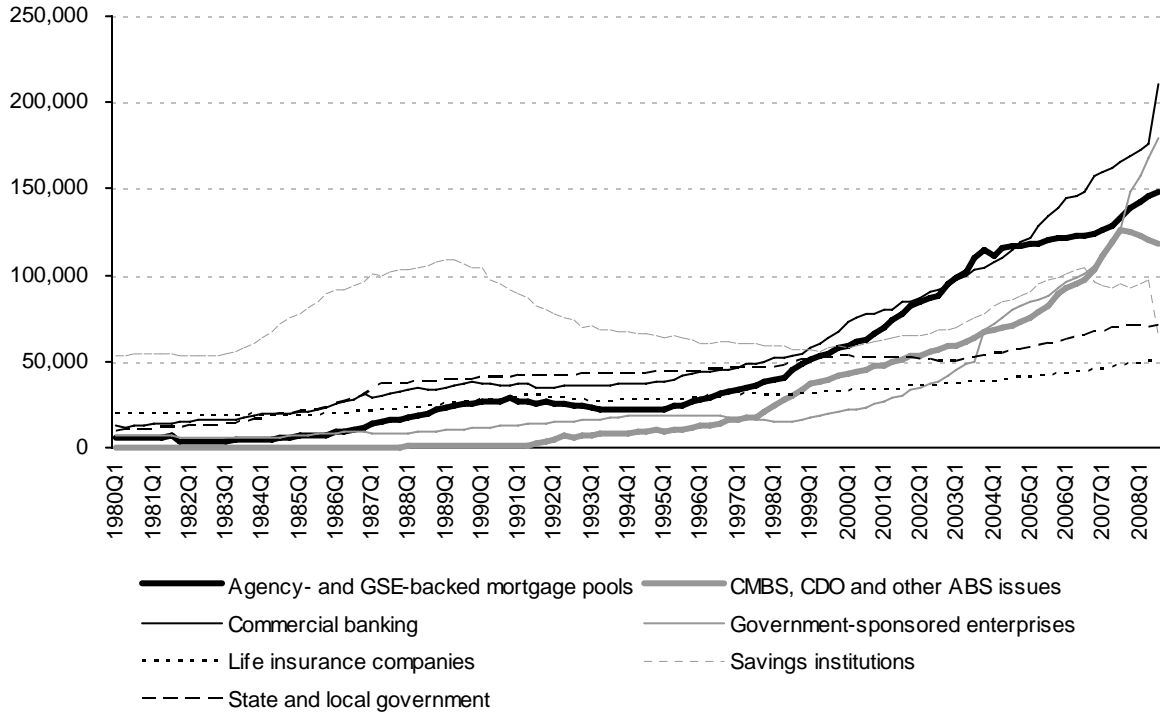
(\$millions)



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

## MULTIFAMILY MORTGAGE DEBT OUTSTANDING

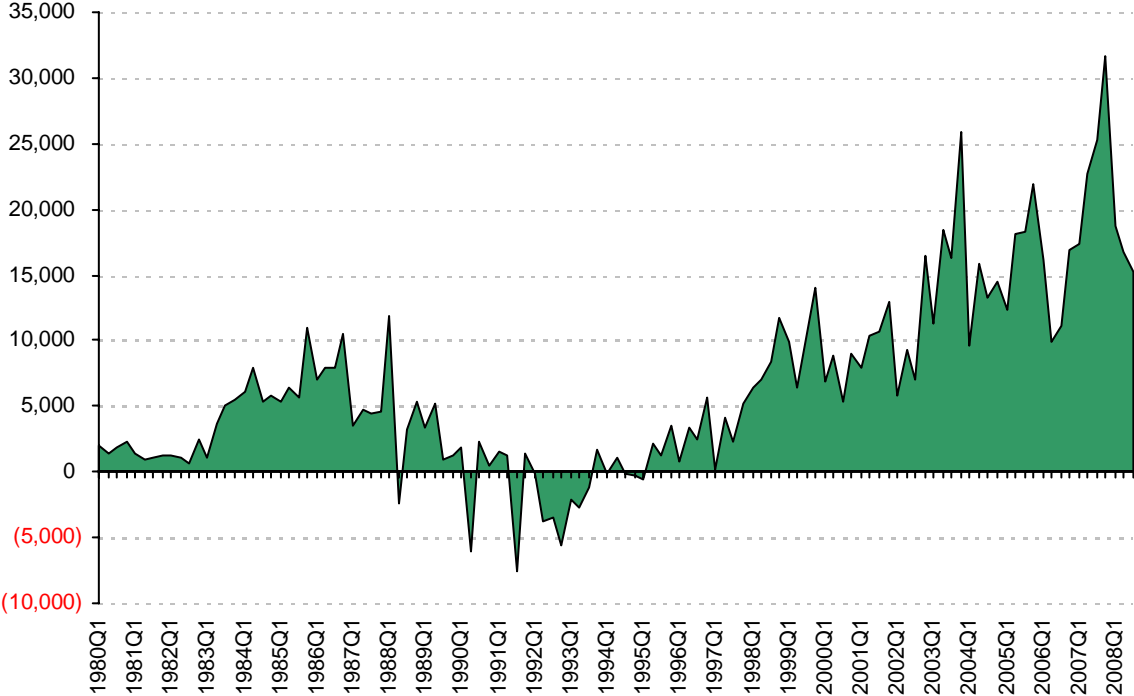
Total Multifamily Mortgage Debt Outstanding, by Selected Sector by Quarter  
 (\$millions)



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

**MULTIFAMILY MORTGAGE FLOWS**

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

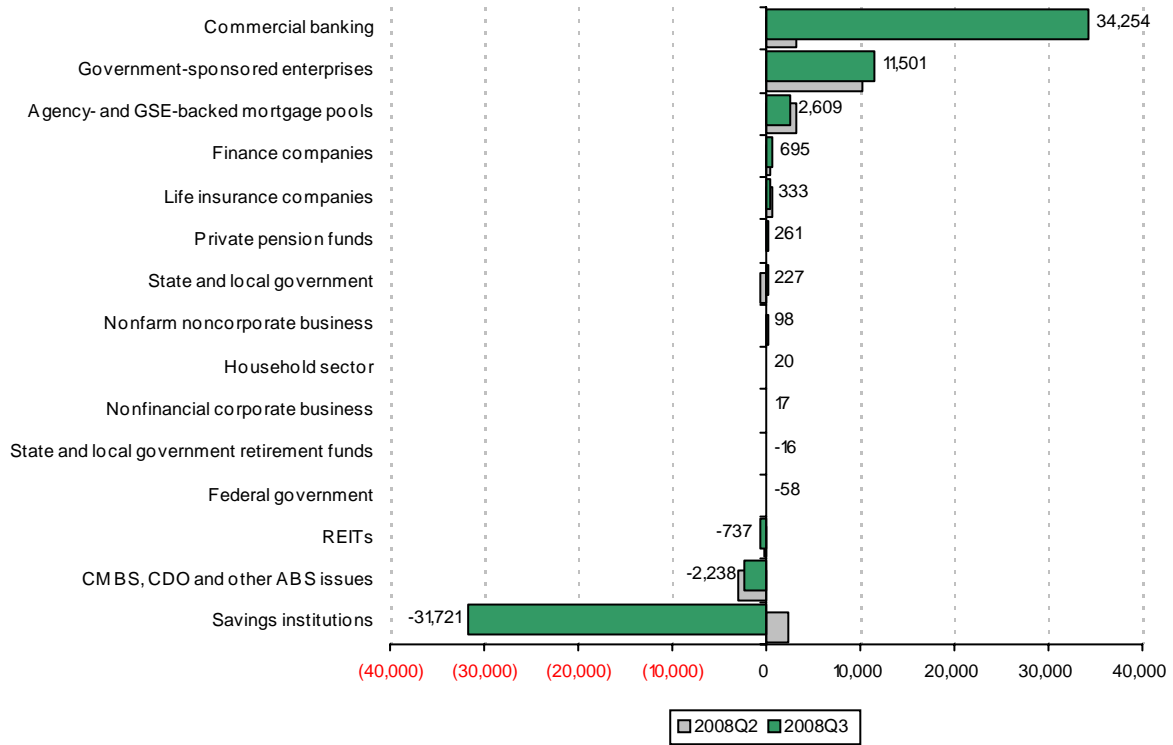


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

## MULTIFAMILY MORTGAGE FLOWS

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

(\$millions)



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



1331 L Street, NW  
Washington, DC 20005

# ***Purchase ground-breaking, comprehensive mortgage origination information.***

## ***2007 Commercial Real Estate/Multifamily Finance Origination Rankings***

All Firms (member \$250 / nonmember \$350)

## ***2007 Annual Report on Multifamily Lending***

Member \$125 / nonmember \$200

## ***Commercial Real Estate/Multifamily Finance Annual Origination Volume Summation (2007 data)***

Member \$250 / nonmember \$350

To purchase these products please visit: <http://store.mortgagebankers.org>  
and view under *Market and Research Data*.