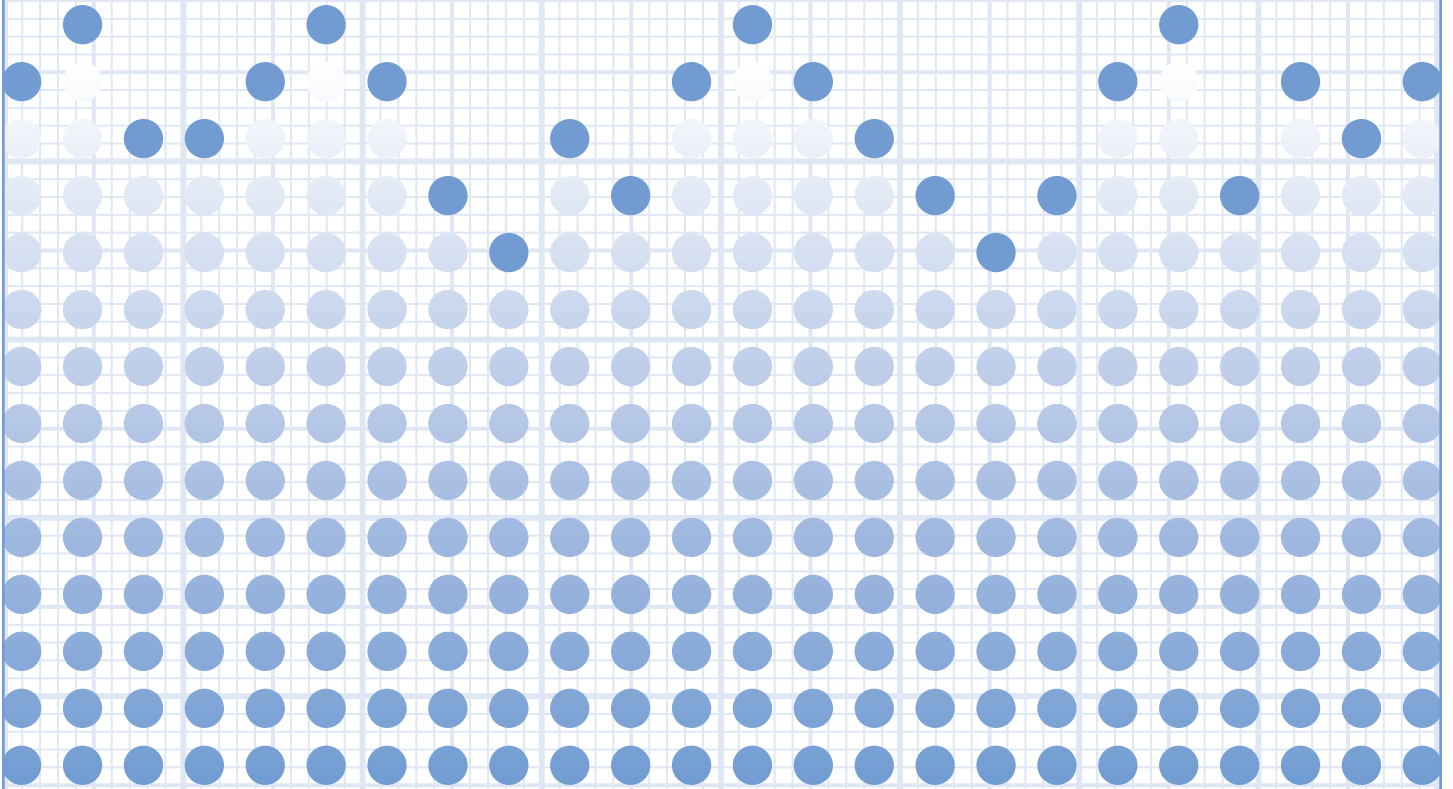


MBA COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING

THIRD QUARTER 2009



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

Commercial/Multifamily Mortgage Debt Outstanding

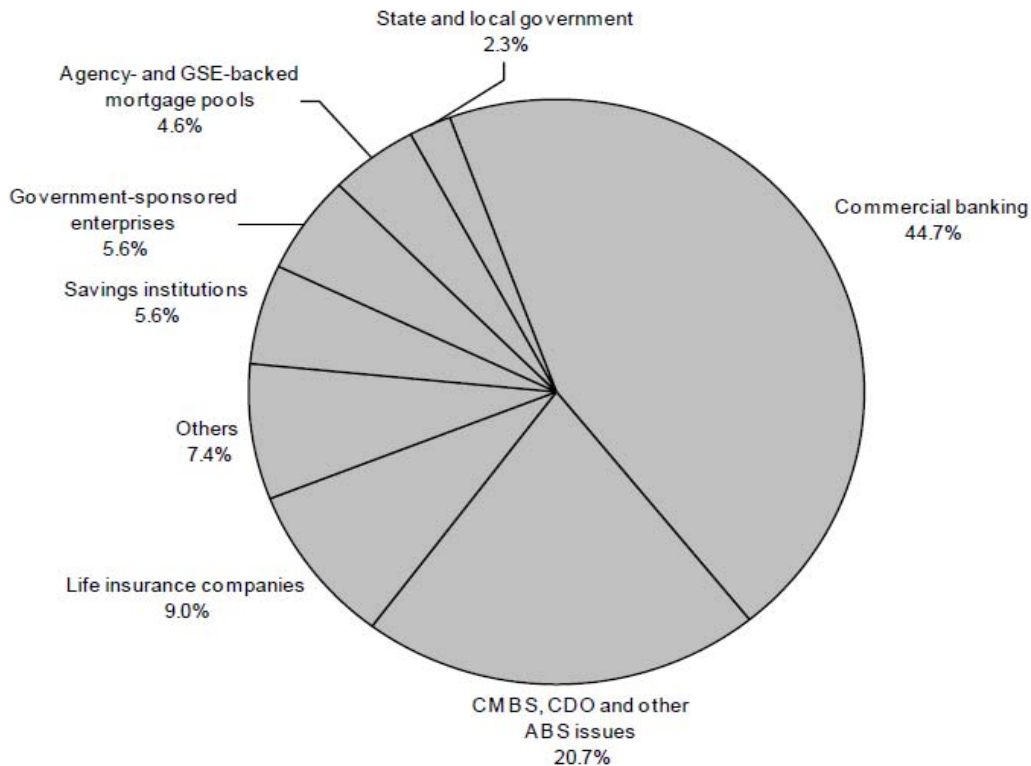
Third Quarter 2009

The level of commercial/multifamily mortgage debt outstanding decreased in the third quarter, to \$3.43 trillion, according to the Mortgage Bankers Association (MBA) analysis of the Federal Reserve Board Flow of Funds data.

The \$3.43 trillion in commercial/multifamily mortgage debt outstanding recorded by the Federal Reserve was a decrease of \$28 billion or 0.8 percent from the second quarter 2009. Multifamily mortgage debt outstanding dropped to \$912 billion, a decrease of \$1 billion or 0.1 percent from second quarter.

“Given its longer-term nature, the amount of commercial and multifamily mortgages outstanding has remained relatively stable through the credit crunch and recession,” said Jamie Woodwell, MBA’s Vice President of Commercial Real Estate Research. “The top line numbers from the Fed show a 0.8 percent decline in commercial and multifamily mortgage debt outstanding during the third quarter, led by a \$20 billion drop in the holdings of banks and thrifts. Excluding construction loans however, banks and thrifts saw a \$6 billion increase in their holdings of loans backed by commercial and multifamily properties. Coupled with increases in the holdings of

Commercial Multifamily Mortgage Debt Outstanding
By Investor Group, Third Quarter 2009



multifamily mortgages by Fannie Mae and Freddie Mac, and decreases in the balances backing commercial mortgage-backed securities, the overall amount of mortgage debt outstanding backed by commercial/multifamily properties remained relatively unchanged."

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, \$1.53 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 \$709 billion, or 21 percent of the total. Life insurance companies hold \$310 billion, or 9 percent of the total, and savings institutions hold \$190 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 \$197 billion in multifamily loans that support the mortgage-backed securities they issued and an additional \$162 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 \$197 billion in federally related mortgage pools and \$162 billion in their own portfolios or 39 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 \$110 billion, or 12 percent of the total; state and local governments with \$66 billion, or 7 percent of the total; savings institutions with \$64 billion, or 7 percent of the total; and life insurance companies with \$50 billion, or 6 percent of the total.

CHANGES IN COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING

In the third quarter of 2009, commercial banks saw the largest decrease in dollar terms in their holdings of commercial/multifamily mortgage debt – a decrease of \$15 billion or 1 percent. CMBS, CDO, and other ABS issues decreased their holdings of commercial/multifamily mortgages by \$10 billion or 1.3 percent. Savings institutions decreased their holdings of commercial/multifamily mortgages by \$5 billion or 2.3 percent. REITs decreased their holdings of commercial/multifamily mortgages by \$4 billion or 12 percent. As mentioned earlier, the decline in bank and thrift holdings was

driven by a drop in construction loans, many of them for the development of single-family homes.

In percentage terms, nonfinancial corporate business saw the largest decrease in their holdings of commercial/multifamily mortgages, a drop of 37 percent. REITS saw their holdings decrease by 12 percent.

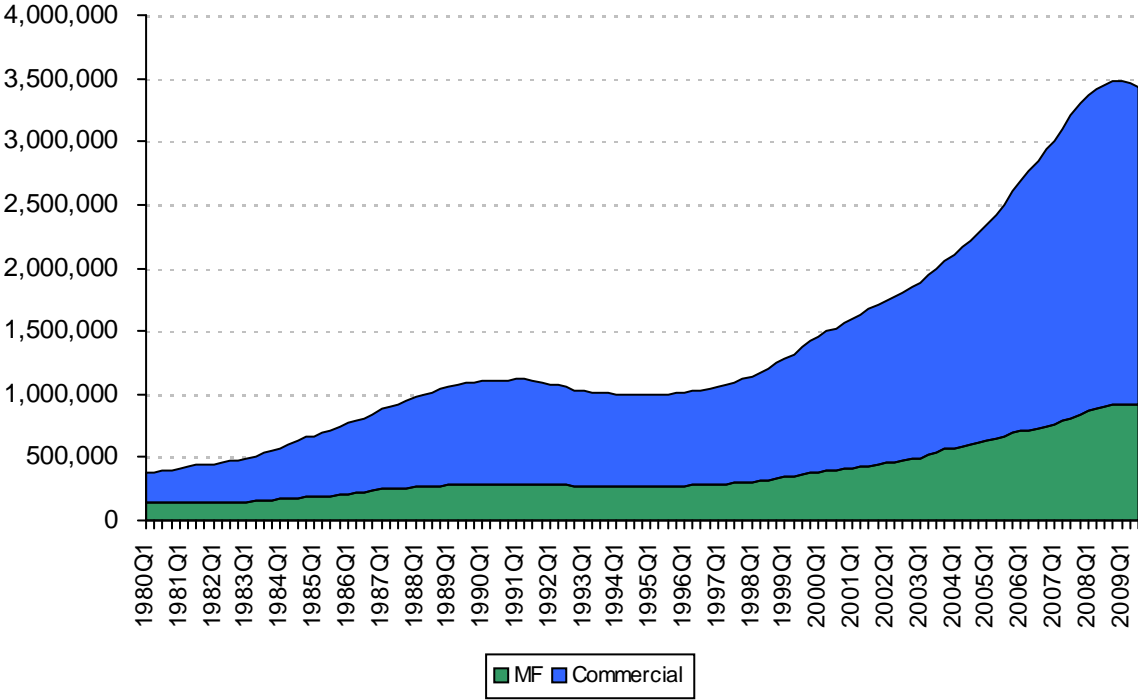
CHANGES IN MULTIFAMILY MORTGAGE DEBT OUTSTANDING

The \$1 billion decrease in multifamily mortgage debt outstanding between the second quarter and third quarter 2009 represents a 0.1 percent decrease. In dollar terms, savings institutions saw the largest decrease in their holdings of multifamily mortgage debt, a decrease of \$2 billion, or 4 percent. REITS decreased their holdings of multifamily mortgage debt by \$1 billion, or 41 percent. Nonfarm noncorporate business decreased by \$465 million, or 3 percent. Government-sponsored enterprises saw the biggest increase in their holdings of multifamily mortgage debt by \$3 billion or 2 percent.

In percentage terms, REITs recorded the biggest decrease in their holdings of multifamily mortgages at 41 percent. Private pension funds saw the biggest increase of 9 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



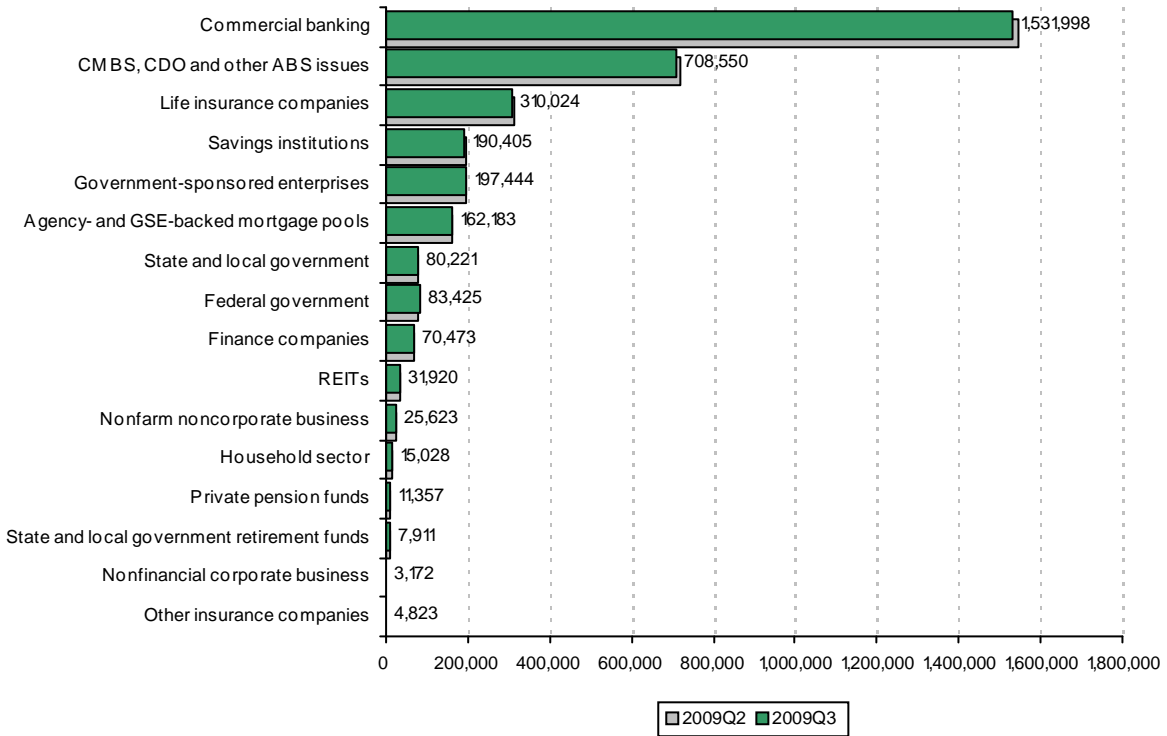
	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2009 Q3		2009 Q2		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Commercial banking	1,531,998	44.6%	1,547,283	44.7%	-15,285	-1.0%	53.9%
CMBS, CDO and other ABS issues	708,550	20.6%	718,056	20.7%	-9,506	-1.3%	33.6%
Life insurance companies	310,024	9.0%	311,901	9.0%	-1,877	-0.6%	6.6%
Government-sponsored enterprises	197,444	5.7%	194,123	5.6%	3,321	1.7%	-11.7%
Savings institutions	190,405	5.5%	194,866	5.6%	-4,461	-2.3%	15.7%
Agency- and GSE-backed mortgage pools	162,183	4.7%	160,118	4.6%	2,065	1.3%	-7.3%
Federal government	83,425	2.4%	79,801	2.3%	3,624	4.5%	-12.8%
State and local government	80,221	2.3%	79,898	2.3%	323	0.4%	-1.1%
Finance companies	70,473	2.1%	70,787	2.0%	-314	-0.4%	1.1%
REITs	31,920	0.9%	36,127	1.0%	-4,207	-11.6%	14.8%
Nonfarm noncorporate business	25,623	0.7%	26,462	0.8%	-839	-3.2%	3.0%
Household sector	15,028	0.4%	14,808	0.4%	220	1.5%	-0.8%
Private pension funds	11,357	0.3%	10,677	0.3%	680	6.4%	-2.4%
State and local government retirement funds	7,911	0.2%	7,890	0.2%	21	0.3%	-0.1%
Other insurance companies	4,823	0.1%	5,032	0.1%	-209	-4.2%	0.7%
Nonfinancial corporate business	3,172	0.1%	5,061	0.1%	-1,889	-37.3%	6.7%
TOTAL	3,434,557		3,462,890		-28,333	-0.8%	

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)

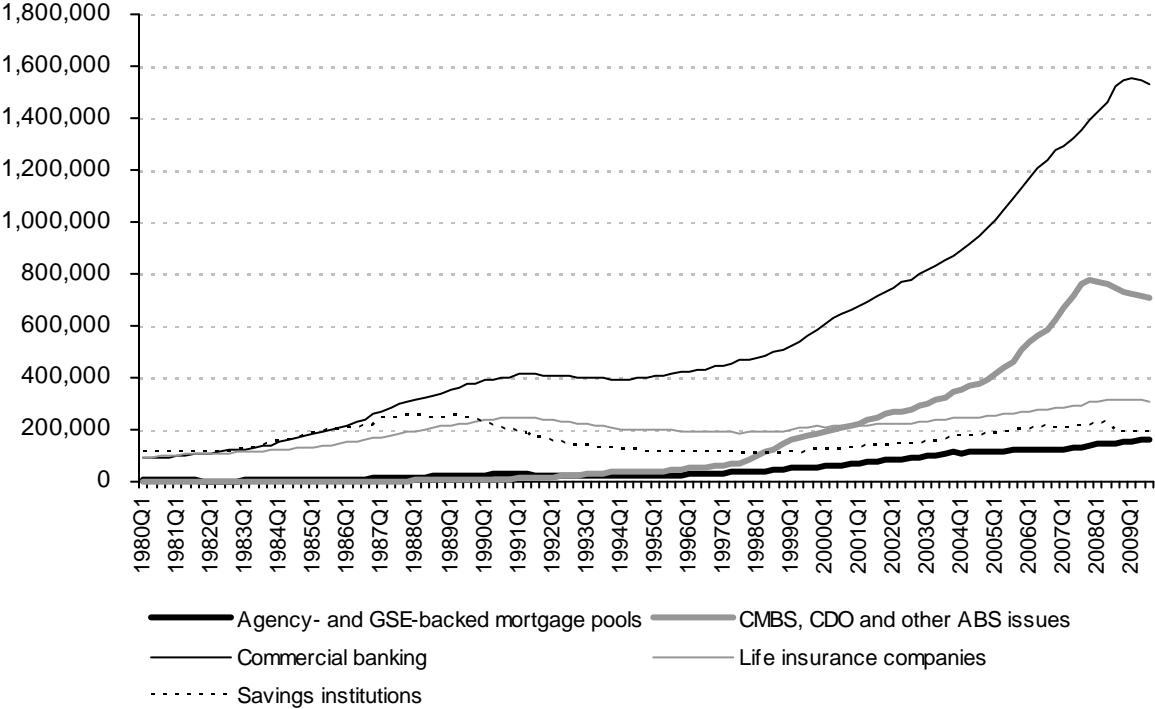


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

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

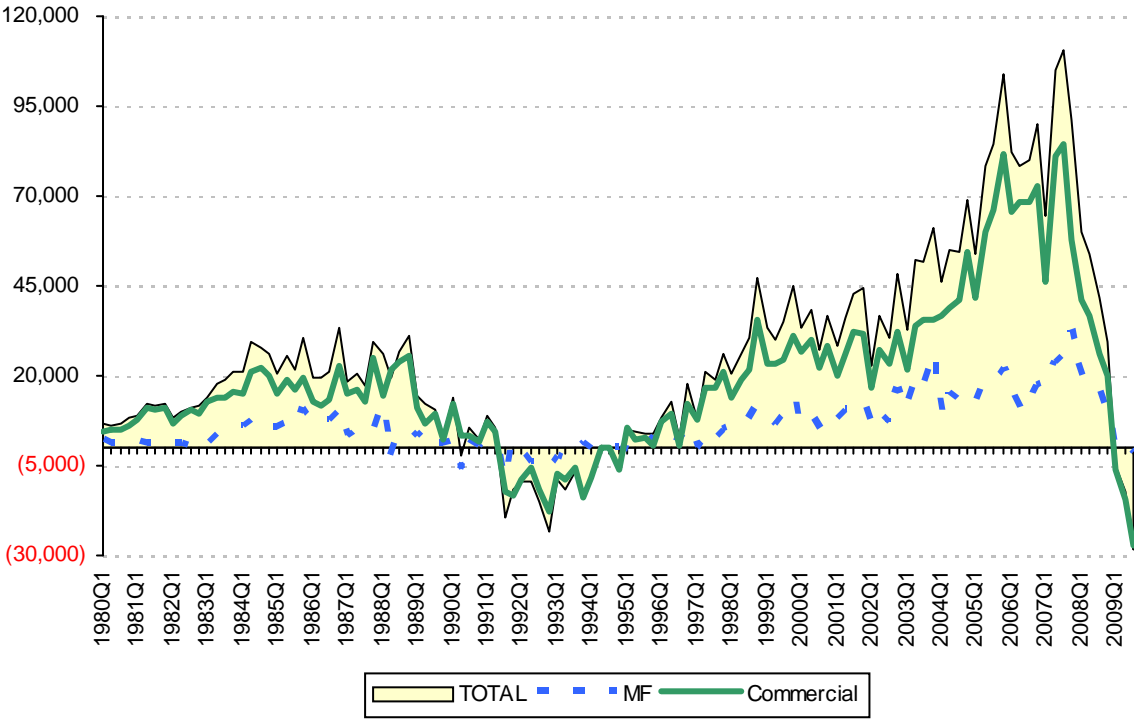
(\$millions)



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)

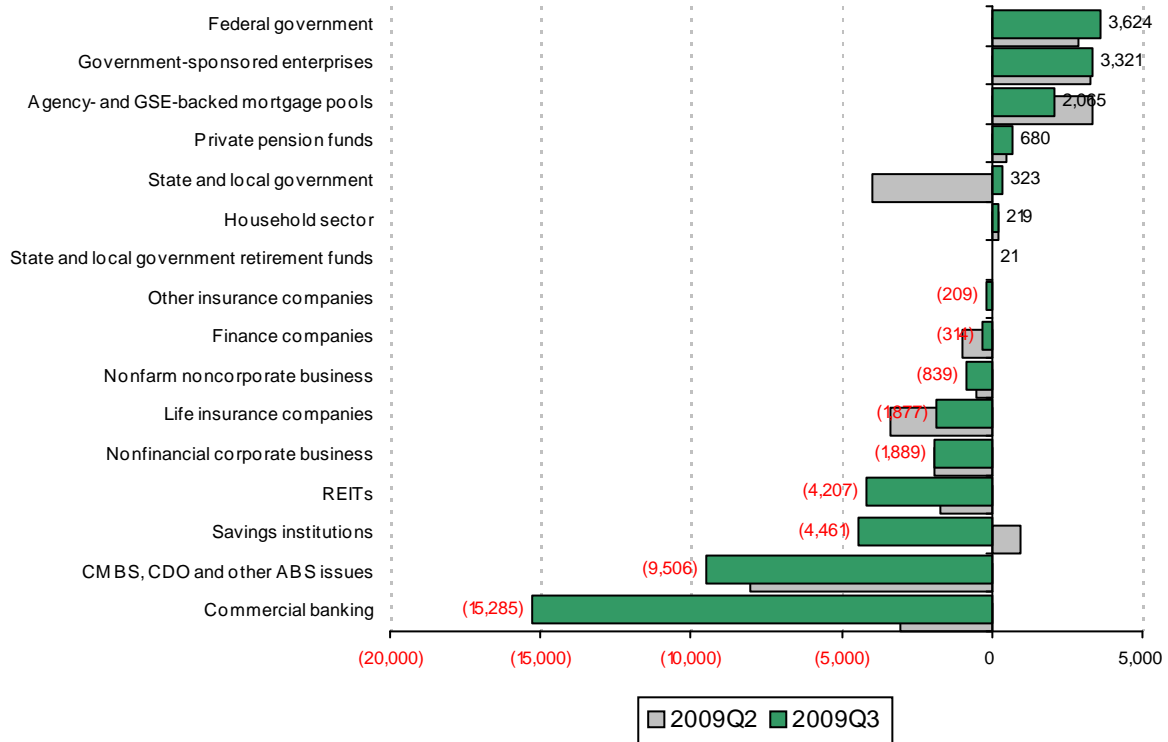


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

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

(\$millions)



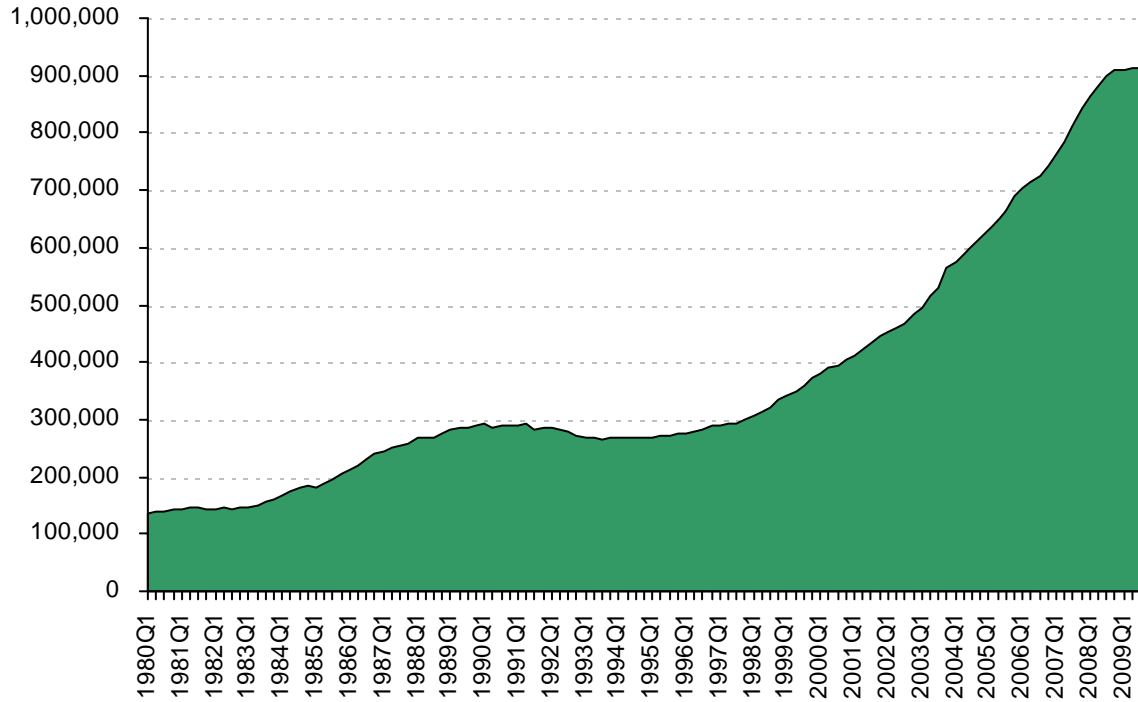
Source: Flow of Funds Accounts, Federal Reserve Board of Governors

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



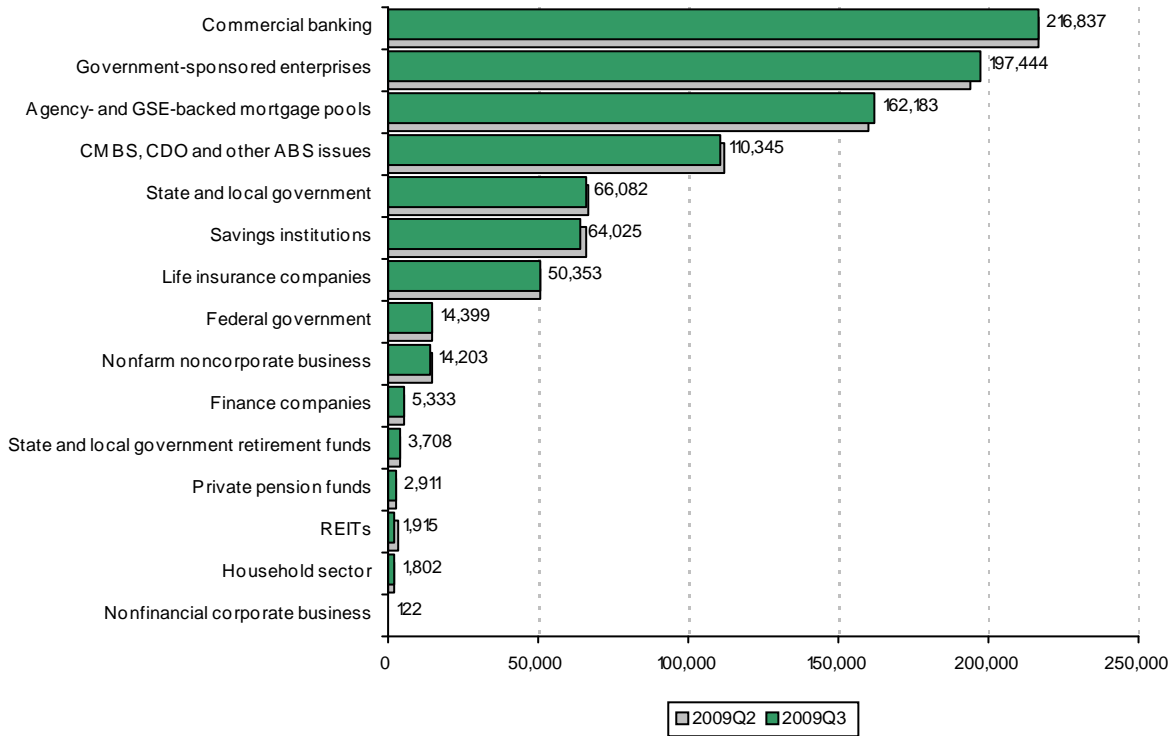
	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2009 Q3		2009 Q2		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Commercial banking	216,837	23.8%	216,790	23.7%	47	0.0%	-3.8%
Government-sponsored enterprises	197,444	21.7%	194,123	21.3%	3,321	1.7%	-269.6%
Agency- and GSE-backed mortgage pools	162,183	17.8%	160,118	17.5%	2,065	1.3%	-167.6%
CMBS, CDO and other ABS issues	110,345	12.1%	112,095	12.3%	-1,750	-1.6%	142.0%
State and local government	66,082	7.2%	66,582	7.3%	-500	-0.8%	40.6%
Savings institutions	64,025	7.0%	66,331	7.3%	-2,306	-3.5%	187.2%
Life insurance companies	50,353	5.5%	50,651	5.5%	-298	-0.6%	24.2%
Federal government	14,399	1.6%	14,387	1.6%	12	0.1%	-1.0%
Nonfarm noncorporate business	14,203	1.6%	14,668	1.6%	-465	-3.2%	37.7%
Finance companies	5,333	0.6%	5,542	0.6%	-209	-3.8%	17.0%
REITs	1,915	0.2%	3,267	0.4%	-1,352	-41.4%	109.7%
State and local government retirement funds	3,708	0.4%	3,698	0.4%	10	0.3%	-0.8%
Private pension funds	2,911	0.3%	2,669	0.3%	242	9.1%	-19.6%
Household sector	1,802	0.2%	1,778	0.2%	24	1.3%	-1.9%
Nonfinancial corporate business	122	0.0%	195	0.0%	-73	-37.4%	5.9%
TOTAL	911,662		912,894		-1,232	-0.1%	

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

MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Sector

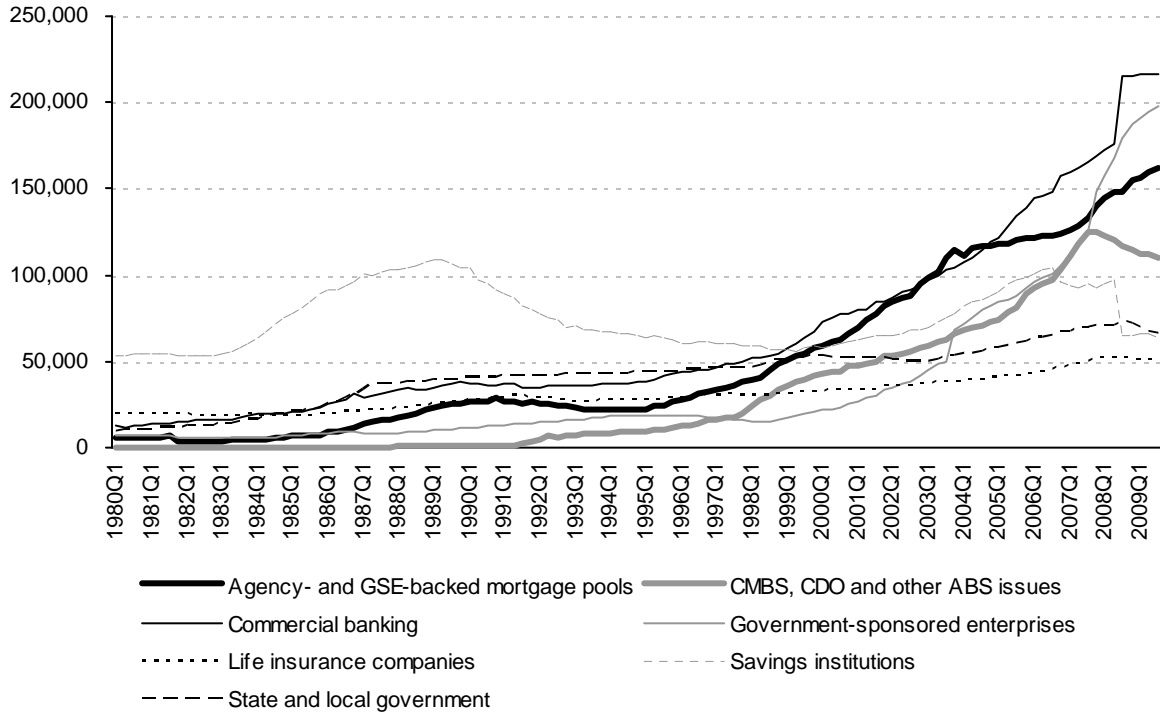
(\$millions)



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)

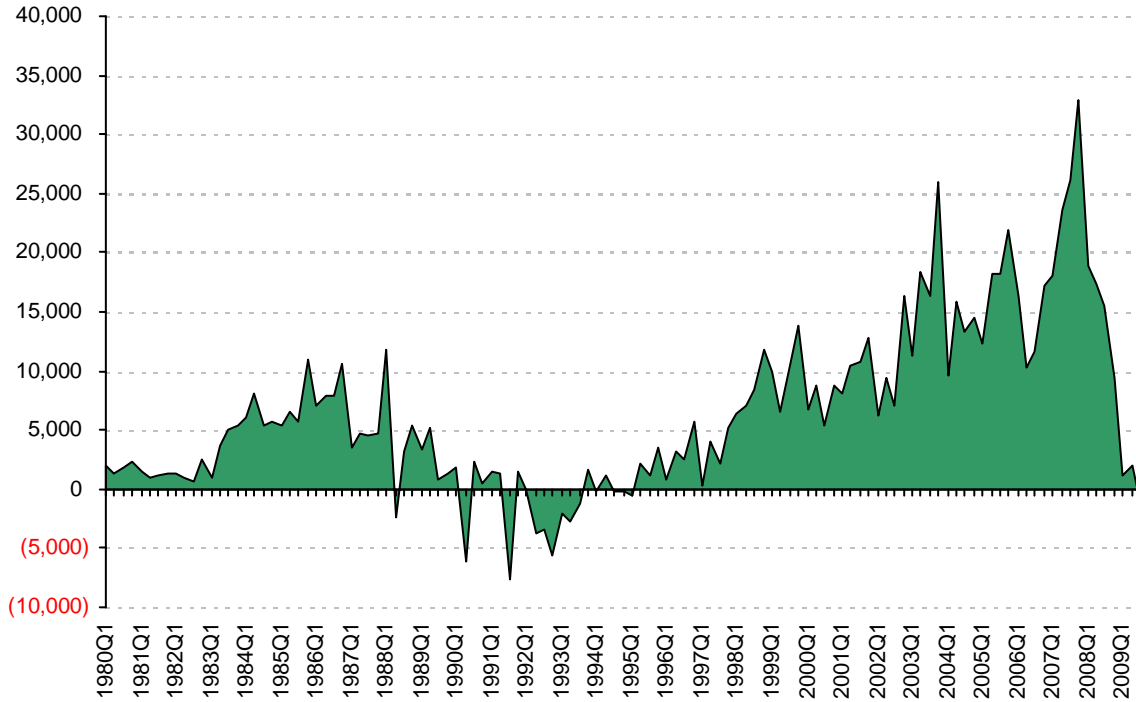


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

MULTIFAMILY MORTGAGE FLOWS

Net Change in Multifamily Mortgage Debt Outstanding, by Quarter

(\$millions)

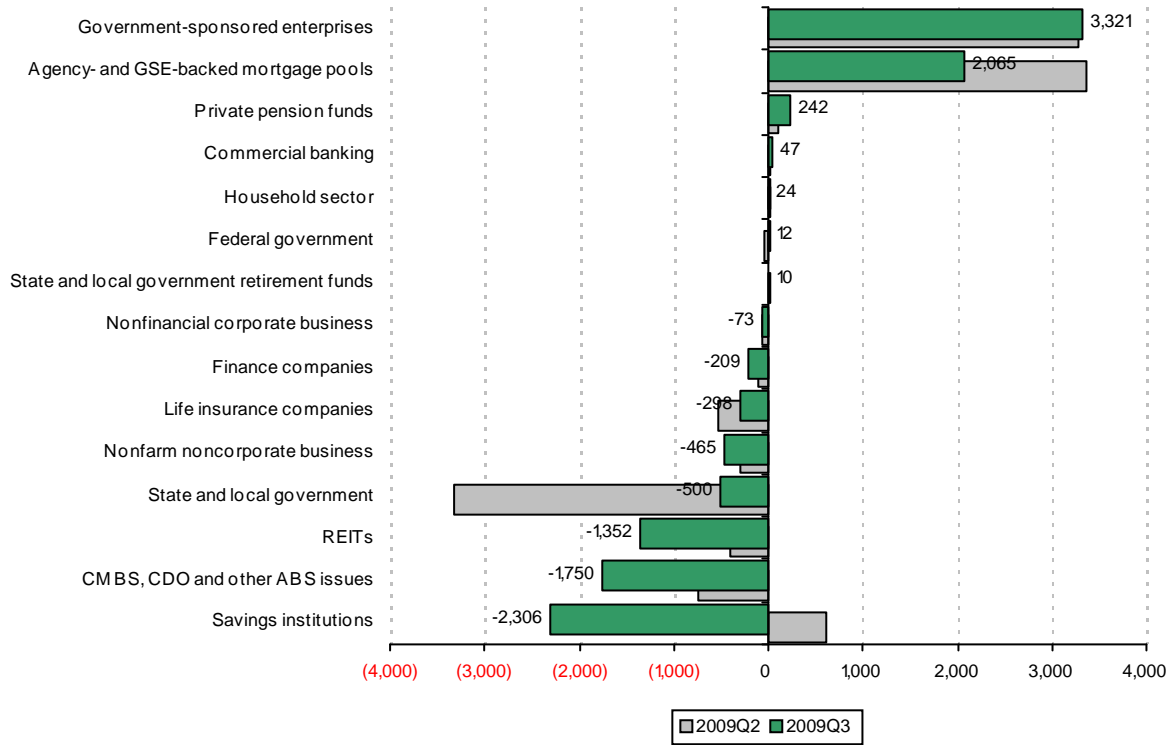


Source: Flow of Funds Accounts, Federal Reserve Board of Governors

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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