

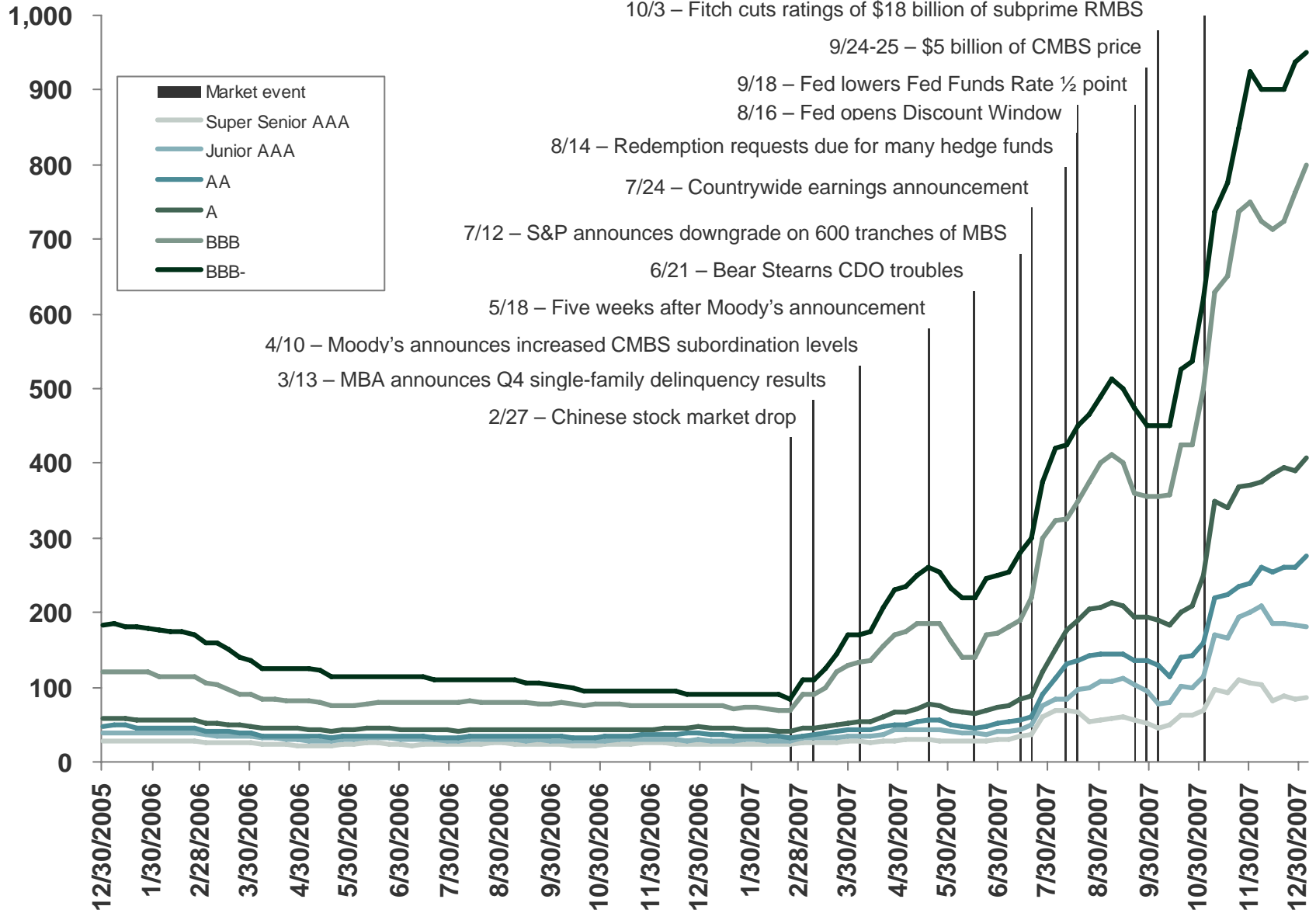
Real Estate Finance Market Update

TIAA-CREF Real Estate Forum

January 24, 2008

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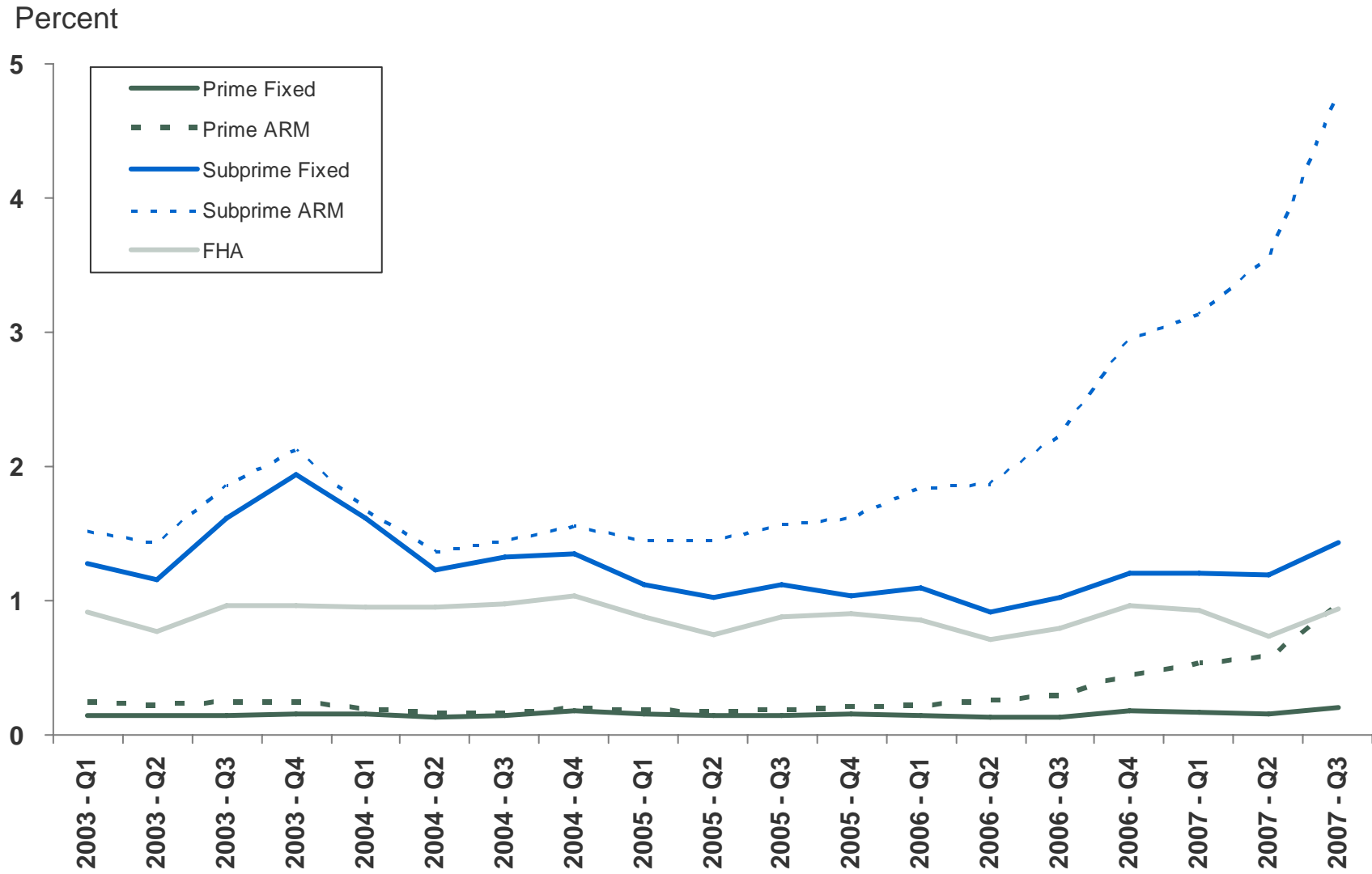
CMBS Spreads to Swaps (in Basis Points)



11/1 – Analyst report on Citigroup dividend threat
 10/3 – Fitch cuts ratings of \$18 billion of subprime RMBS
 9/24-25 – \$5 billion of CMBS price
 9/18 – Fed lowers Fed Funds Rate ½ point
 8/16 – Fed opens Discount Window
 8/14 – Redemption requests due for many hedge funds
 7/24 – Countrywide earnings announcement
 7/12 – S&P announces downgrade on 600 tranches of MBS
 6/21 – Bear Stearns CDO troubles
 5/18 – Five weeks after Moody’s announcement
 4/10 – Moody’s announces increased CMBS subordination levels
 3/13 – MBA announces Q4 single-family delinquency results
 2/27 – Chinese stock market drop

Source: MBA and Commercial Real Estate Direct

Foreclosures Started By Loan Type (NSA)



Composition of Foreclosure Starts



	% of Loans Outstanding	% of Foreclosures Started
Prime Fixed	63%	18%
Prime ARM	15%	19%
Subprime Fixed	6%	12%
Subprime ARM	7%	43%
FHA	9%	9%

In Q3 2007 approximately:

- o 384,000 foreclosure starts*
- o 54,000 loans modified
- o 183,000 repayment plans

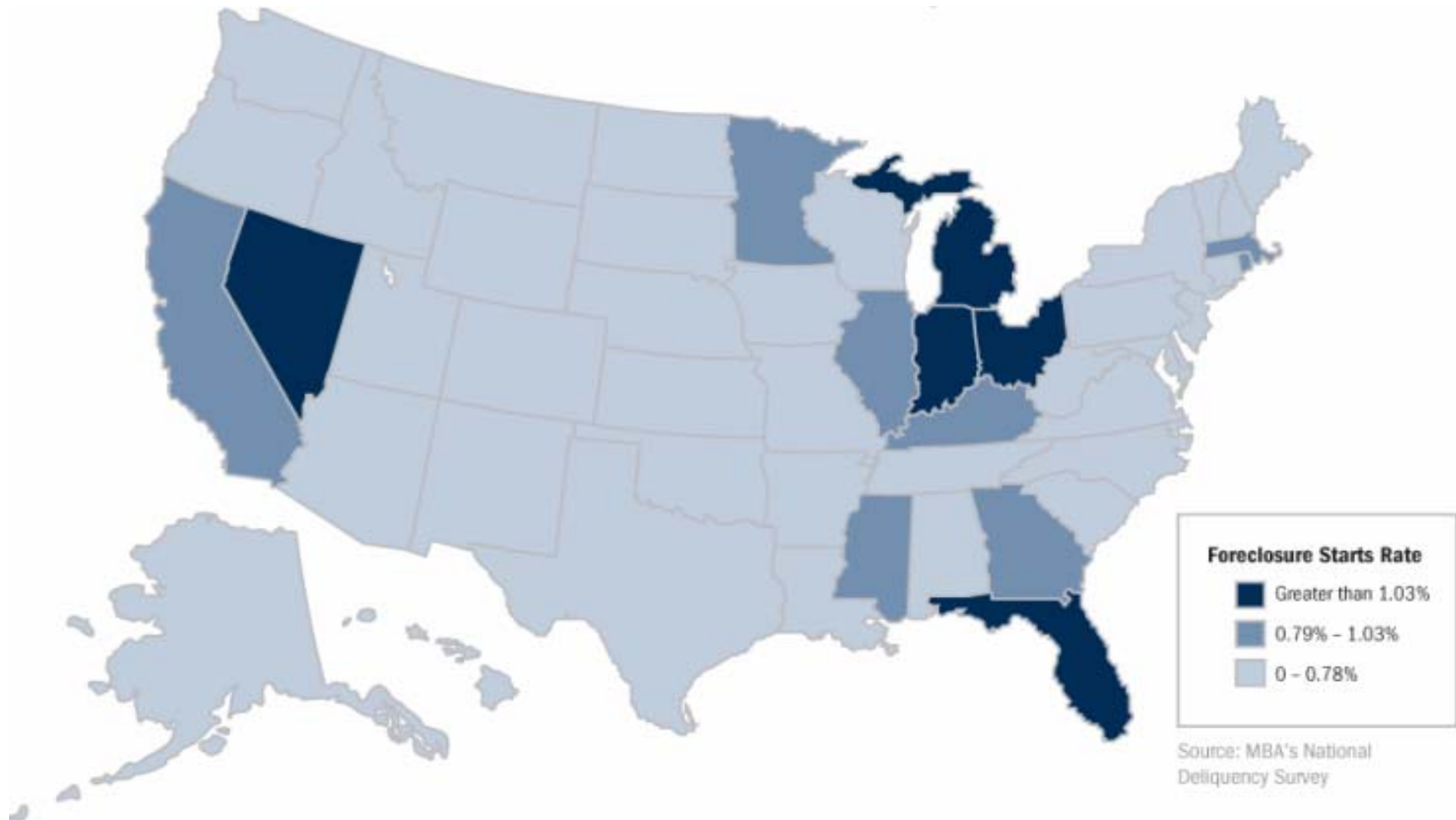
Of foreclosure starts

- o 18% not occupied by owner
- o 23% borrower would not respond
- o 29% borrower defaulted despite previous plan
- o Above = 63% of Q3 foreclosure starts

*Based on MBA's National Delinquency Survey, the actual number of foreclosures is likely closer to 400,000. However, these foreclosures were on loans that cannot be identified by type as to fixed or adjustable rates and are therefore excluded. In addition, VA loans were not included but FHA loans were lumped into the prime loan category.

Source: Mortgage Bankers Association

New Foreclosure Rate by State: 2007Q3



Source: MBA National Delinquency Survey

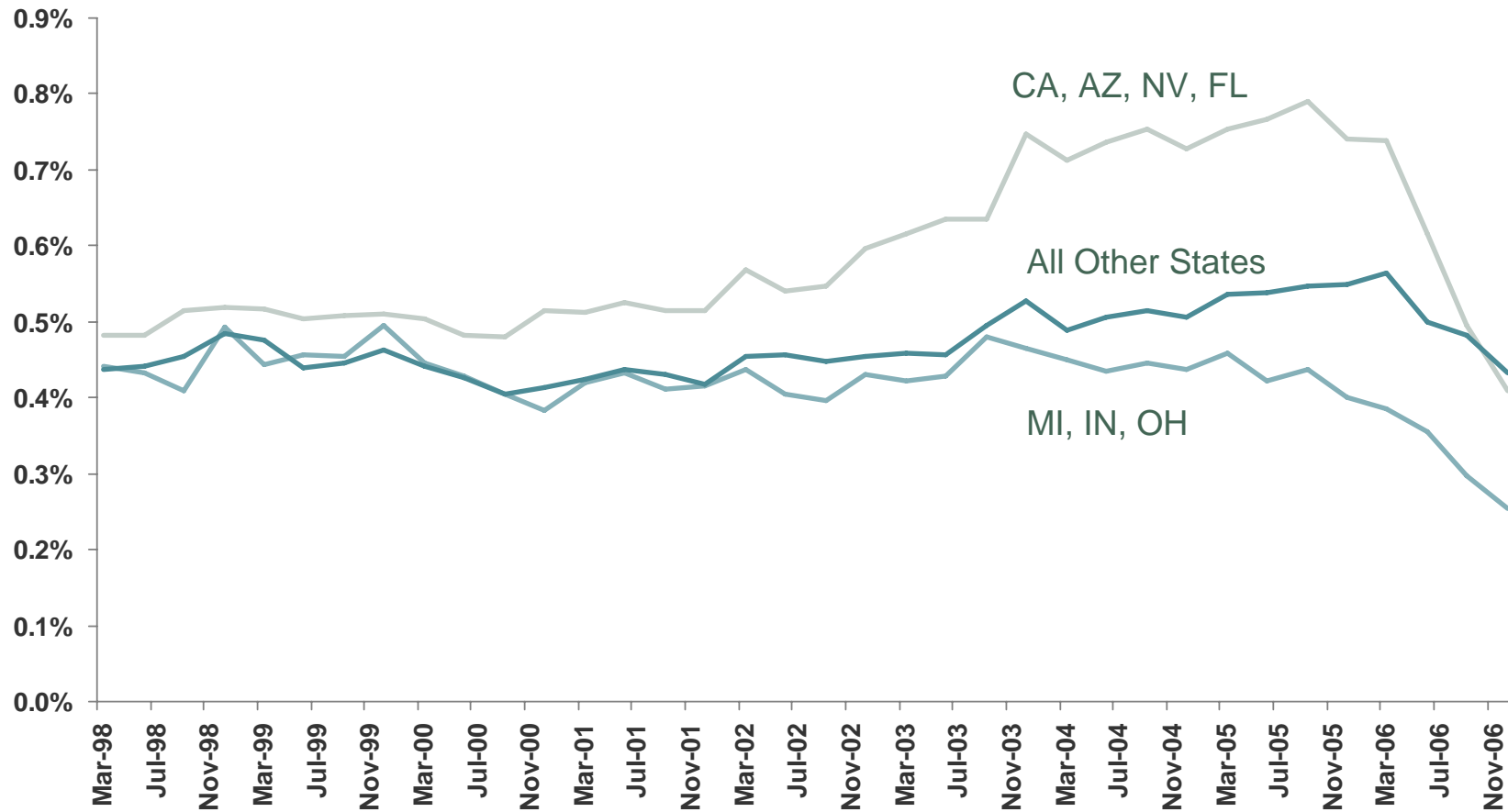
California and Florida Share of Total US



	% of Prime ARMs	% of Prime ARM Foreclosure Starts	% of Subprime ARMs	% of Subprime ARM Foreclosure Starts
California	25.8%	27.9%	17.3%	21.4%
Florida	10.6%	14.5%	10.8%	12.4%
Combined	36.4%	42.4%	28.1%	33.8%

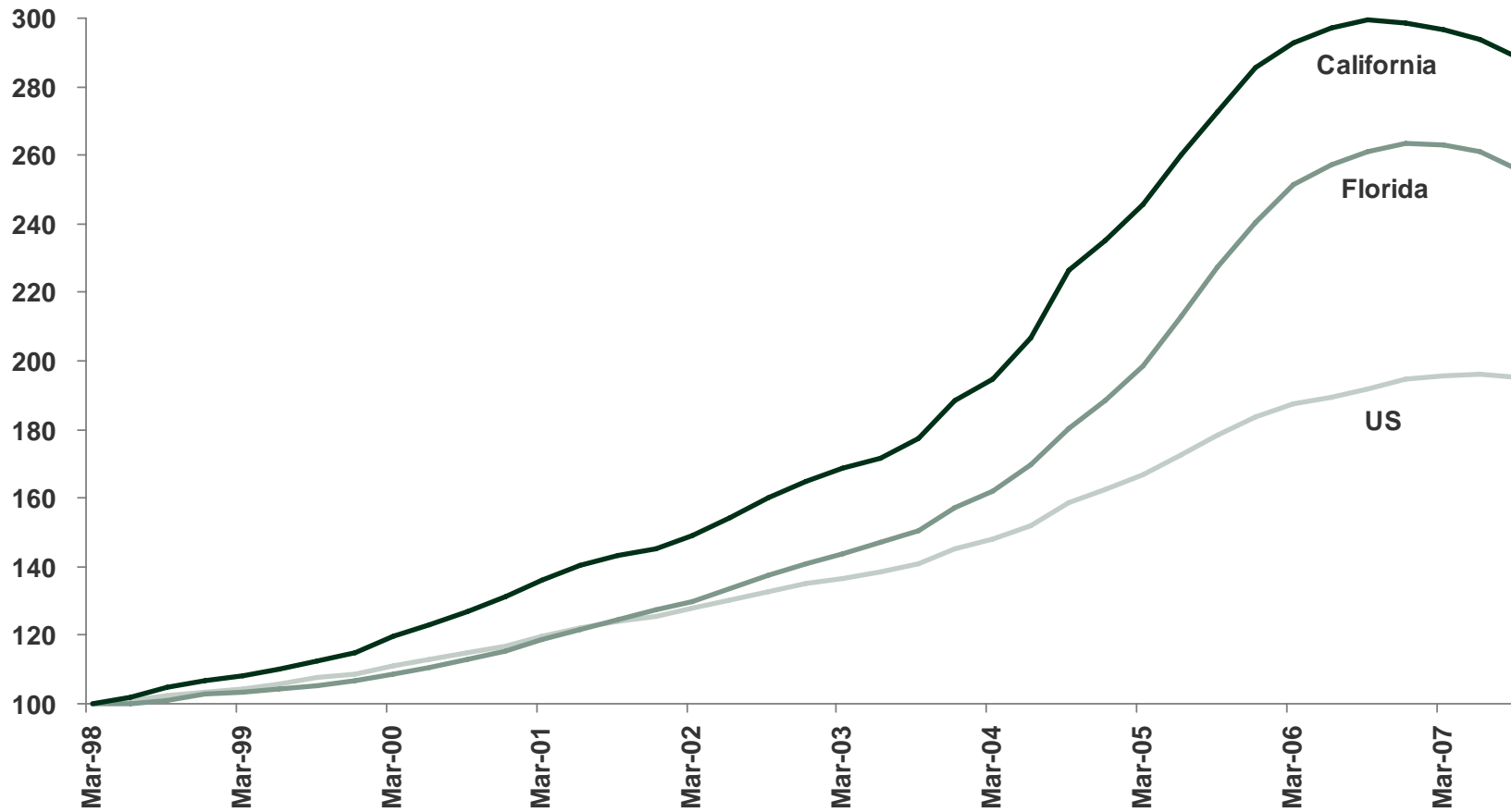
Source: MBA National Delinquency Survey

Housing Starts Per Capita



Source: The Federal Reserve Bank of New York and Economy.com

OFHEO Home Price Index (1998 Q1 = 100)

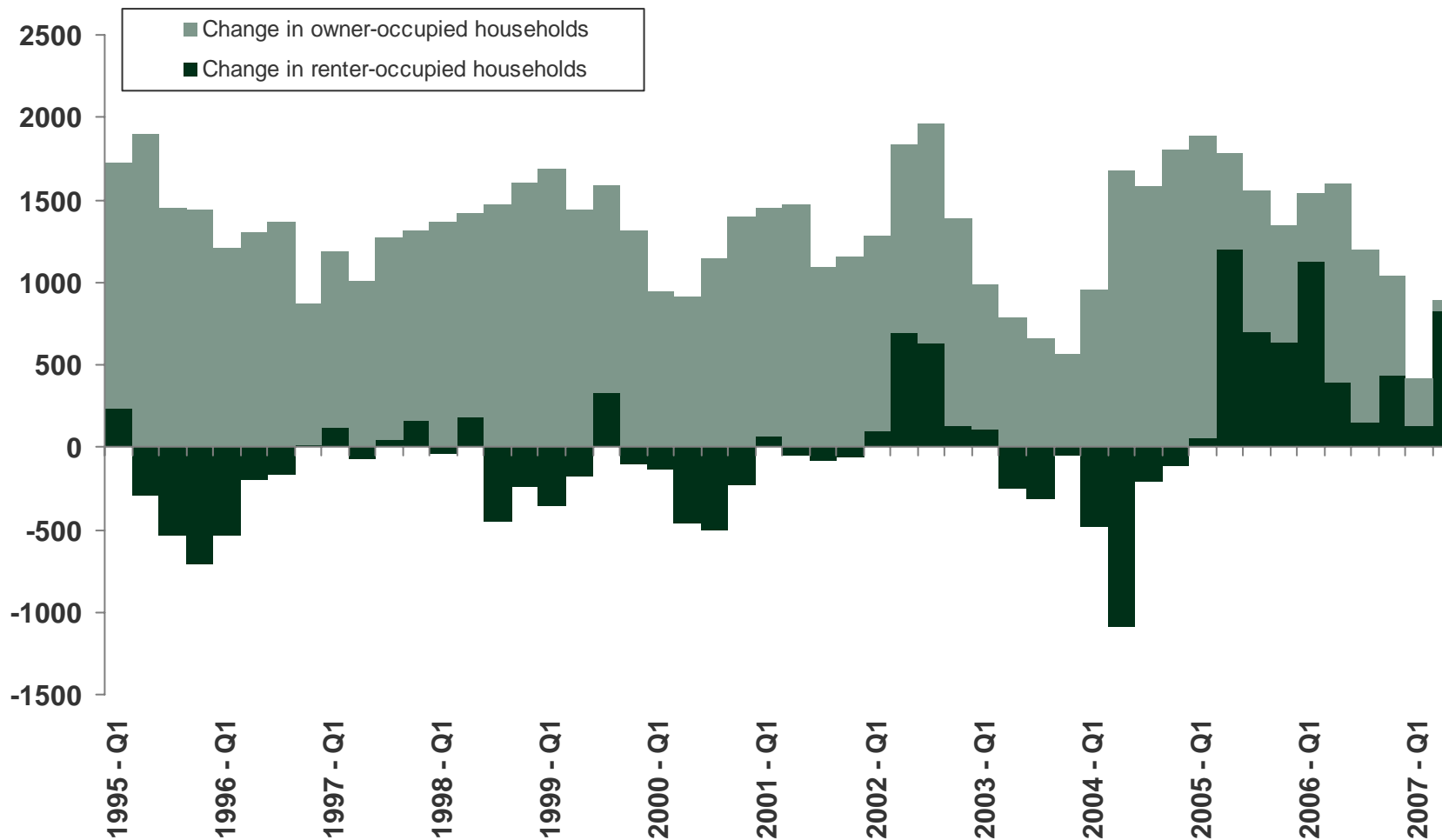


Source: Office of Federal Housing Enterprise Oversight

Change in Number of Owner- and Renter-occupied Households, Year-over-year (additive)



Thousands of households

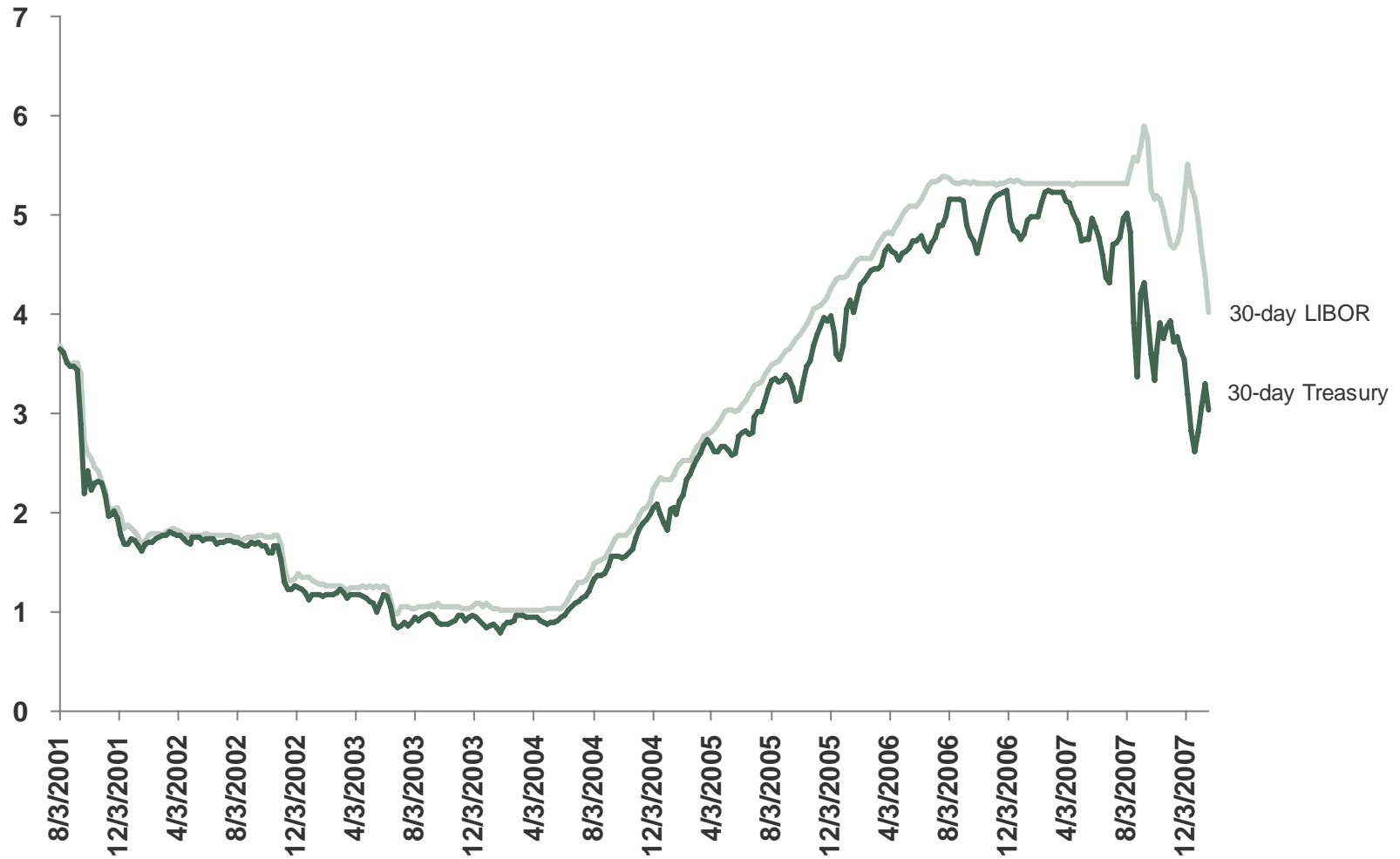


Spill-over

30-day LIBOR and 30-day Treasury



Percent



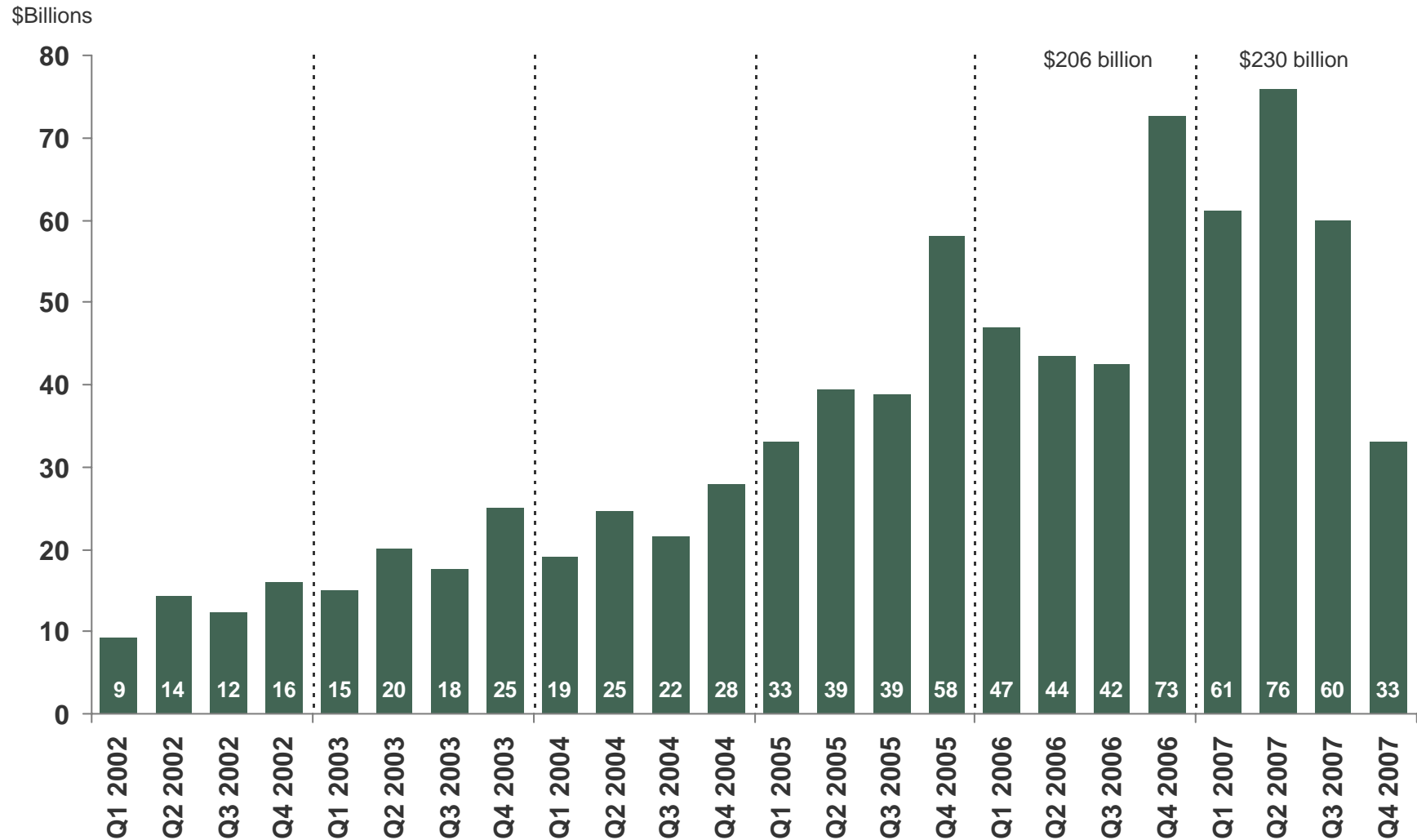
Source: Federal Reserve Board

AAA CMBS Spreads



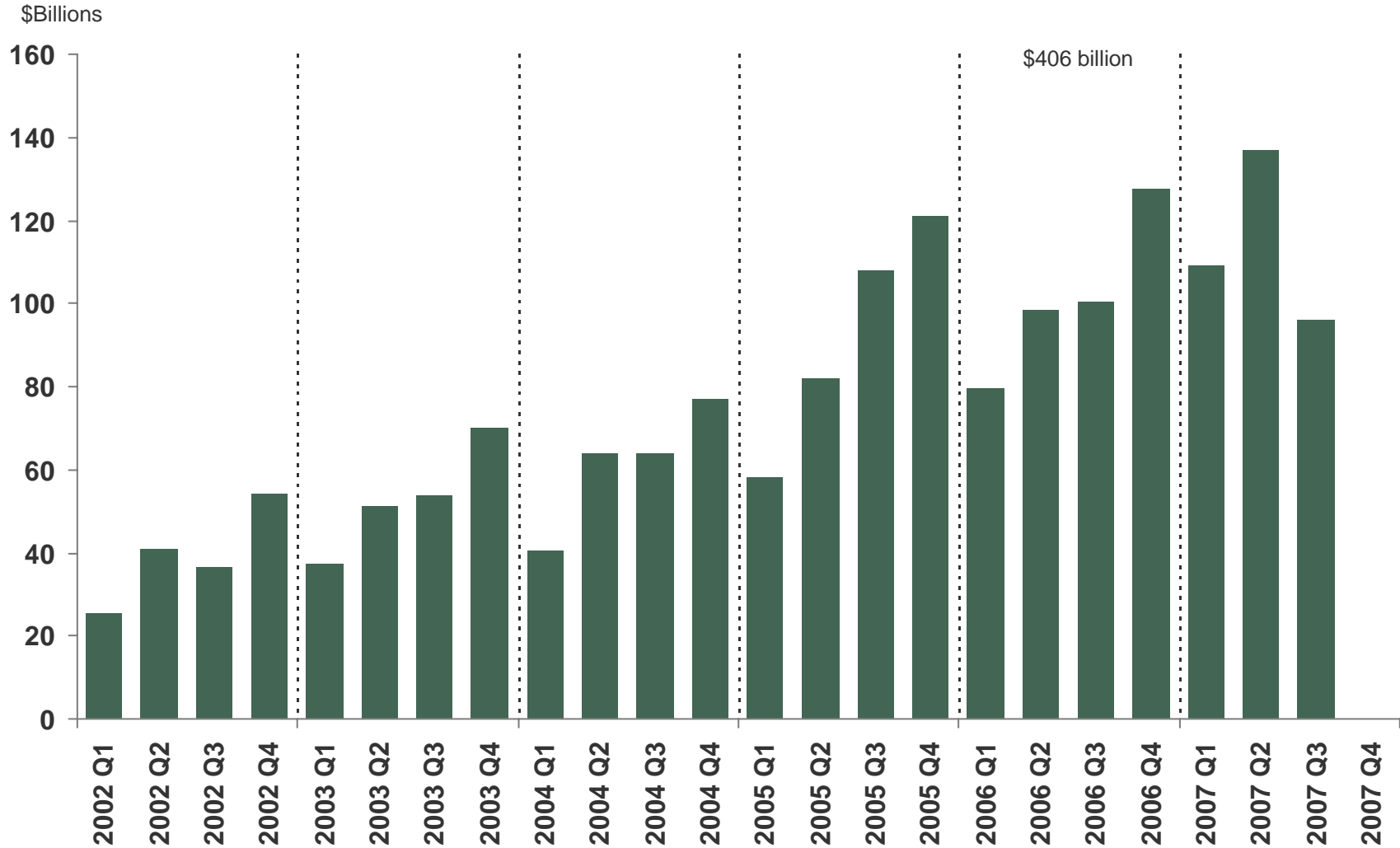
Source: Morgan Stanley

CMBS Issuance



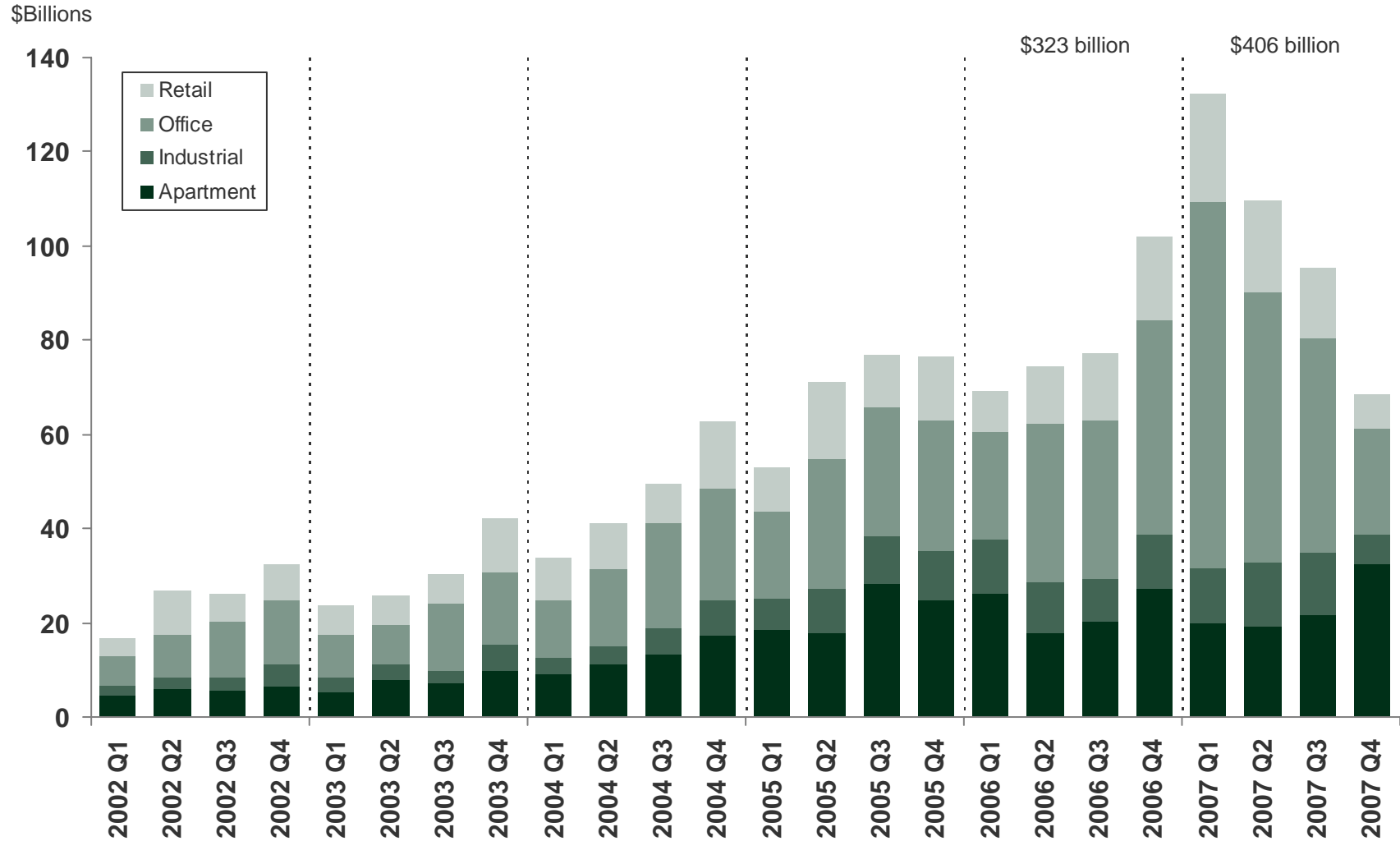
Source: CMAAlert.com

Estimated Commercial/Multifamily Originations



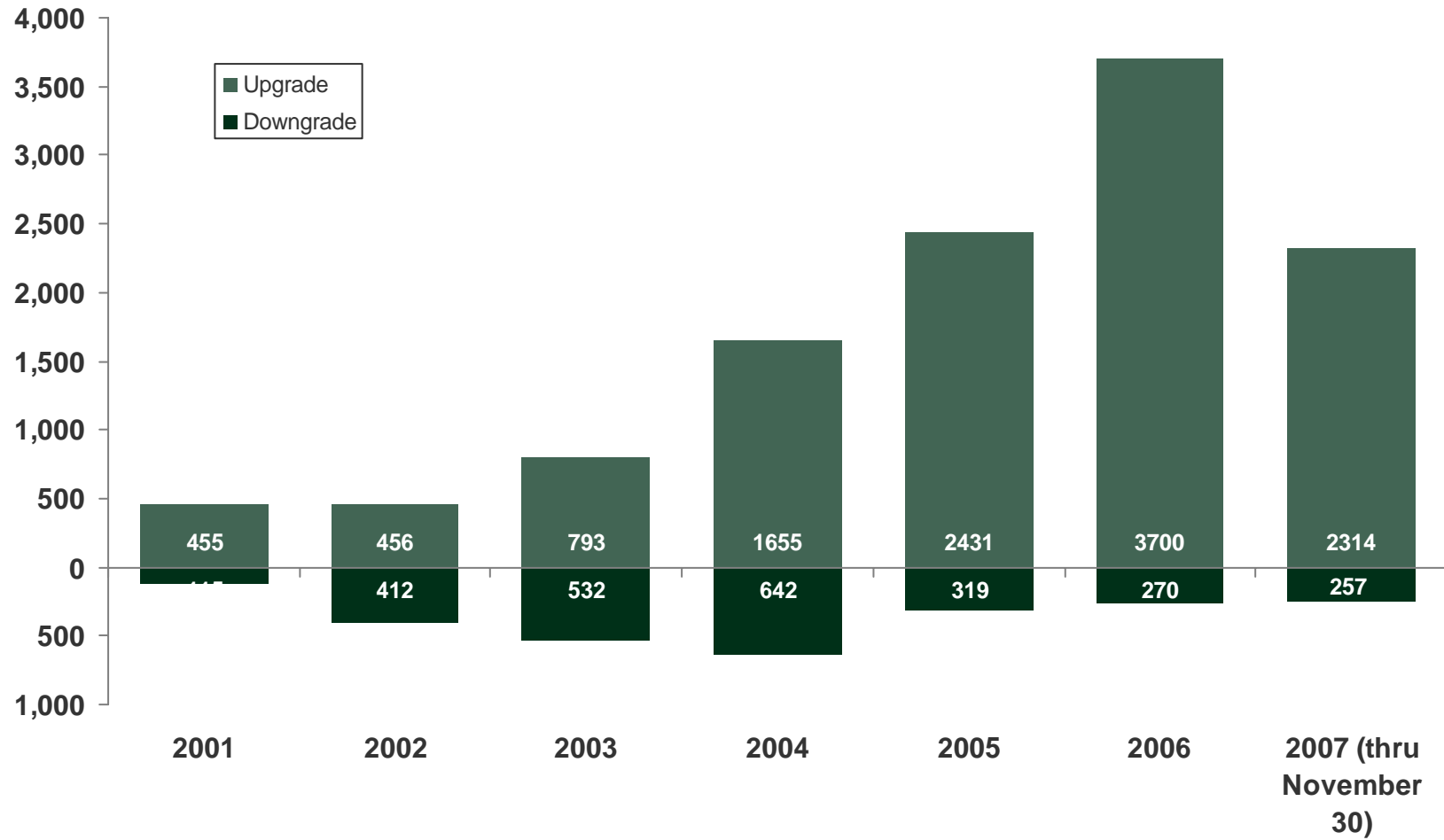
Source: Mortgage Bankers Association

Commercial/Multifamily Property Sales Volume Properties and portfolios \$5 million and greater



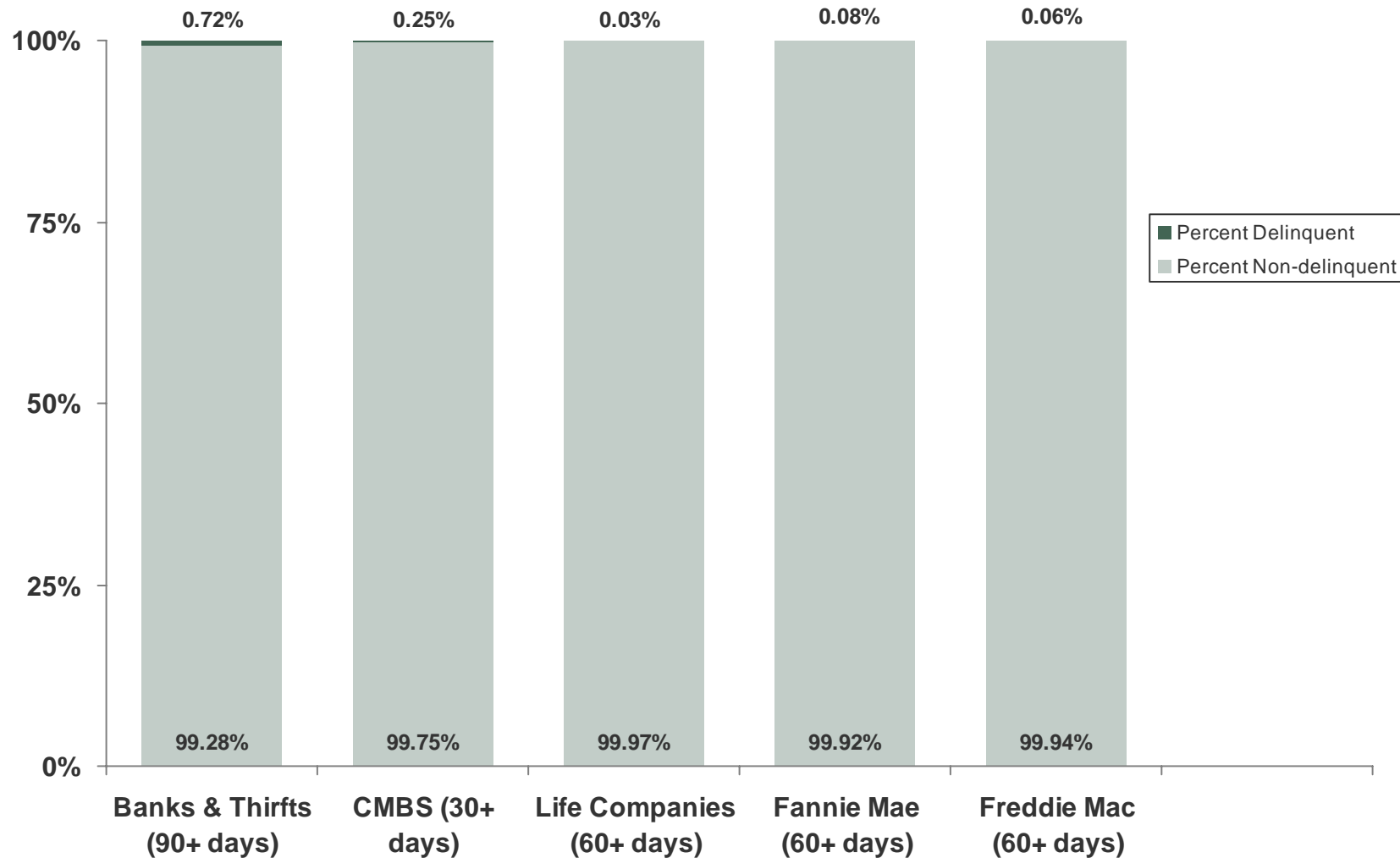
Source: Real Capital Analytics

Summary of CMBS Upgrades/Downgrades by Year of Action



Source: Banc of America Securities

Commercial/Multifamily Delinquency Rates by Investor Group, September 30, 2007

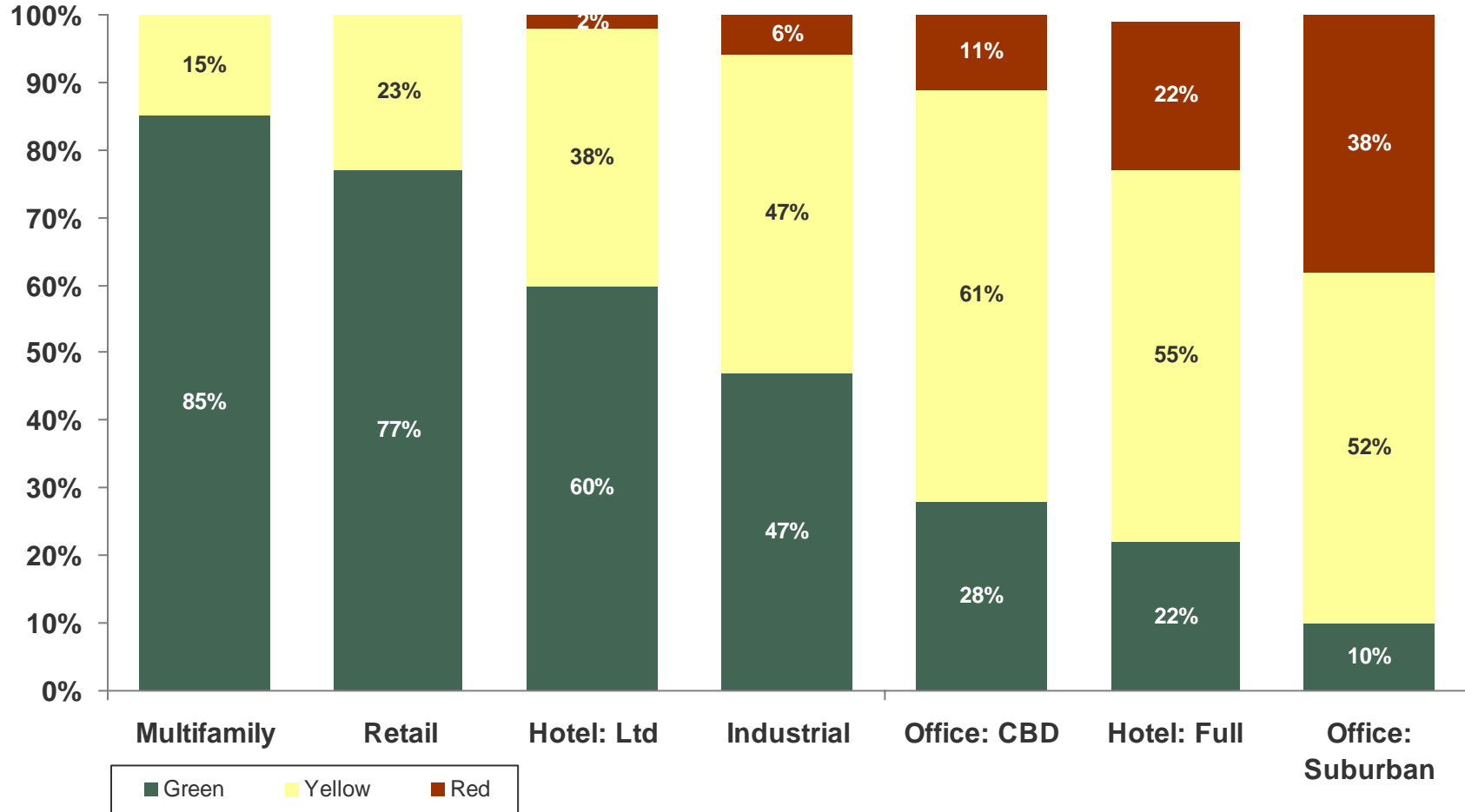


Source: FDIC, Bank of America, ACLI, Fannie Mae and Freddie Mac.

Percent of Markets Rated by Moody's Investor's Services As Red-Yellow-Green®, Q3 2007



Percent of
Markets



Source: Moody's Investor's Services

Looking Ahead

MBA Economic Forecast

January 14, 2008



	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Percent Change, Annual Rate</i>												
Real Gross Domestic Product	4.8	2.4	1.1	2.1	0.6	3.8	4.9	1.1	1.0	1.6	2.2	2.5
Personal Consumption Expenditures	4.4	2.4	2.8	3.9	3.7	1.4	2.8	2.9	1.3	1.6	1.9	2.1
Business Fixed Investment	13.3	4.2	5.1	-1.4	2.1	11.0	9.3	5.1	3.0	3.2	3.7	4.3
Residential Investment	-0.7	-11.7	-20.4	-17.2	-16.3	-11.8	-20.5	-27.1	-18.9	-11.6	-6.5	-0.1
Govt. Consumption & Investment	4.9	1.0	0.8	3.5	-0.5	4.1	3.8	4.8	1.5	1.7	1.9	1.8
Net Exports (Bil. Chain 2000\$)	-640	-627	-634	-597	-612	-574	-533	-535	-528	-525	-516	-512
Inventory Investment (Bil. Chain 2000\$)	38	51	54	17	0	6	31	5	9	13	16	19
GDP Deflator	3.4	3.5	2.4	1.7	4.2	2.6	1.0	2.5	2.8	2.4	2.2	2.5
Consumer Prices	1.9	5.0	3.1	-2.1	3.8	6.0	1.9	4.2	3.4	2.5	2.1	2.8
<i>Percent</i>												
Unemployment Rate	4.7	4.7	4.7	4.5	4.5	4.5	4.7	4.7	4.9	5.0	5.0	5.1
Federal Funds Rate	4.5	4.9	5.3	5.2	5.3	5.3	5.1	4.5	3.9	3.8	3.8	3.8
10-Year Treasury Bond Rate	4.6	5.1	4.9	4.6	4.7	4.8	4.7	4.3	4.2	4.2	4.3	4.4

Contact Information & MBA Resources



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Home Loan Learning Center:

<http://www.homeloanlearningcenter.com>

MBA Newslink:

<http://www.mortgagebankers.org/NewsandMedia/MBANewsLink>