

MIBO Q3

QUARTERLY SURVEY OF COMMERCIAL / MULTIFAMILY MORTGAGE BANKERS ORIGINATIONS | Q3 2018

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Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations Third Quarter 2018

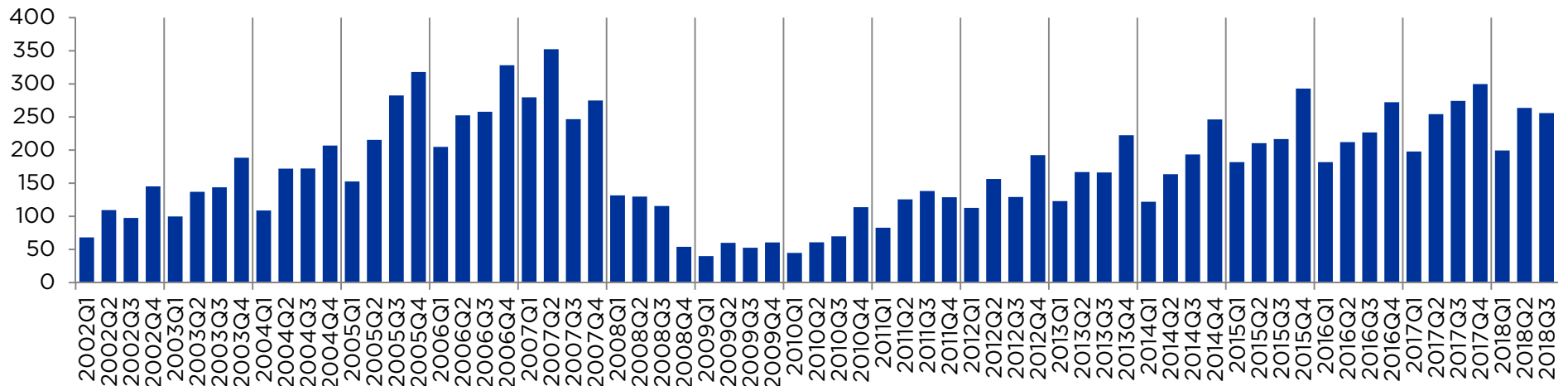
A pullback in lending activity across most property types contributed to a decline in total mortgage loan originations during the third quarter, according to the Mortgage Bankers Association’s (MBA) Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations.

“Borrowing and lending backed by commercial and multifamily properties decreased 3 percent during the third quarter, and was 7 percent lower than a year a year ago,” said Jamie Woodwell, MBA’s Vice President of Commercial Real Estate Research. “Rising interest rates took some wind out of the market’s sails, with the 10-year Treasury yield starting the quarter at 2.87 percent and finishing at 3.05 percent, and the

2-year Treasury starting at 2.57 percent and ending at 2.81 percent. The CMBS and bank lending markets were the hardest hit. Meanwhile, lending backed by multifamily properties and for the government sponsored enterprises (GSEs) continued to grow.”

THIRD QUARTER 2018 ORIGINATIONS DOWN SEVEN PERCENT COMPARED TO THIRD QUARTER 2017
Compared to a year earlier, a decline in third quarter originations for health care and retail properties led the overall decrease in commercial/multifamily borrowing volumes. By property type, there was a 55 percent year-over-year decrease in the dollar volume of loans for

Commercial/Multifamily Mortgage Bankers Originations Index
2001 quarterly average = 100



health care properties; a 28 percent decrease for retail properties; a 19 percent decrease for hotel properties; and a 17 percent decrease for office properties. Originations last quarter increased for loans backed by multifamily and industrial properties (each by 19 percent).

Among investor types, the dollar volume of loans originated during the third quarter for CMBS loans and commercial bank portfolio loans decreased from a year earlier, by 53 percent and 22 percent, respectively. Loan originations increased for life insurance companies, up 4 percent, and the GSEs (Fannie Mae and Freddie Mac), up 3 percent.

THIRD QUARTER 2018 ORIGINATIONS DOWN THREE PERCENT FROM SECOND QUARTER 2018

Compared to the second quarter, third quarter originations for hotel properties decreased 30 percent, originations for retail properties declined 22 percent, and originations for office properties saw an 18 percent decline. Originations of loans backed by health care properties increased by 18 percent, as did multifamily properties (13 percent). Industrial property loans were essentially unchanged.

Among investor types, between the second and third quarter of this year the dollar volume of loans for CMBS decreased 47 percent, loans for

commercial bank portfolios decreased 10 percent, originations for life insurance companies decreased 6 percent, and GSE loans increased by 14 percent.

To view the report, please visit the following Web link: <https://www.mba.org/Documents/Research/3Q18CMFOriginationsSurvey.pdf>

Detailed statistics on the size and scope of the commercial/multifamily origination market are available from these MBA commercial/multifamily research reports.

- Commercial Real Estate/Multifamily Finance: Annual Origination Volume Summation, 2017
- Commercial Real Estate/Multifamily Finance Firms: Annual Origination Volumes, 2017
- Annual Report on Multifamily Lending, 2017
- Commercial/Multifamily Database Subscriptions

Commercial/Multifamily Mortgage Bankers Originations Index

| | Origination Volume Index | | | | Percent Change, | | | | Origination Volume Index | | | | Percent Change, | | |
|---------------------------------|--------------------------|-----|-----|-----|-----------------|----------|---------|--------------------|--------------------------|-----|-----|-----|-----------------|----------|---------|
| | (2001 Avg Qtr = 100) | | | | Year-over-year | Q2-to-Q3 | YTD-YTD | | (2001 Avg Qtr = 100) | | | | Year-over-year | Q2-to-Q3 | YTD-YTD |
| | Q1 | Q2 | Q3 | Q4 | | | | | Q1 | Q2 | Q3 | Q4 | | | |
| TOTAL | | | | | | | | Multifamily | | | | | | | |
| 2015 | 182 | 210 | 217 | 293 | 12% | 3% | 27% | 2015 | 260 | 317 | 293 | 431 | 11% | -8% | 41% |
| 2016 | 182 | 212 | 227 | 272 | 5% | 7% | 2% | 2016 | 265 | 313 | 369 | 428 | 26% | 18% | 9% |
| 2017 | 198 | 254 | 274 | 300 | 21% | 8% | 17% | 2017 | 303 | 380 | 424 | 496 | 15% | 12% | 17% |
| 2018 | 200 | 264 | 256 | | -7% | -3% | -1% | 2018 | 356 | 445 | 504 | | 19% | 13% | 18% |
| | | | | | | | | Office | | | | | | | |
| | | | | | | | | 2015 | 97 | 111 | 152 | 150 | 17% | 37% | 27% |
| | | | | | | | | 2016 | 115 | 123 | 145 | 159 | -5% | 18% | 6% |
| | | | | | | | | 2017 | 117 | 164 | 156 | 171 | 8% | -4% | 14% |
| | | | | | | | | 2018 | 116 | 157 | 129 | | -17% | -18% | -8% |
| | | | | | | | | Retail | | | | | | | |
| CMBS/Conduits | | | | | | | | 2015 | 125 | 227 | 289 | 332 | 39% | 27% | 23% |
| 2015 | 106 | 96 | 117 | 121 | -8% | 22% | 9% | 2016 | 180 | 206 | 224 | 270 | -23% | 8% | -5% |
| 2016 | 86 | 57 | 112 | 118 | -4% | 96% | -20% | 2017 | 139 | 187 | 205 | 162 | -8% | 10% | -13% |
| 2017 | 71 | 153 | 159 | 150 | 42% | 4% | 50% | 2018 | 101 | 189 | 148 | | -28% | -22% | -17% |
| 2018 | 79 | 141 | 75 | | -53% | -47% | -23% | Industrial | | | | | | | |
| Commercial Banks | | | | | | | | 2015 | 610 | 247 | 245 | 614 | 10% | -1% | 91% |
| 2015 | 263 | 381 | 416 | 625 | 93% | 9% | 49% | 2016 | 265 | 270 | 324 | 588 | 32% | 20% | -22% |
| 2016 | 379 | 507 | 380 | 521 | -9% | -25% | 19% | 2017 | 372 | 517 | 389 | 486 | 20% | -25% | 49% |
| 2017 | 420 | 400 | 459 | 496 | 21% | 15% | 1% | 2018 | 424 | 464 | 465 | | 19% | 0% | 6% |
| 2018 | 325 | 396 | 356 | | -22% | -10% | -16% | Hotel | | | | | | | |
| Life Insurance Companies | | | | | | | | 2015 | 322 | 470 | 332 | 766 | -9% | -29% | 14% |
| 2015 | 314 | 345 | 391 | 456 | 18% | 13% | 25% | 2016 | 331 | 416 | 231 | 470 | -30% | -44% | -13% |
| 2016 | 309 | 396 | 379 | 428 | -3% | -4% | 3% | 2017 | 198 | 473 | 500 | 656 | 116% | 6% | 20% |
| 2017 | 309 | 386 | 370 | 410 | -2% | -4% | -2% | 2018 | 306 | 576 | 403 | | -19% | -30% | 10% |
| 2018 | 337 | 408 | 384 | | 4% | -6% | 6% | Health Care | | | | | | | |
| Fannie Mae/Freddie Mac | | | | | | | | 2015 | 102 | 91 | 96 | 115 | -30% | 5% | -31% |
| 2015 | 387 | 404 | 290 | 549 | -3% | -28% | 85% | 2016 | 44 | 33 | 40 | 88 | -59% | 19% | -60% |
| 2016 | 304 | 391 | 528 | 572 | 82% | 35% | 13% | 2017 | 54 | 36 | 78 | 56 | 97% | 120% | 43% |
| 2017 | 403 | 492 | 644 | 667 | 22% | 31% | 26% | 2018 | 33 | 30 | 35 | | -55% | 18% | -41% |
| 2018 | 436 | 581 | 665 | | 3% | 14% | 9% | | | | | | | | |



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