

MEBO Q4

QUARTERLY SURVEY OF COMMERCIAL / MULTIFAMILY MORTGAGE BANKERS ORIGINATIONS | Q4 2019

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Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations Fourth Quarter 2019

A 7 percent increase in commercial and multifamily mortgage originations in the fourth quarter of 2019 capped off what was a strong 2019 for the market, according to preliminary estimates from the Mortgage Bankers Association’s (MBA) Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations, released here today at the 2020 Commercial Real Estate Finance/Multifamily Housing Convention & Expo.

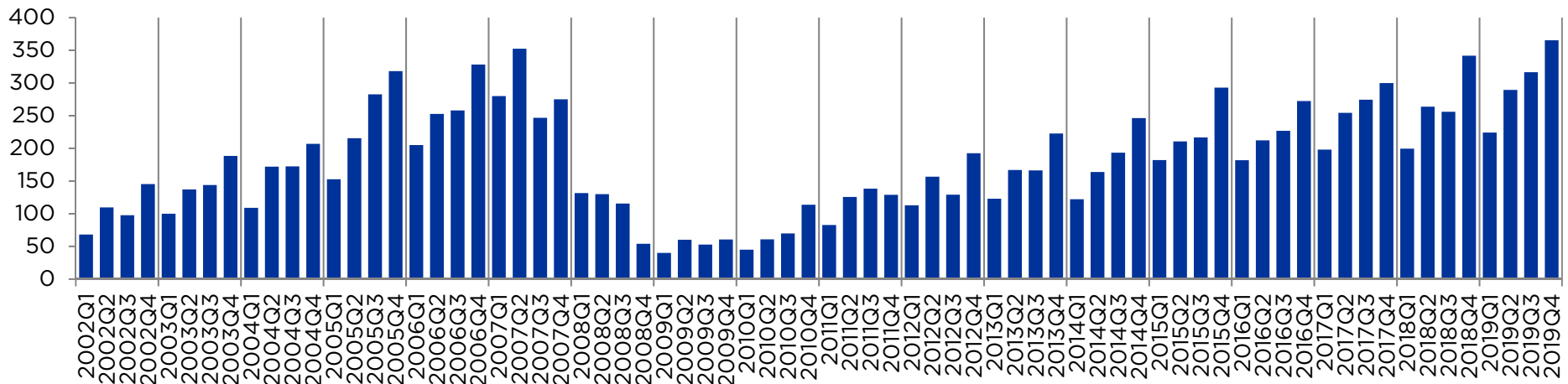
“Commercial and multifamily borrowing and lending hit a new high during the fourth quarter of 2019, surpassing the previous record from the second quarter of 2007,” said Jamie Woodwell, MBA’s Vice President of Commercial Real Estate Research. “A pullback in lending by Fannie

Mae and Freddie Mac suppressed multifamily borrowing during the quarter, but growth for most other property types made up the difference. Initial indications are that 2019 set new records, with double-digit growth in mortgage bankers originations, as well as new highs in originations for banks and life insurance companies.”

Added Woodwell, “Low interest rates and solid property fundamentals should help 2020 continue the trend of record borrowing and lending.”

FOURTH QUARTER 2019 ORIGINATIONS UP SEVEN PERCENT COMPARED TO FOURTH QUARTER 2018

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



A rise in originations for industrial, office and health care properties led the overall increase in commercial/multifamily lending volumes when compared to the fourth quarter of 2018. There was a 67 percent year-over-year increase in the dollar volume of loans for industrial properties, a 33 percent increase for health care properties, a 29 percent increase for office properties, and a 13 percent increase for retail properties. Multifamily property loan originations decreased 4 percent, and hotel property lending fell 25 percent.

Among investor types, the dollar volume of loans originated for Commercial Mortgage Backed Securities (CMBS) increased year-over-year by 81 percent, 13 percent for commercial bank portfolio loans, and 9 percent for life insurance companies. The dollar volume of Government Sponsored Enterprises (GSEs - Fannie Mae and Freddie Mac) loans decreased 30 percent compared to the fourth quarter of 2018.

FOURTH QUARTER 2019 ORIGINATIONS UP 15 PERCENT FROM THIRD QUARTER 2019

On a quarterly basis, fourth quarter originations for industrial properties increased 58 percent compared to the third quarter of 2019. There was a 46 percent increase in originations for hotel properties, a 29 percent increase for retail properties, a 22 percent increase for office properties, and a 7 percent increase for multifamily properties. Originations for health care properties were unchanged from the third quarter.

Among investor types, between the third and fourth quarter of 2019, the dollar volume of loans for CMBS increased 56 percent, loans for life insurance companies increased 33 percent, originations for commercial bank portfolios increased 14 percent, while loans for the GSEs decreased by 17 percent.

PRELIMINARY 2019 ORIGINATIONS 13 PERCENT HIGHER THAN 2018

A preliminary measure of commercial and multifamily mortgage originations volumes shows activity in 2019 was 13 percent higher than in

2018. By property type, originations for health care properties increased 92 percent from 2018, 50 percent for industrial properties, 23 percent for office properties, and 8 percent for multifamily properties. Retail property originations decreased 6 percent, and hotel properties saw a decline of 19 percent.

Among investor types, 2019 versus 2018, loans for CMBS increased 24 percent, originations for commercial bank portfolios increased 20 percent, and loans for life insurance companies increased five percent. GSE loans decreased 1 percent.

In late March, MBA will release its Annual Origination Summation report for 2019 with final origination figures for the year.

To view the report, please visit the following Web link: <https://www.mba.org/Documents/Research/4Q19CMFOriginationsSummary.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, 2018
- Commercial Real Estate/Multifamily Finance Firms: Annual Origination Volumes, 2018
- Annual Report on Multifamily Lending, 2018
- 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	Q3-to-Q4	YTD-YTD		(2001 Avg Qtr = 100)				Year-over-year	Q3-to-Q4	YTD-YTD
	Q1	Q2	Q3	Q4					Q1	Q2	Q3	Q4			
TOTAL								Multifamily							
2016	182	212	227	272	-7%	20%	-1%	2016	265	313	369	428	-1%	16%	6%
2017	198	254	274	300	10%	9%	15%	2017	303	380	424	496	16%	17%	17%
2018	200	264	256	342	14%	33%	3%	2018	356	445	504	654	32%	30%	22%
2019	224	289	316	365	7%	15%	13%	2019	389	513	585	625	-4%	7%	8%
								Office							
								2016	115	123	145	159	6%	10%	6%
								2017	117	164	156	171	7%	9%	12%
								2018	116	157	129	166	-3%	29%	-7%
								2019	116	193	176	215	29%	22%	23%
								Retail							
CMBS/Conduits								2016	180	206	224	270	-19%	21%	-10%
2016	86	57	112	118	-2%	5%	-15%	2017	139	187	205	162	-40%	-21%	-21%
2017	71	153	159	150	27%	-6%	43%	2018	101	189	148	164	1%	11%	-13%
2018	79	141	75	97	-35%	31%	-26%	2019	111	128	144	185	13%	29%	-6%
2019	76	120	113	176	81%	56%	24%								
								Industrial							
Commercial Banks								2016	265	270	324	588	-4%	82%	-16%
2016	379	507	380	521	-17%	37%	6%	2017	372	517	389	486	-17%	25%	22%
2017	420	400	459	496	-5%	8%	-1%	2018	424	464	465	624	28%	34%	12%
2018	325	396	356	520	5%	46%	-10%	2019	733	537	659	1,043	67%	58%	50%
2019	344	466	514	589	13%	14%	20%								
								Hotel							
Life Insurance Companies								2016	331	416	231	470	-39%	103%	-23%
2016	309	396	379	428	-6%	13%	0%	2017	198	473	500	656	40%	31%	26%
2017	309	386	370	410	-4%	11%	-2%	2018	306	576	403	629	-4%	56%	5%
2018	337	408	384	498	22%	30%	10%	2019	349	412	321	469	-25%	46%	-19%
2019	360	392	407	543	9%	33%	5%								
								Health Care							
Fannie Mae/Freddie Mac								2016	44	33	40	88	-24%	122%	-49%
2016	304	391	528	572	4%	8%	10%	2017	54	36	78	56	-36%	-28%	9%
2017	403	492	644	667	17%	4%	23%	2018	33	30	35	90	61%	155%	-16%
2018	436	581	665	878	32%	32%	16%	2019	46	75	120	120	33%	0%	92%
2019	497	692	739	615	-30%	-17%	-1%								



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