

# MDO Q4

## COMMERCIAL / MULTIFAMILY MORTGAGE DEBT OUTSTANDING | Q4 2018

This data is provided by MBA solely for use as a reference. No part of the survey or data 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.

[MBA.ORG/RESEARCH](https://www.mba.org/research)

© 2019 Mortgage Bankers Association (MBA). All rights reserved, except as explicitly granted.  
1919 M Street NW, 5th Floor, Washington, DC 20036 | (202) 557-2700

This data is provided by MBA solely for use as a reference. No part of the survey or data 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 this 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.

COMMERCIAL/MULTIFAMILY  
REAL ESTATE **MORTGAGE**  
**DEBT OUTSTANDING**  
Q4 2018

**MBA**<sup>®</sup>

---

---

MORTGAGE BANKERS ASSOCIATION

## 4. Commercial/Multifamily Mortgage Debt Outstanding Fourth Quarter 2018

---

The level of commercial/multifamily mortgage debt outstanding at the end of 2018 was \$216 billion (6.8 percent) higher than at the end of 2017, according to the Mortgage Bankers Association's (MBA) latest Commercial/Multifamily Mortgage Debt Outstanding quarterly report.

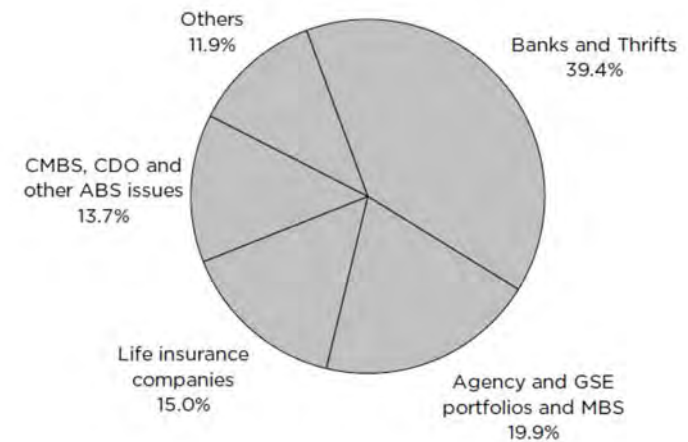
MBA's report found that total mortgage debt outstanding in the final three months of 2018 rose by 2.1 percent (\$68.5 billion) compared to last year's third quarter, with all four major investor groups increasing their holdings. Multifamily mortgage debt grew \$32.2 billion (2.4 percent) to \$1.36 trillion over the same period.

"2018 recorded the largest annual increase in commercial and multifamily mortgage debt outstanding since the Great Recession, and the largest increase in multifamily mortgage debt on record," said Jamie Woodwell, MBA's Vice President of Research & Economics. "Growth in multifamily mortgage debt made up almost half the total increase in debt outstanding, and Fannie Mae, Freddie Mac and FHA collectively accounted for two-thirds of the multifamily growth. The GSEs, life insurance companies, the CMBS market and banks all increased their holdings of commercial and multifamily mortgage debt during the year."

The four major investor groups are: bank and thrift; commercial mortgage backed securities (CMBS), collateralized debt obligation (CDO) and other asset backed securities (ABS) issues; federal agency and government sponsored enterprise (GSE) portfolios and mortgage backed securities (MBS); and life insurance companies.

MBA's analysis summarizes the holdings 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 (and which appear in this data under "Life Insurance Companies"), and in CMBS, CDOs and other ABS for which the security issuers and

**Commercial Multifamily Mortgage Debt Outstanding**  
By Investor Group, Fourth Quarter 2018



trustees hold the note (and which appear here under CMBS, CDO and other ABS issues).

Commercial banks continue to hold the largest share (39 percent) of commercial/multifamily mortgages at \$1.3 trillion. Agency and GSE portfolios and MBS are the second largest holders of commercial/multifamily mortgages, at \$675 billion (20 percent of the total). Life insurance companies hold \$509 billion (15 percent), and CMBS, CDO and other ABS issues hold \$466 billion (14 percent).

### **MULTIFAMILY MORTGAGE DEBT OUTSTANDING**

Looking solely at multifamily mortgages, agency and GSE portfolios and MBS hold the largest share of total debt outstanding at \$675 billion (50 percent of the total), followed by commercial banks with \$430 billion (32 percent), state and local governments with \$90 billion (7 percent) life insurance companies with \$80 billion (6 percent), and CMBS, CDO and other ABS issues with \$43 billion (3 percent). Nonfarm noncorporate businesses hold \$18 billion (1 percent)).

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

In the fourth quarter of 2018, agency and GSE portfolios and MBS saw the largest rise in dollar terms in their holdings of commercial/multifamily mortgage debt, with an increase of \$26.8 billion (4.1 percent). Commercial banks increased their holdings by \$21.0 billion (1.6 percent), and life insurance companies increased their holdings by \$12.4 billion (2.5 percent), and state and local governments saw the largest decrease at \$1.2 billion (1.1 percent).

In percentage terms, state and local government retirement funds saw the largest increase – 4.2 percent – in their holdings of commercial/multifamily mortgages, and nonfinancial corporate businesses saw their holdings decrease the most, at 1.7 percent.

### **CHANGES IN MULTIFAMILY MORTGAGE DEBT OUTSTANDING**

The \$32.2 billion rise in multifamily mortgage debt outstanding between the third and fourth quarters of 2018 represented a 2.4 percent increase. In dollar terms, agency and GSE portfolios and MBS, saw the largest increase (4.1 percent) in their holdings of multifamily mortgage debt. Commercial banks increased their holdings of multifamily mortgage debt by \$4.5 billion (1.1 percent). Life insurance companies increased holdings by 2.6 percent to \$2.0 billion. Local governments saw the largest decline in their holdings of multifamily mortgage debt, by \$1.0 billion, or down 1.1 percent.

In percentage terms, REITs recorded the largest increase in holdings of multifamily mortgages (6.1 percent), and private pension funds saw the biggest decrease (5.6 percent).

### **CHANGES IN COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING DURING 2018**

Between December 2017 and December 2018, commercial banks saw the largest gain (6 percent) in dollar terms in their holdings of commercial/multifamily mortgage debt – an increase of \$71 billion. State and local government decreased their holdings of commercial/multifamily mortgages by \$1.1 billion (1 percent).

In percentage terms, other insurance companies saw the largest increase (12 percent) in their holdings of commercial/multifamily mortgages, and state and local government retirement funds saw the largest decrease (14 percent).

### **CHANGES IN MULTIFAMILY MORTGAGE DEBT OUTSTANDING DURING 2018**

The \$102.3 billion rise in multifamily mortgage debt outstanding during 2018 represents an 8.1 percent increase. In dollar terms, agency and GSE portfolios and MBS saw the largest increase in their holdings of multifamily mortgage debt at 11 percent (\$68.8 billion). State and local government saw the largest decrease in their holdings down \$875 million (1 percent).

In percentage terms, REITs recorded the largest increase in their holdings of multifamily mortgages, 20 percent, while state and local government retirement saw the largest decrease, 14 percent.

MBA's complete Commercial/Multifamily Mortgage Debt Outstanding report can be downloaded [here](#). The report's analysis is based on data from the Federal Reserve Board's Financial Accounts of the United States, the Federal Deposit Insurance Corporation's Quarterly Banking Profile, and data from Wells Fargo Securities. More information on this data series is contained in Appendix A.

## YEAR END COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Commercial and Multifamily Mortgage Debt Outstanding, by Sector

# MBA

MORTGAGE BANKERS ASSOCIATION

	Mortgage Debt Outstanding				Change		Sector Share of \$
	2018 Q4		2017 Q4		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Bank and Thrift	1,336,535	39.4%	1,265,893	39.9%	70,642	5.6%	32.7%
Agency and GSE portfolios and MBS	674,957	19.9%	606,124	19.1%	68,833	11.4%	31.9%
Life insurance companies	509,411	15.0%	466,476	14.7%	42,935	9.2%	19.9%
CMBS, CDO and other ABS issues	466,139	13.7%	440,849	13.9%	25,290	5.7%	11.7%
State and local government	108,348	3.2%	109,398	3.4%	-1,050	-1.0%	-0.5%
REITs	93,028	2.7%	89,037	2.8%	3,991	4.5%	1.8%
Federal government	87,454	2.6%	84,978	2.7%	2,476	2.9%	1.1%
Nonfarm noncorporate business	33,149	1.0%	30,328	1.0%	2,821	9.3%	1.3%
Finance companies	27,691	0.8%	28,573	0.9%	-882	-3.1%	-0.4%
Private pension funds	21,940	0.6%	21,841	0.7%	99	0.5%	0.0%
Other insurance companies	19,911	0.6%	17,823	0.6%	2,088	11.7%	1.0%
Nonfinancial corporate business	10,448	0.3%	11,381	0.4%	-933	-8.2%	-0.4%
State and local government retirement	2,046	0.1%	2,384	0.1%	-338	-14.2%	-0.2%
Household sector	1,149	0.0%	1,100	0.0%	49	4.5%	0.0%
<b>TOTAL</b>	<b>3,392,206</b>		<b>3,176,185</b>		<b>216,021</b>	<b>6.8%</b>	

Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

Note: Beginning with the Q2 2014 release, MBA's analysis of mortgage debt outstanding modifies the data from the Federal Reserve's Financial Accounts of the United States with respect to loans held in commercial mortgage-backed securities (CMBS) and by real estate investment trusts (REITs). The corrections create differences with previous releases and with the Federal Reserve data. For more information, please see the Appendix to this report.

## YEAR END MULTIFAMILY MORTGAGE DEBT OUTSTANDING

### Multifamily Mortgage Debt Outstanding, by Sector



	Mortgage Debt Outstanding				Change		Sector Share of \$
	2018 Q4		2017 Q4		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Agency and GSE portfolios and MBS	674,957	49.5%	606,124	48.1%	68,833	11.4%	67.3%
Bank and Thrift	430,440	31.6%	403,885	32.0%	26,555	6.6%	26.0%
State and local government	90,290	6.6%	91,165	7.2%	-875	-1.0%	-0.9%
Life insurance companies	80,227	5.9%	73,365	5.8%	6,862	9.4%	6.7%
CMBS, CDO and other ABS issues	43,363	3.2%	43,499	3.5%	-136	-0.3%	-0.1%
Nonfarm noncorporate business	18,370	1.3%	16,806	1.3%	1,564	9.3%	1.5%
Federal government	12,748	0.9%	12,711	1.0%	37	0.3%	0.0%
Finance companies	5,881	0.4%	6,609	0.5%	-728	-11.0%	-0.7%
REITs	3,713	0.3%	3,106	0.2%	607	19.5%	0.6%
Private pension funds	1,103	0.1%	1,363	0.1%	-260	-19.1%	-0.3%
State and local government retirement	959	0.1%	1,118	0.1%	-159	-14.2%	-0.2%
Nonfinancial corporate business	402	0.0%	438	0.0%	-36	-8.2%	0.0%
<b>TOTAL</b>	<b>1,362,453</b>		<b>1,260,189</b>		<b>102,264</b>	<b>8.1%</b>	

Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

Note: Beginning with the Q2 2014 release, MBA's analysis of mortgage debt outstanding modifies the data from the Federal Reserve's Financial Accounts of the United States with respect to loans held in commercial mortgage-backed securities (CMBS) and by real estate investment trusts (REITs). The corrections create differences with previous releases and with the Federal Reserve data. For more information, please see the Appendix to this report.

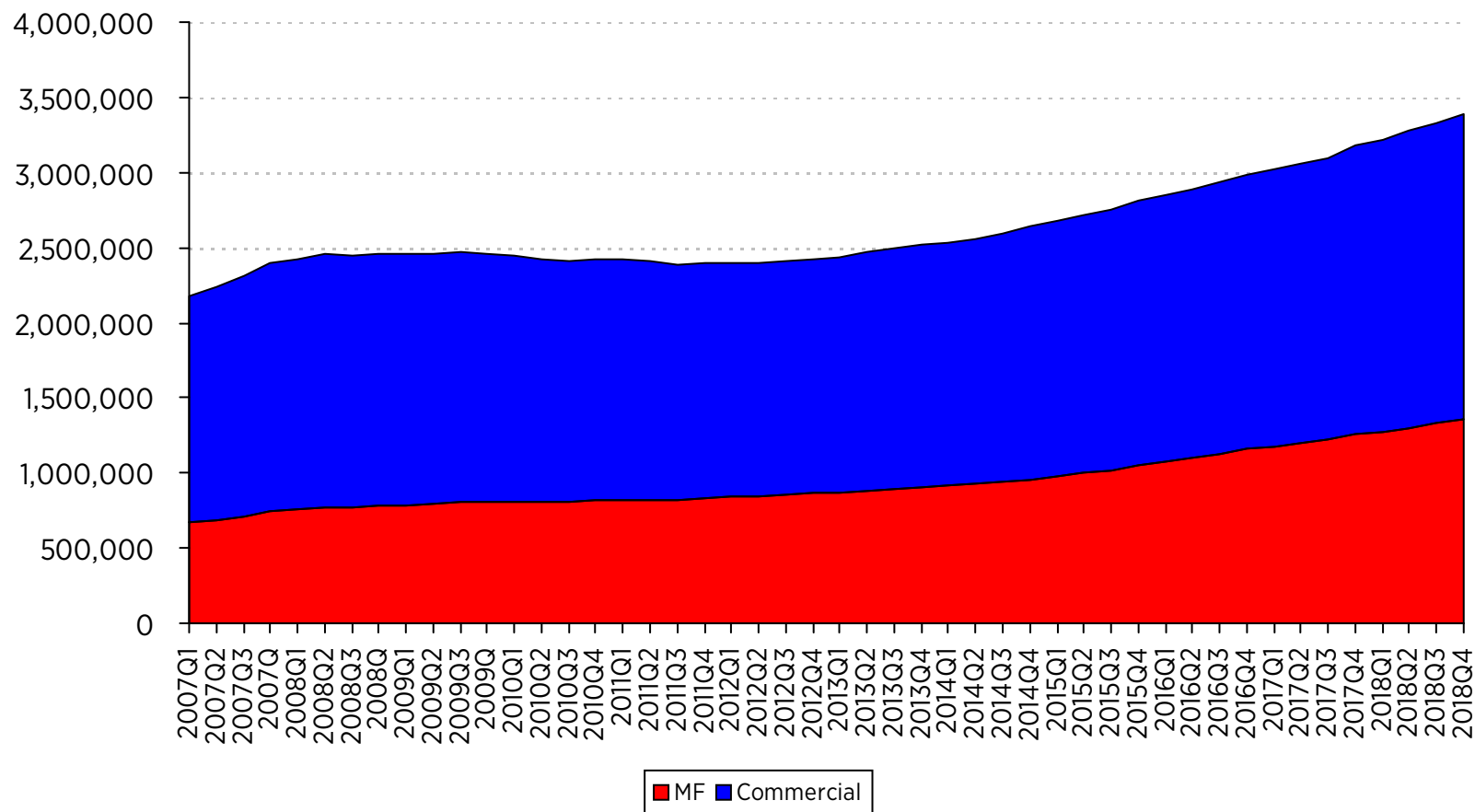
# COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Commercial and Multifamily Mortgage Debt Outstanding, by Quarter

(\$millions)



MORTGAGE BANKERS ASSOCIATION



Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC



## QUARTERLY COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Commercial and Multifamily Mortgage Debt Outstanding, by Sector

# MBA

MORTGAGE BANKERS ASSOCIATION

	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2018 Q4		2018 Q3		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Bank and Thrift	1,336,535	39.4%	1,315,532	39.6%	21,003	1.6%	30.7%
Agency and GSE portfolios and MBS	674,957	19.9%	648,119	19.5%	26,838	4.1%	39.2%
Life insurance companies	509,411	15.0%	496,999	15.0%	12,412	2.5%	18.1%
CMBS, CDO and other ABS issues	466,139	13.7%	457,550	13.8%	8,589	1.9%	12.5%
State and local government	108,348	3.2%	109,580	3.3%	-1,232	-1.1%	-1.8%
REITs	93,028	2.7%	93,738	2.8%	-710	-0.8%	-1.0%
Federal government	87,454	2.6%	87,025	2.6%	429	0.5%	0.6%
Nonfarm noncorporate business	33,149	1.0%	32,045	1.0%	1,104	3.4%	1.6%
Finance companies	27,691	0.8%	27,898	0.8%	-207	-0.7%	-0.3%
Private pension funds	21,940	0.6%	21,840	0.7%	100	0.5%	0.1%
Other insurance companies	19,911	0.6%	19,654	0.6%	257	1.3%	0.4%
Nonfinancial corporate business	10,448	0.3%	10,631	0.3%	-183	-1.7%	-0.3%
State and local government retirement funds	2,046	0.1%	1,964	0.1%	82	4.2%	0.1%
Household sector	1,149	0.0%	1,135	0.0%	14	1.2%	0.0%
<b>TOTAL</b>	<b>3,392,206</b>		<b>3,323,710</b>		<b>68,496</b>	<b>2.1%</b>	

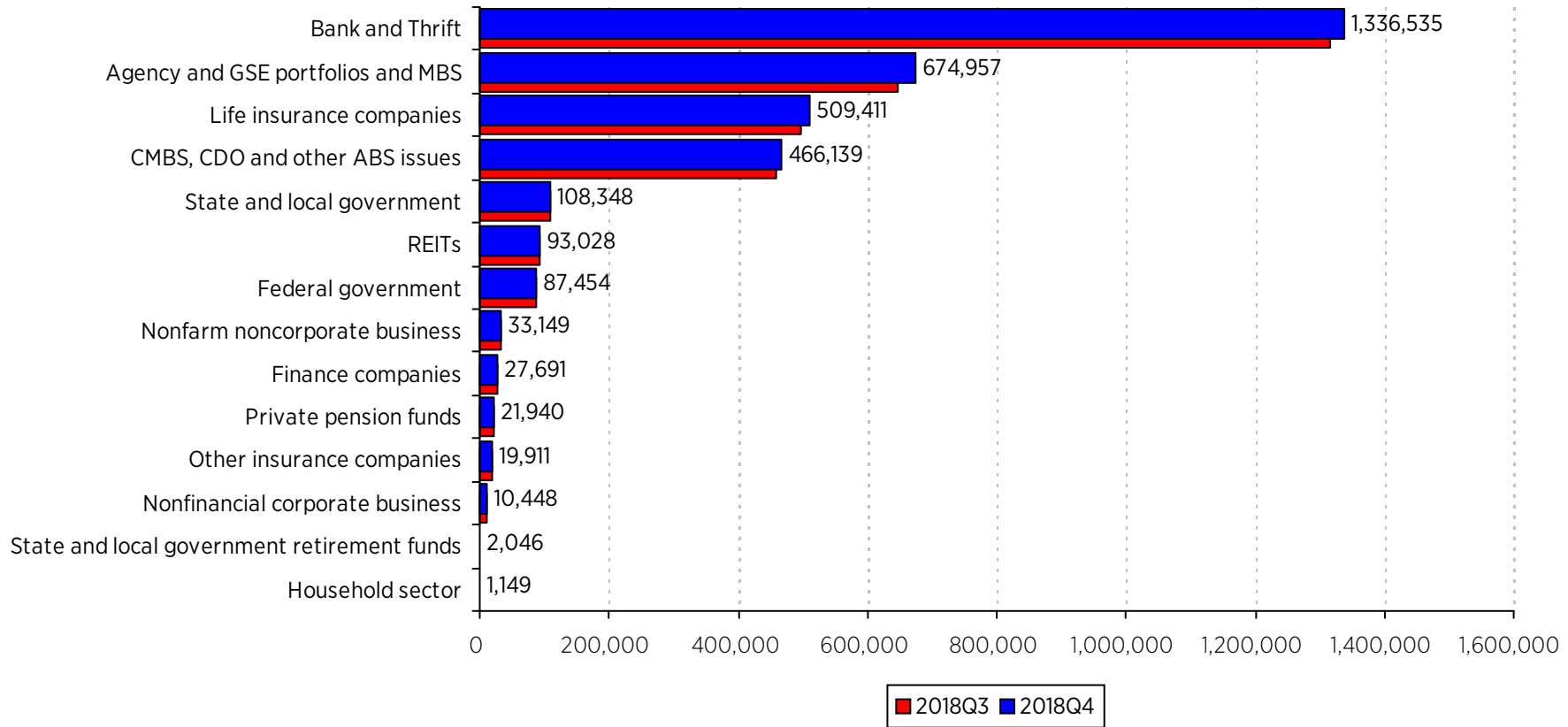
Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

Note: Beginning with the Q2 2014 release, MBA's analysis of mortgage debt outstanding modifies the data from the Federal Reserve's Financial Accounts of the United States with respect to loans held in commercial mortgage-backed securities (CMBS) and by real estate investment trusts (REITs). The corrections create differences with previous releases and with the Federal Reserve data. For more information, please see the Appendix to this report.

# COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Commercial and Multifamily Mortgage Debt Outstanding, by Sector

(\$millions)

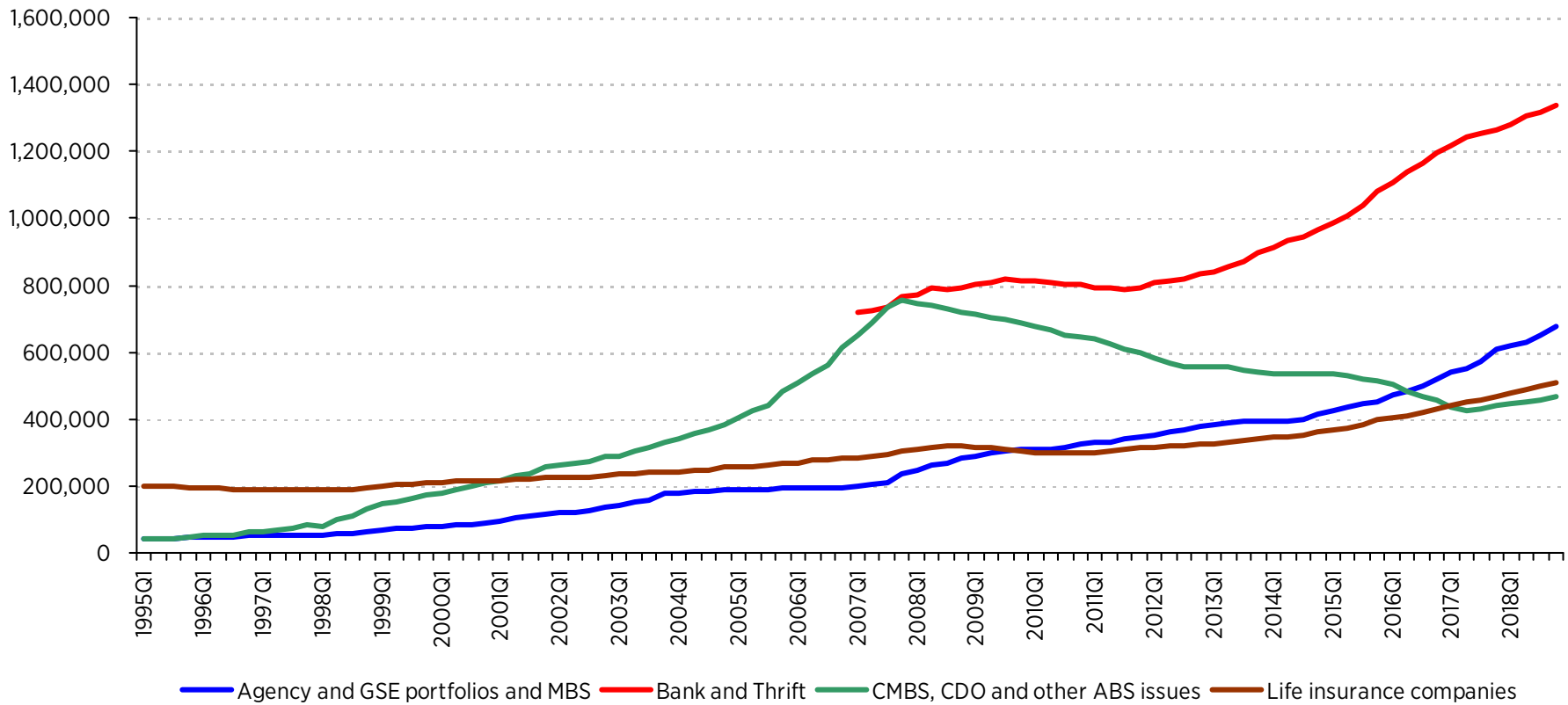


Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

# COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

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

(\$millions)

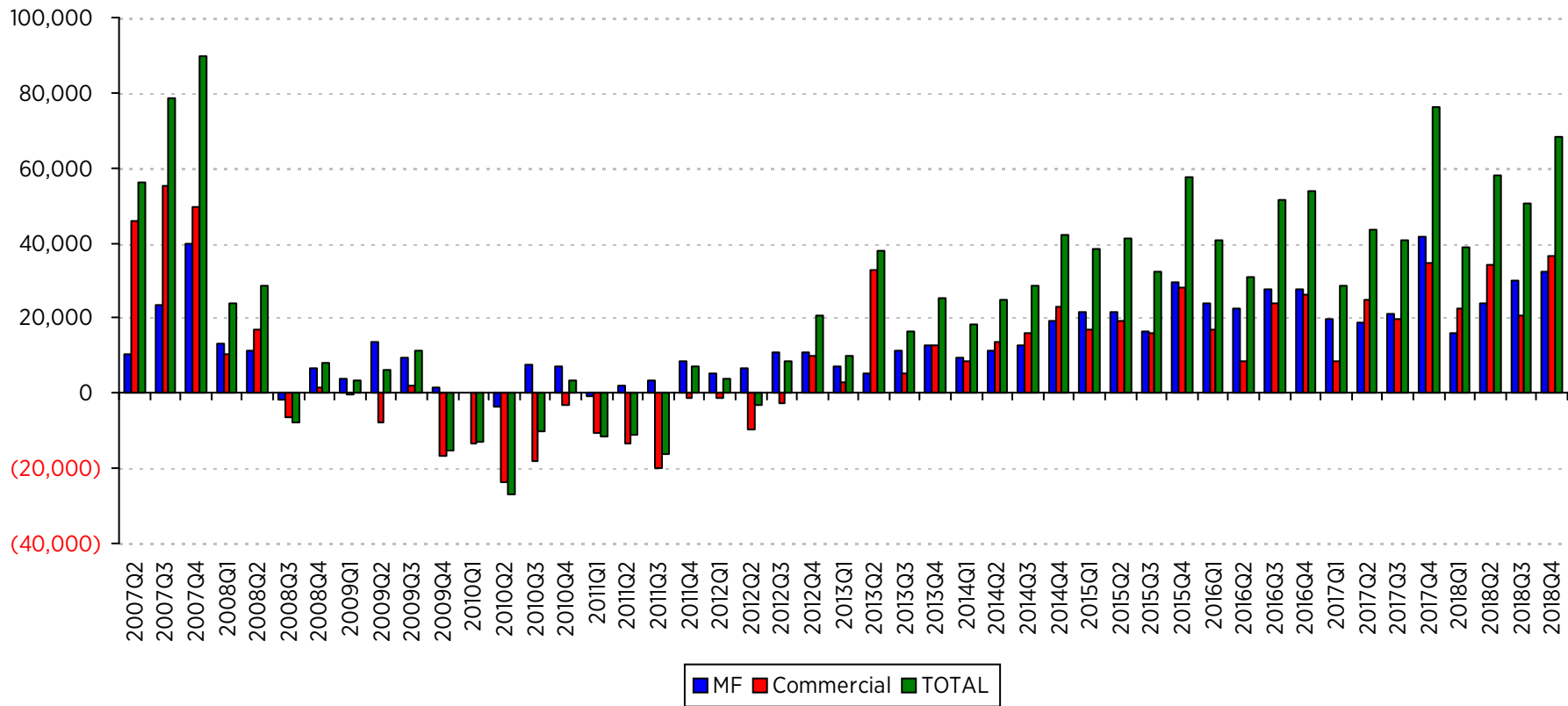


Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

# COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

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

(\$millions)

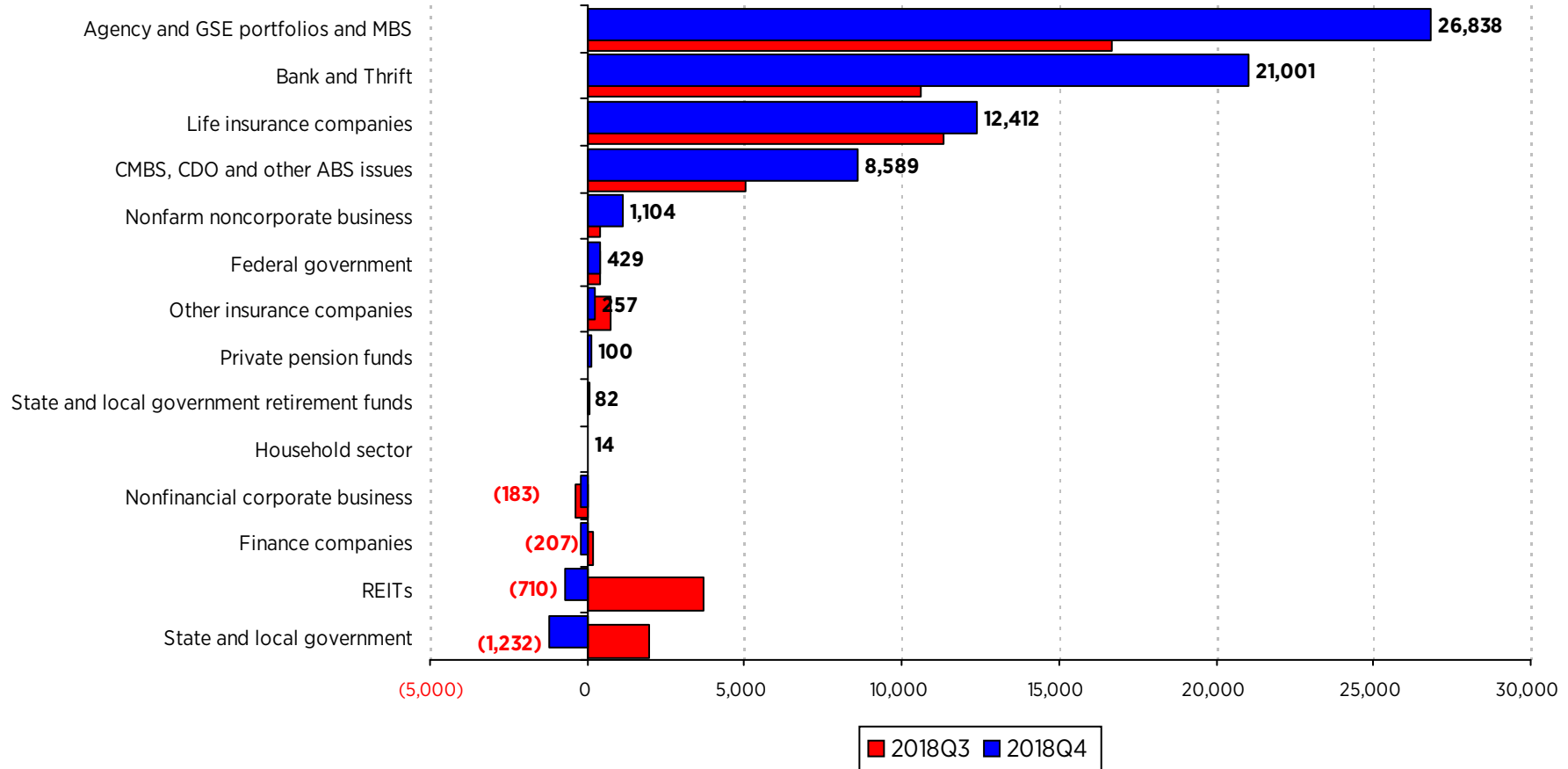


Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

# COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

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

(\$millions)



Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

**MBA**

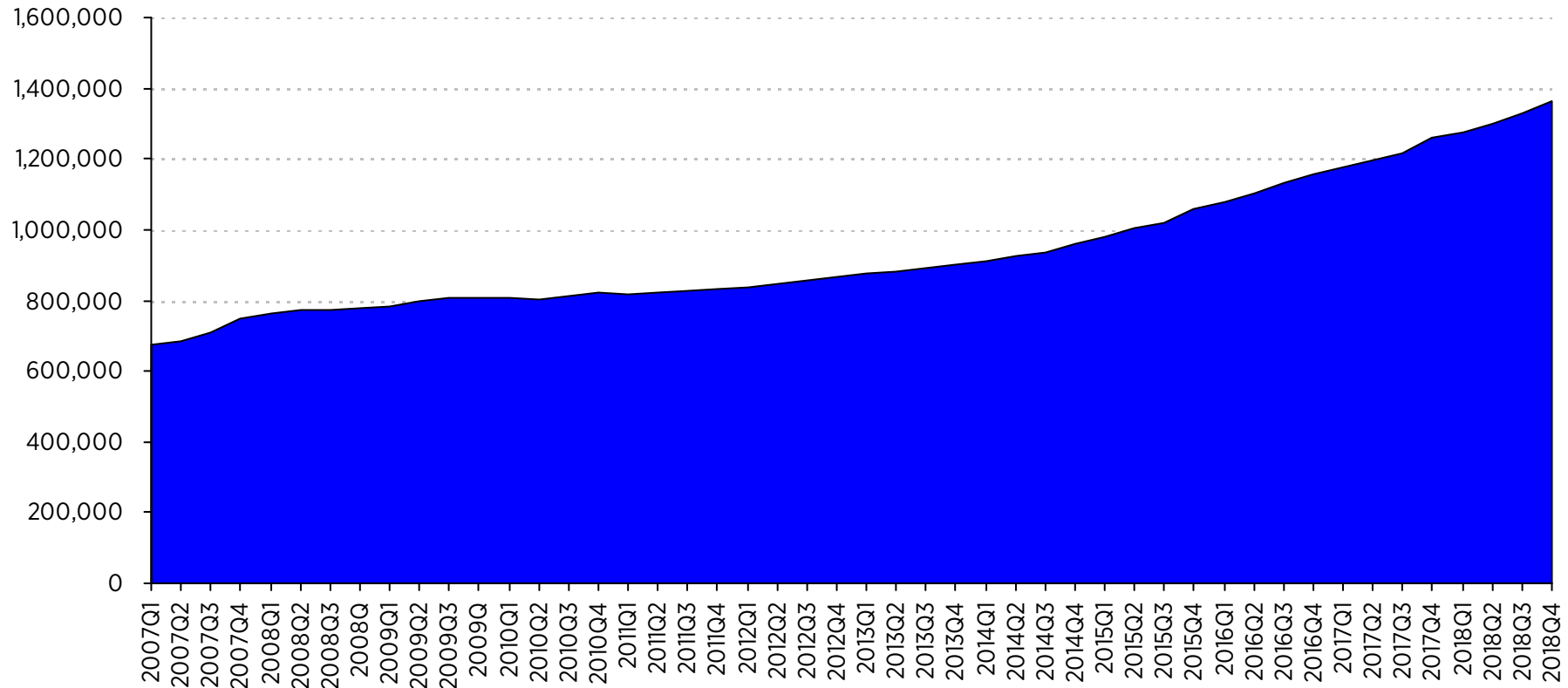
---

MORTGAGE BANKERS ASSOCIATION

MULTIFAMILY MORTGAGE DEBT OUTSTANDING

# MULTIFAMILY MORTGAGE DEBT OUTSTANDING

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



Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

## QUARTERLY MULTIFAMILY MORTGAGE DEBT OUTSTANDING

### Multifamily Mortgage Debt Outstanding, by Sector

# MBA

MORTGAGE BANKERS ASSOCIATION

	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2018 Q4		2018 Q3		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Agency and GSE portfolios and MBS	674,957	49.5%	648,119	48.7%	26,838	4.1%	83.4%
Bank and Thrift	430,440	31.6%	425,935	32.0%	4,505	1.1%	14.0%
State and local government	90,290	6.6%	91,317	6.9%	-1,027	-1.1%	-3.2%
Life insurance companies	80,227	5.9%	78,195	5.9%	2,032	2.6%	6.3%
CMBS, CDO and other ABS issues	43,363	3.2%	43,870	3.3%	-507	-1.2%	-1.6%
Nonfarm noncorporate business	18,370	1.3%	17,758	1.3%	612	3.4%	1.9%
Federal government	12,748	0.9%	13,180	1.0%	-432	-3.3%	-1.3%
Finance companies	5,881	0.4%	5,915	0.4%	-34	-0.6%	-0.1%
REITs	3,713	0.3%	3,500	0.3%	213	6.1%	0.7%
Private pension funds	1,103	0.1%	1,168	0.1%	-65	-5.6%	-0.2%
State and local government retirement funds	959	0.1%	921	0.1%	38	4.1%	0.1%
Nonfinancial corporate business	402	0.0%	409	0.0%	-7	-1.7%	0.0%
<b>TOTAL</b>	<b>1,362,453</b>		<b>1,330,287</b>		<b>32,166</b>	<b>2.4%</b>	

Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

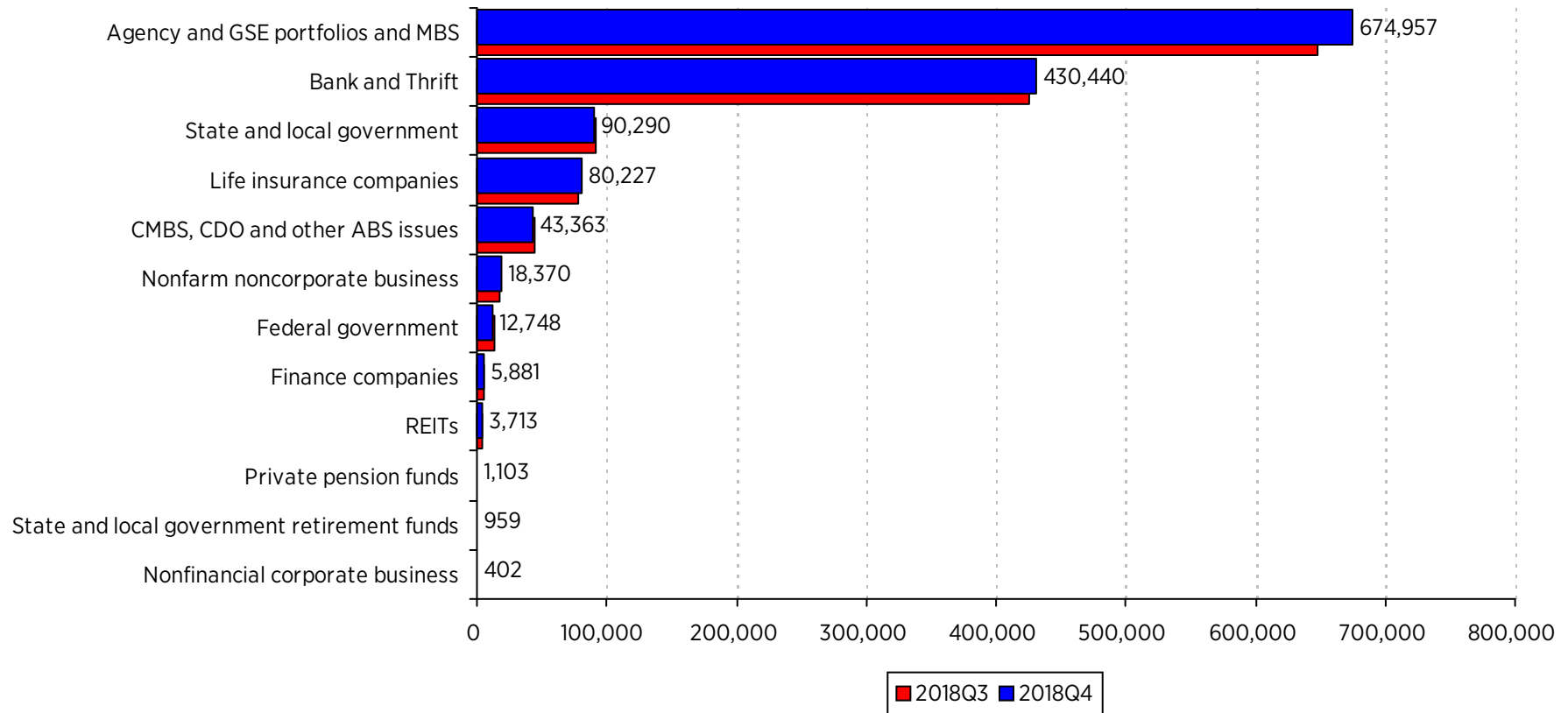
Note: Beginning with the Q2 2014 release, MBA's analysis of mortgage debt outstanding modifies the data from the Federal Reserve's Financial Accounts of the United States with respect to loans held in commercial mortgage-backed securities (CMBS) and by real estate investment trusts (REITs). The corrections create differences with previous releases and with the Federal Reserve data. For more information, please see the Appendix to this report.



# MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Sector

(\$millions)

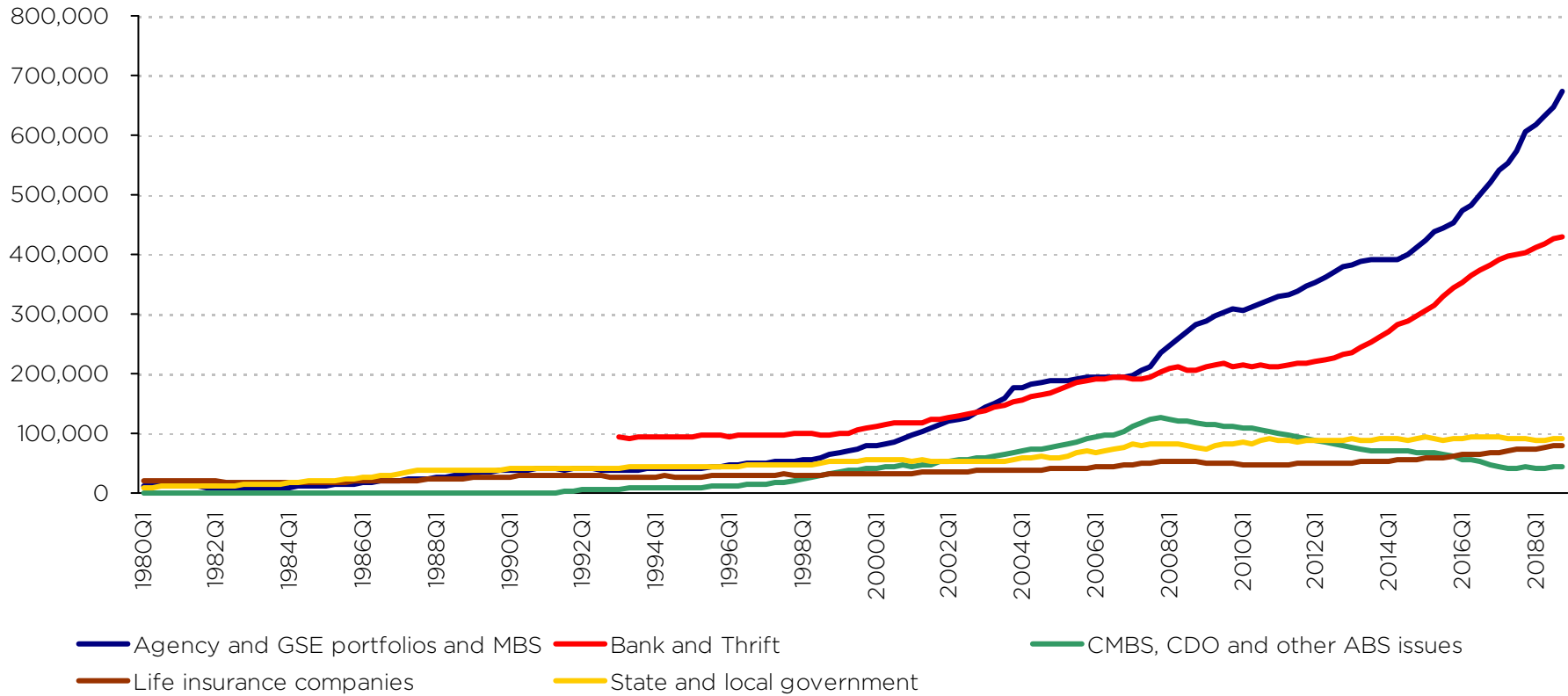


Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

# MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Selected Sector by Quarter

(\$millions)



Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

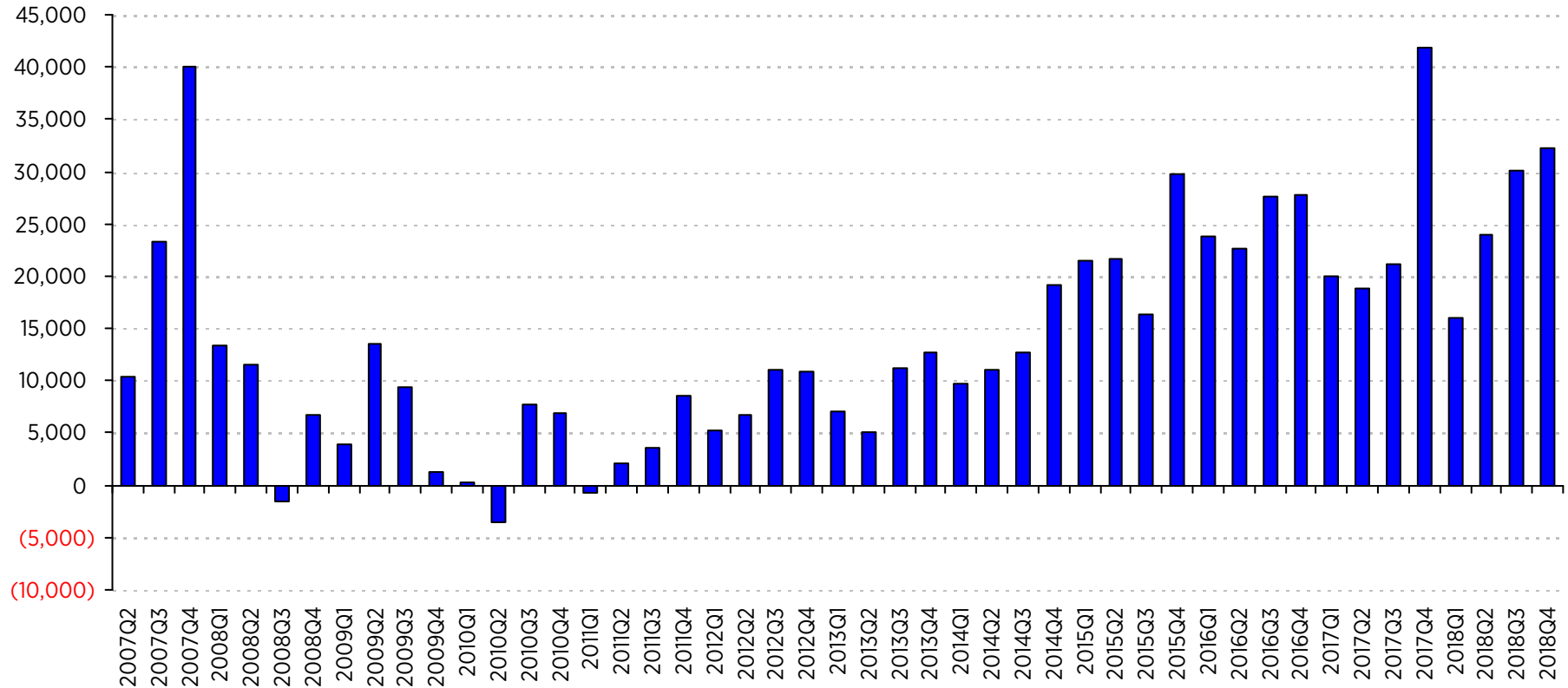
# MULTIFAMILY MORTGAGE FLOWS

Net Change in Multifamily Mortgage Debt Outstanding, by Quarter

(\$millions)



MORTGAGE BANKERS ASSOCIATION



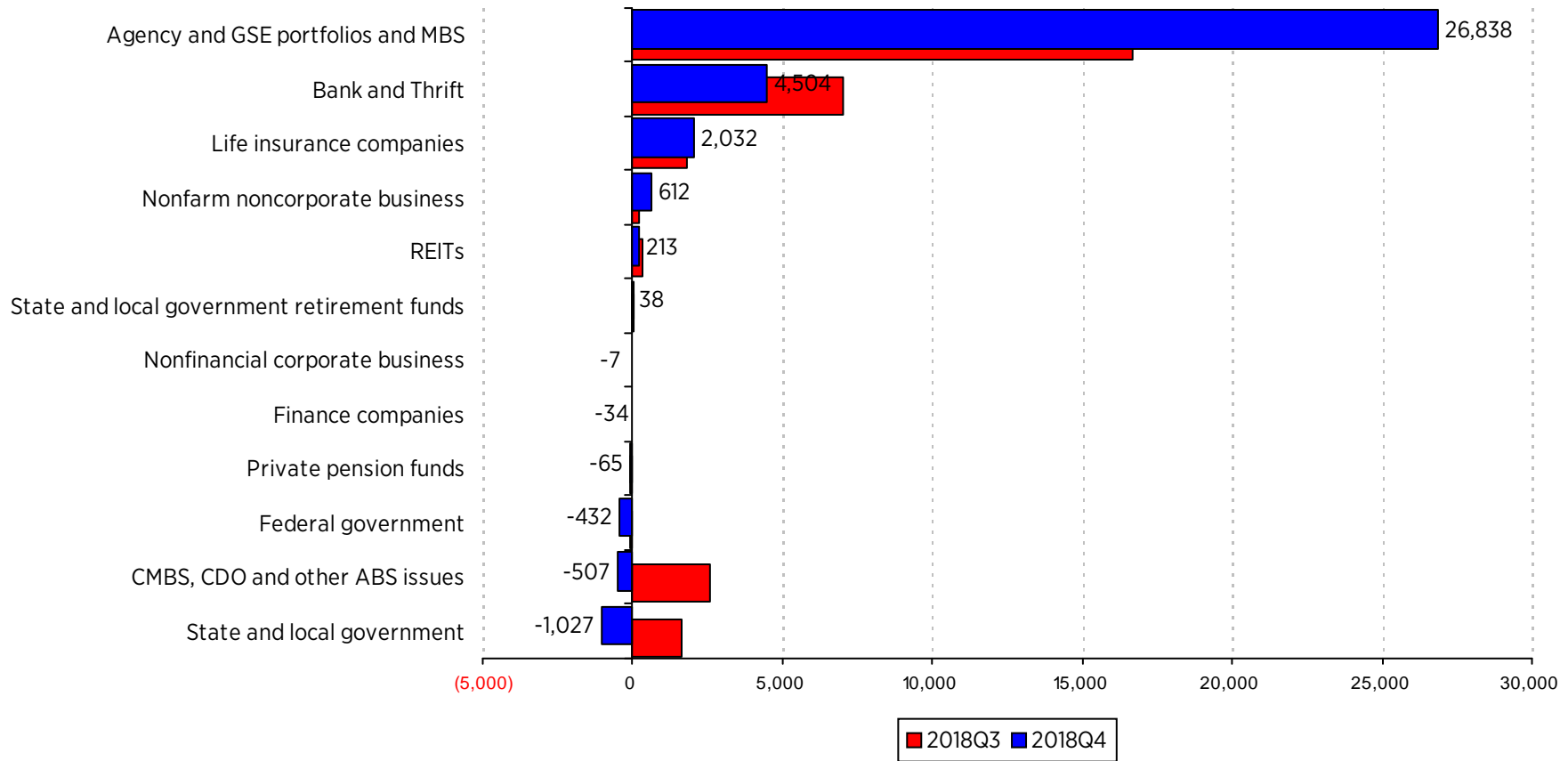
Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

# MULTIFAMILY MORTGAGE FLOWS

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



MORTGAGE BANKERS ASSOCIATION



Source: MBA, Federal Reserve Board of Governors, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

## APPENDIX A

MBA's analysis is based on data from the Federal Reserve Board's *Financial Accounts of the United States*, the Federal Deposit Insurance Corporation's *Quarterly Banking Profile* and data from Wells Fargo Securities.

### Bank Holdings

MBA's analysis of commercial and multifamily mortgage debt outstanding was changed in the fourth quarter of 2010 to exclude two categories of loans that had previously been included;

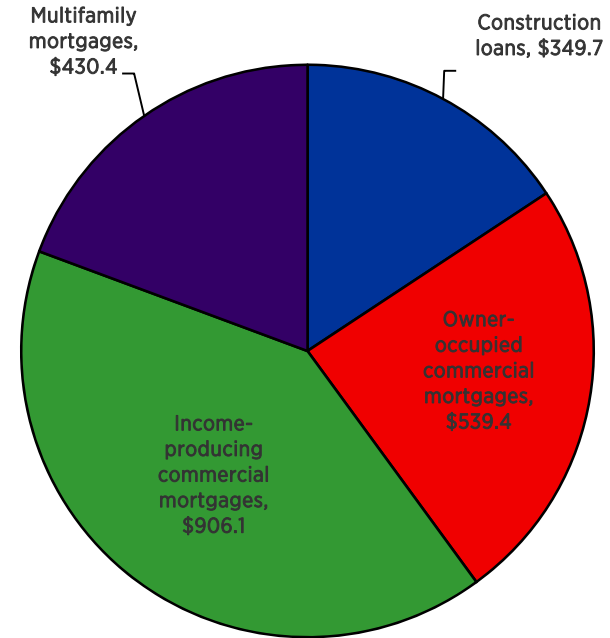
- a. loans for acquisition, development and construction and
- b. loans collateralized by owner-occupied commercial properties.

By excluding these loan types, MBA's analysis more accurately reflects the balance of loans supported by office buildings, retail centers, apartment buildings and other income-producing properties that rely on rents and leases to make their payments.

For the fourth quarter 2018, the Federal Reserve Board's Flow of Funds Accounts data attributed \$2.2 trillion of outstanding commercial and multifamily mortgages to banks and thrifts. Comparing this number to the FDIC's Quarterly Banking Profile for the same period, one sees that banks and thrifts held \$430 billion of multifamily mortgages and \$1,445.5 billion of non-farm nonresidential mortgages, of which 63 percent or \$906 billion were income-producing. The combined \$1.34 trillion of mortgages backed by multifamily and other income-producing properties is included in this analysis. The \$2.2 trillion total reported by the Federal Reserve also includes \$539 billion of loans collateralized by owner-occupied commercial properties and another \$350 billion of loans backed by acquisition, development and construction projects (including those for single-family development), which are excluded in from this analysis.

## Estimated Components of Federal Reserve's Flow of Funds "Commercial and Multifamily Mortgages" Held by Banks and Thrifts

(\$Billions)



Source: MBA, Federal Reserve Board of Governors, and FDIC

### **Mortgages in CMBS and held by REITs**

Beginning with its Q2 2014 release, the Federal Reserve's *Financial Accounts of the United States* adjusted its balance of commercial mortgages held in CMBS and by REITs to reflect the impact of FAS 167 and its implications for how entities report certain securitized mortgages on their balance sheets. The effect of this change was to inflate the balance of mortgages appearing under REITs by approximately \$130 billion and to reduce the balance appearing under CMBS by the same amount. From an accounting perspective, such changes are required, but the changes lead to a significant distortion of the size of the CMBS and REIT markets.

For CMBS, MBA corrects for this by relying on data from Wells Fargo Securities to size the balance of commercial and multifamily mortgages in CMBS. (The analysis continues to rely on the Financial Accounts of the United States to size multifamily balances held in CMBS, as the FAS 167 adjustments did not affect them.)

For REIT balances, MBA uses Fed data to reverse the FAS 167 inclusions and thus to report the mortgages, and not securitized assets, that REITs hold. The full corrected series are available as a part of MBA's CREF Database. Contact [CREFResearch@mba.org](mailto:CREFResearch@mba.org) for more information.





MORTGAGE BANKERS ASSOCIATION

1919 M STREET NW, 5th FLOOR  
WASHINGTON, DC 20036

Purchase ground-breaking, comprehensive mortgage origination information.

**Commercial Real Estate / Multifamily Finance Database Annual Subscription**

Member \$4,250 / nonmember \$6,500

**Commercial / Multifamily Annual Origination Volumes Rankings**

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

**Commercial / Multifamily Annual Origination Volume Summation**

Member \$150 / nonmember \$250

**Commercial / Multifamily Loan Maturity Volumes**

Member \$150 / nonmember \$250

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

To subscribe, order or participate, call (800) 348-8653, or visit [mba.org/research](http://mba.org/research)