



Multifamily Real Estate Finance Markets & Outlook

MBA Multifamily Council

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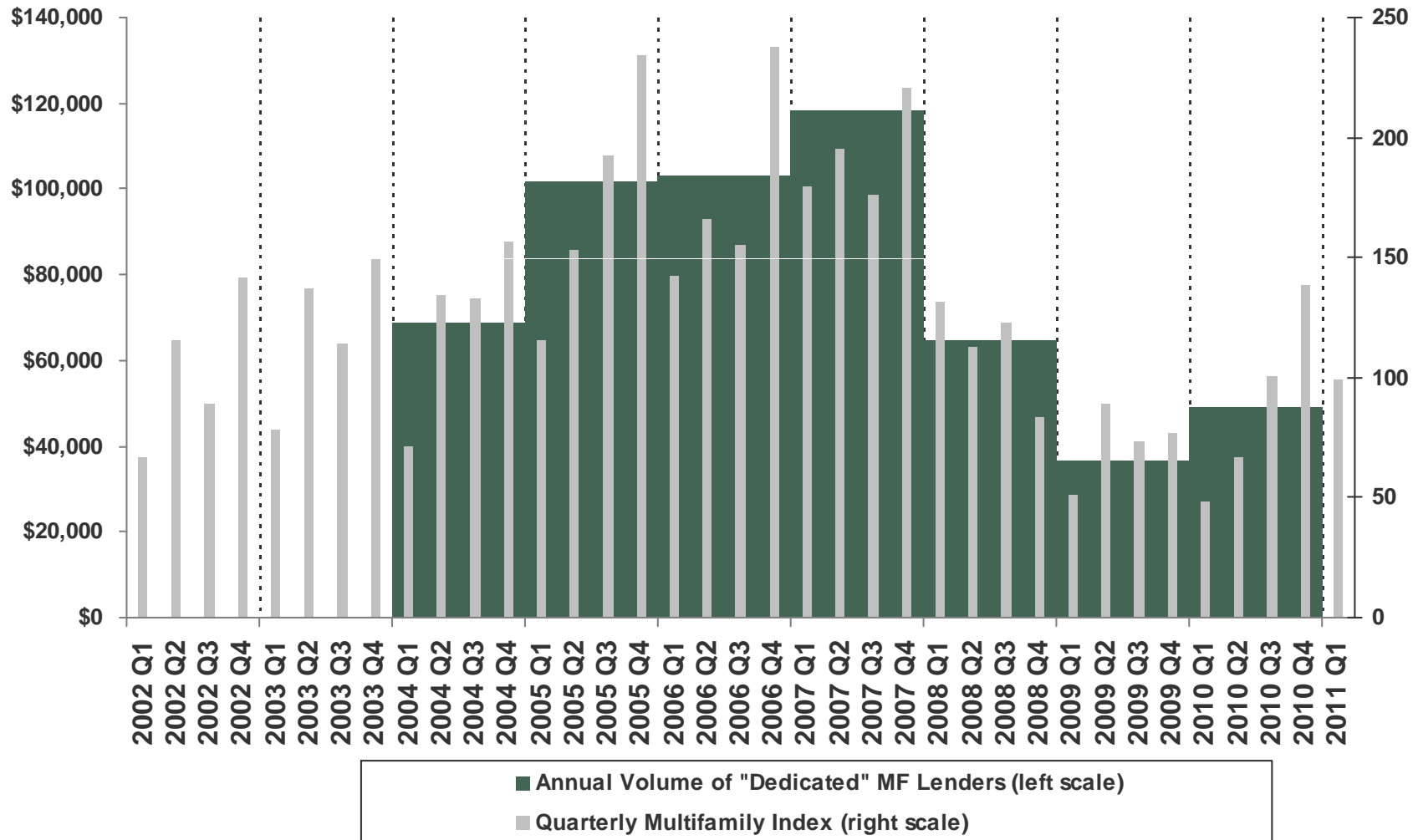
Multifamily Originations

- MBA's Annual Origination Summation
- MBA's Quarterly Commercial/Multifamily Mortgage Bankers Originations Index
- MBA's Annual Report on Multifamily Lending

Multifamily originations were pushed downward by the credit crunch, the recession and by a drop in demand; 2010 started to show renewed growth



Annual Multifamily Origination Dollar Volumes (\$millions, left) and Mortgage Bankers Multifamily Origination Index (index value, 2001 avg quarter = 100, right)

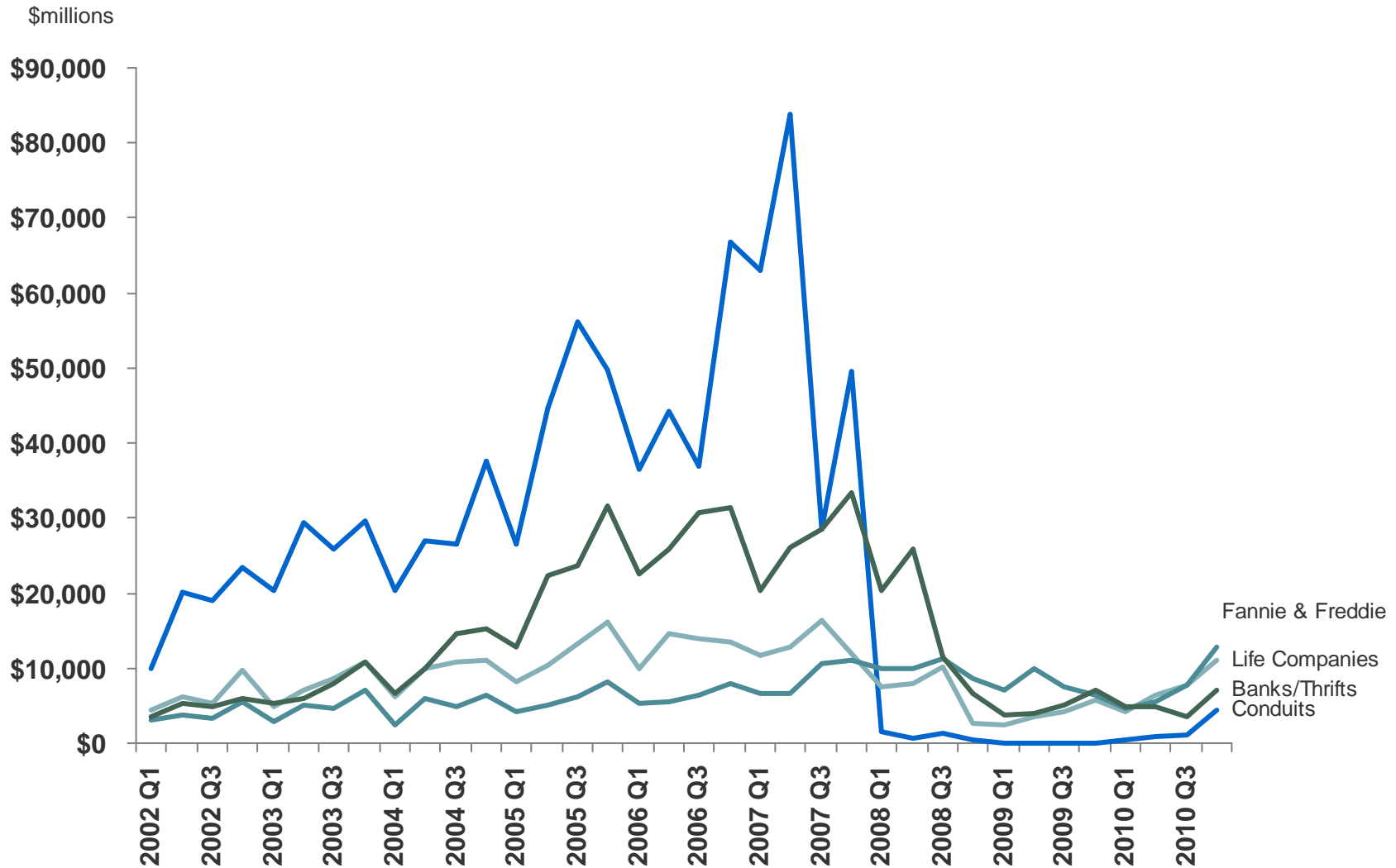


Source: Mortgage Bankers Association, Annual and Quarterly Commercial/Multifamily Origination Surveys

Every major investor type saw a pick up in combined commercial/multifamily originations at the end of 2010



Estimated Quarterly Commercial/Multifamily Mortgage Bankers' Originations, by Investor Group



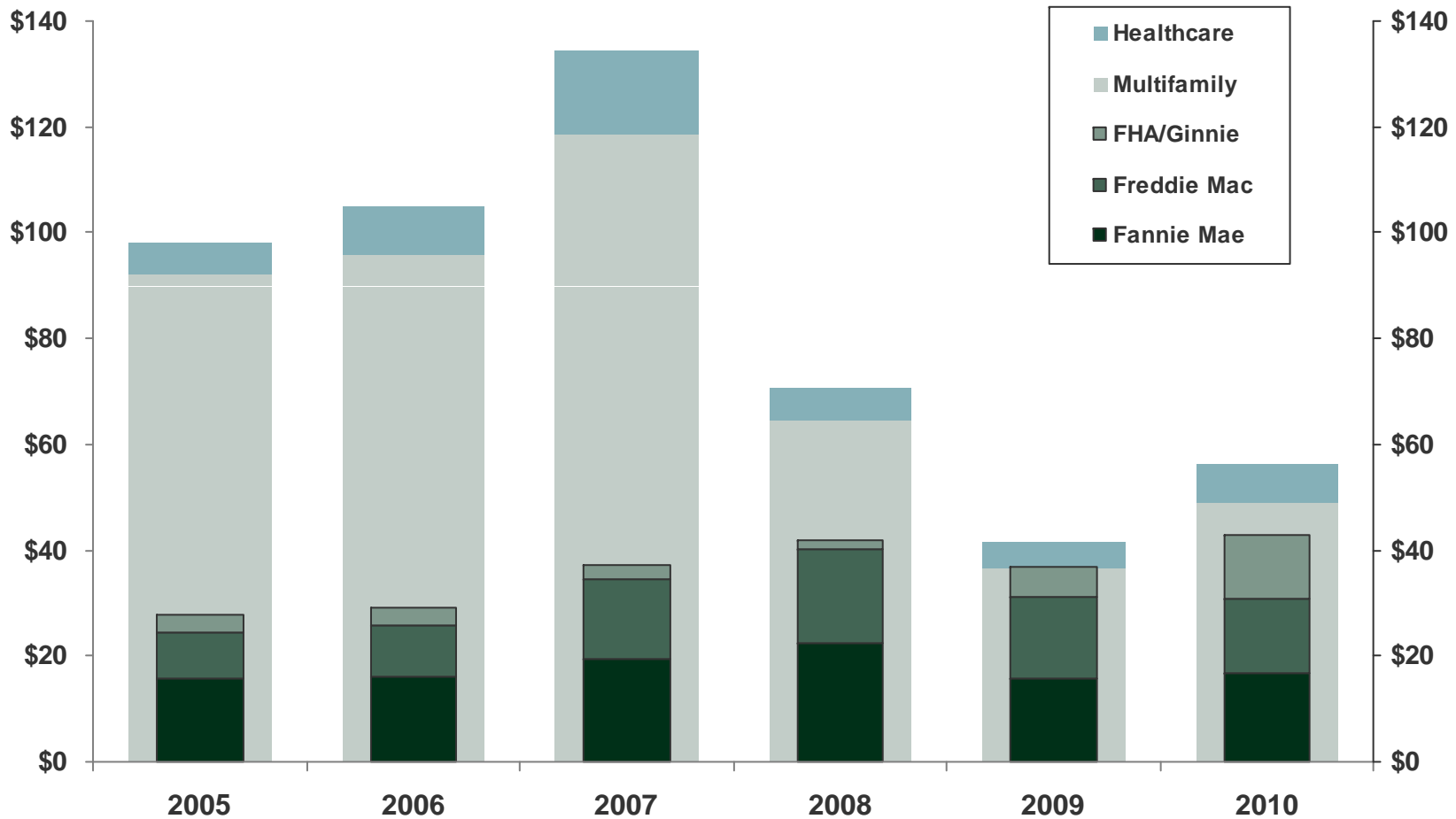
Source: Estimates based on MBA's Annual and Quarterly Origination Surveys

Mortgage Bankers Association

The collective market share of Fannie Mae, Freddie Mac and FHA/Ginnie Mae grew significantly in 2008 and 2009; Fannie/Freddie shares shrank in 2010, FHA/Ginnie rose



Originations for Fannie Mae, Freddie Mac and FHA/Ginnie Mae and Total Multifamily and Health Care Originations (\$billions)

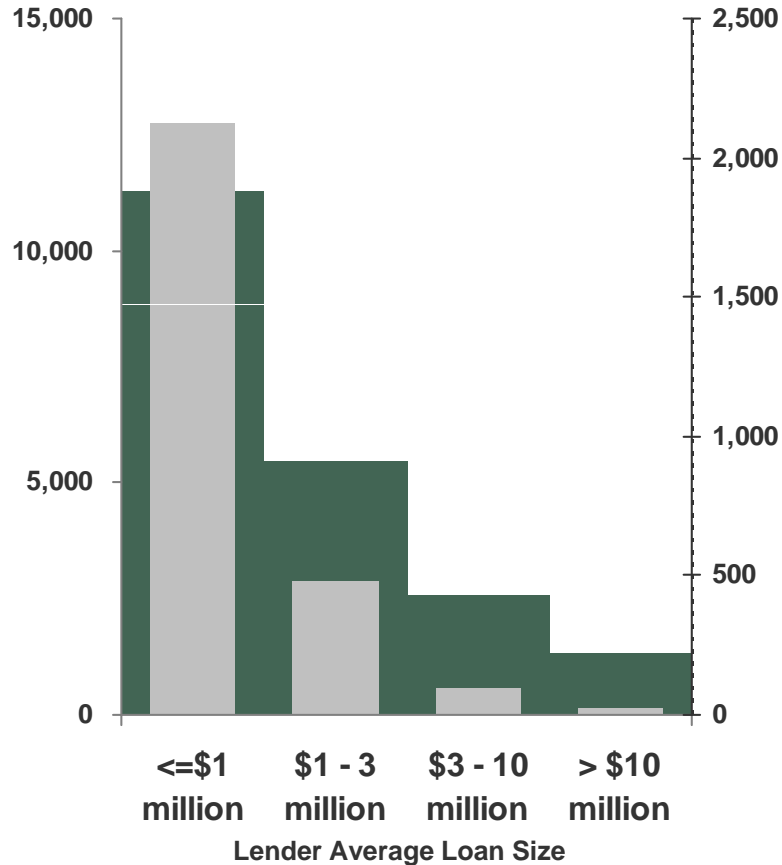


Source: MBA's Annual Origination Summation

2009 total lending showed diversity of multifamily lending market; 1/3 of lenders made only one multifamily loan, 3/4 made five or fewer

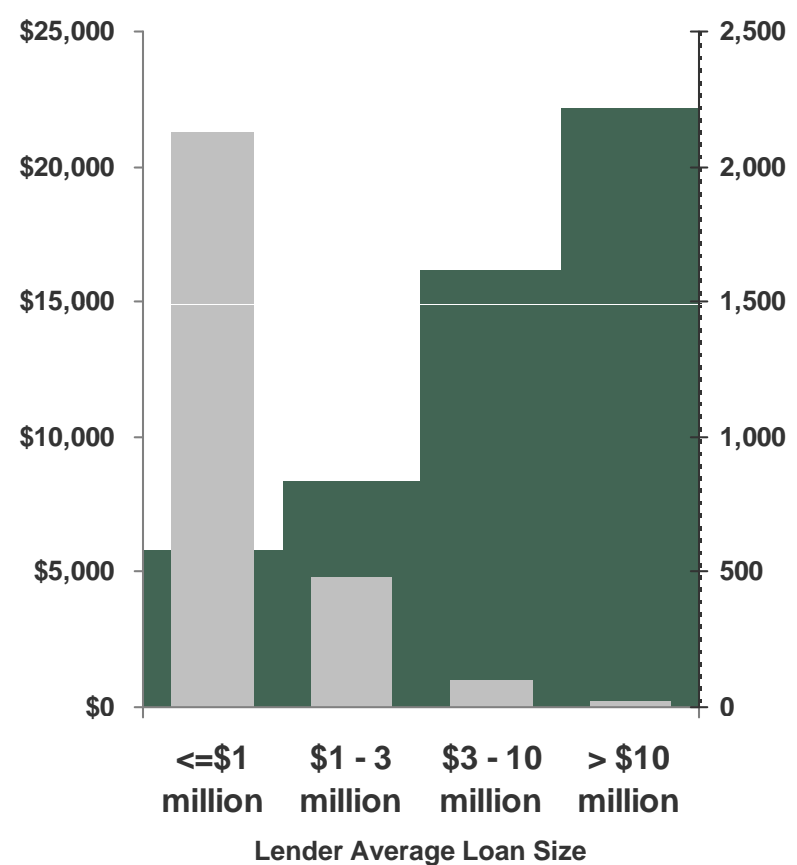


Multifamily Lending, 2009
(Number of Loans and Number of Lenders),
by Lender Average Loan Size



■ Number of Loans (left scale)
■ Number of Lenders (right scale)

Multifamily Lending, 2009
(Total Volume in millions and Number of Lenders),
by Lender Average Loan Size



■ Dollar Volume (\$millions, left scale)
■ Number of Lenders (right scale)

Source: Mortgage Bankers Association, Annual Report on Multifamily Lending

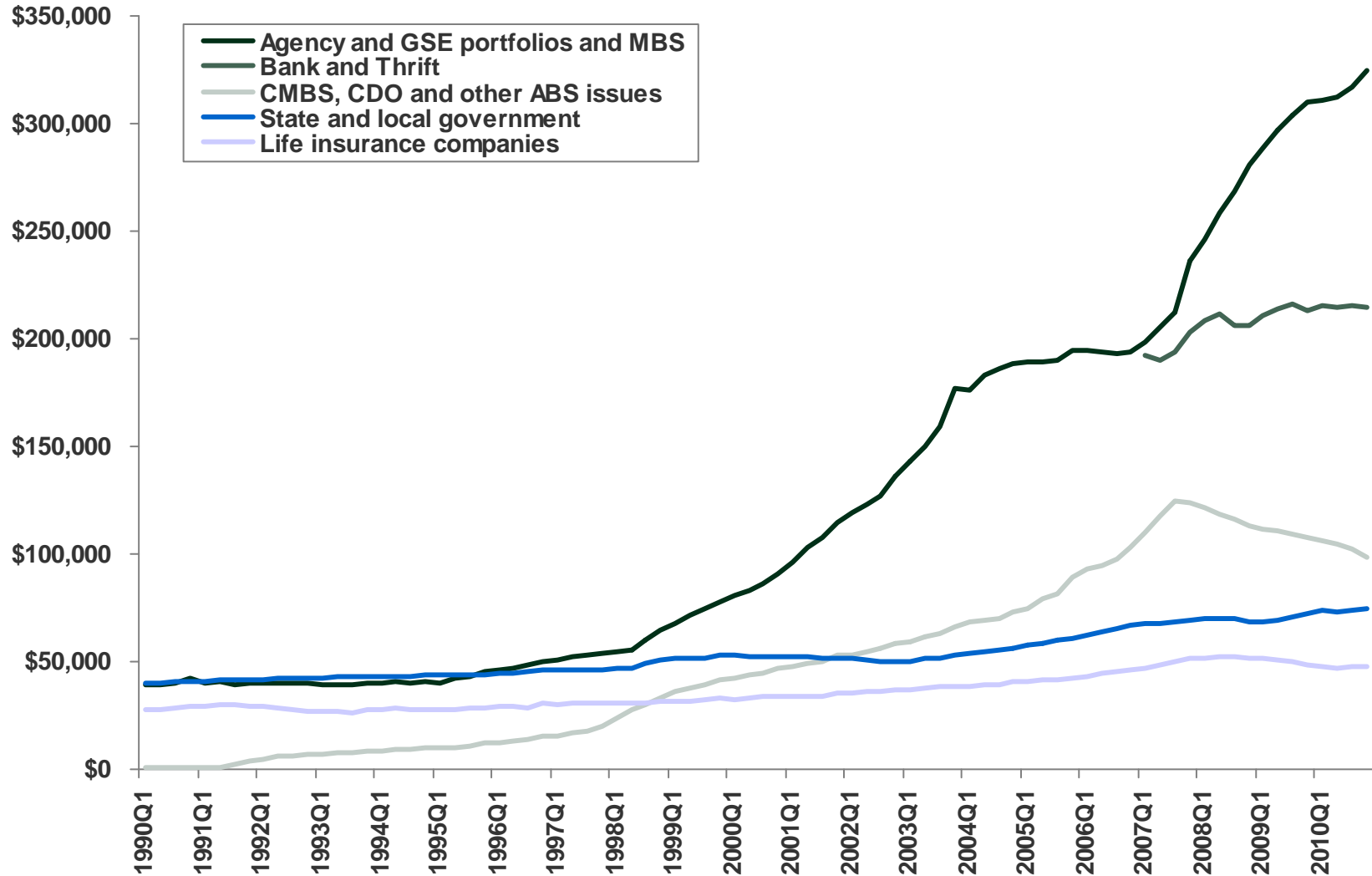
Mortgages Outstanding, Performance & Maturities

- MBA's Quarterly Report on Commercial/Multifamily Delinquency Rates Among Major Investor Groups
- MBA's Quarterly Analysis of Commercial/Multifamily Mortgage Debt Outstanding
- MBA's Commercial/Multifamily Loan Maturity Volumes

Multifamily mortgage debt outstanding has grown dramatically at Fannie, Freddie and FHA; fallen substantially in CMBS



Multifamily Mortgage Debt Outstanding (\$millions)



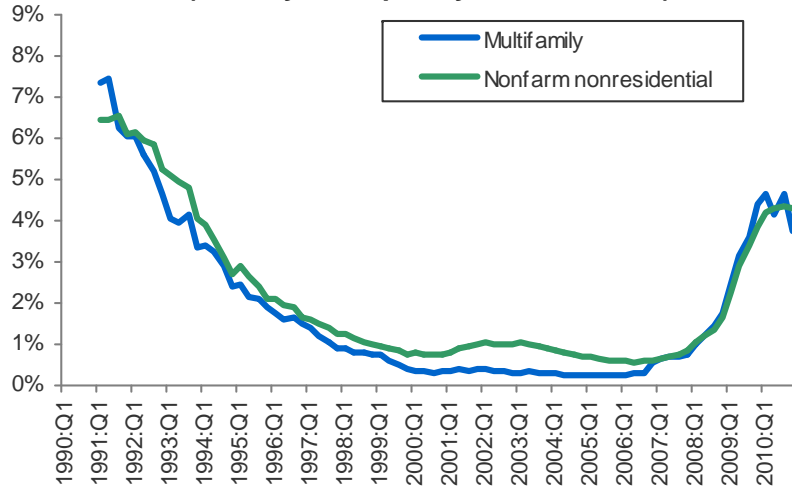
Sources: MBA, Federal Reserve Board and FDIC

Large variations in delinquency rates by mortgage investor group (since 1990); multifamily performance generally tracks other property types, except in CMBS

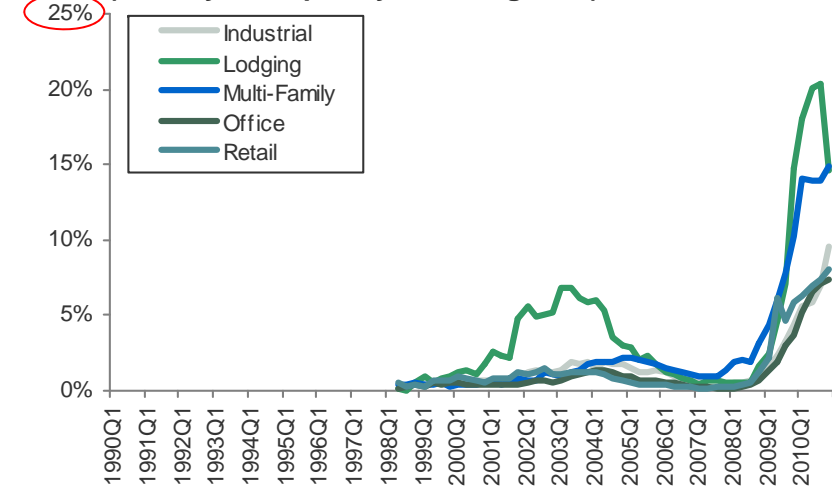


Multifamily and other Commercial Mortgage Delinquency Rates Among Major Investor

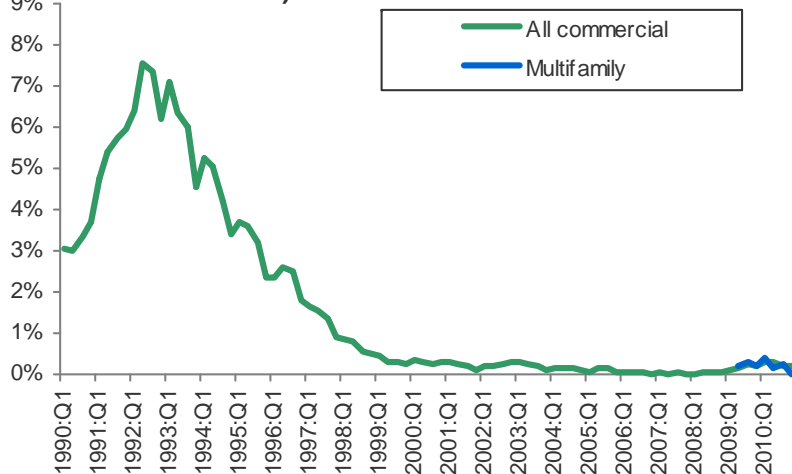
Bank & Thrift (90+ day delinquency or nonaccrual)



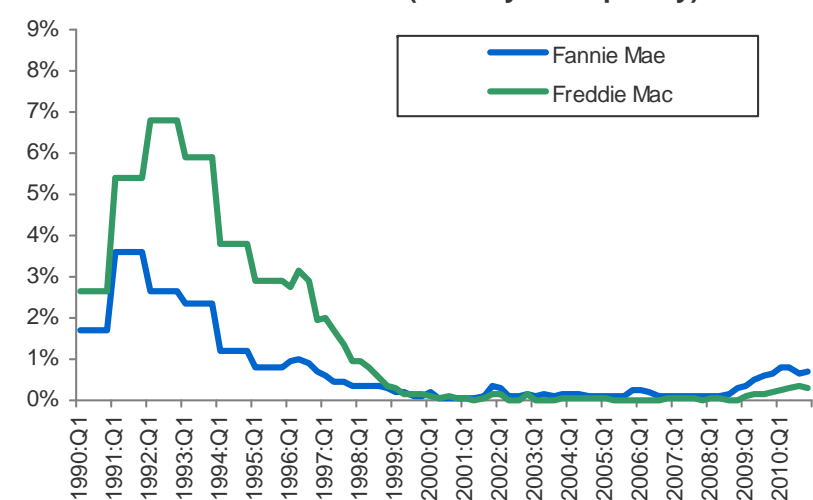
CMBS (30+ day delinquency including REO)



Life Companies (60+ day delinquency including in process of foreclosure)



Fannie Mae and Freddie Mac (60+ day delinquency)

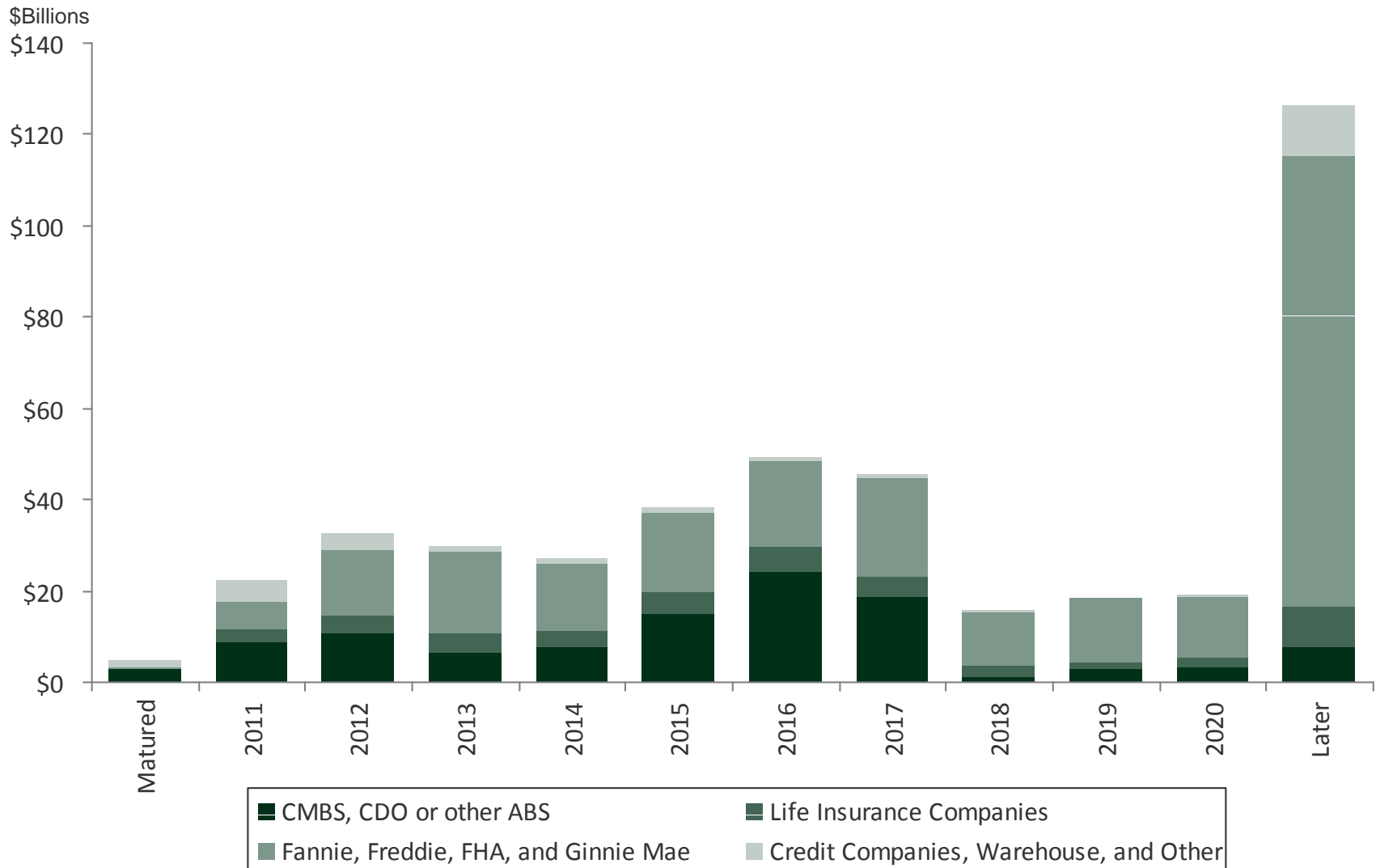


Sources: MBA, FDIC, Trepp, ACLI, Fannie Mae and Freddie Mac

Non-bank MULTIFAMILY mortgage maturities are relatively low in the coming years; More than one-quarter come after 2020



Non-Bank UPB of Outstanding Multifamily Mortgages, by Year of Maturity, as of Dec. 31, 2010



Source: MBA Commercial/Multifamily Loan Maturity Volumes

Multifamily Fundamentals

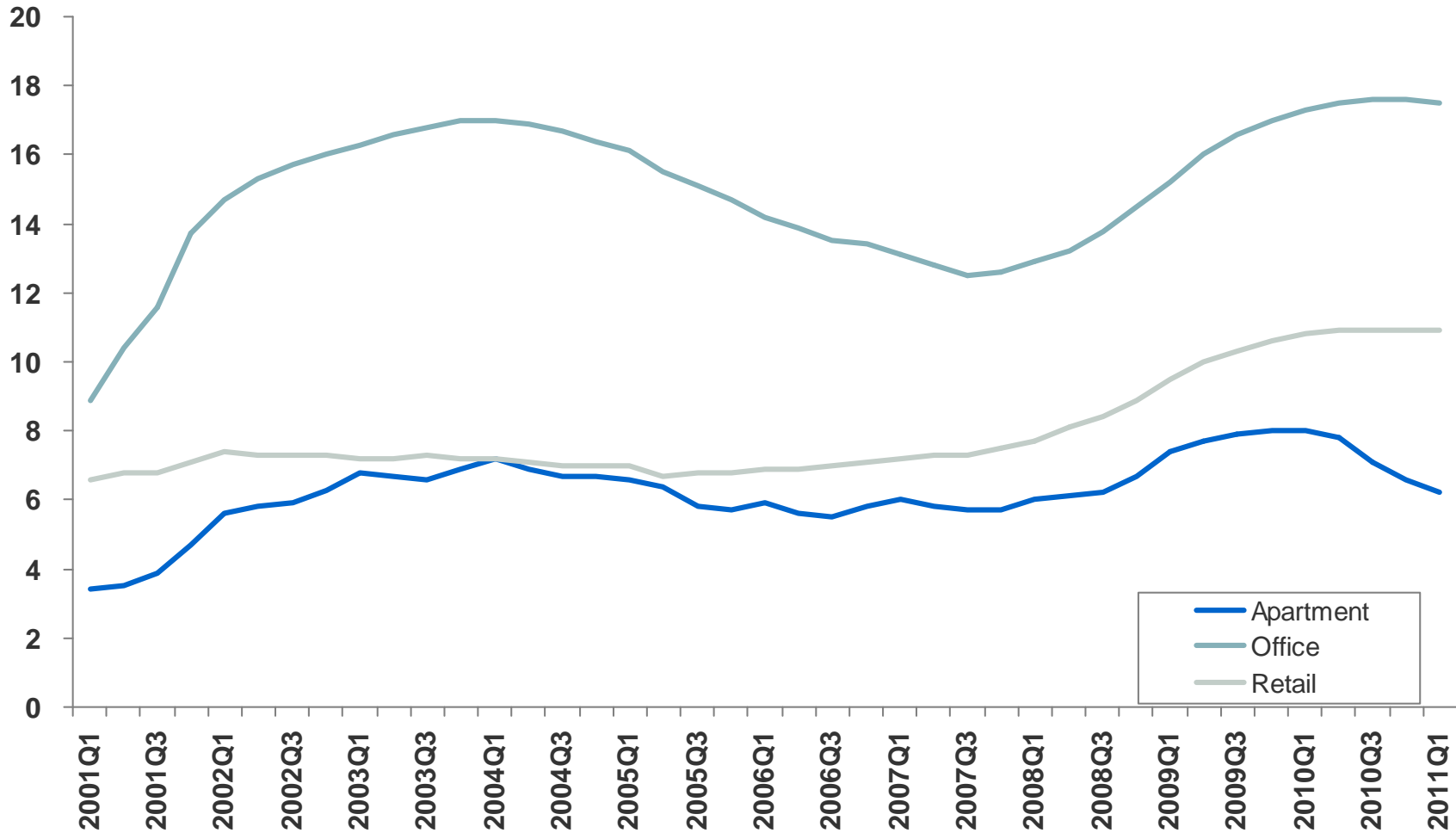
- MBA's Commercial/Multifamily Quarterly Data Book
- Presentations at MBA's CREF Convention and other MBA events

Vacancy rates have peaked across most property types, exceeding the highs of the early 1990s; Apartment vacancy rates have come in strongly



Commercial/Multifamily Vacancy Rates, by Property Type by Quarter

Percent

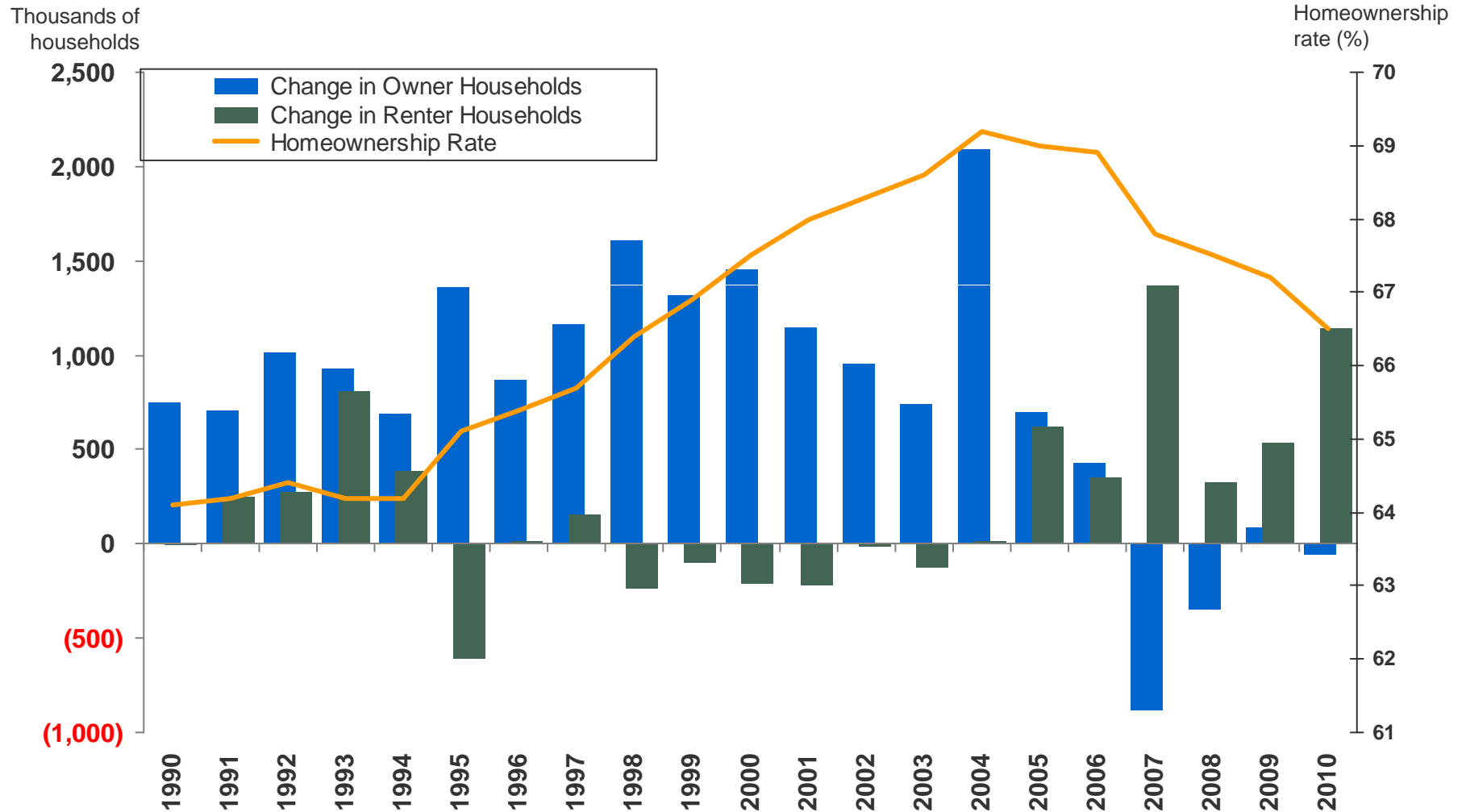


Source: REIS

Since the end of 2005, the US has added 3.0 million HHs; Drop in homeownership means 766,000 homeowner HHs lost, rental demand increased by 3.7 million households, or 11%



Year-over-year Changes in the Number of Owner- and Renter-occupied Households, and Homeownership Rate

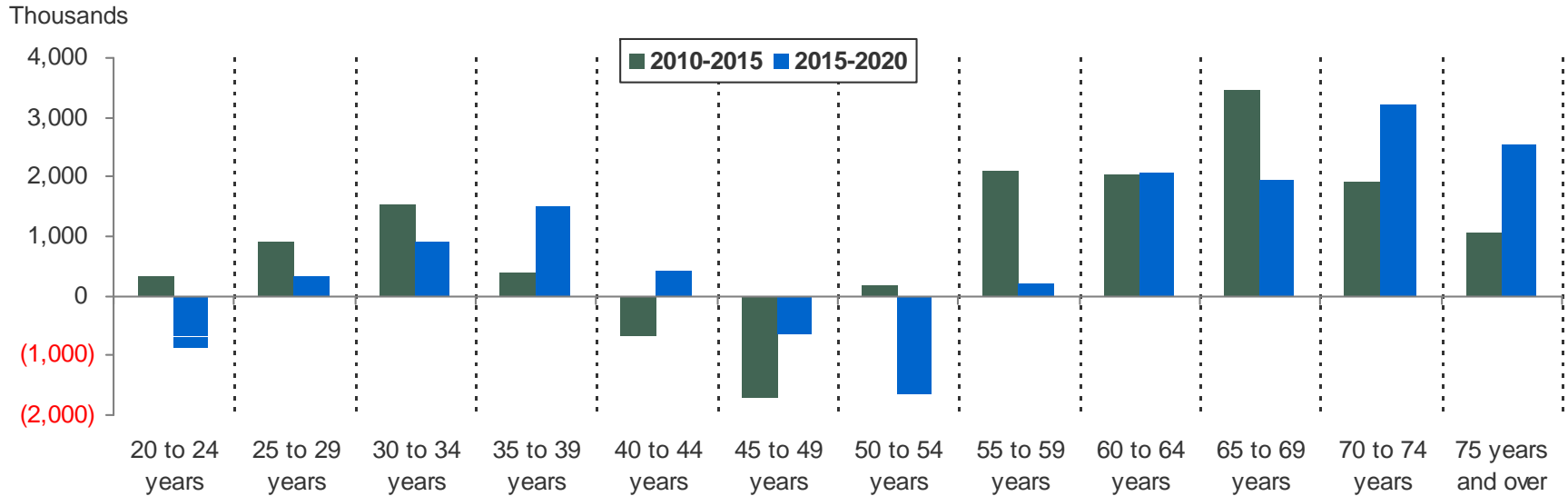


Source: Census Bureau and MBA

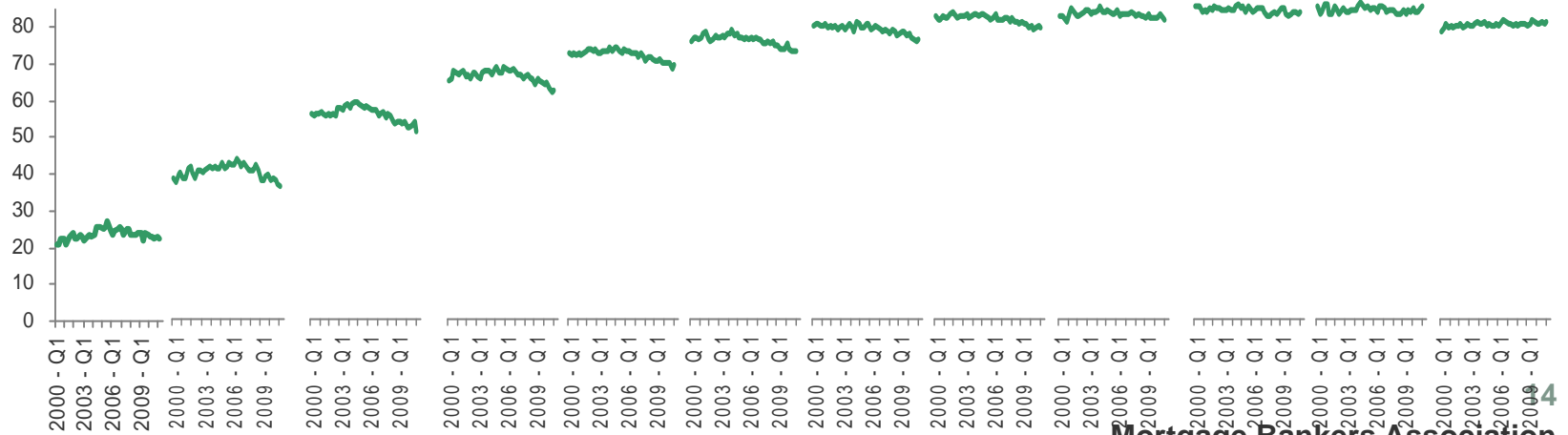
Largest population growth in coming decade comes among the age groups that have traditionally rented the least; given today's market, own/rent decisions may not track past experience



Projected population change, by age, 2010 – 2015 and 2015 – 2020



Ownership rates by age of householder



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Source: MBA and Census Bureau (constant net migration series).

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