



The Economy and Commercial/Multifamily Real Estate Finance Markets

October 2011

Jamie Woodwell
Vice President
Commercial Real Estate Research
Mortgage Bankers Association

An August (and September) to Forget



- U.S. debt limit/deficit discussions
- S&P downgrade of US debt
- European sovereign debt
- Fed commitment to keep rates low through 2013
- Volatility in financial markets

“There is substantial uncertainty about how these events will impact consumer and business behavior. We do not believe that the economy is facing the same types of risks as in 2008. Were the US economy to enter a recession, it would likely be the result of an external shock, be shallow, and be relatively brief. On the other hand, given that both fiscal and monetary policymaker’s hands are essentially tied at this point, there is little in the way of policy changes that could be implemented to soften the blow.”

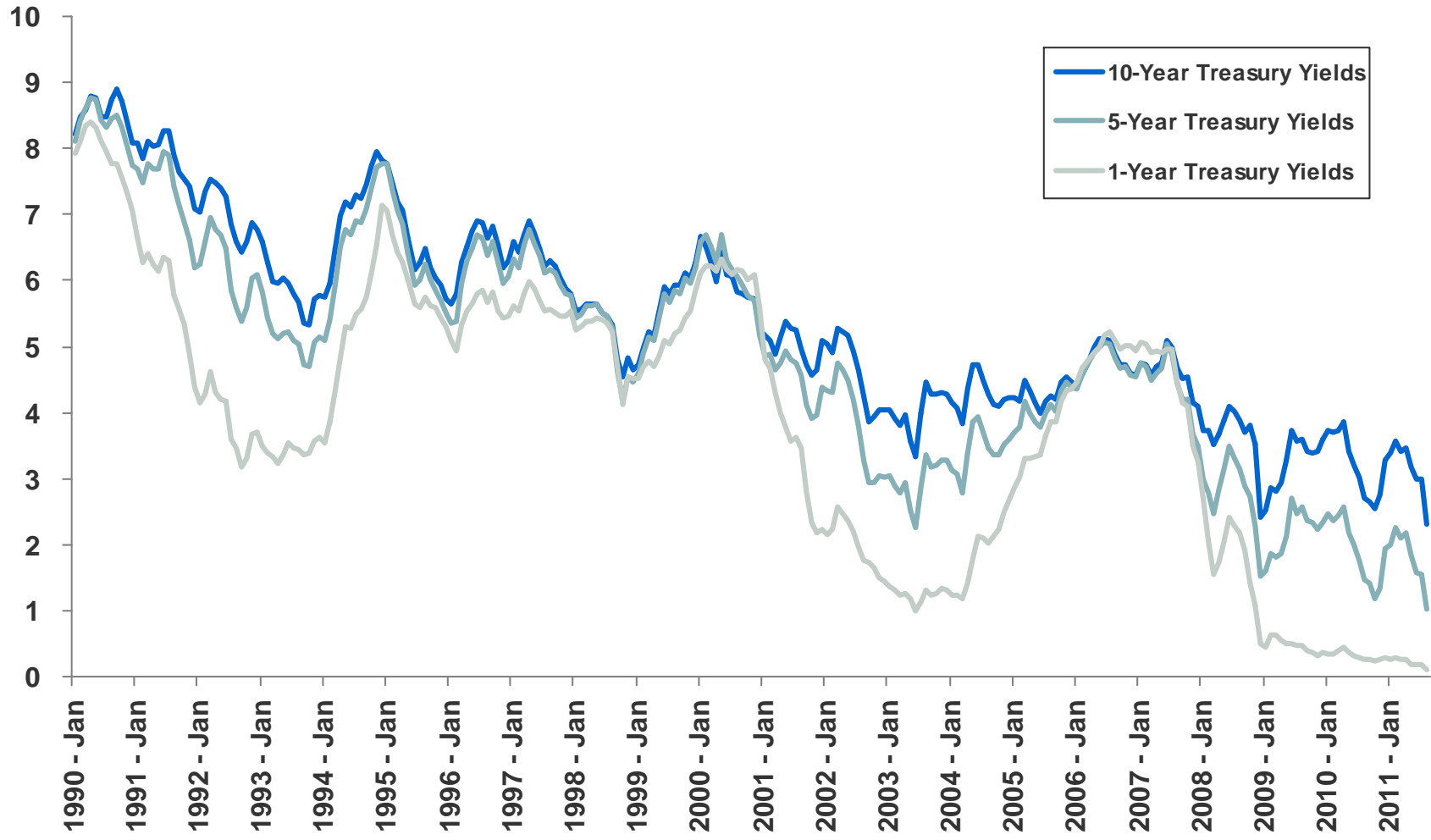
- MBA Monthly Economic Commentary, August 2011

Selected Interest Rates



Yields on Treasury nominal securities at constant maturity, monthly averages of daily data

Percent



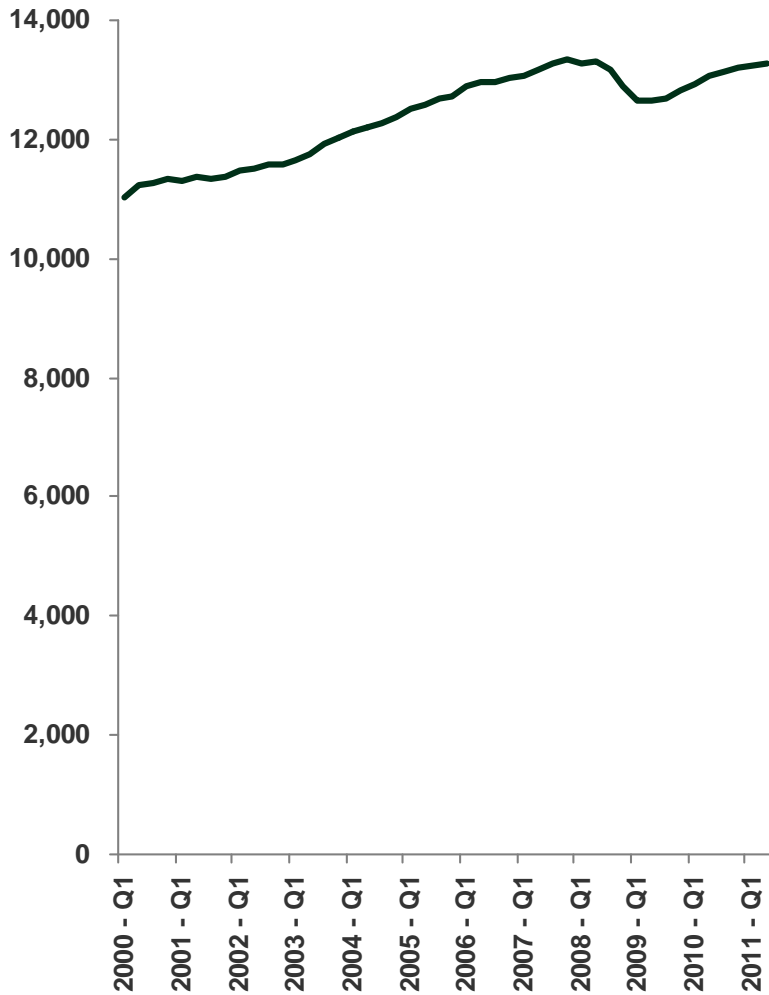
Source: Federal Reserve Board

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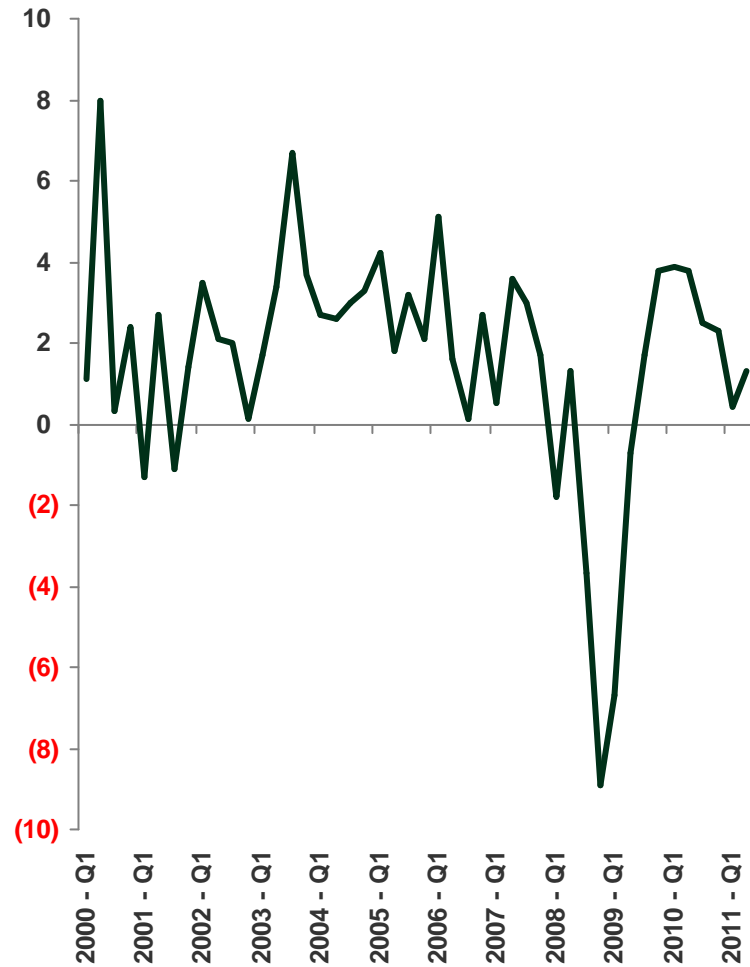
GDP



Real GDP (seasonally adjusted annual rate in billions of chained 2005 \$)



Quarterly Percent Change in Real GDP, at an Annual Rate (% , seasonally adjusted annual rate)

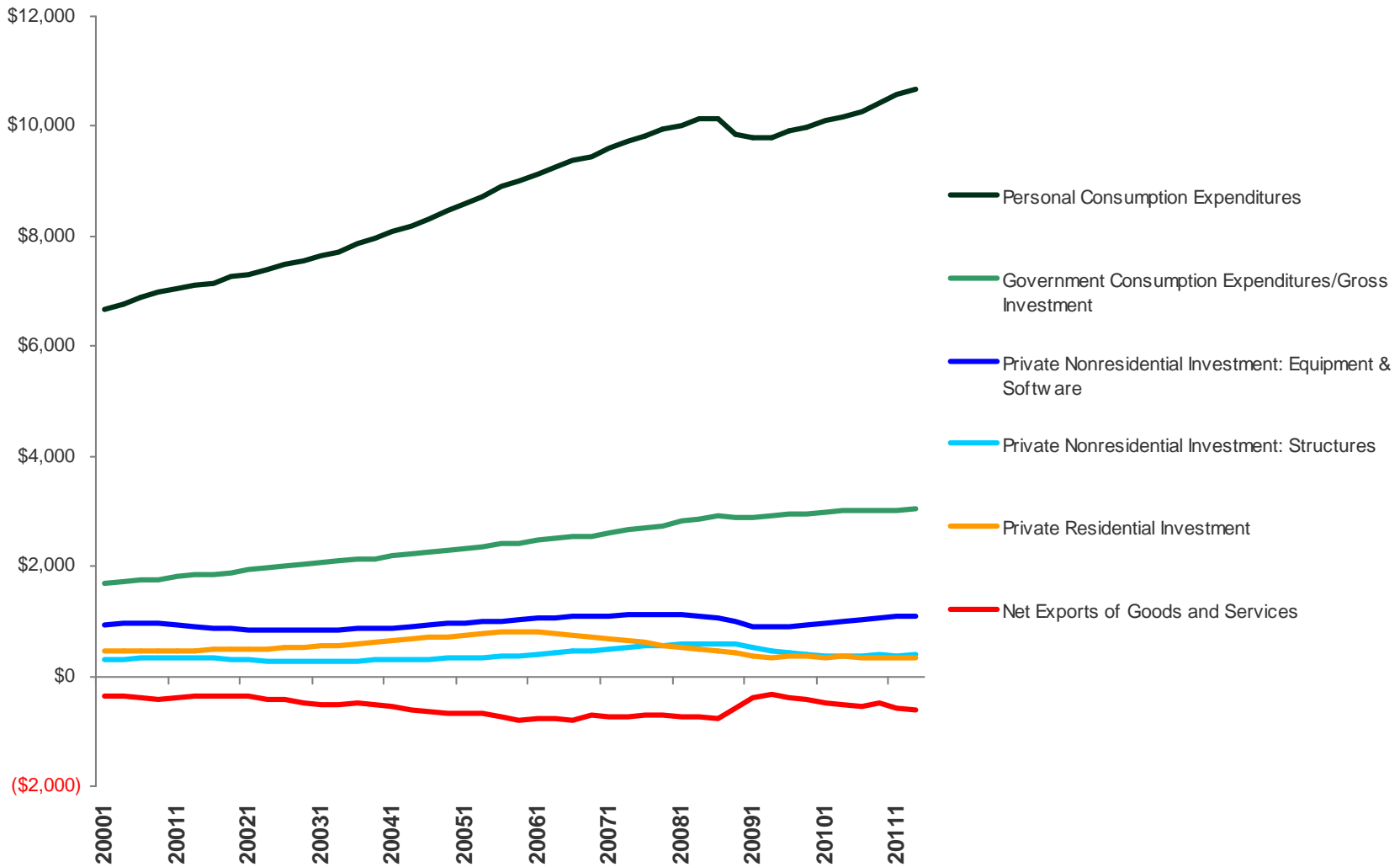


Source: Bureau of Economic Analysis

GDP Components



Nominal GDP by Selected Components (\$billions at seasonally adjusted annual rate)

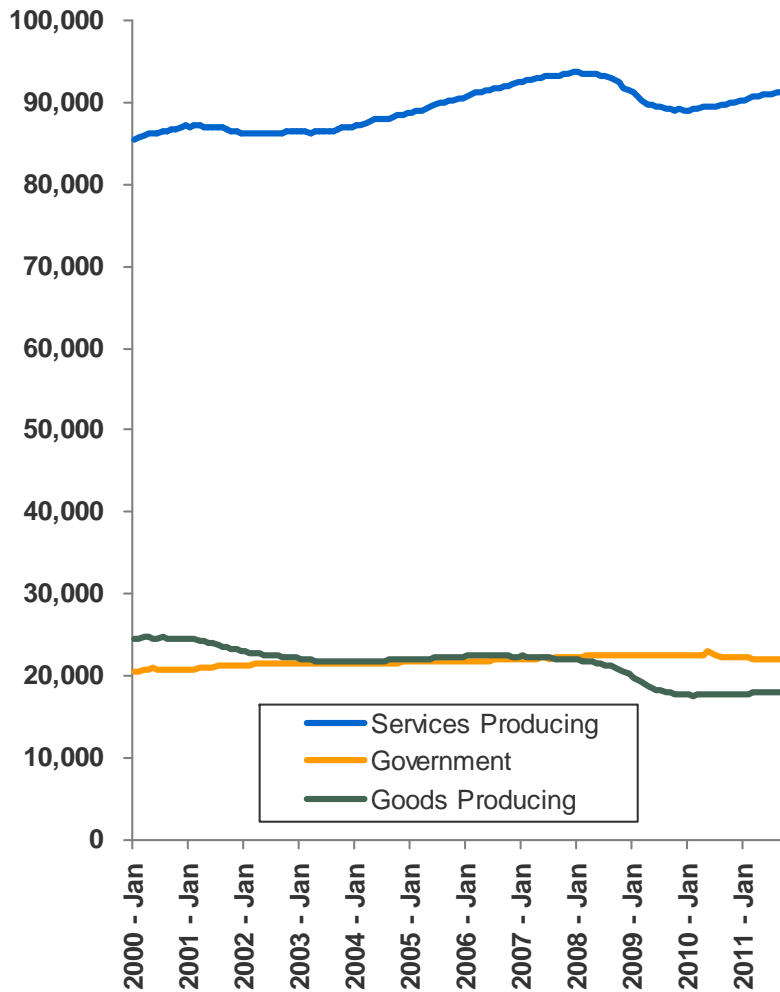


Sources: Bureau of Economic Analysis

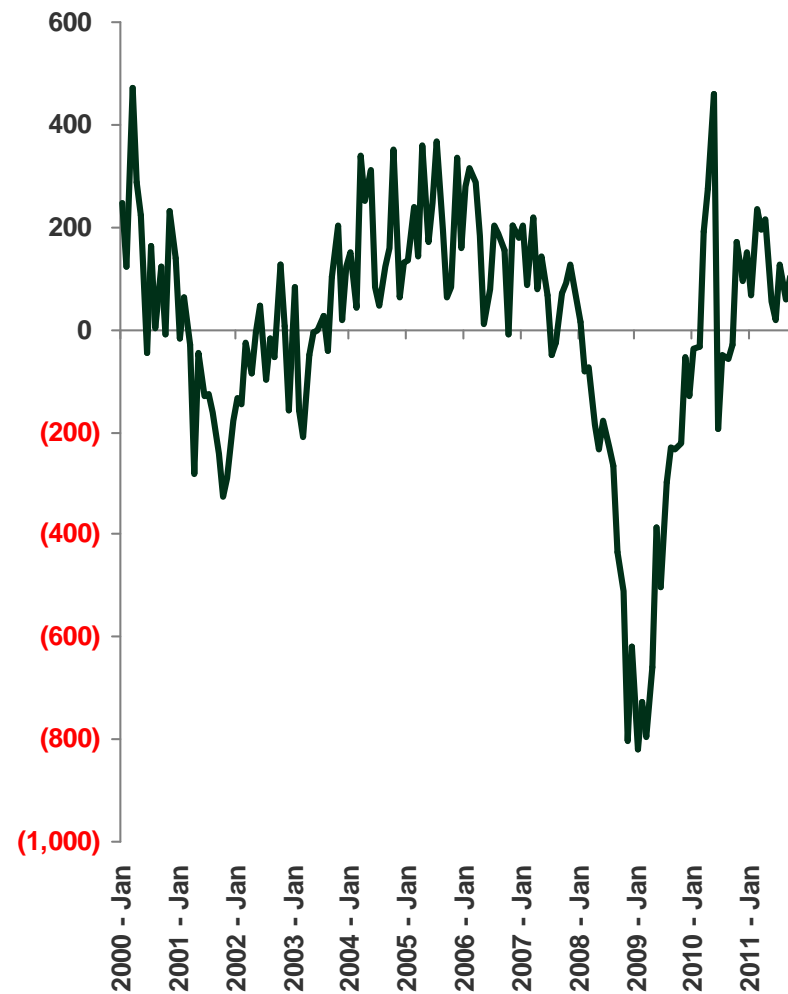
At-place Employment



At-place employment (thousands, seasonally adjusted)

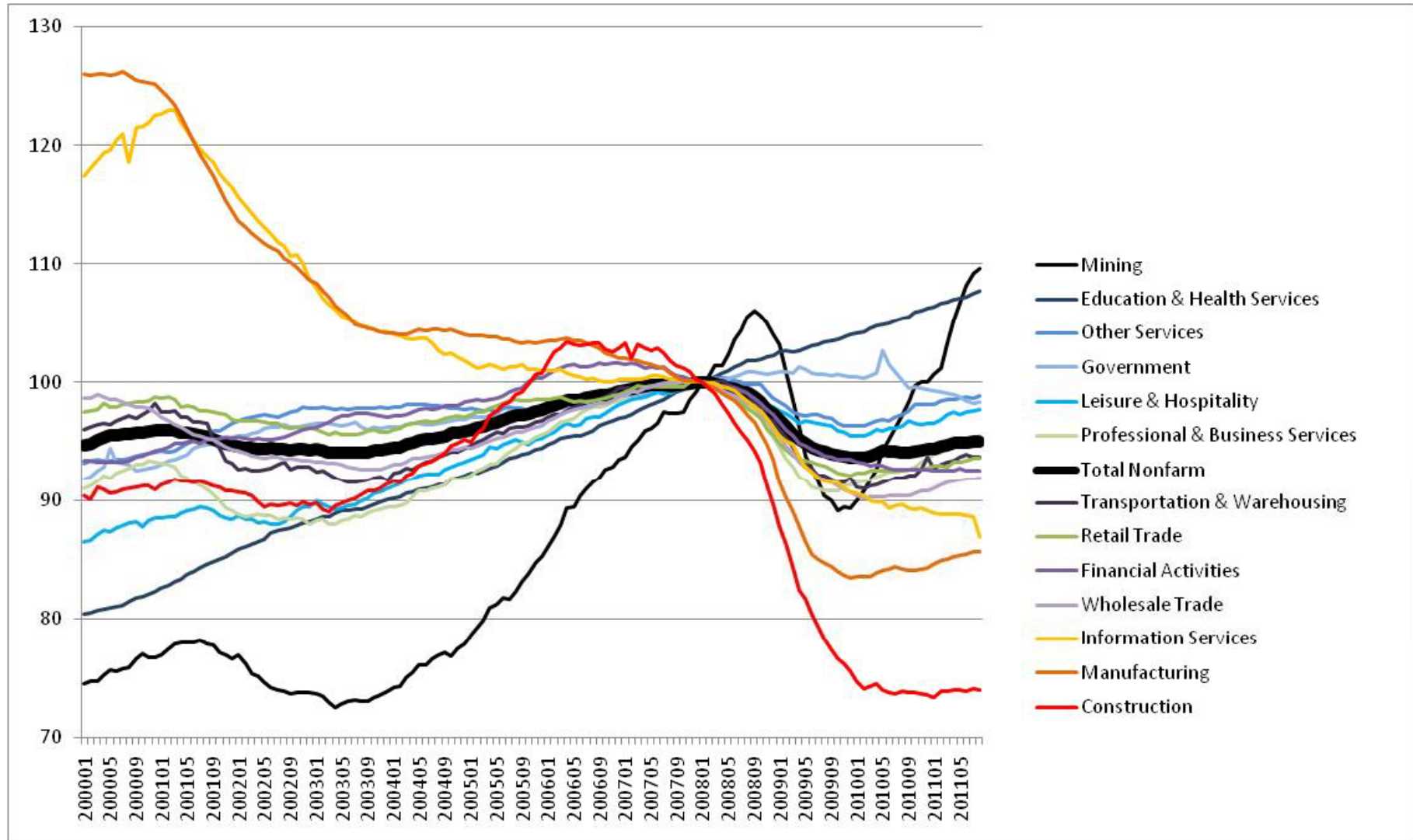


Monthly change in non-farm at-place employment (thousands, seasonally adjusted)



Source: Bureau of Labor Statistics

Employment by Selected Industry Indexed to January 2008 = 100



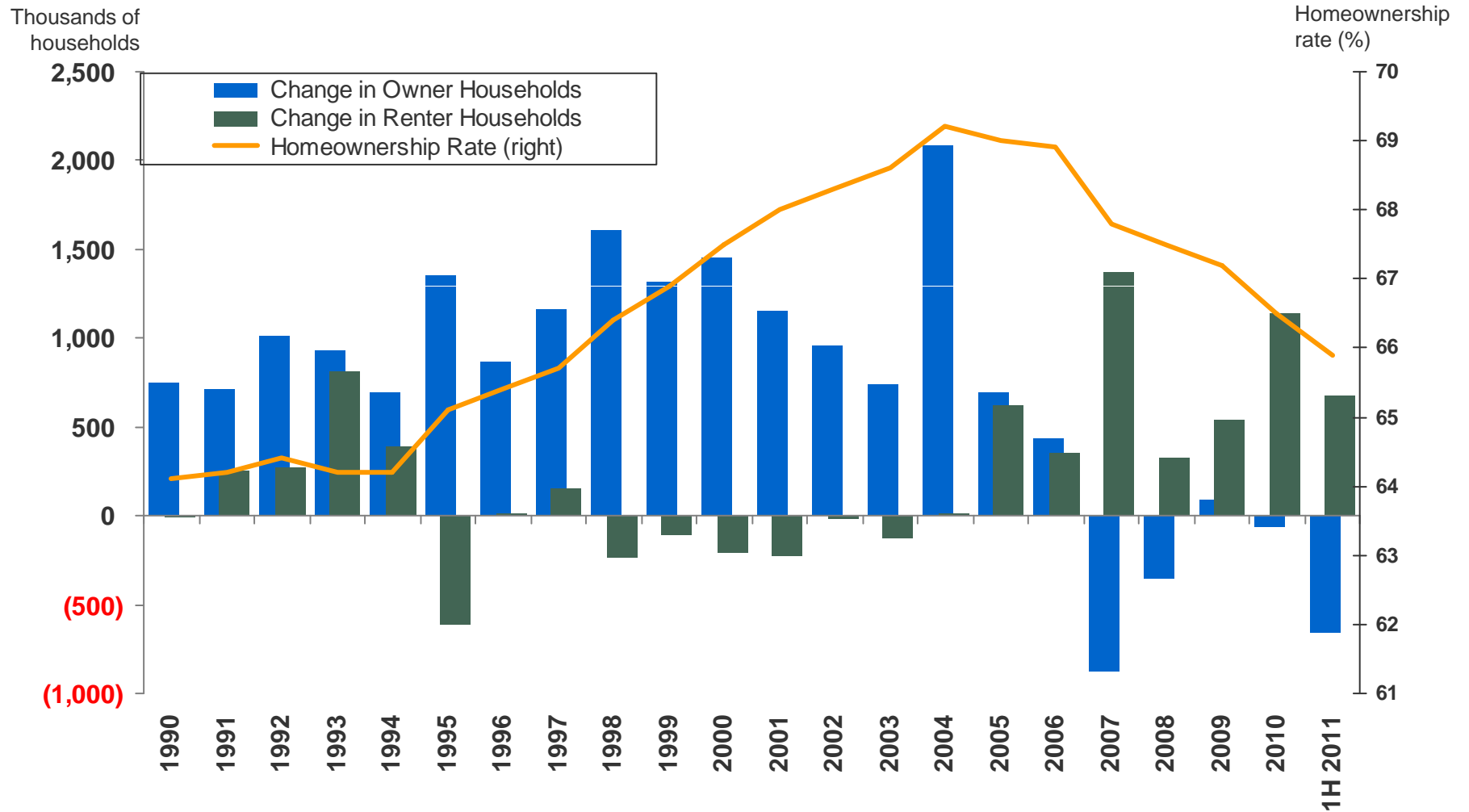
Source: Bureau of Labor Statistics

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Household Change by Owner- and Renter-occupied



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



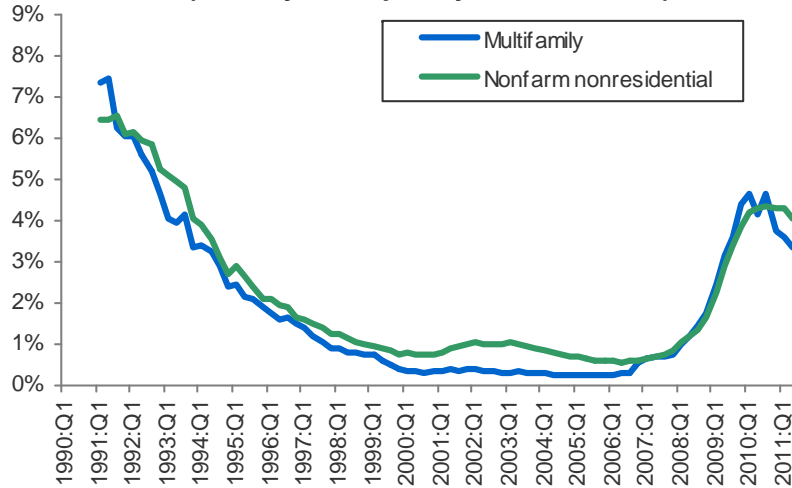
Source: Census Bureau and MBA

Commercial/Multifamily Mortgage Delinquency Rates

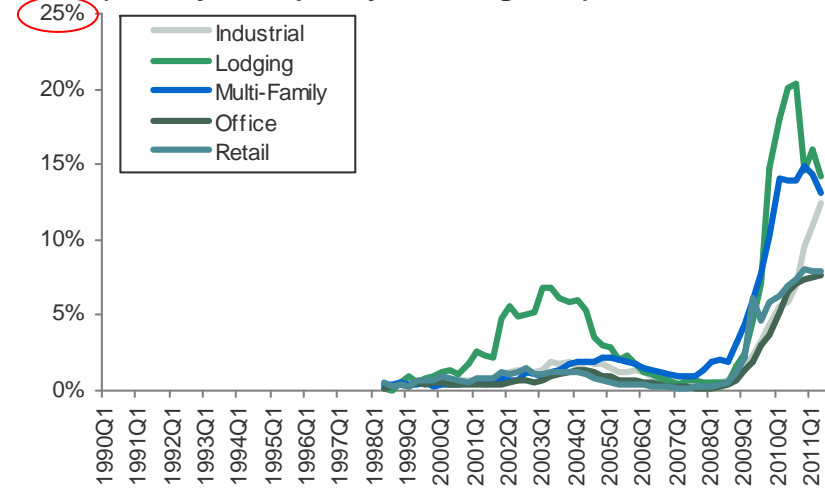


Multifamily and Other Commercial Mortgage Delinquency Rates Among Major Investor

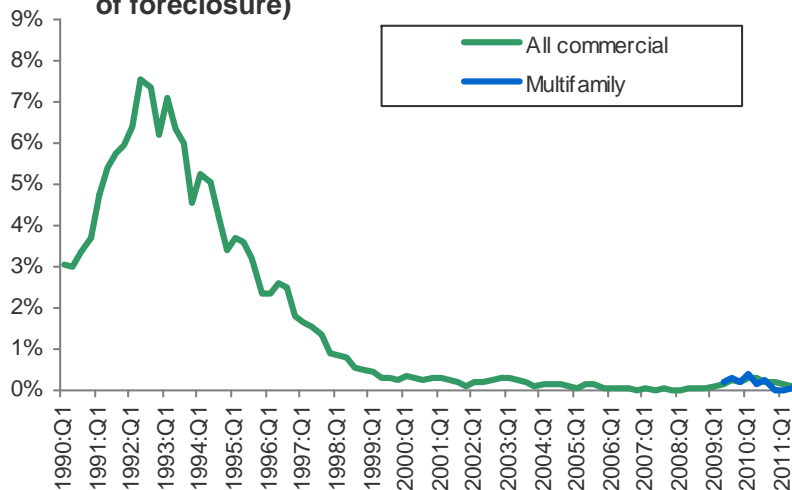
Bank & Thrift (90+ day delinquency or nonaccrual)



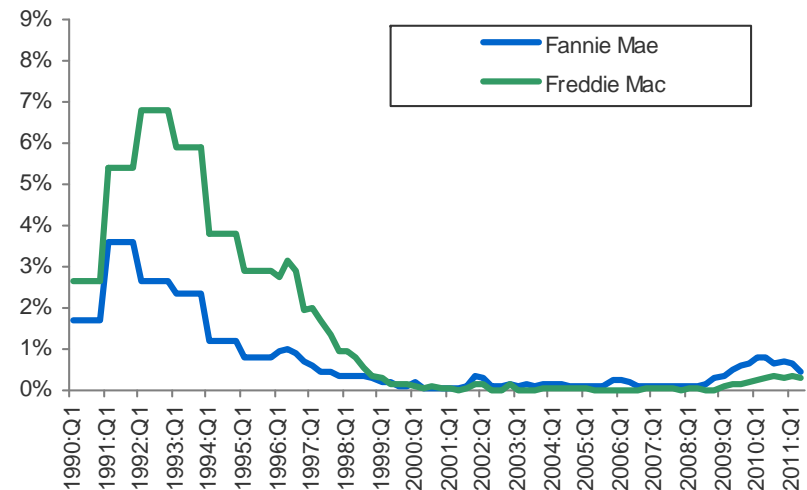
CMBS (30+ day delinquency including REO)



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



Fannie Mae and Freddie Mac (60+ day delinquency)

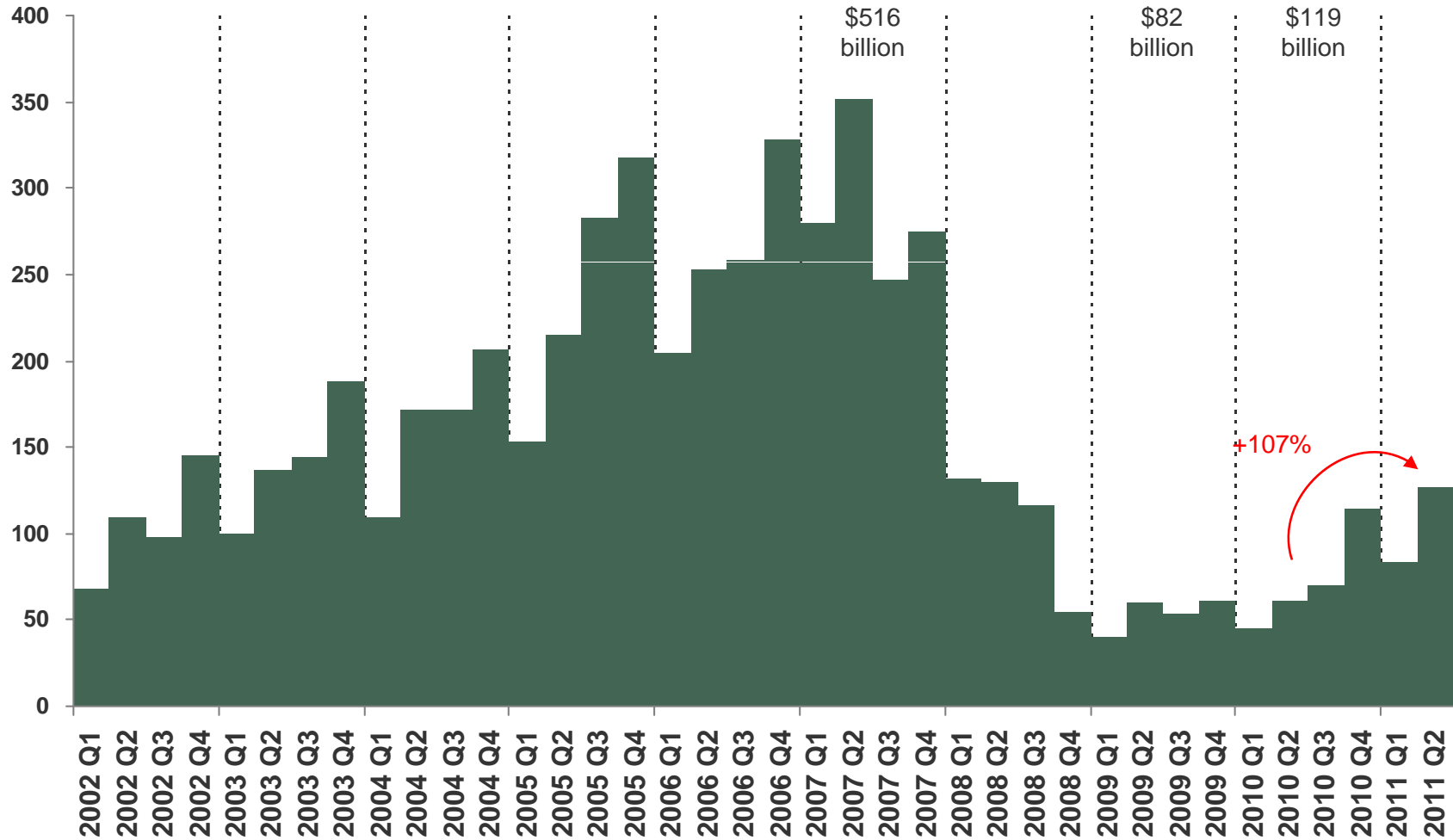


Sources: MBA, FDIC, Trepp, ACLI, Fannie Mae and Freddie Mac

Commercial/Multifamily Mortgage Bankers Originations



Mortgage Bankers Origination Index (index value, 2001 avg quarter = 100)



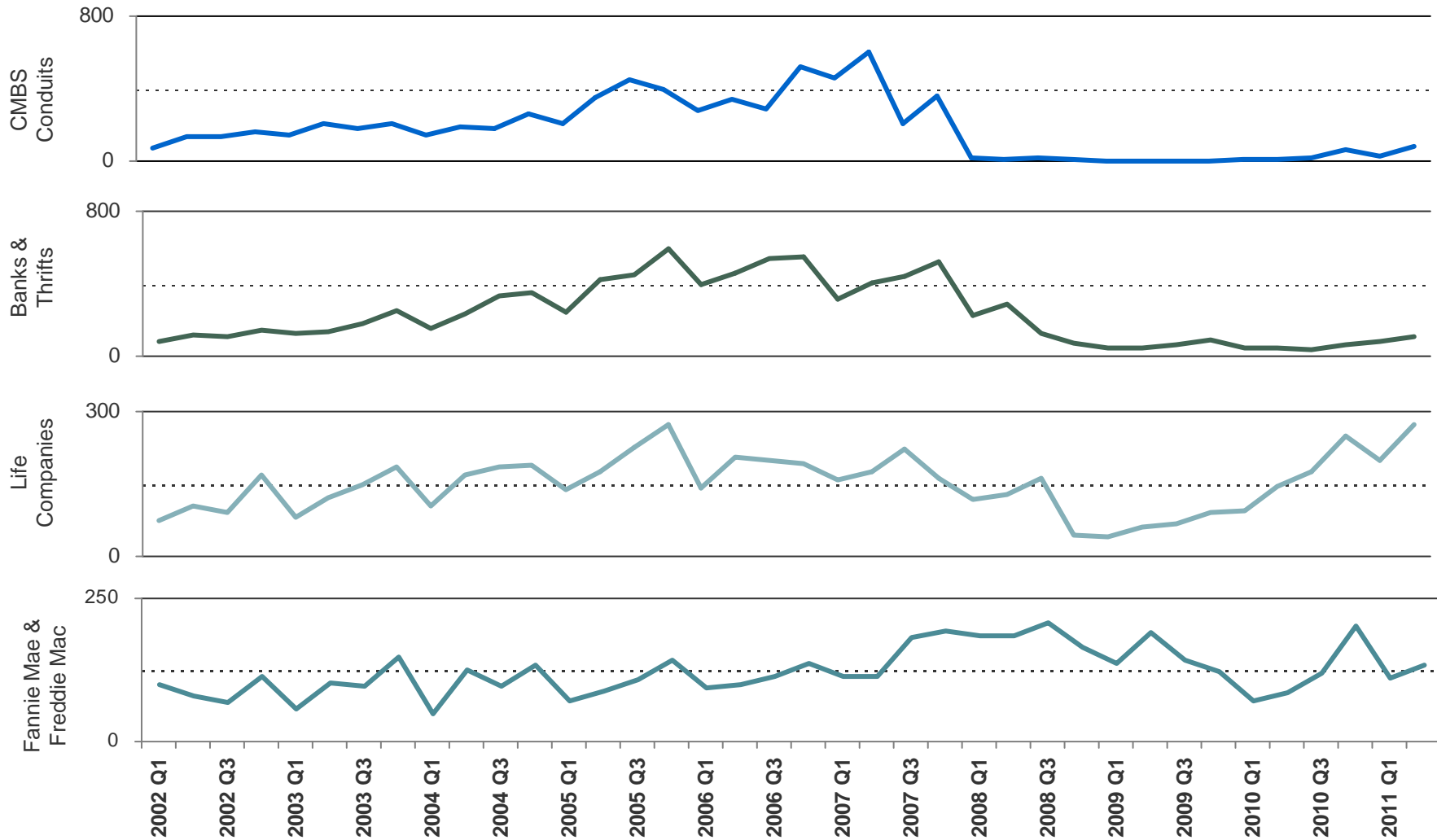
Source: Mortgage Bankers Association

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Index of Commercial/Multifamily Mortgage Originations by Investor Group



Index of Quarterly Commercial/Multifamily Mortgage Bankers' Originations, by Investor Group
(2001 Average quarter = 100)



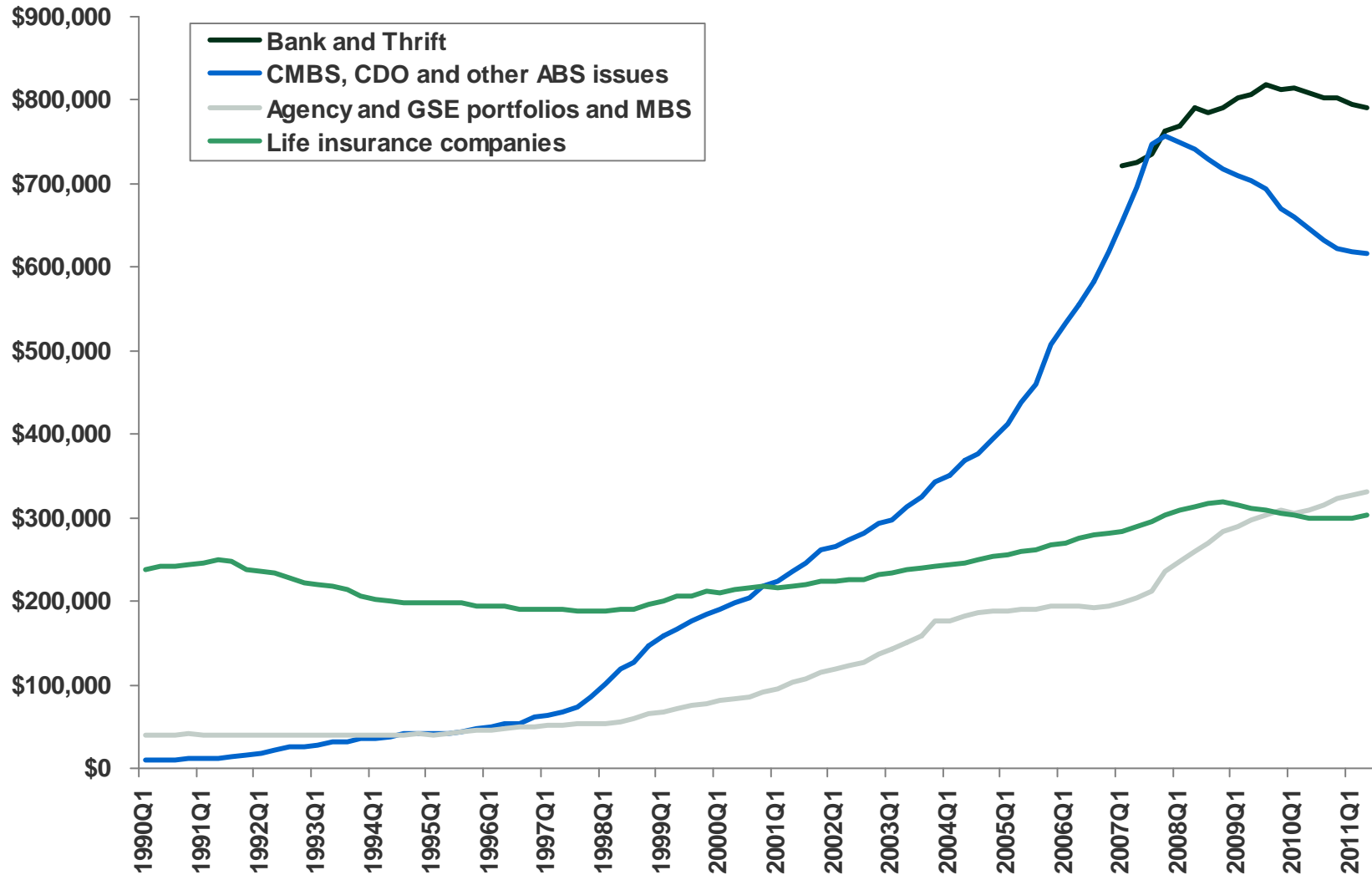
Source: Mortgage Bankers Association

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Commercial/multifamily Mortgage Debt Outstanding



Commercial and Multifamily Mortgage Debt Outstanding (\$millions)



Sources: MBA, Federal Reserve Board and FDIC

Non-bank Commercial/Multifamily Mortgage Maturities



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

\$Billions

Current UPB of loan maturing (\$billions)



Source: MBA

MBA Economic Forecast September 12, 2011



	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Percent Change, SAAR												
Real Gross Domestic Product	3.9	3.8	2.5	2.3	0.4	1.0	1.9	2.0	2.1	2.3	2.3	2.4
Personal Consumption Expenditures	2.7	2.9	2.6	3.6	2.1	0.4	2.0	2.1	1.7	2.1	2.2	2.0
Business Fixed Investment	6.0	18.6	11.3	8.7	2.1	9.9	9.9	6.7	3.4	4.2	5.7	5.8
Residential Investment	-15.3	22.8	-27.7	2.5	-2.4	3.4	-0.1	4.2	3.7	5.4	18.0	23.3
Govt. Consumption & Investment	-1.2	3.7	1.0	-2.8	-5.9	-0.9	-1.8	-0.3	-1.2	-2.0	-1.5	-1.1
Net Exports (Bil. Chain 2005\$)	-376.8	-437.4	-458.7	-414.2	-424.4	-421.3	-405.8	-389.4	-382.8	-376.5	-363.1	-358.7
Inventory Investment (Bil. Chain 2005\$)	39.9	64.6	92.3	38.3	49.1	40.6	23.2	3.1	18.4	32.3	21.9	20.9
Consumer Prices	1.3	-0.5	1.4	2.6	5.2	4.1	2.7	2.2	1.6	1.7	1.9	1.8
Percent												
Unemployment Rate	9.7	9.6	9.6	9.6	8.9	9.1	9.1	9.1	9.1	9.1	9.0	8.8
Federal Funds Rate	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2
10-Year Treasury Yield	3.7	3.5	2.8	2.9	3.5	3.2	2.4	2.6	2.8	3.0	3.1	3.2

Notes:

All data except interest rates are seasonally adjusted.

Forecast produced with the assistance of the Macroeconomic Advisers' model.

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Jamie Woodwell

Vice President

Commercial Real Estate Research

Mortgage Bankers Association

1717 Rhode Island Ave NW, Washington, DC 20036

jwoodwell@mortgagebankers.org

202-557-2936

MBA homepage:

www.mortgagebankers.org

MBA research page:

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MBA's Commercial/Multifamily Real Estate Research Reports



Commercial/Multifamily
Quarterly DataBook



Annual Origination
Volume Summation



Annual Originations
Rankings



Annual Report on
Multifamily Lending



Quarterly Commercial/
Multifamily Mortgage
Banking Originations Survey



Commercial/Multifamily
Mortgage Servicer Rankings



Commercial/Multifamily
Mortgage Debt Outstanding



Commercial/Multifamily
Mortgage Delinquency Rates



Commercial/Multifamily
Loan Maturity Volumes

