

# AFTER WORK SEMINARS

*Industry Forums Covering Today's Hot Topics*

## Current Conditions in the Commercial Real Estate Property and Capital Markets

October 23, 2007

*Moderator:*

**Stacey Berger, Executive Vice President,  
Midland Loan Services/ PNC Real Estate Finance**

*Panelists:*

**David Brickman, Vice President, Freddie Mac**  
**Jeffrey Fastov, Managing Director, Goldman Sachs & Co.**  
**Zanda Lynn, Managing Director, Fitch Ratings**  
**Chris Milner, Managing Director, BlackRock; CEO, Anthracite, Inc.**

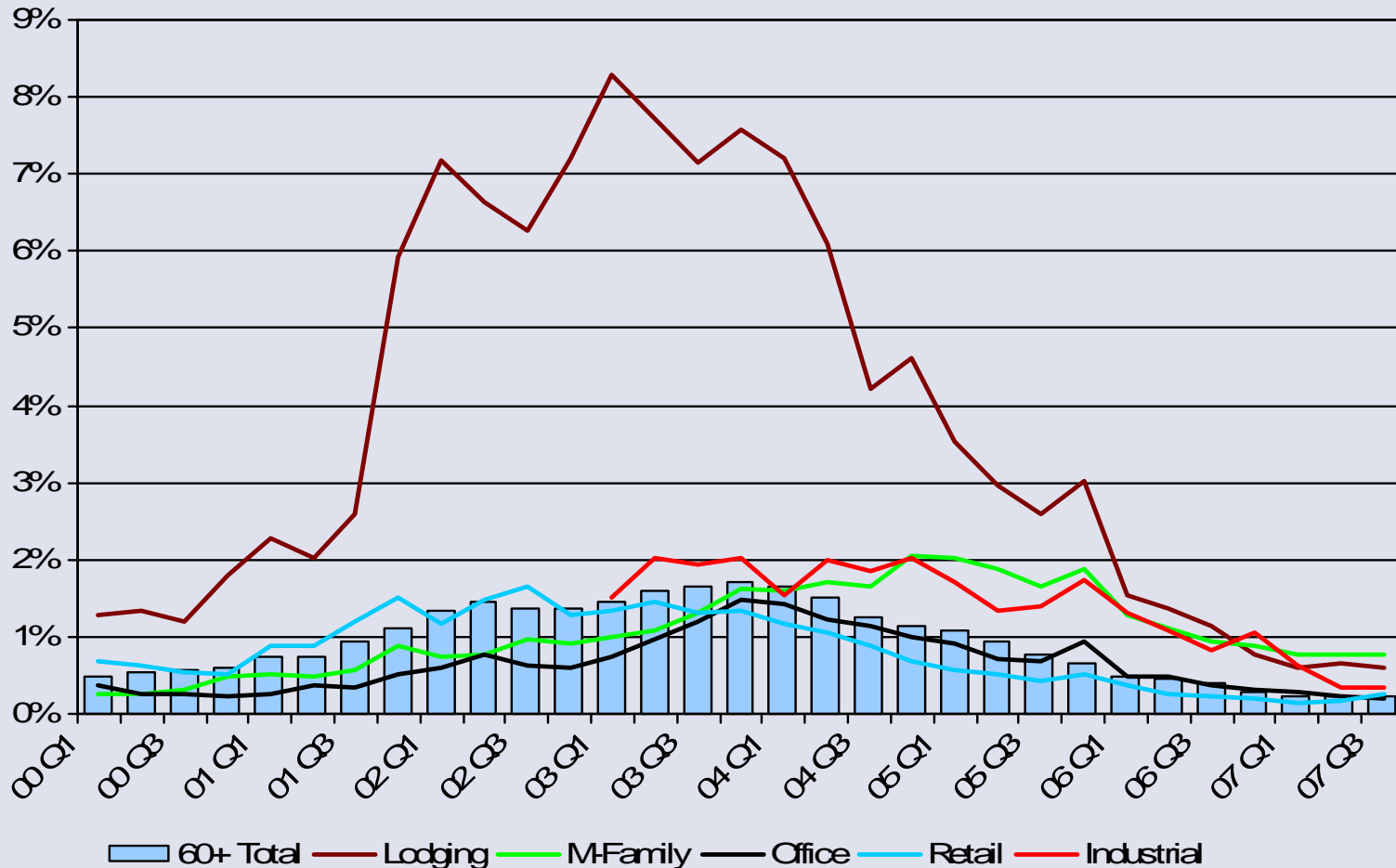


**COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION**

# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## CMBS Delinquencies by Property Type



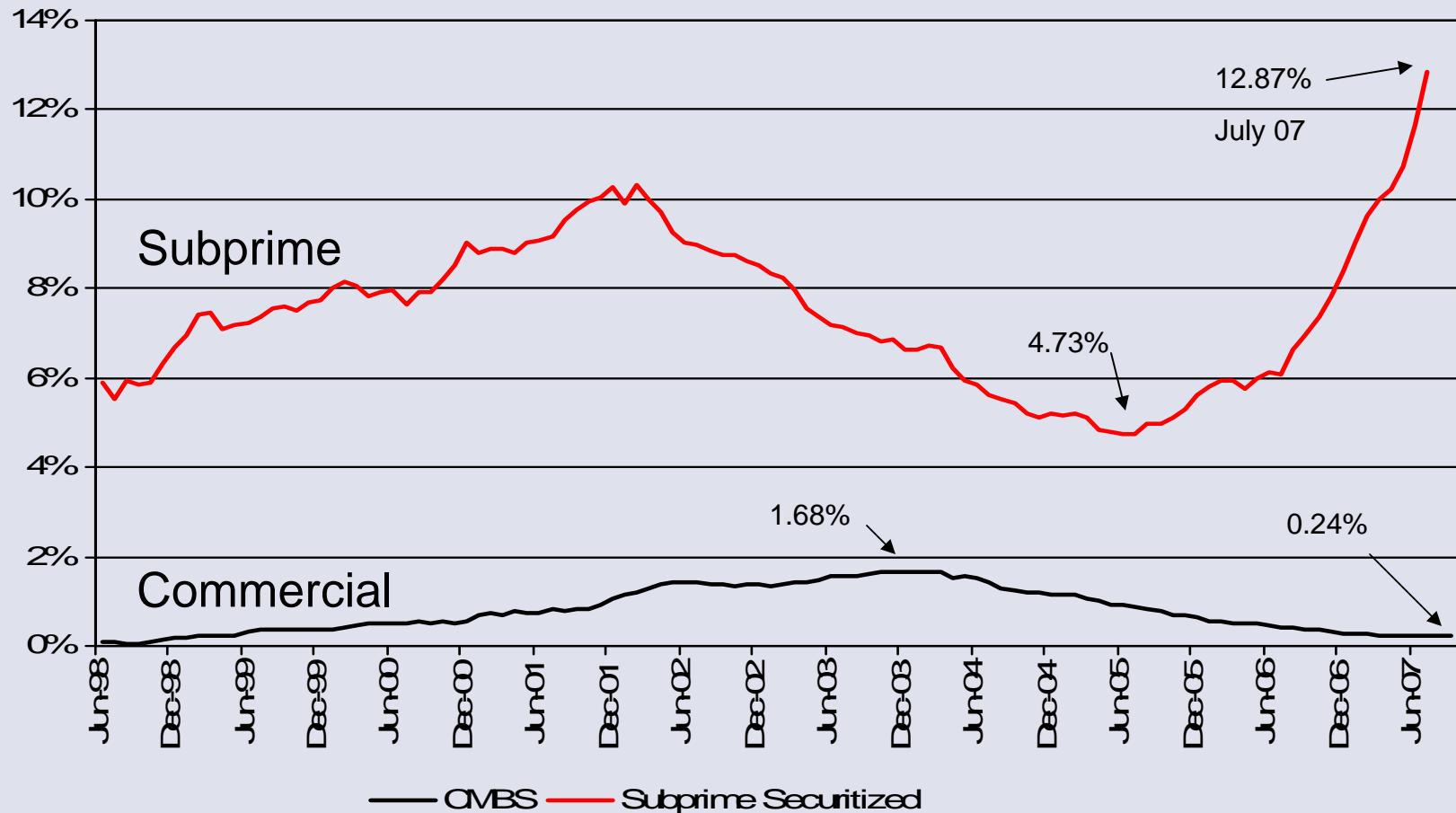
**COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION**

Source: Trepp LLC, CMSA. Delinquency rates are for fixed-rate, conduit CMBS transactions. Property type delinquencies based on 30+ day delinquent.

# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## Delinquency Rates: Subprime vs. Commercial (60+ day) by dollar securitized



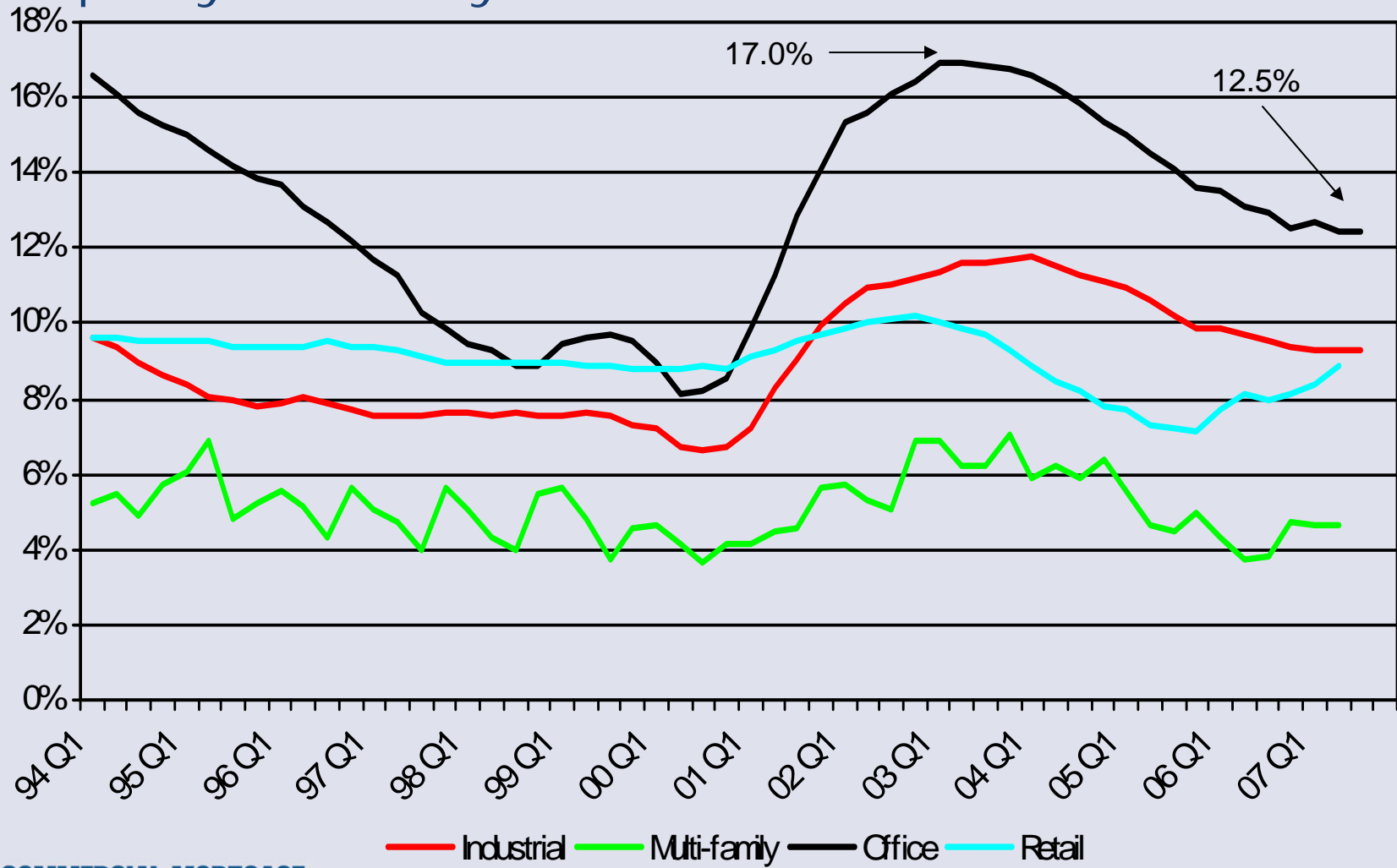
**COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION**

Source: JPMorgan, Trepp LLC, CMSA.

# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## Property Vacancy Rates



**COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION**

Source: CBRE Torto Wheaton Research

# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## Subordination Levels – History

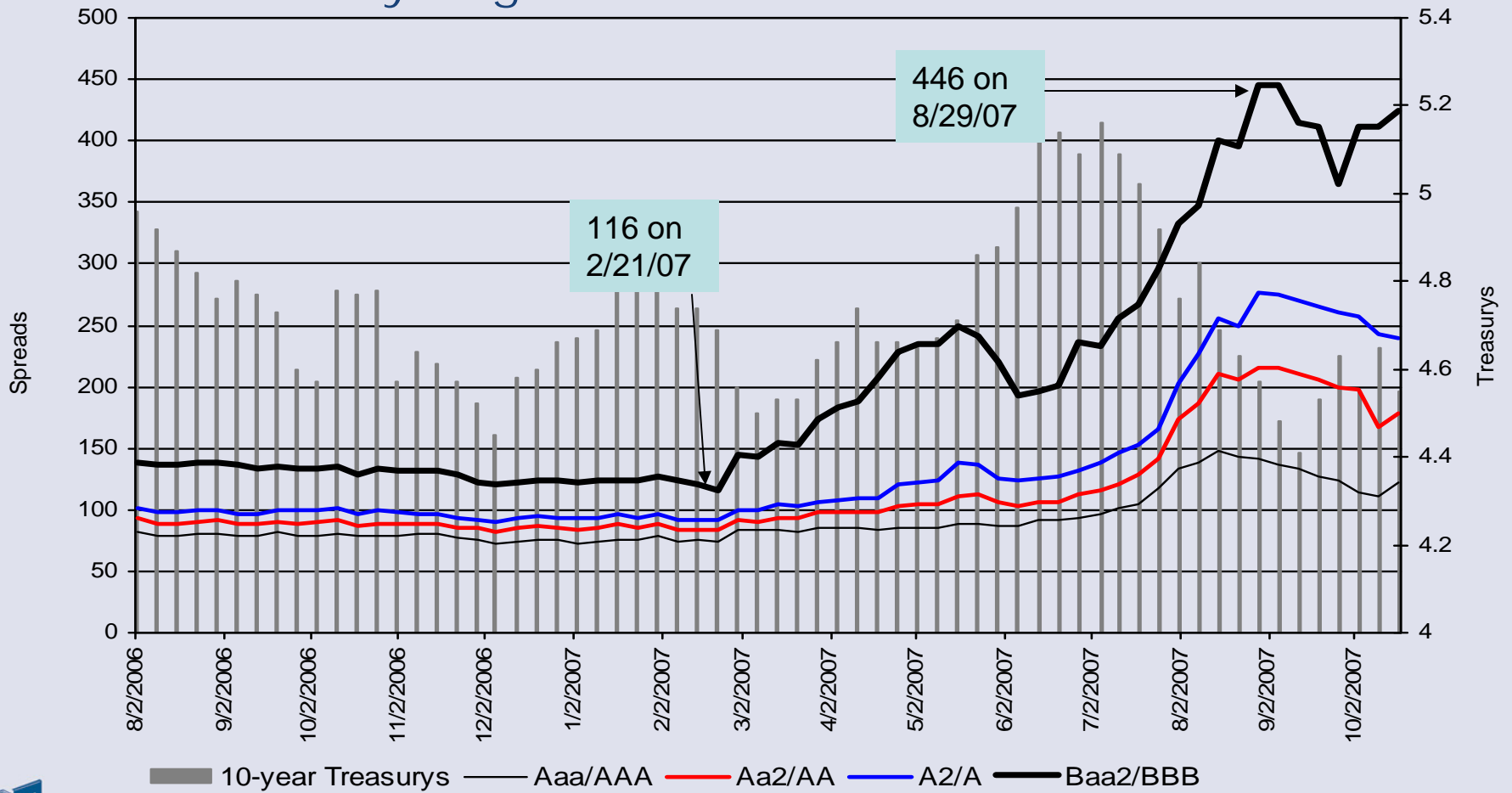
|                                | AAA (Jr)       | AA             | A              | BBB            | BBB-           | BB             | B              |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                | Subord.        | Subord.        | Subord.        | Subord.        | Subord.        | Subord.        | Subord.        |
|                                | Level          | Level          | Level          | Level          | Level          | Level          | Level          |
| <b>2002</b>                    | 19.49%         | 15.83%         | 12.04%         | 8.26%          | 7.20%          | 4.12%          | 2.11%          |
| <b>2003</b>                    | 16.42%         | 13.38%         | 9.81%          | 6.27%          | 5.20%          | 3.20%          | 1.81%          |
| <b>2004</b>                    | 13.73%         | 11.14%         | 8.15%          | 4.88%          | 3.61%          | 2.68%          | 1.57%          |
| <b>2005</b>                    | 12.71%         | 10.51%         | 7.82%          | 4.55%          | 3.35%          | 2.48%          | 1.58%          |
| <b>2006</b>                    | 12.09%         | 10.33%         | 7.53%          | 4.24%          | 3.10%          | 2.36%          | 1.53%          |
| <b>2007Q1</b>                  | 11.40%         | 9.47%          | 7.17%          | 3.90%          | 2.79%          | 2.13%          | 1.43%          |
| <b>2007Q2</b>                  | 11.91%         | 9.89%          | 7.48%          | 4.21%          | 3.11%          | 2.45%          | 1.63%          |
| <b>2007Q3</b>                  | 12.48%         | 10.36%         | 7.90%          | 4.63%          | 3.49%          | 2.52%          | 1.71%          |
| <b>Bp change since Q2 2007</b> | <b>57</b>      | <b>47</b>      | <b>42</b>      | <b>42</b>      | <b>38</b>      | <b>7</b>       | <b>8</b>       |
| <b>Bp change since Q3 2006</b> | <b>34</b>      | <b>32</b>      | <b>39</b>      | <b>42</b>      | <b>45</b>      | <b>18</b>      | <b>20</b>      |
| <b>Bp change since 2002</b>    | <b>-701</b>    | <b>-547</b>    | <b>-415</b>    | <b>-363</b>    | <b>-371</b>    | <b>-160</b>    | <b>-40</b>     |
| <b>% change since Q2 2007</b>  | <b>4.76%</b>   | <b>4.75%</b>   | <b>5.59%</b>   | <b>10.04%</b>  | <b>12.29%</b>  | <b>2.68%</b>   | <b>4.97%</b>   |
| <b>% change since Q3 2006</b>  | <b>2.81%</b>   | <b>3.23%</b>   | <b>5.19%</b>   | <b>9.92%</b>   | <b>14.97%</b>  | <b>7.82%</b>   | <b>12.87%</b>  |
| <b>% change since 2002</b>     | <b>-35.97%</b> | <b>-34.56%</b> | <b>-34.42%</b> | <b>-43.92%</b> | <b>-51.50%</b> | <b>-38.90%</b> | <b>-19.06%</b> |



# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## CMBS Spreads Over 10-Year Treasuries - Investment Grade: Weekly August 2006 - October 2007



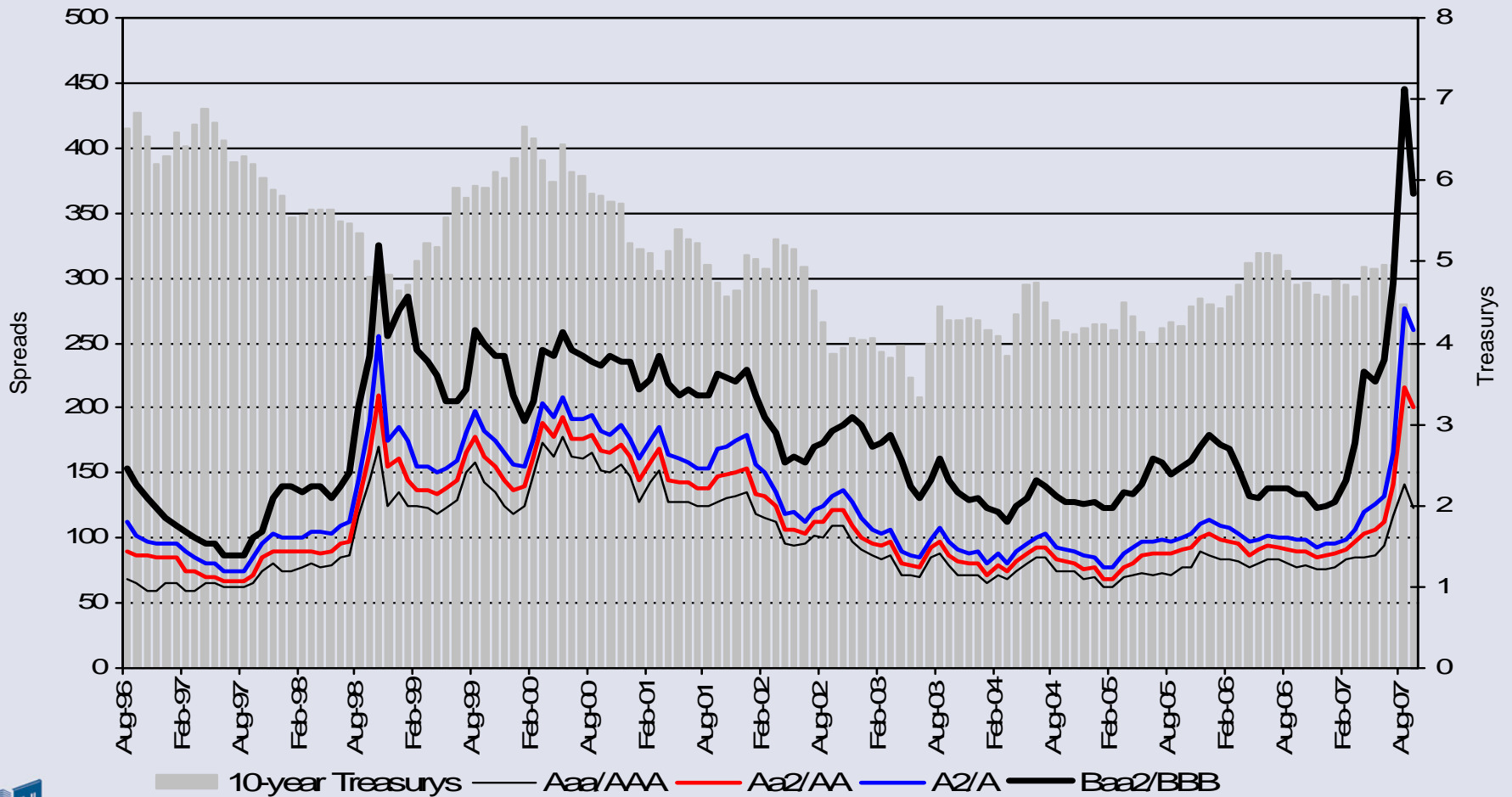
COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION

Source: Morgan Stanley. Latest observation: October 17, 2007

# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## CMBS Spreads Over 10-Year Treasurys: Investment Grade



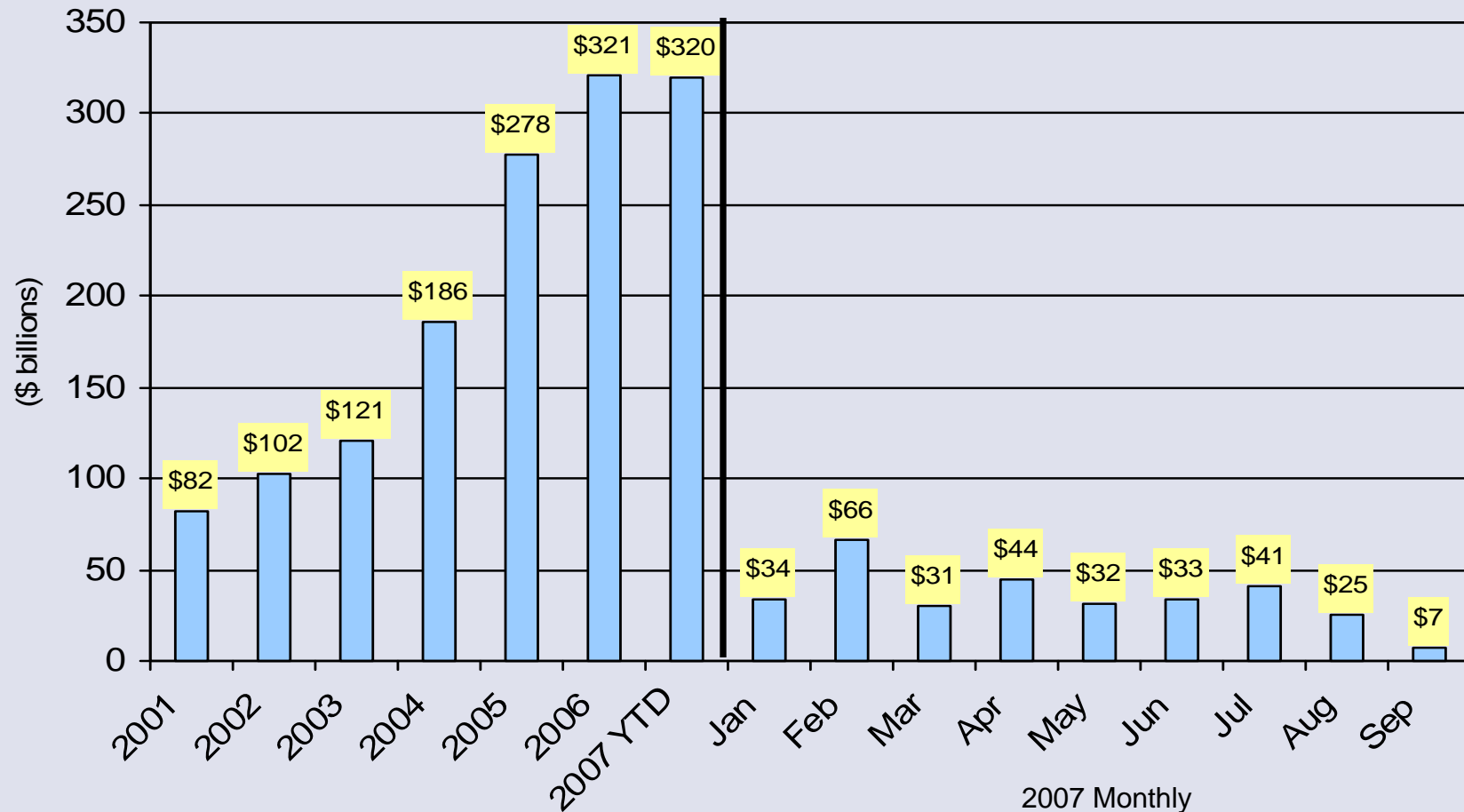
COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION

Source: Morgan Stanley.

# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## Sale of Large Commercial Properties



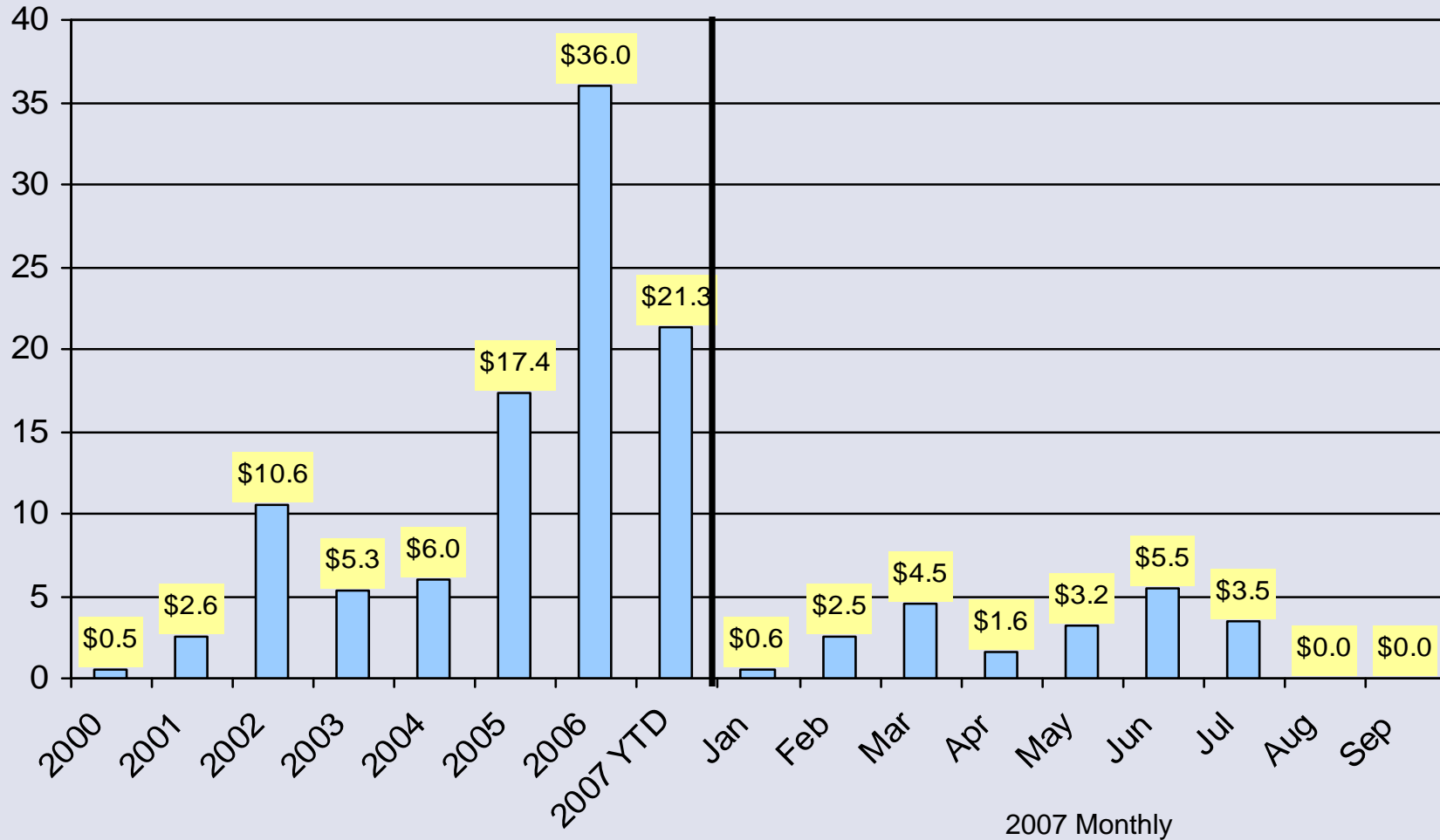
**COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION**

Source: Real Capital Analytics. Limited to properties \$5 million and over.

# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## CRE CDO Issuance (\$ billions)



**COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION**

Source: Commercial Mortgage Alert, CMSA. Data as of October 19, 2007

# AFTER WORK SEMINARS

*Industry Forums Covering Today's Hot Topics*

## 2007 CMBS Issuance (\$ millions)

| <b>2007</b>              | <b>US</b>        | <b>Europe</b>   | <b>Other</b>    | <b>Total</b>     | <b>% Chg US /06</b> |
|--------------------------|------------------|-----------------|-----------------|------------------|---------------------|
| January                  | 1,554.5          | 2,372.3         | 831.0           | 4,757.8          | -74.9               |
| February                 | 21,123.8         | 4,630.3         | 1,682.8         | 27,436.9         | 77.1                |
| March                    | 38,477.4         | 10,074.9        | 461.0           | 49,013.3         | 35.8                |
| April                    | 17,318.6         | 3,853.1         | 1,283.6         | 22,455.3         | 187.5               |
| May                      | 21,157.2         | 6,431.6         | 1,471.7         | 29,060.5         | 94.9                |
| June                     | 37,356.5         | 19,574.2        | 2,112.8         | 59,043.5         | 46.5                |
| July                     | 21,796.8         | 6,673.7         | 1,301.6         | 29,772.1         | 269.2               |
| August                   | 29,903.9         | 3,663.4         | 814.5           | 34,381.8         | 147.2               |
| September                | 8,238.8          | 0               | 2,103.5         | 10,342.3         | -64.8               |
| October (as of 10/19)    | 6,288.9          | 0               | 0               | 6,288.9          |                     |
| <b>2007 Year-To-Date</b> | <b>203,216.5</b> | <b>57,273.5</b> | <b>12,062.5</b> | <b>272,552.5</b> | <b>+51.2% (3Q)</b>  |
| <b>2006 Total</b>        | <b>202,654.1</b> | <b>78,402.5</b> | <b>16,818.0</b> | <b>297,874.6</b> |                     |



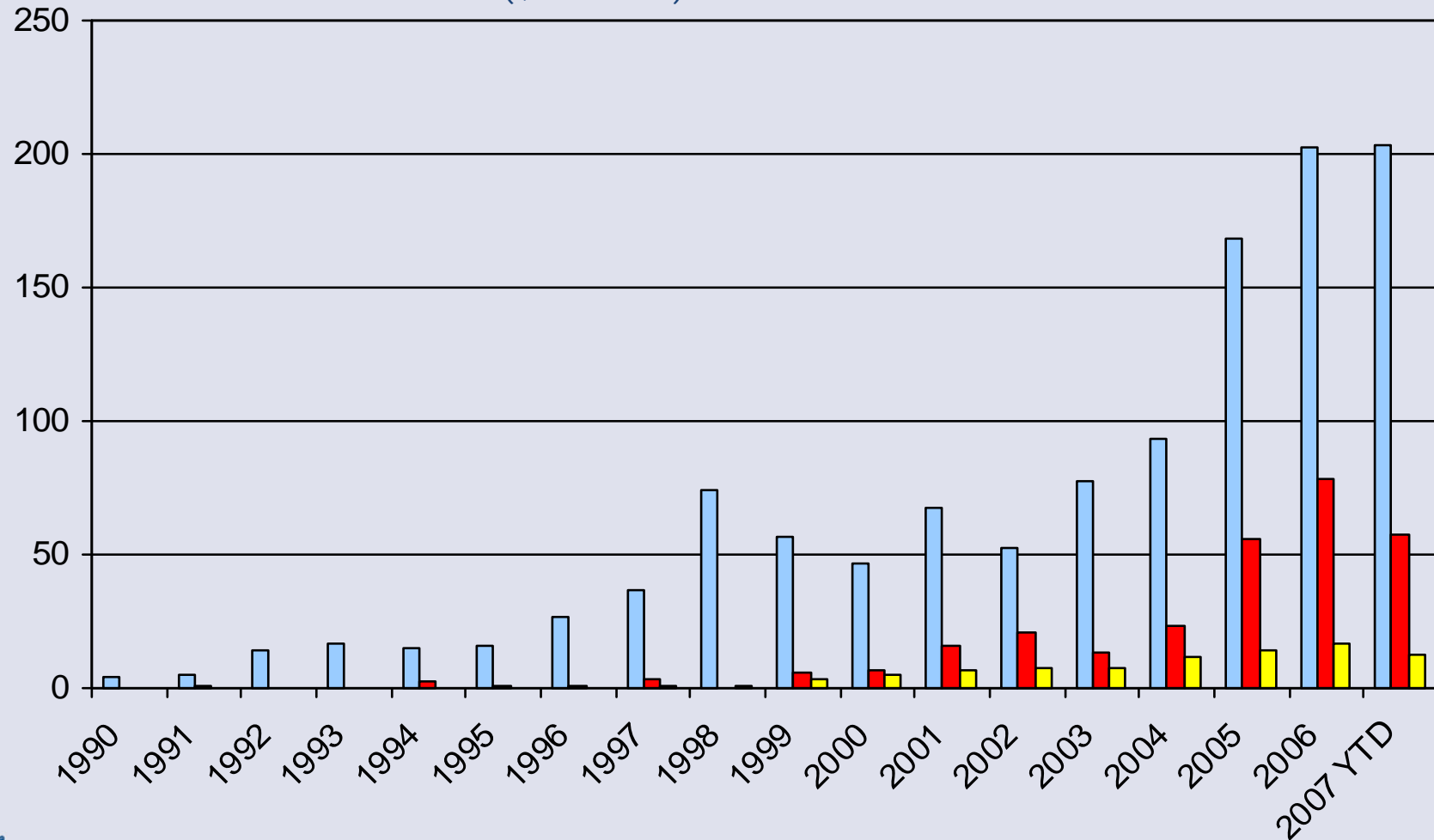
**COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION**

Source: Commercial Mortgage Alert, CMSA. Data as of October 19, 2007

# AFTER WORK SEMINARS

Industry Forums Covering Today's Hot Topics

## CMBS Issuance (\$ billions)



**COMMERCIAL MORTGAGE  
SECURITIES ASSOCIATION**

■ US ■ Europe ■ Other

Source: Commercial Mortgage Alert, CMSA. Data as of October 19, 2007