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Industry Forums Covering Today's Hot Topics

Servicers: The First to Know...Servicing in an Uncertain Market

Market Update: **Jamie Woodwell – Senior Director, Mortgage Bankers Association**

Seminar Moderator: **Stephanie Petosa – Managing Director, Fitch Ratings**

Panelists:

Leslie Fairbanks – Managing Director, Wachovia Securities

Brian Hanson – Director, CWC Capital Asset Management

Mark McCool – Managing Director, Capmark Finance Inc.

Steven Smith – Executive Vice President, Midland Loan Services, Inc.

Paul Smyth – Senior Managing Director, Centerline Capital Group

Randy Wolpert – Division President, LNR Partner, Inc.



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Commercial/Multifamily Real Estate Finance Market Update

Jamie Woodwell

Senior Director

Mortgage Bankers Association



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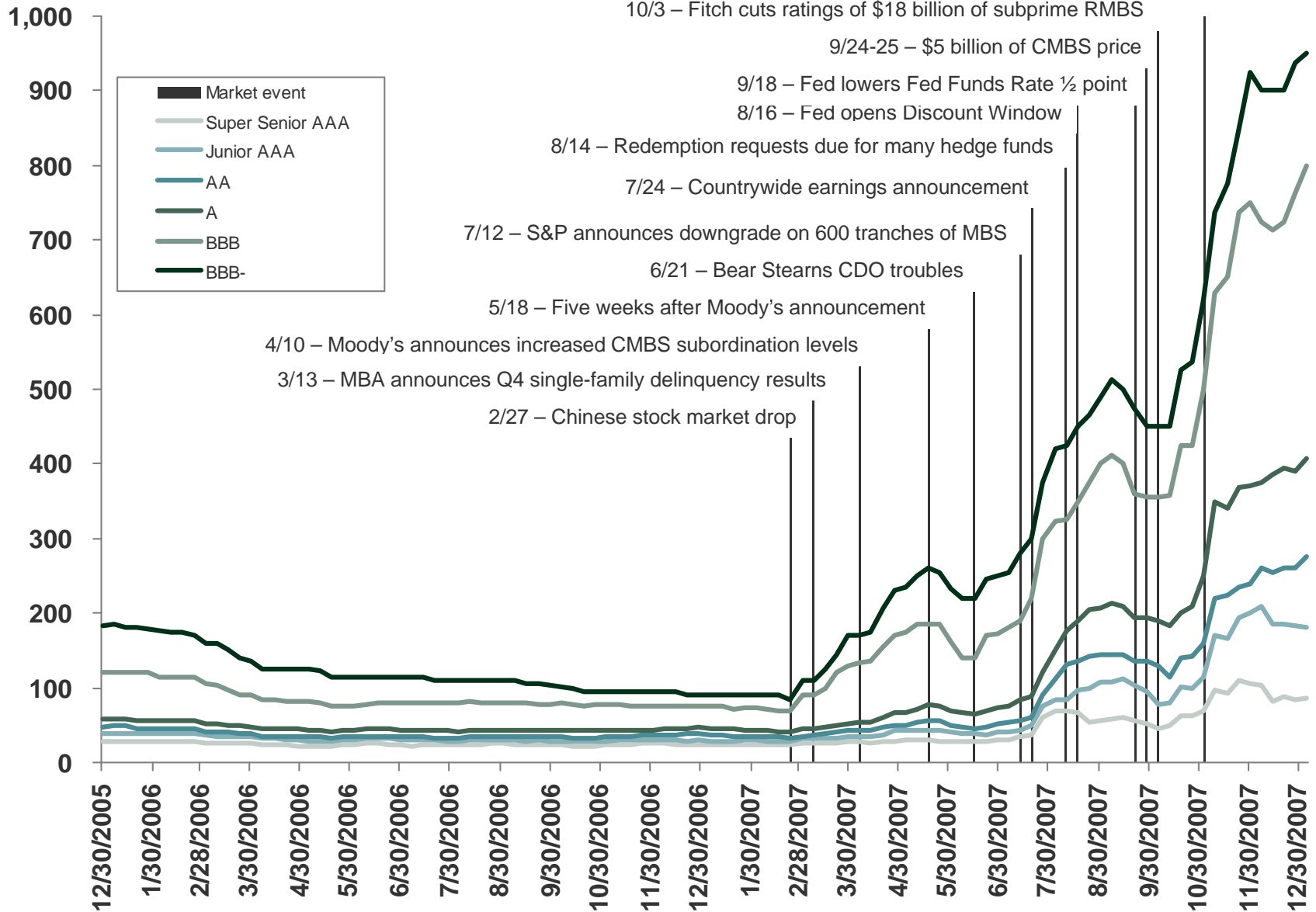
AAA CMBS Spreads

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Source: Morgan Stanley

CMBS Spreads to Swaps (in Basis Points)

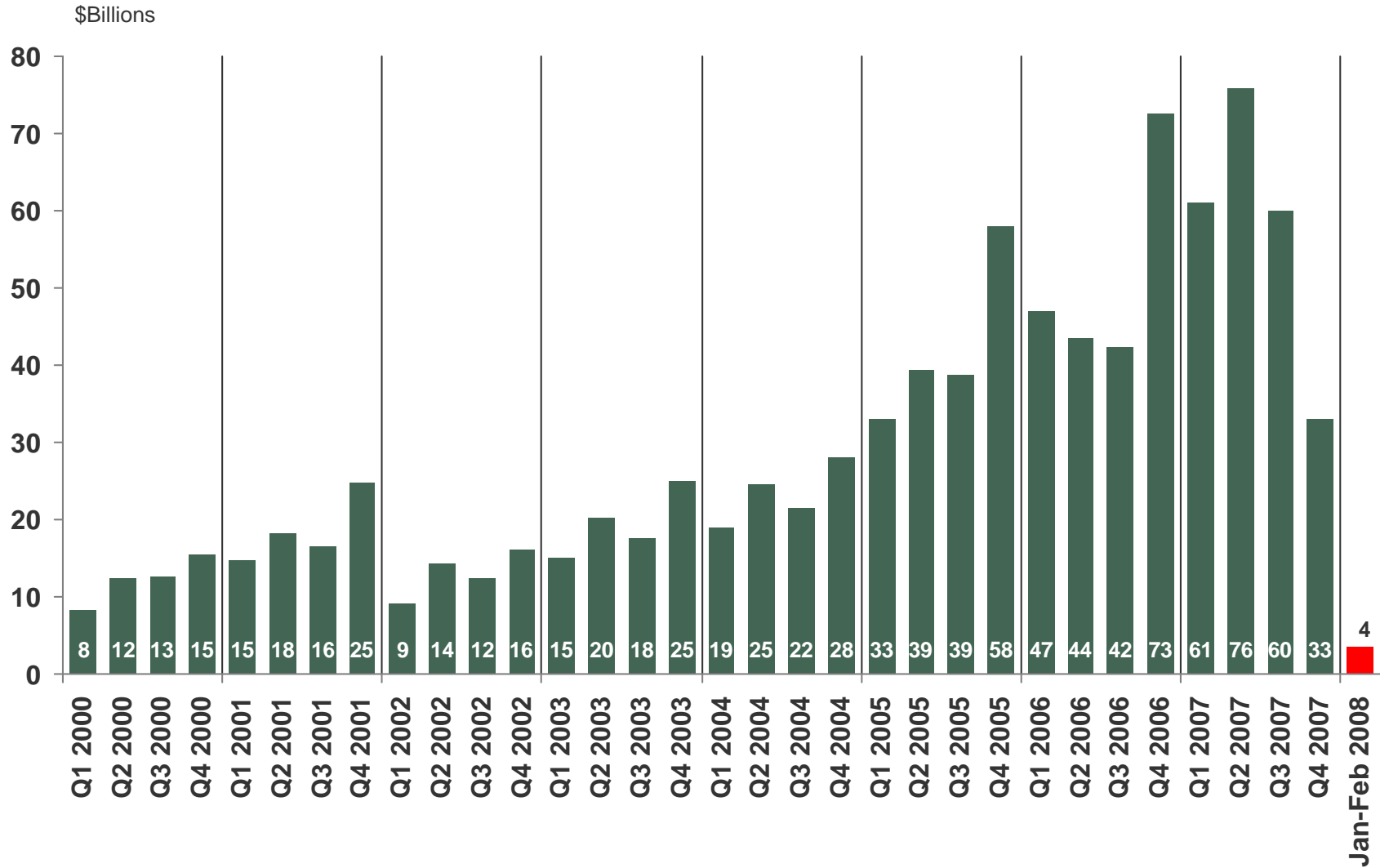


11/1 – Analyst report on Citigroup dividend threat
 10/3 – Fitch cuts ratings of \$18 billion of subprime RMBS
 9/24-25 – \$5 billion of CMBS price
 9/18 – Fed lowers Fed Funds Rate ½ point
 8/16 – Fed opens Discount Window
 8/14 – Redemption requests due for many hedge funds
 7/24 – Countrywide earnings announcement
 7/12 – S&P announces downgrade on 600 tranches of MBS
 6/21 – Bear Stearns CDO troubles
 5/18 – Five weeks after Moody’s announcement
 4/10 – Moody’s announces increased CMBS subordination levels
 3/13 – MBA announces Q4 single-family delinquency results
 2/27 – Chinese stock market drop

Source: Mortgage Bankers Association and Commercial Real Estate Direct

CMBS Issuance

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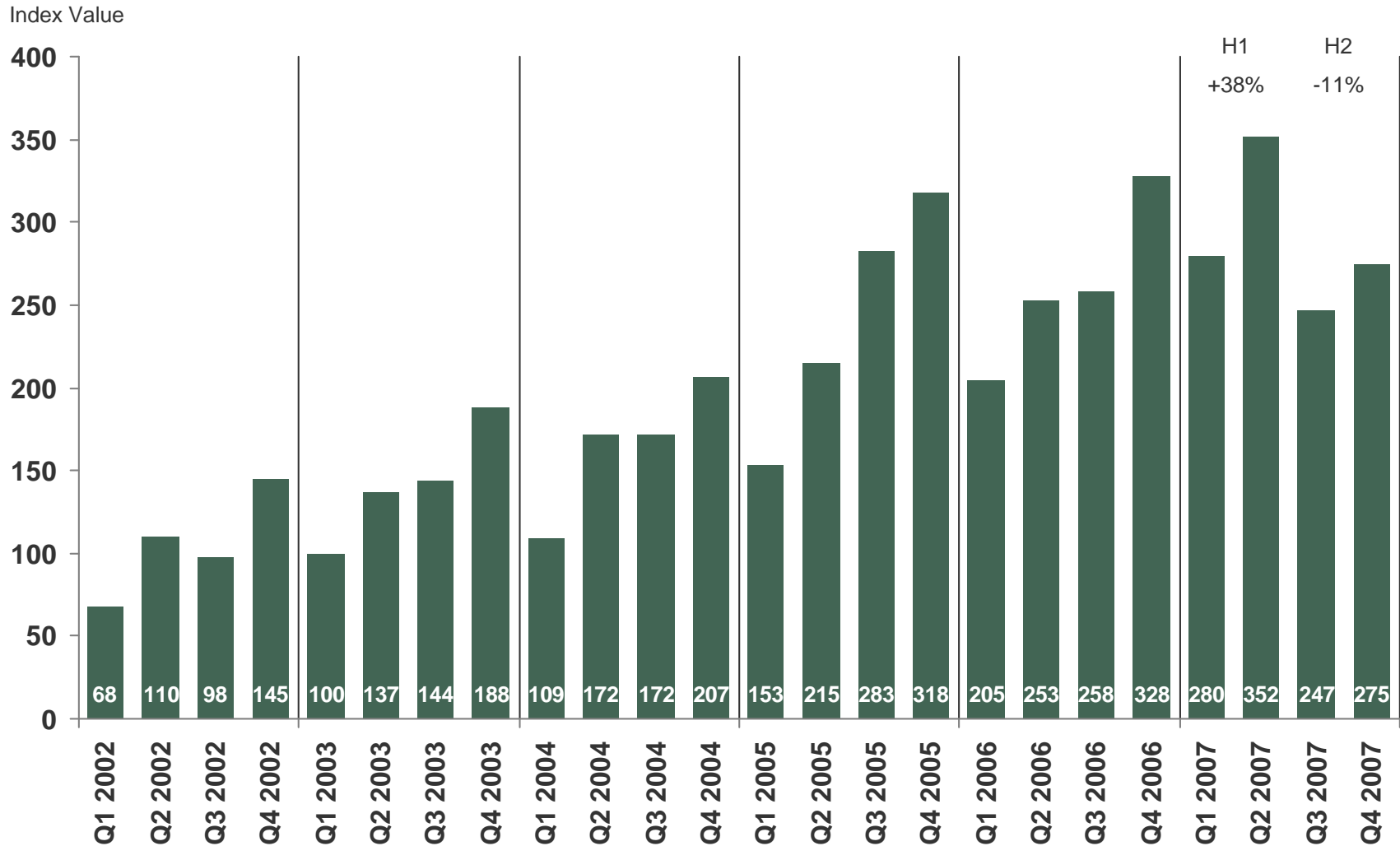


Source: CMAAlert.com

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Index of Commercial/Multifamily Mortgage Bankers Origination Volumes (2001 avg. Qrt = 1)

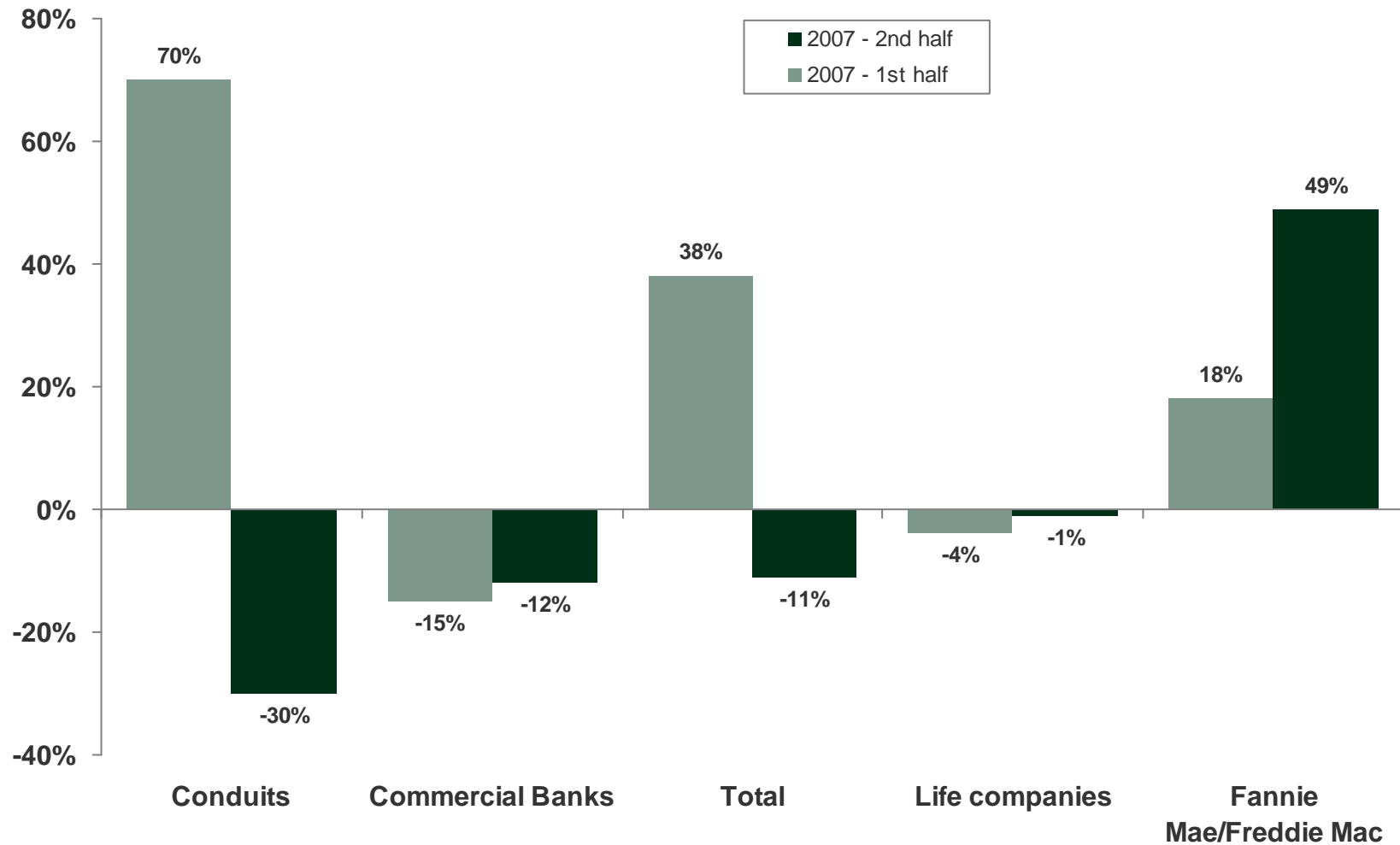
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Source: Mortgage Bankers Association

Year-over-year Percent Change in Commercial/Multifamily Mortgage Origination Volumes

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Source: Mortgage Bankers Association

2007 REIT Merger & Acquisition Activity

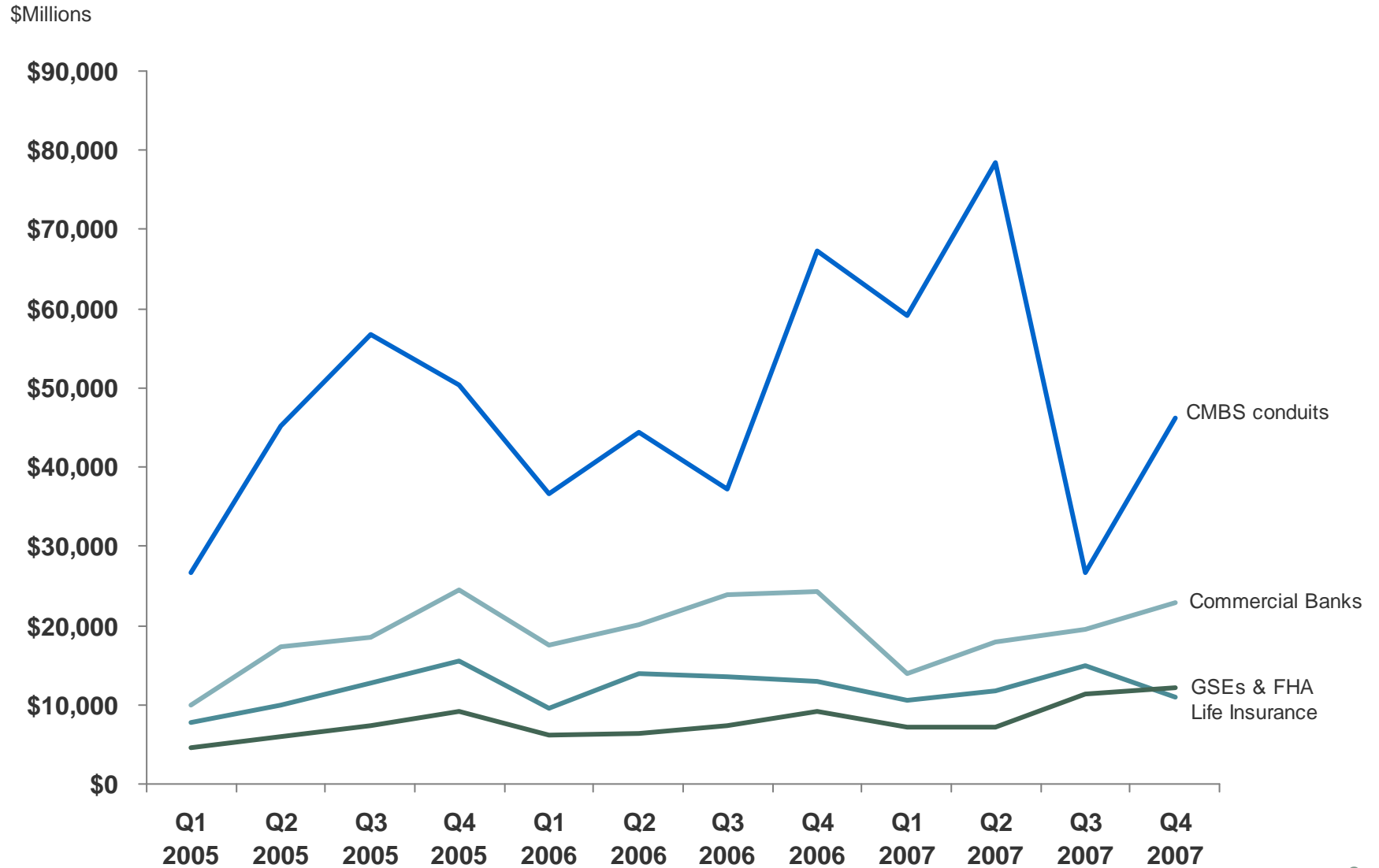
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| Date | Buyer | Seller | Price (\$M) | # of props | Main Type |
|-------------|------------------------------------|------------------------------------|--------------------|-------------------|------------------|
| Feb-07 | Blackstone | Equity Office Properties Trust | \$39,000 | 539 | Office |
| Nov-07 | Blackstone | Hilton | \$26,000 | 263 | Hotel |
| Oct-07 | Tishman Speyer/Lehman/BofA | Archstone Smith | \$22,200 | 344 | Apartment |
| Jan-07 | SL Green/RexCorp/Marathon | Reckson Associates Realty | \$8,025 | 141 | Office |
| Apr-07 | Simon Property/ Farallon Capital | Mills Corporation | \$7,900 | 37 | Retail |
| Apr-07 | Ashford Hospitality/Morgan Stanley | CNL Hotels & Resorts | \$6,600 | 59 | Hotel |
| Aug-07 | Morgan Stanley | Crescent RE Equities | \$6,500 | 70 | Office |
| Apr-07 | Centro Properties Group | New Plan Excel | \$6,200 | 476 | Retail |
| Aug-07 | Macquarie Bank | Spirit Finance | \$3,500 | 1034 | single tenant |
| Oct-07 | Whitehall RE Fund | Equity Inns | \$2,200 | 138 | Hotel |
| Jul-07 | JER Partners | Highland Hospitality | \$2,000 | 27 | Hotel |
| Dec-07 | Behringer Harvard | IPC US REIT | \$1,400 | 35 | Office |
| Jan-07 | Lexington Realty Trust | Newkirk RealtyTrust, Inc | \$1,080 | 162 | single tenant |
| Oct-07 | Liberty Property Trust | Republic Property Trust | \$900 | 11 | Office |
| May-07 | ING Clarion Partners | Apple Hospitality | \$877 | 64 | Hotel |
| Jul-07 | Inland Real Estate Corp | Winston Hotels | \$850 | 47 | Hotel |
| Feb-07 | Babcock & Brown | BNP Residential Properties | \$833 | 32 | Apartment |
| Jul-07 | Apollo RE Advisors | Innkeepers USA Trust | \$800 | 75 | Hotel |
| Aug-07 | Apollo/Aimbridge/JF Capital | Eagle Hospitality Properties Trust | \$680 | 13 | Hotel |
| Sep-07 | Sentinel Real Estate | America First Apartment Investors | \$532 | 24 | Apartment |
| Apr-07 | Record Realty | Government Properties Trust | \$512 | 22 | Office |
| | TOTAL | | \$138,589 | | |

Source: Real Capital Analytics

Estimated Quarterly Commercial/Multifamily Mortgage Originations by Investor Group

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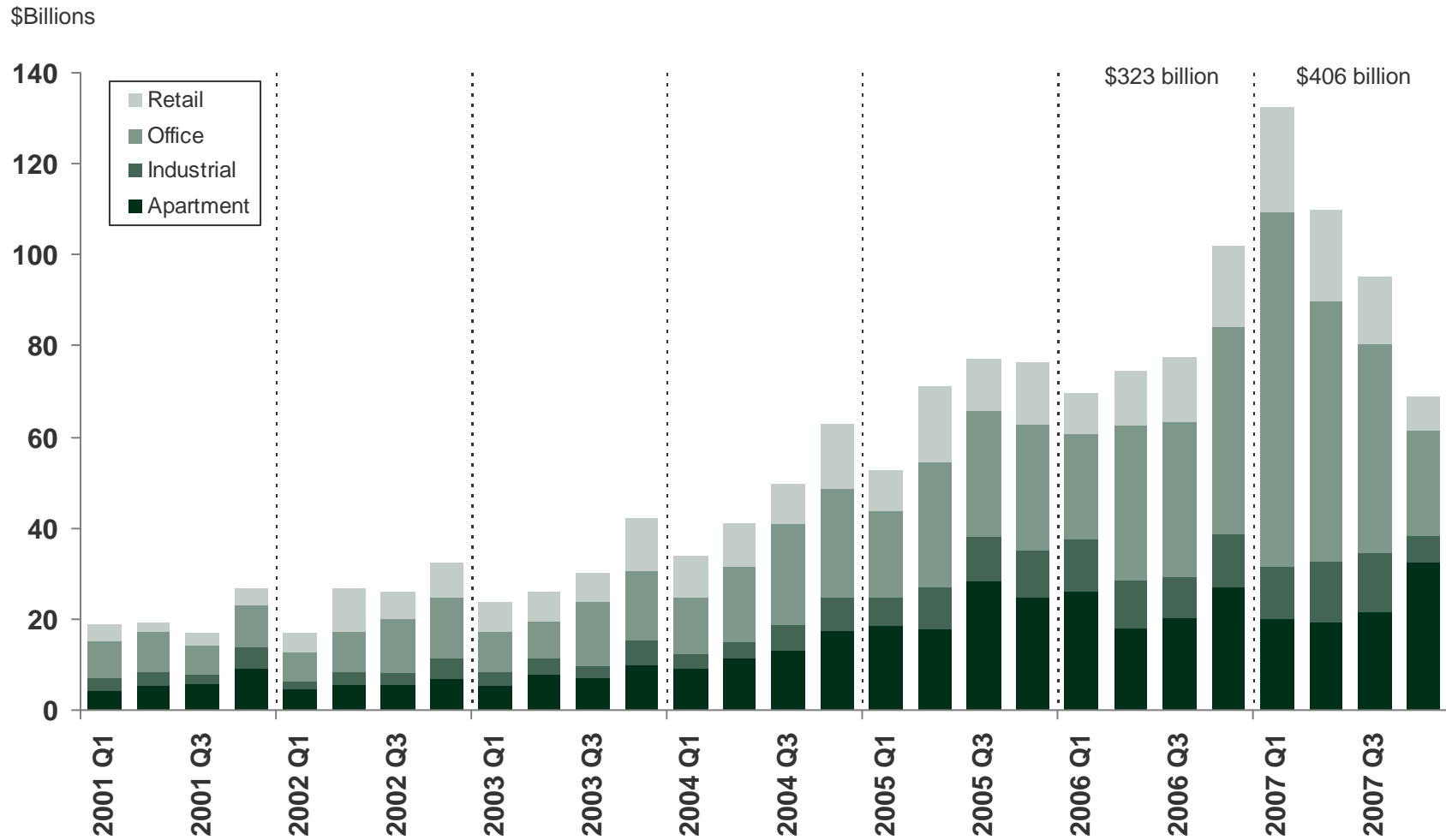


Source: Mortgage Bankers Association

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Mortgage Bankers Association

Commercial/Multifamily Property Sales Volume Properties and Portfolios \$5 Million and Greater

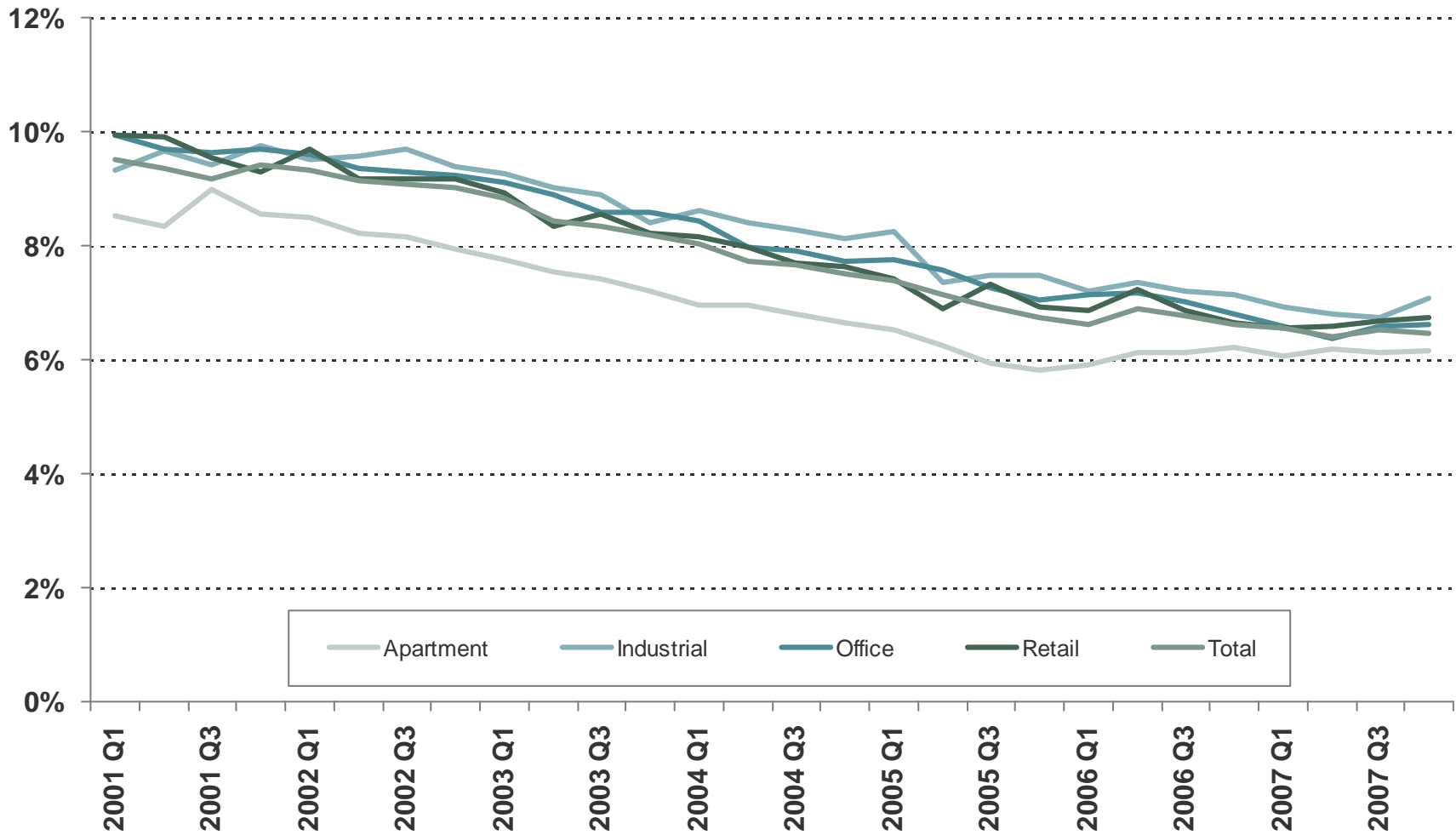
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Source: Real Capital Analytics

Commercial/Multifamily Capitalization Rates Properties and Portfolios \$5 Million and Greater

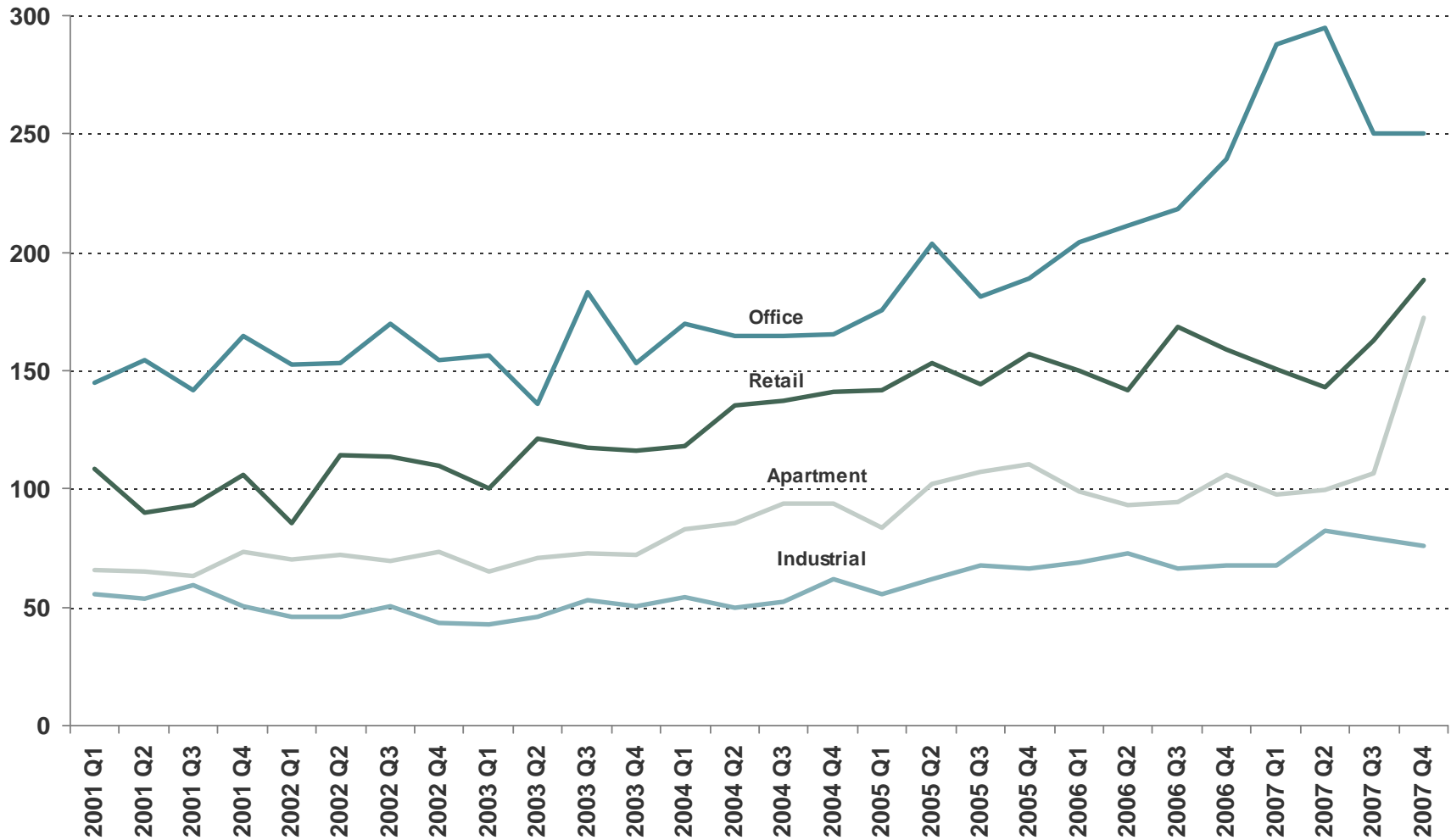
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Source: Real Capital Analytics

Property Prices Per Sq. Ft. (or \$1000/unit) Properties and Portfolios \$5 Million and Greater

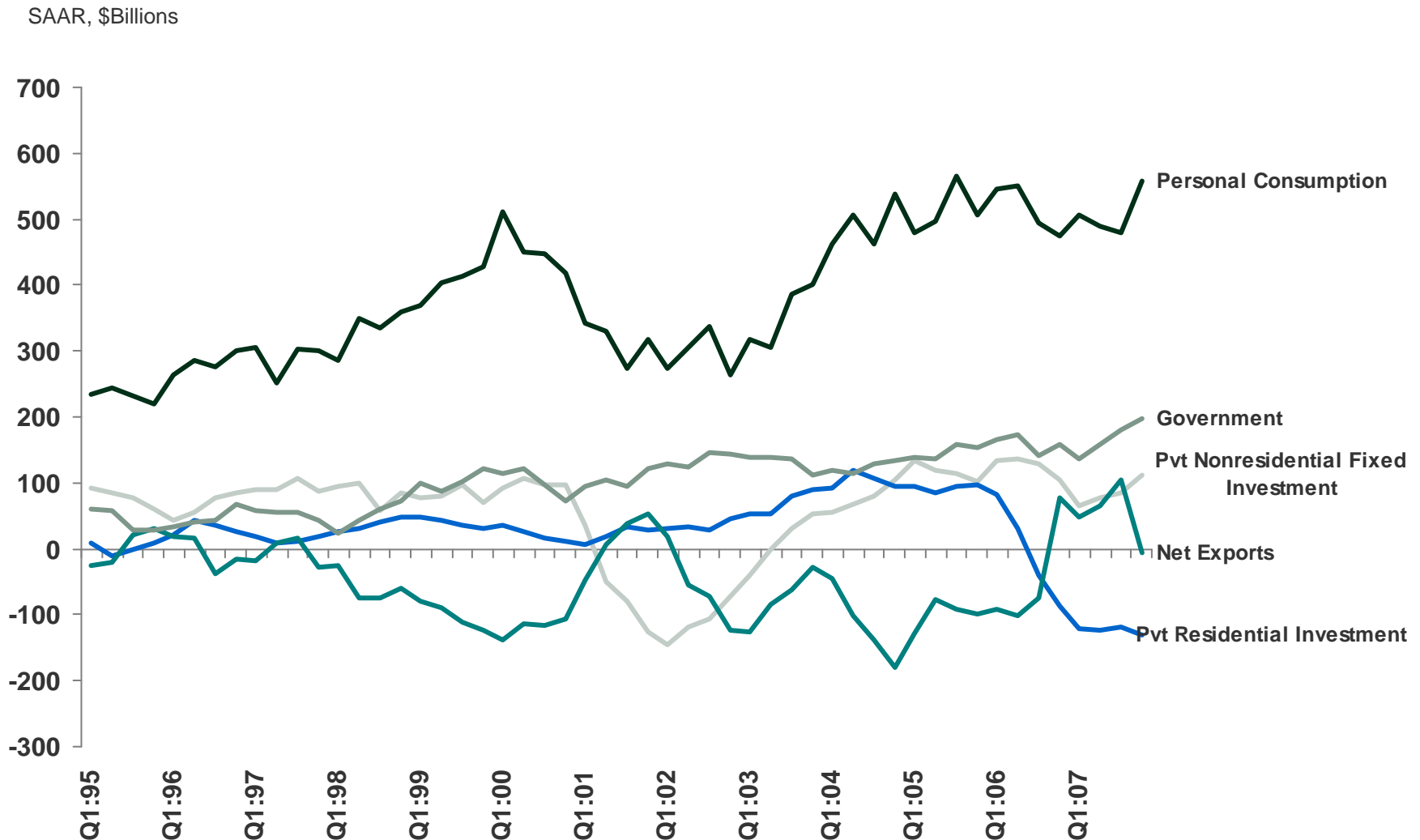
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Source: Real Capital Analytics

Selected Year-over-year Contributions to Changes in Real Gross Domestic Product

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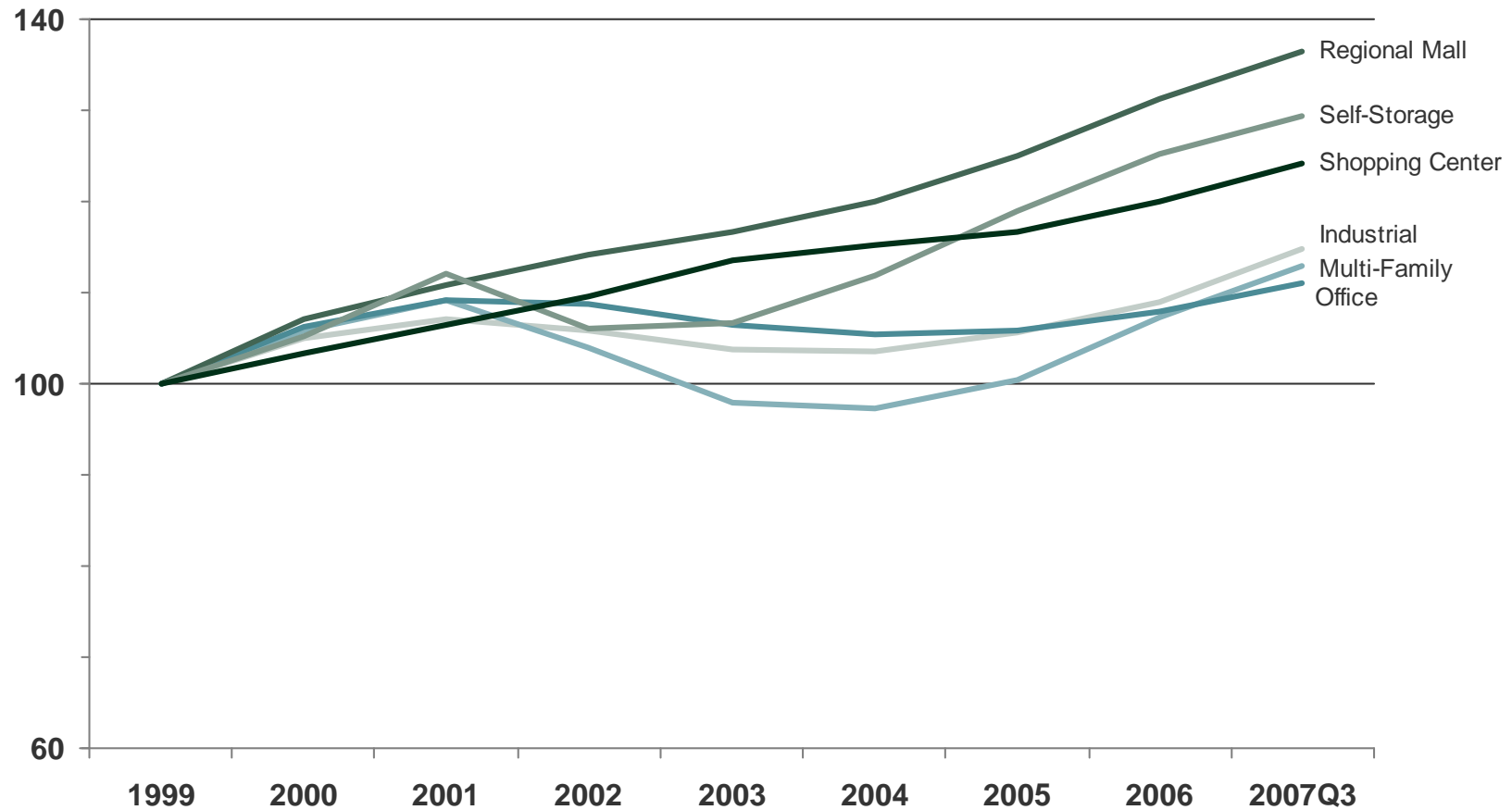


Source: Bureau of Economic Analysis

Indexed Median REIT/REOC “Same Store” Net Operating Income (NOI) by Property Focus

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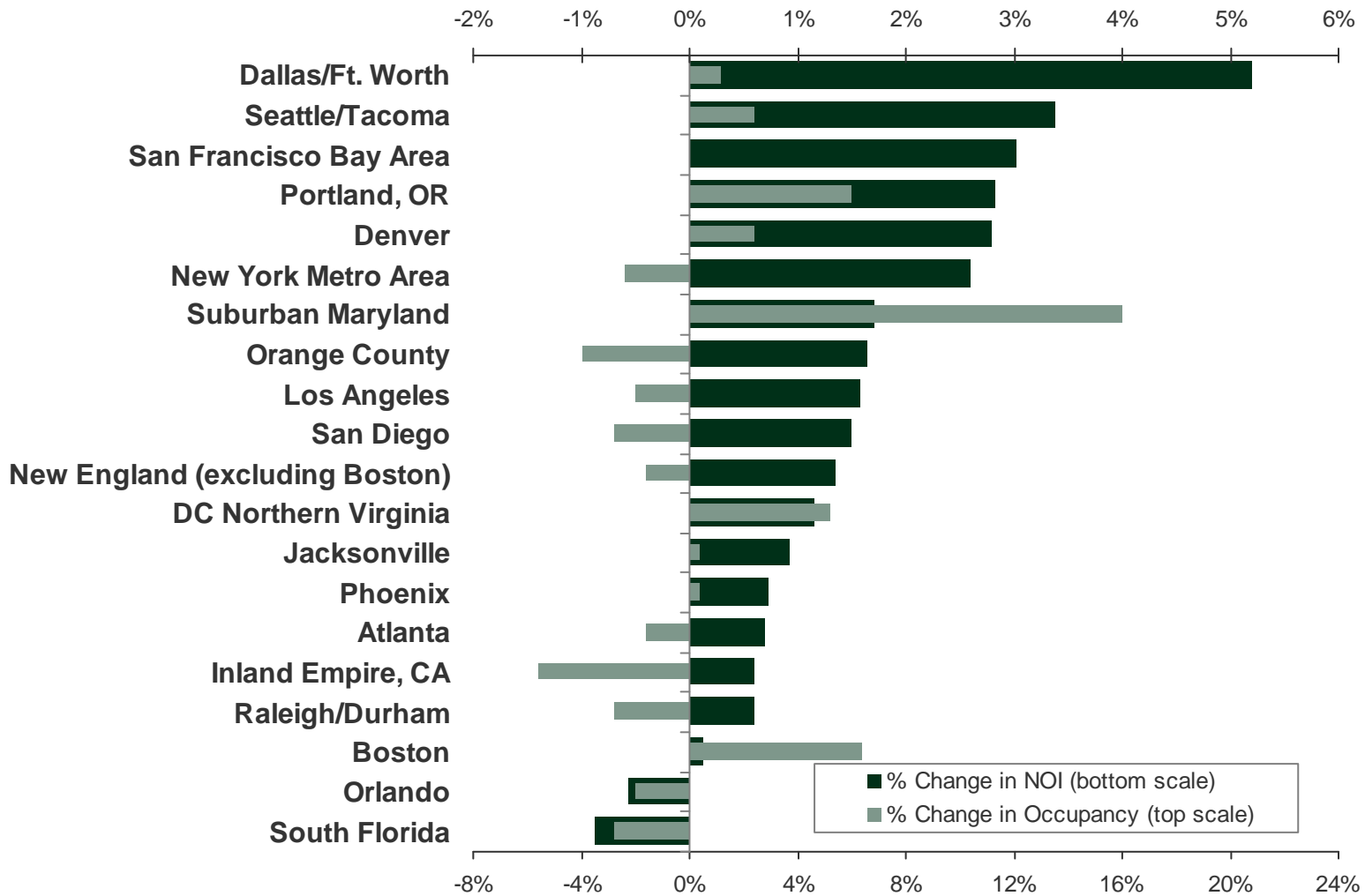
1999 NOI = 100



Source: Mortgage Bankers Association and SNL Financial,
Charlottesville, VA 434.977.1600, http://www.snl.com/real_estate/

Equity Residential REIT Same Store Results Fourth Quarter 2007 vs. 2006

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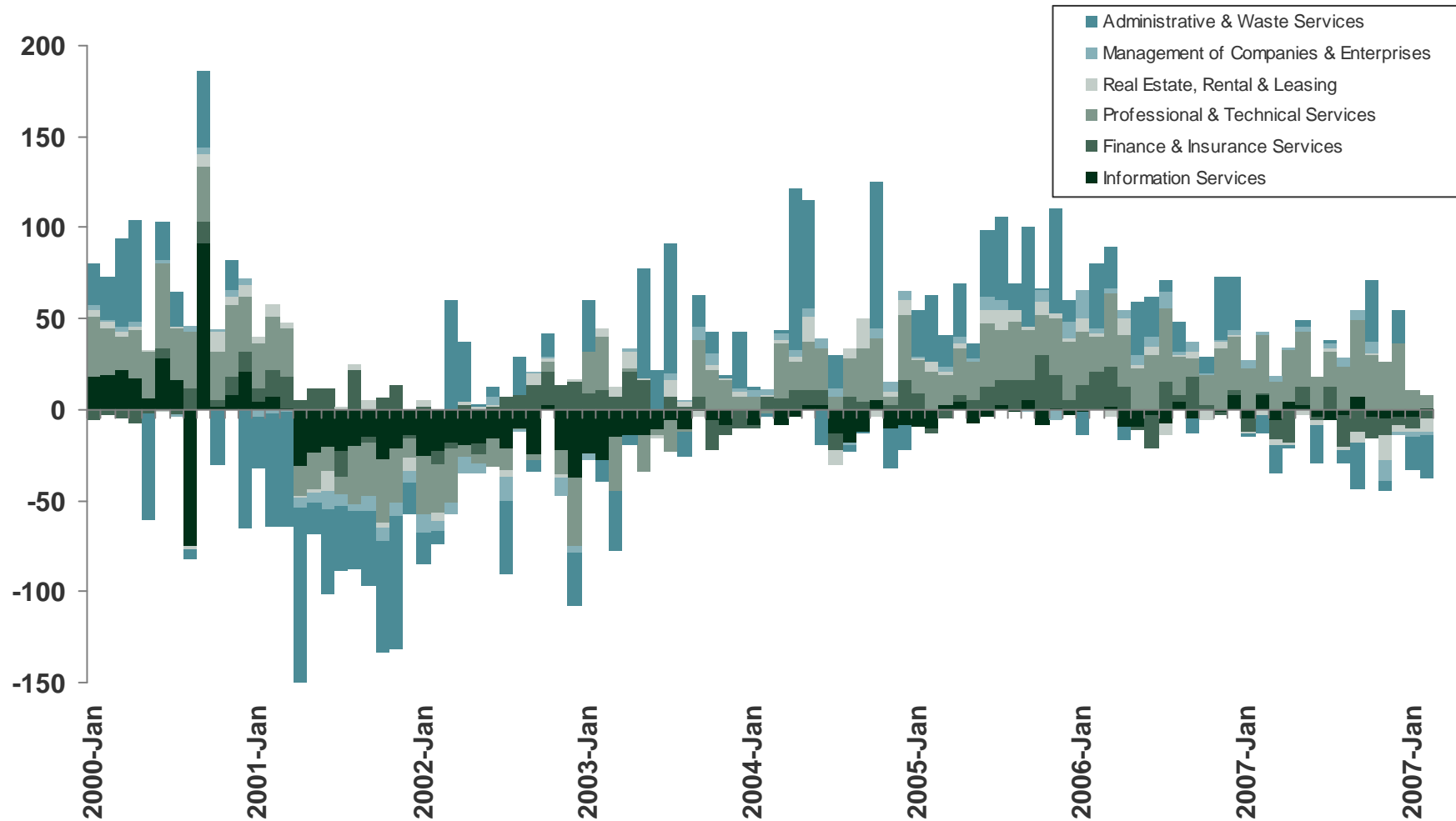


Source: Equity Residential

Month-over-month Change in Selected Office-demanding Industries

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Thousands of jobs, Seasonally adjusted

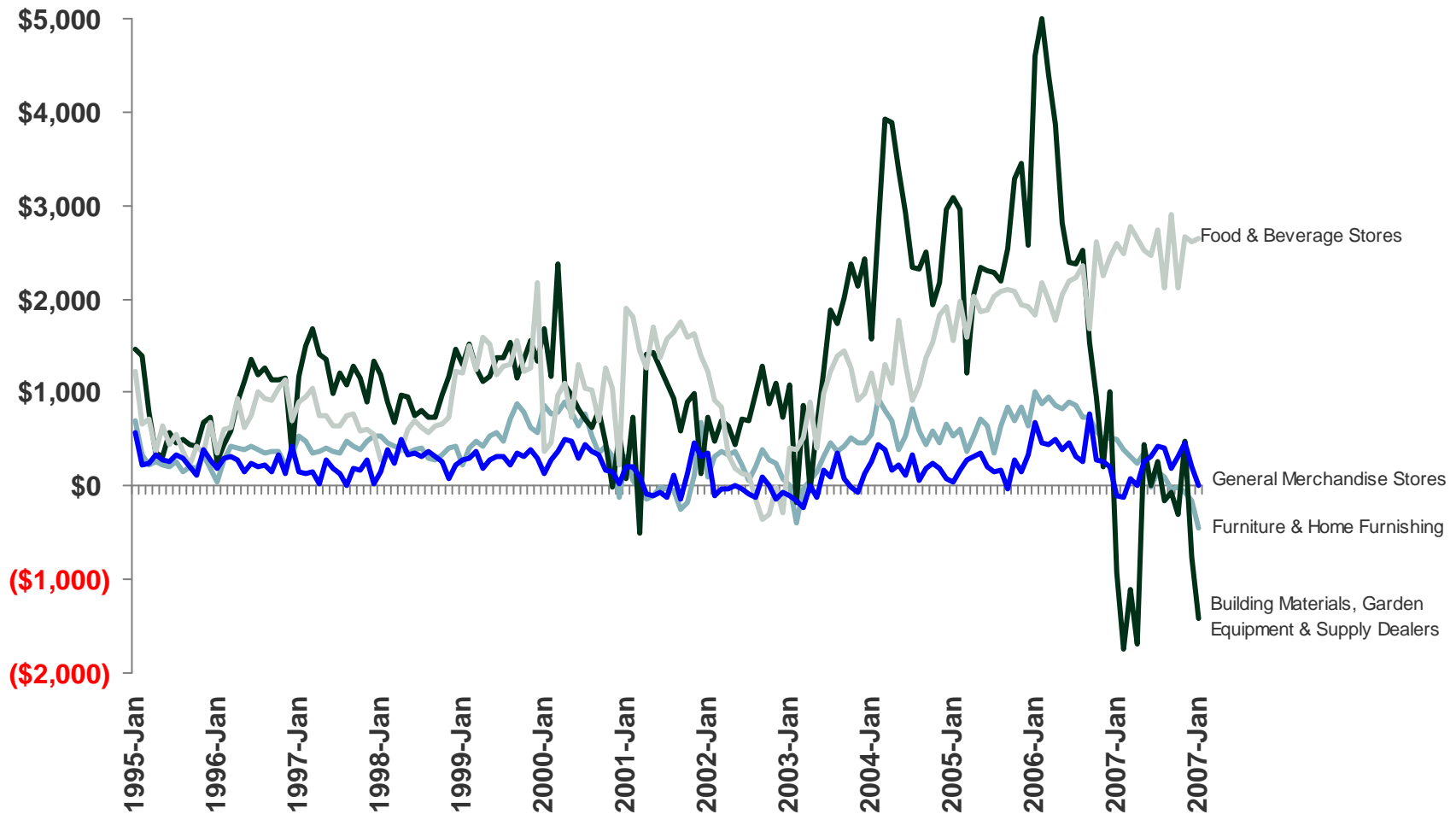


Source: Bureau of Labor Statistics.

Year-over-year Change in Selected Retail Sales

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\$Millions, Seasonally adjusted

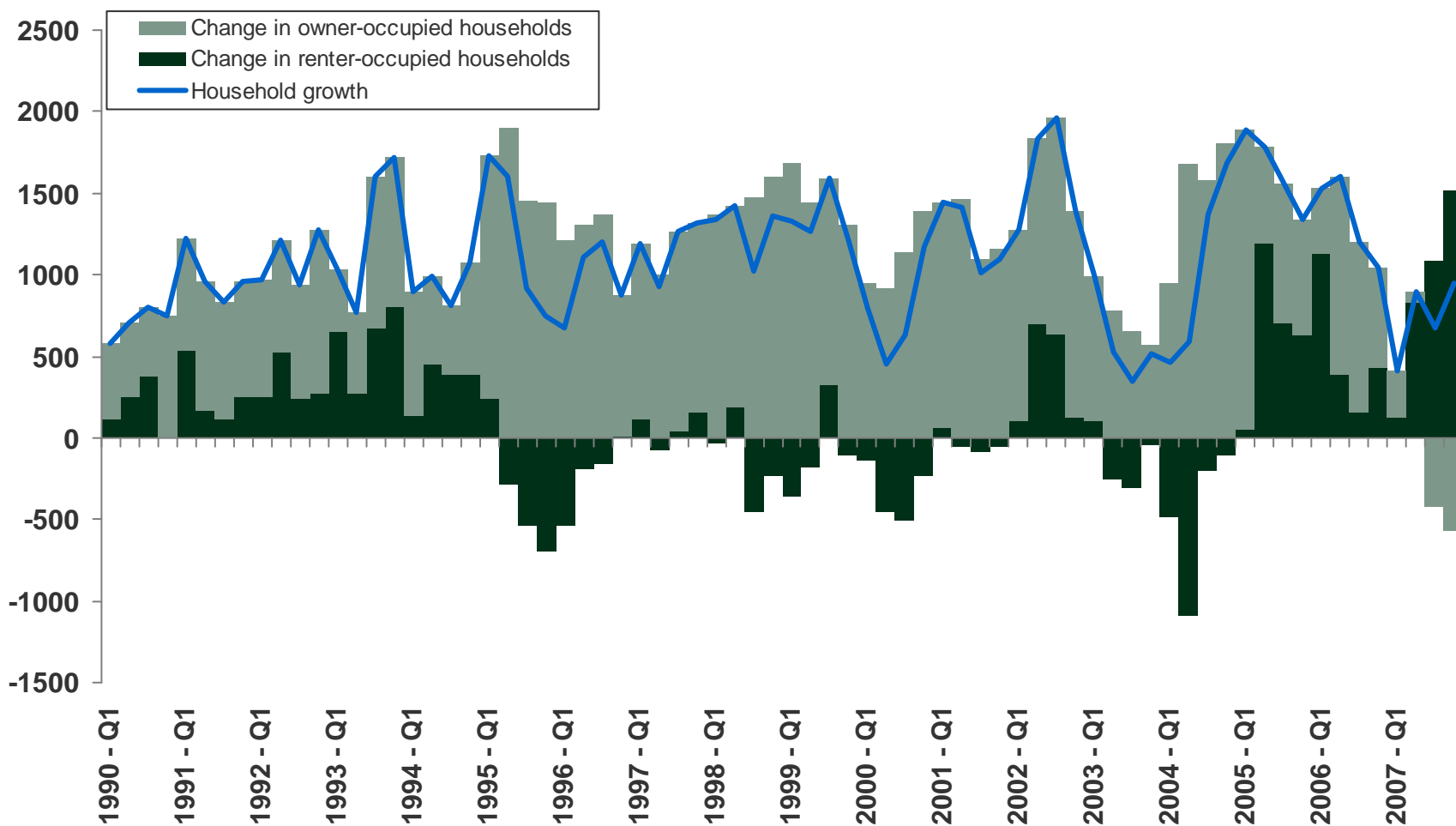


Source: Census Bureau

Change in Number of Owner- and Renter-occupied Households, Year-over-year (additive)

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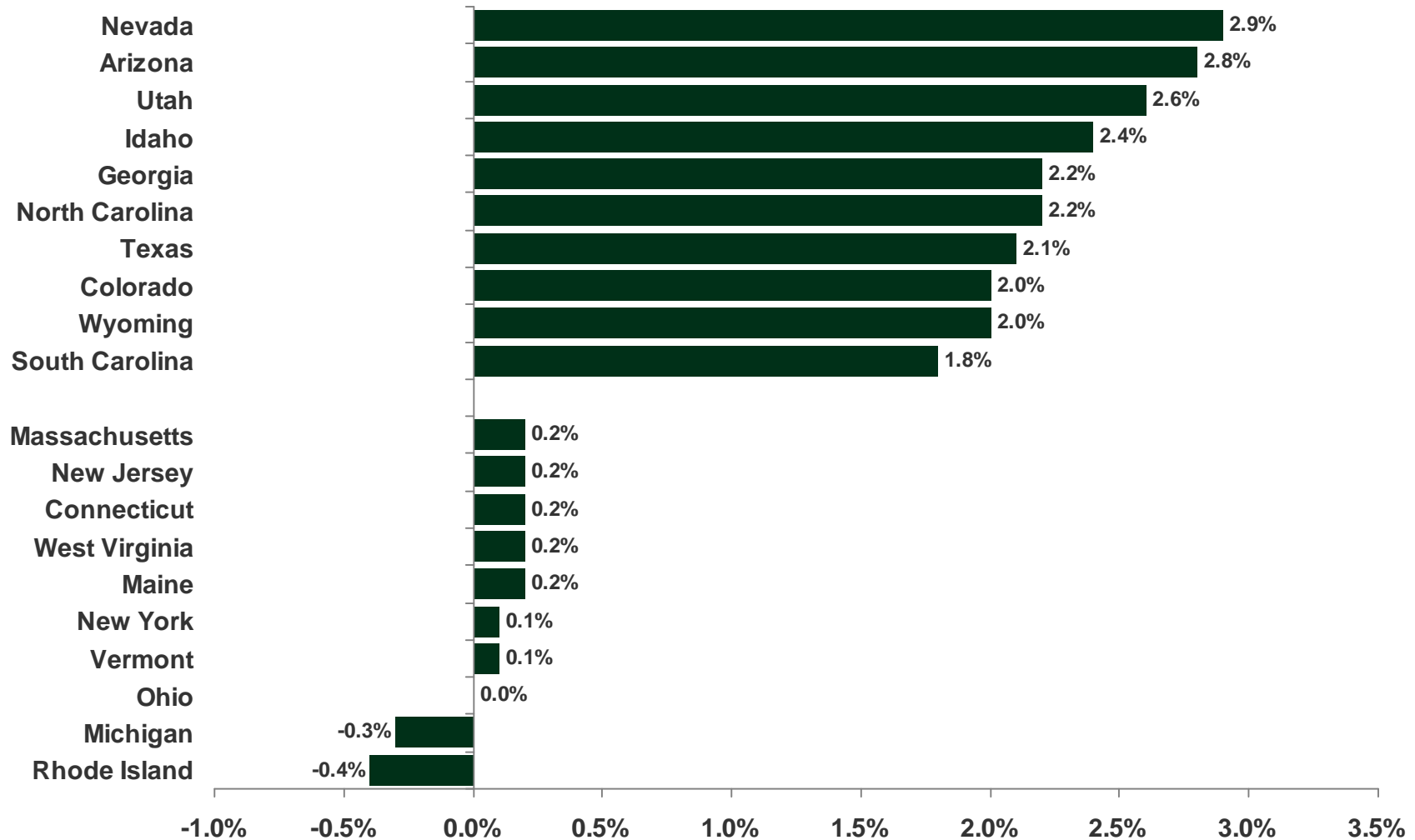
Thousands of households



Source: Census Bureau and MBA

Top-ten and Bottom-ten States in Terms of Percent Change in Population, July 2006 – July 2007

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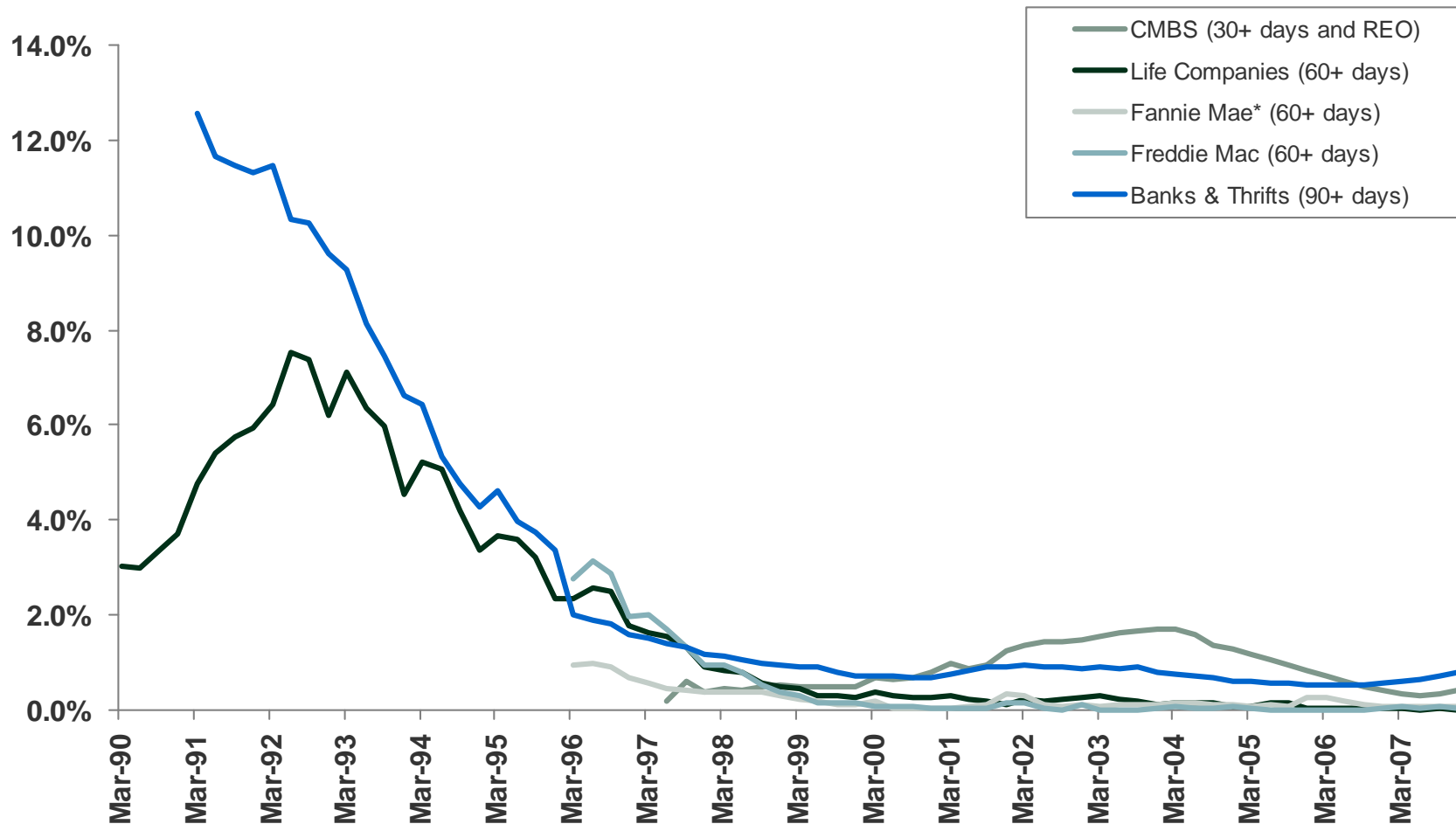
Source: Census Bureau and Bureau of Labor Statistics

Commercial/Multifamily Bond and Mortgage Performance

Commercial/Multifamily Mortgage Delinquency Rates Among Major Investor Groups

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NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.

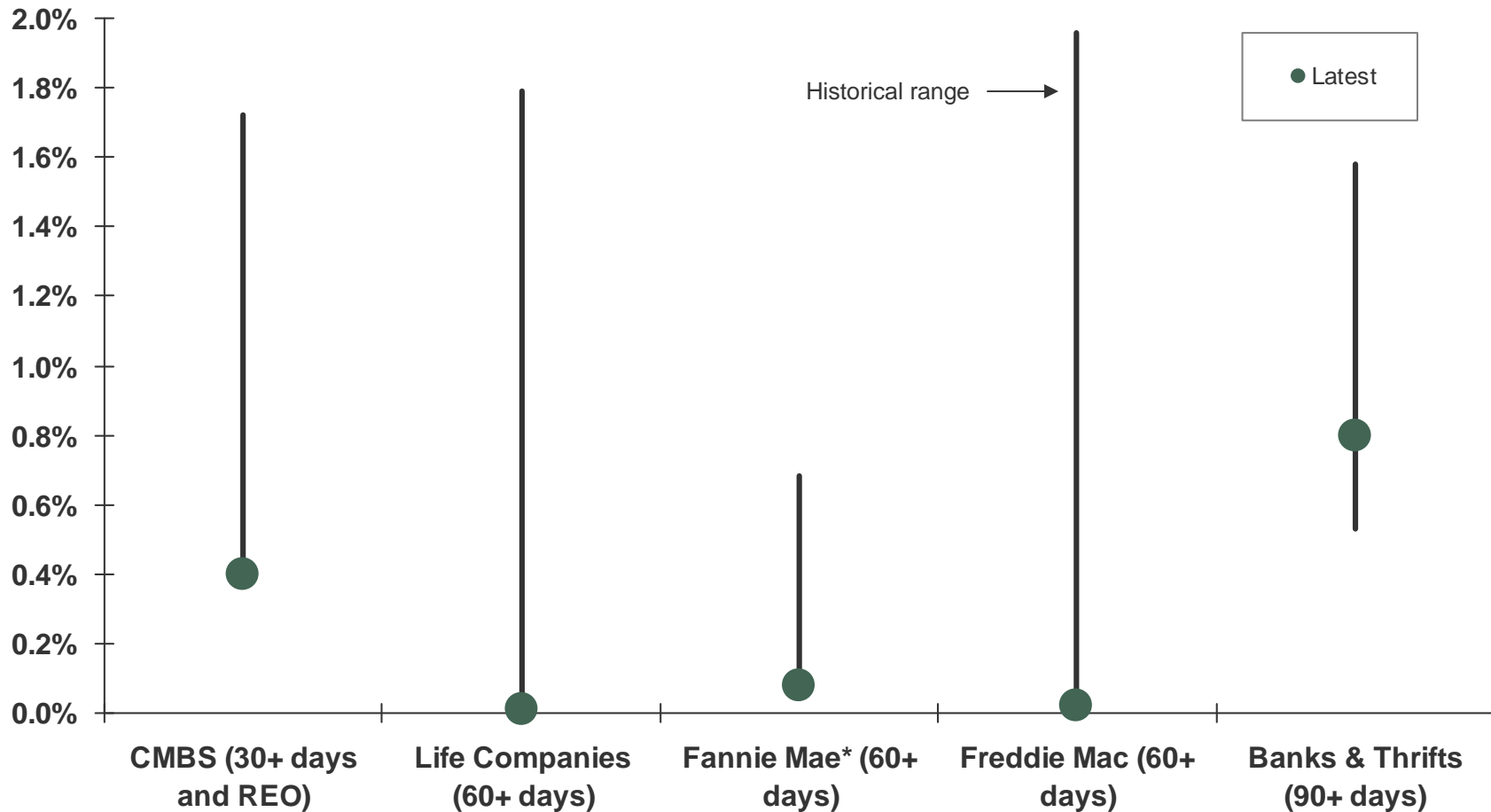


Sources: Wachovia Capital Markets, LLC and Intex Solutions, Inc., American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation. Data are available for life companies and FDIC-insured banks and thrifts since 1990 and 1991, Fannie Mae and Freddie Mac since 1996 and CMBS since 1997. December figures are not available from Fannie Mae for the years 2000 to 2004. Figures for November are used instead. Prior to 1996, bank and thrift figures are for banks only and also include construction and land loans.

Historical (Generally Ten-year**) Range of Commercial/Multifamily Mortgage Delinquency Rates Among Major Investor Groups

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NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.

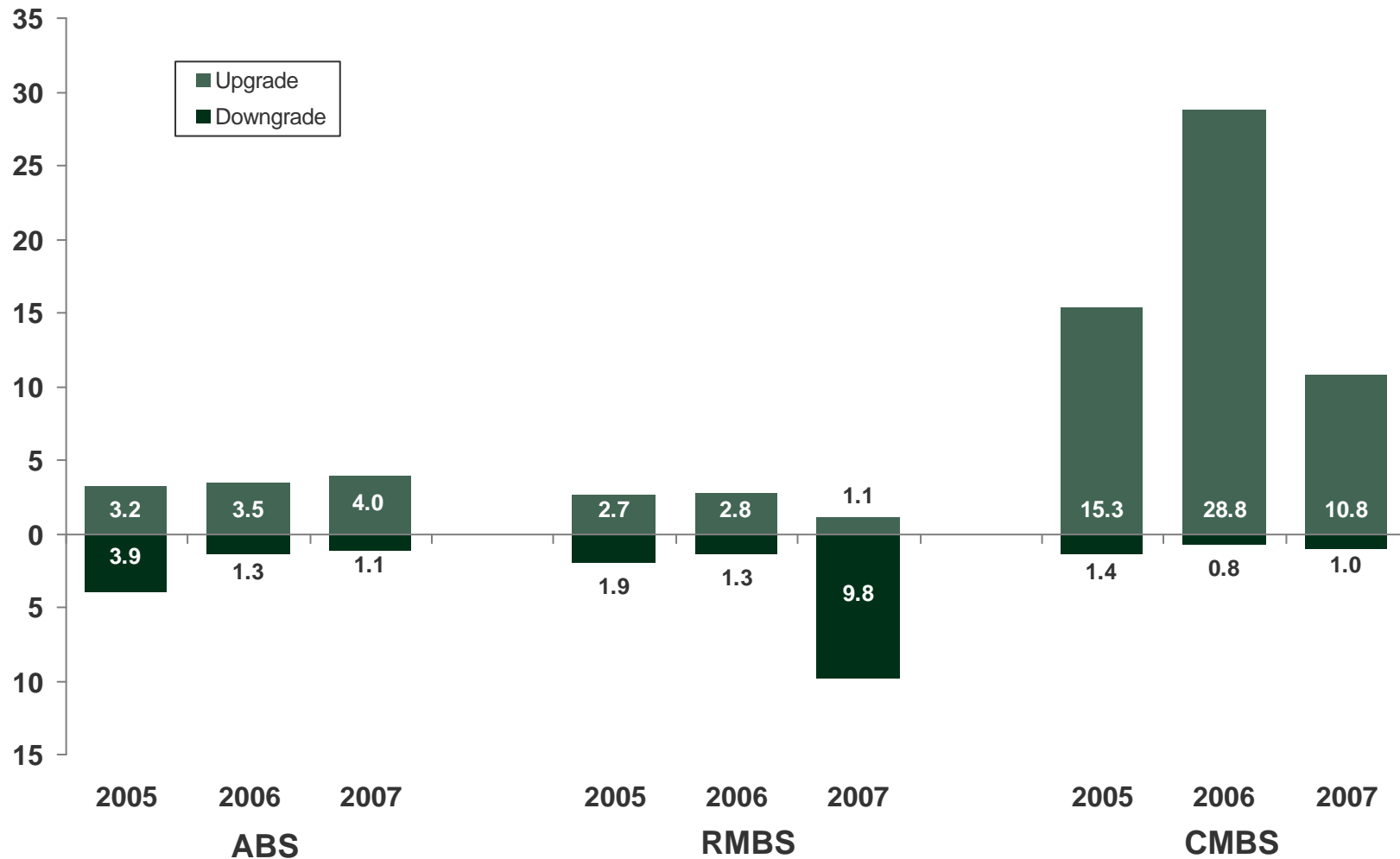


Sources: Wachovia Capital Markets, LLC and Intex Solutions, Inc., American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation.

Data are for the period 1996 to present, except CMBS which is from 1997 to present. December figures are not available from Fannie Mae for the years 2000 to 2004. Figures for November are used instead.

Percent of Total Tranches Outstanding Upgraded/Downgraded by Fitch Ratings, by Year of Action and Asset Type

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Source: Fitch Ratings

Looking Ahead

MBA Economic Forecast February 15, 2008

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| | 2007 | | | | 2008 | | | | 2009 | | | |
|--|-------|-------|-------|-------|-------|-------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| <u>Percent Change, Annual Rate</u> | | | | | | | | | | | | |
| Real Gross Domestic Product | 0.6 | 3.8 | 4.9 | 0.6 | -0.2 | 1.1 | 2.8 | 2.6 | 2.7 | 2.7 | 2.7 | 2.7 |
| Personal Consumption Expenditures | 3.7 | 1.4 | 2.8 | 2.0 | 0.0 | 0.5 | 3.5 | 0.3 | 1.6 | 1.9 | 1.9 | 2.1 |
| Business Fixed Investment | 2.1 | 11.0 | 9.3 | 7.5 | 3.6 | 1.1 | 2.9 | 4.3 | 4.9 | 3.7 | 2.8 | 2.6 |
| Residential Investment | -16.3 | -11.8 | -20.5 | -23.9 | -27.3 | -20.0 | -9.0 | -3.0 | 2.0 | 6.8 | 8.2 | 8.7 |
| Govt. Consumption & Investment | -0.5 | 4.1 | 3.8 | 2.6 | 2.1 | 1.8 | 1.7 | 1.8 | 1.8 | 1.5 | 1.4 | 1.2 |
| Net Exports (Bil. Chain 2000\$) | -612 | -574 | -533 | -521 | -510 | -487 | -468 | -454 | -437 | -427 | -425 | -417 |
| Inventory Investment (Bil. Chain 2000\$) | 0 | 6 | 31 | -3 | -7 | 4 | -14 | 20 | 20 | 24 | 36 | 41 |
| GDP Deflator | 4.2 | 2.6 | 1.0 | 2.6 | 2.5 | 2.9 | 2.0 | 2.1 | 2.1 | 1.9 | 1.6 | 1.7 |
| Consumer Prices | 3.8 | 6.0 | 1.9 | 4.3 | 3.5 | 3.2 | 2.4 | 2.1 | 1.6 | 1.6 | 1.8 | 1.9 |
| <u>Percent</u> | | | | | | | | | | | | |
| Unemployment Rate | 4.5 | 4.5 | 4.7 | 4.8 | 5.1 | 5.3 | 5.5 | 5.6 | 5.6 | 5.7 | 5.7 | 5.7 |
| Federal Funds Rate | 5.3 | 5.3 | 5.1 | 4.5 | 3.3 | 2.5 | 2.5 | 2.5 | 2.8 | 3.0 | 3.3 | 3.5 |
| 10-Year Treasury Bond Rate | 4.7 | 4.8 | 4.7 | 4.3 | 3.7 | 3.8 | 3.9 | 4.1 | 4.3 | 4.3 | 4.3 | 4.3 |

Source: Mortgage Bankers Association

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MBA homepage:

www.mortgagebankers.org

MBA research page:

www.mortgagebankers.org/research

Research Institute for Housing America:

<http://www.housingamerica.org>

Home Loan Learning Center:

<http://www.homeloanlearningcenter.com>

MBA Newslink:

<http://www.mortgagebankers.org/NewsandMedia/MBANewsLink>