MBA
Economic & Commercial Real Estate Finance Outlook

April 2019

Presented by
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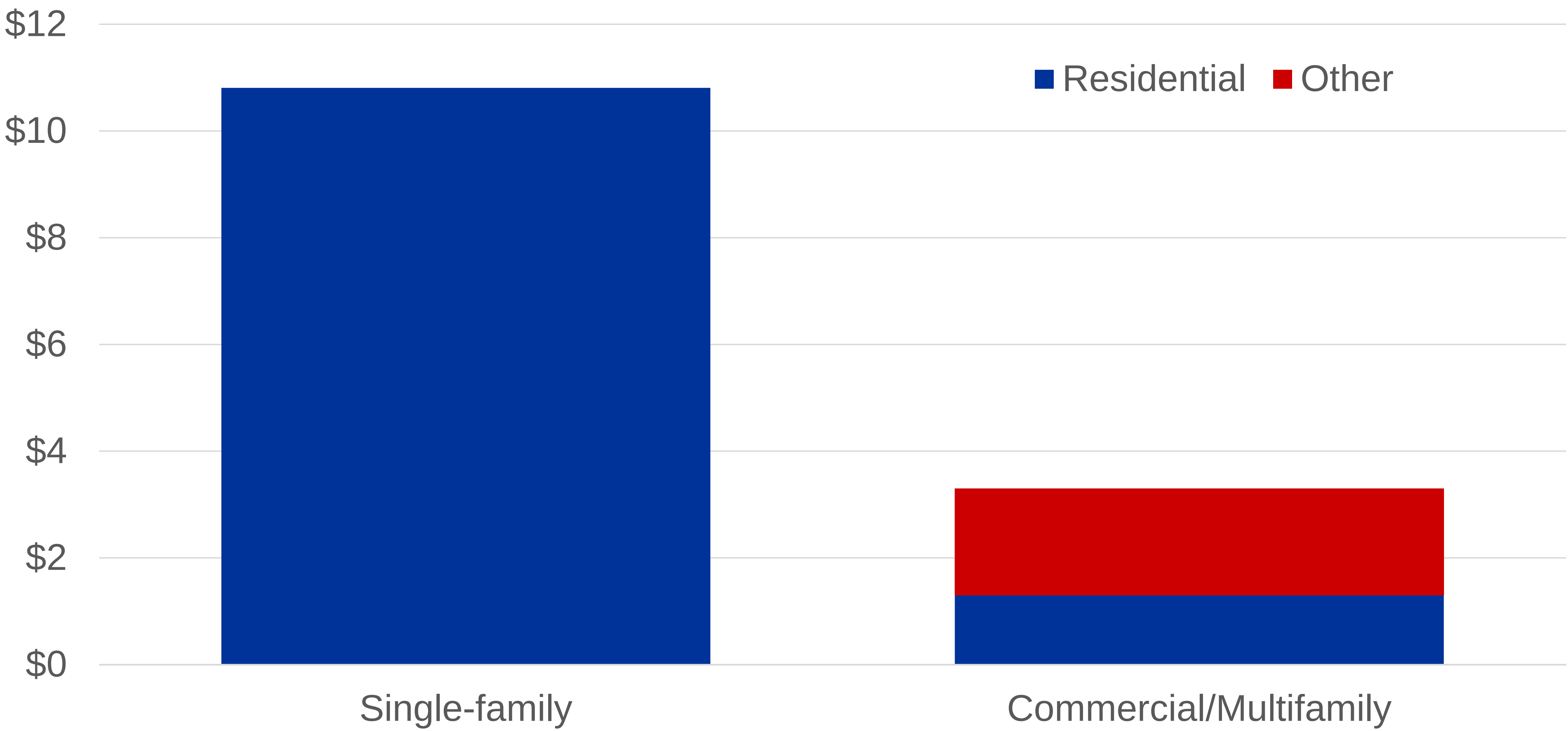
Mortgage Bankers Association

Mortgage Debt Outstanding, 2018 Q3 ($billions)



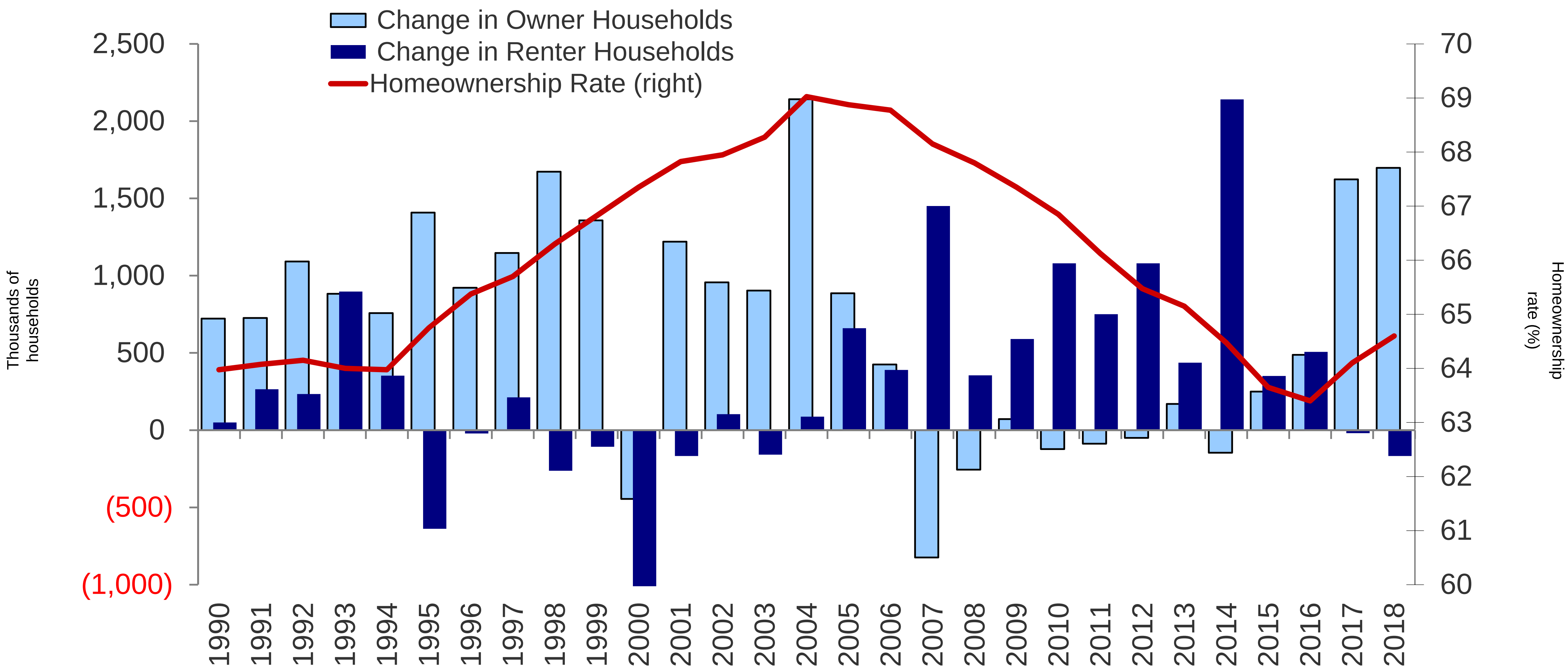
Source: Federal Reserve Board

Distribution of US Households, 2017
by Units in Building and Tenure

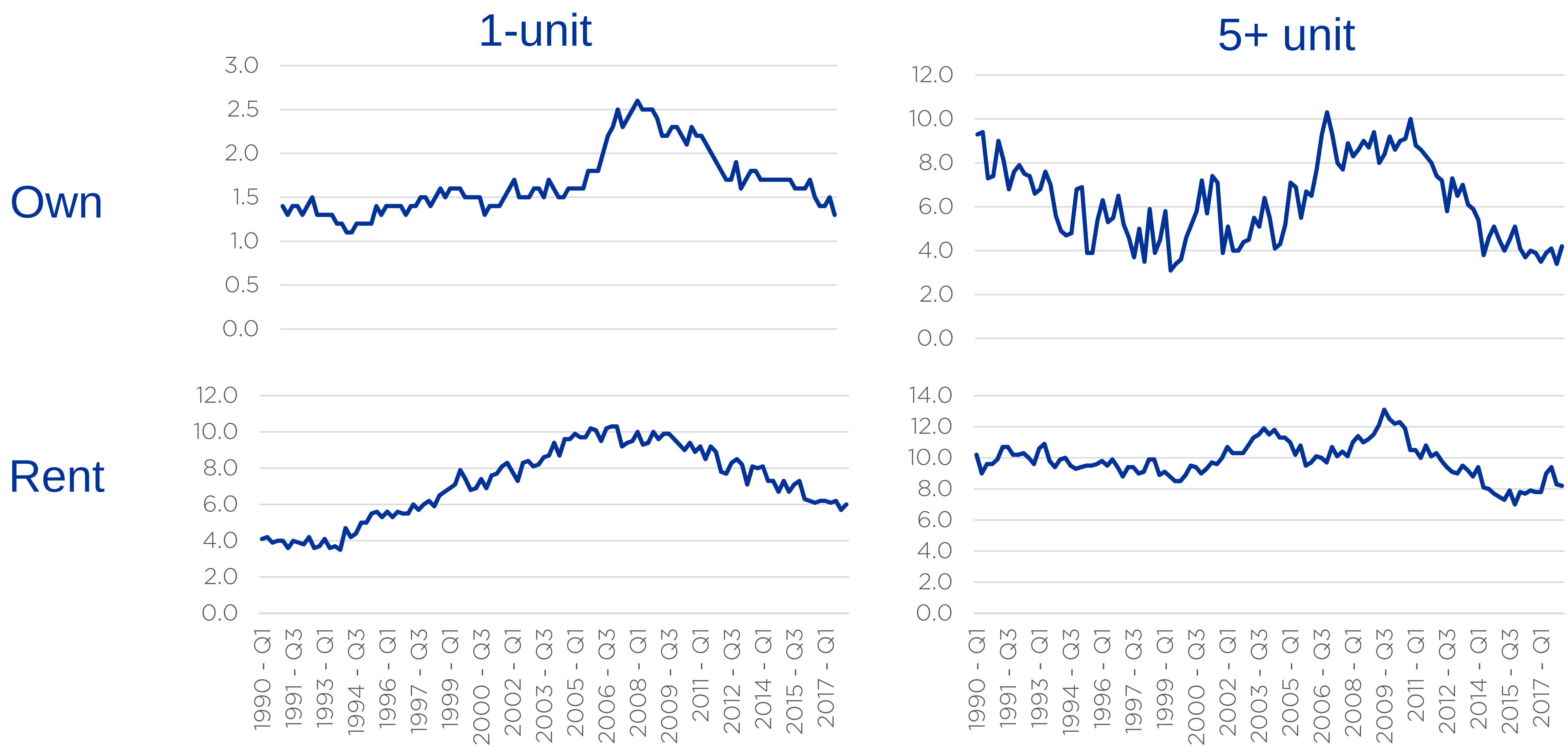
	1-unit	2-4 unit	5-20 unit	20+ unit	TOTAL
Owner	57% 69 MM	1% 1 MM	1% 1 MM	5% 6 MM	64%
Renter	14% 17 MM	6% 7 MM	8% 10 MM	8% 10 MM	35%
TOTAL	71%	7%	9%	13%	100%

Source: American Housing Survey

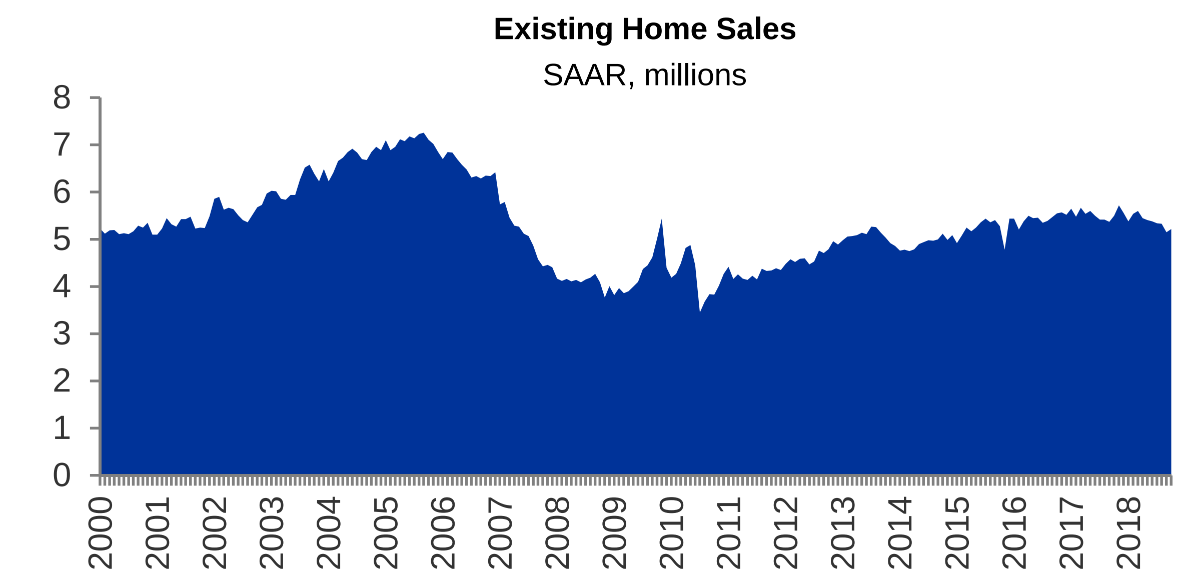
Changes in the Number of Owner- and Renter-occupied Households and Homeownership Rate

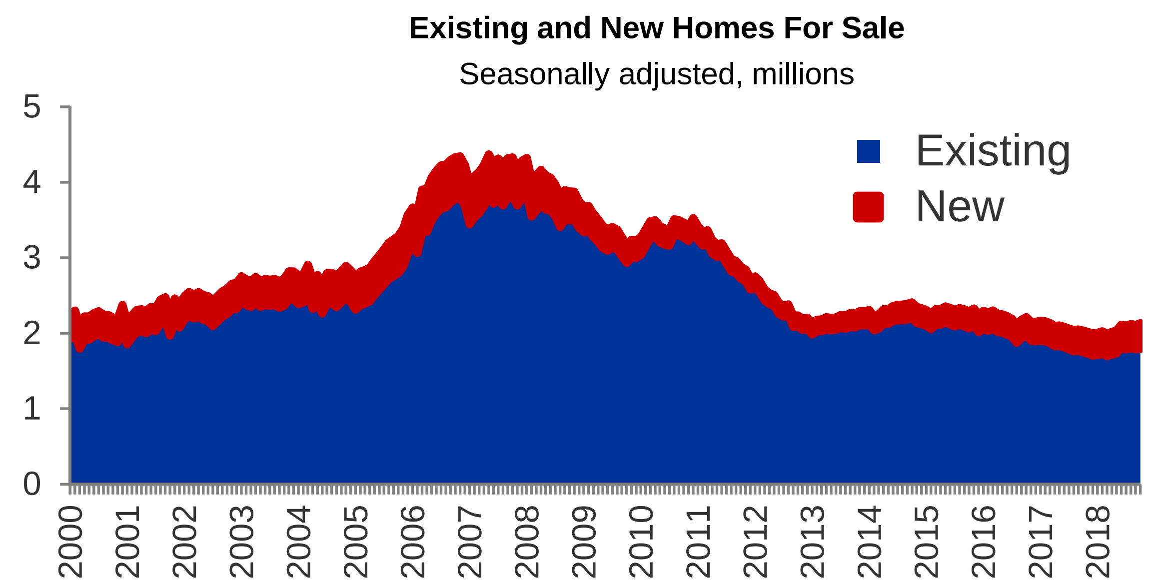


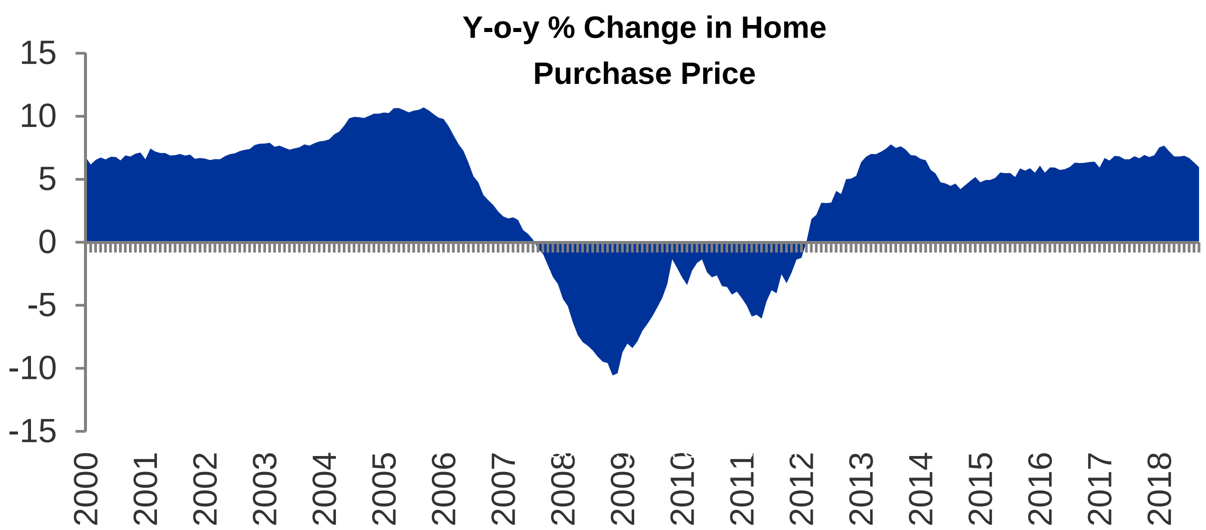
Housing Market Vacancy Rates

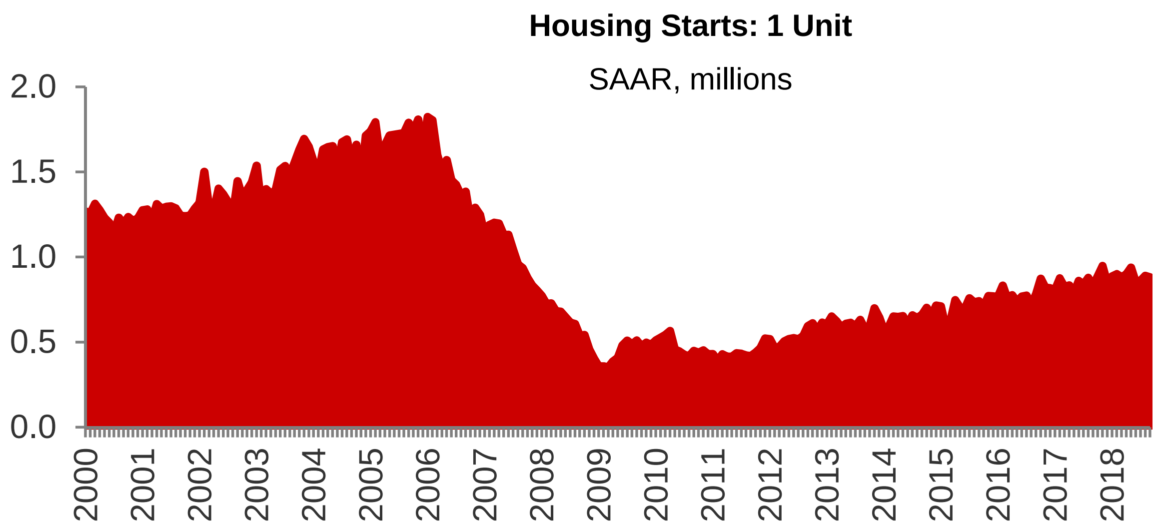


Single-family Housing Market Conditions



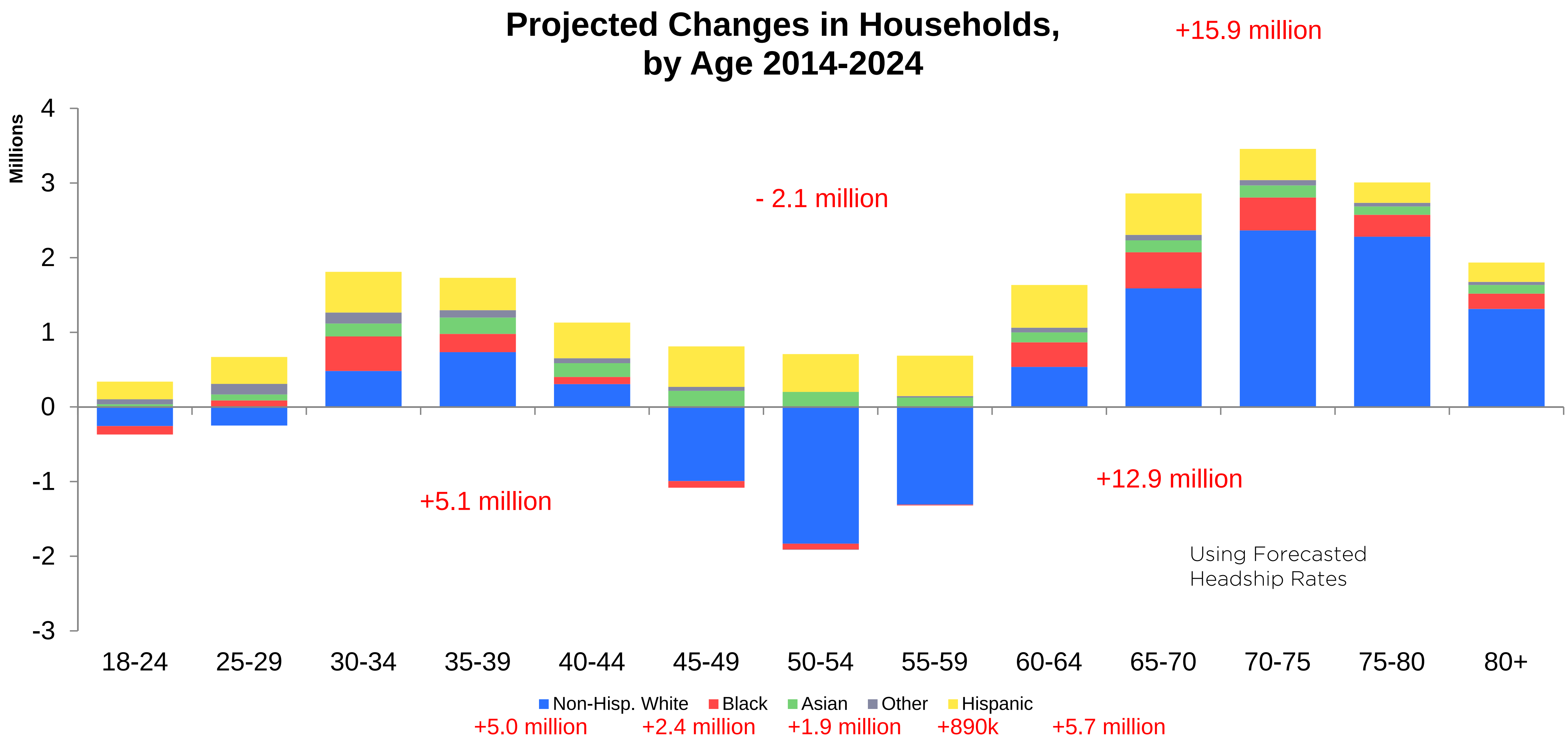






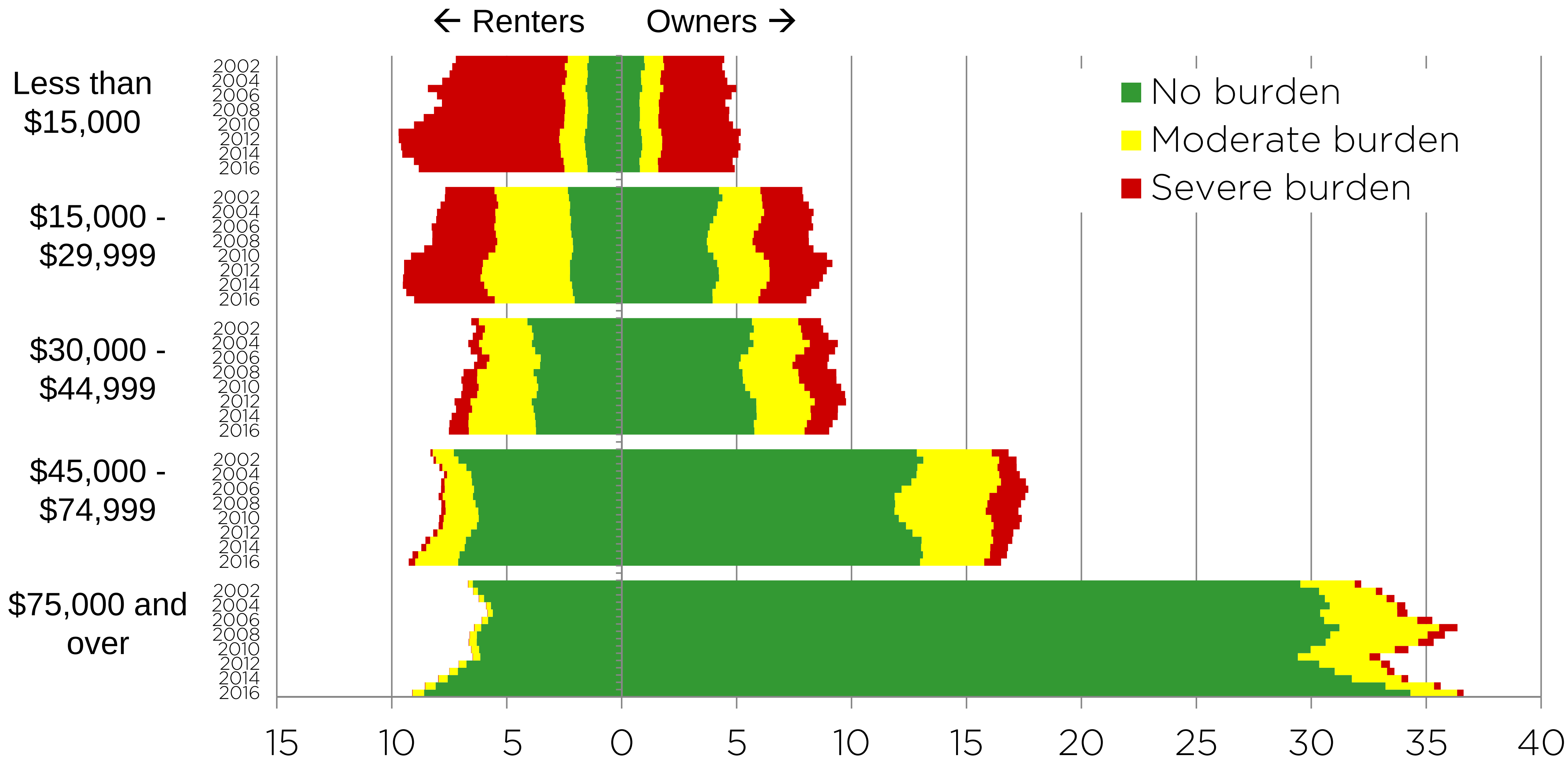
Source: Census Bureau, National Association of Realtors

HOUSEHOLD DEMAND – Changing Demographics and Economy Plus Trends

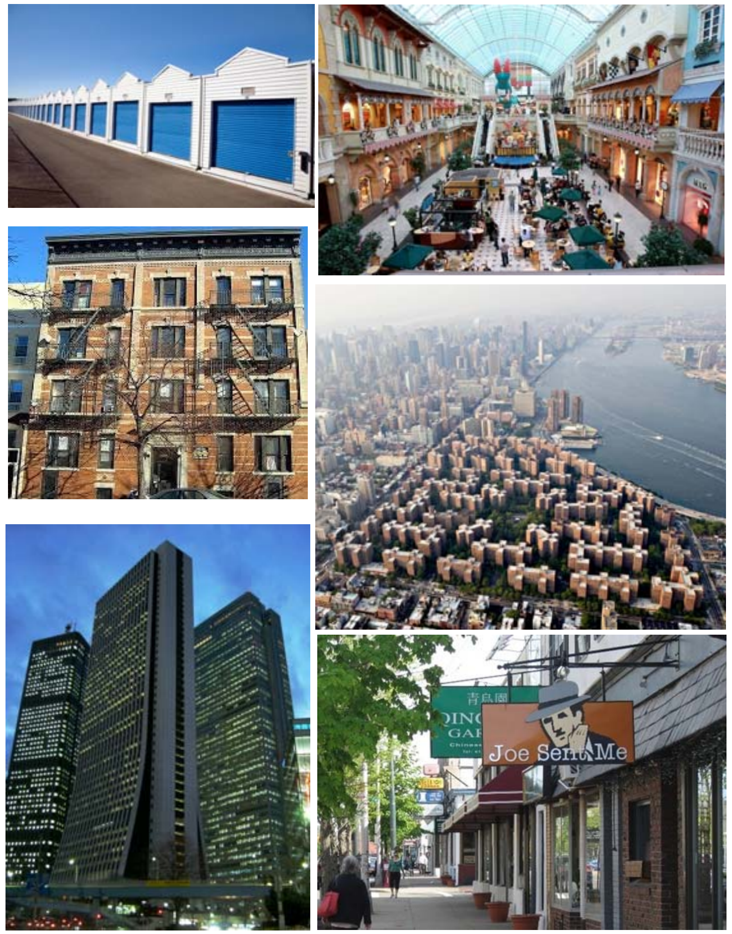


Source: Census and MBA

Number of Owner and Renter Households, by Real Income and Level of Housing Cost Burden, Selected Years (millions)



Different Property Types, Different Drivers



APARTMENTS:
- +1.5 million households in 2017
- Most units under construction since mid-1970s

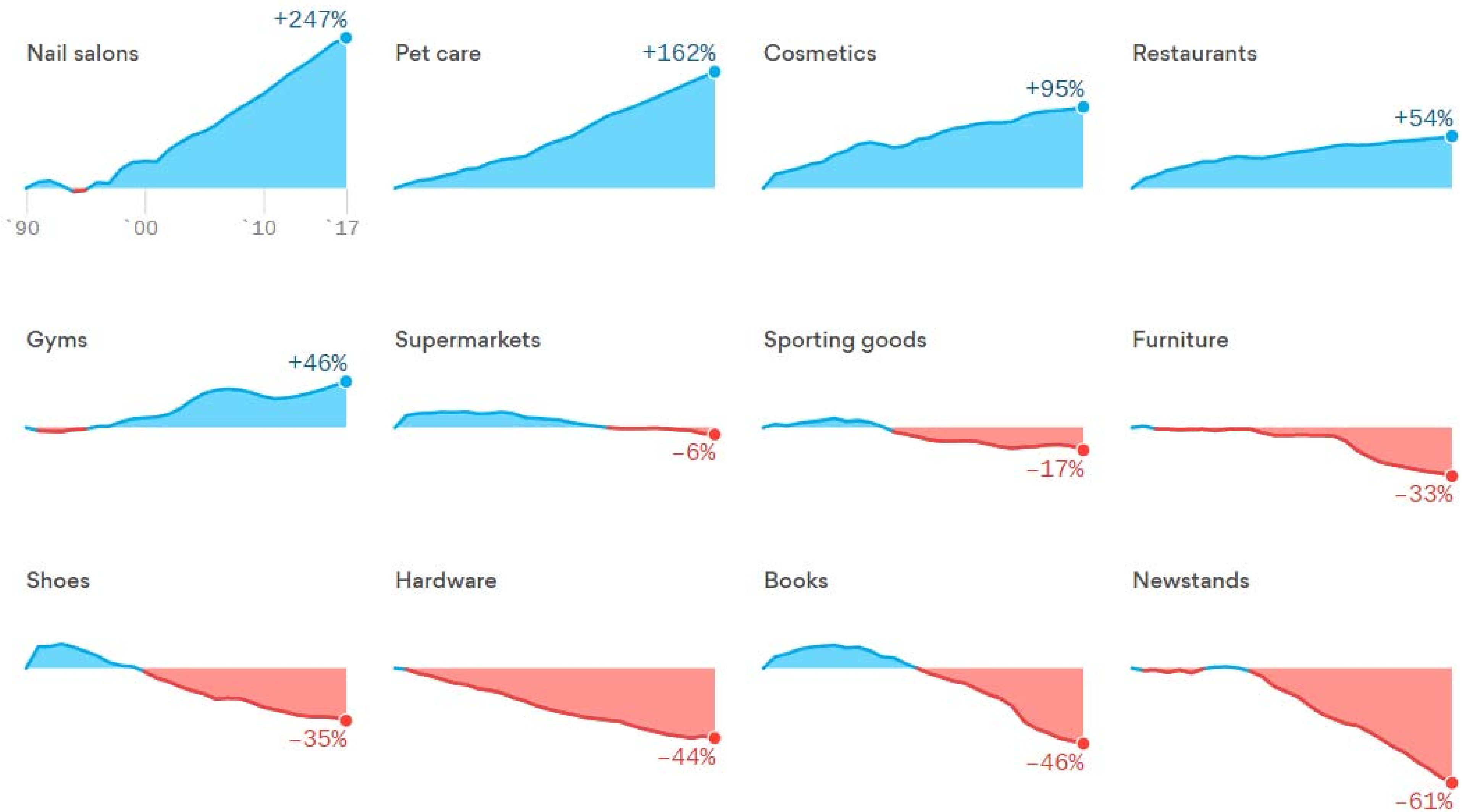
OFFICE:
- 19 million jobs added since 2010
- Space per employee:
  - 225 sq. ft. in 2010
  - 150 sq. ft. in 2017
- Pushback on downsizing?

RETAIL:
- Retail sales up 5% over last year
- eCommerce share up to 9.8%

INDUSTRIAL:
- eCommerce share up to 9.8%
- Manufacturing shipments at all-time highs
- Last mile, 2- or 3-story

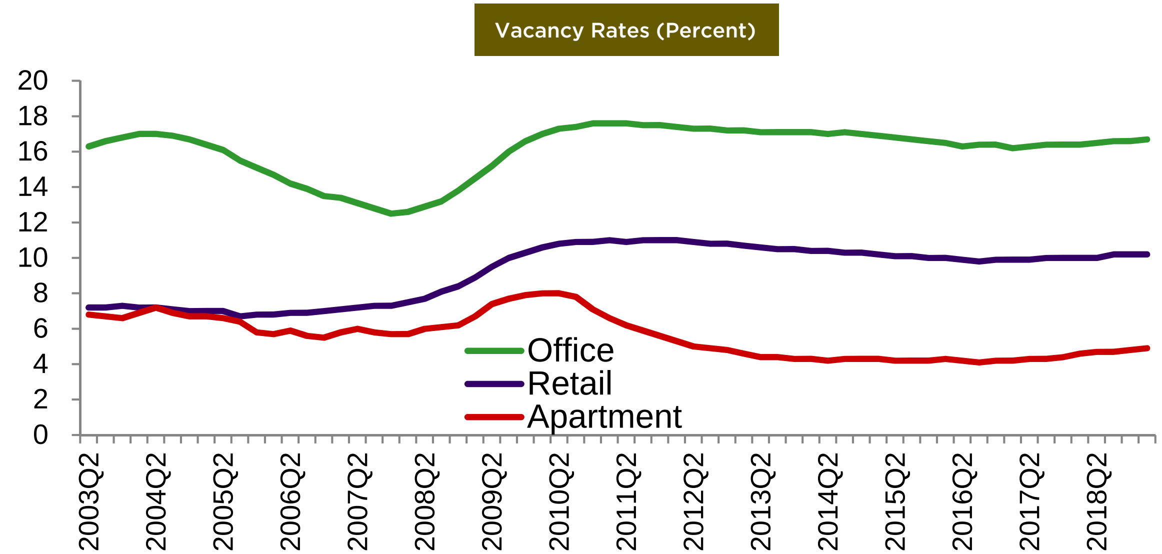
CRE as a Service

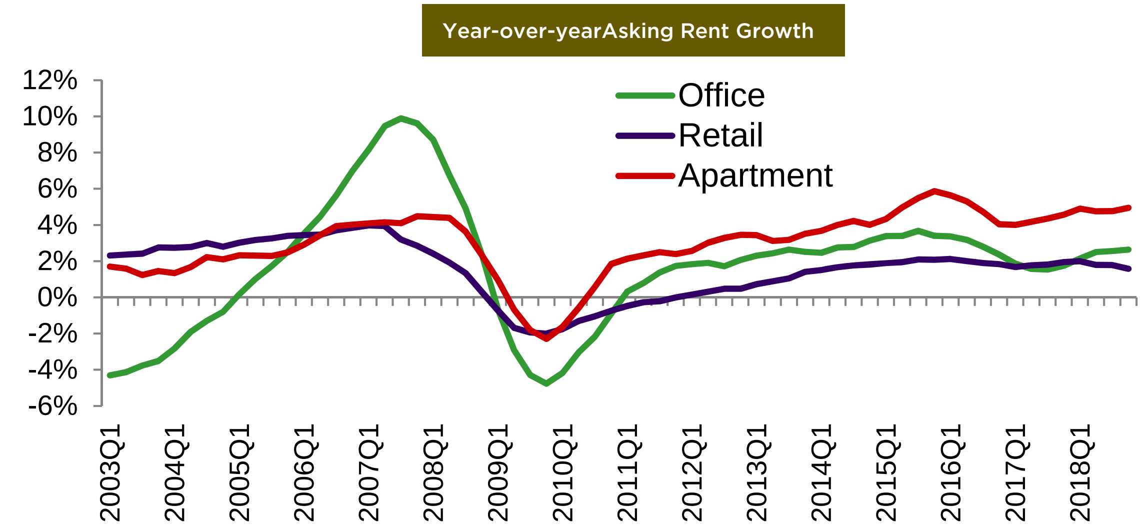
Change in Storefronts Per Capita, 1990 to 2017

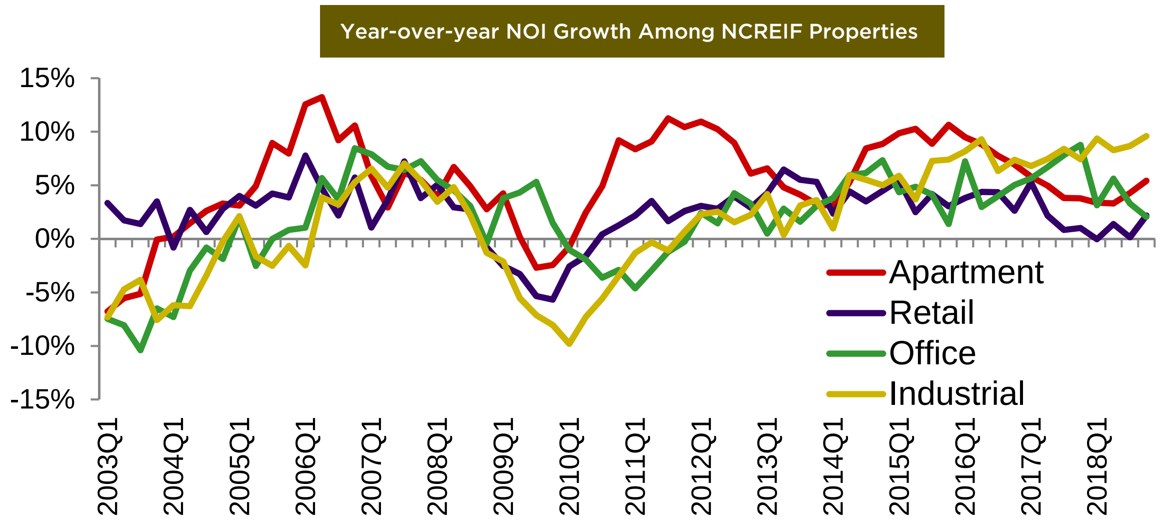


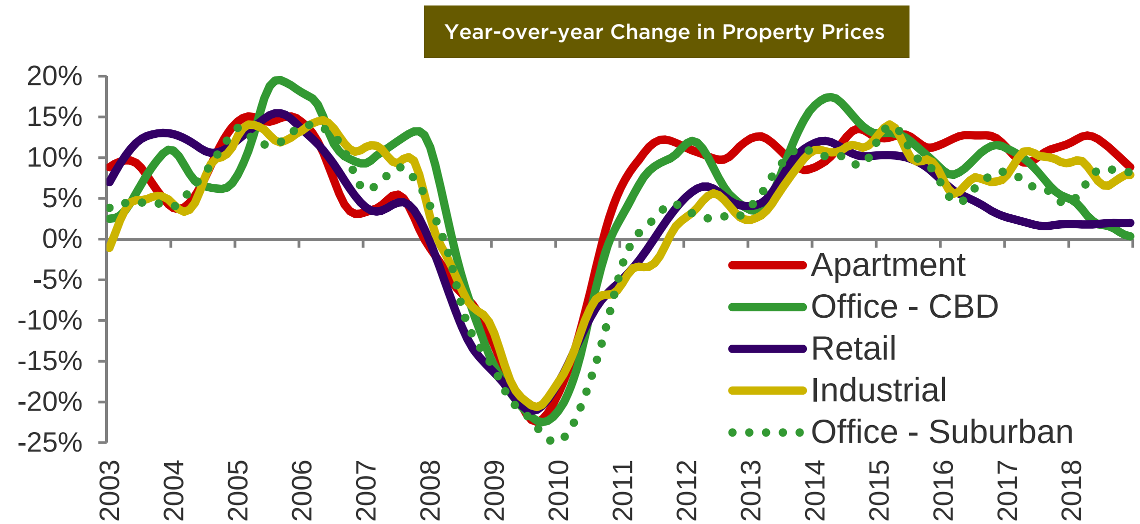
Source: Bureau of Labor Statistics, Federal Reserve Bank of St. Louis; Chart: Harry Stevens/Axios

Commercial/Multifamily Property Fundamentals



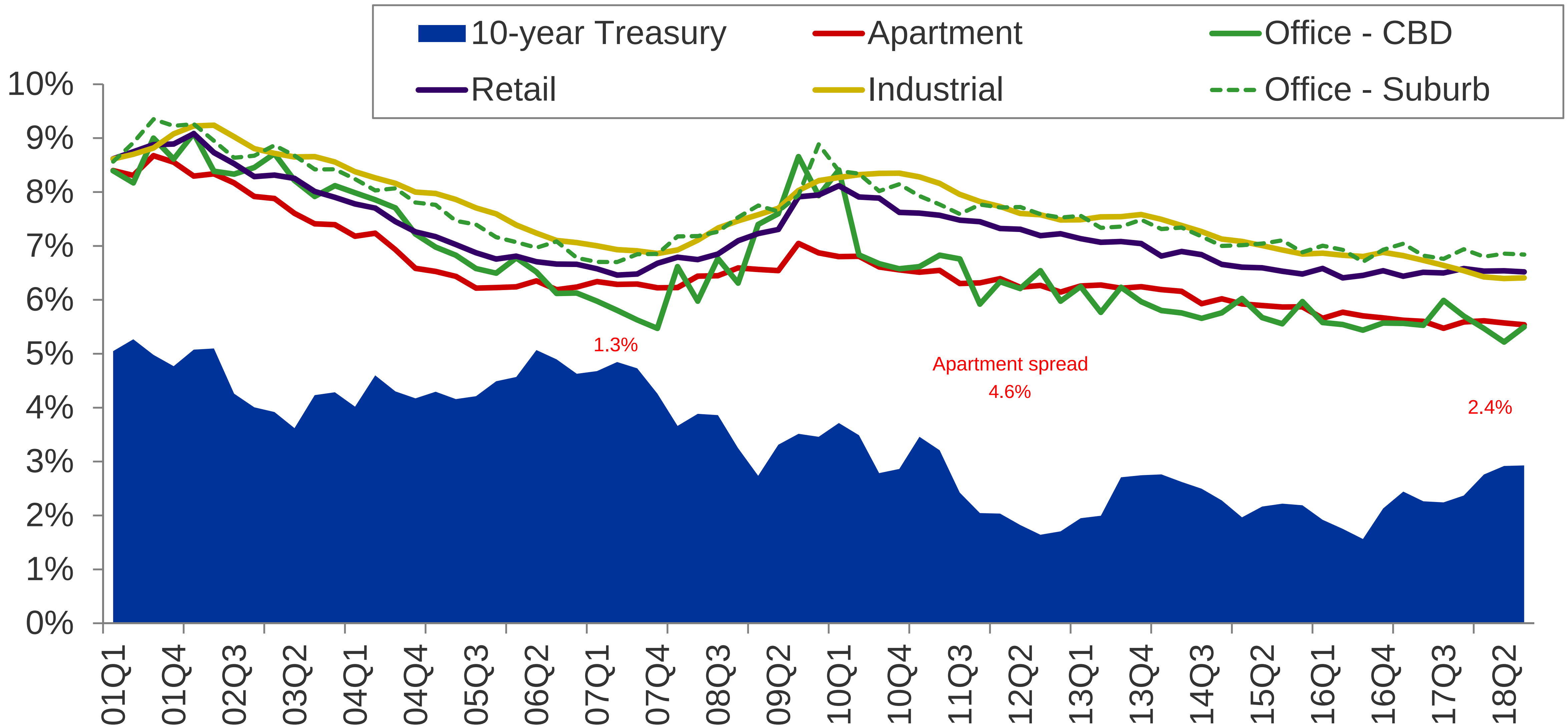






Source: REIS, NCREIF, Real Capital Analytics

Commercial/Multifamily Capitalization Rates



Source: Real Capital Analytics and Federal Reserve Board

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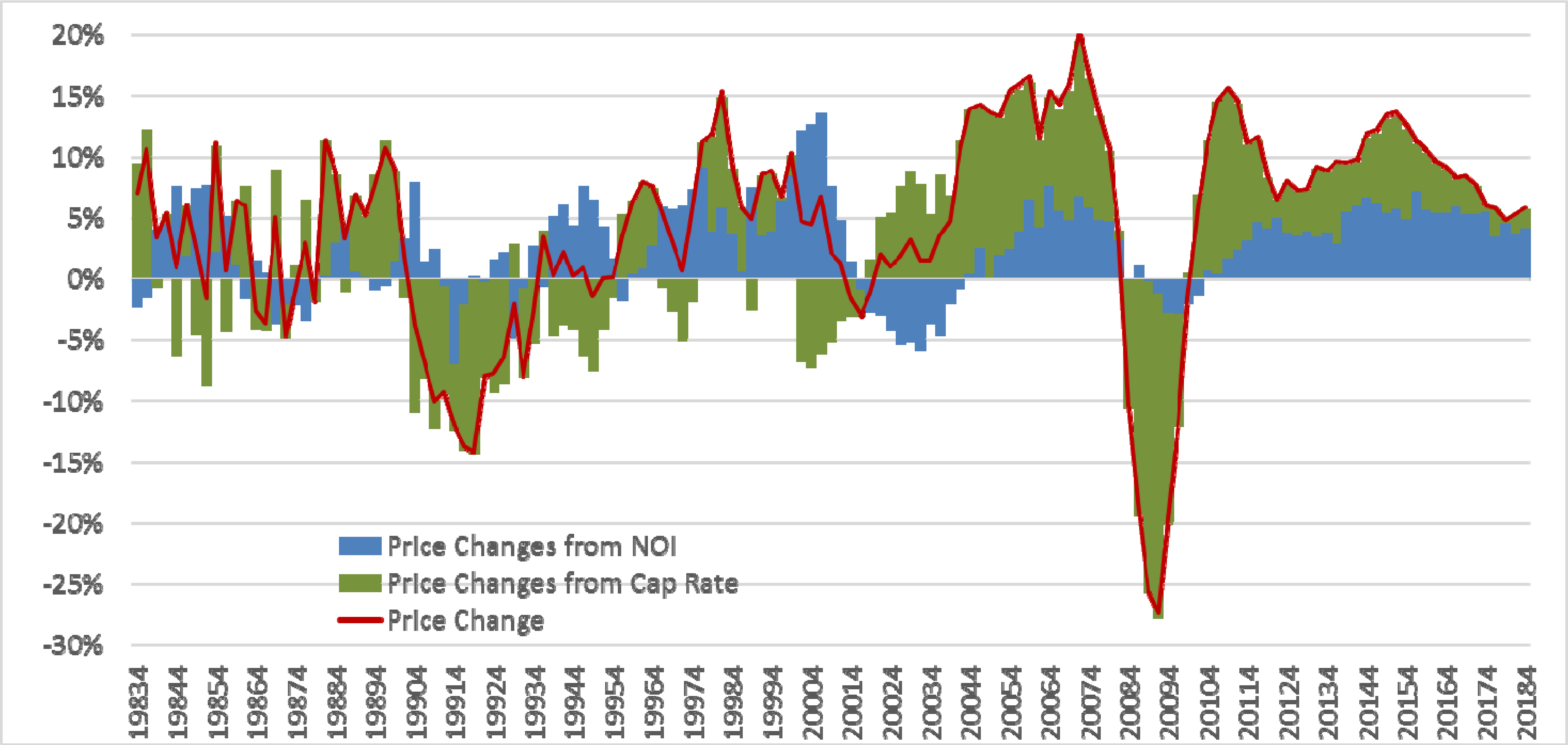
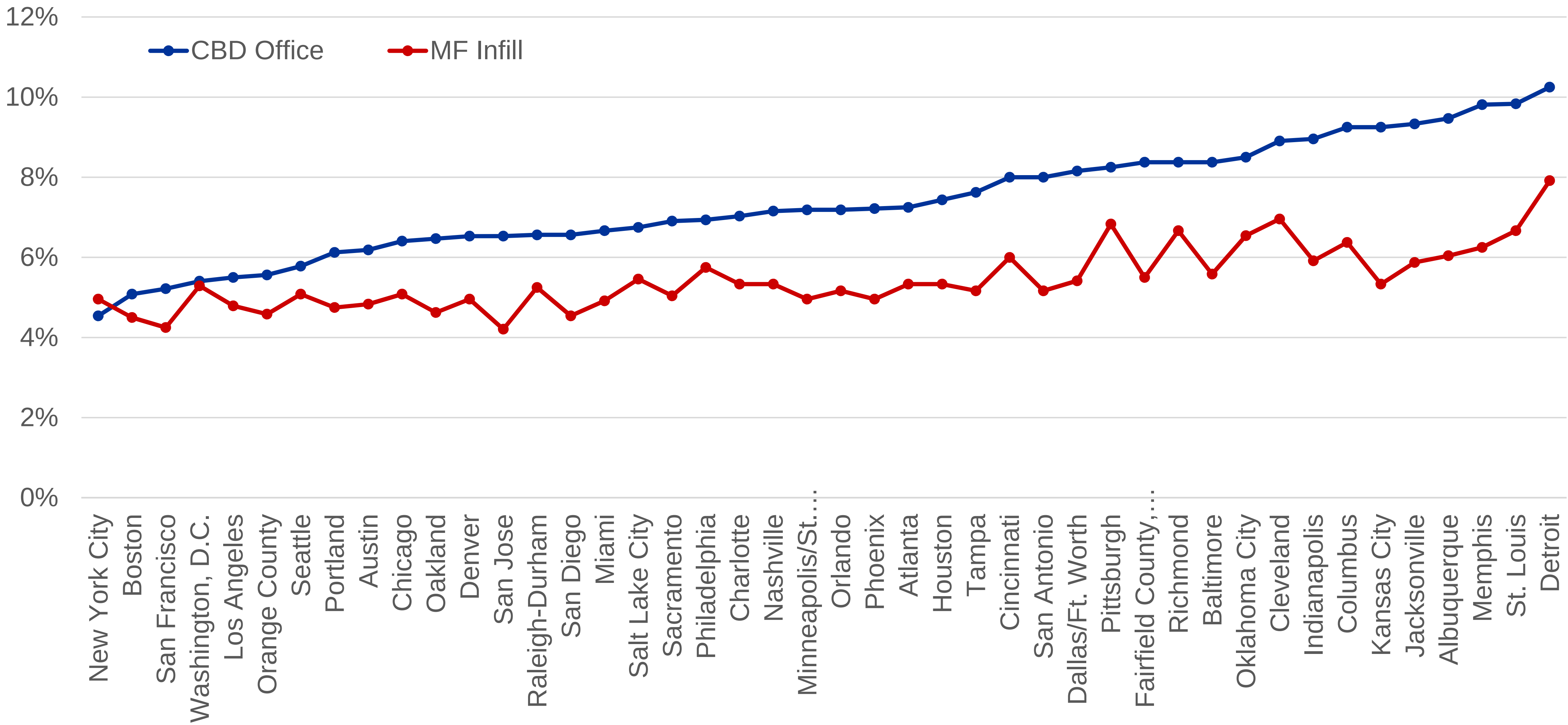
Contributions to Year-over-year Commercial Property Price Changes

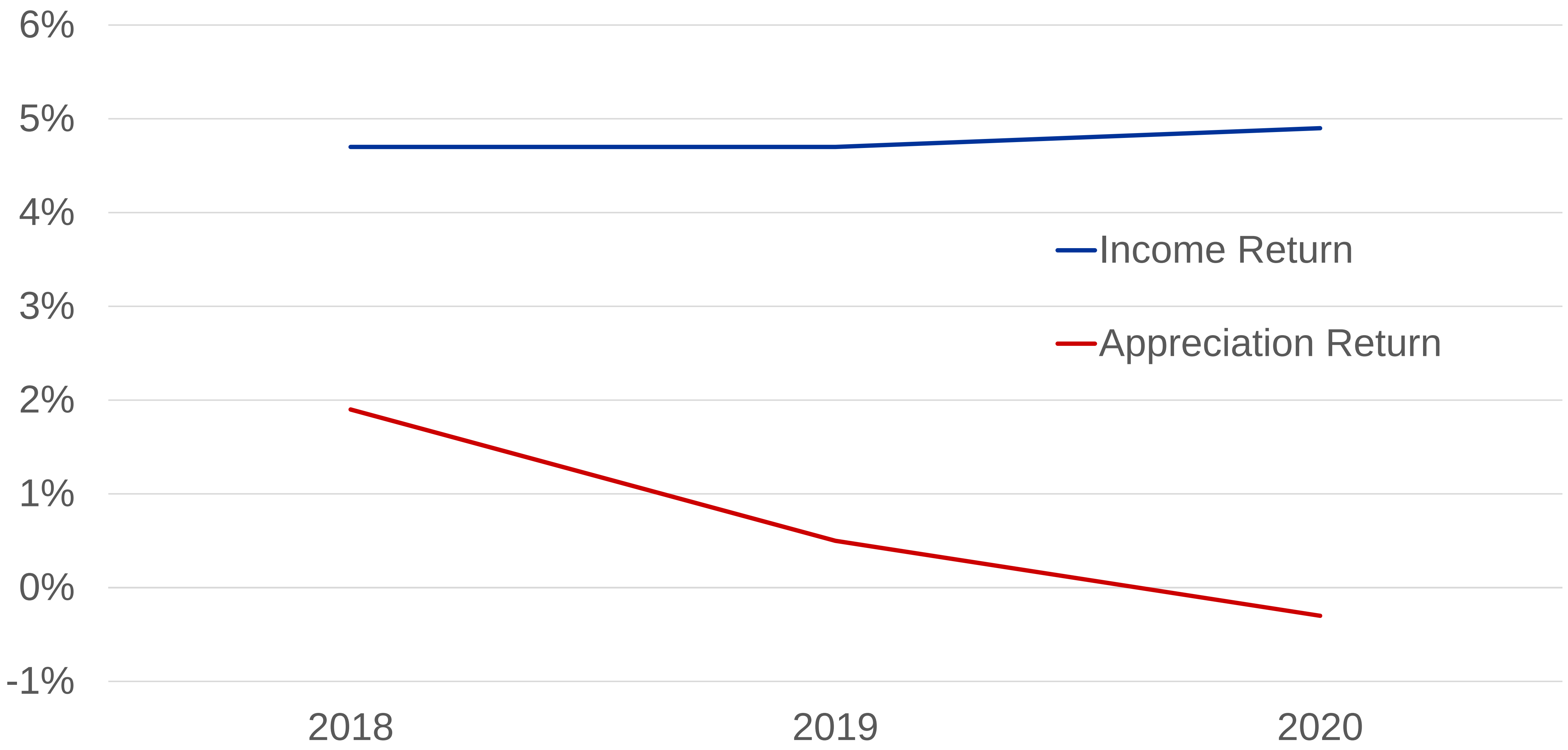


Source: MBA and NCREIF

Capitalization Rates for CBD Office and Infill Multifamily Properties, H1 2018

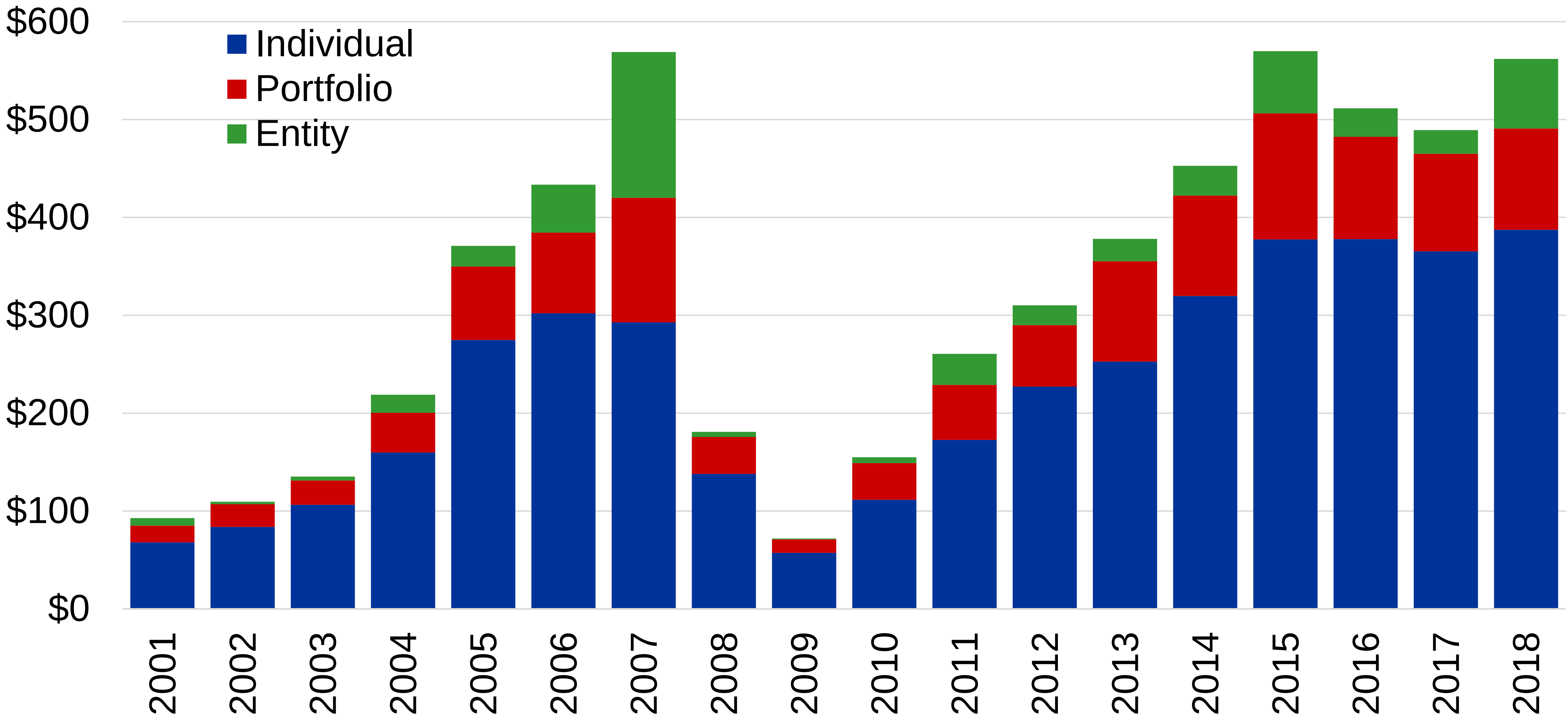


PREA Forecast of NCREIF Returns



Source: PREA and NCREIF

Commercial and Multifamily Property Sales, by Type ($billions)



Source: Real Capital Analytics

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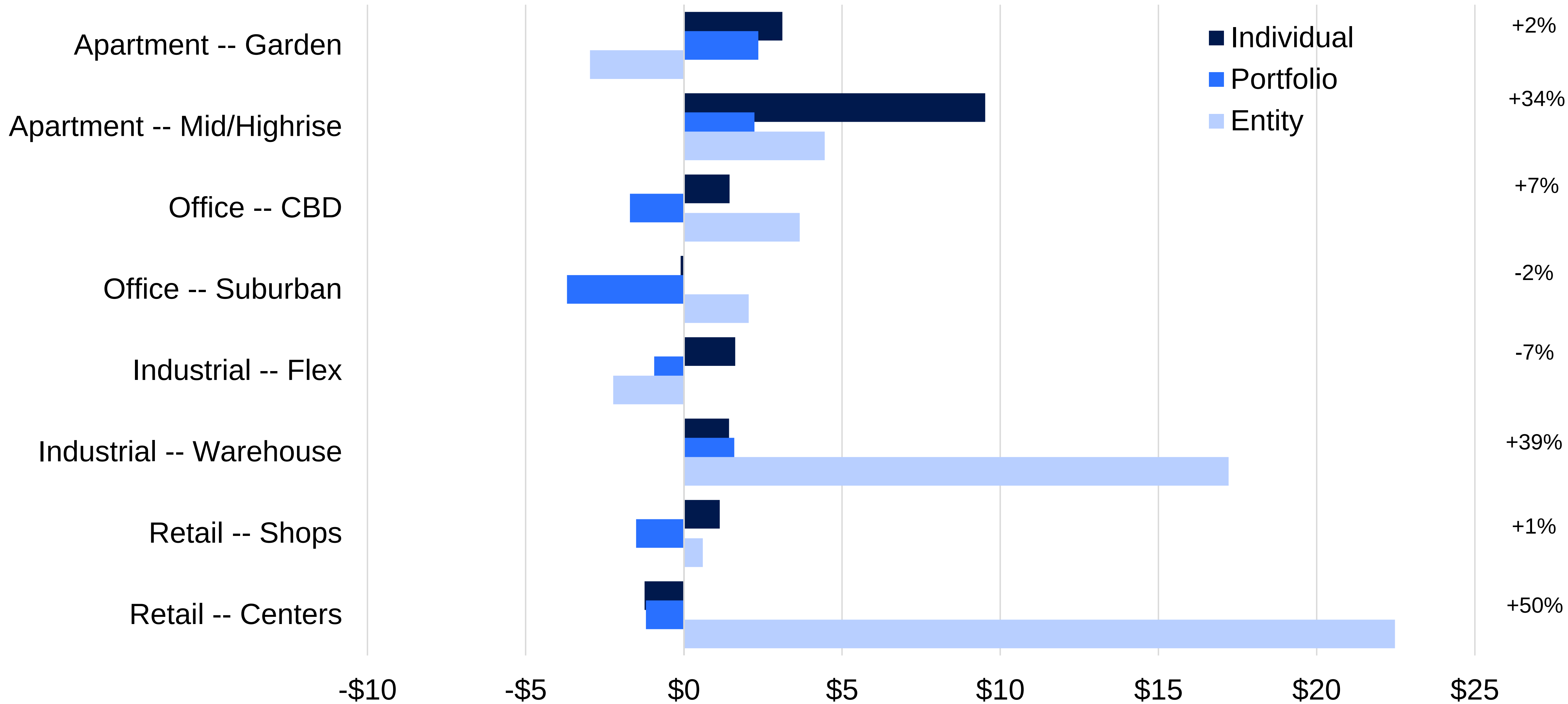
Change in Commercial/Multifamily Property Sales 2017 – 2018 ($billions)



Source: Real Capital Analytics

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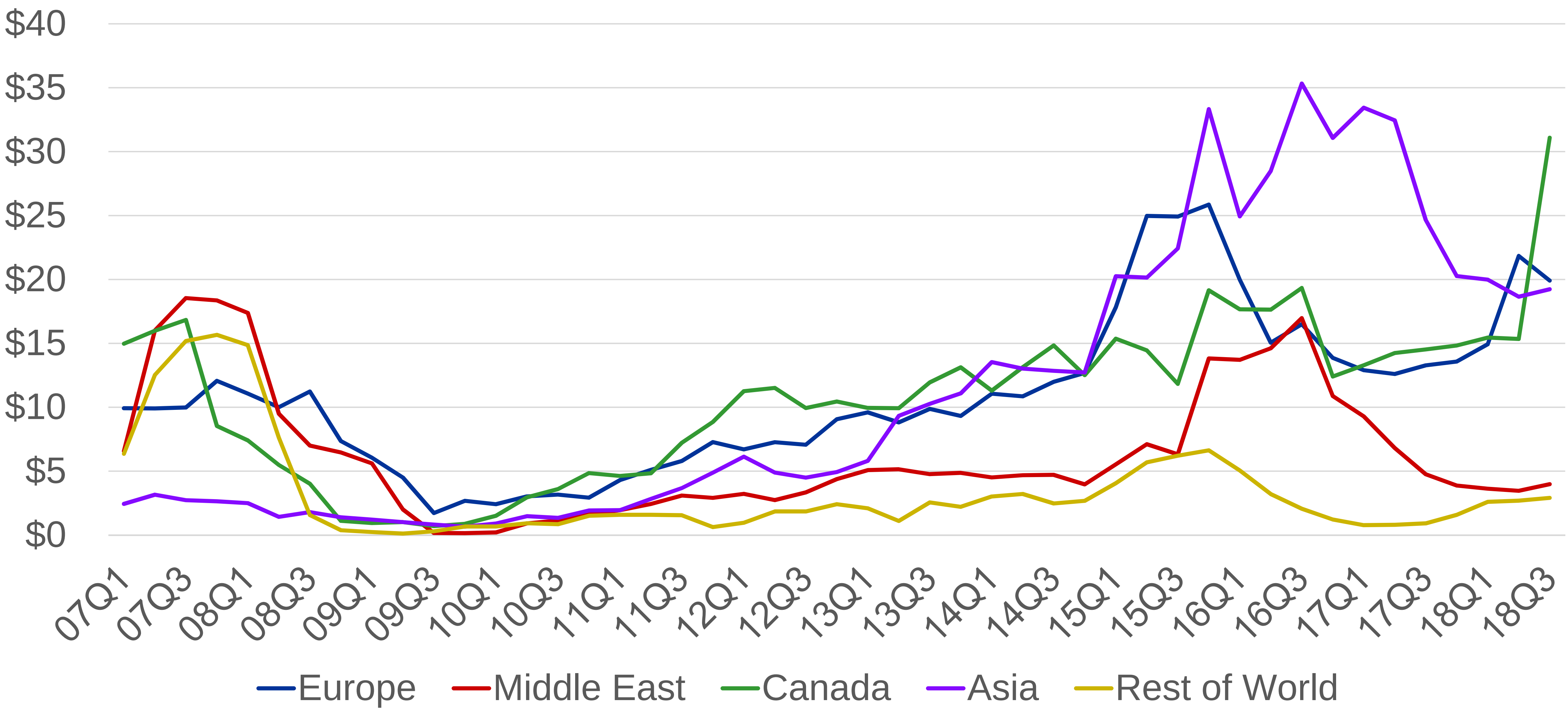
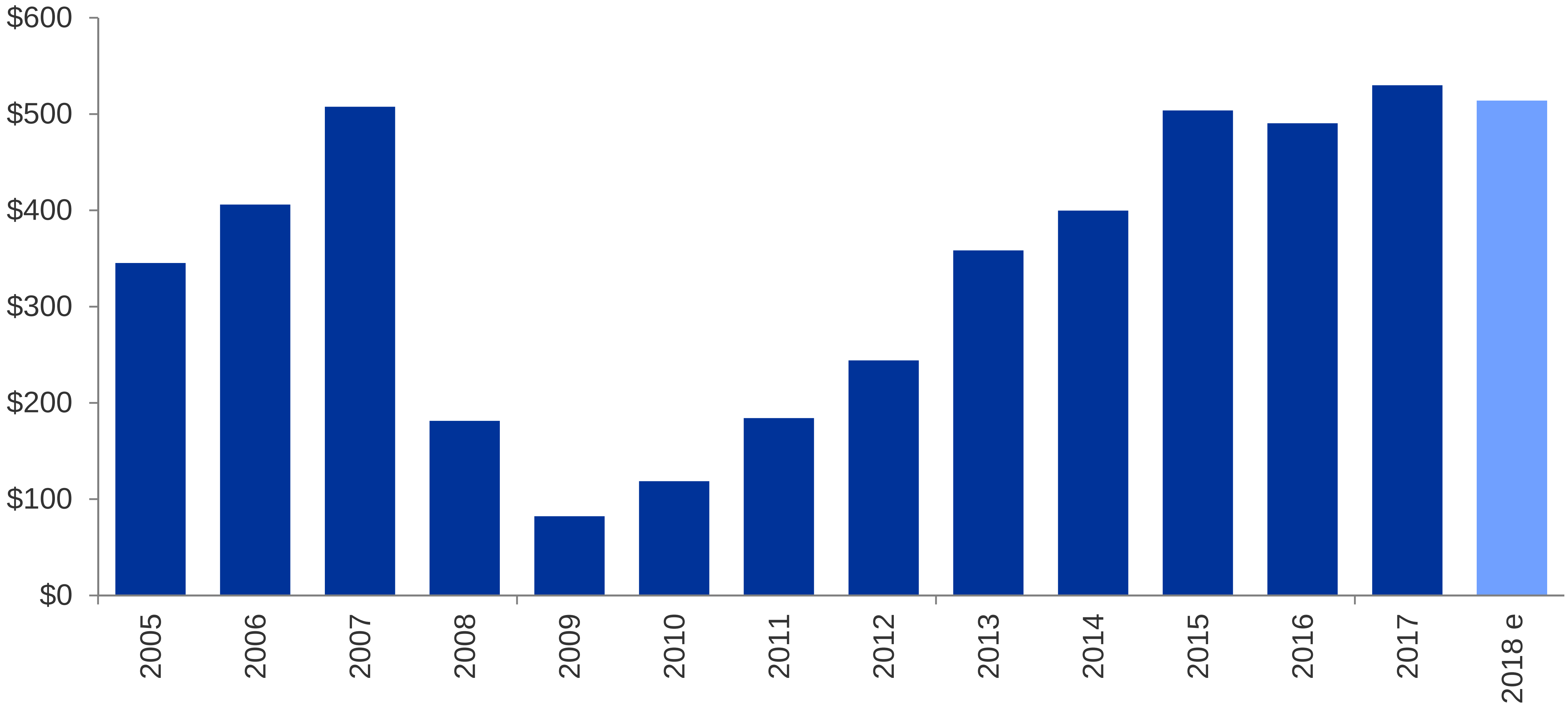
Foreign Acquisition of U.S. Real Estate ($billions)



Source: Real Capital Analytics

Commercial/Multifamily Mortgage Bankers Originations ($billions)



Source: MBA CREF Database

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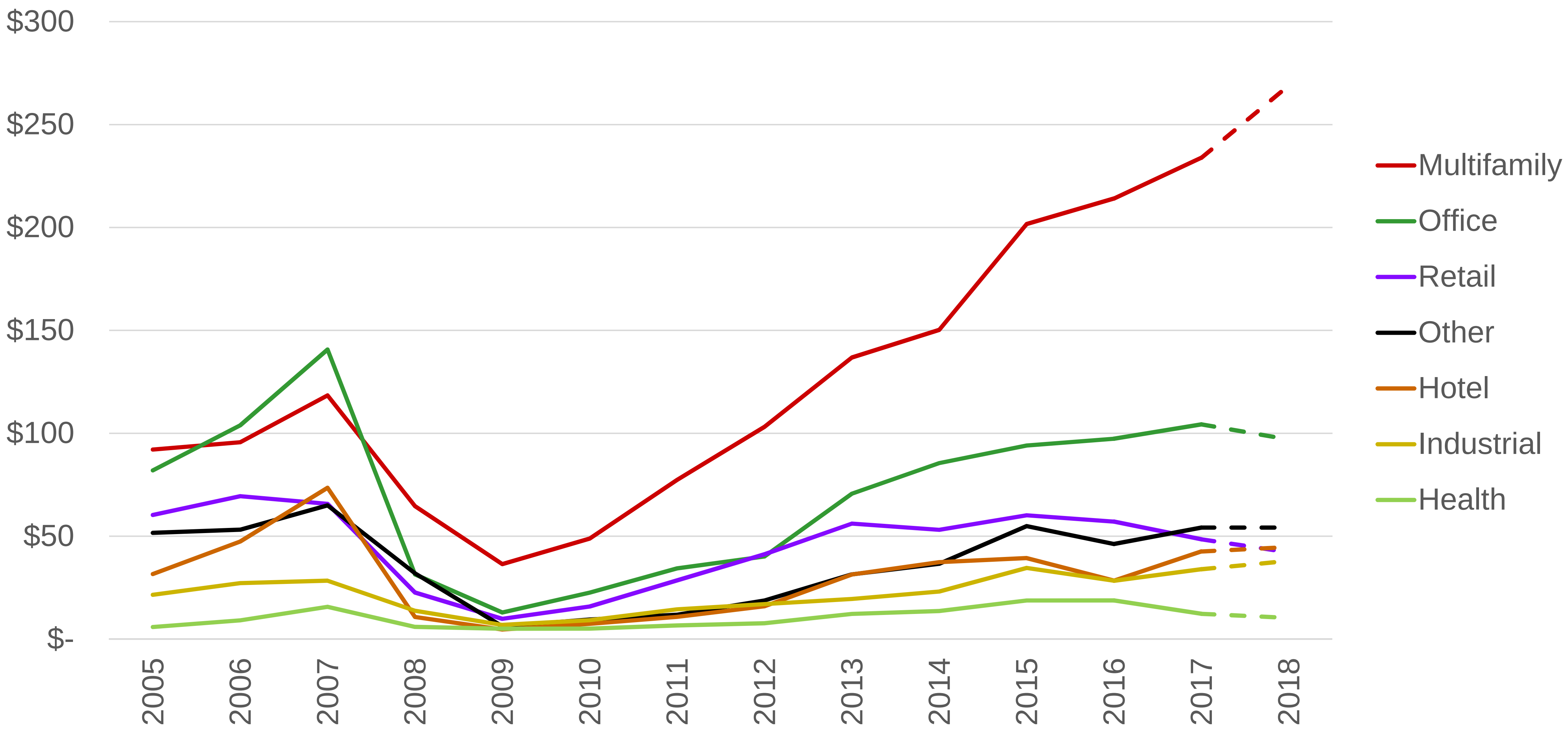
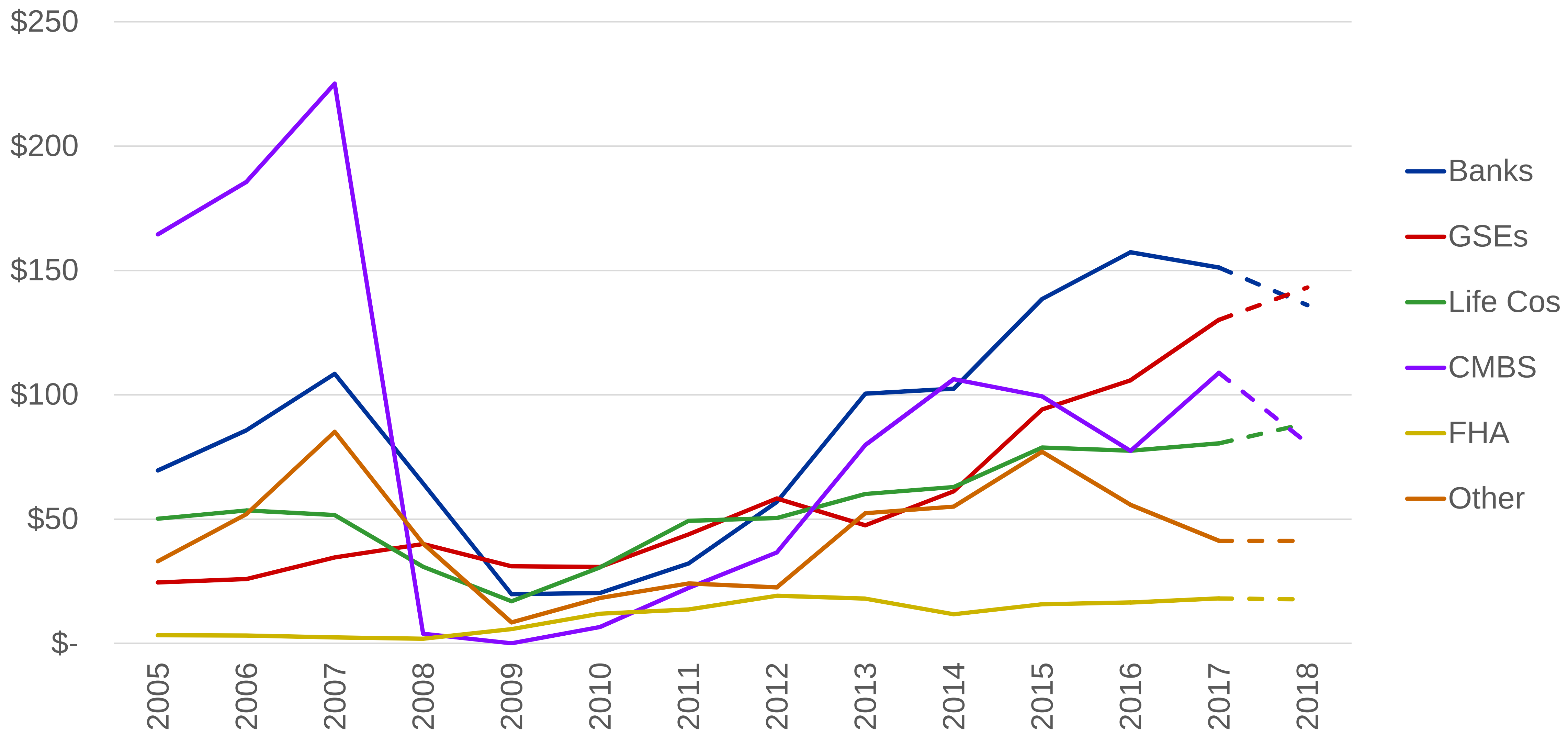
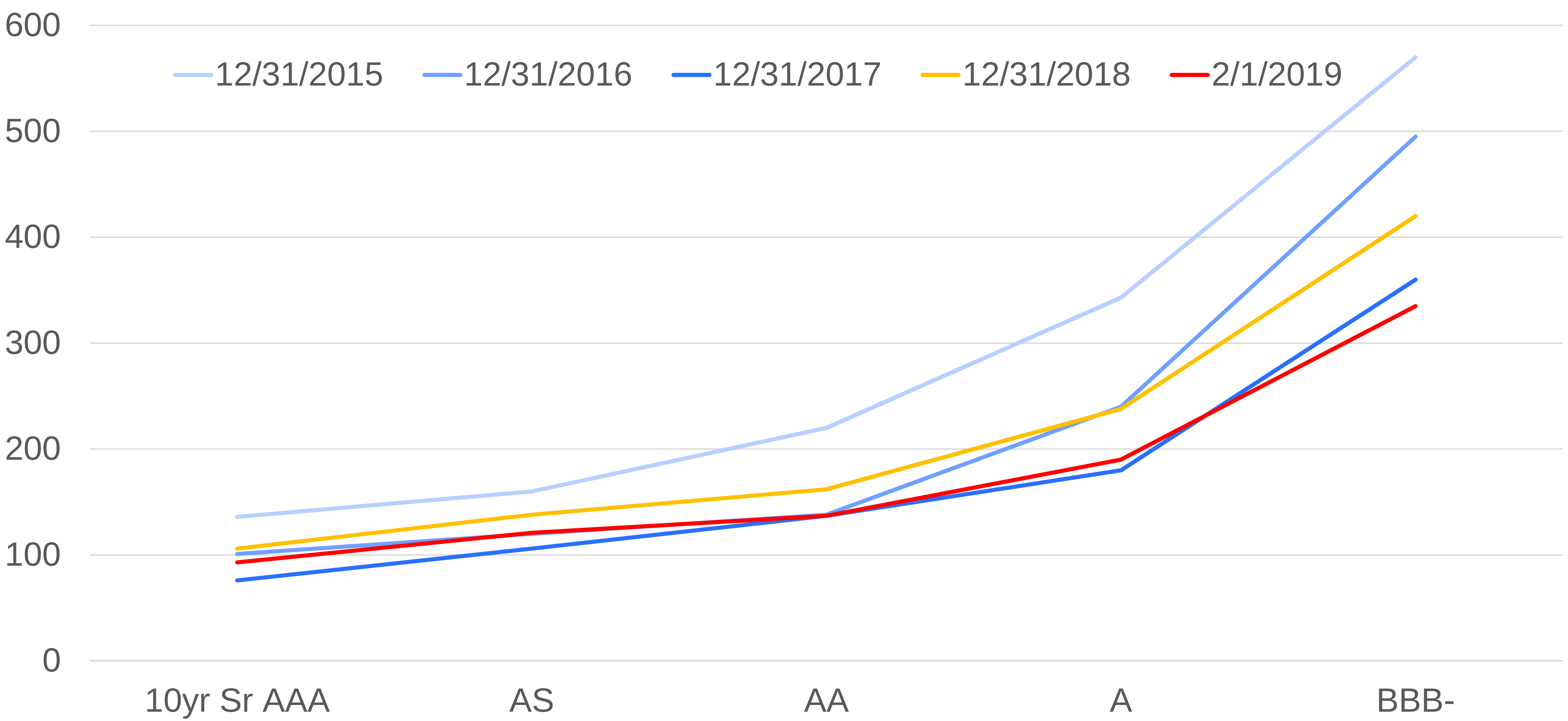
Mortgage Bankers Originations, by Property Type ($billions)



Mortgage Bankers Originations, by Capital Source ($billions)

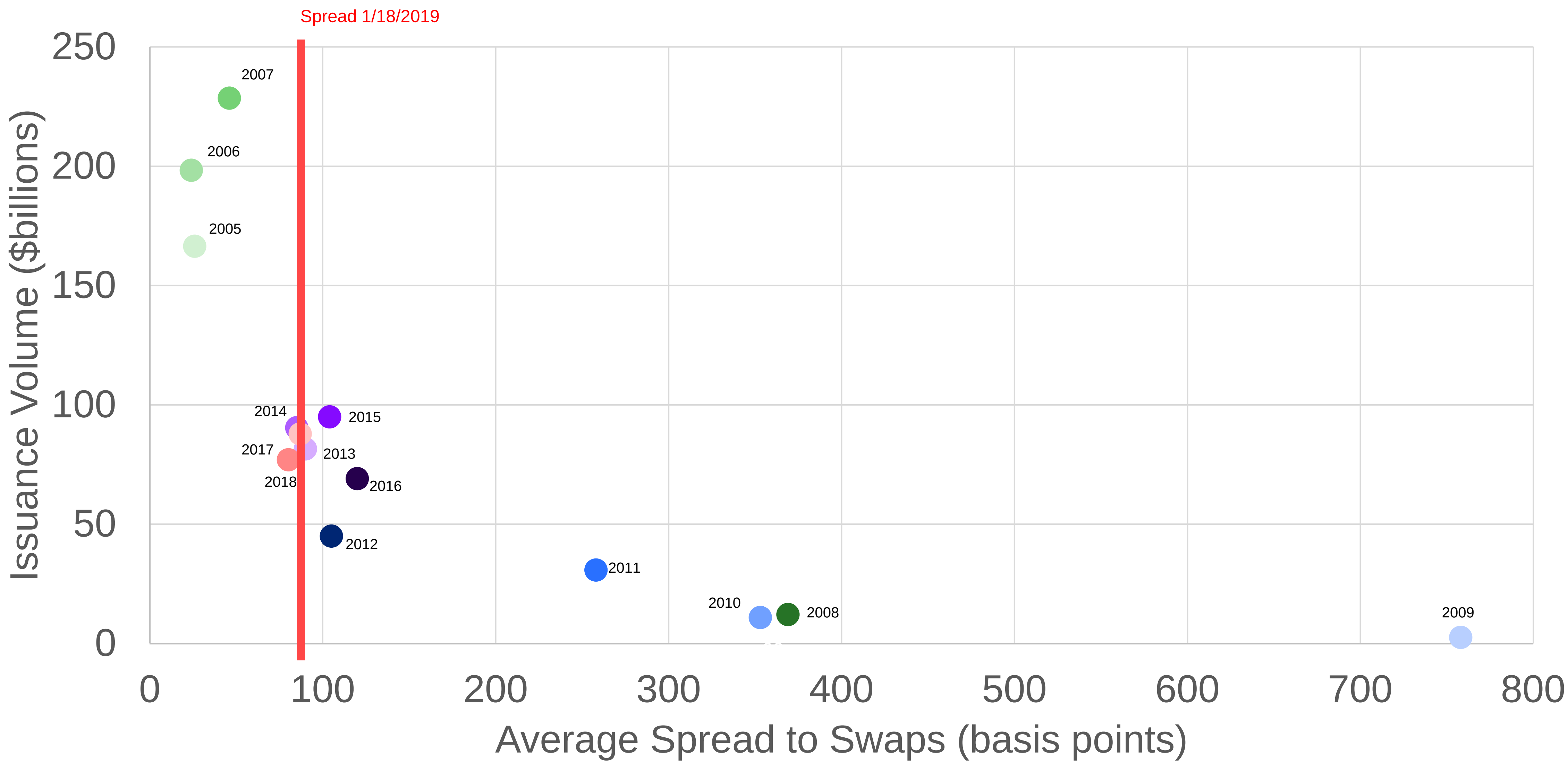


CMBS Spreads to Swaps (basis points)



Source: JP Morgan

CMBS Annual Issuance Volume and Average 10-year AAA Spread to Swaps



Source: J.P. Morgan Securities and CMAlert

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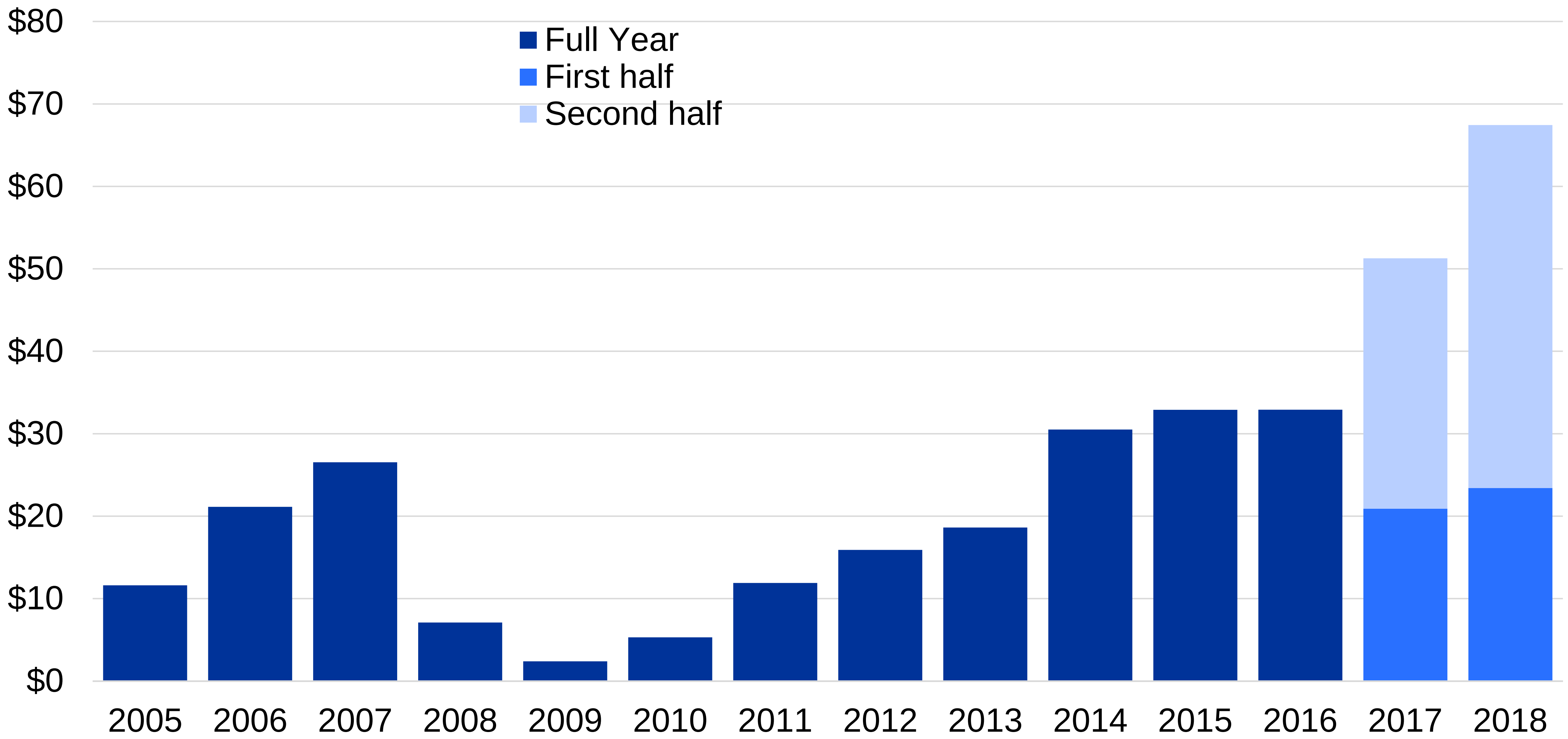
Commercial/Multifamily Mortgages Intermediated to "Non-traditional" Lenders ($billions)



Source: MBA CREF Database and Mid-year Originator Rankings

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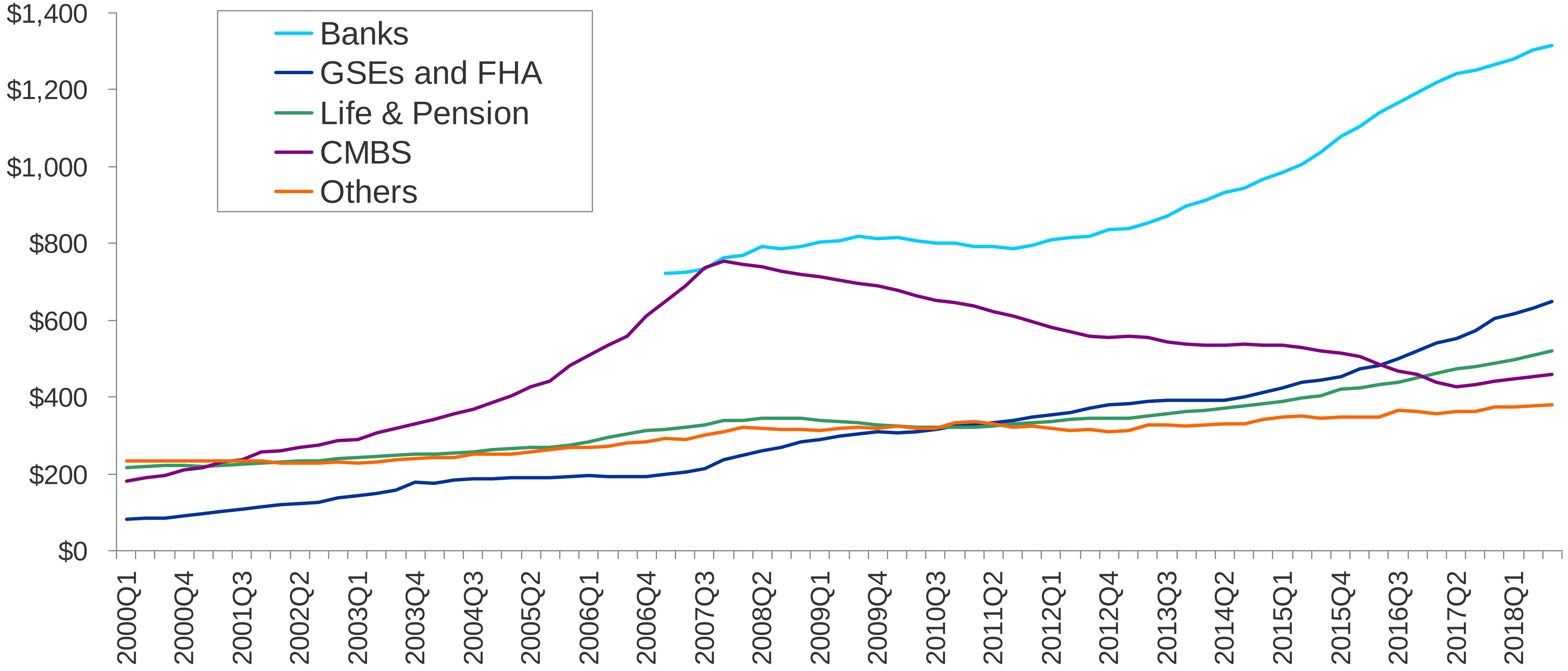
Commercial & Multifamily Mortgage Debt Outstanding ($billions)



Source: MBA Commercial and Multifamily Mortgage Debt Outstanding

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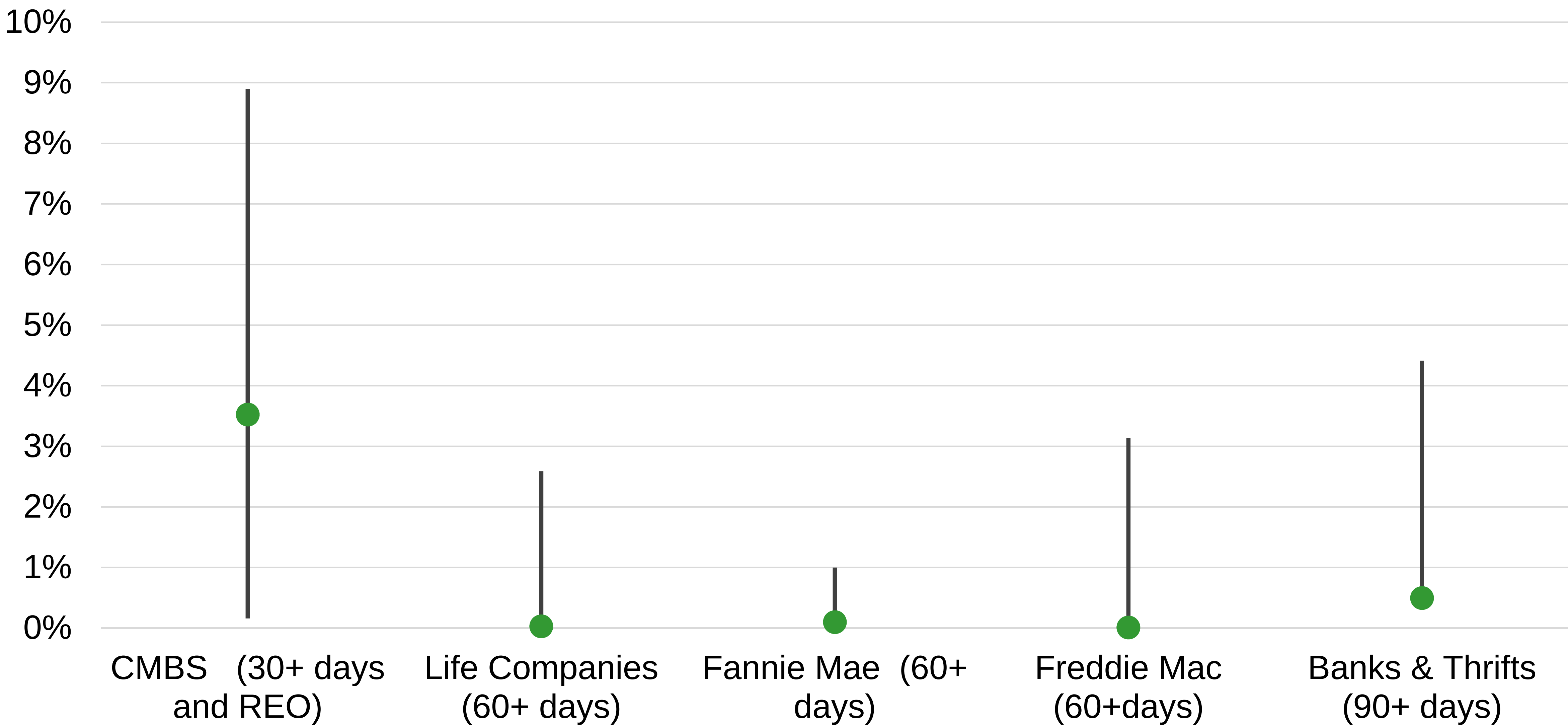
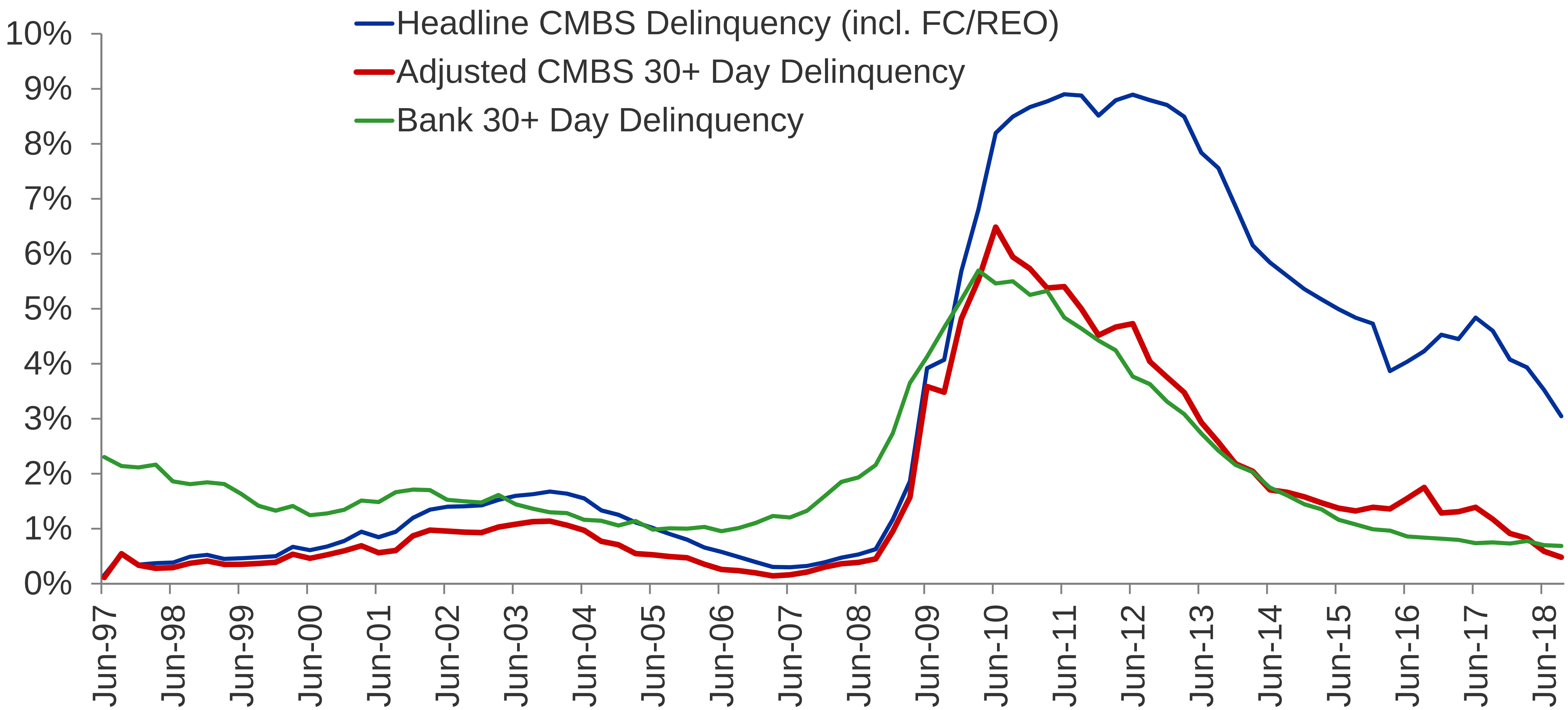
Latest Commercial/Multifamily Delinquency Rates and Range Since 1996

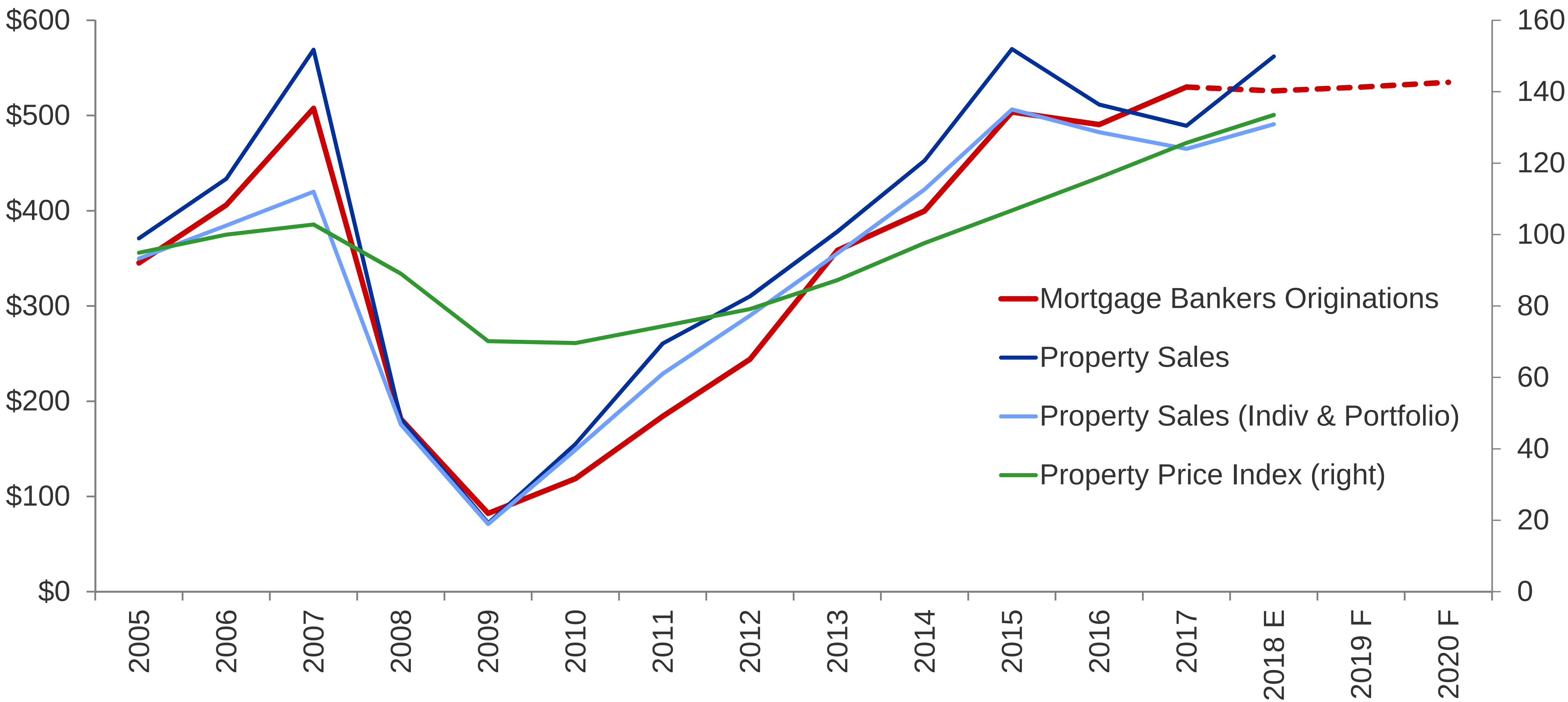


Measures of CMBS and Bank Delinquency Rates



Source: FDIC and Wells Fargo Securities

Mortgage Bankers Originations &Commercial/Multifamily Property Sales(both in $billions, left) and Property Prices (Index, right)



Source: MBA CREF Database and Real Capital Analytics

B	I	N	G	O
Debt funds	Workforce housing	Recession	Dry powder	The Fed
Gov't shutdown	LIBOR	Flood insurance	CECL	2020 election
Cap rates	HQ2	Free Space	SOFR	TRIA
Brexit	GSE Reform	Late cycle	Opportunity zones	Single-family rental
CLOs	Inverted yield curve	Tax reform	Experiential retail	China

Source: MBA Research & Economics

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