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Commercial Mortgage ALERT

THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION

JUNE 3, 2016

THE GRAPEVINE

After four years at **One William Street Capital,** buy-side trader **Domenico AcriGarofalo** left last week for **Sorin Capital.** He's joining the investment team led by founder **Jim Higgins** and head trader **Thomas Digan** at the firm's Stamford, Conn., headquarters. AcriGarofalo will start in late August as a managing director and portfolio manager, trading commercial MBS and CMBX swaps. He had similar titles and duties at One William Street of New York. He was previously a vice president and CMBS trader at **Goldman Sachs,** where he worked from 2004 to 2012.

Alex Biagioli joined **A10 Capital** late last month as East Coast originations manager and senior executive vice president. He focuses both on bridge loans backed by transitional properties and on long-term, fixed-rate loans on stabilized assets. Biagioli spent the past two years at **J.P. Morgan** and, before that, put in

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Brookfield Taps Syndicate for Houston Offices

A syndicate led by **Wells Fargo, Royal Bank of Canada** and **Industrial and Commercial Bank of China** originated a $425 million floating-rate mortgage this week for **Brookfield Office Properties** on three Houston office buildings.

The properties encompass 3.2 million square feet. Two are part of Allen Center, one of the city's most-prominent clusters of high-rise office space. The third is at 1600 Smith Street, a few blocks south.

The three lead banks co-arranged the five-year loan. The other syndicate members are **Aareal Bank, Bank of Nova Scotia, CIBC, Deutsche Bank** and **ING Real Estate Finance.**

Most of the proceeds were used to retire existing debt. Some of the lenders previously held pieces of that debt.

The Allen Center buildings involved in the financing are One Allen Center and Three Allen Center. One Allen Center, at 500 Dallas Street, has 914,000 sf of offices

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Jefferies LoanCore Weighs B-Piece Strategy

Jefferies LoanCore plans to test a new strategy for dealing with the shifting sands of the conduit market.

The Greenwich, Conn., finance shop intends to float a third-quarter offering backed solely by its own collateral and, for the first time, to take down the B-piece itself. If the transaction fares well, Jefferies could use that model going forward.

The idea — the latest of many being kicked around by various conduit players — could help Jefferies on two fronts. First, it would guarantee an exit strategy for its originations at a time when some nonbanks are being squeezed out of conduit lineups. Also, it would address concerns about the potential difficulty of placing B-pieces after risk-retention rules kick in late this year.

A key premise is that investors will be willing to pay up for senior bonds in light of the fact that Jefferies is accepting the first-loss risk on its originations. "I think they want to see if there is going to be some benefit from showing the triple-A investors that they are willing to eat their own cooking," said one person familiar with the

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Redwood Shops Performing High-Yield Debt

Redwood Trust is marketing $241.3 million of performing high-yield commercial real estate debt — primarily mezzanine loans.

The offering follows the REIT's decision earlier this year to shut down its conduit-lending unit and stop originating mezzanine loans. The portfolio, which is being shopped by **HFF,** includes the bulk of Redwood's mezzanine debt.

The package contains 54 assets tied to 73 properties in 26 states. That includes 46 mezzanine loans with an unpaid principal balance of $204 million. The rest of the offering consists of two "rake" bonds totaling $20 million, three slugs of preferred equity totaling $12.9 million and three B-notes totaling $4.5 million.

The weighted average coupons are around 10% apiece for the mezzanine loans, preferred equity and B-notes, and 4.7% for the rake bonds. The weighted average seasoning is slightly more than three years, and the weighted average remaining

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Lenders Vie for Big LA Office Loan

A **Brookfield Office Properties** partnership is weighing initial bids for a $450 million floating-rate loan on Gas Company Tower in downtown Los Angeles.

The REIT's advisor, **Eastdil Secured,** has put out a call for a second round of offers, which are due soon. Securitization shops and balance-sheet lenders are in the running.

The loan-to-value ratio on the proposed mortgage would be in the low 70% range, according to lenders. A portion of the loan could be structured as mezzanine debt.

The Brookfield team would use the proceeds to retire a $458.1 million fixed-rate loan that **Nomura** securitized in 2006 via two pooled offerings (JPMCC 2006-LDP8 and WBCMT 2006-C28). That 5.1% interest-only mortgage matures in August.

Over the past few years, the 1.3 million-square-foot building has suffered from tenant turnover and lower rents. The net operating income was $21.8 million last year, down from $37 million when the loan was originated. In 2011, lead tenant **Southern California Gas** reduced its space to 429,000 sf from 577,000 sf and extended its lease for 15 years at a lower rent. Also, the second-largest tenant, law firm **Morrison & Foerster,** vacated 193,000 sf in 2013.

But the Brookfield partnership brought in additional tenants last year, raising the occupancy rate by 10 percentage points, to 84%. Accounting firm **Deloitte** signed a 112,000-sf lease that "will contribute significant income to the property in 2016," according to a servicer report. The tower's net operating income has climbed back above the amount needed to service the existing loan.

Gas Company Tower is at 555 West Fifth Street, near the financial district and adjacent to the Pershing Square Metro station.

The 52-story building has been refinanced multiple times since it was developed in 1991 by Los Angeles-based **Maguire Properties,** later renamed **MPG Office Trust.** MPG was taken over by the Brookfield partnership, called **DTLA Holdings,** in 2013. At the time, New York-based Brookfield held a 47% interest in DTLA, and institutional investors held the remaining 53% interest. ❖

Colony Seeks Industrial-Portfolio Loan

Colony Capital is in the market for a $325 million loan on a collection of light-industrial properties.

The Santa Monica, Calif., fund shop wants to refinance a portion of the massive portfolio it bought from **Cobalt Capital** a year and a half ago. Colony is looking for a long-term mortgage, likely running 7-10 years, with interest-only payments for at least part of the term. **HFF** is pitching the assignment to lenders.

Colony entered the industrial sector with its December 2014 purchase of a 30 million-square-foot portfolio from Cobalt, an investment manager in Irving, Texas. The $1.6 billion deal encompassed more than 250 properties, most with less than 250,000 sf, in 18 markets across the U.S.

To finance that transaction, **GE Capital** provided around $1.1 billion of floating-rate debt with a total term of five years. Less than a year later, GE announced it was leaving the real estate business and sold off some $30 billion of properties and mortgages, with **Blackstone** and **Wells Fargo** taking the largest shares of its loans.

Details of the pool that Colony is seeking to refinance are unclear, but it is concentrated in Southern states, including Texas and Georgia. One representative property is a 131,000-sf warehouse facility at 1075 Cobb Parkway SE in Marietta, Ga., about 15 miles northwest of Atlanta. A source said Colony may be planning to obtain separate loans on other portions of the portfolio, sorted by geography or other factors.

At the time of the sale, lending pros noted that the large number of relatively small properties, with a roster of 650 tenants, made it challenging to evaluate. Loans on large chunks of the portfolio also would likely be off-limits for all but larger lenders with the capacity to undertake the labor-intensive process of assessing multiple small assets. ❖

TIAA, Paramount Buy Office Mezz

TIAA-CREF and **Paramount Group** have separately acquired $175 million of mezzanine debt on the office building at 1285 Avenue of the Americas in Midtown Manhattan.

The debt is part of a $1.2 billion fixed-rate loan package that an **RXR Realty** partnership lined up to finance its $1.65 billion acquisition of the property last week from a partnership between **AXA Equitable Financial** and **J.P. Morgan Asset Management.**

AIG and **Morgan Stanley** funded the $1.025 billion senior portion of the seven-year debt package. Morgan Stanley originated the mezzanine debt and subsequently placed it with TIAA and New York-based Paramount.

TIAA took down the $120 million senior mezzanine tranche. Paramount took the $55 million junior mezzanine tranche via a debt fund, Paramount Group Real Estate Fund 8, which held its final close last month. The $775 million vehicle invests in mezzanine debt and preferred equity on office properties in New York, Washington and San Francisco.

AIG and Morgan Stanley also agreed to provide $100 million of funding down the road to finance improvements at the 1.8 million-square-foot property, between West 51st and West 52nd Streets.

The 39-story tower, which was developed in 1960 as the headquarters of Equitable Life, is fully occupied. **UBS,** which makes its North American headquarters in the building, just renewed its lease on about 900,000 sf until 2032. The other two tenants are law firm **Paul Weiss** (552,000 sf) and advertising agency **BBDO** (323,000 sf until 2023).

New York-based RXR's partners in the acquisition include **China Life Insurance** and investor **David Werner.** ❖

Software Provider Still Adding Staff

Rockport Group has added two staffers as it works to broaden its client base and further develop its loan-underwriting and asset-management software.

Industry veteran **John Prout,** former chief operating officer for U.S. real estate finance at **UBS,** joined New York-based Rockport two weeks ago as head of products, a new position. He'll work with clients to plan improvements and additions to Rockport's offerings.

Prout has worked as an industry consultant since late 2011, when he finished a five-year run at UBS. He was previously a product manager for about a year at **McCracken Financial Software** of Billerica, Mass., and for three years at **MortgageRamp** of Newtown Square, Pa. He had earlier stints at **Reaxon, Madison Real Estate Technologies** and **Deloitte.**

The other newcomer joined the implementation team that helps clients get up and running with Rockport's software. **Kyle McLaughlin** started early last month as a vice president in that unit, led by managing director **Jeremy Getz.** McLaughlin spent the last eight years at New York research firm **REIS,** most recently as a director focusing on commercial real estate.

The hirings followed that of **Marc Levine** as an executive managing director focusing on marketing and business development. As previously reported, Levine came aboard in April from **Moody's Analytics.** He and Prout report to chief operating officer **William Trepp** and work alongside chief technology officer **Eric Rutberg.**

Banks, insurers, and commercial MBS shops use Rockport's programs to analyze and monitor loans they write or buy, using regularly updated data that includes detailed information on underlying properties and tenants. The firm plans to "improve functionality by adding new and enhanced capabilities to our underwriting model," Levine said.

Rockport chairman **Rick Trepp,** William Trepp's father, founded the company in 2002. In 2004, he sold his New York data-and-analytics firm **Trepp LLC** to **DMG Information** of London. ❖

Buyers Scoop Up REIT Bond Issues

Three REITs floated unsecured corporate bonds totaling $1.2 billion this week, each tapping the market for the first time this year.

Two of the offerings were public and were quickly snapped up by investors, reflecting relatively light issuance lately by REITs that focus on major property sectors.

The largest of this week's transactions came from New York-based **Brixmor,** which sold $600 million of 10-year paper with a coupon of 4.125%. The strong demand enabled the shopping-center REIT to boost its offering by $200 million, from its original size of $400 million. The triple-B-minus paper flew off the shelves yesterday with a spread of 240 bp over U.S. Treasurys, at a price yielding 4.208%. The spread was down from initial price guidance of 265-bp area. **Bank of America, Citigroup** and **Wells Fargo** ran the books.

Alexandria Real Estate of Pasadena, Calif., also received a warm welcome from investors. The office REIT sold $350 million of 3.95% bonds on Wednesday via a syndicate of 10 book-runners. Rated Baa2/BBB- by **Moody's** and **S&P,** those bonds went out the door at 215 bp, down from initial spread talk of 237.5-area. They were priced to yield 3.996%.

Meanwhile, **DCT Industrial** of Denver returned to the private-placement market for the first time since its debut issue in 2013. The $250 million of notes in its latest offering were placed Tuesday with a weighted average coupon of 3.9% and a rating of Baa2/BBB- by Moody's and S&P. They included $90 million of 10-year paper with a 3.92% interest rate. The rest were split evenly between eight-year bonds (3.75%) and 12-year paper (4.02%).

All three REITs plan to use the proceeds of this week's deals to pay down their unsecured credit lines. ❖

CBRE: Banks' Share of Lending Jumps

Banks captured a sharply higher share of commercial mortgage originations in the first quarter compared with the same period last year, as commercial MBS lenders saw their portion shrink dramatically.

That's one of the findings in **CBRE's** quarterly lender survey, to be released next week. The figures illustrate the scale of the pullback by CMBS lenders that resulted from bond market volatility early this year.

From January through March, banks wrote 43% of the commercial mortgages that weren't purchased by the government-sponsored agencies — up from 28% in the first quarter of 2015. Insurers accounted for 25% of the volume, roughly on par with the year-earlier period. But CMBS platforms accounted for just 10% of the first-quarter lending, down from an 18% market share the previous year.

The securitization figure "was one of the lowest shares in recent years," according to CBRE's U.S. Lending Marketview report, which is drawn from a database of loans brokered by the firm. The quarterly survey was previously known as the Lender Forum.

With the increased role of balance-sheet originators, underwriting standards showed modest improvement — reflecting the fact that lenders who hold loans in their portfolios are generally more conservative about leverage levels and other credit-quality metrics.

The average loan-to-value ratio on first-quarter originations was 63.7%, down from 65.3% in the fourth quarter and 67.8% in the first three months of 2015. The average amortization rate — the percentage of newly originated loan balances scheduled to pay down over their term — increased to 25.7%, from 21.3% in the fourth quarter and just 16.6% in the first quarter of 2015. The percentage of new mortgages with interest-only payments for at least part of their terms rose slightly to 54.2% from a fourth-quarter figure of 52.2%, but was down sharply from 66.1% in the first quarter last year. ❖

Redwood ... From Page 1

term is 5.1 years.

The types of properties run the gamut, with large concentrations of office (35.6% of the portfolio balance) and apartment (30.2%) buildings. The other asset classes are hotels (15.4%), retail properties (10.3%), self-storage facilities (4.1%), industrial properties (2.5%) and manufactured housing communities (1.8%).

The assets are spread across the country, with the largest concentration in the Southeast (23.4% of the portfolio balance), followed by the Northeast (21.8%), the Midwest (20.1%), the West (18.3%), the Mid-Atlantic (8.6%), the Southwest (6.6%) and multiple regions (1.2%).

Redwood will consider sealed bids on the entire portfolio, a subpool of at least $150 million of assets, or select assets still to be identified, according to marketing materials that HFF distributed to investors yesterday. Indicative bids are due June 30. The deadline for "best and final" offers is July 21. The closing for a sale or sales is scheduled for the week of Aug. 8.

Citing challenging market conditions, Redwood announced in February that it would halt the origination of conduit and mezzanine loans. The Mill Valley, Calif., REIT said it might continue to invest in mezzanine and subordinate tranches of commercial CMBS transactions.

In a review of its first-quarter investment activity, Redwood said it was focused mainly on securities linked to residential mortgages and was reviewing its mezzanine-loan book with an eye toward opportunistically selling some or all of it. At the end of March, the REIT held $299 million of mezzanine loans, which were originated from 2010 to 2015.

Redwood's offering is the second large batch of performing loans to hit the market in the past few weeks. Two insurers affiliated with **Guggenheim Partners** are taking bids on a $746.1 million portfolio. The 21 fixed-rate mortgages, with a weighted average remaining term of five years, are backed by various types of commercial properties with a weighted average occupancy rate of 96.1%. **Eastdil Secured** has that marketing assignment. ❖

Special-Servicing Rate Still Climbing

The volume of securitized commercial mortgages in special servicing jumped again last month as more large, maturing loans were moved into that category.

The aggregate balance of commercial MBS debt in special servicers' hands was $28.8 billion as of Tuesday, up $819.7 million from a month earlier, according to **Trepp.** The tally hasn't been higher since yearend, when it stood at $31.3 billion before dropping to $26.3 billion in January.

The total has been increasing since then — and rose more sharply over the last two months, causing the percentage of CMBS loans in special servicing to grow by 27 bp in April and 17 bp last month. The rate now stands at 5.75% — also the highest since yearend, when it was 6.12%.

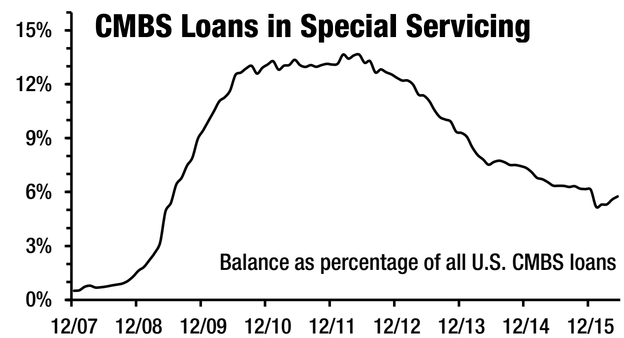
The top five mortgages that were added to Trepp's special-servicing list last month had balances ranging from $165.6 million to $87.6 million. One of them has already defaulted at maturity. The rest are still listed as current on payments, but could be headed for trouble as they all come due by early next year.

The largest was transferred to **ORIX Capital** on April 28 due to a risk of defaulting at maturity on Aug. 6. It's backed by the senior portion of a $178.8 million debt package on a 778,000-square-foot office complex at One Computer Associates Plaza in Islandia, N.Y. **RBS** originated the 10-year debt in 2006 for a fund operated by **Gramercy Investment** of Greenwich, Conn., that bought the property for $204.3 million in a sale-leaseback transaction with **CA Technologies.** The loan was securitized via a $4.2 billion pooled offering floated by RBS and **Goldman Sachs** (GSMS 2006-GG8). CA Technologies still occupies the property, under a lease that runs until 2021. The company was based there until moving its headquarters to Manhattan in 2014. ❖

Breakdown of CMBS Servicing

As of May 31

Collateral	Balance ($Mil.)	Portion of Loan Type In Special Servicing (%)	Share of Special Servicing (%)	Share of All CMBS Loans (%)
Office	$10,950.7	7.92	37.99	27.58
Retail	9,485.9	6.30	32.90	30.04
Hotel	2,732.6	3.75	9.48	14.53
Multi-family	2,224.9	4.37	7.72	10.15
Industrial	1,528.4	6.65	5.30	4.59
Other	1,906.2	2.90	6.61	13.11
TOTAL	**28,828.6**	**5.75**	**100.00**	**100.00**



Source: Trepp

Houston ... From Page 1

and 66,000 sf of retail space. The 34-story building was developed in the early 1970s and last updated in 1992. Three Allen Center is on the southwest corner, at 333 Clay Street. The 50-story tower, constructed in 1980, encompasses 1.2 million sf of office space and a small retail component. The 51-story tower at 1600 Smith Street, constructed in 1984, has 1 million sf of offices, 19,000 sf of retail space and nearly 1,000 parking spaces in four adjacent garages.

All three buildings connect to the city's six-mile-long underground system of climate-controlled tunnels.

Just last month, Brookfield announced that it was beginning a $48.5 million upgrade of Allen Center, bounded by West Dallas, Dallas, Smith, Polk and Clay Streets. The centerpiece is a reconfiguration of a 1-acre central plaza, which will be remade as a tree-lined lawn. Also, the entrance and lobby of One Allen Center will be heavily renovated, and portions of Two and Three Allen Center will be upgraded, particularly exterior areas.

When Brookfield announced the plan for the Allen Center renovations last month, it said the complex was about 90% leased. The occupancy rate of 1600 Smith Street is unknown.

Wells was involved in the prior loans on One Allen Center and 1600 Smith Street, as either the sole or lead lender. Three Allen Center previously had a $164.6 million fixed-rate mortgage that Deutsche securitized in 2011 via a $1.6 billion offering (DBUBS 2011-LC3). The building produced $22.1 million of net operating income in 2015, down a little over 5% from 2014, but still significantly higher than the $17 million it generated when the loan was originated in 2011, according to a servicer report.

While some lenders are cautious about Houston because of its heavy dependence on the slumping oil sector, lending activity continues. The Brookfield mortgage was the second large office refinancing arranged in the past few weeks. The other is a $450 million fixed-rate debt package on Chase Tower and Chase Center, which encompass 2.4 million sf. **MetLife** is providing the senior portion of the 11-year package, and **J.P. Morgan** is funding the mezzanine component. **JLL** lined up the financing for **Prime Asset Management** of Houston. ❖

Loan Sought for Md. Office Purchase

The buyer of a Baltimore-area office park is looking for a loan of between $40 million and $45 million.

Tritower Financial has agreed to purchase the 265,000-square-foot Station Ridge complex, in Hanover, Md., from **Goldman Sachs.** To finance the deal, it's seeking a floating-rate mortgage with a total term of five years. **Cushman & Wakefield** is advising the Boston investment shop on the debt, and also is brokering the sale for Goldman.

The loan-to-value ratio would be 65%, according to a source. That puts the sale price in the vicinity of $65 million, in line with expectations when Goldman put the property on the market about two months ago.

The three-building complex features high-end finishes and carries a LEED gold designation. Goldman developed two of the buildings in 2009 and completed the third in 2012. The campus could accommodate a fourth, with up to 88,000 sf of offices. The property is 82% leased to four tenants, with a weighted average remaining lease term of 10 years. The largest tenant, telecommunications company **Ciena,** occupies nearly 60% of the total space under a lease running until 2027.

Station Ridge is off Interstate 295, adjacent to the BWI Marshall Rail Station and about a mile from Baltimore/Washington Thurgood Marshall International Airport. Downtown Baltimore is about 10 miles to the northeast. ❖

Deutsche Wins Large DC Hotel Loan

Deutsche Bank has won the assignment to write a $218 million floating-rate loan on the 1,070-room Washington Hilton.

The borrower, a partnership between **Oaktree Capital** of Los Angeles and **Clearview Hotel Capital** of Newport Beach, Calif., has agreed to buy the prominent hotel for $305 million. The loan will have a five-year term, including extension options.

Eastdil Secured lined up the debt, and is brokering the sale for a joint venture between **Lowe Enterprises** and **Canyon-Johnson Urban Funds,** both of Los Angeles.

A piece of the loan will likely be structured as mezzanine debt and sold off, while Deutsche will park the senior portion on its balance sheet. Some $10 million of the debt will be reserved as future funding for renovations and other improvements. The initial proceeds would represent leverage of about 68%.

The Lowe Enterprises team bought the landmark hotel from **Hilton Worldwide** of McLean, Va., in 2007 for $290 million. It later performed $150 million of renovations, including upgrades to guest rooms and common areas and expansion of the meeting space to 110,000 square feet.

The hotel is in a prime location, at 1919 Connecticut Avenue NW, a half-mile north of Dupont Circle and near upscale shops and restaurants. It's famous for hosting such events as the White House Correspondents' Dinner and the National Prayer Breakfast. In 1981, **President Reagan** was shot while leaving the hotel after giving a speech. ❖

Jefferies ... From Page 1

strategy. "They think they should get more favorable pricing from that."

Jefferies LoanCore is working toward a trial run of the concept by amassing collateral for an offering in the third quarter. The goal is to have $800 million to $1 billion of mortgages, although some loans from other lenders could be included if Jefferies falls short. In the meantime, the lender won't contribute mortgages to any other deals.

The initial deal would likely be issued on an existing commercial MBS shelf, with bonds underwritten by that shelf's dealer and the investment bank Jefferies, a co-owner of Jefferies LoanCore.

Jefferies LoanCore has been a relatively active contributor of loans to conduit deals. Last year, it supplied $1.2 billion of mortgages, ranking 17th in a field of 37. But it hasn't been a B-piece investor, so the third-quarter deal would give it a chance to try that role. The firm did retain the equity portion of a CLO it issued in 2013.

Jefferies LoanCore was formed in 2011 as a joint venture between Jefferies and **LoanCore Capital,** a Greenwich finance shop led by industry veteran **Mark Finerman.** The joint venture is also backed by Singapore sovereign wealth fund **GIC.**

The looming risk-retention rules, which generally require issuers or B-piece holders to retain 5% of CMBS offerings, and other new regulations have put the industry in flux, with some firms expected to exit the sector and others likely to change their focus.

In April, four lenders — Jefferies LoanCore, **Ladder Capital, Rialto Capital** and **Starwood Mortgage** — were separately discussing the prospect of issuing their own deals and retaining the risk-retention piece — an option that would give them a leg up over banks, which are subject to onerous capital set-asides for retained assets. The planned third-quarter deal by Jefferies is a step in that direction.

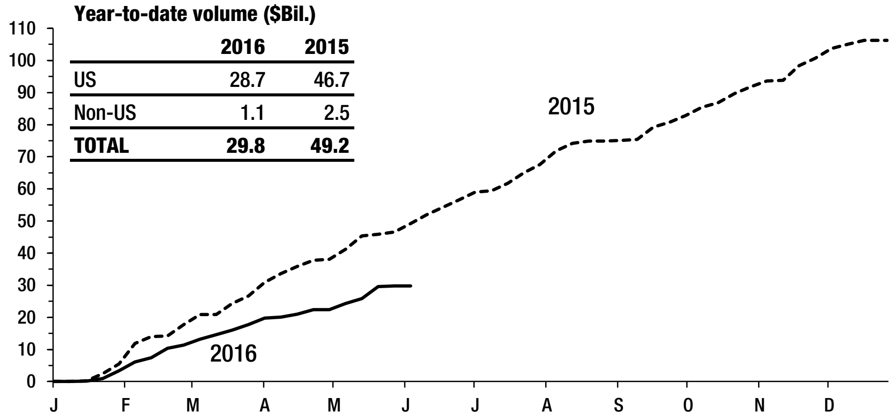
Ellington Management, a B-piece buyer, is also considering the possibility of becoming an issuer and retaining the risk.

In recent months, some bank issuers have moved away from using multiple loan contributors. That relieves them of having to certify loans made by other lenders — a requirement recently imposed by Regulation AB 2. And it gives them a sales hook — they can tout their deals as being backed by "bank only" collateral or "mostly bank collateral," which some investors perceive favorably, although it's unclear that banks originate less risky loans than other lenders.

As a result, some nonbank lenders have been forced to wait longer to securitize, increasing their warehouse risk. For nonbanks, part of the appeal of issuing deals themselves is to avoid having to rely on finding space in already-overcrowded conduit shelves. ❖

MARKET MONITOR

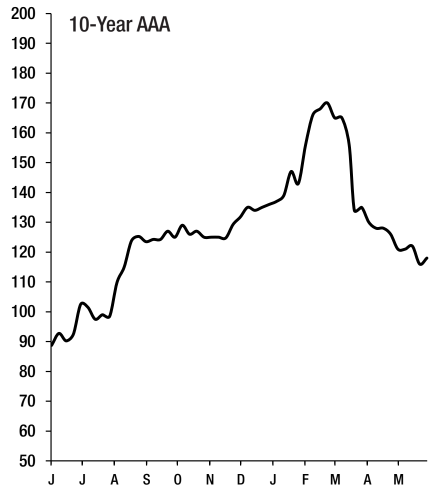
WORLDWIDE CMBS



	2016	2015
US	28.7	46.7
Non-US	1.1	2.5
TOTAL	**29.8**	**49.2**

CMBS SPREADS

NEW-ISSUE SPREAD OVER SWAPS



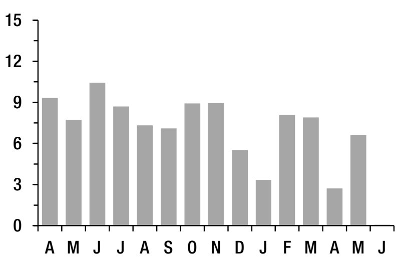
New Issue Fixed Rate (Conduit)	Avg. Life	Spread (bp) 6/1	Week Earlier	52-wk Avg.
AAA	5.0	S+83	S+83	86
	10.0	S+118	S+116	127
AA	10.0	S+195	S+193	213
A	10.0	S+307	S+306	301
BBB-	10.0	S+629	S+629	555

Markit CMBX 6	Dollar Price 6/1	Week Earlier	52-wk Avg.
AAA	98.2	98.3	97.7
AS	97.8	98.0	98.1
AA	96.2	96.4	97.8
A	94.0	94.1	96.7
BBB-	92.0	92.5	96.0
BB	86.5	87.2	94.0

Sources: Trepp, Markit

US CMBS

MONTHLY ISSUANCE ($Bil.)



CMBS TOTAL RETURNS

CMBS INDEX

As of 6/1	Avg. Life	Total Return (%) Month to Date	Year to Date	Since 1/1/97
Inv.-grade	6.0	-0.1	4.0	221.6
AAA	6.0	-0.1	4.1	206.5
AA	6.7	-0.1	4.3	96.4
A	6.2	-0.1	3.3	79.4
BBB	6.0	-0.1	3.0	86.5

Source: Barclays

LOAN SPREADS

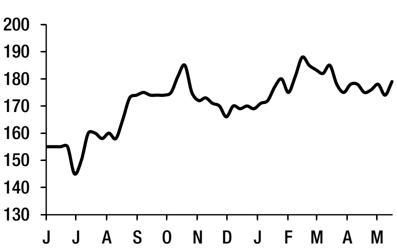
ASKING SPREADS OVER TREASURYS

10-year loans with 50-59% LTV

	5/27	Month Earlier
Office	172	176
Retail	162	166
Multi-family	162	164
Industrial	163	166

Source: Trepp

ASKING OFFICE SPREADS



AGENCY CMBS SPREADS

FREDDIE K SERIES

	Avg. Life	Spread (bp) 6/2	Week Earlier	52-wk Avg.
A1	5.5	S+62	S+62	57
A2	10.0	S+75	S+75	74
B	10.0	S+330	S+330	318
C	10.0	S+530	S+530	451
X1	9.0	T+250	T+255	215
X3	10.0	T+695	T+695	554
Freddie K Floater	7.0	L+58	L+58	

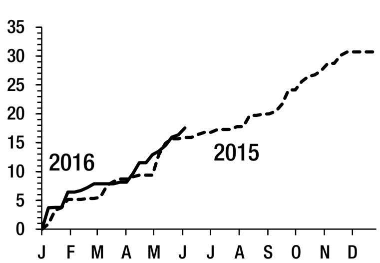
FANNIE DUS

	6/2	Week Earlier	52-wk Avg.
10/9.5 TBA (60-day settle)	S+80	S+80	82
Fannie SARM	L+59	L+59	

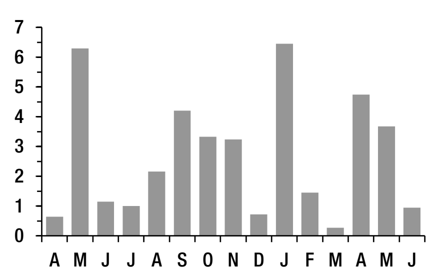
Source: J.P. Morgan

REIT BOND ISSUANCE

UNSECURED NOTES, MTNs ($Bil.)



MONTHLY ISSUANCE ($Bil.)



Data points for all charts can be found in The Marketplace section of CMAlert.com

THE GRAPEVINE

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three years at **Santander Real Estate Capital.**

Prime Finance has hired its first head of investor relations. **Brian Schneider** joined the New York fund shop late last month in San Francisco. He'll manage existing relationships and reach out to potential new backers. He reports to partner **John Atwater.** Schneider previously had stints at **Morgan Stanley, Medley Partners, University of Pennsylvania** and **DuPont Capital.** Prime operates a fund series that invests in bridge loans, mezzanine debt and preferred equity. This year it hired **Luke Dann** as a principal to run a platform to acquire CMBS B-pieces.

Daniel Lisser has moved to **Marcus & Millichap** from **Walker & Dunlop's** brokerage unit. He started a few weeks ago as a senior director in New York, lining up debt and equity on various property types. He reports to vice president and regional director **Rick Lechtman.** At Walker & Dunlop, Lisser was a senior vice president in New York. He previously worked at **Johnson Capital,** which was acquired by Walker & Dunlop in 2014, and before that at **Ackman-Ziff Real Estate.**

Greystone has added originators in Pennsylvania and Texas. **Lou Tiberio** started about two weeks ago as a director in Philadelphia, writing loans on properties in that market and in central and southern New Jersey. Tiberio came from **Investors Bank,** where he was a vice president. Several weeks earlier, **Don Farmer** joined Greystone in Irving, Texas, also as a director. He was previously a managing director at **Transwestern.**

Buy-side trader **Cameron Kirby** left **Tilden Park Capital** last month. There's no word on his plans. Before joining the New York hedge fund's CMBS team as a vice president in March 2013, Kirby held the same title at **BlackRock** for nine months. He was previously a managing director for about a year at financial information firm **Brightwire** and had a seven-year stint at **Sorin Capital.**

Morningstar has signaled plans to start rating CLOs, including those backed by commercial real estate debt. It has hired analyst **Jonathan Lam,** who previously worked at **Kroll** and **S&P,** to focus on those deals. Lam joined the Horsham, Pa., rating agency as a vice president in its New York office, reporting to managing director **Brian Grow.** Lam was a senior director at Kroll, which he joined in 2013. He previously spent 14 years at S&P, departing as a director in 2008. In between, he worked at **RangeMark Investment** and **Gleacher & Co.**

Trepp is looking to fill five sales positions — three in its New York headquarters and two that could be based there or in Atlanta, Houston or Chicago. Two openings are at the vice president level and the others are for sales directors. Contact **Niki Lee** at niki_lee@trepp.com.

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