

MEBO Q4

QUARTERLY SURVEY OF COMMERCIAL / MULTIFAMILY MORTGAGE BANKERS ORIGINATIONS | Q4 2020

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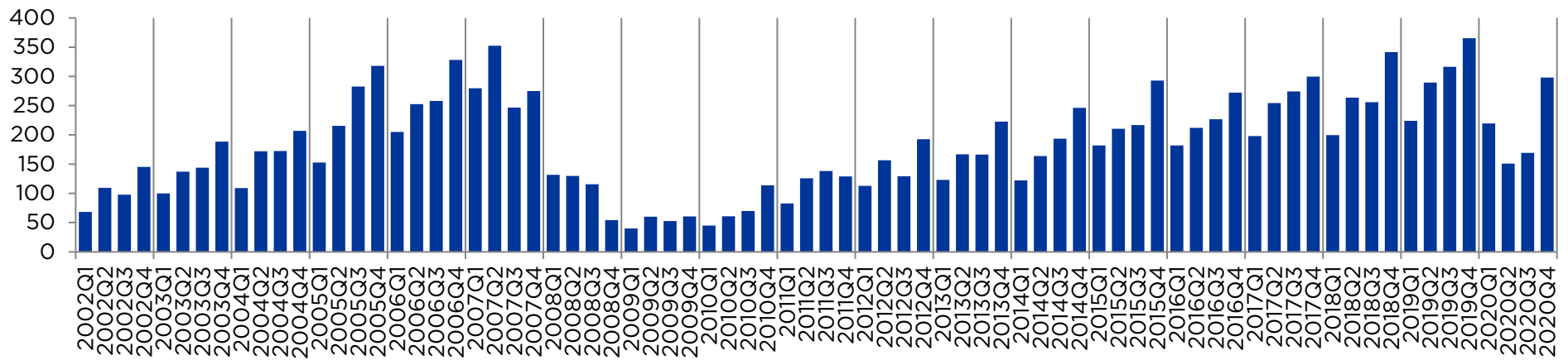
Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations Fourth Quarter 2020

Commercial and multifamily mortgage loan originations were 18 percent lower in the fourth quarter of 2020 compared to a year ago, and increased 76 percent from the third quarter of 2020, according to the Mortgage Bankers Association’s (MBA) Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations.

A preliminary MBA measure of commercial and multifamily mortgage originations volumes shows borrowing and lending in 2020 was 30 percent lower than in 2019, with all major property types and most capital sources – outside government-backed loans – seeing lower levels of activity.

“The last three months of 2020 were stronger than earlier quarters for borrowing backed by commercial and multifamily properties,” said Jamie Woodwell, MBA’s Vice President of Commercial Real Estate Research. “Commercial mortgage loan originations during last year’s fourth quarter were 18% lower than a year earlier, but up significantly from the very low third quarter. Borrowing and lending remain weakest for the property types most impacted by the pandemic – particularly hotel and retail buildings. Multifamily, led by government-backed financing from FHA, Freddie Mac and Fannie Mae, continued to see the strongest commercial mortgage activity.”

Commercial/Multifamily Mortgage Bankers Originations Index
2001 quarterly average = 100



ORIGINATIONS DECREASE 18 PERCENT IN THE FOURTH QUARTER OF 2020

A decrease in originations for hotel, retail, office, and health care properties led the overall decline in commercial/multifamily lending volumes when compared to the fourth quarter of 2019. There was a 79 percent year-over-year decrease in the dollar volume of loans for hotel properties, a 72 percent decrease for retail properties, a 56 percent decrease for office properties, and a 12 percent decrease for health care properties. Industrial property loan originations increased 15 percent, and multifamily property lending rose 14 percent.

Among investor types, the dollar volume of loans originated for Commercial Mortgage-Backed Securities (CMBS) declined by 64 percent year-over-year. There was a 40 percent decrease for commercial bank portfolio loans, a 33 percent decrease in life insurance company loans, and an 84 percent increase in the dollar volume of Government Sponsored Enterprises (GSEs – Fannie Mae and Freddie Mac) loans.

FOURTH QUARTER ORIGINATIONS UP 76 PERCENT FROM THE THIRD QUARTER OF 2020

On a quarterly basis, fourth quarter originations for hotel properties jumped 411 percent compared to the third quarter 2020. There was a 136 percent increase in originations for industrial properties, a 111 percent increase for retail properties, and a 77 percent increase for multifamily properties. Originations for health care properties increased 77 percent, and originations for office properties increased 26 percent.

Among investor types, between the third and four quarter of 2020, the dollar volume of loans for commercial bank portfolios increased 113 percent, loans for life insurance companies increased 100 percent, originations for GSEs increased 67 percent, and the dollar volume of loans for CMBS increased by 35 percent.

PRELIMINARY 2020 ORIGINATIONS 30 PERCENT LOWER THAN 2019

A preliminary measure of commercial and multifamily mortgage originations volumes shows activity in 2020 was 30 percent lower than in 2019. By property type, originations for hotel properties decreased 77 percent from 2019, and there was a 69 percent decrease for retail properties, a 50 percent decrease for office properties, a 27 percent decrease for health care properties, a 18 percent decrease for industrial properties, and multifamily property originations decreased 8 percent. Among investor types, 2020 versus 2019, loans for CMBS decreased 58 percent, originations for commercial bank portfolios decreased 44 percent, and loans for life insurance companies decreased 39 percent. GSE loans increased 18 percent.

In late March, MBA will release its Annual Origination Summation report for 2020 with final origination figures for the year.

To view the report, please visit the following Web link: <https://www.mba.org/Documents/Research/4Q20CMFOriginationsSummary.pdf>

Detailed statistics on the size and scope of the commercial/multifamily origination market are available from these MBA commercial/multifamily research reports.

- Commercial Real Estate/Multifamily Finance: Annual Origination Volume Summation, 2019
- Commercial Real Estate/Multifamily Finance Firms: Annual Origination Volumes, 2019
- Annual Report on Multifamily Lending, 2019
- Commercial/Multifamily Database Subscription

Commercial/Multifamily Mortgage Bankers Originations Index

	Origination Volume Index (2001 Avg Qtr = 100)				Percent Change, Year-over-year				Origination Volume Index (2001 Avg Qtr = 100)				Percent Change, Year-over-year		
	Q1	Q2	Q3	Q4	Q4	Q3-to-Q4	YTD-YTD		Q1	Q2	Q3	Q4	Q4	Q3-to-Q4	YTD-YTD
TOTAL								Multifamily							
2017	198	254	274	300	10%	9%	15%	2017	303	380	424	496	16%	17%	17%
2018	200	264	256	342	14%	33%	3%	2018	356	445	504	654	32%	30%	22%
2019	224	289	316	365	7%	15%	13%	2019	389	513	585	625	-4%	7%	8%
2020	219	151	169	298	-18%	76%	-30%	2020	446	388	403	712	14%	77%	-8%
								Office							
								2017	117	164	156	171	7%	9%	12%
								2018	116	157	129	166	-3%	29%	-7%
								2019	116	193	176	215	29%	22%	23%
								2020	126	55	74	94	-56%	26%	-50%
								Retail							
CMBS/Conduits								2017	139	187	205	162	-40%	-21%	-21%
2017	71	153	159	150	27%	-6%	43%	2018	101	189	148	164	1%	11%	-13%
2018	79	141	75	97	-35%	31%	-26%	2019	111	128	144	185	13%	29%	-6%
2019	76	120	113	176	81%	56%	24%	2020	70	33	24	51	-72%	111%	-69%
2020	86	6	48	64	-64%	35%	-58%	Industrial							
								2017	372	517	389	486	-17%	25%	22%
Commercial Banks								2018	424	464	465	624	28%	34%	12%
2017	420	400	459	496	-5%	8%	-1%	2019	733	537	659	1,043	67%	58%	50%
2018	325	396	356	520	5%	46%	-10%	2020	445	303	507	1,196	15%	136%	-18%
2019	344	466	514	589	13%	14%	20%	Hotel							
2020	341	210	165	351	-40%	113%	-44%	2017	198	473	500	656	40%	31%	26%
								2018	306	576	403	629	-4%	56%	5%
Life Insurance Companies								2019	349	412	321	469	-25%	46%	-19%
2017	309	386	370	410	-4%	11%	-2%	2020	203	36	20	100	-79%	411%	-77%
2018	337	408	384	498	22%	30%	10%	Health Care							
2019	360	392	407	543	9%	33%	5%	2017	54	36	78	56	-36%	-28%	9%
2020	296	200	182	363	-33%	100%	-39%	2018	33	30	35	90	61%	155%	-16%
								2019	46	75	120	120	33%	0%	92%
Fannie Mae/Freddie Mac								2020	54	45	59	105	-12%	77%	-27%
2017	403	492	644	667	17%	4%	23%								
2018	436	581	665	878	32%	32%	16%								
2019	497	692	739	615	-30%	-17%	-1%								
2020	527	658	680	1,132	84%	67%	18%								



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