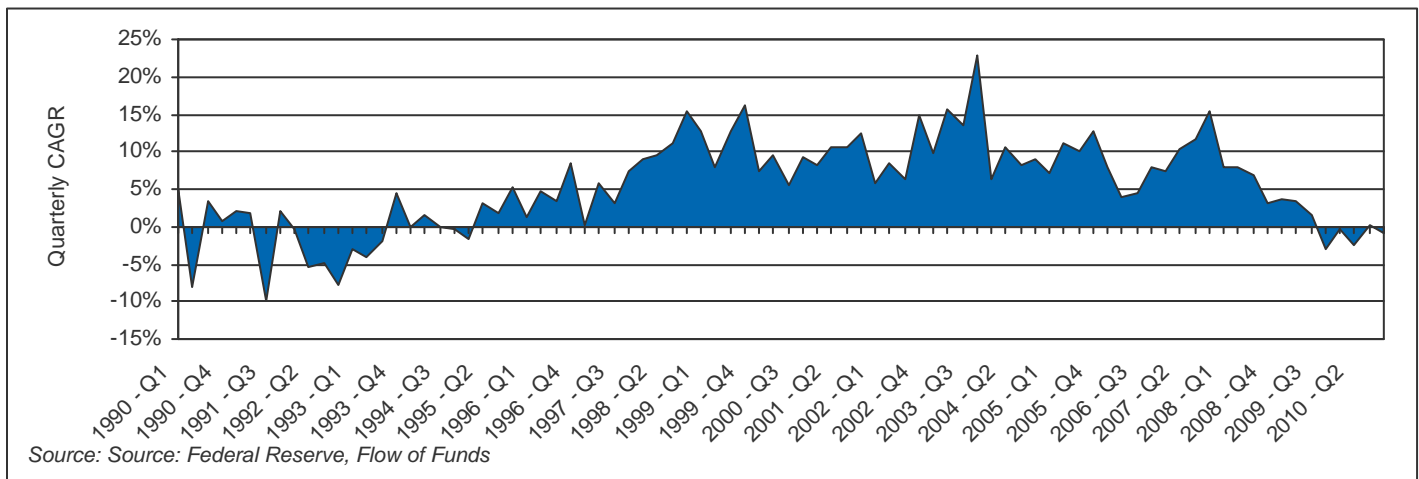


Multifamily Market Commentary – April 2011

Multifamily Mortgage Debt Outstanding Contracted in 2010

Despite renewed interest in multifamily mortgages, total outstanding multifamily mortgage debt declined last year, falling by 0.9% from 2009, according to recently released Federal Reserve data. Total multifamily mortgage debt outstanding (MDO) decreased to \$841.2 billion in 2010 – that’s the lowest level of multifamily MDO since fourth quarter 2008. The last time multifamily MDO declined year-over-year as of year end was 1993.

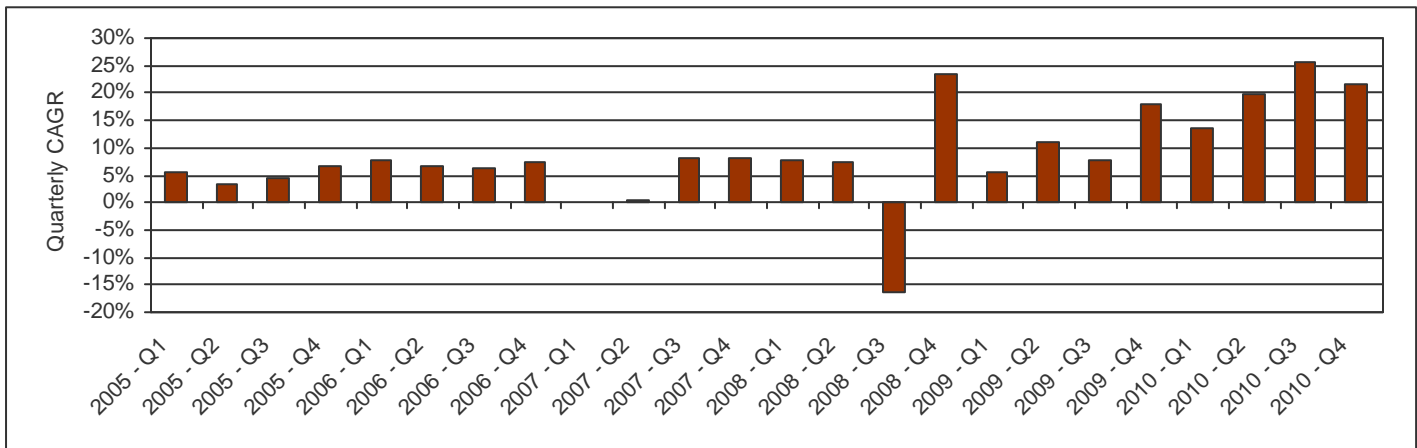
Multifamily MDO: Total Quarterly Growth



Ginnie Mae Activity Surged in 2010

Ginnie Mae rapidly grew its balance of guaranteed mortgages in fourth quarter 2010, increasing at a whopping 21.7% annualized rate to \$52.2 billion. Though this growth is impressive and was the fastest among market participants, Ginnie Mae still accounts for just 6.2% of all multifamily MDO. Ginnie Mae’s recent skyrocketing growth can be attributed to the prolonged credit crunch and dearth of multifamily construction lending.

Ginnie Mae: Quarterly MDO Growth

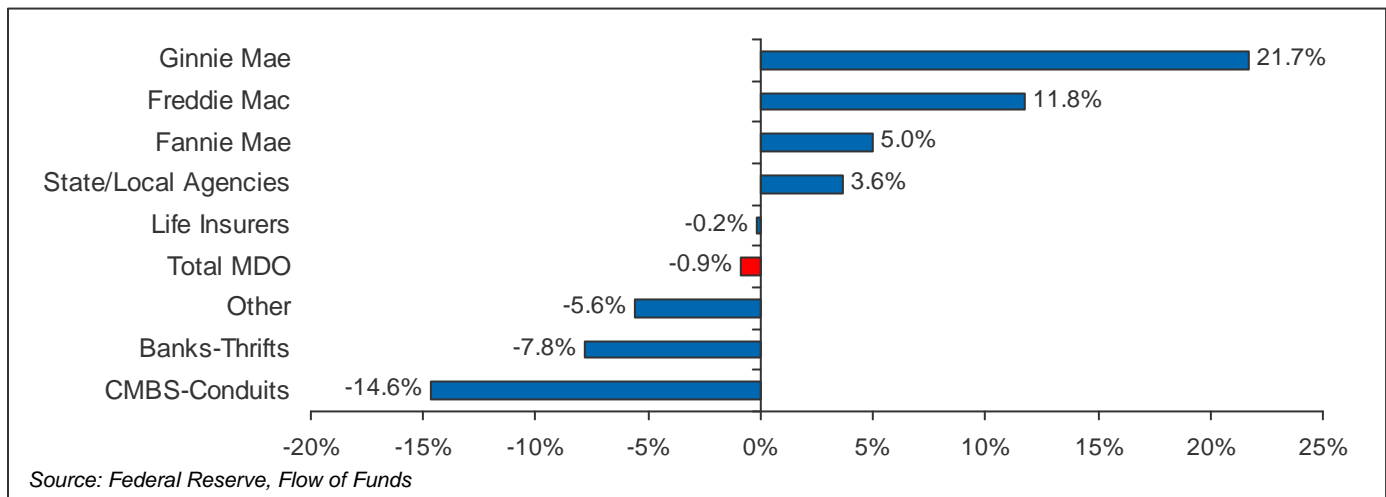


GSEs Expand Holdings While Banks and Conduits Continue to Decline

In fourth quarter 2010, Freddie Mac and Fannie Mae were the second- and third-fastest growing market participants, respectively. As seen in the chart below, Freddie Mac increased at an 11.8% annualized rate and Fannie Mae increased its multifamily MDO share at a 5% annualized rate. .

The CMBS conduits, as well as banks and thrift depositories, continued to decrease their overall holdings of multifamily MDO during fourth quarter 2010. The depositories have not grown their holdings of multifamily mortgages since second quarter 2009. The CMBS conduits have been dormant even longer, with no increases in multifamily MDO since third quarter 2007.

Multifamily MDO: 4Q2010 Quarterly Growth (CAGR) by Guarantor



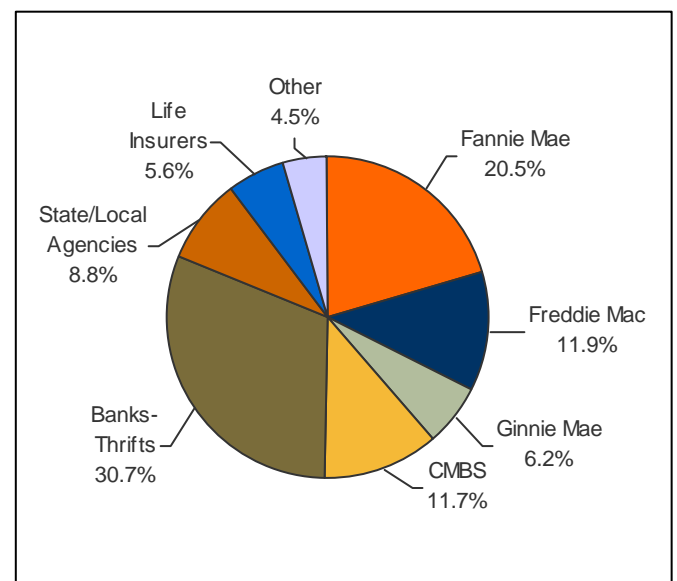
Overall Market Shares Move Slightly

As of fourth quarter 2010, Fannie Mae accounted for 20.5% of overall multifamily MDO. While this makes Fannie Mae the largest single holder of multifamily mortgage debt, the combined book of business held by the nation's banks and thrifts is the largest component, comprising 30.7% of multifamily MDO, as seen in the chart to the right.

During 2010, Fannie Mae saw its share of multifamily MDO increase to 20.5% from 19.8% the year before. Freddie Mac saw an increase to 11.9% from 11.6%. Ginnie Mae increased its share to 6.2% from 5.1% and the state and local credit agencies increased their share to 8.8% from 8.5%.

The remaining market participants experienced declines in their share of multifamily MDO in 2010. The CMBS conduit share decreased to 11.7% from 12.7% and the depositories decreased their share to 30.7% from 31.9%. Life Insurers saw a small decline to 5.6% from 5.7% and other investors declined to 4.5% from 4.7% of the overall market.

Multifamily MDO: Market Shares Q4 2010



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