

MARKET COMMENTARY

- JPMorgan's \$1.5 billion CMBS pool was well received last week. The pool, consisting of 45 loans on 109 properties, saw its AAA bonds, comprising \$1.2B of the offering, price at Swaps + 65 - 112bps. Interestingly, the offering included a \$125 million AAA floating rate tranche at L + 95. In keeping with the other pools we've tracked, 63% of the pool was retail assets, with office (24.8%) and hotel (6%) rounding out the top-3 asset classes. The underlying loans were underwritten at 1.63x DSCR, 61.2% LTV, an average coupon of 5.64%, and 41.5% of the loans were partial or full I/O.
- Trepp reported that CMBS delinquency rates edged up 5 bps to 9.39% in February. This is the smallest monthly increase in delinquency rates for nearly 18 months, and suggests that the pace of CRE delinquency may finally be leveling off. Multifamily and lodging, while leading other asset classes in total CMBS delinquency at 16.6% and 14.6%, respectively, saw their overall delinquency rates decline for the first time, with the industrial, office and retail sectors showing delinquency increases for February of 32, 22 and 9bps, respectively.
- The pace of bank failures reported by the FDIC for the first two months of 2011 is actually slightly ahead of 2010's pace, with 23 failures in 2011 versus 22 in 2010. However, the \$9 billion in assets of those 2011 failed banks is well below the \$16 billion in assets for the banks that failed in the same period of 2010.

RECENT DEALS/CLOSINGS/QUOTES – DEBT

Asset Type	Type of Financing	Type of Lender	Rate/Return	Loan-to-Value	Term	Amortization/Comments
Office - Value Add	Floating	Debt Fund	L + 425	40% (100% TI/LC/earnout to 65%)	5 years	I/O
Industrial Portfolio	Fixed	Life Company	4.10%	65%	5 years	30 Year
Hotel	Floating	Bank	L + 350	60%	3+1+1	I/O
Hotel	Fixed	CMBS	T + 325	60%	5 years	30 Year
Office	Floating	Bank	L + 340	60%	3+1+1	1% fee
Multifamily Construction	Fixed	Agency	5.10%	100% (land contributed)	40 years	40 Year
Multifamily	Fixed	Life Company	T + 180	60%	5 years	2 years I/O
Multifamily	Fixed	CMBS	S + 190	75%	10 years	30 Year
Multifamily	Fixed	Bank	4.90%	65%	7 years	30 Year
Fractured Condominium	Fixed	CMBS	S + 325	65%	5 years	30 Year
Specialty Retail/Office	Fixed	CMBS	S + 270 (min. 5.9%)	65%	10 years	30 Year
Retail - Strip	Fixed	CMBS	S + 250	70%	10 years	30 Year
Office	Fixed	Life Company	T + 145	40%	10 years	I/O
Office - Mezzanine	Fixed	Mezzanine Fund	12.00%	65 - 85%	5 years	I/O
Retail Condo	Fixed	Regional Bank	5.00%	70%	3 years	I/O

RECENT DEALS/CLOSINGS/QUOTES - EQUITY

Asset Type	Type of Financing	Type of Investor	Target Return	Equity Contribution Levels	Comments
Hotel	JV Equity	Opportunity Fund	20%+	95%/5%	20% above 12%, 30% above 30%
Retail	JV Equity	Opportunity Fund	20%	90%/10%	15% above 10%, 30% above 16%, 40% above 22%
Multi-Family Development	JV Equity	Opportunity Fund	20%	99%/1%	20% above 12%
Industrial Development	JV Equity	Opportunity Fund	22%	80%/20%	20% above 10%, 30% above 16%
Hotel	JV Equity	Private Equity	22%+	80%/20%	20% above 15%
Office	JV Equity	Life Insurance Company	18%	98%/2%	10% above 13% , 25% above 15%

SENIOR & SUBORDINATE LENDING SPREADS

	Maximum Loan-to-Value	DSCR	Spreads
Fixed Rate - 5 Years	65 - 70%*	1.30 - 1.50	T + 230 - 310
Fixed Rate - 10 Years	60 - 70%*	1.30 - 1.50	T + 195 - 265
Floating Rate - 5 Years			
Core Asset	<65%*	1.30 - 1.50	L + 200 - 300
Value Add Asset	<65%*	1.25 - 1.40	L + 300 - 500
Mezzanine Moderate Leverage	65 - 80%	1.05 - 1.15	L + 700 - 1,000
Mezzanine High Leverage	75 - 90%		L + 1,100 - 1,300

* 65 - 70% for Multi-Family (non-agency); Libor floors at 2-3%

10-YEAR FIXED RATE RANGES BY ASSET CLASS

	Maximum Loan-to-Value	Class A	Class B/C
Anchored Retail	60 - 70%	T + 215	T + 240
Strip Center	60 - 65%	T + 220	T + 250
Multi-Family (non-agency)	65 - 70%	T + 215	T + 240
Multi-Family (agency)	70 - 75%	T + 205	T + 225
Distribution/Warehouse	65 - 70%	T + 225	T + 260
R&D/Flex/Industrial	55 - 65%	T + 235	T + 255
Office	60 - 70%	T + 215	T + 250
Hotel	50 - 55%	T + 240	T + 310

* DSCR assumed to be greater than 1.35x

BASE RATES

	March 9, 2011	Two Weeks Ago	One Year Ago
30 Day LIBOR	0.26%	0.26%	0.23%
U.S. Treasury			
5 Year	2.19%	2.21%	2.37%
10 Year	3.52%	3.49%	3.72%
Swaps		<u>Current Swap Spreads</u>	
5 Year	2.39%	0.20%	
10 Year	3.62%	0.10%	

Since 2005, Cushman & Wakefield Sonnenblick Goldman has raised approximately \$25 billion of capital from more than 125 capital sources for 270 transactions. For more information on this report or on how we can assist your financing needs or hospitality or note sales, please contact any CWSG office or:

Christopher T. Moyer
Associate
(212) 841-9220
chris.moyer@cushwake.com

New York - HQ

1290 Avenue of the Americas
8th Floor
New York, NY 10104
T 212 841 9200

Atlanta

55 Ivan Allen Jr. Blvd.
Suite 700
Atlanta, GA 30308
T 404 875 1000

Boston

125 Summer Street
Suite 1500
Boston, MA 02110
T 617 330 6966

Los Angeles

601 S. Figueroa St.
Suite 4700
Los Angeles, CA 90017
T 213 955 5100

San Diego

4435 Eastgate Mall
Suite 200
San Diego, CA 92121
T 858 452 6500

San Francisco

One Maritime Plaza
Suite 900
San Francisco, CA 94111
T 415 397 1700

Washington, D.C.

2001 K Street, NW
Suite 700
Washington, DC 20006
T 202 467 0600