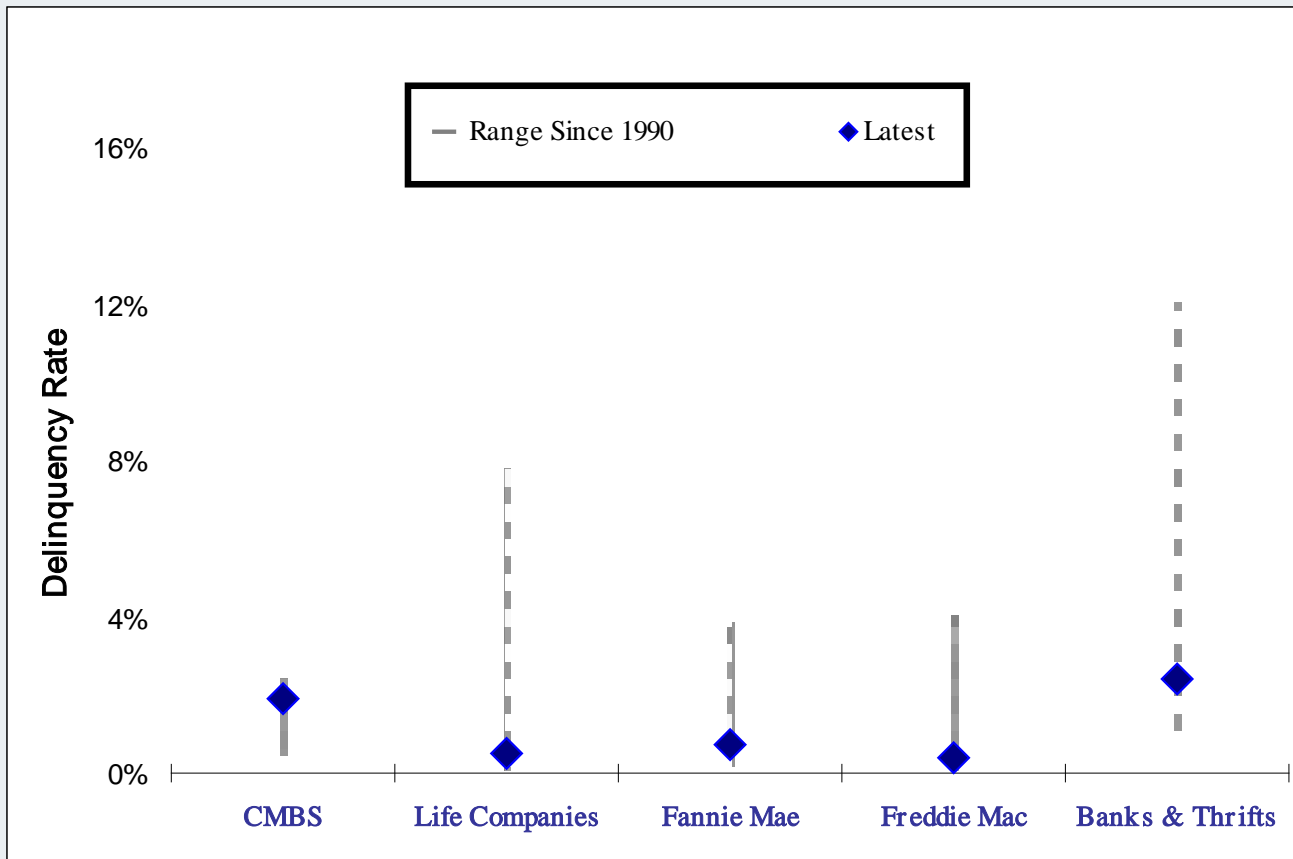


CMBS Delinquencies Starting to Exceed Bank Loan Levels



•CMBS Ranges since 1997

•Freddie Mac: 60+ days from 1990-2Q08, 90+ days from 2Q08 – 4Q08

•Prior to 1996, commercial bank and thrift figures are for commercial banks only and also include construction and land development loans.

•Sources: Marcus & Millichap Research Services, Wachovia Capital Markets, LLC, and Intex Solutions, Inc., ACLI, Fannie Mae, Freddie Mac, OFHEO and FDIC

Estimated Commercial Mortgage Maturities

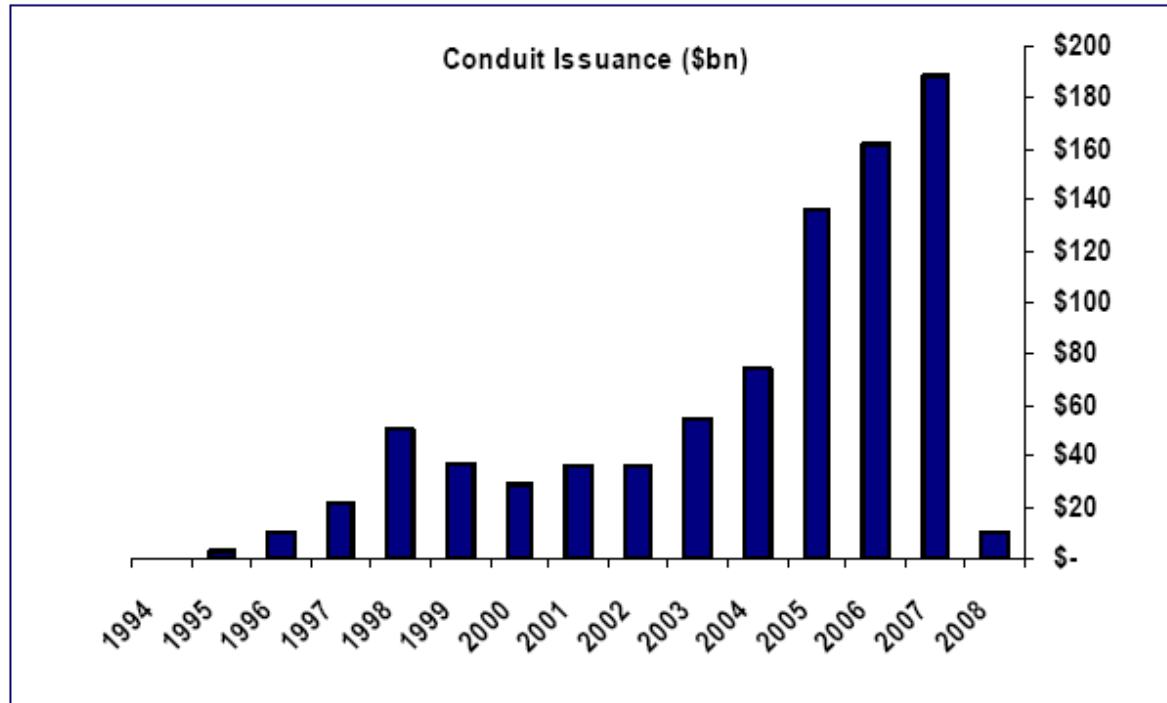
Year	CMBS Fixed Rate	CMBS Floating Rate	Insurance Company	Bank/ Thrift*	Total (bn) by Year
2009	17.6	1.5	16.8	168.1	204
2010	32.2	6.2	19.8	188.3	246.5
2011	44.1	17.8	23.1	210.9	295.9
2012	57.6	17.7	26.1	236.2	337.6
2013	40.9	0.7	24.8	264.6	331
2014	54.2		20.6		74.8
2015	104.5		25.7		130.2
2016	133.9		27.3		161.2
2017	148.2		21.4		169.6
2018	6.1		16.3		22.4
Total (bn) by Type	639.3	43.9	221.9	1068.1	

**Maturity timing is estimated*

Source: Deutsche Bank, Intex, Trepp, Mortgage Bankers Association, Federal Reserve

- **Assuming \$200 billion of new originations per year (derived from origination projections based on the average 3-year historical gross originations from all non-commercial CMBS lenders), starting in 2010, loan maturities will continue the deleveraging trend with total shortfall from 2010 through 2013 projected to be approximately \$400 billion.**

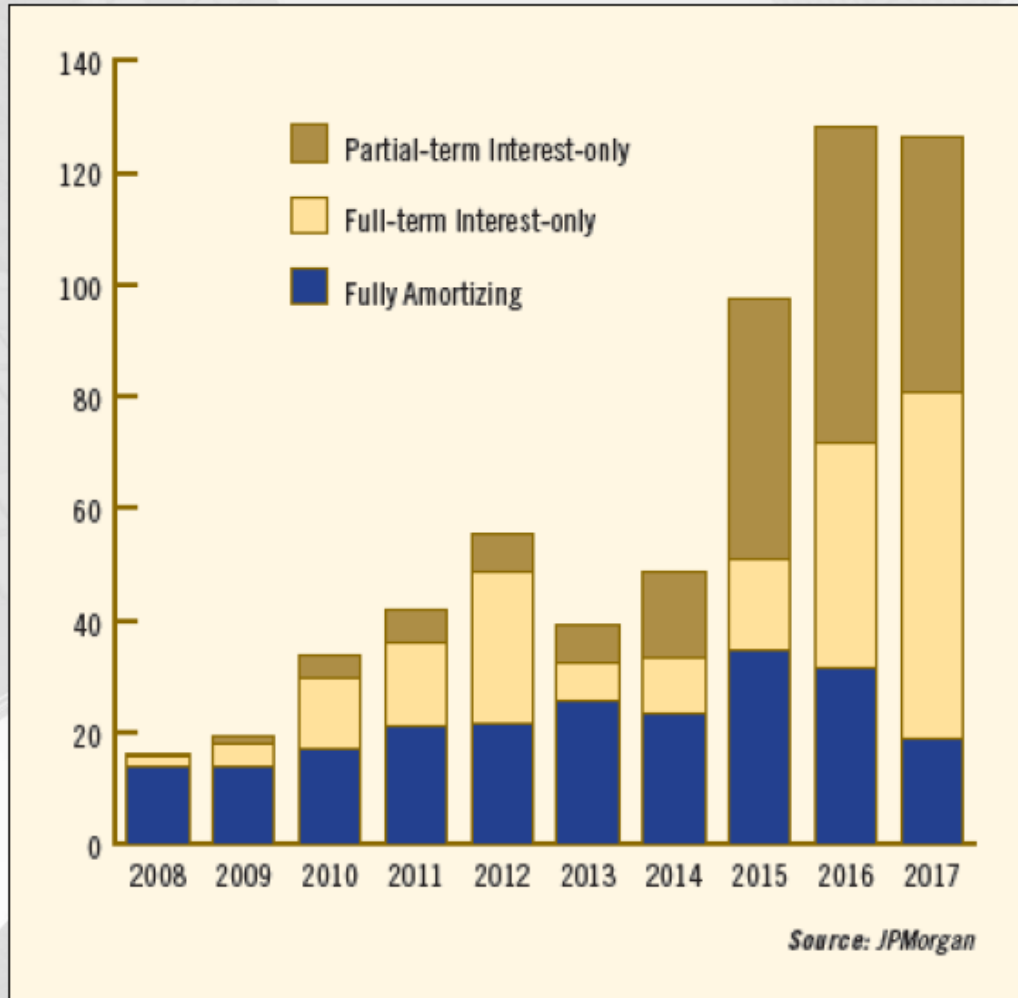
CMBS Conduit Issuance Volume



Source: JP Morgan

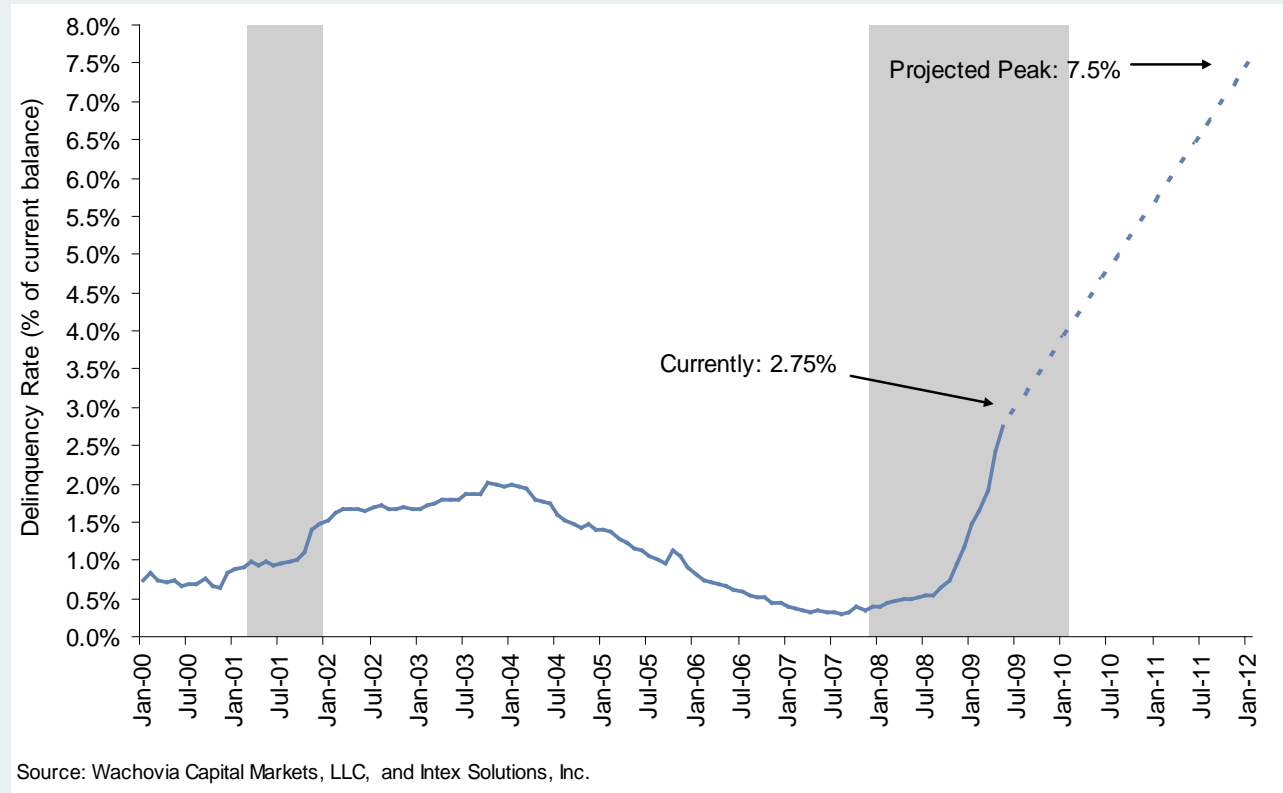
- Volume peaked in 2007 with dramatic decline in 2008
- Conduit origination machine is broken and not expected to resume production any time soon.

CMBS Market. Maturities Through 2017



CMBS 30+ Day Delinquencies – Fixed Rate Conduit

30+ day delinquency rates have been on a sharp increase, up from 1.17% at YE 2008.



- Multifamily assets lead delinquencies, comprising 30% of the total
- Including loans that are performing and with the special servicer, delinquency stands at 5.5%. This is largely a function of the GGP bankruptcy.

Required ROE for levered CRE investors suggests price declines of 45% or more

This document was presented during the 2009 NCREIF Annual Conference.

The author(s) take full responsibility for all content. This posting is for informational purposes only; neither NCREIF nor its Board express any opinion of the content presented herein.

	2007 Underwriting	New Underwriting	New Underwriting 15% NOI Decline
Cap Rate (going-in)	4.8%	7.4%	8.6%
Purchase Price (\$MM)	105	68	58
Loan to Value	85%	66%	60%
Equity (\$MM)	16	23	23
Loan Amount (\$MM)	89	45	35
Amortization	IO	30 yr	30 yr
10 year UST	4.69%	2.86%	2.86%
Swap Spread	50	25	25
Credit Spread	45	500	500
All-In Rate	5.64%	8.11%	8.11%
Yr 1 Interest Cost (\$MM)	5.05	3.61	2.82
Yr 1 DSCR	1.00 x	1.25 x	1.36 x
Yr 10 NOI (\$MM)	6.5	6.5	5.5
Cap Rate (exit)	4.8%	7.4%	8.6%
Yr 10 Value	137	89	64
ROE	13.8%	12.8%	13.0%
Implied Price Decline		35%	45%