

# MDO Q1

## COMMERCIAL / MULTIFAMILY MORTGAGE DEBT OUTSTANDING | Q1 2021

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COMMERCIAL/MULTIFAMILY  
REAL ESTATE **MORTGAGE**  
**DEBT OUTSTANDING**  
Q1 2021

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## 4. Commercial/Multifamily Mortgage Debt Outstanding First Quarter 2021

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The level of commercial/multifamily mortgage debt outstanding rose by \$44.6 billion (1.1 percent) in the first quarter of 2021, according to the Mortgage Bankers Association's (MBA) latest Commercial/Multifamily Mortgage Debt Outstanding quarterly report.

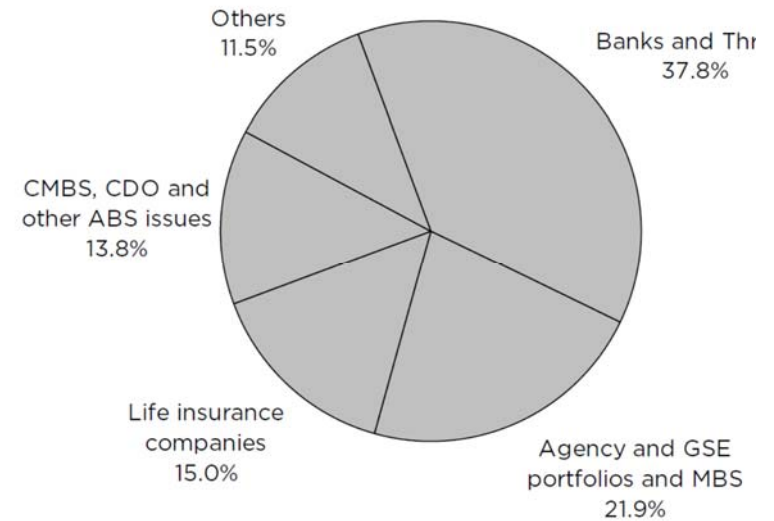
Total commercial/multifamily debt outstanding rose to \$3.93 trillion at the end of the first quarter. Multifamily mortgage debt alone increased \$28.8 billion (1.7 percent) to \$1.7 trillion from the fourth quarter of 2020.

"The pandemic-era growth in the amount of commercial and multifamily mortgage debt outstanding continued during the first quarter, but the growth was not evenly distributed," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "All of the major capital sources increased their holdings of commercial and multifamily mortgages during the quarter, but almost two-thirds of the overall growth came from multifamily properties, with 80 percent of that multifamily growth coming from federally-backed Agency and GSE mortgage-backed securities and portfolios."

Woodwell continued, "As the uncertainty from the COVID-19 pandemic wanes, lenders will have greater clarity into the different properties and property types and be in stronger positions to make new loans."

The four largest investor groups are: banks and thrifts; federal agency and government sponsored enterprise (GSE) portfolios and mortgage backed securities (MBS); life insurance companies; and commercial mortgage backed securities (CMBS), collateralized debt obligation (CDO) and other asset backed securities (ABS) issues.

**Commercial Multifamily Mortgage Debt Outstanding**  
By Investor Group, First Quarter 2021



Commercial banks continue to hold the largest share (38 percent) of commercial/multifamily mortgages at \$1.5 trillion. Agency and GSE portfolios and MBS are the second largest holders of commercial/multifamily mortgages (22 percent) at \$861 billion. Life insurance companies hold \$588 billion (15 percent), and CMBS, CDO and other ABS issues hold \$540 billion (14 percent). Many life insurance companies, banks and the GSEs purchase and hold CMBS, CDO and other ABS issues. These loans appear in the report in the "CMBS, CDO and other ABS" category.

MBA's analysis summarizes the holdings of loans or, if the loans are securitized, the form of the security. For example, many life insurance companies invest both in whole loans for which they hold the mortgage note (and which appear in this data under Life Insurance Companies) and in CMBS, CDOs and other ABS for which the security issuers and trustees hold the note (and which appear here under CMBS, CDO and other ABS issues).

#### MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Looking solely at multifamily mortgages in the first quarter of 2021, agency and GSE portfolios and MBS hold the largest share of total multifamily debt outstanding at \$861 billion (50 percent), followed by banks and thrifts with \$481 billion (28 percent), life insurance companies with \$171 billion (10 percent), state and local government with \$106 billion (6 percent), and CMBS, CDO and other ABS issues holding \$53 billion (3 percent). Nonfarm non-corporate businesses hold \$19 billion (1 percent).

#### CHANGES IN COMMERCIAL/MULTIFAMILY MORTGAGE DEBT OUTSTANDING

In the first quarter, agency and GSE portfolios and MBS saw the largest gains in dollar terms in their holdings of commercial/multifamily mortgage debt – an increase of \$23.0 billion (2.8 percent). CMBS, CDO, and other ABS issues increased their holdings by \$7.0 billion (1.3 percent), commercial banks increased their holdings by \$6.8 billion (0.5 percent), and REITs increased their holdings by \$4.9 billion (5.2 percent).

In percentage terms, REITs saw the largest increase – 5.2 percent – in their holdings of commercial/multifamily mortgages. Conversely, finance companies saw their holdings decrease 1.2 percent.

#### CHANGES IN MULTIFAMILY MORTGAGE DEBT OUTSTANDING

The \$28.8 billion increase in multifamily mortgage debt outstanding from the fourth quarter of 2020 represents a 1.7 percent increase. In dollar terms, agency and GSE portfolios and MBS saw the largest gain – \$23.0 billion (2.8 percent) – in their holdings of multifamily mortgage debt. CMBS, CDO, and other ABS issues increased their holdings by \$1.4 billion (2.8 percent), and commercial banks increased by \$1.4 billion (0.3 percent). Private pension funds saw the largest decline in their holdings of multifamily mortgage debt, down \$65 million (11.1 percent). Finance

companies saw the largest decline in their holdings of multifamily mortgage debt, down \$59 million (1.1 percent).

MBA's analysis is based on data from the Federal Reserve Board's Financial Accounts of the United States, the Federal Deposit Insurance Corporation's Quarterly Banking Profile and data from Trepp LLC. More information on this data series is contained in Appendix A.

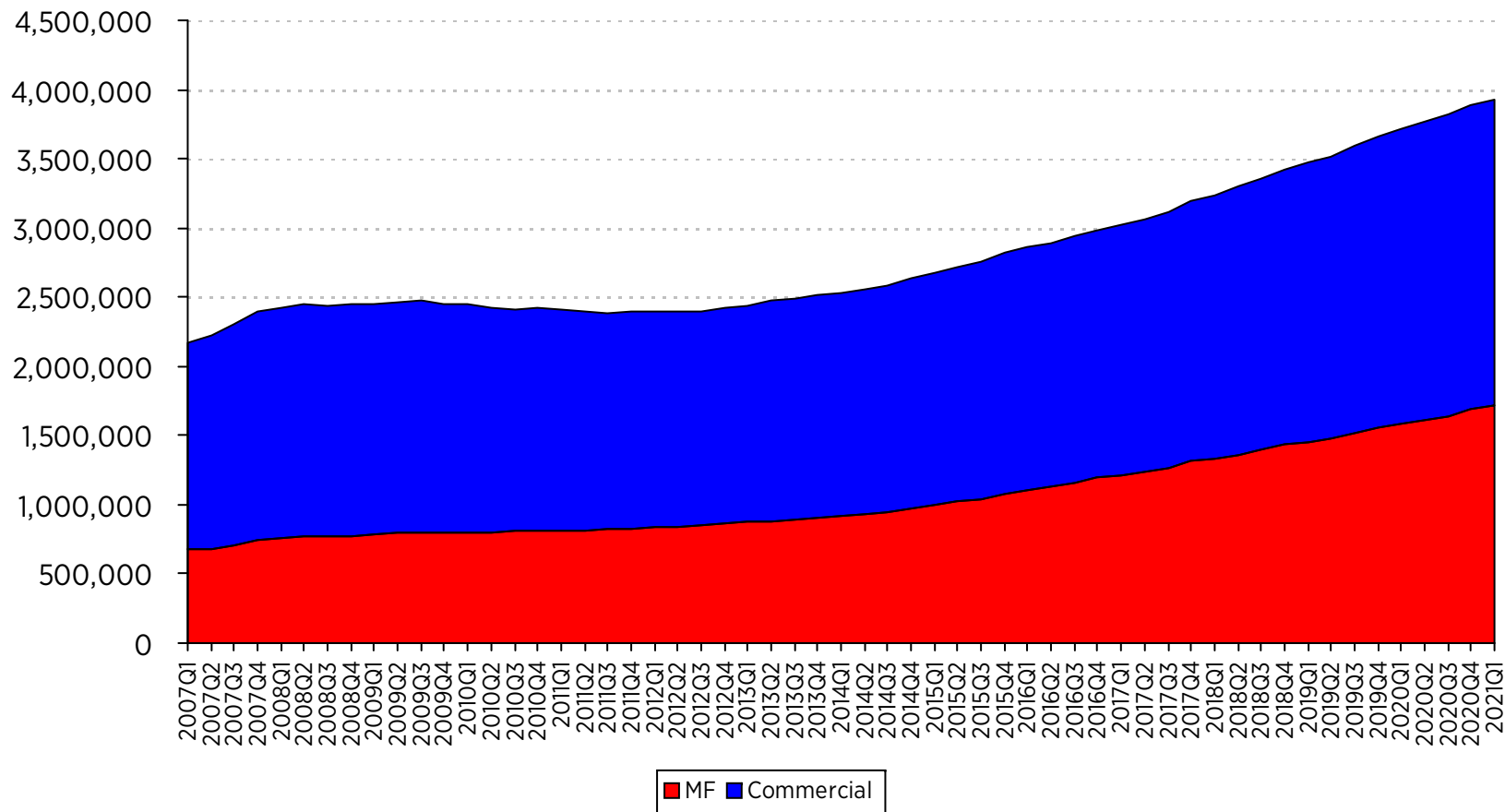
# COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Commercial and Multifamily Mortgage Debt Outstanding, by Quarter

(\$millions)



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Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

# QUARTERLY COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Commercial and Multifamily Mortgage Debt Outstanding, by Sector

# MBA

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	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2021 Q1		2020 Q4		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Bank and Thrift	1,485,297	37.8%	1,478,516	38.1%	6,781	0.5%	15.2%
Agency and GSE portfolios and MBS	860,914	21.9%	837,867	21.6%	23,047	2.8%	51.6%
Life insurance companies	587,784	15.0%	586,930	15.1%	854	0.1%	1.9%
CMBS, CDO and other ABS issues	540,439	13.8%	533,468	13.7%	6,971	1.3%	15.6%
State and local government	127,362	3.2%	126,151	3.2%	1,211	1.0%	2.7%
REITs	98,657	2.5%	93,762	2.4%	4,895	5.2%	11.0%
Federal government	87,080	2.2%	86,477	2.2%	603	0.7%	1.4%
Nonfarm noncorporate business	34,402	0.9%	34,341	0.9%	61	0.2%	0.1%
Finance companies	32,525	0.8%	32,908	0.8%	-383	-1.2%	-0.9%
Private pension funds	26,715	0.7%	26,397	0.7%	318	1.2%	0.7%
Other insurance companies	24,330	0.6%	24,269	0.6%	61	0.3%	0.1%
Nonfinancial corporate business	15,755	0.4%	15,511	0.4%	244	1.6%	0.5%
State and local government retirement funds	5,142	0.1%	5,171	0.1%	-29	-0.6%	-0.1%
Household sector	1,244	0.0%	1,236	0.0%	8	0.6%	0.0%
<b>TOTAL</b>	<b>3,927,646</b>		<b>3,883,004</b>		<b>44,642</b>	<b>1.1%</b>	

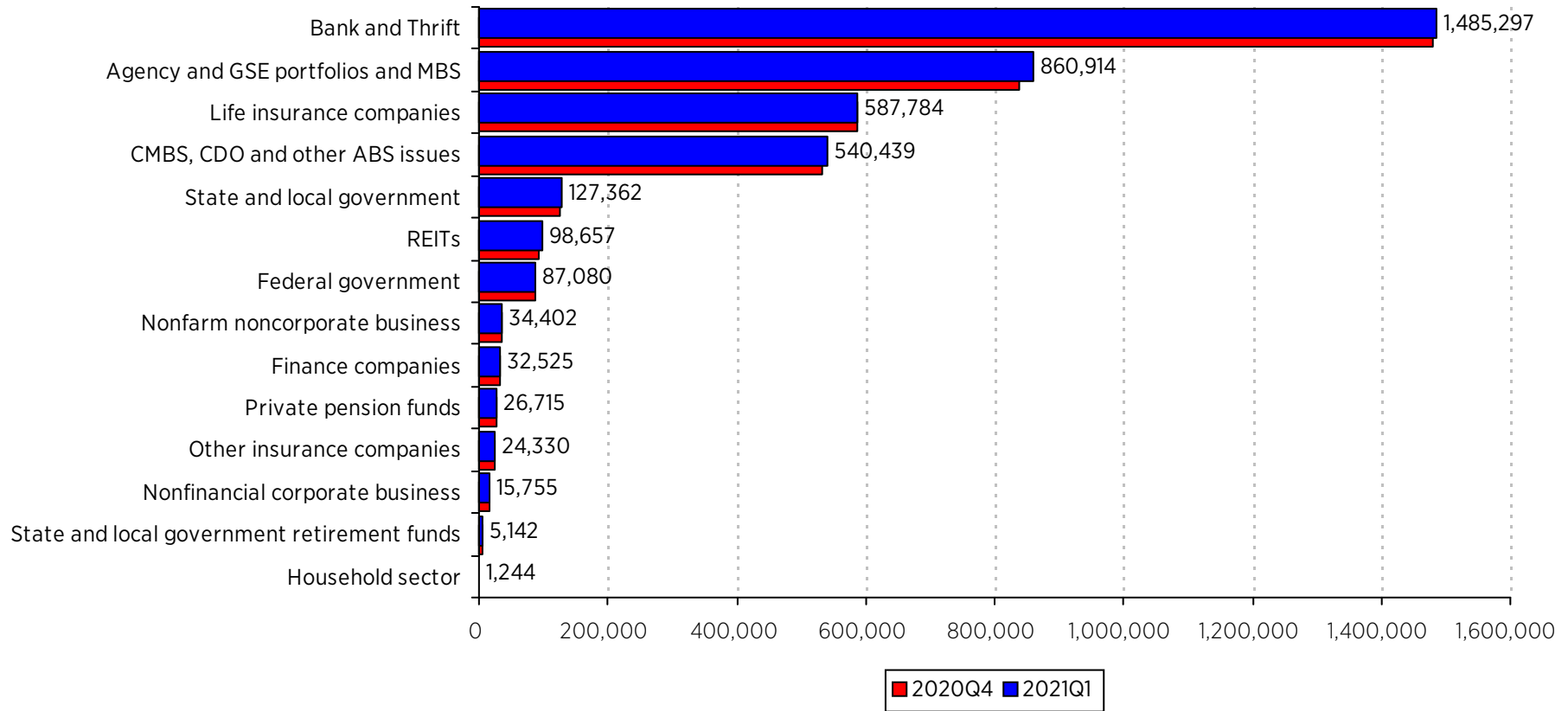
Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

Note: Beginning with the Q2 2014 release, MBA's analysis of mortgage debt outstanding modifies the data from the Federal Reserve's Financial Accounts of the United States with respect to loans held in commercial mortgage-backed securities (CMBS) and by real estate investment trusts (REITs). The corrections create differences with previous releases and with the Federal Reserve data. For more information, please see the Appendix to this report.

# COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Commercial and Multifamily Mortgage Debt Outstanding, by Sector

(\$millions)

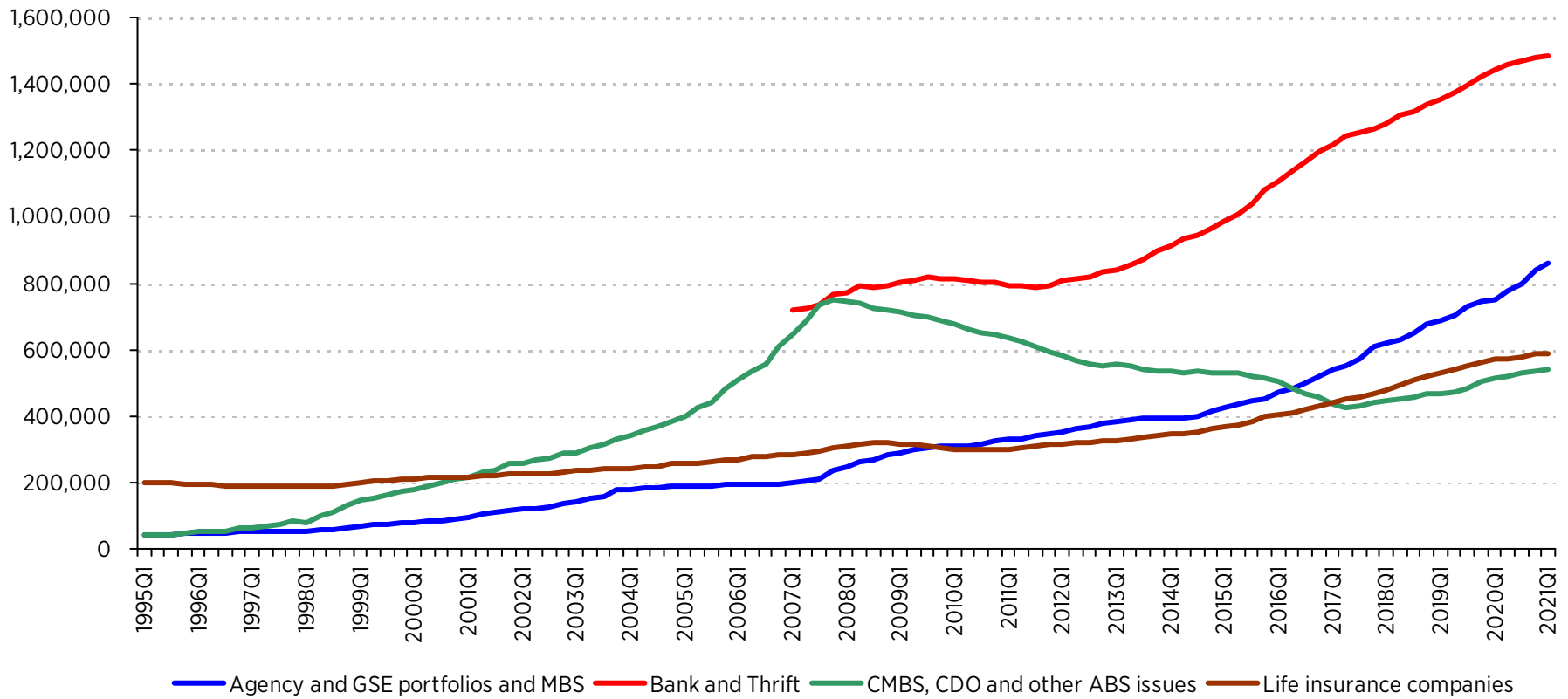


Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC



# COMMERCIAL AND MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Commercial and Multifamily Mortgage Debt Outstanding, by Selected Sector  
by Quarter  
(\$millions)

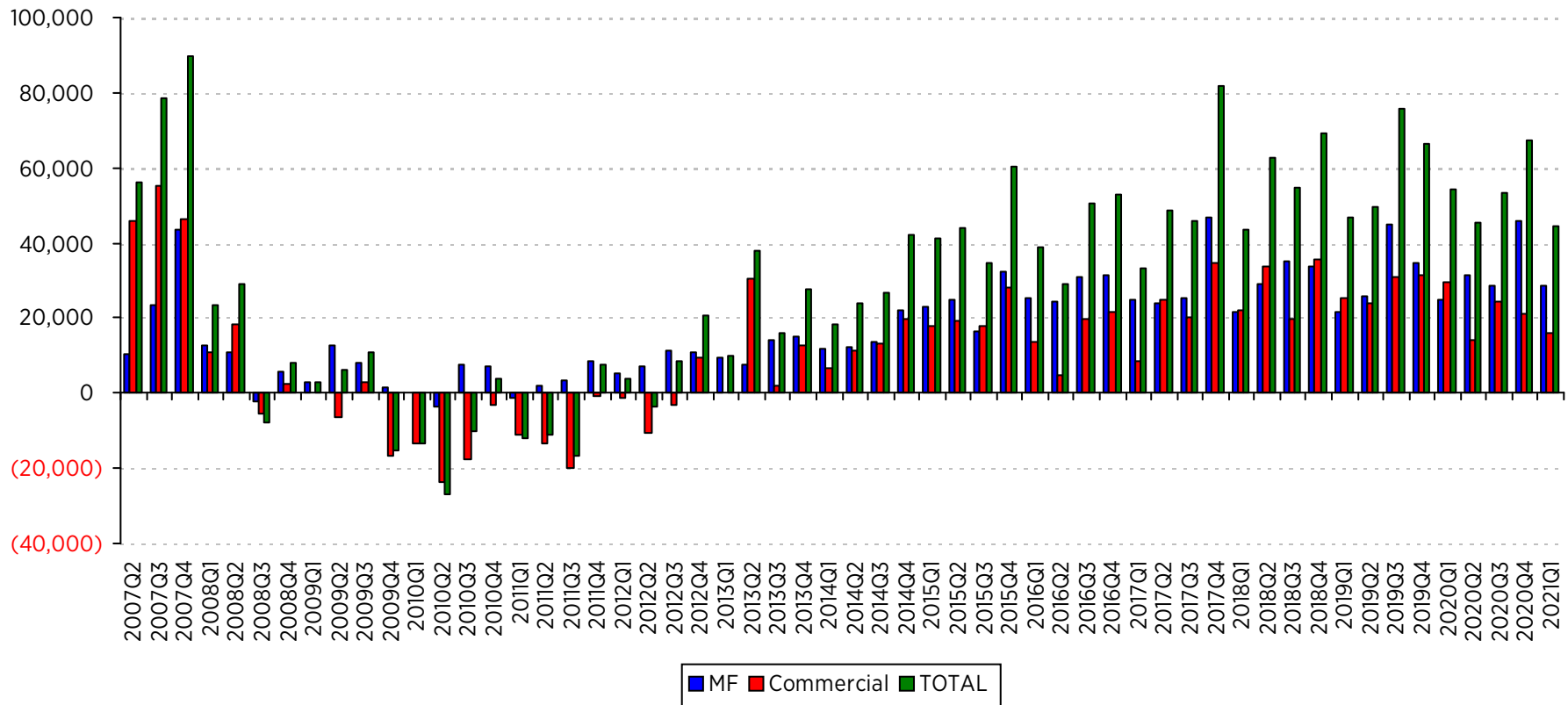


Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

# COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

Net Change in Commercial and Multifamily Mortgage Debt Outstanding, by Quarter

(\$millions)



Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

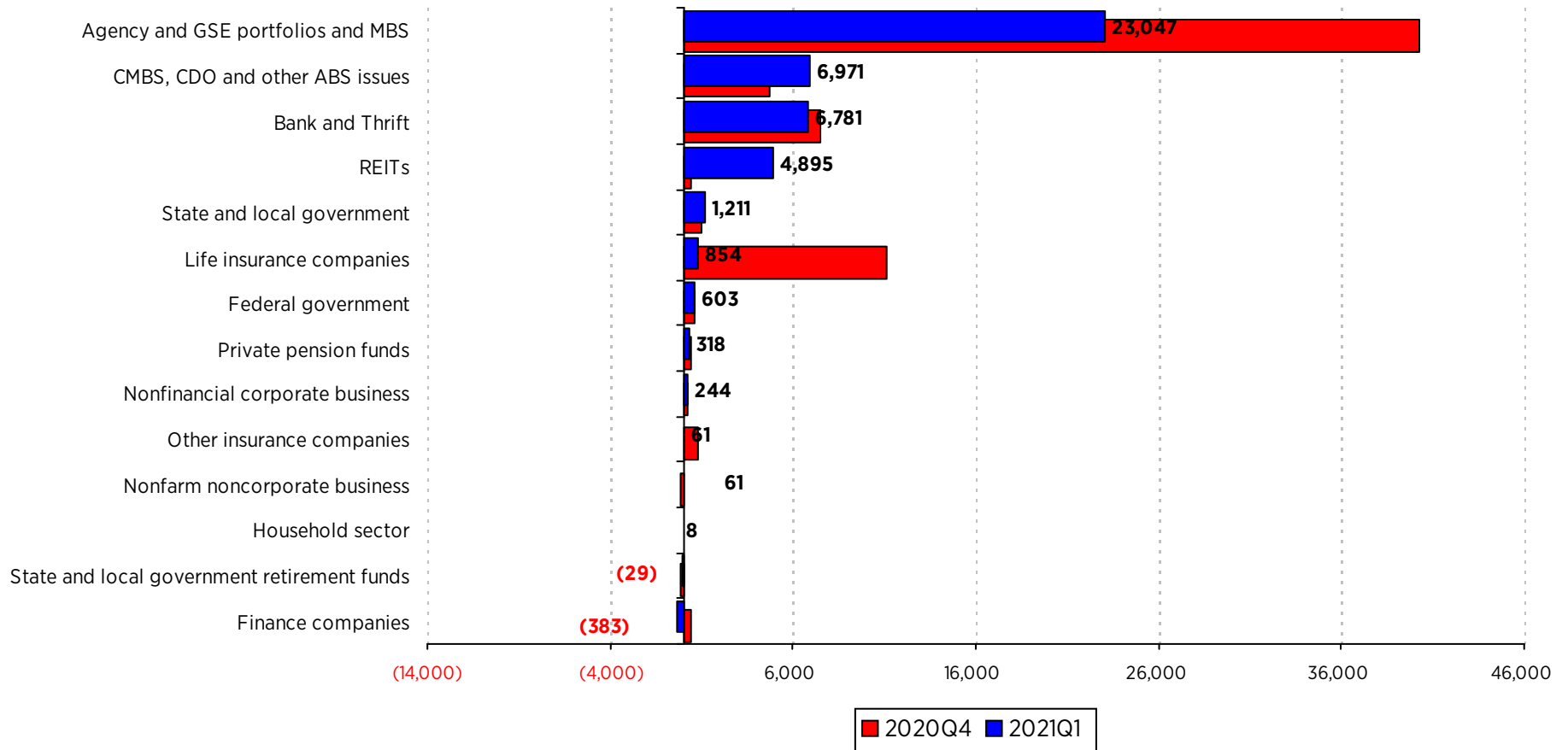
# COMMERCIAL AND MULTIFAMILY MORTGAGE FLOWS

Net Change in Commercial and Multifamily Mortgage Debt Outstanding, by Sector

(\$millions)



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Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

**MBA**

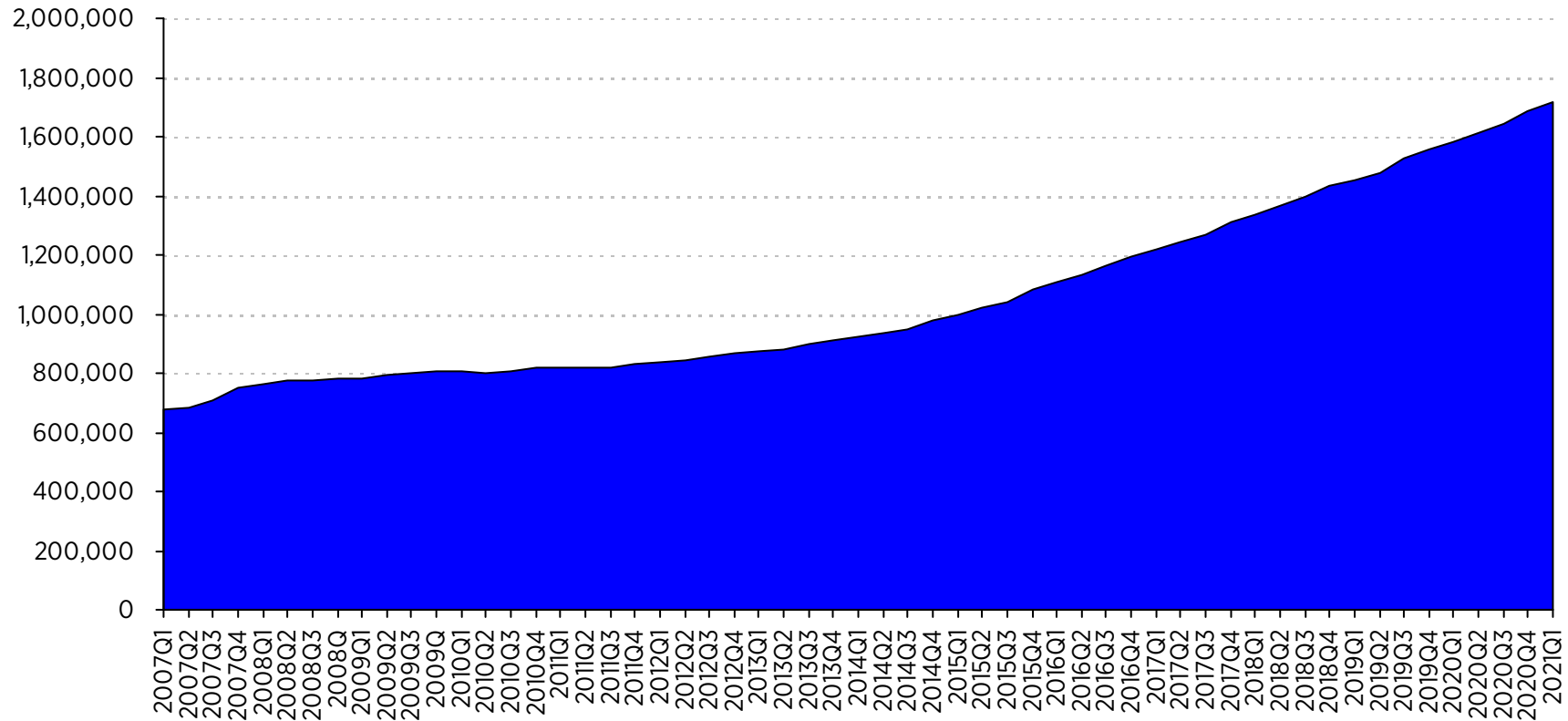
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MULTIFAMILY MORTGAGE DEBT OUTSTANDING

# MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Quarter  
(*\$millions*)



Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

## QUARTERLY MULTIFAMILY MORTGAGE DEBT OUTSTANDING

### Multifamily Mortgage Debt Outstanding, by Sector

# MBA

MORTGAGE BANKERS ASSOCIATION

	Mortgage Debt Outstanding				Change		Sector Share of \$ Change
	2021 Q1		2020 Q4		(\$millions)	Percent	
	(\$millions)	% of total	(\$millions)	% of total			
Agency and GSE portfolios and MBS	860,914	50.1%	837,867	49.6%	23,047	2.8%	80.0%
Bank and Thrift	481,264	28.0%	479,825	28.4%	1,439	0.3%	5.0%
Life insurance companies	171,146	10.0%	169,829	10.1%	1,317	0.8%	4.6%
State and local government	105,885	6.2%	105,209	6.2%	676	0.6%	2.3%
CMBS, CDO and other ABS issues	52,724	3.1%	51,282	3.0%	1,442	2.8%	5.0%
Nonfarm noncorporate business	19,119	1.1%	19,085	1.1%	34	0.2%	0.1%
Federal government	11,128	0.6%	11,114	0.7%	14	0.1%	0.0%
Finance companies	5,429	0.3%	5,488	0.3%	-59	-1.1%	-0.2%
REITs	6,456	0.4%	5,498	0.3%	958	17.4%	3.3%
State and local government retirement funds	2,410	0.1%	2,424	0.1%	-14	-0.6%	0.0%
Private pension funds	518	0.0%	583	0.0%	-65	-11.1%	-0.2%
Nonfinancial corporate business	591	0.0%	582	0.0%	9	1.5%	0.0%
<b>TOTAL</b>	<b>1,717,584</b>		<b>1,688,786</b>		<b>28,798</b>	<b>1.7%</b>	

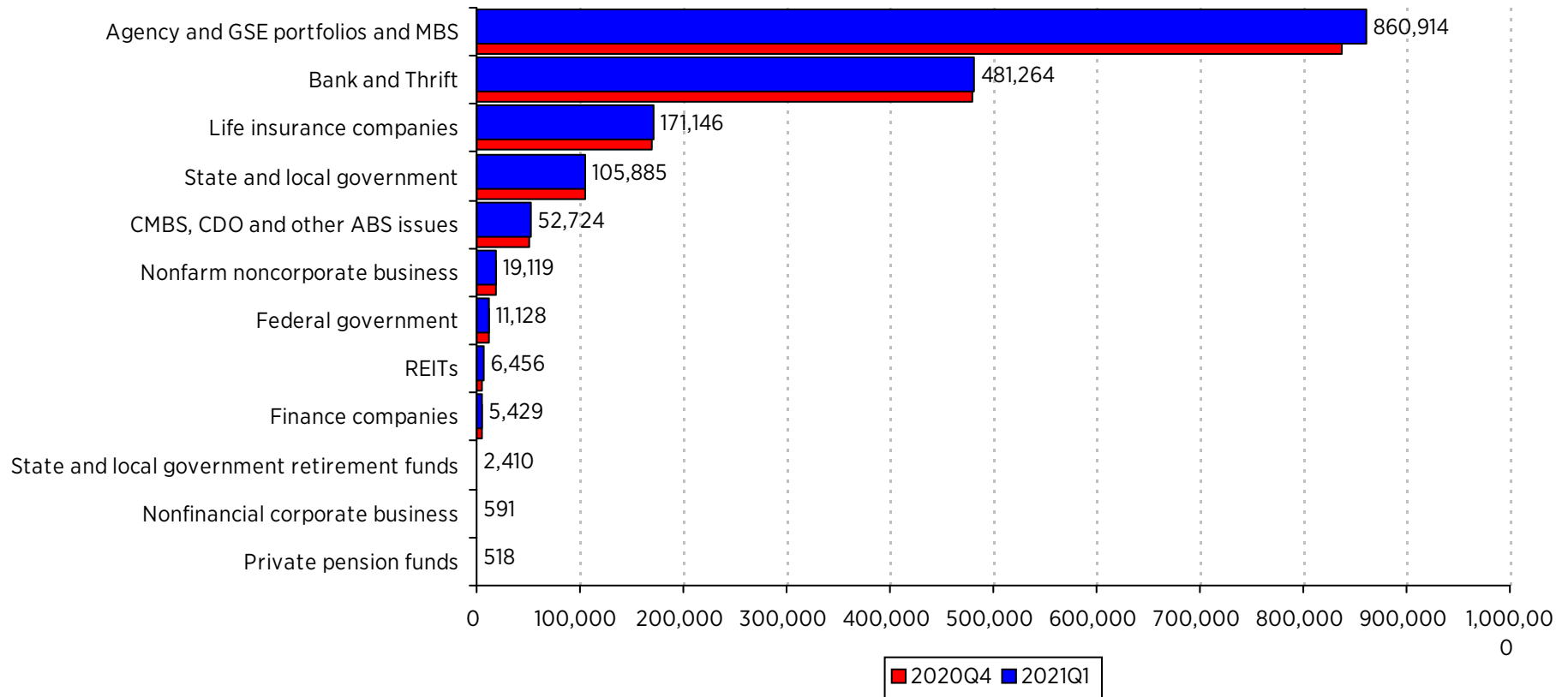
Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

Note: Beginning with the Q2 2014 release, MBA's analysis of mortgage debt outstanding modifies the data from the Federal Reserve's Financial Accounts of the United States with respect to loans held in commercial mortgage-backed securities (CMBS) and by real estate investment trusts (REITs). The corrections create differences with previous releases and with the Federal Reserve data. For more information, please see the Appendix to this report.

# MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Sector

(\$millions)

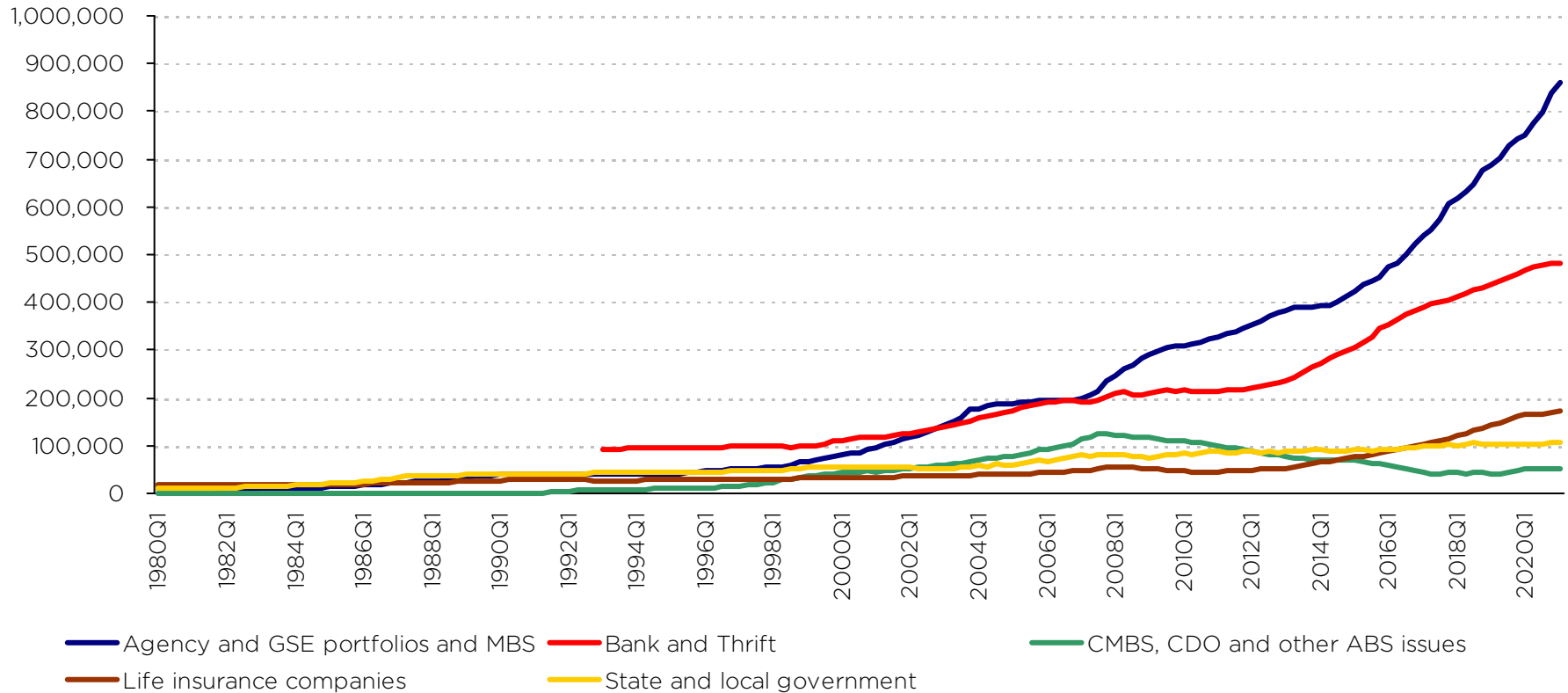


Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

# MULTIFAMILY MORTGAGE DEBT OUTSTANDING

Total Multifamily Mortgage Debt Outstanding, by Selected Sector by Quarter

(\$millions)



Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC



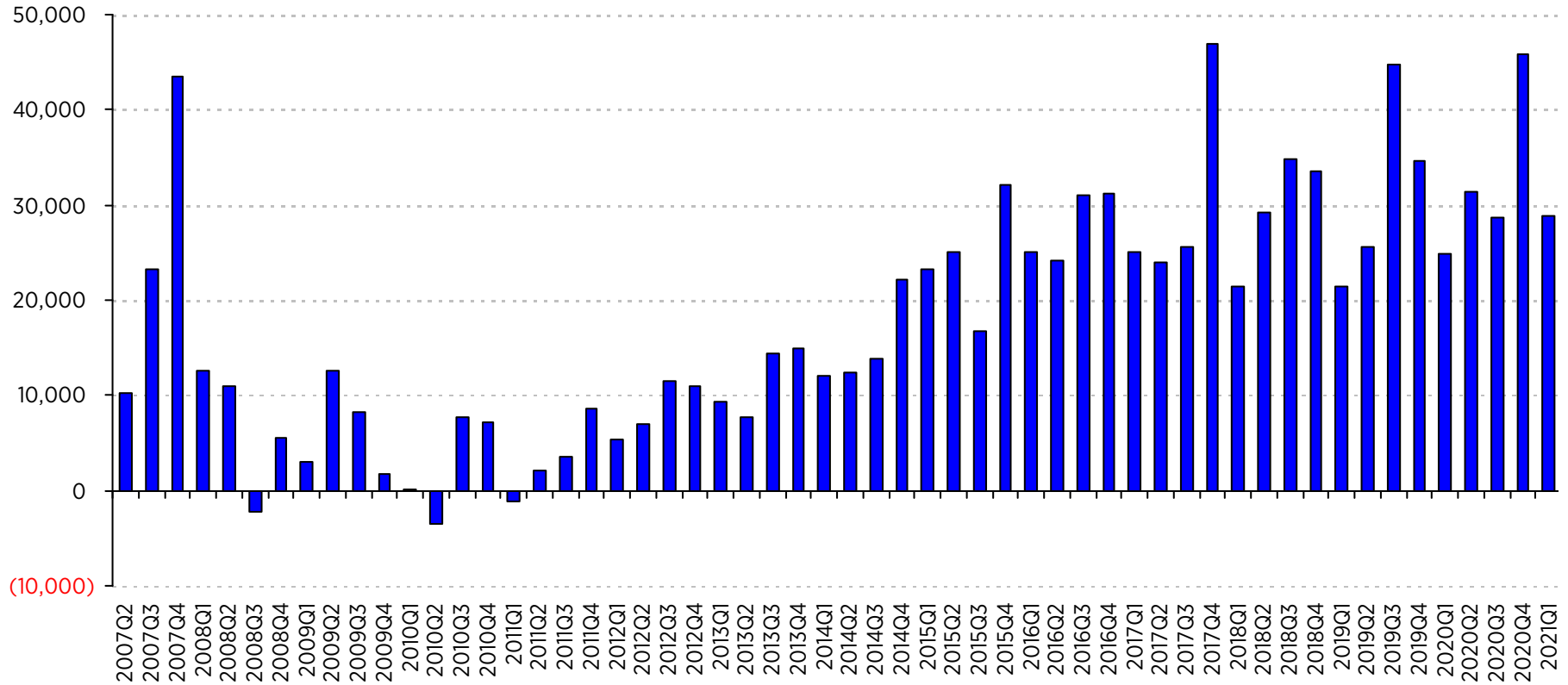
# MULTIFAMILY MORTGAGE FLOWS

Net Change in Multifamily Mortgage Debt Outstanding, by Quarter

(\$millions)



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Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

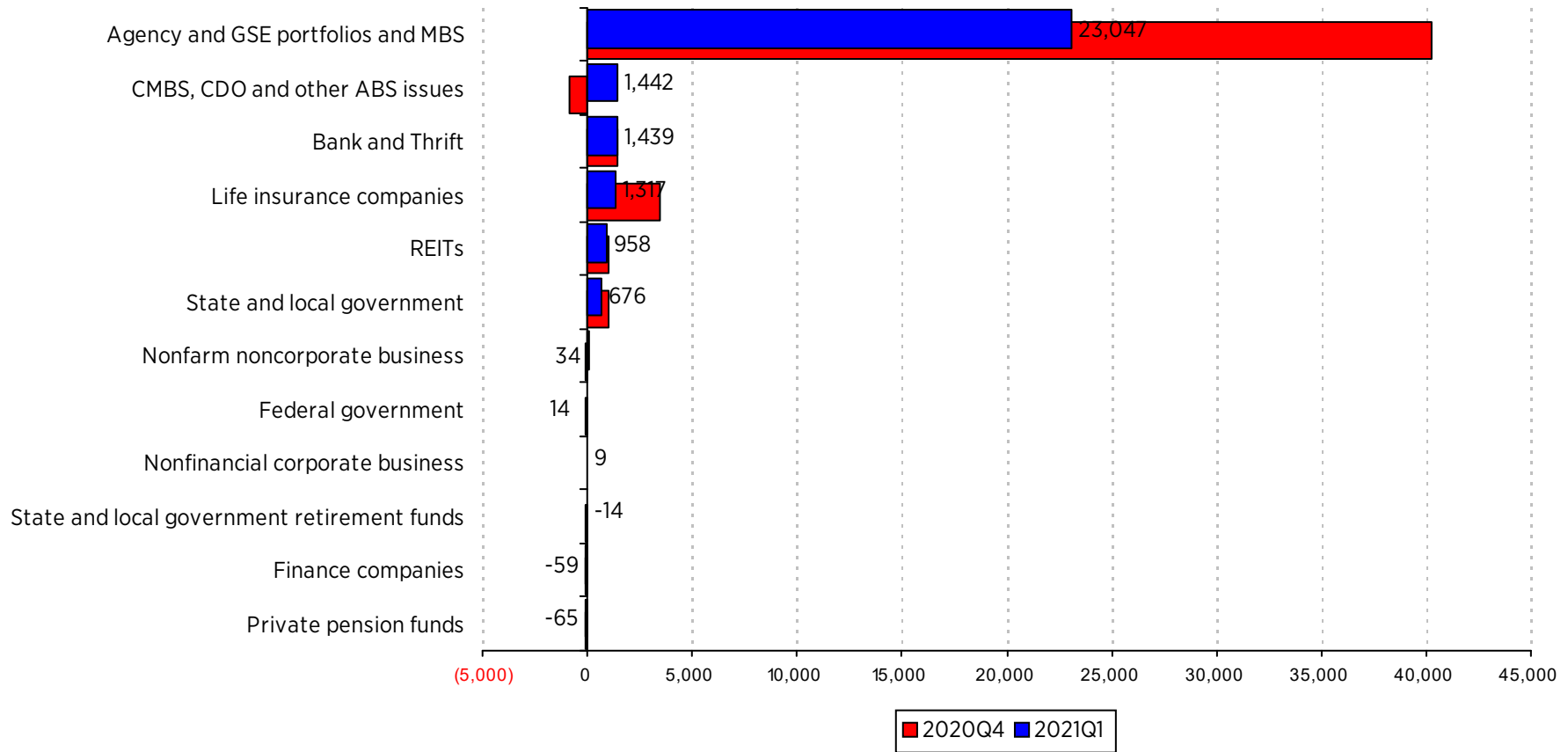
# MULTIFAMILY MORTGAGE FLOWS

Net Change in Multifamily Mortgage Debt Outstanding, by Sector

(\$millions)



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Source: MBA, Federal Reserve Board of Governors, Trepp LLC, Wells Fargo Securities, LLC, Intex Solutions, Inc. and FDIC

## APPENDIX A

MBA's analysis is based on data from the Federal Reserve Board's *Financial Accounts of the United States*, the Federal Deposit Insurance Corporation's *Quarterly Banking Profile* and data from Trepp LLC.

### Bank Holdings

MBA's analysis of commercial and multifamily mortgage debt outstanding was changed in the fourth quarter of 2010 to exclude two categories of loans that had previously been included;

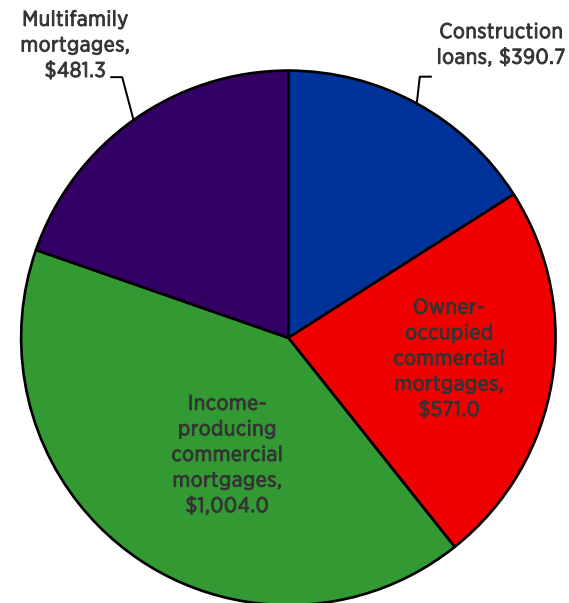
- a. loans for acquisition, development and construction and
- b. loans collateralized by owner-occupied commercial properties.

By excluding these loan types, MBA's analysis more accurately reflects the balance of loans supported by office buildings, retail centers, apartment buildings and other income-producing properties that rely on rents and leases to make their payments.

For the first quarter 2021, the Federal Reserve Board's Flow of Funds Accounts data attributed \$2.4 trillion of outstanding commercial and multifamily mortgages to banks and thrifts. Comparing this number to the FDIC's Quarterly Banking Profile for the same period, one sees that banks and thrifts held \$481 billion of multifamily mortgages and \$1.58 trillion of non-farm nonresidential mortgages, of which 64 percent or \$1.0 trillion were income-producing. The combined \$1.49 trillion of mortgages backed by multifamily and other income-producing properties is included in this analysis. The \$2.4 trillion total reported by the Federal Reserve also includes \$571 billion of loans collateralized by owner-occupied commercial properties and another \$391 billion of loans backed by acquisition, development and construction projects (including those for single-family development), which are excluded in from this analysis.

## Estimated Components of Federal Reserve's Flow of Funds "Commercial and Multifamily Mortgages" Held by Banks and Thrifts

(\$Billions)



Source: MBA, Federal Reserve Board of Governors, and FDIC

### **Mortgages in CMBS and held by REITs**

Beginning with its Q2 2014 release, the Federal Reserve's *Financial Accounts of the United States* adjusted its balance of commercial mortgages held in CMBS and by REITs to reflect the impact of FAS 167 and its implications for how entities report certain securitized mortgages on their balance sheets. The effect of this change was to inflate the balance of mortgages appearing under REITs by approximately \$130 billion and to reduce the balance appearing under CMBS by the same amount. From an accounting perspective, such changes are required, but the changes lead to a significant distortion of the size of the CMBS and REIT markets.

For CMBS, MBA corrects for this by relying on data from Wells Fargo Securities to size the balance of commercial and multifamily mortgages in CMBS. (The analysis continues to rely on the Financial Accounts of the United States to size multifamily balances held in CMBS, as the FAS 167 adjustments did not affect them.)

For REIT balances, MBA uses Fed data to reverse the FAS 167 inclusions and thus to report the mortgages, and not securitized assets, that REITs hold. The full corrected series are available as a part of MBA's CREF Database. Contact [CREFResearch@mba.org](mailto:CREFResearch@mba.org) for more information.





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