



US Debt Market Update

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ABOUT REAL CAPITAL ANALYTICS

Across the globe, the most active investors, lenders, brokers and advisors depend on RCA's unique insight to formulate their strategies, source new opportunities, and execute their deals. As an industry pioneer since 2000, RCA has earned a reputation of having the most timely and reliable transaction data and providing valuable intelligence on market pricing, capital flows and investment trends.



Reliable Data



Detailed Transactions



Unique Capital Flows



In-Depth Market Analysis



Comprehensive Profiles



Powerful and Easy to Use



Player Identification



Responsive Client Service



Industry Standard Data

\$18tr.

Deals tracked since 2000, including 250,000 individual company profiles

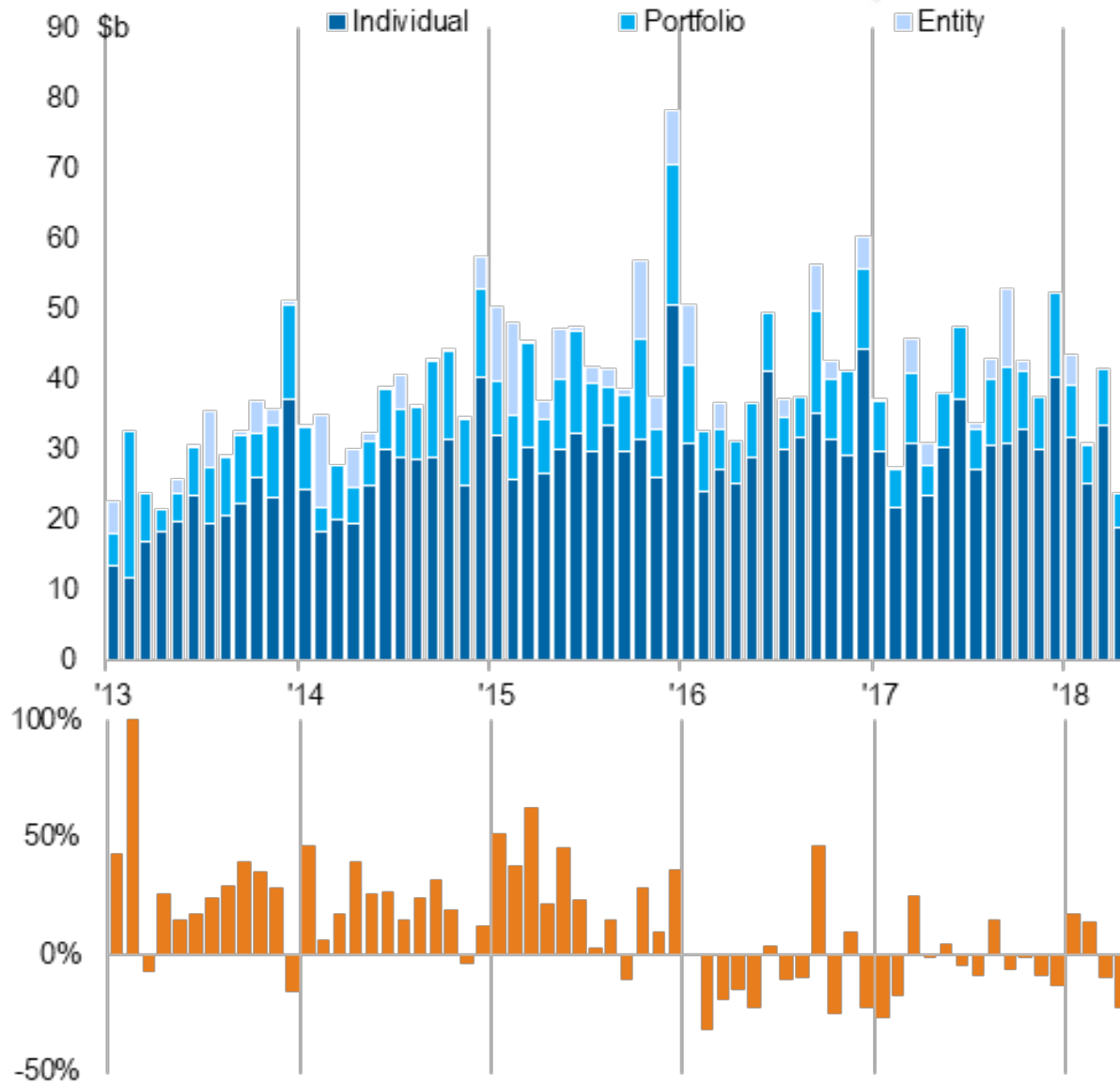
69%

Of global players rely on RCA to provide market intelligence

172

RCA tracks transactions across all markets, in 172 countries

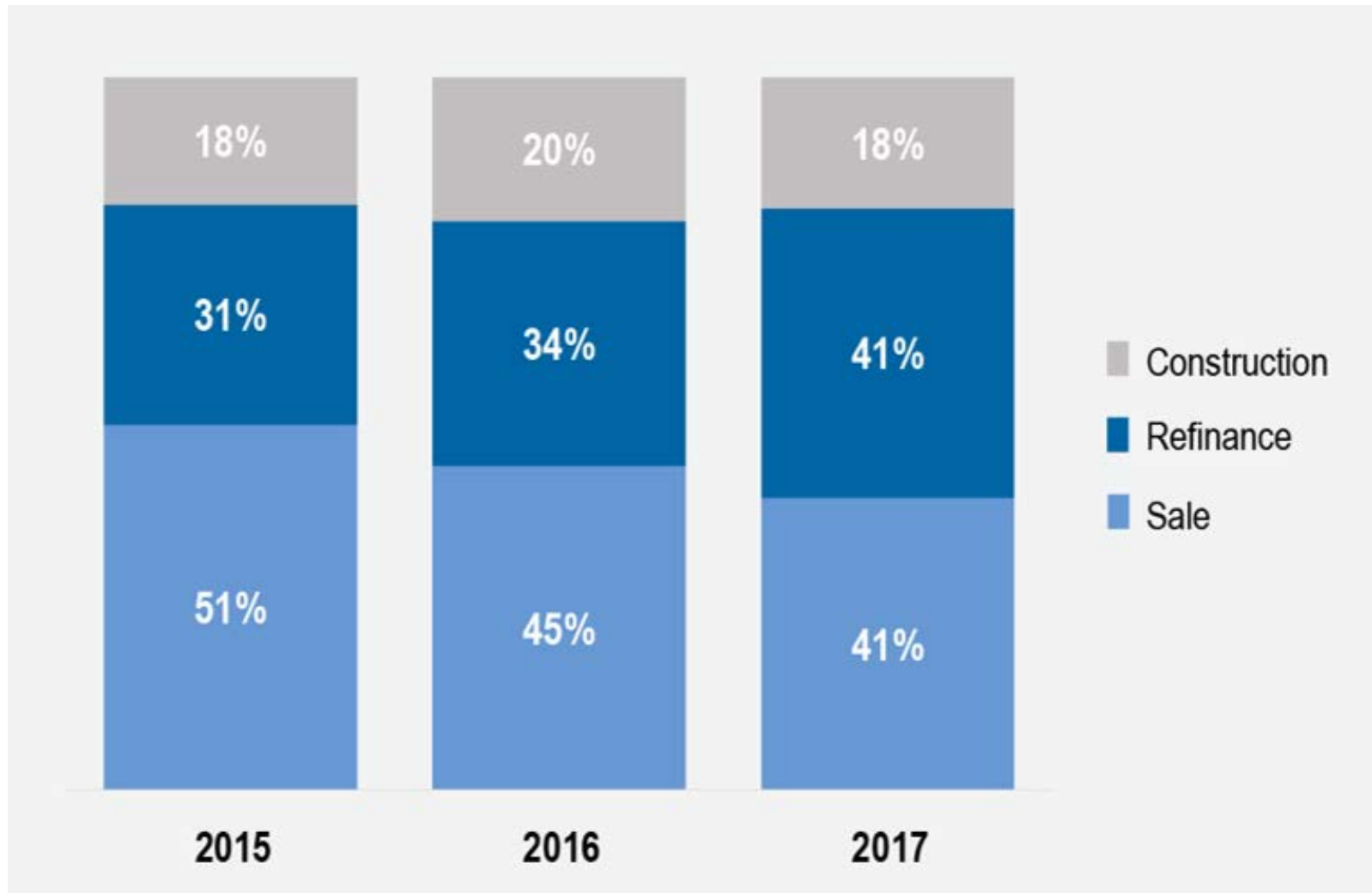
OVERALL US INVESTMENT ACTIVITY, MONTHLY



Source: Real Capital Analytics

US REFINANCE ACTIVITY IN 2017

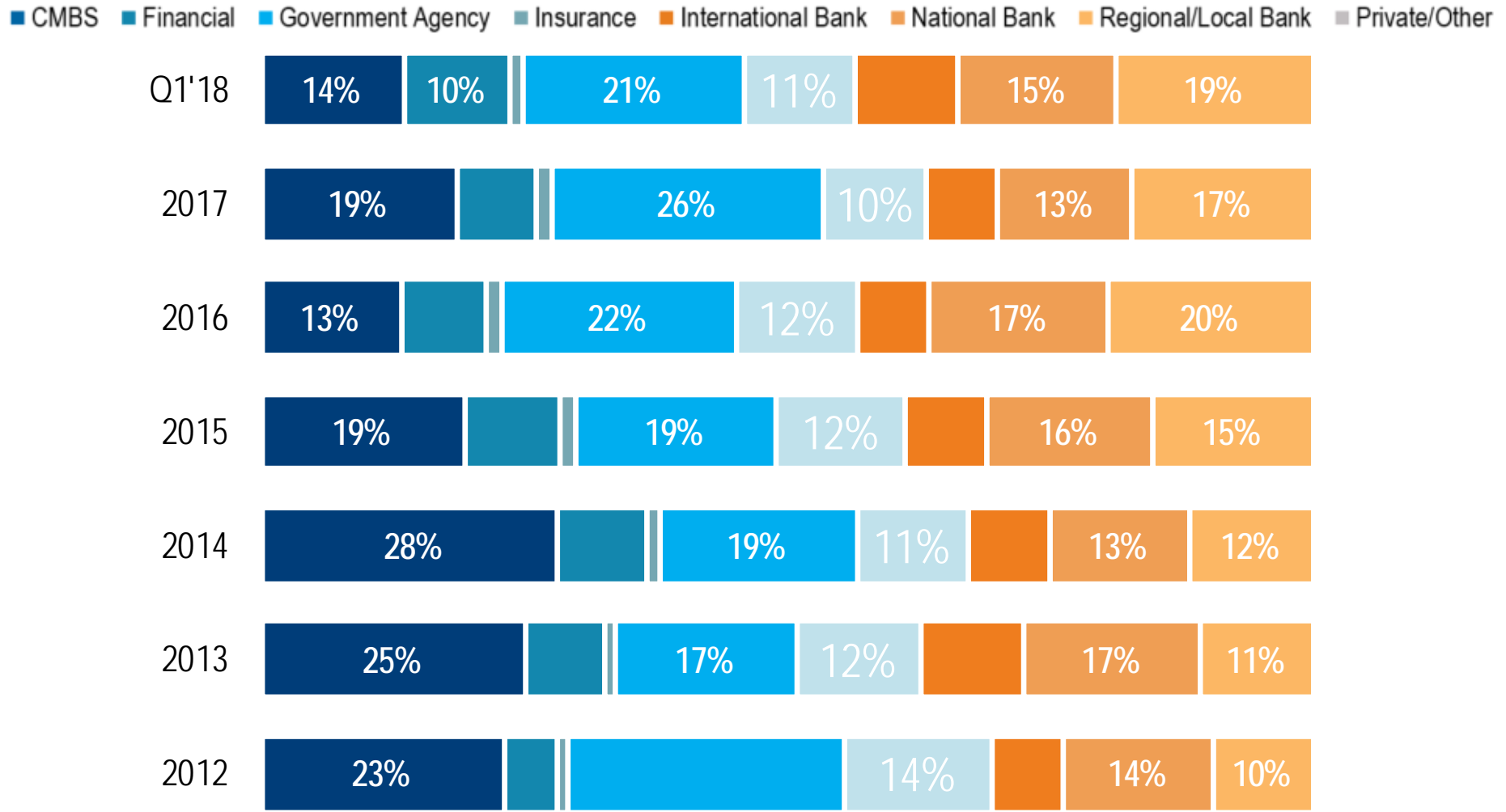
Why sell into uncertain market pricing if you can simply refinance?



Source: Real Capital Analytics

COMPETITION FROM MULTIPLE CAPITAL SOURCES

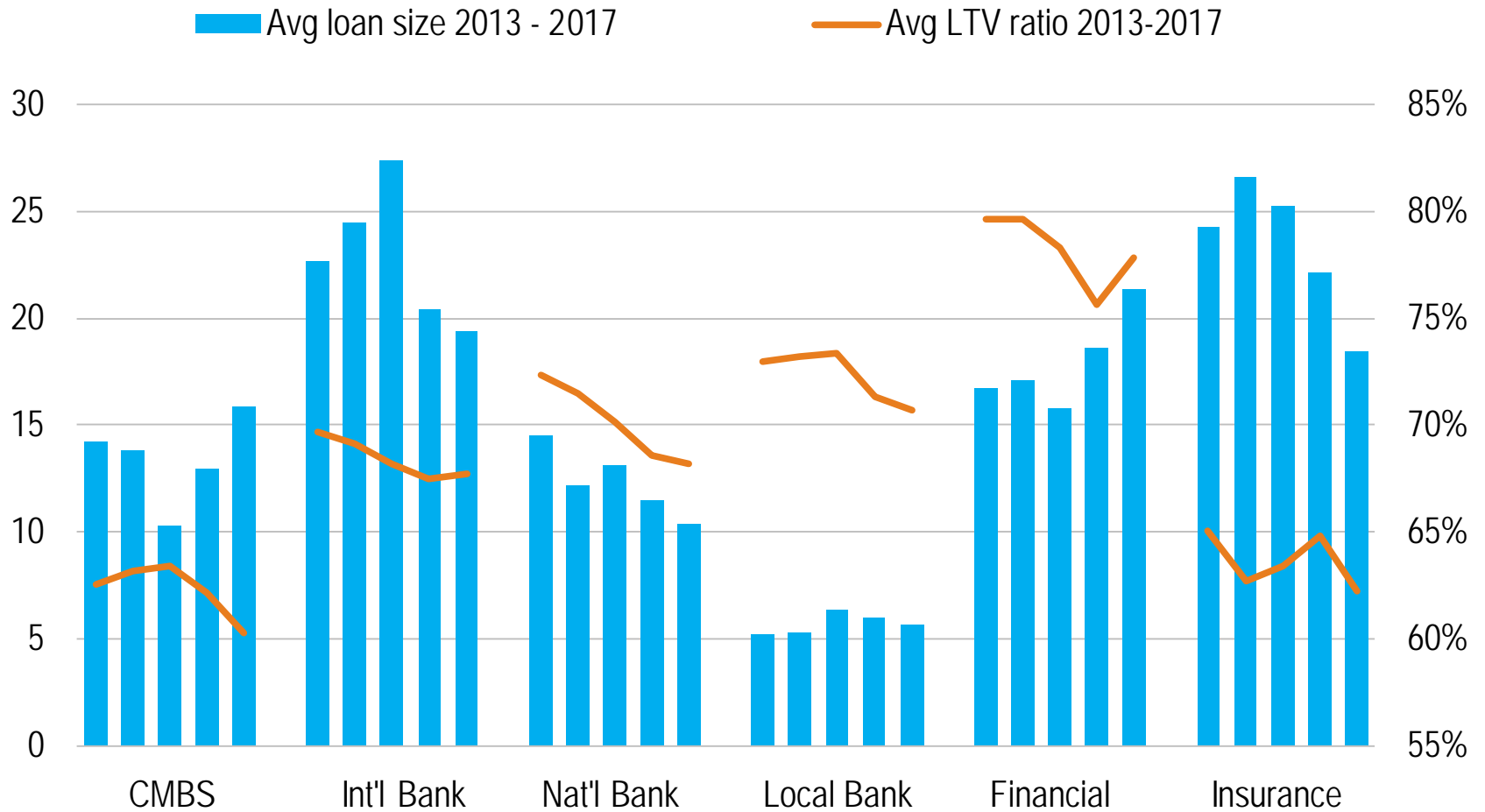
Lender Composition



Source: Real Capital Analytics

THOUGH EACH GROUP HAS A DIFFERENT FOCUS

Different Sizes and Leverage



Source: Real Capital Analytics

AND VARYING RISK TOLERANCE

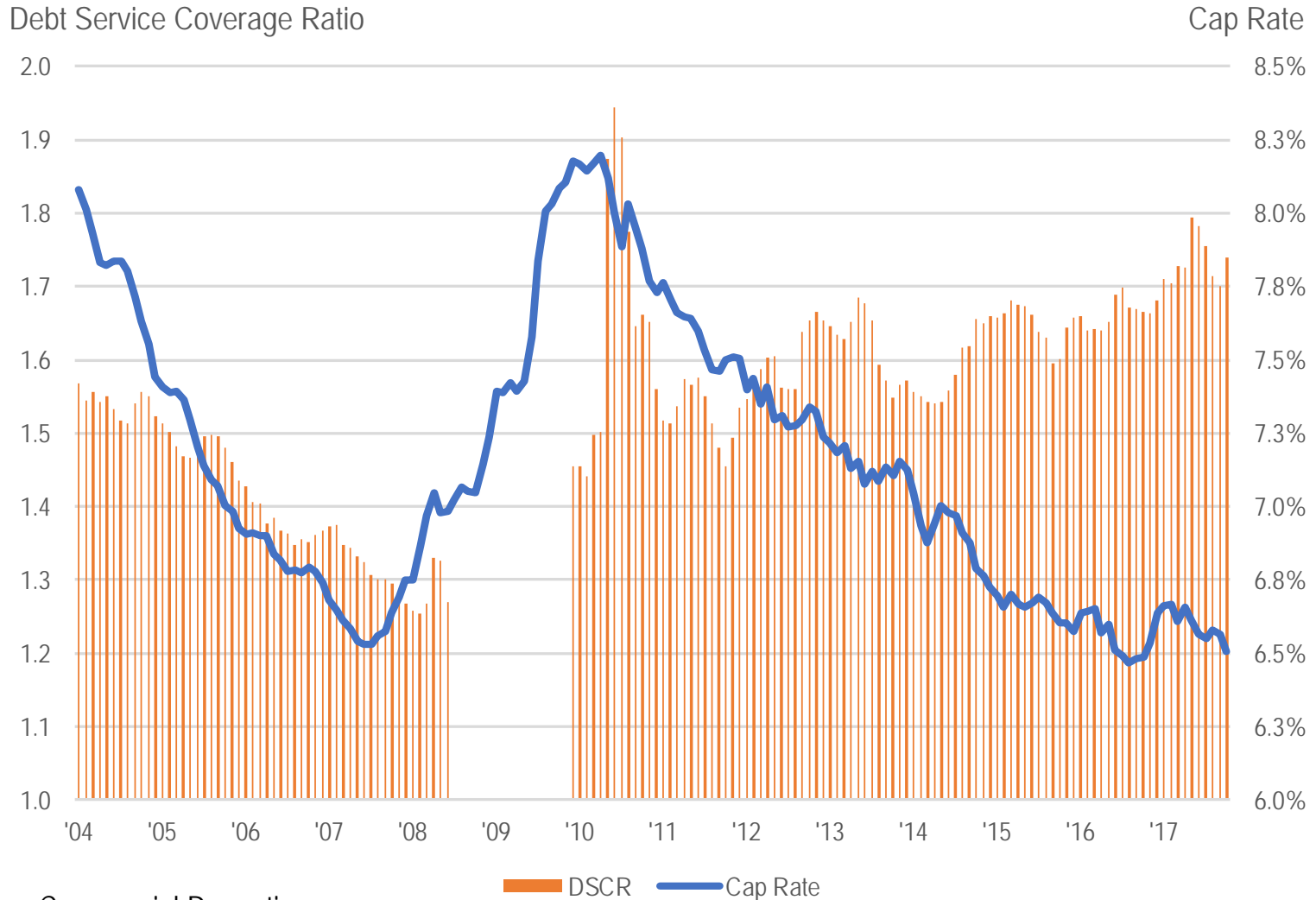
Commercial Loan Characteristics, 2017

| | Avg '17 Loan (\$m) | Avg '17 LTV | Avg '16 LTV | Avg '17 Cap | Avg '16 Cap |
|------------------|-----------------------|----------------|----------------|----------------|----------------|
| CMBS | 15.5 | 63.3% | 62.0% | 6.9% | 7.0% |
| Int'l Bank | 19.2 | 65.9% | 65.5% | 6.0% | 5.9% |
| Nat'l Bank | 11.0 | 64.5% | 64.7% | 6.0% | 5.8% |
| Reg'l/Local Bank | 5.8 | 66.6% | 67.2% | 6.3% | 6.3% |
| Financial | 22.0 | 70.5% | 70.8% | 6.1% | 5.7% |
| Insurance | 18.9 | 61.0% | 62.5% | 6.4% | 6.2% |
| Grand Total | 11.6 | 66.3% | 66.6% | 6.1% | 6.2% |

Source: Real Capital Analytics

LENDERS NOT CHASING CAP RATES

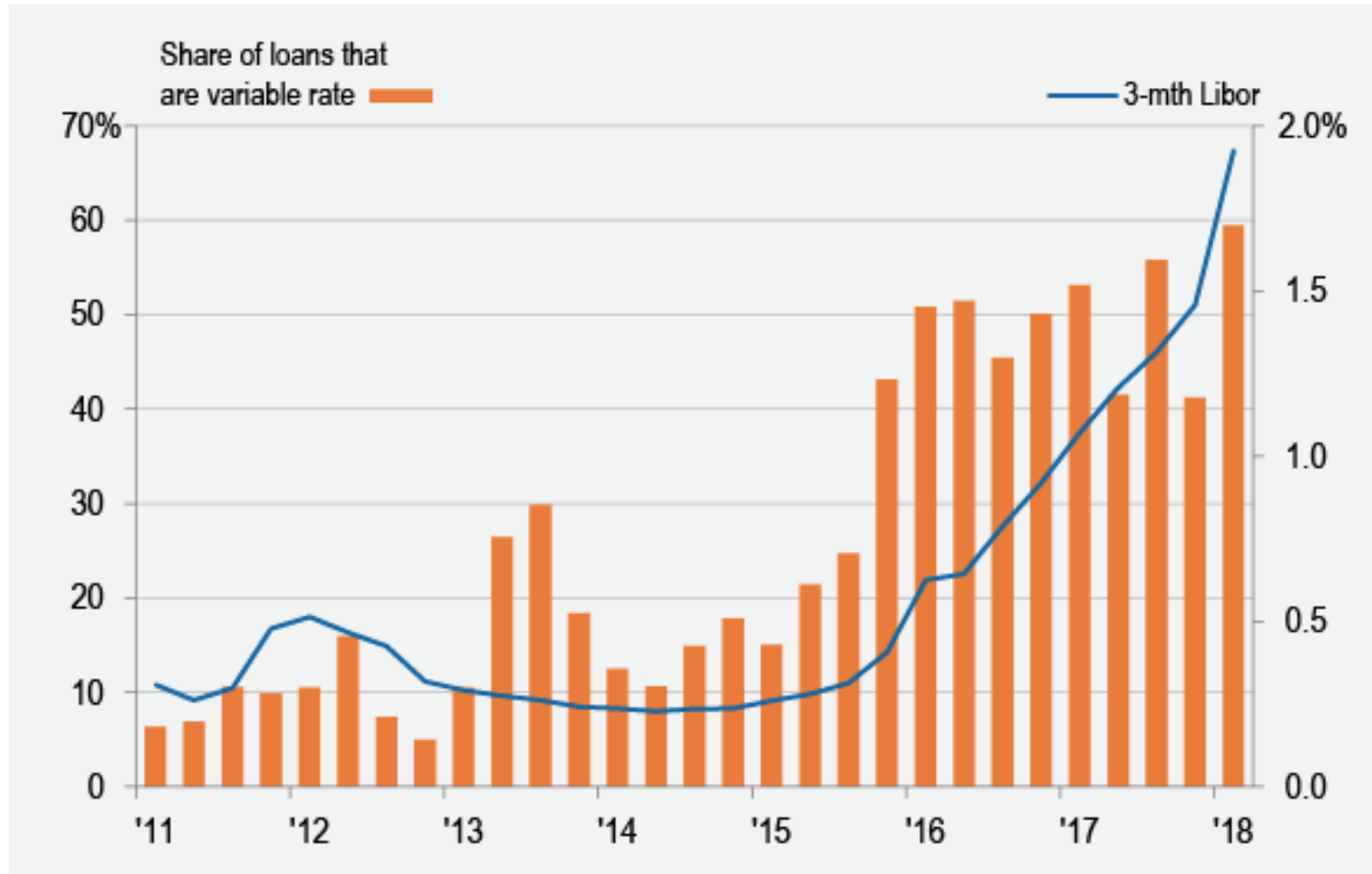
Debt Service Coverage Ratios & Cap Rate



1st Mortgages, Commercial Properties

Source: Real Capital Analytics

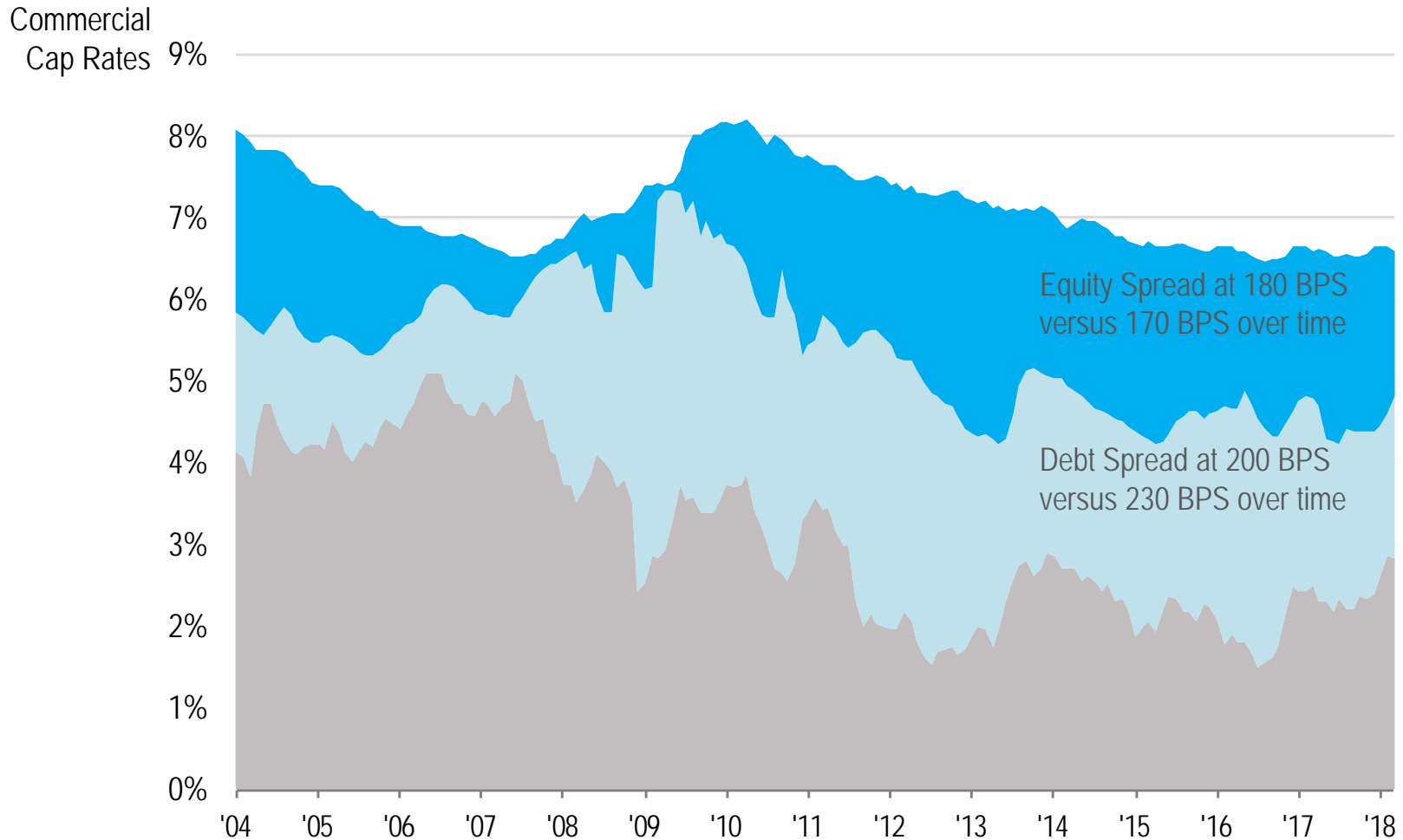
MOVE TOWARDS VARIABLES – TROUBLE AHEAD?



Source: Real Capital Analytics, ICE Benchmark Administration Limited (IBA)

THE DECOMPOSITION OF US CAP RATES

WHAT NEXT? WILL THE EQUITY SPREAD NARROW?



Debt Spread: Difference Between 10yr UST and 7/10 Year Fixed Commercial Mortgage Rate

Equity Spread: Difference Between Commercial Cap Rates and 7/10 Year Fixed Commercial Mortgage Rate

Source: Real Capital Analytics



Thank You

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