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Commercial Mortgage ALERT

THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION

MAY 8, 2020

Buyers Welcome Resuscitated CMBS Deals

The commercial MBS market continued its slow revival this week, as issuers priced a conduit transaction and two single-borrower deals amid sharply tightening spreads.

The benchmark class of the $771.9 million conduit offering, from **Goldman Sachs** and **Citigroup** (GSMS 2020-GC47), went out the door yesterday at 145 bp over swaps, in line with dealer guidance but 10-20 bp tighter than early "whispers." Spreads further down the capital stack jumped in even more sharply. The lowest publicly offered tranche, rated single-A-minus by **Fitch** and **Kroll,** priced at 385 bp — 40 bp inside guidance and down from initial whispers of 500-525 bp (see Initial Pricings on Pages 15-18).

Investors pointed to the tightening as a welcome sign that the market is getting over the worst of the dislocation that followed the onset of the coronavirus pandemic. More deals are expected next week.

One buysider said improvements in the stock market and encouraging news

See BUYERS on Page 13

Mortgage REIT Weakness Prompts Deja Vu

The heavy toll the economic downturn has taken on mortgage REITs is once again prompting debate about the sector's long-term stability.

Some of the best-known mortgage REITs, including vehicles managed by affiliates of **Angelo, Gordon & Co.** and **TPG,** faced margin calls amid the financial-market turmoil triggered by the pandemic. Others, including **Ladder Capital,** have taken extreme measures to secure financing.

The upheaval has elicited a sense of deja vu among market veterans, prompting some to question the wisdom of employing the REIT structure to manage portfolios of commercial real estate loans and securities. That's because the sector was similarly crushed by at least three previous financial crises — in 2007-2008, 1998 and in the 1970s, when mortgage REITs were still a new investment.

In each case, mortgage REITs were hurt by a heavy reliance on bank financing —

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Hotel Lender Hawks Big Mortgage Portfolio

A lender specializing in hotel properties is looking to sell $325 million of performing and nonperforming mortgages.

The 40 loans, originated by **Access Point Financial** of Atlanta, are backed by select-service hotels encompassing almost 6,000 rooms in 22 states. About half of the loans, by dollar volume, are still performing. Around 75% of the outstanding balance is pegged to fixed-rate coupons, while the rest of the loans are floaters.

In putting the seasoned portfolio up for grabs via **Newmark** this week, Access Point joined a growing field of lenders seeking to shed loans they originated before the pandemic disrupted the market (see article on Page 2). Also this week, **Bayview Asset Management** of Coral Gables, Fla., began shopping $433 million of performing commercial mortgages on a variety of property types across the U.S.

While the specific motivations of Access Point and Bayview are unclear, many lenders offering mortgages want to re-deploy capital opportunistically. Others are

See HOTEL on Page 13

THE GRAPEVINE

Industry veteran **Roger Cozzi** left **AllianceBernstein** last month, and there's no word on his next move. His responsibilities as chief investment officer of the commercial real estate debt group were assumed by **Peter Gordon,** who had been a managing director since joining AllianceBernstein in 2016. The New York investment manager hired Cozzi in 2012 to build and lead a bridge-lending unit. Before that, he spent four years as chief executive at **Gramercy Capital** of New York. He was previously a managing director at **Fortress Investment** and investment chief at **iStar Financial,** both of New York.

After almost 14 years at **SitusAMC,** executive managing director **Steven Bean** has left the New York firm to pursue buy-side opportunities, including personal investments in commercial properties. With Bean's long-planned departure on Monday, managing director **Robin Baker**

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Brokers Prep for Rush of Loan Sales

Brokerages are gearing up to handle more loan-sale assignments as new financing deals have slowed to a trickle due to the pandemic.

Sales of commercial mortgages have picked up in recent weeks as sellers look to free up capital. But pros believe the market hasn't even seen the tip of the iceberg, and that offerings of both performing and nonperforming loans will explode later this year.

"We expect a primarily performing loan-sale market, designed to create liquidity, to unfortunately devolve into a more distressed market over the duration of the year for high-risk asset classes and transitional properties," said **Dustin Stolly,** co-head of **Newmark's** debt and structured-finance group.

Newmark and other brokerages are preparing by tapping senior debt- and equity-placement specialists to work on the expected wave of loan-sale assignments. **Eastdil Secured** likewise has executives devoting more time and resources to advising on potential loan sales. **CBRE,** which has a national team dedicated full-time to loan sales, can also draw on its network of capital-markets staffers.

As business closures have disrupted property cashflows and put valuations in question, the normal flow of debt-brokerage assignments for acquisitions and refinancings has slowed sharply. And while the uptick in offerings of outstanding loans and portfolios won't make up for that lost business, it provides brokerages with an alternative revenue stream — and a way to provide additional service and maintain relationships with clients.

Michael Van Konynenburg, president of Eastdil, said that loan sales amount to 5-10% of the firm's debt business in a normal year, but soared to about 50% during the downturn in 2009-2011. At such times, he said, the firm's non-commission approach serves it well, as both equity and debt brokers are incentivized to work together and share the firm's bonus pool.

Today, client pitches involve having both equity and debt brokers talking about specific assets and markets with a "bottom-up view of property underwriting and loan underwriting," Van Konynenburg said. "It's really giving lenders the feedback that we see in the underlying asset market," he said. "When it's a normal market, you're not doing that as much. Now it's, 'Here's what we're seeing on the ground' . . . and providing advisory work to lenders, versus more advisory work to borrowers."

At CBRE, **Patrick Arangio** heads up the national loan-sales team, which generally numbers about a dozen people handling that work exclusively. They provide comprehensive underwriting and input on current pricing expectations, allowing clients to weigh the pros and cons of floating an offering.

"I have spent the last 20 years of my career specializing in loan sales," Arangio said. "Not all loans are perfect sale candidates all the time. It is essential to be strategic — now more than ever."

CBRE is able to tap various units under its corporate umbrella to contribute data to a loan-sale process. "We had multiple large portfolio-sale assignments during the last cycle where we tapped 15-20 separate teams with hundreds of CBRE professionals," Arangio said.

He added that the business has already picked up, with expectations it will likely grow at least through the summer and fall.

"Based on the volumes we are currently underwriting, it is possible that the coming year could be historically significant with regards to loan sales," Arangio said. "And if the volume of inbound calls from buyers is any indication, there is no shortage of capital available to invest in both the performing and

See BROKERS on Page 14

Argentic Emerges As Special Servicer

Argentic has exercised its authority as the controlling B-piece holder on 17 conduit deals to appoint its new servicing arm as a replacement for special servicer **LNR Partners** on $12.6 billion of underlying loans.

The New York company on Tuesday transferred the special-servicing assignments for 864 fixed-rate loans to the new unit, Argentic Services of Plano, Texas. Most of the mortgages aren't currently in special servicing.

Insiders described the process as amicable — noting that LNR, a Miami unit of **Starwood Property** of Greenwich, Conn., had been preparing for such a move since Argentic began laying the groundwork for its servicing business about a year ago.

Recently rated Average/CSS3+ by **S&P** and **Fitch** as a special servicer of commercial MBS debt, Argentic Services also took over the corresponding assignments on 46 floating-rate loans, totaling $1.1 billion, that collateralize two of the most recent commercial real estate CLOs issued by an investment-management affiliate. Those contracts originally were assigned to Chicago-based **Cohen Financial.**

Going forward, Argentic Services' investment affiliates plan to appoint it as the named special-servicer on new deals whenever they buy conduit B-pieces or issue CLOs.

Argentic's special-servicing portfolio currently includes just three loans, with a combined balance of $21.4 million, that were being actively managed by LNR after running into trouble. But many more CMBS loans likely will end up in special servicing in the coming months, as borrowers struggle to make payments amid fallout from the coronavirus pandemic.

In the conduit sector, all of the special-servicing contracts assumed by Argentic this week were on deals backed partly by its own originations. Argentic has contributed loans to 41 conduit deals since 2014 and started buying B-pieces in the sector three years ago. Since then, it has acquired the most-subordinate bonds from 19 conduit deals totaling $16.4 billion at issuance, according to **Commercial Mortgage Alert's** CMBS database. It later sold the B-pieces of two of those deals.

Since 2018, Argentic also has issued three CRE CLOs totaling $1.8 billion.

The 17-member special-servicing team is led by former **CWCapital** executive **Andrew Hundertmark,** who came aboard last July as the unit's chief executive. ❖


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PPP Debt Raises Lender Concerns

Lenders are casting a wary eye on any moves by borrowers to take on additional debt through a new federal economic-relief program.

The Paycheck Protection Program allows business owners to obtain forgivable loans of up to $10 million through the **U.S. Small Business Administration.** Under the guidelines set by Congress, the bulk of the funds must be used to pay employees, rather than lay them off as the coronavirus pandemic forces many businesses to close.

If a PPP loan helps a tenant stay afloat and continue paying rent, that could help keep a loan current. But if a building owner taps the program, some lenders are concerned about the implications in the event the property or the company runs into distress.

"It's additional debt, and there could be other issues involved if they [a property owner] default on their debt," said an originator with a large bank. "Even if it's not property-level debt, it muddies the waters."

Legislation signed by **President Trump** on March 27 provided $349 billion for the loans. When that was quickly exhausted, $320 billion was added in a bill signed April 24. The rules provide that up to 25% of the proceeds can be used for operating expenses like rent and mortgage payments, as long as the rest goes to employee salaries. Any portion that isn't used for the prescribed purposes becomes an unsecured loan with a 1% interest rate that must be repaid in two years.

The program is intended for small companies, with annual income averaging less than $5 million over the past two years. But many larger firms, including institutional property owners, operate through multiple special-purpose entities, some of which are eligible.

Multiple originators said over the past week that they've been approached by relatively large investors seeking the lenders' approval, or notifying them of their intent, to obtain PPP loans. The responses generally were wary. One bank executive said the optics of an investment shop with hundreds of millions of dollars in assets seeking small-business relief would be bad.

"On a hotel, I get it. On a retail property where you don't have tenants paying, sure. But on a fully leased office building where the tenants are still paying rent, and they were still applying for it?" the originator said.

Another lender said his bank would probably allow a borrower to take on PPP debt, provided its properties were performing well. But the lender added that the program has become "a little bit political," raising concerns of problems down the road, such as public backlash and increased regulatory scrutiny.

Some high-profile cases of large businesses scooping up the SBA loans have already drawn negative publicity. In one case that made headlines, fast-food chain **Shake Shack** obtained a $10 million loan, but gave it back after critics pointed out it has $100 million in cash on hand.

A more direct concern for mortgage lenders is that if a borrower obtains an SBA loan through another bank, that competing lender becomes a new creditor in the mix in the event of a default or bankruptcy.

The issue can become particularly thorny in the case of a securitized mortgage, said a broker who has had conversations with various lenders about the federal program. "As a borrower, you pledge you are not taking any additional debt on the property, for the benefit of the property or in the name of the property," the broker said. "When they take PPP, they're saying they are."

If the loan becomes distressed, a special servicer could point to a PPP loan as a violation of the mortgage covenants and seek recourse. "Can they enforce it? Who knows? But we've heard this issue come up a few times already" in discussing the program with CMBS shops, the broker added. ❖

CBRE Data Gauge Lending Slowdown

The latest quarterly survey of commercial real estate lending activity by **CBRE** shows the first signs of pandemic-related weakness.

While the pace of loan originations remained solid for the first quarter as a whole, lending activity slowed sharply in March, with commercial MBS platforms and alternative lenders pulling way back. CMBS shops accounted for just 16.5% of non-agency origination volume in the first three months of the year, down from 31% a year earlier. The picture was similar for alternative lenders including debt funds and REITs, whose share of the non-agency market dropped to 30.3%, from 41% in the prior quarter, according to a report the brokerage plans to release next week.

An aggregate metric CBRE dubs the Lending Momentum Index rose to 275 in March — up 4.5% from December and 15% from a year earlier. But it was down 12% from January's high — a "harbinger of lower loan closings anticipated in Q2," according to the report.

"Commercial-mortgage markets are transitioning through a period of price discovery, with certain lenders remaining active," commented **Brian Stoffers,** global president of debt and structured finance in CBRE's capital-markets group. "Property types especially hard hit by occupancy issues or rent collections have become very difficult to finance."

CMBS lenders were forced to the sidelines in mid-March as increasing fears about the pandemic led to the shutdown of broad segments of the economy and a spike in bond-market volatility. One bright spot: The recent expansion of the **Federal Reserve's** Term Asset-Backed Lending Facility has caused spreads to tighten in the secondary market. After reaching a peak of 330 bp over swaps in late March, spreads on 10-year, triple-A-rated bonds fell to 175 bp by late April.

"This has generated optimism that shelved deals may soon return to the market, paving the way for new loan originations," the report says.

Still, spreads on closed loans with 55-65% loan-to-value ratios remained 100-140 bp higher than the first-quarter average, according to CBRE.

As CMBS lenders and alternative-investment vehicles curtailed their lending activity at the end of the first quarter, banks increased their share of the non-agency market to 32.6%, from an average of 25.1% in the second half of 2019. Insurers held roughly steady with a 20.6% share.

CBRE's survey also gauges underwriting standards, which remained more or less stable in the first quarter. Debt-service coverage ratios averaged 1.51 to 1, unchanged from the prior quarter. The average loan-to-value ratio was 65%, down from 65.8% in the fourth quarter.

However, the percentage of interest-only loans rose sharply in the latest quarter — to 22.8%, from 17.9% in the year-earlier period. That trend may reverse in the second quarter, as lenders generally have become more conservative in their underwriting amid the crisis. ❖

RANKINGS

Foreign Banks' US Mortgages Up 6%

Foreign-owned banks increased their holdings of U.S. commercial real estate debt by 6% last year — up sharply from a 3% growth rate in the previous year.

Filings by 73 foreign institutions, compiled by **Trepp Bank Navigator,** showed they had $242.9 billion of U.S. commercial mortgages on their books at yearend, up from $229.9 billion a year earlier.

Topping the list again was Canada's **TD Bank,** which increased its tally 5% to $28.7 billion. **Deutsche Bank's** U.S. holdings grew 22% to $21.3 billion, putting the German bank in second place. Japan-based **MUFG** was third with $19.4 billion (up 7%), followed by **BNP Paribas** of France with $17.1 billion (up 1%) and Spain's **BBVA** with $15.9 billion (up 6%).

The foreign-bank total pales in comparison to the $1.35 trillion of commercial mortgages held by just the top 100 U.S. banks at yearend, according to Trepp data that **Commercial Mortgage Alert** published last week. In all, the **Federal Reserve** estimates that banks held $2.3 trillion, or 51% of the nation's total outstanding commercial real estate debt.

Some foreign banks write U.S. loans both through holding companies based in the States and via branches or agents of their overseas parents. For those, the figures in the table on Page 7 include amounts that also appeared in the U.S. tables in last week's issue. For example, the bulk of TD's total, some $28.2 billion, was originated by its stateside company, which put it in 10th place on the U.S. list.

By contrast, most of Deutsche's holdings weren't counted in the U.S. ranking, which excludes the assets of foreign banks' U.S. branches and agents. Those entities' holdings are reported to different regulators and compiled separately by Trepp. The rest of the top 10 institutions on the foreign-bank list also appeared among the top 100 U.S. banks.

By country, the largest share of foreign-bank holdings was in the hands of Canadian institutions: $70.4 billion, up 9% from a year earlier. German banks had the next-largest total, $33.4 billion. Next was Spain, with $32.2 billion of U.S. commercial real estate debt. Japan was fourth with $23.6 billion, followed by France ($23.3 billion), China ($13.2 billion) and the U.K. ($12.5 billion).

The growth of foreign-bank investment in U.S. commercial real estate debt lagged the 8% rate for the top 100 domestic banks last year.

Across the board, the economic disruption caused by the coronavirus pandemic has halted most originations for the time being. However, as previously reported, market pros have noted more willingness by some European banks to write loans, particularly on core properties in gateway markets. ❖

Top Foreign Countries in US Commercial Real Estate Loans

As of Dec. 31, 2019

		Commercial ($Mil.)	Multi-family ($Mil.)	Construction and Land ($Mil.)	2019 Total ($Mil.)	2018 Total ($Mil.)	'18-'19 % Chg.
1	Canada	$50,368.5	$10,506.2	$9,531.3	$70,406.0	$64,905.2	8.5
2	Germany	22,942.2	7,846.1	2,568.2	33,356.5	28,646.4	16.4
3	Spain	16,839.4	11,311.0	4,054.3	32,204.7	31,129.0	3.5
4	Japan	12,432.8	8,077.1	3,134.5	23,644.4	20,825.2	13.5
5	France	19,072.7	1,561.9	2,705.0	23,339.5	22,980.6	1.6
6	China	9,847.3	759.5	2,614.7	13,221.5	14,439.0	-8.4
7	U.K.	7,188.1	3,518.4	1,824.3	12,530.8	12,704.8	-1.4
8	Israel	4,267.5	1,585.5	1,338.4	7,191.4	6,527.7	10.2
9	Singapore	4,166.5	449.4	1,639.2	6,255.1	5,890.3	6.2
10	Chile	4,586.8	624.9	768.8	5,980.6	154.2	3,778.7
11	Taiwan	4,277.6	510.6	658.3	5,446.5	5,483.0	-0.7
12	Hong Kong	3,448.7	393.5	1,550.9	5,393.1	4,904.4	10.0
13	Gibraltar	922.5	210.3	30.4	1,163.2	1,294.1	-10.1
14	South Korea	850.8	49.1	40.1	940.0	735.5	27.8
15	Switzerland	160.9	171.3	1.3	333.5	214.2	55.7
	Other countries	1,115.4	9.9	339.4	1,464.6	9,095.9	-83.9
	Europe Total	67,803.5	24,619.1	11,245.4	103,667.9	101,644.5	2.0
	Asia Total	35,355.3	10,249.1	9,915.2	55,519.6	52,853.3	5.0
	TOTAL	**162,487.5**	**47,584.8**	**32,799.1**	**242,871.4**	**229,929.5**	**5.6**

Source: Trepp Bank Navigator

RANKINGS

Top Foreign-Owned Banks in US Commercial Real Estate Loans

As of Dec. 31, 2019

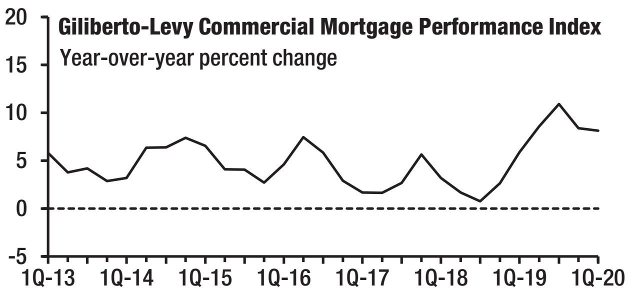
		Commercial ($Mil.)	Multi-family ($Mil.)	Construction and Land ($Mil.)	2019 Total ($Mil.)	2018 Total ($Mil.)	'18-'19 % Chg.
1	TD Bank, Canada	$21,817.6	$4,483.1	$2,394.0	$28,694.6	$27,353.8	4.9
2	Deutsche Bank, Germany	15,190.4	4,761.7	1,391.1	21,343.1	17,526.3	21.8
3	MUFG, Japan	10,373.3	7,306.4	1,719.1	19,398.9	18,141.0	6.9
4	BNP Paribas, France	14,040.8	1,278.9	1,821.0	17,140.7	16,951.9	1.1
5	BBVA, Spain	11,187.8	2,698.9	2,028.7	15,915.4	15,041.6	5.8
6	Santander, Spain	5,261.0	8,593.5	2,003.1	15,857.7	15,787.5	0.4
7	RBC, Canada	11,171.4	1,349.0	2,721.4	15,241.8	14,006.1	8.8
8	CIBC, Canada	9,985.9	3,799.9	1,147.1	14,932.9	13,115.5	13.9
9	HSBC, U.K.	6,244.1	3,372.1	1,824.3	11,440.4	11,115.0	2.9
10	Bank of Montreal, Canada	7,357.3	865.7	3,109.7	11,332.6	10,036.5	12.9
11	Bank of China, China	4,570.6	653.6	1,808.5	7,032.7	8,456.6	-16.8
12	Landesbank Hessen-Thuringen, Germany	3,579.0	2,527.0	898.2	7,004.2	6,656.5	5.2
13	Empresas Juan Yarur, Chile	4,526.1	544.9	721.4	5,792.5	0.0	
14	Landesbank Baden-Wurttemberg, Germany	3,426.0	557.5	278.9	4,262.4	4,288.6	-0.6
15	Sumitomo Mitsui, Japan	2,049.4	770.7	1,366.8	4,186.9	2,620.8	59.8
16	United Overseas Bank, Singapore	2,649.1	28.4	1,052.9	3,730.3	4,046.0	-7.8
17	Shanghai Commercial Bank, Hong Kong	1,371.2	318.8	1,239.8	2,929.8	2,430.2	20.6
18	Bank Leumi, Israel	1,493.3	823.8	594.3	2,911.5	2,743.1	6.1
19	Societe Generale, France	2,643.3	0.0	0.0	2,643.3	1,765.4	49.7
20	Industrial and Commercial Bank of China, China	1,865.3	104.5	627.4	2,597.2	3,246.4	-20.0
21	OCBC Bank, Singapore	1,517.4	421.0	586.3	2,524.8	1,844.3	36.9
22	Israel Discount Bank, Israel	1,748.0	509.1	207.7	2,464.8	2,130.7	15.7
23	Credit Agricole, France	1,579.1	25.0	481.8	2,085.9	2,155.7	-3.2
24	China Construction Bank, China	1,895.2	0.0	0.0	1,895.2	1,412.6	34.2
25	Bank Hapoalim, Israel	984.6	252.5	536.4	1,773.5	1,599.9	10.9
26	Bank of East Asia, Hong Kong	1,355.7	69.2	262.0	1,687.0	1,708.2	-1.2
27	CTBC Bank, Taiwan	1,315.8	155.0	39.7	1,510.5	1,444.2	4.6
28	Natixis, France	809.5	258.0	402.1	1,469.6	2,107.5	-30.3
29	Safra National Bank, Gibralter	922.5	210.3	30.4	1,163.2	1,294.1	-10.1
30	Barclays, U.K.	944.1	146.3	0.0	1,090.4	1,589.8	-31.4
31	Bank of Communications, China	1,047.4	0.0	0.0	1,047.4	691.1	51.6
32	Mega International Commercial Bank, Taiwan	706.1	154.8	71.8	932.7	944.5	-1.2
33	CITIC, Hong Kong	721.7	5.5	49.0	776.2	766.0	1.3
34	Bayerische Landesbank, Germany	746.8	0.0	0.0	746.8	175.0	326.8
35	First Commercial Bank of Taiwan, Taiwan	471.7	55.9	164.3	691.9	761.7	-9.2
36	China Merchants Bank, China	468.8	1.4	178.8	648.9	584.3	11.1
37	Land Bank of Taiwan, Taiwan	432.5	41.1	70.1	543.7	605.7	-10.2
38	Banco Sabadell, Spain	387.4	17.7	13.0	418.2	299.9	39.4
39	E.Sun Commercial Bank, Taiwan	314.2	37.1	30.0	381.3	297.8	28.0
40	Shinhan Bank, South Korea	324.4	24.5	12.6	361.5	261.8	38.1
	TOTAL FOR TOP 40 BANKS	**159,495.9**	**47,222.6**	**31,883.9**	**238,602.5**	**218,003.6**	**9.4**
	TOTAL FOR ALL FOREIGN-OWNED BANKS	**162,487.5**	**47,584.8**	**32,799.1**	**242,871.4**	**229,929.5**	**5.6**

Source: Trepp Bank Navigator

Mortgage-Performance Comparison

		Return 1Q-20 (%)	Return 12 mo. (%)	Duration (years)
Mortgages	All commercial	2.50	8.14	5.44
	Office	2.56	7.97	4.89
	Multi-family	2.41	8.30	5.94
	Retail	2.60	8.15	5.06
	Industrial	2.45	7.85	5.12
CMBS	Investment-grade	0.47	5.37	5.21
Corporates	Investment-grade	-3.63	4.98	7.98
	Triple-B (duration adjusted)	-6.58	0.93	5.44
Treasurys	(5-7 year)	7.64	12.51	5.69

Sources: Giliberto-Levy and Bloomberg Barclays



Loans Returned 2.5% in First Quarter

The return on commercial real estate loans rose during the first three months of the year, despite being sapped by the coronavirus pandemic in the final weeks of the quarter.

The estimated quarterly yield was 2.5%, up from minus-0.08% in the last quarter of 2019, according to the Giliberto-Levy Commercial Mortgage Performance Index. But the first-quarter return is "provisional" and likely will be revised because the process of calculating it was complicated by a lack of comparable loan-pricing data in the second half of March.

To figure the quarterly return, mortgage banker **John Levy** and investment manager **Michael Giliberto** mark the values of the loans tracked by their index using prevailing spreads on new originations. But participating lenders didn't provide any fresh loan-pricing information for loans written after March 18.

Lending activity has slowed dramatically since mid-March due to widespread market disruptions stemming from the coronavirus pandemic. Still, "it is highly likely that additional March lending will be reported during [the second quarter], as some late reporting is typical," Levy and Giliberto wrote in their latest quarterly report.

Given the lack of hard data, the duo had to calculate the first-quarter return using estimated loan-pricing levels for late March based on prevailing commercial MBS spreads and U.S. Treasury yields. They reported a return of 3.81% during the first two months of this year, prior to the outbreak of the virus in the U.S.

The total value of loans in the index rose by 1.49% in the first quarter overall, mostly due to a Treasury rally that drove up the values of outstanding fixed-rate mortgages. That marked a sharp turnabout from the fourth quarter, when loan values fell by 1.09% as yields on 10-year government bonds drifted upwards. Meanwhile, quarterly income from interest and fees held steady at 1.01%.

The so-called G-L1 index tracks $276.9 billion of senior, fixed-rate mortgages held by institutions such as insurers and pension funds. The loans are backed by U.S. commercial properties valued at just over $560 billion. On a weighted-average basis, the loans had a coupon of 4.21%, a remaining term of 7.6 years and a loan-to-value ratio of 49.2% as of March 31. They outperformed investment-grade CMBS, which produced a return of 0.47% over the first three months of this year.

Among loans eligible for the index, first-quarter mortgage originations reported so far totaled just under $5 billion. They had an average loan-to-value ratio of 61%, up from 58% in the fourth quarter. Loans with interest-only payments for their full terms made up 40% of originations, down from 51% in the previous quarter. ❖

Drill down deep into our market statistics. Go to the Market section of CMAlert.com and click on "CMBS Market Statistics," which lets you see the data points behind all the charts that Commercial Mortgage Alert publishes each week. It's free.

Loans Flood Into Special Servicing

The special-servicing rate jumped dramatically last month as the impact of the pandemic began to register in measures of commercial MBS credit quality.

An eye-popping $9.9 billion of securitized mortgages were turned over to special servicers during April, as borrowers sought forbearance due to widespread business closings and other economic effects of the coronavirus crisis. That pushed the total balance in special servicing to $22.3 billion, the highest tally in two years, according to **Trepp.**

Virtually all of the transfers involved loans backed by hotels (87% by balance) and retail properties (12%) — the sectors hit hardest by travel restrictions and social-distancing measures.

After falling steadily for nearly a year before a slight uptick in March, the percentage of loans in special servicing jumped to 4.39% from 2.83%. For hotels, the number skyrocketed to 11.42% from 2.27%, while the rate for retail loans rose 78 bp to 6.09%.

With some bumps along the way, the special-servicing rate had been trending downward ever since reaching 13.65% in February 2012 in the wake of the financial crisis. But last month's surge is expected to be just the start of a new climb.

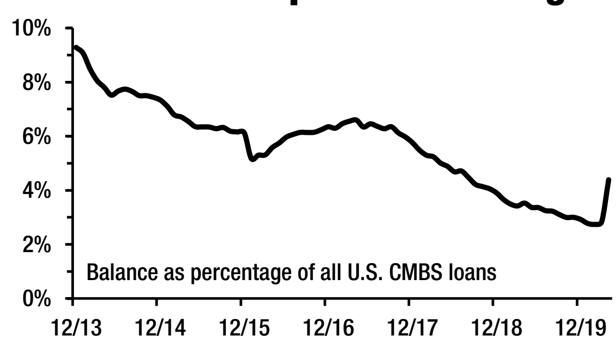
"Some people made April [debt-service] payments in order to start the process of seeking forbearance," said **Manus Clancy,** a senior managing director at Trepp. "More people will not be making those payments in May. The delinquency rate will go up dramatically, and transfers to special servicing will be very, very big."

Delinquencies tracked by **Fitch** were nearly flat in April — but that's because the rating agency's index only counts loans that are 60 days behind on payments, defaulted at maturity or in foreclosure. The rate ticked up 1 bp to 1.32%, breaking a string of declines that was unbroken for a year. But the volume of loans 30 days delinquent nearly doubled, from $600 million to $1.1 billion, and Fitch said it expects a surge in the 60-days-late count next month.

Lenders are generally granting a minimum of three months forbearance to borrowers that were in good standing when the pandemic hit, but are currently facing revenue shortfalls. Clancy said he expects to see more loans from other property types, particularly multi-family and office, to land in special servicing in the coming months. He attributed that to rising unemployment, college students leaving school and a sharp rise in people working from home.

One distinction from the last financial crisis, Clancy said, is a genuine cooperative spirit that has infused the marketplace. "The last one was self-inflicted . . . so no one wanted to take blame or fall on their sword," he said. "This is something that everyone had thrust upon us. We are all in the same boat, and there is accordingly more commonality of interests in terms of getting through it." ❖

CMBS Loans in Special Servicing

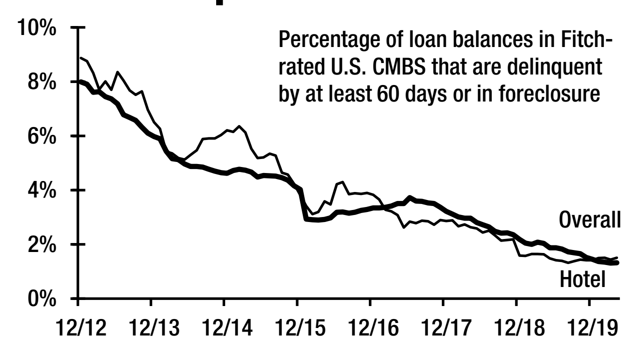


Source: Trepp

As of April 30

Collateral	Balance ($Mil.)	Portion of Loan Type In Special Servicing (%)	Share of Special Servicing (%)	Share of All CMBS Loans (%)
Hotel	$8,871.3	11.42	39.72	15.26
Retail	7,984.7	6.09	35.75	25.77
Office	3,316.9	2.37	14.85	27.50
Multi-family	890.6	2.02	3.99	8.68
Industrial	262.0	1.56	1.17	3.29
Other	1,010.6	1.02	4.52	19.50
TOTAL	**22,336.2**	**4.39**	**100.00**	**100.00**

CMBS Delinquencies



Source: Fitch

	April (%)	Month Earlier (%)	Year Earlier (%)
Retail	3.45	3.51	4.65
Hotel	1.51	1.44	1.63
Office	1.38	1.29	2.64
Mixed-use	0.83	0.86	1.66
Multi-family	0.41	0.41	0.53
Industrial	0.25	0.25	0.95
Other	0.67	0.68	0.62
OVERALL	**1.32**	**1.31**	**2.03**

REIT Credit Ratings for Senior Unsecured Debt

Office	Moody's	S&P	Fitch	DBRS
Boston Properties	Baa1	A-		
Alexandria Real Estate	Baa1	BBB+		
Columbia Property	Baa2	BBB		
Highwoods Properties	Baa2	BBB		
Kilroy Realty	Baa2	BBB		
Piedmont Office Realty	Baa2	BBB		
Vornado Realty	Baa2	BBB	BBB	
Hudson Pacific Properties	Baa2	BBB-	BBB-	
Brandywine Realty	Baa3	BBB-		
Corporate Office Properties	Baa3	BBB-	BBB-	
Franklin Street Properties	Baa3			
Office Properties Income	Baa3	BBB-		
SL Green	Baa3	BBB-	BBB	
Mack-Cali Realty	B1	BB-	BB	
Retail				
Simon Property	A2	A	A	
Federal Realty Investment	A3	A-		
Realty Income	A3	A-	BBB+	
Kimco Realty	Baa1	BBB+	BBB+	
National Retail Properties	Baa1	BBB+	BBB+	
Regency Centers	Baa1	BBB+		
Weingarten Realty	Baa1	BBB		
Agree Realty	Baa2			
RioCan		BBB		
Store Capital	Baa2	BBB	BBB	
Tanger Factory Outlet Centers	Baa2	BBB		
EPR Properties	Baa2	BBB-	BBB-	
Retail Opportunity Investments	Baa2	BBB-		
Spirit Realty	Baa3	BBB	BBB	
SITE Centers	Baa3	BBB-	BBB	
Brixmor	Baa3	BBB-	BBB-	
Four Corners Property			BBB-	
Getty Realty			BBB-	
Kite Realty	Baa3	BBB-		
Retail Properties of America	Baa3	BBB-		
Vereit	Baa3	BBB-	BBB	
Brookfield Property REIT	Ba2	BB+		
Washington Prime	Caa1	B-	BB-	
CBL & Associates	Caa3		CC	
Multi-Family				
Equity Residential Properties	A3	A-	A	
AvalonBay Communities	A3	A-		
Camden Property	A3	A-	A-	
Essex Property	Baa1	BBB+	BBB+	
Mid-America Apartment	Baa1	BBB+	BBB+	
UDR	Baa1	BBB+		
American Campus Communities	Baa2	BBB		
AIMCO			BBB-	

Healthcare	Moody's	S&P	Fitch	DBRS
Healthpeak Properties	Baa1	BBB+	BBB+	
Ventas	Baa1	BBB+	BBB+	
Welltower	Baa1	BBB+	BBB+	
Healthcare Realty	Baa2	BBB	BBB+	
Healthcare Trust of America	Baa2	BBB		
Omega Healthcare Investors	Baa3	BBB-	BBB-	
Physicians Realty	Baa3	BBB-		
National Health Investors		BBB-	BBB-	
Medical Properties	Ba1	BBB-		
Sabra Health	Ba1	BBB-	BBB-	
Diversified Healthcare	Ba1	BB+		
CareTrust	Ba2	BB		
Lodging				
Host Hotels & Resorts	Baa2	BBB-	BBB-	
Service Properties	Baa3	BBB-		
Gaming & Leisure	Ba1	BBB-	BBB-	
VICI Properties	Ba3	BB	BB	
ESH Hospitality	Ba3	BB-		
MGM Growth Properties	B1	BB-	BB+	
FelCor Lodging	B1			
Ryman Hospitality	B1	B+	B+	
Industrial				
Prologis	A3	A-	A-	
Duke Realty	Baa1	BBB+		
Eastgroup Properties	Baa2			
First Industrial Realty	Baa2	BBB	BBB	
STAG Industrial			BBB	
Rexford Industrial Realty			BBB	
Terreno Realty			BBB	
Americold Realty	Baa3		BBB	BBB
Self Storage				
Public Storage	A2	A		
CubeSmart	Baa2	BBB		
Life Storage	Baa2	BBB		
Data Center				
Digital Realty	Baa2	BBB	BBB	
CyrusOne	Ba1	BBB-	BBB-	
Equinix	Ba1	BBB-	BBB-	
QTS Realty	B1	BB		
Cell Tower				
American Tower	Baa3	BBB-	BBB+	
Crown Castle	Baa3	BBB-	BBB	
SBA Communications	B1	BB-		
Uniti Group	Ca	C	CCC-	

Continued on Page 11

REIT ... From Page 1

mainly repurchase agreements — to leverage their investments.

"It's really an unsustainable structure," said an executive at a non-REIT lender. "It works great when the market is going up, but they blow up when it goes down. That happened in 1998, it happened in the last crisis, and now it's happening again. When are people going to say enough is enough?"

The fallout from the pandemic could have an outsized impact on bridge lenders that issue commercial real estate CLOs. That's because many of those shops are set up as REITs — including the once-dominant TPG Real Estate Finance. The New York company is fielding proposals for crisis financing from **Blackstone** and **Neuberger Berman,** among others.

But proponents of mortgage REITs argue that operators currently use less leverage and take on less credit risk than they did during the subprime-mortgage crisis. The fact that a number of them are still struggling reflects the extreme circumstances of the current crisis.

"Many of the REITs in 2008 were investing in subprime mortgages. They took on huge credit risk, and leverage ratios were pretty high," said **Calvin Schnure,** an economist at trade group **Nareit.** "So those REITs failed. That part of the industry is gone." Today, Schnure added, the vast majority of mortgage REITs have managed to deal with "one of the top-three crises of our lifetime" because they were in a stronger financial position at the start.

Still, a number of top mortgage REITs have been hit by margin calls and other credit events. In addition to those sponsored by Angelo Gordon and TPG, they include **Exantas Capital, Granite Point Mortgage, Invesco Mortgage Capital** and **New York Mortgage.** Share prices across the sector have plummeted by 50% or more.

On Monday, Ladder said that **Koch Real Estate Investors** had agreed to lend it $206 million to finance a book of loans on land and transitional properties. The facility doesn't require Ladder to mark the positions to market, but it comes at a stiff price: one-month Libor plus 10%.

Sources said the REITs that have struggled the most are those that held large portfolios of securities, which are easier for repo counterparties to seize and sell in the secondary market. But even REITs with solid loan portfolios remain vulnerable, depending on the duration of the crisis.

Critics point to a key structural weakness of REITs: By law, they are required to distribute 90% of their earnings as shareholder dividends. As a result, REITs can't hold large cash positions as a hedge against a downturn. Because most have been unable to tap the unsecured-debt market, they are heavily dependent on short-term repo contracts to finance longer-term loans.

"Mortgage REITs are an awful business," said one CMBS investor. "They are like moths to the flame with the leverage, because the returns are so good. But they can't handle stress."

Mortgage REITs account for a relatively small segment of the overall REIT market, with only about three dozen players — including just 14 focused on commercial mortgages. Property REITs have found it easier to tap the corporate-bond market during the crisis because their asset values are less sensitive to financial-market volatility.

Dirk Aulabaugh, a managing director at **Green Street Advisors,** the parent of **Commercial Mortgage Alert,** said mortgage REITs have made some progress since the last downturn. "The mortgage REITs today are better than the mortgage REITs of 2008," he said. "They have continued to improve, but the biggest challenge is the fundamental mismatch between short-duration funding and longer-term liabilities."

One securitization lawyer said that mismatch is a key reason mortgage REITs often issue CLOs, since those deals provide longer-term financing and aren't vulnerable to fluctuations in mark-to-market values. "The ones that are really in trouble owned a bunch of CMBS or other securities on repo," the lawyer said. "It's not so much a structural problem this time around" as it is the choice of investments.

He and others pointed to REITs that have proven staying power, such as **Annaly Capital,** and those with big-name backers, such as Blackstone Mortgage and **Starwood Property,** as reason to believe the sector will survive.

"Mortgage REITs have been around for a while," said a staffer at one such shop. "Some of us have proven to be more resilient than others. In the long run, there will be a shakeout and a consolidation, but all the REITs won't go away." ❖

REIT Credit Ratings

Continued From Page 10

Mortgage	Moody's	S&P	Fitch	DBRS
Ladder Capital	Ba2	B+	BB+	
iStar Financial	Ba3	BB	BB	
Starwood Property	Ba3	B+		
Diversified				
W.P. Carey	Baa2	BBB		
Washington REIT	Baa2	BBB		
Lexington Realty	Baa2	BBB-	BBB	
American Assets	Baa3	BBB-	BBB	
Broadstone Net Lease	Baa3			
Howard Hughes	Ba3	BB-		
Other				
American Homes 4 Rent	Baa3	BBB-		
Essential Properties Realty			BBB-	
CoreCivic	Ba1	BB	BB-	
Lamar Media	Ba2	BB-		
Iron Mountain	Ba3	BB-		
GEO Group	B1	B+		
Outfront Media	B1	B+		

Note: Ratings are shown for REITs that primarily own U.S. commercial assets and issue unsecured bonds denominated in U.S. dollars.

Empirasign Updates Trading Tool

Empirasign, which supplies trading data on commercial MBS and other structured products, has added a new feature to help traders navigate dislocated markets.

The enhancements to Empirasign's My Portfolio offering are designed to make it easier for traders to identify multiple tranches of deals and set up alerts whenever those bonds are in the market.

Adam Murphy, the New York firm's founder and president, said it had long considered adding such capabilities, but the financial-market turmoil brought on by the pandemic made it a no-brainer. Empirasign began notifying clients of the new feature last week. "It is now more important than ever to look at the entire capital structure, even if you are only a subs buyer or a triple-A buyer," Murphy said. "Obviously, all the cashflows are linked."

When an investor uses the tool to set up a watch list for particular tranches of a CMBS deal, the system will now allow the buyer to easily expand the list to include other tranches as well. In the past, the user would need to manually search for the other tranches.

Watch-list alerts include the offered price as well as a synopsis of the last time the bonds traded and at what values. "We're not just knocking at your door but providing a preamble for why we are knocking," Murphy added.

Secondary-market trading of CMBS exploded in March as a banks seized securities from counterparties that failed to meet margin calls, flooding the market with billions of dollars of conduit, single-borrower and commercial real estate CLO notes. The fire sales slowed in recent weeks, but trading remains elevated.

According to Empirasign, the number of formal bid solicitations swelled from a weekly average of 95 in January and February, with a combined principal balance of $2.7 billion, to 159 offerings totaling $6.6 billion in March. The weekly average for April was 137 offerings with a combined face value of $5.2 billion. ❖

Buyers
... From Page 1

about when businesses may reopen were providing more confidence. "All these things are positive signs," he said. "New-issue going well, secondary spreads improving: a green shoot. More people looking for paper and fewer forced to sell: green shoot. Stock market best performance since 1987 in April: green shoot."

Still, spreads remained well wide of the levels seen prior to the crisis. The previous deal from Citi and Goldman, along with **Deutsche Bank,** priced Feb. 13 with a benchmark spread of 82 bp (CGCMT 2020-GC46).

The collateral pool for the GC47 deal had been slimmed down from its original form, with hotel and most retail loans removed. As marketing was getting under way, investors were told all of the loans were current on payments and none of the borrowers were seeking forbearance. But the dealers put out a note late in the process, advising that some tenants in one of the office properties were seeking rent relief.

Nonetheless, investors said the deal was heavily oversubscribed. "Everyone rallied around the public new-issue market in a show of support," said one investor.

The single-borrower deals that priced this week had also been delayed and re-shaped by the market disruption.

A $562.4 million single-borrower offering from Citi, **Barclays,** Deutsche and **Societe Generale** was backed by Las Vegas casino hotels that are shuttered due to the health crisis. It was carved down from an original $2 billion and consisted only of D and E classes (BX 2020-VIVA).

Both tranches were preplaced on Tuesday, with the 10-year fixed-rate D class, rated Baa3/BBB by **Moody's** and **DBRS Morningstar,** paying 525 bp over swaps and sold at 83 cents on the dollar. The E class fetched 625 bp and was discounted to 77 cents.

The lenders initially planned to split the fixed-rate debt package into $1.9 billion of pari-passu A-notes and $1.1 billion of B-notes, and to float an offering collateralized by all of those B-notes and $942.1 million of the A-notes. But they revised the loan structure in the wake of the market meltdown to encompass $1.6 billion of A-notes, $804.4 million of B-notes and $561.4 million of C-notes — although the exact split is still subject to change.

The resulting offering was backed by all of the C-notes, $670,000 of the A-notes and $330,000 of the B-notes. The lenders plan to securitize the remaining $2.4 billion of A-notes and B-notes via separate deals later. This week's transaction allowed the banks to shed some risk in the meantime.

One investor said that considering where hotel-backed CMBS paper was trading in the secondary market, he thought the "syndicate's patience was rewarded" with the pricing that the truncated deal achieved.

Meanwhile, **Morgan Stanley** issued a single-borrower offering backed by its $330 million portion of a $550 million office loan it co-originated with Goldman on March 25, amid the worst of the market turmoil. The collateral is the 2.5 million-square-foot City National Plaza in Los Angeles, owned by a partnership between **Calpers** and **CommonWealth Partners** (MSC 2020-CNP).

The top 10-year tranche, rated triple-A by Fitch and Kroll, priced Wednesday at 185 bp over swaps. The D class, rated BBB-/BBB+ by Fitch and Kroll, priced at 450 bp.

Amid the signs of life in the CMBS market, pros said the realization is setting in that there's a long haul ahead — and that it will take more than a three-month forbearance to cure many of the loans backing securitizations. **Lisa Pendergast,** executive director of the **CRE Finance Council,** said conversations between borrowers and servicers are starting to subtly shift away from those temporary measures to loan modifications and other forms of longer-term help.

"The capital markets are in better shape, but the question on everyone's mind is when this shifts from a liquidity event to a credit event," she said. "Ninety-day forbearances felt like a great victory, but we're two months into this and the hotels are still shut down. The market is starting to ask what steps can be taken to shore up these assets or allow them some longer-term latitude."

One signal of potential trouble ahead came from Fitch, which has placed a large number of conduit transactions from 2016-2018 on watch for downgrade — and this week added some triple-A-rated tranches to that list.

Another investor said a slow recovery could drag down a lot of properties, particularly malls or hotels that had been teetering on the edge of profitability before the crisis. "I don't know that Fitch's actions are an overreaction," he said. "They may be slightly conservative in marking down triple-A bonds, but it's a scenario we need to think about as an industry." ❖

Hotel
... From Page 1

trying to raise cash to shore up their liquidity amid the widespread economic fallout and financial-market disruptions stemming from the public-health crisis.

Most, if not all, of the loans offered by Access Point are tied to transitional properties or construction projects. Many of the borrowers are struggling to make payments and move forward with their business plans because the hotel sector has been particularly hard-hit by pandemic-related restrictions on travel and public gatherings over the last two months.

The two largest loans in the pool, each totaling about $18 million, are collateralized by the 162-room Radisson Hotel Northwest in Oklahoma City and the 152-room Garfield Suites hotel in Cincinnati. The next-largest is a roughly $12 million loan on a 262-room hotel in Joplin, Mo., formerly branded as a Holiday Inn Express, that's slated to become a 185-room DoubleTree by Hilton.

Access Point offers financing to franchisees of major hotel brands as well as boutique operators. A year ago, the company was laying the groundwork for its first securitization of hotel loans. But its plan to float a commercial real estate CLO never materialized.

Led by chief executive **Dilip Petigara,** Access Point formed in 2011 with backing from private equity shop **Stone Point Capital** of Greenwich, Conn. In a $350 million recapitalization in 2017, Stone Point sold its interest to a joint venture between private equity firms **Wafra Capital** of New York and **NBK Capital** of Dubai.

Access Point's loans are serviced by **Trimont Real Estate** of Atlanta. ❖

Brokers ... From Page 2

nonperforming loan space."

Stolly and Van Konynenburg agreed there are a large number of investors with cash on hand, ready to move as soon as they feel the time is right.

Newmark has staffed loan sale assignments with product- and investment-sales and local-market specialists, giving it the ability to value and sell clients' mortgages in uncertain conditions, said **Jordan Roeschlaub,** co-head of Newmark's platform. Many advisory shops are extending their reach now, he added, because they have experience and relationships with clients — but also because they have the capacity for that business.

"Thus far there's been a willingness by existing lenders to extend term," he said, which may change but for the moment has reduced the need for refinancings. "We have evolved as strategic advisors to our most important capital relationships and investors, to sell and value loans."

The consensus is that the next few months will see mostly performing loans on the block. Some sellers will be looking to trade in their positions for cash that they'd then deploy into other strategies as they scout for yield in a down market. Along with that, or shortly afterward, would come sellers seeking to offload mortgages because of concentration issues — they may be overweight on loans on Class-B office properties in a certain market, for example.

Some 4-6 months down the road would come a larger wave of loan offerings with a substantial proportion of nonperformers. Those will appear after the initial round of 90-day debt-service deferrals from lenders expire and relief from government actions, such as the Paycheck Protection Program, wear off. At that point, if more businesses haven't reopened and the economy hasn't revived, property owners will have to decide if they can continue to service their debt.

The work is "100% about underwriting the breadth and depth of the recession," Van Konynenburg said. "People want to understand first what we think property value is and where do we think things are going to trade. People are still, by and large, in the exploratory phase and evaluating all of their options." ❖

INITIAL PRICINGS

GS Mortgage Securities Trust, 2020-GC47

Pricing date:	May 7
Closing date:	May 21
Amount:	$771.9 million
Seller/borrower:	Goldman Sachs, Citigroup
Lead managers:	Goldman Sachs, Citigroup
Co-managers:	Academy Securities, Drexel Hamilton, AmeriVet Securities
Master servicers:	Wells Fargo, KeyBank, Midland Loan Services
Special servicers:	KeyBank, CWCapital Asset Management, SitusAMC, LNR Partners, Midland Loan Services, Rialto Capital
Operating advisor:	Park Bridge Financial
Trustee:	Wilmington Trust
Certificate admin.:	Wells Fargo
Offering type:	SEC-registered

Property types: Office (32.9%), mixed-use (23.2%), multi-family (23.2%), industrial (8.9%), self-storage (7.8%) and retail (4.2%).
Concentrations: New York (40.5%), California (25.7%) and Ohio (11.6%).
Loan contributors: Goldman (66.2%) and Citi (33.8%).
Largest loans: A $65 million senior portion of a $1.25 billion loan to Paramount Group on the 2.6 million-sf office building at 1633 Broadway in Manhattan; a $65 million senior portion of a $770 million loan to Jay Paul Co. on Buildings A, B and C of the Moffett Towers office campus, totaling 951,000 sf, in Sunnyvale, Calif.; a $62.5 million portion of a $545 million loan to German pension fund manager BVK, Deutsche Finance America and Hessen Lawyers Pension Fund on the 340,000-sf office/retail building at 711 Fifth Avenue in Manhattan; a $60 million loan to American Storage Partners on 13 StorQuest self-storage facilities, encompassing 808,000 sf, in five states; a $51.5 million senior portion of an $800 million loan to Vornado Realty, Oxford Properties and others on the 600,000-sf office building at 650 Madison Avenue in Manhattan; a $51.2 million loan to Hayman Co. and Belfor Holdings on eight Chicago-area industrial buildings, encompassing 832,000 sf; a $50 million portion of a $550 million loan to Calpers and CommonWealth Partners on the 2.5 million-sf City National Plaza office complex in Los Angeles; a $50 million senior portion of a $400 million loan to Extell Development on the 598-unit apartment high-rise at 555 10th Avenue in Manhattan; a $39 million loan to Harry Einhorn on two Brooklyn mixed-use properties, encompassing 79,000 sf, at 297 North Seventh Street and 257 15th Street; and a $32.7 million loan to Group RMC on the 499,000-sf PNC Center office building in Cincinnati.
B-piece buyer: Prime Finance.
Risk-retention sponsor: Goldman.
Notes: Goldman and Citi teamed up to securitize 29 commercial mortgages they had originated on 60 properties in 17 states. To comply with U.S. risk-retention rules, Goldman and Citi are retaining the VRR Interest, which effectively is a 5% vertical strip.
Deal: GSMS 2020-GC47. **CMA code:** 20200077.

Class	Amount ($Mil.)	Rating (S&P)	Rating (Fitch)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	3.688	AAA	AAA	AAA	30.00	1.359	100.000	1.349	5/12/53	3.22	S+110	Fixed
A-4	190.000	AAA	AAA	AAA	30.00	2.125	101.000	2.010	5/12/53	9.56	S+143	Fixed
A-5	310.694	AAA	AAA	AAA	30.00	2.377	102.999	2.039	5/12/53	9.78	S+145	Fixed
A-AB	8.900	AAA	AAA	AAA	30.00	2.316	102.999	1.874	5/12/53	7.34	S+140	Fixed
A-S	60.494	AA-	AAA	AAA	21.75	2.731	103.000	2.390	5/12/53	9.81	S+180	Fixed
B	35.746	NR	AA-	AA-	16.88	3.571	103.528	3.094	5/12/53	9.89	S+250	Fixed
C	32.997	NR	A-	A-	12.38	3.571	92.668	4.444	5/12/53	9.89	S+385	Fixed
D	22.914	NR	BBB	BBB	9.25	3.571	78.950	6.444	5/12/53	9.89	S+585	Fixed
E	17.415	NR	BBB-	BBB-	6.88				5/12/53	9.89		Fixed
F	13.749	NR	BB-	BB-	5.00				5/12/53	9.89		Fixed
G	7.332	NR	B-	B-	4.00				5/12/53	9.89		Fixed
H	29.331	NR	NR	NR	0.00				5/12/53	9.93		Fixed
VRR Interest	38.593	NR	NR	NR					5/12/53	9.69		Fixed
X-A(IO)	573.776*	AA-	AAA	AAA					5/12/53			Fixed
X-B(IO)	68.743*	NR	A-	AAA					5/12/53			Fixed
X-D(IO)	22.914*	NR	BBB	BBB					5/12/53			Fixed
X-E(IO)	17.415*	NR	BBB-	BBB-					5/12/53			Fixed
X-F(IO)	13.749*	NR	BB-	BB-					5/12/53			Fixed
X-G(IO)	7.332*	NR	B-	B-					5/12/53			Fixed

*Notional amount

INITIAL PRICINGS

BX Commercial Mortgage Trust, 2020-VIVA

Pricing date:	May 5
Closing date:	May 14
Amount:	$562.4 million
Seller/borrower:	MGM Growth Properties, Blackstone
Lead managers:	Citigroup, Barclays, Deutsche Bank, Societe Generale
Master servicer:	KeyBank
Special servicer:	SitusAMC
Trustee:	Wilmington Trust
Certificate admin.:	Citigroup
Offering type:	Rule 144A

Property type: Hotel (100%).
Concentration: Nevada (100%).
Loan contributors: Citi (40%), Barclays (20%), Deutsche (20%) and SocGen (20%).
Risk-retention sponsor: Citi.
Notes: Citi, Barclays, Deutsche and SocGen securitized a $562.4 million portion of a $3 billion fixed-rate loan they had originated for a joint venture between MGM Growth Properties (50.1% ownership) and Blackstone Real Estate Income Trust (49.9%) on the MGM Grand Hotel & Casino and Mandalay Bay Resort & Casino in Las Vegas. The loan, which closed on Feb. 14, financed the newly formed joint venture's acquisition of the two luxury resorts for a combined price of $4.6 billion. The joint venture acquired the 4,988-room MGM Grand from operator MGM Resorts International and the 4,750-room Mandalay Bay from MGM Growth, which means the transaction effectively was a recapitalization. At the same time, MGM Resorts International signed a new 30-year triple-net lease with two 10-year extension options on both properties. In addition to the 9,748 rooms and suites, the collateral includes over 2.8 million sf of meeting/convention space, about 330,000 sf of casino space, 96,000 sf of retail space, 45 food/beverage outlets, two spa complexes totaling 53,000 sf and several theaters and arenas. The collateral was appraised at $4.6 billion, or $7.35 billion inclusive of personal and intangible property owned by MGM Resorts. The interest-only loan has a 3.56% coupon and a 12-year term, with a 10-year anticipated repayment date. There are $1.634 billion of A-notes, $804.4 million of B-notes and $561.4 million of C-notes. This securitization is backed by all the C-notes, plus small portions of the A and B notes totaling $1 million. To comply with U.S. risk-retention rules, Citi, Barclays, Deutsche and SocGen are retaining the VRR Interest, which effectively is a 5% vertical strip. This securitization originally was marketed in early March with a $2 billion balance, but was put on hold and subsequently downsized amid the financial-market turmoil caused by the coronavirus pandemic.
Deal: BX 2020-VIVA. **CMA code:** 20200072.

Class	Amount ($Mil.)	Rating (Moody's)	Rating (DBRS)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
D	378.670	Baa3	BBB	5.46	3.667	83.341	5.891	3/9/44	9.82	S+525	Fixed
E	155.610	Ba2	BBB (L)	0.00	3.667	77.075	6.891	3/9/44	9.82	S+625	Fixed
VRR Interest	28.120	NR	NR					3/9/44	9.82		Fixed

INITIAL PRICINGS

Morgan Stanley Capital I Trust, 2020-CNP

Pricing date:	May 6
Closing date:	May 13
Amount:	$330.0 million
Seller/borrower:	Calpers, CommonWealth Partners
Lead manager:	Morgan Stanley
Master servicer:	KeyBank
Special servicer:	KeyBank
Trustee:	Wells Fargo
Certificate admin.:	Wells Fargo
Offering type:	Rule 144A

Property type: Office (100%).
Concentration: California (100%).
Loan contributor: Morgan Stanley (100%).
Risk-retention sponsor: Morgan Stanley.
Notes: Morgan Stanley securitized a $330 million portion of a $550 million fixed-rate loan it had co-originated with Goldman Sachs on March 25 to refinance City National Plaza in Los Angeles. The 2.5 million-sf office complex, appraised at $1.33 billion, is owned by a joint venture between Calpers (99.7% interest) and CommonWealth Partners (0.3%). The interest-only loan has a 10-year term and a 2.44% coupon. Morgan Stanley funded 60% of the loan balance, which is securitized in this deal. Goldman funded the other 40%, or $220 million. It placed $50 million of its portion in a conduit deal (GSMS 2020-GC47) and plans to securitize the remainder in future transactions. Calpers and CommonWealth used most of the proceeds to retire $510.8 million of existing debt, but also funded $39.9 million of reserves, which included $13.6 million designated to cover debt service payments for the first year of the loan term (see article on May 1). To comply with U.S. and E.U. risk-retention rules, Morgan Stanley is retaining the VRR Interest, which effectively is a 5% vertical strip.
Deal: MSC 2020-CNP. **CMA code:** 20200120.

Class	Amount ($Mil.)	Rating (Fitch)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A	222.490	AAA	AAA	29.03	2.508	99.626	2.516	4/5/42	9.89	S+185	Fixed
B	27.075	AA-	AA	20.39	2.508	92.972	3.316	4/5/42	9.89	S+265	Fixed
C	24.985	A-	A+	12.42	2.508	85.720	4.266	4/5/42	9.89	S+360	Fixed
D	38.950	BBB-	BBB+	0.00	2.508	79.442	5.166	4/5/42	9.89	S+450	Fixed
RR Interest	16.500	NR	NR					4/5/42	9.89		Fixed
X(IO)	222.490*	AAA	AAA					4/5/42			Fixed

*Notional amount

INITIAL PRICINGS

FREMF Mortgage Trust, 2020-K738

Pricing date:	May 6
Closing date:	May 14
Amount:	$953.8 million
Seller/borrower:	Freddie Mac
Lead managers:	Goldman Sachs, Bank of America
Co-managers:	Barclays, Brean Capital, Credit Suisse, Ramirez & Co.
Master servicer:	Midland Loan Services
Special servicer:	Wells Fargo
Trustee:	Citigroup
Certificate admin.:	Citigroup
Offering type:	Agency

Property type: Multi-family (100%).
Concentrations: Colorado (35.5%), California (13%) and Texas (12.6%).
Loan originators: CBRE (47.3%), HFF (15.2%), Capital One (11%), Berkadia (8.3%), Wells (6.9%), Grandbridge Real Estate (3%), JLL (2.9%), Greystone (2.1%), Newmark (2%) and KeyBank (1.2%).
Largest loans: A $108.2 million loan on the 612-unit IMT Dayton Station in Aurora, Colo.; a $103.9 million loan on the 628-unit Hensley at Corona Pointe in Corona, Calif.; an $83.2 million loan on the 352-unit Solana Olde Town Station in Arvada, Colo.; a $74.7 million loan on the 472-unit IMT Hyland Hills in Westminster, Colo.; and a $53 million loan on the 332-unit Sofi Westminster in Westminster, Colo.
Notes: Freddie securitized 25 fixed-rate multi-family mortgages recently originated by 10 of its pre-approved lenders. One loan has an eight-year term, three loans have five-year terms and the others have seven-year terms. Freddie guaranteed Classes A-1, A-2 and A-M, which were publicly offered. Class D, which is unguaranteed, was placed privately with Bridge Investment. The ratings shown for the guaranteed classes are based only on the credit quality of the collateral.
Deal: FREMF 2020-K738. **CMA code:** 20200121.

Class	Amount ($Mil.)	Rating (Fitch)	Rating (DBRS)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	75.544	AAA	AAA	19.38	1.054	100.496	0.928	5/25/53	4.53	S+53	Fixed
A-2	693.477	AAA	AAA	19.38	1.545	102.994	1.057	5/25/53	6.54	S+53	Fixed
A-M	113.267	NR	NR	7.50	1.645	102.999	1.172	5/25/53	6.79	S+63	Fixed
D	71.537	NR	NR	0.00				5/25/53	6.86		Fixed
X-1(IO)	769.021*	AAA	AAA					5/25/53	6.34		Fixed
X-2A(IO)	769.021*	AAA	AAA					5/25/53	6.34		Fixed
X-AM(IO)	113.267*	NR	NR					5/25/53	6.79		Fixed
X-2B(IO)	184.804*	NR	NR					5/25/53	6.82		Fixed
X-3(IO)	71.537*	NR	NR					5/25/53	6.86		Fixed

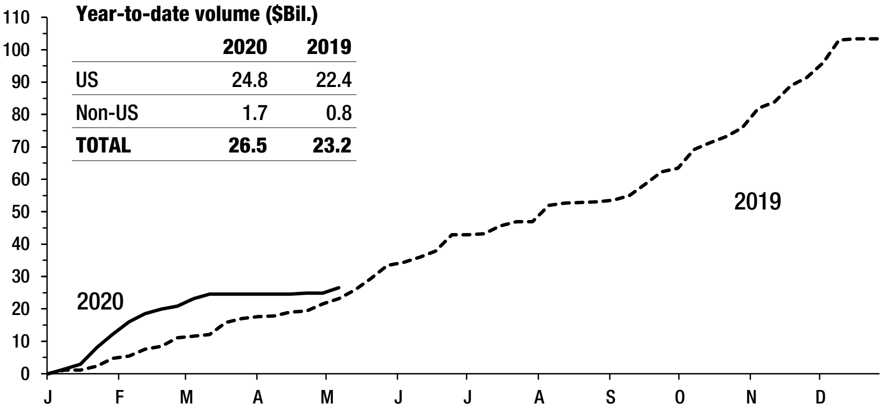
*Notional amount

MARKET MONITOR

WORLDWIDE CMBS

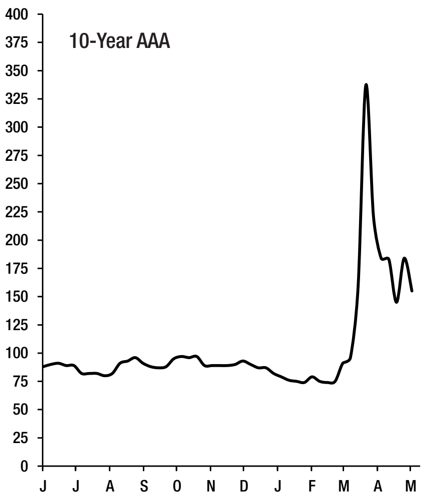
Year-to-date volume ($Bil.)

	2020	2019
US	24.8	22.4
Non-US	1.7	0.8
TOTAL	**26.5**	**23.2**



CMBS SPREADS

RECENT-ISSUE SPREAD OVER SWAPS



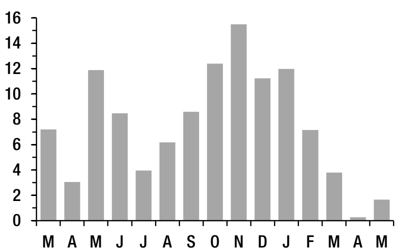
Recent Fixed Rate (Conduit)	Avg. Life	Spread (bp) 5/6	Week Earlier	52-wk Avg.
AAA	5.0	S+196	S+220	83
	10.0	S+155	S+184	103
AA	10.0	S+439	S+525	178
A	10.0	S+674	S+750	242
BBB-	10.0	S+971	S+1,129	375

Markit CMBX 6	Dollar Price 5/6	Week Earlier	52-wk Avg.
AAA	100.5	100.0	100.6
AS	N/A	N/A	101.5
AA	N/A	N/A	101.9
A	83.8	85.8	98.6
BBB-	64.5	67.6	88.4
BB	45.2	46.3	78.7

Sources: Trepp, Markit

US CMBS

MONTHLY ISSUANCE ($Bil.)



CMBS TOTAL RETURNS

CMBS INDEX

As of 5/6	Avg. Life	Total Return (%) Month to Date	Year to Date	Since 1/1/97
Inv.-grade	5.8	0.1	1.5	267.8
AAA	5.8	0.1	3.7	254.0
AA	6.1	-0.3	-3.2	118.2
A	5.3	-0.2	-12.9	87.3
BBB	5.7	-0.2	-20.1	96.1

Source: Barclays

LOAN SPREADS

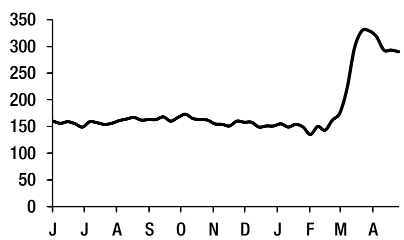
ASKING SPREADS OVER TREASURYS

10-year loans with 50-59% LTV

	5/1	Month Earlier
Office	290	323
Retail	273	334
Multi-family	275	310
Industrial	273	310

Source: Trepp

ASKING OFFICE SPREADS



AGENCY CMBS SPREADS

FREDDIE K SERIES

	Avg. Life	Spread (bp) 5/7	Week Earlier	52-wk Avg.
A1	5.5	S+58	S+58	56
A2	10.0	S+59	S+59	60
AM	10.0	S+62	S+60	65
B	10.0	S+350	S+400	213
C	10.0	S+450	S+500	266
X1	9.0	T+350	T+350	149
X3	10.0	T+650	T+650	306
Freddie K Floater		L+70	L+70	

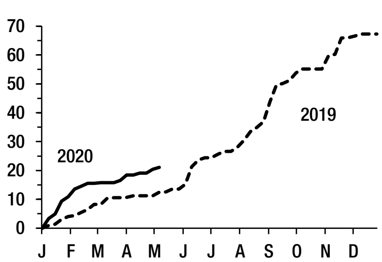
FANNIE DUS

	5/7	Week Earlier	52-wk Avg.
10/9.5 TBA (60-day settle)	S+63	S+64	67
Fannie SARM	L+80	L+90	66

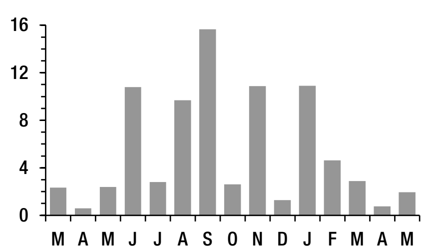
Source: J.P. Morgan

REIT BOND ISSUANCE

UNSECURED NOTES, MTNs ($Bil.)



MONTHLY ISSUANCE ($Bil.)



Data points for all charts can be found in The Marketplace section of CMAlert.com

THE GRAPEVINE

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took over as head of the commercial advisory and diligence practice, reporting to commercial real estate chief **Anne Jablonski.** Bean was a principal at SitusAMC, a mortgage servicer that also does outsourced due-diligence and loan-advisory work. He joined its predecessor, Situs, in 2006 from **Global Realty Outsourcing** of Stamford, Conn.

NorthMarq has hired a mortgage pro in Chicago to help expand its business lining up debt on multi-family properties. **Monty Childs** started last week as a vice president, reporting to managing director **Sue Blumberg.** He will focus on sourcing **Fannie Mae, Freddie Mac** and **FHA** mortgages as NorthMarq looks to build out its agency platform. Childs previously spent more than a decade at Freddie, and had prior stints at **Arbor Commercial Mortgage** and **M&T Bank.**

Mortgage veteran **Vincent Fiorillo** has left **DoubleLine Capital** to launch his own multi-family financing business, **Park Slope Advisors** of New York. Fiorillo spent 10 years at DoubleLine, arriving with the founding team in 2009 from **TCW** and serving as head of relationship management. He previously had long stints at **Morgan Stanley** and **Smith Barney.** Fiorillo's departure coincided with the April 30 retirement of DoubleLine co-founder and president **Philip Barach,** who co-managed the flagship DoubleLine Total Return Bond Fund with chief executive **Jeffrey Gundlach** and portfolio manager **Andrew Hsu.**

Exos Financial's move to hire **Raphael Gonzalez** is tied to a broader effort by the broker-dealer to expand its bridge-lending operation. Gonzalez started last week in Exos' headquarters in New York. He spent the previous 18 months originating bridge loans at **Monticello Asset Management** of New York. Before that, he was a structured-product trader at **Performance Trust, Cantor Fitzgerald, Angel Oak** and **Baird.**

Commercial MBS valuation specialist **Aaron Chiu** is now working at **Houlihan Lokey.** He joined the Los Angeles-based investment bank's New York office this month from **Duff & Phelps,** where he had worked since 2017. He previously spent time at **China Rapid Finance, Bloomberg** and **Chopper Securities.**

Veteran CLO trader **Amit Khurana** started at **StormHarbour Securities** last week with a focus on CMBS and CLOs. He had a similar focus in his last post at **Mizuho,** where he had worked since 2015. He previously traded structured products at **CRT Capital, Ally Financial, Knight Libertas, UBS, LaSalle Bank** and **Bank of America.**

Debt-fund operator **Revere Capital** is still looking to hire a capital-raising pro despite the economic crisis. The Dallas shop kicked off the job search earlier this year and is now telling candidates it would have the recruit work remotely for as long as necessary. The position eventually would be based in Revere's home office or in New York. Candidates should have 10-15 years of financial-services experience, with a minimum of seven years raising capital for a buy-side shop. Revere is working on the placement with executive-search firm **Willow Hill Advisors.** Resumes can be sent to cbriner@reverecapital.com.

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