CAPITAL MARKETS UPDATE

CUSHMAN & WAKEFIELD

February 19, 2016

- CMBS issuance YTD as of February 12th was $6.5B based on information from Commercial Real Estate Direct compared to $13.7B during the same period in 2015. Pricing for AAAs of the most recent issuance were S + 165 compared to S + ~95 for the initial offerings during 2015 and pricing for BBBs on the most recent issuance were S + 725 compared to S + ~380 in early 2015. Although the AAAs and BBBs spreads are up 70 and 345 bps, respectively, the base rates are down about 40 bps to offset some of the increase in spreads.

- Trepp reported that a total of 1,332 loans with a balance of $19.8B were defeased through November 2015 compared with $19B for all of 2014. This was a clear indication that borrowers made efforts to lock in new mortgages with attractive interest rates ahead of maturities for their existing loans. This healthy defeasance data is good support that the Wall of Maturities continues to be chipped away which helps resolve upcoming liquidity concerns related to concentrated loan maturities. If you have term left on your financing, but would like to see if it makes sense for you to refinance early, please reach out to any of our offices listed at the bottom of this page to discuss.

- Cushman & Wakefield Research published The U.S. Macro Forecast Report which provides a high-level overview of Cushman & Wakefield's forward-looking stance on the U.S. economy, commercial real estate, and the risks/assumptions that underlie the forecast. The takeaway is that early-year stock market jitters are nothing new, and they have never precipitated any long-lasting damage to the health of the broader economy. The fundamentals of the U.S. economy and the property markets remain on solid footing. You can access the full report including statistic and commentary through the following link:
http://www.cushmanwakefield.us/en/research-and-insight/2016/us-macro-forecast/

- Real Capital Analytics released data that initial estimates of the Moody's/RCA CPPI™ suggest that prices increased 12% Y-o-Y in Q4'15. Though at double digits for the year, price growth is slowing with 17% gains in 2013 and 16% gains in 2014. Hotels saw the highest Y-o-Y change at 16% followed by office at 14%, retail and apartments at 13%, and industrial at 6%. Prices for all property types are 17% above the peak with apartments leading all asset classes at 38%, office at 18%, hotels at 4%, industrial at 3%, and retail at -1%.

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RECENT DEALS/CLOSINGS/QUOTES – DEBT

Asset Type	Type of Financing	Type of Lender	Rate/Return	Loan-to-Value	Term	Amortization/Comments
Office - Single Tenant	Fixed	CMBS	4.80%	58%	10 years	IO
Hotel	Floating	Bank	L + 240	50%	3 + 1 + 1	IO
Hotel	Fixed	CMBS	S + 405	65%	5 years	30 year
Hotel	Fixed	CMBS	S + 435	70%	5 years	30 year
Hotel - Construction	Floating	Bank	L + 300	70%	3 + 1 + 1	IO, Recourse
Retail	Fixed	Life Company	3.25%	60%	5 years	30 year
Retail	Fixed	Life Company	4.00%	60%	10 years	30 year
Retail - Grocery Anchored	Fixed	Bank	S + 240	55%	7 years	IO
Multifamily	Fixed	CMBS	4.65%	75%	10 years	30 year
Multifamily	Fixed	CMBS	4.65%	75%	5 years	30 year
Multifamily	Fixed	Agency	4.30%	75%	10 years	30 year
Multifamily	Fixed	Life Company	4.15%	70%	20 years	0
Multifamily	Fixed	Life Company	3.00%	60%	5 years	0
Multifamily	Fixed	Life Company	3.60%	60%	10 years	0
Multifamily	Floating	Life Company	L + 170	60%	10 years	0

RECENT DEALS/CLOSINGS/QUOTES - EQUITY

Asset Type	Type of Financing	Type of Investor	Target Return	Equity Contribution Levels	Comments/Promote
Multi-Family - Development	JV Equity	Life Company	14.0%	75%/25%	20% > 9%, 27% > 12%, 33% > 15%
Mixed-Use - Redevelopment	JV Equity	Opportunity Fund	20.0%	80%/20%	20% > 9%, 30% > 12%, 50% > 18%
Multi-Family - Value Add	JV Equity	Opportunity Fund	22.0%	90%/10%	20% > 10%, 25% > 18%, 35% > 25%
Multi-Family - Light Value Add	JV Equity	Opportunity Fund	16.0%	90%/10%	20% > 12%, 30% > 18%
Multi-Family - Light Value Add	JV Equity	Offshore Investor	18.0%	85%/15%	20% > 10%, 25% > 15%

SENIOR & SUBORDINATE LENDING SPREADS

	Maximum Loan-to-Value	DSCR	Spreads
Fixed Rate - 5 Years	65 - 75% (1)	1.30 - 1.50	T + 165 - 320
Fixed Rate - 10 Years	65 - 75% (1)	1.30 - 1.50	T + 170 - 315
Floating Rate - 5 Years			
Core Asset	<65% (2)	1.30 - 1.50	L + 145 - 250
Value Add Asset	<65% (2)	1.25 - 1.40	L + 200 - 400
Mezzanine Moderate Leverag	65 - 80%	1.05 - 1.15	L + 500 - 800
Mezzanine High Leverage	75 - 90%		L + 700 - 1400

(1) 70-75% for Multi-Family (non-agency) (2) Libor floors at 0-0.50%

BASE RATES

	February 19, 2016	Two Weeks Ago	One Year Ago
30 Day LIBOR	0.430%	0.429%	0.173%
U.S. Treasury			
5 Year	1.24%	1.25%	1.58%
10 Year	1.77%	1.86%	2.10%
Swaps	Current Swap Spreads		
5 Year	1.16%	(0.08%)	
10 Year	1.62%	(0.15%)	

Source: Bloomberg, Board of Governors of the Federal Reserve System

10-YEAR FIXED RATE RANGES BY ASSET CLASS

	Maximum Loan-to-Value	Class A	Class B/C
Anchored Retail	70 - 75%	T + 240	T + 250
Strip Center	65 - 75%	T + 240	T + 250
Multi-Family (non-agency)	75 - 80%	T + 220	T + 230
Multi-Family (agency)	75 - 80%	T + 250	T + 255
Distribution/Warehouse	65 - 70%	T + 240	T + 250
R&D/Flex/Industrial	65 - 70%	T + 245	T + 255
Office	65 - 75%	T + 240	T + 250
Full Service Hotel	60 - 70%	T + 295	T + 315

* DSCR assumed to be greater than 1.25x

Cushman & Wakefield Equity, Debt & Structured Finance ("EDSF") has arranged approximately $25 billion of capital from more than 125 capital sources for 270 transactions in the past five years. For more information on this report or on how we can assist your financing needs or hospitality sales, please contact any of our offices or:

Steven A. Kohn
President, EDSF
(212) 841-9216
steven.kohn@cushwake.com

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

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