

SECURITIZATION PROGRAMS

Conduit-Shop Tally Hits 37; Too Far, Too Fast?

The universe of firms writing loans for securitization has grown dramatically over the past year.

A review by **Commercial Mortgage Alert** has identified 37 shops that are either actively originating commercial MBS loans or plan to start in coming months (see list of programs and origination goals on Pages 24-34). That's up from a revised 27 programs a year ago and just shy of the peak of 38 in 2007 and 2008.

The expanded network of lenders comes against the backdrop of soaring securitization activity. Last year, CMBS shops securitized \$78 billion of commercial mortgages, up 82% from \$43 billion in 2012.

But industry pros wonder whether securitization volume is rising fast enough to support the giant field of lenders. Already, they say, the increased competition is driving down loan spreads, cutting into profitability and setting the stage for a potential shakeout of weaker players.

"There are not enough loans to feed everybody in this market," said one CMBS lending veteran. "Do the math. If every one of these shops has 20 or 25 people and is shooting for a 2% profit margin, then you're going to need more than the \$100 billion of projected issuance this year to feed all those people."

Nevertheless, the review found that conduit shops are bullish about their business prospects this year. They expect to write \$129 billion of mortgages for securitization in aggregate, up from \$89 billion in 2013, according to figures provided by the companies and, in a few cases, estimates by Commercial Mortgage Alert.

To be sure, the numbers likely are somewhat exaggerated. Firms were asked to provide projections only for CMBS loans, but some probably included portfolio or mezzanine loans. Also, some shops no doubt cited upper-end estimates that will be hard to meet. In last year's review, the conduit shops projected \$92 billion of originations — well above the \$78 billion that actually ended up being securitized.

Still, the responses indicate that lenders are confident that the CMBS market revival, now entering the fourth year following the 2008-2010 collapse, will continue. Eleven shops project at least \$5 billion of originations this year, up from eight programs that reported hitting that threshold last year.

The new firms on the list this year are **Analy Commercial Real Estate, Arbor Commercial Mortgage, Ares Capital, Credit Suisse, Greystone, Iron Hound Management/BNY Mellon, NCB, Rialto Mortgage Finance, Silverpeak Real Estate Finance** and **Walker & Dunlop**.

Three of those firms got out of the gate fast, including loans in

securitizations that closed last year: Rialto (\$712 million), Ares (\$494 million) and NCB (\$294 million). Two firms that were on last year's list also made their securitization debuts in 2013: **MC-Five Mile** (\$446 million) and **Bancorp Bank** (\$121 million).

Two of the newcomers, Silverpeak and Iron Hound, are led by pros who were prominent in the run-up of the last cycle: Silverpeak's chairman is former **Lehman Brothers** real estate chief **Mark Walsh**; Iron Hound is helmed by former **Wachovia** CMBS co-head **Robert Verrone**.

Silverpeak, with backing from hedge fund **Elliott Management**, is expected to start bidding on CMBS loans in March or April.

It will also write mezzanine debt and bridge loans. Iron Hound, backed by **BNY Mellon**, is expected to focus on bread-and-butter conduit loans.

So far, the most noticeable effect of the increased competition has been tighter spreads and lower profits. "We used to be a 2.5-point [profit margin] market, but now we're running on 1.5 points," one lender said.

Another joked, "I tell people, 'We're not making any money, but we sure are busy!'"

Lenders report that loan standards have slipped. "We're seeing lower loan reserves," one lender bemoaned. "You'll see a loan that would have had a \$200,000 reserve before and now it only has \$100,000. Or you are seeing 'bad-boy carve-outs' where there is no recourse to a warm body. Instead it's to an entity. Things like that are getting worse."

Some traditional bank lenders privately point fingers at non-bank lenders as the culprits for sliding credit quality, asserting, for example, that property appraisals used by nonbanks don't have to meet the same standards as those used by banks. But a veteran rating agency analyst who compared the credit standards of banks and nonbanks at the request of Commercial Mortgage Alert said there was no indication of significant differences in credit quality.

In any event, there is general agreement that while credit standards have slipped from the strong level when the market started reviving in 2011, they have not fallen to what prevailed at the market peak in 2007.

"I give the rating agencies some credit," said **Larry Brown**, president of **Starwood Mortgage Capital**. "In 2007, as the lending standards got more aggressive, the rating levels for CMBS often did too, and that's among the items that made people so angry in hindsight. But currently the rating-agency levels are more conservative if lending standards are aggressive, and they're holding the line." ❖

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Origination Targets for Securitization Programs

Loans originated for securitization. Origination figures were supplied by the lenders and weren't independently verified. Commercial Mortgage Alert estimated originations for Ares, Credit Suisse and J.P. Morgan, as well as the 2014 projections for Cantor and Redwood.

	Projected 2014 Originations (\$Mil.)	Reported 2013 Originations (\$Mil.)	Actual 2013 Securitized (\$Mil.)
Annaly Commercial Real Estate	\$1,000	\$500	\$0
Arbor Commercial Mortgage	800	400	0
Ares Capital	500	494	494
Bancorp Bank	1,000	310	121
Bank of America	7,000	5,500	5,212
Barclays	6,000	3,200	2,794
Basis Investment	1,000	458	442
C-III Commercial Mortgage	750	650	540
Cantor Commercial Real Estate	6,000	5,300	5,265
CIBC	1,500	750	750
Citigroup	7,000	5,500	4,770
Credit Suisse	500	370	0
Deutsche Bank	15,000	10,200	10,127
GE Capital Real Estate	1,000	518	570
Goldman Sachs	10,000	7,000	7,060
Greystone	900	150	0
Guggenheim-Pillar	1,300	550	0
Iron Hound/BNY Mellon	250	0	0
J.P. Morgan	11,000	10,470	10,470
Jefferies LoanCore	3,000	2,300	1,444
KeyBank	1,200	725	734
Ladder Capital	4,000	3,100	2,229
Liberty Island	1,100	913	831
MC-Five Mile	1,500	510	446
Morgan Stanley	10,500	7,500	6,214
Natixis	2,000	960	459
NCB	450	295	294
NorthStar Realty Finance	2,000	531	0
RAIT Financial	1,200	400	151
RBS	6,500	4,814	4,814
Redwood Commercial Mortgage	900	800	579
Rialto Mortgage Finance	2,750	900	712
Silverpeak Real Estate Finance	600	0	0
Starwood Mortgage Capital	2,000	1,650	1,513
UBS	6,000	3,000	2,835
Walker & Dunlop	1,000	0	0
Wells Fargo	10,000	8,000	5,829
OTHERS	0	203	203
TOTAL	129,200	88,921	77,901

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The following is a list of conduit shops that aggregate loans for securitization. In many cases, some or all of the originators aren't listed.

Annaly Commercial Real Estate

Contact: Robert Karner, 212-696-0100
2013 originations: \$500 million (all floating rate)
2014 originations (projected): \$1 billion (all floating rate)
2014 offerings (projected): 2-3

Arbor Commercial Mortgage

Contact: Todd Hirsch, 212-389-6556
2013 originations: \$400 million
2014 originations (projected): \$800 million
2014 offerings (projected): 6

Bancorp Bank

Contact: Ron Wechsler, 646-495-7470
2013 originations: \$310 million
2014 originations (projected): \$1 billion
2014 offerings (projected): 10
Originators:
 East Coast: Tim Hallock, 646-495-7472
 National: John McGlynn, 239-207-0696
 West Coast: Gary Wong, 510-529-4045
 Texas/Midwest/Colorado: Doug Clyde, 425-999-2222
 National: Ron Wechsler, 646-495-7470

Bank of America

Contact: Jason Ourman, 646-855-3562
2013 originations: \$5.5 billion
2014 originations (projected): \$7 billion
2014 offerings (projected): 11

Barclays

Contact: Larry Kravetz, 212-526-5838
2013 originations: \$3.2 billion
2014 originations (projected): \$6 billion
2014 offerings (projected): 10
Originators:
 National: Frank Gilhool, 212-526-6970
 National: John Trauben, 212-526-1025
 National: Eric Wu, 212-526-4890
 National: Brett Gaffan, 212-526-4301
 National: RJ Guttroff, 212-526-1650
 National: Chris Burke, 212-526-2359
 National: Adam Schenkman, 212-526-8888
 Western: John Boyt, 310-481-2631
 Western: Josh Greene, 310-721-4075

Basis Investment

Contact: Tammy Jones, 212-842-5714
2013 originations: \$458 million
2014 originations (projected): \$1 billion
2014 offerings (projected): 8
Originators:
 National: Kunle Shoyombo, 212-842-5713
 National: Shaunak Tanna, 212-915-0699
 National: Brendan O'Brien, 212-915-0698
 National: Dinesh Sakhrani, 212-915-0700
 National: Mark Bhasin, 212-915-0696

C-III Commercial Mortgage

Contact: Paul Hughson, 212-705-5046
2013 originations: \$650 million
2014 originations (projected): \$750 million
2014 offerings (projected): 8
Originators:
 National: Michael Pierro, 212-705-5096
 National: Amy Sackin, 212-705-5080
 National: Ian Schwartz, 212-705-5070
 National: Gary Newman, 212-705-5089
 National: Ellison Quijano, 212-705-5079

Cantor Commercial Real Estate

Contact: Michael May, 212-610-2319
2013 originations: \$5.3 billion
2014 originations (CMA estimate): \$6 billion
Originators:
 New York: Stephen Bartlett, 212-829-7109
 New York: Art Bellini, 212-610-2492
 New York: Bill Weber, 212-829-5268
 New York: Michael Gardner, 212-610-2292
 New York: Ed Petti, 212-610-2491
 New York: Michael Tacorian, 212-610-2305
 New York: Paul Fine, 212-610-2493
 New York: Walker Brown, 212-610-2294
 San Francisco: Bill Whalen, 415-869-2050
 Dallas: Will Flaa, 972-386-5039
 Chicago: John Luka, 312-469-7494
 Atlanta: Sam Kupersmith, 404-201-2387
 Seattle: Josh Berde, 206-274-5113
 Washington: Andy Weiss, 301-455-4580
 Newport Beach, Calif.: Kenneth Margala, 949-608-2087
 Los Angeles: Jonathan Schurgin, 310-788-5808
 Los Angeles: Jesse Zarouk, 310-788-5803
 Los Angeles: Jeffrey Giudice, 310-788-5807

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CIBC

Contacts:

Jim Baranello, 212-667-5603
Mimi Cheng, 212-667-5605

2013 originations: \$750 million

2014 originations (projected): \$1.5 billion

2014 offerings (projected): 8

Citigroup

Contact: Paul Vanderslice, 212-723-1295

2013 originations: \$5.5 billion

2014 originations (projected): \$7 billion

2014 offerings (projected): 15

Originators:

Head of originations: Ben Milde, 212-816-4703
Northeast/Southeast: Joe Dyckman, 212-816-6457
Southeast/Florida: Michael Cohen, 704-552-3712
West Coast: Ed Balazs, 213-239-2074
Southwest: Billy Hurst, 972-202-9990
Georgia: Marco Lainez, 212-816-4375
Chicago/Midwest: Chris Pilat, 212-816-7529
West Coast: Smith Daley, 213-239-1912
New York: Michael Mestel, 212-816-8777
New York: Eric Mirvis, 212-816-0808
Michigan/National: James Goldberg, 212-816-7335

Deutsche Bank

Contact: Ed Adler, 212-250-4542

2013 originations: \$10.2 billion

2014 originations (projected): \$15 billion

2014 offerings (projected): 28

Originators:

U.S. large loans: Stephen Coe, 212-250-6911
U.S. conduit loans: Kevin Pivnick, 212-250-3437
New York: Marc Waldman, 212-250-3315
New York: Ken Dickey, 212-250-7199
Los Angeles: Mark Fluent, 310-788-6174
Atlanta: Bill Lafferty, 404-920-7120
Dallas: Bobby Geary, 214-470-7901
New York large loans: David Goodman, 212-250-0136
New York large loans: Tom Traynor, 212-250-5125

GE Capital Real Estate

Contact: Debbie Riley, 212-370-6897

2013 originations: \$518 million

2014 originations (projected): \$1 billion

2014 offerings (projected): 6

Originators:

Southern California: Tim Campbell, 949-477-1582
N. California/Washington: Mike Coen, 415-247-1201
Midwest: Kristy Heuberger, 312-441-7846
Mid-Atlantic: Dan Martin, 202-715-2942
Southeast: Jill McEntegart, 770-772-2218
Northeast: Jeff Thompson, 212-716-8939
Southwest: Lance Wright, 972-728-7563

Goldman Sachs

Contacts:

Ted Borter, 212-902-3857
Dan Bennett, 212-902-4207

2013 originations: \$7 billion

2014 originations (projected): \$10 billion

2014 offerings (projected): 18

Originators:

New York: Rene Theriault, 212-902-2172
New York: Yoni Goodman, 212-902-6852
New York: Miriam Wheeler, 212-902-2056
Dallas: Roddy O'Neal, 972-501-3915
Dallas: James Abbee, 972-501-3922
Dallas: Paul Armour, 972-501-3910
Dallas: Nick Losada, 972-501-3953
Dallas: Rod Reppe, 972-501-3961

Greystone

Contact: Robert Russell, 212-649-9726

2013 originations: \$150 million

2014 originations (projected): \$900 million

2014 offerings (projected): 5

Guggenheim-Pillar

Contact: Prashant Raj, 212-381-4115

2013 originations: \$550 million

2014 originations (projected): \$1.3 billion

2014 offerings (projected): 6

Originators:

National: Kieran Quinn, 404-926-1020
National: Robert Lawrence, 212-518-5381

Iron Hound/BNY Mellon

Contact: Robert Verrone, 646-201-4663

2014 originations (projected): \$250 million

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J.P. Morgan

Contact: Dennis Schuh, 212-834-9378
2013 originations (CMA estimate): \$10.5 billion
2014 originations (CMA estimate): \$11 billion

Jefferies LoanCore

Contact: Perry Gershon, 203-861-6008
2013 originations: \$2.3 billion
2014 originations (projected): \$3 billion
2014 offerings (projected): 5
Originators:
 Greenwich, Conn.: Brett Kaplan, 203-861-6015
 Chicago: Paul Stepan, 312-750-4412
 Los Angeles: Chapin Hunt, 310-575-5135
 Greenwich, Conn.: Steve Anderson, 203-861-6025
 Greenwich, Conn.: Dana Arrighi, 203-861-6012
 Greenwich, Conn.: Mike Schulte, 203-861-6013
 Greenwich, Conn.: Richard Small, 203-861-6005
 Atlanta: Tom Aschmeyer, 404-249-8774
 Atlanta: Bryan Collins, 404-249-8779
 Chicago: Steve Kay, 312-750-4442
 Chicago: Patrick Walker, 312-750-4462
 San Francisco: Jean Baker, 415-284-8410
 Los Angeles: Alex Ovalle, 310-575-5171
 Los Angeles: Steve Graines, 310-575-5172
 Irvine: Dave Kennard, 949-852-3543

KeyBank

Contact: Clay Sublett, 913-317-4233
2013 originations: \$725 million
2014 originations (projected): \$1.2 billion
2014 offerings (projected): 6
Originators:
 National manager: Dan Baker, 312-730-2702
 National - REITs: Randy Martin, 312-730-2741
 Great Lakes: John Hofmann, 312-730-2745
 Atlantic: Scott Bois, 202-452-4942
 Southeast: Matt Fuller, 305-877-2203
 Southwest: Ashley Harkness, 214-414-2585
 Northwest: Fred Dockweiler, 360-713-6123

Ladder Capital

Contact: Greta Guggenheim, 212-715-3172
2013 originations: \$3.1 billion
2014 originations (projected): \$4 billion
2014 offerings (projected): 6
Originators:
 David Bednar, 212-715-3150
 Ben Black, 310-601-2461
 Michael Comparato, 212-715-3164
 Richard Kirikian, 212-715-3198
 Peter Smith, 212-715-3158
 Lee Warshaw, 212-715-3184
 Aaron Welsh, 212-715-3149
 Tierney Boisvert, 212-715-3140
 Aaron Casden, 212-715-3147
 Eliav Dan, 310-601-2462
 Brad Gladsden, 917-369-3227
 Raphael Golberstein, 212-715-3157
 Ryan Jantzen, 212-715-3180
 Harris Lukashok, 212-715-3144
 Elizabeth Pratt, 212-715-3145
 Adam Siper, 212-715-3162
 Michael Stone, 212-715-3167

Liberty Island

Contact: Sean Beggan, 973-367-4261
2013 originations: \$913 million
2014 originations (projected): \$1.1 billion
2014 offerings (projected): 7
Originators:
 Eastern: Scott Heath, 404-704-8955
 Midwest: Matthew Bertram, 312-228-6545
 Western: Curtis Brunton, 415-291-5039

MC-Five Mile

Contact: Matthew Philip, 212-485-2585
2013 originations: \$510 million
2014 originations (projected): \$1.5 billion
2014 offerings (projected): 6
Originators:
 Gavin Elwes, 212-485-2581
 Sean O'Malley, 312-917-7694
 Jamie Ruggiero, 212-485-2598
 Joe Stevens, 212-485-2588
 John Ward, 212-485-2594

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Morgan Stanley

Contact: Steven Stern, 212-761-3775
2013 originations: \$7.5 billion
2014 originations (projected): \$10.5 billion
2014 offerings (projected): 12
Originators:
 National: Stephen Holmes, 212-761-3646
 National: James Flaum, 212-761-4405
 West Coast: Gary Duff, 310-788-2253
 Washington: Jay Haberman, 703-234-5277
 Texas: Michael Ostella, 214-468-7280

Natixis

Contact: Greg Murphy, 212-891-6282
2013 originations: \$960 million
2014 originations (projected): \$2 billion
2014 offerings (projected): 8
Originators:
 National: Michael Magner, 212-891-5723
 National: Joseph Vassallo, 212-891-5728
 National: David Schwartz, 212-891-5765
 National: Brian Clark, 212-891-5749
 National: Alison Coen, 212-891-5771

NCB

Contact: Casey Fannon, 703-302-1917
2013 originations: \$295 million
2014 originations (projected): \$450 million
2014 offerings (projected): 6
Originators:
 New York: Ed Howe, 212-808-0880
 New York: Sheldon Gartenstein, 212-808-0880
 New York: Mindy Goldstein, 212-808-0880
 Southeast: Larry Mathe, 703-302-1909
 Mid-Atlantic: Brendan Gale, 703-302-1927

NorthStar Realty Finance

Contact: Brett Klein, 212-547-2686
2013 originations: \$531 million
2014 originations (projected): \$2 billion
2014 offerings (projected): 3
Originators:
 New York: Sujan Patel, 212-547-2616
 New York: Daniel Gilbert, 212-547-2680

RAIT Financial

Contact: Greg Marks, 215-243-9000
2013 originations: \$400 million
2014 originations (projected): \$1.2 billion

RBS

Contact: Wayne Potters, 203-897-9565
2013 originations: \$4.8 billion
2014 originations (projected): \$6.5 billion
2014 offerings (projected): 10
Originators:
 National: Wayne Potters, 203-897-9565
 National: John Burke, 312-664-5407
 East Coast: Loren Berger, 203-897-6583
 East Coast: Chris Tierney, 203-897-1875
 East Coast: John Kunzweiler, 203-897-2825
 East Coast: Michael Nelson, 203-897-2927
 West Coast: Gary Swon, 949-419-3830
 West Coast: David Froschauer, 949-419-3831
 West Coast: Timothy Gardner, 310-772-2297
 West Coast: Peter Lewicki, 310-750-2079
 Central: Steve Cho, 312-664-5990
 Central: Emily Rothgeb, 312-664-5422
 Southeast: Joey Petras, 404-724-2720

Redwood Commercial Mortgage

Contact: Scott Miller, 212-600-2952
2013 originations (CMA estimate): \$800 million
2014 originations (CMA estimate): \$900 million
Originators:
 California: Bill Weeks, 415-380-2319
 Midwest: Ian McConnell, 415-384-3806
 Southeast: Aaron Derby, 415-380-3439
 Western U.S.: Natalie Todorov, 415-380-3428
 Eastern Pennsylvania: Steve Hamm, 212-600-2948

Rialto Mortgage Finance

Contact: John Herman, 212-415-4847
2013 originations: \$900 million
2014 originations (projected): \$2.5-3 billion
2014 offerings (projected): 6-8
Originators:
 John Herman, 212-415-4847

Silverpeak Real Estate Finance

Contact: Doug Tiesi, 646-550-1755
2014 originations (projected): \$600 million
2014 offerings (projected): 4

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Starwood Mortgage Capital

Contact: Larry Brown, 704-362-1979

2013 originations: \$1.7 billion

2014 originations (projected): \$2 billion

2014 offerings (projected): 10

Originators:

Northern: Jim Freel, 212-600-2837

Northern: John Porter, 212-600-2835

Northern: Tim Szalay, 212-600-2836

Southern/Central: David Auerbach, 305-695-5519

Southern/Central: Steven DeRose, 305-695-5845

Southern/Central: Lance Johnson, 704-264-3509

Southern/Central: Sam Rosen, 646-884-6425

Southern/Central: Keith Thompson, 704-973-9035

Southern/Central: Chuck Wolter, 305-695-5514

Western: Craig Pickett, 212-600-2839

Western: Gerry Santos, 949-885-8262

UBS

Contact: Chris LaBianca, 212-713-4706

2013 originations: \$3 billion

2014 originations (projected): \$6 billion

2014 offerings (projected): 12

Walker & Dunlop

Contact: Tim Koltermann, 646-438-7713

2014 originations (projected): \$1 billion

2014 offerings (projected): 5

Wells Fargo

Contact: Doug Mazer, 212-214-7574

2013 originations: \$8 billion

2014 originations (projected): \$10 billion

2014 offerings (projected): 30

Originators:

New York: Joe Tufariello, 212-214-7588

Northeast: Jeff Schor, 212-214-7581

Northeast: Terry Livingston, 212-214-7604

Mid-Atlantic: Jon Albertell, 212-214-7584

Southeast: John Tinkey, 704-715-9959

Midwest: Ed Gras, 704-374-7086

Midwest: Andrew Laughlin, 704-383-6903

Midwest: Greg Cazel, 312-345-1929

Texas: Edward Brady, 713-576-1025

West: Duane Hastings, 949-251-4112

West: Todd Barnett, 949-251-4380

Southwest: Eric Gunderson, 213-253-3065

Southwest: Brad Wilmot, 213-253-6444

Northwest: Eric Smith, 415-222-1813

Northwest: Courtney Boscoe, 415-977-9855

National: Wayne Brandt, 203-253-3727

Large loans: Jon Martin, 704-715-0571

Large loans: Rob Rosenberg, 212-214-7600

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