



2015 CMBS Award Winners

by Orest Mandzy

Deutsche Again Tops CMBS Bookrunners

For the fourth straight year, Deutsche Bank was the most active bookrunner of domestic, private-label CMBS, handling nearly one out of every five deals that priced last year.

The investment bank received credit for handling the books of deals totaling \$17.2 billion for an 18.25 percent share of the market. It participated in 22 of the year's 121 deals, but got credit for 18.2 deals because of the way Commercial Real Estate Direct divvies up credit for the ranking.

Its share of the market dropped from 26.25 percent in 2014 largely because of its smaller role in the large-loan business. Whereas it contributed \$6 billion of loans to single-borrower deals in 2014, typically taking sole bookrunner duties, last year it only contributed \$3.3 billion to such deals.

Because of that, the total volume of loans it contributed to CMBS deals in 2015 was down by 37 percent to \$8.9 billion, putting it well behind JPMorgan Chase Bank, which led all loan contributors to the market, with \$10.9 billion.

Wells Fargo Securities, meanwhile, was the second most-active CMBS bookrunner, with a 15.6 percent share of the market. It contributed to 19 of the year's deals, so its loans were securitized every 20 days. It securitized a total of 369 loans—by far the most of any CMBS lender—totaling \$6.1 billion.

Domestic private-label issuance totaled \$95.1 billion last year. Even if you add the \$4 billion of

collateralized loan obligations, issuance still fell far below the \$110 billion that was anticipated early in the year. That was largely due to the choppiness that hit the market starting in July. Spreads to that point were in a range between 82 and 92 basis points more than swaps. They then started their march wider, causing a sharp slowdown in issuance.

Indeed, \$52 billion of CMBS was issued during the first half and \$43.3 billion in the second half, when spreads jumped to levels not seen in two years. When that happened, it got tougher to profitably lend, which caused lenders to slowdown. Only 31 lenders contributed to the CMBS market during the second half, while 35 contributed during the first six months of the year.

Market professionals expect anywhere from \$100 billion to \$125 billion of CMBS to be issued in 2016. That's driven largely by the \$87.1 billion of conduit loans that come due next year. ■

Top Managers of Domestic, Private-Label CMBS—2015

INVESTMENT BANK	#DEALS	BAL\$MLN	MKTSHR%
DrexelHamilton	46	41,446.67	43.58
Deutsche Bank	35	33,646.87	35.38
Morgan Stanley	31	25,470.73	26.78
Citigroup	34	24,503.06	25.77
Goldman Sachs	21	20,612.26	21.68
Wells Fargo Securities	24	19,723.84	20.74
JPMorgan Securities	23	18,655.51	19.62
BofA Merrill Lynch	22	17,881.42	18.80
Cantor Fitzgerald	17	16,923.07	17.80
Barclays Capital	14	12,437.20	13.08
Credit Suisse	16	12,389.06	13.03
UBS	9	8,577.84	9.02
Natixis	8	8,337.01	8.77
CIBC World Markets	9	8,214.46	8.64
Jefferies	7	8,056.36	8.47
CastleOak	7	7,592.79	7.98
Academy Securities	3	1,991.00	2.09
RBC	1	281.50	0.30

Top Bookrunners Domestic, Private-Label CMBS

INVESTMENT BANK	2015			2014		
	#DEALS	VOL \$MLN	MKTSHR%	#DEALS	VOL \$MLN	MKTSHR%
Deutsche Bank	18.23	17,210.79	18.25	27.14	23,479.37	26.25
Wells Fargo Securities	17.77	14,715.47	15.61	16.85	12,256.48	13.70
JPMorgan Securities	15.07	12,105.67	12.73	18.62	13,752.01	15.38
Morgan Stanley	14.47	9,715.97	10.30	7.13	6,035.68	6.75
Credit Suisse	10.75	8,593.95	9.11	4.78	2,359.77	2.64
Goldman Sachs	10.17	8,463.19	8.98	8.96	7,896.25	8.83
Citigroup	10.79	7,608.49	8.07	9.09	7,526.97	8.42
BofA Merrill Lynch	9.70	6,966.40	7.39	8.71	6,140.38	6.87
Barclays Capital	10.18	6,719.75	7.07	4.18	4,004.22	4.48
UBS	2.35	2,141.92	2.27	4.70	3,440.07	3.85
Jefferies	0.32	462.29	0.49	0.00	0.00	0.00
Cantor Fitzgerald	1.00	140.00	0.15	0.50	256.00	0.29
Societe Generale	0.13	127.28	0.13	0.00	0.00	0.00
Scotia Capital	0.10	125.00	0.13	0.00	0.00	0.00
RBS				1.76	2,066.77	0.29
Ladder Capital				0.50	225.00	0.25
TOTAL	120.00	94,296.94		114.00	89,865.50	

Top Loan Contributors

LENDER	#LOANS	2015		2014	
		VOL \$MLN	MKT SHR%	VOL \$MLN	MKT SHR%
JPMorgan Chase Bank	161.60	10,858.98	11.55	11,440.63	13.03
Deutsche Bank	218.00	8,867.97	9.43	14,005.13	15.95
Morgan Stanley	241.50	8,264.67	8.79	5,339.71	6.08
Bank of America	242.80	6,533.69	6.95	5,565.68	6.34
Citigroup	217.40	6,274.94	6.67	5,604.13	6.38
Goldman Sachs	156.40	6,258.96	6.66	5,098.86	5.81
Wells Fargo Bank	369.00	6,117.35	6.51	5,849.16	6.66
Credit Suisse	151.60	5,982.51	6.36	2,141.28	2.44
Barclays Bank	183.10	5,178.16	5.51	3,111.20	3.54
Cantor Commercial Real	277.80	4,325.86	4.60	5,750.69	6.55
UBS Real Estate Securities	166.30	2,699.80	2.87	2,959.06	3.37
Ladder Capital Finance	209.60	2,584.94	2.75	3,493.47	3.98
Natixis	167.00	2,548.32	2.71	1,371.94	1.56
Rialto Mortgage Finance	221.00	2,412.71	2.57	1,490.24	1.70
Starwood Mortgage Capital	204.00	2,067.73	2.20	1,618.57	1.84
MC-Five Mile	95.00	1,484.06	1.58	1,174.28	1.34
CIBC World Markets	104.00	1,237.01	1.32	1,240.71	1.41
Jefferies LoanCore	68.00	1,215.69	1.29	828.90	0.09
Silverpeak Real Estate	79.00	980.30	1.04	282.55	0.32
KeyBank	95.00	855.62	0.91	864.37	0.98
Principal Commercial	37.00	819.12	0.87	0.00	0.00
Redwood Commercial	59.00	740.49	0.79	845.24	0.96
BNY Mellon	42.00	658.98	0.70	0.00	0.00
Benefit Street Partners	62.00	637.28	0.68	0.00	0.00
C-III Commercial Mortgage	139.00	629.35	0.67	508.90	0.58
Liberty Island Group	46.00	562.83	0.60	846.39	0.96
Societe Generale	46.00	534.19	0.57	0.00	0.00
Bancorp Bank	78.00	524.21	0.56	362.98	0.41
Basis Real Estate Capital	48.00	397.10	0.42	415.90	0.47
RAIT Financial Trust	37.00	367.12	0.39	606.45	0.69
Walker & Dunlop	18.00	279.24	0.30	117.57	0.13
NCB FSB	92.00	274.47	0.29	314.81	0.36
Scotia Capital	0.10	125.00	0.13	0.00	0.00
KGS-Alpha Real Estate	22.00	102.30	0.11	0.00	0.00
Freedom Commercial Real	24.00	93.52	0.10	0.00	0.00
GE Capital Corp.	12.00	92.43	0.10	584.17	0.67
Ares Commercial	0.00	0.00	0.00	378.80	0.43
Bank of China	0.00	0.00	0.00	450.33	0.51
RBS	00	0.00	0.00	2,234.86	2.54
Total	36	93,586.89	100.00	87,828.13	100.00

Domestic Private-Label CMBS Rankings—Rating Agencies

INVESTMENT BANK	CONDUITS			SINGLE-BORROWER			TOTAL – 2015			TOTAL – 2014		
	#DEALS	VOL \$MLN	MKT SHR%	#DEALS	VOL \$MLN	MKT SHR%	#DEALS	VOL \$MLN	MKT SHR%	#DEALS	VOL \$MLN	MKT SHR%
Moody's	59	61,882.40	100.00	8	6,186.33	20.03	67	68,068.73	73.38	62	60,783.00	68.13
Kroll	42	42,123.03	68.07	14	9,898.20	32.05	56	52,021.23	56.08	61	52,394.21	58.73
Fitch	38	38,817.02	62.73	17	13,472.00	43.63	55	52,289.02	56.37	42	42,916.15	48.1
Morningstar	27	26,797.63	43.30	25	14,455.96	46.81	52	41,253.59	44.47	42	29,414.10	32.97
DBRS	23	23,734.36	38.35	7	3,177.93	10.29	30	26,912.29	29.01	41	36,823.23	41.27
S&P	0	0.00	0.00	37	22,364.33	72.42	37	22,364.33	24.11	44	27,383.62	30.69

Moody's Rates Every Conduit of Year; Tops Ratings Ranking

Moody's Investors Service rated every single conduit and 20 percent of the single-borrower deals issued last year, giving it a market share of just more than 73 percent—tops in the CMBS ratings business.

But in most cases, issuers paid only for its ratings on the most senior bonds of conduit deals, including their A-S, or junior-AAA classes. They paid for its ratings on lower rated bonds for only 16 of the 59 conduit deals. That's due to the rating agency's strict views on collateral quality. It often has said that it would give lower grades to bond classes than would its competitors.

Nonetheless, issuers continue to hire Moody's because many investors still require bonds to be rated by at least one of the three major raters before they're able to buy them. And with S&P still out of

the picture—it was given a one-year suspension from the conduit business last year by the SEC—issuers are relying heavily on the remaining two legacy agencies. And as a risk-avoidance maneuver, they've routinely used three, and sometimes four agencies, benefiting the relative newcomers.

Fitch Ratings and Kroll Bond Rating Agency were in a virtual tie in the Commercial Real Estate Direct rating agency ranking, each with a roughly 56 percent share of the year's issuance.

Morningstar Credit Ratings, meanwhile, saw a 35 percent increase in its market share, tops among all rating agencies. It rated nearly 45 percent of the year's deals, up from 33 percent in 2014. ■

Special Servicer Ranking—2015

SERVICER	TOTAL			CONDUIT			SINGLE-BORROWER			OTHER DEALS		
	#DEALS	VOL \$MLN	MKT SHR%	#DEALS	VOL \$MLN	MKT SHR%	#DEALS	VOL \$MLN	MKT SHR%	#DEALS	VOL \$MLN	MKT SHR%
Midland Loan Services	26	21,055.00	50.76	17	18,187.87	29.39	7	2,562.13	8.30	2	305.00	13.07
Rialto Capital Advisors	15	14,672.62	30.09	14	14,517.82	23.46			0.00	1	154.80	6.63
Wells Fargo Bank	21	14,610.55	44.19	2	1,927.92	3.12	19	12,682.63	41.07			0.00
LNR Partners	13	12,278.43	19.84	13	12,278.43	19.84			0.00			0.00
CWCapital Asset Management	8	7,690.12	12.43	8	7,690.12	12.43			0.00			0.00
KeyBank	12	6,974.13	22.58			0.00	12	6,974.13	22.58			0.00
Aegon	6	3,968.35	12.85			0.00	6	3,968.35	12.85			0.00
Torchlight Loan Services	4	3,959.35	6.40	4	3,959.35	6.40			0.00			0.00
Strategic Asset Services	6	3,617.33	53.35			0.00	4	2,566.23	8.31	2	1,051.10	45.04
C-III Asset Management	3	3,320.89	5.37	3	3,320.89	5.37			0.00			0.00
Pacific Life	1	1,050.00	3.40			0.00	1	1,050.00	3.40			0.00
Trimont Real Estate	1	796.59	2.58			0.00	1	796.59	2.58			0.00
Hudson Advisors	1	281.50	12.06			0.00			0.00	1	281.50	12.06
Berkadia Commercial	1	280.00	0.91			0.00	1	280.00	0.91			0.00
Orix	1	218.80	9.38			0.00			0.00	1	218.80	9.38
FirstCity Financial	1	112.70	4.83			0.00			0.00	1	112.70	4.83
A10	1	209.80	8.99							1	209.80	8.99
Total	121	95,096.16		61	61,882.40		51	30,880.06		9	2,333.70	

Rialto Once Again Tops B-Piece Buyers

by Orest Mandzy

Rialto Capital Management remained the top dog in the CMBS B-piece market last year, investing in 14 conduit transactions with a total balance of \$14.5 billion, or nearly a quarter of the year's conduit issuance.

The Miami investment manager, a unit of Lennar Corp., was one of 11 investors to buy B-pieces during the year. That was an increase from nine that participated in the market in 2014. Its closest rival, Eightfold Real Estate Capital, also of Miami, invested in eight deals totaling \$8.6 billion, or 13.8 percent of the year's conduit issuance.

Seer Capital, a relative newcomer that started investing in the sector only in 2014, got credit for buying into 9.3 deals totaling \$8.1 billion. It actually invested in 11 deals, but had teamed up with LNR Partners and Ellington Management on three and got proportional credit for those.

The list of the year's B-piece buyers likely will remain unchanged next year. Risk-retention rules go into effect late this year, requiring investors to retain 5 percent of every deal's market value for at least five

years. Each of last year's participants has raised long-term capital, typically through investment funds, that would be ideally suited to meeting those rules.

Absent from the market last year, and possibly in the future, are the fast-money investors that pursued B-pieces opportunistically in prior years. But new on the list was C-III Capital Partners, which bought its first B-piece in more than seven years. It funded its investment through C-III High Yield Real Estate Debt Fund IV, which is raising \$115 million of equity commitments.

Also new last year was KKR Real Estate Finance Holdings, which bought into four deals totaling \$4.4 billion. The unit of KKR & Co., got into the business in late 2014 by hiring a team of professionals led by Matt Salem from Rialto. It too has raised long-term capital through a fund and is said to be gearing up a second vehicle.

B-piece investors typically get to pick the special servicers for the deals in which they invest. Four investors—Rialto, LNR, Torchlight Investors and C-III—each operate businesses to which they award special servicing rights. LNR bought into nine deals, including four in which it teamed with other investors. ■

Top Buyers of CMBS Conduit B-Pieces

INVESTOR	2015			2014		
	#DEALS	VOL \$MLN	MKT SHR%	#DEALS	BAL \$MLN	MKT SHR%
Rialto	14.00	14,517.82	23.46	13.00	15,416.14	27.16
Eightfold Real Estate	8.00	8,559.23	13.83	4.00	4,103.69	7.23
Seer Capital	9.30	8,088.57	13.07	8.75	10,602.32	18.67
LNR Property Corp.	7.21	7,607.21	12.29	6.31	6,858.28	12.08
Doubleline Capital	5.00	5,343.95	8.64	3.00	3,973.44	7.00
KKR Real Estate	4.00	4,362.28	7.05	0.00	0.00	0.00
Torchlight	4.00	3,959.35	6.40	2.00	2,060.60	3.63
Raith/AllianceBernstein	3.00	3,311.50	5.35	4.00	4,551.55	8.02
Ellington Management	3.50	3,243.61	5.24	5.94	6,500.91	11.45
BlackRock Realty	2.00	1,783.71	2.88	2.00	2,714.34	4.78
C-III Capital Partners	1.00	1,105.17	1.79	0.00	0.00	0.00
Total	61	61,882.40		49	56,781.27	

Master Servicer Ranking

	2015									2014		
	TOTAL			CONDUITS			SINGLE-BORROWER			TOTAL		
	#Deals	Vol \$mln	MktShr%	#Deals	Vol \$mln	MktShr%	#Deals	Vol \$mln	MktShr%	#Deals	Vol \$mln	MktShr%
Wells Fargo Bank	68	58,639.53	61.66	40	40,764.73	65.88	27	17,593.30	56.97	67	58,216.54	64.78
Midland Loan Services	25	20,177.33	21.22	16	17,600.20	28.44	6	2,272.13	7.36	16	14,581.94	16.23
KeyBank	21	13,836.90	14.55	3	3,517.47	5.68	15	9,594.63	31.07	22	14,538.27	16.18
Berkadia Commercial Mortgage	4	1,965.10	2.07				3	1,420.00	4.60	3	1,254.57	1.40
FirstCity Financial	1	112.70	0.12							1	289.76	0.32
Rialto Mortgage Finance	1	154.80	0.16							1	94.70	0.11
A10 Mortgage	1	209.80	0.22							1	132.40	0.15
Total	121	95,096.16		59	61,882.40		51	30,880.06		111	89,108.18	