Real estate daily market update: February 12, 2018

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Most recent market news

Mortgage Bankers Association (MBA) Commercial/Multifamily Real Estate Finance Forecast

- The Mortgage Bankers Association (MBA) projects commercial and multifamily mortgage originations will decline slightly in 2018, ending the year at $549 billion, down three percent from the 2017 volumes. MBA expects volumes to remain at roughly that level in 2019 as well.
- MBA forecasts mortgage banker originations of just multifamily mortgages at $248 billion in 2018, with total multifamily lending at $271 billion. After strong growth in recent years, multifamily lending is expected to hold roughly steady in 2019.
- Commercial/multifamily mortgage debt outstanding is expected to continue to grow in 2018, ending the year more than seven percent higher than at the end of 2017.

"There is a strong mix of both headwinds and tailwinds in the commercial real estate finance markets right now," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "Our sense is that for commercial and multifamily mortgage borrowing and lending, the net effect is likely to be close to a wash."

"Rising interest rates, slowing NOI growth, pressure on capitalization rates and fewer loan maturities are some of the factors that will be holding the markets back.

"At the same time, continued economic growth, large amounts of investment capital looking for a home — and liking the looks of commercial real estate — and the recent tax reform legislation may all push the transaction markets forward.

"The magnitude and opposing impacts of some of these changes, however, raises the level of uncertainty," Woodwell continued.

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Mortgage Bankers Association's 2017 Commercial Real Estate/Multifamily Survey of Loan Maturity Volumes

- 6 percent, or $102.2 billion, of the $1.8 trillion outstanding commercial and multifamily mortgages held by non-bank lenders and investors will mature in 2018, a 42 percent decrease from the $175.9 billion that matured in 2017.
- The loan maturities vary significantly by investor group. Just $13.3 billion (2 percent) of the outstanding balance of multifamily and health care mortgages held or guaranteed by Fannie Mae, Freddie Mac, FHA and Ginnie Mae will mature in 2018.
- Life insurance companies will see $18.8 billion (4 percent) of their outstanding mortgage balances mature in 2018. Among loans held in CMBS, $34.0 billion (7 percent) will come due in 2018.
- Among commercial mortgages held by credit companies and other investors, $36.2 billion (22 percent) will mature in 2018.

“2017 marked the official end of the so-called ‘wall of maturities’,” said Jamie Woodwell, MBA’s Vice President of Commercial Real Estate Research. “Because many commercial and multifamily mortgages are ten-year loans, and few loans were made in 2008 during the onset of the credit crunch, mortgage maturities will be 42 percent lower in 2018.

“The strong market has also meant that many loans that were slotted to mature in coming years have already been refinanced, with maturities pushed further out. As a result, commercial and multifamily mortgage maturities will slowly climb over the coming years.”

Bankrate mortgage rates

- The 30-year fixed mortgage rate on Bankrate.com is currently 4.31 percent.
- The 15-year fixed mortgage rate is currently 3.64 percent.

Today's Current Mortgage Rates

Loan Term	Rate	Change	Last Week
30-year fixed mortgage rate	4.310	0.01	4.300
15-year fixed mortgage rate	3.640	0.01	3.630
5/1 ARM mortgage rate	4.020	-0.01	4.030
7/1 ARM mortgage rate	4.170	0.06	4.110
30-year fixed jumbo mortgage rate	4.470	0.02	4.450
30 Year FHA mortgage rate	4.050	0.06	3.990

Source: Bankrate

Source: click here