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Commercial Mortgage ALERT

THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION

JUNE 12, 2015

Deutsche, M&T, Blackstone Back NY Condos

A deal is coming together to finance construction of a large condominium tower near One World Trade Center.

Deutsche Bank, M&T Bank and **Blackstone** have agreed to provide about $445 million of debt for the project. The 157-unit building, at 111 Murray Street, would be among the taller structures in Lower Manhattan. It's being developed by a partnership among **Fisher Brothers** and investors **Steven Witkoff** and **Howard Lorber,** all of New York.

The floating-rate loan would be divided into A- and B-notes, whose relative sizes are unknown. Blackstone will originate the junior piece, while Deutsche and M&T are leading the senior loan. The banks are working to line up other participants to take down portions of the A-note.

The debt package has a term of five years, including extension options. The loan-to-cost ratio is under 60%, indicating a price tag north of $750 million. One source

See CONDOS on Page 8

Minskoff Taps BofA to Refinance NY Tower

Bank of America has agreed to originate a $400 million long-term mortgage to refinance a recently developed office building in Manhattan.

The fixed-rate loan, on the 428,000-square-foot building at 51 Astor Place, would carry interest-only payments for its full 12-year term. **JLL** is arranging the financing, which is expected to close in the coming days, for developer **Edward Minskoff.**

The broker pitched the assignment to a variety of lenders, mainly insurers and commercial MBS shops. BofA is expected to securitize the debt.

BofA led a syndicate of banks that provided the $165 million construction loan for the Class-A building, near Cooper Union and New York University in the East Village. The project cost about $325 million. The refinancing would enable Minskoff to recoup his equity investment and take cash out of the property.

Developed on a speculative basis, the building opened two years ago and is now 96% occupied, with asking rents of up to $120/sf. Major tenants include **IBM's**

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Eased Caps Give Fannie, Freddie Extra Muscle

Fannie Mae and **Freddie Mac** this year are expected to triple their purchases of multi-family loans that are exempt from lending caps, thanks to a recent policy change by their regulator.

That projection by industry experts is based on details that the **Federal Housing Finance Agency** released last week about its newly expanded definition of an "affordable" property. Mortgages on affordable homes don't count against the mortgage agencies' annual caps.

Last year, Fannie and Freddie purchased close to $6.6 billion of exempt multi-family mortgages — primarily affordable-housing loans — from their lenders. Market pros now think such purchases could hit $20 billion this year, on top of the agencies' $60 billion aggregate cap.

In May, the FHFA broadened the exemption to give Fannie and Freddie more leeway to buy loans. The change came in response to a surge in purchases by both

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THE GRAPEVINE

Scott Fuller is joining **Freddie Mac** as senior director of multi-family capital markets, in charge of structuring. Fuller starts Tuesday in McLean, Va., reporting to **Mitch Resnick,** vice president of multi-family loan pricing and securitization. Fuller spent the past year at **Piper Jaffray,** where he was a principal. He has also been a managing director at **Cortview Capital** and at **BB&T Capital,** and spent nine years at **Wachovia**, where he ran the commercial MBS trading desk.

Another high-level **GE Capital Real Estate** executive has found a new gig. **Bruce Viergever** joined **Realty Finance Trust** within the past few weeks. He's chief credit officer for the New York mortgage REIT, which is adding personnel as it expands. Viergever spent about four years at GE, which is now selling its real estate assets and winding down its lending operation. He was a managing

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Goldman Taps Midwest Large-Loan Pro

Veteran lender **Christopher Kosonen** is headed to **Goldman Sachs** to take up a newly created post as head of large-loan production in the Midwest.

Kosonen resigned from **J.P. Morgan** this week and will start at Goldman in August, when his gardening leave expires. He'll be based in Chicago.

Goldman last month hired **Brad Wilmot** as head of large-loan originations on the West Coast, also a new position. Wilmot left **Wells Fargo** to take that job, which he started this month in Los Angeles.

The hirings mark a shift in Goldman's approach to drumming up large loans. Previously, the bank has run those efforts — which depend on maintaining relationships with institutional borrowers — entirely from New York. Now it's betting that it can cover regional large-loan opportunities more effectively by having seasoned specialists "on the ground in those markets," said a source familiar with the strategy.

Kosonen spent the past three-and-a-half years at J.P. Morgan. Before that, he worked at **Starwood Capital** and **MacQuarie Capital.** He served a brief stint as an analyst at Goldman in 2002. ❖

Buyers Seeking Loan on NY Offices

A partnership led by **Angelo, Gordon & Co.** is seeking a $360 million mortgage to finance its purchase of an office building in Midtown Manhattan.

Angelo Gordon and its partners, **Normandy Real Estate** and **George Comfort & Sons,** are pursuing a floating-rate debt package with a term of 3-5 years and a loan-to-value ratio of about 70%. The assignment is being shopped to lenders by broker **Estreich & Co.**

The team has agreed to pay about $510 million, or $685 per square foot, for the 745,000-sf building at 575 Lexington Avenue. **Eastdil Secured** is brokering the sale on behalf of the building's ownership group, which is made up of **New York Life, Prudential Real Estate Investors** and Normandy.

As part of the transaction, Morristown, N.J., fund operator Normandy will retain about the same interest in the property it currently holds, roughly 25%. Angelo Gordon will wind up with the majority stake, and New York-based George Comfort will have a small slice of equity.

The current owners purchased the building in 2012 from **California State Teachers** and New York developer **Larry Silverstein** for $360 million, or $483/sf. **CIBC** and **Blackstone** originated $260 million of floating-rate debt to finance the deal. The loan comprised a $190 million senior component from CIBC and a $60 million mezzanine piece provided by Blackstone. The debt has a three-year term and matures within the next couple of months, though there are two single-year extension options.

Since buying the property, the New York Life group has spent around $15.6 million on upgrades that have included a renovation of the lobby and new heating-and-cooling systems. It was able to renew and expand a lease with primary tenant **Weill Cornell Medical College,** which now occupies 212,000 sf, or 28% of the space, under an agreement that runs until 2028. The rent roll also includes law firm **Boies Schiller** (95,000 sf) and financial advisor **Janney Montgomery** (31,000 sf). In addition, the building has 12,000 sf of street-level retail space and 150 parking spaces.

The building was constructed in 1958 on the east side of Lexington Avenue, between East 51st and East 52nd Streets. It's now 80% leased, which is significantly below the average 91.8% occupancy in the surrounding Plaza District. Marketing materials note that much of the vacancy is on the top 13 floors, which command higher rents. Filling that portion could boost annual cashflow by almost $10 million.

A few months ago, New York Life, Pru and Normandy struck a preliminary agreement to sell the building for about $535 million to **Pacific Eagle Holdings,** the San Francisco subsidiary of Hong Kong-based **Great Eagle Holdings.** However, that deal fell apart, and the Angelo Gordon team, which had also made a bid, stepped in. ❖

Freedom Picks Tatro for Conduit Group

Veteran lender **Kevin Tatro** is joining **Freedom Commercial Real Estate** as head of originations.

The two-year-old division of residential lender Freedom Mortgage writes loans for securitization. It made its debut as a loan contributor this year, supplying $29.8 million of mortgages to a $1.1 billion conduit offering led by **Citigroup** and **Goldman Sachs** (CGCMT 2015-GC29).

Tatro, who starts on Monday as a senior vice president, spent the past five years running loan workouts and restructurings, first for German lender **LBBW** and later for **Doral Bank** of Puerto Rico. From 2006 to 2009, he worked on capital-markets activities for funds and separate accounts at **J.P. Morgan Investment Management.** He previously was a senior underwriter on **Merrill Lynch's** commercial MBS team.

At New York-based Freedom, Tatro is replacing **Shawn Townsend,** who left last week to launch a bridge-lending platform at **Blue Vista Capital,** a private equity shop in Chicago. Townsend appears to have recruited Tatro, a longtime friend.

Freedom expects to hire additional underwriters and originators in the coming months. The positions will be based in New York, but the company may eventually hire originators on the West Coast as well. ❖

Commercial real estate

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Freddie Mac Construction take-out Conventional multifamily	CMBS execution Refinance Anchored retail	FHA 221(d)(4) Combining 4% and 9% LIHTC Affordable multifamily	Balance sheet execution Refinance Office
Long Island City, NY	*Salinas, CA*	*Fairfax, VA*	*Philadelphia, PA*

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EQUAL HOUSING LENDER

Banks Diverge in Pricing Project Loans

Halfway into the first year of new capital-reserve requirements, banks are having a hard time getting on the same page when it comes to originating high-leverage construction loans.

The difficulties stem from the risk-based capital rules adopted by U.S. regulators to conform with the "Basel 3" international banking guidelines. As individual banks apply the rules to their operations, they're coming up with different pricing for certain construction loans — making it hard for them to team up on deals.

The rules, which took effect Jan. 1, significantly increased the amount of capital banks must hold against "high volatility commercial real estate loans." That category includes acquisition, development and construction loans unless the leverage is below 80% and the borrower's equity contribution is at least 15% of the estimated value of the property when completed.

For loans that fall into the HVCRE category, pricing has been pushed higher as banks increase spreads to account for the cost of having to hold more capital against the debt. While each deal is different, several lenders said spreads on such loans are starting around 300 bp over Libor, a widening of 25-100 bp from where similar loans would have priced a year ago.

Several syndication pros said the process of teaming up on those loans is proving more complicated as banks calculate their capital cost and how to reflect that in loan pricing. One bank looking to lead a loan may price it much differently than it would have a year ago, while another may make a more minor adjustment.

"As many people as you ask about HVCRE, that's how many answers you'll get," said a veteran lender with a large bank. "If there's any question about it, you don't want to take syndication risk."

"People are all over the map," agreed an originator with another big U.S. institution.

If the deal involves a "full underwrite" — a commitment from a single bank to fund the loan and then sell down portions after closing — there's greater risk that the lender may be unable to recruit other participants.

Adding to the confusion are lingering questions about how to value a borrower's equity contribution to a development. Industry groups are seeking clarification from regulators on several points, including whether the appreciated value of a project site can be counted toward the borrower's equity contribution. In the meantime, banks are generally counting only the cost of the land when it was purchased. If the borrower has been holding a parcel for years, the relatively low original purchase price can make it difficult to meet the 15% threshold.

"It's just a huge headache for everyone," said another lender with a different U.S. bank. "There's all these structural nuances." ❖

Agencies ... From Page 1

agencies in the first quarter, which put them on pace to reach their aggregate limit well before yearend.

The regulator provided the flexibility by increasing the maximum median income levels used to determine whether housing in a specific market qualifies as affordable. Retroactive to Jan. 1, the new levels are up to 60% of the median income in most areas, 80% in "higher-cost" markets and 100% in "very high-cost" markets. For senior housing, the level is now up to 80% of an area's median income.

As a result, some loans previously subject to the cap are now exempt. There are three categories of exempt loans: on affordable properties, on properties with 5-50 units and on manufactured housing. But affordable properties account for the vast majority.

Last year, purchases of exempt loans totaled $4.2 billion at Fannie and $2.4 billion at Freddie. This year, market pros expect Fannie and Freddie to each buy about $10 billion of exempt loans.

Initially, there was uncertainty about how the definition change would affect purchases, because the FHFA didn't immediately specify which individual markets would fall under the "higher cost" and "very high cost" categories. That changed last week, when the regulator listed 49 counties, split nearly evenly between the two categories.

The 24 "very high-cost" counties are in five metropolitan areas: Boston, Los Angeles, Miami, New York and San Francisco. In the New York area, they encompass the city's five boroughs and eight neighboring counties, four of them in New Jersey. The 25 "higher-cost" counties are in the following metropolitan areas: Bridgeport, Conn.; Chicago; Miami; Suburban New York (Orange and Dutchess Counties in New York and four counties in New Jersey); Riverside/San Bernardino, Calif.; San Diego; San Jose; Seattle; and Washington.

"The loans they exempted from the cap are the types of loans the [agencies] should go after, the workforce housing" of low- to middle-income rent levels, said one agency lender. "They're telling us to focus more on that type of stuff instead of the Class-A. With rents going up and wages remaining the same, that's where they want us to be."

Last year, the FHFA set multi-family lending caps of $30.4 billion for Fannie and $25.9 billion for Freddie. The caps were tweaked this year — a flat $30 billion for each agency.

From January through April, Fannie and Freddie set a ferocious pace, buying a combined $30.4 billion of apartment mortgages. Weeks before the FHFA came out with its revisions, the agencies raised their loan spreads to slow originations. ❖

CMBS Issuers Plow Into the Market

Buysiders had to wade through a flood of new commercial MBS offerings this week.

Once a big industry conference ended in New York at midweek, dealers kicked off or ramped up their marketing campaigns for six CMBS transactions totaling $4.2 billion. In addition, **J.P. Morgan** was pitching the latest single-family rental offering from **Blackstone's** Invitation Homes unit, which at $1.2 billion would be the largest issue yet in that fledgling sector (IH 2015-SFR3).

Two conduit deals were making the rounds yesterday: a $1.3 billion offering by **Deutsche Bank, CCRE, Ladder Capital** and **KeyBank** (COMM 2015-LC21), and a $1.2 billion offering by **Wells Fargo, Rialto Mortgage Finance, Silverpeak Real Estate Finance, Walker & Dunlop** and **NCB** (WFCM 2015-C29).

Price guidance was unavailable for the WFCM deal, but the benchmark class of the COMM transaction was being shopped at a spread of 89-bp area over swaps. That mirrored the level achieved on the long-term, super-senior bonds in the previous conduit issue, a $1.1 billion offering by **Bank of America, Morgan Stanley, CIBC** and **Starwood Mortgage** that priced last Friday (MSBAM 2015-C23). But that spread was slightly wider than the 85-87 bp range in the six previous conduit deals (see Initial Pricings on Pages 11-14).

Dealers attributed the spread-widening to the heavy supply. "There are a lot of new issues coming out, and the investors know it too," said one CMBS salesman. "I don't think they're going to give issuers much of a break in that regard."

The recent jump in 10-year Treasury rates — the base upon which CMBS yields are calculated — doesn't seem to have had much of an impact on spreads. The interest rate on 10-year Treasurys closed at 2.38% yesterday, after reaching an intraday high of 2.50%. The rate has risen steadily from the recent low of 1.64% on Jan. 30.

The benchmark class of the MSBAM deal carried a yield of 3.37%. By comparison, the prevailing yield was about 2.8% in late January, when the CMBS spread ranged from 91 bp to 97 bp.

The same trend can be seen at the other end of the investment-grade capital stack. The yield on the triple-B-minus bonds in the MSBAM deal was 6.14%. Similar paper from a Jan. 28 conduit deal yielded 5.68%.

Elsewhere in the new-issue market this week, J.P. Morgan was also marketing a $506 million multi-borrower offering backed by 10 floaters on 64 properties (JPMCC 2015-FL7). The transaction is rated by **S&P** and **Morningstar.** The price talk is 127 bp over one-month Libor for triple-A bonds with a 4.4-year weighted average life, 180 bp for 4.5-year paper rated double-A-minus and 250-260 bp for 4.7-year notes at the single-A-minus level.

Deutsche, J.P. Morgan and **Barclays** rolled out a $722.4 million offering backed by the senior portion of a $1 billion debt package they originated May 8 for Blackstone on two jumbo resort hotels in Orlando and another in Phoenix (BXHTL 2015-JWRZ). The floating-rate debt has a two-year term and three one-year extension options. The collateral consists of two mortgages that are not cross-collateralized. Each has been split into a senior pooled loan and three subordinate pieces that will back separate "rake" classes. The transaction is rated by S&P and Morningstar. The early "whisper" price talk from dealers is 125-bp area over one-month Libor on the triple-A paper, 170-bp area on the AA-/AA class and 200-bp area on the A-/A tranche.

Meanwhile, Deutsche and Wells released price talk yesterday for a $290 million fixed-rate offering backed by the senior portion of a $410 million loan on the Lakewood Center mall in Lakewood, Calif. The banks originated the 11-year mortgage on May 12 for **Macerich,** a REIT in Santa Monica, Calif. S&P and Morningstar are also rating that transaction. The talk is 95-bp area on triple-A paper with an 11-year weighted average life, and 84-bp area on a triple-A class with a 5.9-year average life. The talk on the other classes, all with 11-year lives, ranges from 125-bp area on the AA-/AA+ tranche to 325-bp area on the B+/BB- notes. ❖

Ackerman Set to Start Mortgage Fund

Mortgage-bond trader **Bret Ackerman** is ready to launch a structured-product hedge fund.

Ackerman's startup firm, **Anato Investment** of Santa Monica, Calif., will start operating Anato Opportunity Fund 1 on July 1 with upwards of $25 million of initial equity. The goal is to reach the $120 million cap by Sept. 1. The firm solicits capital from wealthy individuals and family offices.

The fund will target a 15% annual return by investing in a range of structured products, including bonds backed by commercial and residential mortgages, as well as mortgage-servicing rights. The vehicle will lock up investor capital for 18 months and charge the standard 2% management fee and 20% performance fee.

Anato has finished staffing up for the launch. It recently hired a chief operations officer, **Jisook Choi,** who previously headed marketing and business development for fund operator **Altum Capital** of New York. She has roughly 20 years' experience in structured products, including working as a structurer at **Bear Stearns** and in securitization sales for **UBS.**

Also signing on was a longtime colleague of Ackerman, **Jui Chiew "J.C." Tan,** who will join as a trader on July 1. Tan left **Stifel Nicolaus** of St. Louis this month and before that was at **Odeon Capital,** a New York broker-dealer where Ackerman headed mortgage-bond trading before leaving to set up Anato. The chief compliance officer is **David Konits,** who just served a stint as chief financial officer of **SQN Securities** of New York.

Ackerman, best known for his long service at Bear Stearns, is chief executive and chief investment officer. Before working at Odeon, he headed mortgage trading for another brokerage firm, **StormHarbour Securities** of London. He previously established the non-agency MBS trading desk for **Barclays.** ❖

Hunt Writes Fannie Debt Package

Hunt Mortgage has written $160 million of **Fannie Mae** loans on an apartment portfolio in Southern California.

The eight properties, encompassing 781 units, are owned by a partnership led by **Allen Ginsburg,** an ophthalmologist in Wilmington, Calif.

The debt package, which closed two weeks ago, consists of eight fixed-rate loans ranging in size from $6.6 million to $39 million. All have 10-year terms and 30-year amortization schedules. The loan-to-value ratios range from 70-75%. The partnership used the proceeds to retire existing debt.

The garden-style complexes were developed from 1960 to 1972. All are within a few miles of each other in Los Angeles County, near the Pacific Ocean. Three are in Hermosa Beach and three are in Redondo Beach. The others are in Lomita and Torrance.

The largest loan is on the 160-unit Crystal Cove Beach Resort, at 211 Yacht Club Way in Redondo Beach. Developed in 1971, it recently underwent $4 million of renovations. The four-building complex includes a clubhouse and 11,000 square feet of commercial space. ❖

Heitman Finances Ga. Retail Project

Heitman has originated a $78 million fixed-rate loan for the development of a grocery-anchored shopping center in suburban Atlanta.

The three-year mortgage, with two six-month extension options, will help finance construction of a 288,000-square-foot retail property in Kennesaw, Ga. **CBRE** arranged the financing for a joint venture between local firms **Fuqua Development** and **Batson-Cook Development.** Heitman, a Chicago fund operator, closed the loan last week in conjunction with the partnership's acquisition of the project site for $26 million.

The developers have pre-leased much of the space in the center, called Kennesaw Marketplace. Whole Foods, the grocery anchor, and Hobby Lobby each have signed leases for 45,000 sf. A regional sporting goods store and some restaurants and specialty retailers also are signed up.

Construction is expected to begin immediately and be completed by the third quarter of 2016. The site is at the intersection of Barrett Parkway and U.S. Highway 41 in Cobb County, about 25 miles north of Atlanta. ❖

CBRE Finances Senior-Housing Deal

Freddie Mac is weighing whether to securitize a $410 million mortgage on a senior-housing portfolio via a stand-alone offering or a pooled transaction.

CBRE originated the fixed-rate mortgage last week to finance the $640 million acquisition of the portfolio by a **NorthStar Healthcare Income** partnership. The seller was **Arcapita,** a Bahrain investment firm.

The seven-year loan has a 3.92% coupon and is interest-only for 39 months. The loan-to-value ratio is 64%.

The portfolio encompasses 15 retirement-care properties with 3,804 beds. The properties consist of independent and assisted-living facilities, along with memory-care and skilled-nursing centers. Among the largest is the 179-bed Fountains at Sea Bluffs in Dana Point, Calif.

NorthStar, a nontraded REIT in Greenwood Village, Colo., teamed up on the purchase with **Freshwater Group** of Tucson. NorthStar has a 97% interest in the partnership, and Freshwater has a 3% stake. Freshwater is an arm of **Watermark Retirement Communities,** which will continue to manage the properties. ❖

Condos ... From Page 1

put the projected cost closer to $850 million.

In addition to the two notes, the capital stack includes a substantial slug of financing via the federal EB-5 program, said several people familiar with the deal. The program, administered by the **U.S. Citizenship and Immigration Services** agency, provides a path to citizenship for foreign investors who provide equity for developments in certain geographical areas.

The developers' plans call for a 62-story tower with a fluted design — larger floor plates on the upper stories. The property is at West Street, two blocks north of One World Trade Center. The site formerly housed a building that served as a satellite campus of **St. John's University.** The developers bought the property in 2013 for $223 million and immediately announced plans for the condo tower. The college building has since been demolished. ❖

Analytics Firm Unveils Service

Fairview Real Estate Solutions has rolled out another service to provide bondholders with early word of changes at collateral properties that could affect the credit quality of securitized mortgages.

The commercial MBS analytics and advisory firm will use its "Ahead of the Servicer" notices to provide potentially significant tidbits of information that it has uncovered through its own due diligence — such as the departure of a key tenant or a lease extension.

For $2,750 per year, subscribers will receive weekly notifications, each containing updates on five properties where Fairview has turned up details that CMBS servicers don't track or haven't reported yet. The reports also will point out discrepancies between Fairview's findings and servicer-reported data, said **Thomas Deane,** a managing director at the Charlotte firm.

The initiative augments the one-page reports on potentially problematic CMBS loans that Fairview periodically distributes to about 1,000 industry professionals for free. Both initiatives are intended to promote Fairview's subscription-based "Trader Tool," a CMBS data-analytics service launched in January. That service provides continuous data updates, trend analyses and verified performance assessments for roughly 40,000 loans in the pools of conduit/fusion issues and some agency deals brought to market over the past 10 years. ❖

Minskoff ... From Page 1

Watson Group (120,000 sf), **St. John's University** (71,000 sf) and **1stdibs** (42,000 sf).

The 13-story building features a landscaped terrace atop its fifth floor. It includes 28,000 sf of ground-floor retail space. The angular property fills a block bounded by East Ninth Street, Astor Place and Third and Fourth Avenues that was formerly the site of Cooper Union's engineering school. Minskoff, who operates via **Edward J. Minskoff Equities** of New York, paid $97 million to the college for the right to tear down the existing building and redevelop the parcel. Cooper Union leased the land to Minskoff for 99 years. ❖

Correction

A Grapevine item on June 5 misstated **Dan Hartman's** role at **Terra Capital.** He is a member of the originations team, not the head of originations. As the item noted, **Dan Cooperman** is the originations chief. ❖

INITIAL PRICINGS

LSTAR Commercial Mortgage Trust, 2015-3

Pricing date:	June 5
Closing date:	June 11
Amount:	$281.5 million
Seller/borrower:	Lone Star Funds
Lead manager:	Wells Fargo, Citigroup
Co-manager:	Credit Suisse, RBC Capital
Master servicer:	Wells Fargo
Special servicer:	Hudson Advisors
Trustee:	Wilmington Trust
Certificate administrator:	Wells Fargo
Offering type:	Rule 144A

Property types: Multi-family (26.4%), retail (26.2%), office (23.4%), hotel (15.6%), industrial (7.8%) and manufactured housing (0.6%).
Concentrations: California (26.3%) and Illinois (10.2%).
Largest loans: A $37 million loan to Diamond Investment Properties on the 100,000-sf office building at 101 Redwood Shores Parkway in Redwood City, Calif.; a $36.3 million portion of a $72.5 million loan to Pacific Hotel Management on the 208-room InterContinental Hotel in Monterey, Calif.; a $28.8 million loan to Golub & Co. and The Family Office on the 302,000-sf International Tower in Chicago; a $25.9 million loan to Stuart Roffman on three stand-alone retail buildings, encompassing 39,000 sf, in two states and the District of Columbia; a $22 million loan to GFI Partners on two industrial properties, encompassing 387,000 sf, in Taunton and Franklin, Mass.; and a $21.6 million loan to Oakmont Real Estate and Preferred Living on the 264-unit Andover Park apartment complex in Columbus, Ohio.
B-piece buyer: Lone Star Real Estate Fund 2.
Notes: Lone Star's LStar Capital Finance unit securitized 62 performing seasoned and newly originated commercial mortgages. LStar originated 13 of the loans, accounting for 86.6% of the collateral-pool balance, in the past 12 months. Forty-eight loans (13% of the pool), collateralized two multi-family securitizations floated by LaSalle Bank in 2006 (LCMS 2006-MF2 and 2006-MF3). In 2011, Lone Star bought the triple-A classes of those securitizations, whose subordinate classes were already wiped out by losses, giving it control of the loans. The remaining 0.4% portion of the collateral pool is a seasoned loan that Lone Star acquired from Fannie Mae in 2013. The weighted average seasoning of the entire collateral pool is 19 months. The weighted average remaining term is nine years. **CMA code:** 20150086.

Class	Amount ($Mil.)	Rating (Fitch)	Rating (DBRS)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	22.564	AAA	AAA	53.00	1.840	100.000	1.807	4/20/48	2.52	S+65	Fixed
A-2	83.766	AAA	AAA	53.00	2.729	99.998	2.711	4/20/48	4.60	S+95	Fixed
A-3	25.994	AAA	AAA	53.00	3.127	99.999	3.118	4/20/48	6.19	S+105	Fixed
A-S	50.678	NR	AAA	35.00	3.447	96.383	4.000	4/20/48	9.30	S+159	Fixed
B	17.596	NR	AA (low)	28.75	3.447	91.608	4.635	4/20/48	9.60	S+220	Fixed
C	18.300	NR	A (low)	22.25	3.447	87.392	5.204	4/20/48	9.86	S+275	Fixed
D	24.635	NR	BBB (low)	13.50	3.447	77.880	6.654	4/20/48	9.86	S+420	Fixed
E	8.447	NR	BB	10.50				4/20/48	9.86		Fixed
F	7.742	NR	B	7.75				4/20/48	10.20		Fixed
G	21.820	NR	NR	0.00				4/20/48	16.53		Fixed
X-A(IO)	244.950*	NR	AAA					4/20/48			Fixed
X-B(IO)	244.950*	NR	AAA					4/20/48			Fixed
X-C(IO)	243.533*	NR	AAA					4/20/48			Fixed

*Notional amount

INITIAL PRICINGS

Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C23

Pricing date:	June 5
Closing date:	June 18
Amount:	$1,072.7 million
Seller/borrower:	Bank of America, Morgan Stanley, CIBC, Starwood Mortgage Capital
Lead managers:	Morgan Stanley, Bank of America
Co-managers:	CIBC, Drexel Hamilton
Master servicers:	Wells Fargo, Midland Loan Services
Special servicers:	LNR Partners, Midland Loan Services
Operating advisor:	Pentalpha Surveillance
Trustee:	Wilmington Trust
Certificate administrator:	Wells Fargo
Offering type:	SEC-registered

Property types: Retail (25.1%), multi-family (22.5%), hotel (16.5%), office (13.2%), mixed-use (12.4%), self-storage (5.9%), manufactured housing (3.4%) and industrial (1%).
Concentrations: New York (18.3%), Texas (15.1%) and Florida (12.2%).
Loan contributors: BofA (42.6%), Morgan Stanley (27.1%), CIBC (22.3%) and Starwood (8%).
Largest loans: A $79.7 million portion of a $159.7 million loan to Stanley Kroenke on six retail centers, encompassing 1.4 million square feet, in six states; a $66 million portion of a $176 million loan to Melohn Properties on the land beneath the 1.1 million-sf office building at 32 Old Slip in Manhattan; a $58.5 million loan to Peterson Cos. on 182,000 sf of retail and office space at the Fairfax Corner lifestyle center in Fairfax, Va.; a $58 million loan to Unilev Capital and Nimes Capital on three Houston apartment complexes with 1,103 units; a $47 million loan to Sotherly Hotels on the 326-room Georgian Terrace hotel in Atlanta; a $42 million loan to Hunter Properties on the 416-unit Millennium Apartments and 300-unit Bloom Apartments in Bloomington, Ind.; a $40 million senior portion of a $175 million loan to Morad Ghadamian and Joseph Moinian on the 401-room Hilton Garden Inn West 54th Street hotel in Manhattan; a $35 million loan to Chase Enterprises on the 225,000-sf Green Mountain Plaza power center in Rutland, Vt.; a $34.7 million loan to Lexin Capital on 162,000 sf of office and retail space at the Town Center at Celebration complex in Celebration, Fla.; and a $32.5 million loan to Hiu Ian Cheng and Bun Cheng on the 110-room Fairfield Inn Chelsea hotel in Manhattan.
B-piece buyer: LNR Partners.
Notes: BofA, Morgan Stanley, CIBC and Starwood teamed up to securitize commercial mortgages that they had originated. **CMA code:** 20150114.

Class	Amount ($Mil.)	Rating (Moody's)	Rating (Fitch)	Rating (DBRS)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	45.800	Aaa	AAA	AAA	30.00	1.685	99.998	1.668	7/15/50	2.87	S+38	Fixed
A-2	122.100	Aaa	AAA	AAA	30.00	2.982	102.996	2.320	7/15/50	4.89	S+48	Fixed
A-SB	67.600	Aaa	AAA	AAA	30.00	3.398	102.996	2.939	7/15/50	7.31	S+70	Fixed
A-3	230.000	Aaa	AAA	AAA	30.00	3.451	100.993	3.339	7/15/50	9.77	S+87	Fixed
A-4	285.394	Aaa	AAA	AAA	30.00	3.719	102.997	3.370	7/15/50	9.93	S+89	Fixed
A-S	75.089	Aa2	AAA	AAA	23.00	4.004	102.998	3.655	7/15/50	9.99	S+117	Fixed
B	60.340	NR	AA-	AA	17.38	4.136	102.712	3.885	7/15/50	9.99	S+140	Fixed
PST	182.360	NR	A-	A	13.00				7/15/50	9.99		Fixed
C	46.931	NR	A-	A	13.00	4.136	98.274	4.435	7/15/50	9.99	S+195	Fixed
D	56.317	NR	BBB-	BBB (low)	7.75	4.136	85.942	6.135	7/15/50	9.99	S+365	Fixed
E	24.136	NR	BB-	BB	5.50				7/15/50	9.99		Fixed
F	10.727	NR	B-	B (high)	4.50				7/15/50	9.99		Fixed
G	16.091	NR	NR	B (low)	3.00				7/15/50	9.99		Fixed
H	32.181	NR	NR	NR	0.00				7/15/50	9.99		Fixed
X-A(IO)	750.894*	Aaa	AAA	AAA		0.772	4.932	3.853	7/15/50		T+160	Fixed
X-B(IO)	135.429*	NR	AA-	AAA					7/15/50			Fixed
X-FG(IO)	26.818*	NR	NR	AAA					7/15/50			Fixed
X-H(IO)	32.181*	NR	NR	AAA					7/15/50			Fixed

*Notional amount

INITIAL PRICINGS

Freddie Mac Structured Pass-Through Certificates, K-046
FREMF Mortgage Trust, 2015-K46

Pricing date:	June 4
Closing date:	June 17
Amount:	$1,587.6 million
Seller/borrower:	Freddie Mac
Lead managers:	Wells Fargo, Credit Suisse
Co-manager:	Barclays, Bonwick Capital, Goldman Sachs, Morgan Stanley
Master servicer:	KeyBank
Special servicer:	Wells Fargo
Trustee:	U.S. Bank
Certificate administrator:	U.S. Bank
Offering type:	Fannie/Freddie/Ginnie

Property types: Multi-family (100%).
Concentrations: New York (17.7%), Florida (14.8%) and Texas (11.6%).
Loan originators: CBRE (18.7%), Walker & Dunlop (12.2%), Prudential (11.9%), HFF (8.9%), NorthMarq (8.4%), Berkadia (7.8%), Capital One (6.4%), Wells Fargo (6.3%), KeyBank (5.3%), Grandbridge Real Estate (4.5%), Berkeley Point (3.9%), PNC (3.6%), M&T Realty (1.5%) and Bellwether Enterprise Real Estate (0.7%).
Largest loans: A $161.3 million loan on the 262-unit student-housing complex at 80 Lafayette Street in Manhattan; an $82.5 million loan on the 1,056-unit Cunningham Heights apartment complex in Hollis, N.Y.; a $46.3 million loan on the 510-unit Legacy at Crystal Lake apartment complex in Port Orange, Fla.; a $44.3 million loan on the 324-unit Jory Trail at the Grove apartment complex in Wilsonville, Ore.; and a $42.5 million loan on the 396-unit Seagrass Apartments in Jacksonville.
Notes: Freddie securitized 82 fixed-rate mortgages recently originated by 14 of its pre-approved lenders. The multi-family loans have 10-year terms. Freddie guaranteed Classes A-1 and A-2 and floated them via a Freddie shelf. Classes B-D, which are unguaranteed, were placed privately. Carmel Partners is acquiring Class D. **CMA code:** 20150115 and 20150116.

Class	Amount ($Mil.)	Rating (Fitch)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	147.457	AAA	AAA	18.38	2.697	101.998	2.337	4/25/48	6.36	S+34	Fixed
A-2	1,148.447	AAA	AAA	18.38	3.205	102.998	2.843	4/25/48	9.71	S+49	Fixed
B	132.964	BBB+	BBB+	10.00	3.696	94.701	4.426	4/25/48	9.77	S+195	Fixed
C	39.691	BBB-	BBB-	7.50	3.696	90.969	4.928	4/25/48	9.80	S+245	Fixed
D	119.073	NR	NR	0.00				4/25/48	9.86		Fixed
X-1(IO)	1,295.904*	AAA	AAA		0.379	3.150	3.833	4/25/48	9.33	T+150	Fixed
X-3(IO)	291.728*	NR	NR		1.508	11.105	5.976	4/25/48	9.81	T+360	Fixed

*Notional amount

INITIAL PRICINGS

Freddie Mac Structured Pass-Through Certificates, K-F08
FREMF Mortgage Trust, 2015-KF08

Pricing date:	June 11
Closing date:	June 25
Amount:	$1,549.1 million
Seller/borrower:	Freddie Mac
Lead managers:	Barclays, Morgan Stanley
Co-managers:	Bank of America, J.P. Morgan, Stern Brothers, Wells Fargo
Master servicer:	Midland Loan Services
Special servicer:	KeyBank
Trustee:	Wells Fargo
Certificate administrator:	Wells Fargo
Offering type:	Fannie/Freddie/Ginnie

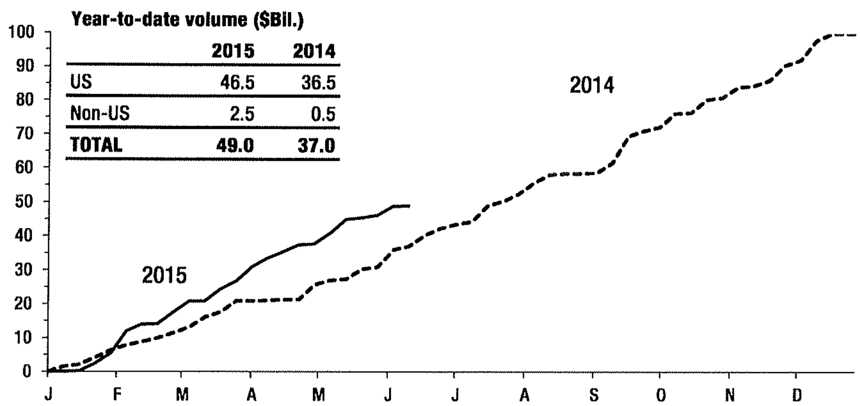
Property types: Multi-family (96.2%), assisted-living (3.2%) and manufactured housing (0.6%).
Concentrations: Texas (21.1%), Virginia (13.1%) and Georgia (10.7%).
Loan originators: CBRE (26%), Walker & Dunlop (14.5%), Berkeley Point (13.8%), Centerline (9.1%), PNC (7.8%), NorthMarq (6.1%), JLL (5.9%), HFF (5.6%), Berkadia (5.3%), Oak Grove (3.9%), Prudential (1%) and Financial Federal (0.9%).
Largest loans: An $87 million loan on the 569-unit Cityside Huntington Metro apartment complex in Alexandria, Va.; a $59.5 million loan on the 791-unit Preserve at Owings Crossing apartment complex in Reisterstown, Md.; a $59 million loan on the 640-unit Addison of Naperville Apartments in Naperville, Ill.; a $51.5 million loan on the 284-unit Missions at Rancho Del Oro apartment complex in Oceanside, Calif.; and a $49.8 million loan on the 234-unit Ponte Palmero Retirement Village in Cameron Park, Calif.
Notes: Freddie Mac securitized 73 floating-rate multi-family loans recently originated by 12 of its pre-approved lenders. The mortgages have seven-year terms. Freddie guaranteed Class A and floated it via a Freddie shelf. Classes B and C, which are unguaranteed, were placed privately. MKP Capital is acquiring Class C.
CMA code: 20150139 and 20150140.

Class	Amount ($Mil.)	Subord. (%)	Coupon (%)	Dollar Price	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A	1,394.175	10.00	L+30	100.000	1/25/22	6.17	L+30	Floating
B	38.728	7.50			1/25/22	6.19		Floating
C	116.181	0.00			1/25/22	6.20		Floating
X-1(IO)	1,549.084*				1/25/22	6.17		Floating

*Notional amount

MARKET MONITOR

WORLDWIDE CMBS

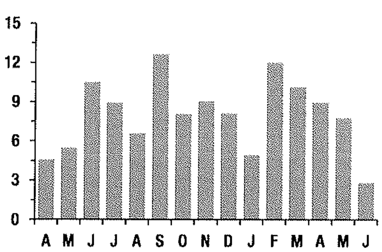


Year-to-date volume ($Bil.)

	2015	2014
US	46.5	36.5
Non-US	2.5	0.5
TOTAL	**49.0**	**37.0**

US CMBS

MONTHLY ISSUANCE ($Bil.)



CMBS TOTAL RETURNS

CMBS INDEX

As of 6/10	Avg. Life	Total Return (%) Month to Date	Year to Date	Since 1/1/97
Inv.-grade	5.2	-1.3	0.5	207.7
AAA	5.6	-1.5	0.4	191.9
AA	3.9	-0.9	0.4	88.6
A	3.8	-0.9	0.7	74.5
BBB	3.9	-0.9	1.2	84.2

Source: Barclays

LOAN SPREADS

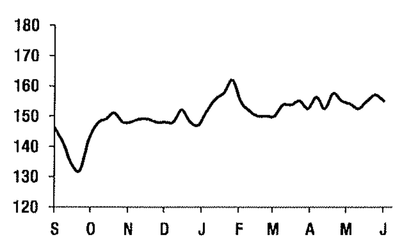
ASKING SPREADS OVER TREASURYS

10-year loans with 50-59% LTV

	6/5	Month Earlier
Office	155	154
Retail	153	153
Multi-family	148	148
Industrial	151	152

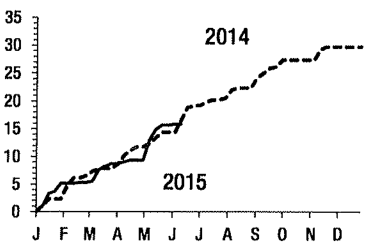
Source: Trepp

ASKING OFFICE SPREADS

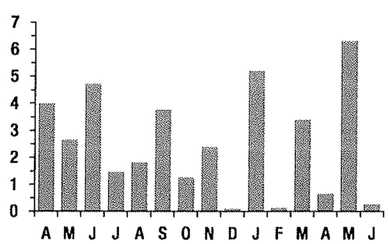


REIT BOND ISSUANCE

UNSECURED NOTES, MTNs ($Bil.)



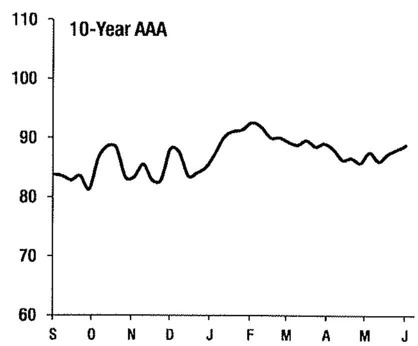
MONTHLY ISSUANCE ($Bil.)



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

CMBS SPREADS

NEW-ISSUE SPREAD OVER SWAPS



New Issue Fixed Rate (Conduit)	Avg. Life	Spread (bp) 6/10	Week Earlier	52-wk Avg.
AAA	5.0	S+63	S+62	58
	10.0	S+89	S+88	84
AA	10.0	S+142	S+143	138
A	10.0	S+194	S+196	189
BBB-	10.0	S+363	S+364	348

Legacy Fixed Rate (Conduit)	Avg. Life	Spread (bp) 6/10	Week Earlier	52-wk Avg.
AAA	5.0	S+126	S+124	105
	10.0	S+120	S+118	102
AA	10.0	S+952	S+951	965
A	10.0	S+1,421	S+1,421	1,477
BBB	10.0	S+3,005	S+3,005	3,048

Markit CMBX 6	Dollar Price 6/10	Week Earlier	52-wk Avg.
AAA	96.2	96.3	97.3
AS	97.8	98.0	98.7
AA	98.3	98.5	99.9
A	97.9	98.0	98.9
BBB-	94.8	95.2	98.4
BB	94.0	94.2	98.1

Sources: Trepp, Markit

AGENCY CMBS SPREADS

FREDDIE K SERIES

	Avg. Life	Spread (bp) 6/11	Week Earlier	52-wk Avg.
A1	5.5	S+33	S+32	33
A2	10.0	S+48	S+47	42
B	10.0	S+155	S+155	151
C	10.0	S+225	S+200	208
X1	9.0	T+145	T+140	133
X3	10.0	T+355	T+320	274
Freddie K Floater		L+30	L+29	

FANNIE DUS

	6/11	Week Earlier	52-wk Avg.
10/9.5 TBA (60-day settle)	S+58	S+58	51
Fannie SARM	L+31	L+29	

Source: J.P. Morgan

THE GRAPEVINE

... From Page 1

director who structured mezzanine debt and helped oversee the CMBS debt portfolio, among other things. Viergever previously worked at **Centerline Capital** and **Nomura.** Realty Finance is one of a number of REITs and fund operators looking to originate whole loans with the goal of selling off the senior portion and retaining higher-yielding junior debt.

Bancorp Bank is looking for an underwriter to join its New York-based CMBS lending team. The recruit would also work on bridge loans. Candidates must have at least five years of experience. The contact is **Ron Wechsler** at rwechsler@thebancorp.com.

Attorney **Alan Canarick** has joined **White and Williams** as an associate in New York. There are now 17 lawyers in the Philadelphia law firm's real estate group, led by partners **Joan Rosoff** and **Tom Rogers.** Canarick came over from the New York office of Miami-based **Rialto Capital,** where he spent more than four years. His experience includes working on the acquisition, development, disposition and financing of commercial properties.

Attendance at the **CRE Finance Council's** midyear conference rose by 5% this year, marking another post-crash record — and falling just one person short of the all-time high. The trade group said 1,249 industry professionals turned out for the gathering in New York this week, up from 1,186 a year ago. Registrations for the event, the second-largest of its annual conferences, peaked at 1,250 in 2007, at the height of the market.

RBM Financial wants to hire a CMBS credit analyst with at least three years of experience to work in New York. The Atlanta firm, founded in 1991 by managing director **Richard Marion,** provides real estate advisory services to institutional investors, asset managers, servicers and other clients in the commercial-mortgage industry. Send resumes to rbmarion@rbmfin.com.

Analyst **Shane Jones** joined **Broadacre Financial** last month to work on underwriting and loan sizing. Jones previously worked at **HVS Global Hospitality** of Mineola, N.Y., and at Phoenix-based **Chloe Properties.** At New York-based Broadacre, he reports to founder **Chris Haynes.**

Fitch has an opening for an associate director with 3-5 years of experience. The recruit would work in New York or Chicago and report to CMBS surveillance chief **Mary MacNeill.** Contact **Jennifer Gold** at jennifer.gold@fitchratings.com.

FirstKey Holdings is scouting for an analyst for its commercial real estate asset-management team. The recruit would work on a wide variety of real estate debt investments. Candidates must have 2-4 years of experience and be proficient with Argus and Excel. Apply to careers@firstkeyholdings.com.

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Telephone: 201-659-1700 **Fax:** 201-659-4141 **Email:** info@hspnews.com

Donna Knipp	Managing Editor	201-234-3967	dknipp@hspnews.com
Bob Mura	Senior Writer	201-234-3978	bmura@hspnews.com
Chad Welhrauch	Senior Writer	201-234-3988	chad@hspnews.com
Alexi Friedman	Senior Writer	201-234-3970	afriedman@hspnews.com
Richard Quinn	Senior Writer	201-234-3997	rquinn@hspnews.com
Andrew Albert	Publisher	201-234-3960	andy@hspnews.com
Daniel Cowles	General Manager	201-234-3963	dcowles@hspnews.com
Thomas J. Ferris	Editor	201-234-3972	tferris@hspnews.com
Dan Murphy	Deputy Editor	201-234-3975	dmurphy@hspnews.com
Michelle Lebowitz	Operations Director	201-234-3977	mlebowitz@hspnews.com
Evan Grauer	Database Director	201-234-3987	egrauer@hspnews.com
Mary E. Romano	Advertising Director	201-234-3968	mromano@hspnews.com
Josh Albert	Advertising Manager	201-234-3999	josh@hspnews.com
Joy Renee Selnick	Layout Editor	201-234-3962	jselnick@hspnews.com
Barbara Eannace	Marketing Director	201-234-3981	barbara@hspnews.com
JoAnn Tassie	Customer Service	201-659-1700	jtassie@hspnews.com

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