

Life Company Mortgages Returns End 2015 on Down Note

BOSTON, April 14, 2016 /PRNewswire/ -- Commercial mortgage investments owned by life insurance companies posted a fourth quarter total return of negative 0.04 percent, concluding an uneven year. The down performance followed a gain of 1.62 percent in third quarter, loss of 1.23 percent in second quarter, and gain of 2.17 percent in first quarter. Altogether, mortgages returned 2.51 percent for the year, according to the LifeComps Commercial Mortgage Index.

In fourth quarter, income contributed 1.24 percent while price deducted 1.28 percent. The price loss stemmed from higher Treasury yields while credit spread movement lessened the impact. The yield on the 10-year Treasury increased 21 basis points over the quarter, ending the period at 2.27 percent.

For the twelve-month period, income contributed 4.95 percent while price subtracted 2.44 percent. The negative price performance resulted from credit spreads that widened over the year, outweighing a net positive contribution from Treasury yield movement.

Of the four major property types, industrial loans performed best for the quarter and year with a total return of 0.10 percent and 2.62 percent, respectively.

Commercial Mortgage Loan – Total Return by Property Type as of December 31, 2015

Property	Quarter	12 months
Apartments	0.03%	2.44%
Office	-0.21%	2.57%
Retail	-0.08%	2.30%
Industrial	0.10%	2.62%
All*	-0.04%	2.51%

**Includes hotel, mixed use, and other commercial*

About LifeComps

The LifeComps Commercial Mortgage Loan Index is the only published benchmark for the private commercial mortgage market based on actual mortgage loan cash flow and performance data, which has been collected quarterly from participating life insurance companies since 1996. Active loans in the LifeComps Index number approximately 4,500 with an aggregate principal balance of \$106.4 billion and market value of \$110.2 billion. The weighted average duration is 5.3 years and average reported loan-to-value is 50 percent.

Since its inception, the LifeComps database has tracked individual cash flows on more than 21,000 loans with principal balances totaling in excess of \$280 billion. More than 6,500 loans totaling \$100 billion have

been tracked from origination to disposition.

Participating life insurers include Allstate Life Insurance Company, CIGNA Investment Management, AXA Equitable, John Hancock, Northwestern Mutual, Principal Financial, Prudential Insurance Company of America, and TIAA. For more information, visit www.lifecomps.com.

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For further information: Northwestern Mutual Media Relations, 1 (800) 323-7033,
mediarelations@northwesternmutual.com

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