

## Life Company Mortgages Post 2.27 Percent Return in Second Quarter 2016

BOSTON, Sept. 28, 2016 /PRNewswire/ -- Commercial mortgage loans held by life insurance companies returned 2.27 percent in second quarter 2016, a dip from first quarter's total return of 3.39 percent, according to the LifeComps Commercial Mortgage Loan Index.

Income contributed 1.17 percent and price added 1.10 percent. Price return was positive for the second consecutive quarter due to a downward shift in the treasury yield curve. The yield on the ten-year Treasury declined 29 basis points over the quarter to 1.49 percent. Overall, the change in the yield curve contributed 1.38 percent to price return while spread movement, credit migration and portfolio growth subtracted -0.28 percent.

The 12-month return jumped to 7.41 percent from 3.73 percent in first quarter as negative performance from second quarter 2015 rolled out of the calculation. Annual income was 4.94 percent while price added 2.47 percent. The price gain was primarily due to falling yields on Treasuries with terms over one-year. The yield on the 10-year Treasury fell 86 basis points over the year.

Of the four major property types, retail loans performed best for the quarter with a return of 2.36 percent compared to 2.30 percent for apartments, 2.24 percent for office, and 1.98 percent for industrial. Over twelve months, retail loans performed best at 7.74 percent followed by apartments at 7.55 percent, office at 7.46 percent and industrial at 6.26 percent.

### Commercial Mortgage Loan - Total Return by Property Type as of June 30, 2016

Property	Quarter	12 months
Apartments	2.30%	7.55%
Office	2.24%	7.46%
Retail	2.36%	7.74%
Industrial	1.98%	6.26%
<b>All*</b>	<b>2.27%</b>	<b>7.41%</b>

*\*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 \$110.6 billion and market value of \$118.1 billion. The weighted average duration is 5.4 years and average reported loan-to-value is 51 percent.

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](http://www.lifecomps.com).

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