

## Commercial Mortgage Returns Up in First Quarter 2017

BOSTON, June 15, 2017 /PRNewswire/ -- Returns on private commercial mortgage investments owned by life companies rebounded from fourth quarter 2016's loss of 2.72 percent to generate a total return of 1.60 percent in first quarter 2017, according to the LifeComps Commercial Mortgage Index.

Income contributed 1.12 percent while price added 0.48 percent. Price return benefitted from Treasury yield curve movement and other valuation factors including spread movement, credit migration and portfolio growth. The yield curve shifted upwards for terms under three years while the benchmark ten-year Treasury fell 5 basis points over the quarter to 2.40 percent.

The twelve-month total return fell to 2.15 percent from 3.94 percent in the prior quarter as first quarter 2016 rolled out of the calculation. Annual income of 4.62 percent was countered by price return of -2.47 percent. Higher Treasury yields and other valuation factors hindered annual price performance. The 10-year Treasury yield ended the period 62 basis points higher.

Of the four major property types, apartment loans fared best for the quarter with a return of 1.74 percent compared to 1.59 percent for retail, and 1.49% for both office and industrial. For the year, industrial performed best with a return of 2.29 percent followed by apartments at 2.24 percent, office at 2.00 percent and retail at 1.95 percent.

### Commercial Mortgage Loan – Total Return by Property Type as of March 31, 2017

Property	Quarter	12 months
Apartments	1.74%	2.24%
Office	1.49%	2.00%
Retail	1.59%	1.95%
Industrial	1.49%	2.29%
<b>All*</b>	<b>1.60%</b>	<b>2.15%</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 5,300 with an aggregate principal balance of \$122 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, Sun Life, and TIAA. For more information, visit [www.lifecomps.com](http://www.lifecomps.com).

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