

Commerical Mortgage Returns Steady In Second Quarter 2012

BOSTON, Oct. 25, 2012 [PRNewswire/](#) -- Private commercial mortgage loans held by life insurance posted a 1.56 percent total return in second quarter 2012. The gain matched the performance achieved in first quarter, resulting in a 3.14 percent total return over the first six months of 2012, according to the LifeComps Commercial Mortgage Performance Index.

Income and price returns of 1.38 percent and 0.18 percent, respectively, equaled first quarter's returns despite treasury yields and mortgage spreads moving in opposite directions in the two quarters.

The 10-year treasury yield declined to 1.67 percent from 2.23 percent in the second quarter after beginning the first quarter at 1.89 percent. Conversely, mortgage spread movement widened in second quarter after narrowing in first quarter, offsetting the effect of treasury movement in both periods.

The annual return for the LifeComps portfolio was 8.41 percent. Income contributed 5.77 percent and appreciation 2.64 percent with performance benefitting primarily from lower treasury yields. Treasury yields for 10-year maturities declined 151 basis points from 3.18 percent over the 12-month period.

Of the four major property types, retail performed best over 12 months with a total return of 8.89 percent compared to 8.64 percent for apartments, 7.82 percent for office, and 7.66 percent for industrial.

Commercial Mortgage Loan Total Return by Property Type as of 6/30/2012

Property Type	Quarter	12 months
Apartments	1.59%	8.64%
Office	1.54%	7.82%
Retail	1.70%	8.89%
Industrial	1.19%	7.66%
All*	1.56%	8.41%

*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 5,000 with an aggregate principal balance of \$92.6 billion and market value of \$99.5 billion. The weighted average duration is 4.3 years and average reported loan-to-value is 57 percent.

Since its inception, the LifeComps database has tracked individual cash flows on more than 18,000 loans with principal balances totaling in excess of \$221 billion. More than 3,800 loans totaling \$54 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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