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Commercial Mortgage ALERT

THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION

NOVEMBER 3, 2017

Distressed Conn. Office Loan Sold to Tenant

Special servicer **C-III Asset Management** sold a distressed $265 million mortgage on a Connecticut office building to one of the tenants at a steep discount this week, the latest step in a contentious battle with the owner, **Landis Group.**

Charter Communications acquired the defaulted loan for roughly $100 million, sources said. The 527,000-square-foot building, at 400 Atlantic Street in Stamford, was appraised last month at just $119.4 million — well below the $335 million valuation when **RBS Greenwich** securitized the mortgage in 2007 via a $7.6 billion transaction (GSMS 2007-GG10).

Charter's acquisition of the mortgage prompted speculation that it will move to foreclose on the building. The communications giant confirmed yesterday that it had acquired the loan, but declined to elaborate.

An attorney representing Landis reacted to the mortgage's sale by threatening to take legal action. "We have significant claims against the [trust] and the servicer,

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Starwood Drops CMBS Plan, Gets Extensions

Starwood Capital, which originally planned to refinance $1.5 billion of maturing mall loans in the commercial MBS market via a **Bank of America** syndicate, decided instead to exercise extension options this week on the existing floating-rate debt.

The Greenwich, Conn., investment shop evidently shifted gears primarily out of concern that it wouldn't be possible to disclose a pending change in the management of its malls to bond buyers within the needed timeframe. But the BofA syndicate also had indicated to the firm that the cost of the new debt would be higher than expected. Starwood now intends to adjust its long-term financing strategy to mesh with the business strategy it devises for repositioning some of the malls.

The turn of events demonstrates the sensitivity currently surrounding the retail sector — even with a big-name sponsor like Starwood. Had the properties being refinanced been offices, for example, the disclosure issue probably wouldn't have

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Brookfield Taps Citi for Houston Office Deal

Citigroup has won the mandate for an $850 million floating-rate loan that will help **Brookfield Asset Management** finance its pending acquisition of the Houston Center office complex.

Citi will hold a portion of the debt on its balance sheet and likely syndicate the rest.

Brookfield, a Toronto investment manager, has agreed to buy the 4.2 million-square-foot property from **J.P. Morgan Asset Management** for about $875 million, or $208/sf.

Brookfield initially sought $921 million of financing, including a portion that would be funded over time to cover the cost of renovating and leasing up the four-building complex. Citi's loan presumably also includes a future-funding component.

The complex's 4 million-sf office portion is only 75% leased, and the 200,000 sf of

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THE GRAPEVINE

Buy-side veteran **Julie Madnick** jumped to **Ares Management** from **Ranieri Partners** a month ago, joining the Los Angeles fund shop as a commercial MBS portfolio manager in New York. Madnick spent eight years as a managing director at Ranieri, also in New York, where she was responsible for structured-product investments including CMBS, residential MBS and asset-backed securities. Madnick previously focused on CMBS, mezzanine loans, B-notes and real estate CDOs at **Hyperion Brookfield,** where she worked for 16 years. Ranieri, based in Uniondale, N.Y., and Hyperion's predecessor, Hyperion Capital, were both founded by mortgage-bond pioneer **Lewis Ranieri.**

Managing director **Aaron Casden** left **Benefit Street Partners** this week. He's

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MetLife, TIAA Unit Fund NJ Mall Loan

Two insurers have provided $400 million of fixed-rate debt to refinance a large New Jersey mall.

MetLife and **TH Real Estate,** a subsidiary of **TIAA,** originated the 12-year mortgage on Freehold Raceway Mall two weeks ago for a joint venture between **Macerich** and **Heitman.** The interest rate is 3.9%. Macerich, a REIT in Santa Monica, Calif., used $217 million of the proceeds to retire a 4.2% mortgage.

The 1.7 million-square-foot super-regional mall is in Freehold Township in central New Jersey, 45 miles south of New York. About 880,000 sf of the property collateralizes the loan, while the rest of the space is owned by anchor tenants.

Macerich acquired the property in 2005 via its $2.3 billion purchase of **Wilmorite Properties** of Rochester, N.Y., which had developed it in 1990. Wilmorite held interests in nearly a dozen malls, also including Tysons Corner Center (2 million sf) in Tysons Corner, Va., and the Danbury Fair Mall (1.3 million sf) in Danbury, Conn.

Soon after buying Wilmorite, Macerich undertook a renovation and expansion at the Freehold property that added 96,000 sf and updated a large portion of the interior. That project was completed in 2008.

In 2009, Macerich formed a joint venture with Heitman, a Chicago investment manager. Heitman took a 49.9% interest in Freehold Raceway Mall and another Macerich property, the 1.3 million-sf Chandler Fashion Center in Chandler, Ariz. Heitman paid $167.5 million in cash and assumed a pro rata share of the existing debt on the two properties.

Freehold Raceway Mall was 97.8% occupied as of Sept. 30. It's anchored by JC Penney, Lord & Taylor, Macy's, Nordstrom and Sears. A large chunk of the Sears store is subleased to clothing retailer Primark. ❖

German Banks Mapping Return to US

Some German banks that halted U.S. commercial real estate lending after the financial crisis are making plans to return to the market.

Munchener Hypothekenbank and **Bayerische Landesbank** are likely to start originating mortgages in the States in the near future, according to multiple sources. Several other German lenders are considering similar moves as well, nearly a decade after the crash forced them to retrench.

MunchenerHyp is believed to be furthest along, having recently obtained internal and European regulatory approval to resume U.S. lending. One market pro who's had contact with the bank said it has already committed to participate in an unidentified deal. Meanwhile, BayernLB has been in talks with other banks and property owners over the past few weeks and is expected to take further steps toward active lending soon.

"I think in Germany the margins are very low, so where else do you go?" said a source with knowledge of the banks. "The U.S. is kind of a natural progression for them."

MunchenerHyp will start by buying into deals, mostly in major U.S. markets. A source said it can provide chunks of senior debt ranging up to about $50 million for single properties and perhaps $80 million for loans on portfolios. It will look at deals on office, multi-family, retail and hotel properties with overall leverage up to 60%.

It's likely that BayernLB will likewise start out by taking down pieces of loans. That's the path other foreign banks typically have taken in returning to U.S. lending in recent years. After participating in syndications or club deals, and building relationships with property owners and other banks, they sometimes begin writing loans themselves.

How busy the latest entrants may become is an open question. But several European banks that have been absent since the crash had previously done substantial U.S. business. MunchenerHyp at one point had a $4.5 billion book of U.S. commercial mortgages.

MunchenerHyp probably will continue to do business from its offices in Munich, without opening a U.S. outpost. BayernLB has offices in New York, and could potentially relocate personnel there if it resumes active lending. ❖

Syndicate Backs Toronto Hotel Deal

A syndicate led by **Wells Fargo** and **Credit Agricole** has financed **Brookfield Asset Management's** acquisition of the Sheraton Centre Toronto Hotel.

Brookfield acquired the 1,372-room property from **Marriott International** of Bethesda, Md., for C$335 million ($260 million). The sale was announced last week, but details about the financing weren't disclosed.

The syndicate, which also includes **Aozora Bank, Deka Bank** and **Raymond James,** originated a C$240 million floating-rate loan, sources said. The mortgage has a three-year term and two one-year extension options.

CBRE Canada, which brokered the sale for Marriott, described it as the largest single hotel transaction ever in the country.

Marriott last year completed a $110 million renovation of the upper-upscale property, at 123 Queen Street West in Downtown Toronto. Brookfield is expected to make further improvements, involving the lobby and other common areas.

CBRE Canada noted that revenue per room for hotels downtown grew 16% last year, reflecting strong fundamentals in the market.

Brookfield, a Toronto investment manager, parks hotel investments in its **Thayer Lodging** subsidiary. Brookfield acquired that Annapolis, Md., shop in 2014. Brookfield allocated a portion of the Sheraton Centre Toronto investment to another affiliate, Brookfield Property Partners of New York.

The 43-story Sheraton Centre Toronto, which was developed in the early 1970s, includes some 130,000 square feet of event space, a fitness center, a spa, a pool, a restaurant and a 200-space garage. The hotel is on the block bounded by Queen, Richmond, Bay and York Streets. It's across from Nathan Phillips Square and Toronto's City Hall. ❖

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Benchmark Spread Tightens Again

The prevailing spread on benchmark commercial MBS contracted again over the past week, as two conduit offerings achieved the tightest levels in more than three years.

Reflecting a CMBS rally that got underway in mid-October, the long-term super-seniors flew off the shelves with spreads of 76 bp over swaps in a transaction last Friday and 78 bp in a deal that priced on Wednesday (see Initial Pricings on Pages 13-18). In both cases, the spread beat the dealers' price guidance.

The lower spread was seen on the benchmark class of a $1.1 billion offering led by **Bank of America, Wells Fargo** and **Morgan Stanley** (BANK 2017-BNK8). The other was tied to the equivalent tranche of a $743.4 million issue led by **UBS, Societe Generale** and **Cantor Fitzgerald** (UBSCM 2017-C5). The BANK bonds were shopped with guidance of 78-bp area and the price talk was 80-bp area on the corresponding UBSCM notes.

The comparable spread was 83 bp in the two previous conduit issues, which priced on Oct. 19 (CGCMT 2017-C4) and Oct. 13 (JPMDB 2017-C7). The year-to-date low was 88 bp before that. The benchmark new-issue spread hadn't dipped below 80 bp since mid-2014 — when it reached a post-crash low of 71 bp.

At the bottom of the investment-grade capital stack, the triple-B-minus bonds in the BANK transaction also beat the dealers' guidance by commanding a 340-bp spread, down from price talk of 350-bp area. That was the tightest pricing in six months for comparable bonds.

Meanwhile, the most-junior bonds in the UBSCM deal offered for widespread distribution priced in line with talk at 310 bp. They were rated BBB+/A- by **Fitch** and **Kroll,** with 10.6% of credit enhancement.

Elsewhere in the new-issue market this week, **Goldman Sachs** and **Deutsche Bank** priced a $705 million securitization of fixed-rate debt on the 49-story One Worldwide Plaza office property in Midtown Manhattan (WPT 2017-WWP). The spreads ranged from 85 bp over swaps on the triple-A class to 280 bp on the double-B-minus tranche.

The collateral represents portions of a $1.2 billion, 10-year debt package that Goldman and Deutsche originated on Oct. 18. It financed a recapitalization that allowed **SL Green Realty** and **RXR Realty** to join **New York REIT** and a **George Comfort & Sons** partnership as co-owners of the 2.1-million-square-foot property.

Also this week, **Credit Suisse** began marketing a $250 million offering backed by portions of a $300 million, fixed-rate loan on a 42-story office building in downtown Los Angeles (CSMC 2017-CALI). The bank originated the seven-year debt package on One California Plaza for Los Angeles-based **Colony NorthStar,** which bought the 1.1-million-square-foot building from **Beacon Capital Partners** of Boston for $459 million in June. ❖

Buyers Eye Loan for Virginia Marriott

The team that's in line to purchase the Key Bridge Marriott in Arlington, Va., is seeking about $135 million of debt to finance the deal.

Oaktree Capital and **Woodridge Capital** have agreed to buy the property from **Host Hotels & Resorts** for just over $180 million. They're in the market for a floating-rate loan with an initial term of three years and a couple of extension options. Debt funds are taking a look at the lending assignment, and banks may also be interested, sources said. **Eastdil Secured** is taking bids on the assignment.

The 583-room hotel opened in 1959 and has been owned by Host and its predecessors ever since then, according to sister publication **Real Estate Alert.** Eastdil is also brokering the sale for the Bethesda, Md., REIT.

Oaktree and Woodbridge, Los Angeles investors that have partnered on several hotel deals, are planning some $20 million of renovations, updating the property and possibly reducing the room count. They may also consider additional development on the 5.5-acre site.

The upper-upscale hotel will continue to operate under a contract with **Marriott International** of Bethesda, Md. It has 17,000 square feet of meeting space, a fitness center, indoor and outdoor pools, and several restaurants.

The property is at 1401 Lee Highway in the Rosslyn neighborhood, near the Key Bridge, which runs across the Potomac River from Arlington to the Georgetown section of Washington. ❖

Varde Shops Senior, Mezz Performers

Varde Partners is marketing $79.5 million of performing senior and mezzanine loans.

The offering encompasses 19 senior loans totaling $31.4 million and 14 mezzanine loans totaling $48.1 million. All have fixed rates.

On a weighted average basis, the senior loans have a 6% coupon, a 4.8-year remaining term and a 66% original loan-to-value ratio. The collateral consists of office, retail, hotel and multi-family properties in 11 states.

The mezzanine loans have a 10.2% coupon, a 5.1-year remaining term, a 78.5% original loan-to-value ratio, a 9.7% debt yield and a debt-service-coverage ratio of 1.42 to 1, all on a weighted average basis. The loans are tied to office, retail, hotel, multi-family and industrial properties in 10 states.

HFF is marketing the loans for Varde, a Minneapolis fund operator with about $13 billion of assets under management. Investors can submit offers for individual loans or any combination. Initial bids are due Nov. 16, and final offers will be collected on Dec. 7. Varde wants to complete sales by mid-December.

The company, which was founded in 1993, is led by executive chairwoman **Marcia Page** and chief executive **George Hicks.** ❖

CMBS Secondary Market Wakes Up

The recent commercial MBS rally has given a shot in the arm to the sleepy secondary market.

Since mid-October, surging demand for seasoned paper has increasingly tempted bond holders to take profits. CMBS traders estimated that at least $750 million of paper was shopped in the secondary market each of the past two weeks, up from roughly $600 million a week earlier. For the previous several months, the weekly volume of such bid lists usually didn't exceed $500 million. Most of the recent bid lists ended up trading, according to market pros.

"The sellers we see emerging now are taking profits, trying to take advantage of the spread-tightening," said one trader. Added another: "Last week was one of the heaviest supplies of the year in the secondary market, and it was absorbed very well."

Secondary spreads have tightened lately amid a broader rally in the stock and bond markets. The trend has been most pronounced among super-senior CMBS, partly due to a strong bid from "real money" buyers like insurers and pension funds — as well as an influx of investors from other fixed-income sectors in search of relatively high yields.

"The world is just awash in money from people looking to buy some sort of financial asset with any yield on it," another trader said.

Benchmark long-term, super-senior bonds from recent conduit issues were changing hands this week at about 74 bp over swaps. That was down about 3 bp from two weeks ago and roughly 10 bp from a month ago.

At the other end of the investment-grade capital stack, triple-B-minus bonds also rallied, although less so on a proportional basis. Recently issued triple-B-minus paper was trading this week at just under 340 bp, down 10 bp from two weeks ago and 25 bp from a month ago. ❖

Brookfield ... From Page 1

retail space is about 70% occupied.

Brookfield's purchase is seen as a vote of confidence for Houston, where commercial properties have suffered from a prolonged slump in the oil-and-gas industry. Houston Center is somewhat insulated, though, because only about 16% of the occupied space is leased to energy companies, while about half is occupied by legal and financial firms. Major tenants include **LyondellBasell Industries** and law firms **Haynes & Boone** and **Norton Rose.**

Houston Center includes three Class-A buildings: the 1.2 million-sf Fulbright Tower, at 1301 McKinney Street; the 1.1 million-sf LyondellBassell Tower, at 1221 McKinney Street; and the 1 million-sf Two Houston Center, at 909 Fannin Street. There is also a Class-B building — the 674,000-sf Four Houston Center, at 1221 Lamar Avenue. ❖


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Financing Sought for Seattle Condos

A Chinese investment firm is seeking about $120 million of financing to develop a condominium tower in downtown Seattle.

ZhongJi Holdings is asking for quotes on a floating-rate loan with a term of 3-5 years. The preference is for nonrecourse debt. **JLL** is marketing the lending assignment.

The Beijing firm and its local operating partner, **Daniels Real Estate,** have begun construction on the 40-story building, at 1613 Second Avenue. It's slated to have 265 units, along with ground-level retail space and underground parking. The projected cost is roughly $200 million, putting the proposed leverage at about 60%. Completion is expected by midyear 2020.

Dubbed The Emerald, the 400-foot tower would offer unobstructed views of Puget Sound and the Olympic Peninsula to the west. The design calls for the upper floors to cantilever about 15 feet over a neighboring building.

The site is on the southwest corner of Stewart Street, about two blocks north of the well-known Pike Place Market. The projected pricing of the condos is unknown, but the views and the location in a popular shopping and entertainment corridor make it likely they will be pitched to upscale buyers. The building will have a fitness center, a yoga studio, a guest suite and outdoor space on the roof and a terrace. ❖

EagleBank Backs Offices Near DC

EagleBank has provided $103.5 million of debt in connection with the trade of a majority stake in an office building in a Maryland suburb of Washington.

The floating-rate mortgage is backed by the 366,000-square-foot Montgomery Tower, in downtown Bethesda. **AXA Investment Management** of Paris purchased a 95% interest in the property in a transaction that valued it at about $140 million. Washington-based **MRP Realty** retained the remaining 5% interest, while **Rockpoint Group** of Boston cashed out its majority stake.

The loan to the AXA-MRP partnership has a five-year term, with around $80 million funded initially and the rest of the proceeds available later as certain financial hurdles are passed. **Cushman & Wakefield** arranged the loan from Bethesda-based EagleBank. The financing and the stake sale, also brokered by Cushman, closed about a month ago.

The property, at 4550 Montgomery Avenue, was formerly part of the three-building Air Rights Center, a 689,000-sf complex that Rockpoint and MRP acquired in 2013 for $205 million. The duo completed about $8 million of renovations, renamed the complex Bethesda Crossing and sold the other two buildings to **J.P. Morgan Asset Management** in 2015 for $149 million.

The 12-story Montgomery Tower is about 94% leased. The recent upgrades included a redesigned lobby, updated common spaces and a new conference center. There is also a fitness center, an outdoor terrace with seating, electric-car-charging stations and on-site childcare. The property is designated LEED gold.

The building is about two blocks from the Bethesda Metrorail station, connecting to downtown Washington about seven miles to the south. ❖

Simon Leads Rally in REIT Bonds

Spreads on **Simon Property** bonds have tightened sharply over the past few weeks, leading a rally of high-rated REIT paper.

The run-up in the mall giant's unsecured paper has come despite buy-side concerns about the headwinds faced by retail properties. Ten-year bonds that Simon floated on May 22 at 120 bp over Treasurys were changing hands on Wednesday at a spread of 87 bp, down from 89 bp last week and 106 bp on Sept. 29.

Seven other high-rated REITs in various property sectors have also seen the prices of comparable bonds rise, although not as much. The average spread on their paper was 93 bp last Friday, down roughly 10 bp from the end of September, according to data from **Wells Fargo.**

The rising prices have come amid a broader rally in the stock and bond markets and a significant drop-off in fresh offerings during the "blackout" period preceding the release of third-quarter REIT earnings reports.

Traders said Simon has especially benefited because it is both a prolific issuer and the highest-rated REIT focusing on a core property type, with A2/A/A ratings from **Moody's, S&P** and **Fitch.**

Simon got another boost this week when it reported solid third-quarter earnings and boosted its quarterly dividend — despite being forced to close 45 properties for a combined 412 days due to natural disasters, including the California forest fires and hurricanes in Texas, Florida and Puerto Rico.

The REIT, which has floated $1.35 billion of bonds this year, is likely to issue roughly another $1 billion by yearend, according to Wells analysts, who said in a report that Simon "continues to extend [debt] maturities and opportunistically replace high-cost debt."

While acknowledging concerns about an ongoing wave of bankruptcies and other woes in the retail sector, REIT-bond traders and investors said major issuers like Simon are still seen as relatively safe bets because they tend to own the best-positioned properties.

Simon owns or has stakes in more than 200 U.S. retail properties. The vast majority are malls and outlet stores, which were 95.3% occupied on Sept. 30. ❖

Loans Returned 1.07% in 3rd Quarter

Commercial real estate loans generated a 1.07% return in the third quarter, according to the Giliberto-Levy Commercial Mortgage Performance Index.

That was down sharply from the 2.11% gain recorded in the previous three months, but marked the third consecutive quarter of positive returns. That brought year-to-date performance for the index of fixed-rate mortgages to 5.28%. Over the past 12 months, the index was up 2.67%.

Loan payments produced a 1.08% return in the third quarter. Valuations gained a mere 0.02%, and various other factors shaved off 0.03%.

The valuations of outstanding loans are sensitive to changes in Treasury yields and new-loan spreads. In the July-September stretch, modest increases in Treasury yields were effectively offset by tightening spreads, resulting in the minimal price change. "Capital-markets factors have been the main sources of quarter-to-quarter return volatility [but] those elements were extremely subdued" in the third quarter, said investment manager **Michael Giliberto,** who compiles the index with mortgage banker **John Levy.**

Multi-family loans posted a quarterly return of 1.35%, besting office (1.13%), retail (0.86%) and industrial (0.82%) loans.

Mortgages outperformed investment-grade commercial MBS, which produced a 0.79% return for the quarter, but trailed the Bloomberg Barclays' corporate index (1.34%).

The Giliberto-Levy Index tracks $209.5 billion of fixed-rate commercial mortgages held by insurers and pension funds. On a weighted-average basis, the loans had a coupon of 4.5%, a maturity of 7.9 years and a loan-to-value ratio of 47.5%.

Some $7.1 billion of loans eligible for the index were originated in the third quarter, down from $8.5 billion in the preceding three months (although the third-quarter numbers will likely be revised upward). The average loan-to-value ratio was 61.2%, up slightly from 59.4%, while debt-service coverage ratios improved to 2.12 to 1, from 2.02 to 1. Full-term interest-only loans made up 29% of originations, down from 36% in the previous quarter. Fully amortizing loans remained steady at around 7% of the quarterly volume.

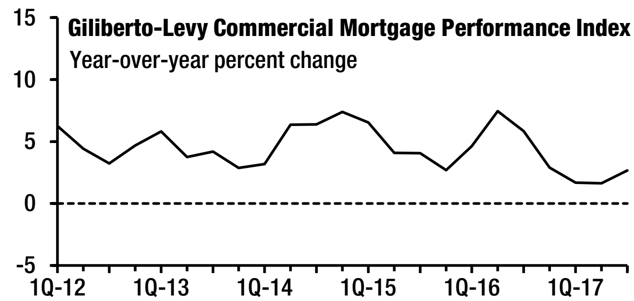
Average spreads on originations across major property sectors declined by about 4% for loans representing 50-70% of collateral values, and dipped by 5-6% for higher-leverage mortgages.

Lenders continued to charge borrowers a premium for shorter-term loans. The surcharge for three-year debt held steady at 40 bp. But the premium fell to 10 bp for five-year loans and disappeared altogether for seven-year terms. ❖

Mortgage-Performance Comparison

		Return 3Q-17 (%)	Return 12 mo. (%)	Duration (years)
Mortgages	All commercial	1.07	2.67	5.42
	Office	1.13	2.87	5.03
	Multi-family	1.35	2.52	5.96
	Retail	0.86	2.70	5.36
	Industrial	0.82	2.78	4.88
CMBS	Investment-grade	0.79	0.11	5.33
Corporates	Investment-grade	1.34	2.21	7.55
	Triple-B (duration adjusted)	2.04	3.02	5.42
Treasurys	(5-7 year)	0.46	-1.48	5.67

Sources: Giliberto-Levy and Bloomberg Barclays



Starwood ... From Page 1

derailed the CMBS financing, according to market pros.

"If things get worse in retail, the bond buyers could say, wait a minute, we signed up for a deal that had this guy in place, and then they put that guy in place — it could be an issue, especially with all the noise around the mall sector," said one person familiar with Starwood's thinking.

Retail mortgages have fallen out of favor with bond investors, who are wary of the degree to which the e-commerce revolution is sapping the profitability of brick-and-mortar stores. That has driven up borrowing costs for shopping-center owners and reduced CMBS lending in the sector. In the first nine months of the year, retail mortgages accounted for only 13.8% of CMBS collateral, down from 21.6% a year earlier.

Early this year, Starwood began working with the BofA syndicate on a potential $1.7 billion refinancing package involving 10 secondary-market properties. The package would have replaced two existing mortgages had been securitized via stand-alone deals. One, a $760 million mortgage backed by five malls, was securitized in 2013 by **Barclays, RBS** and **J.P. Morgan** (SCGT 2013-SRP1). The other, a $725 million loan backed by four properties, was securitized in 2014 by **Goldman Sachs** and J.P. Morgan (SRPT 2014-STAR). Starwood was also looking to finance an unidentified 10th property.

Under the plan, BofA and three other lenders — J.P. Morgan, **Deutsche Bank** and Barclays — each would have provided one-quarter of the proceeds. Slightly more than half of the balance was to have carried a fixed rate and a five-year term. The remaining portion would have a floating rate and a term of up to five years, including extension options. The four banks planned to securitize the debt package in a stand-alone deal, possibly as soon as May.

But as Starwood looked more closely at the portfolio's performance, it concluded that some properties faced management "challenges," said the person familiar with the company's thinking. Starwood decided to put someone new in charge of its mall platform, Starwood Retail Partners, which was formed in 2012 and owns 30 malls and lifestyle centers in 16 states.

Meanwhile, the BofA syndicate began approaching investors to gauge the demand for debt backed by the malls, which have strong cashflows. Before committing to a loan spread with Starwood, the banks wanted to pre-place the portion of the securitization rated below triple-A — that is, the double-A, single-A and triple-B paper. But the bond spreads demanded by investors were higher than expected.

The investors "were painting the properties with the same broad brush they've been using with all retail lately — especially malls," said one source.

Also, the lenders preferred to pass off the risk-retention responsibility for the bonds to a third-party investor, but that only drove up the indicative spreads further.

But the bigger complication, evidently, was the decision to change the head of Starwood's mall platform. The company concluded the impending change should be disclosed to investors, but it didn't have the new executive in place until last month, when mall veteran **Michael Glimcher** replaced chief executive **Scott Wolstein,** who was named a senior advisor to Starwood Capital.

That left little time to map out proposed property repositionings and complete the necessary documentation for a CMBS loan before the Nov. 8 maturity dates of the two existing mortgages.

So Starwood decided to exercise the extension options. But because both loans didn't meet prescribed debt-yield hurdles, Starwood had to negotiate modifications to the extension terms with special servicer **Wells Fargo.**

The company's strategy for the 10 malls will be devised by Glimcher, who previously ran **Glimcher Realty,** a mall REIT in Columbus, Ohio, that was acquired in 2015 by **Washington Prime,** a spinoff of Indianapolis-based **Simon Property.**

"We may change the nature of several of these properties and transform them into mixed-use," said Glimcher, who characterized the portfolio as "Class-A-minus/Class-B-plus." For example, he added, perhaps 30% of the space at a 1 million-square-foot mall might be converted to other uses.

"Starwood fortunately is involved in all 'food groups' of real estate, so there's the potential to put different components into these properties — retail, hotel, multi-family, office, entertainment," he said. "In one case, a mall is next to a hospital, and we might add medical offices there."

Glimcher said Starwood plans to put long-term financing on properties after repositioning them and increasing their net operating income. That could mean obtaining separate loans on individual properties, some with future-funding components to cover leasing and renovation costs.

Starwood had acquired the 10 malls in separate transactions in 2013 and 2014. The company bought a 90% interest in six from Australia-based **Westfield,** which retained a 10% interest. The other four were bought from **Taubman Centers** of Bloomfield Hills, Mich.

The five malls financed by the SCGT deal are the 1.3 million-sf Franklin Park Mall in Toledo, Ohio; the 1.3 million-sf Parkway Mall in El Cajon, Calif.; the 1.2 million-sf West Covina Mall in West Covina, Calif.; the 1.2 million-sf Great Northern Mall in Cleveland; and the 767,000-sf Capital Mall in Olympia, Wash. (The collateral is 3.6 million sf at the properties, which total 5.8 million sf.)

The initial three-year term of the loan backing those properties, pegged to one-month Libor plus 235 bp, matured last November. Starwood then moved to exercise the first of two one-year extensions options, but the loan's debt yield was below the required 11% level. Under a modification approved by Wells, the debt-yield hurdle was lowered to 10%, but Starwood was required to deposit $15 million into a reserve account as additional collateral, according to **Kroll.** The debt-yield hurdle for the second extension, approved this week, was 11.25%, but was again lowered under a modification whose terms couldn't

See STARWOOD on Page 15

INITIAL PRICINGS

BANK, 2017-BNK8

Pricing date:	Oct. 27
Closing date:	Nov. 15
Amount:	$1,130.8 million
Seller/borrower:	Bank of America, Wells Fargo, Morgan Stanley, NCB
Lead managers:	Morgan Stanley, Bank of America, Wells Fargo
Master servicers:	Wells Fargo, NCB
Special servicers:	Midland Loan Services, Rialto Capital, Aegon USA Realty, Wells Fargo, KeyBank, NCB
Operating advisor:	Park Bridge Lender Services
Trustee:	Wilmington Trust
Certificate administrator:	Wells Fargo
Offering type:	SEC-registered

Property types: Office (52.9%), multi-family (16.5%), retail (13.2%), hotel (8.6%), industrial (7.9%), self-storage (0.7%) and other (0.3%).
Concentrations: New York (22.4%), California (19.6%) and Massachusetts (15.3%).
Loan contributors: BofA (46.3%), Wells (30.5%), Morgan Stanley (20.8%) and NCB (2.5%).
Largest loans: A $110 million portion of a $375 million loan to Griffin Capital on nine office buildings and one warehouse, encompassing 3.7 million sf, in eight states; a $100 million portion of a $160 million loan to Capital Properties on the 503,000-sf Park Square office building in Boston; a $92 million loan to Arun Bhatia and Jeffrey Katz on the 140-unit New School student-housing complex in Manhattan; an $81.5 million portion of a $291.5 million loan to Tishman Speyer on the 452,000-sf office building at 222 Second Street in San Francisco; an $80 million senior portion of a $550 million loan to Boston Properties and TIAA on the 1.2 million-sf Colorado Center office campus in Santa Monica, Calif.; a $78 million loan to JBG Smith on the 384,000-sf office building at 1235 South Clark Street in Arlington, Va.; a $73 million loan to Distinctive Hospitality on three Boston-area hotels: the 251-room Crowne Plaza Boston-Natick, the 184-room Holiday Inn Boston-Bunker Hill and the 188-room Hampton Inn Boston-Natick; a $70 million senior portion of a $693.2 million loan to RXR Realty and Walton Street Capital on the 1.3 million-sf office building at 237 Park Avenue in Manhattan; a $51.4 million loan to Zell Kravinsky and Lindy Communities on three office buildings, encompassing 307,000 sf, at 1700, 1750 and 1800 American Boulevard in Pennington, N.J.; and a $50 million portion of a $120.5 million loan to Brennan Investment on 19 industrial properties and two office buildings, encompassing 2.9 million sf, in 10 states.
B-piece buyer: Eightfold Real Estate Capital.
Risk-retention sponsor: Morgan Stanley.
Notes: Morgan Stanley, BofA, Wells and NCB teamed up to securitize commercial mortgages they had originated. To comply with risk-retention rules, Morgan Stanley, BofA and Wells are retaining Class RR Interest, which effectively is a 5% vertical strip.
Deal: BANK 2017-BNK8. **CMA code:** 20170284.

Class	Amount ($Mil.)	Rating (Moody's)	Rating (Fitch)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	17.200	Aaa	AAA	AAA	30.00	2.122	99.999	2.100	11/15/50	2.70	S+20	Fixed
A-2	11.400	Aaa	AAA	AAA	30.00	2.583	99.998	2.575	11/15/50	4.90	S+48	Fixed
A-SB	37.700	Aaa	AAA	AAA	30.00	3.314	102.994	2.868	11/15/50	7.53	S+60	Fixed
A-3	330.000	Aaa	AAA	AAA	30.00	3.229	100.997	3.116	11/15/50	9.81	S+74	Fixed
A-4	355.686	Aaa	AAA	AAA	30.00	3.488	102.996	3.141	11/15/50	9.92	S+76	Fixed
A-S	65.799	Aa2	AAA	AAA	23.88	3.731	102.997	3.384	11/15/50	10.00	S+100	Fixed
B	77.884	NR	AA-	AA	16.63	3.931	102.992	3.634	11/15/50	10.00	S+125	Fixed
C	48.342	NR	A-	A-	12.13	4.075	100.873	4.034	11/15/50	10.00	S+165	Fixed
D	56.399	NR	BBB-	BBB-	6.88	2.600	76.209	5.784	11/15/50	10.00	S+340	Fixed
E	28.200	NR	BB-	NR	4.25				11/15/50	10.00		Fixed
F	10.743	NR	B-	NR	3.25				11/15/50	10.00		Fixed
G	34.914	NR	NR	NR	0.00				11/15/50	10.00		Fixed
RR Interest	56.540	NR	NR	NR					11/15/50	9.65		Fixed
X-A(IO)	751.986*	Aaa	AAA	AAA		0.755	6.035	3.447	11/15/50		T+110	Fixed
X-B(IO)	192.025*	NR	A-	AAA					11/15/50			Fixed
X-D(IO)	56.399*	NR	BBB-	BBB-					11/15/50			Fixed
X-E(IO)	28.200*	NR	BB-	NR					11/15/50			Fixed
X-F(IO)	10.743*	NR	B-	NR					11/15/50			Fixed
X-G(IO)	34.914*	NR	NR	NR					11/15/50			Fixed

*Notional amount

INITIAL PRICINGS

UBS Commercial Mortgage Trust, 2017-C5

Pricing date:	Nov. 1
Closing date:	Nov. 16
Amount:	$743.4 million
Seller/borrower:	UBS, CCRE, Ladder Capital, Natixis, Societe Generale, Rialto Capital
Lead managers:	UBS, Societe Generale, Cantor Fitzgerald
Co-managers:	Natixis, Academy Securities
Master servicers:	Midland Loan Services, Wells Fargo
Special servicers:	Midland Loan Services, Rialto Capital, Aegon USA Realty, Wells Fargo
Operating advisor:	Park Bridge Lender Services
Trustee:	Wells Fargo
Certificate administrator:	Wells Fargo
Offering type:	SEC-registered

Property types: Office (34.3%), retail (24.1%), hotel (19.5%), industrial (8.7%), multi-family (8.4%), mixed-use (4.6%) and self-storage (0.3%).
Concentrations: New York (19%) and California (15.7%).
Loan contributors: UBS (37.6%), CCRE (18.4%), Ladder (14.9%), Natixis (11%), SocGen (10.6%) and Rialto (7.5%).
Largest loans: A $40 million senior portion of a $660 million loan to Blackstone and Worthe Real Estate on four office buildings, encompassing 2.1 million sf, in Burbank, Calif.; a $40 million portion of a $400 million loan to Chetrit Group and Stellar Management on the 690-unit Yorkshire Towers and 137-unit Lexington Towers in Manhattan; a $40 million portion of a $375 million loan to Griffin Capital on nine office buildings and one warehouse, encompassing 3.7 million sf, in eight states; a $40 million senior portion of a $208.5 million loan to RFR Realty and TriStar Capital on the 357,000-sf Centre 425 office building in Bellevue, Wash.; a $36.9 million loan to ExchangeRight Real Estate on 16 single-tenant retail properties, encompassing 249,000 sf, in six states; a $35 million portion of a $185 million loan to Boxer Properties on 18 office properties, encompassing 2.6 million sf, in four states; a $28 million loan to Delshah Capital on the 10,000-sf mixed-use building at 58-60 Ninth Avenue and the 3,000-sf retail building at 69 Gansevoort Street in Manhattan; a $25.4 million senior portion of a $693.2 million loan to RXR Realty and Walton Street Capital on the 1.3 million-sf office building at 237 Park Avenue in Manhattan; and a $25 million portion of a $51.8 million loan to Heritage Capital on the 508,000-sf Totowa Commerce Center in Totowa, N.J.
B-piece buyer: KKR.
Risk-retention sponsor: UBS.
Notes: UBS, CCRE, Ladder, Natixis, SocGen and Rialto teamed up to securitize commercial mortgages they had originated or purchased. KKR is fulfilling the risk-retention requirement by acquiring Classes D-RR through NR-RR at a price that yields a projected 14.25% and equals at least 5% of the deal proceeds.
Deal: UBSCM 2017-C5. **CMA code:** 20170285.

Class	Amount ($Mil.)	Rating (Moody's)	Rating (Fitch)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	20.482	Aaa	AAA	AAA	30.00	2.139	99.998	2.116	11/15/50	2.59	S+22	Fixed
A-2	100.407	Aaa	AAA	AAA	30.00	3.228	102.997	2.551	11/15/50	4.81	S+47	Fixed
A-SB	33.878	Aaa	AAA	AAA	30.00	3.345	102.995	2.888	11/15/50	7.34	S+66	Fixed
A-3	40.000	Aaa	AAA	AAA	30.00	3.439	102.998	2.956	11/15/50	6.91	S+75	Fixed
A-4	153.039	Aaa	AAA	AAA	30.00	3.212	100.992	3.099	11/15/50	9.70	S+76	Fixed
A-5	172.576	Aaa	AAA	AAA	30.00	3.474	102.992	3.126	11/15/50	9.88	S+78	Fixed
A-S	81.774	Aa3	AAA	AAA	19.00	3.777	102.993	3.428	11/15/50	9.91	S+108	Fixed
B	29.737	NR	AA-	AA	15.00	4.100	102.993	3.750	11/15/50	9.96	S+140	Fixed
C	21.967	NR	A-	A	12.05	4.321	102.272	4.151	11/15/50	10.00	S+180	Fixed
D	11.151	NR	BBB+	A-	10.55	4.321	92.286	5.451	11/15/50	10.00	S+310	Fixed
D-RR	15.203	NR	BBB	BBB+	8.50				11/15/50	10.00		Fixed
E-RR	14.868	NR	BBB-	BBB-	6.50				11/15/50	10.00		Fixed
F-RR	15.797	NR	BB-	BB-	4.38				11/15/50	10.00		Fixed
G-RR	7.434	NR	B-	B	3.38				11/15/50	10.00		Fixed
NR-RR	25.091	NR	NR	NR	0.00				11/15/50	10.00		Fixed
X-A(IO)	520.382*	Aaa	AAA	AAA					11/15/50			Fixed
X-B(IO)	133.813*	NR	A-	AAA					11/15/50			Fixed

*Notional amount

Starwood ... From Page 12

be learned.

According to a servicer report, the portfolio's $75.9 million of net cashflow last year was a hefty 3.5 times the amount needed to cover loan payments. The portfolio's occupancy rate was 68% in the first half of this year, although that figure didn't include short-term tenants.

The four malls financed by the SRPT deal are the 1.3 million-sf Mall at Wellington Green in Wellington, Fla.; the 1.1 million-sf Northlake Mall in Charlotte; the 928,00-sf MacArthur Center in Norfolk, Va.; and the 626,00-sf Mall at Partridge Creek in Clinton, Mich. (The collateral is 2.8 million sf of the 3.9 million-sf total.)

The loan backing those properties is pegged to Libor plus 185 bp. Starwood this week exercised the first of two one-year extension options. The portfolio generated $58.1 million of net cashflow last year, more than three times the amount needed to cover debt service, according to a servicer report. The portfolio was 94% occupied in the first quarter of this year. ❖

INITIAL PRICINGS

Worldwide Plaza Trust, 2017-WWP

Pricing date:	Oct. 31
Closing date:	Nov. 10
Amount:	$705 million
Seller/borrower:	New York REIT, SL Green Realty, RXR Realty, George Comfort & Sons
Lead managers:	Goldman Sachs, Deutsche Bank
Master servicer:	Wells Fargo
Special servicer:	Cohen Financial
Operating advisor:	Park Bridge Lender Services
Trustee:	Wilmington Trust
Certificate administrator:	Wells Fargo
Offering type:	Rule 144A

Property types: Office (100%).
Concentrations: New York (100%).
Loan contributors: Goldman (80.85%) and Deutsche (19.15%).
Risk-retention sponsor: Goldman.
Notes: Goldman and Deutsche teamed up to securitize a $705 million portion of a $1.2 billion fixed-rate debt package they had originated on the One Worldwide Plaza office property in Midtown Manhattan. The interest-only debt package, which closed on Oct. 18, was originated in conjunction with the recapitalization of the 2.1 million-sf property. SL Green and RXR Realty each acquired a 24.35% stake in the collateral property from New York REIT. George Comfort & Sons retained a 1.2% stake, and New York REIT retained the remaining 50.1% interest. The recapitalization valued the building at $1.74 billion. In addition to the 49-story office tower, the collateral includes interests in an adjoining theater, health club and garage. The 10-year debt package encompasses $616.3 million of A-notes, $323.7 million of B-notes and $260 million of mezzanine debt. The bonds are backed by $381.3 million of the A-notes and all of the B-notes. The securitized debt has a 3.6% coupon. The mezzanine debt has a weighted average rate of 5.35%. The owners used $875 million of the debt-package proceeds to pay off debt that had been securitized in 2013 (COMM 2013-WPP). Square Mile Capital is fulfilling the risk-retention requirement by taking down Class HRR at a price that equals at least 5% of the total deal proceeds.
Deal: WPT 2017-WWP. **CMA code:** 20170294.

Class	Amount ($Mil.)	Rating (S&P)	Rating (MStar)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A	270.078	AAA	AAA	53.56	3.526	102.999	3.187	11/10/36	10.00	S+85	Fixed
B	63.548	AA-	AA+	42.63	3.596	101.477	3.487	11/10/36	10.00	S+115	Fixed
C	47.660	A-	A+	34.44	3.596	100.227	3.637	11/10/36	10.00	S+130	Fixed
D	94.498	BBB-	BBB+	24.39	3.596	97.781	3.937	11/10/36	10.00	S+160	Fixed
E	113.491	NR	BBB-	12.31	3.596	92.341	4.637	11/10/36	10.00	S+230	Fixed
F	74.510	NR	BB-	4.37	3.596	88.675	5.137	11/10/36	10.00	S+280	Fixed
HRR	41.215	NR	NR	0.00	3.596	83.829	5.837	11/10/36	10.00	S+350	Fixed
X-A(IO)	270.078*	AAA	AAA					11/10/36			Fixed
X-B(IO)	63.548*	AA-	AAA					11/10/36			Fixed

*Notional amount

Key Inks $70 Million Hotel Loan

KeyBank originated a $69.9 million fixed-rate loan last month on eight extended-stay and limited-service hotels in Indiana and Michigan.

The 694-room portfolio is owned by **HRC Hotels** of East Lansing, Mich.

HRC used the proceeds to help retire an $80 million loan that **Prudential Mortgage Capital** securitized in 2007 (BSCMS 2007-PW18). That loan was backed by 13 hotels, including the eight backing Key's 10-year loan.

Key will securitize the lion's share of the balance. The bank will fund the rest over time to cover the cost of improvements at some of the hotels. The mortgage amortizes on a 30-year schedule.

The four Indiana properties are extended-stay hotels under the Homewood Suites by Hilton brand. Two are in Indianapolis. The others are in Bloomington and Plainfield. The four Michigan properties are limited-service Hilton Hampton Inns. They are in Traverse City, Kalamazoo, Valparaiso and Petoskey. ❖

INITIAL PRICINGS

J.P. Morgan Chase Commercial Mortgage Securities Trust, 2017-FL11

Pricing date:	Oct. 30
Closing date:	Nov. 6
Amount:	$519.1 million
Seller/borrower:	J.P. Morgan
Lead manager:	J.P. Morgan
Master servicer:	KeyBank
Special servicer:	KeyBank
Trustee:	Wells Fargo
Certificate administrator:	Wells Fargo
Offering type:	Rule 144A

Property types: Hotel (58.8%) and office (41.2%).
Concentrations: Florida (25.9%), New York (18.1%) and California (14.1%).
Loan contributors: J.P. Morgan (100%).
Risk-retention sponsor: J.P. Morgan.
Pooled loans: A $110 million loan to Blackstone on four Embassy Suites hotels, totaling 960 rooms, in Boston, Phoenix, Denver and Tampa; a $104.3 million loan to Cooper Hotels on 11 hotels, with various Hilton brands and totaling 2,034 rooms, in Florida, Michigan and Tennessee; a $94 million loan to George Comfort & Sons and O'Connor Capital on the 682,000-sf Centre at Purchase office campus in Purchase, N.Y.; a $73 million loan to Cerberus Capital on the 638,000-sf Bank of America office campus in Brea, Calif.; a $68.3 million loan to Westmont Hospitality and Singapore-based Master Contract Services on the 951-room Hyatt Regency Jacksonville Riverfront; and a $47 million loan to Investcorp on the 466,000-sf One Westchase Center office building in Houston.
Notes: J.P. Morgan securitized seven floating-rate mortgages it had originated for multiple borrowers. The six pooled loans, totaling $496.6 million, are tied to Classes A-F and the VRR Interest. Class BC and the BC-RR Interest are tied to the $22.5 million junior portion of a $67.5 million loan to Ashford Hospitality Prime on the 190-room Park Hyatt Beaver Creek Resort and Spa in Beaver Creek, Colo. To comply with risk-retention rules, J.P. Morgan is retaining the VRR Interest and BC-RR Interest classes, which effectively equal a 5% vertical strip of the pooled certificates and Class BC.
Deal: JPMCC 2017-FL11. **CMA code:** 20170293.

Class	Amount ($Mil.)	Rating (S&P)	Rating (DBRS)	Subord. (%)	Coupon (%)	Dollar Price	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A	208.525	AAA	AAA	55.80	L+85	100.000	10/15/32	1.78	L+85	Floating
B	60.230	AA-	AA (low)	43.03	L+110	100.000	10/15/32	1.78	L+110	Floating
C	45.695	A-	A	33.35	L+140	100.000	10/15/32	1.86	L+140	Floating
D	56.240	BBB-	BBB (high)	21.43	L+214	99.500	10/15/32	1.86	L+242	Floating
E	80.750	BB-	BB (low)	4.31	L+402	99.000	10/15/32	1.88	L+455	Floating
F	20.330	B-	NR	0.00	L+532	98.000	10/15/32	1.94	L+621	Floating
VRR Interest	24.830	NR	NR				10/15/32	1.82		Floating
BC	21.375	NR	NR		L+342.7	94.000	10/15/32	1.44	L+784	Floating
BC-RR Interest	1.125	NR	NR				10/15/32	1.44		Floating
X-CP(IO)	471.770*	B-	NR				10/15/19			Floating
X-EXT(IO)	471.770*	B-	NR				10/15/32			Floating

*Notional amount

Loan ... From Page 1

which were likely enhanced by this note transfer," said **Stephen Meister,** a partner at **Meister Seelig.** "We will assert those claims aggressively against both the buyer and the seller of the note."

Charter was represented in the negotiations with C-III by New York-based **Iron Hound Management,** which declined to comment. C-III also declined to comment.

The property's rent roll has been roiled by depressed leasing demand in New York's Connecticut suburbs. **International Paper** vacated one-quarter of the building in 2015. Landis tried to negotiate a loan modification with C-III at the time, but couldn't reach an agreement. Landis subsequently filled vacated space, but at lower rents. The net operating income last year was $13.8 million, down from the underwritten amount of $21.2 million in 2007.

Now the building is facing significant additional lease expirations. **UBS** doesn't plan to renew when its lease on half of the space runs out next year. Also, Charter, which has a lease on 21% of the space until next year, announced last month that it plans to relocate to a new headquarters.

Landis stopped making payments when its loan matured in June. According to a servicer report, the New York company tried again to negotiate a loan modification, but was unsuccessful.

Charter's announcement was another blow to Landis. Charter said it planned to relocate its headquarters to a new 500,000-sf building a few blocks away, at 406 Washington Boulevard. The company said it was working with **Building and Land Technology** of Stamford on that project, scheduled to be completed in 2019. The acquisition of the loan on 400 Atlantic Street doesn't affect that plan, according to a person familiar with the matter. ❖

INITIAL PRICINGS

Freddie Mac Structured Pass-Through Certificates, K-728
FREMF Mortgage Trust, 2017-K728

Pricing date:	Oct. 31
Closing date:	Nov. 13
Amount:	$1,169.5 million
Seller/borrower:	Freddie Mac
Lead managers:	Credit Suisse, Barclays
Co-managers:	Cantor Fitzgerald, Jefferies, Loop Capital Markets, Morgan Stanley
Master servicer:	Midland Loan Services
Special servicer:	KeyBank
Trustee:	U.S. Bank
Certificate administrator:	Citigroup
Offering type:	Fannie/Freddie/Ginnie

Property types: Multi-family (100%).
Concentrations: California (14.5%), Florida (13.2%) and Washington (10.2%).
Loan originators: CBRE (31.8%), HFF (14.7%), JLL (10.3%), Walker & Dunlop (10.1%), Berkadia (9.6%), Berkeley Point (8.5%), Grandbridge Real Estate (5.8%), M&T Realty (2.2%), Bellwether Enterprise (2.1%), Citigroup (1.2%), SunTrust (1.1%), Wells Fargo (0.9%), PNC (0.9%) and Capital One (0.8%).
Largest loans: A $92.3 million loan on the 361-unit Juxt apartment complex in Seattle; a $66.1 million loan on the 331-unit Elliston 23 Apartments in Nashville; a $53 million loan on the 270-unit Angelica apartment complex in Rancho Cucamonga, Calif.; a $52.2 million loan on the 350-unit Aventine at Naples in Naples, Fla.; and a $50.7 million loan on the 308-unit Stonebridge Terrace in Woodbridge, Va.
Notes: Freddie securitized 43 fixed-rate mortgages recently originated by 14 of its pre-approved lenders. One loan has a 10-year term, one loan has a nine-year term, and the others have seven-year terms. Freddie guaranteed Classes A-1, A-2 and A-M and floated them via a Freddie shelf. Classes B-D, which are unguaranteed, were placed privately. Berkshire Group is acquiring Class D.
Deals: FHMS K-728/FREMF 2017-K728. **CMA codes:** 20170295/20170296.

Class	Amount ($Mil.)	Rating (Fitch)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	92.750	AAA	AAA	19.75	2.741	102.000	2.190	11/25/50	4.08	S+17	Fixed
A-2	845.757	AAA	AAA	19.75	3.064	102.998	2.552	11/25/50	6.63	S+37	Fixed
A-M	67.245	A	A+	14.00	3.133	102.998	2.631	11/25/50	6.78	S+44	Fixed
B	46.779	BBB	BBB+	10.00				11/25/50	6.85		Fixed
C	29.237	BBB-	BBB-	7.50				11/25/50	6.87		Fixed
D	87.711	NR	NR	0.00				11/25/50	6.90		Fixed
X-1(IO)	938.507*	AAA	AAA		0.416	2.448	3.087	11/25/50	6.38	T+100	Fixed
X-2A(IO)	938.507*	AAA	AAA					11/25/50	6.38		Fixed
X-AM(IO)	67.245*	A	AAA					11/25/50	6.78		Fixed
X-2B(IO)	230.972*	NR	AAA					11/25/50	6.85		Fixed
X-3(IO)	163.727*	NR	NR		1.954	11.306	4.818	11/25/50	6.88	T+265	Fixed

*Notional amount

INITIAL PRICINGS

Real Estate Asset Liquidity Trust, 2017

Pricing date:	Oct. 24
Closing date:	Oct. 31
Amount:	C$406.758 million ($320.9 million)
Seller/borrower:	RBC
Lead managers:	RBC
Co-managers:	BMO Capital, CIBC, National Bank Financial, Scotiabank, TD Securities, Laurentian Bank, Casgrain & Co.
Master servicer:	First National Financial
Special servicer:	First National Financial
Operating advisor:	MCAP Financial
Trustee:	Computershare Trust
Certificate administrator:	Computershare Trust
Offering type:	Non-U.S.

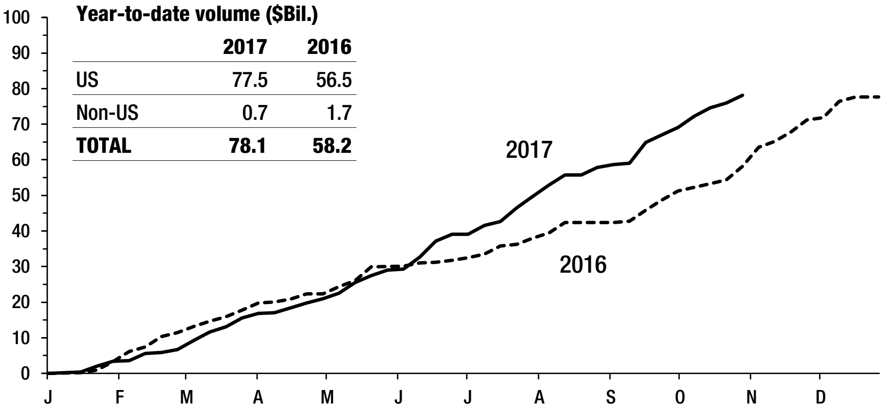
Property types: Retail (29.5%), multi-family (27.2%), self-storage (16.5%), industrial (15.3%), office (6.7%), manufactured housing (2.5%), nursing and retirement (1.2%) and mixed-use (1.1%).
Concentrations: Canada (100%).
Loan contributors: RBC (100%).
Largest loans: A C$30.1 million loan to Skyline Retail REIT on the 168,000-sf Skyline Thunder retail center in Thunder Bay, Ontario; a C$19.9 million loan to Woodbourne Capital on the 72-unit student-housing complex at 306-316 Georgian Drive in Barrie, Ontario; a C$19.6 million loan to New Mountain Finance on four Southern Ontario industrial properties, encompassing 436,000 sf and leased to A.P. Plasman.
Risk-retention sponsor: RBC.
Notes: RBC securitized 71 fixed-rate loans that it had originated. RBC is fulfilling the U.S. risk-retention requirement by acquiring Classes D-2, E, F, G and H at a price that equals at least 5% of the deal proceeds.
Deal: REALT 2017. **CMA code:** 20170283.

Class	Amount (C$Mil.)	Amount ($Mil.)	Rating (Fitch)	Rating (DBRS)	Subord. (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	114.961	90.7	AAA	AAA	14.25	11/12/52	3.50	Can. T+125	Fixed
A-2	233.834	184.5	AAA	AAA	14.25	11/12/52	7.09	Can. T+175	Fixed
B	12.203	9.6	AA	AA	11.75	11/12/52	9.63	Can. T+255	Fixed
C	12.203	9.6	A	A	8.63	11/12/52	9.66	Can. T+305	Fixed
D-1	3.641	2.9	BBB	BBB	5.13	11/12/52	9.71	Can. T+400	Fixed
D-2	9.070	7.2	BBB	BBB	5.13	11/12/52	9.71		Fixed
E	4.068	3.2	BBB-	BBB (low)	4.13	11/12/52	9.71		Fixed
F	4.068	3.2	BB	BB	3.13	11/12/52	9.71		Fixed
G	4.576	3.6	B	B	2.00	11/12/52	9.71		Fixed
H	8.134	6.4	NR	NR	0.00	11/12/52	9.80		Fixed
X(IO)	373.201*	294.4*	NR	A (high)		11/12/52			Fixed

*Notional amount

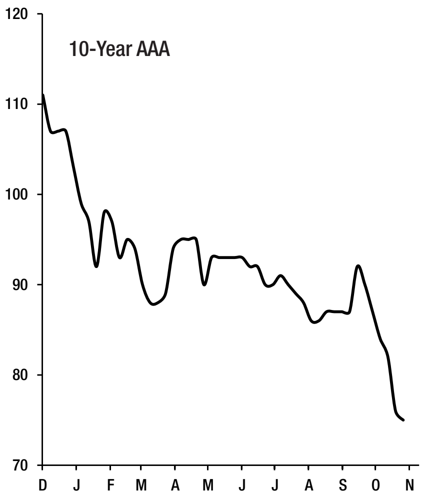
MARKET MONITOR

WORLDWIDE CMBS



CMBS SPREADS

NEW-ISSUE SPREAD OVER SWAPS



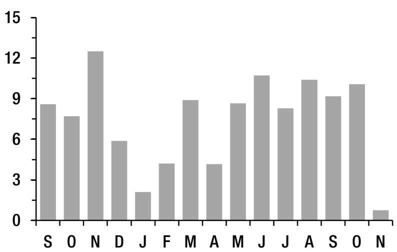
New Issue Fixed Rate (Conduit)	Avg. Life	Spread (bp) 11/1	Week Earlier	52-wk Avg.
AAA	5.0	S+42	S+43	49
	10.0	S+75	S+76	94
AA	10.0	S+130	S+132	139
A	10.0	S+160	S+164	198
BBB-	10.0	S+340	S+349	425

Markit CMBX 6	Dollar Price 11/1	Week Earlier	52-wk Avg.
AAA	100.6	100.6	100.1
AS	101.2	101.2	100.7
AA	99.6	99.8	99.4
A	94.2	94.4	96.2
BBB-	83.3	83.7	88.8
BB	73.7	74.4	81.1

Sources: Trepp, Markit

US CMBS

MONTHLY ISSUANCE ($Bil.)



CMBS TOTAL RETURNS

CMBS INDEX

As of 11/1	Avg. Life	Total Return (%) Month to Date	Year to Date	Since 1/1/97
Inv.-grade	6.0	0.0	3.6	231.5
AAA	5.8	0.0	3.2	214.1
AA	7.2	0.0	3.9	103.3
A	6.6	0.0	6.0	93.3
BBB	6.7	0.0	9.3	107.7

Source: Barclays

LOAN SPREADS

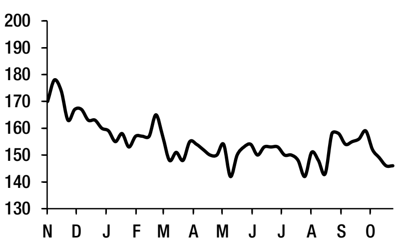
ASKING SPREADS OVER TREASURYS

10-year loans with 50-59% LTV

	10/27	Month Earlier
Office	146	156
Retail	140	156
Multi-family	130	142
Industrial	137	144

Source: Trepp

ASKING OFFICE SPREADS



AGENCY CMBS SPREADS

FREDDIE K SERIES

	Avg. Life	Spread (bp) 11/2	Week Earlier	52-wk Avg.
A1	5.5	S+41	S+42	47
A2	10.0	S+54	S+55	62
B	10.0	S+130	S+145	211
C	10.0	S+220	S+240	338
X1	9.0	T+115	T+115	155
X3	10.0	T+290	T+290	358
Freddie K Floater		L+36	L+36	

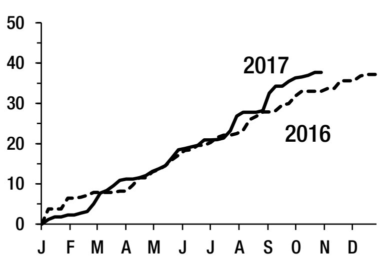
FANNIE DUS

	11/2	Week Earlier	52-wk Avg.
10/9.5 TBA (60-day settle)	S+56	S+56	69
Fannie SARM	L+36	L+36	

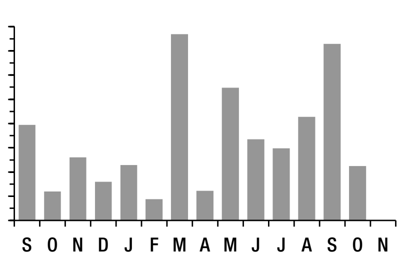
Source: J.P. Morgan

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

THE GRAPEVINE

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started a 90-day gardening leave while considering his next move. Casden joined the debt-investment arm of **Providence Equity** in early 2015. Before that, he spent more than five years at **Ladder Capital.**

Meanwhile, New York-based **Benefit Street Partners** is looking for an experienced originator to open a lending office in the Los Angeles area. It's also seeking to hire a handful of originators to work in New York and possibly other markets. The real estate team is headed by managing director **Michael Comparato.**

The **CRE Finance Council's** Servicing and Issuer Task Force has drawn up some proposals for adjusting CMBS loan documents to improve communication with borrowers. The changes would include clarifying conflicting or confusing provisions in the documents and streamlining overly complicated review procedures for certain borrower requests. Task force chairman **Joseph Franzetti,** senior vice president of capital markets at **Berkadia,** will present the recommendations to CREFC's Board of Governors for initial review at its quarterly meeting in New York on Tuesday. The task force is still working on a review of CMBS pooling and servicing agreements, which could address borrower complaints about special-servicing fees and parameters for troubled-loan workouts.

Industry veteran **Clay Sublett** joined **Mutual of Omaha Bank** in recent weeks as a managing director in the commercial mortgage group. He's based in Kansas City. Sublett previously spent 17 years at **KeyBank,** leaving earlier this year as a senior vice president.

The **Intercontinental Exchange** has informally indicated that it plans to start clearing credit-default swaps that are tracked by **IHS Markit's** CMBX index during the second half of next year. The initiative stems from a federal mandate requiring Wall Street dealers to clear all derivatives transactions through third-party clearinghouses or face stringent margin requirements. As previously reported, the nine banks authorized to trade CMBX swaps had been working on the effort with **CME Group's** Chicago Mercantile Exchange for more than a year. But they recently turned to Atlanta-based ICE because CME has decided to exit the credit-derivative clearing business entirely.

TF Cornerstone has an opening for an analyst in its New York office. Along with general analytics, the recruit would assist with negotiating, documenting and closing construction and permanent debt for residential and commercial properties. Candidates should have 3-5 years of experience. Apply at hr@tfc.com.

Guggenheim Commercial Real Estate Finance is looking for two or three servicing/asset management pros to join its team in Atlanta. Candidates should have at least two years of experience, and can apply at www.guggenheimpartners.com/firm/careers.

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