
Wall Street and Commercial Real Estate

Everett (Allen) Greer
Greer Advisors, LLC

September 24, 2015 – RMA Los Angeles

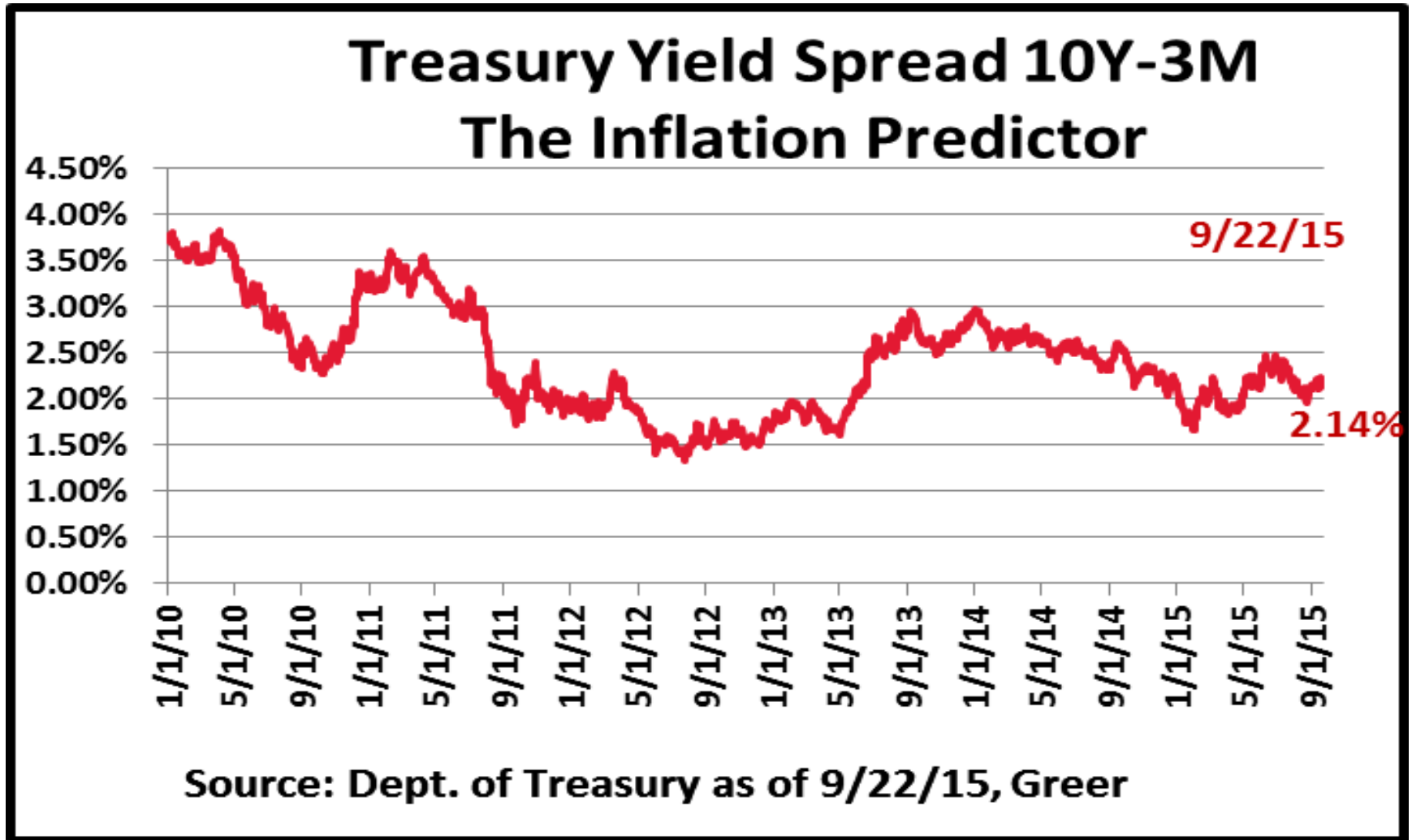
Interest

10 Year Treasury Yields



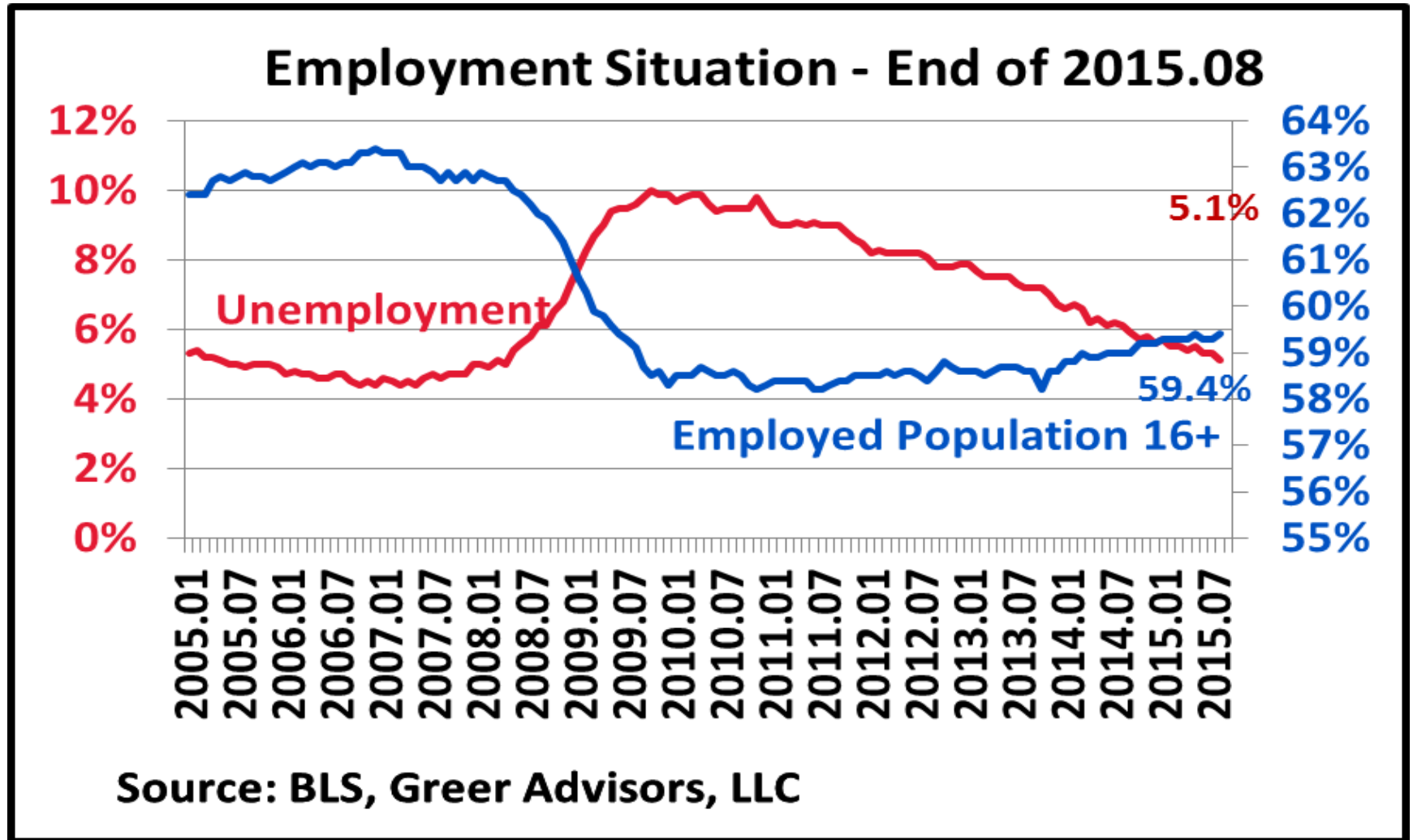
Source: Dept. of Treasury as of 9/22/15, Greer

Inflation

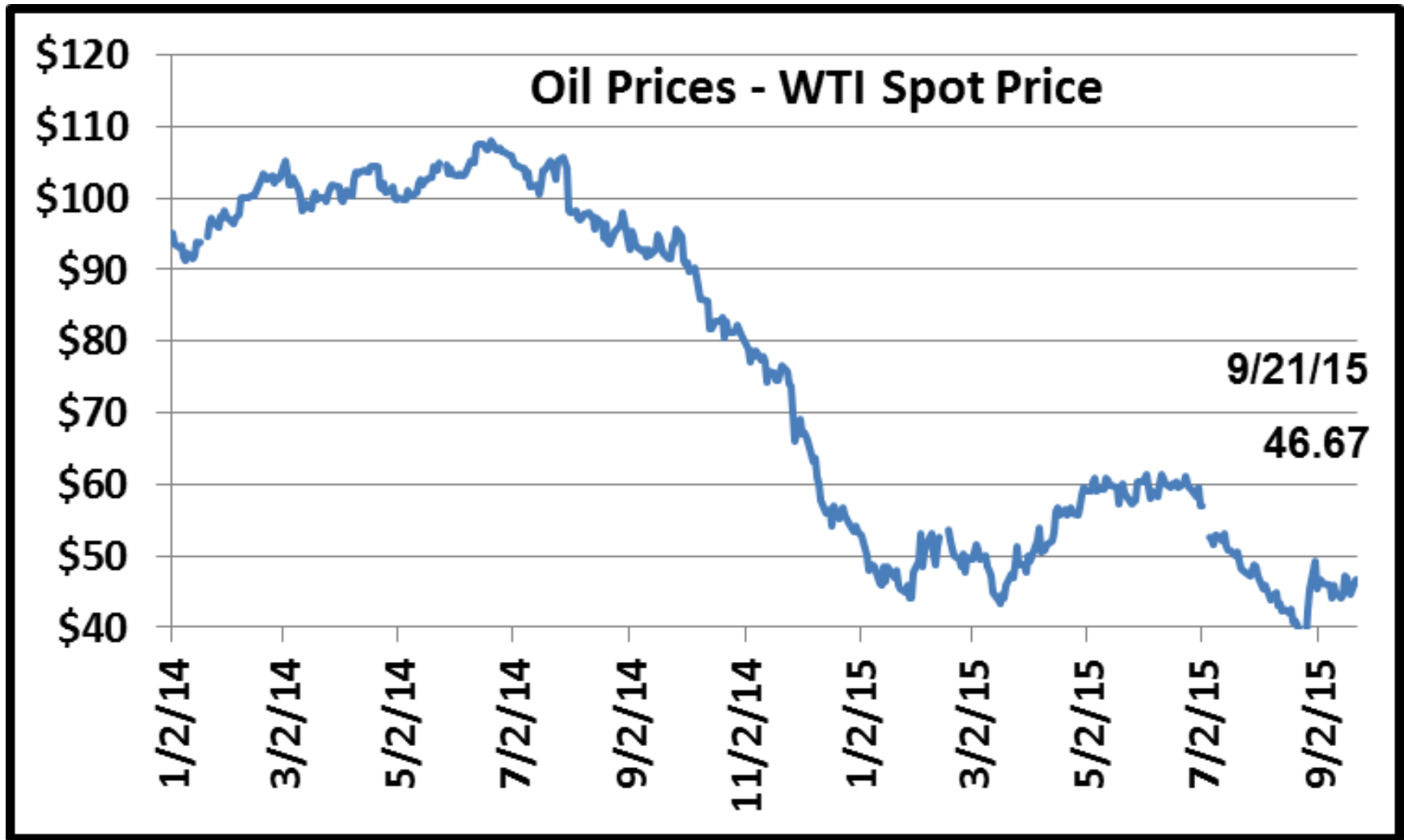


Comment: Chinese Debt

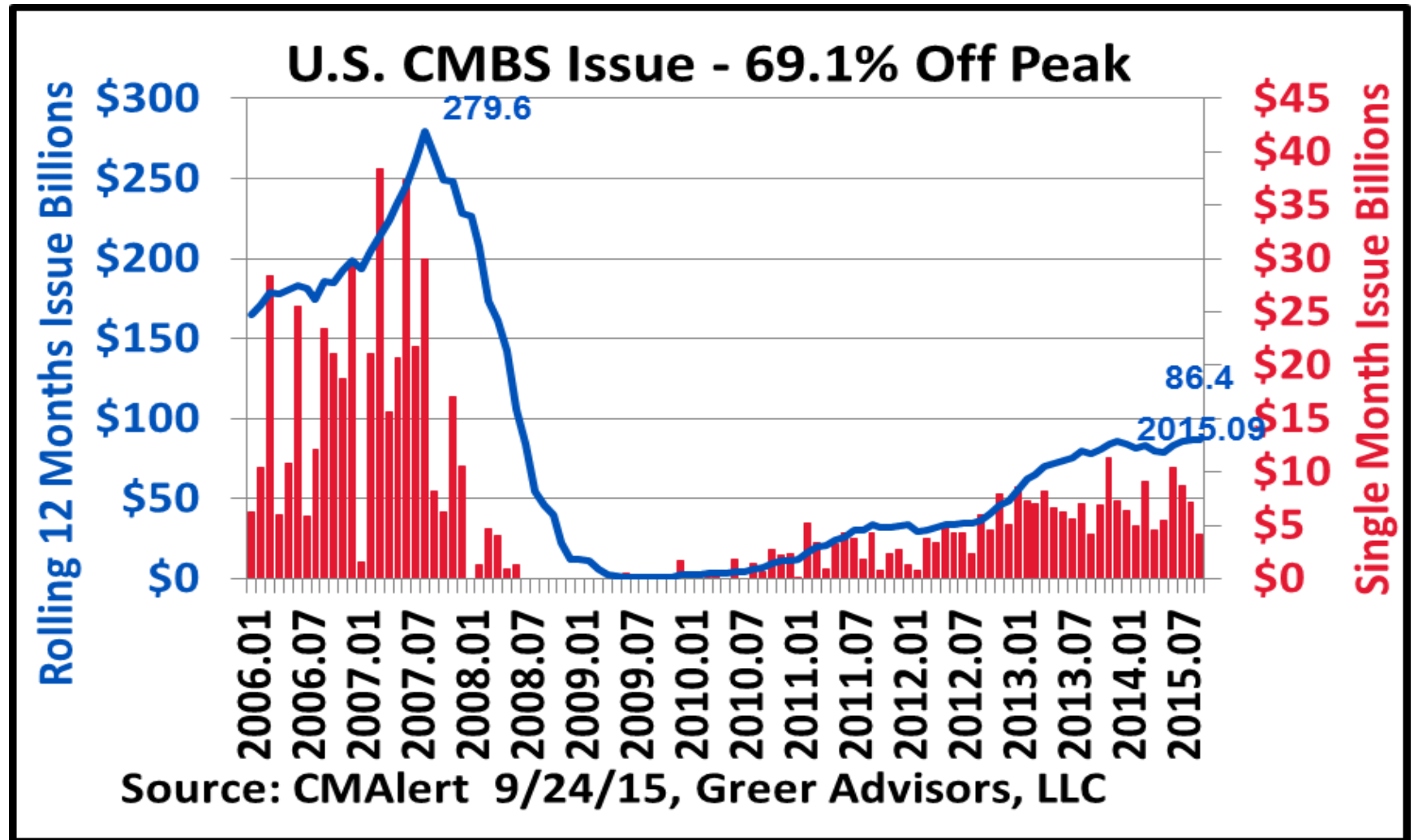
Key Economic Indicators



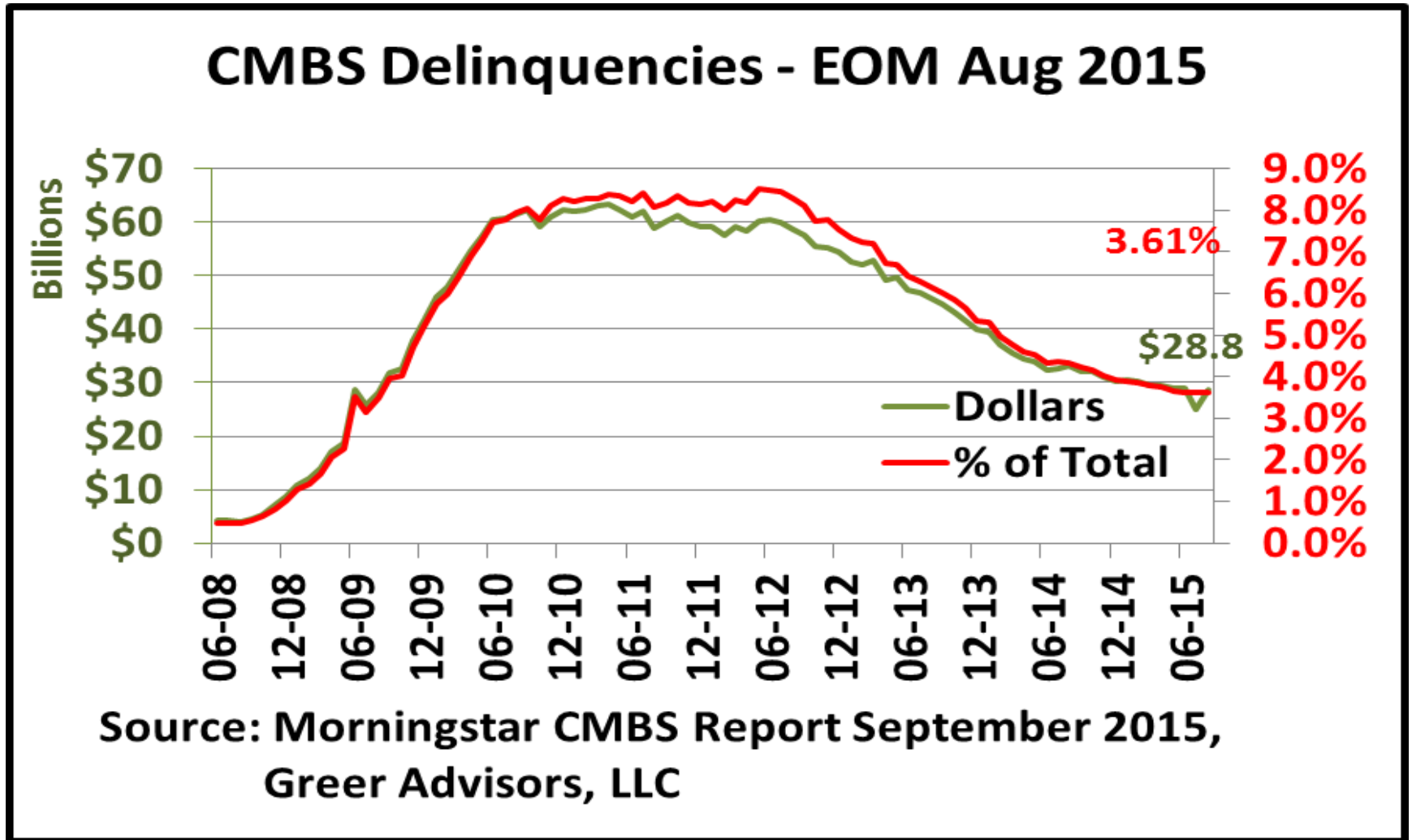
Oil Prices Falling, EIA



CMBS Issuance - Rising from Floor



CMBS Delinquencies – Rise & Fall



Synthetic CMBX Yields (Spreads to Swaps) – See Risk

Greer CMBS / CMBx Yield RateTM				
Tranche	Yield	Suboord	% of Capital Stack	Contribution to Total
CMBX.NA.AAA.8	2.67%	30.9%	69.1%	1.84%
CMBX.NA.AS.8	3.18%	21.1%	9.8%	0.31%
CMBX.NA.AA.8	3.70%	15.7%	5.4%	0.20%
CMBX.NA.A.8	4.26%	12.1%	3.6%	0.15%
CMBX.NA.BBB-.8	5.43%	6.9%	5.2%	0.28%
CMBX.NA.BB.8	7.65%	5.3%	1.6%	0.12%
All others	14.00%	0.0%	5.3%	0.74%
Implied Overall Debt Yield (Interest)			100.0%	3.65%

Notes: ① The table is somewhat complicated, as evidenced by the numerous footnotes. Several conclusions can be drawn. 1) If the 'Implied Overall Debt Yield' is greater than loan rates in the marketplace, the CMBS market CAN NOT recover because the required bond yields are too high to make debt affordable to borrowers. 2) When the spread between AAA and BB tranches is high, say above 500 bps (now at 498 bps), the market can't recover because of risk aversion for lower-rated tranches. In January 2007, spreads between the AAA Sr tranche and BB tranches were around 65 bps. For most of late 2008 through 2012 and most of 2013, spreads were near 10,000 bps. Lastly, the yields for each tranche provide tremendous insight into the pricing of risk premiums for each layer in the capital stack.

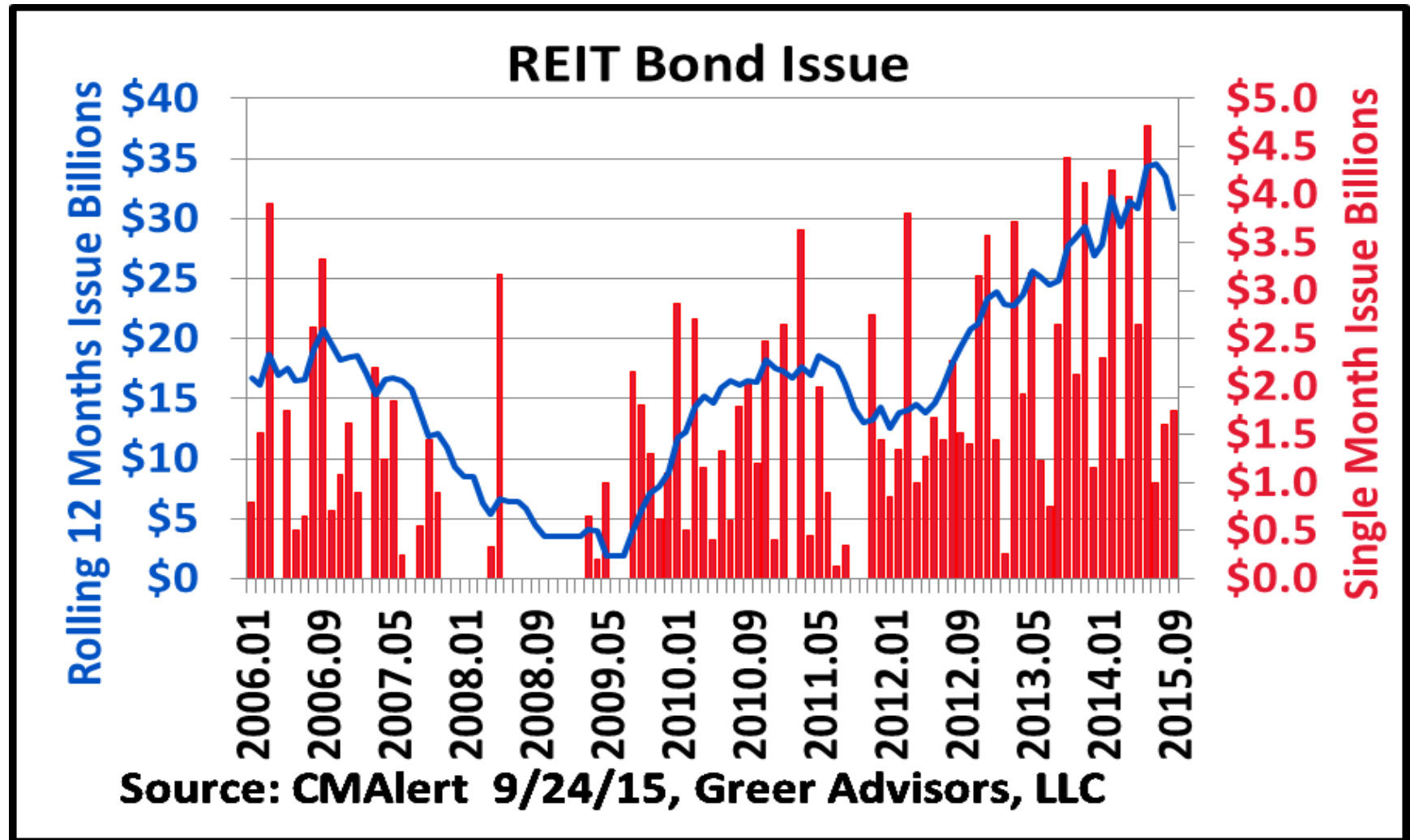
② MarkitTM Data and Calculations based on close of 9/23. Swap (10Yr) as of 9/22. CMBx prices are based on Series 6 data. Subordination levels are based on average credit enhancement.

③ Coupon and Price data were from MarkitTM for AAA Senior through BB bonds. MarkitTM data was used as part of the calculations by Greer Advisors, LLC to determine yields.

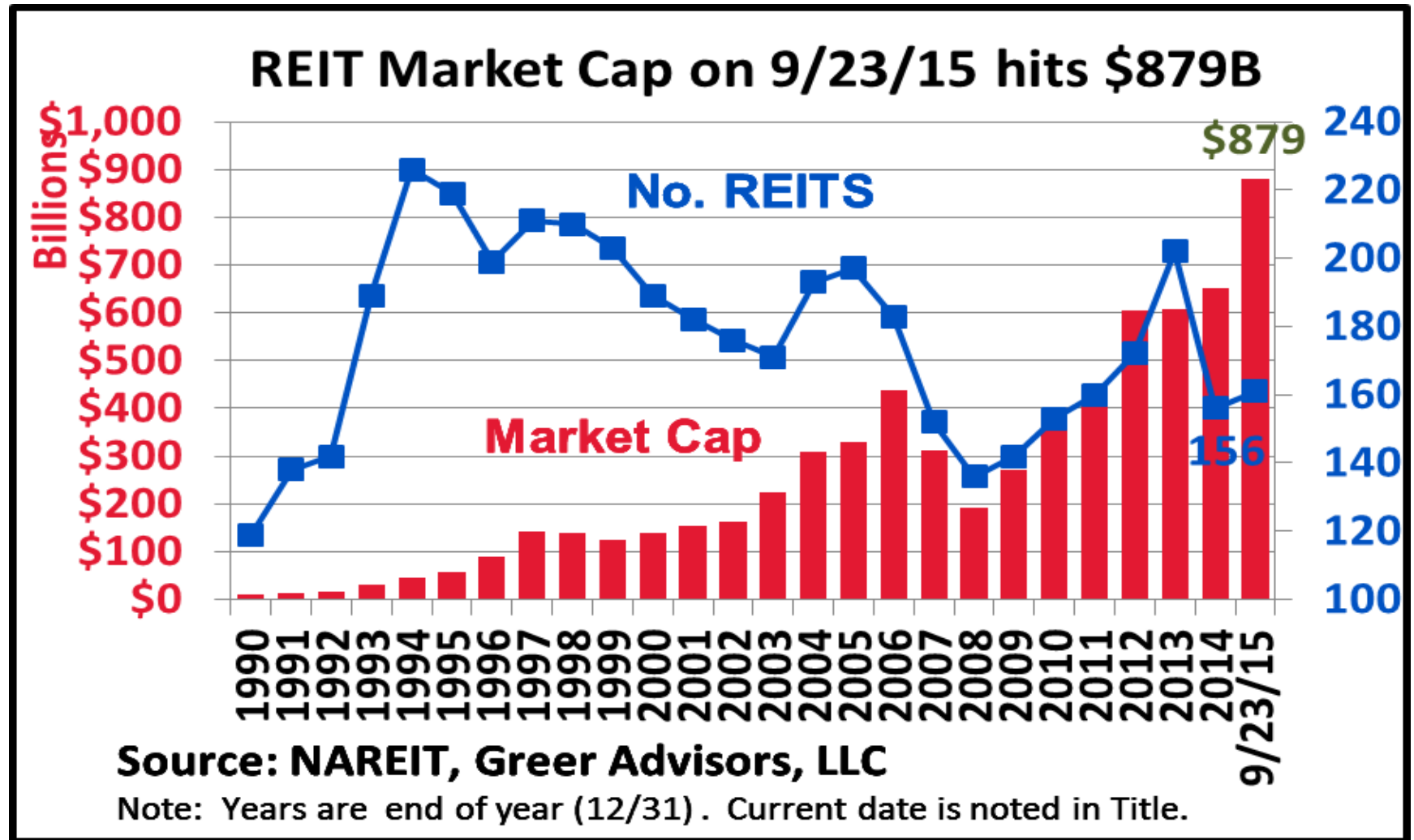
④ Profit / arbitrage opportunity for the issuer was ignored.

⑤ The yield for 'All Others' class was based on the yield spread between the BB yield (7.65%) and the BBB- yield (5.43), times 4.0 (8.88), plus the yield on the BBB- class, rounded to the nearest bp.

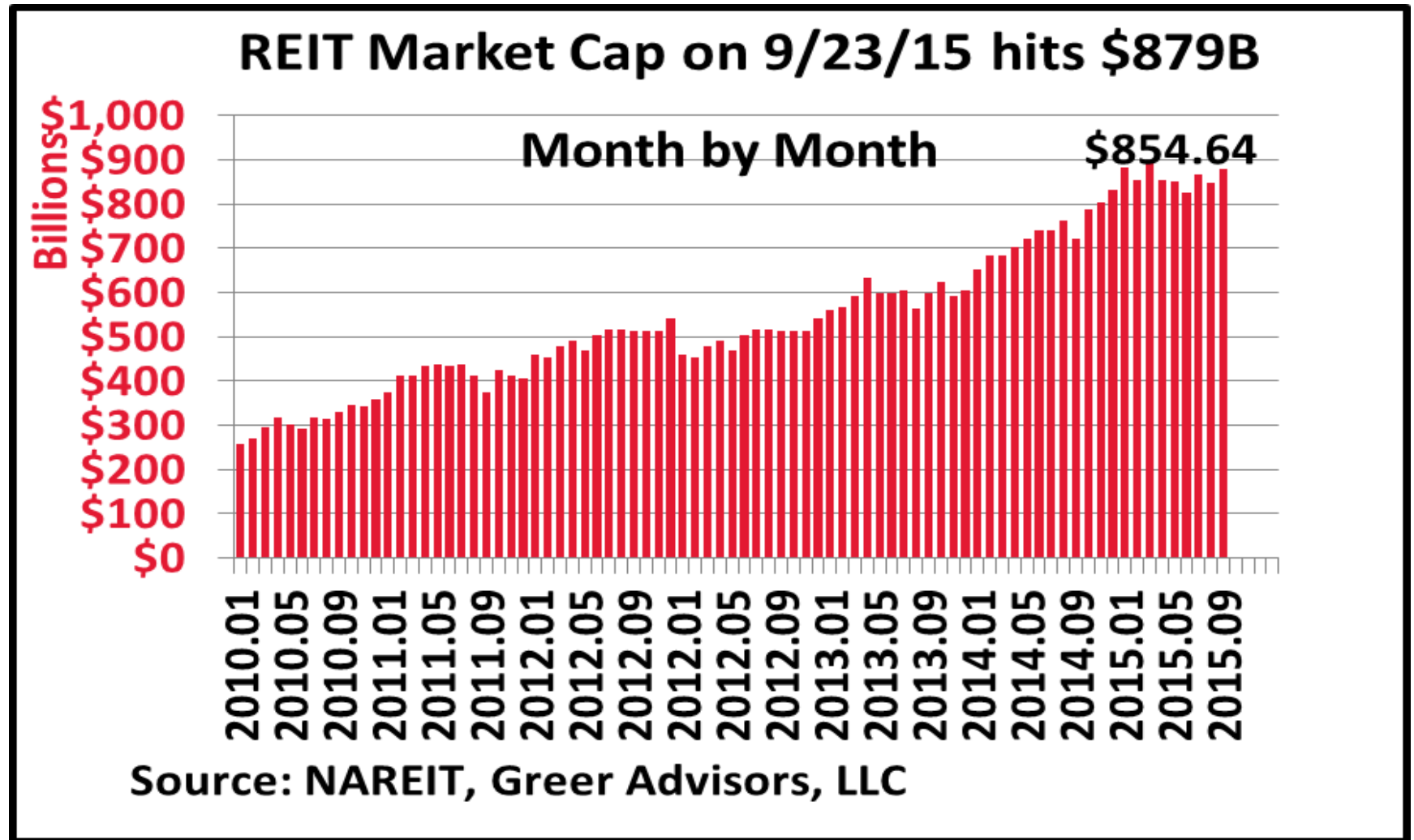
REIT Bond Issuance



REIT Market Capitalization – Long Term



REIT Market Capitalization – Short Term



Questions / Answers

A red and black road bicycle is the central focus, parked on a light-colored tiled floor against a plain white wall. The bike features a red frame with black accents and 'GIRO' branding. It has a black seat, handlebars with a water bottle mounted on the stem, and black wheels with red lightning bolt graphics. In the foreground, a black and red Giro helmet and a pair of red and black cycling shoes are visible.

Greer Advisors, LLC

www.GreerAdvisors.com