

Emerging Trends in Real Estate Finance

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TABLE 1**MBA Commercial Mortgage Banker Origination Survey****2002 ANNUAL TOTALS**

Total Commercial Originations		
	2002	2001*
Number of Loans	9,872	7,435
Dollar Volume (\$ millions)	86,448	82,195
Average Loan Size (\$ Millions)	8.8	10.1

By Property Type				
	<i>Dollar Volume (\$ Millions)</i>	<i>Percent of Total</i>	<i>Number of Loans</i>	<i>Percent of Total</i>
Office	17,843	20.6	1,458	15.0
Retail	13,082	15.1	1,640	17.0
Multifamily	41,042	47.5	4,347	44.0
Industrial	6,569	7.6	1,049	11.0
Hotel/Motel	1,336	1.5	101	1.0
Health Care	1,717	2.0	249	3.0
Other	4,859	5.6	1,028	10.0

By Investor Type				
	<i>Dollar Volume (\$ Millions)</i>	<i>Percent of Total</i>	<i>Number of Loans</i>	<i>Percent of Total</i>
Life Insurance Companies	20,083	23.2	2,317	23.0
Conduits	26,707	30.9	1,947	20.0
Commercial Banks	11,125	12.9	1,788	18.0
Credit Companies	883	1.0	127	1.0
Fannie Mae	10,249	11.9	1,311	13.0
Freddie Mac	5,659	6.5	632	6.0
FHA	3,242	3.8	522	5.0
Pension Funds	1,147	1.3	91	1.0
Other	7,353	8.5	1,137	12.0

* Revised

TABLE 2**Annual Changes in Origination Volume, 2002 versus 2001****DATA FOR FIRMS REPORTING IN BOTH YEARS**

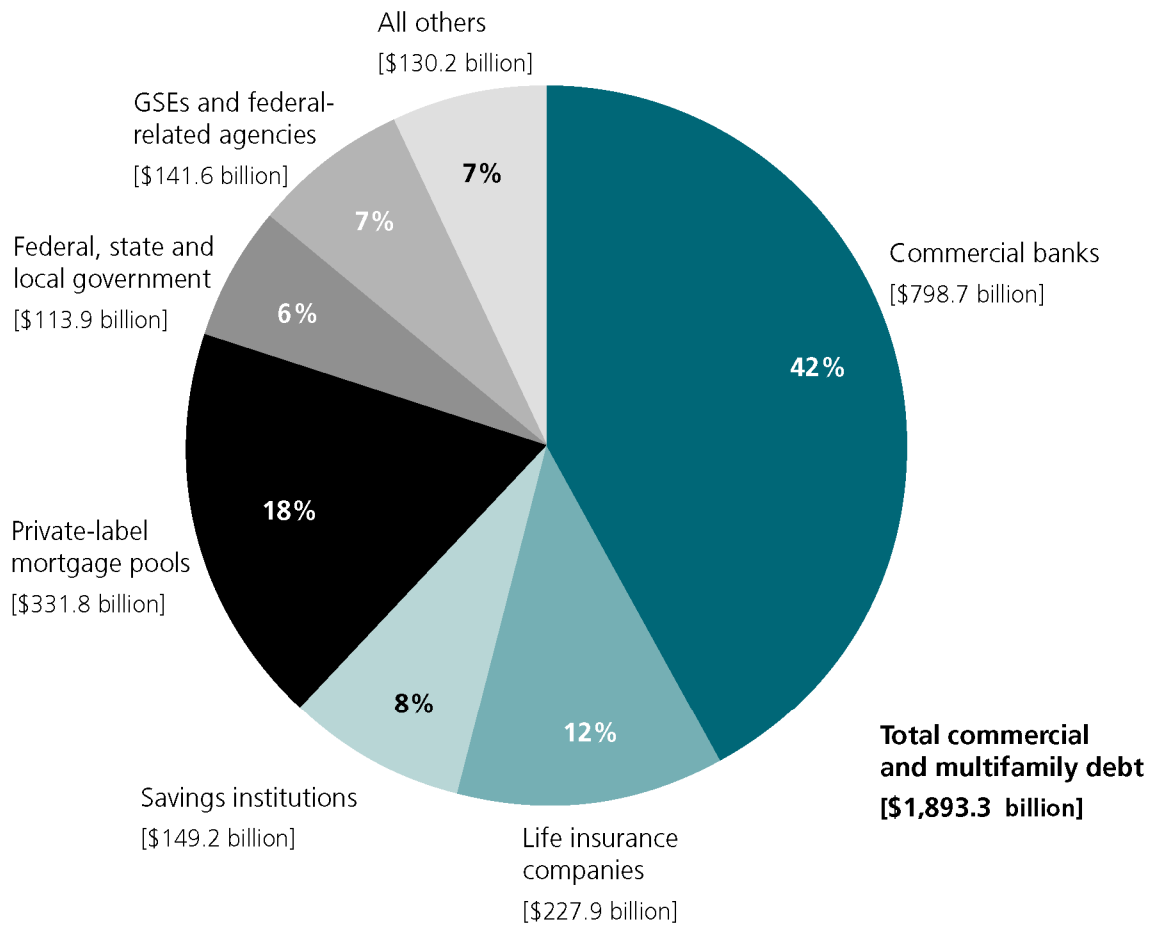
Origination Volume By Property Type			
	<i>2002 \$ Millions</i>	<i>2001* \$ Millions</i>	<i>Percent Change</i>
Multifamily	41,042	39,725	3.3
Office Buildings	17,843	19,068	-6.4
Retail	13,082	10,421	25.5
Industrial	6,569	5,500	19.4
Hotel/Motel	1,336	2,108	-36.6
Health Care	1,717	979	75.4
Other	4,859	4,394	10.6
Total	86,448	82,195	5.2

Originations Volume By Investor Type			
	<i>2002 \$ Millions</i>	<i>2001* \$ Millions</i>	<i>Percent Change</i>
CMBS Conduits	26,707	21,347	25.1
Life Insurance Companies	20,083	18,359	9.5
Fannie Mae	10,249	13,035	-21.4
Freddie Mac	5,659	6,374	-11.2
Commercial Banks	11,125	9,910	12.3
FHA	3,242	2,645	22.6
Pension Funds	1,147	1,293	-11.3
Credit Companies	883	1,156	-23.6
Other	7,353	8,076	-9.0
Total	86,448	82,195	5.2

* Revised

COMMERCIAL AND MULTIFAMILY DEBT OUTSTANDING

Commercial and Multifamily Mortgage Debt Outstanding in Fourth Quarter 2002



Source: Flow of Funds Accounts, Federal Reserve Board of Governors

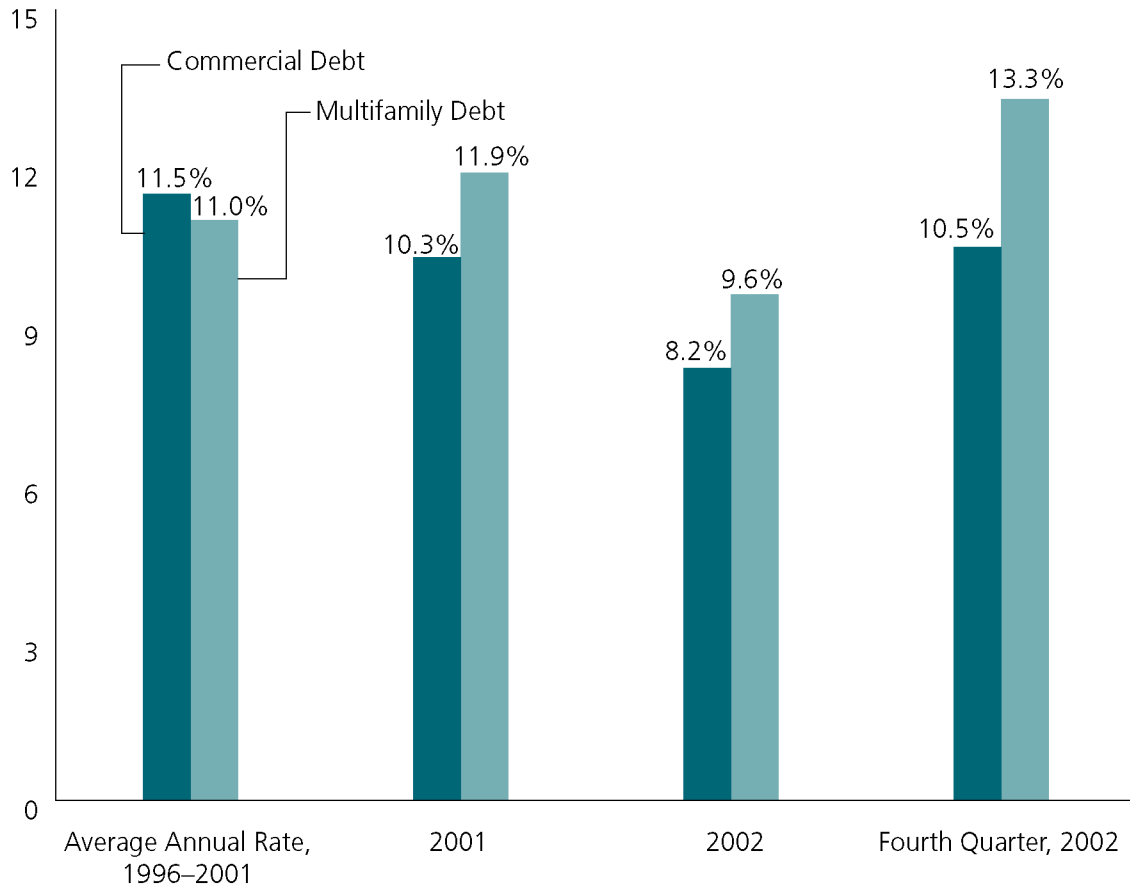
Data current as of 03/18/2003.

COMMERCIAL AND MULTIFAMILY DEBT OUTSTANDING



Growth Moderated in 2002 Even with Year-end Surge

Percent



Source: *Flow of Funds Accounts*, Federal Reserve Board.

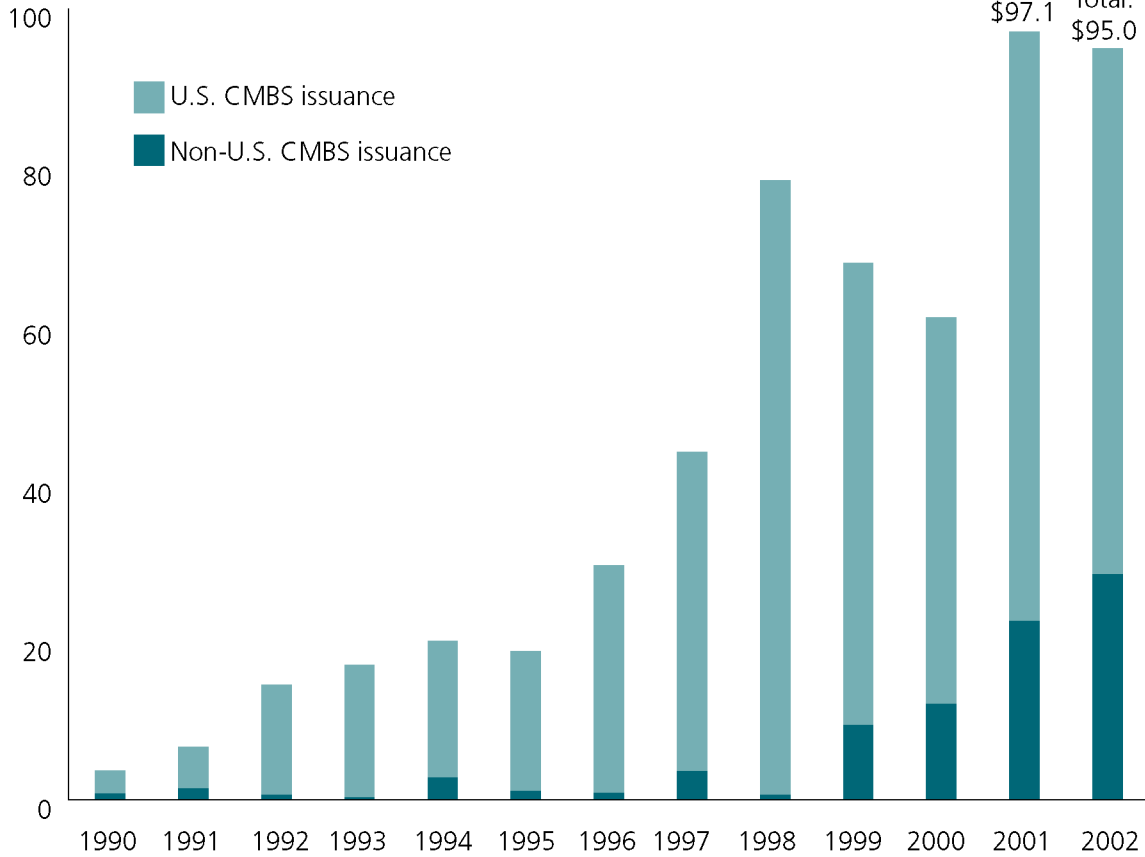
Data current as of 02/21/2003.

COMMERCIAL MORTGAGE BACKED SECURITY ISSUANCE

Annual World-wide CMBS Issuance



\$ Billions



Source: Commercial Mortgage Alert.

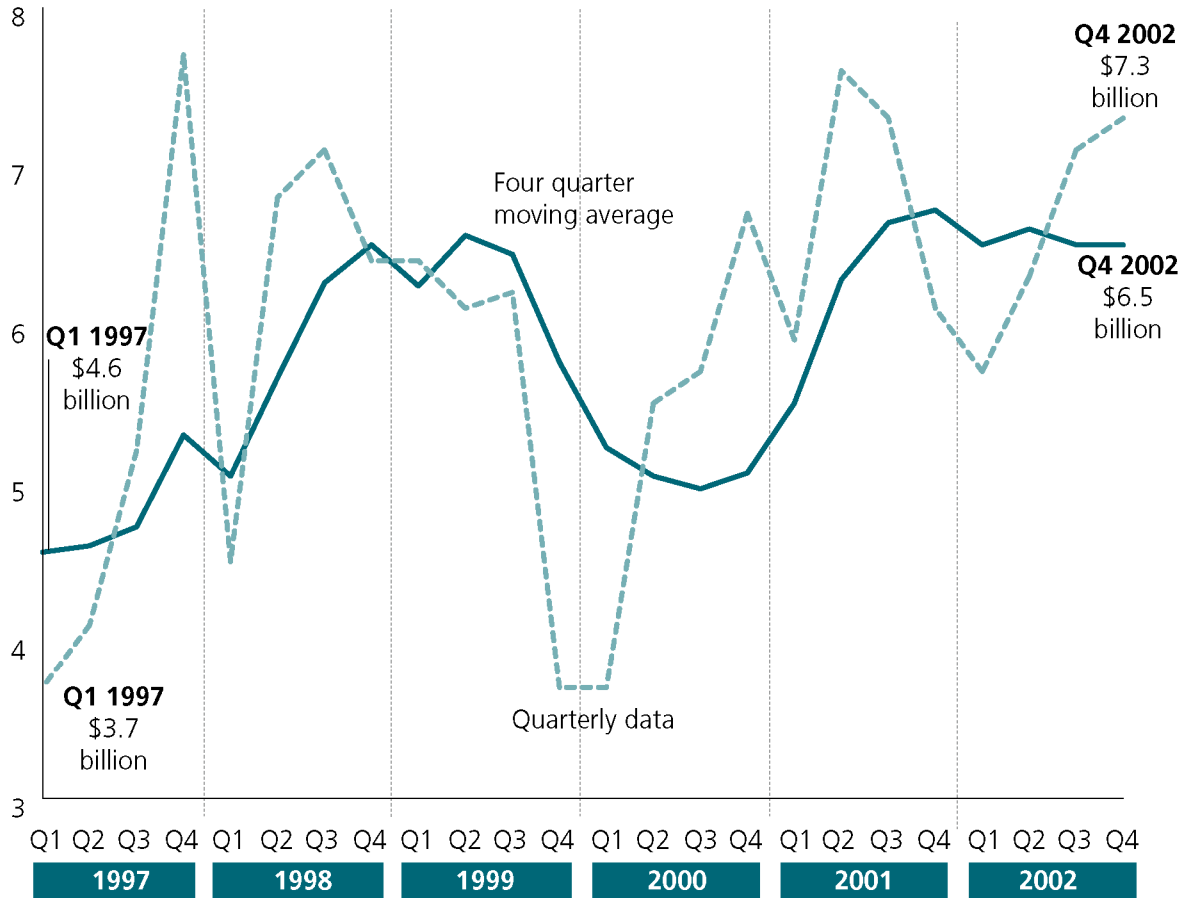
Data current as of 12/17/2002.

COMMERCIAL/MULTIFAMILY MORTGAGE INVESTMENTS BY LIFE INSURANCE COMPANIES

New Commercial Mortgage Commitments



Billions \$



Note: Based on a sample of U.S. life insurance companies accounting for two thirds or more of industry commercial mortgage assets. Data include multifamily mortgage commitments.

Source: American Council of Life Insurers.

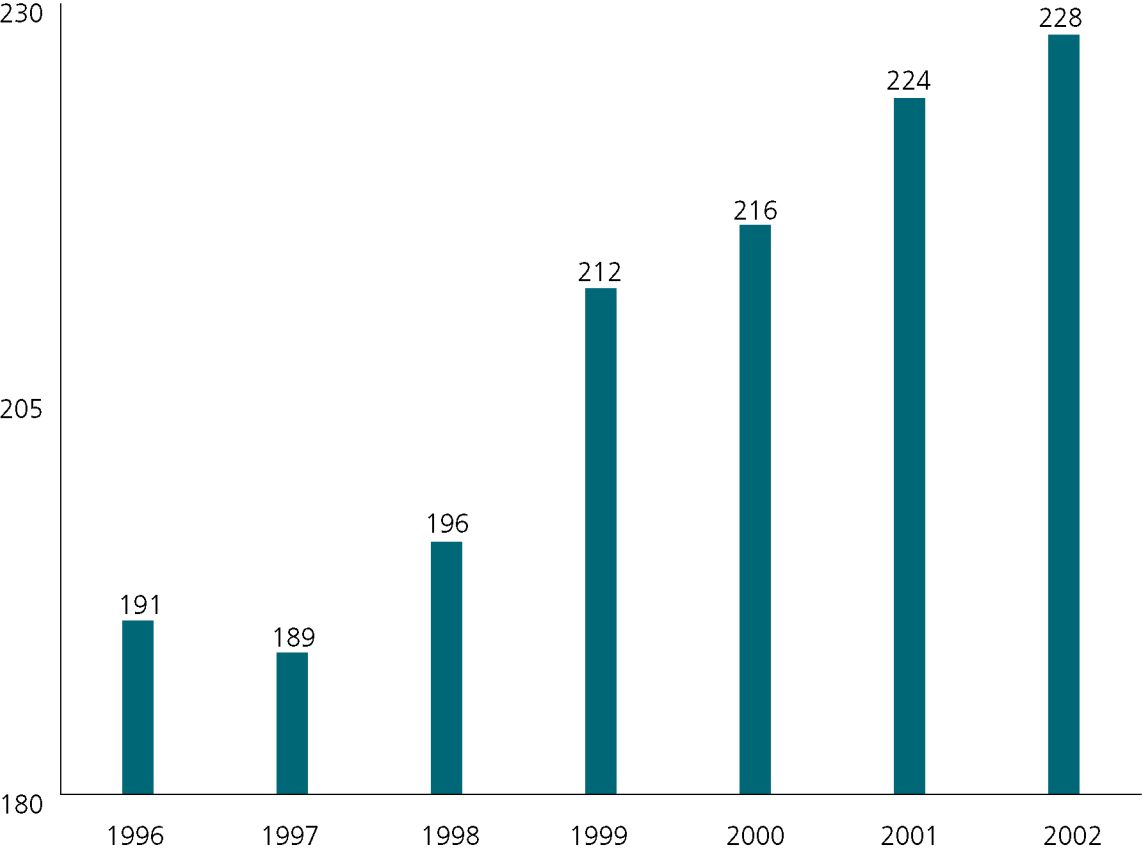
Data current as of 04/09/2003.

COMMERCIAL/MULTIFAMILY MORTGAGE INVESTMENTS BY LIFE INSURANCE COMPANIES

Holdings of Commercial and Multifamily Mortgages



Billions \$



Source: Flow of Funds Accounts, Federal Reserve Board. Data as of year-end 2002.

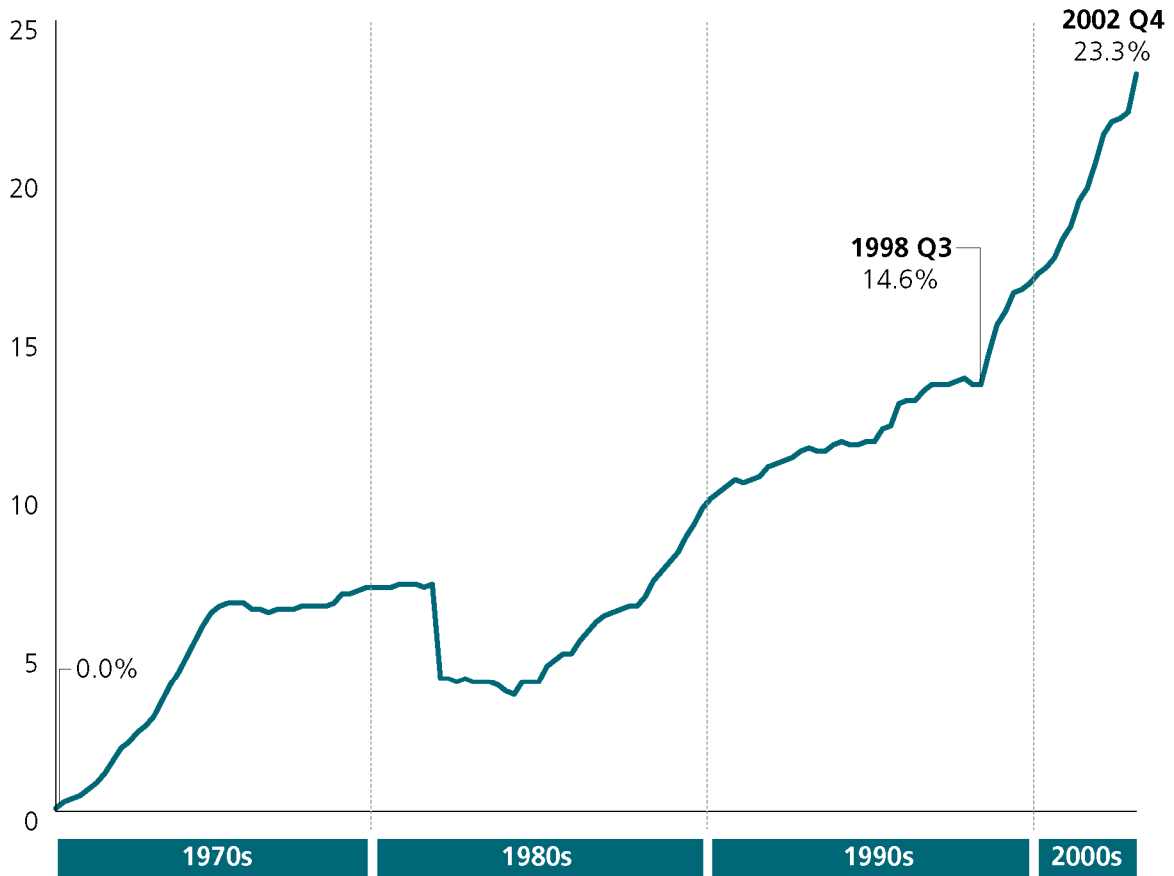
Data current as of 03/21/2003.

GSE MULTIFAMILY ACTIVITY

Fannie Mae and Freddie Mac Hold an Increasing Share of Multifamily Outstanding Debt



Percent



Source: Board of Governors of the Federal Reserve System.

Data current as of 03/08/2003.

Mortgage Finance Forecast

April 8, 2003



**Mortgage Bankers
Association of America**

	2002				2003				2001	2002	2003
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Housing Measures (Thous)											
Housing Starts	1,725	1,667	1,697	1,748	1,707	1,712	1,633	1,634	1,603	1,705	1,672
Single-Family	1,371	1,328	1,340	1,414	1,383	1,383	1,302	1,308	1,273	1,358	1,344
Two or More	354	338	357	334	325	330	331	327	330	346	328
Sales of Existing Homes	5,717	5,500	5,400	5,773	5,920	5,791	5,418	5,186	5,295	5,567	5,579
Sales of New Homes	907	951	1,020	1,029	921	992	992	988	909	974	973
Median Price of Existing Homes (Thous \$)	151.0	157.8	161.4	161.0	161.9	166.7	168.1	163.2	146.5	157.8	165.0
Median Price of New Homes (Thous \$)	187.2	186.2	177.3	188.9	185.6	191.0	191.7	186.4	172.6	184.9	188.7
Interest Rates (%)											
30-Year Fixed Contract Rate	7.0	6.8	6.3	6.1	5.8	5.9	6.1	6.3	7.0	6.5	6.0
10-Year Treasury Yield	5.1	5.1	4.3	4.0	3.9	4.0	4.2	4.5	5.0	4.6	4.2
1-Year Treasury ARM	5.1	4.8	4.4	4.2	3.9	3.9	4.0	4.2	5.8	4.6	4.0
1-Year Treasury Yield	2.3	2.3	1.8	1.5	1.3	1.3	1.5	1.7	3.5	2.0	1.5
Mortgage Originations											
Total 1- to 4-Family (Bil \$)	507	508	694	774	757	873	622	335	2,030	2,483	2,587
Refinance Share (%)	60	43	60	69	71	65	54	33	57	59	60
ARM Share (%)	17	20	18	13	15	15	16	18	12	17	16

Notes:

Housing Starts, Existing Home Sales, and New Home Sales are seasonally adjusted at annual rate.

Existing Home Prices and New Home Prices are median prices.

Total 1-4 Family Originations and Refi Share are MBA estimates.

Refinance Share is percent of total dollar volume of loans closed.

ARM Share is percent of total number of conventional purchase loans closed.

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NATIONAL ASSOCIATION OF REALTORS®

Housing Affordability Index

Year		Median Priced Existing Single- Family Home	Mortgage Rate*	Monthly P & I Payment	Payment as a % of Income	Median Family Income	Qualifying Income**	Affordability Indexes		
								Composite	Fixed	ARM
2000		139,000	8.03	818	19.3	50,732	39,264	129.2	127.6	141.3
2001		147,800	7.03	789	18.4	51,407	37,872	135.7	135.7	145.5
2002		158,300	6.55	805	18.3	52,692	38,640	136.4	134.0	149.8
2002	Feb	149,400	6.85	783	18.2	51,621	37,584	137.3	135.1	150.4
	Mar	153,200	6.84	802	18.6	51,728	38,496	134.4	131.9	147.2
	Apr	154,500	6.95	818	18.9	51,835	39,264	132.0	129.2	145.9
	May	155,000	6.82	810	18.7	51,942	38,880	133.6	130.4	148.6
	Jun	163,900	6.70	846	19.5	52,050	40,608	128.2	125.1	141.9
	July	162,500	6.55	826	19.0	52,157	39,648	131.6	128.1	146.6
	Aug	163,800	6.38	818	18.8	52,264	39,264	133.1	130.1	147.3
	Sept	157,900	6.29	781	17.9	52,371	37,488	139.7	137.6	153.2
	Oct	159,300	6.14	776	17.7	52,478	37,248	140.9	139.3	153.3
	Nov	161,400	6.08	781	17.8	52,585	37,488	140.3	138.7	151.3
	Dec	162,400	6.10	787	17.9	52,692	37,776	139.5	137.9	151.8
2003	Jan r	160,200	5.96	765	17.4	52,811	36,720	143.8	141.8	155.8
	Feb p	161,600	5.93	769	17.4	52,929	36,912	143.4	141.2	156.0
								This Month	Month Ago	Year Ago
	Northeast	177,500	5.99	850	17.4	58,688	40,800	143.8	141.5	149.8
	Midwest	134,600	5.89	638	13.8	55,481	30,624	181.2	183.1	166.1
	South	158,700	5.97	759	18.9	48,165	36,432	132.2	139.6	133.1
	West	207,700	5.85	980	21.9	53,609	47,040	114.0	107.6	106.9

*Effective rate on loans closed on existing homes - Federal Housing Finance Board.

**Based on a 25% qualifying ratio for monthly housing expense to gross monthly income with a 20% down payment.

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