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CMBS Research

CMBS Issuance Explodes in 2021, Hits Levels Not Seen in 14 Years

Key Highlights

- The private-label CMBS market came back to life with a vengeance in 2021. Total domestic issuance reached \$109.12 billion.
- The issuance bonanza was indicative of the market's liquidity and investors' hunger for yield.
- The issuance deluge came courtesy of large, single-borrower deals. Conduit issuance, on the other hand, was essentially flat.

The private-label CMBS market came back to life with a vengeance in 2021. Total domestic issuance reached \$109.12 billion, a whopping 95% more than was issued in the pandemic-interrupted prior year.

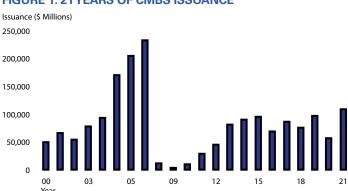


FIGURE 1: 21 YEARS OF CMBS ISSUANCE

The issuance deluge — the year's volume was the most since 2007, when \$230.5 billion was issued — came courtesy of large, single-borrower deals. A total of 107 such deals totaling \$77.68 billion were sold this year, up more than double the \$23.95 billion issued in 2020 and nearly double the \$46.36 billion issued in 2019.

Conduit issuance, on the other hand, was essentially flat. A total of 30 deals totaling \$30.46 billion priced in 2021, up just more than 3% from the \$29.46 billion issued in 2020. In contrast, \$49.15 billion was issued in 2019.

Those numbers don't even take commercial real estate collateralized loan obligations (CRE CLOs) into account. A total of 51 deals totaling \$45.44 billion were issued — more than four times 2020's volume and the highest annual tally ever.

Source: Commercial Real Estate Direct

FIGURE 2: DEAL TYPES GRAPH – DOMESTIC, PRIVATE-LABEL CMBS AND CRE CLO ISSUANCE

| | | 2021 | | | | | |
|-----------------|--------|------------|----------|--------|-----------|----------|----------|
| DEALTYPE | #DEALS | VOL \$MLN | MKT SHR% | #DEALS | VOL \$MLN | MKT SHR% | YOY CHG% |
| Conduit | 30 | 30,455.67 | 27.91 | 34 | 29,463.23 | 52.65 | 3.37 |
| Single-borrower | 107 | 77,678.49 | 71.19 | 48 | 23,946.82 | 42.79 | 224.38 |
| Other | 2 | 985.09 | 0.90 | 3 | 2,547.69 | 4.55 | -61.33 |
| CRE CLO | 51 | 45,436.62 | | 12 | 8,312.18 | | 446.63 |
| Total CMBS | 139 | 109,119.25 | | 85 | 55,957.74 | | 95.00 |
| Total Issuance | 190 | 154,555.87 | | 97 | 64,269.92 | | |

Source: Commercial Real Estate Direct



FIGURE 3: 2021 CONDUIT ISSUANCE

| PRICE DATE | DEAL NAME | AMT | AAA JR. LVL % | RISK RETENTION TYPE | VERT- SIZE | HORSIZE (OF PAR) | RISK RETENTION PARTY | UW/ DSC | PRICE 10 AAA SR. | PRICE JR. AAA | PRICE BBB- | 10YRT YIELD |
|---------------|----------------|----------|------------------|---------------------------|---------------|---------------------|-------------------------|------------|---------------------|------------------|---------------|----------------|
| 1/28/21 | BANK 2021-BN31 | 905.19 | 19.00 | Vertical | 5% | | WF/MS/BoA | 3.25 | 61 | 78 | 300 | 1.07 |
| 1/29/21 | BMARK 2021-B23 | 1,585.90 | 18.75 | Vertical | 5% | | Citi/JPMGS | 3.14 | 63 | 83 | 330 | 1.11 |
| 2/18/21 | BBCMS 2021-C9 | 793.80 | 21.63 | Horizontal | | 11.70% | KKR | 2.28 | 62 | 85 | | 1.29 |
| 3/4/21 | BMARK 2021-B24 | 1,159.33 | 22.13 | Vertical | 5% | | Citi/JPM/GS | 2.75 | 65 | 84 | 305 | 1.54 |
| 3/16/21 | BANK 2021-BN32 | 904.78 | 22.00 | Vertical | 5% | | BoA/MS/WF | 3.46 | 69 | 90 | 305 | 1.62 |
| 3/23/21 | CSAIL 2021-C20 | 650.09 | 20.88 | Hybrid | 2.21% | 7.75% | 3650REIT | 2.51 | 83 | 108 | 365 | 1.63 |
| 4/16/21 | BMARK 2021-B25 | 1,377.00 | 19.88 | Vertical | 5% | | GS/Citi/DB/JPM | 2.68 | 69 | 95 | 345 | 1.59 |
| 4/22/21 | WFCM 2021-C59 | 826.05 | 23.13 | Hybrid | 4.18% | 5.03% | Argentic | 2.36 | 75 | 100 | 370 | 1.57 |
| 4/29/21 | MSC 2021-L5 | 817.06 | 21.25 | Hybrid | 4.28% | 3.59% | Starwood | 2.43 | 73 | 95 | 325 | 1.65 |
| 5/7/21 | BANK 2021-BN33 | 1,004.95 | 18.75 | Vertical | 5% | | BoA/WF/MS | 3.57 | 67 | 90 | 285 | 1.60 |
| 5/13/21 | BMARK 2021-B26 | 983.32 | 21.00 | Vertical | 5% | | DB | 3.18 | 68 | 88 | 295 | 1.66 |
| 6/14/21 | BANK 2021-BN34 | 1,033.35 | 23.00 | Vertical | 5% | | WF/MS/BoA | 3.43 | 64 | 77 | 260 | 1.51 |
| 6/18/21 | BMARK 2021-B27 | 1,093.91 | 23.25 | Hybrid | 3.70% | 5% | KKR | 2.82 | 65 | 77 | 265 | 1.45 |
| 6/25/21 | BBCMS 2021-C10 | 846.78 | 20.75 | Hybrid | 4.06% | 4.68% | Barc/SocGen | 2.27 | 67 | 85 | 300 | 1.54 |
| 6/30/21 | MSC 2021-L6 | 765.33 | 21.00 | Hybrid | 4.06% | 3.96% | Argentic | 2.99 | 70 | 100 | 330 | 1.45 |
| 7/16/21 | WFCM 2021-C60 | 748.63 | 22.25 | Horizontal | | 12.26% | KKR | 2.32 | 72 | 92 | | 1.31 |
| 7/28/21 | BANK 2021-BN35 | 1,394.86 | 19.25 | Vertical | 5% | | MS/BoA/WF | 3.36 | 69 | 86 | 300 | 1.26 |
| 8/3/21 | BMARK 2021-B28 | 1,375.28 | 22.13 | Vertical | 5% | | JPM/Citi | 2.61 | 70 | 90 | 310 | 1.19 |
| 9/15/21 | BBCMS 2021-C11 | 988.04 | 21.25 | Hybrid | 3.58% | 4.77% | Sabal | 2.49 | 66 | 87 | 325 | 1.31 |
| 9/17/21 | BMARK 2021-B29 | 1,120.90 | 23.00 | Vertical | 5% | | GS/JPM/Citi/DB | 2.94 | 65 | 87 | 320 | 1.37 |
| 9/24/21 | BANK 2021-BN36 | 1,276.05 | 21.13 | Vertical | 5% | | BoA/MS/WF | 3.43 | 66 | 88 | 340 | 1.47 |
| 9/30/21 | MSC 2021-L7 | 921.19 | 24.13 | Hybrid | 2.93% | 5.10% | Prime Finance | 2.55 | 71 | 90 | 365 | 1.52 |
| 10/28/21 | BMARK 2021-B30 | 952.3 | 21.38 | Vertical | 5% | | DB/Citi | 2.72 | 67 | 87 | 330 | 1.57 |
| 11/5/21 | 3650R 2021-PF1 | 918.59 | 24.75 | Horizontal | | 10.45% | 2650 | 2.69 | 72 | 97 | | 1.45 |
| 11/12/21 | BANK 2021-BN37 | 1,323.32 | 18.63 | Vertical | 5% | | WF/BoA/MS | 3.93 | 67 | 90 | 350 | 1.58 |
| 11/17/21 | BBCMS 2021-C12 | 1074.49 | 21.63 | Hybrid | 3.60% | 4.94% | Barc/Key/BMO/Prime | 2.44 | 69 | 90 | 385 | 1.60 |
| 11/22/21 | WFCM 2021-C61 | 764.42 | 26.75 | Horizontal | | 11.60% | Prime Finance | 2.15 | 75 | 95 | 390 | 1.63 |
| 12/9/21 | BMARK 2021-B31 | 1496.65 | 20.00 | Vertical | 5% | | Citi/DB | 2.89 | 73 | 95 | 375 | 1.49 |
| 12/14/21 | BANK 2021-BN38 | 729.01 | 20.00 | Vertical | 5% | | MS/BoA/WF | 4.00 | 69 | 92 | 355 | 1.44 |
| 12/16/21 | GSMS 2021-GSA3 | 625.1 | 24.50 | Hybrid | 3.35% | 5.32% | Argentic | 2.36 | 80 | 105 | 415 | 1.44 |

Source: Trepp



CMBS Research

The issuance bonanza was indicative of the market's liquidity and investors' hunger for yield. Bond investors were drawn to CMBS because of the generous risk-adjusted yields; the property-sales market took off, as witnessed by the recordbreaking \$614.21 billion of sales volume recorded through November, and interest rates remained low, prompting property owners to tap the lending markets.

The sales volume also helped drive the **CRE** CLO market — as did the favorable rates the market afforded alternative lenders — as buyers often turn to short-term financings to execute their business plans.



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