

Conduit Operators ... From Page 18**Midland Loan Services**

Contact: Steve Miller, 816-435-2312

1999 originations: \$1 billion

2000 originations (projected): \$1.5 billion

2000 offerings (projected): 3

Originators:

Office/Industrial: Steve Miller, 816-435-2312

Multi-family: Veto Enna, 816-435-5045

Retail: David Morrow, 816-435-2355

Hotels: Patrick O'Neal, 816-435-3601

California: David Spotts, 816-435-2347

Southwest/Mountain: Terri Reigert, 816-292-8648

Texas/Oklahoma: Bill Burghart, 816-435-6856

Upper Midwest/Northwest: Dick Fuller, 816-435-6866

Mid-South: David Ruisch, 816-292-8502

Great Lakes: Bill Avery, 312-338-5646

New England: Rick Butterfield, 816-292-8420

Del., N.J., Pa.: Bob Goldstein, 215-585-7716

Mid-Atlantic: Wit Solberg, 816-435-3615

Southeast: John Noll, 816-292-8419

Banking Group: Gary Kahn, 602-392-1530

Banking Group: Mike Berlau, 816-292-8422

PNC Bank: Scott Bassin, 412-762-7602

Special Lending: Bill Osterman, 816-435-2346

Morgan Stanley**Contacts:**

George Kok, 212-761-4478

Spencer Young, 212-761-4512

1999 originations: \$2 billion

2000 originations (projected): \$3 billion

2000 offerings (projected): 6

ORIX Real Estate Capital Markets**Contacts:**

Richard Curtin, 214-237-2207

Patrick Flick, 214-237-2201

1999 originations: \$300 million

2000 originations (projected): \$400 million

2000 offerings (projected): 2

Originators:

Houston: Scott Riggs, 281-591-4750

Dallas: Jon Moyer, 214-237-2204

Washington: Mike Devlin, 703-925-9885

San Francisco: Hal Steele, 415-433-0300

Los Angeles: Julie Gschwind, 310-642-0379

West Palm Beach, Fla.: Troy Schafer, 561-371-8372

Continued on Page 21

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THE GRAPEVINE

The buzz is that **Whitehall Street Real Estate Fund** has circled the below-investment-grade classes of a \$452 million floating-rate deal that **Salomon Smith Barney** priced last week. The sale is noteworthy because issuers are concerned about whether an adequate B-piece-investor base will emerge in the mushrooming floating-rate market. It also marked the first time in memory that Whitehall, a major real estate investor operated by **Goldman Sachs**, is buying a B-piece. **Archon Group**, a Whitehall affiliate, will act as special servicer of most of the underlying loans. A **Salomon Smith Barney** executive declined to comment.

Weeks after launching an Internet service that links borrowers with commercial mortgage lenders, **Mike Greco** has

See GRAPEVINE on Back Page

Adamski Out as First Boston Restructures

Credit Suisse First Boston last week reorganized its real estate operation, a move that included the surprise departure of managing director **Bill Adamski**, who co-headed the commercial mortgage unit.

First Boston's real estate operation is being split into fixed-income and investment banking groups. **Mark Finerman**, a managing director who had worked closely with Adamski for several years after both were recruited by former real estate head **Andy Stone**, will head the fixed-income division. Managing director **Scott Butera** was tapped to head the investment banking division, which will mainly handle equity transactions.

The maneuver was seen as the latest in a series of steps aimed at moving away from the proprietary lending focus that Stone had established. Under his leadership, First Boston became one of the most-aggressive real estate lenders in the

See ADAMSKI on Page 24

Conduits Wary as Originations, Margins Sag

For conduit operators, 2000 is threatening to bring a double whammy: shrinking profit margins on a smaller volume of originations.

As lenders gather in Orlando this week for the **Mortgage Bankers Association's** annual real estate convention, their outlook is cautious, if not downright gloomy. Long gone are the high-flying days of 1997 and 1998, when loan demand was surging and a big commercial MBS rally was producing windfall profits. Now conduit operators are hunkering down in hope of surviving what they see as an inevitable round of industry consolidation.

While real estate fundamentals remain strong, lenders are troubled by two other trends. The first is smaller profit margins. This, in large part, is a normal outgrowth of a maturing market. As securitization has become a viable exit strategy, new lenders have rushed in, making the conduit business more

See CONDUITS on Page 8

Deutsche, Hypo Plan Big CMBS Deals in Europe

Deutsche Bank and **HypoVereinsbank** are separately planning to securitize large pools of European commercial mortgages, signaling a change in the way German banks will finance their loan portfolios.

The transactions, coupled with a previously reported deal in the works by another German bank, **Reinische Hypothekbank**, will break ground by involving loans on properties in multiple European counties.

The **Reinhyp** deal, which is expected to be backed by mortgages totaling 2 billion euros (\$1.9 billion), is on track to hit the market by the end of next month. The **Deutsche** and **Hypo** deals, each roughly 1 billion euros in size, should follow not too far behind. In all three deals, the collateral will be seasoned loans from the banks' own portfolios. **Deutsche** will underwrite its offering, while

See DEUTSCHE on Page 6

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Conduits ... From Page 1

commodity-like. The flattening of profits has been further fueled by the increased use of hedging against fluctuations in CMBS spreads. That is expected to remove the peaks and valleys from the business — curbing the potential for big losses in a bear bond market, but also reducing the chances for outsized gains in a CMBS rally.

Normally, reduced profit margins in a maturing market are offset by growing business. But that's where the second trend comes in. Rather than rising, origination volume is generally expected to be flat or down this year, thanks largely to a cyclical downturn in loan demand. Because mortgage originations dried up in the early 1990s, when the real estate market was severely depressed, a smaller-than-normal amount of mortgages will come due this year. Refinancing demand will be further suppressed by the fact that there are strong prepayment restrictions on the large quantity of conduit loans originated since 1995.

Making matters worse is the recent spike in interest rates, which makes voluntary refinancings less likely. It also threatens to reduce property sales — a major impetus for loan demand.

The upshot: Lenders have significantly lowered their expectations. "No conduits will have bang-up years in the next couple of years — I just don't see it," said one big player.

In fact, many observers think that shrinking volume and profits will fuel the long-predicted shakeout of conduit

operators. While a few players, including former giant **Nomura Securities**, have dropped out of the market, more than 30 remain active (see listing on Pages 9-20).

Most large players insist they are committed to the business for the long run, but the acid test, according to some conduit operators, will be when senior management realizes how low the rewards can be for a big capital investment. Said one market veteran: "Somebody upstairs is going to figure this out and say, 'What the hell are you guys doing? You're risking a lot of capital for inadequate returns.'"

At first, conduits might seek to scale back the large staffs they have built up. But over time, it is generally agreed, some

See CONDUITS on Page 22

Conduit Roundup

Figures supplied by securitization programs

	Projected 2000 Originations (\$Mil.)	1999 Originations (\$Mil.)
Bank of America	\$5,000	\$1,200
GE Capital Access	5,000	3,000
GMAC Commercial Mortgage	4,000	3,800
Credit Suisse First Boston	3,500	2,000
J.P. Morgan	3,000	2,100
Morgan Stanley	3,000	2,000
Donaldson, Lufkin & Jenrette	2,500	2,500
First Union Capital Markets	2,500	2,300
Chase Manhattan	2,000	1,800
Deutsche Bank Mortgage Capital	2,000	1,250
Lehman Brothers	2,000	2,100
Archon Financial/Goldman Sachs	1,500	1,000
Merrill Lynch	1,500	900
Midland Loan Services	1,500	1,000
Wells Fargo Bank	1,500	800
Key Commercial Mortgage	1,400	1,000
Greenwich Capital	1,250	800
Bear Stearns	1,200	1,300
CIBC World Markets	1,200	800
Principal Financial Group	1,200	625
Paine Webber	1,100	1,000
Fannie Mae	1,000	500
RFC Commercial	1,000	600
Salomon Smith Barney	1,000	1,000
Capital Lease Funding	900	700
Heller Financial	850	600
Merrill Lynch-Canada	750	375
LaSalle Bank	500	275
Teachers Insurance/First Boston	500	485
ORIX Real Estate Capital Markets	400	300
TOTAL	54,750	38,111
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Conduit Operators: Pipelines for Securitization

The following is a list of conduit operators that aggregate loans for securitization. In many cases, some or all of the outside originators are not listed.

Archon Financial/Goldman Sachs

Contact: Mitchell Sabshon, 972-501-3954

1999 originations: \$1 billion

2000 originations (projected): \$1.5 billion

Originators:

New York: Rich Meth, 212-541-2417

Atlanta: Dan Maples, 404-262-2249

Dallas: Roddy O'Neal, 972-501-3915

Los Angeles: Ken Margala, 310-712-4980

Chicago: Mark McClure, 972-501-3910

Bankers Mutual, Newport Beach, Calif.

Brian L. Frazier, 949-754-6300

Berkshire Mortgage, Boston

Kurt Reinmann, 617-556-1584

First Security Bank, Las Vegas

Sam Jeppson, 801-246-2710

L.J. Melody, Houston

Brian Stoffers, 713-787-1999

Washington Mortgage, Vienna, Va.

Angelo Dentamaro, 703-610-1396

Bank of America

Contact: Carmela Anderson, 415-445-4009

1999 originations: \$1.2 billion

2000 originations (projected): \$5 billion

Originators:

Bank of America

Real Estate Banking: Ron Bennett, 704-388-3371

Commercial/Private Banking: Murray Small, 704-387-3112

Third-Party Origination: Clyde Stutts, 704-386-2562

Small-Loan Program: Jim Hildebrand, 415-445-4008

ARCS Commercial

Trevor Fase, 818-676-3224

Bear Stearns

Contacts:

Christopher Hoeffel, 212-272-7918

Barry Schumacher, 212-272-6858

1999 originations: \$1.3 billion

2000 originations (projected): \$1.2 billion

2000 offerings (projected): 4

Originators:

New York: Greg Spevok, 212-272-6104

Los Angeles: Ed Balazs, 310-201-3909

Chicago: Bill Wein, 312-580-6880

Boston: David Goldfisher, 617-654-2800

Continued on Page 10

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Conduit Operators ... From Page 9**Capital Lease Funding**

Contact: Paul McDowell, 212-217-6300

1999 originations: \$700 million

2000 originations (projected): \$900 million

2000 offerings (projected): 2

Originators:

New York: Steven Maloy, 212-217-6300

New York: William E. Paylor, 212-217-6300

Scottsdale, Ariz.: Mitch Davis, 480-609-4345

Chase Manhattan

Contact: Rochelle Dobbs, 212-622-3444

1999 originations: \$1.8 billion

2000 originations (projected): \$2 billion

2000 offerings (projected): 4

Originators:

Midwest/Southeast: Christopher Labianca, 212-622-3282

Texas: Dana Allen, 214-965-4156

Illinois: John Carbone, 312-580-1011

Southeast: David Kra, 212-622-3416

West: Alan Fox, 310-563-1849

Mid-Atlantic: Ione Permison, 212-622-3457

Northeast: Steven Cisek, 212-622-3447

CIBC World Markets**Contacts:**

Michael Higgins, 212-667-6851

Richard Turnbull, 212-667-8557

1999 originations: \$800 million

2000 originations (projected): \$1.2 billion

2000 offerings (projected): 3

Originators:

New York: Andrew Fawer, 212-667-8545

Chicago: Joe Prati, 312-855-3241

Atlanta: Joe Braver, 404-262-5308

Los Angeles: David Burt, 213-617-6257

Dallas: Lee Smalley, 404-262-5303

Credit Suisse First Boston**Contacts:**

Bill Adamski, 212-325-2439

Mark Finerman, 212-325-4348

1999 originations: \$2 billion

2000 originations (projected): \$5 billion

2000 offerings (projected): 6

Continued on Page 12

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Conduit Operators ... From Page 10**Deutsche Bank Mortgage Capital****Contact:**

Larry Brown, 212-469-5317
Ken Dickey, 212-469-7199

1999 originations: \$1.25 billion**2000 originations (projected):** \$2 billion**2000 offerings (projected):** 3-4**Originators:**

New York: Ken Dickey, 212-469-7199
Chicago: Rich Vance, 312-578-4106
San Francisco: John Jamison, 415-677-4326
Seattle: Pat Nizich, 425-831-7872
Charlotte: Michael Cohen, 704-632-3020

Donaldson, Lutkin & Jenrette**Contacts:**

Rob Brennan, 212-892-2946
Don MacKinnon, 212-892-4858

1999 originations: \$2.5 billion**2000 originations (projected):** \$2.5 billion**2000 offerings (projected):** 6**Originators:**

Column Financial, Atlanta
Kieran Quinn, 404-239-5353
Union Capital Investments, Atlanta
Collins Powell, 404-812-4800

Fannie Mae**Contact:** Grace Huebscher, 202-752-3678**1999 originations:** \$500 million**2000 originations (projected):** \$1 billion**2000 offerings (projected):** 2**Originators:** Various Fannie-approved lenders**First Union Capital Markets****Contact:** Barry P. Reiner, 704-374-4499**1999 originations:** \$2.3 billion**2000 originations (projected):** \$2.5 billion**2000 offerings (projected):** 4**Originators:**

Multi-family: Robert Verrone, 704-383-9664
Commercial: Chuck Walter, 704-383-3928
Small loans: Mike Kennerly, 704-383-7714
National accounts: Brett Smith, 704-383-6315

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Work Work Work Work Work
Work Work Work Coffee Work
Work Work Work Work Work
Work Lunch Work Work Work
Work Work Work Coffee Work
Work Work Work **Placement**

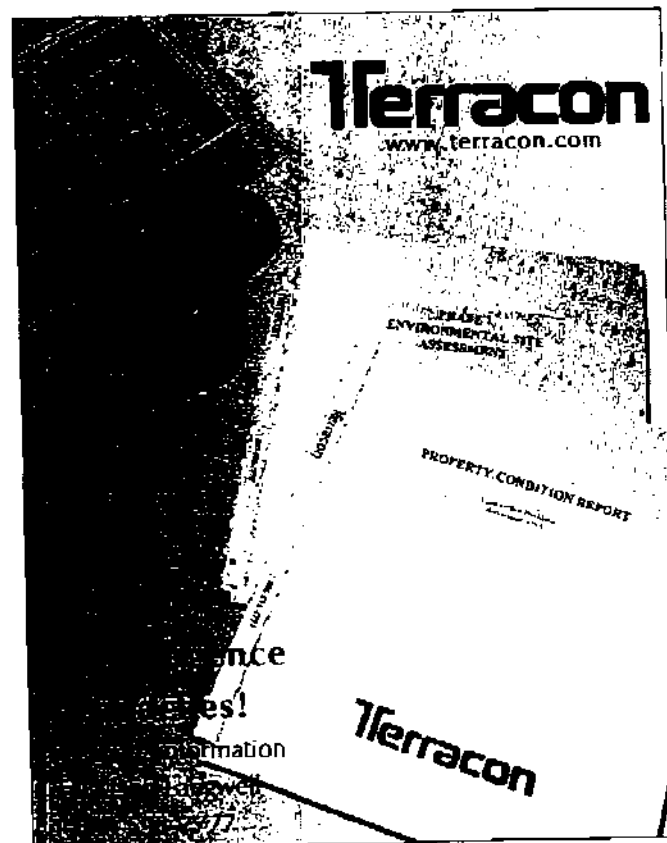
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\$455,342,181

Fixed-Rate Conduit Loans Sold
GE Capital Access, Inc. - Loan Seller
GE Capital Loan Services, Inc. - Master Servicer
GE Commercial Mortgage Corp. - Series 1999-002
October 1999

\$708,051,741

Fixed-Rate Conduit Loans Sold
GE Capital Access, Inc. - Loan Seller
GE Capital Loan Services, Inc. - Master Servicer
GE Commercial Mortgage Corp. - Series 1999-002
November 1999

\$577,385,000

Floating-Rate Loans Sold
General Electric Capital Corporation - Loan Seller
GE Capital Loan Services, Inc. - Master Servicer
GE Capital Office Finance Corp. - Series 1999-001
November 1999

\$865,729,468

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GE Capital Access, Inc. - Loan Seller
GE Capital Loan Services, Inc. - Master Servicer
GE Commercial Mortgage Corp. - Series 1999-001
November 1999

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Conduit Operators ... From Page 12**GE Capital Access****Contact:** Daniel Smith, 972-728-7519**1999 originations:** \$3 billion**2000 originations (projected):** \$5 billion**2000 offerings (projected):** 4**Originators:**

Dallas: Dan Littauer, 972-728-7504

Irvine, Calif.: Brent Wessel, 949-477-1528

Atlanta: Ed Coco, 770-990-6713

San Francisco: Sharon Groenendyk, 415-247-1210

Washington: David Harrison, 202-637-4170

New York: Scott Halcombe, 212-850-5835

Cincinnati: Mike Beidelman, 513-677-8653

Chicago: John Godin, 312-360-7426

Denver: Judy Pecsok, 303-675-0075

Orlando: Ashley Harkness, 407-236-9757

Phoenix: Gary Fairbanks, 602-852-5505

Dallas: Marion Hicks, 972-728-7533

Houston: Don Smith, 213-572-5222

GMAC Commercial Mortgage**Contact:** Don Haber, 212-214-0152**1999 originations:** \$3.8 billion**2000 originations (projected):** \$4 billion**2000 offerings (projected):** 5**Originators:**

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Commercial Capital Initiatives, New York

Don Haber, 212-214-0152

Greenwich Capital**Contact:** Mark R. Jarrell, 203-618-2373**1999 originations:** \$800 million**2000 originations (projected):** \$1.25 billion**2000 offerings (projected):** 2**Originators:**

Greenwich Capital, Greenwich, Conn.

West: Gary Swon, 949-225-5401

Midwest: Dave Murdoch, 312-385-4212

Continental Wingate, Boston

Michael Berman, 781-707-9333

Skymar Capital, Miami

Steve Wood, 305-594-1996

Pinnacle Capital, Philadelphia

Sam Greenblatt, 215-564-3600

Berkshire Mortgage, Boston

Nancy Spokowski, 617-556-8148

Huntoon Hastings, Darien, Conn.

Glenn Reinardy, 203-662-7611

McCary Stevens, Hartford

Dave McCary, 860-297-5571

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Conduit Operators ... From Page 14**Heller Financial****Contacts:**

Robert S. Kukulka, 312-441-7311
John Fontaine, 312-441-7024

1999 originations: \$600 million**2000 originations (projected): \$850 million****2000 offerings (projected): 3****Originators:**

New York: Paul Mullaney, 212-880-2091
Atlanta: Blake Overbay, 770-980-6291
Dallas: Lance Wright, 214-220-7520
San Francisco: Ted Hopkins, 415-356-1342
Chicago: Chris Covey, 312-441-6737
Los Angeles: Sar Kotoyan, 818-409-1638
Denver: Rhett Nunnally, 303-592-8134
Orange County: Martin Wehrauch, 714-444-9004

J.P. Morgan**Contact:** Lamar Kelly, 770-351-8330**1999 originations: \$2.1 billion****2000 originations (projected): \$3 billion****2000 offerings (projected): 3-4****Originators:**

Atlanta: Lamar Kelly, 770-351-8330
Chicago: Brian Wloch, 312-541-3630

Dallas: Paul Geyer, 214-758-2010

Boston: Daniel Kerner, 617-946-1633

Southern California: Alex Ovale, 213-437-9608

Denver: Brent Tharp, 303-573-7155

Washington: Tim McCann, 202-776-7736

New York: Joseph Tufariello, 212-648-8813

Key Commercial Mortgage**Contacts:** E.J. Burke, 888-979-1200**1999 originations: \$1 billion****2000 originations (projected): \$1.4 billion****2000 offerings (projected): 3****Originators:**

Kansas City, Mo.: Clay Sublett, 888-979-1200

LaSalle Bank**Contact:** Robert J. Walter, 312-904-4027**1999 originations: \$276 million****2000 originations (projected): \$500 million****2000 offerings (projected): 3****Originators:**

Charles Krawitz, 312-904-8013
Trevor Cash, 312-904-6517
Jamie Donigan, 312-904-7255
Randy Martin, 312-904-6138

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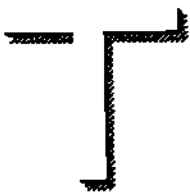
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Conduit Operators ... From Page 16**Lehman Brothers****Contact:** Brett Ersoff, 212-526-4033**1999 originations:** \$2.1 billion**2000 originations (projected):** \$2 billion**2000 offerings (projected):** 4-5**Originators:**

Legg Mason Real Estate, Philadelphia

R. Craig Butchenhart, 215-496-3062

Laureate Realty, Charlotte

Tom Dennard, 704-332-4454

Northland Financial, St. Louis

Rick Stevenson, 314-301-1810

Holliday Fenoglio Fowler, Houston

Mark Gibson, 214-265-0880

L.J. Melody, Houston

Brian Stoffers, 713-787-1999

Carey Kramer, Wayne, Pa.

Dan Pettit, 610-341-0200

Collateral Mortgage, Birmingham, Ala.

Dave Roberts, 205-978-1841

Cohen Financial, Chicago

Jack Cohen, 312-346-5680

Merrill Lynch**Contacts:**

Andrea Balkan, 212-602-7550

Michael Norris, 212-602-7550

1999 originations: \$900 million**2000 originations (projected):** \$1.5 billion**2000 offerings (projected):** 3**Originators:**

Northeast: Stephen Geisster, 212-602-7526

Mid-Atlantic: Injeel Harris, 212-602-7516

Mass./N.J.: James-Robert Sellinger, 212-602-7529

Central: Glenn Hargrove, 214-999-6656

West: James Fowler, 949-720-3001

Merrill Lynch-Canada**Contacts:**

John Ho, 416-586-6491

Bob Fitzpatrick, 416-586-6689

1999 originations: C\$500 million**2000 originations (projected):** C\$1 billion**2000 offerings (projected):** 3

Continued on Page 20

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Conduit Operators ... From Page 18**Midland Loan Services**

Contact: Steve Miller, 816-435-2312

1999 originations: \$1 billion

2000 originations (projected): \$1.5 billion

2000 offerings (projected): 3

Originators:

Office/Industrial: Steve Miller, 816-435-2312

Multi-family: Veto Enna, 816-435-5045

Retail: David Morrow, 816-435-2355

Hotels: Patrick O'Neal, 816-435-3601

California: David Spotts, 816-435-2347

Southwest/Mountain: Terri Reigert, 816-292-8648

Texas/Oklahoma: Bill Burghart, 816-435-6856

Upper Midwest/Northwest: Dick Fuller, 816-435-6866

Mid-South: David Ruisch, 816-292-8502

Great Lakes: Bill Avery, 312-338-5646

New England: Rick Butterfield, 816-292-8420

Del., N.J., Pa.: Bob Goldstein, 215-585-7716

Mid-Atlantic: Wit Solberg, 816-435-3615

Southeast: John Noll, 816-292-8419

Banking Group: Gary Kahn, 602-392-1530

Banking Group: Mike Berlau, 816-292-8422

PNC Bank: Scott Bassin, 412-762-7602

Special Lending: Bill Osterman, 816-435-2346

Morgan Stanley**Contacts:**

George Kok, 212-761-4478

Spencer Young, 212-761-4512

1999 originations: \$2 billion

2000 originations (projected): \$3 billion

2000 offerings (projected): 6

ORIX Real Estate Capital Markets**Contacts:**

Richard Curtin, 214-237-2207

Patrick Flick, 214-237-2201

1999 originations: \$300 million

2000 originations (projected): \$400 million

2000 offerings (projected): 2

Originators:

Houston: Scott Riggs, 281-591-4750

Dallas: Jon Moyer, 214-237-2204

Washington: Mikè Devlin, 703-925-9885

San Francisco: Hal Steele, 415-433-0300

Los Angeles: Julie Gschwind, 310-642-0379

West Palm Beach, Fla.: Troy Schafer, 561-371-8372

Continued on Page 21

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Conduit Operators ... From Page 18**Paine Webber****Contact:** Ron J. Wechsler, 212-713-8963**1999 originations:** \$1 billion**2000 originations (projected):** \$1.1 billion**2000 offerings (projected):** 5**Originators:**

David A. Cohen, 212-713-9461

Jerome M. Ellis, 212-713-7952

Kellogg C. Gaines, 212-713-1481

James J. Ruggiero, 212-713-2333

Scott Stein, 212-713-3625

Principal Financial Group**Contact:** Pat Halter, 515-247-7895**1999 originations:** \$625 million**2000 originations (projected):** \$1.2 billion**2000 offerings (projected):** 3**Originators:**

Southeast: Marty Cropp, 515-247-7884

Eastern: Ken Dubas, 515-246-7180

Western: Brian McLean, 515-247-6310

Large loan: Neil Salowitz, 515-235-5781

Prudential Mortgage Capital**Contact:** Martin T. Lanigan, 973-367-3110**1999 originations:** \$800 million**2000 originations (projected):** \$1.2 billion**2000 offerings (projected):** 2**Originators:**

Prudential Mortgage Capital

Midwest: Dave Harvey, 312-228-6500

East Coast: Keith Hires, 770-395-0603

West Coast: Jeff Elm, 415-291-5001

Alliance Realty Advisors, Atlanta

Kin Heyward, 770-676-1000

American Property Finance

Neil Hammitt, 402-894-1018

Cassidy & Pinkard, Washington

Phil Mudd, 202-463-2100

Devon Realty Capital, Wayne, Pa.

Phil Deeter, 610-975-4444

Hampton Financial, Fort Lauderdale, Fla.

Scott Holloway, 954-493-9551

JHP Realty Advisors

New York: Jim Houlihan, 914-472-6070

Boston: Gary Leach, 617-263-2455

Johnson Capital, Irvine, Calif.

Guy Johnson, 949-660-1999

Kensington Advisors, Chicago

James Lee, 312-553-0780

Northwest Commercial Mortgage, Seattle

Gary Beem, 206-622-5933

Plaza Realty Advisors, San Francisco

Chris Williams, 415-243-9300

Thellman Financial, Overland Park, Kan.

Donald Thellman, 913-642-4843

RFC Commercial**Contact:** Bob Conway, 612-832-7508**1999 originations:** \$600 million**2000 originations (projected):** \$1 billion**2000 offerings (projected):** 4**Originators:**

Washington: Bill Tyson, 301-215-6284

Atlanta: Richard Warner, 770-280-1600

Salomon Smith Barney**Contact:** Joe Franzetti, 212-816-7328**1999 originations:** \$1 billion**2000 originations (projected):** \$1 billion+**2000 offerings (projected):** 4**Originators:**

Rich Jarocki, 212-816-7397

Steve Roberts, 212-816-7530

Bill Schachat, 212-816-7679

Teachers Insurance/Credit Suisse First Boston**Contact:** Dot Coddington, 212-916-4409**1999 originations:** \$485 million**2000 originations (projected):** \$500 million**2000 offerings (projected):** 1**Originators:**

Amresco Capital, Dallas

Ted Norman, 214-953-8445

Leonard Simpson, 214-953-8397

Wells Fargo Bank**Contact:** Julie Forsythe, 888-777-0067**1999 originations:** \$800 million**2000 originations (projected):** \$1.5 billion**Originators:**

San Francisco: Eric Smith, 415-222-1813

Sacramento: Brad Andersen, 800-575-8509

Sacramento: Mark Doris, 877-749-8429

Los Angeles: Chris Lewis, 213-253-6222

Los Angeles: Bill Harvey, 213-253-6444

Irvine, Calif.: Duane Hastings, 949-251-4112

Phoenix: Jay Gianske, 602-378-2155

Dallas: Denise Cansler, 972-364-1028

Houston: Weir Goodwin, 713-319-1727

Denver: Larry Edmiston, 303-741-0800

Chicago: Jaki Becker, 312-345-7669

Chicago: Lauri Wood, 312-345-1924

Minneapolis: Mike Polencheck, 612-667-7160

Atlanta: John Lauer, 770-435-3800

Washington: Carl Olzawski, 202-296-5577

Washington: Sarah Kearney, 202-261-4659

LEHMAN BROTHERS

Over \$12 Billion of Real Estate Loan Originations in 1999

Total Volume (billions)	
Interim Loans, Floating Rate	\$5.3
Lines of Credit	\$2.5
Conduit Loans	\$9.1
Large Loans, Fixed Rate	\$1.2
Credit Tenant Leases	\$0.7
Total	\$12.8

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Conduits ... From Page 1

players will pull out altogether.

When speaking on the record, most conduit operators express optimism about volume this year. All but four of 30 conduits surveyed by **Commercial Mortgage Alert** predicted that their originations will increase this year. Overall, the surveyed lenders said that originations would climb by a whopping 44%, to \$54.8 billion from \$38.1 billion in 1999 (see accompanying table).

But that forecast seems wildly optimistic. In a similar sur-

vey a year ago, conduits predicted that their 1999 originations would total \$64.5 billion — far higher than the actual amount. Indeed, when speaking privately, a number of conduit operators confessed that they saw little hope that aggregate originations would rise.

Some lenders are going to emphasize floating-rate mortgages as a way to stimulate demand. Because the conduit market developed at a time of low interest rates, loans have almost exclusively carried fixed rates. But with interest rates on the rise, lenders are hoping to entice business by offering adjustable rates. For example, **Bank of America's** projection

of a sharp increase in originations this year is tied to the expectation that a new floating-rate program will take off.

But the shift to adjustable-rate product raises a question: Will the investor base be deep enough to handle the resulting rush of floating-rate securities? While the market for triple-A and double-A floaters is solid, demand starts to taper off for the other investment-grade levels and is downright suspect for the below-investment-grade portion. Some players — particularly the commercial banks — might get around this by parking floating-rate mortgages on their balance sheet until maturity, avoiding securitization altogether. ❖

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Correction

North Coast Mortgage of Seattle will assume the name of its parent, **L.J. Melody**. A Grapevine item in the Jan. 31 issue incorrectly described North Coast as a subsidiary of **Holliday Fenoglio**. ❖

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