Small Balance Loan Research

National Overview – 3rd Quarter, 2013

December 2013

Boxwood Means, Inc
SmallBalance.com
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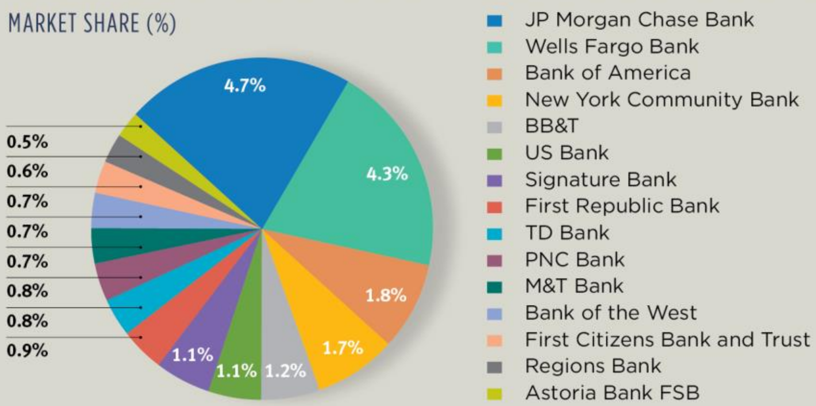
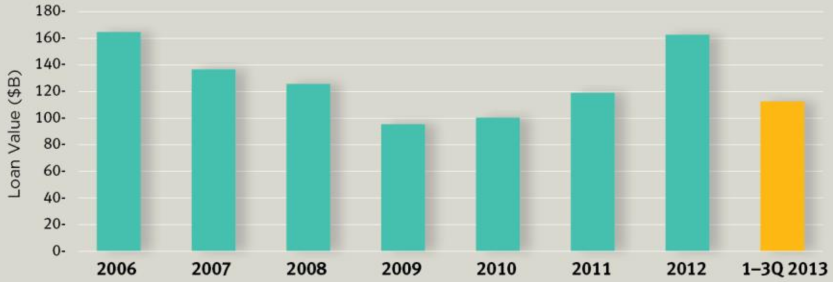
TOP 15 SMALL BALANCE COMMERCIAL LENDERS – 3RD QUARTER 2013 | Loans under $5M

Lender Name	Ranking 2013-3Q	Ranking 2012-3Q	YOY Rank Change	Market Share % 2013-3Q
JP Morgan Chase Bank	1	1	0	4.7
Wells Fargo Bank	2	2	0	4.3
Bank of America	3	3	0	1.8
New York Community Bank	4	4	0	1.7
BB&T	5	5	0	1.2
US Bank	6	6	0	1.1
Signature Bank	7	9	-2	1.1
First Republic Bank	8	11	-3	0.9
TD Bank	9	10	-1	0.8
PNC Bank	10	8	2	0.8
M&T Bank	11	12	-1	0.7
Bank of the West	12	14	-2	0.7
First Citizens Bank and Trust	13	27	-14	0.7
Regions Bank	14	25	-11	0.6
Astoria Bank FSB	15	15	0	0.5
Capital One	25	13	12	0.4
Private Individuals	NA	7	NA	NA

MARKET SHARE (%)



SMALL-BALANCE ORIGINATIONS TREND | Loans under $5 Million



Source: Boxwood Means, Inc.

NATIONAL OVERVIEW

- Small balance commercial (SBC) loan originations under $5 million in value represent a massive market that topped $160 billion in 2012. It's likely that this year's total originations will end up roughly even with last year's sum – which was the highest amount since 2006.

- SBC originations totaled a robust $45.2 billion during third quarter on a preliminary estimate basis. The sum represents the highest quarterly total so far this year and reflected a surge of 48.2% over second quarter volume as borrowers shrugged off this past summer's interest rate hike. Third quarter's total was also 12.6% more than the same period last year.

- Year to date, SBC originations total $113.2 billion or 2.1% below the corresponding three quarters of last year.

- The volume of purchase loans advanced at a slightly quicker pace than refinance loans. Purchase loans increased by 15.7% in third quarter compared with the same period last year while refinance loans rose by 11.7%. At 77%, refinance loans continued to account for the lion's share of total originations.

- Three boroughs of New York dominated the ranks of the top 10 most active markets on the basis of year-over-year percentage gains in loan volume. With a surge of 30.3%, Queens County, New York was ranked first followed by Kings County (aka Brooklyn) at 20.0% and then the Bronx (19.6%). In terms of total loan volume, Los Angeles maintained its leadership during third quarter followed by New York. Kings County moved up a notch to third place at the expense of Cook County (Chicago) which slipped to fourth in the rankings.

- The top 15 lenders produced $9.8 billion of SBC loans during third quarter, a sharp increase of 54.3% over the previous period that demonstrates the banks' renewed confidence in the outlook for this property and loan market. Originations by these large banks grew by 9.8% compared with the same quarter last year.

- Yet, these top lenders continue to control only a modest portion of overall volume, at 21.7%. Though losing 50 basis points in market share sequentially in third quarter, **JP Morgan Chase** continued to lead with a 4.7% national share of originations followed by **Well Fargo Bank** at 4.3% (including a loss of 10 bps). Year over year, JP Morgan Chase's market share slipped by 150 bps on a 15.0% decline in volume, while Wells Fargo gained 50 bps on account of a 27.3% increase in SBC loans.

- The biggest year-over-year movers were **First Citizens Bank and Trust** (FCB) and **Regions Bank**. FCB moved up 14 spots into 13th place in the league table on the heels of a whopping 92.4% annual increase in loan originations. Regions Bank's sizable 53.0% annual growth in loans propelled it into 14th place compared with 25th place during third quarter of last year.

This Small Balance Loan Research is a complimentary report produced on a quarterly basis by Boxwood Means, Inc. For more information about Boxwood's small balance originations research, including paid market intelligence reports at the state or metro level, contact us at info@BoxwoodMeans.com. To receive our monthly *Small Balance Advocate* report on trends in the small commercial property markets, sign up for our newsletter here or follow us on our Linkedin page to receive all company updates.

Boxwood Means, Inc. is a Stamford, Conn.-based real estate research and analytics firm supporting the investment, valuation and risk management needs of a diverse base of commercial banks, and investment and services firms. Boxwood owns and operates SmallBalance.com where commercial property evaluations, automated valuation models and data analytics are obtained by participants in the small commercial property and loan markets.

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