

# What's Next?

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August, 2014



What's coming next for CMBS? What do I have to look forward to? Being a newcomer to the CMBS industry, I am afraid of what is in store for me in 20+ years.

Starting in the 2000s, CMBS took a turn for what they then thought was in the right direction. Lenders were shoveling out money left and right to anyone they could and then selling those loans. It was a constant cycle of lending and selling. The borrowers of these loans were having trouble keeping up with the changing cycle. They were still on a personal relationship basis with their bank, but little did they know their bank no longer owned the loan in which they had taken out.

During the early 1990s, the standards for CMBS were created and CMBS was born in 1995. In that first year, \$15 billion dollars in loans were originated. That number climbed to \$166 billion in 2005, which quickly jumped to \$228 billion originating in 2007. Lending and selling really took off in 2007, but by 2008 the CMBS market crashed.

The part of this history which has me nervous for my professional future in commercial real estate and, especially for my personal future, is that we can see the same kinds of things starting to happen now...just as they did back before the market crashed. Lenders are starting to

originate tons of loans once again, but by making the SAME exact mistakes as they did before. Are we doomed to make the same, seemingly greedy mistakes of the past? Where does that leave the market in 20+ years when I am the one who has to bear the burden if the market crashes again? What does that mean for the generations after me? What's next?



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