

Conference Title: Q1 2025 Walker & Dunlop Inc Earnings

Date: Thursday, 1st May 2025

Operator: Good day, and welcome to the Q1 2025 Walker & Dunlop Inc. Earnings call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Kelsey Duffey. Please go ahead.

Kelsey Duffey: Thank you, Cynthia. Good morning, everyone. Thank you for joining Walker & Dunlop's first quarter 2025 earnings call. I have with me this morning our chairman and CEO, Willy Walker, and our CFO, Greg Florkowski. This call is being webcast live on our website and the recording will be available later today. Both our earnings press release and website provide details on accessing the archive webcast.

This morning we posted our earnings release and presentation to the investor relations section of our website, www.walkeranddunlop.com. These slides serve as a reference point for some of what Willy and Greg will touch on during the call. Please also note that we will reference the non-GAAP financial metrics, adjusted EBITDA and adjusted core EPS during the course of this call. Please refer to the appendix of the earnings presentation for a reconciliation of these non-GAAP financial metrics. Investors are urged to carefully read the forward-looking statements language in our earnings release.

Statements made on this call, which are not historical facts, may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements describe our current expectations, and actual results may differ materially. Walker & Dunlop is under no obligation to update or alter our forward-looking statements, whether as a result of new information in future events or otherwise, and we expressly disclaim any obligation to do so. More detailed information about risk factors can be found in our annual and quarterly reports filed with the SEC.

I'll now turn the call over to Willy.

Willy Walker: Thank you Kelsey, and good morning everyone. We started the year with very little carryover business from 2024 after the momentum of rate cuts last September turned into rising long-term interest rates and a wait-and-see attitude across the industry with regard to rates, the economy, and the Trump Administration. And while rates came down throughout Q1 from 4.79% on January 13th to 4.23% on March 31st, volatility -- due to policy announcements and market reaction -- kept many clients in wait-and-see mode. Yet within that context, our team delivered healthy Q1 total transaction volume of \$7.0 billion, up 10% from last year, which drove total revenue growth of 4%. Q1 is typically our slowest quarter of the year, and with the political and economic backdrop of the quarter, we were pleased with our top line growth. Our GAAP EPS was only \$0.08 on the quarter, down significantly due to personnel costs to add new talent and remove underperforming ones, fees associated with a debt offering that now provides us with wonderful financial flexibility to continue investing and growing our business, and additions to our loan loss reserve that while costly, are normal expenses associated with our lending business.

In 2020, we laid-out an ambitious five-year growth plan called the Drive to '25. We quickly acquired or invested in the human capital and business lines to achieve our goals, and then the Great Tightening began, pushing up interest rates and bringing down transaction volumes dramatically. We cut costs yet maintained every business line we invested in to achieve the Drive to '25 knowing that when the market returned, the full suite of services would benefit W&D's customers. We saw transaction volumes improve in 2024, and into the first quarter this year, and there is a growing sense that the pent-up demand for financing and need to deploy or recycle capital is going to push 2025 volumes higher.

There is nearly \$200 billion of equity dry powder looking to invest in North American commercial real estate, with the belief that 2025 is a strategic entry point to achieve rent growth over the coming years, particularly in the multifamily sector. 88% of our Q1 volume was on multifamily

assets, with Fannie Mae originations up 67% from an exceedingly slow Q1 of last year. Investment sales volume was also up 58% from a slow start last year, showing the strength of the W&D brand as well as the beginnings of the next investment cycle.

As you can see in the bottom right of Slide 4, while nowhere close to the sales volume we saw coming out of the pandemic, the multifamily investment sales volume of the past three quarters has been in-line, if not a little above, pre-pandemic volumes from 2015 to 2020. There is clearly changing sentiment in the multifamily sector with a significant desire to buy today, as Slide 5 clearly shows. If you recall the massive spike in sales volume just after the pandemic, look at where investor sentiment was during that period – solidly in the “sell” camp, because they saw fantastic rent growth and low cap rates to sell properties into. So, what will drive rent growth and cap rate compression to increase the desire to sell and create a more active acquisitions market?

As you can see on Slide 6, 2024 had historically high deliveries of multifamily units across the country, yet unlike 2022 and 2023 when the deliveries were met with tepid demand and negative absorption, 2024 had positive absorption on record supply. This glut of capacity is about to disappear....particularly if demand stays strong.

The record supply of multifamily units in 2024 was due to what you see on Slide 7, with construction starts hitting record levels in 2022, and peak deliveries hitting the market in 2024. But as this slide clearly shows, construction starts have plummeted over the past two years, which will make the upper blue line showing deliveries begin falling in 2025 and create an undersupplied market in 2026 and 2027. The only way an undersupplied multifamily market doesn't turn into significant rent growth for apartment building owners in 2026 and 2027 is if single family housing presents an abundant and affordable alternative, which seems unlikely.

Slide 8 is a clear representation of why single-family housing has become so unaffordable and therefore unlikely to compete with multifamily. Please look at the bottom left side of this graph, five years ago in February 2020, the median priced home in America cost \$285,000. If you follow the bar chart to the right, in February 2025, the median priced home cost \$385,000, \$100,000

more. Now go back to February 2020, and if you look at the light blue line, it shows the average principal and interest cost of a mortgage on that \$285,000 home, and as you can see, it's below the brown line showing the median cost of renting -- to the tune of \$250 to \$300 cheaper to service your mortgage versus pay rent. But now go back up to the upper right, and look at the monthly cost to service your mortgage on the \$385,000 home versus pay the median rent -- upside down to the tune of \$450 a month. This data is why transaction volumes are increasing in the multifamily sector. And as rents improve, and rates hopefully stabilize or come down further, the refinancing market will pick up.

We are discussing this data with our multifamily clients every day, and they very clearly see the coming opportunity. They also see the headwinds to construction -- both single family and multifamily -- due to existing and potentially higher tariffs, making owning existing assets even more attractive.

Our Debt Brokerage team had a slow Q1 of \$2.6 billion of volume, compared to \$3.3 billion in Q1'24. The volume decline was primarily a timing issue, as a meaningful portion of our pipeline was pushed into the second quarter. Private capital providers are becoming more active, with Q1 being the highest CMBS origination quarter since prior to the Great Financial Crisis, and our debt brokerage team is very focused on growing volumes over the remainder of the year.

We have a deep foundation and brand recognition in the multifamily market- a sector with significant tailwinds that I just described- but we have invested over time to diversify our capabilities to meet the needs of our expanding client base. We recently made several important strategic moves that will drive transaction volume across asset classes over the coming years. First, we added a senior banker to our New York Capital Markets team who ran the capital markets business at one of W&D's largest competitors. Second, we entered the hospitality investment sales space at the end of 2024 and that team is gaining momentum on both the sales and financing front. Third, we opened a new office in London, England focused on the European and Middle Eastern market. We spoke about this expansion during our last call, and it is very important for W&D to continue expanding outside the US for both foreign deal-flow and to

connect with investors looking to put money to work inside the US. Finally, the Data Center space has been exceedingly hot over the past several years, and we brought on a fantastic banker to lead our growth in this area. We have significant hiring momentum and are excited about where our business is heading in the coming quarters and years. Transaction activity continues to steadily build, and one month into the second quarter, we have already closed 60% of our Q1 transaction activity. We have seen almost no fall out in our pipeline in Q2, and with the ten-year at 4.17%, see a promising market for the second quarter and beyond.

I will now turn the call over to Greg to talk through our Q1 results in more detail. Greg.

Greg Florkowski: Thank you Willy, and good morning everyone. Despite significant volatility in the broader capital markets throughout the first quarter, W&D's transaction activity increased across most products, with the largest gains in our Fannie Mae and property sales executions, reflecting the strong fundamentals underlying the multifamily industry that Willy just discussed. As shown on slide 10, growth in transaction activity drove revenue growth of 4% during the first quarter. However, due to specific increases in expenses, and additions to our loan loss reserves, diluted earnings per share declined to \$0.08, adjusted EBITDA declined to \$65 million, and adjusted core earnings per share declined to \$0.85.

During the quarter, we incurred \$10 million of expenses associated with three discrete decisions or events. First, we refinanced our corporate debt in March. In the process, we extinguished a portion of our outstanding term loan, and wrote off a portion of the deferred issuance costs, totaling \$4 million. The advantages of recapitalizing our balance sheet at historically low spreads far outweighed the impact of the accelerated costs, and sets us up with a balance sheet to continue investing in our business. Second, we recognized a provision for loan losses of \$4 million this quarter, compared to \$500 thousand a year ago. The majority of that provision relates to a single loan, and while our loan portfolio continues to perform extremely well, defaults happen. Finally, we made the decision to separate several low performing salespeople during quarter that will cost us around \$5 million during the first half of the year, with a little over \$2 million expensed in the first quarter. The first quarter is typically our slowest of the year, and while the credit

expense is clearly unwelcome, it is part of our core business, and the one-time charges for the debt offering and personnel separations are expenses we decided to take to make W&D better and stronger.

With that backdrop in mind, let me turn now to segment results, and starting with Capital Markets. Total revenues for the segment grew 25%, to \$103 million, driven by stronger revenues year-over-year across nearly every area of the segment. Of note, our research and investment banking business, Zelman, grew revenues 129% to \$11 million as a result of closing several investment banking transactions during the quarter. A 10% increase in total transaction volume to \$7.0 billion boosted origination fees, MSR income, and property sales broker fees. Fannie Mae lending volume was up significantly by 67%, and total Agency volumes were up 30% year over year, driving a \$7 million, or 33%, year-over-year increase in non-cash MSR revenues. Capital Markets segment net income totaled \$2 million, a \$9 million improvement from Q1'24, and adjusted EBITDA grew by \$6 million, or 31%. First quarter transaction activity showed solid growth, but not the acceleration we anticipated as deals scheduled to close late in Q1 ended up slipping into the second quarter as a result of market volatility in the days leading up to Liberation Day. But, as Willy just stated, our pipelines over the next 60 days put our Capital Markets team on track for a very strong second quarter. While we do not yet have clarity around tariffs or near-term monetary policy, the strength of multifamily fundamentals, the stabilization of long-term rates since Liberation Day, and the competitiveness of Agency capital, have enabled our clients to transact. We will react to changes that result from tariffs and resulting monetary policy, but it's clear that the investments we made over the past two years to add to our Capital Markets platform should allow us to capitalize on any market improvements this year.

Our Servicing and Asset Management, or SAM, segment, continues to generate strong cash revenues from our growing servicing portfolio and assets under management. Despite a 3% year over year increase in servicing fees off our \$136 billion portfolio, total segment revenues declined 7% from Q1'24 for a few reasons that are not unexpected. First, our investment management fees declined by \$4 million, or 28%, due to lower capital raising and lower realizations. But this is

a timing issue as both our investment management businesses were in the market in Q1 raising money, and we feel very good about revenues moving forward. Second, placement fees and other interest income decreased by \$6 million, or 17% year over year, due to the impact of a 100-basis point decline in the Fed Funds rate. Our placement fees are tied directly to Fed Funds, so depending on movement in the Fed Funds rate, revenues for this segment will increase or decrease depending on Federal Reserve action. As a reminder, our corporate debt expense also moves with short term interest rates, acting as a natural hedge against lower placement fees. As well, we would expect that any reduction in the Fed Funds rate would increase transaction activity as Walker & Dunlop clients decide to refinance and purchase properties.

Turning to credit, and our \$64 billion at-risk loan portfolio. I previously highlighted the \$4 million loss reserve, which was primarily related to one large loan default in our portfolio. Out of the nearly 3,200 loans in our at-risk loan portfolio, only 8 are in default as of the end of the first quarter, totaling 17 basis points of the at risk portfolio, compared to six loans at the end of the fourth quarter. Higher interest rates and oversupply in some markets is impacting a small number of properties, which is natural to see at this point in the cycle. Our current at-risk portfolio was underwritten to an average 61% loan-to-value at origination, and a minimum debt service coverage ratio of 1.25 times, reflecting the discipline in our underwriting.

Turning to capital. I mentioned the debt refinancing we closed in March. When we launched that offering, credit spreads were near historic lows, allowing us to reduce our weighted average cost of capital immediately, while simultaneously negotiating a further 25 basis point reduction in the cost of our senior secured term loan should our debt to EBITDA decrease below 2-to-1 – it is currently at 2.7 times. Importantly, we launched a debut bond in the unsecured market that was significantly oversubscribed. That debut bond provides us access to a new investor base, giving us financing alternatives to support our long-term growth. One final benefit of the transaction was adding over \$50 million of liquidity to the balance sheet, and securing a \$50 million working capital line, giving us balance sheet flexibility to support our growth objectives. Given the strength of our balance sheet, yesterday, our board of directors approved a quarterly dividend of \$0.67 per

share, consistent with last quarter's dividend and payable to shareholders of record as of May 15th.

Despite lower-than-expected Q1 earnings, our goals for the year have not changed. We established annual guidance at the beginning of February, shown on slide 14, that expected a significant increase in financing and sales activity throughout the year. And while market volatility has clearly been challenging to manage for our clients and W&D, what we are seeing from our pipelines and business makes us comfortable reiterating our annual guidance.

This quarter, we are outlining goals across our business lines, so investors can benchmark our progress and clearly understand expectations for our business lines. As you can see on slide 15, we have 226 bankers and brokers on our platform, and our goal is for each banker and broker to originate an average of at least \$200 million of transaction volume this year. Through all the volatility over the last year, we continued to invest in our platform, adding 20 salespeople across business lines, and in the process establishing new products and entering new geographies. We expect significant contributions over the coming quarters from our new salespeople to help us meet our goal of increasing market share across our service and product offerings. Our Valuation and Zelman teams are also expecting to grow, with the goal of generating \$40 million to \$50 million of revenue this year, significant growth off last year when the M&A and valuation markets slowed considerably. Over the last year we added to our core residential housing investment banking capabilities by adding advisory talent in the affordable and data and infrastructure sectors, and those team should help contribute to growth in 2025. Within our investment management business, we are also expecting growth. Last year, we made a leadership change in our affordable investment management business, WDAE, and our team is expected to return to raising at least \$600 million of tax credit equity this year, up from \$400 million in 2024. WDIP, our real estate investment management platform, is also expected to increase its capital deployment in 2025 to over \$1 billion, a level we have not yet achieved since we've been in the business, but that is supported by follow on investments in our flagship debt fund that had its first close in Q4 of last year. Finally, we are launching WDSuite next week, a web-based software that we expect will

engage and attract private clients that will ultimately transact through our service lines. We expect to prove this concept in 2025, as this will be a pillar of our long-term growth goals for the private client business. As we think about our long-term goals for private client lending, we must also expand our product offering beyond Fannie and Freddie to meet that demand, and investors should expect us to add new sources of capital to our product offering in this business.

I'm excited about the goals we have to grow our business in the coming quarters and get back on offense. Willy will touch on where we are with respect to each of our goals through the first quarter, and the momentum we are seeing across markets as we enter the second quarter. With a strong April behind us, I'm eager to see what our team is capable of delivering as market conditions hopefully settle down and we get back to meeting the market's need for capital and investment properties. Thank you for your time this morning, I will now turn the call back over to Willy.

Willy Walker: Thank you, Greg. At the beginning of the year we spoke about the tremendous amount of commercial real estate debt that needs to be refinanced and capital that needs to be deployed this year, and those underlying fundamentals remain intact. As Greg outlined, our team is focused on specific business goals across the platform that will allow us to continue meeting our clients' expanding needs and deliver strong financial results in 2025 and beyond. We intend to grow market share with our largest lending partners -- Fannie Mae, Freddie Mac, and HUD—in 2025 and we began the year by holding market share with the GSEs on a combined basis after a strong quarter with Fannie and an ok quarter with Freddie. FHFA Director Bill Pulte appears to be focused on growing the GSEs and aggregating capital for a potential privatization. While it is too soon to tell how or if the GSEs get spun out of conservatorship, what is clear today is that the teams at Fannie and Freddie are re-energized and focused on hitting their \$146 billion multifamily caps in 2025. Similarly, the new HUD secretary, Scott Turner, has already made positive changes at HUD to streamline the origination process and re-focus HUD on providing additional much-needed affordable housing in the United States. As the second largest HUD multifamily

lender in the country, with a scaled affordable housing platform, we are extremely well positioned to benefit from any changes to the HUD product that make it more efficient and competitive.

As the market continues to heal and transaction volumes grow, our loan originations and properties sold per banker/broker will also expand. As you can see on this slide, we ended 2024 with average production per banker/broker of \$172 million, up by \$35 million from 2023. Our team has a 2025 goal of generating an average of \$200 million in transaction volume per banker/broker, and we have made significant investments in, and cuts to, our Capital Markets team to make sure we achieve this 2025 goal. And while the macro market clearly impacts our industry and company, we sell into a large enough market to get to these numbers.

Our investment management businesses, Walker & Dunlop Affordable Equity (WDAE) and Walker & Dunlop Investment Partners (WDIP) must grow faster. WDAE had a slow start to the year due to leadership changes we implemented last year, but we just closed the largest multi-investor fund we have ever closed at \$240 million at the beginning of April. We have a goal to raise \$600 million in tax credit syndications in 2025 which would be 50% growth over 2024. We are confident we have the team and addressable market to meet that goal. WDIP's newest debt fund deployed \$174 million in Q1, and as transaction activity picks up throughout the year, we expect to hit our full year goal of \$1 billion in capital deployment. This is a similarly large step-up in volume from 2024 of 36%.

Our appraisal business Apprise grew appraisal revenues 50% in Q1 over last year. We are using Apprise to turn around valuations quicker and more accurately on our own multifamily debt financing transactions and expect our valuation revenues to grow and drive positive earnings by the end of 2025. Similarly, our small balance lending team grew volumes by 28% in Q1, with 58% revenue growth. As Greg mentioned, that team is launching WD Suite next week that will drive lead generation to give us touchpoints with new private clients and source deal flow across this fragmented market. We have been very successful building this business and moving up in the league tables with Fannie Mae and Freddie Mac, and as we continue to scale, we need to partner with another capital provider beyond the GSEs. This is a fundamental goal

that we have set for 2025 that should allow us to expand our small balance lending volumes dramatically over the next several years. Our application of technology to both our appraisal and small balance lending businesses, to make them more efficient, user-friendly, and transparent, will benefit both our top and bottom lines over the coming years as we apply these technological innovations across all our businesses.

Our research and investment banking business, Zelman, had a great Q1 with revenues up 129% primarily due to investment banking fees, putting the business on track to achieve its full year revenue target. As real estate transactions and investment banking activity picks up, we should see upside to revenues and margin at Zelman.

As I showed at the top of the call, the macro backdrop for commercial real estate, and more specifically multifamily, are strong. As Greg said, we have confidence in achieving our original 2025 guidance due to what we are seeing in the market today, and our expectation that capital deployment and refinancing activity continues forward. The deregulatory changes at our three largest capital partners should benefit our ability to deploy multifamily capital, particularly given our scale with Fannie, Freddie and HUD. The Trump Administration is very focused on housing, and from HUD Secretary Turner to FHFA Director Pulte, there is a keen focus on cost cutting, efficiency, and deploying more capital to bring the cost of rental and single-family housing down. That is the first time I've ever written or said something like that about the Federal Government and their role in the housing finance industry. Another first, as far back as I can remember, is a Treasury Secretary who is focused on Treasury rates to refinance trillions of dollars of US debt and also bring down the cost of borrowing to US consumers.

We have strong momentum across our business, and while the macro markets continue to gyrate, our Q2 pipeline is holding together nicely. We will continue to focus on completing the Drive to '25, knowing that we have made the investments in businesses and human capital to achieve its goals. Thank you for your time this morning, and I will now turn the call over to the operator to take any questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing Star One on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow the signal to reach our equipment. Again, press Star One to ask a question. We will take our first question from Jade Rahmani with KBW.

Jade Rahmani: Thank you very much. In today's current market, I know you gave an intra-quarter update as to the pipeline and volumes, but could you give any further insight in terms of what you're seeing from investors? Are they underwriting more conservative assumptions due to the macro outlook? Are they eager to do deals to lock in rates that have started to move lower? And also behaviorally, what are you seeing from Fannie Mae and Freddie Mac?

Willy Walker: Good morning, Jade. Nice to have you on. I would say the following, as I just mentioned, having closed 60% of our Q1 volume in the first month of Q2, we have not seen deal flow fall out due to market volatility, which quite honestly is a surprising statement to make given the massive gyrations in the 10-year treasury, particularly at the beginning of April. Where we are seeing questions right now is on larger transactions, Jade, where if someone is looking at taking out a larger portfolio, the question is do we want to launch it now or do we want to wait?

And I would say, I was in two large investment sales pitches last week. And my comment to the owners of the assets was, well, unless you plan on waiting four years to do something with these assets, you might as well go into the market today because the volatility that we've seen in the first 100 days of the Trump administration is unlikely to subside. There are some people who think that with 90-day pause on tariffs, that once we're beyond that window, the market settles down and there will be clarity in the markets. I'm not so sure on that statement, and as a result of it, unless someone is sitting there saying, I'm just going to take a pause for the next four years, they're likely considering going into the market.

The one other thing I would say to that degree is as I mentioned, the 10-year moving from 4.80% at the beginning of January down to 4.17% yesterday is obviously extremely important to the commercial real estate industry. And so while tariffs clearly present a macro backdrop that is challenging for business on a macro or more global view, as it relates to commercial real estate, what happens to the 10-year treasury is far more determinative as it relates to volumes.

Jade Rahmani: Thanks very much. In terms of the GSEs, do you expect them to hit their caps this year?

It sounded like in your comments you thought that was at least a possibility and would you care to say anything about what you think the odds are that they hit their caps.

Willy Walker: I don't think I'll give you odds on that, Jade, but I will give you this. We have not seen Fannie and Freddie competing in the market like they have been for the last two months in three years. So as you saw in Q1, our Fannie volumes were up significantly, but I did point out that was often exceedingly slow low volume in Q1 of 2024. But what we are seeing right now is that both Fannie and Freddie are very engaged in the market. Both of them are working to win deals and for the beginning of the year, that is a very welcome sign.

Jade Rahmani: Great to hear. Thanks very much.

Willy Walker: Thank you.

Operator: As a reminder, if you would like to ask a question, please press one. We will take our next question from Steve Delaney with Citizens JMP Securities.

Steven Delaney: Good morning, everyone. Hello, Willy.

Willy Walker: Hey, Steve.

Steven Delaney: Let's talk about interest. Hey, Willy. Non-interest expenses and you mentioned specifically severance. It sounded like that was just a production pruning the low performers. I didn't hear you mention that you exited any business lines. Is that correct?

Willy Walker: We did not exit any business lines. And you're exactly right that it was the write-off of some signing bonuses and compensation expense to, if you will, get rid of underperformers.

Steven Delaney: Understood. The last two years when we look at total operating expenses, obviously, you're building a complex, fully integrated business, so we get that. You don't come in every day with the goal to have the lowest cost of operations. You come in to have the best bottom line, including growth for your shareholders. But the last two years, operating expenses, non-interest expenses have averaged right at 60% of total revenues. Can you give us a sense for 2025 – is this year going to be more expensive on that ratio of 60%, and at what point do you see any potential for that 60% to drop to a lower figure with a five handle?

Willy Walker: So it should be down in the – as you know from having covered us for as long as you have, we have always focused on having that down in the 48% to 50% personnel cost as a percentage of revenues. And the fact that it is up at 60 is directly related to volumes. And so we are very focused, as I mentioned, and Greg mentioned in our call on driving average producer production from the \$170 to \$200 million per producer in 2025. You get to that Steve, and you're going to see that number drop to that ratio.

And so it really is a it's a volume-focused metric, if you will, and we have every confidence that the reason we've reiterated our guidance is because we see the volumes in 2025. We clearly did not expect the first 100 days of the Trump administration to present the challenges in the market volatility that we have seen. But the underlying theme is this, commercial real estate owner-operators have run out of time on delaying refinancings, delaying the return of capital, and delaying the deployment of new capital.

And as a result of that, because that clock is ticking, they are now saying, look, I may or may not love a 4.17% in 10-year, but I need to go and sell that asset to return capital. I need to buy that asset to deploy capital, or I need to refinance that asset because I've gotten two one-year extensions and it's now time to just go get permanent financing put on the asset. And we are very clearly seeing that drive volumes.

Steven Delaney: Thank you for the comments, Willy.

Willy Walker: Thank you, Steve.

Operator: Once again, if you would like to ask a question at this time, please press Star One and we will pause for just a moment. It does appear there are no further questions at this time. I will turn the conference back over to Mr. Walker for any additional or closing remarks.

Willy Walker: Appreciate everyone joining us this morning. Appreciate all the hard work by the W&D team in Q1. I hope everyone has a great day and thanks again.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.