

CHICAGO--([BUSINESS WIRE](#))--Fitch Ratings has affirmed 14 classes of Morgan Stanley Capital I Trust (MSC 2006-IQ11) commercial mortgage pass-through certificates series 2006-IQ11. A detailed list of rating actions follows at the end of this press release.

KEY RATING DRIVERS

The affirmations reflect sufficient credit enhancement relative to Fitch expected losses. Fitch modeled losses of 8.8% of the remaining pool; expected losses on the original pool balance total 8.5%, including \$42.5 million (2.6% of the original pool balance) in realized losses to date. Fitch has designated 40 loans (15.4%) as Fitch Loans of Concern, which includes 12 specially serviced assets (9.5%).

As of the June 2014 distribution date, the pool's aggregate principal balance has been reduced by 33.3% to \$1.08 billion from \$1.62 billion at issuance. Per the servicer reporting, five loans (4.2% of the pool) are defeased. Interest shortfalls are currently affecting classes E through P.

The largest contributor to expected losses is a 415,977 square foot (sf) suburban office complex (3.6% of the pool) located in Jacksonville, FL. The subject property is located within a large office park campus totaling 4 million sf. The loan transferred to special servicing in November 2012 for imminent default and subsequently became real estate owned (REO) in March 2014. Occupancy for the property improved to 91% due to the expansion of Select Portfolio Servicing by 35,280 sf and a new lease with DialAmerica Marketing for 19,209 sf. Based on a servicer reported rent roll, no leases are scheduled to expire prior to the end of 2014; however, the property faces significant lease rollover with 80% of leases scheduled to expire by 2017. According to Reis, the subject property is outperforming the Southside/Bay Meadows submarket which is experiencing softness in the market with a vacancy rate of 19.4%. Average in-place rents of \$16.91 per square foot (psf) for the subject property are below the submarket asking rents of \$18.05 psf.

The next largest contributor to expected losses is a specially serviced loan (1.3%), secured by a 212,000 sf office building in downtown Lancaster, PA. The loan transferred to special servicing in April 2008 due to the single tenant, L3 Communications, vacating the space and discontinuing payment of rent. The property is currently in foreclosure

proceedings and is in litigation related to the sponsor. According to Reis, the Lancaster metro area has an overall office vacancy rate of 16.2%; however, older buildings built in the 1970s have steeper vacancy rates greater than 30%. Fitch anticipates significant losses upon disposition of the asset.

The third largest contributor to expected losses is a specially serviced asset (1.3%), secured by a 150,938 sf retail property located in Saginaw, MI. The property is fully vacant and became REO in October 2012. There are currently no leasing prospects and the servicer is formulating a marketing strategy for sale of the asset. Fitch anticipates significant losses upon disposition of the asset.

RATING SENSITIVITIES

Rating Outlooks on classes A-1A through A-J remain Stable due to increasing credit enhancement and continued paydown of the classes. Negative Outlooks reflect susceptibility to refinance risk given the high concentration of maturities in 2015 (28% of pool balance) and the potential for downgrade given any further deterioration in cash flows from performing loans with high loan-to-values. The distressed classes (those rated below 'B-sf') are subject to further downgrades as losses are realized.

Fitch affirms the following classes as indicated:

--\$221.9 million class A-1A at 'AAAsf', Outlook Stable;

--\$413.7 million class A-4 at 'AAAsf', Outlook Stable;

--\$161.6 million class A-M at 'AAAsf', Outlook Stable;

--\$147.5 million class A-J at 'BBBsf', Outlook Stable;

--\$30.3 million class B at 'BBsf', Outlook to Negative from Stable;

--\$12.1 million class C at 'Bsf', Outlook to Negative from Stable;

--\$22.2 million class D at 'CCCsf', RE 10%;

--\$16.2 million class E at 'CCsf', RE 0%;

--\$14.1 million class F at 'Csf', RE 0%;

--\$18.2 million class G at 'Csf', RE 0%;

--\$14.1 million class H at 'Csf', RE 0%;

--\$5.9 million class J at 'Dsf', RE 0%;

--\$0 class K at 'Dsf', RE 0%;

--\$0 class L at 'Dsf', RE 0%.

Fitch does not rate the class M, N, O, P and EI certificates. Classes A-1, A-2 and A-3 have paid in full. Fitch previously withdrew the ratings on the interest-only class X and X-Y certificates.

Additional information on Fitch's criteria for analyzing U.S. CMBS transactions is available in the Dec. 11, 2013 report, 'U.S. Fixed-Rate Multiborrower CMBS Surveillance and Re-REMIC Criteria', which is available at 'www.fitchratings.com' under the following headers:

Structured Finance >> CMBS >> Criteria Reports

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria' (May 20, 2014);

--'U.S. Fixed-Rate Multiborrower CMBS Surveillance and Re-REMIC Criteria' (Dec. 18, 2012).

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=748821

U.S. Fixed-Rate Multiborrower CMBS Surveillance and Re-REMIC Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=724961

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=837700

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