Aug 21, 2026

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Publications

The Carveout

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CREF Roundup | Week 34, 2026

The CREF Roundup is a periodic digest of noteworthy developments, insights, and commentary in the world of commercial real estate finance (CREF). Curated for industry professionals, this ongoing series seeks to highlight key trends and news shaping the market. For more CREF intel and analysis, visit our blog, The Carveout.

More CMBS Borrowers Are Slamming Into The $65B Maturity Wall

Bisnow reports the rising 10-year Treasury yields and persistently high interest rates are forcing CMBS borrowers to confront refinancing realities, ending the strategy of repeatedly extending maturing loans while waiting for lower debt costs. Approximately $65 billion of CMBS loans mature by year-end, including $37 billion of hard maturities with no remaining extension options, and Trepp estimates that more than half will require new borrower equity to refinance successfully at current rates. As a result, CMBS distress is beginning to rise again, with more loans entering special servicing and borrowers increasingly forced to choose between contributing additional equity, accepting lower valuations, selling assets, or handing properties back to lenders. While capital remains available for high-quality, cash-flowing assets, weaker properties, particularly office buildings, continue to face significant refinancing challenges as lenders focus on current income rather than future valuation growth or anticipated rate relief. **Key takeaway:** The CMBS market is entering a critical maturity-driven reckoning in which borrowers can no longer rely on extensions or lower future rates, making equity infusions, asset repricings, and distressed resolutions increasingly unavoidable, especially in the office sector.

CREFC's July 2026 Monthly CMBS Loan Performance Report

CREFC reports that overall CMBS delinquency rose 51 bps to 7.86% in July, the highest reading since November 2020, with roughly $6.0 billion of newly delinquent loans and non-performing matured balloons cited as the largest category at 66%. Special servicing moved in the opposite direction, down 11 bps to 11.09%, as office and lodging resolutions and workouts outpaced new transfers, while retail transfers tied to regional mall balloon maturities remained a pressure point. The report frames the current phase as maturity distress surfacing in headline delinquency even as some special servicing pipelines clear. **Key takeaway**: Matured-balloon migration is becoming a cleaner signal of refinancing friction than special servicing alone.

Office Deals Led CMBS Growth Through July 2026, & Data Centers Arrived

Trepp reports that domestic private-label CMBS issuance reached $76.2 billion through July 2026, measured by loan balance when each transaction was sold. SASB (single-asset, single-borrower) transactions accounted for $58 billion, while conduit transactions accounted for $16.1 billion and large-loan deals supplied the remaining volume. Office was the largest property category, representing 22.7% of issuance, or $17.3 billion, while industrial and multifamily each represented approximately 17.3%. First-half issuance totaled $70.09 billion, 17.7% above the corresponding period in 2025. **Key takeaway:** Strong SASB activity and office's leading share show that the securitization market is providing meaningful liquidity for large assets even while legacy office loans remain under credit pressure.

Higher Treasury Yields Put CRE's Recovery on a Shorter Leash

CRE Daily reports that CBRE's first-half 2026 survey of 3,600 estimates across more than 50 U.S. markets found average capitalization rates essentially unchanged despite Treasury-market volatility. The 10-year Treasury yield peaked at 4.67% in May and remained near 4.6% by mid-July. Cap rates generally compressed more in the eastern United States and among Class B, Class C, and value-add assets, with neighborhood retail recording the strongest average compression, followed by hotels and industrial. Approximately 60% of survey respondents continued to expect no cap-rate change, but expectations of increases became more common and the range of office yield estimates widened. **Key takeaway:** Stable headline cap rates mask growing uncertainty about financing costs and exit pricing, extending the timeline for a broad recovery in CRE transaction volume.

Why Multifamily Property Values Reset Even as Cash Flow Grew

Trepp reports that appraisal capitalization rates for securitized multifamily properties have increased in all nine U.S. Census divisions since 2022. The increases ranged from 43 to 107 basis points across those divisions. Median property net cash flow was nevertheless still growing in seven of the nine divisions during 2025. Trepp says the common upward direction of cap rates despite divergent operating performance is consistent with a broad capital-markets force—higher required returns from investors and lenders—rather than uniformly weakening property cash flow. **Key takeaway:** The analysis separates operating performance from financing-driven valuation pressure, an important distinction when underwriting multifamily refinancings and assessing collateral value.

The Carveout

A legal blog geared toward sophisticated capital market participants, The Carveout provides insight into current trends and developments in commercial real estate finance (CREF)—with a particular focus on non-recourse carveouts and CREF loan platforms including CMBS, debt funds, private capital, REITs, life insurance companies, and other complex sources of capital.

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