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CREFC June Conference 2026: Day 2 Recap

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The second day of the conference opened with remarks noting that the commercial real estate (CRE) market has remained largely stagnant over the past 18 months, as interest rate uncertainty has tempered transaction volume and delayed a broader market recovery. Despite these challenges, the speaker emphasized that capital markets liquidity remains historically high, positioning the industry to capitalize on opportunities as market conditions stabilize and financing activity accelerates.

CRE Finance Council (CREFC) leadership also noted strong engagement across the CRE finance industry, with registrations for the June conference exceeding last year’s levels. The session included organizational updates, including the announcement that Tobin Cobb will succeed Leland Bunch III as Board of Governors Chair in 2026.

The 2026 CREFC 20 Under 40 recipients were announced during the opening remarks, honoring professionals who have positively impacted the CRE finance industry. Neel Munot, Senior Director in KBRA’s commercial mortgage-backed securities (CMBS) group, was included in this year’s class. Mr. Munot is a leader in the CMBS new issue and surveillance space.

Industry Leaders Roundtable

The first session of the day brought together market participants to discuss the outlook for CRE finance amid ongoing economic uncertainty. Although panelists differed on the expected direction of interest rates, there was broad agreement that rate volatility is a greater constraint on market activity than absolute borrowing costs. Despite the elevated levels, rate stabilization could lead to improved transaction activity. Refinancing activity continues to drive origination volume, while borrowers increasingly favor shorter-duration financing structures to maintain flexibility in an uncertain environment. Panelists noted that five-year loans now represent approximately 70% of the conduit market, while much of the single-asset single borrower (SASB) market continues to favor floating rate structures. Refinancings were generally described as capital preservation exercises rather than opportunities to extract equity, with panelists noting limited cash-out activity and continued sponsor willingness to contribute required additional capital. Several speakers observed that many sponsors remain reluctant to fully embrace a higher-for-longer rate environment, although capital markets have generally remained resilient and transaction execution continues across property types.



The discussion then focused on the continued evolution of capital formation and resolution strategies. Panelists highlighted strong demand for CMBS, particularly SASB and CRE collateralized loan obligation (CLO) transactions, citing attractive relative value, ample investor liquidity, and robust issuance activity. Several participants noted that limited conduit issuance has encouraged some investors to expand into the CRE CLO market where issuance has grown and transaction performance has met investor expectations. Private credit was viewed positively for providing additional liquidity and financing flexibility, while Agency lenders continue to report healthy activity despite market volatility.

Participants noted that credit concerns extend beyond office, pointing to pockets of distress across multiple property types as rising operating expenses, capital expenditure requirements, and refinancing challenges pressure asset performance. Borrower engagement was repeatedly cited as a critical factor in successful workouts, with panelists emphasizing that resolution strategies are customized and that greater transparency around modifications remains an important objective for investors. Several panelists noted that lenders have also taken a customized approach to deal structuring, with a competitive lending environment supporting creative solutions while generally maintaining underwriting discipline and meaningful sponsor equity commitments.

Again, artificial intelligence (AI) and digital infrastructure emerged as prominent themes throughout the discussion. Panelists generally viewed AI as a productivity-enhancing tool rather than a replacement for human judgment, noting its ability to streamline analysis and reduce administrative burdens while preserving the importance of experience-based decision-making. Some participants cautioned that AI could alter traditional career development pathways by automating certain entry-level functions and reducing opportunities for junior professionals to develop institutional knowledge. The conversation then turned to data centers, which many viewed as a significant long-term growth opportunity and an increasingly important component of the CRE landscape, while acknowledging the risks associated with technological obsolescence and evolving infrastructure requirements.

B-Piece Investors Forum

Similar to the previous panel, participants in the B-Piece Investors Forum framed the conduit CMBS market as constrained by rate volatility, borrower hesitancy, and tighter capital availability. Borrowers are largely transacting out of necessity and deal execution timelines are lengthening, often moving forward only as loan maturities approach. Conduit issuance expectations have softened relative to earlier market sentiment, with panelists noting a difficult path to reaching \$30 billion by year-end 2026.

As the conversation transitioned to asset classes, participants noted that office representation in conduit CMBS remains materially lower compared to prior cycles, reflecting both reduced borrower demand and continued investor caution around the sector. Office remains highly bifurcated, with better leasing velocity in gateway markets such as New York, San Francisco, and select suburban markets. However, maturity defaults, elevated tenant improvement costs, and borrower reluctance to reinvest remain key constraints. Speakers cautioned that insufficient reserves could cause otherwise viable assets to miss leasing windows.

On multifamily, panelists opined that the sector now requires significantly deeper due diligence than in prior cycles, including verification of rent rolls, concessions, economic occupancy, and property condition. AI was noted as a useful resource to streamline lease reviews. The 2021-23 multifamily acquisition cohort was cited as facing pressure, as aggressive underwriting and low-rate assumptions no longer hold, particularly in Sunbelt markets, which were described as overbuilt. Participants also highlighted adverse selection risk, as stronger multifamily collateral may be financed through Agency transactions or other fixed rate alternatives, prompting conduit lenders to carefully evaluate why a loan is entering the standard conduit CMBS market.

Hotels were viewed as relatively more stable, aided by prior amortization in older vintages. However, rising property improvement plan requirements, insurance costs, decelerating revenue per available room growth, and labor pressures, particularly in New York City, remain key underwriting risks. Across sectors, the session concluded that capital reserves, earlier cash sweep triggers, deeper property condition reviews, and more disciplined sponsor evaluation are increasingly central to downside protection.



Keynote Lunch

The Keynote Lunch session opened with remarks from Lisa Pendergast, who reflected on her final CREFC conference as president and CEO following a decade of leadership. She thanked CREFC members, sponsors, and volunteers for their support and highlighted the organization's role in helping the industry navigate a period marked by the pandemic, interest rate volatility, and significant shifts across CRE. She noted that lending activity and transaction volumes continue to improve despite ongoing challenges in certain sectors, while also highlighting the growing importance of housing affordability, data centers, and private credit within the evolving CRE landscape. The session also included the presentation of the Women of Distinction Award to Anne Jablonski and the Founders Award to Adam Behlman of Starwood Property Trust.

The keynote conversation featured Saturday Night Live writer and Weekend Update co-anchor Colin Jost, who reflected on his career in comedy and emphasized the importance of continually reinventing oneself while remaining grounded in past experiences. He further remarked that learning from failure is applicable across both professional and personal pursuits, noting that only a small portion of the thousands of sketches he has written ultimately made it to air. The discussion also explored the role of AI in creative fields, with Jost suggesting that comedy remains difficult to automate because it relies heavily on nuance, context, and human judgment. While he views AI as a useful tool, he emphasized that creativity and originality remain fundamentally human endeavors.

Alternative Lenders and High Yield Investors Forum

The Alternative Lenders and High Yield Investors Forum focused on the continued evolution of private credit and high-yield lending within a highly liquid, competitive CRE debt market. Panelists noted that alternative lenders are increasingly viewed not as providers of last-resort capital, but as preferred counterparties capable of delivering flexible, solution-oriented financing for acquisitions, refinancings, construction, and bridge needs. Capital availability remains robust, supported by healthy real estate credit markets and active borrower demand, although competition has tightened spreads and placed greater emphasis on lender differentiation and execution certainty.

The discussion addressed macroeconomic and capital markets conditions, including geopolitical uncertainty, inflationary pressure, and the higher-for-longer interest rate environment. Despite these headwinds, panelists described the market as resilient, noting that CMBS spreads have tightened while investment-grade corporate spreads have remained comparatively flat. Participants distinguished concerns around corporate private credit, emphasizing that real estate credit benefits from tangible collateral and better transparency at the asset level.

Data centers and AI were again key areas of focus. One panelist pointed to strong office leasing velocity from AI companies, particularly in markets like San Francisco and New York. However, data center financing remains bifurcated despite significant capital inflows into the sector, with projects backed by investment-grade tenants attracting lender interest, while those involving non-investment grade tenants require greater scrutiny around tenant credit, residual value, and exit financing.

Looking ahead, participants noted attractive risk-adjusted return opportunities in discounted secondary loans, supported by lingering concerns around regional bank lending and ongoing balance sheet pruning. Panelists generally expect continued capital inflows to serve as a buoy for spreads, keeping them flat to modestly tighter through year-end.

Issuers Forum

The Issuers Forum opened with a regulatory update from CREFC highlighting the current administration's deregulation policies. It was noted that recently appointed senior financial regulators appear broadly aligned with that agenda, while the Securities and Exchange Commission (SEC) appears to be moving comparatively slower toward deregulation. Bank capital and SEC reporting remain CREFC's two primary regulatory areas of focus, including potential SEC proposals that could have meaningful implications for securitization markets.



The discussion then shifted to CMBS issuance trends, borrower behavior, and the market's expansion potential amid higher rates, tight spreads, and elevated macro uncertainty. Panelists characterized the market as highly active but uneven, with issuance activity supported by strong investor demand, resilient spreads, and the continued growth of SASB and CRE CLO transactions. Year-to-date issuance across conduit, SASB, and CRE CLO was cited at approximately \$82 billion, although conduit represented a relatively small share of activity at roughly 16%. Panelists noted that while interest rates remain a key constraint, borrower behavior is also being shaped by uncertainty around macroeconomic conditions. In an audience poll, most respondents expected the 10-year Treasury to end 2026 in the 4.25%-4.75% range. Participants advised that borrowers should focus on whether a transaction pencils at current levels rather than attempting to predict the rate market. SASB borrowers were described as nimble, often considering both fixed and floating rate options.

Panelists addressed various asset classes, stating that credit appetite remains broad but highly selective. No major property type was described as off limits; instead, participants emphasized that lending decisions continue to hinge on asset quality, sponsorship, structure, and market fundamentals. Office remains a major area of focus in SASB, with high-quality assets—particularly those with clear demand drivers and credible sponsor capital—continuing to have access to the lending market. Multifamily remains an important part of CMBS but faces challenges from higher rates and pressure on transaction economics. Retail, self-storage, and industrial were all cited as financeable on a deal-specific basis. Data centers were a key area of discussion, with panelists noting that financing activity will likely continue across CMBS, asset-backed securities (ABS), and private or 144A markets depending on transaction size, tenant disclosure, amortization, and structure. AI was viewed primarily as a tool to improve efficiency across document parsing, data comparison, and materials production. The forum concluded with a focus on innovation, touching on the growth of the CRE CLO market, the need for greater servicing transparency, and opportunities to improve disclosure and financial reporting. Panelists noted that progress in these areas could help broaden CMBS execution over time.

In the Thick of It: Downstream Impact on the Servicer Playbook

Market stress, investor transparency demands, and ongoing efforts to refine securitization documentation were central themes of the last session of the day. Panelists began by discussing special servicing transfers, emphasizing that communication should begin during early signs of distress, before a transfer, allowing the special servicer to assess collateral performance, sponsor engagement, and potential resolution pathways. While investors continue to seek greater transparency in servicing, panelists suggested that some of the most useful information may also have a deleterious impact on negotiations and ultimately recoveries if publicly disclosed.

Participants distinguished between the use of forbearance and modification strategies, noting that forbearance is best suited to resolve a temporary liquidity crunch, while modifications are more appropriate when an asset faces a broader solvency issue. Panelists cautioned that short-term forbearance often leads to multiple extensions when a credible resolution strategy is not established at the outset. They emphasized that a clear path to curing delinquencies, advancing a sale, or securing refinancing is critical to support a successful workout. Modifications were framed around maximizing recovery for all certificate holders and often depend on the borrower's capacity and willingness to contribute fresh capital. Structural constraints in pooling and servicing agreements (PSA), including rated final maturity limitations, waterfall implications, advancing obligations, and appraisal-based control mechanics, were also cited as important considerations in workout discussions.

The session concluded by highlighting recent efforts to refine PSAs to address structural, credit-related, and practical servicing gaps. Examples included requiring special servicer approval before releasing trapped cash and allowing master servicers to communicate with sponsors before force-placing insurance. Appraisal reduction amounts (ARA) were described as an imperfect mechanism in dynamic workout situations, particularly when delayed appraisals lag changes in asset performance and can impact control rights. While no single solution was viewed as sufficient, panelists emphasized the need for stronger valuation frameworks and investor confidence in special servicers' workout judgment.

KBRA will provide a recap for Day 3 as the conference continues.



Related Publication

- [CREFC June Conference 2026: Day 1 Recap](#)

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