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CREFC June Conference 2026: Day 1 Recap

PRIMARY AUTHORS

Charles Bono

Associate
+1 215-882-5417
charles.bono@kbra.com

Michael Ellis

Director, KCP
+1 215-882-5842
michael.ellis@kbra.com

Maverick Force

Senior Director, KCP
+1 215-882-5904
maverick.force@kbra.com

ADDITIONAL CONTACTS

Mike Brotschol

Managing Director, KCP
+1 215-882-5853
mike.brotschol@kbra.com

Steve Kuritz

Senior Managing Director,
KBRA Analytics
+1 215-882-5866
steve.kuritz@kbra.com

MEDIA CONTACT

Adam Tempkin

Senior Director of
Communications
+1 646-731-1347
adam.tempkin@kbra.com

Rock 'n' Roll & Real Estate: Lessons Learned From Both.....	1
Servicers Forum.....	2
GSE/Multifamily Lenders Forum.....	3
Borrower Perspectives: CRE Market Realities and Opportunities.....	3
CREFC & Trepp Ins Co Investment Performance Survey.....	4
Portfolio Lenders Forum.....	4
Investment-Grade (IG) Bondholders Forum.....	4
Government Impact on the Business of CRE & Its Asset Classes.....	5

The CRE Finance Council (CREFC) returned to New York City for its annual June conference, bringing together commercial real estate (CRE) finance professionals to discuss key issues affecting the market and the forces likely to drive investment activity throughout the remainder of the year.

Conference co-chairs Amber Sefert, Senior Managing Director, Credit & Asset Management at Trimont, and Kelly Wrenn, Partner at Ballard Spahr LLP, opened the day's events by welcoming attendees and previewing the conference agenda. Jay A. Neveloff, Partner and Chair of Real Estate U.S. at Herbert Smith Freehills Kramer LLP, who served as CREFC President and CEO appointee to the committee, also participated in the opening remarks. The speakers highlighted programming focused on private credit and debt markets, borrower perspectives, government policy, servicing, artificial intelligence (AI) and digital transformation, and capital formation across the CRE finance industry.

The presenters recognized the conference planning committee, CREFC staff, sponsors, panelists, members, and incoming conference co-chairs. The speakers also acknowledged Lisa Pendergast, CREFC President and CEO, who is retiring in August after 10 years of leading the organization, recognizing her contributions to CREFC programming, educational initiatives, and member engagement. The remarks concluded by framing the conference around the issues shaping real estate finance, including market volatility, capital formation, private credit, securitization trends, and the evolving role of servicers and investors.

Rock 'n' Roll & Real Estate: Lessons Learned From Both

The opening keynote used David Bowie's career as a framework for evaluating today's CRE market, highlighting the artist's willingness to embrace reinvention. The speakers applied that framework to real estate investing, noting that the long-duration "set it and forget it" model that characterized much of the prior cycle has become less effective in a higher-rate environment. Investors were encouraged to move away from passive hold strategies and toward active asset management, with a willingness to revisit business plans and pursue new sectors, markets, and investment structures.



Macroeconomic discussion focused on interest rates, inflation, and portfolio durability. The speakers emphasized building more diverse portfolios capable of performing through these challenges. While the presenters differed in their views of the near-term interest rate path, they agreed that investment selection should be driven by durable cash flow growth and operational execution rather than lower interest rates or capitalization rate compression. Comments regarding capital markets reflected a cautious but improving backdrop, supported by significant dry powder, increasing deal volume as markets adjust to higher rates, and the potential for foreign capital to provide an additional tailwind.

AI was discussed as both a productivity tool and an underwriting consideration, with efficiency gains potentially impacting tenant credit quality. Office demand may be negatively impacted by reduced labor and space needs amid increased automation, emphasizing ongoing lease rollover risk within the sector.

Property-level opportunities and challenges were discussed across several sectors. Open-air retail was viewed favorably, supported by durable tenant demand. Views on multifamily varied by subtype with affordability pressures, lower immigration, slower household formation, and elevated supply in certain markets weighing on growth within the sector. However, manufactured housing, senior housing, and New York City market-rate properties continue to be viewed favorably. Office remains highly bifurcated, with positive sentiment concentrated in modern, well-located, and amenitized properties. Manufacturing, data centers, and modern logistics were also cited as areas of opportunity, as capital flows increasingly follow power availability, domestic production needs, and digital infrastructure demand. Midwest manufacturing has benefited from renewed domestic production activity and tenant investment. While data centers and modern logistics were identified as beneficiaries of AI adoption, the speakers balanced that optimism against risks related to valuation, capital intensity, power and water availability, tenant credit, and obsolescence.

The keynote repeatedly returned to the idea that operations have moved back to the center of real estate performance. In prior cycles, broad sector calls and capitalization rate compression could mask weaker asset management; however, in the current environment, the ability to drive revenue, control expenses, manage capital expenditures, and create resilient cash flow is expected to become increasingly important. This pressure is creating opportunities for investors and strong, adaptable operators.

Servicers Forum

The forum began with a discussion comparing loans currently entering special servicing against those observed transferring just a year earlier. Panelists noted that transfers have become more predictable, as current activity is driven less by cash flow deterioration and more by maturity stress. Core office remains at the forefront of this trend, with the sector expected to continue driving the special servicing rate as refinancing challenges and maturity defaults persist.

The discussion then turned to workout strategies, with panelists noting that loan bifurcations into A/B note structures have reemerged, particularly for office loans where borrowers need additional time and capital to execute stabilization plans. Modifications involving A/B splits are viewed as more effective for capital-intensive assets than for multifamily, where cash flow issues can sometimes be addressed more directly through improved operations. Speakers emphasized that workout options can vary significantly by deal type, as differing structures present varying degrees of flexibility and timing constraints. Liquidation was described as a last resort and was viewed as particularly relevant for older vintage retail loans. CRE collateralized loan obligations (CLO) can provide greater flexibility compared to standard commercial mortgage-backed securities (CMBS), while single-asset single borrower (SASB) transactions may be subject to shorter resolution timelines due to rated final distribution dates.

Panelists also highlighted that successful resolutions are more likely when borrowers provide a credible business plan, maintain open communication, and demonstrate a willingness to contribute capital. On the performing loan side, forum participants stated that borrower and servicer interaction has improved, supported by better use of client communication portals, proactive monitoring, and faster responses to consent requests. Transparency was another key theme. Servicer commentary is far more accessible today than in the past, and panelists emphasized the importance of thoughtful reporting, particularly around valuations, resolution strategies, and other sensitive workout-related details.



The discussion also touched on technology's growing role in servicing. In an audience poll, attendees overwhelmingly identified automation and AI as the development most likely to affect the servicing landscape going forward. Panelists viewed AI as a useful tool for reducing administrative burdens but emphasized that loan servicing remains a judgment-driven business, particularly in workouts.

GSE/Multifamily Lenders Forum

The next forum of the day focused on Agency multifamily capital markets, government-sponsored enterprise (GSE) policy developments, borrower behavior, and multifamily fundamentals. Panelists described a market that remains challenged but functional, with Agency CMBS spreads remaining stable despite macro volatility, higher Treasury yields, geopolitical risks, and shifting rate expectations. Agency bonds remain well supported by strong investor demand, liquidity, call protection, and predictable issuance, while the spread differential between Fannie Mae Delegated Underwriting and Servicing (DUS) securities and Freddie Mac K-Deals has compressed meaningfully. The discussion around GSE conservatorship and a potential initial public offering (IPO) has largely subsided compared to last year, and panelists indicated that the current framework is likely to remain in place for the near term. The 21st Century ROAD to Housing Act is still worth monitoring, particularly regarding its treatment of build-to-rent properties and their classification as single-family versus multifamily.

Freddie Mac issuance remains robust but rate dependent. The multifamily production cap was increased to approximately \$88 billion for each GSE, with Freddie reporting more than \$40 billion in issuance year-to-date. Borrower demand for five-year loan terms persists amid ongoing rate uncertainty, although 10-year K-Series production has improved and floating rate production has increased as rate cap costs have declined. Borrowers remain highly sensitive to rate volatility, and many refinancings require new equity contributions. Debt capital is broadly available across Agencies, banks, debt funds, and other lenders. Equity capital is also available, although more selective, with core equity focused on high-quality, well-located, and strong-performing assets. Capital for underperforming or supply-pressured assets requires an opportunistic return profile. On fundamentals, panelists emphasized that multifamily remains bifurcated rather than broadly distressed. Supply-heavy Sunbelt markets such as Phoenix and Austin, Texas, face elevated vacancy, flat rent growth, and significant concessions for standard format multifamily. Lower-supply markets in the Midwest, Rust Belt, New York City, and San Francisco are performing comparatively better.

Borrower Perspectives: CRE Market Realities and Opportunities

The next session featured a wide-ranging discussion on how borrowers, developers, and investors are navigating a market defined by higher capital costs, tighter underwriting standards, and increasingly selective capital allocation. Panelists emphasized that the low-rate environment allowed borrowers to explore broader investment strategies, while today's market requires a more targeted approach focused on asset quality, location, income growth, and execution certainty. Development economics have become more difficult as return requirements have increased, with spreads over cost of capital compressing across certain property types. That said, panelists identified opportunities in select areas, including high-quality New York office and assets purchased below replacement cost. Data centers were described as one of the most compelling but operationally complex sectors, given significant execution risk related to certain factors such as power constraints and uncertain exit cap rates despite overall strong demand.

A key theme throughout the session was the growing bifurcation across markets and asset classes. Notably, tenant demand remains concentrated in premier locations and best-in-class assets, particularly in New York City, where newer, better-amenitized office buildings continue to attract tenants willing to pay premium rents. Older and less competitive assets face increasing obsolescence, forcing owners to assess whether to renovate, convert, or demolish. Panelists also noted that the line between real estate and infrastructure continues to blur, particularly as power availability, data center demand, and digital infrastructure requirements become more central to investment decisions. Looking ahead, industry leaders said the next phase of the CRE cycle will likely be shaped by several key issues, including obsolescence, political and regulatory risk, the impact of AI on space usage and job growth, and ongoing affordability pressures for consumers.



CREFC & Trepp Ins Co Investment Performance Survey

The results of the semiannual insurance company portfolio lenders survey highlighted a portfolio lending market that remains relatively disciplined despite signs of broader credit deterioration. New originations continue to reflect conservative underwriting, with loan-to-values (LTV) generally in the mid-50% range compared with seasoned loan LTVs of approximately 60%. However, debt service coverage ratio (DSCR) and debt yield metrics have declined across both seasoned loans and new production. In addition, loan structures continue to favor limited amortization, with a large share of new originations composed of non-amortizing or partially amortizing loans.

The discussion also underscored the continued strength of the CMBS market, with issuance in both 2025 and 2026 heavily driven by SASB transactions. At the same time, CMBS delinquency rates have continued to rise, reaching approximately 6.89% in December 2025, compared with 5.99% one year earlier. Office remains the primary source of stress, with an 11.53% delinquency rate, while retail delinquency of 6.61% continues to be heavily influenced by regional malls. Excluding regional malls, panelists noted that retail performance remains comparatively healthy. In contrast, portfolio lenders continue to report lower delinquency rates than CMBS and banks, although realized losses increased significantly to \$542 million in 2025 from \$66 million in 2024.

Portfolio Lenders Forum

The Portfolio Lenders Forum focused on the continued expansion of private credit, its role within the broader CRE finance market, and the competitive dynamics shaping lender behavior. Panelists noted that CRE private credit has grown into an approximately \$2 trillion market, while the broader private credit universe now exceeds \$40 trillion globally. Despite persistent concerns about systemic risk, panelists stated that many of the negative headlines surrounding private credit are being driven by issues in private corporate lending rather than private CRE lending. They pointed to lower leverage levels, stronger collateral backing, and the sector's ability to navigate recent periods of market stress as evidence that CRE private credit remains on solid footing. Private credit was described as a permanent—although cyclical—part of the financing landscape, helping to fill gaps left by banks and insurance companies while also complementing the traditional lending space through whole loan partnerships, back leverage, and other capital solutions.

The discussion also highlighted the growing influence of data centers, which continue to attract significant capital and have prompted many firms to debate whether the sector should be classified as real estate, infrastructure, or both. One panelist emphasized the need for selectivity, particularly with respect to power availability, tenant credit, location, and residual value at lease maturity.

Forum participants described a competitive lending environment, as banks become more active and pricing tightens for higher-quality assets and borrowers. However, lenders remain focused on expense growth, capital expenditure needs, exit assumptions, and the impact of interest rate volatility, particularly movements in the 10-year Treasury. Several panelists noted that bridge lending remains attractive as borrowers seek flexibility, while frozen or upside-down capital structures may create opportunities for lenders willing to take on complexity.

The panel also discussed the evolving regulatory landscape, noting that private credit's rise was largely driven by post-global financial crisis (GFC) regulations that constrained bank lending activity. While panelists acknowledged that some form of regulation of private credit is likely over time, they cautioned that additional oversight could reduce liquidity and capital availability across the CRE lending market.

Investment-Grade (IG) Bondholders Forum

The forum focused on credit performance, underwriting trends, and transparency initiatives across the CMBS market. Panelists noted that issuance and spreads remain resilient despite ongoing macroeconomic uncertainty, with SASB and CRE CLO transactions continuing to lead market activity. Participants also highlighted the relative value available in CMBS, particularly within the SASB market, where greater transparency and asset-level information support targeted credit selection. Multifamily and industrial remain relative outperformers, although certain multifamily loans



are beginning to exhibit stress. Rent growth softening and rising operating expenses in supply-heavy Sunbelt submarkets were once again mentioned as areas of concern. It was noted that multifamily loans in private label conduit transactions often represent an adverse selection of the market, as many of the strongest multifamily assets are financed through Agency executions. Texas multifamily was cited as an area of distress as changes to Housing Finance Corporation (HFC) tax credit programs reduced benefits that had been incorporated into underwriting assumptions.

Much of the discussion centered on ratings migration, with panelists noting that bonds lower in the capital stack have experienced substantial ratings deterioration over time, although realized losses remain limited for SASB transactions. While downgrades do not necessarily result in defaults or principal losses, speakers emphasized that they remain highly consequential for ratings-sensitive investors. The forum also highlighted concerns around increasingly aggressive underwriting, including optimistic revenue growth expectations, limited recognition of potential expense pressures, and concentration risk within certain transactions. Panelists attributed some of these trends to heightened competition in the lending market, which has encouraged looser underwriting standards in certain segments.

The session concluded with a discussion of efforts to improve reporting standards, appraisal transparency, workout documentation, and modification disclosures. Participants expressed concern over documentation and servicing practices that may diverge from the intended spirit of responsibilities and rights laid out in transaction documents, resulting in uncertainty around loan extensions, workout outcomes, valuation determinations, and payment waterfalls. Panelists emphasized that greater transparency, clearer documentation standards, and increased reporting consistency would help investors assess risk more effectively and strengthen confidence in the CMBS market.

Government Impact on the Business of CRE & Its Asset Classes

The last panel of the day examined how federal, state, and local policy decisions are increasingly influencing CRE execution, capital availability, and asset-level strategy. The discussion opened with geopolitical and trade policy uncertainty, including the war in Iran and tariff-related volatility, which have added pressure around affordability, construction costs, and capital flows. From a lender and operator perspective, higher energy and material costs are impacting construction budgets, while tariff uncertainty has complicated real-time negotiations and cost-sharing arrangements. Although these pressures have not caused projects to stop, they are contributing to underwriting uncertainty, net operating income (NOI) compression, and execution difficulty, particularly in sectors such as multifamily, where construction cost growth has outpaced rent growth in recent years.

The conversation then shifted to financial regulation, where deregulation was characterized as a meaningful theme under the current administration, specifically in the banking sector. Much of the discussion focused on proposed Basel capital changes, including concerns that CRE exposures for certain banks would receive less granular treatment compared to residential loans. Panelists noted that modest relief around capital requirements, or confidence that rules will not become increasingly punitive, could support bank lending activity and improve liquidity. The panel also discussed CREFC's advocacy around mortgage servicing rights, warehouse lending, Securities and Exchange Commission (SEC) disclosure requirements, 17g-5, and 15c2-11, all of which were framed as areas where more efficient regulation could help reduce market friction without sacrificing investor protection. On the GSE front, participants suggested that meaningful reform or an exit from conservatorship is unlikely in the near term, with congressional attention appearing to shift toward 2027 and talk of an IPO having faded.

At the local level, the panel highlighted New York City's zoning reforms as an example of government policy directly affecting asset-level opportunities. The City of Yes initiatives were described as a major modernization of zoning rules that had not been meaningfully updated in decades, with changes intended to expand housing production, enable more office-to-residential conversions, allow greater flexibility in mixed-use buildings, and permit light manufacturing uses in commercial office buildings. Panelists tied these reforms to the city's housing shortage and elevated office vacancy following COVID-19, noting that policy alignment across zoning, building departments, financing tools, and economic development agencies is critical to the success of public-private partnerships.



The session also addressed federal housing legislation, including proposals targeting large institutional ownership of single-family rentals. The speakers warned that broad definitions could unintentionally affect build-to-rent communities and create complications for lenders, investors, and servicers, emphasizing that institutional ownership represents a small share (2%-3%) of the broader single-family rental market. The panel concluded with an election outlook, noting that the House appears vulnerable to a change in control while the Senate remains more difficult to forecast. Regardless of the outcome, housing, private equity, private credit, and regulatory policy are expected to remain active areas of debate.

KBRA will provide recaps of Day 2 and Day 3 as the conference continues.

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