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CREFC January Conference 2026 – Day 1 Recap

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The CRE Finance Council (CREFC) returned to Miami for its annual January conference, surpassing last year's attendance with a new record of over 2,400 attendees. CREFC serves more than 400 member firms, and the conference attracts commercial real estate (CRE) participants from all areas of the industry, providing a forum to discuss the factors most affecting CRE and, importantly, the forces likely to drive the market in the year ahead.

Conference co-chairs, Sana Petersen and Nishant Nadella, opened the day's events by welcoming attendees to Miami and briefly previewing the conference agenda. Mr. Nadella pointed to keynote appearances from Chris Voss and Scott Galloway, along with panels covering private credit, foreign investment in U.S. real estate, office, multifamily, and data centers. He also introduced incoming conference co-chairs, Lindsay DeChiaro and Grant Frankel.

Next up was Stewart McQueen, Partner at Dechert LLP and conference sponsor representative. He concluded the opening remarks by characterizing the CRE finance market as being in transition. He cited improving rate stability, a gradual return of liquidity, and increasing creativity in capital solutions, while also noting ongoing challenges related to office assets, execution risk, and upcoming maturities. Mr. McQueen emphasized CREFC's important role as a central forum for collaboration, data transparency, and regulatory engagement, and encouraged attendees to be candid, collaborative, and focused on investing in the next generation of industry professionals.

Tactical Empathy: Negotiation Secrets From an FBI Negotiator

Opening keynote speaker Chris Voss—former FBI lead international kidnapping negotiator and CEO of The Black Swan Group—discussed negotiation strategies centered on the concept of "tactical empathy." Drawing on his years of experience leading high-stakes hostage negotiations, Mr. Voss argued that certain techniques commonly used in business—such as emphasizing common ground or seeking quick agreement—can unintentionally create friction between negotiating parties and extend deal timelines. He also stressed the critical difference between intent and impact, noting that even well-meaning behaviors can undermine trust and slow or derail negotiations.

Mr. Voss highlighted the importance of understanding and clearly articulating the counterparty's perspective, explaining that negotiators should focus less on securing affirmative responses and more on making the other side believe they are heard and understood. The most meaningful signal of progress in a negotiation is not hearing "yes," but hearing "that's right," which indicates that the counterparty believes their viewpoint has been accurately understood, according to Mr. Voss.

Mr. Voss described his experience in the Philippines where a militant group kidnapped an American citizen and demanded a large ransom as compensation for decades of political and economic grievances. Instead of disputing the rationale or negotiating a payment, Voss's negotiating team summarized the group's complaints in detail, acknowledging their stated motivations and historical grievances without judgment. Ultimately, the kidnappers affirmed the summary with a "that's right," after which they never mentioned the ransom demand again and later released the hostage without payment.

Mr. Voss concluded by encouraging attendees to apply tactical empathy in everyday professional interactions, emphasizing that negotiation is a perishable skill that improves through deliberate practice. He noted that techniques such as inviting "no" responses, allowing silence, and resisting the urge to immediately assert one's own position can significantly reduce friction and build trust. By shifting from transactional bargaining to empathetic engagement, Mr. Voss believes that negotiators can achieve more durable outcomes and preserve relationships, regardless of whether a deal is ultimately reached.

Issuers Forum

The Issuers Forum focused on issuance trends, execution dynamics, and the outlook for CMBS, as panelists reflected on strong issuance momentum exiting 2024 that continued through a record year in 2025. Issuance volumes improved meaningfully last year, driven primarily by growth in single-asset single borrower (SASB) transactions and CRE collateralized loan obligations (CLO); conduit issuance also increased but to a lesser extent. SASB issuance jumped, with office collateral representing a sizable portion of activity in both major gateway and non-gateway markets. Data center transactions also emerged as a notable contributor to SASB volume (9%). Overall issuance volume in 2025 was described as the highest since the global financial crisis (GFC), and was supported by tightening spreads and increased competition, which panelists viewed as supportive of further volume growth in 2026 despite ongoing macro uncertainty.

Panelists emphasized that conduit issuance remains highly sensitive to interest rates, particularly movement in the 10-year Treasury, but also noted that changes in the fed funds rate do not necessarily translate to corresponding movement in longer-term rates. As a result, five-year loans continue to be prevalent, as borrowers seek flexibility and avoid locking in long-term rates. While investor demand was viewed as strong, sourcing sufficient high-quality collateral remains a limiting factor. Panelists said the return of regional banks as lenders is increasing competition primarily in the multifamily space and noted that expanded government-sponsored enterprise capacity may help support volumes if pricing and rate conditions improve. Upcoming loan maturities—especially for office loans—will highlight market bifurcation, helping distinguish financeable assets from those likely to require a workout or resolution. Panelists also remarked that underwriting for shorter-duration loans has evolved to address extension risk through more conservative structures.

Panelists expressed cautious optimism for 2026, based on expectations for modest interest rate cuts and continued issuance growth. Multifamily performance was identified as warranting greater focus due to an increase in delinquencies. However, because most of the recent delinquencies are concentrated among a few sponsors, the poor performance of some loans was not viewed as representative of the recent vintages or the property type overall. Expense growth outpacing revenue growth, combined with rising concessions, has prompted more conservative underwriting, although panelists emphasized that robust due diligence remains the primary risk mitigant.

Data centers have become increasingly important across multiple financing channels, although CMBS SASB transactions face challenges related to transaction size, insurance coverage, tenant concentration, and long-term obsolescence risk. These assets also require analysis of both tenant credit and the real estate, as well as careful assessment of power availability and location. On the positive side, lease structure and contractual covenants are seen as important mitigating factors. Sentiment was split as to which property type could lead issuance in 2026, with office and data centers cited most frequently. The panel's view is that 2026 is likely to be a year of selective growth, supported by improved market conditions and issuance capacity, but still constrained by interest rates, asset-level dispersion, and the need for disciplined underwriting.

Alternative Lenders and High-Yield Investors Forum

This forum brought together senior leaders from debt funds, private credit, and development firms to reflect on 2025 and look ahead to 2026. Panelists agreed that 2025 was a volatile but ultimately strong year for commercial real estate credit. Despite early optimism, market sentiment shifted sharply from the effects of the tariff announcements in April, causing market instability, widening spreads, and the sidelining of some traditional lenders. That pullback created attractive opportunities for alternative lenders, who stepped in with disciplined structures, particularly in construction lending, where inflation, guarantees, and sponsor quality became even more critical.

New records were set by year-end 2025. CMBS and SASB issuance surpassed prior peaks, debt fund volumes increased dramatically, and banks returned as active facilitators of lending. Capitalization rates compressed across most asset classes except office, which continued to show a "tale of two cities" dynamic. New York City posted a banner leasing year driven largely by artificial intelligence (AI)-related tenants, while Florida—especially Miami and West Palm Beach—emerged as a standout growth market. West Palm Beach saw significant pre-leased new construction, strong rent growth, and institutional-grade demand, underscoring its transition from a secondary market to a long-term business hub.

Looking forward, panelists expressed strong confidence in 2026. They cited key drivers such as the relative value of real estate as other assets become more expensive, an impending maturity wall, improved fundraising conditions, and growing liquidity. Debt is expected to continue to lead the recovery, with equity activity following as pricing clarity improves. Simultaneously, competition is intensifying, especially from banks with abundant, low-cost deposits reentering the market, forcing private lenders to collaborate, innovate, and sharpen their value proposition.

Across strategies, panelists broadly agreed that underwriting discipline remains paramount. They emphasized the importance of structural protections, realistic exit assumptions, and, above all, confidence in the sponsor's experience and execution capabilities. Data centers, despite AI-driven enthusiasm, were largely viewed as risk-off for most panelists due to scale, binary outcomes, and uncertain residual values, leaving banks and specialized capital as the primary players. Panelists noted that they look forward to seeing how AI can enhance their productivity.

CREFC & Trepp Insurance Company Investment Performance Survey

Prior to the Portfolio Lenders Forum, Lonnie Hendry, Chief Product Officer of Trepp, Inc., presented findings from the latest CREFC & Trepp Portfolio Lender Survey, offering insights into origination activity, underwriting trends, performance metrics, and CMBS market conditions.

Survey results showed that portfolio lender origination activity in 2025 remained heavily concentrated in multifamily, representing roughly 50% of new originations. Industrial lending declined last year, falling to 26% of originations from 38% in 2024, signaling moderation following several years of outsized performance. Financing structures also shifted, with floating rate loans declining to about 14% of originations in 2025 from 25% in 2024, reflecting greater confidence in rate stability.

From an underwriting and performance perspective, credit metrics remained relatively strong despite ongoing valuation pressure. Loan-to-value (LTV) ratios increased modestly, with existing portfolio LTVs reaching 61%—an all-time high for surveyed lenders—while new originations averaged closer to 55%. Debt service coverage ratios (DSCR) stabilized in 2025, with new origination DSCRs recovering to 1.75x after declining in prior years. Delinquencies among portfolio lenders remained below 1%, much lower than banks and CMBS, although they followed a similar upward trajectory. Realized losses peaked in 2023 and declined through 2024 and into 2025, reflecting progress in resolving legacy problem assets, particularly in office.

The survey highlighted that the CMBS delinquency rate ended 2025 at 7.3%, well below the peak during the GFC but higher than the historical average. Office delinquency remained the primary driver, reaching a record high above 11% before modestly improving late in the year. Overall, Mr. Hendry characterized the market as stabilizing but still bifurcated, with strong performance among high-quality assets and continued distress in weaker segments.

Portfolio Lenders Forum

The forum opened with a presentation on senior housing, highlighting the sector's growing opportunities. One panelist discussed the outdated perception of senior housing as drab facilities with few amenities, and emphasized that the sector is evolving into one that is increasingly attractive and well-amenitized. The asset class spans a diverse range of types serving various needs, from active adult and independent living to assisted living, memory care, and skilled nursing. The panelist highlighted a current shortage of senior housing units and the protracted development timeline from groundbreaking to licensing. Supporting a bullish outlook, industry data indicates net operating income growth of about 12%.

Next, the seven panelists—all lenders active across various asset classes—discussed market activity in 2025 and their expectations for 2026. The discussion was interactive and incorporated audience participation via polling questions. Panelists broadly agreed that last year's momentum will carry over into 2026. Although sentiment was generally bullish, panelists highlighted the importance of sustaining refinancing activity while increasing acquisition volume.

The discussion shifted to competitive dynamics within lending. Panelists said they expect the trend of spread tightening to continue, contributing to increasing competition. To remain active, lenders must be prepared to execute on a transaction and focus on leveraging long-standing borrower relationships. Panelists also discussed strategies for winning deals, such as offering borrowers a range of debt and equity structures to meet capital needs. All panelists emphasized the importance of blended capital structures.

When the discussion shifted to asset classes, panelists agreed that data centers require a cautious approach because of the uncertainty they represent. Industrial assets have moderated from their post-COVID peak, although opportunities remain in select markets. Student housing continues to present opportunities, particularly at certain large universities. Retail remains challenging, with grocery-anchored and essential retail typically embedded within larger borrower portfolios, while premier malls continue to be financed primarily through SASB deals. Finally, panelists noted that opportunities exist in select premier office markets, with weighted average lease terms remaining a critical underwriting consideration.

The forum's key takeaway was an improving lending environment in 2026, with opportunities across both established and emerging asset classes. The market is expected to remain borrower friendly, driven by tight spreads and broad capital availability.

Private Credit Playbook: Evolving Players in the Debt Stack

This panel examined how private credit has become a core component of the real estate capital stack as markets move into 2026. Panelists agreed that competition has intensified significantly, driven largely by banks reentering the market after several years on the sidelines. Stronger balance sheets, looser regulation, and portfolio churn have enabled banks to offer tighter spreads—particularly in construction and bridge lending—compressing pricing across the sector. Despite this pressure, private credit continues to compete effectively by offering flexibility, execution certainty, and delivering customized capital solutions.

The panel highlighted the evolution of private credit from a narrow, high-leverage niche into a broad origination and capital-matching platform. Large managers now operate across multiple channels, working with banks, insurance companies, and institutional investors to originate loans on behalf of different capital sources. This allows firms to tailor structures across the risk spectrum, from low leverage, fixed rate insurance executions to higher leverage debt fund loans. Insurance companies, once viewed as conservative participants, are increasingly active partners due to strong inflows, favorable capital treatment, and a preference for accessing transitional and construction lending by partnering with experienced managers, instead of through direct origination.

Underwriting discipline in a more competitive environment was also emphasized. While spreads have tightened and leverage has crept modestly higher, panelists emphasized that current lending remains below replacement cost and is supported by stronger fundamentals than in prior cycles. Market activity remains largely refinance driven, as owners seek time to stabilize assets acquired or developed at peak valuations amid higher interest rates. Distress persists but is concentrated primarily in office and in multifamily in some southeast markets.

Back, or fund-level, leverage emerged as one of the most important structural developments shaping private credit. Improved access to repo lines and single-asset facilities has reduced financing costs and allowed funds to maintain target returns despite spread compression. However, panelists cautioned that back leverage introduces meaningful risk if poorly structured. Strong bank relationships and conservative use of leverage, especially avoiding crossed facilities in construction lending, were cited as critical lessons from recent cycles.

The panel expressed cautious optimism in 2026. The maturity wall from 2021 vintages is expected to help support sustained lending and transaction opportunities. While political and geopolitical risks remain, declining supply pipelines, stable cash flows, and assets trading below replacement cost will provide a tailwind. Overall, private credit was seen as better capitalized, more sophisticated, and more deeply embedded in the market, positioning it to remain as a key player in real estate finance through the next phase of the cycle.

B-Piece Investor Forum

This forum featured four panelists who focused on conduit issuance trends, structural dynamics, and evolving credit risks from the perspective of subordinate CMBS investors. Panelists generally expect conduit issuance in 2026 to be modestly higher than 2025, but still below pre-pandemic volume. While conduit issuance has stabilized around the low-to-mid $30 billion range, panelists noted the absence of meaningful acquisition volume and dominance of refinance activity have extended deal timelines and capped overall issuance. Several participants emphasized that pre-pandemic issuance was supported by faster deal velocity and a much higher office allocation, both of which remain constrained.

Panelists also addressed the implications of smaller pools with fewer loans, resulting in more pari passu loans. Their view is that although smaller pools can accelerate execution, they also introduce additional complexity around control rights, reporting transparency, and workouts, especially in an environment where special servicing activity is increasing. These investors are increasingly sensitive to those who control large loans within smaller pools, because of the importance of directing resolutions and managing downside risk during periods of distress.

As for credit risk, panelists identified multifamily as the top area of concern over the next 12-18 months, particularly loans originated during the 2021–22 acquisition cycle, partly due to elevated leverage and thinner margins for error during the underwriting process. Investors highlighted rising delinquencies among newer multifamily loans. Several panelists emphasized that multifamily underwriting has become much more complex, requiring deeper due diligence into cash collections, because the in-place collections are increasingly diverging from reported rents and underwritten assumptions. Additional due diligence is required to assess tenant quality and sponsor financial health to avoid credit issues and possible loan defaults. Office, retail, and hotel were also cited as areas warranting caution.

Next, the panel discussed underwriting lessons learned across asset classes, emphasizing the importance of avoiding early losses, properly sizing reserves for capital expenditures and tenant improvements, and accounting for the time required to reach asset liquidation, particularly in judicial foreclosure states. Although industrial, self-storage, and manufactured housing were cited as relative bright spots, panelists reiterated that sponsor quality, realistic tenant improvement and leasing commission forecasting, and conservative leverage remain central to managing downside risk. The session concluded with a discussion on the growing use of AI and technology in underwriting, primarily as tools to improve efficiency, compare due diligence materials, and enhance research. Panelists also reinforced that human judgment remains critical for credit decision-making.

Global Capital Flows: Navigating International Investments in U.S. Real Estate

This session featured a panel of international investors who are actively allocating capital to U.S. real estate, including representatives from sovereign wealth funds and a global banking institution. Panelists said that real estate allocations as a percentage of overall portfolios have increased over the past five to seven years. Investment decisions were described as driven by relative returns and long-term fundamentals, with U.S. real estate assessed alongside other U.S. investment opportunities. Panelists emphasized that the U.S. and its real estate markets continue to represent a core destination for global capital, supported by its liquidity and market efficiency.

Panelists noted that credit spreads remain near historical lows, fueling debate around entry points and risk-adjusted returns, although several cited U.S. CRE as offering attractive relative value. Asset selection was described as increasingly focused on fundamentals such as micro-market considerations, sponsor quality, and the amount of capital and ongoing capital expenditures committed to a project. Supply and demand imbalances in certain U.S. regions are also an important consideration, reinforcing the need for asset- and market-specific underwriting.

Office assets are highly bifurcated, although panelists cited strong pre-leasing activity in select gateway markets such as New York City and San Francisco. The panelists have a similar view of multifamily and noted that supply pipelines and the risk of overbuilding in certain markets are factors that should not be overlooked. Sentiment toward life science and retail malls were described as softer, while selective interest was noted in senior housing and student housing. These investors also expressed caution toward large-scale U.S. data center projects due to their size and uncertain exit risk.

U.S. macro considerations featured prominently in the discussion, with panelists citing geopolitical risk, anemic economic growth, and a softening labor market as factors that could influence their capital deployment. Despite these challenges, the U.S. CRE market was viewed as benefiting from significant liquidity, efficient capital markets, and a broad range of financing and resolution options. Overall, the session reflected a disciplined but constructive outlook, with global investors remaining engaged in U.S. real estate while prioritizing selectivity and asset-level fundamentals.

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

Recent Publications

- 2026 U.S. CMBS Outlook: Issuance Momentum Builds; Loan Distress Remains Elevated
- 2025 CMBS Loan Maturities: Office Drives Improving Refinance Rates
- Single-Borrower CMBS Default and Loss Study: Shaped by Unprecedented Events
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