

## The State of CRE Servicing – Midyear 2026

The CREFC Annual Conference last month highlighted the importance of servicing and asset management in today's commercial real estate finance market. Beyond the dedicated Servicers Forum and the joint CRE CLO/Investor Reporting Package (IRP) luncheon, servicing topics were woven throughout the program, from the Industry Leaders Roundtable to the closing panel, *In the Thick of It: Downstream Impact on the Servicing Playbook*. The scope of these discussions underscored the critical role servicing continues to play across the industry.

This *Spotlight on Servicing* report highlights the key servicing themes discussed at the Annual Conference and explores what they reveal about the current state of commercial real estate servicing.

### **Elevated Special Servicing and Delinquency Rates Persist**

Even amid robust 2026 issuance, CMBS servicers and special servicers are dealing with special servicing and delinquency rates that are greater than historical averages. The CMBS delinquency rate was 7.3% as of year-end 2025. As of May 2026, the rate stands at 7.55%, which is the highest rate since the COVID-19 pandemic. Similarly, the percentage of loans in special servicing has been bumping around the 11% rate in 2026 and stands at 10.86% as of May 2026.

While overall delinquency and special servicing percentages have remained roughly the same over the past several months, loans continue to move in and out of the cohorts. For example, roughly \$4 billion of CMBS loans became newly delinquent in May 2026. Imminent monetary default due to upcoming loan maturity and balloon payment defaults also continue to be the most prevalent special servicer transfer reasons this year.

Office continues to be the most challenging property type. Nearly 50% of the unpaid principal balance (UPB) of the loans in special servicing as of May 2026 are backed by office. Ten CMBS loans with a cumulative unpaid principal balance before disposition of approximately \$224 million were disposed of in May 2026. Of those ten loan dispositions, seven loans, totaling roughly \$148 million, were backed by office properties.

The elevated CMBS distress levels have been keeping servicers and special servicers busy. However, servicers have remained on top of their workload and state that they will continue to be well staffed to handle the continued elevated pipeline of delinquent loans.

For more information about loan delinquency and special servicing rates, please see CREFC's [May 2026 Monthly CMBS Loan Performance Report](#) found [here](#).

## New Servicers Entering CMBS Market

Healthy issuance in both the Single Asset/Single Borrower (SASB) and CRE CLO segments of CMBS over the past two years has led to an influx of new servicers. The number of servicers who engage rating agencies for a public servicer ranking has markedly increased over the past 18 months, rising from six to 10.

### Newly Ranked Commercial Real Estate Servicers

|                         | 2025 | 2026 YTD |
|-------------------------|------|----------|
| <b>Primary Servicer</b> | 1    | 3        |
| <b>Master Servicer</b>  | 1    | 1        |
| <b>Special Servicer</b> | 4    | 6        |

Additionally, the rating agencies are anticipating issuing new servicer rankings for up to eight additional servicers in 2026 and already report a strong pipeline for new servicer rankings in 2027.

The dual nature of the current CMBS market helps to explain the increased interest in servicing. Firstly, the higher delinquency environment of the past year has created opportunities for asset management firms to pursue special servicing assignments. Additionally, strong origination in the SASB and CRE CLO segments has led to new issuers and investors who may not have established relationships with existing third-party servicers. Finally, some investors have opted to establish their own servicing entities and move away from using third parties.

## Investors’ Desire for Information

During the CREFC Annual Conference, one major underlying theme emerged: CMBS investors want as much timely and accurate information as they can get, especially when it comes to delinquent or specially serviced loans.

The CREFC Investor Reporting Package (IRP) provides extensive information regarding delinquent and specially serviced loans. Whether it be data fields in the loan periodic file, servicer watchlist comments, or information contained in supplemental reports such as the loan modification or appraisal reduction reports, the IRP is designed with the needs of investors in mind.

Servicers and special servicers need to balance investor desires for more information without harming negotiation leverage with the borrower during a loan workout. Special servicers are concerned that if the IRP provides sensitive information such as detailed data about collateral value or loan workout strategy, it may give the borrower an upper hand in ongoing negotiations. Effective servicers and special servicers strive to strike the right balance when providing useful data about loan workouts to investors without endangering the position of the Trust and bondholders.

Another challenge associated with investor reporting is inconsistent data regarding pari-passu loan pieces that are contributed to several securitized transactions. Each securitization has potentially unique master servicers who are responsible for ongoing loan reporting. Occasionally, information from the lead securitization does not flow to the other securitizations in a timely manner. Also noteworthy is that each securitization is subject to its own determination and reporting dates, which may not be in sync with each other and can cause timing issues.

Master and special servicers have received feedback from investors about these challenges and are working together to solve these issues on a go-forward basis. Any solutions developed by the servicing community will be presented to issuers, investors and if necessary, the CREFC IRP Committee for additional input.

## Investor Reporting Update

Earlier this year, Version 8.5 of the CREFC Investor Reporting Package was approved with an implementation date of December 2026. During the Annual Conference, CREFC hosted a joint CRE CLO Reporting and IRP Committee meeting to discuss the Collateral Manager Data Report (CMDR), review potential updates to CRE CLO reporting, and gather input on future IRP enhancements.

Since its launch in October 2025, the CMDR has become well accepted in the markets, with both issuers/collateral managers and investors appreciative of the reporting improvements it provides for transitional loans. During the meeting, participants discussed current implementation challenges and potential improvements to the CMDR template, as well as improved operational mechanics to enhance ongoing servicer financial reporting. The conversation was a good starting point, but more dialog is needed to develop a consensus regarding future financial reporting.

After a brief recap of the changes approved for CREFC IRP v8.5, the Committee leadership led a conversation about potential future IRP updates. The discussion focused on two main enhancements:

- Creating a new Data Center property type, including a new Operating Statement Analysis Report (OSAR) and watchlist criteria and guidelines.
- Developing a means to distinguish between Appraisal Reduction Amounts (ARAs) and Penalty ARAs required by servicing agreements.

The IRP Committee leadership continues to seek feedback regarding potential investor reporting enhancements.

## New Data Center Working Group

The IRP Committee is forming a data center working group consisting of servicers, issuers, investors and rating agencies to formulate a development framework and timeline. Interested parties should reach out to Rich Carlson ([rcarlson@crefc.org](mailto:rcarlson@crefc.org)) or the IRP committee leadership to be included.

## Conclusion

As the CMBS market enters the second half of 2026, the servicing landscape continues to reflect a market in transition. Elevated delinquency and special-servicing volumes continue, particularly for office assets, even as strong issuance activity attracts new market participants and expanded servicing capacity. At the same time, investors continue to seek more timely, transparent, and consistent reporting, prompting CREFC to foster ongoing collaboration among servicers, issuers, investors and rating agencies to enhance industry standards.

The discussions at CREFC's June Annual Conference highlighted both the challenges and the resilience of the servicing community. Servicers are adapting to increased workloads, addressing evolving reporting expectations and working collectively to improve data quality and operational consistency. Initiatives such as CREFC IRP Version 8.5, the continued evolution of the Collateral Manager Data Report, and future enhancements for emerging property types demonstrate the commitment of CREFC to ensure investors receive meaningful data to inform investment decisions.

Although market conditions remain complex, the servicing industry continues to evolve alongside them. Through continued collaboration and a focus on transparency, efficiency, and standardized reporting, CMBS servicers are well positioned to support market participants as the current commercial real estate cycle continues to unfold.

### For questions or additional information:



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## CREFC Resources

For more information regarding the topics discussed in this paper, please refer to the CREFC website:

[https://www.crefc.org/cre/cre/content/learn/Glossary/CREFC\\_Glossary.aspx?hkey=73766de8-5900-480d-a0f3-b4e75bd3ed84](https://www.crefc.org/cre/cre/content/learn/Glossary/CREFC_Glossary.aspx?hkey=73766de8-5900-480d-a0f3-b4e75bd3ed84)

<https://www.crefc.org/cre/cre/content/learn/irp/irp-home.aspx?hkey=3e3e54df-d39a-450d-b961-ae094b1e3db>

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