

Market Commentary

COMMERCIAL MORTGAGE LOANS | 1H 2026

Market Backdrop

Origination and issuance were the story of the first half in commercial real estate (CRE) debt. Newmark Research estimates national CRE debt origination volume at \$453 billion for the first half (up 25% year-over-year and 42% ahead of the 2017–2019 average), with acquisition financing (+38%) growing faster than refinancing (+24%). Securitized supply kept pace. Non-agency CMBS issuance reached \$96 billion across 119 deals, 26% ahead of the same period in 2025, with single-asset/single-borrower (SASB) deals leading at \$54 billion. CRE CLO, the vehicle most directly tied to financing bridge loans, grew fastest, up 55% year-over-year to \$27 billion across 26 deals. Agency CMBS added roughly \$82 billion, up 27%, as Freddie Mac, Fannie Mae and Ginnie Mae remained the dominant channel for stabilized multifamily lending. Total CMBS supply across agency and non-agency reached \$179 billion, 27% ahead of last year.

The maturity wall is a durable source of demand. With roughly \$2.1 trillion of CRE debt maturing over the next several years, we expect refinancing and bridge demand to stay elevated well beyond 2026, a tailwind for the direct bridge lending strategies at the center of our platform.

Bridge Lending

The lending recovery is broad-based but multifamily-led. Conditions for direct bridge lending improved through the first half of 2026, with transaction and origination activity recovering off 2024–25 lows and originations up across every major property type, led by multifamily, industrial and retail. Multifamily alone reached \$191 billion, up 26% year-over-year and more than 40% of all CRE debt origination. Across the market, private and non-bank lenders continue to take share: lending by non-bank financial firms ran 54% above first-half 2025 levels. Our own pipeline followed a similar pattern, with volume across all property types up roughly 40% year-over-year and the majority of it multifamily.

Supply and demand are moving back into balance. Multifamily occupancy across the Top 60 markets held steady near 95.1% in the first quarter, while the multifamily construction pipeline came down from its peak. Demand for multifamily continues to strengthen, with more than 279,000 units absorbed nationally in the first half (the second-highest first-half total on record). Annual inventory growth slowed to a 26-quarter low. Asking rents are positive nationally at +0.9% per CoStar, while effective rents (inclusive of concessions) remain negative at -0.2% per Newmark Research, as concessions stay elevated. That decline has narrowed for two consecutive quarters, and forecasts point to national rent growth returning to positive territory by the fourth quarter. Multifamily cap rates have also stabilized near the mid-5% range nationally, keeping exit and refinancing markets orderly for stabilizing bridge collateral.

Industrial is following a similar supply-and-demand path, with vacancy easing from its 7.6% peak to 7.4%, asking rents up 3.7% year-over-year, and no 60-day-plus delinquencies in either the CRE CLO or SASB universe.

CRE Debt Origination (\$B)

PURPOSE	1H '25	1H '26	YOY
Refinance	251	311	+24%
Acquisition	62	85	+38%
Other	50	57	–
Total	363	453	+25%

Source: Newmark Research.

CMBS Issuance (\$B)

SECTOR	1H '26	YOY	DEALS
SASB	53.5	+23%	72
CRE CLO	26.7	+55%	26
Conduit	16.1	+4%	21
Non-Agency	96.3	+26%	119
Agency	82.3	+27%	–
Total	178.6	+27%	–

Source: J.P. Morgan.

U.S. Multifamily Fundamentals

METRIC	YE '25	JUN '26
Avg Asking Rent	\$1,708	\$1,746
Asking Rent (YoY)	+0.7%	+0.9%
Under Construction	~690K	~665K
Top-60 Occupancy	95.2%	95.1%
Top-60 Under Constr.	573K	501K

Rents/units: CoStar and U.S. Census (national), period-end. Occupancy/under-construction: Colliers Research, Top 60 U.S. markets, 1Q '25 and 1Q '26.

Asset and liability spreads both tightened. We are seeing multifamily bridge loans at 65% to 70% loan-to-value trade 20 to 30 basis points tighter than at the start of the year, with industrial spreads moving similarly. While tighter asset spreads compress new-money yields on the loans we originate, financing spreads have tightened materially alongside them. Warehouse advance rates on bridge loans are competitive at 75% to 80%, and financing spreads have tightened to the SOFR plus 130 to 150 basis point range on most collateral, from SOFR plus 160 to 190 basis points at the start of the year. Securitization markets showed similar strength. New-issue CRE CLO AAA spreads moved 10 to 15 basis points tighter through the half, with full-stack execution providing around 87% to 88% advance term financing, equating to equity yields in the teens.

The stress is legacy vintage, not systemic risk. For a disciplined lender, concentrated stress is an opportunity. The securitized market offers the cleanest observable read on how bridge loans are actually performing, and it shows credit that is stable in aggregate but sharply bifurcated underneath. Sixty-day-plus delinquencies ended the half at 3.3% in CRE CLO (the closest analogue to our loans, down 140 basis points) against 5.0% in SASB and 8.1% in conduit. Office remains the primary driver of delinquencies in both conduit and SASB. Multifamily is the more instructive case, splitting by vintage rather than property type. Multifamily CMBS delinquencies of 7.15% (Colliers/Trepp, first quarter) trace overwhelmingly to the over-levered, floating-rate loans originated at peak pricing in 2021–2022. CRE CLO multifamily, the pool most representative of loans underwritten to today's more conservative standards, fell to just 2.6%, also down 140 basis points over the half.

"Refinancing pressure is creating selective entry points, rather than broad operating distress, supporting a more targeted investment environment."

— Colliers Research, Q1 2026 U.S. Multifamily Report

Institutional capital is responding to this dynamic: debt fund managers raised a record \$34 billion in 2025, per Newmark Research, as CRE debt continues to screen as attractively valued relative to other fixed-income and equity alternatives.

CRE Activity at Shelter Growth Capital Partners

Since 2016, SGCP has originated \$3.4 billion across more than 130 bridge loan transactions, with zero realized principal losses. We target loan sizes of \$15 million to \$75 million, with a focus on multifamily, industrial and select retail and hotel opportunities. Highlights of our commercial loan activity year to date:

- Concentrated our first-half originations exclusively in multifamily bridge loans, at a weighted-average coupon of roughly SOFR plus 330 basis points, a weighted-average stabilized debt yield of 8.3%, and a stabilized loan-to-value of 69%, well inside the stressed 2021–2022 cohort described above.
- Sourced an active pipeline across all four of those property types, with multiple loan applications signed, targeting spreads of SOFR plus 275 to 375 basis points, squarely the segment of the market where private and non-bank lenders are gaining the most share.
- Continued ramping a new investment vehicle and, market conditions permitting, could look to issue a new CRE CLO around year-end or early next year.
- Advanced marketing of a potential private securitization of seasoned CRE loan collateral.

Loan & New-Issue Spreads (bp)

INSTRUMENT	YE '25	JUN '26
Multifamily Bridge	+300–350	+275–325
Industrial Bridge	+300–375	+275–350
CRE CLO AAA	+145–155	+135–140
CRE CLO BBB-	+300–410	+280–350
SASB AAA	+150–180	+140–170
SASB BBB-	+265–340	+210–415
Conduit AAA	+80–85	+74–80
Conduit BBB-	+410–500	+410–515

Spreads vs. SOFR, except conduit vs. Treasuries. Source: J.P. Morgan; bridge loan spreads are SGCP estimates.

CMBS 60-Day-Plus Delinquencies

SECTOR	YE '25	JUN '26	1H Δ
CRE CLO	4.7%	3.3%	-140
Multifamily	4.0%	2.6%	-140
Industrial	0.0%	0.0%	0
SASB	5.3%	5.0%	-30
Industrial	0.0%	0.0%	0
Office	6.1%	6.5%	+40
Conduit	7.7%	8.1%	+40
Office	13.4%	14.1%	+70

Source: J.P. Morgan, June remittance data. 60-day-plus delinquencies include foreclosure, REO and non-performing matured loans.

Outlook

The outlook is positive, with the forces behind the increased activity in the first half appearing durable. Borrower demand is set by roughly \$2.1 trillion of maturities still ahead and a recovering acquisition market, where first-half investment sales rose 31% year-over-year to the best first half since 2022, with industrial up 51%. The lender base itself has continued to reshape in favor of private and non-bank capital. Collateral fundamentals in the property types we favor are improving as the multifamily supply wave passes, and while loan spreads have compressed, financing markets have moved tighter alongside them, preserving attractive opportunities. The stress that remains is vintage-specific: delinquencies are in office and in the over-levered 2021–2022 multifamily cohort, while recently underwritten bridge collateral performs significantly better. We continue to favor bridge whole loan risk as the best risk-adjusted return in CRE debt. We are actively growing our separately managed accounts and commingled vehicles to pursue it, and we welcome the opportunity to discuss participation.

Rates & Credit			
INSTRUMENT	YE '25	JUN '26	1H Δ
2YR UST	3.48	4.18	+70
5YR UST	3.73	4.23	+50
10YR UST	4.17	4.47	+30
CDX IG	46	43	-3
CDX HY	317	306	-11

Source: Bloomberg.

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