

# Commercial/Multifamily Financing Update



## Commercial/Multifamily Financing Update

We have highlighted several resources and publications below, designed to offer insights into the constantly evolving market and their impact on the real estate sector.

- **U.S. Real Estate Market Outlook 2026:** Navigating commercial real estate in 2026 will require a focus on asset resilience and operational excellence. While the recovery will be uneven, stabilizing supply and sustained demand will create a favorable environment for those positioned to capitalize on it. [Read More](#)
- **U.S. Treasury Yields Drop as Job Market Shows Sign of Weakness:** December job openings slid to 6.54 million—down from a revised 6.93 million in November—with a "vacancies per unemployed" of 0.9. Today's wave of softer-than-consensus-forecast labor numbers have increased the market-implied probability of a June Fed rate cut (the first of the year) to 55%. [Read More](#)
- **Capital Recap: Annual VC Funding Falls to Decade Low:** Venture capital (VC) funding increased quarter-over-quarter (Q-o-Q), but annual investment fell to its lowest level of the decade. Life Science raises accelerated to \$422.0 million in Q4, the year's second-highest quarterly sum. Tech investment compressed dramatically in 2025's final period, coming in at just \$50.3 million. [Read More](#)
- **Why a Niche Category of CRE Lending is Suddenly Seeing Record Deals:** C-PACE, A specific kind of loan that helps owners of commercial buildings pay for big upgrades to save energy or water, add renewable power, or improve resilience is seeing huge growth in a lending environment that has been arguably tough. [Read More](#)
- **San Diego Office Market Shows Sharp Submarket Divide in Class A Vacancy Performance:** Although the classification of Class A is considered to be standard throughout the market, the contrast in total vacancy percentages between the five submarkets is telling. [Read More](#)
- **CRE's Dry Powder Is Piling Up. Will Sparks Fly Soon?:** Fund sponsors amassing dry powder since the pandemic began, only to be stymied by a spike in interest rates and rising redemption requests, are becoming more bullish on the prospect of finally putting their capital to work. [Read More](#)

## Debt Market Sentiment

Congress passed a five-bill funding package on Tuesday that ended the brief partial shutdown and funds most federal agencies through September; however, the Department of Homeland Security (DHS) is only funded through Feb. 13, leaving another DHS funding cliff next week. (The shutdown did delay this week's BLS releases, including the January jobs report, which will be rescheduled now that funding is restored.)

**Fed Watch:** President Trump named former Fed governor Kevin Warsh as his nominee to succeed Jerome Powell in May. The primary significance of this announcement isn't a change in monetary policy, but the reassurance of the Federal Reserve's independence and the lifting of a major cloud of uncertainty over the market. Most market participants do not expect the transition to Kevin Warsh as Fed chair to alter monetary policy meaningfully this year. Assuming his nomination is confirmed, his first meeting as Chair will occur June 17th

Futures markets currently expect one 25-bps cut mid-2026, with a 72% probability of a second 25-bps cut priced in and no expectation of a third cut. JP Morgan announced they expect no cuts in 2026 and predicts the Fed will hike in 2027. Odds of a rate cut from the FOMC can be tracked on the [CME Fedwatch Tool](#).

**Life Companies:** Corporate bond spreads (the baseline for LifeCo pricing of alternative investments) have remained steady year-to-date (down around 4-7bps). We are seeing quotes between **5.05-6.15%** for 65% leverage or less. Spreads are around **130-210bps** depending on deal size, profile and leverage. Most are still 60% or less for best pricing in the low to mid 5% range.

**Banks:** The normalization of the yield curve will continue to drive more appetite for banks. We are seeing quotes in the **5.40-6.30%** range for deals with steady collections and a strong tenant mix. Banks on their fixed rate programs for core deals are 3, 5, and 7-year fixed rates with a step-down prepay. Floating rate options are around **180-300bps** + SOFR, or **5.50-6.70%** today.

**Debt Funds:** Debt Funds are looking to be more active and our clients have pursued debt fund money. Leverage is around 65-75% loan-to-cost with primary focus on stabilized debt yield and in-place cash flow. Debt Funds are also becoming more aggressive in lease-up assets and are increasingly open to office opportunities. Liquidity is not just good, its frothy. You can expect to see spreads range between **225-350bps** over SOFR. On the multifamily side, many groups are actively pursuing preferred equity positions behind agency senior loans. Debt Funds are getting pickier as multifamily and industrial fundamentals have slipped. However, CMBS and Debt Funds have provided the most competitive terms for office assets. Liquidity is back for well-located and quality assets.

**CMBS:** Spread moves have been relatively contained this year, on both new issue and secondary sides. We have seen rates **around 5.75-6.75%** depending on loan size, quality, property type and debt yield. Loan terms are anywhere from 5- to 10-years, fixed rate, up to 75% LTV and often full term IO.

**Agencies:** Rate lock activity in the Fannie Mae DUS market was elevated late last week with \$400+mm of new origination, bringing the weekly total to \$760mm. The bear steepening has brought in a new wave of yield buying in the long end as the strongest demand has shifted out the curve beyond 5-years to 6-10 year loans. Sales in the secondary market continue to be elevated as a result of the recent investor spreads tightening. Investor spreads have been relatively stable as demand has continued to outstrip supply

Rates continue to remain extremely competitive with pricing around **4.90-5.40%**. Rate buydowns are still a preferred measure for borrowers given the current environment driven by volatile benchmarks. With [a buydown, rates can drop to as low as 4.60-5.10%](#).

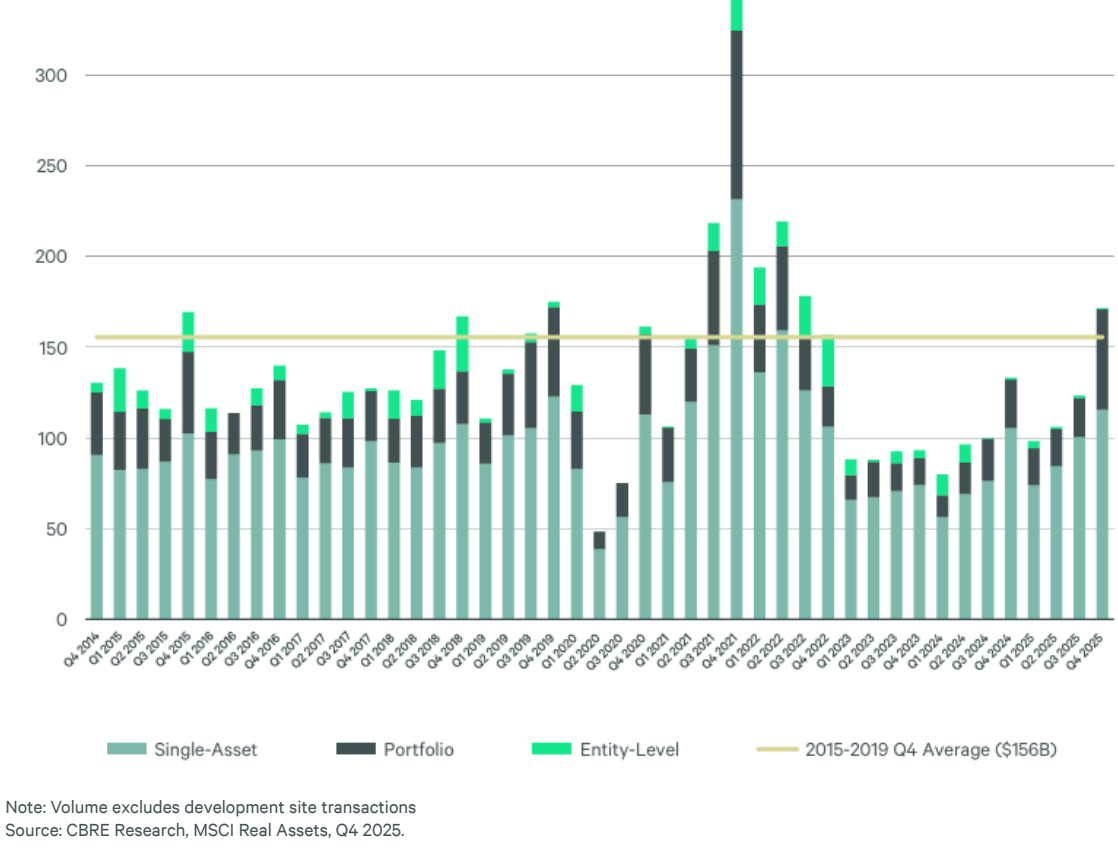
Our team is here to help you navigate financing options and provide color on what we are seeing in today's market.

## Commercial Real Estate Investment & Lending Activity Continue to Rise

### Executive Summary:

- Commercial real estate investment volume increased by 29% year-over-year in Q4 to \$172 billion. Annual volume totaling \$499 billion was 22% higher than in 2024.
- Private investors were the biggest buyers, accounting for \$92 billion of Q4 investment volume, followed by institutional investors with \$27 billion.
- Inbound cross-border investment fell by 37% year-over-year in Q4 to \$6.4 billion.
- Alternative lenders were the biggest non-agency lenders, accounting for 40% of Q4 loan closings, followed by banks (35%) and life companies (19%).
- Commercial and multifamily loan spreads were unchanged from Q3. Their loan-to-value (LTV) ratios rose by 9 and 3 basis points (bps), respectively, from a year ago.

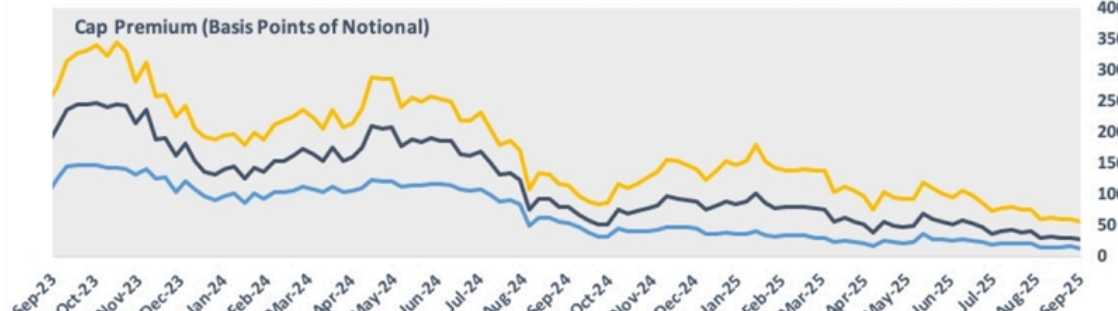
### Investment Volume Increases



[Read the Report Here](#)

## Historical Cap Pricing

The chart below illustrates how cap pricing has changed over the past 2 years.



## Today's Rate Snapshot

Treasuries		Swaps		SOFR	
5-year	3.73%	5-year	3.45%	30-Day Avg.	3.67%
7-year	3.95%	7-year	3.58%	Term	3.67%
10-year	4.19%	10-year	3.77%		

### PER PENSFORD

[USD LIBOR and SOFR Forward Curves](#)

[Indicative Rate Cap Pricing for Agency ARMs](#)

[View the Newsletter of J.P. Conklin, President Founder of Pensford](#)

For more information, please contact:



**Scott Peterson**  
Vice Chairman  
T +1 858 546 4607  
C +1 858 945 4946  
[scott.peterson@cbre.com](mailto:scott.peterson@cbre.com)  
[www.cbre.com/scott.peterson](http://www.cbre.com/scott.peterson)  
Lic. 01383970



**Bill Chiles**  
Vice Chairman  
T +1 858 646 4735  
C +1 619 987 1039  
[bill.chiles@cbre.com](mailto:bill.chiles@cbre.com)  
[www.cbre.com/billchiles](http://www.cbre.com/billchiles)  
Lic. 01092364



**Mark McGovern**  
Institutional Group  
T +1 858 546 4662  
C +1 858 344 2100  
[mark.mcgovern@cbre.com](mailto:mark.mcgovern@cbre.com)  
[www.cbre.com/mark.mcgovern](http://www.cbre.com/mark.mcgovern)  
Lic. 00973219



**Michael Kolcum**  
Vice President  
T +1 858 646 4780  
C +1 509 998 8668  
[michael.kolcum@cbre.com](mailto:michael.kolcum@cbre.com)  
[www.cbre.com/michael.kolcum](http://www.cbre.com/michael.kolcum)  
Lic. 02046406



**Brian Cruz**  
Vice President  
T +1 858 646 4794  
C +1 631 512 2923  
[brian.cruz@cbre.com](mailto:brian.cruz@cbre.com)  
[www.cbre.com/brian.cruz](http://www.cbre.com/brian.cruz)  
Lic. 01952158



**Colby Matzke**  
Lead DSF Analyst  
T +1 858 646 4784  
C +1 214 733 6798  
[colby.matzke@cbre.com](mailto:colby.matzke@cbre.com)  
[www.cbre.com/colby.matzke](http://www.cbre.com/colby.matzke)  
Lic. 02049450



**Taj Goldsmith**  
Senior Associate  
T +1 760 688 6952  
[taj.goldsmith@cbre.com](mailto:taj.goldsmith@cbre.com)  
Lic. 02197970



**Annalee Luke**  
Client Services Coordinator  
C +1 619 458 8849  
[annalee.luke@cbre.com](mailto:annalee.luke@cbre.com)  
Lic. 02375270



You may also unsubscribe by calling toll-free +1 877 CBRE 330 (+1 877 227 3330).

Please consider the environment before printing this email.

CBRE respects your privacy. A copy of our [Privacy Policy](#) is available online. For California Residents, our California Privacy Notice is available [here](#). If you have questions or concerns about our compliance with this policy, please email [PrivacyAdministrator@cbre.com](mailto:PrivacyAdministrator@cbre.com) or write to Attn: Marketing Department, Privacy Administrator, CBRE, 200 Park Ave. 19-22 Floors, New York, NY 10166.

Address: 2100 McKinney Ave Suite 700, Dallas TX 75201

**THIS IS A MARKETING COMMUNICATION**

© 2026 CBRE, Inc. All rights reserved. This information has been obtained from sources believed reliable but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy, completeness, or reliability of the information contained herein. You should conduct a careful, independent investigation of the property and verify all information. Any reliance on this information is solely at your own risk.

CBRE and the CBRE logo are service marks of CBRE, Inc. All other marks displayed on this document are the property of their respective owners, and the use of such logos does not imply any affiliation with or endorsement of CBRE.

Photos herein are the property of their respective owners. Use of these images without the express written consent of the owner is prohibited.