



Capital And Conviction:

Commercial Real Estate Enters
A Funded But Selective Cycle

March 2026

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Conversations across lenders and servicers at the industry's largest finance convention reveal a well-capitalized market where selectivity, structure and timing will define outcomes.

At the Mortgage Bankers Association's annual Commercial and Multifamily Finance Convention and Expo, capital was not the question. Across dozens of meetings with banks, life insurance companies and capital partners, one message was consistent: the market is funded. Allocations are up. Competition is increasing.

Yet beneath that liquidity, underwriting discipline remains intact. Lenders are active, but selective. Sponsors are engaging but measured. Commercial real estate is operating in 2026 with capital available, but conviction uneven.

The constraint in today's market is no longer access to capital. It is timing, structure and borrower confidence.

Debt market signals in 2026

Conversations at this year's national commercial and multifamily finance convention reflect a debt market that has stabilized but not softened. Capital allocations are increasing across banks and life companies, spreads are compressing on select assets and liquidity is broadly available.

At the same time, underwriting discipline remains intact, portfolio stress persists in certain sectors and borrower timing decisions are emerging as a defining variable in 2026. For sponsors evaluating refinances and for institutional investors assessing capital deployment strategy, the message is consistent: this is a funded but selective cycle.

In a year defined by refinancing volume and maturing loans, capital strategy will matter as much as capital availability.



The core signals shaping the market are outlined below.

- Capital allocations are increasing across life companies
- Banks are active and competing for stabilized assets
- Multifamily, industrial and grocery-anchored retail are favored
- Low-leverage spreads are tightening into the 115 to 125-basis-point range
- Agency executions remain competitive but more diligence-intensive
- Extensions continue, but underwriting standards remain firm
- Borrower timing expectations remain a key variable



Liquidity is no longer the constraint

For much of the past two years, access to capital was the central concern across commercial real estate. That is no longer the prevailing narrative.

Life insurance companies are increasing allocations and actively seeking opportunities to place capital in 2026. Several lenders indicated that one strategy to drive volume is expanding average loan sizes. Banks remain competitive for well-positioned assets, particularly those backed by experienced sponsorships.

Spreads for low-leverage multifamily and industrial assets have tightened, with quotes in the 115 to 125-basis-point range reflecting renewed confidence in both asset performance and the rate environment. Apartments, industrial and grocery-anchored retail continue to draw the strongest lender interest.

The message is straightforward. Capital is available. Lenders are funded. The shift in 2026 is not about whether financing exists, but how selectively it will be deployed.

Where capital is most competitive

Capital availability is not uniform across sources or asset types. Conversations across lenders point to clear areas of strength and selectivity.

Life insurance companies

Allocations have increased for 2026, with a clear focus on deploying capital. Several lenders indicated interest in growing production through larger average loan sizes. Appetite remains strongest for durable cash-flow assets and experienced sponsorship.

“There’s capital to deploy in 2026, but lenders are focused on quality and structure.”



NOAH JURAN

Managing Director,

Production

Banks

Active and competitive for stabilized properties with consistent performance. Selectivity increases as asset risk increases.

Agencies

Still a dominant force in multifamily finance. However, increased underwriting scrutiny and documentation requirements are influencing some sponsors to evaluate life company alternatives.

Competition is strongest for well-capitalized sponsors and assets with stable income streams.

Discipline has not loosened

While liquidity has returned, underwriting standards have not meaningfully relaxed. Lenders remain cautious around maturity extensions particularly where asset performance or sponsorship strength is uncertain. Extensions remain available, but often with rate adjustments or fees to reflect current market conditions.

“Extensions are still a tool, but lenders are looking closely at sponsorship strength and asset performance.”



JEFF DAVIS

*Senior Director,
Portfolio & Asset Management,
Loan Servicing*

Portfolio trends reinforce that discipline. CRE CLO special servicing rates have moderated, but CMBS delinquencies continue to rise, driven largely by office. The maturity wall and prior-year extensions are still moving through the system, requiring proactive asset management.

Lenders are active, but deployment decisions remain grounded in asset quality and sponsorship strength.

The borrower timing question

Improved liquidity has not eliminated hesitation.

With the 10-year Treasury hovering near 4%, long-term financing in the 5.50% to 5.75% range is achievable and historically competitive. Yet many sponsors continue to favor five- and seven-year structures, reflecting expectations that long-term rates may decline further.

That preference underscores a broader tension in today's market. Sponsors are balancing optimism about future rate movement against the stability available today. For some, flexibility is worth the tradeoff. For others, the cost of waiting may outweigh the potential benefit of marginal rate improvement.

In a funded but selective cycle, timing decisions may prove as influential as capital access.



What this means for sponsors and investors

Refinancing volume is building. Maturities from prior years, including extensions executed in 2025, continue to move through the system. At the same time, capital allocations across major lending sources are increasing.

That combination creates opportunity, but also pressure.

Sponsors approaching maturities in 2026 are operating in a market where liquidity is available, yet deployment remains selective. Asset quality, sponsorship strength and structural clarity will influence execution more than simple access to capital.

For institutional investors, the cycle reflects improving stability in the debt markets without a broad loosening of credit standards. Capital formation is strong, but deployment decisions remain measured.

In a funded but selective cycle, conviction may separate those who transact from those who wait.

“Five-and seven-year structures dominate, even with attractive long-term debt available.”



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