

## LENDERS RACE TOWARD MULTIFAMILY

Expect multifamily lending to be robust throughout the year, especially as the agencies are eager to hit their caps and banks return to the space. Agencies raised lending caps from \$73B to \$88B for 2026. All size banks, CMBS, life companies and credit unions are all actively seeking quality multifamily loans. Also, keep an eye on debt funds and private money lenders who raised capital to be eager to win deals. The market is very liquid from a lending standpoint, transaction volumes will likely remain muted this year, so expect to see further spread compression from lenders. Watch for rates to compress and credit to widen. The “race to the bottom” in rate has resulted in bridge lenders moving up the stack and underwriting riskier business plans in an effort to achieve more yield. This is extra exacerbated as the banks re-enter commercial lending.

Fed funds should come down beginning in June and positive inflation indicators give confidence that indices will go down. Look for higher leverage and lower debt service coverage ratios. Some lenders will start to consider earn-outs. Floating-rate loans will benefit from more Fed reductions from June to December and hopefully beyond. This will directly correlate to lower coupons on bridge, value-add and opportunistic lending. Debt yield requirements are trending down, allowing lenders to be more aggressive.

Borrowers will see 65% to 75% leverage. Leverage can push to 85% with **Fannie Mae/Freddie Mac**. Bridge loans will also be in the 65% to 75% leverage range. Rates should hover around 5% to 6.75%, maybe dipping to the low 4% for mission-driven deals. The agencies will be pricing from 5.25% to 5.75%. Bridge loans will see SOFR+ 1.50% and higher rates. DSC will be 1.25x+. Debt yield will start at 7% to 8%, with most deals at 8.5%+.

Banks such as **Wells Fargo, BofA, Godman Sachs, Bank OZK, First Citizens Bank, City National Bank, Truist Bank, Chase, Regions, Axos Bank, Banc of California, EverBank, Washington Trust and Applied Bank** are back in the market in a big way. Banks will offer 5.75% to 6.25% rates. Credit unions such as **Alliant Credit Union** will also fund deals.

Look for life companies including **New York Life, MetLife, Nuveen, PGIM Real Estate, Guardian, Aegon, Thrivent, StanCorp Mortgage Investors, National Life Group, John Hancock/Manulife, Symetra, Farm Bureau Insurance, Security National Commercial Capital and TruStage** to be active. Borrowers will see 60% to 65% leverage for core/core-plus. LCs will be the most conservative but with attractive fixed-rate executions. CMBS lenders such as **Citi, Morgan Stanley, Argentica, Deutsche Bank, BMO Capital Markets, KeyBank and Natixis** will strive to compete. CMBS will

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have higher rates between 6% and 6.5% at higher leverage; 65% to 75% for stabilized deals with limited transitional appetite.

Count on debt funds and private money lenders to offer more attractive terms to win deals this year. Active players include **Arbor Realty Trust, Benefit Street Partners, MF1 Capital, PCCP, Blackstone, ACRES Capital, FCP, CBRE, Berkadia, Mesa West, BrightSpire, Affinius Capital, Dwight Capital and Oaktree Capital Management** just to name a few. Borrowers will see 65% to 80% leverage for stabilized bridge with strong sponsorship and 60% to 70% for heavy value-add with reserves.

Lenders will target cira-2000 vintage properties and newer. Those built from 1970s through 1999 are being heavily scrutinized. Garden-style suburban multifamily of 1990s vintage or more recent and new construction high-rise urban in supply-constrained markets will also see some interest. Older vintage properties in smaller markets will be the toughest to finance.

Most capital providers are cautiously optimistic about the trends for rent income and absorption. Lenders will generally be more conservative in assuming rent growth especially in markets they deem to be oversupplied where rents have stagnated in recent years. Sun Belt markets have seen tremendous new construction in recent years leading to oversupply and stagnant rent growth and occupancy rates. Lenders are selective in Sun Belt markets as a result.



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## ACTIVE MEZZ LENDERS (2026 PROJECTED ORIGINATION VOLUME AND PREFERENCES)

MEZZ LENDER	VOLUME	DETAILS
<b>Driftwood Capital</b>	\$200M	Funded \$35M in 2025; \$10M-\$50M loans for hotels and hospitality-oriented transactions; up to 80% LTV; SOFR+ 900+ basis point rates; five-year terms; non recourse; the U.S. and its territories
<b>Osprey Capital</b>	\$100M (pref equity and mezz)	Funded just over \$15M so far this year; \$3M-\$20M loans for multifamily, industrial, retail, self storage, student housing and select office, no land; 13%-15% rates; two- to three-year terms; typically non recourse; a focus on the Southeast
<b>Access Point Financial</b>	\$75M+	Funded \$35M in 2025; \$5M+ loans for hotels; up to five-year terms; up to 80% LTC/LTV; nationwide
<b>Atlantic Pacific Credit Partners</b>	\$50M-\$75M	\$2.5M-\$15M loans for 1980s vintage or newer multifamily assets; all-in rates between 12% and 15%; up to 85% LTV; two- to five-year terms; non recourse; the Southeast plus TX
<b>Tryperion Holdings</b>	\$50M	Funded \$25M in 2025; \$10M-\$50M loans for all properties except land; up to 90% leverage; rates between 10% and 16%; typically three-year terms; non recourse; nationwide
<b>Dekel Capital</b>	\$50M	Funded \$50M in 2025; \$3M-\$7M loans for multifamily and build-for-rent; targeting 14%-18% returns dependent on risk profile; sizing down to a 6.25% debt yield; non recourse; nationwide
<b>Red Starr Investments</b>	\$45M	Funded \$45M in 2025; \$3.5M-\$15M loans for all asset classes, typically value-add or opportunistic risk profiles; up to 85% LTC; mid-teens rates (can structure so some portion is paid current and the balancer is accruing); three-years+ terms; recourse not required; nationwide
<b>Northmarq Fund Management</b>	\$40M	Funded \$30M in 2025; \$2M-\$10M loans for mezz tranche; most stabilized assets, no construction; up to 80% LTC; 12%-15% rates; non recourse; five-year terms; nationwide

