

Intelligent Investment

JAPAN

2026

Lender Survey

REPORT

CBRE RESEARCH
JUNE 2026



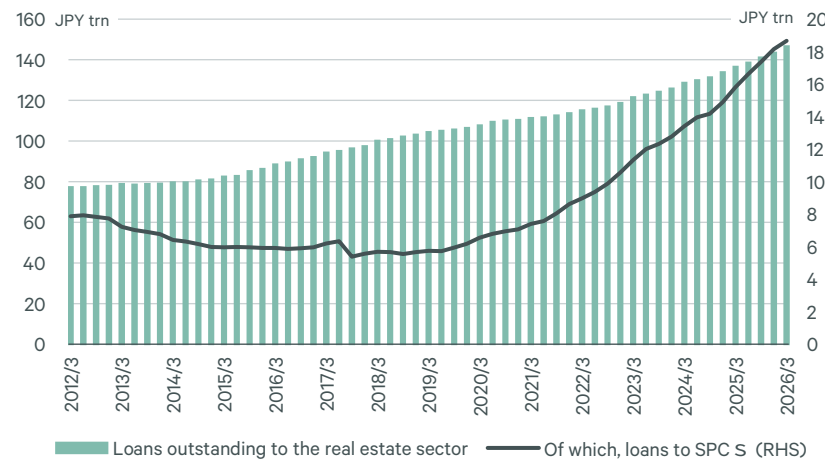
Executive Summary

Lending stance remains accommodative; mezzanine lending gains momentum

- The financing environment for real estate in Japan remains accommodative and continues to provide support to a buoyant real estate investment market. Bank of Japan (BoJ) statistics show outstanding loans to the real estate sector by Japanese financial institutions (includes domestic banks, Shinkin banks, and other financial institutions) reached JPY 147 trillion as of the end of March 2026, up 7% from the previous fiscal year-end. Of this total, loans extended to special purpose companies (SPCs) for real estate securitization reached JPY 19 trillion as of the end of March 2026, up 18% from the previous fiscal year-end, continuing its upward trend (Figure 1). The BoJ's latest Financial System Report (April 2026 issue) identified the growing level of real estate credit exposure as a potential risk factor to financial system stability. However, its overall assessment was that no issues have arisen thanks to prudent credit risk management maintained by financial institutions.

- CBRE recently carried out its annual Lender Survey targeting companies that provide real estate financing. This year's survey, conducted in April and May of this year, asked respondents about their lending activity in FY 2025 (from April 2025 to March 2026) and their expectations for FY 2026. The results suggest no material change in the lending stance of financial institutions, indicating that accommodative lending conditions should persist through FY 2026.
- Among FY 2025 lending activity, 33% of senior lenders and 65% of mezzanine lenders reported that 100% of their loan volume was directed toward new acquisitions, with both figures representing an increase from the prior survey. Regarding lending terms for prime assets, LTV criteria remained broadly flat compared to the previous survey, while spreads tightened. Required spreads for mezzanine lenders, which had been on an upward trend in the years through to the 2025 survey, declined across all asset types in this year's survey, indicating that an increasing number of lenders are considering expanding their focus on or newly entering the mezzanine segment. In addition, "location" saw an increase in responses as an important lending criterion compared to the prior survey, confirming a trend toward greater selectivity among lenders. In terms of preferred asset types, office ranked first among both senior and mezzanine lenders.
- Regarding the loan volume outlook for FY 2026, approximately 60% of respondents indicated that volumes would increase from the previous year, with nearly all the remainder expecting no change. Among market risk factors, "rising interest rates" retained top position for the second consecutive year. Over the next 12 months, while 40% of senior lenders and 60% of mezzanine lenders expect spreads to increase, some respondents anticipated spread compression. The proportion of lenders expecting real estate prices to rise over the next 12 months reached 43%, the highest level on record since CBRE first conducted the survey in 2018.

Figure 1: Loans Outstanding to the Real Estate Sector (total of domestically licensed banks, Shinkin banks and other financial institutions)

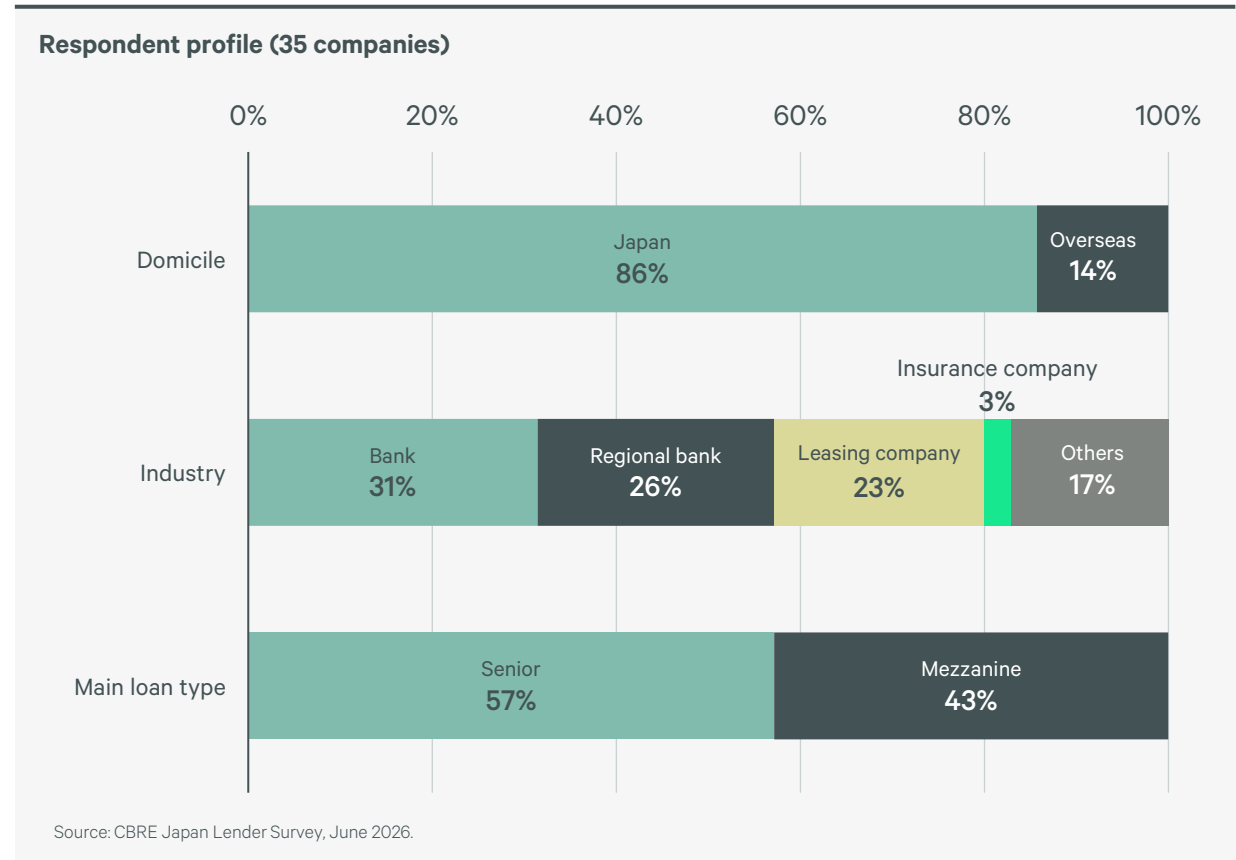


Source: Bank of Japan, Macrobond, CBRE Research

Survey Overview

- Purpose: To analyze lenders' approach to real estate financing
- Target: Parties engaged in non-recourse loans for real estate.
- Survey period: April 2026 to May 2026
- Total number of respondents: 35 companies
- Respondent companies (in random order):

United Overseas Bank Limited Tokyo Branch
 MetLife Insurance K.K.
 Fuyo General Lease Co., Ltd.
 DAIBIRU CAPITAL CORPORATION
 The Hokuriku Bank, Ltd.
 Sumitomo Mitsui Trust Bank, Limited
 Societe Generale, Tokyo Branch
 SBI Shinsei Bank, Limited
 ML Estate Company, Limited
 Suruga Bank Ltd.
 MUFG Bank, Ltd.
 Kiraboshi Bank, Ltd.
 Mitsubishi HC Capital Realty Inc.
 Diamond Realty Management Inc.
 ORIX Corporation
 THE OITA BANK, LTD.
 The Higo Bank, Ltd.
 ORIX Bank Corporation
 Mizuho Bank, Ltd.
 Resona Bank, Limited
 The Bank of Fukuoka, Ltd.
 Chugoku Bank, Ltd.
 Regional Investment Fukuoka Co., Ltd
 Yamaguchi Financial Group, Inc.
 North Pacific Bank, Ltd.
 (And 10 other companies)



Appendix: Assumed Property Attributes

| | OFFICE | RETAIL | LOGISTICS | | HOTEL | | RESIDENTIAL | |
|----------------|--|--|--|--|--|--|---|---|
| Type | Multi-tenant | n/a | Multi-tenant | BTS | Management contract, specialized accommodation type, business hotel | Lease, specialized accommodation type, business hotel | Single | Family |
| Location | Otemachi/ Marunouchi, Chiyoda-ku, Tokyo | Ginza Chuo-dori in Chuo-ku, Tokyo; high street area where leading brands have stand-alone stores | Greater Tokyo area | Greater Tokyo area | Within 5 minutes' walk of a main rail terminal within the Tokyo central five wards | Within 5 minutes' walk of a main rail terminal within the Tokyo central five wards | Within 10 minutes' walk of a rail terminal within the Tokyo central five wards | Tokyo south/ west district |
| Age | Less than five years | n/a | n/a | n/a | About five years | About five years | About five years | About five years |
| Size | Typical effective floor area 500 tsubo or above, around 20 to 25 floors above ground | n/a | Total floor area: 10,000 tsubo or more | Total floor area: 10,000 tsubo or more | About 100 units | About 100 units | Average exclusive occupancy area 25m ² , total number of units around 50 | Average exclusive occupancy area 50–80 sq. m. (3LDK), total number of units around 50 |
| Property price | JPY 50 billion or higher | JPY 20 billion or higher | n/a | n/a | n/a | n/a | n/a | n/a |
| Other | Free access floor, ceiling height of at least 2,800mm, air conditioning adjustable by zone | n/a | Five to 10-year fixed term lease | Five to 10-year fixed term lease | Occupancy rate: 80% or higher | Occupancy rate: 80% or higher | n/a | n/a |

Source: CBRE Japan Lender Survey, June 2026

01

Lenders' Attitudes

Lending activity in FY 2025

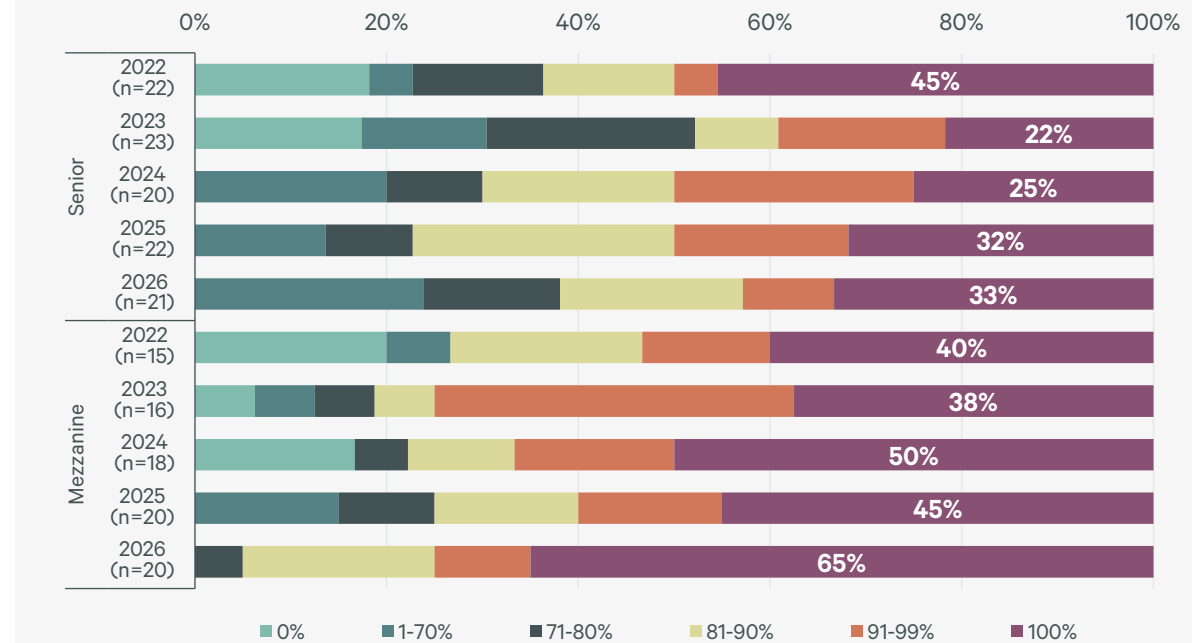
Mezzanine lending for new acquisitions gains momentum

Regarding the proportion of FY 2025 lending activity directed toward new acquisitions (by loan volume), 33% of senior lenders and 65% of mezzanine lenders reported that 100% of their loans were for new acquisitions (Figure 2). The proportion reporting "100% new acquisitions" increased from the previous survey for both senior and mezzanine lenders, confirming that lending for new acquisitions remains active.

The proportion of mezzanine lenders reporting "100% new acquisitions" reached the highest level in five years. Considering responses of "81-90%" and "91-99%", nearly all mezzanine lenders directed more than 80% of their mezzanine loan volume toward new acquisitions.

Among senior lenders, the proportions reporting "81-90%" and "91-99%" contracted from the previous survey, while the proportions reporting "71-80%" and "1-70%" expanded.

Figure 2: Percentage of Loans for New Acquisitions in the Previous Fiscal Year (by loan volume)



Excludes no answer/ not applicable
 Source: CBRE Japan Lender Survey, June 2026.

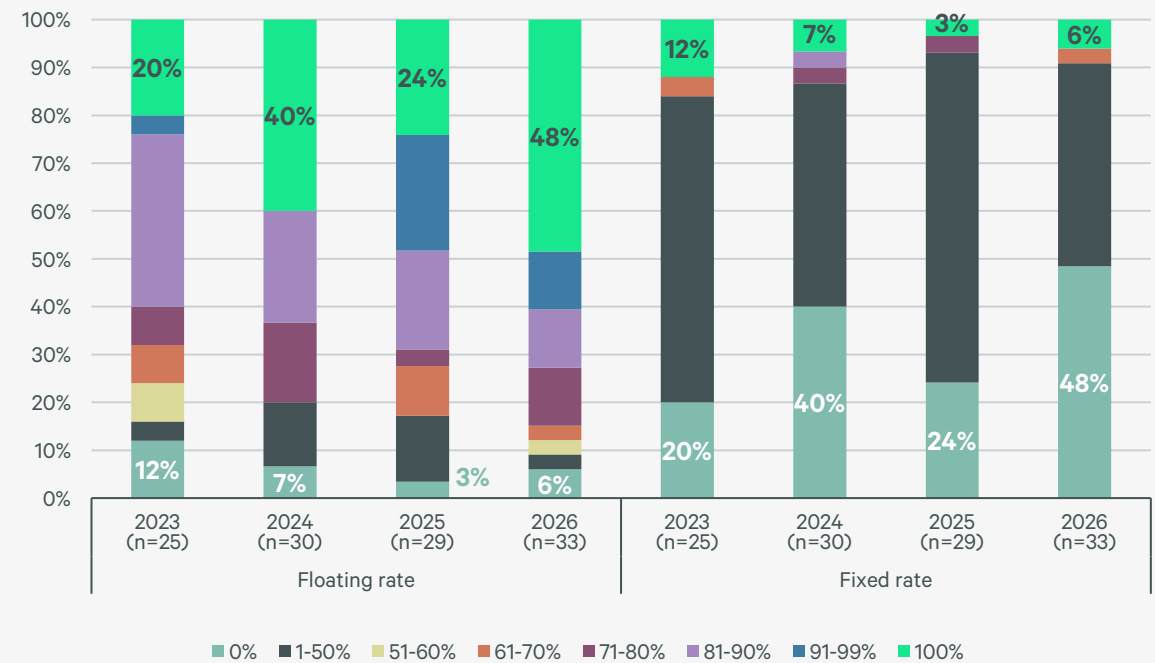
Lending activity in FY 2025

Half of lenders report 100% floating rate loans

Regarding the breakdown of FY 2025 lending activity by interest rate type, 48% of all respondents reported that 100% of their loans were floating rate (0% fixed rate) (Figure 3). The three-month Tokyo Interbank Offered Rate (TIBOR) stood at 1.27% as of the end of March 2026, up 45bps from the previous fiscal year-end. Despite the base rate having risen significantly during FY 2025, borrowers appear to have continued to prefer floating rate loans. However, according to responses to a separate question in the survey, some lenders observed an increase in cases where rising base rates triggered breaches of covenants requiring purchases of interest rate caps during FY 2025.

The proportion of lenders reporting 100% fixed rate loans remained limited at 6%, with all such responses coming from mezzanine lenders.

Figure 3: Percentage of Loans by Interest Rate Type in the Previous Fiscal Year (by number of loans)



Excludes no answer
Source: CBRE Japan Lender Survey, June 2026.

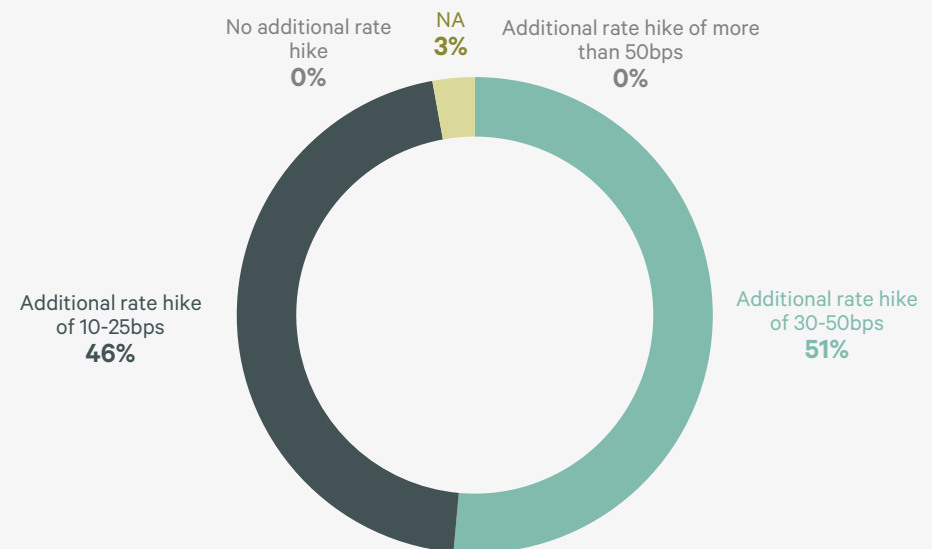
Outlook for FY 2026

Lenders anticipate one to two additional rate hikes during FY 2026

The survey asked respondents about the magnitude of additional rate hikes they anticipate during FY 2026 (note that this survey was conducted when the policy rate was 0.75%, prior to the policy rate hike at the most recent Monetary Policy Meeting held on June 15-16, 2026, which brought the policy rate to 1.00%.)

The results showed that 46% anticipated additional hikes of 10–25bps, and 51% anticipated additional hikes of 30–50bps, with no respondents expecting either no further rate hike or an increase of more than 50bps (Figure 4). Assuming each rate hike is 25bps, virtually all lenders are anticipating one to two additional rate hikes within FY 2026.

Figure 4: Projected Policy Rate Hikes in FY 2026



n=35

Source: CBRE Japan Lender Survey, June 2026.

Outlook for FY 2026

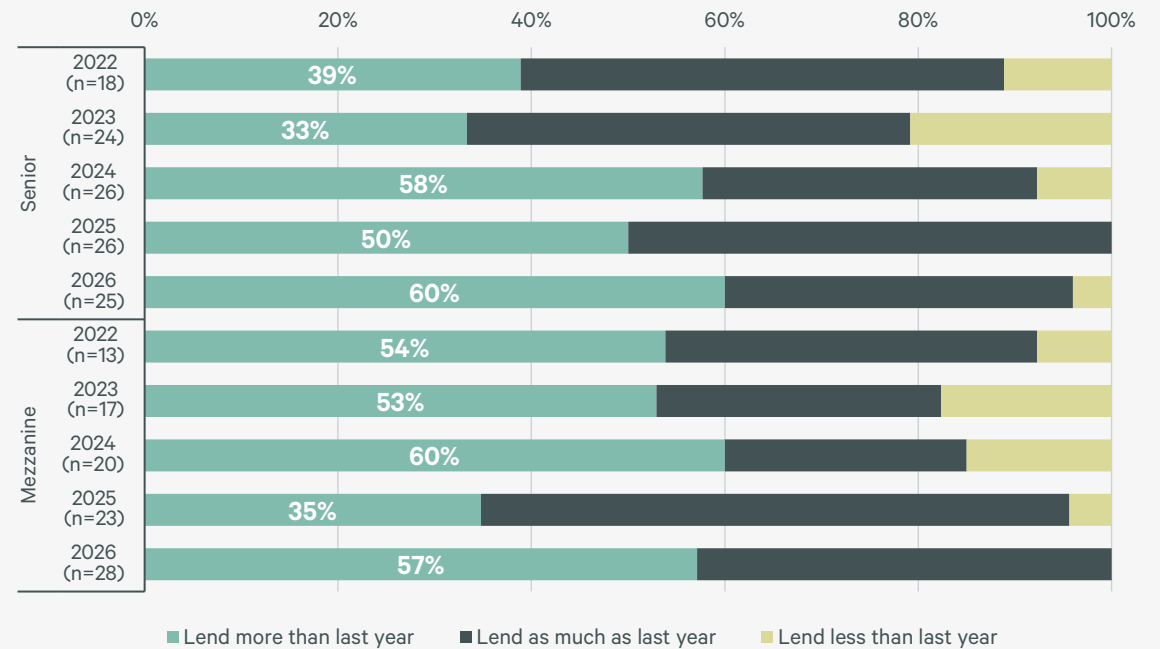
More than half of lenders expect increase in loan volume

Regarding the outlook for loan volume in FY 2026, the proportion of respondents expecting an increase from FY 2025 expanded from the previous survey for both senior and mezzanine lenders (Figure 5).

The proportion of senior lenders expecting an increase in loan volume reached 60%, the highest level since the survey was first conducted in 2018. Among the reasons cited for the expected increase, a sizable number of responses pointed to larger deal sizes. This likely reflects not only the buoyant real estate investment market, but also the growing prevalence in recent years of asset types such as offices and hotels, which tend to involve larger transaction sizes.

Mezzanine lenders expecting an increase in loan volume reached 57%, up from 35% in the previous survey. This may in part reflect the growing number of lenders considering expanding their focus on or newly entering the mezzanine segment. In general, when real estate prices rise and funds necessary for asset purchases increase, more equity will be required, or the LTV ratio must be raised. Since senior lenders have LTV limits, any additional increase in LTV must be covered by mezzanine financing. Against a backdrop of continued real estate price appreciation, the prospect of sustained demand for mezzanine loans of this nature, combined with the higher returns relative to senior lending, are contributing to the growing appeal of mezzanine financing.

Figure 5: Anticipated New Loan Volume in FY 2026 Compared to FY 2025



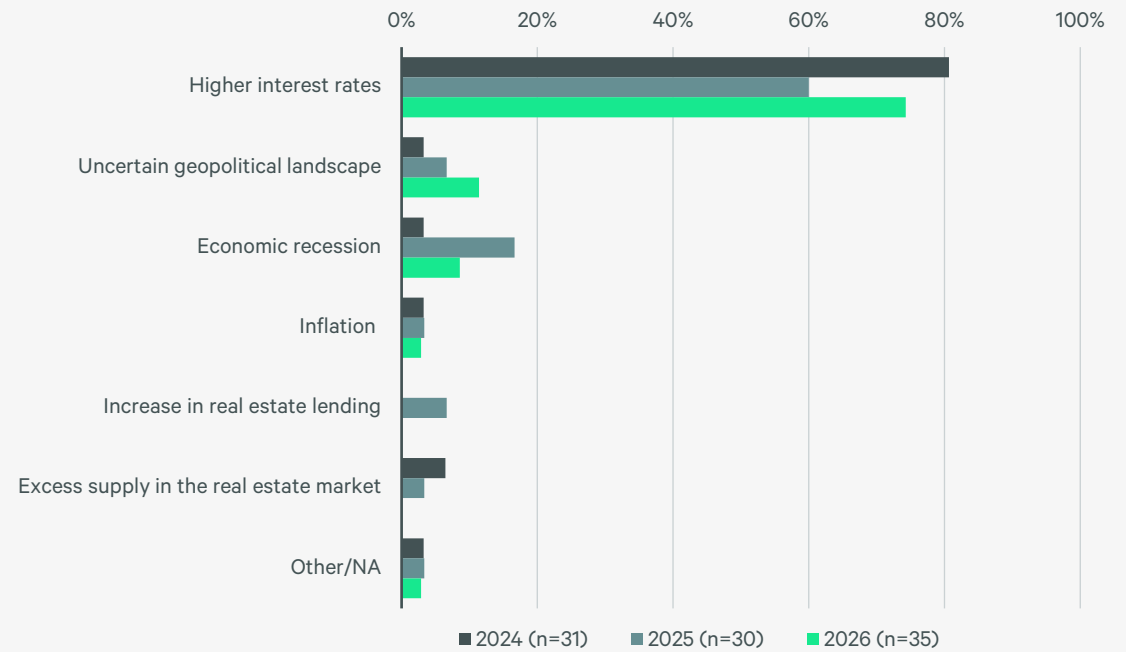
Excludes no answer/ not applicable.
Source: CBRE Japan Lender Survey, June 2026.

Outlook for FY 2026

Rising interest rates remain top risk factor

More than 70% of respondents identified "rising interest rates" as the greatest risk factor threatening debt market expansion over the next 12 months (Figure 6). The proportions citing "rising interest rates" and "uncertain geopolitical landscape" both increased from the previous survey. In addition to inflationary pressures stemming from higher oil prices driven by the deteriorating situation in the Middle East, the sharp rise in the benchmark 10-year government bond yield (long-term interest rates) during the survey period, amid growing concerns over potential fiscal deterioration, may have also influenced the results.

Figure 6: Greatest Risk Factor to the Debt Market in FY 2025 (single answer)



Source: CBRE Japan Lender Survey, June 2026.

02

Lending Conditions

Key lending criteria

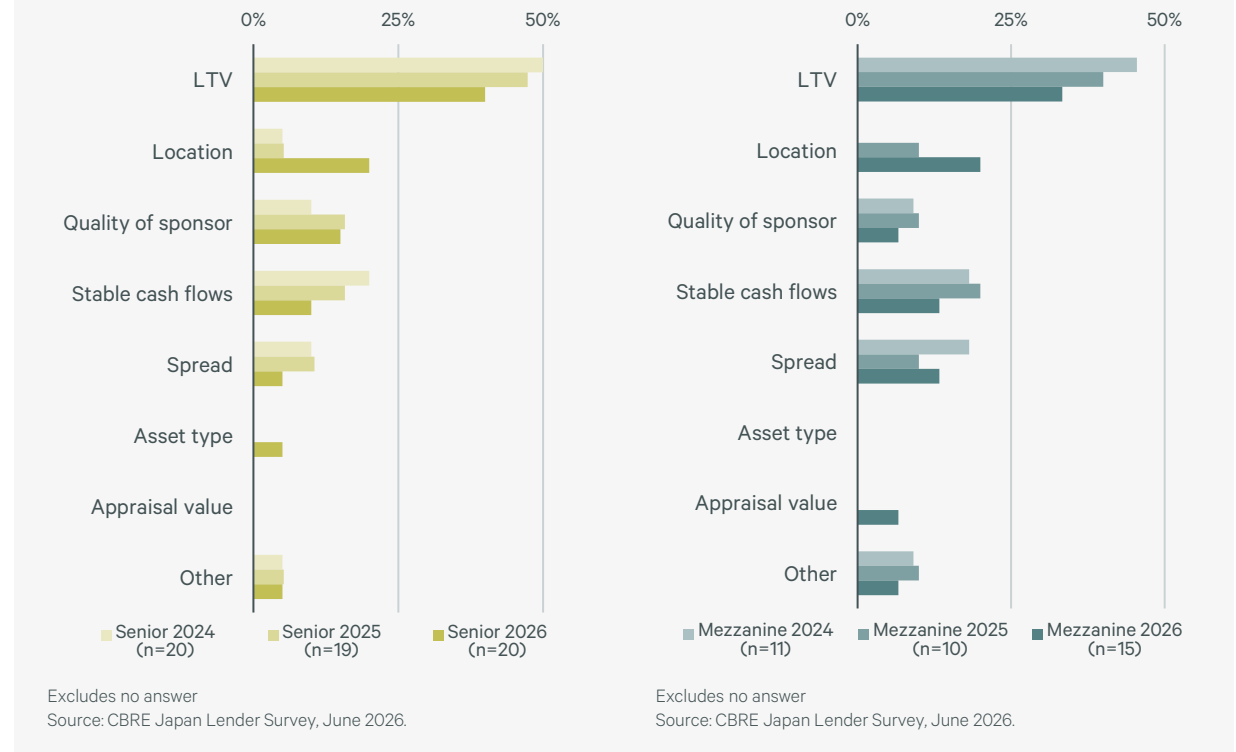
Lenders show greater tendency toward deal selectivity

As in the previous survey, LTV remained the most important lending criterion for both senior and mezzanine lenders (Figure 7). However, the proportion of respondents selecting LTV has been declining for both senior and mezzanine lenders, with the proportion citing "location" as a priority increasing from the previous survey.

The proportion citing "stable cash flows" declined for both senior and mezzanine lenders. Senior lenders showed a greater tendency to prioritize "quality of sponsor," while mezzanine lenders showed a greater tendency to prioritize "spread."

The survey also asked a separate question regarding revisions to lending criteria introduced in FY 2025 or planned for introduction in FY 2026 in response to rising interest rates. While "no change to lending criteria" was the most common response, "strengthening deal selectivity" was the next most frequently cited. This suggests that lenders are becoming increasingly selective in their deal assessment, placing greater emphasis on property-specific factors such as location as a basis for securing future tenant demand and liquidity at the time of sale.

Figure 7: Priority Lending Criterion (single answer)



Changes in LTV and spread criteria

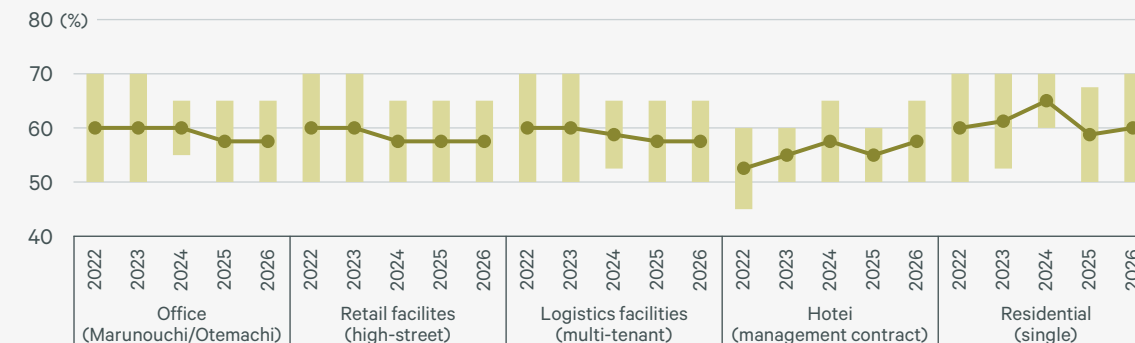
LTV criteria remain broadly unchanged

LTV criteria required by lenders for prime assets were broadly unchanged or slightly higher for senior lenders, while remaining largely stable for mezzanine lenders.

In the 2025 survey, LTV criteria for senior lenders declined for some asset types. In this year's survey, however, the upper bounds for hotels and residential properties moved upward, while criteria for all other asset types remained unchanged (Figure 8). For mezzanine lenders, LTV criteria for retail facilities were raised, while the lower bound for logistics facilities moved downward (Figure 9).

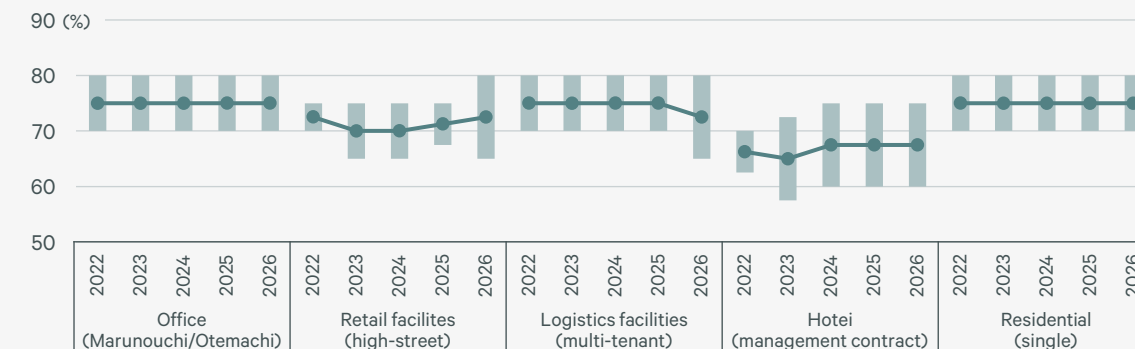
Overall, LTV criteria remained broadly unchanged, suggesting that even amid rising real estate prices, lenders have not moved to adopt a more conservative stance on acceptable LTV ranges for prime assets.

Figure 8: Prime Asset Loan LTV Criteria (range and average figures - Senior)



Maximum and minimum range values taken from median value of all answers, average values taken from mean of maximum and minimum values. Source: CBRE Japan Lender Survey, June 2026.

Figure 9: Prime Asset Loan LTV Criteria (range and average figures - Mezzanine)



Maximum and minimum range values taken from median value of all answers, average values taken from mean of maximum and minimum values. Source: CBRE Japan Lender Survey, June 2026.

Changes in LTV and spread criteria

Spread criteria decreases across both senior and mezzanine lenders

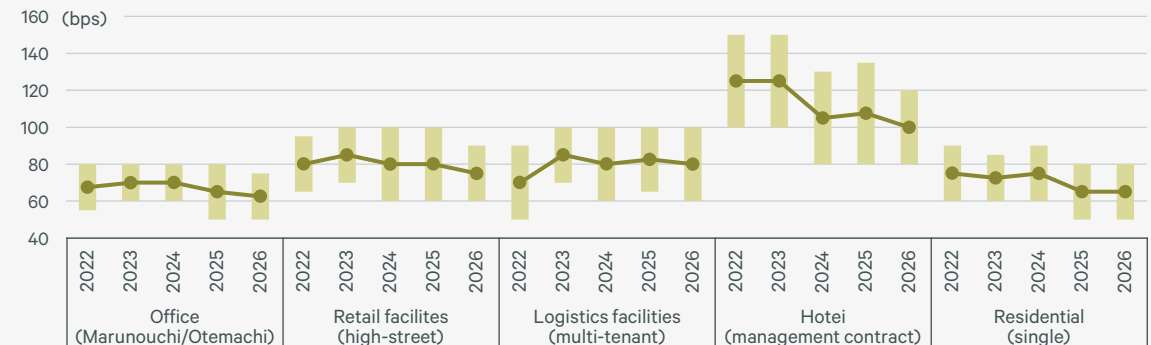
Spread levels for lending to prime assets moved down for both senior and mezzanine lenders in this year's survey.

Among senior lenders, spreads declined across all asset types except for residential properties, where spreads remained unchanged (Figure 10). For mezzanine lenders, spreads dropped across all asset types (Figure 11).

Up until the 2025 survey, spreads for mezzanine lending had been on an upward trend for all asset types except hotels. However, this year's survey saw spreads fall across the board. For hotels, the upper bound was revised sharply downward, declining even further than in previous years. This was due to responses from new respondents included in this year's survey as well as several existing respondents revising their spread criteria downward from the previous survey. The decline in spreads may reflect the fact that some lenders have been willing to absorb the impact of rising base rates through spread compression to maintain lending rates.

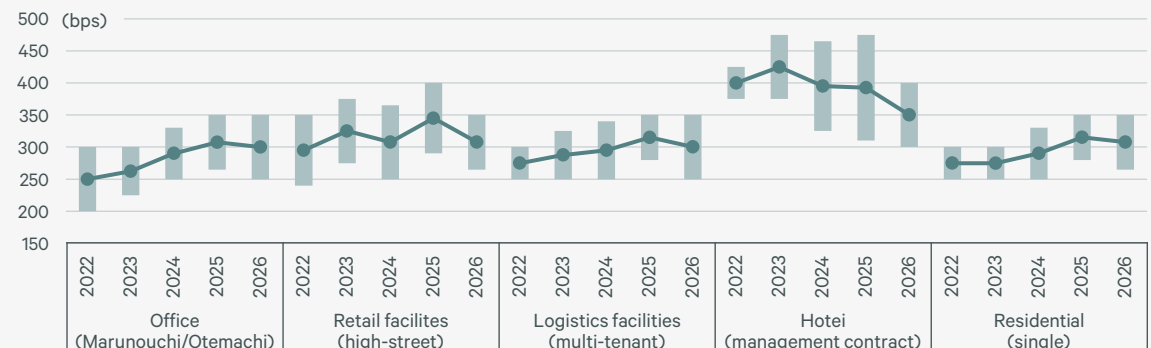
Spreads for loans targeting logistics facilities declined for both senior and mezzanine lenders. This may partly reflect an improvement in lending sentiment, supported by signs that the leasing market in the Greater Tokyo Area has bottomed out.

Figure 10: Prime Asset Loan Spreads (range and average figures - Senior)



Maximum and minimum range values taken from median value of all answers, average values taken from mean of maximum and minimum values. Source: CBRE Japan Lender Survey, June 2026.

Figure 11: Prime Asset Loan Spreads (range and average figures - Mezzanine)



Maximum and minimum range values taken from median value of all answers, average values taken from mean of maximum and minimum values. Source: CBRE Japan Lender Survey, June 2026.

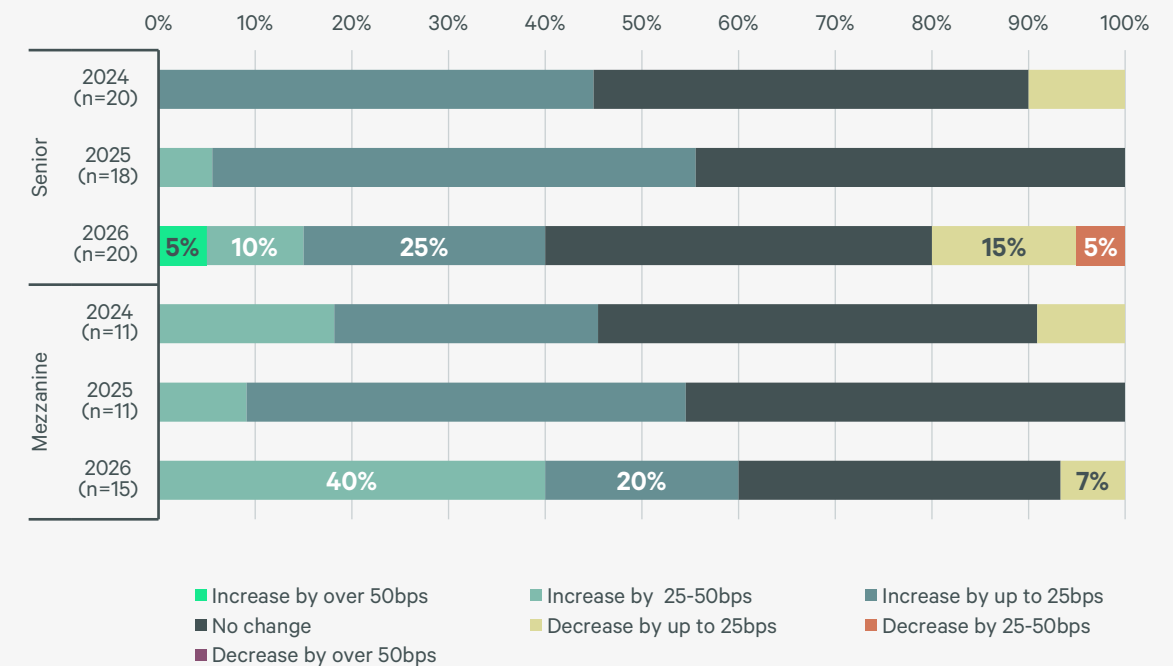
Projections for lending conditions

Some respondents expect further spread compression

Regarding anticipated spread changes over the next 12 months, the proportion of senior lenders expecting spreads to increase narrowed from the previous survey, while the proportion among mezzanine lenders expanded (Figure 12). 40% of senior lenders and 60% of mezzanine lenders expect spreads to increase over the next 12 months.

Expectations for spread compression were absent in the 2025 survey. However, in this year's survey, such responses were observed among both senior and mezzanine lenders, with 20% of senior lenders expecting spreads to compress.

Figure 12: Projected Spread Changes in FY 2026



Excludes no answer
Source: CBRE Japan Lender Survey, June 2026.

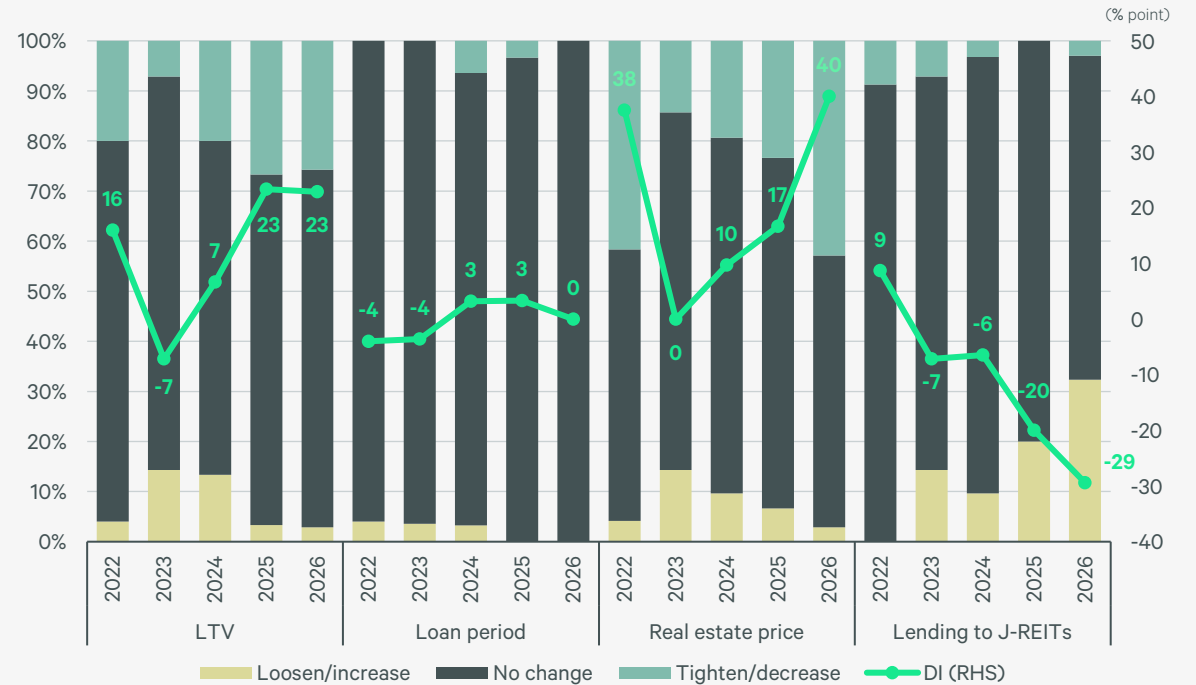
Projections for lending conditions

Lenders expecting real estate price increases reach record high

This year's survey asked respondents about their outlook for lending conditions other than spreads over the next 12 months. The Diffusion Index (DI), calculated as the proportion of respondents expecting "improvement" minus the proportion expecting "deterioration," remained positive for both "LTV" and "real estate price" (Figure 13). The proportion of respondents expecting improvement (i.e., an increase) in "real estate price" reached 43%, the highest level since the survey was first conducted in 2018. For "loan period," all respondents indicated they expected "no change."

The proportion of respondents expecting lending conditions for "lending to J-REITs" to "tighten" continued to expand from the previous survey. Specifically, 40% of senior lenders expected conditions to tighten. Concerns over deteriorating REIT performance due to rising borrowing costs may have influenced the outlook for lending conditions in the REIT segment.

Figure 13: Projections for Lending Conditions (DI = "loosen/increase" - "tighten/decrease")



Excludes no answer.

DI is calculated by subtracting the percentage of respondents who anticipated a tightening in each metric (indicating a contraction of the real estate market) from the percentage anticipating a loosening in the same metric (indicating an expansion of the market).

Source: CBRE Japan Lender Survey, June 2026.

03

Preferred Assets, Locations, and Sustainability

Preferred asset types

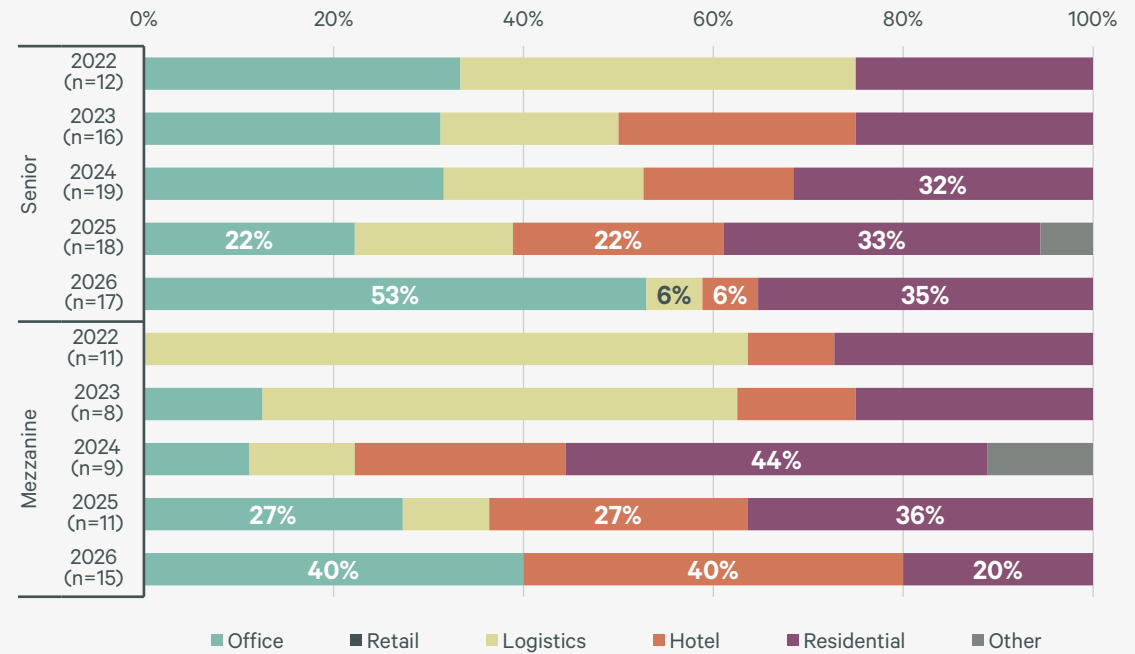
Office tops rankings for both senior and mezzanine

Office ranked as the most attractive asset type for both senior and mezzanine lenders (Figure 14) in this year’s survey. This reflects lenders’ growing preference for office assets, driven by the accelerating rise in office rents since last year.

The share of lenders citing hotel as the most attractive asset type declined to 6% of senior lenders, down from 22% in the previous year’s survey. Among mezzanine lenders, however, the figure rose sharply to 40%, tying with office for the top position. Residential, which had topped the rankings for two consecutive years, continues to command strong popularity, particularly among senior lenders. As was the case last year, asset types that benefit from tailwinds such as rental increases and inbound tourism demand remain in favor.

The proportion of respondents selecting logistics facilities continued its declining trend, standing at only 6% of senior lenders. No mezzanine lenders cited logistics as the most attractive asset type.

Figure 14: Preferred Asset Type (single answer)



Excludes no answer.
Source: CBRE Japan Lender Survey, June 2026.

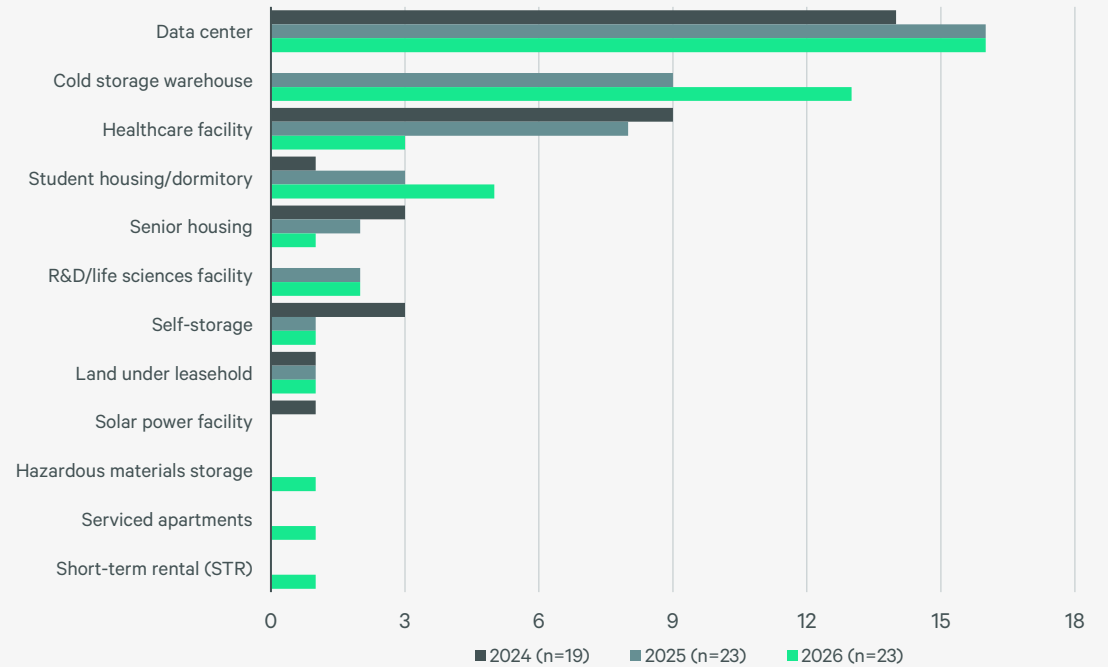
Alternative asset types

Diversification of eligible asset types continues

The number of lenders identifying non-traditional (alternative) asset types as eligible for financing reached 23, matching last year's figure and marking the highest level in the past six years. Data center and cold storage warehouse retained their positions as the first and second most popular alternative asset classes, respectively, consistent with the previous survey. The latter saw a substantial increase in the number of responses in this year's survey. Student housing/dormitory also drew notable responses this year (Figure 15).

A total of 11 alternative asset types were cited as eligible for financing in this year's survey, representing an increase for the third consecutive year. As lenders adopt a more aggressive lending stance, they appear to be seeking to differentiate themselves from competitors by expanding the scope of assets they are willing to finance.

Figure 15: Alternative Asset Type Eligible for Lending (up to three multiple answers permitted)



Source: CBRE Japan Lender Survey, June 2026.

Attractive locations

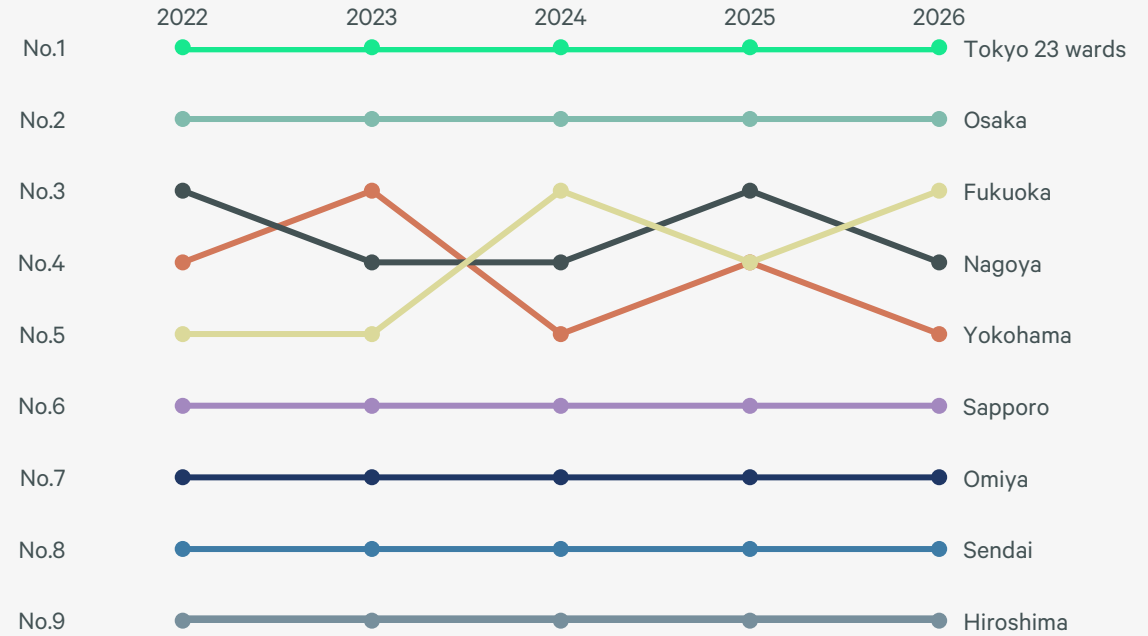
Fukuoka's appeal strengthens amid ongoing redevelopment

This year's survey asked lenders to rank areas by attractiveness, with individual responses scored and aggregated to produce an overall area ranking.

For the office category, Tokyo 23 wards and Osaka retained first and second place, respectively. Fukuoka rose back to third place, surpassing Nagoya and Yokohama, both of which had climbed one rank in last year's survey (Figure 16). While these three cities have closely contested popularity over the years, more lenders selected Fukuoka as their first or second choice this year. This reflects lender preference for the city's continued rental growth, even amid the large volume of new supply resulting from recent redevelopment projects. However, all scores for all three cities remain within a narrow margin.

For logistics facilities, there was no change in rankings for the second consecutive year (Figure 17). For the hotel category, the rankings of Yokohama and Kyoto, and of Sapporo and Nagoya, swapped positions, though their scores remained within a narrow margin (Figure 18). The gap in scores between third place Fukuoka and fourth place continues to widen every year, suggesting that Fukuoka's position as a preferred location for hotels is also strengthening.

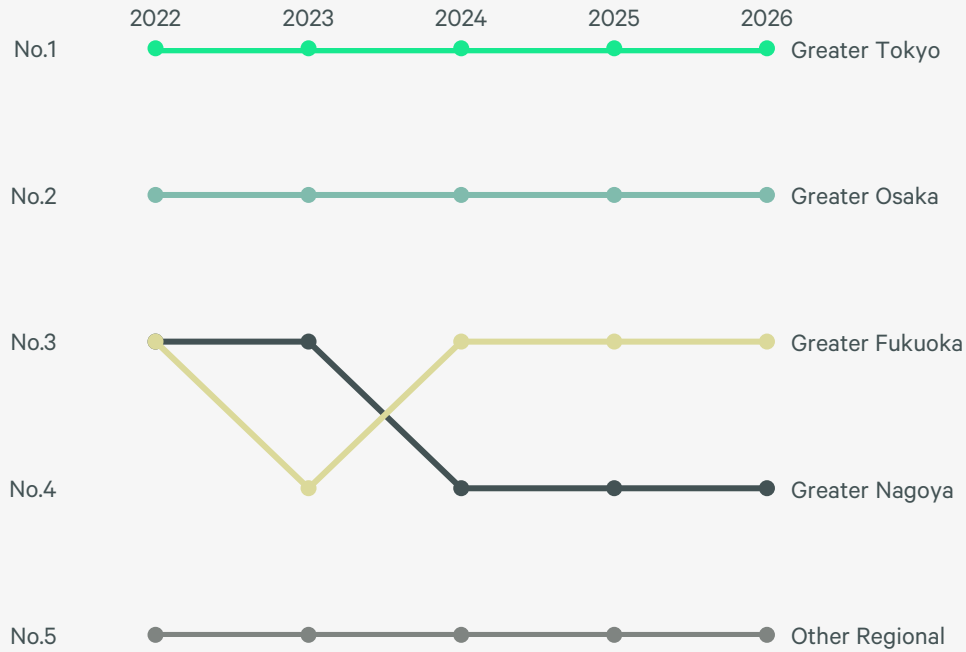
Figure 16: Most Attractive Area for Office Buildings (tied rankings permitted)



Areas ranked by quantifying the rankings given by individual answers.
Source: CBRE Japan Lender Survey, June 2026.

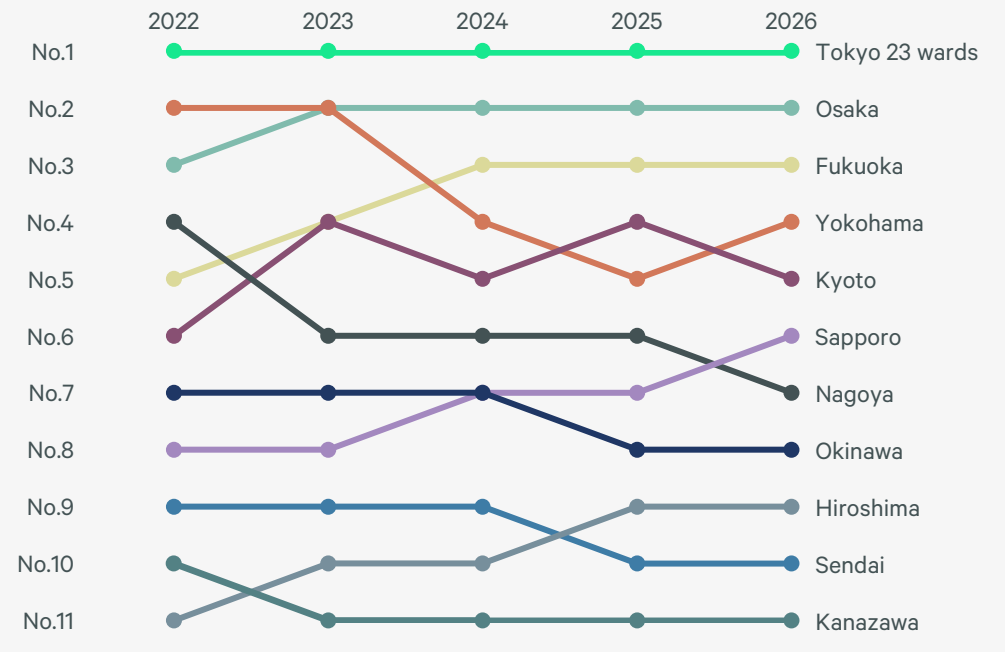
Attractive locations

Figure 17: Most Attractive Area for Logistics Facilities (tied rankings permitted)



Areas ranked by quantifying the rankings given by individual answers.
Source: CBRE Japan Lender Survey, June 2026.

Figure 18: Most Attractive Area for Hotels (tied rankings permitted)



Areas ranked by quantifying the rankings given by individual answers.
Source: CBRE Japan Lender Survey, June 2026.

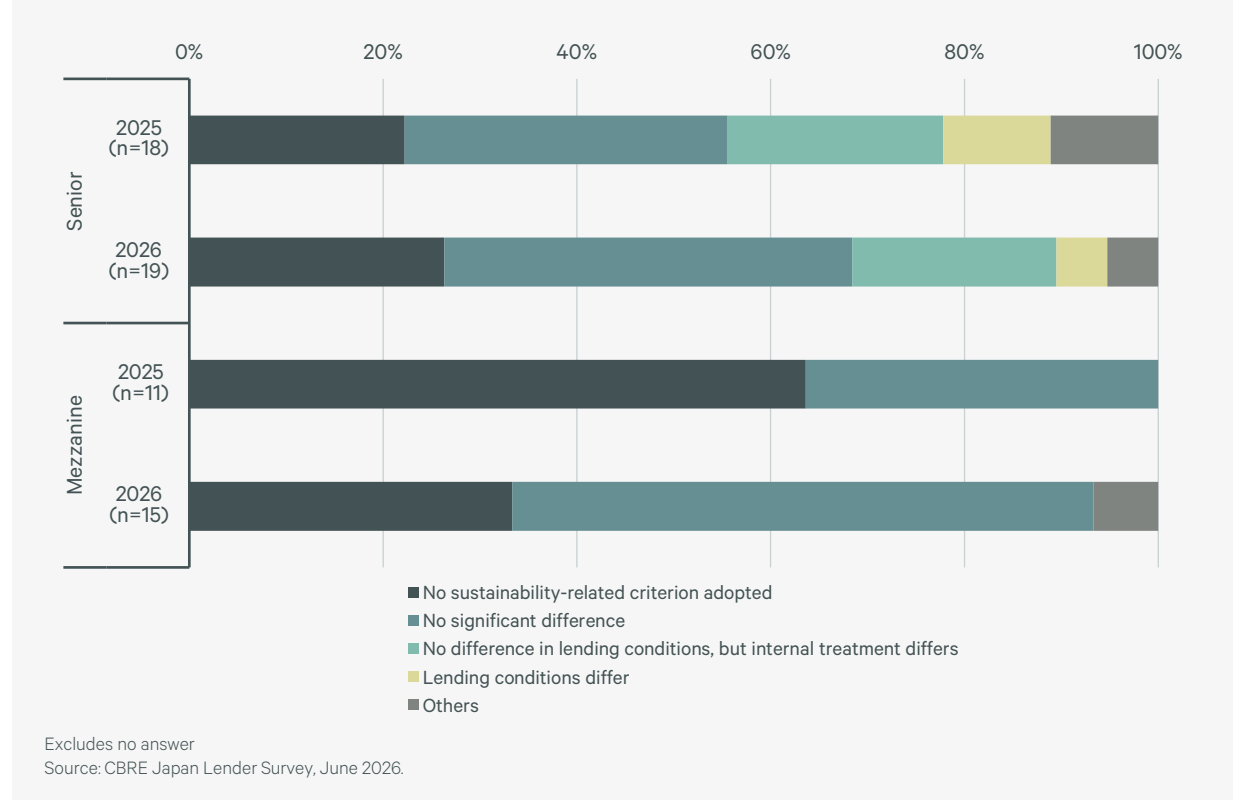
Sustainability

Some senior lenders place importance on sustainability

The most common response from both senior and mezzanine lenders was that there was "no significant difference" in lending conditions for properties meeting sustainability-related criteria compared to those that do not (Figure 19). Continuing from the previous survey, lenders who responded "no sustainability-related criterion adopted" or "no significant difference" constituted the majority, at 68% for senior lenders and 93% for mezzanine lenders. However, as in the previous year's survey, some senior lenders appear to emphasize sustainability.

Regarding the specific sustainability indicators that lenders prioritize, the most common response was that sustainability indicators are not considered when considering loan extensions. This was followed by responses such as "status of green building certification acquisition" and "energy efficiency and compliance with energy conservation standards."

Figure 19: Treatment of Loans for Properties that Meet Sustainability-Related Criteria (single answer)



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