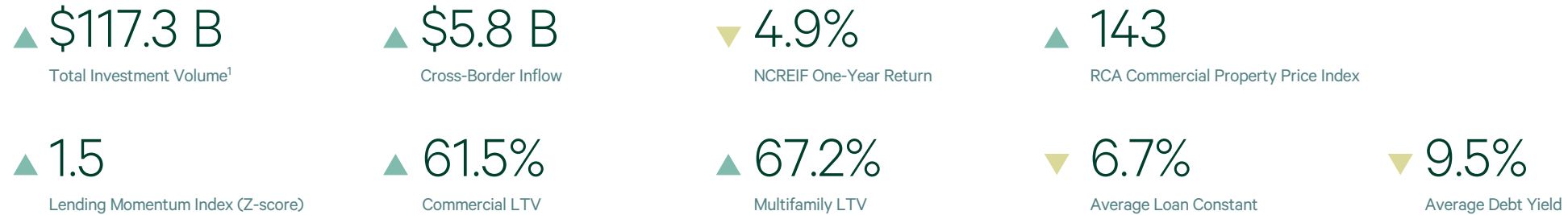


Commercial Real Estate Investment Volume Surges, Lending Conditions Improve



Arrows indicate year-over-year change.

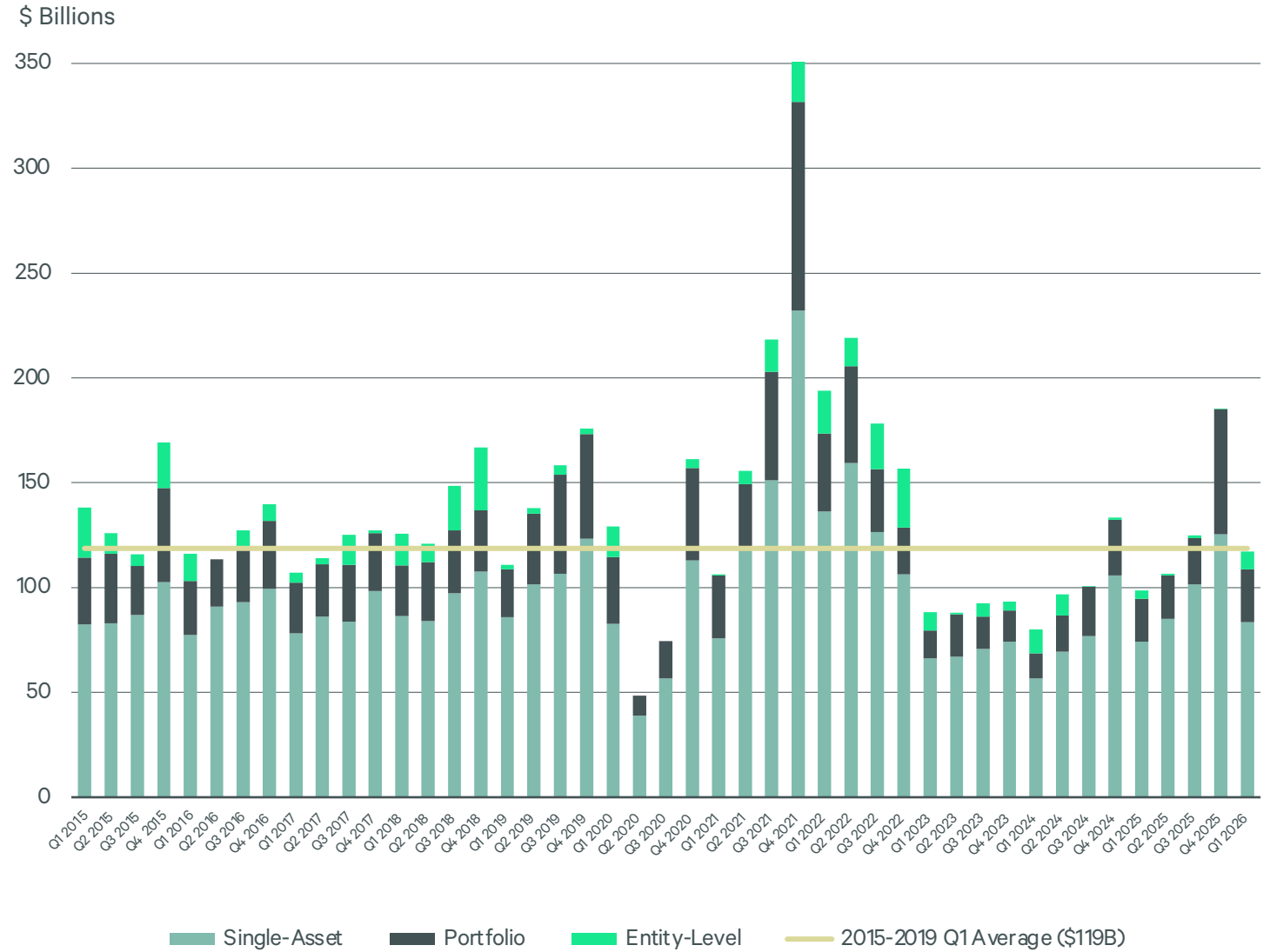
¹Based on MSCI Real Assets transactional database, which includes entity-level and excludes development site transactions and confidential deals.

Executive Summary

- Commercial real estate investment volume increased by 19% year-over-year in Q1 to \$117 billion.
- The CBRE Lending Momentum Index rose to 1.5 in Q1, up from 1.2 in Q4 2025 and 0.3 a year earlier—its highest level since 2021.
- Private investors were the biggest buyers, accounting for \$66 billion of Q1 investment volume, followed by institutional investors with \$27 billion.
- Inbound cross-border investment rose by 18% year-over-year in Q1 to \$5.8 billion.
- Alternative lenders were the biggest non-agency lenders, accounting for 53% of Q1 loan closings, followed by banks (22%) and life companies (17%).
- Commercial and multifamily loan spreads tightened by 2 and 13 basis points (bps), respectively, from a year ago. Their loan-to-value (LTV) ratios rose by 2 and 3 bps. Spreads are based on loans with a permanent, fixed-rate, seven-to-10-year term and a 55-to-65% LTV ratio.

Figure 1 Investment volume increases

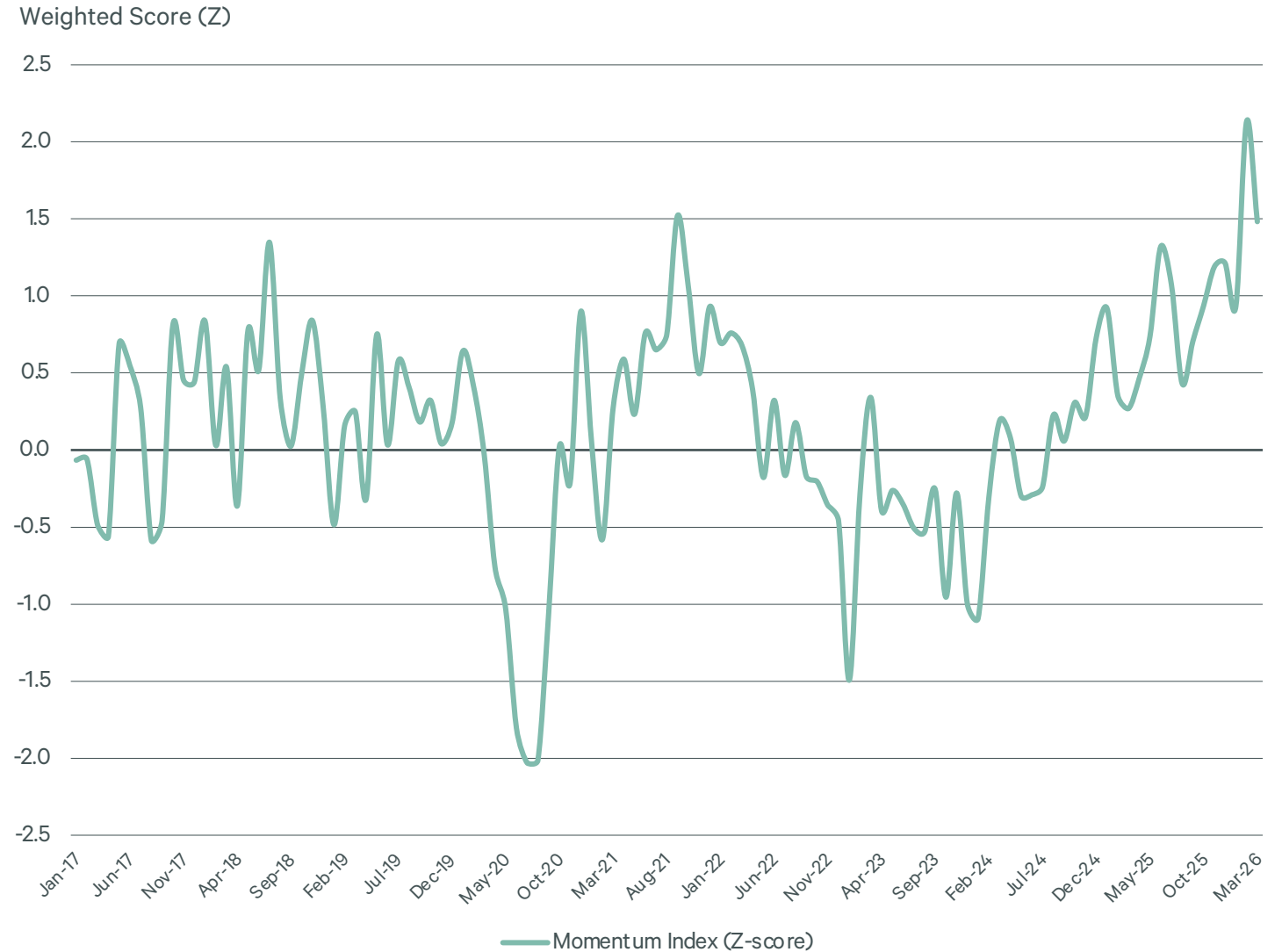
- U.S. commercial real estate investment volume increased by 19% year-over-year in Q1 to \$117 billion.
- Trailing-four-quarter volume increased by 24% to \$534 billion.
- Single-asset sales rose by 13% in Q1 to \$84 billion, while portfolio investment volume increased by 23% to \$25 billion.
- Q1 entity-level sales more than doubled to \$8.6 billion, driven by retail, industrial and senior housing transactions.



Note: Volume excludes development site transactions.
Source: CBRE Research, MSCI Real Assets, Q1 2026.

Figure 2 Lending momentum reaches highest level in five years

- The CBRE Lending Momentum Index rose to 1.5 in Q1, up from 1.2 in Q4 2025 and 0.3 a year earlier—its highest level since 2021.
- Favorable lending conditions were marked by greater loan origination volume, increased average loan sizes, more non-agency loans, relatively stable spreads and improved LTV ratios. Total loan financing increased by 66% year-over-year in Q1, with the average loan size at its highest level since data tracking began in 2014.
- The CBRE Lending Momentum Index tracks loans originated or brokered by CBRE. Higher readings signal stronger lending momentum and risk-on sentiment.



Note: The Lending Momentum Index has been revamped based on 36-month Z-score standardization and multifactor weighting. The line represents the overall weighted Z-score. Higher readings signal stronger lending momentum and risk-on sentiment.
Source: CBRE Capital Markets, CBRE Research, Q1 2026.

Figure 3
Investment volume by sector

- Industrial & logistics was the leading sector for investment volume with \$29.6 billion in Q1, up by 23% year-over-year.
- Multifamily had the second-highest Q1 volume with \$29.4 billion, down by 6%.
- Office investment volume rose by 34% to \$19.6 billion, while retail investment ticked up by 0.1% to \$17.4 billion.
- Hotel investment volume increased by 64% to \$9.3 billion.

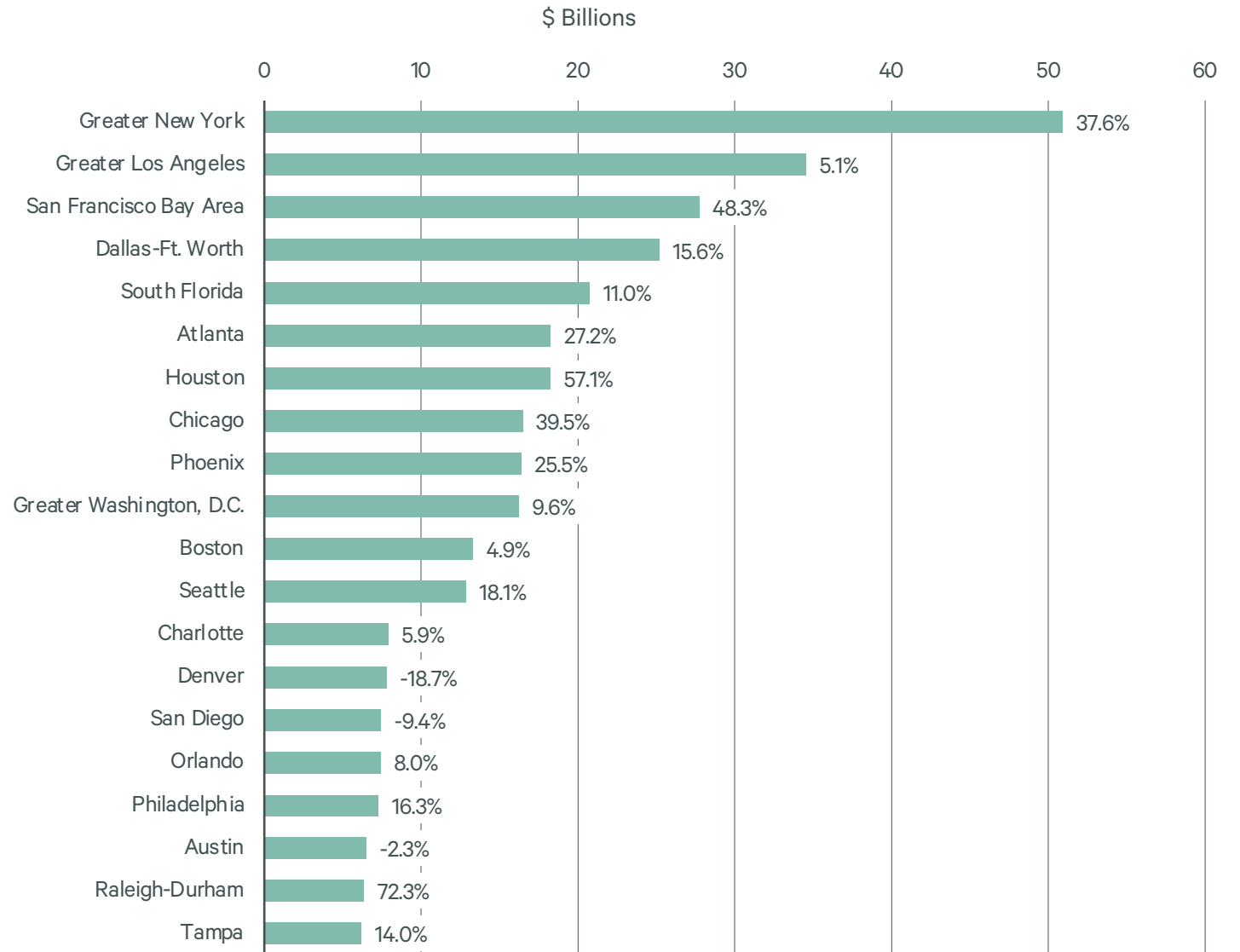
	Total (\$ Billions)				Total (\$ Billions)			
	Q1 2026	Q1 2025	Change (%)	Market Share (%)	Trailing 4 Quarters Ending Q1 '26	Trailing 4 Quarters Ending Q1 '25	Change (%)	Market Share (%)
All Types of Investment								
Industrial	29.6	24.1	22.9	25.2	119.1	103.6	14.9	22.3
Multifamily	29.4	31.3	-6.0	25.1	165.8	158.1	4.8	31.0
Office	19.6	14.6	33.5	16.7	86.9	62.3	39.6	16.3
Retail	17.4	17.3	0.1	14.8	72.3	56.5	28.0	13.5
Other	11.3	4.4	157.6	9.7	28.8	16.2	77.8	5.4
Hotel	9.3	5.7	63.8	7.9	31.5	25.5	23.7	5.9
Data Center	0.7	1.1	-30.6	0.6	29.7	7.0	322.7	5.6
Total	117.3	98.5	19.1	100.0	534.1	429.2	24.4	100.0
Single-Asset Investments Only								
Industrial	19.6	16.9	16.0	23.5	86.0	73.5	17.0	21.7
Multifamily	25.6	26.3	-2.7	30.6	136.2	120.7	12.8	34.4
Office	15.7	11.9	31.4	18.8	70.3	51.9	35.6	17.8
Retail	14.0	10.7	30.7	16.7	61.3	46.3	32.4	15.5
Other	3.9	3.1	26.8	4.7	14.9	9.3	60.7	3.8
Hotel	4.7	4.7	-0.2	5.6	24.3	21.1	15.2	6.2
Data Center	0.0	0.5	-91.8	0.0	2.7	3.4	-18.6	0.7
Total	83.6	74.2	12.7	100.0	395.8	326.1	21.4	100.0
Portfolio Asset Investments Only								
Total	25.1	20.4	23.2		127.3	87.8	45.0	
Entity-Level Asset Investments Only								
Total	8.6	4.0	116.8		11.0	15.3	-27.9	

Note: Totals include single-asset, portfolio and entity-level transactions. "Other" includes senior housing and excludes development sites. Some numbers may not total due to rounding.

Source: CBRE Research, MSCI Real Assets, Q1 2026.

Figure 4
Top 20 markets for trailing-four-quarter investment volume & year-over-year change

- For the trailing four quarters ending in Q1, New York had the most investment volume with \$51 billion, followed by Los Angeles with \$35 billion and the San Francisco Bay Area with \$28 billion.
- Of the top 20 markets for trailing-four-quarter investment volume, Raleigh-Durham had the largest year-over-year increase of 72%, followed by Houston (57%) and the San Francisco Bay Area (48%).



Note: Volume excludes data center and development site transactions. Percentages are year-over-year change in totals.
 Source: CBRE Research, MSCI Real Assets, Q1 2026.

Figure 5
Investment volume growth by metro & property type, year ending Q1 2026

Overall Investment

	Metro	Volume (\$M)	Growth (Y-o-Y)
1	Raleigh-Durham	6,341	72.3%
2	Houston	18,243	57.1%
3	San Francisco Bay Area	27,726	48.3%
4	Jacksonville	4,289	43.8%
5	Kansas City	4,516	40.7%
6	Chicago	16,468	39.5%
7	Greater New York	50,922	37.6%
8	Phoenix	16,384	25.5%
9	Indianapolis	3,884	22.0%
10	Columbus	3,776	21.4%

Office Investment

	Metro	Volume (\$M)	Growth (Y-o-Y)
	Richmond	614	220.8%
	San Francisco Bay Area	11,098	151.8%
	Houston	3,486	138.4%
	Nashville	894	133.5%
	Raleigh-Durham	1,188	92.4%
	Philadelphia	1,022	76.8%
	Dallas-Ft. Worth	3,817	71.2%
	Las Vegas	532	65.4%
	Orlando	671	53.2%
	Tampa	1,141	48.7%

Industrial Investment

	Metro	Volume (\$M)	Growth (Y-o-Y)
	Raleigh-Durham	1,982	127.6%
	Indianapolis	1,855	90.0%
	Greater Washington, D.C.	2,677	68.3%
	Seattle	2,598	55.0%
	Columbus	1,773	47.7%
	Charlotte	2,558	44.9%
	Orlando	1,954	43.1%
	San Diego	1,548	40.7%
	Boston	2,393	30.7%
	South Florida	4,594	23.7%

Multifamily Investment

	Metro	Volume (\$M)	Growth (Y-o-Y)
1	Chicago	6,114	58.1%
2	Raleigh-Durham	2,254	37.1%
3	Greater New York	14,682	34.0%
4	Atlanta	7,519	33.1%
5	Houston	5,402	30.6%
6	Seattle	6,188	30.5%
7	San Francisco Bay Area	8,740	26.4%
8	Kansas City	1,899	24.8%
9	Minneapolis	2,533	22.3%
10	Phoenix	4,873	17.0%

Retail Investment

	Metro	Volume (\$M)	Growth (Y-o-Y)
	Honolulu	914	7985.9%
	Hawaii*	1,138	1722.5%
	Dallas-Ft. Worth	3,507	142.3%
	Raleigh-Durham	723	140.2%
	Houston	3,259	135.3%
	Minneapolis	610	127.3%
	Phoenix	2,247	86.9%
	South Florida	4,505	84.9%
	San Antonio	782	79.9%
	Kansas City	951	76.2%

Hotel Investment

	Metro	Volume (\$M)	Growth (Y-o-Y)
	Sarasota Metro	284	859.2%
	San Francisco Bay Area	1,897	420.6%
	Tampa	660	159.3%
	Greater New York	3,671	89.7%
	Jacksonville	438	87.2%
	Austin	539	72.1%
	Philadelphia	285	70.0%
	Houston	676	56.6%
	Dallas-Ft. Worth	941	39.9%
	Chicago	808	33.0%

Note: Tables ranked by highest percentage growth relative to prior trailing-four-quarter period among top 30 metros or regions by volume.

Source: CBRE Research, MSCI Real Assets, Q1 2026.

Figure 6 Investment volume by buyer type

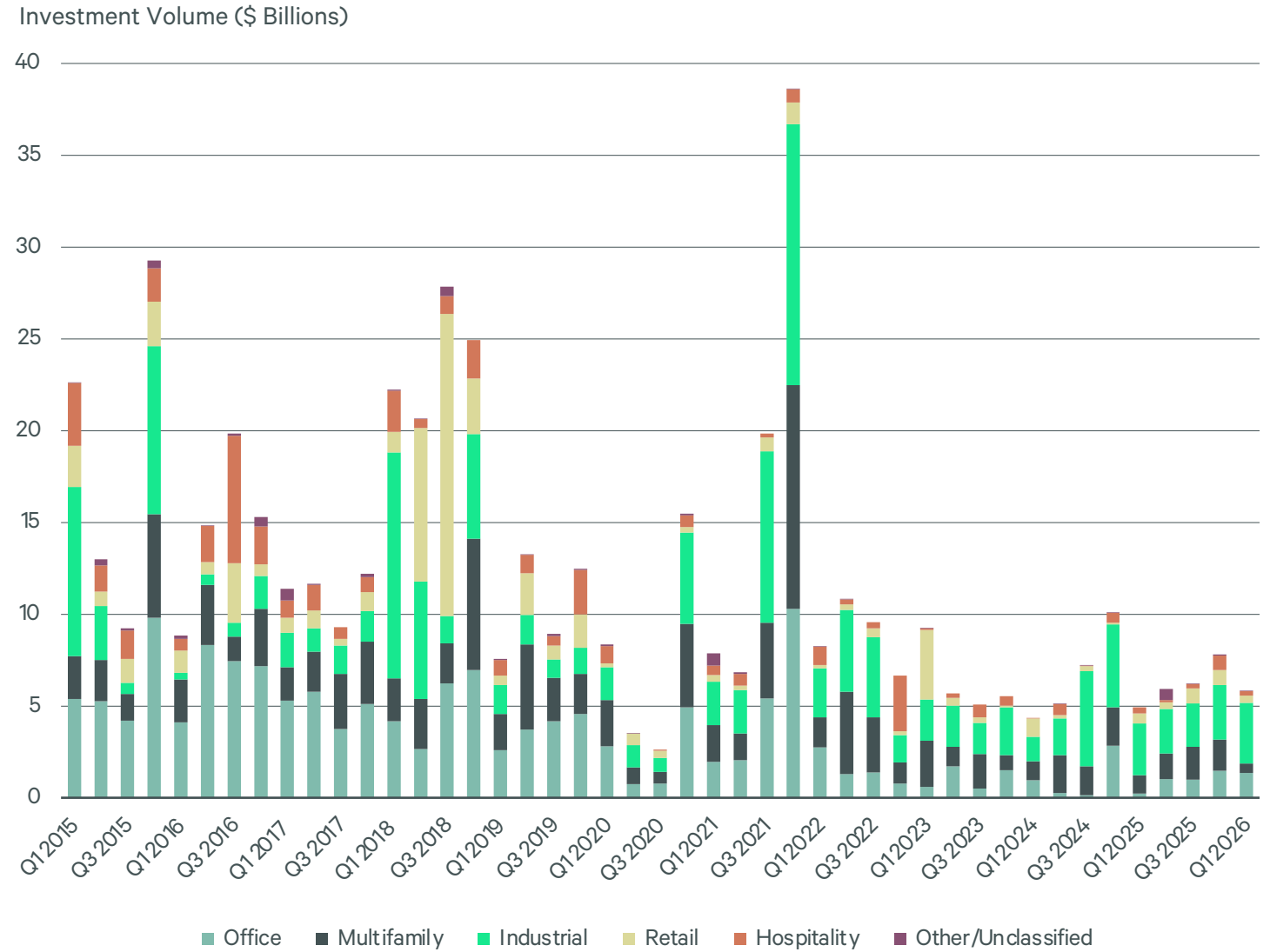
- Private investors accounted for \$66 billion (57%) of Q1 investment volume, up by 17% from a year ago.
- Institutional investment volume increased by 23% from a year ago to \$27 billion, accounting for 23% of total volume.
- Q1 investment volume by REITs/public companies rose by 49% to \$8.5 billion.
- Inbound cross-border investment volume increased by 18% to \$5.8 billion.
- Institutional investors were net buyers in Q1, while private buyers, REITs and cross-border investors were net sellers.

	Volume (\$ Billions)			Market Share (%)		Ratio of**		
	Q1 2026	Q1 2025	Change (%)	Q1 2026	Q1 2025	Net Buyer or Seller Q1 2026	Acquisitions to Dispositions	Dispositions to Acquisitions
Private	66.3	56.9	17	57	58	Net Seller	-	1.0
Institutional	26.9	21.9	23	23	22	Net Buyer	1.2	-
REITs/Public Companies	8.5	5.7	49	7	6	Net Seller	-	1.3
Cross-Border	5.8	4.9	18	5	5	Net Seller	-	1.2
Other*	9.8	9.1	7	8	9	Net Buyer	1.0	-
Total	117.3	98.5	19	100	100			

*Other = user, unknown, other types of investors. **For example, for every \$1 disposition, institutional capital is acquiring \$12. Volume excludes development site transactions. Some numbers may not total due to rounding. Source: CBRE Research, MSCI Real Assets, Q1 2026.

Figure 7 Cross-border investment by property type

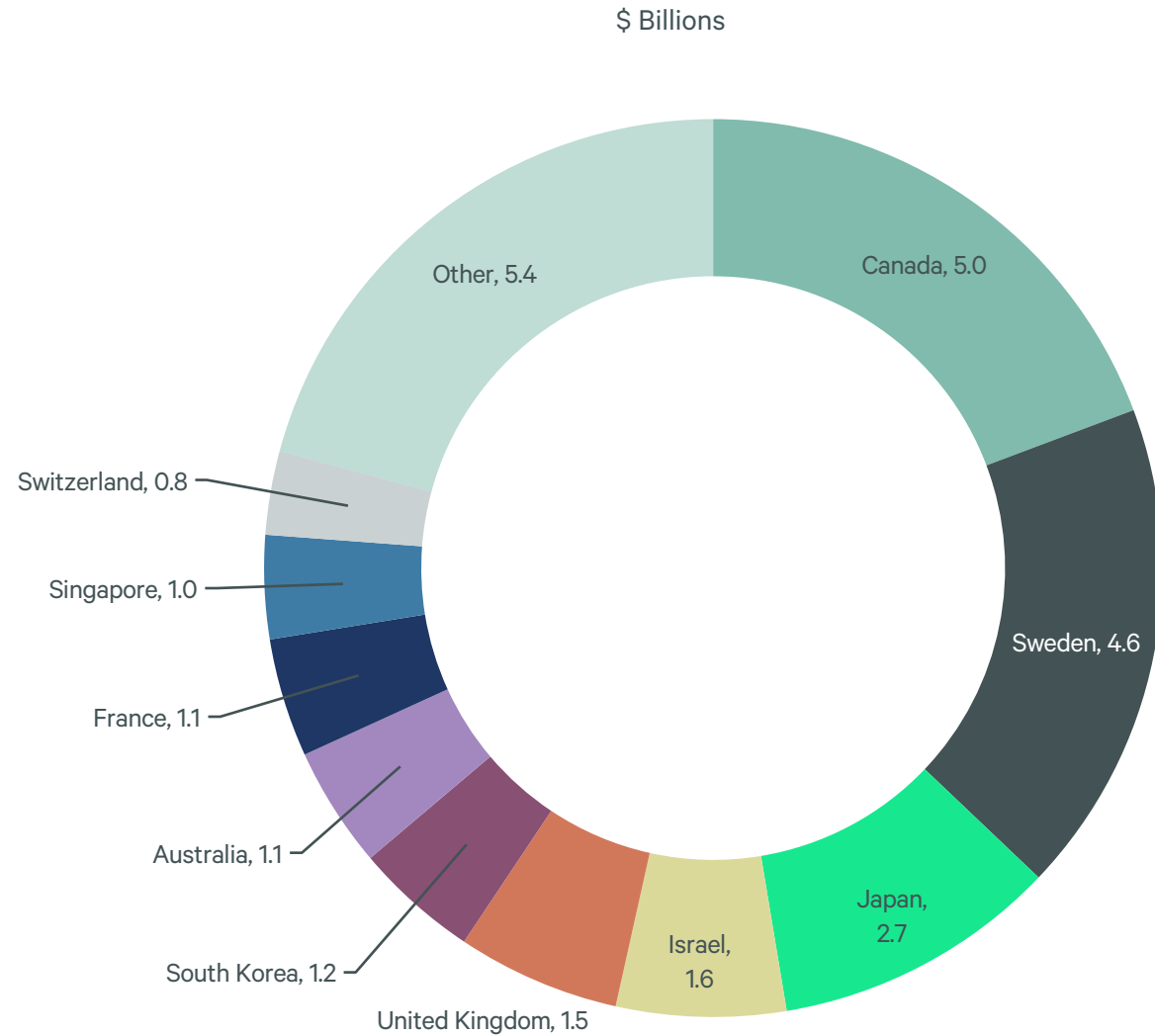
- Industrial & logistics was the top sector for inbound cross-border investment in Q1 at \$3.3 billion, up by 17% year-over-year.
- The office sector attracted the second most inbound cross-border investment at \$1.3 billion, up by 481% due to last year’s low volume.
- Multifamily cross-border investment volume totaled \$529 million in Q1, down by 47%.
- Retail and hotel cross-border investment each fell by 28% to \$409 million and \$237 million, respectively.



Source: CBRE Research, MSCI Real Assets, Q1 2026.

Figure 8
Cross-border investment by country of origin, trailing four quarters ending in Q1 2026

- Canada was the top country for U.S. inbound cross-border investment totaling \$5 billion or 19% of all inbound volume over the past four quarters, down from its 35% average between 2018 and 2024.
- Sweden had the next highest amount of inbound cross-border investment with \$4.6 billion (18%), followed by Japan with \$2.7 billion (10%) and Israel with \$1.6 billion (6%).



Source: CBRE Research, MSCI Real Assets, Q1 2026.

Figure 9 RCA Commercial Property Price Index

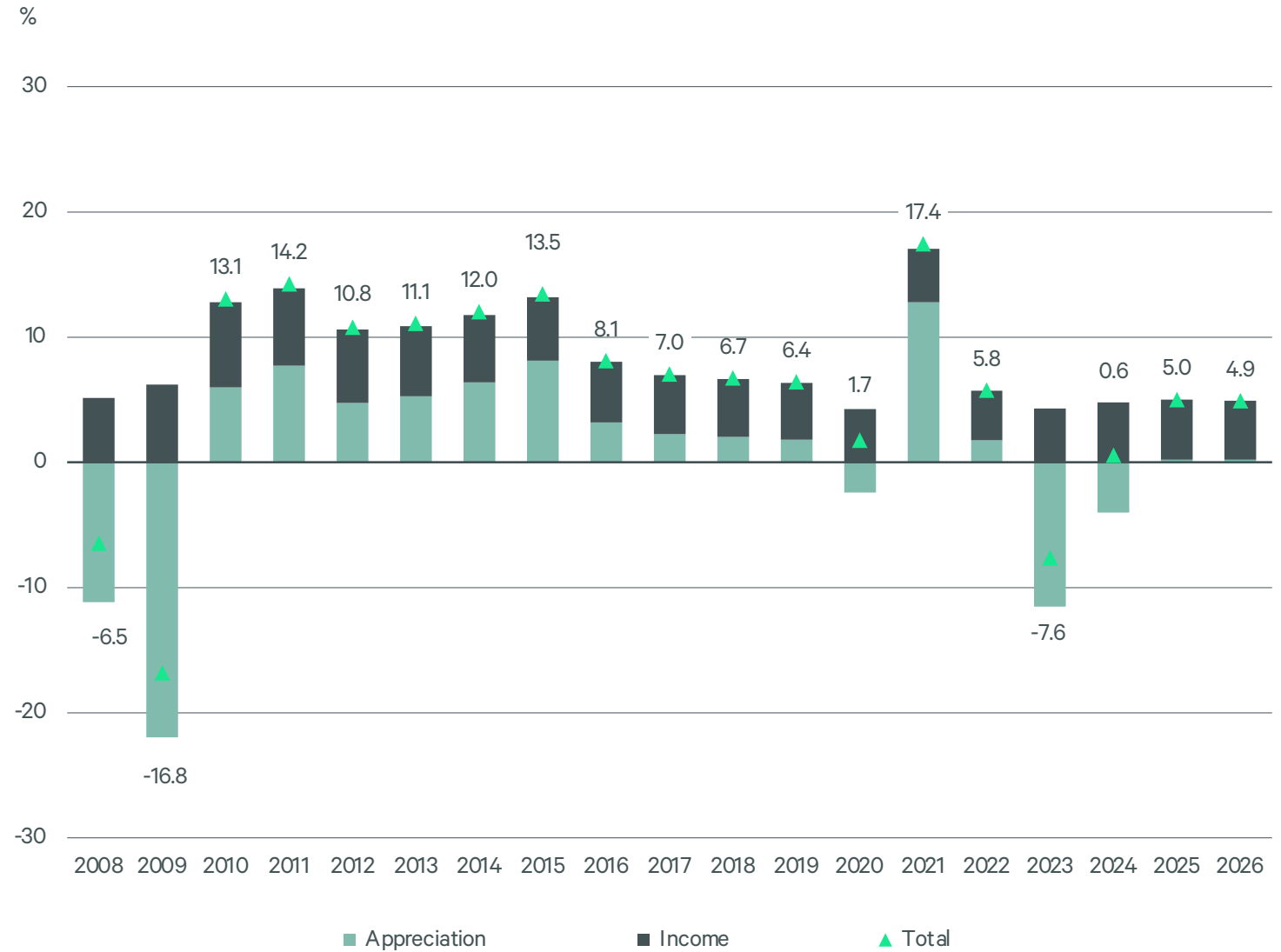
- The RCA Commercial Property Price Index rose by 2.1% year-over-year in Q1.
- The office sector had the largest price increase of 4.9%, followed by the industrial sector with 2.3%.
- The hotel and retail sectors both had price declines of 3.7% and 1.2%, respectively.

Sector	March 2026	March 2025	Change Y-o-Y (%)	2022 Peak	Mar 26 vs. 22 Peak (%)	2007 Peak	Mar 26 vs. 07 Peak (%)
All	143.3	140.3	2.1%	158.2	-9%	105.7	36%
Office	96.6	92.0	4.9%	121.1	-20%	107.9	-10%
Industrial	192.3	187.9	2.3%	172.7	11%	105.2	83%
Retail	103.2	104.4	-1.2%	110.8	-7%	104.2	-1%
Multifamily	198.7	198.6	0.0%	242.6	-18%	102.5	94%
Hotel	103.4	107.4	-3.7%	118.7	-13%	112.9	-8%

Note: based on repeat property sales; sales are indexed from December 2006.
Source: CBRE Research, MSCI Real Assets, Q1 2026.

Figure 10 NCREIF Property Index returns

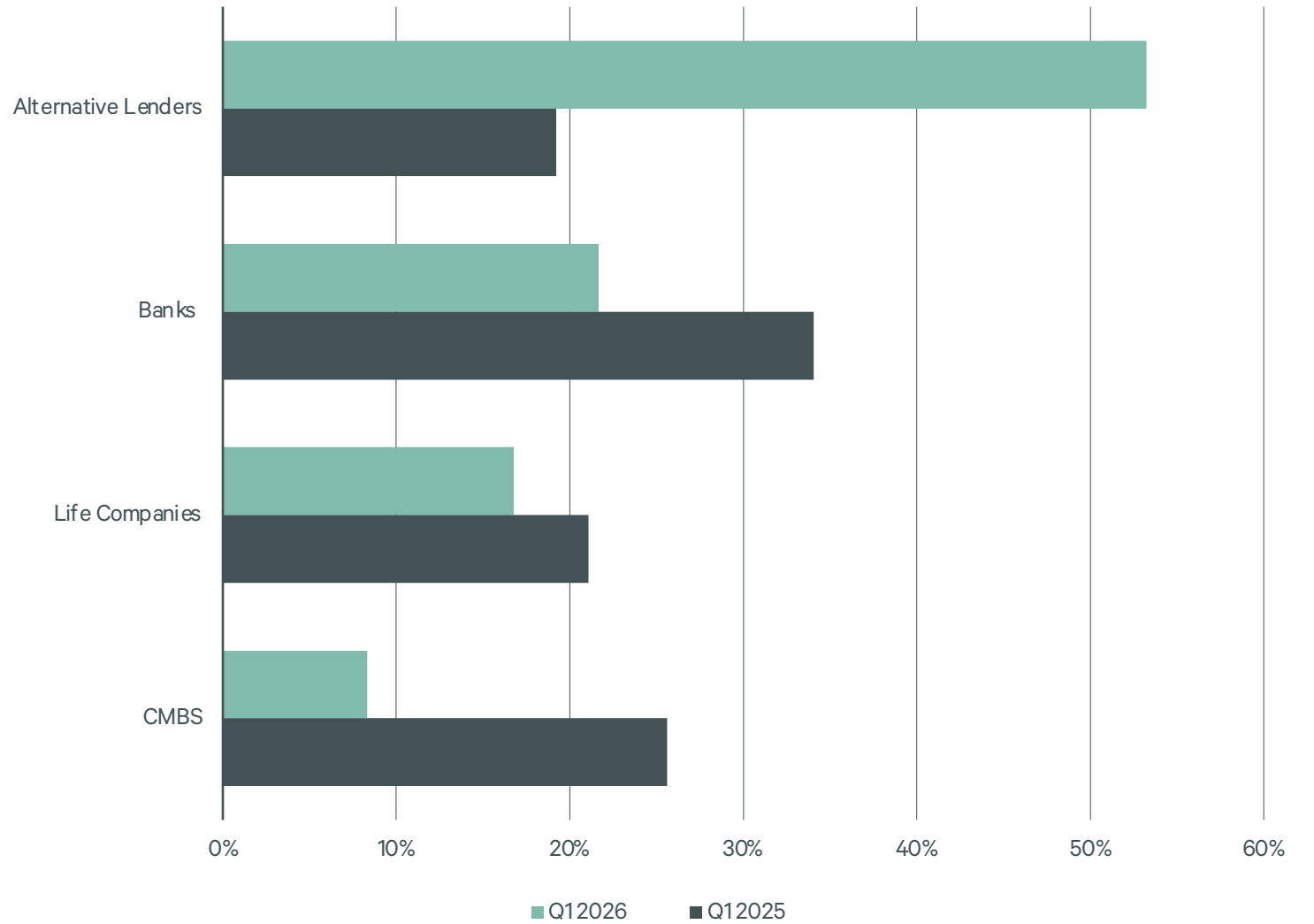
- The annualized NCREIF total return in Q1 was 4.9%, led by income returns.
- Of the five major property types, retail had the highest annualized total return at 6.9%, followed by multifamily at 5.0%.
- Annualized total returns for the industrial and hotel sectors were 4.4% and 2.0%, respectively.
- The office sector recorded a 3.9% annualized return, continuing its positive momentum from 2025.



Note: All returns are reported on an unlevered basis.
Source: CBRE Research, NCREIF, Q1 2026.

Figure 11 Alternative lenders dominate Q1 loan closings

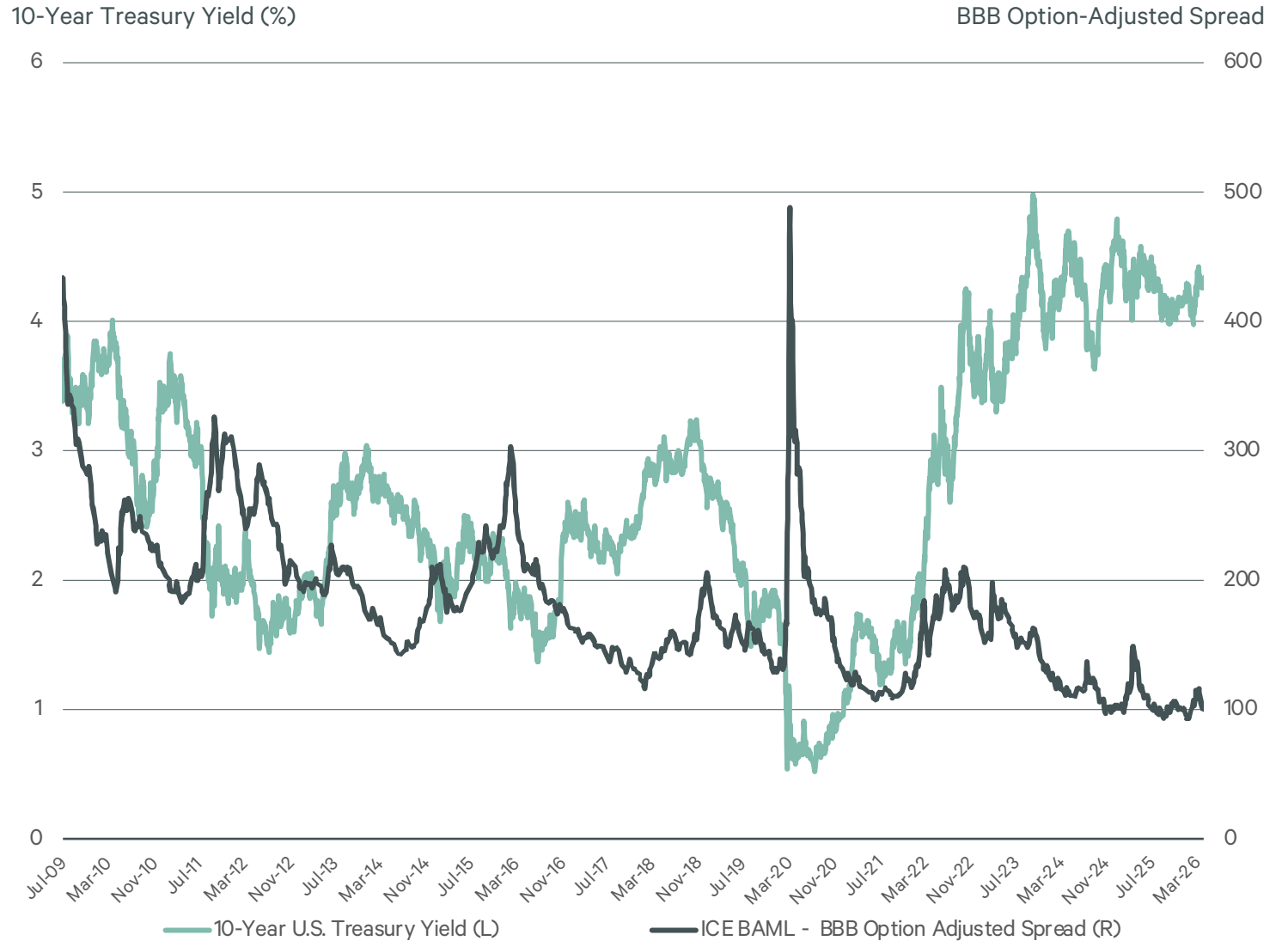
- Alternative lenders accounted for 53% of loan closings by non-agency lenders in Q1, up from 19% a year ago. Debt funds drove the increase with a 280% year-over-year spike in lending volume.
- Banks accounted for 22% of loan closings by non-agency lenders in Q1, down from 34% a year ago.
- Life companies had a 17% share of non-agency loan volume in Q1, down from 21% a year ago.
- CMBS lenders accounted for the remaining 8% of non-agency volume in Q1, down from 26% a year ago.



Note: Reflects non-agency commercial/multifamily loans.
Source: CBRE Capital Markets, CBRE Research, Q1 2026.

Figure 12 10-year Treasury yield & BBB option-adjusted corporate bond spread

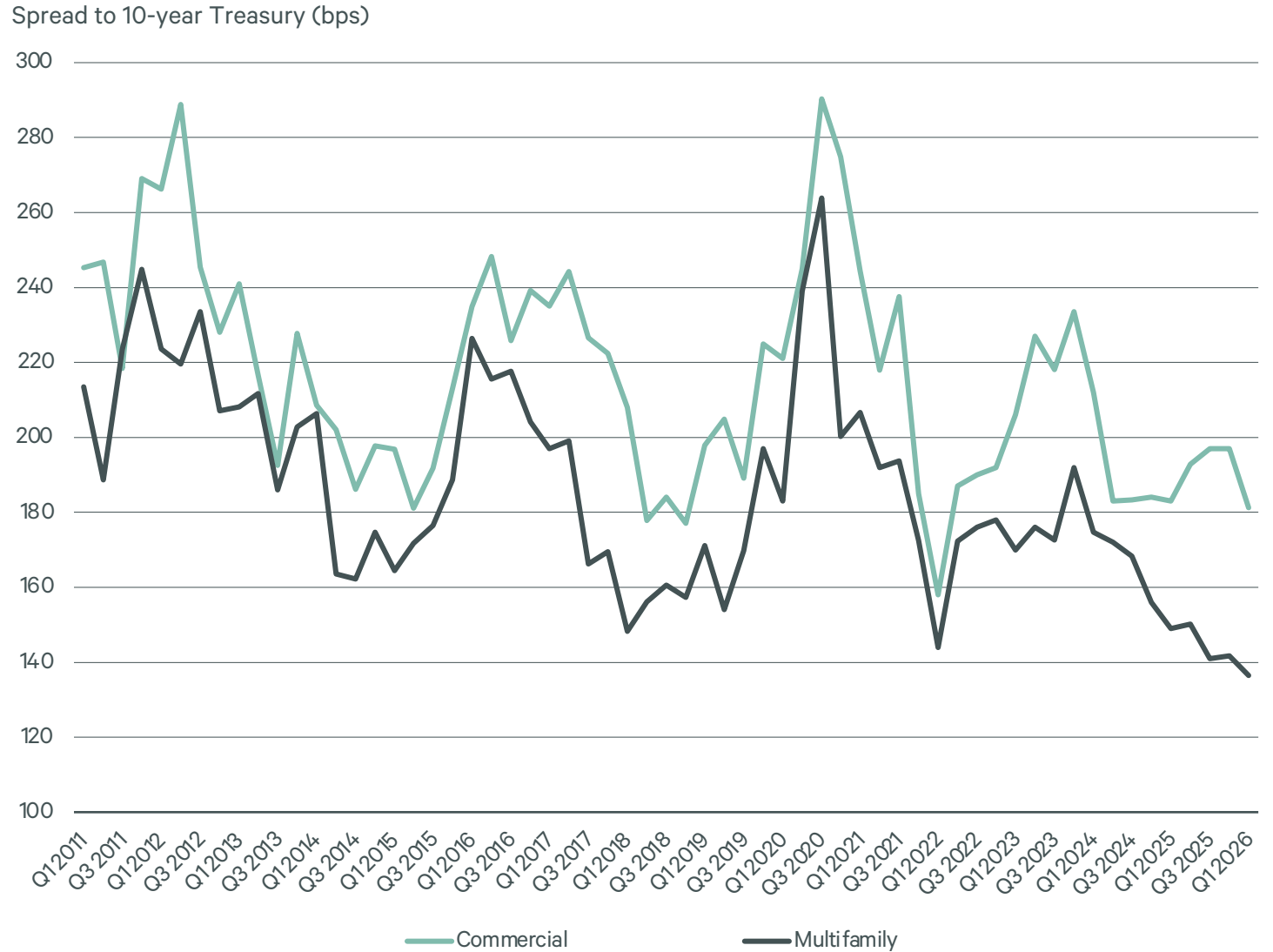
- Despite fluctuations driven by economic and geopolitical uncertainty, the Bank of America/Merrill Lynch U.S. Corporate BBB Index spread tightened by 7 bps year-over-year to 113 in Q1 but widened by 12 bps since last December.
- The 10-year Treasury yield stabilized at 4.3% in Q1, up by 10 bps from Q4 2025 due to energy price-driven inflation.



Source: ICE Bank of America/Merrill Lynch, Federal Reserve, CBRE Research, April 2026. Data through 4/23/2026.

Figure 13 Multifamily & commercial loan spreads tighten

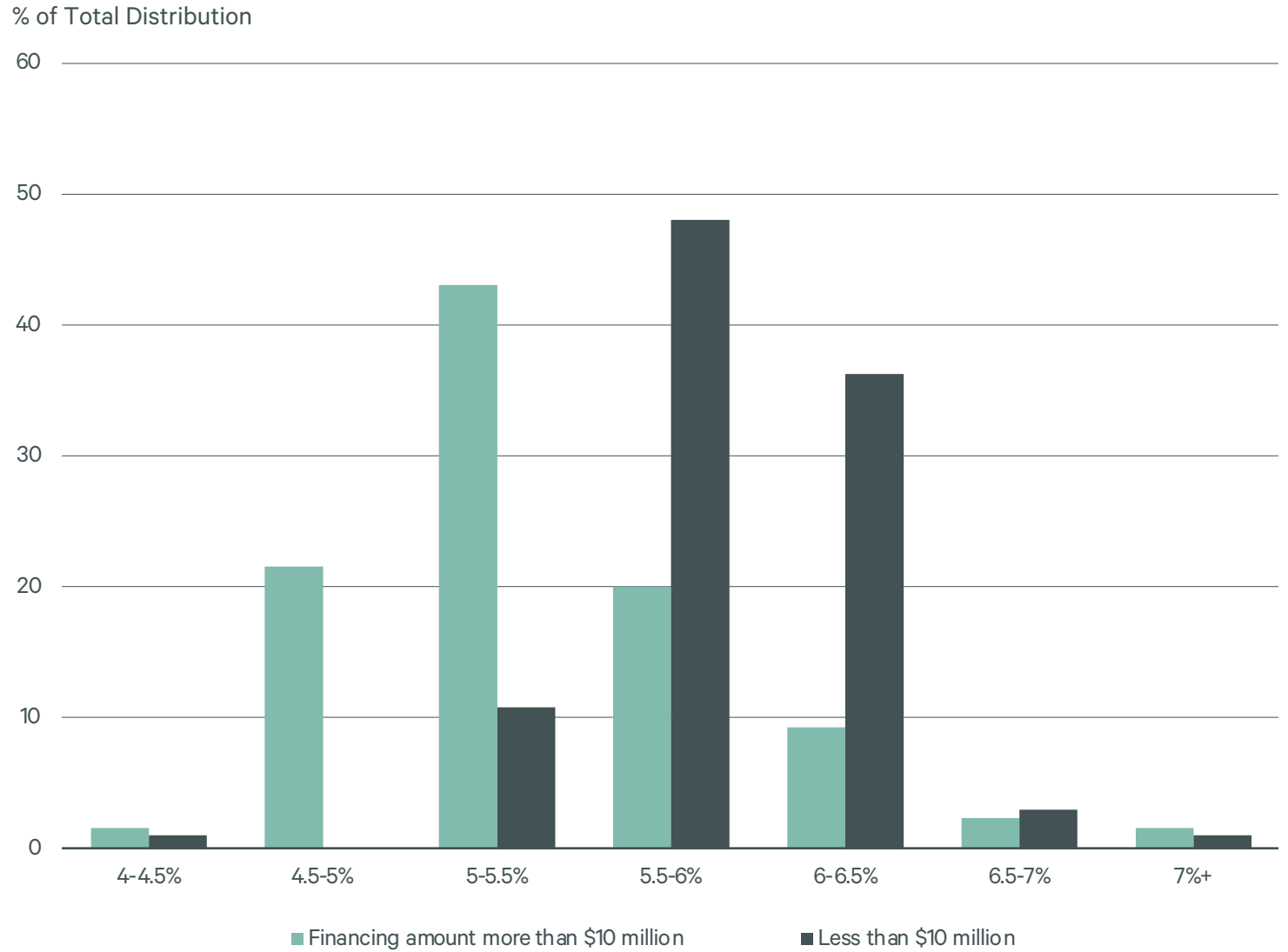
- The average spread on closed commercial mortgage loans averaged 181 bps in Q1, down by 2 bps year-over-year.
- The average spread for multifamily mortgages fell by 13 bps year-over-year to 136 bps.
- Data reflects fixed-rate deals with a seven-to-10-year term and 55%-to-65% LTV ratio closed by CBRE.



Note: Reflects average spreads on 7-to-10 year, 55%-to-65% LTV, permanent fixed-rate loans closed by CBRE Capital Markets.
Source: CBRE Capital Markets, CBRE Research, Q1 2026.

Figure 14 Mortgage rate distribution

- The mortgage rate distribution for larger loans (more than \$10 million) remained stable in Q1. Eighty-five percent of these loans carried a mortgage rate of 4.5% to 6%, consistent with the distribution in Q4 2025.
- Smaller loans (\$10 million or less) shifted downward slightly in Q1, as mortgage rates improved. Ninety-five percent of these loans carried a mortgage rate of 5% to 6.5%, up from 88% in Q4 2025.



Source: CBRE Research, Q1 2026.

Figure 15 Underwriting remains disciplined

- Mortgage interest rates remained stable quarter-over-quarter at 5.7% in Q1, while loan constants declined slightly to 6.7% from 6.8%.
- The average LTV ratio rose to 64.4% in Q1 from 63.5% in Q4 2025 and 62.2% a year earlier.
- Debt yield also remained within a stable range at 9.5% in Q1, compared with 9.8% in Q4 2025 and 10.3% a year ago.

Key Underwriting Measures	Q1 2026	Q4 2025	Q3 2025	Q1 2025
Debt Service Coverage Ratio	1.33	1.36	1.35	1.37
Loan-to-Value (LTV) (%)	64.4	63.5	63.8	62.2
Cap Rate (%)	6.0	6.1	6.1	6.1
Amortization Rate (%)	6.2	6.1	6.1	8.2
Percent Partial or Full Interest-Only	79.9	78.6	80.6	75.6
Percent Full Interest-Only	39.3	44.5	44.6	41.6
Loan Constant (%)	6.7	6.8	6.9	6.9
Interest Rate (%)	5.7	5.6	5.8	6.1
Debt Yield (%)	9.5	9.8	9.7	10.3

Note: Amortization rate reflects the average percentage of origination balances scheduled to pay down over the loan term.

Source: CBRE Research, Q1 2026.

Figure 16
LTV ratios increase

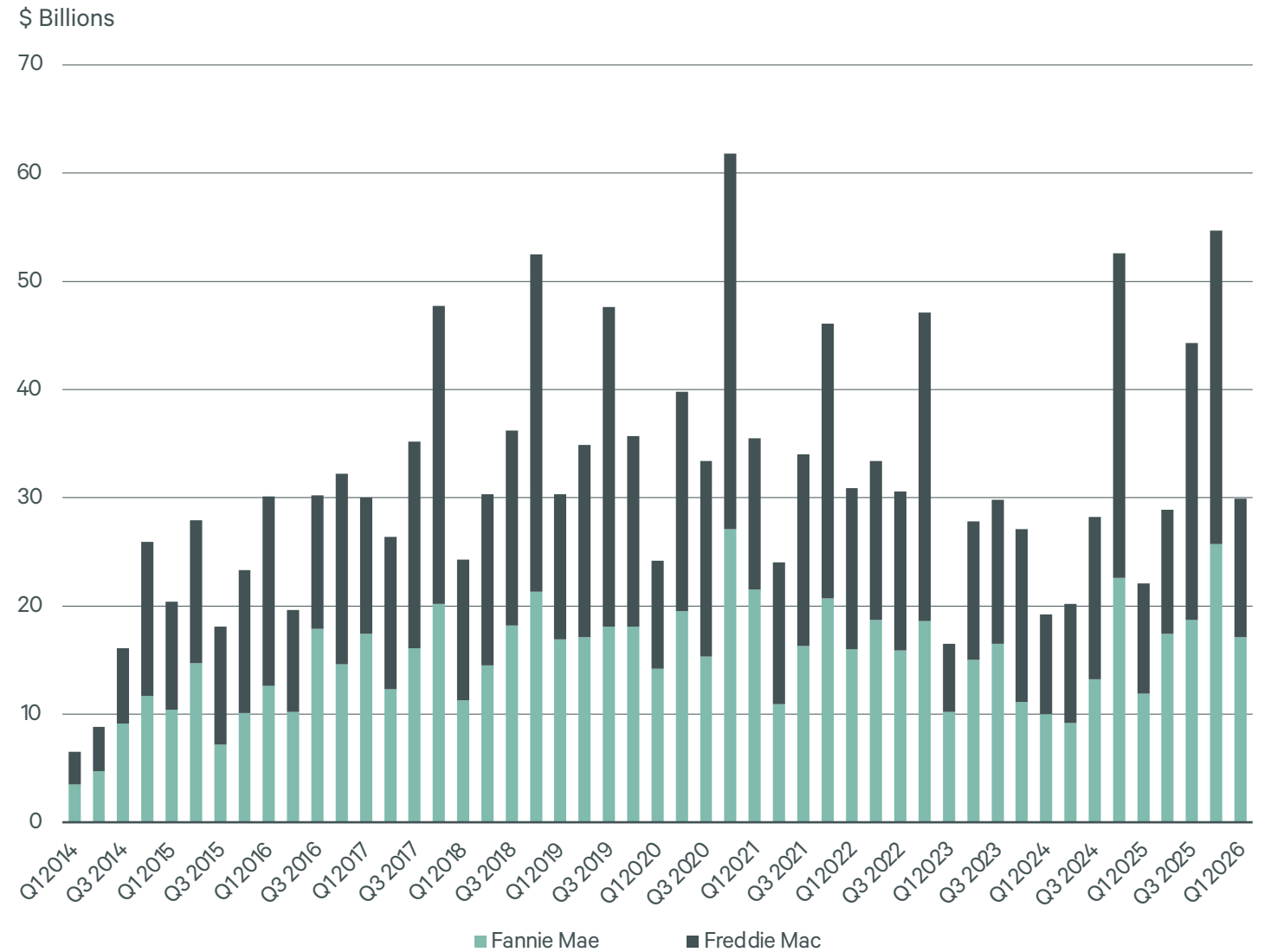
- Commercial LTV ratios averaged 61.5% in Q1, up from 59.9% a year ago.
- Multifamily LTV ratios averaged 67.2% in Q1, up from 64.5% a year ago.
- LTV ratios reflect permanent fixed-rate loans closed by CBRE.



Source: CBRE Research, Q1 2026.

Figure 17 Quarterly agency multifamily mortgage production

— Agency origination volume increased by 35% year-over-year to \$29.9 billion in Q1.

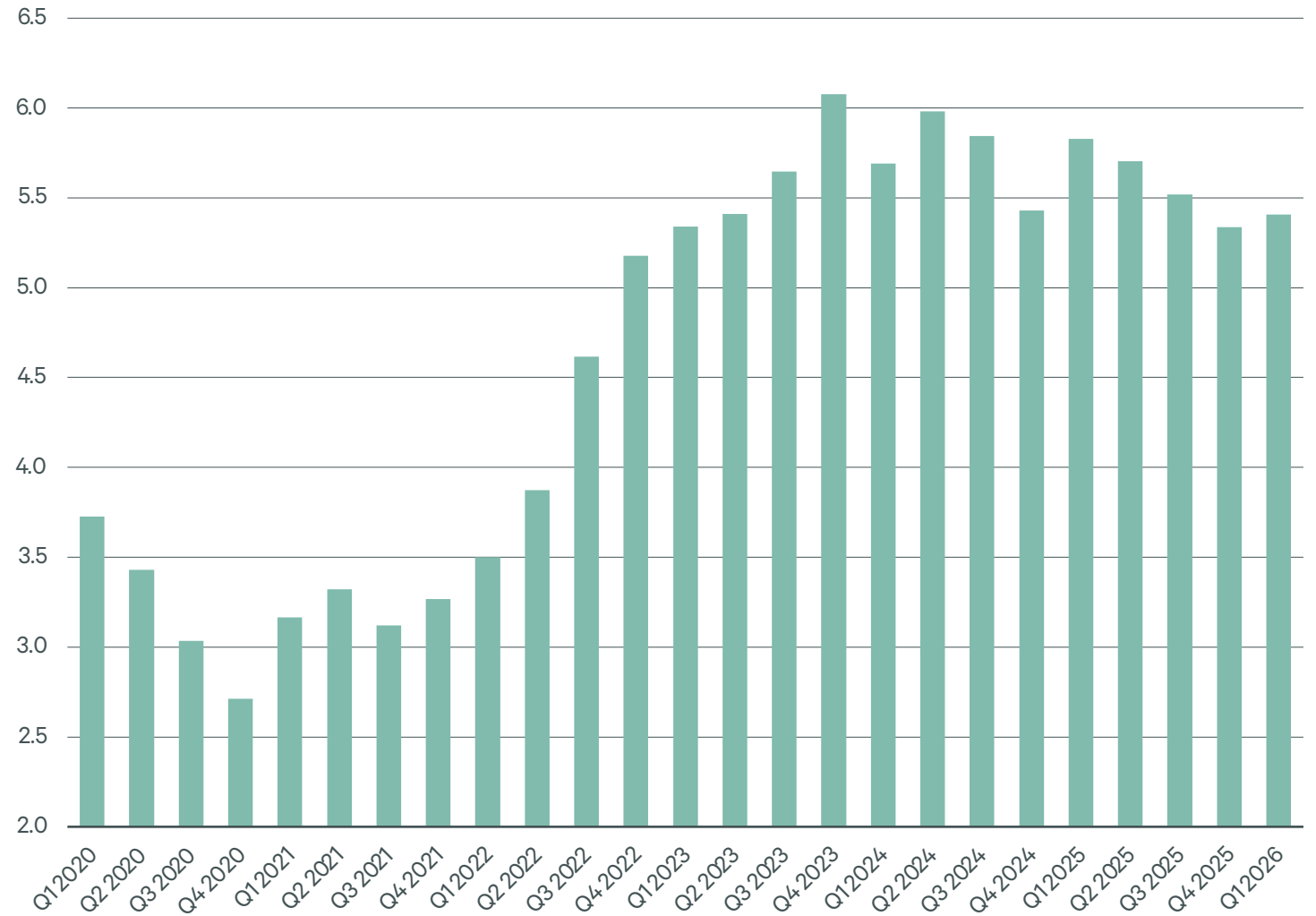


Source: CBRE Research, CBRE Capital Markets, Fannie Mae, Freddie Mac, Q1 2026

Figure 18 Quarterly average agency mortgage rate

— CBRE’s Agency Pricing Index, which reflects average GSE fixed mortgage rates for closed permanent loans with a seven-to-10-year term, fell by 42 bps year-over-year to 5.4% in Q1.

Average Closed Mortgage Rate



Note: Reflects average closed mortgage rate for 7-to-10-year permanent fixed-rate agency loans.
Source: CBRE Research, CBRE Capital Markets, Q1 2026.

Figure 19 Mortgage delinquency rates by lender type

- CMBS delinquency rates were unchanged quarter-over-quarter at 6.6% in Q4 2025 (latest available data) but increased by 80 bps year-over-year.
- Life insurance delinquency rates fell by 11 bps year-over-year to 0.32%.
- Bank delinquency rates for construction & development loans increased by 16 bps year-over-year to 1.34% in Q4 2025. Bank delinquency rates for non-residential loans fell to 1.63% in Q4 2025 from 1.65% a year ago, while those for multifamily loans increased to 1.42% from 1.35%.
- Delinquency rates for Fannie Mae increased by 15 bps year-over-year to 0.78% as of March, while Freddie Mac’s fell from 0.46% to 0.43% over the same period.

Lender/ Lender Type	Delinquency Definition*	Property Types	As of	Delinquency Rate (%)		
				Current	Prior Quarter	Prior Year
CMBS	30+	All	Q4 2025	6.58	6.58	5.78
Life Insurance Companies	60+	All	Q4 2025	0.32	0.47	0.43
Banks - Construction & Development	30+	All	Q4 2025	1.34	1.31	1.18
Banks - Non-Residential	30+	All	Q4 2025	1.63	1.60	1.65
Banks - Multifamily	30+	Multifamily	Q4 2025	1.42	1.38	1.35
Fannie Mae	60+	Multifamily	March 2026	0.78	0.74	0.63
Freddie Mac	60+	Multifamily	March 2026	0.43	0.44	0.46

Notes: Different time periods. Delinquency rates are based on % of delinquent loan balance to the total outstanding loan balance.

Fannie Mae's delinquency rate includes loans that are in forbearance.

*30+ and 60+ means loans that are 30+ or 60+ days delinquent are included in the count.

Source: CBRE Research, Fannie Mae, Freddie Mac, Mortgage Bankers Association, Trepp LLC, American Council of Life Insurers, OFHEO, Federal Deposit Insurance Corporation.

Contact

Henry Chin, Ph.D.

Global Head of Research
henry.chin@cbre.com

Darin Mellott

Head of U.S. Investor Research
darin.mellott@cbre.com

Jaeyoung Kim

Associate Director
Capital Markets Research
jaeyoung.kim1@cbre.com

Jacob Cottrell

Global Research Consultant
Global Research
jacob.cottrell@cbre.com

James Millon

President & Co-Head of Capital Markets,
U.S. & Canada
james.millon@cbre.com

Tommy Lee

President & Co-Head of Capital Markets,
U.S. & Canada
tommy.lee@cbre.com

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