

MARKET REPORT

MBA CREF 2026 Conference Key Takeaways: Debt Markets, Liquidity, and the Evolving Real Estate Cycle

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Discussions at the MBA CREF 2026 conference in San Diego highlighted several key shifts in commercial real estate capital markets, including the growing dominance of debt, strong private credit liquidity, and ongoing asset repricing following recent market volatility. While these trends affect all property types, they carry notable implications for the hospitality sector.



Debt Markets Continue to Lead Capital Activity

Capital continues to flow more toward debt than equity as transaction activity in the sales market remains constrained, placing lenders and private credit providers at the center of market activity.

Large institutional lenders remain highly active in loans of \$50 million and above across multiple asset classes. Private credit has emerged as a major source of liquidity, offering investors current income and relatively attractive risk-adjusted returns. While spreads between debt and equity have compressed, mezzanine and structured debt investments are still frequently generating double-digit returns, even without back leverage.

Many investors are prioritizing current income, sustaining strong demand for floating-rate debt, while some institutions are shifting toward longer-term fixed-rate structures to better match long-duration liabilities.

Liquidity Has Improved But Lending Remains Disciplined

Liquidity in the lending markets has improved meaningfully compared to about 18 months ago, even with tighter underwriting. Some sectors that were largely out of favor, including office space, are seeing financing return, though deals often require multiple lenders to complete the capital stack.

However, lenders remain cautious. Interest rates are not expected to return to the historically low levels of prior cycles, and underwriting continues to focus heavily on fundamentals such as debt yield and cash-flow strength, capital expenditure and PIP needs, sponsor support and willingness to contribute additional capital, and realistic timelines for stabilization and exit.

Loan extensions and modifications are still occurring, but they are increasingly conditional and often require additional reserves, capital contributions, and enhanced reporting.

Hospitality Market Commentary: Fundamentals Stabilizing, Capital Still Selective

From a hospitality perspective, operating fundamentals have largely stabilized following the volatility of the pandemic era, though performance varies significantly by segment and market.

RevPAR growth across much of the U.S. lodging industry is moderating after the post-pandemic surge, with ADR growth slowing and occupancy stabilizing rather than expanding meaningfully. Many lenders noted expectations for limited NOI growth over the next 12–24 months, driven by wage and insurance cost pressure, property improvement plan (PIP) cycles returning, moderating ADR growth, and more normalized leisure demand patterns.

Despite these factors, the hospitality sector is no longer viewed as distressed. In fact, hotel values in many markets have improved meaningfully since the pandemic, and lenders are increasingly comfortable with stabilized, well-capitalized assets, particularly those with strong brands, experienced operators, and clear cash-flow visibility.

Asset Class Trends: Multifamily Dominates, Alternative Sectors Gaining Interest

Multifamily still accounts for the largest share of institutional lending, though many assets remain over-levered following prior cap rate compression and aggressive rent growth assumptions. Industrial fundamentals remain solid, and while office lending is still selective, activity has picked up where lenders see long-term recovery potential. Capital is also flowing into alternative sectors with strong risk-adjusted returns and durable demand, including senior housing, build-to-rent, self-storage, manufactured housing, RV parks, and marinas. In particular, outdoor hospitality and experiential lodging continue to draw growing institutional interest as investors pursue yield, diversification, and long-term demographic tailwinds.

Distress Is Emerging But Not Yet Systemic

Defaults remain relatively modest, but lenders are feeling pressure from loans originated during periods of aggressive underwriting and low interest rates. Key drivers of distress include overly optimistic income assumptions, underestimated capital needs, looming maturities from loans originated about a decade ago, and lingering post-COVID structural shifts.

The multifamily sector accounts for the largest share of loan issues, while the office sector continues to face challenges. In hospitality, distress is typically asset-specific rather than systemic, often tied to leverage, capital requirements, or sponsorship strength. Lenders are generally collaborating with borrowers on case-by-case solutions rather than moving directly to foreclosure, especially where long-term recovery potential remains.

Capital Markets Outlook: 2026–2028

Looking ahead, the next several years are expected to reflect continued normalization rather than a rapid rebound. Key themes for 2026 through 2028 are expected to include the following:

- Debt will continue to drive activity. Private credit and institutional lenders are expected to remain the primary capital sources, especially for refinancing and transitional assets, while equity stays more selective until pricing stabilizes.
- Higher cost of capital is the new baseline. Rates are unlikely to return to prior lows, and underwriting assumptions are adjusting accordingly, affecting valuations and transaction pace.
- Refinancing and restructuring cycle is ongoing. A large wave of maturities will continue through 2027 and 2028, with extensions, recapitalizations, and structured solutions remaining common, particularly for over-levered assets.
- Stable, moderate growth for hospitality industry. Expect modest RevPAR gains, limited near-term NOI growth, continued lender preference for stabilized assets, and stronger long-term fundamentals tied to travel demand and constrained supply.
- Gradual return of transaction activity. While volumes remain below historical levels, investors are slowly re-engaging as pricing stabilizes. Liquidity, especially on the credit side, remains strong for well-structured deals.

The Market Is Resetting, Not Reverting

Perhaps the most important takeaway from the conference is that the market is not reverting to prior conditions, but instead settling into a more disciplined, higher-cost capital environment. Debt capital remains available, equity is more selective, and both lenders and investors are adjusting to a new equilibrium. While the coming years will likely include continued refinancing, restructuring, and execution risk, capital is still present and market participants are gradually re-engaging.

For hospitality investors, lenders, and operators, the path forward centers on strong operating fundamentals, disciplined capitalization, and realistic growth expectations.

If you would like to discuss hotel valuations, financing considerations, or broader hospitality market trends, please reach out to Zabada Abouelhana or Russ Rivard, MAI.

