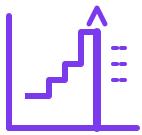

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FREE GUIDE

Navigating the \$957B Maturity Wall

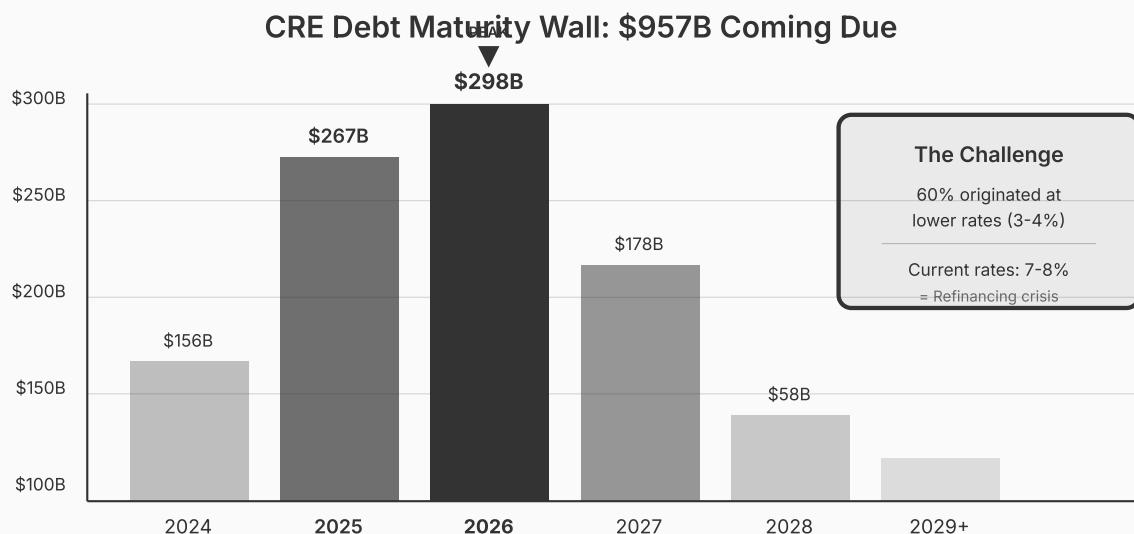
How CRE Professionals Turn Debt Pressure Into Deal Flow

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\$957B

Maturity Wall

Track the \$957B in CRE debt maturing in 2024-2025.



Source: Mortgage Bankers Association, Fed data 2024

\$957 billion in commercial real estate loans mature in 2025. That's nearly triple the 20-year average. And another \$700 billion is scheduled for 2026.

For borrowers who financed at 3.5% and now face rates above 7%, the math doesn't work anymore. Refinancing means cash-out requirements or additional equity they don't have. Selling means accepting a loss. Holding means hoping rates drop before the note comes due.

Most will try to hold. Many won't make it.

For acquisition teams, this is the opportunity of a decade. But only if you can identify motivated sellers before they hit the market. By the time a distressed property lists, you're competing against everyone else who reads the same headlines.

Why 2025-2026 Is Unlike Anything in 20 Years

The last major maturity wave came in 2016-2017. Those loans were written in 2006-2007 at rates around 5.5-6.5%. They refinanced into lower rates. No pain.

This wave is the reverse. Loans written in 2020-2022 locked in historically low rates. Those borrowers now face a 200-300 basis point shock on refinancing. On a \$20 million loan, that's \$400,000 to \$600,000 in additional annual debt service.

The numbers from MBA's research tell the story:

- Only 21% of maturing loans can pay off in full
- 31% will require fresh equity to refinance
- 48% are underwater or will face significant restructuring

Half of all maturing CRE loans are heading into difficult conversations with lenders, equity partners, or buyers.

Office leads the distress, but the pressure extends everywhere. Retail loans written before e-commerce acceleration. Multifamily deals penciled at cap rates that no longer make sense. Industrial properties that looked bulletproof until interest rates tripled carrying costs.

The Motivation Hierarchy

Not every owner with maturing debt is a motivated seller. Understanding who actually needs to trade separates effective deal sourcing from wasted outreach.

Tier 1: Desperate Sellers. Loan maturity within 6 months. Negative equity. Limited sponsor resources. Lender pressure increasing. These owners will sell at significant discounts to avoid foreclosure. Finding them early is worth substantial effort.

Tier 2: Motivated Sellers. Loan maturity within 12-18 months. Marginal refinancing options. Other portfolio pressures consuming capital. These owners will sell at fair pricing to exit cleanly. They're looking for certainty over maximum price.

Tier 3: Opportunistic Sellers. Loan maturity approaching but manageable. May sell if the price is right. More likely to refinance and hold. Worth tracking but not worth aggressive pursuit.

The difference between tiers often comes down to sponsor financial strength, not just property-level metrics. A well-capitalized REIT can contribute equity to refinance. A syndicator who raised the minimum required capital can't.

Building Debt Visibility Into Your Pipeline

Most acquisition teams have no visibility into debt maturities beyond public CMBS data. That covers about 15% of the market. The other 85% is bank loans, life company debt, and private credit with no disclosure requirements.

Building debt visibility requires combining multiple data sources:

Public filings. CMBS data from Trepp, Bloomberg, or KBRA provides detail on securitized loans. You get exact maturity dates, current balance, original terms, and delinquency status. Start here because it's reliable and searchable.

Property records. Mortgage recordings show lender, original amount, and recording date. Most commercial loans are 5, 7, or 10 years. A \$15 million mortgage recorded in 2018 likely matures in

2025 or 2028. Not precise, but directionally useful.

UCC filings. Often reveal mezzanine debt that property records miss. When a property has both senior and mezz debt, the sponsor is typically more constrained on capital.

News and market intelligence. Announcements of defaults, workouts, and deed-in-lieu transactions signal broader portfolio stress. If an owner is distressed on one property, they may be stressed across multiple assets.

Combining these sources creates a probability score for each property: how likely is debt-driven motivation within your investment timeline?

Identifying Refinancing Pressure

Maturity date alone doesn't predict motivation. The question is whether the owner can refinance on acceptable terms.

Key indicators of refinancing difficulty:

Debt yield below 8-9%. Most lenders require debt yields above this threshold. If current NOI doesn't support the existing debt at market rates, the owner faces a cash-out requirement.

LTV above 65%. Today's lenders want 60-65% LTV. Properties that were financed at 75%+ need significant value appreciation or equity contribution to refinance.

Declining occupancy or rent trends. A property trending the wrong direction will face skeptical lenders. Even if current metrics work, projected metrics may not.

Floating rate debt. Borrowers on floating rate loans have already felt the rate shock. Some have interest rate caps that expire before their loan matures, creating a double pressure point.

Sponsor financial stress. Other properties in workout. Investor litigation. Partner disputes. Signs that the sponsor can't contribute capital even if they want to.

Properties with three or more of these factors are high-probability motivated sellers. Properties with one factor are worth monitoring. Properties with none aren't worth debt-distress outreach.

The Early Mover Advantage

When a distressed property hits the market, everyone sees it. Brokers blast it to their full contact list. Pricing reflects competitive bidding. The seller has options.

Six months earlier, that same seller had no options. They were hoping rates would drop. They were trying to negotiate extensions with lenders. They hadn't accepted that selling was the answer.

The acquisition team that reaches them at that moment has no competition. The conversation is "we can offer certainty" not "our bid is 2% higher." Certainty matters when you're staring at a maturity date you can't meet.

We've seen deals close at 15-20% below eventual market pricing because the buyer reached the seller before distress became public. The seller traded maximum price for execution certainty. Both sides got what they needed.

The deals that make careers are the ones nobody else saw coming.

Reaching Distressed Sellers Before Competitors

Once you've identified likely motivated sellers, the outreach challenge begins. These owners aren't advertising their distress. They may not have accepted it themselves yet.

Effective approaches vary by owner type:

Private owners: Direct mail and phone calls work, but messaging matters. "We buy distressed properties" guarantees deletion. "We're acquiring in your submarket and noticed your property" opens a conversation. The goal is dialogue, not immediate transaction.

Syndicators: Connect with their capital sources and legal counsel. When a syndicator can't refinance, their investors and attorneys often look for exits. Being known as a solution provider creates inbound deal flow.

Institutional owners: Relationship networks matter most. The asset manager who knows their Q2 rebalancing includes selling a particular property tells you first if you've built that relationship.

Timing outreach matters as much as targeting. Too early and the owner isn't ready to engage. Too late and they've already selected a broker. The sweet spot is 9-12 months before maturity for most motivated sellers.

Building Your Data Infrastructure

Executing this strategy at scale requires data infrastructure most teams don't have. Tracking 5,000 properties across multiple data sources manually doesn't work.

The components you need:

Property database: Your target universe with ownership, location, and property characteristics. Updated at least quarterly.

Debt overlay: Estimated or known debt maturities, lender information, and original terms layered onto each property. CMBS data integrated automatically, bank loan estimates from property records.

Distress scoring: Automated calculation of motivation probability based on debt timing, market trends, and sponsor indicators. Updated as new data arrives.

Contact management: Owner contact information, outreach history, and relationship status. CRM integration so nothing falls through the cracks.

Alert system: Notifications when high-probability targets hit trigger points. New CMBS delinquency filing. Property listed for sale. Ownership change in related entities.

Building this infrastructure takes investment. The firms that have it source deals their competitors never see. The math on that advantage compounds over time.

The Lender Relationship Play

Lenders are sitting on the same distressed loan data you're trying to piece together. They know exactly which borrowers are struggling, which extensions have been granted, and which workouts are imminent.

Building lender relationships creates a parallel deal flow channel. Banks don't want to foreclose. They want borrowers to find exits that don't create losses. Being known as a credible buyer who can close quickly makes you the suggested call for borrowers in trouble.

Focus on regional banks with concentrated CRE exposure. The money center banks have dedicated workout teams. Regional banks have relationship managers who appreciate having solutions to suggest.

What This Looks Like in Practice

A debt-focused acquisition strategy for 2025-2026 might work like this:

Quarter 1: Build the database. Identify every property in your target markets with estimated maturity in the next 24 months. Score each for distress probability.

Quarter 2: Begin outreach to Tier 1 and Tier 2 candidates. Not asking if they want to sell. Introducing your firm as active in the market. Creating awareness before urgency peaks.

Quarter 3: Track responses and market intelligence. Update scores as new data arrives. Properties moving from Tier 2 to Tier 1 get increased attention.

Quarter 4: Execute on opportunities that emerge. By now, your early outreach has created relationships that generate inbound calls when sellers are ready.

Repeat quarterly, expanding the database and refining the scoring based on what actually predicts motivation.

The Window Is Open

Market conditions that create distressed selling don't last forever. Eventually rates stabilize or drop. Capital markets reopen. Distressed owners find refinancing options or recapitalize with new equity.

The current window is 2025-2026, possibly extending into 2027. After that, the maturity wall flattens. The opportunity to acquire from motivated sellers at advantageous pricing diminishes.

The firms building debt visibility infrastructure now are positioning for the best acquisition environment in a decade. The firms waiting for distressed deals to come to them will compete on the same terms as everyone else.

The market doesn't reward waiting.

Ready to build debt visibility into your deal pipeline? [Talk to our team](#) about data infrastructure for acquisition sourcing, or learn more about our [commercial real estate solutions](#).