THE RECAP

SEPTEMBER 2026

The RECAP is SitusAMC's monthly Real Estate Commentary, Analytics and Perspectives on the commercial real estate market.

Our team of experts aggregates the latest trends and perspectives across commercial real estate finance to help you stay up to date on market developments and make more informed decisions. Here are the key developments in September 2026.

WHAT YOU NEED TO KNOW

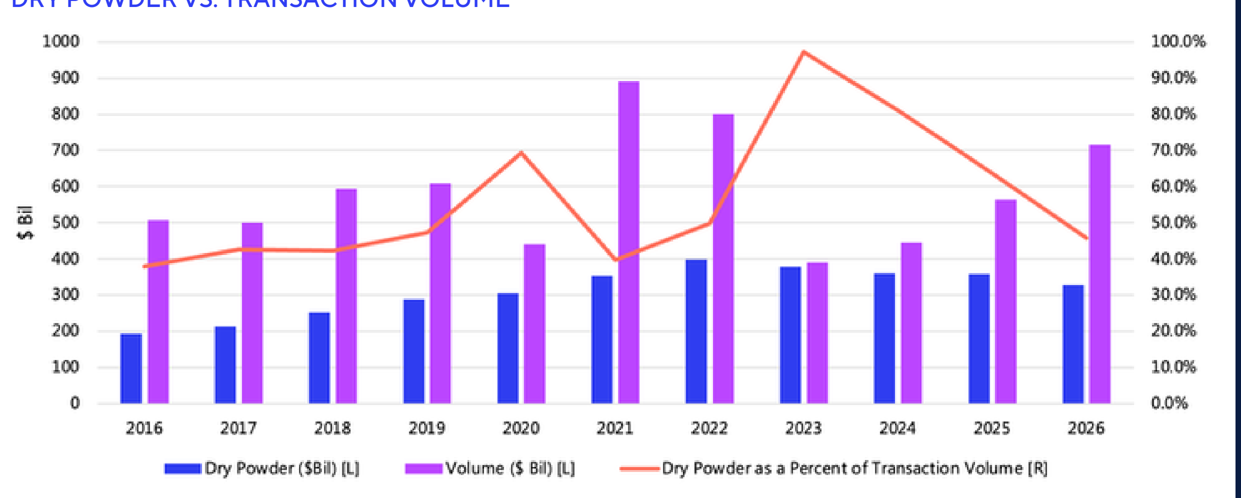
Dry powder relative to total transactions dropped to 46% in 2026, the lowest since 2021. Overall CRE transaction volume surged 42.3% in July to nearly $75 billion, driven by a sharp increase in data center activity. U.S. commercial banks hold the largest share of the rapidly expanding U.S. data center debt market. The 10-year Treasury yield surpassed 4.9% on September 10, its highest level since 2007. The CMBS delinquency rate remains near its highest level since 2020.

ABOUT SITUSAMC INSIGHTS

SitusAMC is the leading provider of data, research and analytical tools supporting the lifecycle of real estate finance. Leveraging proprietary and third-party data, our tools and research support smarter investment and portfolio decisions with expert-driven insights. → LEARN MORE

DRY POWDER IS BEING DEPLOYED

DRY POWDER VS. TRANSACTION VOLUME



Sources: Preqin, MSCI Real Assets, SitusAMC Insights

Looking at dry powder relative to transaction volume, the peak of dry powder relative to transaction volume occurred in 2023 at 97% as commercial real estate deal activity tumbled following the Fed's aggressive rate hikes. In 2025, dry powder relative to total transactions dropped to about 64% and declined further in 2026 to 46%, the lowest since 2021. This reflects both an absolute decline in dry powder since 2023 and higher deal volume. Current levels are about 100 basis points (bps) below the 10-year average of 56%, shifting the capital market from awash in dry powder to tighter availability.

"The bond market is concerned about debt levels across economies globally."

PETER MUIOI, PHD
Head of SitusAMC Insights

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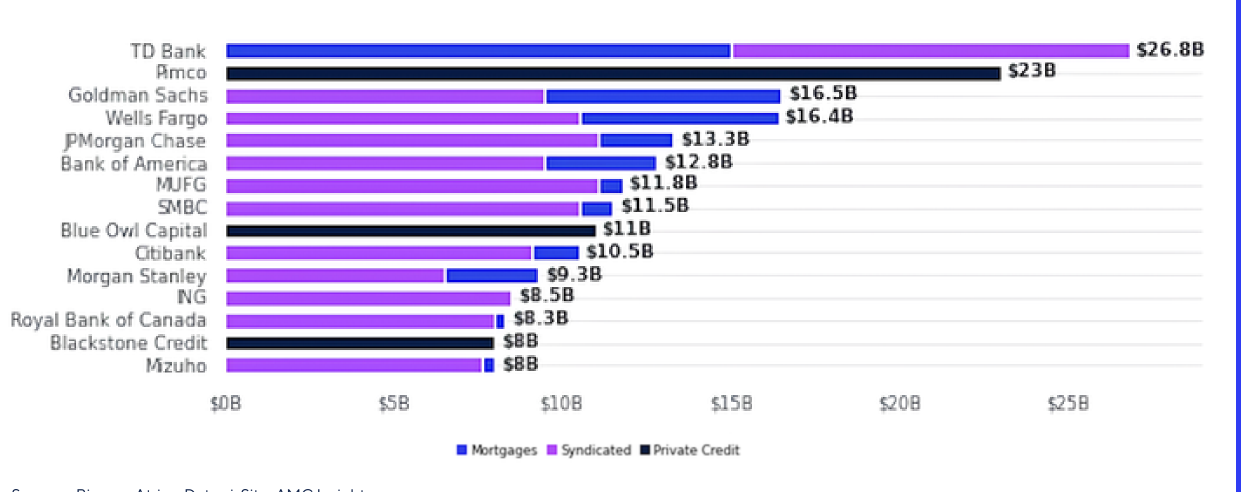
10-YEAR TREASURY SEPTEMBER 10TH

COMMERCIAL BANKS DOMINATE DATA CENTER LENDING

LARGEST DATA CENTER LENDERS BY DEBT TYPE



Sources: Biznow, AtriumData.ai, SitusAMC Insights

U.S. commercial banks hold the largest share of the rapidly expanding U.S. data center debt market, though global lenders, including Japanese banks, have also committed billions, surpassing private credit as key funding sources. According to AtriumData.ai, which covers 4,296 facilities across the country, including 255 under construction and 941 in the planning stages, U.S. data centers and related infrastructure carry at least $1.3 trillion in debt. The sector's growth remains extraordinary, with 1,258 projects in development, representing a 42% increase over the existing operating base. Financing is broadly distributed, with the top 15 lenders accounting for approximately $196 billion, or just 15% of total debt. Utility and infrastructure loans are the largest funding source at $428 billion, nearly double the volume of syndicated facilities and hyperscaler corporate credit, which each contribute roughly $225 billion.

TREASURY YIELDS PUSH HIGHER

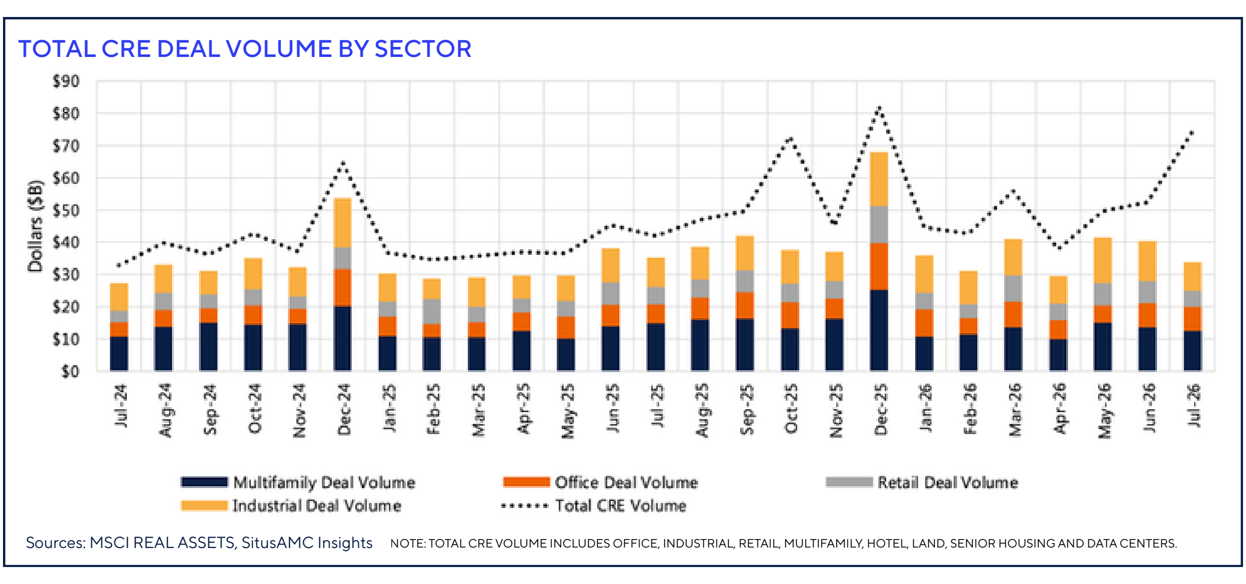
U.S. TREASURIES

Sources: FRB, SitusAMC Insights

The 10-year Treasury yield surpassed 4.9% on September 10, its highest level since 2007. The increase reflects the ongoing conflict with Iran, concerns about federal debt and inflation remaining above the Federal Reserve's target. The recently announced $6 billion Treasury buyback disappointed markets due to its relatively limited scale. Oil prices have also climbed above $100 per barrel for the first time since July, adding to near-term inflation concerns and upward pressure on interest rates. Market expectations now assign a 90% probability to a rate increase at the Federal Reserve's meeting September 15-16.

DATA CENTERS DRIVE CRE DEAL VOLUME

TOTAL CRE DEAL VOLUME BY SECTOR



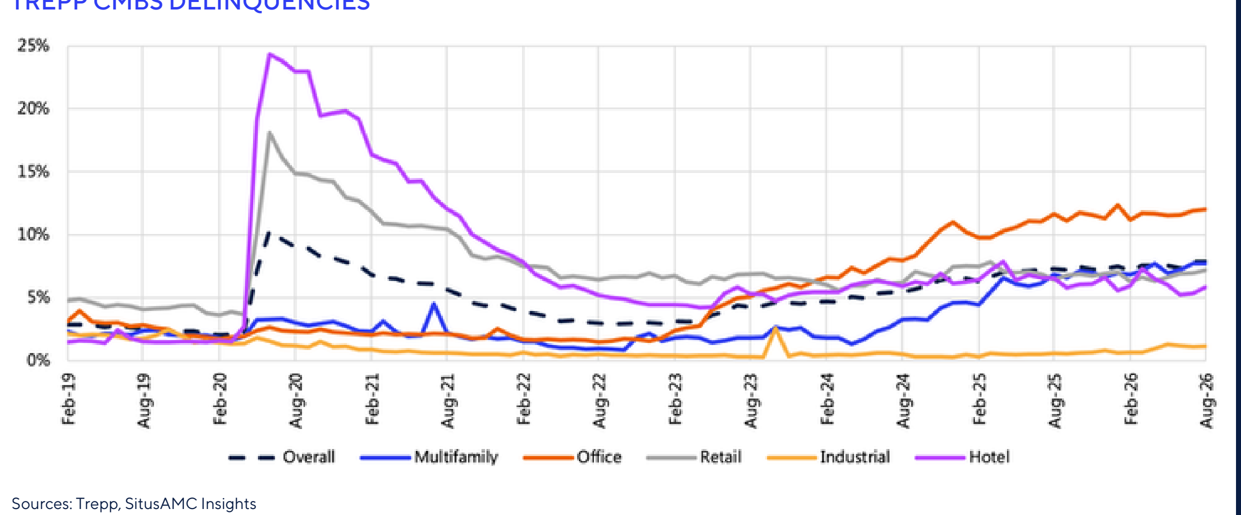
Sources: MSCI REAL ASSETS, SitusAMC Insights NOTE: TOTAL CRE VOLUME INCLUDES OFFICE, INDUSTRIAL, RETAIL, MULTIFAMILY, HOTEL, LAND, SENIOR HOUSING AND DATA CENTERS.

Overall CRE transaction volume surged 42.3% in July to nearly $75 billion, driven by a sharp increase in data center activity. Data center transactions jumped from $1.2 billion to a record $33.8 billion, led by BlackRock's acquisition of Aligned Data Centers. The increase offset slower activity across the four major property sectors. Retail and industrial transaction volumes each fell nearly 30% from June, while multifamily declined 8% and office slipped 1%. Deal volume across all four sectors remained below long-term averages.

Overall CRE transaction volume includes alternative property types beyond office, multifamily, industrial and retail, including data centers, seniors housing and care, land, and hotels. July's results underscore the growing influence of these alternative sectors, particularly data centers, on aggregate CRE transaction activity.

HOTEL AND RETAIL PUSH CMBS DELINQUENCIES HIGHER

TREPP CMBS DELINQUENCIES



Sources: Trepp, SitusAMC Insights

The overall Trepp CMBS delinquency rate edged down 1 bp in August to 7.9%, remaining near its highest level since 2020 but below the Global Financial Crisis peak of 10.3%. Despite the relatively stable overall rate, hotel and retail delinquencies increased significantly. The rise in hotel delinquencies was driven primarily by a single New Orleans hotel becoming non-performing. That increase was largely offset by the cure of a large Times Square loan classified in Trepp's "other" category.

Among FDIC-insured banks, those with more than $250 billion in assets recorded the highest noncurrent rates on commercial real estate loans. The rate jumped 70 bps during the second quarter to 3.1%. Multifamily noncurrent rates were generally stable, with one notable exception: loans at institutions with less than $100 million in assets saw the rate more than double from 0.6% to 1.3%. Institutions with $10 billion to $250 billion in assets continued to record the highest multifamily noncurrent rate at 1.7%.

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