

Intelligent Investment

2023 U.S. Lender Intentions Survey

REPORT FIGURES

CBRE RESEARCH
JANUARY 2023

CBRE



01

Investment Activity Outlook

Rising interest rates, fear of a recession and uncertainty about property valuations top lender concerns in 2023

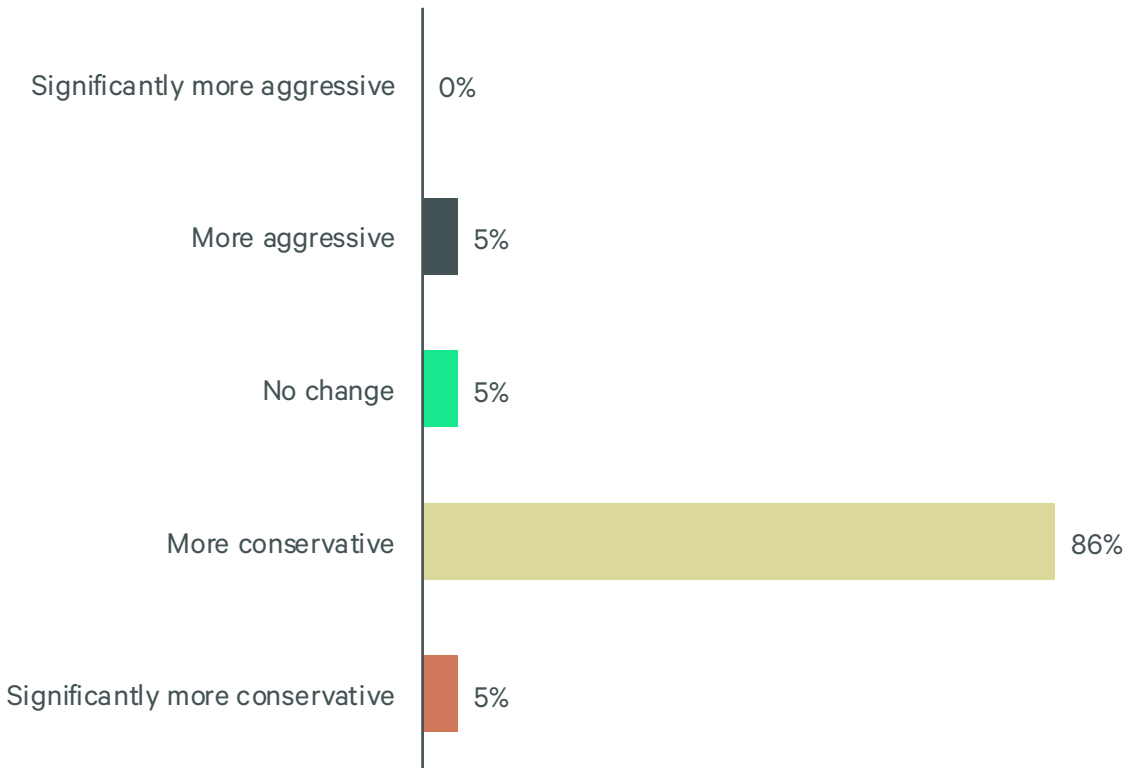
FIGURE 1: Major challenges facing the lending environment in 2023 (select top three)



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

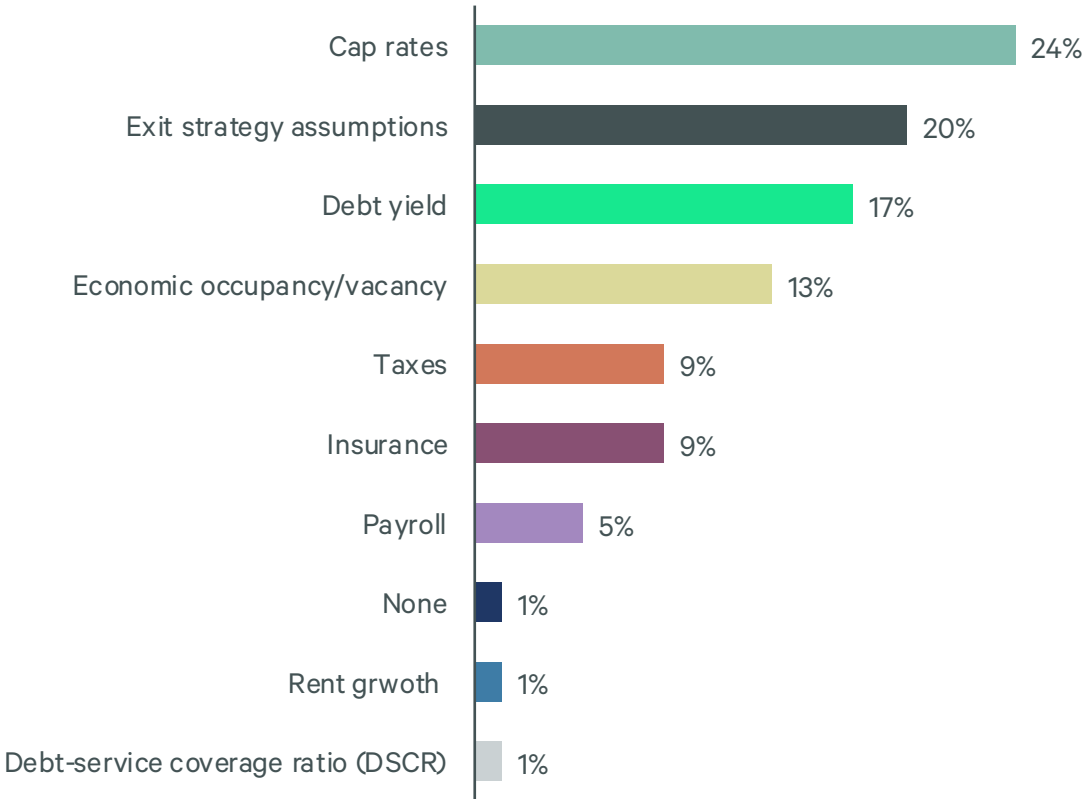
Most lenders expect to underwrite more conservatively in 2023, led by changing cap rate assumptions

FIGURE 2: Expected changes to underwriting assumptions in 2023
To what extent are you expecting changes to your underwriting requirements in 2023?



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

FIGURE 3: Main areas that will see changes in pro forma underwriting assumptions
If you are expecting changes to your underwriting requirements, which areas will see changes in your pro forma underwriting assumptions in 2023? (multiple choices)



Most lenders expect inflation will peak by H1 2023 and remain relatively high

FIGURE 4: Expectation of when inflation will peak

When do you expect inflation will peak?

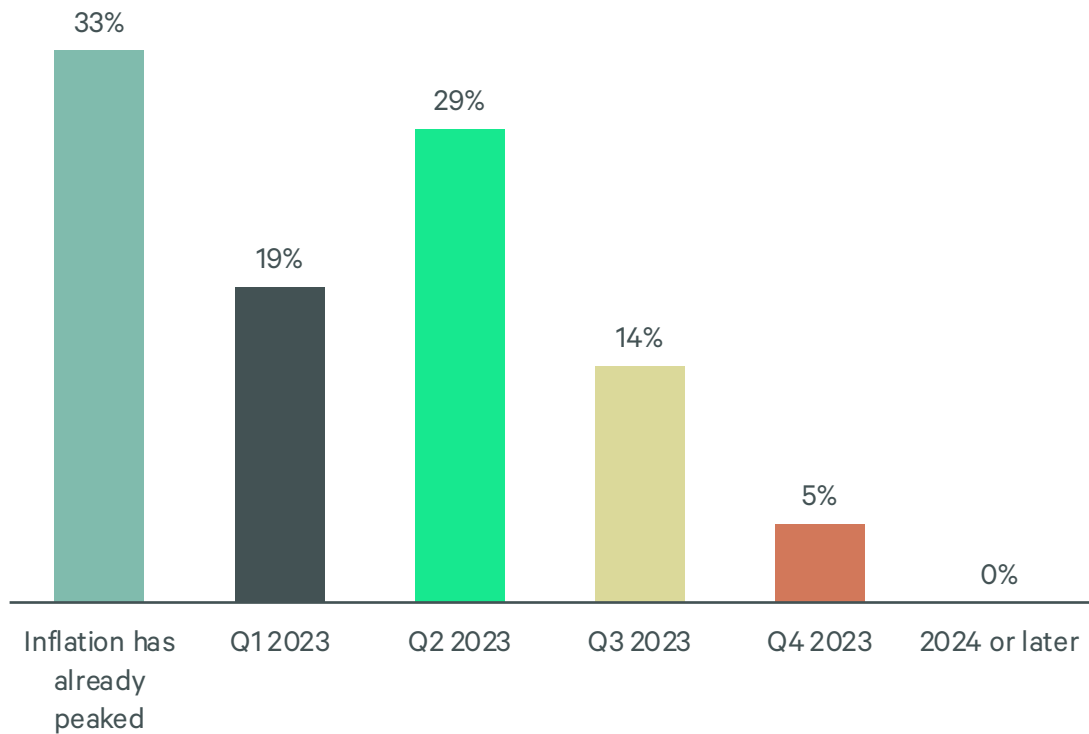
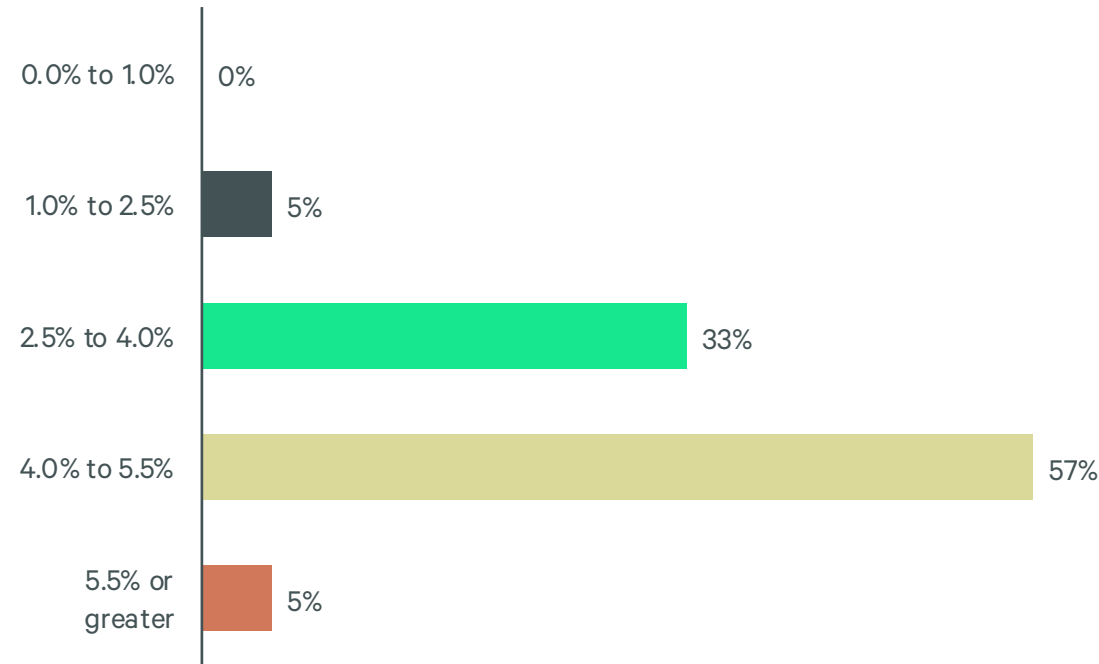


FIGURE 5: Expected inflation rate at year-end 2023

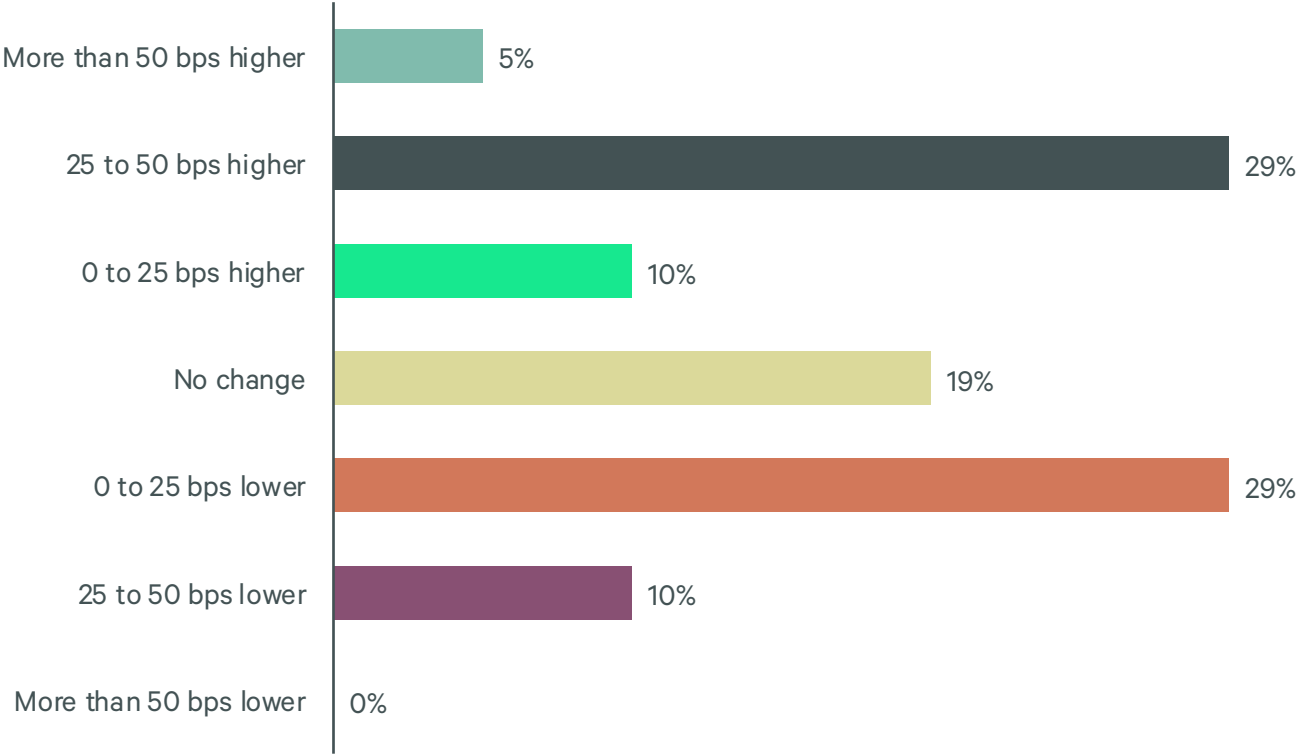
What do you think the inflation rate will be at year-end 2023?



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Expectations on spreads vary with no clear view on compression or expansion in H1 2023

FIGURE 6: Expected spreads in H1 2023
How do you expect spreads will change in H1 2023?



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Most lenders think the U.S. 10-year Treasury rate will peak by H1 2023

FIGURE 7: Expectation of when the 10-year Treasury rate will peak

When do you expect the 10-year Treasury rate will peak?

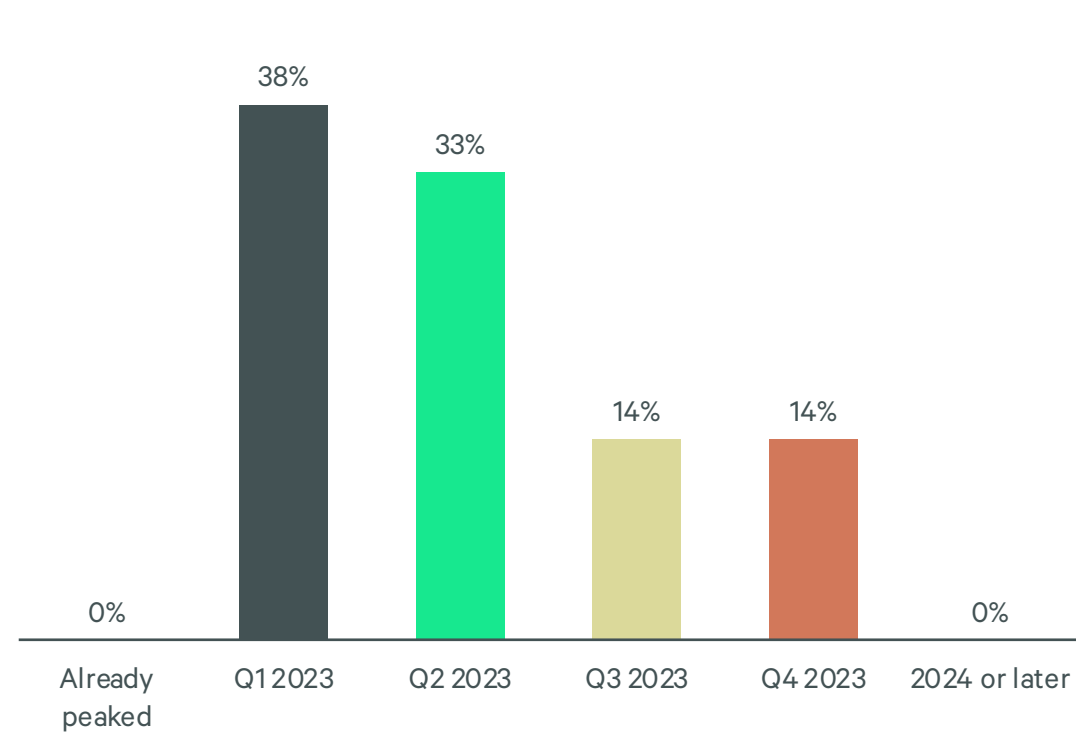
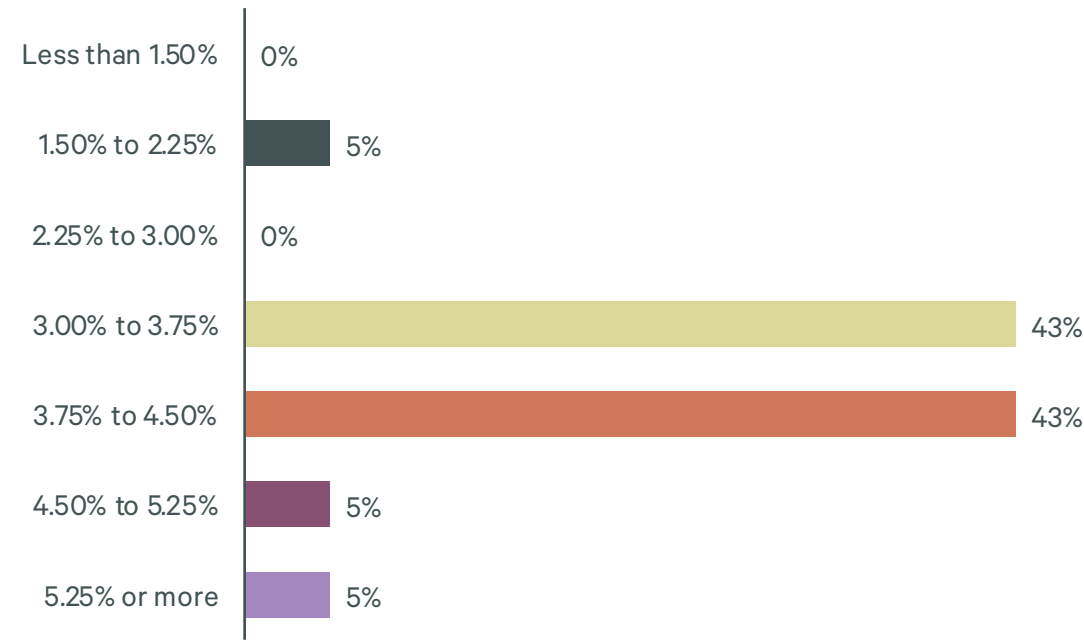


FIGURE 8: Expected 10-year Treasury rate at year-end 2023

What do you think the 10-year Treasury rate will be at year-end 2023?

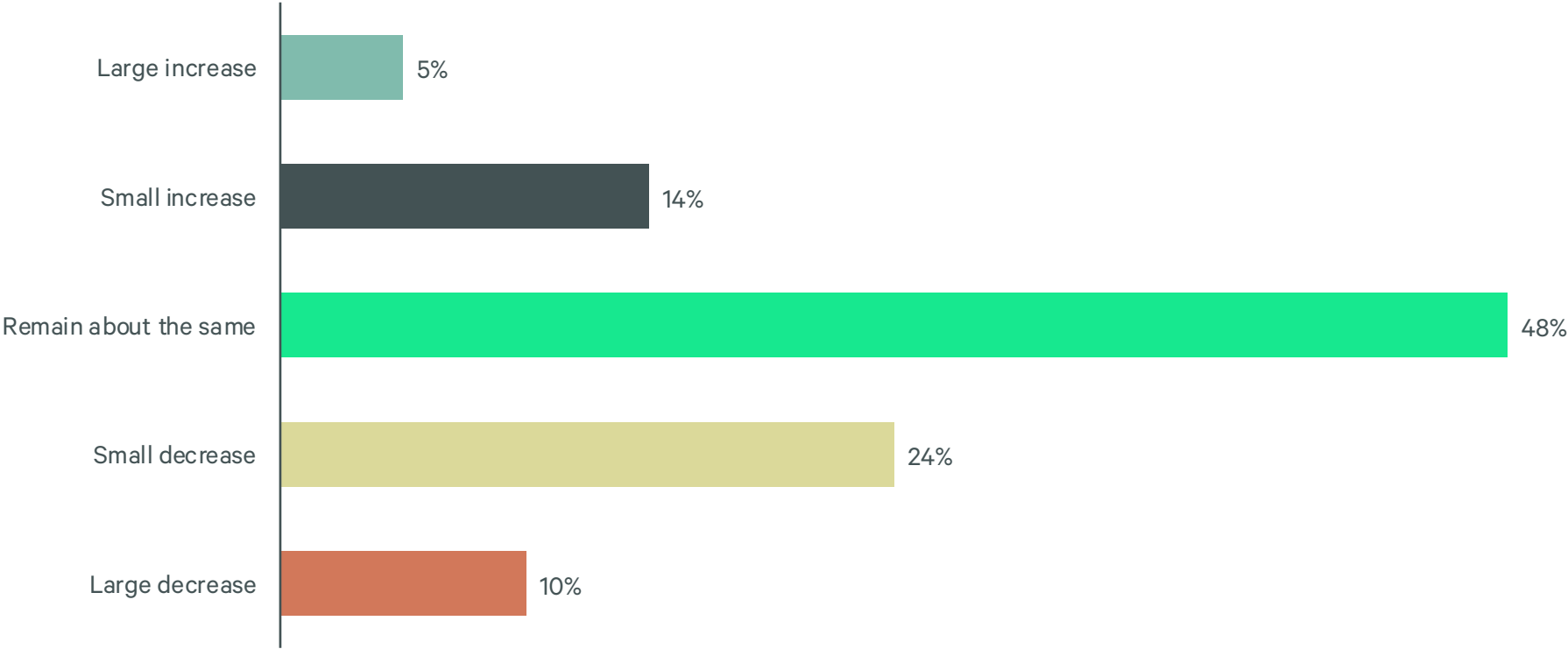


Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Lending allocations expected to remain relatively stable in 2023 vs. 2022

FIGURE 9: Expected lending allocation to commercial real estate

How do you expect your lending allocation to commercial real estate will change in 2023?

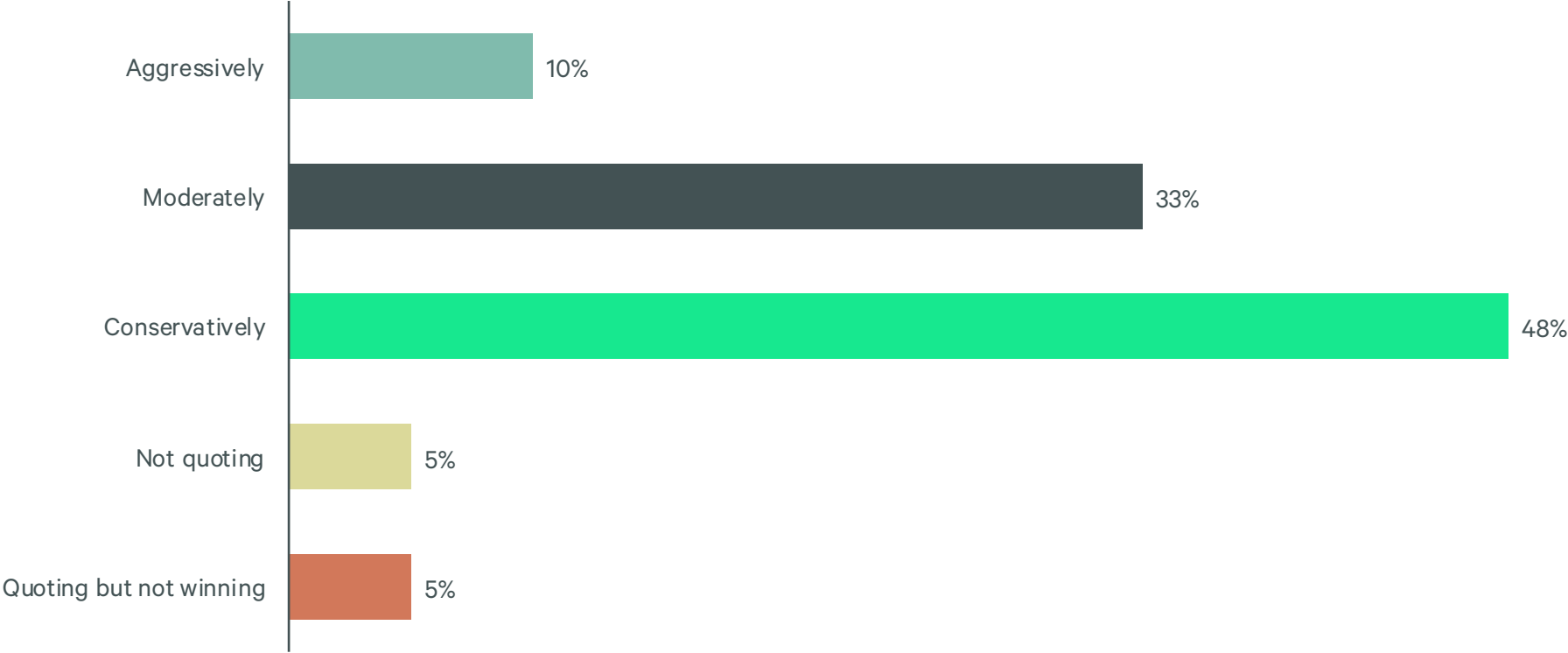


Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Most lenders are quoting and winning new business, proceeding conservatively

FIGURE 10: Quoting for new business

Are you currently quoting & winning new business?

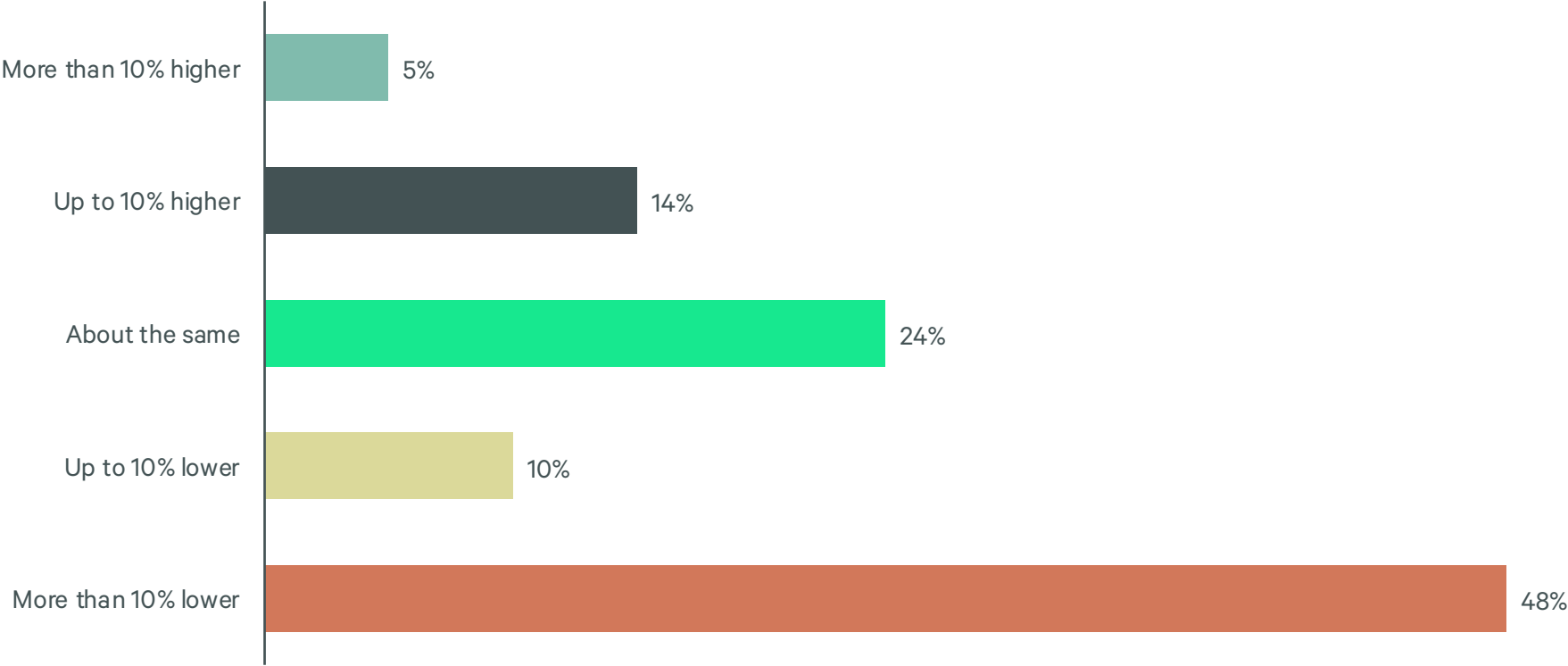


Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Nearly half of lenders expect to decrease origination activity by more than 10% in 2023 vs. 2022

FIGURE 11: Expected origination activity in 2023

Do you expect your origination activity in 2023 will be higher, lower or the same vs. 2022?

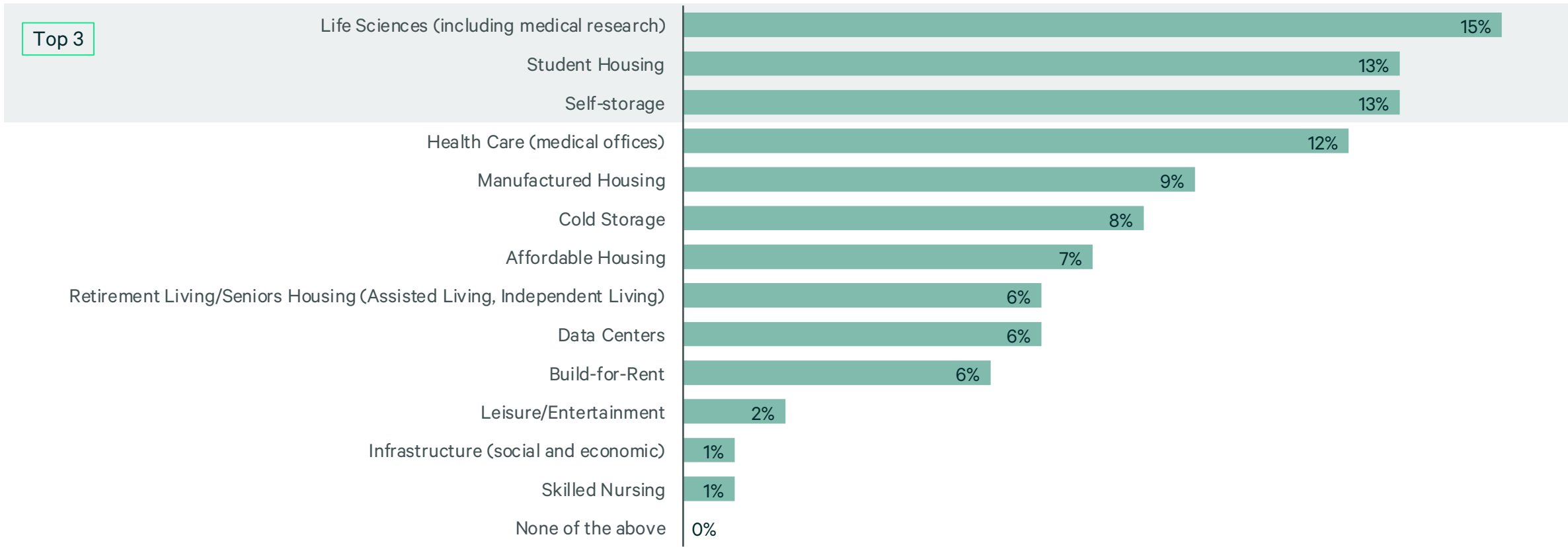


Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Life science assets are most preferred alternative sector, followed by student housing and self-storage

FIGURE 12: Origination activity in alternative sectors

Are you originating in any of the following alternative sectors? (multiple choices)



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Most lenders are reluctant to develop new loan programs in the current environment

FIGURE 13: Possibility for creating new loan programs

Do you plan to create any new loan programs in response to market conditions?



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Lenders expect to originate more floating rate loans with maturity terms up to 5 years in 2023 vs. 2022

FIGURE 14: Preferred types of interest for originating loans in 2023
Do you think you will originate more fixed or floating rate loans in 2023?

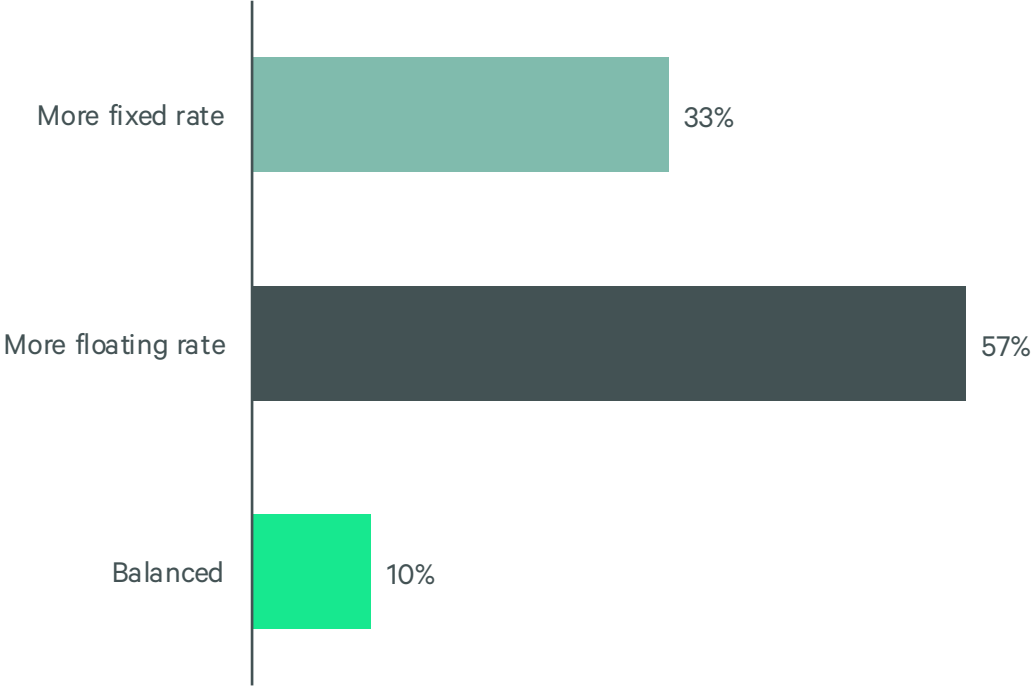
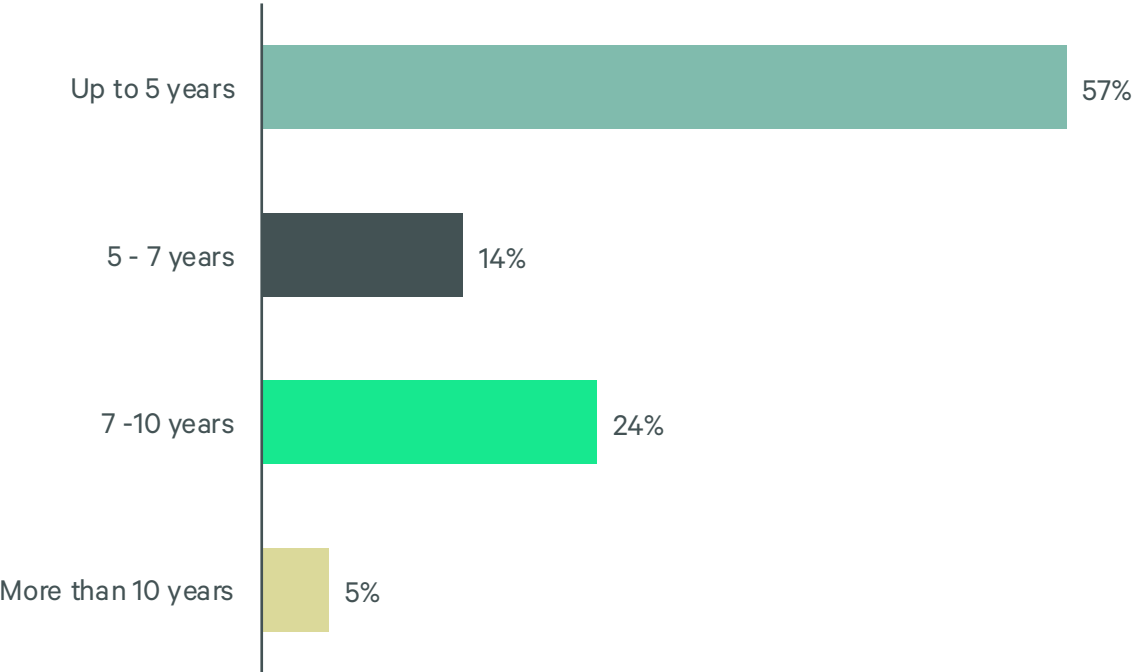


FIGURE 15: Preferred loan maturity terms in 2023
What loan maturity terms do you prefer to originate in 2023?



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Industrial and multifamily remain the most favored property types

FIGURE 16: Property types currently being financed
Which property types does your company currently finance? (multiple choices)

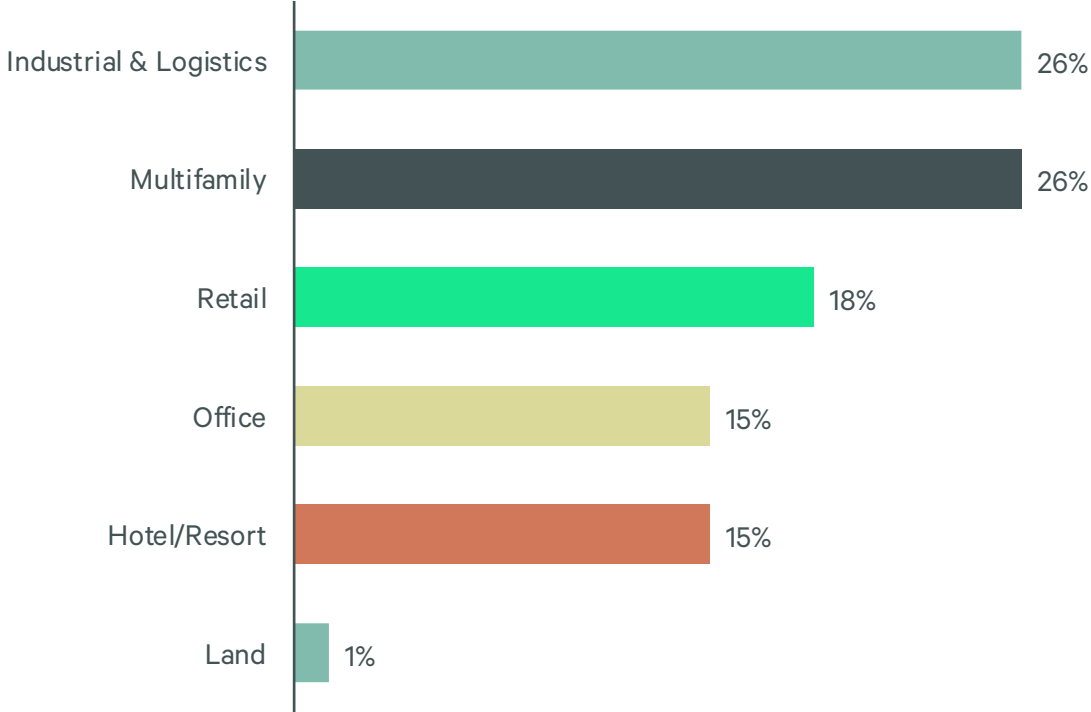
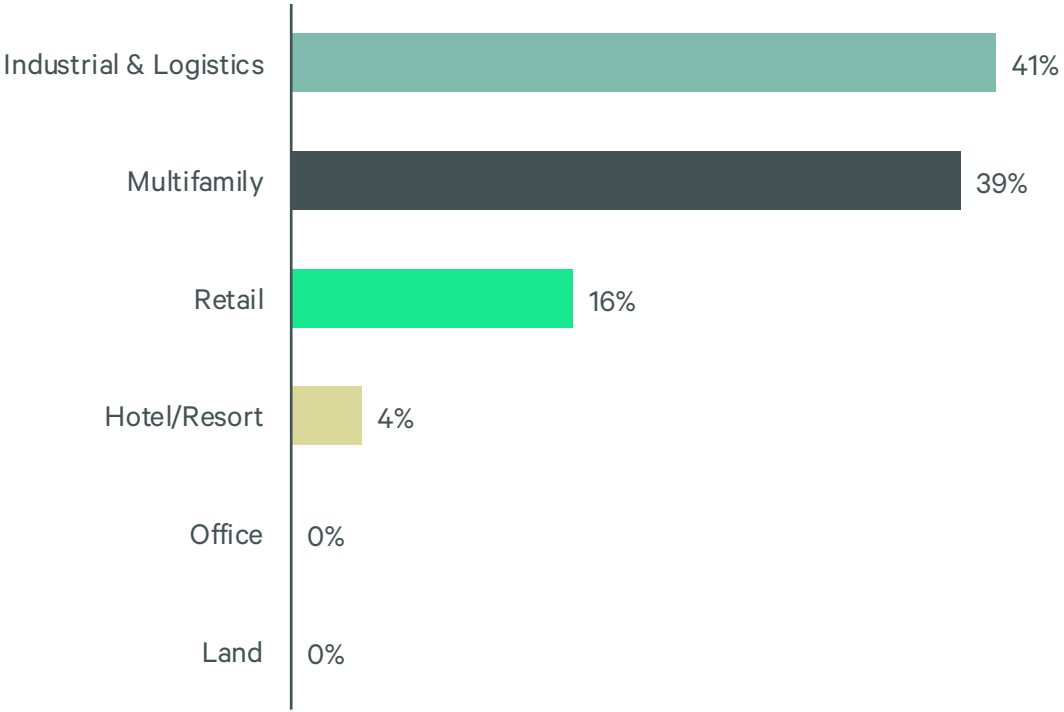


FIGURE 17: Preferred property types for lending in 2023
Which property types will be most preferred for lending in 2023? (select three)



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Most lenders expect challenges in repurchasing activities and loan maturities

FIGURE 18: Probable challenges with the availability of repo/warehouse lines

Do you expect challenges with the availability of your repo and/or warehouse lines in 2023?

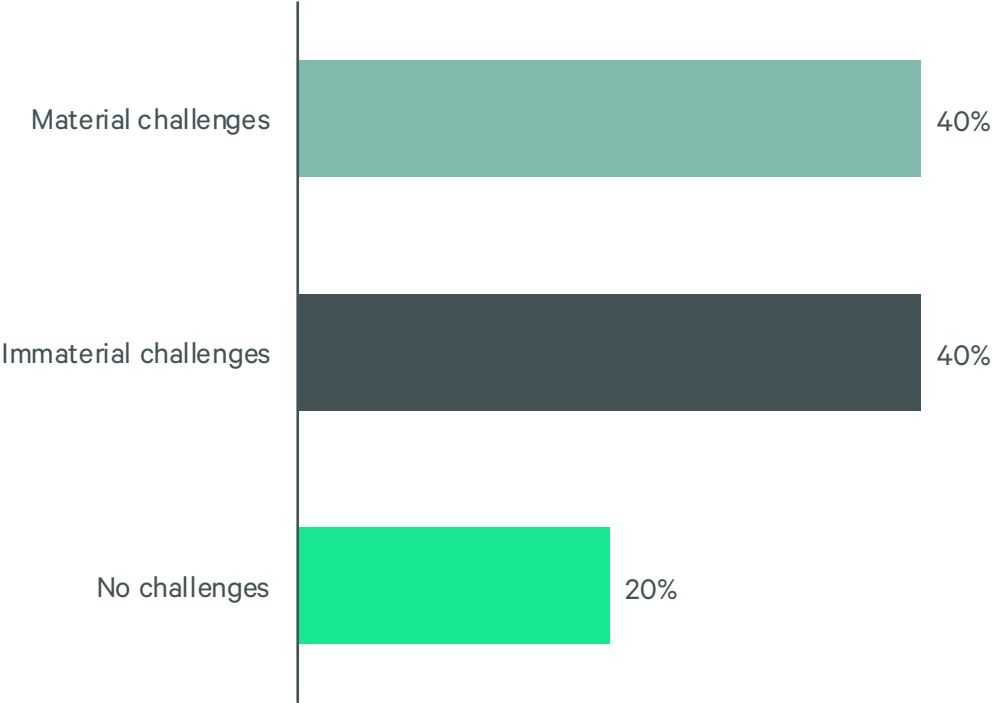
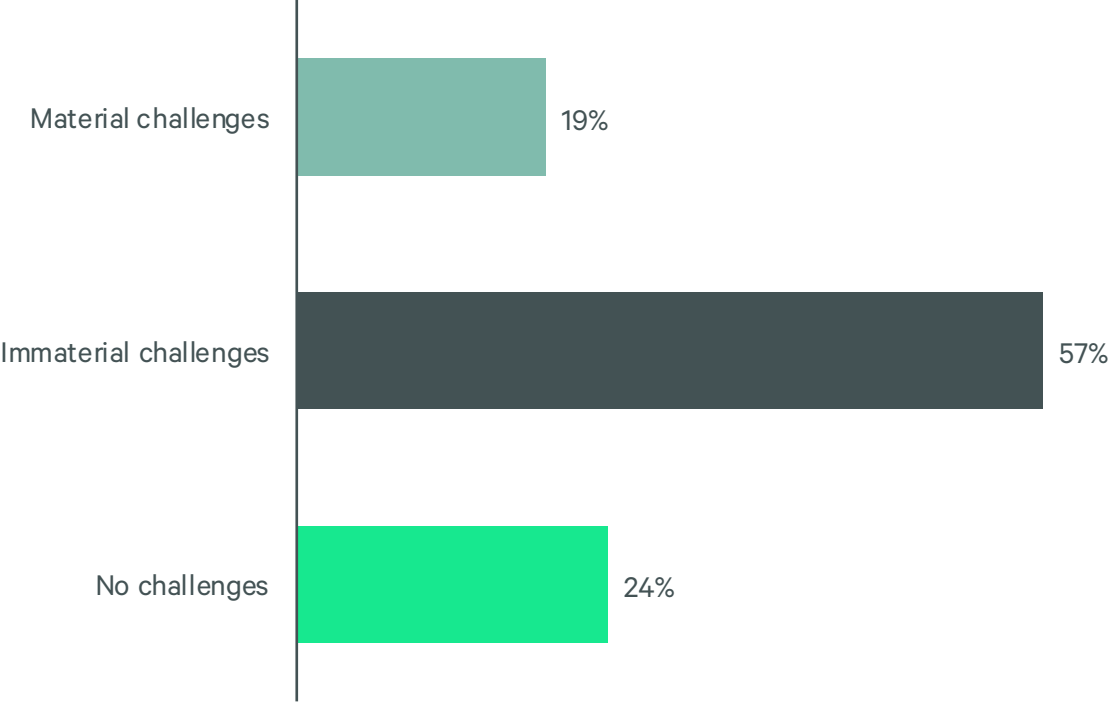


FIGURE 19: Probable challenges with loan maturities

Do you expect challenges with loan maturities in your portfolio in 2023?



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Sun Belt and high-growth secondary markets remain attractive to lenders in 2023

FIGURE 20: Most preferred markets for new originations in 2023

1	Miami/South Florida
2	Raleigh-Durham
3	Atlanta
4	Nashville
T.5	Austin
	Charlotte
	Tampa
T.8	Dallas/Ft. Worth
	Los Angeles
	New York City
	San Diego



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Western markets dominate those that lenders are most concerned about

FIGURE 21: Markets that lenders are most concerned about in terms of performance in 2023

1	San Francisco Bay Area
2	Phoenix
3	Portland
T.4	Chicago
	Houston
	Washington, D.C.
7	Las Vegas
8	Los Angeles
T.9	Miami/South Florida
	Seattle



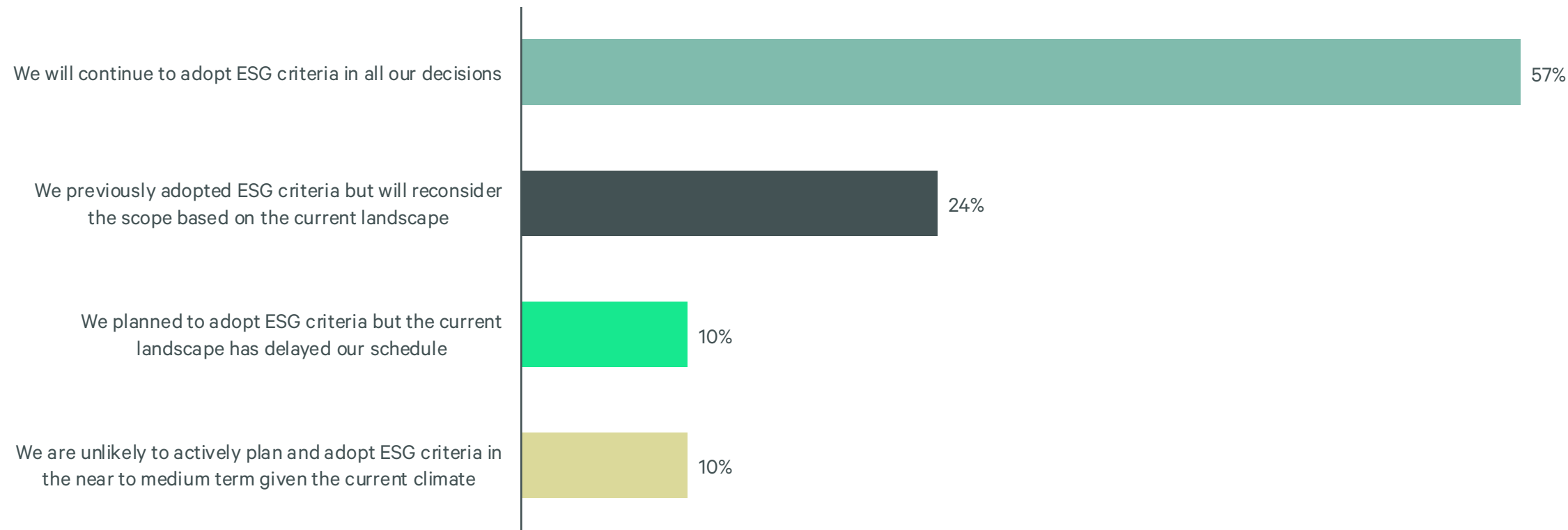
Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

02

ESG and Investment

Appetite for ESG adoption remains solid but some lenders are reconsidering or delaying

FIGURE 22: ESG adoption levels



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

03

Respondent Profile

Respondent profile

FIGURE 23: Origination decisions by regions

In which region are you primarily responsible for origination decisions?

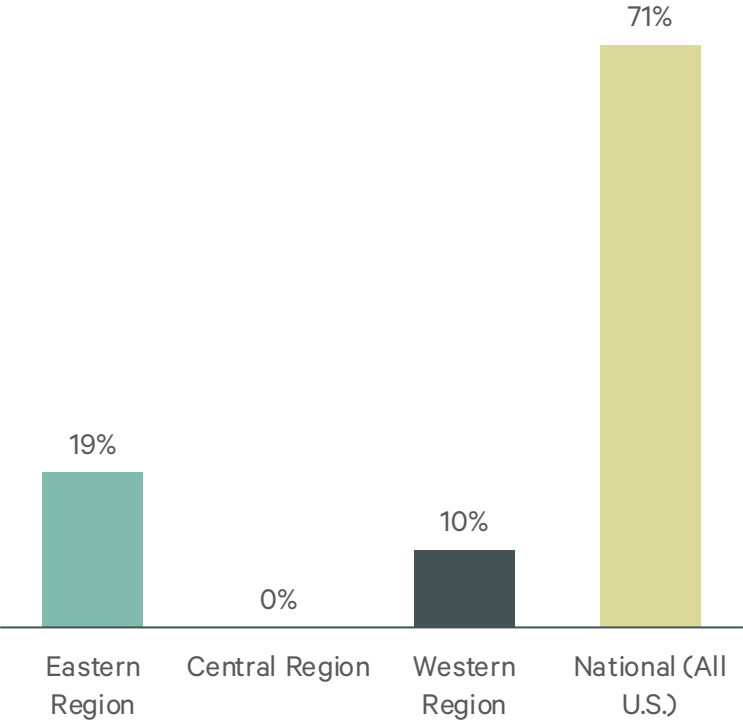


FIGURE 24: Types of companies

Which of the following best describes your company?

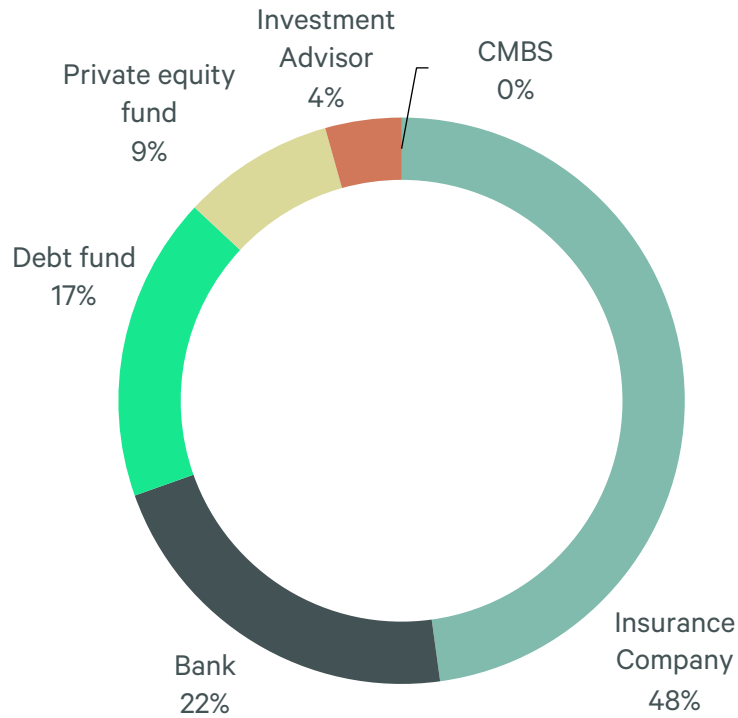
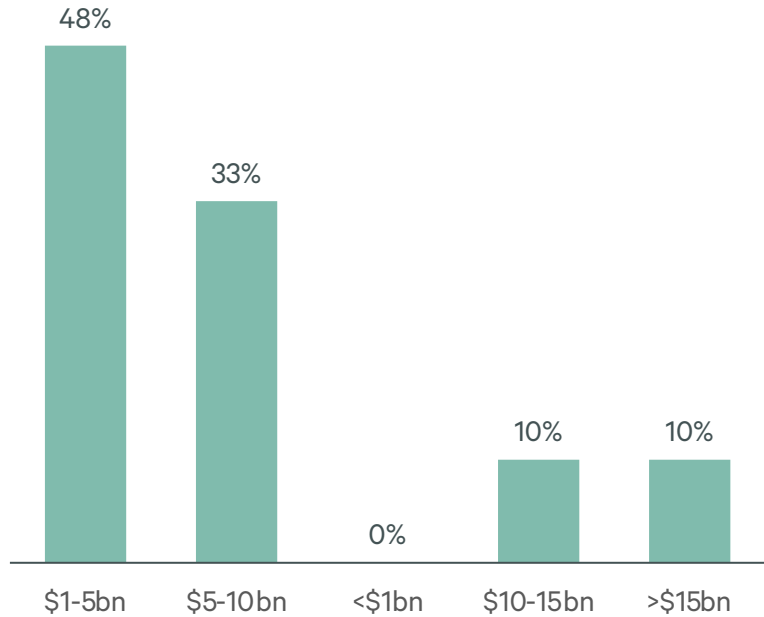


FIGURE 25: Annual origination volume

What is the approximate annual origination volume of your company?



Source: U.S. Lender Intentions Survey, CBRE Research, December 2022.

Contacts

Capital Markets

Chris Ludeman

Global President, Capital Markets
chris.ludeman@cbre.com

Brian Stoffers

Global President, Debt & Structured Finance
brian.stoffers@cbre.com

Rachel Vinson

U.S. President, Debt & Structured Finance
rachel.vinson@cbre.com

Michael Riccio

Senior Managing Director, Debt & Structured Finance
michael.riccio@cbre.com

Research

Richard Barkham, Ph.D., MRICS

Global Chief Economist
& Head of Americas Research
richard.barkham@cbre.com

Henry Chin, Ph.D.

Global Head Of Investor Thought Leadership
Head of Research, Asia Pacific
henry.chin@cbre.com

Darin Mellott

Senior Research Director
Capital Markets Research
darin.mellott@cbre.com

Carsten Raaum

Associate Research Director
Capital Markets Research
carsten.raaum@cbre.com

Jaeyoung Kim

Senior Research Analyst
Capital Markets Research
jaeyoung.kim1@cbre.com

© Copyright 2023. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.