

What Conduit CMBS Sources and Uses Reveal About the Refinancing Recovery

Trends Across the 15 Largest Loans in Conduit
Pools May 2021 Through July 2026

OCTOBER 2026



EXECUTIVE SUMMARY

Sources and uses disclosures show where transaction financing comes from and how proceeds are deployed, providing a window into whether borrowers are contributing equity or extracting capital when loans refinance.

Conduit commercial mortgage-backed securities (CMBS) sources and uses data show a market moving away from the defensive refinancing conditions that dominated 2023 and 2024, while remaining well short of the financing environment seen in 2021 and 2022. Through July 2026, cash-out refinancings account for 55.1% of classified loan volume in the sample, up from 39.7% in 2024. Cash-in refinancings account for 32.8%, down from 42.5%.

The improvement in financing purpose has not produced a comparable return in borrower equity extraction. Cash-out borrowers extracted a weighted average of 16.0% of the total debt stack in 2026, compared with 22.5% in 2022. Borrowers completing cash-in refinancings still contributed 9.6%, nearly double the 4.9% recorded in 2021. The data point to a two-speed market: stronger assets can again return capital to owners, but lenders remain more conservative about how much leverage they will provide.

Key Takeaways

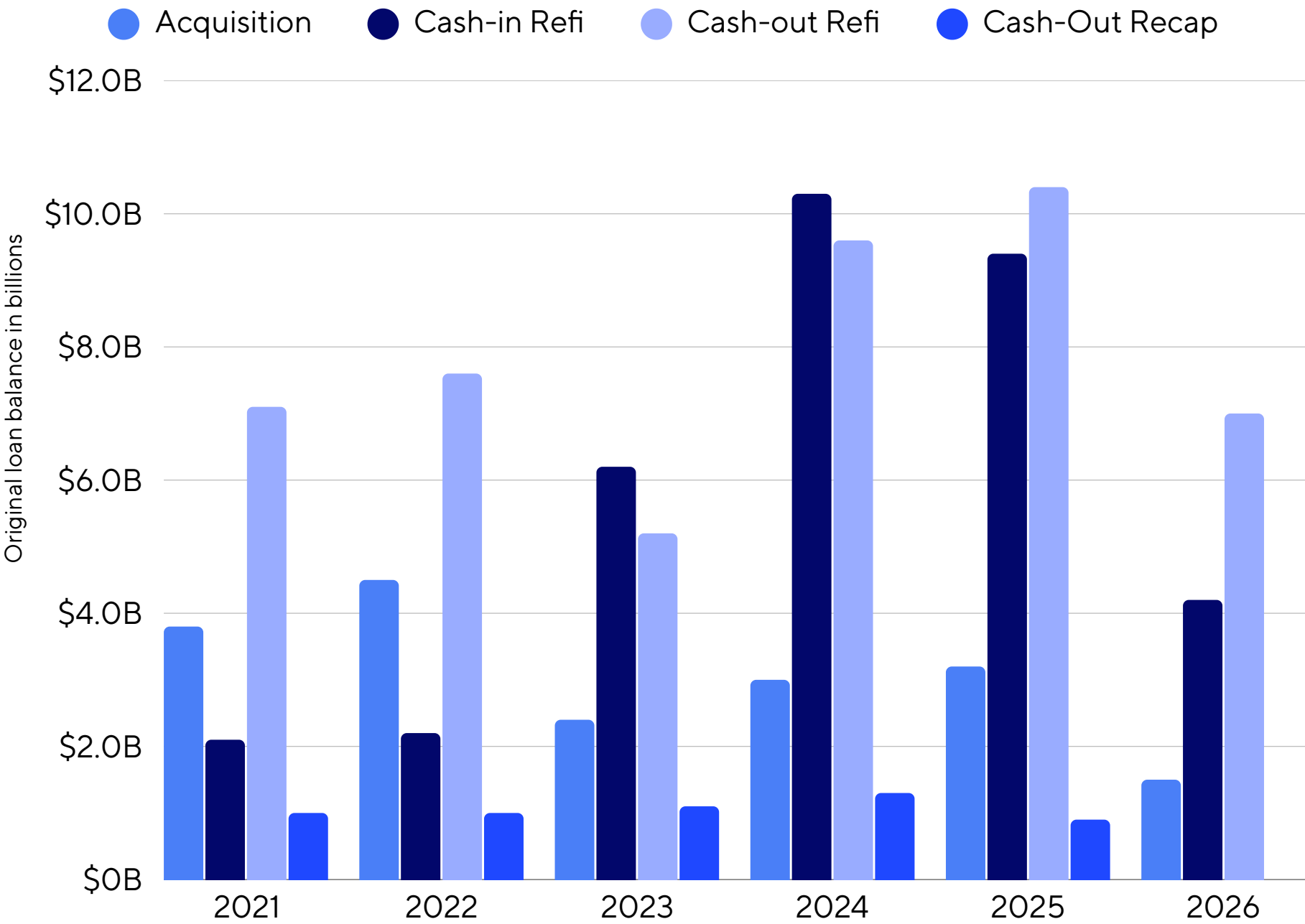
- Cash-out refinancing regained the largest share of the sample in 2026, while cash-in volume and severity both eased from their 2024 peaks.
- The 2026 cash-out run rate exceeds 2025, but equity extraction remains about 6.5 percentage points below the 2022 level on a total debt basis.
- Office and retail carry the heaviest 2026 cash-in requirements, at roughly 15% of the total debt stack for each sector.
- Acquisition financing remains subdued, leaving the conduit recovery more dependent on refinancing than on a broad return in property sales.

Refinancing Purpose Has Improved

The sources and uses mix changed sharply as interest rates rose and property values reset.¹ Cash-in refinancing volume increased from \$2.19 billion in 2022 to \$6.21 billion in 2023, then reached \$10.26 billion in 2024. Cash-in loans represented 42.5% of classified volume in 2024, compared with 14.4% in 2022. Borrowers increasingly had to contribute capital to repay existing debt and close refinancing gaps.

Cash-out refinancing began to reassert itself in 2025. Volume reached \$10.37 billion, surpassing the \$9.36 billion of cash-in refinancing. Through July 2026, the sample contains \$7.01 billion of cash-out loans and \$4.18 billion of cash-in loans. A simple annualized run rate places cash-out volume near \$12.0 billion, 16.0% above 2025, while cash-in volume would decline 23.5% to roughly \$7.16 billion. The annualized figures provide directional context rather than a forecast because conduit issuance and loan mix are not evenly distributed through the year.

FIGURE 1: CLASSIFIED LOAN VOLUME BY FINANCING USE



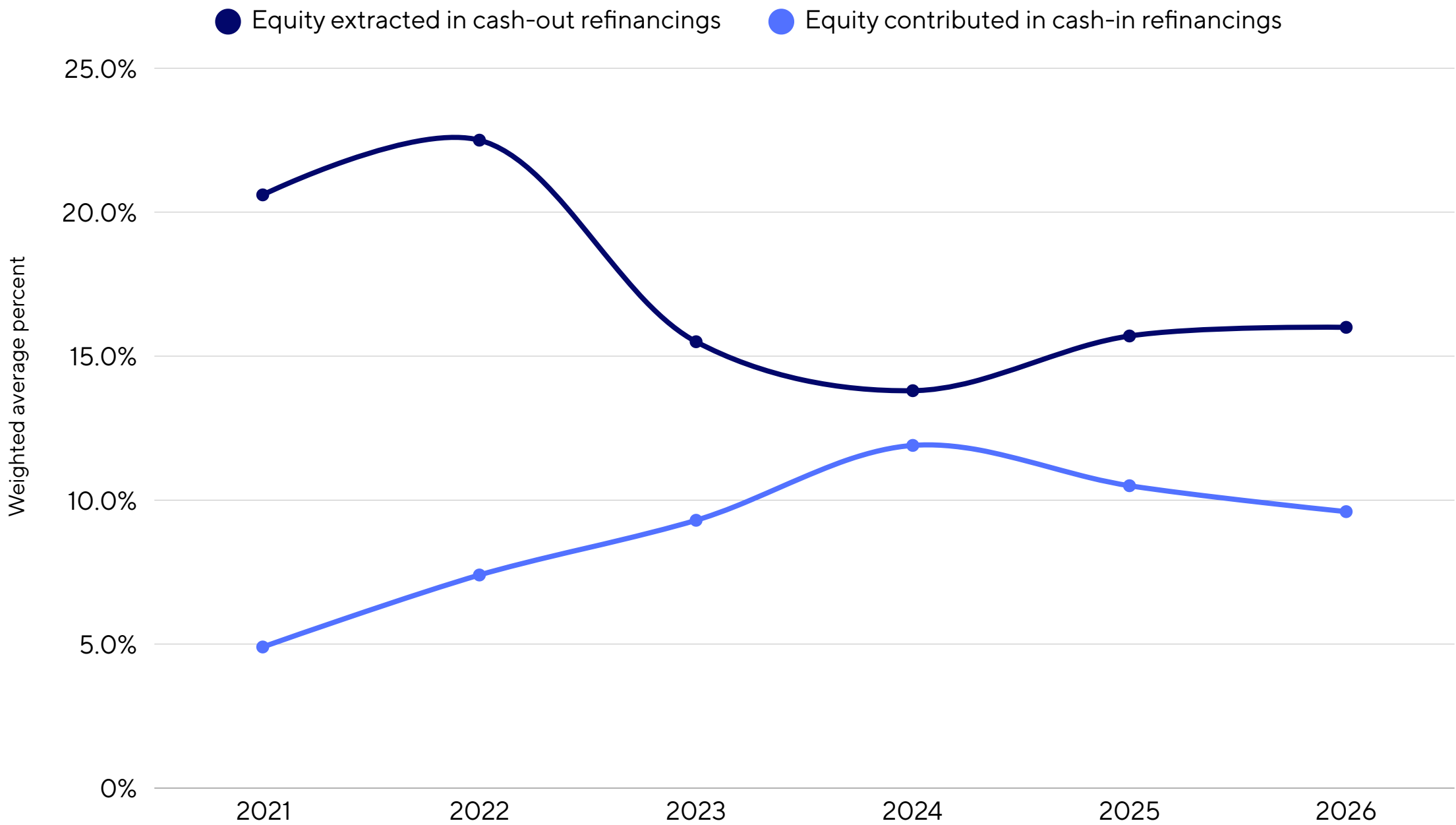
Source: Trepp analysis of CREFC IRP Annex A data. *2021 begins in May. †2026 includes January through July. Figures may not sum due to rounding.

[1] This report analyzes sources and uses disclosures for the 15 largest loans in conduit CMBS pools from May 2021 through July 2026. The analysis begins with issuer adoption of the revised CREFC IRP Annex A template. See the Data and Methodology section at the end of the report for the full scope, classifications, weighting, and limitations.

Leverage Has Recovered More Slowly

The change in loan purpose overstates the recovery in leverage. Cash-out equity extraction fell from 22.5% of the total debt stack in 2022 to 13.8% in 2024. It improved to 15.7% in 2025 and 16.0% in 2026, but remains well below the early-period level. Cash-in borrowers contributed 11.9% in 2024, 10.5% in 2025, and 9.6% in 2026. The gap between the two measures narrowed from more than 15 percentage points in 2021 and 2022 to 6.4 percentage points in 2026.

FIGURE 2: BORROWER EQUITY RELATIVE TO THE TOTAL DEBT STACK



Source: Trepp analysis of CREFC IRP Annex A data. Weighted by original loan balance and includes disclosed subordinate debt.

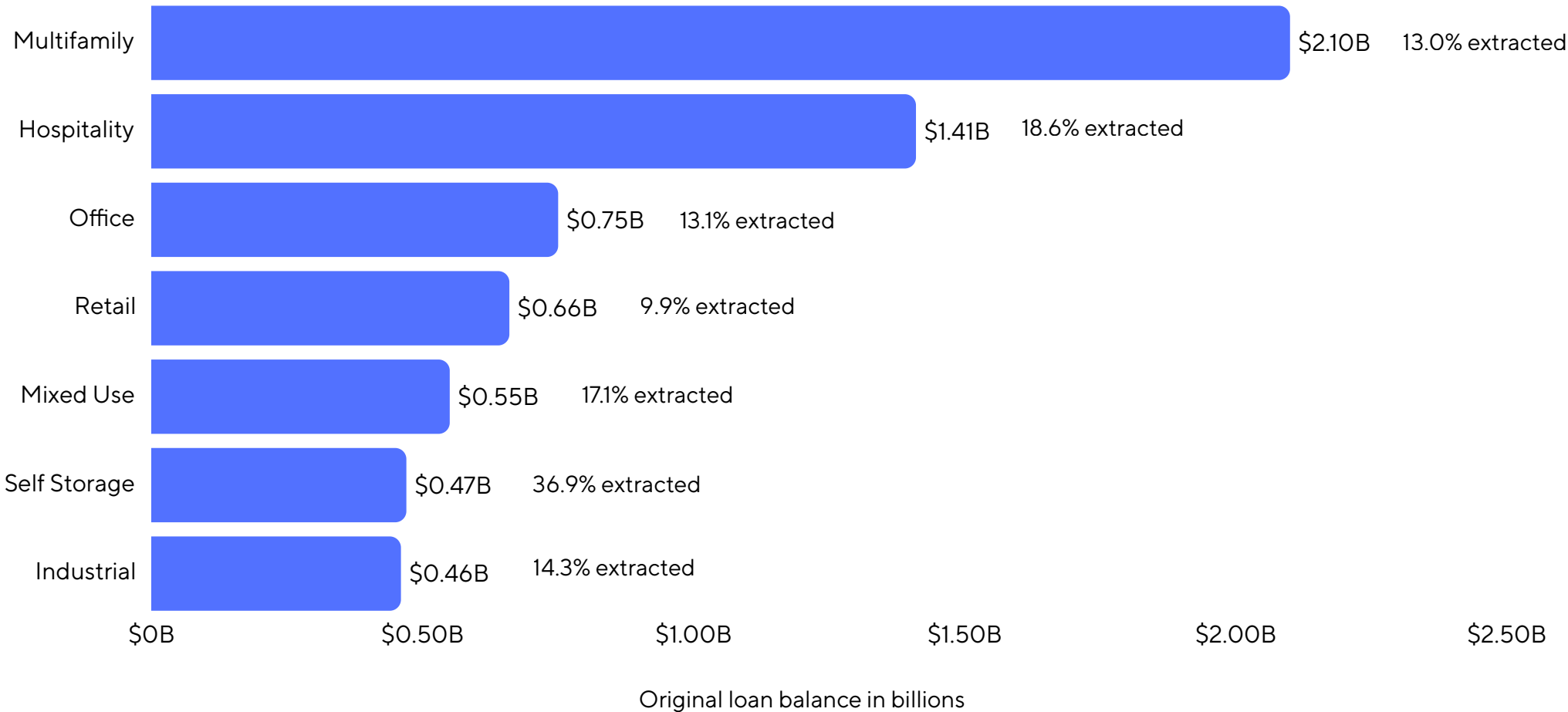
Cash Out Refinancing Has Returned Selectively

Multifamily has generated the largest cumulative cash-out refinancing volume since May 2021, at \$10.77 billion, followed by retail at \$8.57 billion and office at \$8.00 billion. The annual mix has changed considerably. Office led in 2022 with \$3.21 billion, then fell below \$501 million in 2024. Multifamily reached \$3.05 billion in 2025 and another \$2.10 billion through July 2026. Hospitality ranks second in the 2026 period at \$1.41 billion.

Borrowers are extracting less equity in the largest sectors than they did at the beginning of the period. The 2026 weighted averages are 13.0% for multifamily, 13.1% for office, and 9.9% for retail. Office equity extraction reached 23.2% in 2022, while retail reached 21.6%. The lower 2026 ratios indicate that cash-out classification now encompasses more modest distributions to owners.

self-storage stands apart, with equity extraction equal to 36.9% of the total debt stack in 2026. Hospitality and mixed-use follow at 18.6% and 17.1%. These results warrant care: the three sectors represent smaller pools of volume, and the self-storage series has been especially volatile, ranging from 12.0% in 2023 to 42.4% in 2022. A limited number of large loans can materially change the weighted average.

FIGURE 3: 2026 CASH-OUT REFINANCING VOLUME AND EQUITY EXTRACTION



Source: Trepp analysis of CREFC IRP Annex A data. 2026 includes January through July. Percentages use the total debt stack and are weighted by original loan balance.

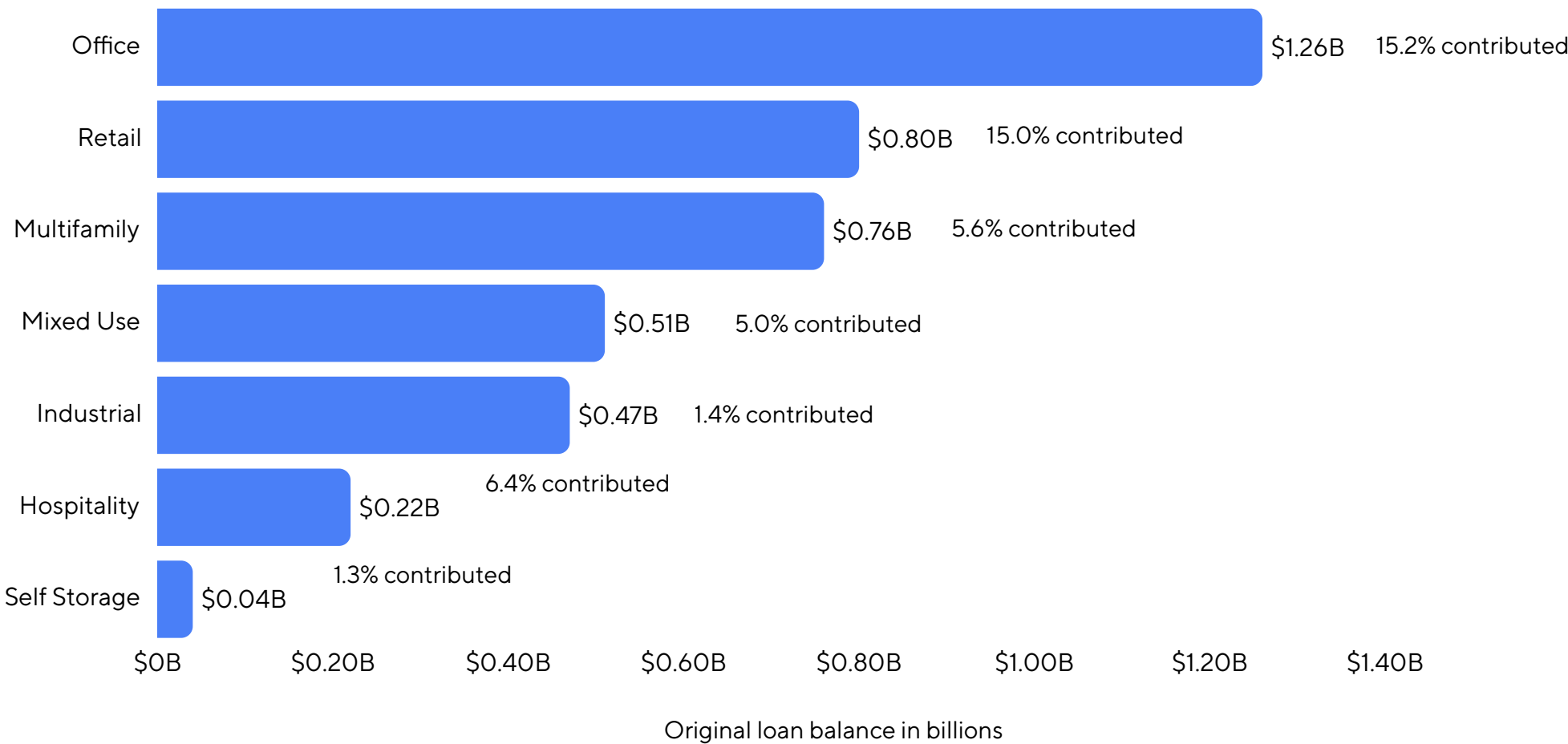
Cash In Pressure Remains Concentrated in Office and Retail

Office and retail show the most persistent refinancing gaps in the 2026 sample. Office accounts for \$1.26 billion of cash-in volume through July, and borrowers contributed 15.2% of the total debt stack. Retail adds \$797 million at a 15.0% contribution rate. More than half of the retail cash-in loans in the underlying analysis were backed by regional or super-regional malls, tying the sector result to a property subtype that continues to face lender caution and uneven collateral performance.

The office series also shows that improvement has been uneven. The contribution rate rose from 2.2% in 2021 to 18.8% in 2024, fell to 8.0% in 2025, and returned to 15.2% in 2026. The decline in 2025 did not establish a sustained trend. Retail moved in the opposite direction after 2023, with the contribution rate rising from 6.5% to 16.0% in 2025 before easing slightly this year.

Multifamily cash-in volume increased materially beginning in 2024, but the required equity contribution has moderated. Volume reached \$1.30 billion in 2024 and \$1.45 billion in 2025, with another \$761 million through July 2026. The contribution rate fell from 9.0% in 2024 to 5.6% in 2026. Industrial presents a different pattern: volume reached \$468 million in 2026, but the 1.4% contribution rate points to relatively small financing gaps. Annex A data alone cannot determine whether those smaller amounts reflect closing costs or another use.

FIGURE 4: 2026 CASH-IN REFINANCING VOLUME AND EQUITY CONTRIBUTION



Source: Trepp analysis of CREFC IRP Annex A data. 2026 includes January through July. Percentages use the total debt stack and are weighted by original loan balance.

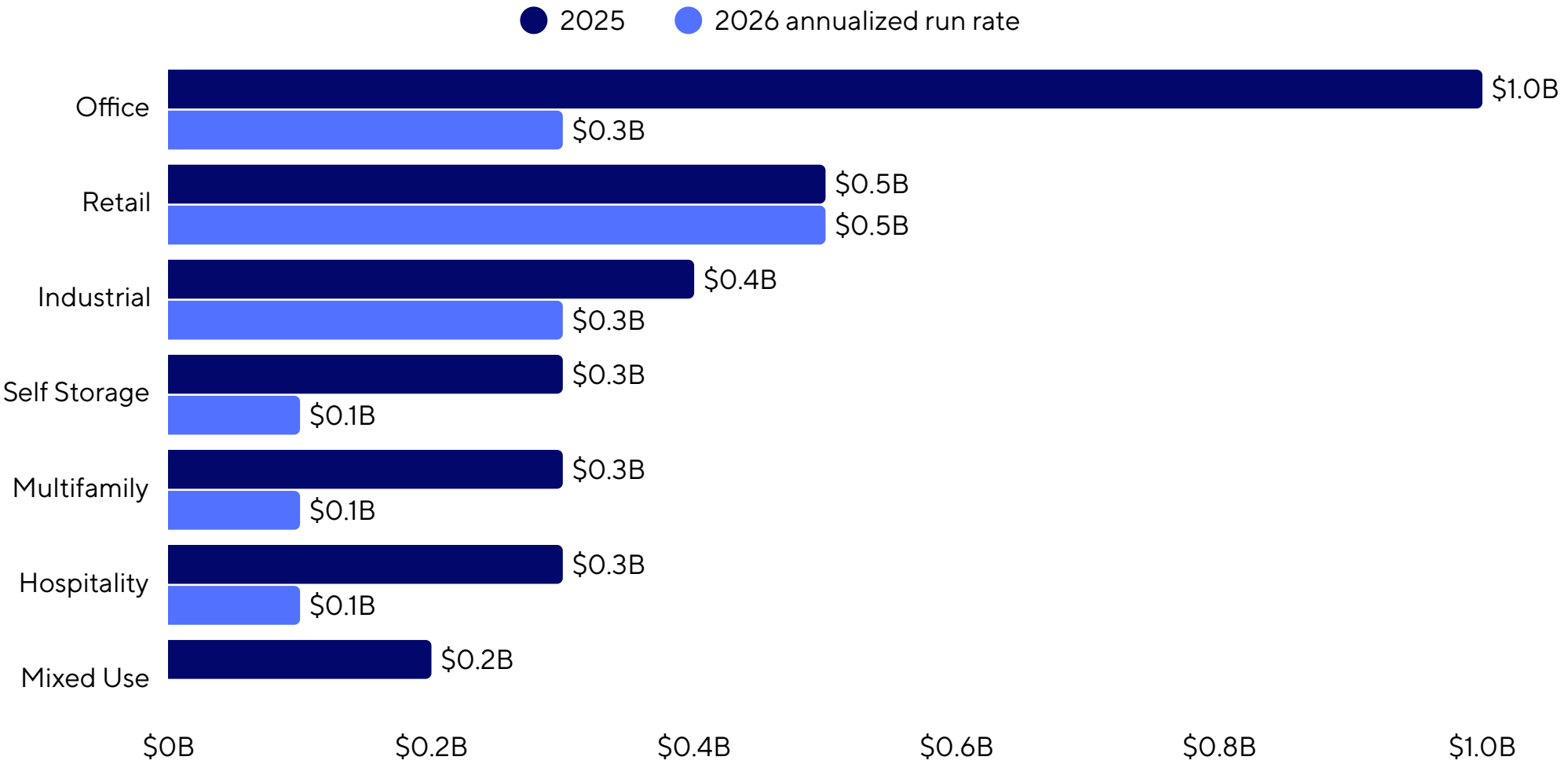
Acquisition Financing Has Yet to Broaden

Acquisition volume dropped as higher debt costs and lower transaction activity slowed price discovery. The sample contains \$4.51 billion of acquisition loans in 2022, \$2.39 billion in 2023, \$2.95 billion in 2024, and \$3.21 billion in 2025. Through July 2026, acquisition volume totals \$1.49 billion. The annualized run rate is approximately \$2.55 billion, 20.5% below 2025 and 43.4% below 2022.

The property type results remain narrow. Retail leads 2026 with \$463 million through July, followed by industrial at \$307 million and office at \$304 million. Annualizing the current run rate would place retail and industrial above their 2025 totals, although both remain below the stronger years early in the series. Office would remain far weaker: its annualized 2026 pace is about \$521 million, compared with \$979 million in 2025 and \$1.75 billion in the partial 2021 period.

Hospitality improved from \$190 million in 2023 to \$320 million in 2025, but only \$70 million appears in the first seven months of 2026. Multifamily, self-storage, and mixed-use also remain limited. The mix suggests that the recovery in conduit lending still relies more on refinancing existing ownership structures than on financing a broad increase in property sales.

FIGURE 5: ACQUISITION LOAN VOLUME BY PROPERTY TYPE



Source: Trepp analysis of CREFC IRP Annex A data. The 2026 annualized run rate equals January through July volume multiplied by 12/7 and should not be read as a forecast.



What the Sources and Uses Data Say About the Cycle

The 2026 data show a conduit market with more capacity to refinance performing assets and return some capital to owners. Cash-out volume has recovered more quickly than acquisition financing, and the required equity contribution on cash-in deals has eased for a second year. Those shifts mark genuine improvement from the most defensive point of the cycle in 2024.

Lender behavior remains conservative. Equity extraction on cash-out loans has stabilized near 16% of the total debt stack rather than returning to the 20% to 23% range seen in 2021 and 2022. Cash-in requirements remain elevated, particularly for office and retail. Acquisition volume still lacks the breadth needed to establish widespread price discovery across property types.

The next phase of the cycle will depend on whether these trends converge. A broader recovery would pair lower cash-in severity with rising acquisition volume and sustained cash-out activity across more property types. If acquisition financing remains weak while office and retail continue to require equity contributions near 15%, conduit issuance can grow without resolving the underlying valuation and refinancing divide.



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Data and Methodology

Scope and Methodology

The analysis covers sources and uses disclosures for the 15 largest loans in conduit CMBS pools from the end of April and beginning of May 2021 through July 2026. The start date coincides with issuers beginning to use the revised Annex A template in the CREFC Investor Reporting Package. The template change created a consistent starting point for comparing how loan proceeds were used across deals.

Trepp classified loans into four primary categories: cash-in refinancing, cash-out refinancing, acquisition financing, and cash-out recapitalization. Volume measures use original loan balance. Equity contribution and extraction ratios are weighted by original loan balance. The report emphasizes the total debt stack measure, which incorporates disclosed subordinate debt in addition to the senior mortgage.

The dataset captures the largest loans in conduit transactions rather than every conduit loan or the full commercial mortgage market. Annual volume therefore reflects both the number and size of loans entering conduit pools and the underlying sources and uses mix. The 2021 period begins in May, and 2026 includes seven months through July. Comparisons of absolute volume involving those years require added caution. Property types with limited volume can also produce volatile weighted averages.

Data Summary

Year	Cash-In Refi	Cash-Out Refi	Acquisition	Cash-Out Recap	Cash-Out Equity	Cash-In Equity
2021*	\$2.13B	\$7.15B	\$3.80B	\$0.99B	20.60%	4.90%
2022	\$2.19B	\$7.57B	\$4.51B	\$0.96B	22.50%	7.40%
2023	\$6.21B	\$5.23B	\$2.39B	\$1.12B	15.50%	9.30%
2024	\$10.26B	\$9.57B	\$2.95B	\$1.33B	13.80%	11.90%
2025	\$9.36B	\$10.37B	\$3.21B	\$0.89B	15.70%	10.50%
2026†	\$4.18B	\$7.01B	\$1.49B	\$0.05B	16.00%	9.60%

Source: Trepp analysis of CREFC IRP Annex A data. Equity percentages use the total debt stack. *2021 begins in May. †2026 includes January through July.

DEFINITIONS

Cash-in refinancing: A refinancing in which the disclosed uses exceed the new debt sources and the borrower contributes equity.

Cash-out refinancing: A refinancing that generates net proceeds available for distribution to the borrower after disclosed repayment and transaction uses.

Cash-out recapitalization: A financing that returns capital to existing ownership outside a conventional acquisition financing.

Total debt stack: The senior mortgage plus disclosed subordinate debt used to evaluate the relative borrower equity contribution or extraction.