CRITTENDEN REPORT

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GOLD FOR SILVER: SENIOR HOUSING LENDING PICKS UP STEAM

Senior housing lending should be robust throughout the rest of the year. The industry is benefiting from one of the strongest demographic tailwinds in commercial real estate as the population ages and demand continues to outpace new supply in many markets. There are new entrants into the space amongst the bank, debt funds and life company lenders. In addition, **Fannie Mae** and **Freddie Mac** are both lending again and **HUD** is making a strong bid to compete against Fannie and Freddie with the creation of the Express Lane. Senior housing lending will remain important, driven by the aging population, rising occupancy and a shortage of new supply. The biggest shift will be a greater focus on operations, funding sources, staffing, affordability, resident care and long-term demand. Ground-up construction deals will start to pencil out, as valuations of senior living have firmed up.

More sources of capital will drive down spreads and push leverage. Count on higher average deal sizes. Loan requests that are over $8M will get the most lender attention both due to property size and lender priorities. Borrowers will see 60% to 75% leverage, although the agencies can go up to 80%. Rates will be in the mid-5% to mid-7% range. DSC will be 1.25x to 1.45x. Debt yields generally range from 8% to 12%.

Look for banks such as **Deutsche Bank**, **Regions**, **EverBank**, **Liberty Bank** and **First National** to be active. Banks are quoting rates at SOFR+ 250 basis points. Life companies such as **New York Life**, **Protective Life** and **Western & Southern Life** will also fund deals with 5.5% to 6.5% rates.

Debt fund, private money, agency and bridge lenders such as **Greystone**, **Lument**, **MONTICELLOAM**, **Dwight Capital**, **RRA Capital**, **Pearlmark**, **Canyon Partners Real Estate** and **Avant Capital** will also strive to compete. **CrossHarbor Capital Partners** and **ABR Capital Partners** will provide equity. **Clearinghouse CDFI** targets assisted living, memory care, affordable senior housing and projects that preserve or improve existing senior housing stock. Rates start in the 8% range, with construction starting around 9%. Leverage can reach up to 75%. Clearinghouse CDFI looks for an experienced sponsor or operator with a strong track record, operator with material ownership in the real estate, adequate liquidity, realistic projections and a clear understanding of the local senior housing market.

Underwriting will place greater emphasis on current occupancy trends, operator performance, labor costs, care levels, market demand and the borrower’s ability to manage through volatility. Lenders may place greater emphasis on operational performance than they did in the past, but underwriting still ultimately comes down to cash flow, collateral and sponsor strength.

Active adult, assisted living, memory care and communities that offer a continuum of care are likely to attract the greatest lender interest. These properties benefit directly from demographic trends. Skilled nursing values continue to soar, which enhances collateral for lenders. Assisted living remains attractive for an aging population. Older vintage (pre 2000s) properties will be tougher to finance as they lack marketability. Buy-in continuing care retirement communities will be more difficult to underwrite than rental and sponsors continue to fail, causing many lenders to avoid this property type. Standalone independent living, assisted living or memory care facilities are not as favored as communities that have some of each care level. With a combination building there is less turnover and the average length of stay increases. Lenders will be cautious toward older properties requiring significant capital investment, assets with persistent occupancy challenges and communities located in markets with weak demographic growth or excessive supply.

The most activity will be in markets with strong senior population growth, limited new supply, improving occupancy and a demonstrated need for affordable or care-based senior housing. While the Sun Belt remains attractive, many Midwest and secondary/tertiary markets with strong demographics and rational development pipelines also present compelling opportunities. States that have shown favorable reimbursement budgeting and regulatory environments will be targeted for skilled nursing deals.

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MOST ACTIVE MEZZ LENDERS
(2026 Projected Origination Volume And Preferences)

LENDER	VOLUME	DETAILS
Basis Investment Group	$500M	Funded $200M so far this year; $10M-$150M loans for all property types; up to 85% LTV; three- to five-year terms; typically non recourse; flexible rates; nationwide
Pensam Capital	$250M	Funded $108M so far this year; $4M-$100M loans for multifamily; up to 85% leverage; 13%-14.5% rates of which 7%-9% will be current pay; three-year terms plus two one-year extensions; non recourse; nationwide
Argentic	$250M	Funded $50M so far this year; $5M-$50M loans for stabilized and transitional office, retail, multifamily, hotels, industrial; 11%-15% rates; up to 90% LTV; three- to 10-year terms; nationwide
Pearlmark	$250M	Funded ~$50M so far this year; $5M-$50M loans for multifamily, student housing, build-to-rent, active senior, industrial, grocery-anchored retail, medical office, mixed-use and very selective/cautious with office; up to 80% LTV/LTC; three- to five-year terms including extensions; completion and interest/carry guarantees; the top 30 MSAs, markets with strong population and job growth prospects
3650 Capital	$250M	$15M+ loans for all primary property types; fixed- and floating-rate options; partial accrual options; up to 85% leverage; SOFR+ 750+ basis point rates; typically two- to five-year terms; generally non recourse; all domestic U.S. markets
CenterSquare	$150M	Funded $42M so far this year; $5M-$50M loans for multifamily, student housing, select industrial; value-add plays and stabilized properties; 10.5%-12.5% rates; up to 80% LTV; 6.25%-7.5% debt yield; two- to five-year terms; fixed and floating rates; non recourse; nationwide
Osprey Capital	$100M (mezz and pref equity)	~$40M committed so far this year; $3M-$20M loans for industrial, multifamily, retail, office, self storage; 75% LTC/LTV; 13%-15% rates; two- to three-year terms; non recourse available; the Southeast, TX

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Fannie, Freddie and life companies will typically lend in primary and secondary cities with sufficient support. HUD will lend into tertiary and rural markets. Lenders will generally be more cautious in markets experiencing population declines, economic weakness, significant oversupply, high operating costs and labor shortages, or locations where rents are not sufficient to support debt service and quality care.

Experience will be the most important factor. Lenders continue to focus heavily on net worth, liquidity, experience and an owner’s ability to support a property through unexpected challenges. A management team with depth and experience will also be desired. The most sought-after sponsors have at least five communities of similar size and care level to the subject property, with net worth exceeding the loan amount and liquidity of at least 10% of the loan amount. For larger transactions, financial capacity remains a key consideration. Smaller and independent owner-operators can attract capital on favorable terms when they have a strong track record, deep market knowledge and a demonstrated ability to operate successfully within a niche they understand well.

BULLISH BRIDGE LENDERS
(2026 Projected Origination Volume And Preferences)

BRIDGE LENDER	VOLUME	DETAILS
Post Road Group	$470M	Funded $230M so far this year; $20M-$200M+ loans for multifamily, industrial, MHC, self storage, SFRs, retail, office; one- to four-year terms; SOFR+400 basis point rates; up to 80% LTC; non recourse available; nationwide
Emerald Creek Capital	$400M	$2M-$75M loans for multifamily, mixed-use, self storage, warehouse, light industrial, condo inventory; value-add, lease-up, refi, acquisition and construction deals (NYC only); one- to three-year terms; 65% LTV; SOFR+ 3.45% rates; non recourse; no prepayment penalty, no minimum interest; core markets
Edgewood Capital	$300M	Funded $105M so far this year; $2M-$50M loans for all property types; up to 75% LTV/LTC; one- to two-year terms plus extension options to go out to a full three years; SOFR+ 375 basis point rates for cash-flowing properties; non recourse; full-term interest only; nationwide with a preference for the top 30 MSAs
Avant Capital	$150M	Funded $70M so far this year; $1M-$50M loans for multifamily, industrial, builder inventory, senior housing, hotels; two-year terms; recourse is variable; pricing starts at 9%-12%; nationwide
Red Oak Capital Holdings	$125M	Funded $35M so far this year; $2M-$20M loans with a preference for $3M-$15M; office, retail, multifamily, industrial, MHC, mixed-use, hotels; 12- to 24-month initial terms, 36 months on a fully extended basis; up to 75%-100% LTC (Participating Program) and 75% LTV; SOFR+ 450-700 basis point rates; generally non recourse with the exception of standard bad-boy provisions; primary, secondary, select tertiary markets
Security National Commercial Capital	$75M	Funded $25M so far this year; $1M-$10M loans for single and multitenant commercial, retail, light industrial, warehouse, multifamily, office; purchase and refinance transactions; 65% LTV; 9%-10% interest only, 24-month terms; 9%-10% debt yield; 1.0x DSC; non-recourse, open prepay no penalty, future advances for CapEx and TIs; a preference for the western states, large MSAs nationwide
Arbor Realty Trust	TBD	$15M-$100M loans for multifamily; one- to three-year terms with extensions; typically interest only; minimum DSC 1.25x at exit; up to 75% LTV of exit value, up to 80% LTC of approved costs; strong markets with positive demographics, population, employment
W Financial	TBD	$1M-$40M loans for industrial, retail, multifamily, condos, cannabis; one- to five-year terms; up to 70% LTV; flexible recourse; nationwide
A10 Capital	TBD	$5M-$100M loans for multifamily, industrial, retail, student housing, hotels, build-to-rent, mixed-use, self storage, flex, IOS, hotels, medical office, life science, advanced manufacturing; up to 75% LTC; three- to five-year terms plus extensions; primary, secondary and qualifying tertiary markets

C-PACE BECOMES MORE MAINSTREAM

C-PACE lending should see continued growth going forward. Anticipate C-PACE to be viewed as an increasingly fundamental component of the capital stack, not just as a solution for current market challenges. This program started as niche financing and now has become a more mainstream part of the capital stack. This year is expected to be record breaking from a volume perspective. Keep an eye out for much larger deal sizes and higher leverage as this product becomes more versatile and user friendly. Also watch for expansion of existing programs to include resiliency, which has a significant increase on C-PACE eligible proceeds. Lender consent is still the biggest hurdle, although watch for more senior lenders becoming comfortable with C-PACE going forward. C-PACE will start going international and expanding outside the 50 states.

Watch for an uptick in capital wanting exposure to PACE paper as origination volume keeps growing year-over-year, as well as bigger, more structured deals. One emerging use case is recapitalizations, particularly given the wave of loan maturities. For these assets, C-PACE is increasingly being woven into creative recapitalization solutions. PACE is also moving into affordable and workforce housing, nonprofits and health care transactions. As pricing continues to tighten, PACE is increasingly just a standard piece of the permanent capital stack. Borrowers will typically see rates start at 200 to 300 basis points over the 10-year Treasury. Terms will typically be in the 20- to 30-year range. **Peachtree Group**, **PACE Equity**, **Petros PACE Finance** and **Counterpointe** will be active lenders.

Nuveen Green Capital seeks all commercial property types with strong sponsors. The lender's most frequently funded asset classes are hotels and multifamily, although Nuveen Green Capital sees use cases expanding into new property types, such as sports arenas. This is non-recourse, fixed-rate financing with up to a 30-year term that is prepayable without yield maintenance. Depending on the state or municipality where the property is located, C-PACE can fund up to 45% LTV. Nuveen's target markets include all major commercial real estate markets, and the lender is also looking toward international expansion. **PACE Loan Group** targets hotels, market-rate multifamily, senior housing and data centers nationwide where C-PACE is eligible. Rates will be in the low to mid-200 up to the upper 300 basis point range over the 10-year Treasury. Generally, most deals max at 30-year terms. LTV can reach up to 35% of stabilized value, although the lender can go higher, up to 50%, in California and Florida.

GreenRock Capital targets affordable (4% LIHTC), workforce, senior and nonprofit housing, hotels, retail, digital infrastructure and mixed-use. The lender likes redevelopment and adaptive reuse deals where PACE can be structured into both the construction and stabilized side. GreenRock Capital is also looking at office in select markets — the San Francisco Bay Area in particular. Fixed rates are benchmarked off five- or 10-year Treasuries, with spreads typically in the 225 to 290 basis points range depending on asset type and deal complexity. Tax-exempt PACE for nonprofit and affordable/workforce housing prices are in the mid-5% range. Terms run 25 to 35 years, fully amortizing, up to 100% of eligible project costs, with combined senior plus PACE leverage typically targeting 65% to 75% LTC, higher for affordable deals. The lender focuses on larger, institutional transactions, generally north of $10M of PACE, therefore core markets are California, Texas, Florida, New York, Utah, Washington, Hawaii, Colorado, Montana, Idaho, Illinois, North Carolina, Georgia and Washington, D.C. **Bayview PACE** focuses on markets with established and active C-PACE programs nationwide and has financed projects across multiple regions and continues to expand into newly active markets as programs mature.

Expect PACE lenders to target new construction, mid-construction and post-close recap deals that can pencil out and make economic sense. Multifamily, industrial, retail, mixed-use, hotels and senior living will all see available capital. Keep an eye out for more activity in the office space as the lack of recent deals leads to opportunity for the next cycle in terms of new development and renovation. One of the biggest volume drivers going forward will be conversions and repositionings. There is an enormous stock of older assets that needs to be upgraded to meet tightening energy efficiency standards, and as tenants increasingly demand greener spaces, owners are being pushed to act. The office-to-residential conversion trend is part of this category.

PACE-enabling legislation is active in 40 states and PACE programs are active and operating in 36 states plus D.C. Residential PACE is currently offered in California, Florida and Missouri. The first deal is about to close in Hawaii, which will be a large ~$245M loan. Watch for new territories coming online including the U.S. Virgin Islands and Ontario, Canada, is poised to become one of the first international markets to adopt the C-PACE financing model.

DEALMAKER DATABANK

Cambridge Realty Capital Companies 1 N. LaSalle, 37th Floor, Chicago, IL 60602 Brent Holman-Gomez, SVP (312) 357-1601 brent@cambridgecap.com	Cambridge Realty Capital closed a $20M transaction funded 100% of cost for the in-place tenant to purchase the building they operated, with a rent replacement loan. The subject is a Kentucky Skilled Nursing Facility with strong cashflows, and borrower will use this loan as a bridge to a permanent HUD-insured mortgage in the near future.
Clearinghouse CDFI 23861 El Toro Road, Suite 700, Lake Forest, CA 92630 Stacy Davis, Commercial Real Estate Production Associate (949) 540-7363	Clearinghouse CDFI funded a $10.42M acquisition loan for a specialized senior living community. The financing is structured as bridge financing and supports the acquisition of the facility, continued operations and an increase in the number of Medicaid-supported residents.
Colliers 92 Leroi Drive, Pittsfield, MA 01201 Christopher Fenton, SVP, Seniors Housing (413) 358-8409 christopher.fenton@colliers.com	Colliers recently submitted an Express Lane deal to HUD and received a commitment within 14 days. Even with the regular queue, HUD is becoming more efficient.
Eastern Union Funding 3839 Flatlands Ave., Suite 211, Brooklyn, NY 11234 Nachum Soroka, Director, Healthcare Group (516) 666-8150 nsoroka@easternunion.com	Eastern Union secured a cash-out refinance on a multiple asset senior housing portfolio in the Southeast with heavy historical regulatory issues. Eastern Union was able to structure a bespoke interest rate, which fluctuated based on certain operational hurdles the borrower needed to achieve and added additional collateral to mitigate lenders risk.
GreenRock Capital 900 Larkspur Landing Circle, Suite 207, Larkspur, CA 94939 Chris Robbins, Managing Principal (415) 722-4042 crobbins@greenrockhc.com	GreenRock Capital closed a $103M financing for the Ontario Airport Hotel and Conference Center in Ontario, Calif. The package pairs $26M in tax-exempt C-PACE bonds with $77M in tax-exempt mortgage revenue bonds, all underwritten by J.P. Morgan and placed with municipal bond investors.
Lone Star PACE 6988 Lebanon Road, Suite 103, Frisco, TX 75034 Glenn Silva, COO (214) 256-3209 gsilva@lonestarpace.com	Lone Star PACE secured $10.9M in C-PACE financing for MCM Elegante in Beaumont, Texas. The project transformed an existing Beaumont hotel into a 278-key, dual-branded Courtyard and Element Hotel by Marriott. By obtaining C-PACE financing, the property owner was able to upgrade the building envelope, lighting, HVAC and plumbing systems.
Lument 18202 Minnetonka Blvd., Suite 201F, Deephaven, MN 55391 Quintin Harris, Managing Director (952) 358-1093 quintin.harris@lument.com	Lument secures a $21.2M HUD/FHA Section 232/223(f) Express Lane refinance for a seniors housing community in Lincoln, Neb., with 120 apartment units and a licensed capacity for 132. The FHA loan has a fixed interest rate and 35-year term. The refinance pays off existing bank debt from a construction loan originated by Lument several years ago.
Nuveen Green Capital 19 Old Kings Highway S., Suite 210, Darien, CT 06820 Chris Lawton, Managing Director, Head of Originations christopher.lawton@nuveen.com	NGC provided $223M in C-PACE capital to finance the conversion of the iconic Cal Neva Resort and Casino into a reimagined luxury property, Lake Tahoe Proper Resort and Casino, which marked the largest C-PACE financing in the state of Nevada.
PACE Loan Group 800 LaSalle Ave., Suite 1650, Minneapolis, MN 55402 Rafi Golberstein, CEO (612) 355-2606 rafi@paceloangroup.com	PACE Loan Group provided $13.4M in C-PACE for the construction of a Residence Inn by Marriott in Mammoth Lakes, Calif. The C-PACE loan came in alongside senior debt from an EB-5 fund. The C-PACE funds covered building envelope, interior and exterior lighting, plumbing and domestic hot water and HVAC.

Deal of the Week

Property Type: Ashley Woods Assisted Living in Penfield, N.Y.
Loan: $10.3M Refinance Loan
Lender: **PGIM**
Leverage: 75% LTV
Rate: 5.5% Fixed

The 78-bed Class A assisted living and memory care facility was built in 2021. The loan request was originally brought to Bison in mid-2023, but with the COVID-19 epidemic still affecting the senior population, the property was not able to achieve tenant stabilization until early 2025. Patience from all parties involved was required as the property slowly, but steadily, increased occupancy over a 24-month period. The rent roll and financial condition of the business was shared with the lending team every three months in order to show positive momentum and eventual stabilization of the NOI to support the required loan amount. Having to navigate the COVID occupancy hurdles that took two years made this deal unique.

The fact that this was a purpose-built, nearly new facility owned and operated by an experienced group in the assisted living space made this an attractive property to the lender. The continued sharing of information and professionalism shown by the ownership group was invaluable to the transaction. The property was a great match for PGIM and resulted in the tenth loan Bison has closed with this lending team.

The self-liquidating non-recourse loan paid off their client's high-interest-rate construction loan with the rate fixed on a 35-year term with no balloon. The new loan arranged by Bison Financial Group on the property paid off the original construction loan from 2021. The client is no longer on the treadmill of constant refinancing every few years and can more easily focus on other properties in their portfolio to enhance the communities they serve.

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