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Minority of Problem Loans Lurk in Maturing Multifamily Debt

About $116 billion of multifamily loans are scheduled to mature by the end of 2027, with nearly $250 billion coming due through 2028, according to a new analysis by Yardi Matrix's database, which tracks $1.4 trillion of multifamily debt. Market-rate properties account for about $230 billion of the total through 2028, while another $19 billion is backed by fully affordable properties.

The analysis shows that while most market-rate loans have strong credit metrics, a significant portion exhibit weaknesses such as low debt-service coverage ratios (DSCRs) or high loan-to-value ratios (LTVs). Roughly 8% of the loans in the Matrix database have current estimated DSCRs of less than 0.6 or LTVs above 85%, characteristics that increase the risk of default, especially if interest rates remain high. (The property-level DSCRs in Matrix are estimated based on a property's average rent and the average expense of a competitive set of properties, and will appear worse than they actually are in markets with declining rents.)

A DSCR of 1.0 means the net income and mortgage payments are equal. When DSCR is less than 1.0, net income is less than the mortgage payments. Properties that borrowed when rates were lower may not generate enough income to refinance the full balance of their existing loans at today's higher rates. To stave off default, borrowers may have to contribute additional equity, negotiate an extension or obtain supplemental financing.

Lender Mix of Maturing Multifamily Loans

Maturity Date	Total Loan Volume ($B)	CMBS	Government (HUD, GSE, Local Gov't)	Banks	Debt Funds	Other (Insurance, Credit Union, Private Lender)
2026-2028	$249.6	$6.1	$121.1	$67.4	$33.9	$21.0
2029-2035	$770.9	$25.4	$618.1	$53.8	$31.3	$42.3
2036 & Beyond	$332.3	$0.8	$218.2	$89.2	$6.3	$17.7

Source: Yardi Matrix

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Some highlights of the analysis:

- Of the low-DSCR debt maturing through 2028, $8.3 billion (315 properties, 72,835 units) is fixed rate and $1.6 billion (49 properties, 11,487 units) is variable rate. Fixed-rate borrowers are more insulated from additional rate increases until their loans mature, but weak property cash flow could make refinancing difficult.

- Of loans maturing through 2030, $74.1 billion (2,367 properties, 528,427 units) are tied to properties with DSCRs at or below 0.8, including $17.2 billion (492 properties, 108,993 units) coming due by the end of 2027.

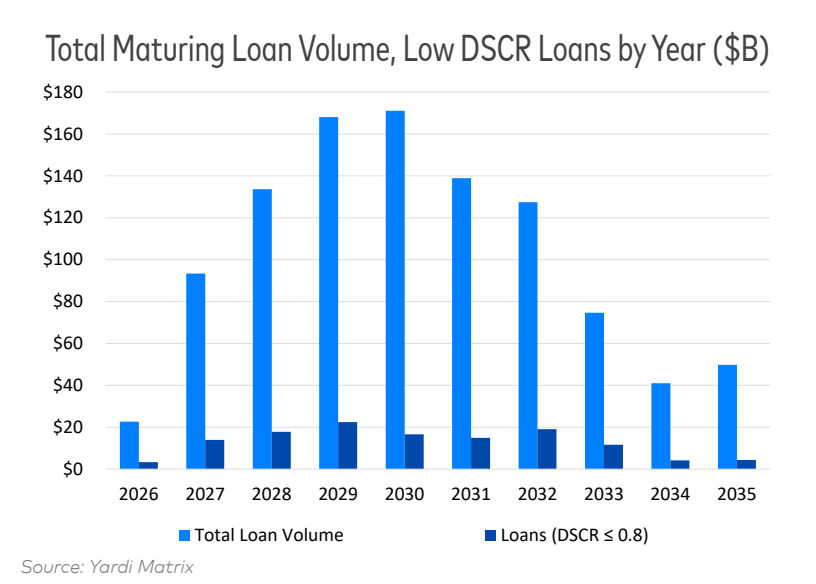
- Low-DSCR exposure grows to $128.3 billion (4,178 properties, 939,640 units) over the 2026-35 period. That includes $50.5 billion (1,944 properties, 436,280 units) of fixed-rate debt, $17.6 billion (469 properties, 131,802 units) of variable-rate debt and $5.9 billion (145 properties, 29,792 units) of construction debt.

- Some $31.5 billion (1,087 properties, 243,957 units) of loans maturing through the end of the decade have both poor debt-service levels (≤0.8) and high loan-to-value ratios (≥100%), making them especially strong candidates for default or restructuring.

- Potential distress is concentrated in floating-rate loans originated from 2020 through 2022, just before the Federal Reserve increased policy rates by 525 basis points over an 18-month period ending in July 2023. Of the $52.5 billion (1,753 properties, 392,545 units) of outstanding variable-rate loans originated from 2020 through 2022, more than one quarter ($13.5 billion, 407 properties, 105,936 units, or 25.6%) are tied to properties with current estimated DSCRs of 0.8 or less.

- A total of $41.5 billion (1,323 properties with 266,793 units) of construction loans are maturing by the end of 2028, $4.3 billion (100 properties with 21,821 units) of which have DSCRs at or below 0.8. Low coverage may reflect slow lease-up due to the competition for tenants in high-supply markets. Projects could face pressure if they do not generate sufficient income or reach stabilization before the loans come due.

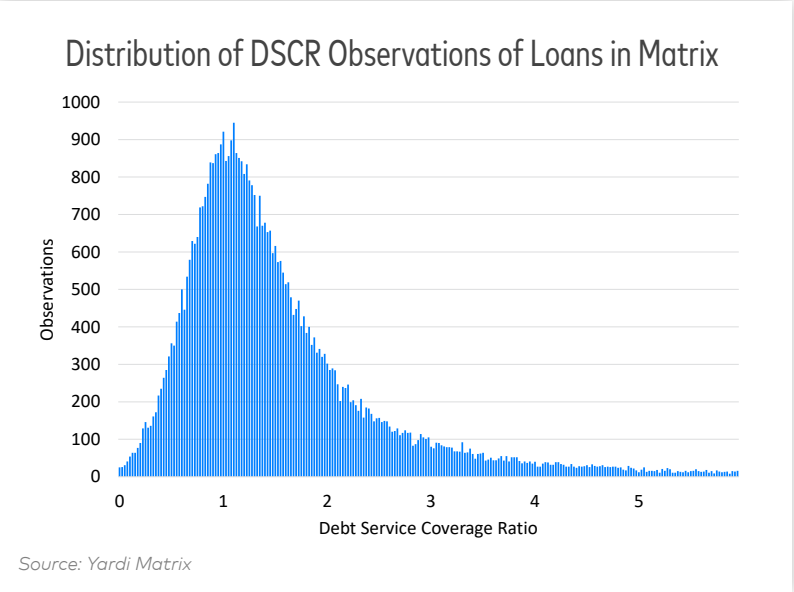
Data in this report comes from Yardi Matrix's national multifamily database, which tracks apartments with 50 or more units. The database contains a total of 120,000 apartment properties with 26.5 million units, including 28,000 affordable properties with 3.7 million units. Affordable properties are defined as communities in which at least 90% of units are income restricted through government subsidy programs.



Source: Yardi Matrix

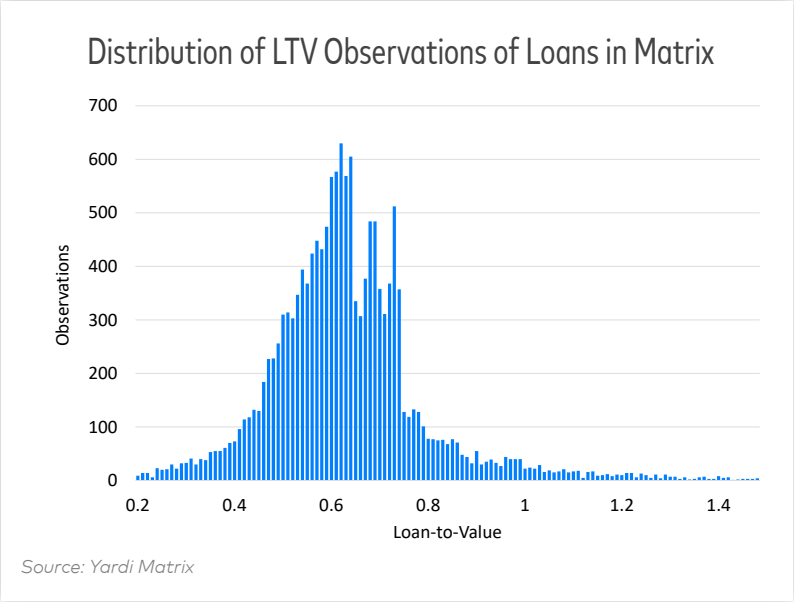
Market-Rate Debt Tests Property Fundamentals

Market-rate properties account for $949 billion of debt scheduled to mature by 2035, including $107 billion in 2026-27 and $124 billion in 2028. Despite the size of the maturity schedule, the underlying credit metrics are generally solid. Roughly 57% of market-rate stock has a DSCR above 1.2, providing a healthy cushion over debt service. Leverage is also moderate, with nearly 90% carrying a loan-to-value ratio (LTV) of 80% or less, including 37% at 60% or less.



Source: Yardi Matrix

Still, the broader market-rate distribution reinforces the national loan findings. Almost 30% of stock has a DSCR of 1.0 or less, meaning estimated property income does not fully cover debt service, while 16% has a DSCR of 0.8 or less. Leverage problems are less widespread, although nearly 11% of loans have an LTV above 80% and 3% have an LTV above 100%.



Source: Yardi Matrix

That distinction matters when loans are refinanced. Properties with weaker DSCRs may not generate enough income to refinance their full existing loan balances, even when their LTVs remain moderate. Borrowers may therefore receive smaller replacement loans and need to contribute additional equity or reserves. Higher-leverage properties face a separate constraint, as a smaller equity cushion gives borrowers less flexibility if property values decline or lenders require lower LTVs. Cash flow and leverage can therefore affect refinancing in different ways.

The timing of market-rate maturities varies substantially by metro. Atlanta has the largest near-term volume among the Matrix Top 30, with $9.7 billion coming due in 2026-27. Dallas and Denver each have about $6.0 billion maturing during that period, followed by Houston ($4.2 billion) and Chicago ($3.9 billion). Atlanta also has the most front-loaded schedule, with 20.1% of its $48.5 billion total through 2035 due in the first two years. Austin (17.3%)

and Denver (16.9%) have the next-largest near-term shares, placing all three markets closer to the front of the refinancing cycle.

Property fundamentals determine how much financing an asset can support, but the lender mix provides another view of the maturity schedule. Market-rate debt coming due in 2026-27 is relatively dispersed among providers, as no provider dominates the front end of the schedule. Government sources account for about 40% of market-rate maturities, banks account for about 31% and debt funds represent 17%, with the remaining amount spread among other lenders and CMBS.

Lender type is a factor in potential loan defaults. Loans with longer terms, such as those originated by government-sponsored enterprises (GSEs), generally have lower loan-to-value levels at maturity and benefit from increases in cash flow over time. Shorter-dated loans originated by banks and debt funds have less time for income growth, especially when originated during periods of weak rent growth.

CMBS lenders and debt funds often compete by offering higher leverage, which has contributed to higher historical default rates than among other lender types. The CMBS multifamily delinquency rate was 6.5% as of Q2 2026, according to the Mortgage Bankers Association, while the delinquency rate was 1.2% for commercial banks and 0.6% for GSEs and insurance companies.

Metro	Market Rate Loans in Billions Maturing 2026-2029
Atlanta	$27.1
Dallas	$20.3
Denver	$18.6
Houston	$15.1
New York	$14.6
Chicago	$13.9
Washington DC	$12.1
Los Angeles	$11.0
Phoenix	$10.8
Miami	$9.9
San Francisco	$9.3
Austin	$8.8
New Jersey	$8.5
Orange County	$7.8
Seattle	$7.3

Source: Yardi Matrix

Metro	Market Rate Loans in Billions Maturing 2026-2035
Atlanta	$48.5
Dallas	$47.1
Washington DC	$36.5
Denver	$35.8
Houston	$34.6
New York	$32.4
Chicago	$30.0
Phoenix	$27.2
Los Angeles	$24.7
Miami	$23.2
New Jersey	$22.7
Philadelphia	$20.1
Austin	$17.7
Seattle	$17.6
San Francisco	$17.5

Source: Yardi Matrix

Near-Term Affordable Maturities Dominated by Banks

The financing profile is different in affordable housing. Affordable properties represent a much smaller share of the maturity schedule, but the type of debt coming due changes over time. Banks dominate the front end of the cycle, while longer-duration government financing becomes increasingly prominent further out. That structure helps spread affordable maturities over time, although restricted rents, operating performance and more complicated capital needs can create a different set of refinancing constraints.

The $9.5 billion of affordable debt scheduled to mature in 2026-27 is heavily concentrated among banks, which account for about $6.2 billion, or 65.7% of the total. Government loans represent 23.0%, with the remaining amount spread among CMBS, debt funds and other lenders.

The lender mix largely reflects the nature of the loans. Banks are important providers of construction and other shorter-term financing, while government sources generally provide longer-term debt. As a result, bank loans reach maturity sooner and account for a disproportionate share of the front end of the schedule.

The story changes further out. From 2030 through 2035, government sources account for 78.4% of scheduled maturities, compared with 16.1% for banks. Over the full 2026-35 period, government debt represents 59.9% of maturities while banks account for 33.2%. The changing lender mix largely reflects the duration of loans already on the books rather than a change in lending activity. Shorter-term bank debt rolls through first, while longer-duration government financing appears further out.

Longer-duration government financing is one reason the profile of affordable housing is different from market-rate multifamily. Affordable properties in most locales also benefit from consistent demand for income-restricted housing, while government and agency programs provide an important source of capital designed around long-term affordability. Those characteristics offer a measure of stability as loans mature.

But strong demand does not necessarily translate into strong performance. Affordable properties have less flexibility to raise rents when expenses increase, making operating costs and collections particularly important to property performance. Compared with market-rate apartments, expenses such as labor, maintenance and insurance consume a larger share of income at affordable properties, while collection rates vary substantially by market. Both factors can weigh on net income. A property can therefore maintain demand for its units while still having limited room between operating income and debt service.

Lender Mix of Maturing Affordable Multifamily Loans

Maturity Date	Total Maturing Affordable Loan Volume ($B)	CMBS	Government (HUD, GSE, Local Gov't)	Banks	Debt Funds	Other (Insurance, Credit Union, Private Lender)
2026-2028	$19.3	$0.2	$5.3	$12.5	$1.2	$0.2
2029-2035	$52.1	$1.0	$37.5	$11.3	$1.6	$0.8
2036 & Beyond	$155.0	$0.5	$91.1	$57.1	$2.5	$3.8

Source: Yardi Matrix

Refinancing can also involve more than replacing a maturing mortgage. Affordable developments frequently combine senior debt with LIHTC equity, subordinate financing and federal, state or local subsidies. As properties age, refinancing can coincide with capital expenditures for rehabilitation or preservation, adding more layers to the transaction. In those cases, the amount of capital required can extend beyond the balance of the maturing loan. Complex capital stacks have long been a feature of affordable housing finance, but they become particularly important when owners must address existing debt and new investment needs at the same time.

Affordable Maturity Exposure by Metro

Affordable housing maturities are concentrated in the nation's largest multifamily markets, but the amount of debt outstanding does not necessarily indicate when refinancing pressure will arrive. The Matrix Top 30 metros account for $45.2 billion of loans scheduled to mature from 2026 through 2035, representing 63.2% of the $71.4 billion national total.

Los Angeles ($3.7 billion) and San Francisco ($3.4 billion) have the largest maturity volumes among the Top 30 through 2035. New York City ($2.8 billion), Washington, D.C. ($2.6 billion) and Dallas ($2.6 billion) follow. Together, the five markets account for nearly one-third of Top 30 maturity volume.

The ranking looks different at the front end of the cycle. New York City has $561 million scheduled to mature in 2026-27, the most among the Top 30, followed by San Francisco ($456 million), Austin ($403 million), Atlanta ($356 million) and Denver ($343 million). Yet New York's near-term maturities represent only 20.4% of the metro's $2.8 billion total through 2035. The distinction

Metro	Maturing Affordable Loans ($Mil, 2026-2029)
San Francisco	$1,503.3
Los Angeles	$1,400.4
Miami	$1,193.3
New York	$1,102.2
Atlanta	$912.1
Austin	$911.5
Dallas	$879.2
Denver	$822.0
Chicago	$766.5
Bay Area–South Bay	$715.7
Sacramento	$704.9
Washington DC	$680.6
Orlando	$669.3
Houston	$666.5
Columbus	$622.6

Source: Yardi Matrix

Metro	Maturing Affordable Loans ($Mil, 2026-2035)
Los Angeles	$3,666.9
San Francisco	$3,434.6
New York	$2,755.8
Washington DC	$2,639.6
Dallas	$2,577.3
Miami	$2,501.7
Orlando	$2,012.7
Seattle	$1,958.5
Atlanta	$1,920.6
Chicago	$1,873.2
Austin	$1,817.9
Denver	$1,797.3
Bay Area–South Bay	$1,784.3
New Jersey	$1,736.4
Houston	$1,598.1

Source: Yardi Matrix

is important because a market can have a large amount of debt coming due without having an especially front-loaded maturity schedule.

Austin provides a stronger example of near-term concentration. Nearly one-quarter of the metro's $1.8 billion of maturities through 2035 come due in 2026-27. The timing is notable in a market where affordable housing investment has expanded substantially. Austin voters authorized $250 million of affordable housing bonds in 2018 and another $350 million in 2022 for the creation, rehabilitation and preservation of affordable housing.

Los Angeles presents almost the opposite maturity profile. The metro has approximately $3.7 billion scheduled to mature through 2035, but only 7.8% comes due in 2026-27. Los Angeles also has a longstanding affordable housing financing infrastructure, including the city's Affordable Housing Managed Pipeline, which provides long-term loans for new construction and rehabilitation and leverages LIHTC and other public and private funding sources.

Smaller debt markets show why timing matters as much as scale. Charlotte has $580 million of maturities through 2035, but almost one-third (32.6%) come due in 2026-27, the second-largest near-term share among the Matrix Top 30. That concentration arrives as the city deploys a $100 million housing bond approved by voters in 2024 to support affordable housing production and preservation. Phoenix leads, with 33.5% of its $907 million maturity total coming due during those two years.

Columbus has $259 million, or 23.8%, due in 2026-27. Columbus voters also approved a $500 million affordable housing bond in November 2025, including $150 million intended to build and preserve affordable homes and help close financing gaps. Kansas City has another $121 million, or 26.5% of its total, due during the first two years. None rank among the largest markets by cumulative maturity volume, but each faces a substantial portion of its refinancing schedule near the beginning of the cycle.

Multifamily Debt Faces Gradual Refinancing Cycle

Multifamily enters the maturity cycle with some important strengths. Most market-rate properties have modest leverage, while more than half have a solid DSCR above 1.2. Affordable housing has additional sources of stability, including consistent demand for income-restricted housing and longer-duration government capital. Those characteristics should give much of the market some room as loans mature.

There are complications, however. With multifamily mortgage rates above 6%, properties refinancing lower-rate mortgages face a significant increase in borrowing costs, especially loans with rates in the 3% to 4% range, common between 2020 and early 2022. Current variable-rate loans originated during that period face more immediate pressure, particularly when weak coverage leaves little room to absorb higher debt service.

Refinancing success depends heavily on property performance. Properties with weaker coverage have less room to absorb changes in borrowing costs or operating performance and may qualify for lower loan proceeds or require additional equity. Affordable owners have less flexibility to raise rents when expenses increase or collections weaken, making cash flow particularly important when existing debt comes due.

Capital needs further complicate refinancing, especially for affordable properties that require rehabilitation, preservation or other investment. Replacing the existing mortgage may be only one part of the transaction, and additional equity, subordinate financing or public subsidies

may also be needed. For lenders and other capital providers, the maturity schedule represents a large pipeline, but the financing solution will vary considerably from property to property.

The upshot is that the maturity schedule is better viewed as a gradual refinancing process than a single event. Higher rates and weaker market performance increase the stress, but lenders and borrowers have renegotiated underwater loans over the past few years to avoid a wave of foreclosure, and the incentives for both parties to "extend and pretend" remain in place. The unwinding of stressed loans will therefore likely continue as a gradual process. Property performance, capital needs and access to financing will ultimately determine how smoothly individual loans move through the cycle.

—Paul Fiorilla, Director of Research, and Jacob Gonzalez, Senior Analyst, Yardi Matrix

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