



GILIBERTO-LEVY

COMMERCIAL REAL ESTATE DEBT INDEXES

Gilberto-Levy Commercial Mortgage Performance Index (G-L 1) Fourth Quarter 2025 Flash Report

Gilberto-Levy Commercial Mortgage Performance Index Fourth Quarter 2025 Summary

Total Return: (in %)	Total (all sectors)	1.56
	Office	1.88
	Multi-family	1.59
	Retail	1.41
	Industrial	1.51
Index Statistics: (as of 12/31/2025)	Principal (\$ billion)	300.69
	Capitalization (\$ billion)	285.96
	Duration (years)	3.83
	Coupon (%)	4.43
	Maturity (years)	5.22
	Book LTV (%)	55.22

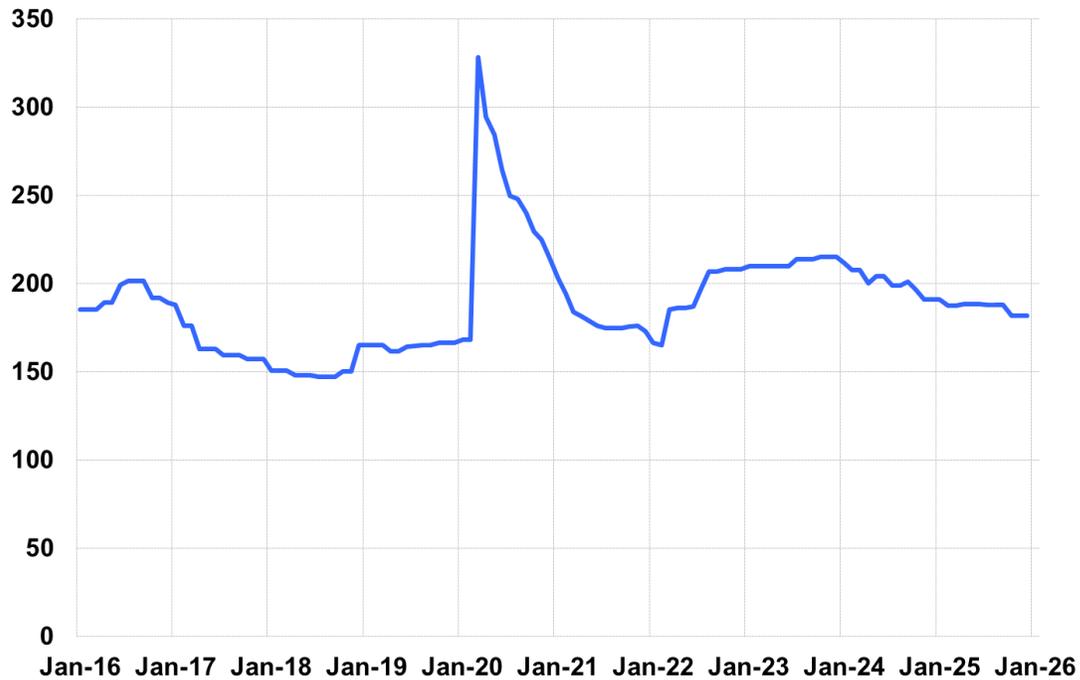
Source: Gilberto-Levy

The Gilberto-Levy Commercial Mortgage Performance Index (G-L 1) generated 1.56% total return for 4Q 2025.¹ Income return matched 3Q 2025 at 1.15%. Capital value return was 0.41%. For the entire year of 2025, G-L 1 posted 8.71% total return. That is the best calendar year result since before the COVID pandemic. Interestingly, 2025's result, which came on the heels of Fed rate cuts, was almost a mirror image of 2022's -8.98%, which reflected that year's shift to monetary tightening.

The average spread on priced transactions across the four major sectors tightened by 6 basis points (bp) (see Chart 1). One item to note: Industrial spreads had been slightly below multifamily spreads until about 18 months ago. Spreads for both sectors have come down since then, but multifamily spreads have fallen more.

¹ The Index's components are fixed-rate commercial mortgage loans held on balance sheets of institutions such as life insurance companies and pension funds. Index returns are a market-value-weighted blend of office, apartment, retail, industrial, lodging, mixed-use and other miscellaneous property types. Index performance tracks senior loans only; it does not include construction loans, mezzanine and other subordinate instruments and bridge loans made by such institutions.

Chart 1. Spreads over Treasuries for Ten-year Commercial Mortgages
 In basis points, reflecting 30/360-day count convention



Source: Giliberto-Levy. Chart data are averages of office, apartment, retail and industrial property loans at 60% to 65% LTV for a term of ten years.

Fed rate cuts pushed the short end of the U.S. Treasury yield curve down but had little effect on key (to the commercial mortgage market’s new origination) five to ten-year yields. As a result, coupon rates on new loans were a little lower, reflecting the spread declines noted above.

Investment-grade CMBS produced 1.36% total return, according to Bloomberg Index Services data for 4Q 2025. Intermediate-term BBB/Baa rated corporate bonds, adjusted to match G-L 1 duration, returned 1.30%.

Please note that lending volume in the table below for 4Q 2025 is likely to be revised upward, possibly substantially. (Over twelve quarters ending September 30, 2025, revisions averaged 17% per quarter.)

The 4Q 2025 *Giliberto-Levy Monitor* will cover results and trends in detail.

G-L 1 Summary

	Most Recent Period 4Q 2025	Prior Period 3Q 2025	Year Ago Comp. Period 4Q 2024
Index Results:			
Total Return	1.56%	1.78%	-1.05%
Income Return	1.15%	1.15%	1.12%
Capital Value Return	0.41%	0.63%	-2.18%
Credit Effect (bp; annualized)	7	8	8
Index-eligible Lending Activity [Note 1]:			
Loan Volume (\$ billions)	4.8	4.8	9.2
Weighted Average:			
LTV	59.9%	58.2%	59.2%
DSCR	1.72	1.74	1.6
Coupon Rate	5.35%	5.64%	5.91%
Spread (basis points) [Note 2]	166	187	181
Term to Maturity (years)	7.7	6.4	6.7
Loan Size (\$ millions)	29.9	25.5	39.9

Notes:

1. Lending activity statistics are subject to revision as additional data are received.
2. Spread is measured with respect to comparable maturity U.S. Treasury yield.

Source: Giliberto-Levy