

CMBS Market Roars Back as Investors Flock to Single-Borrower Deals

CMBS issuance increased 21.7% from the previous quarter.

By **Erik Sherman** | May 09, 2025 at 04:31 AM

A surge in commercial mortgage-backed securities issuance is defining the market's renewed momentum in early 2025, with robust growth fueled by single-asset single-borrower transactions and a notable rebound in conduit deals. This resurgence underscores a central theme: the CMBS market is regaining its dynamism, even as it navigates complex headwinds and evolving investor preferences.

In the first quarter, private-label CMBS issuance climbed to 40 deals totaling \$37.55 billion, marking a 21.7% increase from the previous quarter's \$30.85 billion and more than doubling the \$17.85 billion recorded in the same period last year, according to Trepp. The lion's share of this growth came from SASB transactions, which accounted for 72.12% of all issuance, reaching \$27.08 billion across 30 deals. This represents a significant jump from last year's 68.29% share and 16 transactions totaling \$17.85 billion, reflecting the market's growing preference for SASB structures.

Conduit CMBS also saw a substantial uptick. In Q1 2025, 12 of these deals were issued, totaling \$10.47 billion, an 85% increase over the seven deals and \$5.66 billion from Q1 2024. Conduits comprised 27.88% of the total issuance last quarter, further highlighting the

billion, compared to just two deals at \$1.55 billion a year earlier.

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Despite this momentum, market volatility and uncertainty have begun to weigh on spreads. Benchmark conduit bonds, which reached a cyclical high of 76.5 basis points in early January, widened to 90.5 basis points by the end of the quarter as tariff concerns and broader uncertainty unsettled investors. Trepp has noted that these conditions raise questions about whether the brisk pace of Q1 issuance can be sustained through the rest of 2025, especially as conduit deals become increasingly complex and challenging to close. The average conduit now involves loans from 7.17 lenders — slightly down from 7.34 in 2024 — but with some deals requiring as many as 13 lenders, adding layers of difficulty to deal completion.

The competitive landscape among top loan contributors remains intense. Wells Fargo Bank led the market with an 18.42% share and a \$6.8 billion loan balance, followed by Bank of America, Citibank, Goldman Sachs, and Morgan Stanley. Wells Fargo Securities also dominated as a bookrunner, handling 19.15% of issuance and \$7.19

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As CMBS issuance continues to climb, the market's underlying theme is cautious optimism. The resurgence is being driven by both acquisition financing and refinancing activity, with investors and borrowers alike showing renewed confidence in the sector's credit quality and deal structures. However, the complexity of conduit deals and the potential for market volatility remain key factors that could shape the trajectory of issuance for the remainder of the year.

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