

MBA Projects 5% Decline in Commercial Mortgage Volume for 2023

By Paul Bubny

Total commercial and multifamily mortgage borrowing and lending is expected to fall to \$700 billion this year, off 5% from 2022's expected total of \$740 billion, according to an updated baseline forecast from the Mortgage Bankers Association (MBA).

“Uncertainty and volatility around the paths of the economy, interest rates and property valuations will likely continue to cause instability for commercial real estate markets well into this year,” said Jamie Woodwell, MBA's head of commercial real estate research. He noted that the members of the Federal Open Market Committee had very different expectations for the federal funds rate at 2022's end than they did at the beginning.

Multifamily lending alone is expected to drop to \$393 billion in 2023, an 11% decline from last year's expected total. MBA anticipates borrowing and lending will rebound in 2024 to \$887 billion in total commercial real estate lending and \$483 billion in multifamily lending.