# Industrial Loans Rise 63% While Most First-Quarter Borrowing Declines
## Hotel Originations Also Buck Trend With 8% Increase

By Mark Heschmeyer

Commercial and multifamily borrowing got off to a slow start this year, much as it did last year, with the exception of loans in the industrial property sector getting a big boost over 2023.

Overall loan originations in the first quarter varied across different property types, with only two showing increases from a year earlier, according to the Mortgage Bankers Association. There was a 63% increase in the dollar volume of loans on industrial properties, while hotel property originations increased 8%.

Blackstone-affiliated borrowers have accounted for more than $7 billion of industrial refinancing activity this year.

That kind of industrial lending is being supported by early signs of renewed industrial space demand. While sales of warehouse space-intensive retail categories such as furniture and building materials remain low, overall growth in real consumer goods spending has been re-accelerating since last spring as inflation gradually subsides, according to CoStar analysis.

The organization that tracks commercial real estate loans noted that borrowing remained muted among other property types, coming in essentially unchanged in the first quarter compared to a year earlier.

"Elevated interest rates and uncertainty about their direction have kept many current owners on the fence, with little commending a sale or refinance unless something forces the issue," Jamie Woodwell, MBA's head of commercial real estate research, said in a statement.

**Retail Leads Decline**

MBA data showed a 31% year-over-year decrease in retail property loan volume, a 22% decline in healthcare properties, a 21% drop for office properties and a 7% slowing in multifamily properties.

By lender type, the dollar volume of loans originated by banks and savings and loans decreased by 41% year-over-year. There was a 17% decrease from government-sponsored multifamily finance enterprises Fannie Mae and Freddie Mac.

With the two largest sources of capital reducing lending over the first quarter of last year, other sources stepped up to pick up some of the slack.

Originators for commercial mortgage-backed securities markets nearly doubled the origination volume over a year earlier with activity up 93% by dollar volume.

Nonbank lenders boosted their activity by 41%, and life insurance companies upped theirs by 35%.

“With loan maturities and other triggers increasingly likely to prompt action, property owners, potential owners, lenders and others are all working through the specifics of each individual property to identify the level of mortgage debt that property can support,” Woodwell said. “New loan originations should follow as this continues.”