CAPITAL FLOWS MONITOR TEXAS 2027

The floodgates will start to open across Texas in 2027

Office, hotels and apartments in Texas have repriced. Deals are still held back today because lenders keep extending loans. In 2027 that room runs out: maturing loans meet buyers who are ready, and deals start to move, first in Dallas-Fort Worth and Houston.

Chirag Hathiramani Real Estate Consulting · November 2026

Executive summary

1 **2027 is the year the floodgates start to open across Texas.** They are not open today. Office, hotels and apartments in Texas have repriced, yet deals are held back: the swings in interest rates this fall froze the market, and lenders keep extending loans. In 2027 that room runs out. Loans come due, buyers who have already raised money are ready, and deals start to move again, first in Dallas-Fort Worth and Houston and building through 2027 into 2028.

2 **Higher rates are here to stay, and the bond market will push cap rates higher and keep them there.** The 10-year Treasury has been near or above 5% since September 10 and peaked at 5.31% on October 5, its highest in decades. Lenders size loans off bond yields. When yields rise, the debt yield a lender needs rises with them, loan proceeds shrink, and buyers can pay less for the same income. That is how a bond market move becomes a higher cap rate. CBRE expects cap rates to rise at least 40 to 60 basis points in the near term (October 28), which means values 6% to 10% lower.

3 **The market is frozen now, and it thaws as it resets.** The 10-year fell to 4.84% on November 5 and was back at 5.15% by mid-November. With rates moving that much in weeks, buyers retrade contracts and sellers wait. In 2027, as loan extensions run out, sellers accept the new prices and deals start to move. That reset is the 2027 opportunity.

4 **Texas cap rates have started to rise.** Third-quarter 2026 Texas sales: apartments 5.7% to 6.2%, industrial 6.0% to 8.1%, retail 6.5% to 7.3% and Houston office 9.5% (Matthews and Lee & Associates, October and November 2026). Most of those deals priced before the 10-year passed 5%, so today's cap rates are likely higher.

5 **Where the gates open first.** Office and hotels, where lenders are already taking assets back, and 2021 and 2022 floating-rate apartment loans. Then land and Austin industrial, a buyers' window. Industrial in DFW, retail and data centers have fundamentals that hold and values near records: a window to sell or recapitalize more than to buy.

Source: Chirag Hathiramani Real Estate Consulting analysis of various data sources. Not investment advice.

Three calls for 2027

The floodgates start to open.

Not open today: lenders are still extending and deals are held back. In 2027 they open, selectively: office, hotels and 2021-22 apartment loans first, in DFW and Houston.

The programmatic raise.

Fundraising is at a nine-year low nationally, yet Texas sponsors filed a record share of new US offerings this fall. Capital is reaching sponsors who raise through a repeatable program.

Austin, for patient buyers.

Austin has reset furthest across property types: apartments, industrial, office and downtown hotels. It is the best entry for buyers with a long-term perspective.

Data cutoff. SEC filings through November 6, 2026, counted with the Capital Flows Monitor engine so they tie to the 3Q26 report. Cap rates, rates and credit data are from August 19, 2026 or later (a 90-day rule, because older cap rates no longer reflect this market). Anything older is labelled with its date.

SECTION 1

Rates, bonds and cap rates

This is the section that drives the rest of the report. My view is simple: higher interest rates are here to stay, the bond market sets what lenders will lend, and what lenders will lend sets cap rates. Cap rates will be higher in 2027 and will stay higher.

Where rates are. The Fed raised rates on September 16 to 3.75% to 4.00% and held on October 28, with markets pricing a December hike at about 70% to over 80% odds (my November 6 bond market brief; CRE Daily, November 12). The Fed's September projections show no cuts in 2027. The 10-year Treasury passed 5% around September 10, peaked at 5.31% on October 5, fell to 4.84% on November 5 and was 5.15% in the Federal Reserve's November 13 release. Core inflation is 3.31%, the FY2026 federal deficit was $1.99 trillion, and oil has been pushed higher by the Iran war. None of that argues for a lower long rate in 2027.

Why yields dipped, and why I would not count on it. The early-November drop came from a smaller term premium (0.96 to 0.64) and calmer bond markets (the MOVE index fell from 114 to 94), plus lower odds of more Fed hikes. The economy did not slow: jobless claims were 189,000 and October added 165,000 jobs. The 2-year and 5-year fell 19 basis points from October 29 to November 5 while the 30-year moved only 7. A dip driven by calmer markets can reverse in a week, and it did.

How bond yields become cap rates. Every loan is a base rate plus a spread. Lenders price commercial loans at about 175 to 250 basis points over the 10-year and size them to a debt service coverage ratio of about 1.25x (CLS CRE, October 2026). With the 10-year near 5%, that puts loan rates at about 6.50% to 7.00% for industrial and apartments, 7.00% to 7.50% for anchored retail, 7.50% to 8.00% for hotels and 7.75% to 8.25% for office, with leverage of 55% to 65%. Spreads widened even as Treasuries dipped: CMBS BBB- bonds reached T+485, the widest of 2026, and top-rated CRE CLO bonds moved to S+150 to 160 from S+130 to 135 (BofA, J.P. Morgan, late October). So the cost of debt did not fall with the 10-year.

Negative leverage cannot last. Texas apartments trade at 5.7% to 6.2% cap rates and DFW industrial at 6.0%, below a 6.5% to 7.0% loan rate. Add amortization at 65% loan to value and the debt constant runs about 7.2% to 8.3%, above the cap rate on every property type, so borrowing lowers the cash yield (my November 6 bond market brief, using 2026 CMBS loans written when the 10-year averaged about 4.5%; at today's rates the gap is wider). Buyers will not pay a price where debt costs more than the property earns for long. Either rents grow fast, which Texas forecasts do not support for 2027, or prices fall until cap rates sit above the cost of debt. That is the reset.

The spread over Treasuries is too thin. Average US cap rates sit about 160 basis points over the 10-year, a record low, against a long-run average of about 325 (CBRE, October 28). For Texas apartments the gap is about 50 to 110 basis points (Q3 cap rates against a 5.15% 10-year), and for DFW industrial about 90. Houston office, at 9.5%, sits about 435

basis points over. That is why apartments and industrial face the most cap rate pressure, and why office, which repriced early, has a cushion.

What lenders now need. Maturing Class A office loans carry a 10.2% debt yield on average and Class B and C loans 10.9%. About 75% of maturing Class A office loans need new equity to refinance, and $22 billion, or 28% of the $78.1 billion of private-label CMBS reaching hard maturity through 2027, has a debt yield of 8% or less, Trepp's rough screen for loans likely to struggle (Trepp via CRE Daily, October 27). KeyBank expects leverage to fall as lenders stress-test underwriting rates, and appraisals have not caught up: "deals that worked a month ago may not pencil out now" (CRE Daily, October 2). No public source in the window gives a lender minimum debt yield by property type.

EXHIBIT 1

Texas cap rates, third quarter 2026

Property type	DFW	Houston	Austin	San Antonio
Apartments	5.66%	Not reliable	5.74%, up 19 straight quarters	6.22%
Industrial	6.03%	7.90%	7.57%	8.14%
Retail	6.86%	7.30%, flat	6.53%, up 16 straight quarters	6.66%, up 13 straight quarters
Office	6.8% average, 6.3% prime (Dallas, first half 2026)	9.50%, from 9.90% a year earlier	7.63% (medical office)	Not found
Hotels	No Texas figure in the window			

Sources: Matthews (October 26 to November 4, 2026), Lee & Associates with CoStar data (October 2026), BNP Paribas (September 4, 2026, measuring the first half). Houston apartments are left out because the only third-quarter figure (6.80%) moves too much from quarter to quarter to trust. The third quarter measures July to September deals, most of which priced before the 10-year passed 5%.

Where cap rates go from here. CBRE expects at least 40 to 60 basis points more in the near term, with apartments and industrial hit hardest and Sun Belt apartments most of all (October 28). CBRE's chief executive says cap rates have already risen and contracted sales are being retraded (November 12). Newmark warns that sustained high yields could cut deal activity 20% to 30%, and J.P. Morgan expects brokerage capital markets revenue to fall 20% in the first quarter of 2027 and grow again by the fourth (CRE Daily, November 12). Hotel brokers expect hotel cap rates to rise on higher rates (HVS, October 21). The counter view is Capital Economics (October 14), which calls the yield rise a short-term spike with no major cap rate impact. I disagree: cap rates set when the 10-year was 4.4% do not work at 4.8% (Propmodo, September 2), let alone above 5%.

Values have turned down. Green Street's price index rose 0.8% in August, then fell 0.1% in September and 0.7% in October. Apartment prices were down 4.6% year over year in September and about 23% below the July 2022 peak (MSCI). US deal volume was about $264 billion in the third quarter, up 89% from a year earlier (MSCI), much of it data centers and large entity deals, and Texas volume has lagged.

Credit: lenders want deals, but they want more equity. Debt funds made 48% of non-agency loans in the third quarter, up from 37% a year earlier, and banks fell to 26% (CBRE). Banks tightened standards on every commercial real estate loan type in the October Senior Loan Officer survey. In Texas, 13.8% of banks tightened commercial real estate standards and none eased, and the index for nonperforming commercial real estate loans turned to a net increase (Dallas Fed, November 2026). Texas Capital's commercial real estate loans are down 16% from a year ago because payoffs exceed new loans.

Distress and maturities. CMBS delinquency in October was 12.3% for office, 8.1% for apartments, 7.2% for retail, 5.9% for hotels and 1.1% for industrial, 7.9% overall, and 11.5% of CMBS loans are with special servicers, the highest since 2013 (Trepp). MBA counts $875 billion of commercial and multifamily mortgages maturing in 2026 and $652 billion in

2027 (February 2026 schedule). Private-label CMBS alone has $61.1 billion of hard maturities in 2027, $22.2 billion of it office, peaking near $10 billion in June 2027 (Trepp). Lenders extended half as many maturing loans in 2026 as in 2025: extensions covered 41% of expected maturities at the start of 2025 and 21% at the start of 2026 (MBA via First American), and Trepp says extension options on loans first due in 2023 and 2024 are largely exhausted.

What this does to a Texas balance sheet. Every lender and LP will ask the same question in 2027: what happens to this asset if the 10-year stays above 5% for another two years and cap rates stay higher? Stress test your underwriting with interest rates above 7%, the 10-year above 5% and elevated cap rates for the long run. Underwrite exit cap rates above today's entry cap rates. Owners who answer with a funded plan (rate caps, extension terms, a recapitalization source) will get the best capital. In my view, owners who answer with a rate forecast will pay for it.

SECTION 2

Macro view for 2027

What the consensus says. ULI and PwC's Emerging Trends 2027 calls higher-for-longer "the new reality" and titles the year "You Have to Work for It." Dallas-Fort Worth is No. 1 for a third straight year, Houston No. 6 and Austin No. 21. CBRE's October 28 brief expects long rates to begin to drift lower during 2027, with an investment recovery in the second half of 2027 and Fed cuts in 2028. My view differs on timing: I would plan on rates staying where they are through 2027 and treat any drop as a window to act.

Second-level read. If rates stay high, a 2027 plan that depends on refinancing at lower rates or selling into falling cap rates depends on luck. The scenario to watch is a growth scare that pulls the 10-year down for a few months. That would open a refinancing window before any Fed cut, though it would come with weaker rent growth, and the owners with loans ready to go would get through it first.

Texas demand. The Dallas Fed expects Texas job growth of about 0.9% in 2026 against a long-run average of about 2%, and Texas A&M expects 1.1% to 1.7% through summer 2027. Domestic migration into Texas has slowed sharply. Texas still outgrows the US, led by data centers and power and by Dallas finance, with the Texas Stock Exchange trading since July 2026. Houston energy employment is a drag. In my view the 2027 risk in Texas is softer demand more than new supply, because new supply is falling fast: Texas apartment deliveries drop from about 93,000 units over the year to mid-2026 toward 35,000 to 40,000, and Texas office construction has nearly stopped.

Costs. Tariffs have raised steel mill product prices by about 17% to 20%, about half of Texas construction trades workers are foreign-born, and insurance is squeezing older Houston apartments. These keep new starts low, which helps owners of existing buildings in 2027 and 2028, but they also squeeze operating income.

Texas policy to watch in the 2027 session. The 20% appraisal cap on non-homestead property up to $5.32 million expires on December 31, 2026, so in my view many owners could see larger property tax increases from 2027 unless the legislature extends it. Also on the table: the data center electricity tax break, the JETI and Texas Enterprise Fund incentives, opportunity zone maps, single-family rental and tenant rules, and Public Utility Commission and TCEQ appointees who need two-thirds of the Senate (my November 4 strategy brief). TCEQ has already paused data center permits, and SB 6 requires large power users to pay for grid upgrades.

SECTION 3

Capital flows: who is raising, how much, aimed at what

These numbers come from SEC filings through November 6, 2026, counted with the Capital Flows Monitor engine. They count new offerings by sponsor location, which tells us who is raising in Texas. They do not show where the money is invested.

Nationally, offerings are down and capital is concentrating.

- New real estate offerings from October 1 to November 6 ran 7% below the same weeks of 2025 (510 against 551).
- Dollars offered, excluding DST programs, fell 23% ($7.7 billion against $10.0 billion), and raises of $100 million or more fell from 30 to 20.
- Residential offerings fell 26% (95 against 129). Pooled funds rose (44 against 30).
- The 3Q26 Monitor found new offerings down 16% while capital reported raised rose 18%, so fewer sponsors are raising, and the ones that raise are raising more.
- Private real estate fundraising was $92.6 billion in the first half of 2026, a nine-year low and down 38% (PERE). The top 10 funds took 49% of first-half capital (With Intelligence). Institutions hold 9.5% in real estate against a 10.7% target (Hodes Weill), so they are under-allocated and still cautious.

In Texas, the recent count is up and the money is moving into programs.

- Texas sponsors filed 80 new offerings from October 1 to November 6, up 18% from 68 a year earlier, while the US count fell. Over the full 12 months the Texas count is flat (700 against 702).
- Texas's share of US new offerings reached 15.7% in that window, the highest in our series back to mid-2024 (the quarterly range was 12.3% to 15.4%).
- Pooled funds from Texas sponsors went from 1 to 11 in that window, 10 of them from Dallas-Fort Worth. Over 12 months, Texas pooled funds doubled (47 against 23), and DFW nearly tripled (37 against 13).
- Texas DST offerings (a structure that lets 1031 exchange investors buy into a property) totalled $0.86 billion in the window against $0.01 billion a year earlier, led by a $725 million Houston program. Excluding DSTs, Texas dollars offered were flat at about $0.8 billion.
- Texas residential offerings fell to 19 in the third quarter, the lowest in our series (the prior range was 27 to 48). Over 12 months they are down 29% (111 against 157).
- Large Texas-sponsored funds are raising. Crow Holdings Realty Partners XI (Dallas) reported $1.09 billion raised in the third quarter, and Invesco's core fund (Dallas), Digital Realty's data center partnership (Dallas) and TPG Real Estate co-investment vehicles (Fort Worth) each reported raises above $1 billion since late 2025.

How the checks look. About 70% of new Texas offerings accept $50,000 or less. About 28% use general solicitation (up from 26%). About 19% name a broker-dealer or placement agent, rising to 27% in Dallas-Fort Worth. Where fees are disclosed, the median commission and finder fee is 5% of the offering.

By property type. Over 12 months, Texas multifamily offerings fell 24% (125 against 165) while the US count was flat (up 1%). Texas sponsors filed more data center (9 against 4), self storage (10 against 7), net lease and retail (15 against 11) and DST offerings (20 against 16), and fewer office offerings (3 against 5). These counts are small and read as direction only. Texas capital is forming in blind pools ahead of the deals.

SECTION 4

Market by market

Form D reflects where sponsors are based, so Dallas-Fort Worth and Houston dominate, and San Antonio-based sponsors file too rarely (16 new offerings in 12 months) to support a read from filings alone. Cap rates below are third quarter 2026 unless noted.

Dallas-Fort Worth: the deepest bid and the most deal flow. Emerging Trends ranks DFW No. 1 for a third straight year. Apartments average $171,000 per unit, about 11% below the third quarter 2022 peak, at a 5.66% cap rate against 4.54% in late 2021, and sales were $10.8 billion over the past year, up 3% but about 64% below the 2021 high (Matthews, October 2026). Industrial trades at a record $147 per square foot and a 6.03% cap rate. Office is where the stress sits: office is more than a fifth of DFW's $434 million of delinquent CMBS, against about an eighth nationally, and 15 of 90 DFW office CMBS loans are delinquent (Trepp, November). Harwood Center in downtown Dallas appraised at just under $20 million in June against a $124 million loan from 2014. $13.3 billion of DFW loans mature in the 12 months from mid-September, peaking at $2.72 billion in May and June 2027, and another $12.5 billion is already past maturity (Circlemark county records, September 15). Circlemark calls it "a steady drip." Data centers: more than 765 MW under construction, 95% preleased, 2.8% vacancy (CBRE, first half 2026). Capital flows: DFW sponsors filed 376 new offerings in 12 months (up 6%), and $100 million-plus raises rose from 10 to 14.

Houston: the office reset, stable apartments, bigger checks. Houston office is the clearest Texas candidate for forced sales in 2027. Office CMBS distress is 31.5%, up from 21.9%, and Houston's total is 15.3% (CRED iQ, October). Brookfield's One and Three Allen Center ($470 million) went to special servicing after three one-year extensions, and 5400 Westheimer has a final maturity in October 2027. The office cap rate is 9.50%, retail 7.30% and industrial 7.90%. Apartment rent growth over the next year is forecast at about 0.5%, among the weakest of the top 50 US markets (RealPage), and Houston had 13 of the 33 Texas properties posted for foreclosure in November. Capital flows: Houston sponsors filed about the same number of offerings (156 against 154) at a larger median size ($8.0 million against $5.5 million), and residential offerings fell from 52 to 31.

Austin: the biggest reset across property types. Apartments average $206,000 per unit, 18% below the $251,000 peak (Matthews, second quarter report), and cap rates have risen 19 straight quarters to 5.74%. Industrial is oversupplied, with vacancy at 19.3% and cap rates at 7.57%. Office vacancy runs 15.9% to 27.1% depending on the source and above 30% downtown, while Class A at the Domain is 4.2% (vacancy figures from my November 4 strategy brief). Downtown hotels are going back to lenders: the Fairmont's $430 million loan is in special servicing, The Line went back to its lender and the Hyatt Centric sold at foreclosure (June 2026). Retail cap rates have risen 16 straight quarters to 6.53%, yet downtown retail vacancy is under 3%. Capital flows: Austin sponsors' new offerings fell 21% (82 against 104), and their dollars offered nearly halved ($0.8 billion against $1.5 billion).

San Antonio: the deepest apartment discount, the least local capital. Apartments average $122,000 per unit, 20% below the $152,000 peak, at a 6.22% cap rate, up 132 basis points from the 2021 low. Industrial cap rates are 8.14%, the highest of the four metros, with little new supply. Retail cap rates have risen 13 straight quarters to 6.66%. Lenders took back the Thompson San Antonio hotel, sold it for $41 million in October and financed the buyer, a template for how 2027 hotel distress turns into deals. San Antonio-based sponsors filed 16 new offerings in 12 months, too few for a Form D read. My view: San Antonio will be a 2027 market for distressed and note buyers with patient capital, and for operators who already have scale there.

SECTION 5

Property type by property type

The floodgates do not open evenly. Office and hotels have repriced and are already moving through lenders. Apartments have repriced and are waiting on maturities. Industrial, retail and data centers have not reset.

EXHIBIT 2

Where the gates open first, by property type

Texas commercial real estate

Property type	Where it stands in Texas	Q3 2026 cap rate	2027
Office	Commodity towers trading 27% to 64% below prior sales (December 2025 to July 2026 trades); Houston office distress 31.5%	Houston 9.5%	Opens first. Distress buying only
Hotels	Austin and San Antonio hotels going back to lenders; 2027 harder after the World Cup lift	No Texas figure; brokers expect higher	Opens first. Selective
Apartments	Prices 11% to 20% below peak; 2021-22 floating-rate loans 11.33% delinquent; deliveries falling about 60%	5.66% to 6.22%	Opens. Buy and recapitalize
Land	Bids below asks; sellers carrying 2- to 3-year notes; North Texas residential starts back to a 2019 pace	Not applicable	Opens. Buyers and land lenders
Industrial	DFW absorbing faster than it delivers; Austin oversupplied	6.03% to 8.14%	Austin buyers' window. Small-bay and flex
Retail	Low vacancy and a new building cycle; few forced sellers	6.53% to 7.30%	Fundamentals hold. Hold for income
Data centers	DFW 2.8% vacancy, 95% preleased; power and permits are the limit	Not found	Fundamentals hold. Underwrite power and politics
Build-to-rent	DFW vacancy 6.3%; new federal rules favor new-build rentals from 2027	Not found	Restarts

What it means. The 2027 deal flow outside apartments sits in office and hotels, mostly in Houston, Austin and San Antonio, where lenders are already taking assets back, and in land, where sellers are carrying notes to get deals done. Industrial in DFW, retail and data centers are priced near records, so they are sale or recapitalization candidates for owners more than buy candidates. As cap rates rise, that window narrows: owners with assets at record values should look at selling or recapitalizing before the reset reaches them.

Source: Chirag Hathiramani Real Estate Consulting analysis of various data sources. Not investment advice.

SECTION 6

Strategy calls for 2027

EXHIBIT 3

Where I would lean in, and where I would wait

Property type and structure	2027 stance	Why
Apartments, buying from 2021-22 floating-rate owners	Lean in	Prices reset, loans due, buyers' capital raised
Rescue capital, preferred equity, recapitalizations	Lean in	43% of maturing apartment loans and about 75% of maturing Class A office loans need new equity (Trepp)
Office, commodity buildings at reset prices	Selective	Trades 27% to 64% below prior prices; buy only with a clear use or tenant plan
Hotels from lenders, Austin and San Antonio	Selective	Lenders taking assets back and financing buyers
Land	Selective	Seller notes and wide bid-ask gaps favor buyers with cash
Industrial	Sell or recapitalize in DFW; buy selectively in Austin	DFW at record prices; Austin oversupplied, small-bay and flex hold up best
Retail	Hold for income	Low vacancy and few forced sellers; cap rates steady in DFW and Houston, rising in Austin and San Antonio
Data centers and powered land	Selective, DFW	Strong preleasing; in my view power, permits and politics carry real risk
New development	Wait	In my view, today's cost of capital and slow rents make most new starts hard to justify before 2028

Call 1: The floodgates start to open in 2027

In one sentence: the floodgates across Texas commercial real estate are not open today, and 2027 is the year they start to open, as higher rates reset cap rates, extensions run out and owners sell or recapitalize to buyers who have already raised the money, led by office, hotels and 2021-22 apartment loans in DFW and Houston.

The numbers.

- **The stress is concentrated.** Texas agency floating-rate apartment loans from 2021 and 2022 are delinquent at 11.33%, against 1.35% for every other vintage (Trepp via CRE Daily, October 2026). Houston office CMBS distress is 31.5% (CRED iQ, October), and three downtown Austin hotels with about $650 million of loans have gone to special servicing, back to lenders or to foreclosure this year.
- **The clock runs out in 2027.** Extensions covered 21% of expected maturities at the start of 2026, half the 41% of a year earlier. $13.3 billion of DFW loans mature in the year from mid-September, and $12.5 billion is already past maturity. Private-label CMBS hard maturities reach $61.1 billion in 2027.
- **Cap rates are resetting.** Texas third-quarter cap rates are rising in apartments and retail, and CBRE expects at least 40 to 60 basis points more. Debt costs more than apartments and industrial earn today, so prices have to adjust before deals clear.
- **The capital is ready.** Texas pooled funds doubled over 12 months (47 against 23). Debt funds made 48% of non-agency loans in the third quarter.

Source: Chirag Hathiramani Real Estate Consulting analysis of various data sources. Not investment advice.

- **Sellers are starting to move.** Buyers ask for 5% to 10% retrades and sellers accept 3% to 5% (CRE Daily, November 6). Contracted sales are being retraded (CBRE, November 12).

First-level view: rates are high and the market is frozen, so wait until rates fall.

Second-level view: rates are not going to fall enough to rescue 2021 and 2022 pricing. The freeze comes from rate volatility, and the capital to buy is already raised. Once owners, lenders and buyers accept that higher rates are here to stay, cap rates reset, the bid and the ask meet, and the deals that have been held back start to clear. Lenders extended in 2024 and 2025 because they expected rate cuts. With the Fed hiking instead, the reason to wait is gone.

Where the evidence says the gates open only part way. I want to be clear about what the data does not show.

- Circlemark calls DFW maturities "a steady drip," and only 3 of 1,197 DFW loans due in the next year carry a recorded distress filing.
- Most Texas apartment debt sits with agencies and banks, where delinquency is low.
- Lenders are shifting from extensions to forbearance and combined modifications, which pushes some 2027 maturities out again.
- Equity fundraising is at a nine-year low.

So I expect a selective release that builds through 2027 and into 2028. That looks more like 2010 to 2012 after the Global Financial Crisis, when lenders extended first and sales then jumped, than the forced write-downs of the early-1990s RTC era.

Macro to company, step by step:

- The 10-year stays near 5%.
- Lenders need higher debt yields and lend less.
- Cap rates rise and stay up.
- Loans written in 2021 and 2022 cannot refinance without new cash.
- Lenders stop extending.
- Owners sell, recapitalize or hand back keys.
- Buyers with committed equity set prices, and volume catches up with the reset.

What it means for:

- **A firm raising its next fund:** raise for recapitalizations, note purchases and discounted office, hotels and apartments, with capital ready by mid-2027 when the DFW maturities peak.
- **An owner-operator:** solve any loan due in 2027 before your lender does. A preferred-equity partner or a partial sale in early 2027 beats a forced sale late in the year.
- **A lender:** extending buys time only if rates fall. In my view, working out loans early in 2027 with strong operators, through recapitalizations or note sales, recovers more than waiting.

For an operator at scale: your edge is that you can underwrite and run these assets better than anyone. What you cannot see on your own is how much competing equity is being raised for the same deals, and in what form. The filings show Texas residential syndications shrinking and Texas blind pools doubling. That argues for raising a dedicated recapitalization vehicle now, and for expecting the competition at the table to be funds with deadlines to deploy.

By metro. DFW: the most maturities and the most transactions, so the gates open widest there. Houston: office first, then apartments, bought for basis and cash flow. Austin: the deepest reset across property types, so the best entry for buyers with a long-term perspective. San Antonio: the deepest apartment discount and the slowest recovery, best for note buyers and operators already at scale there.

What would prove it wrong: a sharp, lasting drop in the 10-year that lets most 2021-22 borrowers refinance, or lenders extending through 2027 instead of forcing resolutions. Either would keep the gates shut another year.

Call 2: The programmatic raise

In one sentence: Texas sponsors who raise in 2027 will do it through a repeatable program (a fund with a deal-by-deal co-investment option or a 1031 option alongside it) more than one deal at a time, and the filings show that shift has already started.

The numbers. Texas pooled funds went from 1 to 11 in the first five weeks of the fourth quarter, faster than the national rise (30 to 44), and doubled over 12 months (47 against 23). Texas DST offerings went from $0.01 billion to $0.86 billion in the same window. Texas filed a record 15.7% of new US offerings, while national private real estate fundraising had its weakest first half in nine years.

First-level view: capital is scarce, so smaller sponsors cannot raise.

Second-level view: institutional blind-pool capital is scarce. Individual investors with a tax reason to invest (1031 exchanges), family offices and wealth platforms are still writing checks. In my view, LPs are short of liquidity more than appetite: real estate fund stakes trade at about 68% of NAV in the secondary market (Jefferies, first half 2026), so new money favors structures with a clear path to cash.

Macro to company, step by step:

- Higher rates keep institutional LPs cautious.
- Wealth and tax-driven money becomes the marginal buyer.
- Sponsors with a repeatable program, audited reporting and a placement channel win the raise.

What it means for:

- **A firm raising its next fund:** give investors an easier way in alongside the fund, such as a deal-by-deal co-investment or a tax-friendly 1031 option, and budget for the cost: the median disclosed placement fee is about 5% of the offering.
- **An owner-operator:** your stabilized Texas assets are product for 1031 buyers. Selling to a 1031 program can be a cleaner 2027 exit than waiting for an institutional buyer, especially before cap rates rise further.
- **A lender:** sponsors using programs will want longer, fixed-rate, assumable debt. Building that product wins business.

For an operator at scale: you do not need to guess who the next buyers of your stabilized assets are. The filings show which Texas sponsors are launching 1031 and pooled programs, how big they are and how fast they fill. That is a list of exit buyers and recapitalization partners you will not get from a broker's book.

By metro. DFW: the hub of the shift, with the most pooled funds and the highest placement-agent use (27%). Houston: the largest 1031 program in the window, and bigger median checks. Austin: more general solicitation (35% of offerings), so Austin sponsors are raising directly. San Antonio: too few filings to call.

What would prove it wrong: a stress event in the wealth channel (one large non-traded REIT already limited redemptions in April 2026), or 1031 volumes falling in 2027 as fewer owners sell at a gain.

Call 3: Austin, for patient buyers

In one sentence: Austin has reset further than DFW or Houston across apartments, industrial, office and downtown hotels, and its local capital base has pulled back hardest, which in my view makes it the most interesting Texas market to buy into in 2027 for buyers with a long-term perspective.

The numbers. Austin apartment prices are 18% below peak and cap rates have risen 19 straight quarters to 5.74%. Industrial vacancy is 19.3% with cap rates at 7.57%. Downtown office vacancy is above 30%. Three downtown hotels went to special servicing, back to lenders or to foreclosure this year. Austin sponsors' new offerings fell 21% over 12 months and their dollars offered nearly halved. Yet the best Austin buildings still trade: Class A at the Domain is 4.2% vacant and 405 Colorado sold for $733.70 per square foot in July.

First-level view: Austin overbuilt and is the worst market in Texas.

Second-level view: the bad news is in the price and in the capital flows. When the local capital base retreats and lenders hold distressed loans, the buyer who shows up with equity in 2027 sets the price.

Macro to company, step by step:

- Higher rates and slow job growth keep pressure on.
- Austin lenders and 2021-22 owners resolve loans.
- Local equity is scarce.
- Buyers with outside capital get the best entry prices in Texas outside San Antonio.

What it means for:

- **A firm raising its next fund:** an Austin sleeve with a clear entry discount is a story LPs will listen to, because it is the opposite of where the crowd is.
- **An owner-operator:** if you already run Austin assets, you have the local data to buy well. In my view, holding through 2027 beats selling at the bottom.
- **A lender:** in Austin, in my view, working with a strong operator on a recapitalization will likely beat a foreclosure sale.

For an operator at scale: you see rents and leasing in real time. What the filings add is how quickly competing local capital has left. Fewer Austin sponsors are raising, and the ones that are raise smaller. That means less competition for the assets you already know how to run.

By metro. Austin is the call. DFW is the safer version, with a deeper buyer pool and a smaller discount. Houston offers office at reset prices and steady apartment occupancy. San Antonio has the deepest apartment discount (20%) but a slower recovery, so it suits patient capital.

What would prove it wrong: Austin job growth stalls further in the first half of 2027, concessions and industrial vacancy keep rising past mid-2027, or a new wave of starts appears in the 2027 permits.

SECTION 7

What to do now

Your next raise

- Build the 2027 fund around recapitalizations, note purchases and discounted office, hotels and apartments, and give investors an easier way in alongside it, such as a deal-by-deal co-investment or a tax-friendly 1031 option.
- Have the capital ready by mid-2027, when the DFW maturities peak.
- Lead your LP deck with your answers to the questions analysts asked public owners all year: what 2027 looks like, how higher rates and higher cap rates hit deals and values, where you would sell today, and when supply burns off.
- Expect to pay for distribution: about 5% of the offering where disclosed, and about one in five Texas raises names a placement agent.

Your debt and your underwriting

- Stress test every loan and every new deal with interest rates above 7%, the 10-year above 5% and elevated cap rates for the long run. Price the cash needed to refinance each loan now.
- Underwrite exit cap rates above today's entry cap rates, most of all for apartments and industrial, where the spread over Treasuries is thinnest.
- For 2021-22 floating-rate loans, line up preferred equity or a recapitalization partner in the first half of 2027.
- Keep a refinancing package ready, and act when the 10-year dips: the early-November drop lasted days.

Your exit

- In my view, sell or recapitalize what is stabilized and priced near records (DFW industrial, retail, newer DFW apartments) before cap rates rise further, and hold through the supply trough where you have a basis advantage.
- Treat 1031 buyers as a primary exit for stabilized Texas assets.
- Use the filings to see which Texas sponsors are raising, how much, and how fast, and build your buyer list from that.

Questions your LPs and lenders will ask in 2027, and where this report answers them

These come from my FP&A research on 47 earnings calls across 25 public owners and managers (late 2025 to the third quarter of 2026), with Q3 2026 transcripts added.

1. What does 2027 look like, and how much rent growth is already locked in? (Sections 2 and 4)
2. How do higher rates hit deals, financing and values? (Section 1)
3. Where would you sell today, and at what cap rate? (Sections 1, 4 and 5, Call 1)
4. When does supply burn off? (Sections 2 and 4)
5. Does development still work at today's cost of capital? (Section 6 table)
6. How much floating-rate debt do you have, and how will you refinance it? (Call 1 and Section 7)
7. How are you raising, and who are your investors? (Section 3 and Call 2)
8. What are property taxes and insurance doing to your margins? (Section 2, in part; the appraisal cap expiry is the item to watch)

Texas rarely comes up by name on public calls. The only direct Texas question I found was about the Texas election, put to Camden, which earns about a quarter of its NOI in Texas. A Texas-specific answer to each of these is open ground for this report.

SECTION 8

Supporting data appendix

EXHIBIT 4

SEC filings, new real estate offerings by Texas sponsor metro, trailing 12 months to November 6

Prior year in brackets

Metro	New offerings	Dollars offered	Pooled funds	Residential	$100M-plus
Texas	700 (702)	$10.7B ($11.7B)	47 (23)	111 (157)	22 (22)
Dallas-Fort Worth	376 (356)	$5.6B ($6.7B)	37 (13)	56 (77)	14 (10)
Houston	156 (154)	$3.5B ($2.7B)	2 (4)	31 (52)	5 (7)
Austin	82 (104)	$0.8B ($1.5B)	5 (6)	9 (13)	1 (4)
San Antonio	16 (21)	$0.3B ($0.3B)	2 (0)	2 (1)	1 (1)

Dollars exclude two large non-fund filings (a construction company and a public company, about $1.5 billion together).

EXHIBIT 5

October 1 to November 6, 2026 against the same weeks of 2025

Measure	2025	2026
US new real estate offerings	551	510
US dollars offered, excluding DSTs	$10.0B	$7.7B
US $100M-plus raises, excluding DSTs	30	20
US pooled funds	30	44
Texas new offerings	68	80
Texas share of US	12.3%	15.7%
Texas pooled funds	1	11
Texas DST dollars offered	$0.01B	$0.86B
Texas dollars offered, excluding DSTs	$0.80B	$0.77B
Texas residential offerings	21	12

Source: Chirag Hathiramani Real Estate Consulting analysis of various data sources. Not investment advice.

EXHIBIT 6

Texas apartment pricing (Matthews)

Metro	Price per unit	Below peak	Q3 2026 cap rate	Change from 2021 low
Dallas-Fort Worth	$171,000 (Q3 2026)	11%	5.66%	+112 bp
Austin	$206,000 (Q2 2026)	18%	5.74%	Up 19 straight quarters
San Antonio	$122,000 (Q3 2026)	20%	6.22%	+132 bp

Austin's price is from the second quarter report (August), because the third quarter price rests on only 2 of 19 deals. Houston pricing was not available on the same basis. Another valuation source puts DFW only about 4% below peak, so treat percentages below peak as approximate.

EXHIBIT 7

Lending terms and leverage (October and November 2026)

Property type	Indicative loan rate	Max loan to value	Leverage today
Industrial and apartments	6.50% to 7.00%	55% to 60%	Negative: cap rates of 5.7% to 6.2% (apartments) and 6.0% (DFW industrial) sit below the loan rate
Anchored retail and self storage	7.00% to 7.50%	60% to 65%	About break-even
Hotels and mixed use	7.50% to 8.00%	60% to 65%	Positive for the strongest assets
Office and secondary retail	7.75% to 8.25%	55% to 65%	Positive at reset prices (Houston office 9.5%)

Loan rates and leverage from CLS CRE (October 2026, indicative, small lender). Leverage column is my comparison against Texas third-quarter cap rates.

Sources (selected)

- Federal Reserve: FOMC statements of September 16 and October 28, 2026; H.15 selected interest rates (November 13, 2026); October 2026 Senior Loan Officer Opinion Survey.
- Federal Reserve Bank of Dallas: Texas employment forecast (October 19, 2026); Banking Conditions Survey (November 2026).
- Chirag Hathiramani, "Insights from the Real Estate Bond Market" (November 6, 2026): Treasury path, lender spreads (ICE BofA via FRED, BofA, J.P. Morgan, Barclays), leverage and debt constants (CRED iQ, MSCI, Northmarq), CMBS delinquency (Trepp, October 2026), Green Street CPPI (October 2026).
- Chirag Hathiramani, "After the Wave: CRE Strategy for 2027 to 2028" (November 4, 2026): sector stances, Texas 2027 legislative issues, Austin vacancy.
- CBRE: "Higher-for-longer rates: implications for commercial real estate" (October 28, 2026); lender share data; DFW data center report, first half 2026.
- CRE Daily: Trepp third quarter CMBS review (October 27, 2026); CRED iQ metro distress (October 30, 2026); Trepp DFW delinquency (November 10, 2026); brokerage forecasts (November 12, 2026); KeyBank on underwriting (October 2, 2026); Circlemark DFW maturities (September 15, 2026); Roddy's Texas foreclosure postings (November 6, 2026).
- Matthews third quarter 2026 reports: DFW, Austin and San Antonio multifamily and retail; DFW, Austin and San Antonio industrial; Austin medical office (October 26 to November 4, 2026). Matthews Austin multifamily, second quarter 2026.
- Lee & Associates Houston office, retail, industrial and multifamily, third quarter 2026 (CoStar data). BNP Paribas Real Estate, Dallas office (September 4, 2026).
- CLS CRE CMBS loan rates (October 2026). HVS U.S. Market Pulse (October 21, 2026). Capital Economics US commercial property outlook (October 14, 2026). Propmodo (September 2, 2026).
- MBA (February 2026) and First American: maturities and extensions. Trepp via CRE Daily: Texas agency floating-rate apartment loans by vintage (October 2026).
- MSCI RCA: CPPI (September 2026) and third quarter volume. ULI and PwC: Emerging Trends in Real Estate 2027 (October 27, 2026).
- PERE: first half 2026 fundraising. With Intelligence: first half concentration. Hodes Weill: 2026 allocations monitor. Jefferies: first half 2026 secondary pricing.
- The Real Deal, Commercial Observer and Bisnow: Texas office and hotel trades and distress as dated in Sections 4 and 5. Texas A&M Real Estate Research Center and RealPage: demand and rent outlooks.
- Earnings call transcripts, Q3 2026: MAA, Camden, Invitation Homes, Realty Income, Blackstone, Blackstone Mortgage Trust, Starwood Property Trust, Arbor.

Source: Chirag Hathiramani Real Estate Consulting analysis of various data sources. Not investment advice.

ABOUT THE AUTHOR



Chirag Hathiramani

Chirag Hathiramani is a trusted advisor to principals of real estate firms on the key decisions that move the firm: capital strategy, the next fund, partnerships and restructurings, and where AI earns its place on the P&L.

His work covers three needs. **Protection:** defending capital when an investment goes wrong and every option costs money. **Stability:** the operating system, capital structure, reporting and leadership bench that let a platform perform in any market. **Growth:** durable, profitable expansion, with earnings that outpace headcount, AI that shows up as margin, and each new strategy or vehicle launched from strength.

He brings twenty years of principal-side experience across a public REIT, a developer and real estate private equity, including as a Chief Investment Officer, with approximately $3 billion of transactions. He is the author of The Platform CEO, holds an MBA from Georgetown University and teaches real estate at Huston-Tillotson University in Austin.

Where does your firm sit in 2027?

In a 25-minute conversation we will place your strategy, your loans and your next raise against the 2027 view in this report, and you leave with a written read on one decision.

Book a conversation: chiraghathiramani.com/book

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The three calls, cap rate and value expectations, indicative loan rates, forecasts and other forward-looking statements reflect the author's judgment as of November 17, 2026. They are based on current expectations and assumptions, are not guarantees of future performance, and actual results may differ materially.

SEC filing counts are the author's analysis of public Form D filings through November 6, 2026 and may differ from other sources. Market data reflects the dates noted in the text, and some figures come from secondary reports of primary data.

Data comes from the third-party sources noted throughout, which are believed to be reliable but have not been independently verified. Readers should consult their own legal, tax and financial advisors before making any decision.