NAVember 2026 – New Frontier of NAV: CRE NAV Loans

November 24, 2026

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NAV financing continues to evolve as one of the most dynamic areas of private fund finance, with growing adoption across asset classes, financing structures and investment strategies. Throughout the NAVember 2026 Conference, industry leaders, lenders, sponsors and legal practitioners explored the latest developments in NAV lending, including the expansion of commercial real estate NAV facilities, the growth of GP/ManCo financing, and the increasing focus on downside protections and exit planning. This summary highlights the key themes, market trends and practical takeaways from each session, offering insights into where the NAV market stands today and where it may be heading in the years ahead.

This session focused on CRE NAV facilities, an emerging and growing segment of the NAV market.

Current State of the Real Estate NAV Market

The panel analyzed the CRE NAV market as nascent, evolving and bespoke, with terms customized for each borrower. The market has been historically dominated by non-bank lenders, but traditional banks, including large national banks, are now entering the space. CRE NAV is more niche due to the complex capital structure, such as preferred equity and mortgages. Use cases for CRE NAV include injecting capital into existing assets and making new investments and, much less frequently, paying distributions or refinancing existing mortgages or preferred equity. Panelists also observed that while private equity NAV facilities typically come into play earlier in a fund's life, CRE NAV tends to come later in the fund life cycle.

Borrowing Base and Asset Mix

Panelists agreed that multifamily is the largest asset class for CRE NAV, with some single-family and other commercial real estate appearing in cyclical markets. Panelists noted that different types of real asset classes get different advance rates and present different issues, including whether property is in development, whether the underlying mortgage is maturing soon and whether the portfolio is sufficiently diversified. Unique to CRE NAV, panelists observed that lenders also care about construction defects and environmental issues concerning the underlying properties.

Mortgage Restrictions on Equity Pledges

The panel discussed a common restriction on equity pledges in mortgage documents. Panelists confirmed that such restriction is one reason CRE NAV remains a niche capital solution in real

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estate. It is imperative that lenders diligence the full suite of documents to have a complete understanding of what a NAV lender may take security over, identify which assets are financed and evaluate the entire collateral pool. One option is to put in place a springing pledge to protect the NAV lenders.

Financial Covenants

Financial covenants are more of a focus for CRE NAV lenders and often consist of fixed charge or interest coverage ratios, overall LTV level and minimum NAV. The panelists noted that many sponsors turn to NAV financing because they lack that level of cash flow, so lenders need to be creative in structuring the facility.

Rising Rates: Challenge or Opportunity?

In light of recent interest-rate hike, panelists agreed that there would be some challenges and emphasized that CRE NAV will remain customized and each CRE NAV deal will be structured in a manner that the market can support.

See other panel summaries here:

- NAVember 2026 – NAV Finance: Market Maturation and Strategic Applications
- NAVember 2026 – New Frontier of NAV: GP/ManCo Facilities and CVs
- NAVember 2026 – Market Update on Securitization and Structured Products in Fund Finance
- NAVember 2026 – Exit Scenarios and Downside Protections

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