



**Manulife Real Estate Credit Strategies**

*Capitalizing*  
on market  
dislocation

*Elevated  
yields*

*Growing  
opportunity set*

*Scalable,  
cyclical resilience*

## **A compelling opportunity in an elevated rate environment**

In today's higher-for-longer interest rate landscape, commercial real estate "CRE" credit can offer **attractive and consistent income generation**, particularly through floating rate structures that directly benefit from elevated benchmark rates. With traditional lenders retrenching, a **\$6.6 trillion addressable market** presents a robust pipeline for private credit, unlocking potential opportunities in bridge, transitional, and specialty loan structures.

## **Favorable entry points for real estate credit**

### **Capitalizing on elevated yields, market imbalances, and refinancing demands**

- CRE credit investors are capturing higher spreads and risk-adjusted returns.
- Market dislocations, combined with rising cap rates, are creating attractive lender-friendly terms and improved downside protection.
- Banks continue to be highly regulated and do not offer the flexible structures that private lenders can.
- Refinancing gaps and upcoming maturities can create favorable opportunities for well-underwritten bridge and transitional loans.

## **Selectivity drives better outcomes**

### **Risk-managed lending focused on quality**

- Maintain strict underwriting standards through all phases of the credit cycle.
- Avoid high LTV loans that reduce lender optionality in stressed scenarios.
- Prioritize institutional-quality assets in growing, supply-constrained markets.
- Negotiate bespoke loan structures to help ensure strong downside protection.

## **CRE credit performance remains considerably more stable**

### **Strong collateral, defensive structure, and superior recovery dynamics**

- Post-reset valuations allow private CRE lenders to originate at a lower basis and with stronger collateral coverage, improving downside protection.

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