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Commercial Mortgage-Backed Securities Distress Is Peaking — Again

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Mark A. Silverman

Mark Silverman, a partner in Troutman Pepper Locke's Bankruptcy and Restructuring Practice Group, was quoted in the August 31, 2026, *Commercial Observer* article, "Commercial Mortgage-Backed Securities Distress Is Peaking — Again."

> Mark Silverman, partner and CMBS special servicer team leader at law firm Troutman Pepper Locke, doesn't think the sky is falling, but it's "adjacent to Chicken Little" because the volume of maturities is too significant to ignore. While he doesn't expect a "terrible tsunami" of issues, he can't see how the market collectively sidesteps this particular 2026 maturity wall.
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> "You have bad underwriting at origination deals, and then you have market driven problems," said Silverman. "Those are just naturally going to coincide and hit at the same time."
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> "There's not going to be a sufficient number of lenders that are comfortable underwriting refis that make sense on a lot of these deals," Silverman said.
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> "That's a cagey way of saying multifamily isn't necessarily going to be underwritable on its face if the property fundamentals aren't there."
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> And, overall, Troutman Pepper's Silverman observed, the market has found ways to repurpose, reposition, sell and transact office assets despite the distress. Nobody is getting unbelievable, bottom-of-the-barrel pricing on these assets, Silverman said. Instead, they're getting average deals, and servicers aren't getting crushed.
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> "The ecosystem is self-sustaining," he said. "I think that's what's giving folks optimism."
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> Also, the concentration of risk in second-tier and tertiary markets remains a heavy weight that can't be undone easily. There's simply too much square footage and concentrated loan distress. These are markets with less volume, less experience with servicers, and less speed to develop, prolonging recovery and redevelopment, Silverman said.
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> And then there's the bigger worry of the overall economy, where consumer sentiment and spending continue heading in the wrong direction. Silverman said that if consumers continue to feel completely overwhelmed by inflation and stagnant incomes, that will reduce spending, slowly amping up pressure on properties that will eventually show signs of distress. "If you can't beat back inflation and you can't otherwise solve some of these other macro problems," he said, "how do you solve the micro problem of your loan maturing?"

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