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# How the Fed's Rate Hike May Affect Real Estate

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[Daniel J. Valenti](#)

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[Daniel J. Valenti](#), a partner in Troutman Pepper Locke's [Real Estate](#) Practice Group, was quoted in the September 17, 2026, *Law360 Real Estate Authority* article, "[How the Fed's Rate Hike May Affect Real Estate](#)."

Troutman Pepper Locke partner Dan Valenti also noted that increased rates means less net operating income, which means a lower debt service coverage ratio, or DSCR, a primary metric used to underwrite the financial health of a property and loan risk.

"For deals in the pipeline where the lenders did not previously take into account the possibility of rate hikes, those loans risk being resized," Valenti said. "For in-place loans, the pressure on the DSCR may push the DSCR down so low that cash management provisions would be triggered, giving the lender more control over how cash at the property is applied, and for some borrowers may mean that they don't meet the DSCR hurdles required to be achieved in order to extend loans facing maturity."

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