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It’s About to Get Real as Higher Rates Weigh on REITs

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Daniel J. Valenti

Dan Valenti, a partner in Troutman Pepper Locke’s Real Estate Practice Group, was quoted in the September 28, 2026, *The Daily Upside* and *Yahoo! Finance* articles, “It’s About to Get Real as Higher Rates Weigh on REITs.”

> “The effect is on the entire real-estate finance market itself,” said Dan Valenti, partner at Troutman Pepper Locke. “For our clients where real estate is all of what they do … they’re all feeling the same pressures from it.”
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> Two metrics used in the real estate business — loan-to-value ratios and debt-service coverage ratios — affect the rates borrowers can get. Higher capitalization rates have notched up loan-to-value ratios, and consequently, borrowers may have to come to the table with more equity or collateral than they previously would have, Valenti said. And the larger amounts borrowers must spend on debt service can also trigger features in loan documents like access to cash, which may now be more restricted, he noted. “We have not just the [rate] increase now but signals that there may be another increase in the future,” he said. “People are cognizant of that and are pricing that in right now.”

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