


## Real Estate Lending and Insurance Capital, Opportunities in a Reset Market

How real estate credit fits within insurance portfolios, the evolving risk landscape, regulatory considerations and where today's most compelling opportunities are emerging.

**Broadcast:** April 22, 2026 **View the webinar:** 

### Panelist:



**Abbe Borok**

Managing Partner and Head of US Debt, BGO

### Executive Summary:

As volatility continues to reshape traditional fixed income markets, insurers are increasingly looking to private real estate lending as a way to enhance yield, improve diversification, and achieve greater capital efficiency. In this discussion, Abbe Borok Managing Partner and Head of US Debt at BGO outlines how the asset class has evolved beyond traditional core mortgages into higher-yielding strategies such as core-plus and value-add lending, offering compelling risk-adjusted returns in a higher-for-longer interest rate environment. With features like floating-rate structures, contractual income, and strong downside protections, real estate credit is becoming a more prominent component of insurer portfolios.

At the same time, structural and cyclical dynamics are reinforcing its appeal relative to other private credit segments. While corporate credit markets show late-cycle signals, real estate credit benefits from prior corrections, tangible collateral, and expanding opportunity sets driven by bank retrenchment and recovering property markets. Success in this space, however, depends heavily on manager expertise, platform scale, and disciplined underwriting focused on downside protection, with insurers increasingly prioritizing diversification, sourcing advantages, and granular market insight.

## Highlights:



### 01. Expanding Beyond Core: Why Real Estate Lending Is Gaining Traction

*Insurers are increasingly drawn to higher-yielding real estate lending strategies that offer both income and downside protection in today's rate environment.*

**John:** From an insurer's perspective, what makes private real estate lending attractive in the current rate environment?

**Abbe:** Core mortgages, investment grade fixed-rate mortgage loans on stabilized properties have been a core part of insurance company portfolios for a long time. We are continuing to see this broadening of the real estate allocation into higher yielding strategies such as core-plus and value-add lending. That's particularly attractive in today's interest rate environment. To start though, maybe I'll take a step back and explain a little bit what we mean when we say value-add lending on the real estate side because it is a segment of the market where we really see a growing opportunity set and are particularly focused on at SLC and BGO. Value-add lending is lending to very institutional borrower sponsors of commercial real estate -- owners, operators, developers groups with a track record, financial wherewithal, institutional quality borrower sponsors. We're providing a senior loan at a moderate attachment point in the capital stack. Think 65 to 70 percent loan to cost or attachment point for those borrowers to acquire or develop a real estate asset with a value-add business plan. What we like about this type of product in our interest rate environment like today is, one, these are floating rate loans. In a higher-for-longer interest rate environment, that's attractive. We are importantly putting floors in these loans as well. If our policy metrics change and interest rates begin to come down, we do have protection there. They're floating rate loans, moderate attachment point in the capital stack. We have contractual income, so it's primarily the interest is paid current every month. We are very focused on that downside protection. Where is the market today? How bad can that local real estate market get? We're still going to get all of our principal back on every loan. In an environment like today, we're increasingly seeing groups and our clients come to us and look at core-plus value-add lending as a really attractive portion of the market.



### 02. A Relative Value Play: Real Estate Credit vs. Corporate Credit

*Real estate credit is emerging as a compelling alternative to corporate private credit due to stronger collateral and more favorable cycle positioning.*

**John:** How does private real estate lending compare with other private credit opportunities available to insurers?

**Abbe:** This is a good question because we've been getting this a lot from our clients and investors, which is how should we approach real estate credit and think about real estate credit in the context of some of the noise that we're seeing in the larger private credit markets, particularly the corporate credit markets? I think I'll make two points here. One, from a cyclical point of view, real estate credit looks very attractive. If you look at corporate credit, it is showing some signs of late cycle characteristics. Whether that's some high-profile bankruptcies, redemption queues, you are beginning to see some noise in that market. I think there's a healthy debate about that noise, how it's going to translate into performance going forward, and that's where manager selection's super important. I think you can see a pretty stark contrast between real estate credit and corporate credit just from a cyclical perspective. On the real estate side, the market had a number of corrections to date. You could see that from an asset class perspective with retail real estate coming out of the GFC, there was a correction there. You can see it with the office asset class coming out of COVID. Then more recently, more broad based with the 2022 interest rate rises, you've seen that correction. We feel like in most asset classes and markets, particularly in the US, you're in some level of recovery in the real estate markets. Now that's also good on the equity side. BGL has a very large equity book that informs a lot of what we do on the debt side as well. However, you do have an overlay now of some macro volatility. Having the downside protection associated with debt, real estate credit is also very attractive. From just a cyclical perspective, it does feel like real estate credit is a

bit undervalued when compared to other segments of private credit. Maybe more importantly though, I would say on the structural side, there are also quite a few comparisons of real estate credit to corporate credit where first and foremost, and maybe this is stating the obvious, but we have a hard asset as our security. We have a lot of transparency and certainty around the collateral that we have on our loan in a downside, which is what we're always thinking about as lenders, we can step in there. Importantly, when you have a manager like BGL or others that have a large, strong equity platform, we take comfort in that hard asset because we know we could step in if we needed to. We could formulate a business plan and find a way to create value there. That transparency and simplicity of the collateral, particularly in a high downside, we think is an attractive point as well. How does real estate credit fit into a portfolio? Groups approach it from different perspectives, whether it's part-yield enhancement for their fixed income portfolio, whether it's downside protection in their real estate portfolio. More and more, we're seeing it approach from the private credit perspective. I think there are a lot of differentiators in ways that it can be an attractive segment of that overall allocation. 21:44



### 03. A Window of Opportunity: Where the Market Is Opening Up

*Bank retrenchment and recovering property markets are creating a broader and more attractive lending opportunity set.*

**John:** Where are insurers finding the most compelling opportunities in today's real estate lending market?

**Abbe:** We think that there are several compelling areas of the market driven by a couple of different themes. One is that we see the opportunity set expanding in the current environment. I'll talk a little bit about that. Second of all, we've seen a continued retrenchment by more traditional providers of real estate debt capital in the markets. When I say that, I'm particularly focused on banks. I'll spend a little time on that as well. Then finally, this recovery in the equity markets is a pretty tremendous argument for why real estate credit now. I'll start with just the bank retrenchment. We have seen this continued pullback from banks and over the last 15 years from the GFC. There's some argument that we're seeing some return of the banks to the real estate capital markets. However, at a much lower attachment point in the capital stack, there's been a permanent credit culture shift in many of those regulated financial institutions. Alternative lenders like ourselves have been able to step into that space and continue to provide very moderate levered loans, real downside risk protection, tight structures on many of these loans as an alternative and fill that gap in the market. We see that just continuing over time. I'd say, additionally, just on the expanding opportunity set, because of this recovery in many real estate markets, particularly in the US, there is an expanding opportunity set, and I'll segment that into two areas. One is on the asset class side. Over the last cycle, most of the opportunities that we've seen that we felt were investable on the debt side were in the residential and industrial space, logistics, multifamily, asset classes that we have been able to see demographic and secular trends as tailwinds. However, increasingly, some asset classes that have not been as investable are becoming more so. The opportunity set from an asset class perspective is increasing. This can include office transactions. We're seeing a recovery in some office markets, particularly focused on primary markets in the US. This can be in the retail space where we're seeing real outperformance as an asset class. Some of these are also niche asset classes or subsets of the residential and industrial space where we are particularly well positioned to find opportunities given the scope of our real estate equity platform. Some example of that would be in the multifamily space. We've been active in the student housing or seniors housing segments of the market. In industrial, that can be manufacturing where we've seen some trends for reshoring. That's a lot, and that's very heavy on the real estate, but some interesting opportunities that are expanding the opportunity set from a real estate asset class perspective. We're also seeing that across markets in the US as well, where I mentioned primary markets, we're seeing more of a broad-based recovery in markets like New York and San Francisco, Chicago, and also continuing to see a burn off of supply. Real estate has contended with some oversupply in certain markets through this last correction. In certain markets where we had that supply, there has not been as much new supply introduced. We're beginning to see absorption of that. That's a lot on the real estate markets. I wanted to get that out. Suffice to say it's an interesting opportunity set that we see in front of us because of some of this pullback by more traditional lenders, because of the recovery in the real estate equity markets and some of these more nuanced expansion opportunities as well.



#### 04. Execution Matters: What Sets Successful Strategies Apart

*Platform scale, local expertise, and integrated equity insights are key differentiators in real estate lending performance.*

**John:** What differentiates successful real estate lending strategies in insurance portfolios?

**Abbe:** Primit touched on a few of these points, but I think being able to deliver a more simplified vehicle or way to invest into value out lending is compelling. It is pretty high touch lending at the real estate level. Having a manager that not only has a large broad-based debt platform and ability to penetrate the market there but also is partnered with a large equity platform that allows us to benefit from the boots on the ground, the teams we have in the local market, our ability to underwrite that local market and the many times it's down to the exact asset that we have knowledge in house is super important. Having that ability to underwrite that market, find someone on our team that not only usually knows the market and the submarket, but many times knows the asset, the comp set and the tenants that are in the market for that commercial real estate asset, and I'm seeking for BGL, provides us an ability to, we think, underwrite those debt positions in an even more granular way. 35:08



#### 05. Choosing the Right Partner: Manager Selection Priorities

*Breadth of platform, sourcing advantages, and market access are critical in selecting real estate credit managers.*

**John:** How should insurers be approaching manager selection in this space?

**Abbe:** There we go. I kind of answered that, but it is this combination of having this breadth, scope and ability to um have a larger platform with the resources scaling, particularly in the US market and being relevant across a borrower's ecosystem. Being able to provide a stabilized loan as a core mortgage or a CML and put out that on the balance sheet of our general account. Being able to provide core-plus value-add lending. Being able to also be relevant for development and construction loans. The breadth of that offering and platform is powerful. I'd also say in a market like today where we have seen some increased competition as liquidity comes back into the market, having differentiated sourcing models is important. We are out in the market. The US real estate debt capital markets are the largest and most liquid in the world. That's the good news in a lot of ways. As the markets stabilize, there is some competition there. Being able to have a differentiated sourcing model where we are working directly with many of the groups that we're lending to, they're groups that we've perhaps partnered with on the equity side perhaps have touch points with across our broader SLC platform. Being able to directly source those opportunities in the market and find really differentiated off-market opportunities is also something that from a manager selection perspective, we think is important. 39:01



#### 06. Where the Money Is Going: Sector Preferences Today

*Residential and industrial sectors lead investor interest, with growing attention to niche and emerging segments.*

**John:** Which property sectors are generating the most interest from insurance investors right now?

**Abbe:** I spoke a little bit about the expanding opportunity set where we actually see this ability to invest across a more diverse set of real estate asset classes, and that is a trend that we're continuing to see. That being said, the two asset classes where we are most active across our platform both on the equity and debt side, and we see the most appetite from insurers and other clients are in the residential and industrial space. To that end, as I mentioned, we have a very large industrial program both on the equity and debt side, primarily focused on logistics assets where we're very focused on some of the themes you're seeing around power and infrastructure, advanced manufacturing. A little bit of a blend of real assets with real estate and infrastructure connectivity there. Then on the residential side, we just announced a large firm-wide commitment to multifamily, which we're excited about to continue to build out those capabilities, which we have, but augment those. That's an asset class that we know the US is very under housed. I would say on the multifamily side, we are approaching that with some

caution. It's very much market specific. That's where our expertise and boots on the ground allow us to make sure that we're picking the right markets that are going to outperform in the short to medium term and capture those. That's where we most see the focus. I'd say just to add on to that again, there are niche asset classes that continue to become relevant, whether that's more manufacturing, industrial, industrial outdoor storage. We see continued activity in the build-to-rent space, some asset classes that are more niche but have become more relevant over the most recent cycle. 44:07



## 07. Underwriting for Downside: How Credit Quality Is Assessed

*A disciplined focus on downside risk and collateral protection defines credit evaluation in real estate lending.*

**John:** Abbe, how are insurers evaluating credit quality in today's lending environment?

**Abbe:** The good thing about being a real estate lender my entire career, it's all about the downside. Even in a market like today where we are seeing improving fundamentals, where we do have the capabilities through our data and analytics to see which markets we think are going to perform in the short to medium term, we're not underwriting any of that on the real estate lender side. It's all about where is the market today and how bad could that market get. Our team has a lot of expertise projecting that out because we've been through many cycles today and we've have that expertise. How bad can it get? We're still going to get our principal back on every loan. While there is some execution risk that we're underwriting at the real estate level, from just a downside protection perspective, and our credit culture that we have across -- and I think this is important to have success in this value-add lending type of strategy -- is you have to have a cohesive credit culture across the entire platform. We have 20 billion of real estate debt at BGL globally. It's a big book, but there is a real cohesiveness to how we approach credit, how we approach our risk tolerance, how we underwrite. That serves us as we look across regions. We are executing in Canada, the US, and Europe. We have a very diverse portfolio from a geographic perspective. From the senior level, that cohesiveness and that focus on that downside protection has served us well.