

Blackstone Mortgage Trust First Quarter 2026 Investor Call
April 29, 2026 at 9:00am ET

Tim Hayes: Good morning and welcome, everyone, to Blackstone Mortgage Trust's first quarter 2026 earnings conference call. I'm joined today by Tim Johnson, Chief Executive Officer; Austin Peña, President; and Marcin Urbaszek, Chief Financial Officer.

This morning, we filed our 10-Q and issued a press release and the presentation of our results, which are available on our website and have been filed with the SEC. I'd like to remind everyone that today's call may include forward-looking statements, which are subject to risks, uncertainties, and other factors outside of the company's control. Actual results may differ materially.

For a discussion of some of the risks that could affect results, please see the Risk Factors section of our most recent 10-K. We do not undertake any duty to update forward-looking statements. We will also refer to certain non-GAAP measures on this call. And for reconciliations, you should refer to the press release and 10-Q.

This audiocast is copyrighted material of Blackstone Mortgage Trust and may not be duplicated without our consent. For the first quarter, we reported a GAAP net loss of \$0.04 per share, while distributable earnings were \$0.21 per share and distributable earnings prior to realized gains and losses were \$0.49 per share. A few weeks ago, we paid a dividend of \$0.47 per share with respect to the first quarter.

With that, I'll now turn the call over to Tim.

Tim Johnson: Thanks, Tim. BXMT's first quarter results clearly demonstrate the breadth of our platform and our ability to execute on both sides of the balance sheet amidst an ongoing real estate recovery. Our key competitive advantages drove distributable earnings prior to realized gains and losses of \$0.49 per share, marking our third consecutive quarter of dividend coverage.

We leveraged our scale and proprietary sourcing channels to capture attractive investments across a range of sectors, markets, and strategies with a focus on several of our highest conviction themes, such as diversified industrial portfolios and essential use net lease properties. We also closed our first data center loan this quarter and invested in a diversified portfolio of low-leverage loans originated by a leading UK bank, investments offering compelling relative value, which Austin will detail further in his remarks.

Real estate fundamentals continue to recover, benefiting from steadily increasing values and the sharp decline in new supply across all major property types. The public equity markets recognize this with REITs significantly outperforming the S&P 500 year-to-date. And despite recent global volatility driven by the conflict in the Middle East, real estate equity and debt markets have remained resilient. US CMBS issuance is up nearly 15% from this time last year and on pace for yet another post-GFC record, and spreads sit 15 basis points tighter compared to the beginning of the year.

In Europe, we've observed a slightly larger impact with a slowdown in CMBS new issue activity and spreads modestly wider. However, real estate lending markets in the region remain open and active. Just a few weeks ago, we were fully repaid on a £177 million student housing loan that was refinanced by a bank syndicate. And we are aware of several other large recently awarded deals in the market.

Importantly, we've observed no change in the fundamental performance across our UK and Europe portfolio. Today, BXMT is in an advantageous position. We have a well-invested portfolio generating strong in-place current income, allowing us to maximize return on new capital deployment. Leveraging our scaled platform of over 170 real estate debt professionals, we cast a wide net across the global real estate credit markets, both in terms of sourcing new opportunities and also driving strong capital markets execution, setting up diversified investments to generate highly compelling risk-adjusted returns.

To that end, our investments this quarter generated levered returns of 900 basis points over base rates, in line with our investment activity over the past year. We also accretively refinanced \$700 million of corporate debt, issued \$1.3 billion of securitized debt, and added a new non-mark-to-market credit facility to our 16-counterparty complex. All further demonstrating the strength and creativity of our dedicated capital markets team.

Moving to the portfolio, we continue to be pleased with performance. We received over \$600 million of repayments, with more than half in US office. We resolved one impaired Hospitality loan via foreclosure, and we executed on the sale of a multifamily property, the first from our owned real-estate portfolio, as we capitalized on the supportive capital markets backdrop.

While there is more work to do, including the eventual disposition of the remainder of our owned real-estate portfolio, the trend in our business is now crystal-clear. Resolutions and redeployment are driving earnings that cover our dividend and offer investors an attractive current yield of approximately 9.5%. These initiatives are supported by a compelling real-estate credit backdrop with loans secured by hard assets, property values still early in their recovery, and spreads still wide relative to other credit alternatives. With this setup, BXMT continues to be exceptionally well-positioned with unique insights from our Blackstone real estate platform, guiding our strategy and delivering strong results for our investors.

I'll now turn it over to Austin to discuss our investments and portfolio in more detail.

Austin Peña: Thanks, Tim. Our investment portfolio ended the quarter at just under \$20 billion, consistent with year-end, as the funding of new investments largely offset repayments collected in the quarter. Our loan portfolio comprises approximately 87% of our investments, with our fixed-rate and longer duration strategies like net lease and bank loan portfolios representing 6%, and our owned real estate accounting for the remainder.

The broad capabilities of our platform were on full display in the first quarter, as we closed \$540 million of new investments across various geographies and strategies. Q1 investments included \$275 million of loan originations with a weighted average LTV of 68%. The £50 million investment in the UK bank loan portfolio that Tim mentioned earlier, and \$197 million of net lease acquisitions at BXMT's share, our most active quarter in net lease to date.

Our loan originations were largely concentrated in residential and industrial, sectors with strong underlying fundamentals, where we continue to orient our investment strategy. Of note, we financed several of our Q1 originations through the syndication market on a non-recourse, non-mark-to-market basis. Reflecting the sold positions, which are not included on our balance sheet, gross loan originations were over \$800 million in the quarter. And our forward pipeline remains strong with over \$1 billion closed or in closing so far in the second quarter.

As Tim mentioned, we closed our first data center loan in BXMT, financing a stabilized asset in Northern Virginia, a 100% leased to an investment-grade hyperscale tenant and owned by an experienced sponsor.

Leveraging our scale and capital markets capabilities, we originated a fixed-rate whole loan and syndicated a senior mortgage, generating a mezzanine loan with a 14% all-in yield and 4.5 years of call protection. With \$150 billion of data center assets owned and under development, Blackstone is the largest financial investor in data centers globally.

As a result, BXMT sits in an extraordinary position to identify and underwrite investments in this space. With the AI megatrend driving unprecedented demand for compute and supporting critical infrastructure, we see more opportunities in this sector on the horizon. We also made a £50 million investment in a portfolio of granular high-cash-flowing UK Bank loans. The loans are backed by over 3,000 properties, primarily in the residential and industrial sectors, with a weighted average LTV below 50%. Like the portfolios we acquired from US banks last year, this investment adds diversification and duration with an underwritten term of over five years.

The investment was sourced, leveraging Blackstone's strong relationship with the bank, yet another example of our access to differentiated investments across the world. Our loan portfolio ended the quarter at \$16.4 billion across 130 loans, with more than 50% in multifamily and industrial, and was 98% performing. We upgraded four loans this quarter.

Additionally, post-quarter end, the largest loan in our watchlist, our Spanish residential NPL loan, was modified, significantly enhancing our credit position. The modification includes a spread reduction and maturity extension in exchange for meaningful additional commitment and credit support from the borrower. As a reminder, this loan has repaid more than €550 million since origination, including another €20 million last quarter, as the borrower sells the underlying collateral.

The loan remains performing, paying interest current, and we expect it to continue to pay down over time. We also added two office loans to our watchlist and impaired two loans this quarter, booking modest additional reserves. Both were previously on our watchlist. One was our only studio loan, a sector that has faced significant headwinds. Of note, this loan represents less than 1% of our portfolio and is secured by a 25-acre campus centrally located in Los Angeles across the street from one of the most productive retail assets in the country, providing significant optionality and redevelopment potential.

The other loan is secured by a portfolio of 1980's vintage multifamily properties located in Dallas, originated in 2022. Older vintage properties in Sunbelt markets like this have been impacted by a combination of elevated new supply and weaker demand, a different profile than the vast majority of our multifamily portfolio, which continues to attract strong demand and demonstrate steady performance. Across our 46 multifamily loans, we have just six with a similar profile, just 2% of our portfolio. One is on our watchlist, and the rest are all risk-rated three and carry in-place debt yields north of 6%.

We continue to make good progress on our owned real estate as we leverage our platform to maximize values overtime. As we've said in the past, we are not a forced seller. With our strong balance sheet, liquidity, and earnings supporting our dividend, we can be patient. We make hold versus sell decisions like we do across our real estate business, using our data, insights, and asset class expertise to underwrite go-forward returns compared to where we can reinvest.

This quarter, we saw several positive developments. We sold one multifamily asset in Texas, in-line with our carrying value. We hit a key milestone on our Mountain View office asset, where we received local approvals to redevelop the site into for-sale residential, bringing us one step closer to unlocking

significant value potential. And our fully renovated Hyatt Hotel in San Francisco continued to see improving performance as Q1 EBITDA more than doubled year-over-year.

Finally, turning to net lease, our portfolio continues to scale, reaching \$516 million at share at quarter end, up from \$66 million this time last year, and with another \$120 million in closing. Our dedicated team has assembled a high-quality portfolio, acquiring 260 assets at an average price of \$2 million at a discount to replacement costs.

The portfolio generates three times rent coverage with 2% annual rent escalators and lease terms extending over 15 years on average. We believe our net lease strategy continues to provide compelling relative value in today's investment environment, naturally complementing our floating rate lending strategy with long duration, contractually increasing cash flow, driving strong current returns.

Overall, BXMT continues to demonstrate positive momentum, capturing diversified investments to drive strong earnings power and dividend coverage, underpinned by an investment strategy designed to deliver strong long-term performance for our investors.

And with that, I will pass it over to Marcin to unpack our financial results.

Marcin Urbaszek: Thank you, Austin, and good morning, everyone. In the first quarter, BXMT reported GAAP net loss of \$0.04 per share and distributable earnings or DE of \$0.21 per share. DE included \$46 million of realized losses related to the resolution of an impaired San Francisco hotel loan. We foreclosed on the property and now hold it on the balance sheet as owned real estate, with our basis representing an approximate 70% discount relative to the prior owner's cost basis. DE prior to realized gains and losses was \$0.49 per share, covering our dividend for the third consecutive quarter.

The \$0.02 decline in this metric from the prior quarter was largely due to lower net operating income from owned real estate, reflecting the outsized seasonal benefit from hospitality properties recognized in the fourth quarter results, which we discussed on our last earnings call.

It is worth noting that we slightly amended our DE prior charge-offs metrics this quarter to DE prior to realized gains and losses. This amendment reflects the evolving composition of our portfolio, though the spirit of the metric remains unchanged, which is to provide investors with a measure that we believe represents the ongoing earnings power of our business.

Our owned real-estate portfolio generated \$14 million of NOI this quarter and included a \$3 million tax refund on one of our properties. Excluding this benefit, this represents an annualized asset yield on carrying value of approximately 3.5%, which we estimate is 250 basis points to 300 basis points below the yields we are achieving on new originations today.

While some asset sales will take longer than others, rotating this capital provides further support to BXMT's earnings power over time. Book value ended the first quarter at \$20.20 per share, down modestly by 2.7% from the prior period, primarily due to a \$0.33 per share increase in CECL reserves and \$0.13 per share of depreciation and amortization, or D&A, related to our owned real-estate assets.

In total, book value includes \$0.57 per share of accumulated D&A and \$1.80 per share of total CECL reserves, of which \$1.30 per share is attributable to the general reserve. Turning to BXMT's capitalization, our balance sheet remains in excellent shape. We ended the quarter with \$1 billion of liquidity. Our Q1 debt-to-equity ratio decreased to 3.7 times from 3.9 times in Q4 and remains

squarely within our target range.

We were very active in the capital markets this quarter, taking advantage of robust liquidity and investor demand. We started by repricing approximately \$700 million of our corporate term loan in early January, reducing our financing spread by 50 basis points. As a result of our proactive approach over the past few quarters, we ended Q1 with four years of weighted average remaining term on our corporate debt with no maturities until 2027.

Later in January, we issued our second reinvesting CLO, a \$1 billion transaction, largely collateralized by new vintage investments. Reflecting this issuance and the addition of the new lending facility Tim mentioned earlier, total non-mark-to-market borrowings now represent about 86% of total debt. And we continue to have no capital markets mark-to-market provisions throughout our capital structure.

In March, we closed our inaugural asset-backed securitization in our net lease joint venture. The transaction was met with exceptional investor demand and was several times oversubscribed, driving an accretive execution and resulting in highly compelling structure and terms.

And lastly, as Austin mentioned earlier, we also executed several senior loan syndications with attractive terms, underscoring our broad access to various sources of capital, which we believe is one of our key competitive advantages in the market. The benefits of our leading global real-estate platform are driving results on both sides of our balance sheet and help position BXMT to deliver attractive risk-adjusted returns to our investors over time.

Thank you again for joining us today, and I will now ask the operator to open the call to questions.

Operator: Thank you. We'll take our first question from Tom Catherwood with BTIG.

Tom Catherwood: Thank you, and good morning, everybody. Austin, maybe starting with you, I know loan originations can be lumpy quarter-to-quarter, but was Q1 activity impacted primarily by the timing of closings, or was it just with more activity pushed into the second quarter, or was there something else driving the relatively slower pace in the first quarter?

Austin Peña: Yeah. Thanks, Tom. Yeah. I think there is always a little bit, as you said, of changes quarter-to-quarter in terms of origination volatility and a bit of seasonality that can impact those quarter-to-quarter numbers. As I mentioned earlier in my prepared remarks, when you look at our investment activity this quarter, there was a good amount of mezzanine loans or loans that we financed through the syndication market, which is not included in the roughly \$0.5 billion that we mentioned in our reporting. And so when you gross-up for those syndicated interests, the quarter was a pretty regular quarter in terms of overall lending activity.

And as I also mentioned, we have a very good pipeline, over \$1 billion for the second quarter. So I wouldn't read too much into the overall activity this quarter. I think it was a pretty regular quarter in terms of what we typically see, and we continue to have a really, really good opportunity set that we're looking at.

Tom Catherwood: Got it. And very fair point on the syndications. I had not taken that into account. And then maybe turning over to the net lease side of the business. So which has now become a not insignificant part of the portfolio. Kind of two questions there. Pipeline-wise, you mentioned \$125 million in closing. How large -- what's the target that you have internally for that over the near term? And then the second part to it is, this is a competitive sector.

It seems like everyone is out chasing net lease deals, be they other alternative asset managers or the REITs. What is it about this platform that's allowed it to do \$500 million, or I guess that's selling your share. So, north of probably \$700 million of acquisitions in the past year alone?

Austin Peña: Yeah, thanks. It's a really good question. And as you noted, and as we noted earlier, we had a really active quarter in net lease this quarter, about \$200 million of investments at our share. And we've assembled what we think is a really great portfolio over the last year or so since we started this business.

We do intend to grow this part of our balance sheet and our portfolio. It's about 3% of the overall portfolio today. And obviously, we look at risk adjusted returns when we're looking at these investments relative to other things that we can do in terms of allocating our capital. But we would be very happy if this could become at least 10% of our portfolio over time.

In terms of what we see in the marketplace today, as you say, there are a lot of players, but we think we have an excellent team. We have a dedicated team of experienced individuals led by someone who has been in this space for 30 or so years. They are finding, we think really attractive investments. It is a granular investment profile, as I mentioned, about \$2 million per property. So it really takes a lot of experience and relationships to identify investments.

And when you look at the portfolio that we've assembled, as I mentioned earlier, over 15 years of duration, 2% rent escalator, it's over three times coverage. We really like that profile. We think it really complements our floating rate lending business, adding duration, adding an upwards sloping set of cash flows that we think really provides a very nice complement to the other side of our business.

Tom Catherwood: Got it. Appreciate the answers. Thanks, everyone.

Operator: Thank you. We'll take our next question from Rick Shane with JPMorgan.

Rick Shane: Hey guys, thanks for taking my questions. Look, you have two loans on your -- in your top-10 that are maturing this year. New York multi-use and Chicago office, one is rated three, one is rated four. Can you just talk a little bit about your strategy on those maturities and what we should expect?

Tim Johnson: Yeah. Thanks, Rick. I can take that. I'd say we take a very active approach across our portfolio. We're obviously in conversations with our borrowers about their plans in terms of capital markets execution, really all the time. We go through every loan, every quarter. In terms of those specific deals, without getting into specifics, we have dialog with our borrowers around what their plans might be.

And I think we'll take a very proactive approach to the extent that their plans are evolving, we will be quite active on that approach.

Rick Shane: Okay. I understand you need to be a little bit circumspect on that. I get it. Second thing is you work through resolutions within the portfolio and it sounds like you're going to be pretty aggressive there. What should we think about as the sort of ambient CECL reserve rate, general reserve for new originations? So we can sort of think about over time what the convergence back to general reserves would be.

Marcin Urbaszek: Hey, Rick, it's Marcin. Thanks for joining us. Look, I think our general reserve right now, obviously, there's a lot of factors that go into it. It's somewhere around 100 basis points to 120 basis points. Obviously, that's driven by, like I said, the age of the portfolio, historical loss rates, and things like that.

So we don't see that changing dramatically. Obviously, as we work through the resolutions and the realized losses become a little bit of a smaller factor over time that might decline. But again, in the near-term, we don't see that changing dramatically.

Rick Shane: Got it. Okay. That's very helpful. Thank you, guys.

Operator: Thank you. We'll take our next question from Chris Moeller with Citizens Capital Markets.

Chris Moeller: Hey guys, thanks for taking the questions. I'm hopping around calls this morning, so I apologize if I missed any of this. But I wanted to ask about the bank loan portfolio acquisitions. I guess what is driving these? Are the banks approaching you guys to reduce their CRE exposure? And do you expect more of this over 2026?

Tim Johnson: Sure. Thanks, Chris. This is Tim. I'd say it's a bit multidimensional. It can depend on the situation, the bank loan portfolio. This quarter was a little bit different in its structure as a -- an SRT structure versus an outright acquisition. So in some cases, it's a capital relief transaction. In some cases, it's driven by M&A activity, which we would say is probably the main driver between -- in terms of the portfolio loan sale activity. That's banks in the United States predominantly going through M&A, a lot of it kind of the fallout from what happened in the regional banking industry in 2023. And that M&A activity tends to accelerate loan sale activity.

So I'd say that's the biggest driver, but it does come from a few different dimensions. And I'd say from a sourcing standpoint, this is one of the main areas we spend our time on, both within our real-estate debt business and broadly at the firm, is working with financial institutions to help deliver them solutions across not just real estate, but the entirety of their credit portfolio.

So it's a very, I'd say, diversified ecosystem of sourcing and really built on the banking relationships we have at the firm over a really long time.

Chris Moeller: Got it. That's very helpful. And then I guess just a high-level one. The 10-year keeps creeping higher. It's at 4.38% right now. How is that impacting borrower sentiment that you guys are seeing?

Tim Johnson: Yeah, I'd say in terms of borrower sentiment, the good news is that even though the 10-year has moved up really as a result of the mideast conflict and energy prices, the capital markets continue to be very, very active. CMBS issuance this year is up 15% on top of a year last year that was a post-GFC high.

So we continue to see borrowers coming to the market. And I think that it might put a little bit of a potential slowdown on sales of real estate, that would be something that you might keep an eye on.

But in terms of the credit markets, year-to-date, CMBS spreads are actually 15 basis points tighter. And so there's good credit availability and good capital availability. So borrowers are able to refinance their debt today and are doing so quite actively.

Chris Moeller: Got it. Appreciate you guys taking the question.

Operator: Thank you. We'll take our next question from Jade Rahmani with KBW.

Jade Rahmani: Thank you very much. Can you give any further color on what drove the \$55 million CECL provision? Perhaps you could parse out how much ballpark related to the studio downgrade and what the outlook is there?

Marcin Urbaszek: Sure, Jade. Good morning. It's Marcin. Out of the \$55 million, I would say about 20% of that was general, means general reserve, and then the rest wasn't specific. We don't want to get specific on particular assets, but I think if you look at what was added to the specific pool quarter-over-quarter vis-a-vis the impairments we had, these reserves are obviously a little bit smaller in terms of what we've seen in the past.

Obviously, one of the assets is a multifamily, the other one, like you said, is a studio loan. So again, I don't want to get into particular loans and specifics, but the reserves this quarter were pretty modest.

Austin Peña: Thanks, Marcin. And it's Austin here. I would also add, Jade, as we mentioned, obviously, I commented a bit on the nature of the loans in my prepared remarks. I think both of these loans were a little bit idiosyncratic in terms of the -- our portfolio. As I mentioned, it's our only studio loan. And the multifamily loan had an older vintage asset in a market that had been a bit more impacted by elevated supply, which is quite different from sort of the rest of the portfolio.

So I think that's really what's driving things here. So, I just wanted to add that additional commentary.

Jade Rahmani: Thank you. On the REO portfolio, can you give any updated thoughts as to timeline for resolution? Would you expect to resolve 40%, 50% this year, or should we think about a more extended timeline than that?

Austin Peña: Yeah, thanks. Jade, obviously that's a moving -- that's something we look at and we're very focused on exiting those REO assets overtime. But as I said earlier in my remarks, we are not going to be a forced seller. We're not going to -- we're going to take a patient approach in terms of a long-term goal of maximizing value for investors.

As I said earlier, we had a number of positive developments in terms of a few assets that have been making good progress towards getting to that place in terms of our ultimate exit plans. I mentioned the hotel in San Francisco that's seen good performance, positive developments on the Mountain View office asset. That obviously helps with moving towards that goal.

I really wouldn't give a specific timeline because I think we're going to be patient, as I said, but obviously, we're focused on exiting that over time because, as Marcin mentioned earlier, we do think that these assets are while generating cash flow today, rotating that capital over time will unlock additional earnings power for the business.

Jade Rahmani: Thank you.

Operator: Thank you. We'll take our next question from Harsh Hemnani with Green Street.

Harsh Hemnani: Thank you. I guess in terms of the SRT transaction, could you provide some details on where the underlying collateral of this loan portfolio is based geography-wise?

Austin Peña: Yeah. Thanks, Harsh. This is Austin. I mentioned a few things in my prepared remarks. As I mentioned, it's a very granular portfolio. It is with a leading UK bank. So it's a UK-focused portfolio. Largely diversified across a lot of top markets in that area.

What we really like about all of these bank loan transactions that we've completed, including this one, is the fact that these are low-leverage, high-cash-flowing loans with a lot of diversification, and they're originated by banks, and they're priced accordingly. And they allow us -- these transactions allow us to

invest in real estate credit that is at a lower risk tranche than we would typically see in terms of our direct originations, but still generate really attractive returns.

And so if you look at the return that we think we're getting here, we think it represents a very compelling risk-adjusted return and a premium to where similar risk tranches would be available in sort of other credit alternatives.

Harsh Hemnani: Got it. That's helpful. And then understanding that you can't touch on any specific deal, but maybe more generally, when you -- when you're underwriting stabilized data center assets, is it probably fair to assume that the spread on the whole loan may not be adequate to meet your return hurdles.

And if we see more data center deals, it would be more similar to what we've seen this quarter, where maybe you're retaining a subordinated position in the loan?

Austin Peña: Yeah. I would say, obviously, we're very excited and -- about the first data center loan that we're making. We think the space overall is going to grow. We do see a lot of opportunities and the capital needs across the data center sector, we do think it's going to mean we're going to see more opportunities over time. I think we're going to be very thoughtful about where the opportunities work for us, both from a credit perspective as well as a return perspective.

I think the deal you saw us do this quarter reflects our creativity on how to access that market and generate returns that we believe are really quite compelling and certainly meet our return requirements. I think as we look forward, because of the capital needs of the space, we think that there's going to be a growing demand for capital from groups like us.

To date, a lot of the activity in the market has been done by the bank market or in other forms of the public markets, but the capital needs we think are going to mean there's going to be more things that fit our profile.

Harsh Hemnani: Got it. That's helpful. Maybe one last one from me. I might have missed this, but of course, there's about \$1 billion that's closed or in closing post quarter-end. Could you maybe share how that breaks down between net lease, bank loans, and internally originated loans?

Austin Peña: I would say it's pretty diversified, Harsh. We continue to see good opportunities. As I mentioned, \$120 million that's in our net lease pipeline right now. Not sure all of that \$120 million will close in the second quarter. That's a little bit timing dependent.

But we really -- when we look at our pipeline, it's still quite diversified across our profile. And look, quarter-to-quarter, the composition of the investments are going to change. I think what our team is really focused on is really finding the best opportunities out there.

Harsh Hemnani: Got it. That's helpful. Thank you.

Operator: Thank you. We'll take our last question from Don Fandetti with Wells Fargo.

Don Fandetti: Hi, good morning. Can you just talk a little bit about what you're seeing in the office market? Looks like you added two office loans to the watchlist, but also getting repaid as well. So maybe just kind of give us your thoughts.

Austin Peña: Yeah, I'd say it's relatively consistent with what it's been in prior quarters. As you noted, we had a little bit of movement on our -- in our portfolio in terms of risk ratings related to office, but I think relatively small in total. And I'd say that broadly, leasing activity market-by-market, of course, but broadly leasing activity is picking up.

And liquidity in the capital markets, debt capital availability, et cetera, continues to be generally on a positive trend. So I'd say that the fundamentals, although still quite challenged relative to what they've been historically, are improving, and the capital markets activity continues to be solid and improving as well.

Don Fandetti: Thank you.

Operator: Thank you. That will conclude our question-and-answer session. At this time, I'd like to turn the call back over to Tim Hayes for any additional or closing remarks.

Tim Hayes: Thank you, Katie, and to everyone joining today's call. Please reach out with any questions.