

Arbor's breakthrough build-to-rent collateralized loan obligation sets new benchmark in CRE securitization - by Gene Kilgore

In commercial real estate finance, opportunities are often born of innovation. At Arbor Realty Trust, our capital markets strategy stems from an entrepreneurial spirit. In May 2025, we reached another milestone with the closing of a \$802 million collateralized loan obligation (CLO) backed by build-to-rent (BTR) assets, a first in commercial real estate finance. The groundbreaking transaction is another example of how Arbor leads in creating sophisticated, market-responsive financing solutions.

Redefining CRE CLOs

Partnering with JPMorgan Chase, Arbor structured a securitization that broke new ground in several ways. It is the first commercial real estate CLO permitting loans with a vertical construction component, uniquely featuring BTR communities in multiple project stages, from vertical construction and lease-up to full stabilization.

Traditionally, a CLO, a type of structured credit product that securitizes and sells a pool of loans in tranches to investors, has been limited to transitional or stabilized assets. Bringing construction-stage loans into this structure required rethinking risk modeling, credit support, and investor communication.

The results speak for themselves. Arbor's BTR CRE CLO has attracted strong institutional

interest, signaling that the capital markets are ready to engage with BTR at a deeper level.

This innovation opens a new path for liquidity in development lending, giving capital markets investors exposure to an asset class that has proven growth potential.

BTR Drives Market Evolution

The build-to-rent sector is thriving as it outperforms the broader housing market. Even as the supply of quality housing remains limited, renters are favoring flexibility and luxury, increasing demand for professionally managed communities. In this evolving rental housing market, BTR has emerged as one of the strongest-performing commercial real estate segments.

BTR communities offer the amenities and space many renters desire, and investors have taken notice. Institutional capital continues to flow into the sector, but the financing tools have lagged behind the sector's rapid expansion. Arbor's BTR CRE CLO closes that gap by providing an efficient, repeatable structure for funding BTR projects in vertical construction.

Simply put, it was the right innovation, at the right time, for the right market.

Strategic Capital and Competitive Advantage

Beyond being an industry-first

financing vehicle, the BTR CRE CLO provides Arbor and its investors with meaningful strategic benefits and supports Arbor's continued growth. In combining Arbor's direct lending expertise with capital markets execution, this CLO provides a competitive edge in funding flexibility and cost of capital.

Arbor's BTR CRE CLO is a strong complement to our industry-leading single-family rental (SFR) lending platform, which offers fixed-rate, bridge, and build-to-rent financing solutions. Together, these two financing platforms provide end-to-end capital solutions across the rental housing spectrum for Arbor sponsors and investors.

A Leader and Innovator in CLOs

Time and time again, Arbor has proven itself as a CLO leader. To make this groundbreaking deal possible, we paved the way by familiarizing long-time banking and ratings agency partners with the ins and outs of a rapidly growing asset class. The result is a truly transformational transaction.

Our BTR CRE CLO was just one in a series of successful launches. We have closed 24 CLOs in the last 21 years. These financing vehicles have added new funding sources, while benefiting borrowers and commercial real estate investors alike.

Just this August, Arbor closed

a \$1.05 billion CLO, in which certain of the notes were rated by Fitch Ratings, Inc., and all the notes were rated by DBRS, Inc. As we all look ahead to the next cycle, activity in this exciting commercial real estate segment is likely to ramp up.

A Strategic Vision for Economic Growth

Arbor's BTR CRE CLO securitization demonstrates what's possible with strategic vision. By validating that construction-stage BTR loans can be securitized effectively, Arbor has developed a playbook others may follow.

We see this as the beginning of a new phase in CRE finance, one in which innovation in capital markets fuels housing supply and economic growth. As the demand for rental housing accelerates nationwide, structured products, like our BTR CLO, will play a crucial role in channeling institutional capital toward the assets that communities need most.

At Arbor, we've spent more than three decades anticipating market shifts and engineering solutions to meet them. This latest milestone demonstrates how our commitment to excellence delivers results and drives the evolution of CRE.

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