Refinancing the Maturity Wall: Take-Out Strategies for GCC Real Estate

How developers, owners and lenders can refinance maturing real estate debt across the Gulf, comparing bank, sukuk, private-credit, equity and disposal routes within a single take-out playbook.

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ABSTRACT

Abstract. A large stock of Gulf Co-operation Council (GCC) real estate debt was written in the low-rate years and now matures into a higher and more discriminating market. The refinancing of that debt, the take-out, is the moment at which a project either rolls forward on cheaper, longer terms or is forced into a distressed sale. This paper sets out a structured playbook for refinancing the maturity wall. It frames the problem as a refinancing gap, the shortfall between a maturing loan and the new senior debt a lender will advance against the asset at maturity, and then sets out the five routes that can close that gap: a bank refinance, a sukuk or bond take-out, a private-credit facility, an equity injection, and an asset sale. For each route the paper compares cost of capital, time to close, certainty of execution and dilution, and it offers a simple refinance model that tests the resilience of each route to higher rates and softer rents. The central argument is that the right route is not chosen in the abstract but is determined by two variables, how far the asset is stabilised and how much leverage headroom the asset value supports, and that the single most valuable decision a sponsor makes is to begin the refinancing early, because the cost of waiting compounds as a maturity approaches. The analysis is analytical and illustrative rather than a forecast, and the figures are stylised to convey mechanics. It is intended for owners, developers and the lenders and advisers who serve them, and it offers a vocabulary and a sequence for approaching a refinancing with discipline rather than under duress.

JEL Classification: G32, G23, G21, R33, G33

Keywords: refinancing, maturity wall, take-out, real estate finance, GCC, loan-to-value, debt service coverage, sukuk, private credit, capital structure

1. INTRODUCTION

A real estate loan does not end when it is signed. It ends when it matures, and the question that decides the fate of the asset is whether the maturing loan can be refinanced. Across the Gulf Co-operation Council a large stock of real estate debt was originated in the years of low rates and abundant liquidity, on terms of five to seven years, and that stock now matures into a market in which rates are higher, lenders are more selective, and the easy roll-over of the past cannot be assumed. The wall of maturities that results is the subject of this paper.

The refinancing of a maturing loan, what the market calls the take-out, is one of the few genuinely decisive moments in the life of a real estate asset. At that moment the project either secures new debt on terms it can service, and so continues, or it cannot, and the owner is forced to inject fresh equity, accept a costlier instrument, or sell the asset into a market that knows the seller is under pressure. The difference between those outcomes is rarely the quality of the building. It is the quality of the refinancing plan and the time the sponsor allowed for it.

This paper sets out a playbook for that plan. It is written for the owner or developer who holds a maturing loan, and for the lenders and advisers who serve them, in the specific conditions of the GCC market as they stand in 2026. The approach is deliberately practical. It frames the refinancing as a gap to be closed, sets out the routes that can close it, compares those routes on the dimensions that matter, and offers a simple model for testing whether a chosen route survives a harder market than the one assumed.

The paper makes four contributions. First, it defines the refinancing gap precisely and shows why it widens when values soften or rates rise. Second, it sets out the five take-out routes and compares them on cost, speed, certainty and dilution, so that a sponsor can see the trade-offs at a glance. Third, it offers a take-out feasibility map that links the right route to two observable properties of the asset, its degree of stabilisation and its leverage headroom. Fourth, it makes the case, with a simple illustration, that the timing of the refinancing matters as much as its structure, and that the cost of waiting compounds as the maturity approaches.

It is worth saying at the outset what the paper is not. It is not a forecast of GCC rates, values or volumes, and the figures are stylised illustrations of mechanics rather than predictions. It is not investment advice, and nothing in it should be read as a recommendation to pursue any particular transaction. It is a framework for reasoning, intended to give an owner the vocabulary and the sequence to approach a refinancing with discipline.

The paper also tries to correct a common framing error. Many owners treat a refinancing as a financing event, a matter of finding a lender and signing a term sheet, and approach it accordingly, late and in isolation from the operation of the asset. The argument here is that a refinancing is as much an operational event as a financial one, because the terms available depend on the condition of the asset, which the owner can shape, and on the timing of the approach, which the owner controls. Reframing the take-out in this way, as something that is prepared for over the months before maturity rather than transacted in the weeks before it, is the single most important shift in mindset the paper asks of the reader, and the rest of the analysis follows from it.

The Gulf context bears on the analysis in several specific ways. The region's banking system is deep and well capitalised, but it is also concentrated, so that a small number of relationship banks dominate real estate lending and their appetite at any moment shapes what an owner can refinance. The dollar pegs of the major currencies tie regional interest rates closely to the United States policy rate, so that the cost of a refinancing in 2026 reflects a global rather than a purely local rate environment, and a Gulf owner cannot wait for a domestic easing that the peg makes unlikely. The capital markets for sukuk and bonds have deepened materially over the past decade, giving larger and stronger borrowers a genuine alternative to bank debt, while a maturing private-credit industry now offers flexible lending to the transitional and partly-let assets that banks decline. The take-out playbook set out here is therefore richer in the GCC of 2026 than it would have been a decade earlier, with more routes genuinely available, but it also places a greater premium on knowing which route fits which asset.

The remainder of the paper is organised as follows. Section 2 reviews the relevant literature on refinancing risk, the rollover of debt and the financing of real estate, and states the propositions

that the playbook rests on. Section 3 describes the data and the stylised refinance model. Section 4 presents the playbook: the maturity wall, the refinancing gap, the five routes, the feasibility map, and the cost of waiting. Section 5 sets out the implications for owners, lenders and advisers. Section 6 concludes.

2. LITERATURE REVIEW AND PROPOSITIONS

The playbook draws on three strands of thought: the literature on refinancing and rollover risk; the literature on leverage, coverage and the cost of debt; and the practitioner literature on real estate and project finance. This section reviews each briefly and then states the propositions that follow.

2.0 The Shape of the GCC Refinancing Market in 2026

Before turning to the academic strands, it is worth describing the market into which GCC real estate debt now matures, because the playbook is calibrated to it. Three features stand out. First, the cost of debt is higher and more stable than in the years when much of the maturing stock was written; the dollar pegs hold regional rates close to the United States policy rate, so that owners cannot expect a domestic easing to rescue a refinancing and must plan around a cost of debt that is elevated by the standards of the past decade. Second, the lender base is broader than it once was: alongside the relationship banks that still dominate, a deep sukuk market serves larger borrowers and a maturing private-credit industry serves transitional ones, so that an owner has genuinely more routes than a decade ago. Third, lenders are more selective and more data-driven than in the boom, scrutinising tenancy, coverage and sponsor quality more closely, so that the asset's condition matters more to its refinancing than it did when liquidity covered a multitude of weaknesses.

These features cut both ways for the owner. The breadth of routes is an opportunity, giving a well-prepared sponsor several ways to close a gap, but the selectivity of lenders is a threat to the unprepared one, whose weak asset will be declined by routes that would once have funded it on reputation alone. The market of 2026 thus rewards preparation more than the market that preceded it, which is the practical reason the playbook places so much weight on starting early and working the asset.

2.1 Refinancing and Rollover Risk

The first strand concerns the risk that a borrower cannot refinance maturing debt on acceptable terms. The corporate finance literature has long recognised that short-dated debt must be rolled over, and that the rollover exposes the borrower to the state of the credit market at maturity rather than at origination. When liquidity is abundant the rollover is routine; when it is scarce, or when the borrower's own position has weakened, the rollover can fail, forcing asset sales or default even where the underlying asset is sound. This is the essence of refinancing risk, and it is the risk that a maturity wall concentrates.

The literature also draws the distinction between a liquidity problem and a solvency problem. A borrower with a sound asset and a temporary funding gap faces a liquidity problem, which a bridge or a patient lender can solve. A borrower whose asset no longer supports its debt faces a solvency problem, which no amount of refinancing can cure and which requires fresh equity or

a sale. A central task of the take-out plan is to diagnose which problem the borrower actually has, because the routes that solve one do not solve the other.

A related insight from this literature is that refinancing risk is partly self-fulfilling and partly co-ordinated. When many borrowers reach maturity at the same time, as they do at a maturity wall, each one's ability to refinance depends on a pool of lending that all of them are drawing on at once, so that a wall can tighten terms for everyone even where each individual asset is sound. The literature on the maturity rat race shows that borrowers, anticipating this, have an incentive to shorten their own debt so as to be repaid before others, which collectively makes the system more fragile. The practical lesson for the GCC owner is that the state of the maturity window is not a backdrop to be observed but a variable to be managed, by terming out early, by spreading maturities, and by not assuming that the lending available to the first mover will still be there for the last.

2.2 Leverage, Coverage and the Cost of Debt

The second strand examines how the amount of debt an asset can support is governed by its income and its value. Two constraints bind. The loan-to-value ratio limits debt to a fraction of the asset's appraised value, and the debt-service coverage ratio limits debt service to a fraction of the asset's net operating income. When values soften the loan-to-value constraint tightens; when rates rise the coverage constraint tightens, because the same income services less debt. A refinancing into a higher-rate, lower-value market is therefore squeezed from both sides, and the new loan a lender will advance is smaller than the maturing loan it replaces. The gap between them is the refinancing gap that this paper places at the centre of the analysis.

The cost of the new debt is set by the same forces. A lender prices the refinancing off the asset's coverage, the strength of its tenancy or sales, and the sponsor's standing, and the price rises as any of these weakens. The implication is that the cost of a refinancing is not a market constant but a function of the asset's condition, which the sponsor can improve, by letting space, by securing leases, by reducing leverage, before approaching the market.

2.3 Real Estate and Project Finance

The third strand is the practitioner literature on the financing of real estate and projects, in which the take-out refinancing is a familiar and central device. In project finance the riskier, costlier development-phase capital is deliberately replaced by cheaper, longer-dated senior debt once the asset is built and generating stable cash flow. The take-out is the hinge between the construction phase and the operating phase, and the financing is structured from the outset in anticipation of it. The same logic applies to a stabilised real estate asset whose original loan matures: the refinancing is the moment to reset the capital structure to the asset's now lower risk.

This literature also stresses the role of the offtake, the lease or the sales contract, in lowering the cost of every layer of capital. An asset with long, strong, contracted income refinances more cheaply and more certainly than one whose income is short or speculative, because the lender can see the cash flow that will service the new loan. In the GCC context, where leasing markets and off-plan sales structures vary across the asset classes, the quality of the contracted income is often the single most important determinant of the take-out.

The project-finance literature is also instructive on the sequencing of a take-out. It treats the refinancing not as a single event but as the planned culmination of a financing structure designed from the outset to be refinanced, with covenants, reserve accounts and hedging arranged so that the asset arrives at maturity in a state that the take-out lender will accept. The contrast with much real estate lending, where the original loan is arranged with little thought to how it will be repaid at maturity, is sharp and instructive. An owner who adopts the project-finance habit of mind, treating the original loan as the first leg of a two-leg financing and preparing for the second leg from the day the first is signed, approaches the maturity in a far stronger position than one who treats refinancing as a problem to be confronted only when it arrives.

2.4 Synthesis and Propositions

Taken together, these literatures imply that a refinancing is governed by the gap between the maturing loan and the new debt the asset can support, that the gap is set by value and coverage and can be narrowed by improving the asset, that several distinct routes can close the gap at different costs and speeds, and that the timing of the refinancing affects its cost and certainty. The playbook rests on five propositions.

Proposition 1. A maturing loan creates a refinancing gap whenever the new senior debt the asset supports is smaller than the loan being repaid; the gap widens as values soften and rates rise.

Proposition 2. The gap can be closed by five routes, a bank refinance, a sukuk or bond take-out, a private-credit facility, an equity injection, or an asset sale, which differ in cost, speed, certainty and dilution.

Proposition 3. The right route is determined chiefly by two properties of the asset, its degree of stabilisation and its leverage headroom; the more stabilised the asset and the greater its headroom, the cheaper and more senior the route that is available.

Proposition 4. The cost and certainty of a refinancing depend on the asset's contracted income, which the sponsor can strengthen before approaching the market, so that part of the take-out is operational rather than financial.

Proposition 5. The timing of the refinancing matters as much as its structure; beginning early widens the choice of routes and lowers the achieved cost, while beginning late narrows the choice and raises it, sometimes to the point of a forced sale.

3. DATA AND METHODOLOGY

This study is analytical. It uses a transparent, stylised framework whose assumptions are stated explicitly rather than an econometric estimation on a proprietary dataset, because the aim is to set out the mechanics of a refinancing in a way that a practitioner can adapt to a specific asset. The figures are illustrative, calibrated to be plausible for GCC conditions in 2026 but not presented as forecasts.

3.1 The Refinance Framework

The framework has four components. The first is the maturity profile, which sets out when and in what form the debt matures. The second is the refinancing gap, which compares the maturing

loan with the new senior debt the asset supports at maturity. The third is the route comparison, which scores each of the five take-out routes on cost of capital, time to close, certainty of execution and dilution. The fourth is the refinance model, a simple cash-flow test that checks whether the chosen route's debt service is covered under a range of rates and rents.

Together these components let a sponsor move from a maturity date to a financing decision in a structured sequence: see the size of the gap, identify the feasible routes, compare them, and stress-test the preferred one before committing.

3.1a What the Framework Does and Does Not Do

The framework is a tool for reasoning about how to refinance, not a black box that returns a single answer. It does not value an asset, underwrite a tenant, or price a specific loan, all of which require asset-level diligence and market quotes. What it does is organise the decision around the variables that matter and make the trade-offs between the routes explicit, so that a sponsor and its advisers can have a disciplined conversation rather than reach for the most familiar route by default.

Two further caveats apply. The framework treats each asset in isolation, whereas a portfolio owner refinances many assets against a single balance sheet and can cross-collateralise, sequence and net across them in ways the single-asset framework does not capture; the principles carry over, but a portfolio refinancing is a richer problem. And the framework is silent on the legal and Shariah mechanics of particular instruments, which vary across the region's jurisdictions and which a real transaction must address in detail. These are deliberate simplifications in the service of clarity, and the reader should treat the framework as a scaffold for thinking rather than a substitute for asset-level and jurisdiction-level diligence.

3.2 Assumptions and Their Justification

The stylised inputs, the maturity volumes, the gap, the route costs and speeds, and the model's rate and rent ranges, are chosen to be representative of GCC real estate financing conditions in 2026 rather than to describe any one market. Bank refinancing is taken as the cheapest and most senior route where the asset qualifies; sukuk or bond take-outs are priced close to bank debt but carry longer execution and minimum-size constraints; private credit is faster and more flexible but costlier; equity is the most expensive and most dilutive; and an asset sale is the route of last resort where the gap cannot be financed. Table 1 records the principal assumptions, and Appendix A sets them out in full.

Table 1. Base-Case Assumptions for the Refinance Framework

Parameter	Base-case value	Role in the framework
Original loan tenor	5-7 years	Sets the timing of the maturity wall
Asset value at maturity	92% of origination	Tightens the loan-to-value constraint
New senior LTV	55-60%	Determines new senior debt capacity
Refinancing gap	~45% of original loan	Amount to be financed beyond senior debt
DSCR covenant	1.25x	Minimum coverage the lender requires
Bank refinance cost	~6.5%	Cheapest, most senior route
Sukuk take-out cost	~6.8%	Close to bank, longer execution

Parameter	Base-case value	Role in the framework
Private-credit cost	~9.5%	Faster, flexible, costlier
Equity cost	~14%	Most expensive, most dilutive
Preparation lead time	18-24 months	Window to work the asset before maturity

Indicative, forward-looking assumptions used to illustrate refinancing mechanics; not forecasts. See Appendix A.

4. THE PLAYBOOK

This section presents the playbook in the order of the propositions: the maturity wall and the gap (Propositions 1 and 4), the five routes (Proposition 2), the feasibility map (Proposition 3), and the cost of waiting (Proposition 5).

4.1 The Maturity Wall

The starting point is the shape of the maturity wall itself. A large share of GCC real estate debt was written on five-to-seven-year terms in the low-rate years, and the repayments of that debt cluster in the second half of this decade. Figure 1 sets out an illustrative profile of maturing debt by year and by instrument.

Figure 1. The GCC Real Estate Maturity Wall, 2026-2031

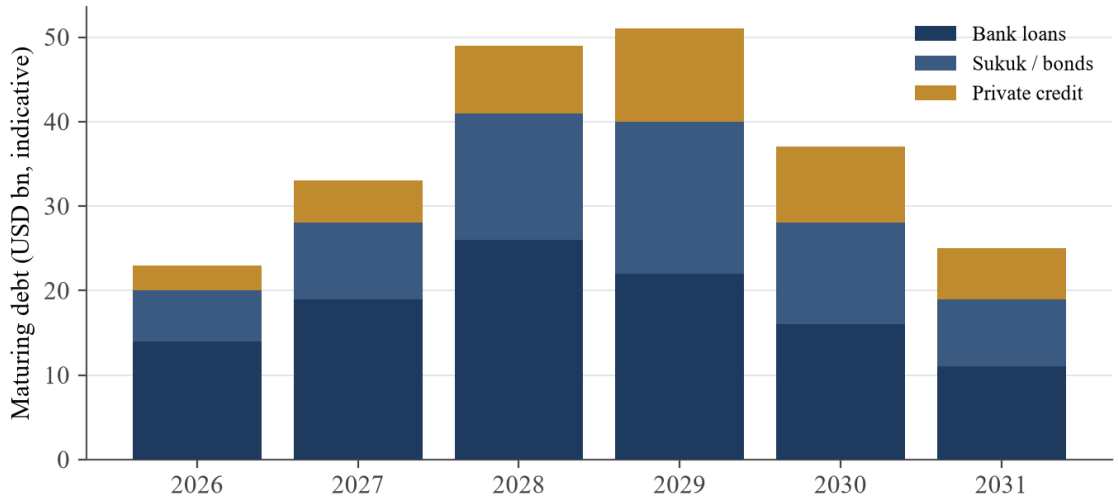

Figure 1. Illustrative profile of GCC real estate debt maturing by year and instrument; volumes are stylised, not forecasts.

The figure supports the framing of the problem. The volume of debt maturing in any one year is large relative to the capacity of any single source of capital to absorb it, which means that refinancings compete for a finite pool of lending. The mix also matters: bank loans, sukuk and private-credit facilities mature into different markets and on different terms, and a refinancing that assumes the same source will simply roll the debt forward may be disappointed. The practical implication is that an owner should know not only when its own loan matures but how crowded that maturity window is, because a crowded window raises the cost and lowers the certainty of the take-out.

The instrument mix shown in the figure also carries a refinancing implication that is easy to miss. Debt that was originally raised as a bank loan does not have to be refinanced as a bank loan, and a maturity is an opportunity to change the form of the debt as well as its terms. An asset that has grown into the size and quality threshold for a sukuk issuance since its original

loan was written can use the maturity to move from bank to capital-markets funding, lengthening its tenor and broadening its investor base. Conversely, an asset that has become transitional, perhaps because a major tenant has left or a refurbishment is under way, may need to move from bank debt to private credit for a period before returning to the banking market once it is stabilised again. The maturity wall is therefore not only a wall of repayments but a moment of potential re-sorting, in which assets migrate between instruments according to how their quality has evolved since they were first financed.

It is worth adding that the maturity wall does not fall evenly across asset classes. Offices, retail, hospitality, logistics and residential each face their own demand and rental cycle, and a maturity that is comfortable for a well-let logistics asset may be difficult for an office in a softening sub-market. The owner reading the wall should therefore read it through the lens of its own asset class and sub-market rather than the headline aggregate, because the aggregate can conceal wide differences in how easily individual assets will refinance.

4.2 The Refinancing Gap

At the heart of the playbook is the refinancing gap. Figure 2 sets it out for an illustrative asset.

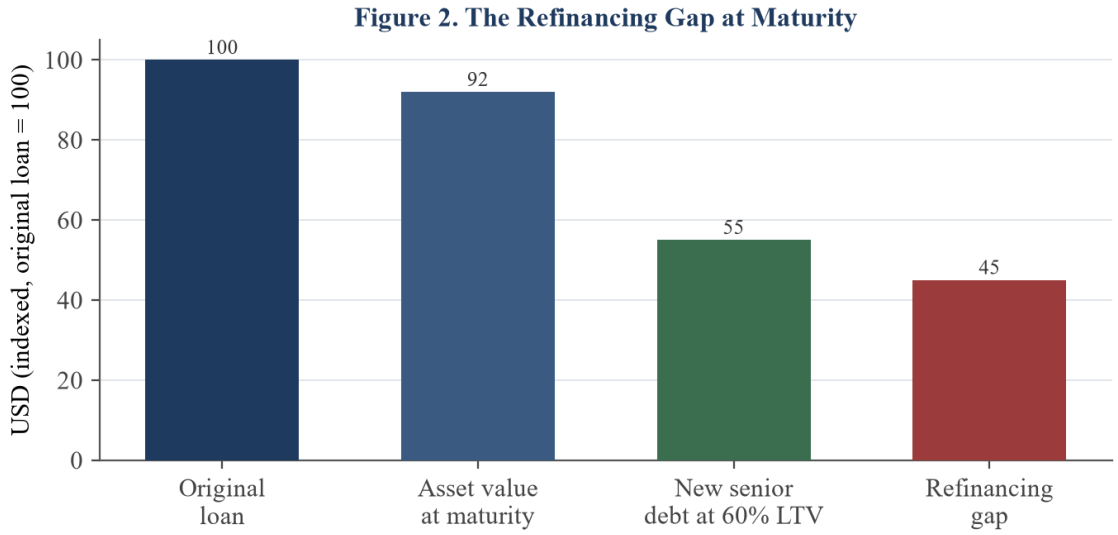

Figure 2. The refinancing gap: the maturing loan exceeds the new senior debt the asset supports, leaving a gap to finance.

The figure supports Proposition 1. The original loan is repaid in full at maturity, but the new senior debt a lender will advance is smaller, for two reasons. The asset's value at maturity is lower than at origination, so a given loan-to-value ratio supports less debt; and the lender applies a more conservative ratio than was available in the easier market of the past. The difference between the maturing loan and the new senior debt is the refinancing gap, and it is the amount the sponsor must find from somewhere other than the senior lender.

The gap is not a fixed number. It widens when values soften and when lenders tighten, and it narrows when the asset's income strengthens, because stronger contracted income supports a larger and cheaper loan. This is the operational lever in Proposition 4: a sponsor that uses the run-up to maturity to let vacant space, extend leases and reduce arrears can shrink the gap it must finance, sometimes materially, before it ever approaches the market. The gap, in other words, is partly within the sponsor's control.

It helps to decompose the gap into its two drivers, because they call for different responses. The first driver is the fall in value, which tightens the loan-to-value constraint; the response to this is either to wait for values to recover, which a maturity rarely permits, or to improve the asset's value directly through letting and capital works, or to accept that the senior loan will be smaller and to finance the difference. The second driver is the rise in rates, which tightens the coverage constraint by making the same income service less debt; the response to this is to strengthen the income, to hedge the new debt so that its cost is known, or again to size the senior loan to the coverage the asset can defend. Seeing the gap as the sum of a value effect and a coverage effect lets the sponsor target its efforts at whichever is binding, rather than treating the gap as a single undifferentiated shortfall.

The gap also has a time dimension that the static picture in Figure 2 does not capture. A gap measured eighteen months before maturity, when there is still time to let space and improve coverage, is a different proposition from the same gap measured one month before maturity, when nothing can be done about the asset and the only variable left is the price of capital. The earlier the gap is measured, the more of it can be closed operationally rather than financially, which is the bridge from the analysis of the gap to the argument about timing that closes the playbook.

4.3 The Five Take-Out Routes

Once the gap is known, the question is how to close it. Five routes are available, and they differ along the dimensions that matter to a sponsor. Figure 3 compares their cost of capital and Figure 4 their time to close.

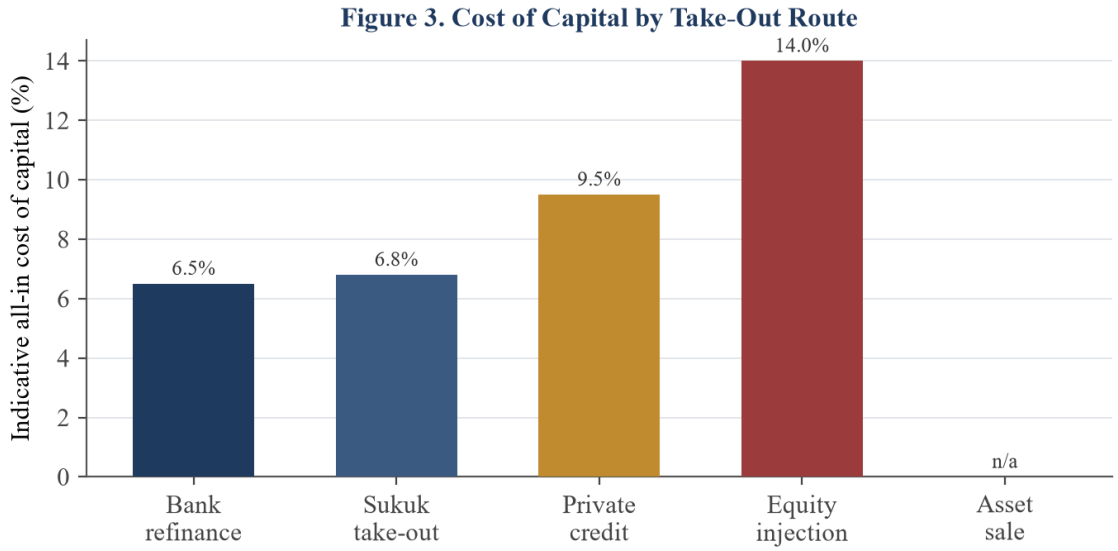

Figure 3. Indicative all-in cost of capital by take-out route; bank debt is cheapest, equity costliest, a sale carries no cost of capital.

The figures support Proposition 2. A bank refinance is the cheapest and most senior route, and it is the natural choice for a stabilised asset with ample coverage, but banks are also the most selective and the slowest to move on anything that deviates from a clean profile. A sukuk or bond take-out can price close to bank debt and suits larger, stronger assets, but it carries minimum-size thresholds and the longest execution timetable, as Figure 4 shows. Private credit is faster and far more flexible, able to lend against transitional or partly-let assets that a bank

will not touch, but it charges for that flexibility and sits higher in the cost ladder.

Each of these routes deserves a closer word. The bank refinance is the workhorse of real estate take-outs and will be the right answer for the majority of stabilised, moderately-levered assets, but the owner should understand that the bank's low rate is priced for a clean asset and a strong relationship, and that anything which complicates the credit, a lease expiry, a soft sub-market, a stretched sponsor, will either raise the rate or close the route. The sukuk or bond take-out suits the largest and strongest assets and portfolios, and its long tenor and broad investor base make it attractive for an owner that wants to term out and reduce refinancing risk for years ahead; but its minimum economic size rules it out for smaller assets, and its dependence on an open issuance window introduces a timing risk that a bank loan does not carry.

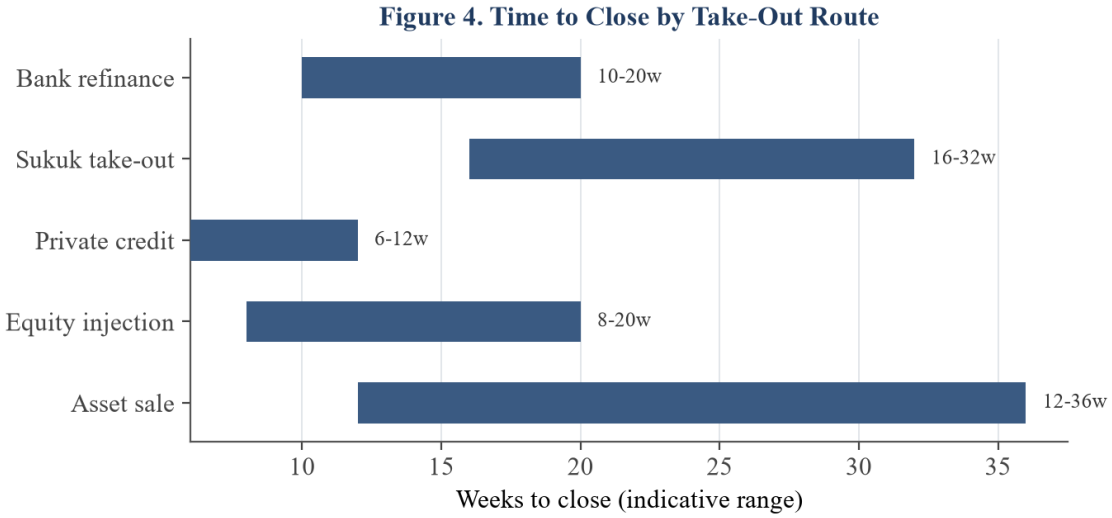

Figure 4. Indicative time to close by route; private credit is fastest, a sukuk take-out the slowest to execute.

Equity, whether from the existing sponsor or a new partner, is the most expensive and most dilutive route, but it is also the one that always closes a solvency gap because it does not depend on the asset supporting more debt. An asset sale is the route of last resort, and in a soft market it crystallises the lowest value, but it is sometimes the right decision when the gap cannot be financed on acceptable terms and the alternative is a disorderly default. The art of the take-out lies in combining these routes, a senior bank or sukuk tranche for the bulk of the debt, a slice of private credit or mezzanine to bridge the gap, and a measured equity injection to make the structure cover, rather than relying on any one of them.

Private credit and equity round out the set. Private credit has become, in the GCC of 2026, the route of choice for the transitional asset, the one that is partly let, under refurbishment, or otherwise not yet bankable, and its value lies as much in its speed and certainty as in its willingness to lend against such assets; a private-credit bridge can close in weeks where a bank takes months, which is decisive when a maturity is near. Equity, finally, is the route that does not depend on the asset supporting more debt at all, which is precisely why it is the only route that closes a genuine solvency gap; its cost is the return foregone and the control diluted, but for an owner whose asset no longer carries its old leverage, a measured equity injection is often the difference between an orderly refinancing and a forced sale. An asset sale, the fifth route, is not a failure of the playbook but a part of it: where the gap cannot be financed on terms the asset

can service, a timely and orderly sale preserves more value than a delayed and disorderly one.

Figure 6 illustrates how such a combination closes the gap in practice, bridging from the maturing loan to a refinanced structure made of senior debt, mezzanine, sponsor equity and the surplus the asset has amortised or generated.

Figure 6. Sources Bridge to Refinance the Maturing Loan

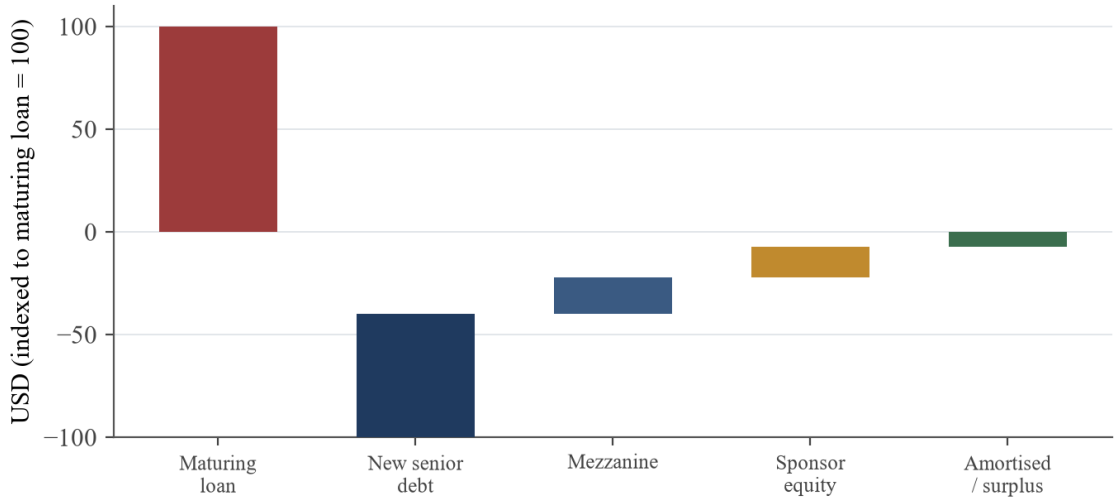

Figure 6. A sources bridge showing how senior debt, mezzanine, equity and amortised surplus together refinance the maturing loan.

The bridge makes the point that a refinancing is rarely a single instrument replacing another. It is a re-assembled capital structure, and the skill is in sizing each layer so that the senior debt is comfortably covered, the mezzanine is no larger than the asset's transitional risk warrants, and the equity is the smallest amount that makes the whole structure bankable.

Each route also carries non-price terms that matter as much as the headline cost, and a sponsor that compares routes on rate alone will be misled. A bank refinance typically comes with tighter covenants, cash sweeps and a shorter tenor than a sukuk, so its low headline rate is bought with less flexibility. A sukuk offers a long, covenant-light, capital-markets profile but exposes the borrower to market windows, so that issuance must be timed and a poor window can delay a take-out by months. Private credit offers speed and flexibility but often a shorter tenor and a higher rate, so it is frequently a bridge to a permanent refinancing rather than the permanent refinancing itself. Equity is permanent and unconditional but dilutes the sponsor's return and control. The comparison in Figures 3 and 4 should therefore be read alongside these qualitative terms, because the cheapest route on the chart is not always the best route for the asset.

A further consideration is the cost of getting the route wrong. A sponsor that commits to a route that then fails to close, because a bank declines at credit committee or a sukuk window shuts, loses not only time but standing, and approaches the next route as a more distressed borrower than before. This is the argument for running more than one route in parallel until certainty of funds is in hand, accepting the duplicated cost of process as the price of not being left without a route as the maturity falls due. The discipline of keeping a second route warm is cheap insurance against the expensive failure of the first.

4.4 The Refinance Model

A route that looks affordable today must remain affordable if rates rise or rents soften before the refinancing closes, and over the life of the new loan. The refinance model tests this. Figure 5 shows how the projected debt-service coverage ratio of an illustrative refinancing responds to the refinancing rate and to the level of rents.

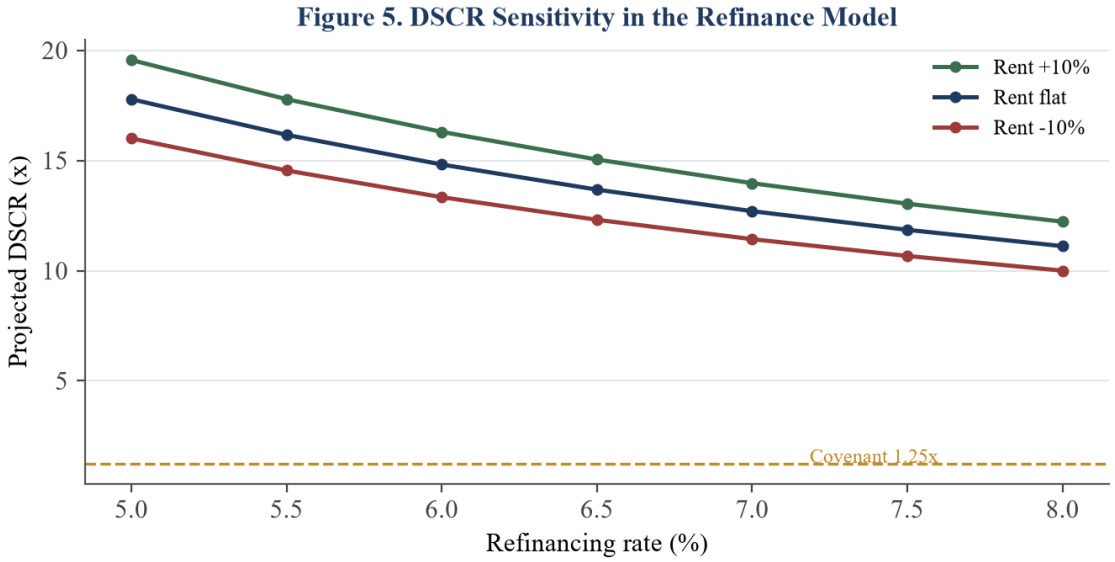

Figure 5. Projected DSCR against the refinancing rate at three rent levels; the covenant is breached where coverage falls below 1.25 times.

The figure makes Proposition 4 concrete. At a flat rent the coverage ratio falls as the refinancing rate rises, and at a high enough rate it breaches the covenant that the lender requires, at which point the asset cannot support the assumed debt and the gap is larger than it first appeared. A softer rent shifts the whole curve down, breaching the covenant at a lower rate; a stronger rent shifts it up, giving the asset headroom against higher rates. The model therefore shows, in a single picture, why operational work on the income and financial work on the structure are two halves of the same refinancing, and why a sponsor should size its debt to the coverage it can defend under stress rather than the coverage it enjoys today.

The model also clarifies the role of hedging in a refinancing. A floating-rate refinancing leaves the borrower exposed to further rate rises over the life of the loan, so that a structure that just covers today can breach its covenant if rates climb, with no change in the asset itself. Fixing or capping the rate removes this exposure at a cost, and the model makes the trade-off visible: the borrower can see how much coverage headroom a hedge buys against an adverse rate path, and can decide whether the certainty is worth the premium. In the GCC, where the dollar pegs tie local rates to a global cycle the borrower cannot influence, the case for hedging a refinancing is often stronger than it first appears, because the borrower has no domestic policy easing to wait for.

Finally, the model is a discipline against over-borrowing at the point of refinancing. The temptation, when a lender offers a larger loan than the asset strictly needs, is to take it and release equity, but the model shows that a larger loan is a thinner coverage cushion, and a thinner cushion is less resilient to the next downturn. Sizing the new debt to the coverage the asset can defend under stress, rather than to the maximum a willing lender will advance in a benign moment, is the single most important act of discipline in structuring a take-out, and it is

the act the model is designed to support.

4.5 The Take-Out Feasibility Map

The choice of route is not made in the abstract. It is determined by two observable properties of the asset, and Figure 7 maps them.

Figure 7. Take-Out Feasibility Map

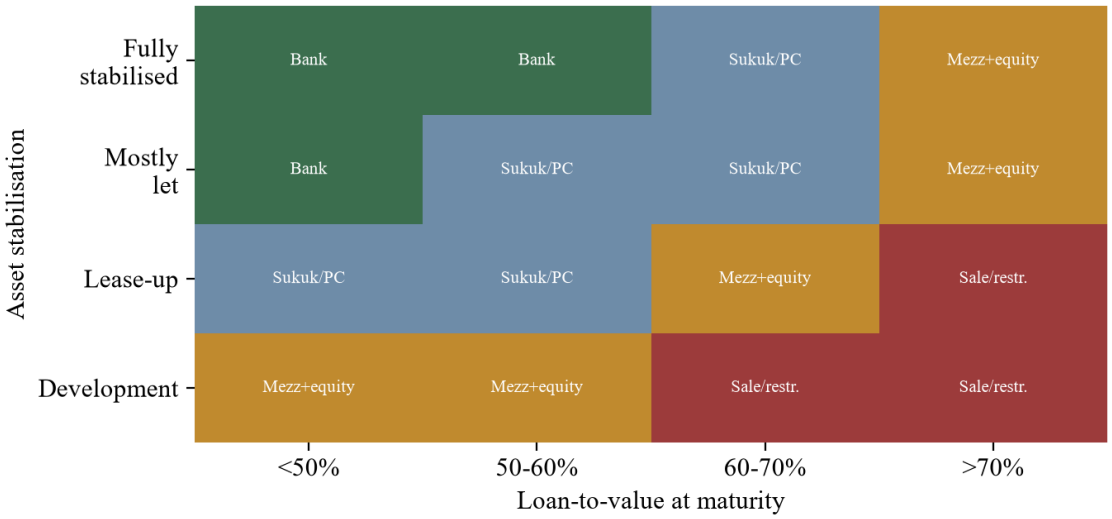

Figure 7. The take-out feasibility map: the feasible route is read off the asset's stabilisation and leverage headroom.

The map supports Proposition 3. The vertical axis is the degree to which the asset is stabilised, from a development still in progress to a fully let and seasoned asset; the horizontal axis is the loan-to-value at maturity, a proxy for leverage headroom. The most senior and cheapest route, a bank refinance, is available in the top-left region, where the asset is stabilised and the leverage is moderate. As the asset becomes less stabilised or more highly levered, the feasible route moves towards sukuk or private credit, then towards mezzanine and equity, and finally, in the bottom-right region of a highly-levered, unstabilised asset, towards a sale or a restructuring. The map is a way of locating a specific asset and reading off the routes that are realistically open to it, rather than the routes its owner would prefer.

The practical value of the map is that it disciplines the conversation. An owner who believes a cheap bank refinance is available, but whose asset sits in the lower-right of the map, can see why the market will not offer it, and can decide whether to move the asset, by letting space or reducing leverage, into a region where a better route opens up. The map turns a vague sense of difficulty into a specific diagnosis and a specific set of actions.

The map repays a second reading as a guide to action rather than only to diagnosis. Because both of its axes are partly within the owner's control, the map is not a fixed verdict but a description of where the asset is today and where it could be moved. Letting vacant space and seasoning the income raises the asset up the vertical axis towards stabilisation; injecting equity or amortising debt moves it left along the horizontal axis towards lower leverage. Each of these moves shifts the asset towards a region of the map where a cheaper and more senior route opens up, and the map lets the owner see, before committing capital or effort, which move would do most to improve the routes available. It thus connects the operational work of Proposition 4 to the route choice of Proposition 3 in a single picture.

4.6 The Cost of Waiting

The final element of the playbook is timing, and it is the one most often neglected. Figure 8 illustrates the cost of waiting.

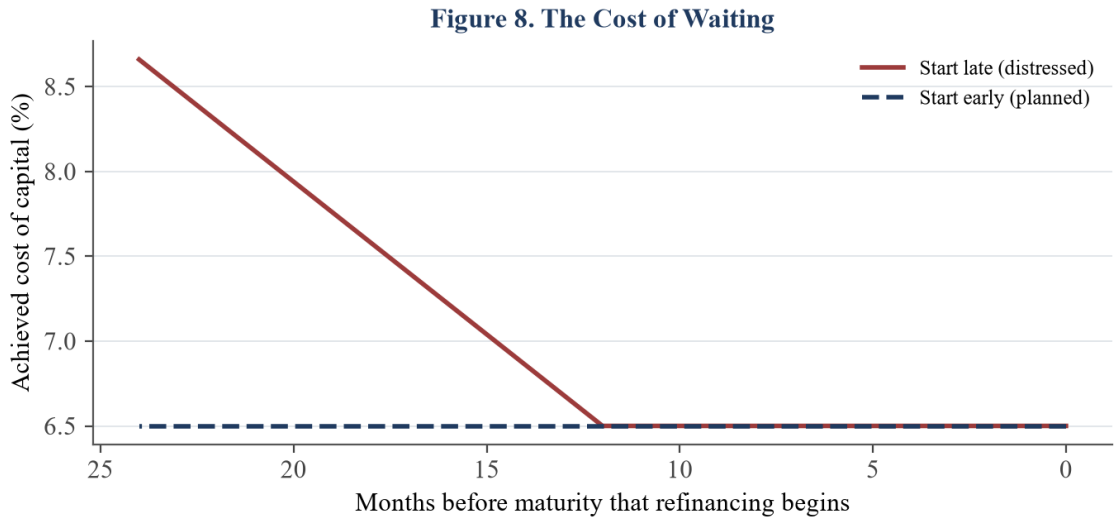

Figure 8. The cost of waiting: starting early holds the achieved cost low and stable; starting late raises it steeply.

The figure supports Proposition 5. A sponsor that begins the refinancing early, well before maturity, approaches the market as a willing rather than a forced borrower, has time to run a competitive process, can let space and strengthen the income before lenders look, and can walk away from a poor quote. The achieved cost of capital is correspondingly low and stable. A sponsor that begins late, as the maturity looms, has none of these advantages: the market knows the clock is running, the process cannot be competitive, there is no time to improve the asset, and the only quotes available are the expensive ones offered to a borrower with no alternative. The achieved cost rises steeply as the remaining time shrinks, and in the limit the only route left is a distressed sale.

The lesson is that the most valuable decision in a refinancing is taken long before any term sheet is signed. It is the decision to start, to treat the maturity not as a deadline to be met at the last moment but as an event to be prepared for over the eighteen to twenty-four months before it falls due. The cost of that preparation is small; the cost of neglecting it compounds.

4.7 Putting the Playbook Together: An Illustrative Sequence

It is useful to draw the elements of the playbook together into a single illustrative sequence, of the kind a sponsor and its adviser might follow for a stabilised but moderately-levered office asset whose bank loan matures in eighteen months. The sequence is stylised, but it shows how the components connect.

The sponsor begins, eighteen months out, by reading its position on the maturity wall and finding that its window is crowded, which argues for moving early rather than waiting. It then measures the refinancing gap and finds that the softening of values and the rise in rates have opened a gap of roughly a third of the maturing loan between that loan and the new senior debt a bank will advance. Decomposing the gap, it sees that most of it is a coverage effect driven by higher rates rather than a collapse in value, which tells it that strengthening income and hedging the new debt will do more to close the gap than waiting for a value recovery.

Over the following year the sponsor works the asset, letting two vacant floors and extending the lease of an anchor tenant, which lifts the contracted income and shrinks the gap. It locates the asset on the feasibility map, finds that the improved letting has moved it from the private-credit region towards the bank region, and runs a competitive process across a bank refinance and a private-credit bridge in parallel so as not to depend on a single lender. It stress-tests the leading structure in the refinance model, sizes the senior loan to a coverage it can defend if rates rise further, hedges that loan, and bridges the residual gap with a modest mezzanine slice and a measured equity top-up. The take-out closes several months before maturity, on terms the sponsor could not have obtained had it waited.

The sequence illustrates the central claim of the paper in miniature. No single clever instrument rescued the refinancing; rather, an early start, an honest diagnosis, operational work on the asset, a disciplined process across several routes, and a stress-tested structure together turned a difficult maturity into a manageable one. The playbook is the sum of these habits, not any one of them.

4.8 Common Pitfalls and How the Playbook Avoids Them

It is instructive to set out the ways refinancings go wrong, because each maps to a part of the playbook that is designed to prevent it. The first and most common pitfall is starting late, approaching the market in the final weeks before maturity with no time to improve the asset, run a competitive process, or walk away from a poor quote. The playbook's emphasis on the eighteen-to-twenty-four-month lead time is the direct answer to this, and it is the single habit that prevents the most damage.

The second pitfall is misdiagnosis, treating a solvency problem as a liquidity problem and seeking a bridge where fresh equity is needed, so that the bridge merely postpones the reckoning at additional cost. The playbook's insistence on decomposing the refinancing gap and distinguishing the two problems is designed to catch this early, while there is still time to raise equity on considered terms rather than under duress. The third pitfall is over-borrowing at the point of refinancing, taking the largest loan a benign market offers and leaving the asset with a thin coverage cushion that the next downturn erodes; the refinance model and its stress tests are the discipline against this, sizing the debt to the coverage the asset can defend rather than the maximum it can momentarily support.

The fourth pitfall is single-route dependence, committing to one lender or one instrument and being left exposed when it fails to close; the playbook's call to run routes in parallel and keep a second route warm is the insurance against it. The fifth is comparing routes on headline rate alone and ignoring the non-price terms, tenor, covenants, timing risk and flexibility, that often matter more; the route comparison in Section 4.3 is built to keep these terms in view. Seen this way, the playbook is not a set of abstract principles but a checklist of defences against the specific, recurring ways that take-outs come apart.

5. IMPLICATIONS FOR OWNERS, LENDERS AND ADVISERS

The playbook carries distinct implications for each of the parties to a refinancing.

5.1 For Owners and Developers

For the owner the central implications are to start early, to diagnose honestly, and to work the asset. Starting early widens the choice of routes and lowers the achieved cost, as Figure 8 shows. Diagnosing honestly means establishing whether the problem is liquidity, which a bridge can solve, or solvency, which requires equity or a sale, rather than assuming the cheaper diagnosis. Working the asset means using the run-up to maturity to let vacant space, extend leases and reduce arrears, because every improvement in contracted income shrinks the refinancing gap and moves the asset towards a cheaper route on the feasibility map. The owner who does these three things will, in most states of the market, refinance on materially better terms than one who waits and hopes.

There is also a governance dimension for owners, particularly for the family-owned and developer-sponsored structures common in the region. A refinancing that requires fresh equity or the acceptance of a costlier instrument is a decision that touches the owners' own capital and returns, and it is best taken deliberately and early, with the decision-makers aligned, rather than forced through under the time pressure of a looming maturity. Building a simple refinancing calendar across the portfolio, flagging each maturity eighteen to twenty-four months out and assigning ownership of the preparation, is a low-cost discipline that turns refinancing from a recurring emergency into a managed process.

5.2 For Lenders

For the lender the implications are to look through the cycle and to price the asset rather than the headline. A refinancing into a softer market is not automatically a worse credit; an asset with strong contracted income and a sponsor willing to inject equity may be a better credit after the reset than before it. The lender that can distinguish a liquidity gap from a solvency gap, and can structure a facility, senior with a mezzanine slice, or a private-credit facility with an equity cushion, that matches the asset's transitional risk, will find well-secured lending that others decline. The maturity wall is a source of risk for borrowers and a source of opportunity for disciplined lenders.

For the relationship bank specifically, the maturity of an existing loan is a moment of choice as much as for the borrower. The bank can decline and lose a client, extend on its existing terms and carry an asset that may have drifted from its original risk, or restructure the facility to fit the asset's current condition, sizing the senior tranche to a coverage it is comfortable with and inviting a mezzanine or private-credit lender to take the slice it will not. The bank that engages early and constructively, rather than waiting to react to a borrower's request near maturity, both protects its own position and earns the loyalty of a borrower it has helped through a difficult reset.

5.3 For Advisers and Arrangers

For the adviser the implication is that the value added is in the structuring and the process, not in the introduction alone. An adviser who maps the asset onto the feasibility map, sizes the gap, runs a genuinely competitive process across several routes, and stress-tests the chosen structure in the refinance model, delivers a take-out that is both cheaper and more certain than one assembled under time pressure from a single relationship. In a market where many owners will approach their maturities late and anxious, the adviser who instils discipline and starts early is

the one who protects the most value.

The adviser's role also extends to managing the relationship between the parties to the refinancing, which is often where value is won or lost. A take-out frequently involves an incumbent lender being repaid, a new senior lender, a mezzanine or private-credit provider, and sometimes a new equity partner, each with its own requirements and timetable. Sequencing these so that they close together, with intercreditor terms agreed and conditions satisfied in the right order, is a co-ordination task that a sponsor rarely has the time or the standing to run alone. The adviser who orchestrates it well delivers not only a cheaper take-out but a more certain one, and certainty, as the maturity approaches, is worth a great deal.

5.4 For Policymakers and Regulators

Although the playbook is written for market participants, the maturity wall has a systemic dimension that bears on policymakers and regulators in the region. A wall of maturities concentrated in a short window, refinanced from a concentrated banking system, is a channel through which a real estate downturn can transmit to the financial system, as the literature on commercial real estate and financial stability records. The policy interest is therefore in encouraging the smoothing of maturities, the deepening of the sukuk and private-credit markets that give borrowers alternatives to bank debt, and the transparency that lets the market see the shape of the wall in advance. None of this is investment advice or a call for any particular intervention; it is simply an observation that the same early preparation that serves the individual owner also serves the stability of the system, and that the two interests are aligned rather than opposed.

6. CONCLUSION

The refinancing of maturing debt is the moment at which a real estate asset's fate is decided, and across the GCC a large stock of debt written in the low-rate years now reaches that moment in a higher and more selective market. This paper has set out a playbook for that moment. It frames the problem as a refinancing gap between the maturing loan and the new debt the asset supports, sets out the five routes that can close the gap and compares them on cost, speed, certainty and dilution, links the right route to the asset's stabilisation and leverage headroom through a feasibility map, and tests the chosen route in a simple refinance model. Above all it argues that the timing of the refinancing matters as much as its structure, and that beginning early is the single most valuable decision a sponsor makes.

These conclusions are subject to limitations that also mark out the avenues for further work. The framework is analytical and its figures are stylised; a fuller treatment would calibrate the gap, the route costs and the model to asset-level and market data for specific GCC sub-markets and asset classes. The five routes are presented as archetypes, whereas real take-outs blend them in ways that merit closer study, and the legal and Shariah dimensions of sukuk and secured private-credit take-outs in the region's jurisdictions deserve their own treatment. Subject to those caveats, the playbook offers owners, lenders and advisers a vocabulary and a sequence for refinancing the maturity wall with discipline rather than under duress, and a reminder that the best refinancing is the one that was prepared for long before it was needed.

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APPENDIX A. BASE-CASE ASSUMPTIONS

The table below records the stylised assumptions used in the framework. They are indicative, forward-looking calibrations chosen to illustrate the mechanics of a GCC real estate refinancing in 2026, not forecasts.

Table A1. Full Base-Case Assumptions

Parameter	Base-case value	Role in the framework
Original loan tenor	5-7 years	Sets the timing of the maturity wall
Asset value at maturity	92% of origination	Tightens the loan-to-value constraint
New senior LTV	55-60%	Determines new senior debt capacity
Refinancing gap	~45% of original loan	Amount to be financed beyond senior debt
DSCR covenant	1.25x	Minimum coverage the lender requires
Bank refinance cost	~6.5%	Cheapest, most senior route
Sukuk take-out cost	~6.8%	Close to bank, longer execution
Private-credit cost	~9.5%	Faster, flexible, costlier
Equity cost	~14%	Most expensive, most dilutive
Preparation lead time	18-24 months	Window to work the asset before maturity
Sukuk minimum size	~USD 300m	Threshold below which issuance is impractical
Private-credit close	6-12 weeks	Fastest route to certainty of funds
Sukuk close	16-32 weeks	Longest execution timetable
Mezzanine share of gap	~40%	Typical bridge layer in a blended take-out

Indicative assumptions; see Section 3.

APPENDIX B. REFINANCING CHECKLIST

The following checklist distils the playbook into the questions an owner or adviser should answer when approaching a maturing loan.

- When does the loan mature, and how crowded is that maturity window across the market?
- What new senior debt will the asset support at maturity, and how large is the refinancing gap?
- Is the gap a liquidity problem, solvable with a bridge, or a solvency problem, requiring equity or a sale?
- Where does the asset sit on the feasibility map, and which routes are realistically open to it?
- Have we used the run-up to maturity to let space, extend leases and strengthen the contracted income?
- Does the chosen structure cover its debt service under higher rates and softer rents in the refinance model?
- Have we run a competitive process across several routes rather than relying on a single relationship?
- Did we start early enough to be a willing borrower rather than a forced one?

APPENDIX C. GLOSSARY OF KEY TERMS

The following glossary defines the principal technical terms used in this paper for readers who may be less familiar with real estate refinancing.

Maturity wall. The concentration of debt maturities falling due over a period, creating competing demand for refinancing.

Take-out. The refinancing that repays a maturing loan with new, typically longer-dated, debt.

Refinancing gap. The shortfall between a maturing loan and the new senior debt the asset supports at maturity.

Loan-to-value (LTV). The ratio of debt to the appraised value of the asset; a higher value or lower ratio supports more debt.

Debt-service coverage ratio (DSCR). The ratio of net operating income to debt service; lenders require a minimum, often around 1.25 times.

Stabilisation. The point at which an asset is built, let and generating stable income, supporting more and cheaper debt.

Bank refinance. A new senior loan from a bank, typically the cheapest and most senior take-out route for a qualifying asset.

Sukuk take-out. A Shariah-compliant capital-markets issuance used to refinance debt, suited to larger, stronger assets.

Private credit. A loan from a non-bank lender, faster and more flexible than bank debt but higher in cost.

Mezzanine. Subordinated debt ranking behind senior debt, used to bridge part of the refinancing gap at a higher return.

Equity injection. Fresh equity from the sponsor or a new partner that closes a solvency gap without relying on more debt.

Contracted income. Rent or sales contracted under leases or agreements, which underpins the financing and lowers its cost.

Leverage headroom. The margin between current leverage and the maximum the asset's value and income support.

Cost of waiting. The rise in the achieved cost of capital, and the narrowing of routes, as a refinancing is left later.

About the Author

Chennakeshav Adya is an independent researcher and corporate-finance practitioner with more than 25 years of industry experience across real estate, infrastructure and structured credit. His work focuses on

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