



Second Quarter 2025

The Real Estate Roundtable Sentiment Index

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The Real Estate Roundtable is pleased to announce the results from the Q2 2025 Real Estate Roundtable Sentiment Survey. The quarterly survey is the commercial real estate industry's comprehensive measure of senior executives' confidence and expectations about the commercial real estate market environment. Conducted by Ferguson Partners on behalf of The Roundtable, it measures the views of CEOs, presidents, and other top commercial real estate industry executives regarding current conditions and the future outlook on three topics:

1. Overall real estate conditions
 2. Real estate asset values
 3. Access to capital markets
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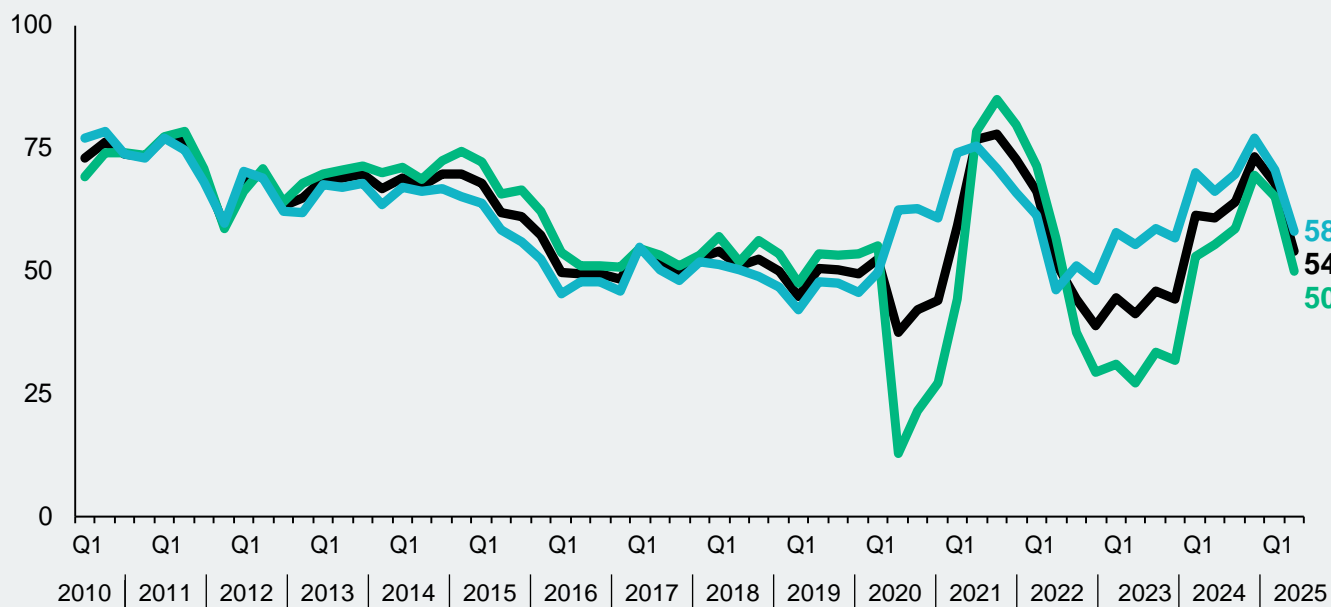
Topline Findings

- The Q2 2025 Real Estate Roundtable Sentiment Index registered **an overall score of 54, a decrease of 14 points** from the previous quarter. The Current Index registered 50, a 15-point decrease compared to Q1 2025. The Future Index posted a score of 58 points, a decrease of 12 points from the previous quarter, reflecting uncertainty around policy direction, rising costs, and execution risk. While market sentiment remains cautious, respondents are seeing early signs of stabilization and improved transactional discipline. Nevertheless, expectations for improvement have softened compared to last year, and many investors remain hesitant to re-engage.
- Market conditions remain mixed, with general uncertainty, along with sector and geographic bifurcation, driving sentiment. **37% of respondents believe that general market conditions are worse than this time last year**, and 37% of respondents believe that general market conditions are better than this time last year. Close to half (47%) of Q2 survey participants expect general market conditions to show improvement one year from now, while 20% of Q2 participants expect general market conditions to be somewhat worse in a year. Logistics and high-quality multifamily remain bright spots, while hospitality and office – particularly commodity space – continue to face significant challenges. From a geographic standpoint, the Midwest is showing relative resilience, whereas sentiment around the Sunbelt reflects concern over elevated supply and near-term softened demand.
- **42% of respondents believe asset values are roughly unchanged** compared to a year ago. The remaining respondents are divided, with 22% believing asset prices have increased and 36% believing they have declined. Looking ahead, the outlook is cautious: 38% expect asset prices to remain stable over the next year, while another 38% anticipate a slight decline.
- Perceptions on equity capital are widely varied, though 34% of respondents believe the availability of equity capital is better than it was a year ago. On the contrary, sentiment around debt capital has improved, as 43% said the availability of debt capital has improved from last year. Looking forward, 45% of respondents believe that equity capital availability will be better in one year and 39% believe debt capital availability will be better.

¹ The Real Estate Roundtable Sentiment Index is measured on a scale of 1–100. It is the average of The Real Estate Roundtable Future Index and The Real Estate Roundtable Current Index. To register an Index of 100, all respondents would have to answer that they believe conditions are “much better” today than one year ago and will be “much better” one year from now.

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Exhibit 1 – Sentiment Index (Aggregate)



■ Overall ■ Current Conditions ■ Future Conditions

- In the Q2 RER Sentiment Survey, participants rated the overall market conditions as a score of 54, current conditions as 50, and future conditions as 58
- Compared to one year ago, sentiments of overall conditions are down by 7 points, perceptions of current conditions are down by 5 points, and future conditions are down by 8 points
- In comparison to last quarter, sentiments on current conditions are down by 15 points, perceptions of future conditions are down by 12 points, and overall conditions are down by 14 points

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General Conditions

The Q2 2025 Real Estate Roundtable Sentiment Index registered an overall score of 54, a decrease of 14 points from the previous quarter. The Current Index registered 50, a 15-point decrease compared to Q1 2025. The Future Index posted a score of 58 points, a decrease of 12 points from the previous quarter, reflecting uncertainty around policy direction, rising costs, and execution risk. While market sentiment remains cautious, respondents are seeing early signs of stabilization and improved transactional discipline. Nevertheless, expectations for improvement have softened compared to last year, and many investors remain hesitant to re-engage.



There's tremendous volatility – like driving in fog. Everyone's got their blinkers on, just waiting. And it's due to lack of policy clarity from the executive branch; it feels like everything could change in three days. It has almost completely shut down investors."



Development, regardless of asset class, is nearly impossible right now due to rising costs. Transaction activity is down due to a bid-ask spread, which reflects the current interest rate environment."



So far, real estate has been less impacted than broader credit markets. But absent meaningful policy changes, a recession feels inevitable."



Buyers and sellers are behaving reasonably for the first time in a while – sellers are properly valuing their assets, and the assumptions underlying buyer underwriting are logical."



Insurance costs have been increasing rapidly for a few years, particularly in California – even with the government subsidies. We're still building, but we're surprised those costs aren't prohibitive already."



The market isn't dislocated – it's stuck. Capital flows and decision-making are frozen, with only isolated pockets of activity."



The one thing that every investor – domestic and foreign – wants is stability. The environment in the United States is incredibly unstable, so some of our investors are sitting on the sidelines."

General Conditions (continued)

Market conditions remain mixed, with general uncertainty, along with sector and geographic bifurcation, driving sentiment. 37% of respondents believe that general market conditions are worse than this time last year, and 37% of respondents believe that general market conditions are better than this time last year. Close to half (47%) of Q2 survey participants expect general market conditions to show improvement one year from now, while 20% of Q2 participants expect general market conditions to be somewhat worse in a year. Logistics and high-quality multifamily remain bright spots, while hospitality and office – particularly commodity space – continue to face significant challenges. From a geographic standpoint, the Midwest is showing relative resilience, whereas sentiment around the Sunbelt reflects concern over elevated supply and near-term softened demand.

“While it’s still not a healthy market, multifamily is in a better place than a year ago. We’re seeing green shoots, especially across the Midwest.”

“Hospitality is bifurcated. The luxury end is holding up, but anything dependent on international travel or middle-income tourism is facing headwinds.”

“Business travel and tourism sentiment are really deteriorating. The lower half of US consumers aren’t in good shape financially, and they don’t have a lot of disposable income.”

“Tenant demand is strong in the logistics sector – particularly with onshoring trends. Hyperscalers and data center users are actively in the market.”

“The Sunbelt has been hit with a lot of supply, but multifamily demand trends still look healthy in the long run – we’re still underbuilt nationally.”

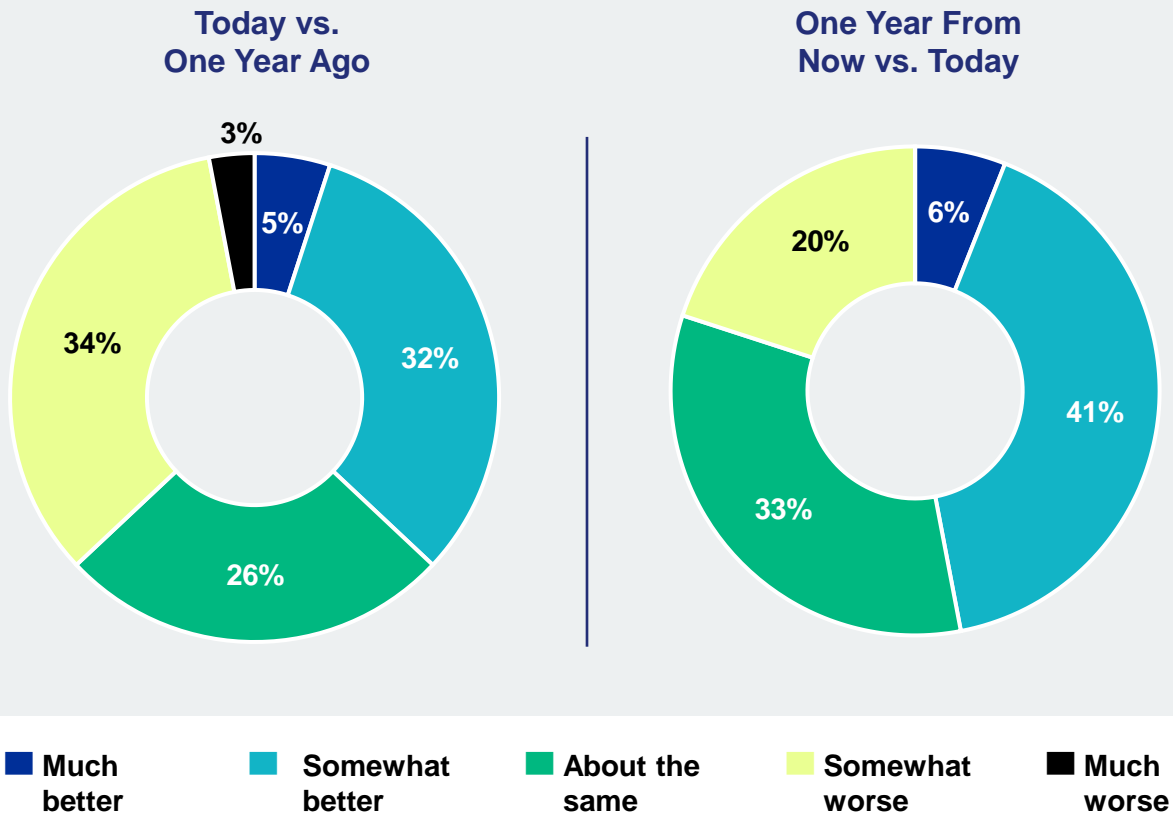
“Office repositioning is still really hard to underwrite. The gap between functional obsolescence and capital needed is just too wide in most buildings.”

“Office is finally seeing some traction again, at least on the high end. Trophy buildings with amenities are getting leased. Commodity space? Still crickets.”

General Market Conditions

% of respondents

Exhibit 2 – Perceptions on General Market Conditions



- Regarding sentiment on current market conditions, 37% believe it is a less favorable environment compared to one year ago, 37% feel it has improved, and 26% believe conditions remain the same.
- Current perceptions fall short of the expectations outlined twelve months ago, where 66% of participants anticipated an improvement in general market conditions, whereas only 37% of Q2 2025 participants believe conditions have truly improved.
- Looking towards the future, 47% of participants believe that a year from now will present more favorable market conditions.

Asset Values

42% of respondents believe asset values are roughly unchanged compared to a year ago. The remaining respondents are divided, with 22% believing asset prices have increased and 36% believing they have declined. Looking ahead, the outlook is cautious: 38% expect asset prices to remain stable over the next year, while another 38% anticipate a slight decline.



From my view, asset prices are flat. It will be a harder time for transactions until we get clarity on rates.”



Insurance costs, especially in California and Florida, are going to start having an impact on asset values.”



Right now, prices are starting to come more into focus and we’re just starting to get value clarity.”



For high quality office assets, pricing has risen.”



The house view is that it will be a bumpy U-shaped recovery and right now, values are flat to maybe up 5%.”



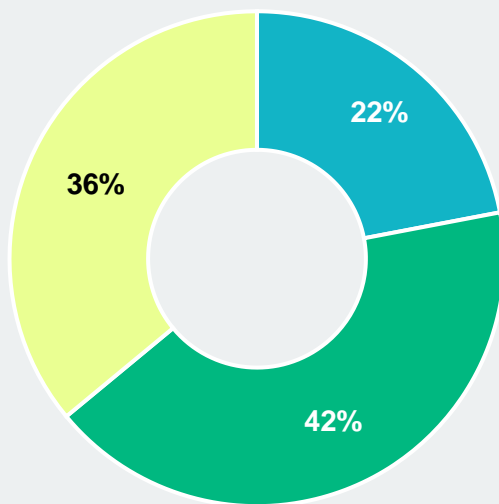
We’re starting to see slightly more trades, which opens up the door to better visibility into valuations, and as a result, may improve the comfort and volume of future trades.”

Real Estate Asset Values

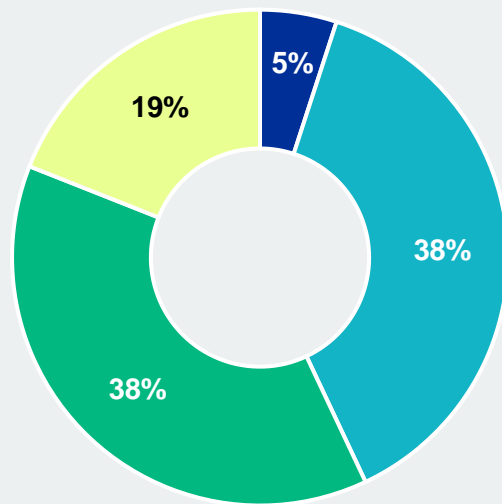
% of respondents

Exhibit 3 – Perceptions on Asset Values

Today vs.
One Year Ago



One Year From
Now vs. Today



■ **Much Higher** ■ **Somewhat higher** ■ **About the same** ■ **Somewhat lower** ■ **Much lower**

- Regarding sentiment on the state of current asset values, 36% believe they are lower than one year ago, 22% feel they are higher, and 42% believe asset values have remained the same compared to a year ago.
- This differs from the Q2 2024 RER Sentiment Survey, where 44% of participants expected asset values to rise by Q2 2025, reflecting a drop in asset value expectations.
- Looking forward, 43% of participants believe that a year from now will present higher asset values, 38% believe they will remain the same, and 19% believe we will see lower asset values.

Capital Markets

Perceptions on the availability of equity capital relative to last year are widely varied. On the other hand, sentiment around debt capital has improved, as 43% said the availability of debt capital has improved from last year. Looking forward, 45% of respondents believe that equity capital availability will be better in one year and 39% believe debt capital availability will be better.



Uncertainty around tariffs will keep volatility high. If international relationships are not remediated soon, we will see more uncertainty in the Treasury market, which will filter down as less availability of debt and equity capital."



The uncertainty of the administration's chaotic economic and tariff policy is harming capital markets, spooking institutional investors, and widening spreads for debt."



There is a lot of dry powder out there, but no one knows what to do with it. It's unclear what kind of returns we can be expecting, and we're struggling to adjust from a low-interest rate environment."



Foreign capital flows into the U.S. will shrink in the near term. That said, the U.S. is typically the first market to readjust in terms of pricing, and that will create opportunity."



Not all the recent volatility has been negative. Debt markets had become extremely competitive, and this volatility has helped bring some balance."



Everything has changed in the last month. Domestic capital is slightly better, but international capital inflow has already taken a step backward."

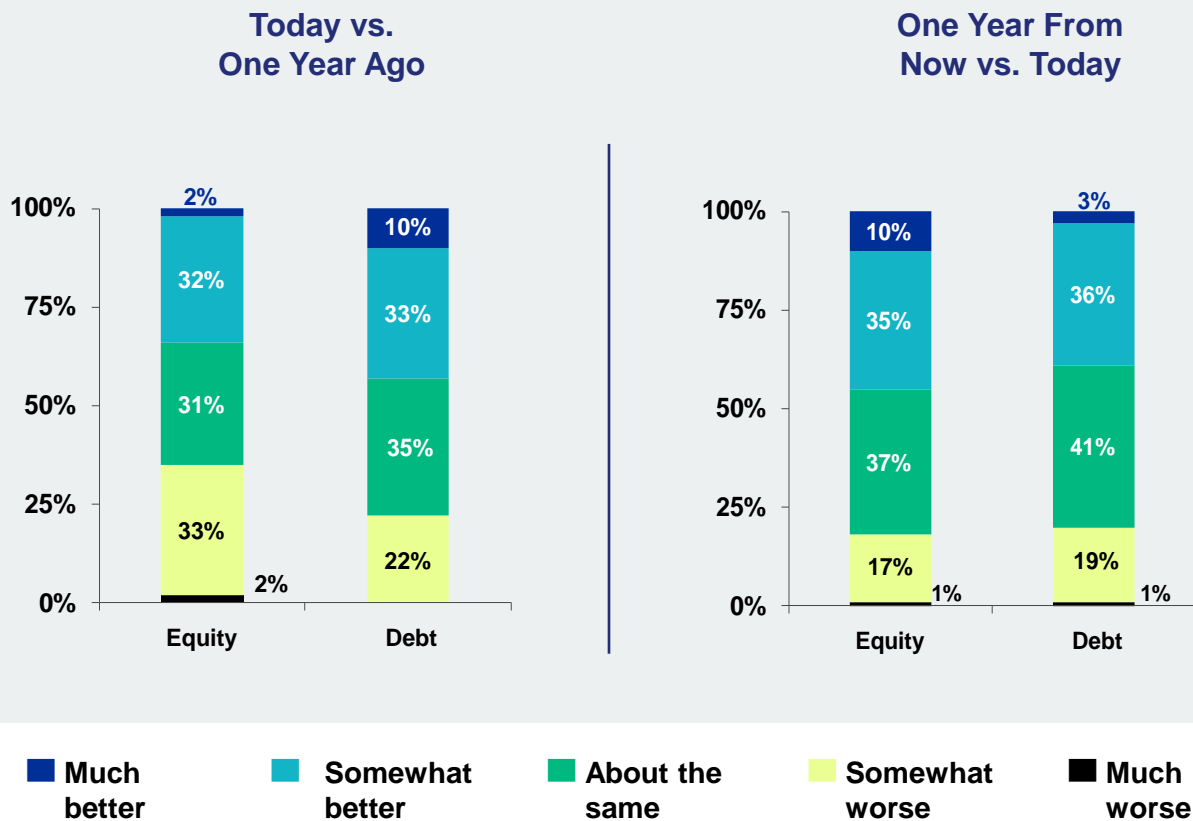


The cost of debt has risen post-tariffs, but the availability is abundant. It's kind of like a public market. Banks are open, CMBS are open, and the pricing of that liquidity is moving in a volatile market."

Availability of Capital

% of respondents

Exhibit 4 – Perceptions on the Availability of Debt and Equity Capital



- Regarding sentiment on the availability of equity capital, 35% believe it is worse compared to one year ago, 34% feel it has improved, and 31% believe the availability of equity remains the same.
- In terms of the availability of debt capital, 22% of participants believe it is worse compared to one year ago, 43% feel it has improved, and 35% believe the availability of credit remains the same.
- Looking towards the future, 45% and 39% of participants believe that equity and debt availability, respectively, will be better one year from now, while 18% and 20% of participants believe that capital availability will be worse one year from now.

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(Please note that this is only a partial list. Not all survey participants elected to be listed.)

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About Ferguson Partners Consulting

We are problem solvers for the real assets industries helping our clients with the strategy, structure, and performance of their businesses, often at times of transition and transformation. Our service offerings include:

- Strategy & Market Positioning – Optimizing business strategy to compete in the market.
- Organizational Design – Getting the right structure, roles, and people in place to execute the business plan.
- Governance & Succession Planning – Planning around current and future leadership, ownership, governance, and decision making.
- Operational Efficiency – Ensuring the performance of the business is optimized through rigorous assessments and benchmarking of staffing and financial results.

About The Real Estate Roundtable

The Real Estate Roundtable brings together leaders of the nation's top publicly-held and privately-owned real estate ownership, development, lending and management firms with leaders of major [national real estate trade organizations](#) to jointly address key national policy issues relating to real estate and its important role in the global economy.

The collective value of assets held by Roundtable members exceeds \$4 trillion. The Roundtable's membership represents more than 3 million people working in real estate; 12 billion square feet of office, retail and industrial space; over 4 million apartments; and more than 5 million hotel rooms. It also includes the owners, managers, developers and financiers of senior, student, and manufactured housing—as well as medical offices, life science campuses, data centers, cell towers, and self-storage properties.

The Roundtable's policy news and more are [available on The Roundtable website](#).



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