Third Quarter 2025

The Real Estate Roundtable Sentiment Index

Ferguson Partners

The Real Estate Roundtable

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The Real Estate Roundtable is pleased to announce the results from the Q3 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

Topline Findings

- The Q3 2025 Real Estate Roundtable Sentiment Index registered **an overall score of 67, an increase of 13 points** over the previous quarter. The Current Index registered 63, a 13-point increase over Q2 2025. The Future Index posted a score of 71 points, an increase of 13 points over the previous quarter, reflecting sentiment that operating conditions have largely stabilized: occupancy and demand are holding, and values appear to have bottomed. Participants expect modest, sector-led growth, yet acknowledge lingering headwinds for weaker property types.

- Sentiment around general market conditions has markedly increased since last quarter. **Only 10% of respondents believe that general market conditions are worse than this time last year, and 56% of respondents believe that general market conditions are better than this time last year**. Almost three-quarters (73%) of Q3 survey participants expect general market conditions to show improvement one year from now. Multifamily, data centers, and NYC office shine while industrial supply is overbuilt.

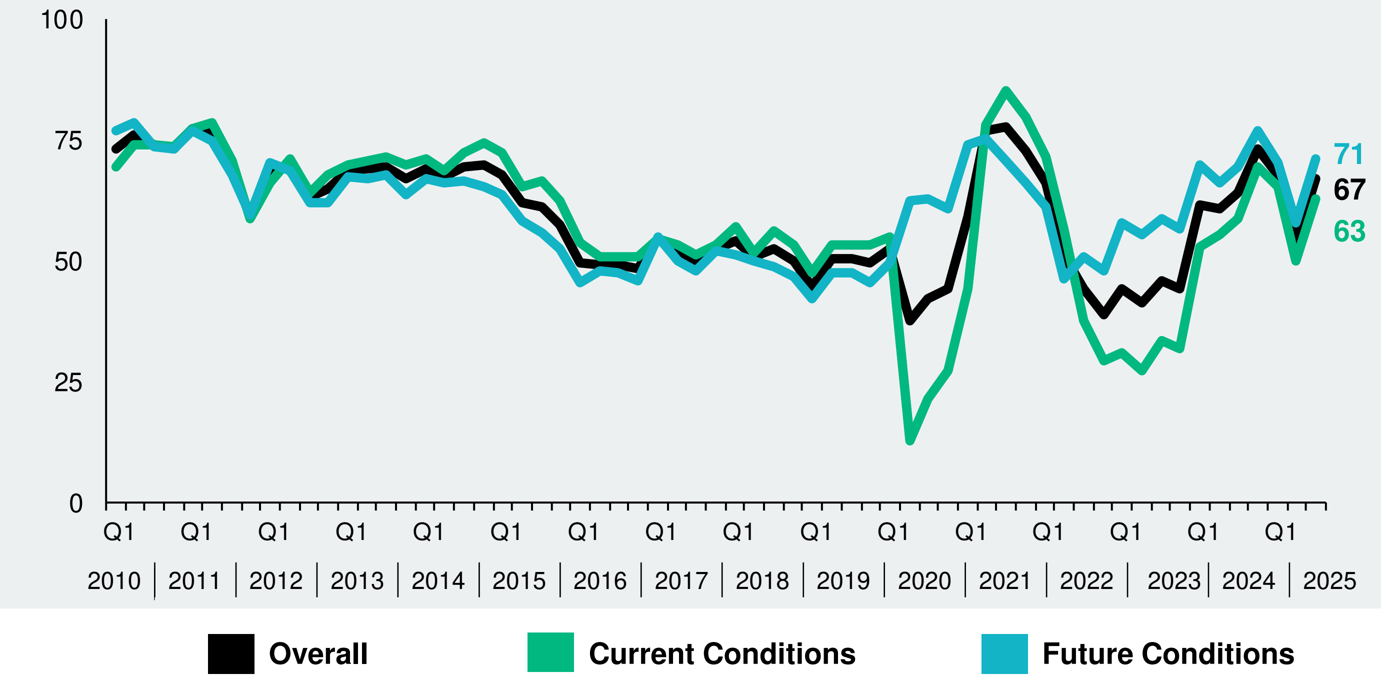
- **Half of respondents believe asset values are roughly unchanged** compared to a year ago. The remaining respondents are divided, with 32% believing asset prices have increased and 18% believing they have declined. Looking ahead, the outlook is optimistic: 59% expect asset prices to rise over the next year, 32% believe asset values will remain stable, and only 9% anticipate a slight decline.

- Perceptions on the availability of equity capital relative to last year are muted, with **50% of respondents believing equity availability is unchanged compared to a year ago**. On the other hand, sentiment around debt capital has risen significantly, as 65% said the availability of debt capital has improved from last year. Looking forward, 55% of respondents believe that equity capital availability will be better in one year and 48% 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.

The Real Estate Roundtable Sentiment Index

Exhibit 1 – Sentiment Index (Aggregate)



- In the Q3 RER Sentiment Survey, participants rated the overall market conditions as a score of 67, current conditions as 63, and future conditions as 71
- Compared to one year ago, sentiments of current conditions are up by 4 points, perceptions of future conditions are up by 1 point, and overall conditions are up by 3 points
- In comparison to last quarter, sentiments on current, future, and overall conditions are all up by 13 points

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General Conditions

The Q3 2025 Real Estate Roundtable Sentiment Index registered an overall score of 67, an increase of 13 points over the previous quarter. The Current Index registered 63, a 13-point increase over Q2 2025. The Future Index posted a score of 71 points, an increase of 13 points over the previous quarter, reflecting sentiment that operating conditions have largely stabilized: occupancy and demand are holding, and values appear to have bottomed. Participants expect modest, sector-led growth, yet acknowledge lingering headwinds for weaker property types.

“The market feels largely stable. There is still uncertainty about what lies ahead, yet conditions are far steadier than we have seen in recent years.”

“There is a growing disconnect between debt and equity providers. Fundamentals seem to have found a floor, but from equity’s perspective this will be a slow recovery, not a GFC-style boom.”

“Real estate has proved unexpectedly resilient, and the outlook for the next few years is strongest in multifamily and industrial – today’s standout sectors.”

“Returns have been negative for almost three years as values adjusted to the new interest rate environment, but we’re observing a bottoming of valuation, so there’s more reason to be optimistic.”

“Most asset classes face headwinds; we are essentially holding our ground and concentrating on limiting downside risk.”

“We anticipated a wave of distress-driven deals, but the actual opportunities have been fewer and far more selective than expected.”

“Real estate is a local business, and this cycle underlines how unique every market and product type really is. There is no ‘one-size-fits-all’ answer; it all depends on where you are, how favorable your product is, and the date of your loan maturity.”

General Conditions (continued)

Sentiment around general market conditions has markedly increased since last quarter. Only 10% of respondents believe that general market conditions are worse than this time last year, and 56% of respondents believe that general market conditions are better than this time last year. Almost three-quarters (73%) of Q3 survey participants expect general market conditions to show improvement one year from now. Multifamily, data centers, and NYC office shine while industrial supply is overbuilt.

“Multifamily is in favor, but it depends on the sub-market because it’s over-built in some areas. Nevertheless, there’s not enough housing in America and it’s the best of the ‘normal’ food groups.”

“Strip-retail around large residential areas is performing well.”

“Investors are starting to look towards Europe, as living assets have been hot and the office sector is hotter than the U.S.”

“Data centers continue to be attractive, and people feel good about the asset class. However, there will be issues, like power costs, and investors don’t fully grasp the operating nuances.”

“Even in the ‘toughest’ multifamily markets, the mood is better than in office-heavy cities such as Los Angeles, San Francisco, and Chicago.”

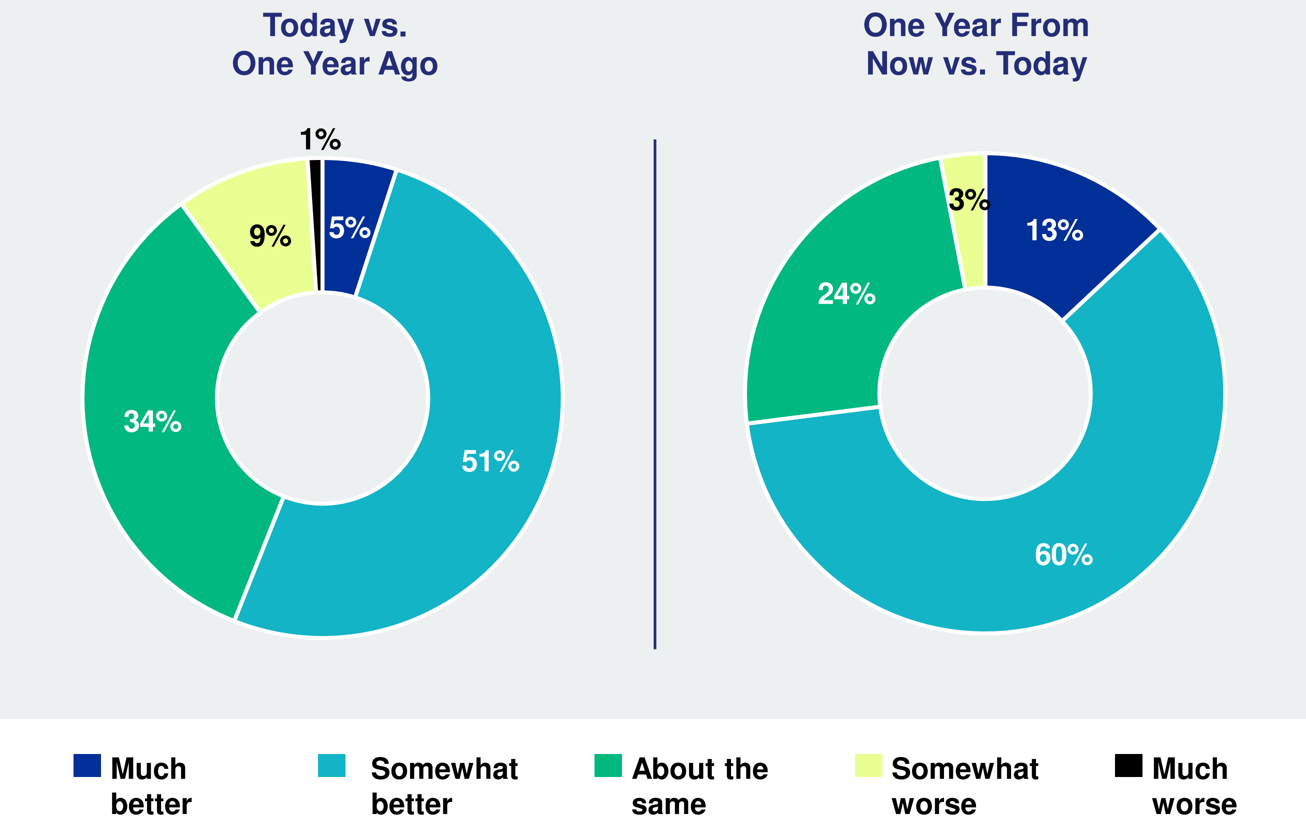
“Industrial is working through an overall oversupply issue – a classic real estate cycle: we made too much, values pulled back, and now no one wants to buy vacancy.”

“NYC office is a big outlier and doing extremely well – Park Ave. is still the number one market in the country.”

General Market Conditions

% of respondents

Exhibit 2 – Perceptions on General Market Conditions



- Regarding sentiment on current market conditions, 10% believe it is a less favorable environment compared to one year ago, 56% feel it has improved, and 34% believe conditions remain the same
- Current perceptions fall short of the expectations outlined twelve months ago, where 70% of participants anticipated an improvement in general market conditions, whereas only 56% of Q3 2025 participants believe conditions have truly improved
- Looking towards the future, 73% of participants believe that a year from now will present more favorable market conditions

Asset Values

Half of respondents believe asset values are roughly unchanged compared to a year ago. The remaining respondents are divided, with 32% believing asset prices have increased and 18% believing they have declined. Looking ahead, the outlook is optimistic: 59% expect asset prices to rise over the next year, 32% believe asset values will remain stable, and only 9% anticipate a slight decline.

“Prices year-over-year are up a little bit; we’ve been on a modest uptick since early 2024.”

“Asset prices have bottomed and are moving up across the board, helped by tighter debt spreads and cash-flow growth.”

“Insurance prices, and to a certain extent taxes, have affected the values for multifamily and hotel assets.”

“There’s still a bid-ask spread with some disconnect between sellers and buyers. It all goes back to the individual’s interest rate assumption.”

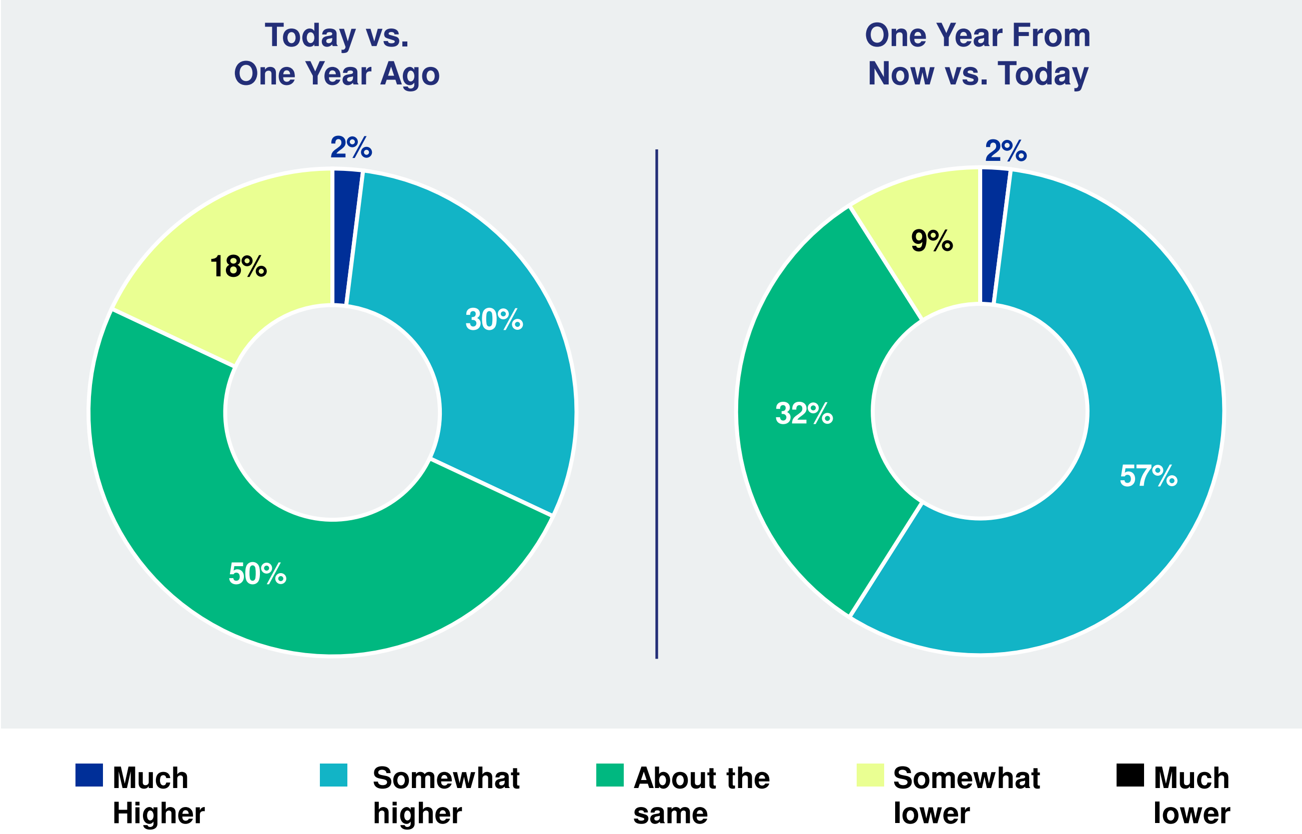
“We came into 2025 with a lot more optimism than we have right now, and at best values are holding steady from a year ago and at worst, they’re slightly down.”

“We’re starting to see more competition for deals and more movement from auction to close. Even though things are a little tighter than 18 months ago, we’re comfortable with pricing.”

Real Estate Asset Values

% of respondents

Exhibit 3 – Perceptions on Asset Values



- Regarding sentiment on the state of current asset values, 18% believe they are lower than one year ago, 32% feel they are higher, and 50% believe asset values have remained the same compared to a year ago
- Looking at last year's Q3 Sentiment survey, 58% of participants expected asset values would be higher now, reflecting a drop in asset value expectations
- Looking towards the future, 59% of participants believe that a year from now will present more favorable asset values, 32% believe they will remain the same, and only 9% believe we will see lower asset values

Capital Markets

Perceptions on the availability of equity capital relative to last year are muted, with 50% of respondents believing equity availability is unchanged compared to a year ago. On the other hand, sentiment around debt capital has risen significantly, as 65% said the availability of debt capital has improved from last year. Looking forward, 55% of respondents believe that equity capital availability will be better in one year and 48% believe debt capital availability will be better.

“Debt has come back and everyone is hungry. Debt funds themselves have been extremely active, and some of the reduction in real estate balance-sheet exposure has gone to the debt funds.”

“Bank spreads have come in dramatically in the last six months – many prefer loan-on-loan financing for better capital treatment.”

“Equity fundraising looked poised for a rebound mid-2024, but the April 2nd shock froze activity. Global investors are cautious now, and some are reallocating away from the U.S.”

“Fundraising is slow even for strong deals. Capital is dribbling back, and continuation vehicles are becoming the go-to solution for managers who need more time.”

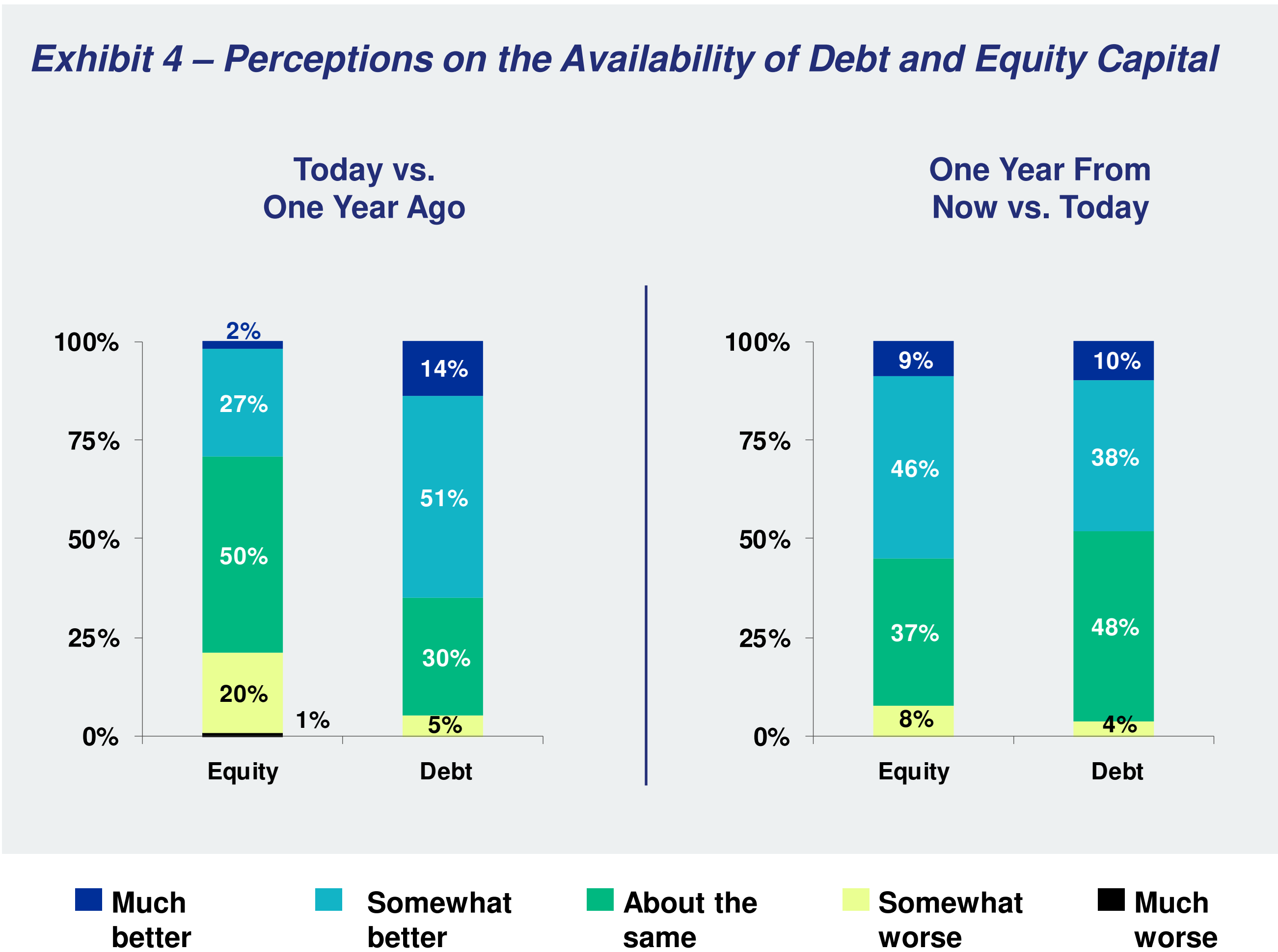
“Capital is plentiful and lenders are aggressive, yet the cost of debt is high enough that availability alone doesn’t make every deal pencil.”

“There is a significant amount of dry powder out there. There was a record amount of equity raised a few years ago, and a lot of that still hasn’t been deployed.”

“Debt is liquid with tight spreads; on the equity side it’s a ‘haves and have-nots’ market. Quality product will still get funded.”

Availability of Capital

% of respondents



- Regarding sentiment on the availability of equity capital, 21% believe it is worse compared to one year ago, 29% feel it has improved, and 50% believe the availability of equity remains the same
- In terms of the availability of debt capital, only 5% of participants believe it is worse compared to one year ago, 65% feel it has improved, and 30% believe the availability of credit remains the same
- Looking towards the future, 55% and 48% of participants believe that equity and debt availability, respectively, will be better one year from now, while 8% and 4% of participants believe that capital availability will be worse one year from now

Participants

(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.

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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.

The Real Estate Roundtable

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