Third Quarter 2026

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 2026 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 2026 Real Estate Roundtable Sentiment Index registered an overall score of 63, no change from the previous quarter.** The Current Index registered 63, a 2-point increase from Q2 2026. The Future Index posted a score of 63 points, a decrease of 1 point from the previous quarter. The collective sentiment across the interviews is that U.S. real estate fundamentals are improving, but the market remains highly divided and constrained by capital formation challenges. Most participants described operating conditions as healthier than they were a year ago, supported by improving leasing fundamentals, abundant debt capital, and stabilization of post-COVID dislocations. However, fundraising remains challenging, transaction volume remains below desired levels, and investors are still navigating valuation resets and geopolitical uncertainty.

- Sentiment varies sharply by asset class. Data centers are viewed as the clear leader, supported by AI-driven demand, capital inflows, supply constraints, and strong fundamentals. Retail has also improved, benefiting from limited new supply and durable demand. Industrial and logistics remain attractive, though enthusiasm has cooled from pandemic highs. Multifamily is more mixed, with long-term demand offset by oversupply and affordability pressures in some markets. Office remains highly bifurcated, as trophy assets and markets gain traction while weaker markets lag.

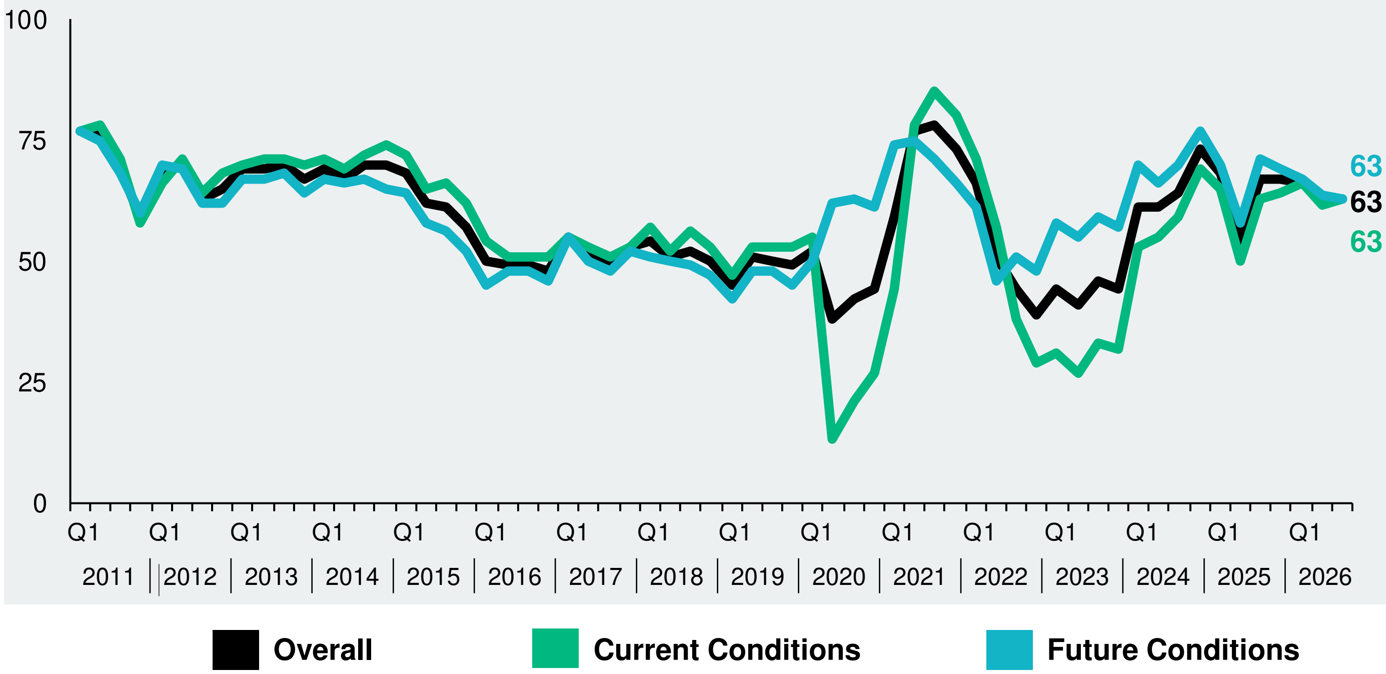
- Almost half (45%) of respondents believe asset values are relatively unchanged compared to a year ago, while 43% feel they are higher and 12% think values have declined. Interviewees pointed to REITs trading at a premium to NAV, moderating cap rate compression, and early signs of stabilization in select markets as evidence that private valuations may be approaching an inflection point. Looking ahead, the outlook is overall optimistic: 49% expect asset prices to rise over the next year, 50% believe asset values will remain stable, and only 1% anticipate that values will decrease.

- Perceptions on equity capital are split, with 25% believing availability is worse compared to a year ago, 35% thinking it is better, and 40% feeling it is the same. On the other hand, sentiment around debt capital is positive, as 63% said the availability of debt capital has improved from last year. Looking forward, 50% of respondents believe that equity capital availability will be better in one year and 29% 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 63, current conditions as 63, and future conditions as 63
- Compared to one year ago, sentiments of current conditions remain the same, perceptions of future conditions are down by 8 points, and overall conditions are down by 4 points
- In comparison to last quarter, sentiments on current conditions are up by 2 points, perceptions of future conditions are down by 1 point, and overall conditions remain the same

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General Conditions

The Q3 2026 Real Estate Roundtable Sentiment Index registered an overall score of 63, no change from the previous quarter. The Current Index registered 63, a 2-point increase from Q2 2026. The Future Index posted a score of 63 points, a decrease of 1 point from the previous quarter. The collective sentiment across the interviews is that U.S. real estate fundamentals are improving, but the market remains highly divided and constrained by capital formation challenges. Most participants described operating conditions as healthier than they were a year ago, supported by improving leasing fundamentals, abundant debt capital, and stabilization of post-COVID dislocations. However, fundraising remains challenging, transaction volume remains below desired levels, and investors are still navigating valuation resets and geopolitical uncertainty.

“The market increasingly resembles a collection of winners and losers rather than a single unified cycle. There are hot markets and asset classes."

“Capital raising remains difficult across nearly every property type despite modest improvement from last year; investors are demanding more certainty before committing fresh capital."

“Liquidity in real estate debt markets is among the strongest seen in recent years; the principal challenge is now the cost of capital rather than the availability of capital.”

“Ground-up development remains difficult because rents do not justify current costs and valuations. Many developers are surviving on fee business while waiting for the cycle to improve."

“Political instability and geopolitical conflicts continue to weigh on investor confidence. The market has repeatedly been interrupted by external shocks just as recovery seemed underway."

“Property fundamentals are healthier than public sentiment would suggest; elevated replacement costs are protecting existing asset values by suppressing new supply.”

“Many investors believe now may be an attractive point in the cycle."

General Conditions (continued)

Sentiment varies sharply by asset class. Data centers are viewed as the clear leader, supported by AI-driven demand, capital inflows, supply constraints, and strong fundamentals. Retail has also improved, benefiting from limited new supply and durable demand. Industrial and logistics remain attractive, though enthusiasm has cooled from pandemic highs. Multifamily is more mixed, with long-term demand offset by oversupply and affordability pressures in some markets. Office remains highly bifurcated, as trophy assets and markets gain traction while weaker markets lag.

“Data centers are experiencing stronger demand than the industry has ever seen and are attracting capital more easily than nearly any other property type."

“Open-air retail has moved from an overlooked sector to one receiving significant investor attention; limited construction supports rent growth and sector performance."

“Industrial continues to benefit from modern supply chain needs and e-commerce demand; last-mile logistics specifically remains one of the most compelling subsectors."

“Multifamily fundamentals are improving, although the recovery is taking longer than many expected as Sun Belt markets continue working through excess supply."

“New York office leasing strength is standing in sharp contrast to weaker office markets elsewhere."

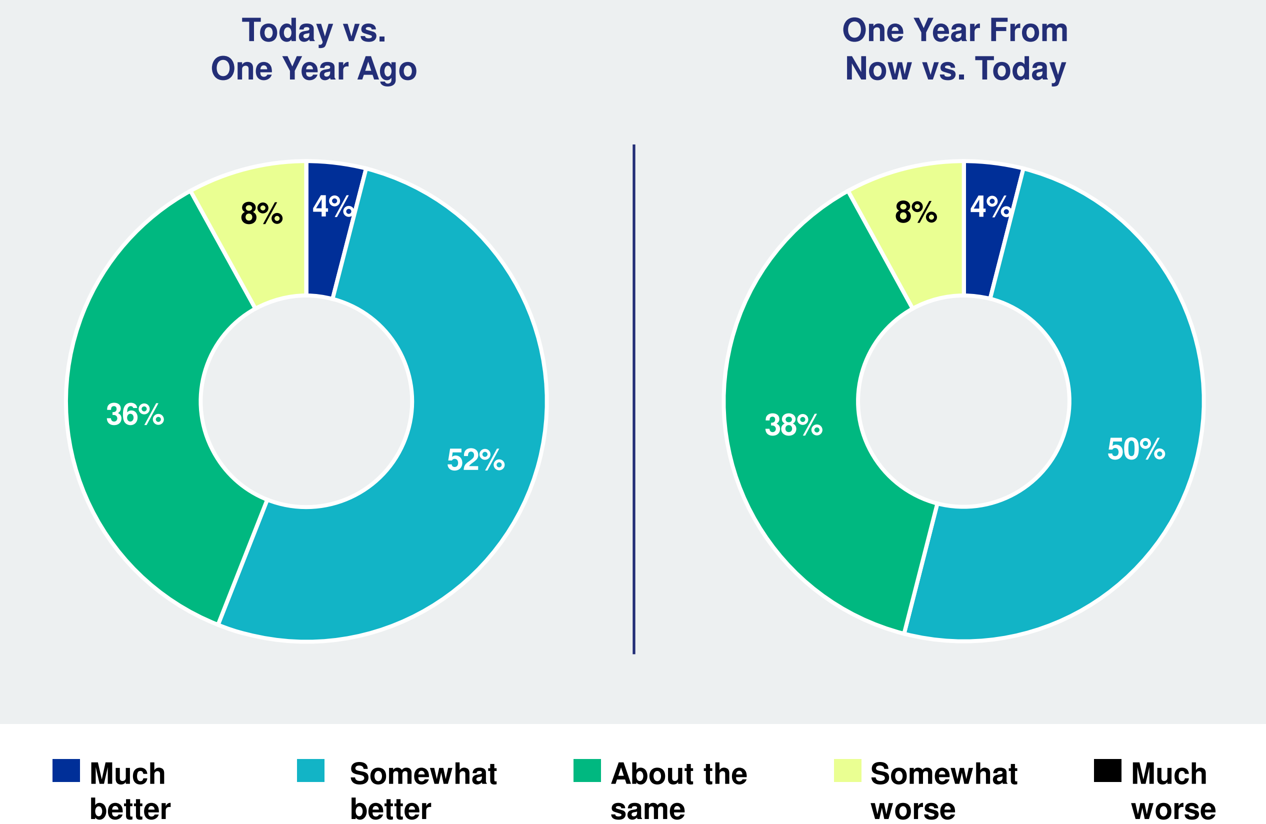
“Senior housing is benefiting from powerful demographic demand and is increasingly viewed as undersupplied."

“Capacity constraints, community opposition, and power availability are emerging risks for future data center growth."

General Market Conditions

% of respondents

Exhibit 2 – Perceptions on General Market Conditions



- Regarding sentiment on current market conditions, 8% believe it is a less favorable environment compared to one year ago, 56% feel it has improved, and 36% believe conditions remain the same
- Current perceptions do not meet the expectations outlined twelve months ago, when 73% of participants anticipated an improvement in general market conditions, with only 56% of Q3 2026 participants believing conditions have in fact improved
- Looking towards the future, 54% of participants believe that a year from now will present more favorable market conditions

Asset Values

Almost half (45%) of respondents believe asset values are relatively unchanged compared to a year ago, while 43% feel they are higher and 12% think values have declined. Interviewees pointed to REITs trading at a premium to NAV, moderating cap rate compression, and early signs of stabilization in select markets as evidence that private valuations may be approaching an inflection point. Looking ahead, the outlook is overall optimistic: 49% expect asset prices to rise over the next year, 50% believe asset values will remain stable, and only 1% anticipate that values will decrease.

> REITs are up over 20% this year and trading well above their historic average relative to NAV. This is a strong signal that private valuations still have room to catch up."

> For development projects, values have normalized, and it doesn't feel like things are out of whack anymore. If anything, the difficulty of new ground-up development is helping protect the value of what's already built."

> Cap rate compression is gone and I don't think it's coming back anytime soon. People built expecting a 5.5 to become a 7, and instead they can only sell at a 5.5, which results in a lot of owners just not selling."

> Valuations are still down as much as 30-40% from peak in some categories, but we're starting to see real stabilization. In a handful of markets like New York, Dallas, Miami, and the Bay Area, we may already be on the way to an upswing."

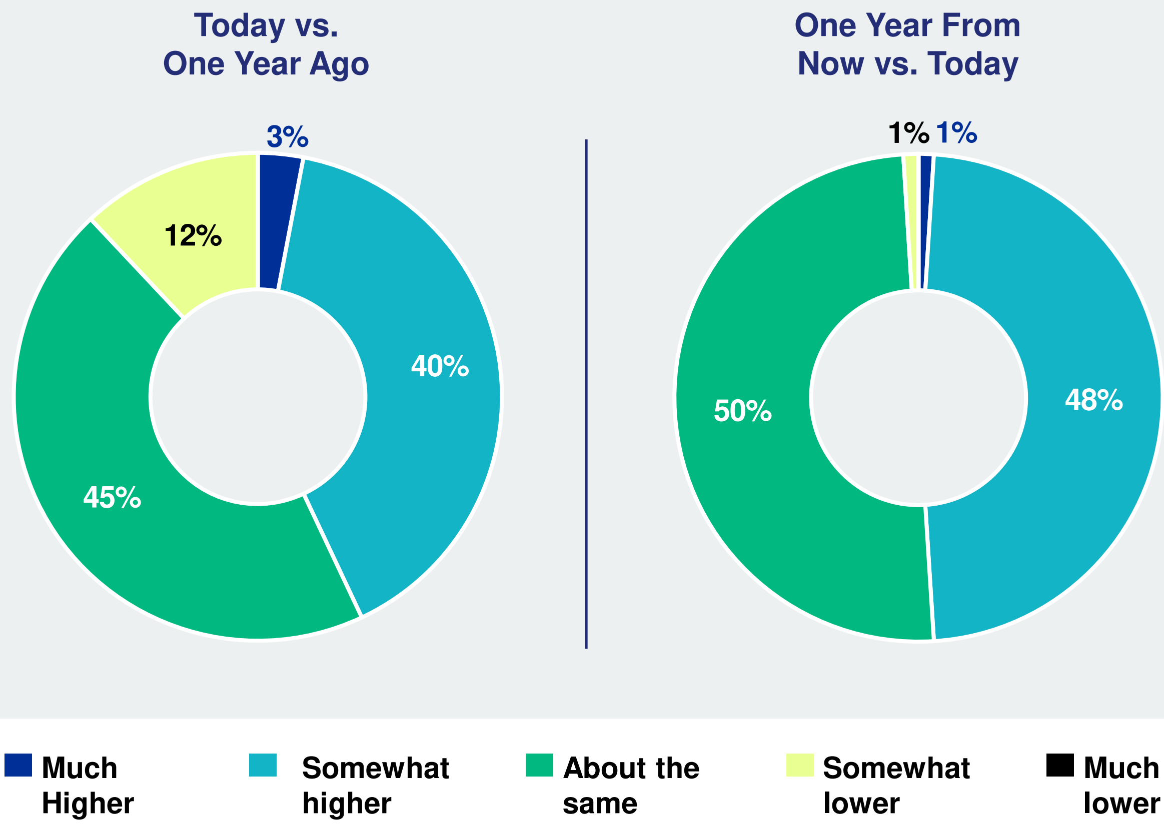
> When you look at true like-for-like transactions in data centers, there have been very few because most of the activity has not gone through a real recycling event yet. I think operating fundamentals are going to outpace the incremental supply of trades, which means there's upside to values from here."

> Prices haven't really moved much over the last year. Cap rates have come down slightly, but costs remain high and rates have crept back up. A year from now, assuming things don't get worse politically, we could see cap rates ease a bit as inflation comes further under control, which would help prices."

Real Estate Asset Values

% of respondents

Exhibit 3 – Perceptions on Asset Values



- Regarding sentiment on the state of current asset values, 12% believe they are lower than one year ago, 43% feel they are higher, and 45% believe asset values have remained the same
- Looking at last year's Q3 Sentiment survey, 59% of participants expected asset values would be higher now, reflecting a drop in asset value expectations
- Looking towards the future, 49% of participants believe that a year from now will present more favorable asset values, 50% believe they will remain the same, and only 1% believe we will see lower asset values

Capital Markets

Perceptions on equity capital are split, with 25% believing availability is worse compared to a year ago, 35% thinking it is better, and 40% feeling it is the same. On the other hand, sentiment around debt capital is positive, as 63% said the availability of debt capital has improved from last year. Looking forward, 50% of respondents believe that equity capital availability will be better in one year and 29% believe debt capital availability will be better.

> Equity capital is stalled. We used to go to twenty potential equity partners and have five compete for a deal. Now we go to two hundred and get one or two takers."

> Development projects aren't stalling because of a restriction on available lending capacity. There is plenty of debt out there, but the question is whether you can afford it once you layer in construction costs and where rates sit."

> Equity sentiment is as bad as ever. If you asked the top allocators to rank real estate against other asset classes, it wouldn't rank high. Investors don't have a fear of missing out."

> Spreads are tight and lenders are leaning in, but that doesn't mean the rate is cheap. Banks are back, insurance companies are hungry for long-duration paper, and financing is generally good, just not cheap."

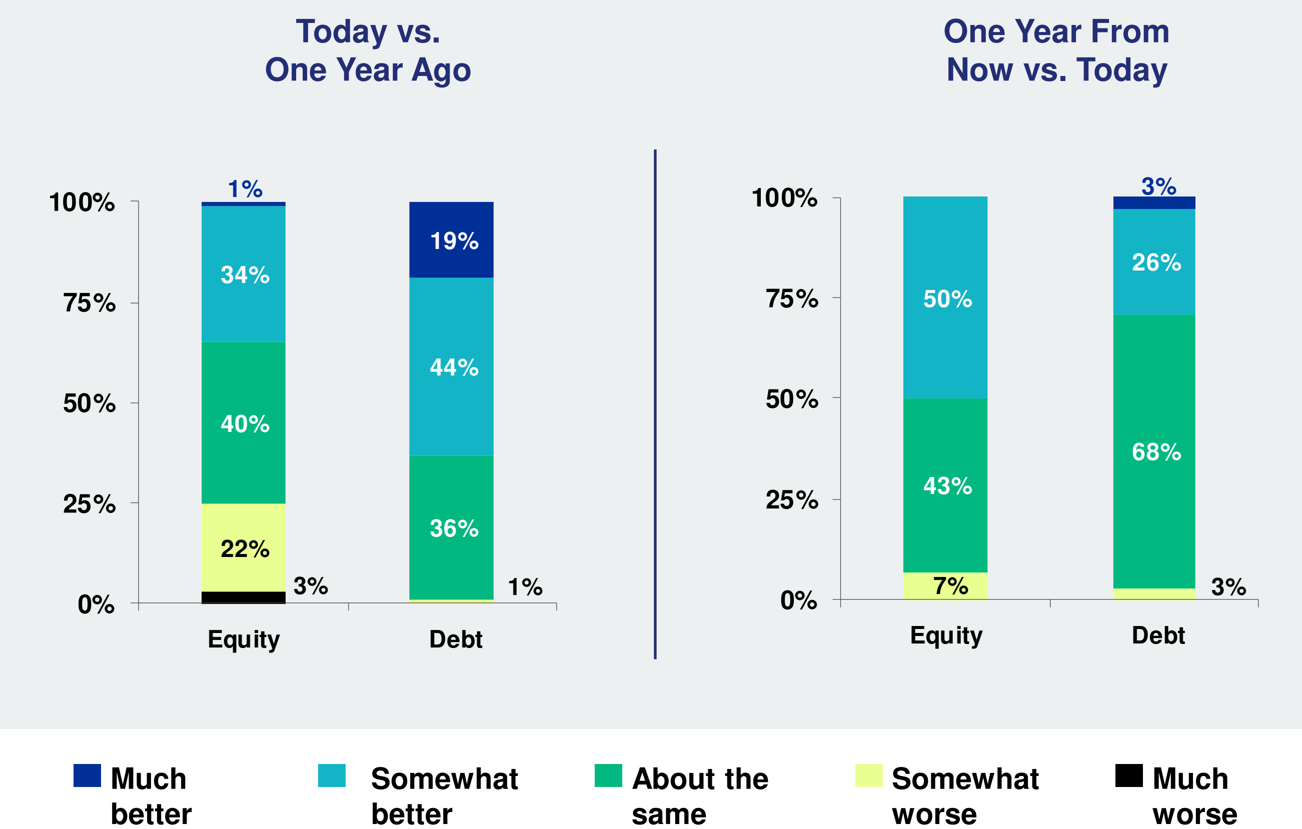
> Debt is much more widely available than it was twelve months ago, but equity is still exceptionally selective. There's no urgency, and nobody feels like they're going to miss a deal, so capital is taking its time."

> Capital raising is still very hard broadly, but where there's a genuinely differentiated story like playing in a niche sector, vertical integration, or real operational alpha, you can absolutely raise capital."

Availability of Capital

% of respondents

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



- Regarding sentiment on the availability of equity capital, 25% believe it is worse compared to one year ago, 35% feel it has improved, and 40% believe the availability of equity remains the same
- In terms of the availability of debt capital, only 1% of participants believe it is worse compared to one year ago, 63% feel it has improved, and 36% believe the availability of credit remains the same
- Looking towards the future, 50% and 29% of participants believe that equity and debt availability, respectively, will be better one year from now, while 7% and 3% of participants, respectively, 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.)

Joshua M. Parker
Ancora Group Capital

Steven Hason
APG Asset Management US, Inc.

Bert Crouch
Apollo Global Management

Mark E. Rose
Avison Young

Joe Marconi
Bain Capital

Eliza Bailey
Belay Investment Group

Alan King
Berkshire Residential Investments

Lucy Burns
Billingsley Company

Jeffrey D. Horowitz
BofA Securities, Inc.

Michael W. Brennan
Brennan Investment Group

Owen D. Thomas
BXP

Douglas Pasquale
Capstone Enterprises Corp.

Robert Stern
Castle Hill Investors

Stephen Lebovitz
CBL & Associates Properties, Inc.

Christoph Donner
Cityview

Alan Gosule
Clifford Chance, LLP

Matthew G. Rocco, Sr.
Colliers

Michael Levy
Kenneth J. Valach
Crow Holdings

Bradley Razook
CSCA Capital Advisors, LLC

Kathleen S. Briscoe
Dermody

Andrew P. Power
Digital Realty

Adam W. Ifshin
DLC Management Corp.

Jordan Kaplan
Douglas Emmett, Inc.

Daniel M. Neidich
Dune Real Estate Partners, LP

Jodie W. McLean
EDENS

Anthony E. Malkin
Empire State Realty Trust, Inc.

Peter E. Baccile
First Industrial Realty Trust, Inc.

Alex Klatskin
Forsgate Industrial Partners

Gregg Gerken
G-IV Advisors

Jonathan J. Ofer
Global Holdings Management (US)

David B. Lentz
Green Courte Partners, LLC

Robert Ivanhoe
Greenberg Traurig, LLP

Theodore J. Klinck
Highwoods Properties, Inc.

Ray Lawler
Hines

Dean Parker
Hinshaw & Culbertson, LLP

Thomas A. Grier
J.P. Morgan Securities LLC

Guy Johnson
Johnson Capital Group, Inc.

Geordy Johnson
Johnson Group, The

John Flynn
Kennedy Wilson

Conor C. Flynn
Kimco Realty Corp.

Matt Salem
KKR

Peter McDermott
KSL Capital Partners, LLC

Marty Burger
L&L Infinite Real Estate Partners

Rana Ghorayeb
La Caisse

Phillip Belling
LBA Realty

Michael H. Lowe
Robert J. Lowe
Lowe

James P. Flynn
Lument

Hessam Nadji
Marcus & Millichap

Keith E. Bass
Mattamy Homes

Todd Liker
Oaktree Capital Management

Erik Horvat
Olayan Group, The

William Lindsay
PCCP

Devin Murphy
Phillips Edison

John W. Murray
PIMCO

Participants (continued)

Fred Tuomi
Pretium Partners FBO Progress Residential

Todd Everett
Principal Real Estate Investors

Martin E. Stein, Jr.
Regency Centers

Adam D. Portnoy
RMR Group, The

Daniel J. Moore
Rockefeller Group International, Inc.

Scott Rechler
RXR

Marc Holliday
SL Green Realty Corp.

John G. Murray
Sonesta Hotels

Nick Dhimitri
John F. Fish
Suffolk

Rick Buziak
Swift Real Estate Partners

Hugh W. Allen
TD Bank

Mitchell Schear
Ten Square

Michael A. Covarrubias
TMG Partners

Jeff Zabel
Tufts University – Department of Economics

Rex Rudy
U.S. Bancorp (HQ)

Thomas W. Toomey
UDR

Gary M. Tischler
Vanbarton Group

David J. Larcher
Vestar

Walker Noland
Virginia Retirement System

Duncan Osborne
Willow Bridge Property Co.

Gilbert Winn
WinnCompanies

Contact

Please direct all inquiries regarding this study to:

Michelle Yelaska

Vice President, Management Consulting
Ferguson Partners
+1 (312) 893-2317
myelaska@fergusonpartners.com

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.

Ferguson Partners

123 North Wacker Drive
Suite 2500
Chicago, IL 60606

Fax: 312.368.5088

www.fergusonpartners.com

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

Market Square West
801 Pennsylvania Ave NW
Suite 720
Washington, D.C. 20004

Tel: 202.639.8400
Fax: 202.639.8442

www.rer.org