

Fourth 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 Q4 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 Q4 2026 Real Estate Roundtable Sentiment Index registered an overall score of 53, a 10-point drop from the previous quarter.** The Current Index registered 47, a 16-point decrease from Q3 2026. The Future Index posted a score of 58 points, a decrease of 5 points from the previous quarter. The decreased sentiment this quarter can be attributed to rising interest rates and ongoing geopolitical uncertainty weighing on the market. Interviewees noted a widening gap between how properties are performing and how the market is pricing them, and although operating conditions remain healthy across most sectors, higher rates have unsettled valuations and sent investors back to the sidelines. Most participants expect the setback to pass once rates stabilize. Some see the dislocation as a buying opportunity, though few are ready to commit capital until then.

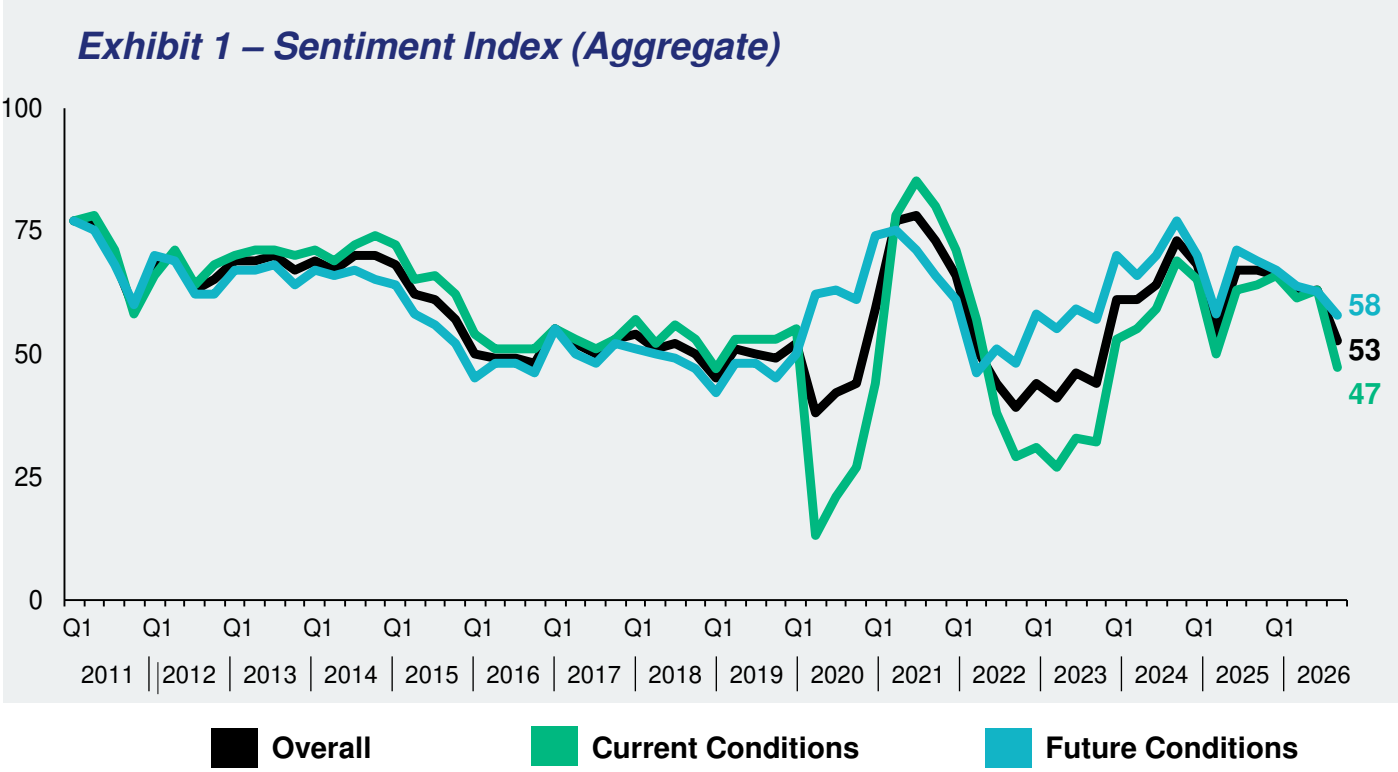
- Views continue to vary widely by property type. Open-air retail and industrial have held their value, supported by limited new supply. Office sentiment is improving in select gateway markets, helped in part by leasing from AI companies and the firms benefiting from them. Data centers continue to attract strong demand, though interviewees flagged growing political resistance and questions about long-term need. Multifamily drew the most divided views. Some participants pointed to oversupply in the Sunbelt and the risk that job losses could pressure rents. Others see the recent price declines and early occupancy gains as an attractive entry point.

- More than half (56%) of respondents believe asset values are lower compared to a year ago, while 29% feel they are unchanged and 15% feel values have increased. Asset values continue to face downward pressure amid interest rate volatility and pricing uncertainty, though the extent of further declines varies by asset quality and sector, with sellers adjusting expectations to facilitate transactions. Looking ahead, the outlook is mixed: 27% expect asset prices to rise over the next year, 42% believe asset values will remain stable, and 31% anticipate that values will decrease.

- Perceptions on equity capital are down, with 51% believing availability is worse compared to a year ago, 15% thinking it is better, and 34% feeling it is the same. On the other hand, sentiment around debt capital is somewhat positive, as 44% said the availability of debt capital has improved from last year. Looking forward, 28% of respondents believe that equity capital availability will be better in one year and 17% 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



- In the Q4 RER Sentiment Survey, participants rated the overall market conditions as a score of 53, current conditions as 47, and future conditions as 58
- Compared to one year ago, sentiments of current conditions are down 17 points, perceptions of future conditions are down by 11 points, and overall conditions are down by 14 points
- In comparison to last quarter, sentiments on current conditions are down by 16 points, perceptions of future conditions are down by 5 points, and overall conditions are down by 10 points

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General Conditions

The Q4 2026 Real Estate Roundtable Sentiment Index registered an overall score of 53, a 10-point drop from the previous quarter. The Current Index registered 47, a 16-point decrease from Q3 2026. The Future Index posted a score of 58 points, a decrease of 5 points from the previous quarter. The decreased sentiment this quarter can be attributed to rising interest rates and ongoing geopolitical uncertainty weighing on the market. Interviewees noted a widening gap between how properties are performing and how the market is pricing them, and although operating conditions remain healthy across most sectors, higher rates have unsettled valuations and sent investors back to the sidelines. Most participants expect the setback to pass once rates stabilize. Some see the dislocation as a buying opportunity, though few are ready to commit capital until then.

> I'm feeling a lot worse than I did a month ago. Fundamentals are still solid and the market was liquid, but when the 10-year pushed past 5% at the end of September, pricing took a big step back."

> The market is very challenged, and interest rates are the reason. I'd say it's 40% more challenged than it was 60 days ago."

> This feels like the never-ending downturn. Just as the industry starts to recover, something like tariffs or the Iran conflict disrupts what would be a natural recovery."

> Leasing fundamentals across every asset class are quite strong. We've had very little new construction outside of multifamily, and that is a significant tailwind."

> Geopolitical risk is top of mind for everybody. Between Iran, the midterms, and the divides within both parties, there is a great deal of uncertainty, and uncertainty is bad for business."

> People have been predicting distress for years. This coming year may be the one where everyone turns out to have been right, just a year late."

> There will be great buying opportunities. The approach is to be opportunistic and look for the cracks, but you want more clarity on rates first."

General Conditions (continued)

Views continue to vary widely by property type. Open-air retail and industrial have held their value, supported by limited new supply. Office sentiment is improving in select gateway markets, helped in part by leasing from AI companies and the firms benefiting from them. Data centers continue to attract strong demand, though interviewees flagged growing political resistance and questions about long-term need. Multifamily drew the most divided views. Some participants pointed to oversupply in the Sunbelt and the risk that job losses could pressure rents. Others see the recent price declines and early occupancy gains as an attractive entry point.

> Housing vacancy is up across nearly every market. People are confusing affordability with availability, and there is plenty of availability."

> Data centers continue to do well, but the political backlash is building. There are real questions about how many data centers we need, since the technology changes quickly and these buildings have no adaptive reuse."

> The needle is finally moving on some of the stubborn zombie office buildings out west, and there's positive momentum in New York and San Francisco."

> Where growth is robust, values hold. Manufactured housing and industrial have seen less adjustment."

> Pricing has given back more in apartments than in other sectors, which has us asking whether we should shift more of our activity there."

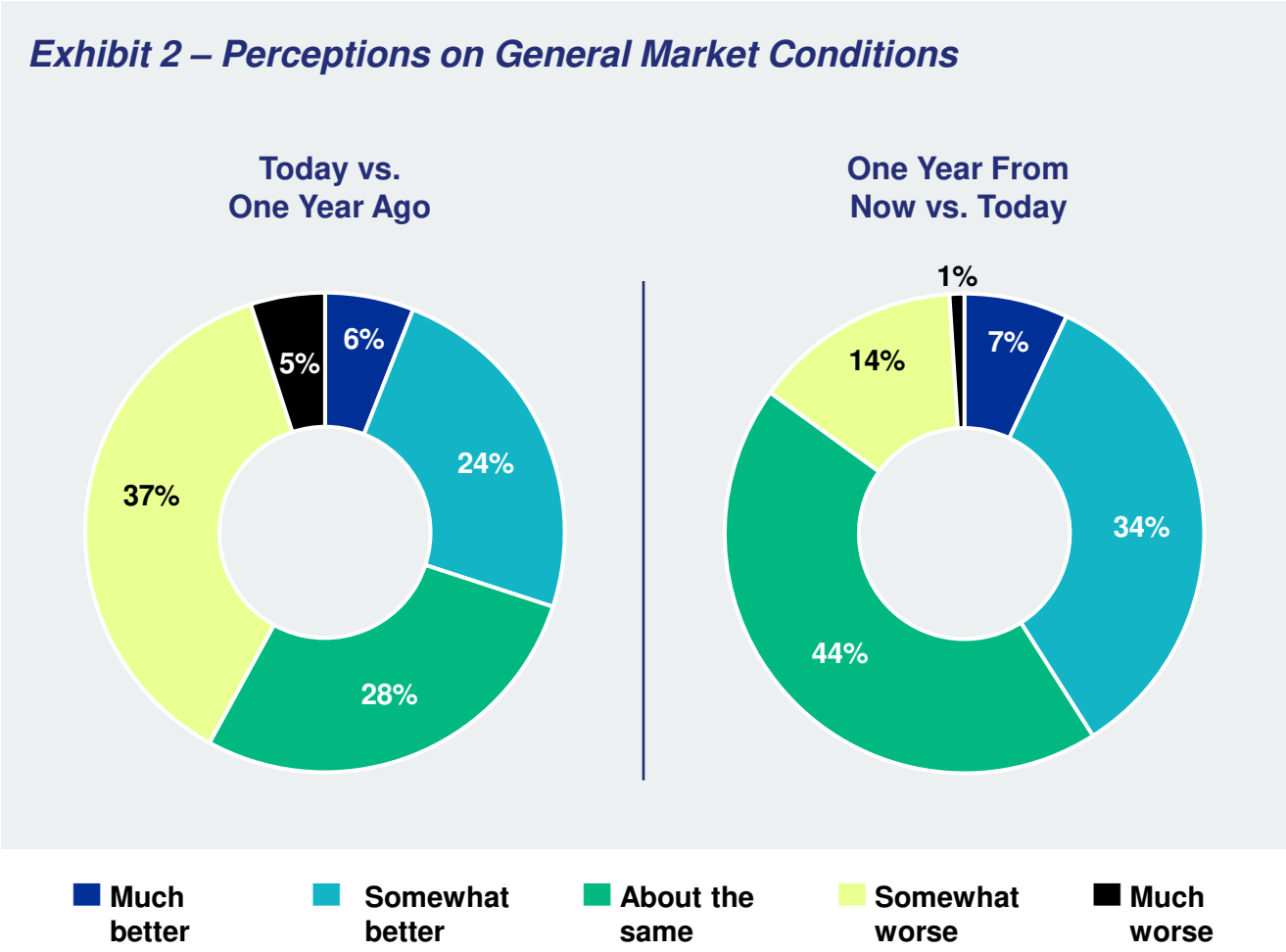
> Open-air retail is so hot that buyers are pushing ahead despite the rate move. A good center is much harder to replace than an apartment building, so investors are prioritizing the right asset over a few basis points on the cap rate."

> AI is helping office leasing. Offices are leasing to AI companies, and many law firms, banks, and asset manager tenants are profiting from the boom."

General Market Conditions

% of respondents

Exhibit 2 – Perceptions on General Market Conditions



- Regarding sentiment on current market conditions, 42% believe it is a less favorable environment compared to one year ago, 30% feel it has improved, and 28% believe conditions remain the same
- Current perceptions do not meet the expectations outlined twelve months ago, when 70% of participants anticipated an improvement in general market conditions, with only 30% of Q4 2026 participants believing conditions have in fact improved
- Looking towards the future, 41% of participants believe that a year from now will present more favorable market conditions

Asset Values

More than half (56%) of respondents believe asset values are lower compared to a year ago, while 29% feel they are unchanged and 15% feel values have increased. Asset values continue to face downward pressure amid interest rate volatility and pricing uncertainty, though the extent of further declines varies by asset quality and sector, with sellers adjusting expectations to facilitate transactions. Looking ahead, the outlook is mixed: 27% expect asset prices to rise over the next year, 42% believe asset values will remain stable, and 31% anticipate that values will decrease.

> Appraisals are catching up to the market in real time. That should push both lenders and owners to act on legacy deals instead of extending them again."

> Product coming to market is now 15-20% below peak, which helped reset the market. The latest rate move has reopened the bid-ask gap."

> High-quality assets aren't under pressure, and top-tier cap rates are actually compressing. Lower-quality assets have a thin buyer pool and still haven't corrected enough."

> We're seeing deals in process being re-traded, with buyers taking up to 5% off the price. The sense that pricing had stabilized has been called into question in the last month."

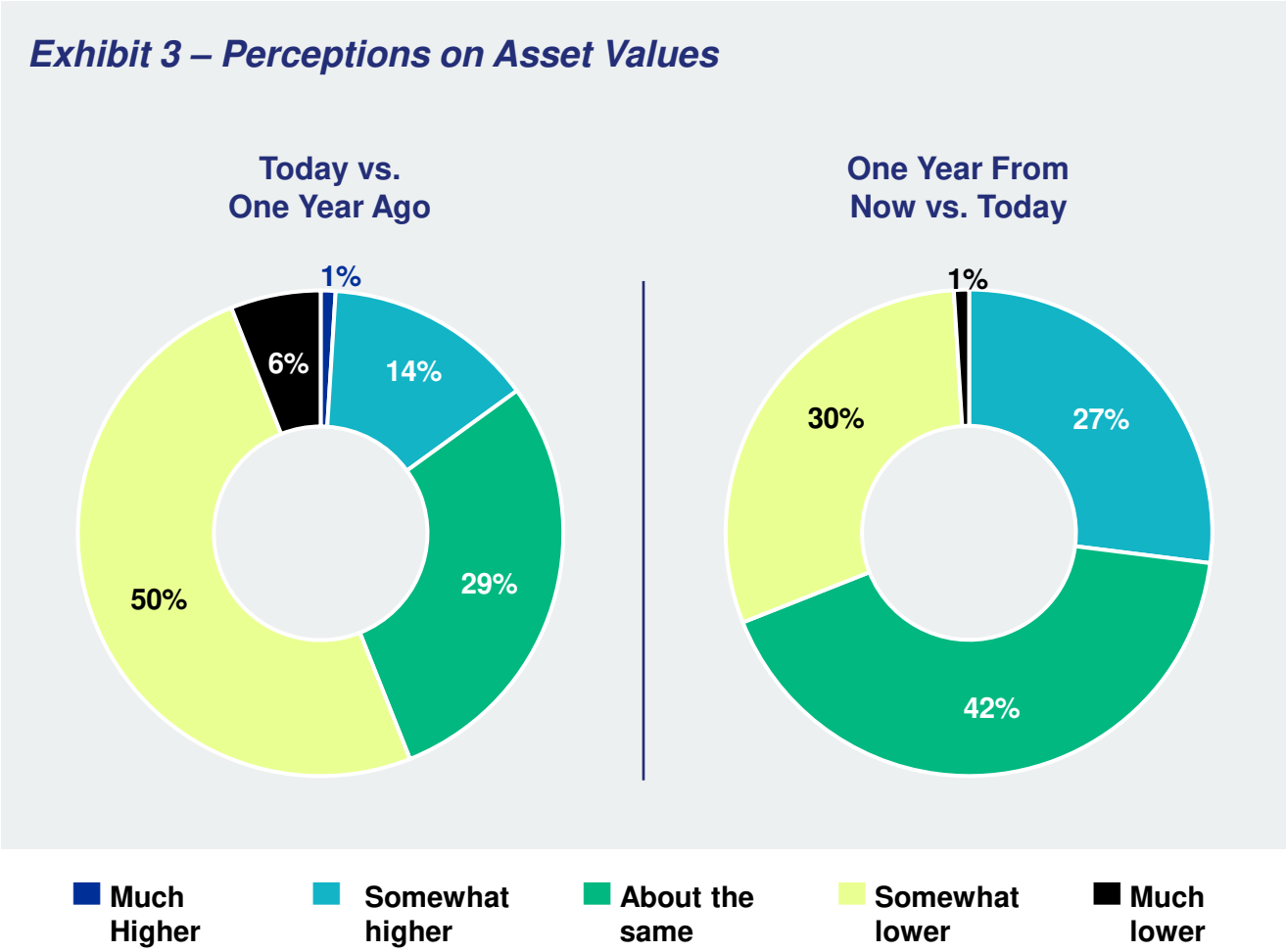
> When rates shift, nobody knows what the right value is anymore. Is an apartment a 5 cap or a 6.5 cap? It's difficult to invest without real conviction on exit cap rates."

> The price reset won't be massive, and everyone knows it's coming. What matters is that the whole industry makes it together."

Real Estate Asset Values

% of respondents

Exhibit 3 – Perceptions on Asset Values



- Regarding sentiment on the state of current asset values, 56% believe they are lower than one year ago, 15% feel they are higher, and 29% believe asset values have remained the same
- Looking at last year's Q4 Sentiment survey, 72% of participants expected asset values would be higher now, reflecting a drop in asset value expectations
- Looking towards the future, 27% of participants believe that a year from now will present more favorable asset values, 42% believe they will remain the same, and only 31% believe we will see lower asset values

Capital Markets

Perceptions on equity capital are down, with 51% believing availability is worse compared to a year ago, 15% thinking it is better, and 34% feeling it is the same. On the other hand, sentiment around debt capital is somewhat positive, as 44% said the availability of debt capital has improved from last year. Looking forward, 28% of respondents believe that equity capital availability will be better in one year and 17% believe debt capital availability will be better.

> Debt is very available, reasonably priced, and flexible. Lenders want to lend. The problem isn't the credit spread; it's the index rate."

> Raising money for blind commingled equity funds is very hard, as returns haven't been strong outside of data centers. Credit is easier to raise right now than equity."

> Maturing loans won’t get the same flexibility as they have in previous years. Lenders are on stronger footing, and much of what’s coming due has already been extended once."

> Investment committees are afraid of doing something that looks foolish later. If rates keep climbing, the question becomes why you bought now and at that cap rate."

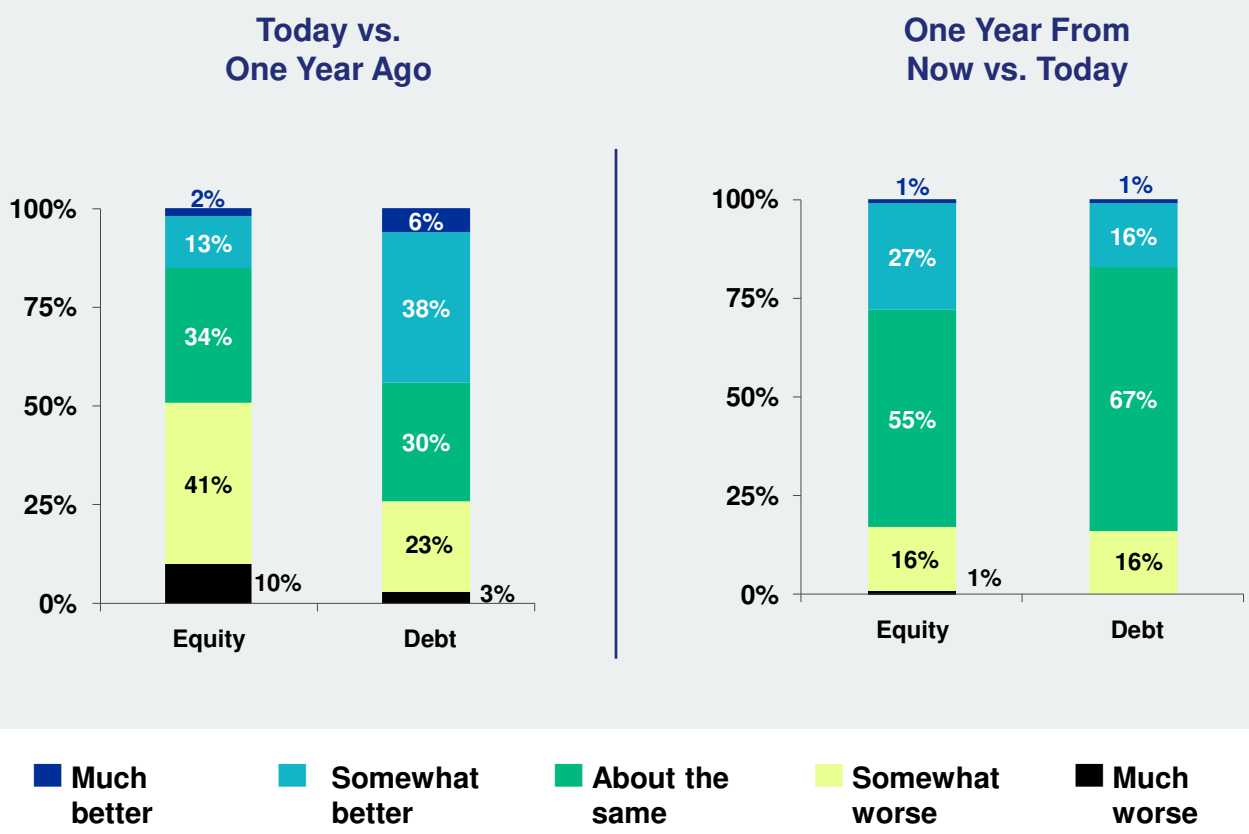
> LPs are at their allocations and there's no new source of capital. The industry will consolidate towards the biggest platforms and top-decile specialists."

> Raising equity is very difficult, but a pricing reset may help us get to a better place sooner. For now, we have dry powder and think it's a great time to invest."

Availability of Capital

% of respondents

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



- Regarding sentiment on the availability of equity capital, 51% believe it is worse compared to one year ago, 15% feel it has improved, and 34% believe the availability of equity remains the same
- In terms of the availability of debt capital, 26% of participants believe it is worse compared to one year ago, 44% feel it has improved, and 30% believe the availability of credit remains the same
- Looking towards the future, 28% and 17% of participants believe that equity and debt availability, respectively, will be better one year from now, while 17% and 16% 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 Parker
Ancora

Alexandra S. Glickman
Arthur J. Gallagher & Co.

Mark E. Rose
Avison Young

Joe Marconi
Bain Capital

Sheridan Schechner
Barclays

Eliza Bailey
Belay Investment Group

Alan King
Berkshire Residential Investments

Michael W. Brennan
Brennan Investment Group

Allison Soren
Brightshore Capital LP

Owen D. Thomas
BXP

Douglas Pasquale
Capstone Enterprises Corp.

John Rock
Carlyle Group

Robert Stern
Castle Hill Investors

Stephen Lebovitz
CBL & Associates Properties, Inc.

Alan Gosule
Clifford Chance, LLP

Matthew G. Rocco, Sr.
Colliers

Steven DeFrancis
Cortland

Kenneth J. Valach
Crow Holdings Industrial

Bradley Razook
CSCA Capital Advisors, LLC

Andrew McDonald
Cushman & Wakefield

Kathleen S. Briscoe
Dermody

Jeffrey J. Donnelly
DiamondRock Hospitality

Adam W. Ifshin
DLC Management Corp.

Jordan Kaplan
Douglas Emmett, Inc.

Daniel M. Neidich
Dune Real Estate Partners LP

Roy March
Eastdil Secured

Anthony E. Malkin
Empire State Realty Trust

Chris Herrmann
Enterprise Community Partners

Neil Wolitzer
Evercore

Peter E. Baccile
First Industrial Realty Trust, Inc.

Alex Klatskin
Forsgate Industrial Partners

Gregg Gerken
G-IV Advisors

JJ Ofer
Global Holdings

Robert Ivanhoe
Greenberg Traurig LLP

Dean Parker
Hinshaw & Culbertson LLP

Ben Meeker
Holland Partner Group

Michael O'Brien
Investcorp

Guy Johnson
Johnson Capital Group, Inc.

Geordy Johnson
Johnson Group, The

Conor Flynn
Kimco Realty Corporation

Peter McDermott
KSL Capital Partners LLC

Marty Burger
L&L Infinite Real Estate Partners

Rich Kleinman
LaSalle Investment Management, Inc.

Matthew Lustig
Lazard

Michael H. Lowe
Lowe

James P. Flynn
Lument

Hessam Nadji
Marcus & Millichap

John Kukral
Northwood

Todd Liker
Oaktree Capital Management

William Lindsay
PCCP

Ambrish Baisiwala
Portman Holdings

Fred Tuomi
Pretium Partners FBO Progress Residential

Todd Everett
Principal Asset Management

Participants (continued)

Dan Letter
Prologis

Kathryn Ogden
RBC Capital Markets

Martin E. Stein, Jr.
Regency Centers

Arlin Halstead
Resort Lifestyle Communities

Leslie D. Hale
RLJ Lodging Trust

Adam D. Portnoy
RMR Group, The

Daniel J. Moore
Rockefeller Group International, Inc.

William C. Rudin
Rudin

Marc Holliday
SL Green Realty Corp.

Barry Sternlicht
Starwood Capital Group

Randall Eggert
State of Wisconsin Investment Board

John F. Fish
Suffolk

Rick Buziak
Swift Real Estate Partners

Stephanie Ting
Swig Company, The

Michael A. Covarrubias
TMG Partners

Jeffrey Zabel
Tufts University - Department of Economics

Thomas W. Toomey
UDR

Gary M. Tischler
Vanbarton Group

David J. Larcher
Vestar

Walker Noland
Virginia Retirement System

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

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