

## July 2025 LightBox CRE Activity Index

# Momentum Holds as CRE Navigates New Crosscurrents

### July CRE Activity Index Remains Strong, But Slightly Off June's Peak

The LightBox CRE Activity Index posted a strong July reading of 112.4, just shy of June's 2025 high-water mark of 115.6. While momentum eased slightly from the prior month, the Index continues to reflect a market actively engaged, supported by available capital, robust lending, and selective demand across multifamily, retail, and even office sectors.

The Index aggregates daily activity across three core CRE functions, environmental due diligence, commercial property listings, and lender-driven appraisals, drawing from more than 30,000 data points supporting lending and investment decisions. In July, brokers sustained a steady flow of new listings for the seventh consecutive month, Phase I ESA volume remained at June's elevated levels, and appraisal activity by lenders climbed to its highest monthly total of the year.

These indicators helped power July's strong showing. And while anticipated rate cuts have yet to materialize, loan originations, leasing, and sales remain solid, with industry sentiment cautiously improving.

Still, July closed on a more uncertain note. A weaker-than-expected jobs report, soft corporate earnings, and growing concerns over tariffs and interest rates have clouded the second-half outlook. The Fed's decision to hold rates steady for the fifth consecutive meeting reinforces a "higher-for-longer" rate environment, and any further momentum may now depend on greater policy clarity.

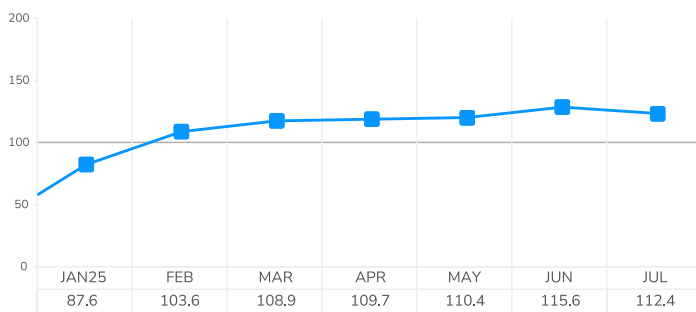


Figure 1A

See note below figure 1B

## Inside the Index: Three Signals from July's CRE Index

The CRE Activity Index is based on the average daily volume over the past month in each of the three functions that support CRE lending and investment:



### Commercial property listings

**contracted modestly**, with daily volume down 7% below June's strong activity but a healthy 47% higher than last July when the market was still on the sidelines.



**Environmental due diligence, measured by the volume of Phase I ESA activity, was down 6% after a strong June performance**, but up 5% year-over-year, in its third-strongest month of 2025 (behind June and March).



**Lender-driven commercial appraisal volume rebounded strongly with a 13% uptick from June**, continuing its two-month trend after a brief and modest May slowdown.

Despite these headwinds, lender engagement remains strong. According to the Mortgage Bankers Association, Q2 mortgage originations rose 66% year-over-year, and the LightBox CRE Transaction Tracker hit its highest level of 2025 in July, with deal volume up 10% from June. Taken together, these trends signal a market that, while navigating complexity, remains resilient and forward moving.

As the second half of 2025 unfolds, the CRE sector faces competing pressures with a stabilizing rate environment and active capital on one side, and tariff-driven uncertainty, labor softness, and shifting policy signals on the other. For now, the data points to a market that is mobilizing for a busier second half, even as it navigates a complex and evolving landscape.

### CRE Activity Holds Strong in July

The LightBox CRE Activity Index recorded a July score of 112.4, down 3% from June's multi-year high of 115.6 but still well above the 100-point benchmark that signals healthy market activity. This marks the sixth straight month of triple-digit performance and a 13% increase year-over-year, underscoring the CRE market's continued momentum.

July's reading was supported by steady commercial listings, sustained Phase I ESA demand, and a surge in lender-driven appraisals, which hit their highest monthly total in 2025. Capital remains accessible, with lenders actively financing both acquisitions and refinances, particularly for stabilized, lower-risk assets.

The July Index reflects a market still in motion and sets a strong foundation for a busier second half, assuming policy and economic conditions stabilize. The limited fallout from April's tariff hikes and the sustained deal flow suggest a market that continues to push forward.

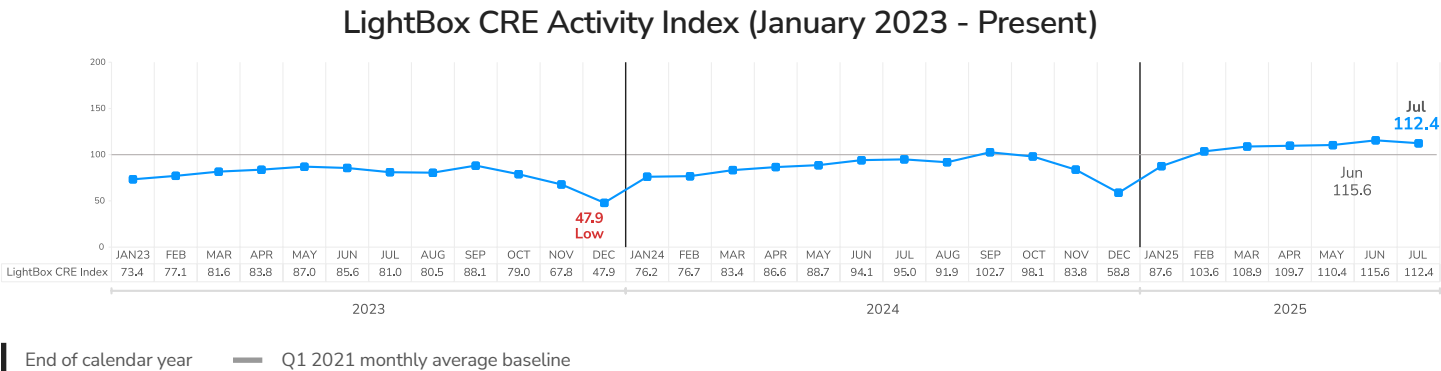


Figure 1B

NOTE: The LightBox CRE Activity Index is based on changes in environmental due diligence (measured by Phase I ESA volume), commercial property listings, and valuation market activity indexed to a baseline (Q1 2021 monthly average =100). The index is normalized to account for variations in the number of business days per month. Beginning in March 2025, the CRE Activity Index expanded the universe of LightBox's property listings to include Revere CRE's monthly volume of property listings. The historical CRE Activity Index has been normalized to consistently include historical and current listings across LightBox platforms. The Index value reported for the most recent month may be revised in the subsequent publication as LightBox finalizes the input datasets.

### July 2025: Current Month vs. Historical Benchmarks

	Current Month	Previous Month	Corresponding Month of Prior Year	12-Month Moving Average	Historic Low*	Historic High*
Overall Index	112.4	115.6	95.0	98.6	47.9 (Dec. '23)	149.4 (Feb. '22)

Figure 2

NOTE: The historic low and historic high are based on the timeframe from Q1 2021's monthly average, which serves as the baseline for the index.

# Three Key Forces Shaping the CRE Market: Rates, Metrics, and Sentiment

## The Two I's: Inflation and Interest Rates



Interest rates remain the defining force in the 2025 CRE landscape. Hopes for early-year cuts have faded, and the market has largely adjusted to a higher-for-longer environment. However, a potential rate cut in September remains on the table, with odds around 40–50%. Inflation complicates the picture. The Fed’s preferred gauge, core PCE, rose 2.8% year-over-year in June, fueled partly by tariff-driven price increases. Meanwhile, the labor market is cooling, jobless claims are rising, and major employers like Microsoft and Merck have announced layoffs, all of which complicates the Fed’s decision-making.

## Market Tea Leaves



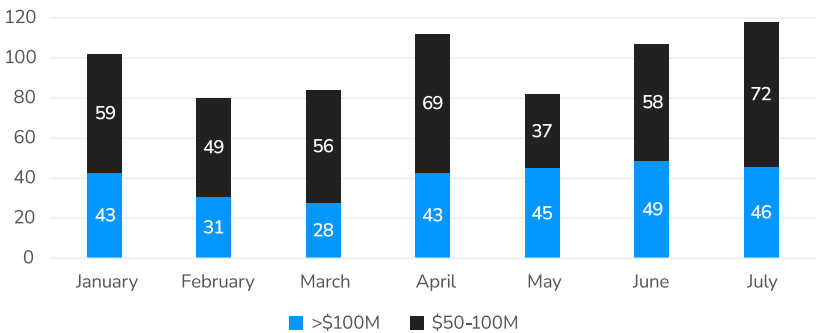
Macro indicators are flashing mixed signals. Homebuilder earnings and [June construction data](#) point to emerging cracks, with developers pulling back on completions and redirecting capital to backlogs and margin protection. While buyer interest remains, deal conversions are slowing, particularly in more rate-sensitive segments. The drag from tariffs is also beginning to show up in corporate earnings, with companies like General Motors and Whirlpool reporting weaker results attributed in part to rising input costs. These early signs suggest that tariff impacts may be broader and more persistent than initially expected. Overall, the data reflects a market leaning into defensive strategies, with investors and developers pausing or reprioritizing projects amid mounting pressure from cost inflation and trade policy uncertainty.

## Improving Sentiment



Despite persistent volatility, CRE sentiment is improving. According to LightBox’s broad-based [Mid-Year CRE Market Sentiment Survey](#), 76% of professionals expect activity to hold steady or increase in the second half. This trend mirrors CREFC’s Q2 sentiment index jump of 27.8%, a sign of improvement from the CRE lending sector. While few expect a boom, the latest round of sentiment data points to a market mobilizing for a stronger second half. Q3 got off to a strong start on the dealmaking front with LightBox tracking a noteworthy uptick in CRE deal activity in July. Nine-digit deals hit their highest monthly volume of 2025, surging above an already-strong June. This latest round of transactions data is the latest evidence that even in a more cautious environment, institutional capital remains active (see Figure 3).

Major CRE Deals (YTD 2025)



SOURCE: LightBox Transaction Tracker

Figure 3



## CRE Market Outlook: Bullish but not Blind to Risk

With the second half of 2025 underway, the LightBox CRE Activity Index continues to reflect a market on solid footing, supported by resilient deal flow, active capital, and improving pricing clarity. July's strong triple-digit reading points to sustained activity, with new listings, robust environmental due diligence, and increased appraisal volume all contributing to higher lending and transaction flow.

Still, the outlook is not without its caution flags as signs emerge on weakening labor market and challenges to corporate earnings as tariffs take hold. On top of that, the August 1 rollout of new tariffs, especially on steel, aluminum, and other imported components, is adding pricing uncertainty, particularly in housing and infrastructure-related projects.

The Fed's fifth consecutive rate hold underscores its delicate balancing act. Inflation remains above target, but signs of cooling, and growing internal dissent, could pave the way for a rate cut later this year, potentially reigniting CRE lending and investment heading into Q4.

Even modest progress on interest rates or trade clarity could unlock greater momentum in the August and September Index and most CRE professionals remain cautiously optimistic. According to the LightBox Mid-Year Sentiment Survey, 69% expect the market to "soldier on" through year-end, so long as deals pencil out. This is a strong sign of an industry bracing for ongoing uncertainty but not retreating.

## ABOUT THE MONTHLY LIGHTBOX CRE ACTIVITY INDEX

The LightBox Monthly CRE Activity Index is an aggregate that represents a composite measure of movements across activity in appraisals, environmental due diligence, and commercial property listings as a barometer of broad industry shifts in response to changes in market conditions. To receive LightBox reports, [subscribe to Insights](#).

## ABOUT LIGHTBOX

At LightBox, we are at the forefront of delivering advanced and precise solutions for commercial real estate intelligence. Our dedication to innovation propels real estate professionals forward by providing them with the essential tools required to navigate complex decisions, minimize risk, and boost productivity across the spectrum of real estate operations. LightBox is renowned for its commitment to promoting excellence and fostering connections in the industry, serving an extensive clientele of over 30,000 customers. Our diverse client base spans commercial and government sectors, including but not limited to brokers, developers, investors, lenders, insurers, technologists, environmental advisors, appraisers, and other businesses that depend on geospatial information. To discover more about how LightBox can illuminate the path to informed real estate solutions, visit us at: [www.LightBoxRE.com](http://www.LightBoxRE.com)

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