

September 2025 LightBox CRE Activity Index CRE Index Hits 2025 Peak as Market Navigates Crosscurrents

Momentum in commercial real estate snapped back in September after a modest August seasonal downtick. **The LightBox CRE Activity Index climbed to 116.8 last month, setting a 2025 record.** September's strength was led by a late-Q3 surge in property listings combined with steady environmental due diligence and appraisal pipelines as buyers and lenders teed up Q4 closings. September's 25-bps Fed cut helped boost the calculus behind risk-sensitive lending and the market is assuming additional cuts will soon follow.

Despite the active CRE climate, risks haven't vanished. Labor data shows softening conditions, inflation is still sticky, and now a nascent federal shutdown is underway. For now, CRE is largely looking through the noise. With eight straight months of a LightBox CRE Activity Index above 100, the base case remains a steady low grind higher into year-end, as long as the rate path is clear and the capital spigots remain open.

Three Signals from September'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 increased 25% month over month, reversing a two-month summer dip and re-accelerating back to June-level strength.



Volume of Phase I ESA activity remained steady and elevated, at 1% growth, just shy of June's peak, and above July and August.



Lender-driven commercial appraisal volume continued at a steady pace of modest 1% growth likely helped by the expectation of September's rate cut.

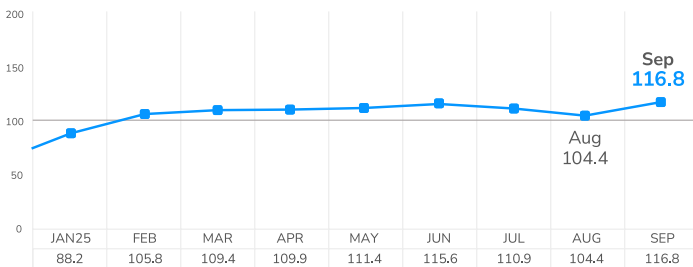


Figure 1A

See note below figure 1B





CRE Momentum Broadens Across Sectors After Modest August Easing

In September, the three early-stage inputs that power the LightBox CRE Activity Index—environmental due diligence, lender-driven appraisals, and property listings—moved in tandem but at very different speeds.

Environmental due diligence and lender appraisals each rose by about 1% month over month, signaling steady demand consistent with their stable summer trendline. While it's likely the federal shutdown will be a short-term disruption, the funding slowdown impacts due diligence projects that support HUD and SBA lending programs.

Appraisal activity showed the first clear acceleration in lender demand for industrial property loans, outpacing other property types. Despite mixed headlines, industrial appetite is normalizing as new construction eases and structural drivers such as onshoring, e-commerce, and supply chain optimization sustain investor interest.

The standout lift came from property listings, which jumped 25% month over month. The surge signals renewed seller confidence, likely supported by the Fed's late-September 25-basis-point cut and expectations for one or two more by year-end. Multifamily, industrial, and even select office trades are finding a pricing floor, drawing in both opportunistic and core-plus capital. While the mix includes traditional listings and forced sales, the net effect is more price discovery and greater liquidity.

The composition of the gain matters. Modest increases in due diligence and appraisal work indicate healthy pipelines, while the listings surge points to a broader and more active deal menu for Q4.



CRE Index Signals Strength with Eight-Month Streak

September’s 2025 record reading of 116.8 extends the Index’s streak above the 100 “healthy activity” threshold, a run that has held every month since February, with the 12-month moving average remaining steady at 101.1. The latest print stands well above September 2024’s 102.7, which came on the heels of last fall’s 50-basis-point rate cut. The composite, tracking environmental due diligence, appraisal flow, and active commercial property listings, offers reassuring evidence that August’s slowdown was a short-term, late-summer blip rather than a shift in the cycle. September also edged past June’s 115.6 to set a new 2025 high.

LightBox CRE Activity Index (January 2023 - Present)

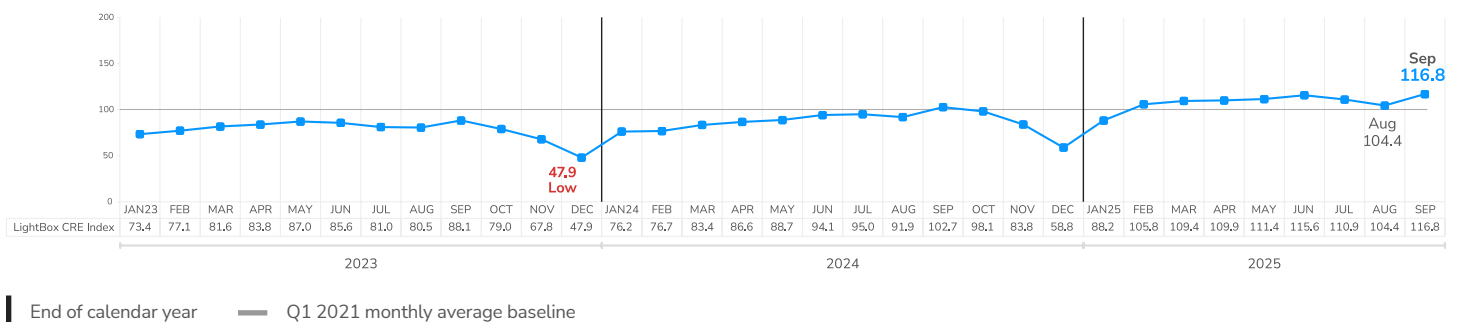


Figure 1B

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. 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.

September 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	116.8	104.4	102.7	101.1	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.

Market Shapers: Mixed Signals, CRE Sales, and the Shutdown

The LightBox CRE Activity Index, built from 30,000+ real-time signals spanning appraisals, new listings, and environmental due diligence, reflects the broader market's response to factors shaping the dealmaking and lending climate in a volatile cycle. Three forces will steer the path in Q4: mixed market signals, stronger deal flow, and the uncertainty of the federal shutdown.

A Cut, Caution, and Cross-Currents



September delivered a round of potential storm signals: weaker jobs data, still elevated CPI/PPI, homebuilder sentiment at multi-year lows, and a 25-bps Fed cut that didn't budge the long end. After the first 25 bps cut of 2025 in mid-September, futures now lean toward another trim in late October with a possible third in December, as softer labor prints and cooling inflation momentum nudge the Fed into an easing cycle. Yet, core PCE hovering around 2.9% year over year is keeping officials wary, especially with potential tariff pass-through risks. As Chairman Powell put it, "there is no risk-free path," and further cuts could be derailed by a hotter PCE or an upside payrolls surprise. The latest print from ADP surprised sharply to the downside, with a decline of 32,000 private sector jobs in September, the largest drop in about 2.5 years. The Conference Board's Consumer Confidence Index fell to 94.2 in September (from 97.8) and the University of Michigan sentiment gauge slipped to 55.1 (from 58.2), both pointing to rising anxiety around jobs and incomes. If confidence keeps sliding, the risk is that discretionary spending by consumers will cool and trigger a slowdown in retail revenues.

September Deals Total \$26B



Preliminary September data from LightBox's Transaction Tracker shows roughly \$26 billion in closings, the busiest month of 2025. Nine-figure trades rose 17% month over month, while \$50–\$100M mid-cap deals jumped 26%, with both tiers running well above their 9-month averages. The month's headline makers span from acquisitions of trophy assets in hot markets to workouts and forced deals as the market sorts winners and losers by sector, geography, and occupancy. Most assets are clearing at higher levels, but discounts can be severe on struggling assets. Strong deal activity in July and August defied any summer lull, and early data points to a September surge which suggests a busy Q4, particularly if additional rate cuts land and financing conditions hold.

Federal Shutdown: Duration Shapes Impacts



The federal shutdown introduces a set of commercial real estate risks whose severity will depend on duration. In the near term, early impacts will be felt in the form of furloughs and a slowdown in CRE lending activity under federal HUD/FHA and SBA programs. The concurrent data blackout from BLS, BEA, and Census/Commerce reduces visibility for underwriting and portfolio monitoring, requiring heavier reliance on private proxies such as payroll panels, card-spend datasets, and online travel booking indicators.

If the shutdown persists, secondary effects are likely to accumulate. Federal contracting, leasing, and property dispositions tend to stall, while sentiment deteriorates among borrowers and investment committees. Impacts would be geographically uneven: the Washington, D.C. region (including Maryland and Northern Virginia) is most exposed due to federal payroll dependence; tourism-oriented metros such as Orlando, Las Vegas, Honolulu, and park or museum gateways may see near-term RevPAR and foot-traffic softness; large, diversified markets such as New York City, San Francisco, Denver, Phoenix, and Tampa usually cushion the blow but remain subject to financing and cap-rate headwinds. Historically, shutdowns have averaged roughly eight days, but recent episodes lasted 16 days (2013) and 35 days (2018–19), underscoring that a multi-week standoff could compound GDP drag, erode confidence, and increase friction across CRE transactions.

An aerial photograph of a city skyline at sunset. The sky is filled with large, white and grey clouds, with the sun low on the horizon, casting a warm orange and yellow glow. Several tall skyscrapers are visible, including a prominent one with a blue facade and a spire on the right. A white rectangular text box is overlaid on the lower half of the image.

Q4: RISK ON, BUT NOT RISK-FREE

Given the rate cut and the strong CRE deal flow in September, absent a major market shock, investors are likely to continue to lean into assets in durable-demand segments (i.e., industrial, necessity retail, selective multifamily) while keeping underwriting conservative. Another rate cut in late October, and possibly December, would only add momentum to deal flow in Q4. Deloitte's latest survey reported that the majority of investors still expect continued improvement over the near-term, encouraged by green shoots like stronger new loan volume, tighter mortgage spreads, a rebound in CMBS, and substantial dry powder. Importantly, nearly 75% of global respondents plan to increase CRE allocations over the next 12–18 months as long as financing windows stay open.

Potential upsets include: a continued deterioration in soft sentiment data that could impact business investment and consumer spending, weak earnings that would deflate NOI and leasing, tariff pass-through driving inflation higher, and a prolonged shutdown. Based on current data, Q4 is shaping up to be a strong and steady close to the year. CRE's core remains disciplined with improving odds of a broader uptick into 2026 if policy, rates, and credit conditions cooperate.



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

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