

August 2025 LightBox CRE Activity Index

August CRE Activity Reflects Seasonal Dip Amid Caution, as Anticipation Builds for First Rate Cut

The LightBox CRE Activity Index slipped to 104.8 in August, down from July's 111.8 and June's multi-year high of 116.2. While part of the decline reflects the typical late-summer slowdown, the dip also signals rising caution as market participants digest a mix of economic signals on inflation, jobs, corporate earnings, and consumer spending. Even so, the Index has now registered seven consecutive months above the 100-point benchmark for healthy CRE activity.

LightBox CRE Activity Index at a Glance

The August reading reflected uneven performance across the early-stage indicators that power CRE transactions. Commercial property listings fell 12% month-over-month after steady gains earlier this year. Phase I environmental site assessments (ESA) activity was flat but still holding at elevated 2025 levels, while lender-driven appraisal volume declined 3%, weighed down by uncertainty around rates, tariffs, and corporate earnings.

The broader macro backdrop continues to shape sentiment. GDP growth was revised upward in Q2, but momentum slowed through the first half of 2025 as consumer spending softened, the labor market showed cracks, and inflation pressures persisted. Second quarter corporate earnings added a layer of complexity: overall results were mostly positive. However, expectations were lower and companies' profits were buoyed by cost cuts and automation. Combined with renewed tariff concerns, it all adds up to a more cautious lending and investment environment.

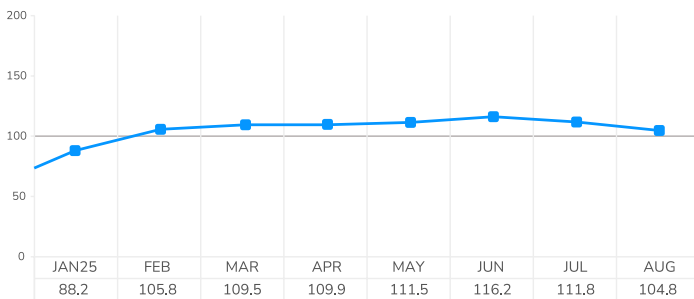


Figure 1A

See note below figure 1B

Three Signals From August'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 dropped 12% month over month following a similar decline in July after strong gains in June, reflecting a pause in momentum after steady growth earlier this year.



Pre-transaction and lending environmental due diligence, measured by the volume of Phase I ESA activity, continued its steady streak for the third straight month.



Lender-driven commercial appraisal volume fell a modest 3% in August, as rate uncertainty and tariff concerns weighed on underwriting.



August’s pullback looks more like a pause than a reversal. Market participants are preparing for what is widely expected to be the Fed’s first rate cut of the year in September, a move that would unlock fresh lending and investment activity. Historically, September also brings a seasonal rebound as the industry exits the summer lull, positioning the Index for stronger readings into the fall.

As the final month of Q3 gets underway, CRE is balancing stabilizing rates and active capital on one side with tariff-driven uncertainty, labor softness, and shifting policy signals on the other. For now, the market looks to be catching its breath and mobilizing for a busier close to the year with a long list of caveats.

CRE Activity Index Holds Above 100 for Seventh Consecutive Month

Even with the slight monthly decline, the 12-month moving average in the accompanying table climbed to 100.1, breaking the 100-point benchmark for the first time since early 2022.

That milestone underscores seven straight months of triple-digit performance and continued momentum on the part of investors and lenders, even in the face of growing market uncertainty. While August activity slowed across property listings and commercial appraisals, the dip could be short-lived as the market positions itself for a busier fall, supported by capital access and an anticipated Fed rate cut.

LightBox CRE Activity Index (January 2023 - Present)

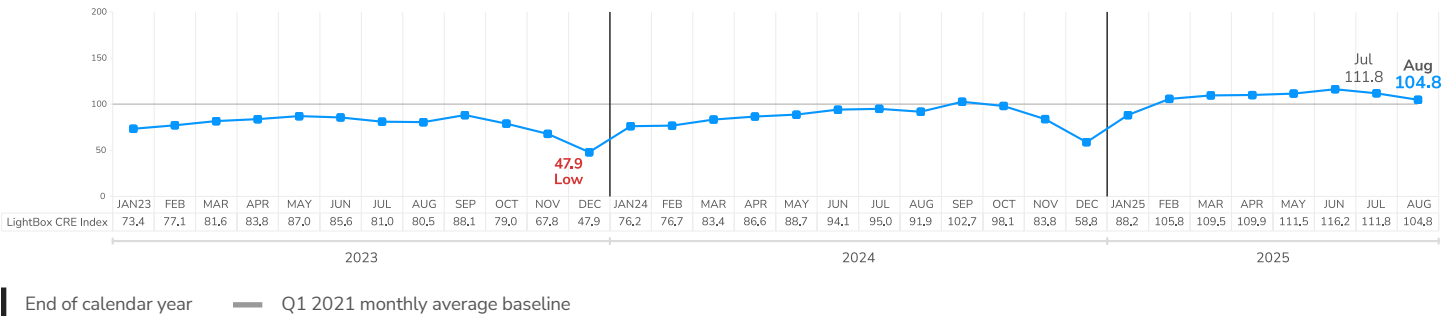


Figure 1B

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.

August 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	104.8	111.8	91.9	100.1	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.



Forces Driving the CRE Market: Interest Rates, Transactions, and Capital

The CRE LightBox Activity Index, rooted in more than 30,000 data points, is the industry’s early measure of appraisals procured, properties coming to market, and environmental due diligence demand. The trajectory of the Index’s path in the coming months will be shaped by interest rates, investor sentiment, and lenders’ willingness to extend capital.



Rate Cut Anticipation

For much of this year, the market was adjusting to the fact that interest rates would stay higher for longer. In August, momentum shifted. The month began with markets assigning just a 40–50% probability of a September rate cut, but by month’s end, odds had surged to nearly 98%, following softer labor market data, rising jobless claims, corporate layoff announcements, and Fed Chair Powell’s dovish Jackson Hole remarks. Core PCE inflation, still running at 2.9% year-over-year, complicates the picture, fueled partly by tariff-driven price increases. Even so, markets now widely expect a 25-bps cut in September, with as much as 50 bps of additional easing by year-end. For CRE, lower short-term rates would boost lending and investment activity in the final months of the year. Investor enthusiasm is already building around the prospect that lower borrowing costs are finally on the horizon.



Healthy Deal Flow Continues in Q3

LightBox tracking shows that CRE transactions remained robust in July and August, defying expectations of a summer slowdown. Reported sales climbed steadily week over week, with large transactions above \$50 million continuing at an impressive pace. Year to date through July, closed CRE deals exceeded \$160 billion, supported by strong investor interest and capital access. Overall, healthy summer deal flow bodes well for a stronger Q4, particularly if September’s anticipated Fed rate cut materializes.



CRE Lending: Selective but Stable

Banks’ CRE lending standards have largely stabilized after the sharp tightening seen during the Fed’s rate-hiking cycle. The latest Beige Book echoed this shift, reporting that while lenders’ underwriting remains conservative, debt capital is accessible on a selective basis. Several federal districts noted incremental CRE loan growth, particularly for stabilized multifamily and industrial projects, though office financing remains a challenge. That said, there are signs of growing caution. Banks continue to scrutinize leverage, tenant quality, and sponsor liquidity closely, reflecting uncertainty tied to tariffs, labor softness, and inflation. While lenders are showing more willingness to put capital to work, appetite remains focused on lower-risk deals, a posture consistent with today’s market and policy uncertainty.

NEAR-TERM OUTLOOK: A CRITICAL TEST FOR CRE MOMENTUM

The next few months will be critical for gauging whether CRE can sustain the momentum we've seen thus far in 2025. Historically, September marks a rebound as capital re-engages post-summer, and this year, that bounce may be amplified if the Fed delivers its widely-expected first rate cut of the year.

September's reading will be telling. A rebound would confirm that August was a seasonal blip, while another weaker reading could raise concerns that CRE momentum is stalling. Encouragingly, property sales never slowed through the summer. Developers moved forward on major, capital-intensive projects with financing already secured, and sales above \$50 million continued at an impressive pace. Capital availability, particularly from banks, life companies, and GSEs remains intact, even if underwriting stays conservative.

Inflation is holding just under 3%, tariffs remain unresolved, and labor markets show signs of weakening. At the same time, the new case challenging tariff authority is headed to the Supreme Court, with the possibility of refunds as soon as October if current duties are struck down.

That legal uncertainty adds another layer of volatility for investors and operators already navigating shifting trade costs. Valuations remain constrained by higher Treasury yields, rising insurance costs, and growing inventory, and we do not expect meaningful upward pressure through year-end.

There are still many moving pieces shaping the outlook for CRE, from tariff uncertainty and a weakening labor market to questions around the Fed's next steps. If a rate cut comes in September, it could help support deal flow and lending activity into Q4. The [LightBox Transaction Tracker](#) continues to show that investors are actively closing deals and capital is available, even for new construction where the numbers make sense, but that decision-making is increasingly cautious. For now, transaction activity looks positioned to finish the year on steady footing, without the excesses of past cycles, but also without clear visibility. The foundation for 2026 is being laid, but it rests on a pretty unsettled economic backdrop.





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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