

CRE MARKET SNAPSHOT Q3 2025

FOCUS ON CAPITAL MARKETS AND INVESTMENT TRENDS
(July 1 – September 30, 2025)

Q3 2025 OVERVIEW: MOMENTUM MEETS UNCERTAINTY

Editor's Note: This report, an installment of the LightBox CRE Market Snapshot Q3 2025 series, highlights trends in capital markets and emerging opportunities for brokers and investors. Other reports in the series include the Phase I ESA Market Snapshot, which takes a deep dive into similar trends in the environmental due diligence sector, and the Appraisal Market Snapshot, which highlights trends in lender-driven appraisals, and the latest industry benchmarks on fees, turnaround time and metro-level performance.

LightBox data for Q3 shows a CRE market balancing continued momentum against persistent macroeconomic uncertainty. Property listings in LightBox platforms dipped slightly from Q2 highs but stayed 7% above Q1, underscoring steady market activity rather than a pullback. Multifamily held its dominant position at 36% of all listings, while retail (+64% YTD) and land (+69% YTD) led year-over-year growth, reflecting a more balanced recovery across asset types. Institutional capital re-entered selectively, with listings over \$50 million climbing from 11% in Q1 to 17% in Q2, and holding firm through Q3, while private capital activity eased slightly.

Bolstering Q3 activity was the long-awaited first interest rate cut of the year in mid-September, followed by a second in October. Yet tariff pressures, sticky inflation, and a softening labor market are keeping investors cautious.

Despite headwinds, CRE lending remained a key source of strength, notching its fifth consecutive quarter of growth. Banks expanded their share of originations to over 30% of total volume, reflecting healthier balance sheets and a more confident borrower base.

Activity was supported by narrowing bid-ask spreads, stabilizing valuations, and a surge in refinancing, as capital flowed back into sectors with clearer fundamentals and predictable cash flows.

Taken together, Q3 data reflects a market that's stable, liquid, and adapting, even as policy shifts, interest rate uncertainty, and rising corporate layoffs cloud the near-term outlook.

KEY Q3 2025 DEVELOPMENTS

- **The LightBox Commercial Property Listings Index dipped to 185.0** in Q3 from 197.2 the previous quarter, but still 7% above Q1.
- **The Fed cut rates for the first time this year** with a modest but meaningful 25 bps cut in mid-September (and again in late October).
- **Multifamily (36%), retail (19%), and industrial (13%)** led Q3 property listings.
- **The fastest-growing property sectors** year over year in terms of assets coming to market were retail (47%), multifamily (16%), and land (15%).
- **Institutional listings (above \$50M) skewed heavily toward multifamily** (59%) and industrial (19%), while private capital was most active in retail (32%) and multifamily (24%).
- **LightBox's Transaction Tracker showed that major CRE deals above \$50M in Q3 increased by a solid 25%** over Q2, marking one of the strongest quarters since before the pandemic.

Q3 MOVEMENT IN LIGHTBOX COMMERCIAL PROPERTY LISTINGS INDEX

The LightBox Property Listings Index edged down 6% in Q3, from 197.2 to 185.0, reflecting typical seasonality rather than weakening momentum. July and August listings fell 2% and 12%, following June's exceptionally strong pace, consistent with a midsummer lull, before surging 25% in September to the highest monthly level of 2025. The late quarter rebound highlights renewed seller engagement and steady buyer interest amid improving price discovery. While the upswing didn't lift the quarterly index above Q2's peak, September's strength confirms solid seller momentum across the 2025 market, largely attributable to firmer price stabilization across asset classes than in 2024.

LightBox Property Listings Index (base Q1 2021=100)

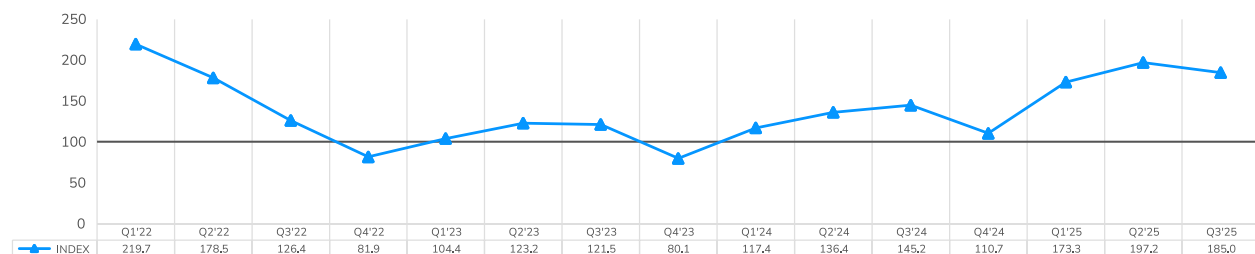


Figure 1

NOTE: The LightBox Commercial Property Listings Index is derived from data in the LightBox RCM and Revere CRE platforms used by brokers/investors. Quarterly volumes are normalized to a Q1 2021 base and calculated based on an average volume per business day (and adjusted as necessary for changes in client mix to highlight organic market trends). This index is one of three indexes that feed into the LightBox CRE Index, an aggregate activity index 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.

CORE SECTORS DOMINATE, MULTIFAMILY HOLDS ITS LEAD WITH 36% OF Q3 TOTAL LISTINGS

An analysis of property listings on the LightBox RCM platform in Q3 2025 offers a clear window into where investor attention is most concentrated in today’s highly differentiated market. Multifamily, industrial, and retail collectively accounted for 68% of all listings, with multifamily continuing to lead by a strong margin at 36% (see Figure 2). Year over year, retail (47%), multifamily (16%), and land (15%) saw the strongest growth (see Figure 3).

While core sectors continue to anchor activity, investors are increasingly focused on sub-asset and regional distinctions, as the market adapts to macroeconomic uncertainty and policy volatility this year.

Multifamily		Multifamily maintained its 36% share of total listings in Q3 and continues to drive most nine-digit transactions in the monthly LightBox Transaction Tracker. The sector appears to have passed peak vacancy for this cycle, though rent growth remains subdued as slower job gains and reduced immigration temper demand. With construction starts muted during the long-term housing shortage, multifamily remains a favored asset class for investors, particularly in metros seeing rent growth in population centers.
Retail		Retail, which accounted for 19% of all assets coming to market in Q3, remains the tightest of the major property types, with national vacancy holding just above historic lows and rent growth still healthy, if moderating. Record-low development has kept supply in check, helping offset the impact of store closures and bankruptcies. Meanwhile, new tenant categories like restaurants, fitness, medical, and experiential uses, continue to absorb space. Despite tariff-related uncertainty and slowing consumer momentum, retail’s limited supply, resilient fundamentals, and diversification of demand are keeping it firmly on investors’ radar heading into 2026.
Industrial		Industrial, representing 13% of total listings in Q3, is nearing its peak vacancy rate, with rent growth moderating accordingly. Demand remains anchored in domestic consumption and e-commerce, as large-scale reshoring is constrained by costs, labor shortages, and infrastructure limitations. Even as global trade patterns shift under new tariffs and supply chain diversification, most U.S. logistics demand—roughly 75% tied to population centers—continues to support steady absorption. With new development limited by high construction costs and power constraints, occupiers are prioritizing long-term network optimization and strategic locations, keeping industrial among the most structurally resilient sectors heading into 2026.
Land		Land ranked fourth in Q3 listings, just behind industrial, as demand grows for sites tied to housing, data centers, and multifamily development. However, rising construction costs, tighter financing, and fluctuating tariffs are slowing the pace of new projects and complicating long-term feasibility. In the housing sector, with single-family starts down and cost pressures high, many developers remain active but cautious, focusing on geographies with strong local economies and above-average population growth.
Office		Office, with 8% of total listings in Q3, remains at least a few quarters from its peak vacancy for this cycle. Assets coming to market span distressed, value-add, and traditional trades, as pricing resets attract investors betting on selective redevelopment and amenity-driven differentiation. Encouragingly, the U.S. office market posted its first annual vacancy decline in over five years in Q3, falling 20 bps to 18.8%, a promising sign for investors. Recovery, however, remains uneven with CBDs lagging amid space shedding and financing strain, while suburban assets and well-located, next-generation buildings are drawing renewed interest as the sector redefines its post-pandemic equilibrium.



Breakdown of Property Listings on LightBox RCM by Asset Class
(Q3 2025)

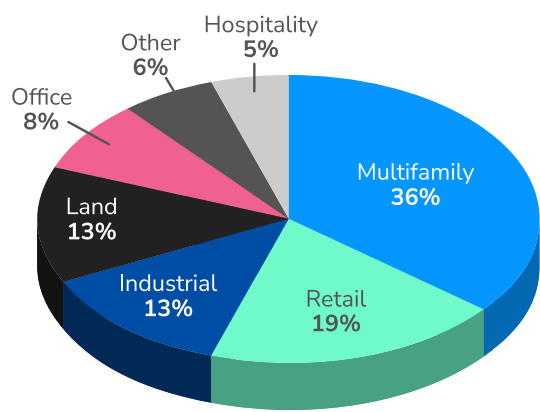


Figure 2
Other includes: data centers, healthcare, and specialty

Change in LightBox RCM Property Listings by Top Asset Classes
(Q3 2025 vs. Q3 2024)

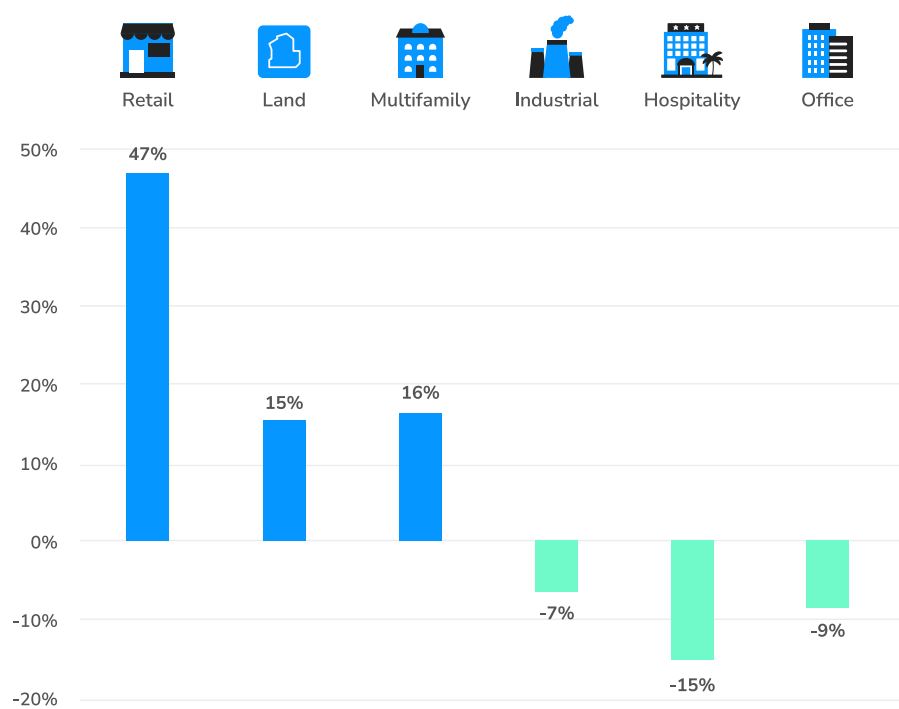
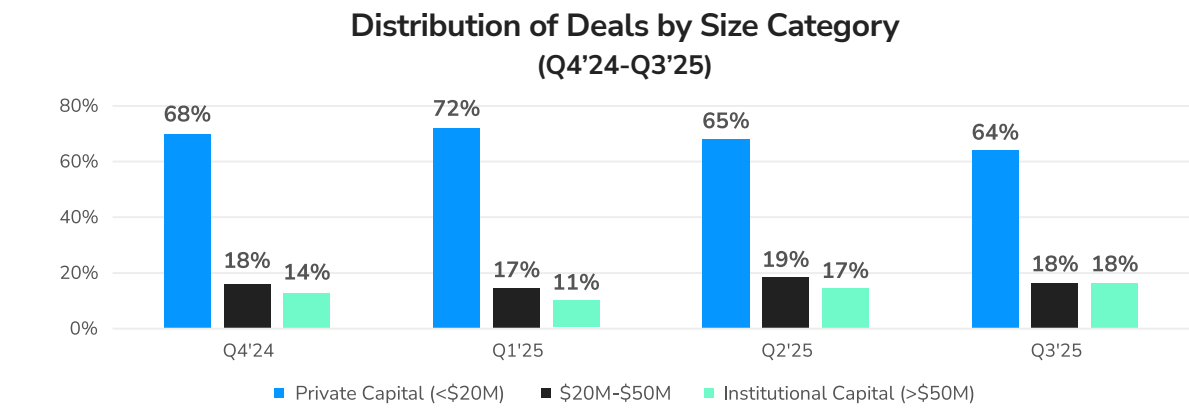


Figure 3

INSTITUTIONAL CAPITAL ENGAGES AS MAJOR DEALS DRAW FOCUS

After several quarters of steady growth, private capital listings under \$20 million edged down from 72% in Q1 to 64% in Q3, while institutional listings over \$50 million climbed from 11% to 18% over the same period. The rise reflects renewed appetite among large investors pursuing core-plus and value-add opportunities with strong repositioning potential. Despite the uptick in big-ticket activity, the balance between private and institutional capital remained largely stable quarter to quarter, as most investors continued to deploy selectively amid tighter underwriting and macro uncertainty.

Across major asset classes, the highest average price in Q3 was in the multifamily sector with \$46.7 million, followed by hospitality (\$41.4M) and industrial (\$39.84M) (see Figure 5). The bulk of institutional capital deals in Q3 were in multifamily (59%) and industrial (19%) while private capital (deals less than \$20M) are more concentrated in retail (32%), smaller apartment assets (24%) and land parcels (15%).



Source: Assets brought to market on LightBox RCM®

Figure 4

LightBox RCM Property Listings by the Numbers (Q3 2025)

Property Type	Highest Asking Price	Lowest Asking Price	Average Asking Price
 Multifamily	\$473M	\$500K	\$46.7M
 Retail	\$225M	\$250K	\$12.1M
 Industrial	\$700M	\$650K	\$39.8M
 Office	\$149M	\$337K	\$17.6M
 Land	\$150M	\$260K	\$12.5M
 Hospitality	\$250M	\$1.4M	\$41.4M

Source: LightBox RCM platform, Q3

Figure 5

Distribution of Property Listings by Deal Size And Asset Class, Q3'25

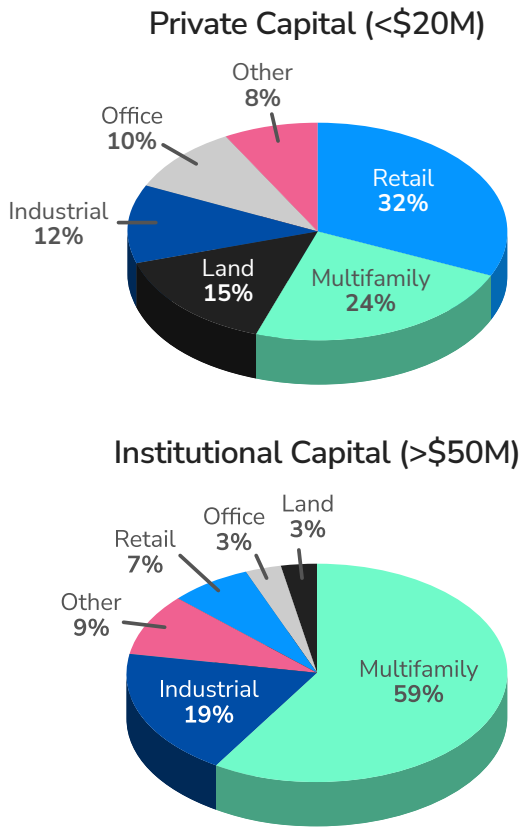


Figure 6

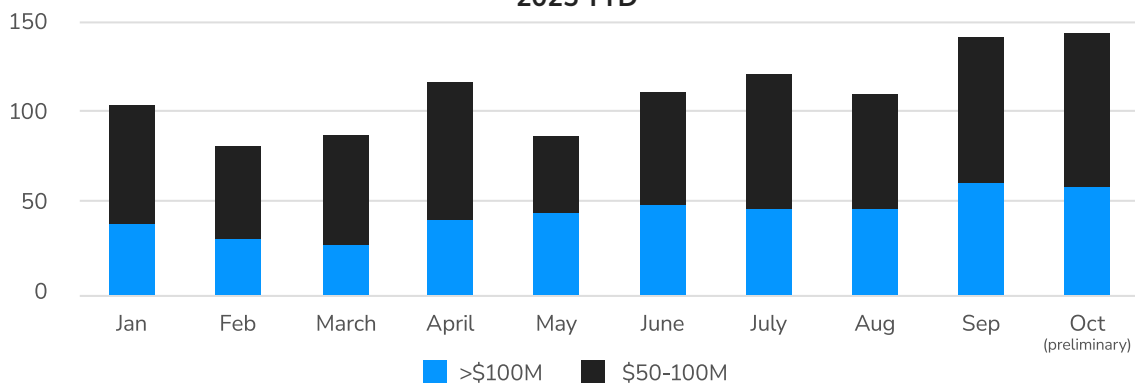
CRE INVESTMENT SURGES TO ONE OF ITS STRONGEST QUARTERS SINCE 2019

With the surge in property listings coming to market, investors are responding with willing capital. In Q3, LightBox tracked 151 deals over \$100 million and 224 between \$50–\$100 million, marking one of the strongest quarters since before the pandemic. Multifamily dominated large-scale activity, with trades spanning coastal hubs like New York and Boston to Sun Belt markets including Dallas, Atlanta, and Phoenix, as institutional and regional buyers pursued scale and income stability.

Price stabilization and a narrowing bid-ask gap signaled renewed confidence, while distress remained limited. September's surge in closings, and preliminary data from October, highlight the strength of capital's return to the market, and sets the stage for a robust end to 2025.

Recovery, despite uncertainty, continues and the steady deal flow brings with it price stabilization and a narrowing bid-ask gap. Overall, distress remains limited. Most properties are changing hands at higher prices than their previous sales, though discounts remain steep for struggling assets, especially Class B/C office.

Major CRE Deals 2025 YTD



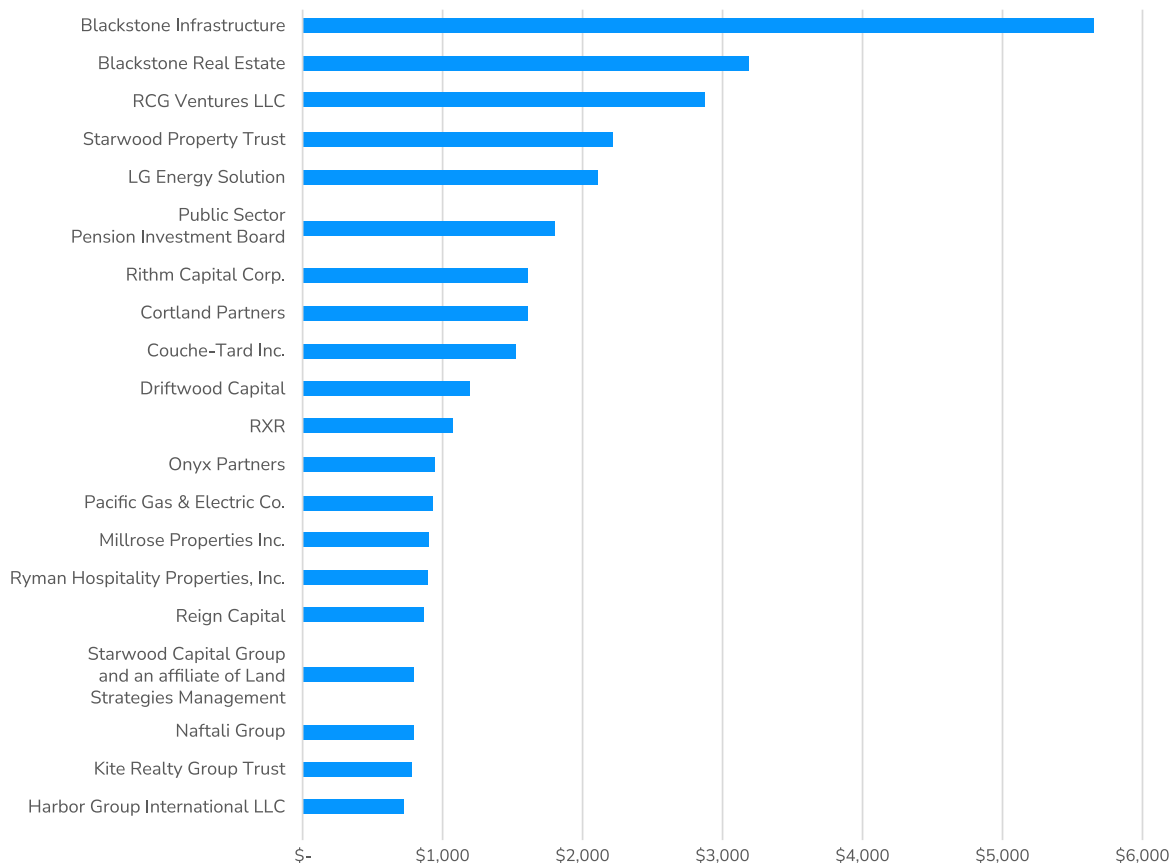
Source: LightBox Transaction Tracker

Figure 7



Large institutional investors are dominating 2025's deal activity, led by private equity firms such as Blackstone, RCG Ventures, and Starwood Property Trust, whose elevated buying focused on refinancing, redevelopment, and asset repositioning. Public REITs and corporate owners also remained active, sustaining strong pipelines across major markets (Fig. 8).

Top Investors 2025 YTD (through Q3, million \$)



Source: LightBox Transaction Tracker

Figure 8



CRE LENDING ON THE REBOUND WITH 18% INCREASE IN Q3

Debt origination activity continues to increase, reflecting overall improvement in the transactions market. CRE lending strengthened again in Q3 2025, marking the fifth consecutive quarter of growth as banks reentered the market with renewed confidence. The Mortgage Bankers Association reported a 36% year-over-year and 18% quarterly increase in commercial and multifamily loan originations. Gains were strongest in office, retail, and hospitality, with overall originations now trending well above historical norms as banks move past the balance-sheet repair and risk-mitigation focus that defined much of 2024. While capital remains selective, the MBA data points to improving availability of debt capital from banks, which account for 31% of CRE lending. The worst of the office markdowns appears to be fading, helping restore confidence across the sector.

The latest round of Q3 earnings from major banks were also largely positive, beating expectations and signaling that credit conditions are turning a corner. Average loan-to-value ratios rose slightly as competition for originations heats up and the cost of capital comes down. With stronger balance sheets, large banks are now better positioned to support refinancing and new loan originations into year-end, especially with two rates cut in place and a possible third in December.



Q4 2025 OUTLOOK: CAUTIOUS MOMENTUM, MIXED SIGNALS

The CRE market entered the final quarter of 2025 with a mix of optimism and caution. The encouraging news is that CRE transaction volume and lending activity remains healthy following two rate cuts this fall, but familiar crosscurrents like softening labor trends, tariff uncertainty, and policy volatility are keeping sentiment guarded.

Tailwinds are tangible. Refinancing and origination volumes are up, aided by lower rates and narrower spreads. Institutional capital remains active, chasing scale and value-add plays across multifamily, retail, and logistics. Lower rates are improving financing conditions, narrowing spreads, and encouraging borrowers to re-engage, helping sustain steady deal flow, while modest increases in LTV ratios suggest capital is growing more willing, though still disciplined.

Yet, headwinds are equally clear. Corporate layoffs, sluggish job creation, and tariff-driven cost inflation continue to weigh on confidence. Consumer spending is flattening, and small business optimism remains subdued. Office fundamentals are improving only selectively, and credit events have reminded lenders of lingering fragility. Key metrics to watch include labor trends, inflation’s response to tariff pressures, and long-end yields, all of which will shape cap rate movement and financing sensitivity.

The good news is that the overall trend for a positive trajectory for CRE remains in place, and Q3 events haven’t done anything to disrupt them. While macro headwinds persist, the market’s tone has shifted from reactive to strategically forward-looking, marking a significant improvement over early 2025. Historically, property listings decline 20–30% in Q4 as investors pause for year-end accounting and position for new-year launches (Fig. 9), and that seasonal slowdown is already visible in October’s 8% decline.

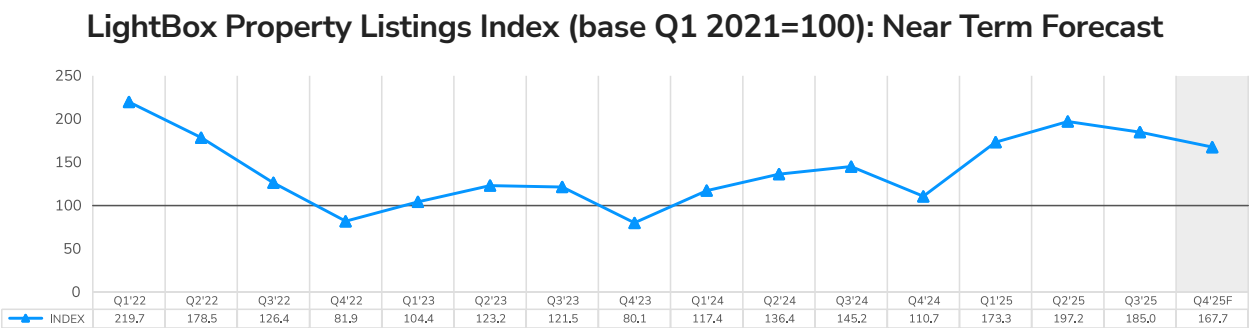


Figure 9

The latest [CRE Activity Index reading of 106.2](#) reflects a cautious market, shaped by the long federal shutdown, rate uncertainty, and job market concerns. Still, after nine consecutive months above the 100-point “healthy activity” mark on the LightBox CRE Activity Index, the market’s steady performance underscores resilience amid broader economic headwinds.

For now, the tone is one of measured optimism, not over-exuberance. Market participants are trading carefully but not retreating, with most expecting a quieter Q4 that sets the stage for a more decisive recovery in 2026, provided rates, credit conditions, and policy remain supportive.



LIGHTBOX CRE QUARTERLY MARKET SNAPSHOT SERIES

This analysis is part of the LightBox Quarterly CRE Market Snapshot Series, which provides insight into activities that support commercial property dealmaking. The data presented in the Focus on Capital Markets and Investments are derived from the activities of the LightBox RCM platform and used to calculate the LightBox Commercial Property Listings Index. LightBox RCM is the industry's leading go-to-market listing platform that powers investment sales, as well as debt and equity deals. As a trusted CRE technology solution, LightBox RCM offers a global marketplace for buying and selling CRE and increases the speed, exposure, and security of deals through one streamlined online platform. Brokers can leverage integrated property marketing tools, transaction management and business intelligence.

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