LIGHTBOX

March 2025 LightBox CRE Activity Index

LightBox CRE March Index Posts Strongest Reading Since 2022, But Outlook Remains Uncertain

Amid heightened capital market volatility and mounting concerns over the economic impact of evolving tariff policies, the LightBox CRE Activity Index defied broader market sentiment, rising to 104.4 in March—its highest level since June 2022 and only the second triple-digit reading during that nearly three-year span. The sustained momentum reflects increased seller willingness to bring commercial assets to market and renewed engagement by lenders as investor interest picks up.

While fears of an investment slowdown weighed heavily on equities and triggered wild swings in the 10-year Treasury throughout the month, the CRE Activity Index offers early evidence that momentum continues to gain traction despite the macroeconomic headwinds. If investors view commercial real estate as a safe harbor in an otherwise volatile market as the just announced tariffs take effect, the Index could continue to climb in April—but if conditions shift, a decline in the Index would serve as an early signal of softening activity.

March Index Breaks into Triple Digits for First Time Since September

March's triple-digit index reading signals increasing transactional velocity across asset types and geographies. The momentum building over the past three months marks a sharp departure from the subdued market environment that took root in late 2022 and persisted through 2024.

March's reading of 104.4 was a 4.7% increase from February and a 25.2% surge compared to the same time last year.

This was the third consecutive month of growth after a characteristically slow December—and a strong sign of a stabilizing CRE market that may be decoupling from broader market volatility. Based on nearly 28,000 data points from property listings, environmental site assessments, and appraisal orders, the Index is one of the earliest and broadest indicators of CRE market activity.

March's Index builds on February's strength, which itself outpaced January. The upward momentum for three consecutive months is a welcome shift in what has been a cautious, uneven market.

Breaking Down the March Index:

Strong Growth Behind CRE Momentum

Commercial Property Listings:
Commercial property listings on LightBox platforms surged in March, up 56% year-over-year and 6% higher than February. This was the highest volume since the June 2022 market peak.

Environmental Due Diligence:
The 12% month-over-month jump in Phase I ESAs in March signals growing demand for due diligence as the dramatic rise in listings fuels loan activity and deal flow.

Commercial Appraisals:
Lender demand for commercial appraisals rose 5% month-over-month, extending Q1's steady climb as maturities and borrower demand drove appraisals in the lender sector.

LightBox CRE Activity Index (January 2022 - Present)

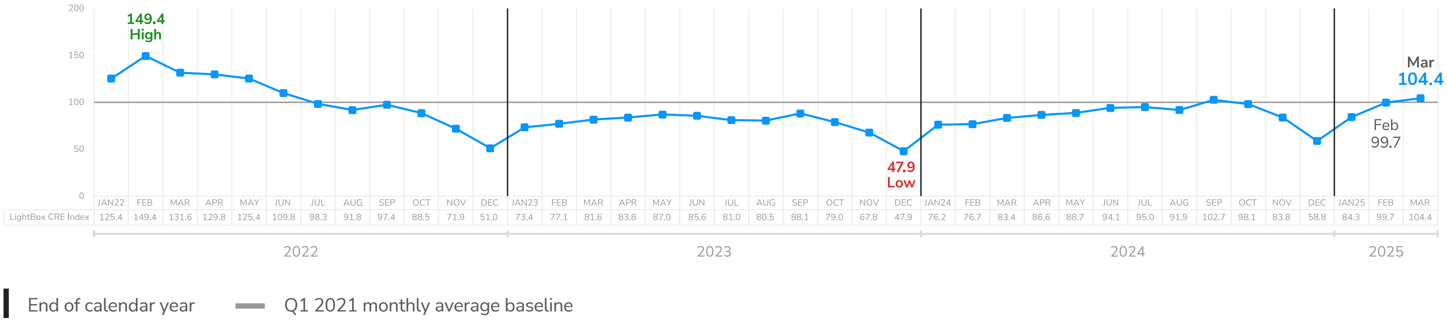

Figure 1

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) to give market watchers a pre-slowdown basis of comparison. The index is normalized to account for variations in the number of business days per month. LightBox acquired Revere CRE in late January 2025. The March CRE Activity Index expands 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.

March 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	104.4	99.7	83.4	90.7	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.

March's Strong Index Reading Defied Mixed Economic Signals and Policy Uncertainty

At its March meeting, the Federal Reserve voted unanimously to hold interest rates at 4.5%, marking the second consecutive pause after three cuts since September. Despite still-high rates, as well as rising CMBS and high-yield risk premiums and Treasury yield volatility, March closed on a positive note for CRE. The strong index reading stands in contrast to the winds of growing economic concerns and federal policy uncertainty.

As campaign promises of tariffs become a business reality, concerns over disrupted supply chains, increased production costs, and a potential economic slowdown are taking a toll on investors. U.S. equities posted their worst monthly performance in March since 2022—driven by elevated valuations, concerns about AI-related spending drag, and building fears over tariffs. The 10-year Treasury yield started and finished March at nearly identical levels around 4.2% but in between came extreme volatility. (At press time, the 10-year dipped below 4% briefly for the first time since October due to investors' flight to safety in the wake of early April's tariff announcement.)

Softer Market Metrics Raising Red Flags

In late March, the February PCE inflation data came in slightly hotter than expected, raising fresh concerns that disinflation may be slowing as price pressures persist. Core PCE, the Federal Reserve's preferred inflation gauge, rose 0.4% month-over-month—the largest monthly gain since January 2024—pushing the annual rate to 2.8% and a sign of persistent inflation pressures even before impacts from new tariffs take hold. The labor market is also under the spotlight showing resilience even as March's unemployment ticked up to 4.2%.

Growing economic uncertainty is also taking shape in the form of various softer market metrics like market sentiment and predictions about a recession. In March, the U.S. consumer sentiment index fell to 57.9, its lowest level since November 2022, from 64.7 a month earlier. Recessionary fears are also starting to take hold, with various sources predicting a 35-40% chance of a U.S. recession in 2025, up from just 15% in December. In response, business investment plans are softening, and concerns over federal workforce cuts are dampening confidence and impacting hiring decisions. Homebuilder confidence is also slipping as economic uncertainty and policy challenges mount. The NAHB builder sentiment index fell to 39 in March, the lowest in seven months, with buyer traffic dropping sharply. Housing starts remain 2.9% lower year-over-year, with building permits and completions also down, signaling slowing momentum.

Investors and Lenders Remain Active Albeit Cautious

In contrast to growing economic unrest, the CRE market is displaying surprising resilience. The pace of commercial property deals tracked by LightBox continues unabated with a growing universe of buyers looking to close on either distressed assets that can no longer be delayed or more traditional investment opportunities at prices above previous sales. While the CRE Activity Index shows a trajectory of continued growth as liquidity and transaction volumes slowly recover, policy uncertainty—particularly around tariffs and labor—continues to cloud the outlook and weigh on developer confidence.

On the construction front, bad news could be good news. Construction is being challenged by inflated costs that make housing, hotel, office, and retail developments difficult to justify, with development pro formas under pressure. With supply constrained by less new construction, the supply-demand imbalance in many sectors of the past several years could improve.

While lending remains tight with conservative underwriting standards, the volume of debt capital flowing into CRE is steadily increasing, particularly from CMBS, insurance, and private equity lenders.

Rate Cuts on the Horizon:
The likelihood of an interest rate cut at the Fed's meeting next month doubled to 20% after the new tariff announcement, according to CME FedWatch, and three or more cuts are expected by the end of the year. If signs of rising inflation or a GDP slowdown force the Fed to move in cutting rates, CRE investment could see a boost.

Cautious Capital, Focused Plays:
While capital is returning to the market, caution still prevails. Interest is strongest in the industrial, multifamily, data center, and retail sectors although the fundamentals vary significantly by geography and sub-asset class.

Opportunities as Supply Tightens:
Institutional investors and private equity firms are actively pursuing opportunities, fueled by a growing pipeline of properties hitting the market and expanding ROI potential across asset classes and geographies. With new construction starts falling, competition for assets in supply-constrained markets could intensify.

Is CRE the Safe Haven in an Increasingly Volatile Capital Market?

While March's three-digit CRE Activity Index signaled strong transactional momentum, the near-term outlook remains clouded by growing policy and economic uncertainty. The rapid pace of developments on the trade, inflation, and labor fronts is expected to sustain elevated volatility in the coming months, despite CRE's potential positioning as a relative safe haven for investors.

Whether this momentum persists will depend on how key macro indicators unfold. Further erosion in sentiment—or weakening in metrics such as PCE, labor market data, or GDP—could dampen investor confidence, stall transaction volume, and prompt delays in leasing or development activity as stakeholders adopt a wait-and-see approach.

At the same time, mounting economic headwinds may increase pressure on the Federal Reserve to begin lowering interest rates. If that materializes, it could serve as a tailwind for CRE investment. The near-term outlook hinges on a wide range of scenarios, and with so many variables in play, the forecast is challenging. As an early indicator of CRE momentum, the April CRE Activity Index will offer important insight into how investors and lenders are responding to an extremely dynamic and unprecedented market environment.

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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