CRE MARKET SNAPSHOT Q1 2025

FOCUS ON CAPITAL MARKETS AND INVESTMENT TRENDS
(JANUARY 1 – MARCH 31, 2025)

LIGHTBOX Q1 2025 PROPERTY LISTINGS INDEX HITS THREE-YEAR HIGH

Multifamily Holds the Lead in a Volatile Market

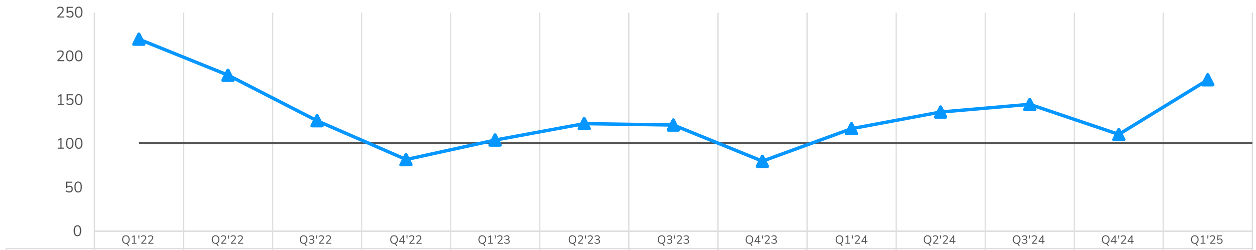
Editor's Note *This report, an installment of the LightBox CRE Market Snapshot Q1 2025 series, highlights trends in capital markets and emerging opportunities for brokers and investors. Other reports in the series include the Phase I ESA Market Snapshot, which takes a deep dive into similar trends in 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.*

Q1 2025 opened with a surge in property listings—jumping to a three-year high—signaling renewed activity across the U.S. commercial real estate market. The LightBox Property Listings Index closed the quarter at 173.3, its highest level since Q2 2022 and a significant jump from 110.7 in Q4 2024. The early months of the year showed a clear acceleration: Listings in January more than doubled those in December, followed by month-over-month gains of 8% and 7% in February and March, respectively. Multifamily assets led the charge, accounting for a full one-third of all listings, with volume surging 132% from Q4. Retail properties made up 20% of listings, followed by industrial at 12%, indicating broad-based activity across asset classes. The robust listing activity reflected not only seller motivation but also buyer engagement across a diverse capital base, with major CRE transactions occurring nationwide.

KEY Q1 2025 DEVELOPMENTS

- The LightBox Commercial Property Listings Index hit 173.3 in Q1, up 57% from a seasonally slow Q4 and 48% year-over-year, as seller confidence strengthened.
- Listings surged early in the quarter, more than doubling from December to January, with additional monthly gains of 8% in February and 7% in March.
- Year-over-year gains were significant: healthcare listings tripled, retail doubled, and land rose 77%.
- Listings for private capital deals (<$20M) have been steadily increasing over the past year, reaching 72% in Q1, up from 68% last quarter, with retail and multifamily making up 54% of that activity.
- On a scale from 1 to 100 (improving), the LightBox CRE Market Advisory Council scored Q1 market conditions at 60, down from 63 in Q4 and 67 in Q3, reflecting increased volatility and tariff-driven uncertainty.

LightBox Property Listings Index (base Q1 2021=100)



	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
INDEX	219.7	178.5	126.4	81.9	104.4	123.2	121.5	80.1	117.4	136.4	145.2	110.7	173.3

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.

BEHIND THE Q1 NUMBERS

Two distinct phases defined CRE lending and investment in the first quarter. At the start, there was renewed optimism and double-digit growth forecasts, according to January's LightBox 2025 Predictions Report. But by quarter's end, that momentum gave way to a more cautious tenor, shaped by rising macroeconomic uncertainty, policy volatility, and escalating concerns over tariffs under the newly seated Trump administration. The 10-year Treasury yield saw extreme swings throughout the quarter, and U.S. equity markets experienced sharp selloffs in response to unexpected tariff moves and shifting economic signals. The Federal Reserve held rates steady at the first three meetings of the year, citing a "wait-and-see" approach given still-stubborn inflation, evolving labor market conditions, and unknowns surrounding tariff policies. Rate cut expectations that were high at the year's open have since been tempered, with two or three rate cuts now expected, but not until the second half of 2025.

In debt capital markets, banks reported increased borrower demand—both for new originations and refinancing of maturing debt—but are growing more cautious in their underwriting as policy-driven volatility intensifies. Meanwhile, the private equity segment is showing encouraging signs of revival. Private real estate funds raised $57.1 billion in Q1, up from $32.5 billion a year earlier, signaling a potential uptick in future deal activity, particularly from opportunistic and value-add investors.

With Q2 well underway, the mood is notably more tentative. Deal flow continues but at a slower, more deliberate pace. CRE professionals are not stepping back, but they are proceeding with greater scrutiny, recalibrating expectations in light of a murkier economic outlook. The strong performance of the LightBox Property Listings Index in Q1 sets a high bar—but whether that growth continues will depend heavily on the duration and scope of tariffs, their impact on inflation and borrowing costs, and the market's overall ability to adapt to policy-driven headwinds.

WORD ON THE STREET

"Tariff policy will have an outsized effect on the economy, driving a possible recession and financial market volatility. Uncertainty and falling sentiment levels will restrain consumption and investment with CRE potentially a beneficiary of a flight to safety."

– John Chang, National Director of Research, Marcus & Millichap

LIGHTBOX COMMERCIAL PROPERTY LISTINGS INDEX

LightBox Q1 2025 Brokerage/Investment Metrics Snapshot

	Q1 2025	Q4 2024	Change (QOQ)	Q1 2024	Change (YOY)
LightBox Property Listings Index (base Q1 2021)	173.3	110.7	57%	117.4	48%
Multifamily (as % of total listings)	33%	28%	5 points	32%	1 point
Review of Listings by Price Category					
Listings Priced Below $20 Million (as % of total)	72%	68%	4 points	55%	17 points
Listings Priced Above $50 Million (as % of total)	11%	14%	-3 points	15%	-4 points

MARKET CONDITIONS AVERAGE 59.8 IN Q1 VERSUS 62.8 IN Q4

Based on Q1 2025 results from the LightBox CRE Market Advisory Council—which includes leaders from Cushman & Wakefield, NAI Global, Marcus & Millichap, BGO, Manulife, and others—market conditions averaged 59.8 on a scale from 1 (worsening) to 100 (improving), down slightly from 62.8 in Q4 and 70 in Q3. Scores ranged from 30 to 80, reflecting cautious optimism amid signs of recovery tempered by persistent concerns over inflation and interest rate uncertainty.

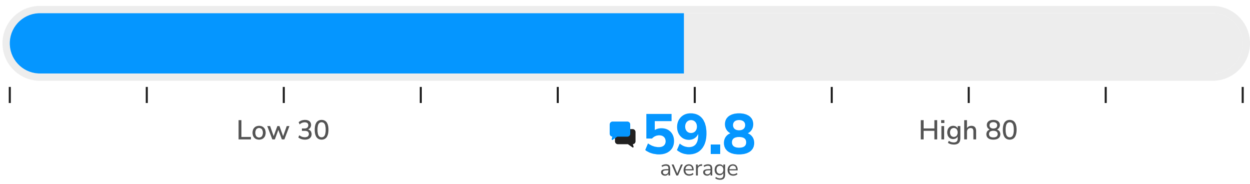
WORD ON THE STREET

"In Q1, we saw steady improvement and an increasing appetite to transact. That momentum will certainly be tested as we head into Q2."

– Bryan Doyle, Managing Director, Capital Markets, CBRE

State of Commercial Real Estate Market (Q1 2025)

(1=worsening to 100=improving)



Source: Q1 2025 Survey Responses from CRE Market Advisory Council, early April 2025.

Q1 PROPERTY LISTINGS REFLECT SHIFTING PRIORITIES IN UNCERTAIN MARKET

Multifamily, Industrial, and Retail Account for 66% of Q1 Listings Volume

An analysis of property assets listed on the LightBox RCM platform in Q1 2025 reveals clear preferences among investors—particularly in multifamily, industrial, and retail, which together accounted for 66% of all listings, led by multifamily at 33%. While these core sectors remain attractive, performance is increasingly nuanced by geography and sub-asset class as the CRE market adapts to macroeconomic uncertainty and policy-driven volatility.

Multifamily

Multifamily continues to dominate, with its share of total listing up from 28% in Q4 to 33% in Q1, bolstered by long-term fundamentals and declining construction starts—down 40% from peak levels—which are helping to realign supply and demand. Investors are still betting big on multifamily, favoring assets with stable cash flow potential in metros with strong population growth.

Retail

Retail landed in second place, with listings accounting for 20% of the total, while industrial followed with 12%. Once considered a laggard, retail is experiencing a notable resurgence, driven by record-low vacancy rates, limited new construction, and strong rent growth in key markets. Investor interest is picking up, especially for open-air centers anchored by grocery and service tenants, necessity-based and experiential retail, and well-located centers with value-add potential or opportunities for adaptive reuse.

Industrial

While industrial slipped behind retail in total listings, it remains CRE's top-performing asset class thanks to continued demand from e-commerce, logistics, advanced manufacturing, and tech infrastructure users. Despite the dip in listings share from 16% in Q4 to 8%, fundamentals in the industrial sector remain strong, with capital actively targeting strategically located, high-demand facilities. Uncertainty around tariffs and trade policy is prompting some tenants to reassess logistics networks and approach site selection more cautiously, however.

Land

Land represented 14% of Q1 listings. Low inventory is fueling competition among buyers and for well-located parcels with strong redevelopment or ground-up potential, investor interest is heating up. In the homebuilding sector, however, there was a notable 11.4% decrease in housing starts in March, the sharpest monthly drop in a year. Still-high mortgage rates, combined with rising construction costs and the likelihood of new tariffs on imported materials are eroding building confidence and triggering a more cautious approach to new construction projects.

Breakdown of Property Listings on LightBox RCM by Asset Class (Q1 2025)

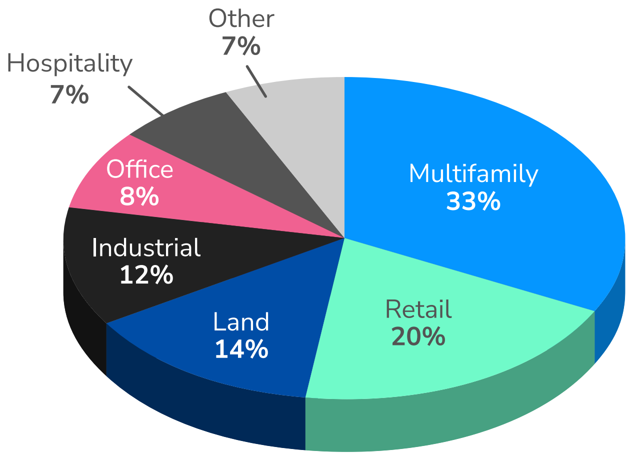


Figure 2

Other includes: data centers, healthcare, and specialty.

WORD ON THE STREET

"Inflated construction costs continue to have a negative impact on development pro formas, making hotel, retail, and office construction hard to pencil out."

– Arthur Milston, Senior Managing Director & Head of Capital Markets, NAI Global

RETAIL, LAND, AND MULTIFAMILY SHOW STRONGEST YOY GROWTH IN LISTINGS

Notably, none of the major asset classes experienced year-over-year declines in Q1 (see Fig. 3). The strongest growth could be found in retail listings (101%), land (77%), and multifamily (66%)—all of which outperformed the 61% growth across all property types. For the entirety of 2024, multifamily listings were up 10% so the jump to 66% growth in Q1 is a noticeable leap as more multifamily properties go on the selling block, either because of balloon loans maturing or due to more traditional sales.

Change in LightBox RCM Property Listings by Top Asset Classes (Q1 2025 vs. Q1 2024)

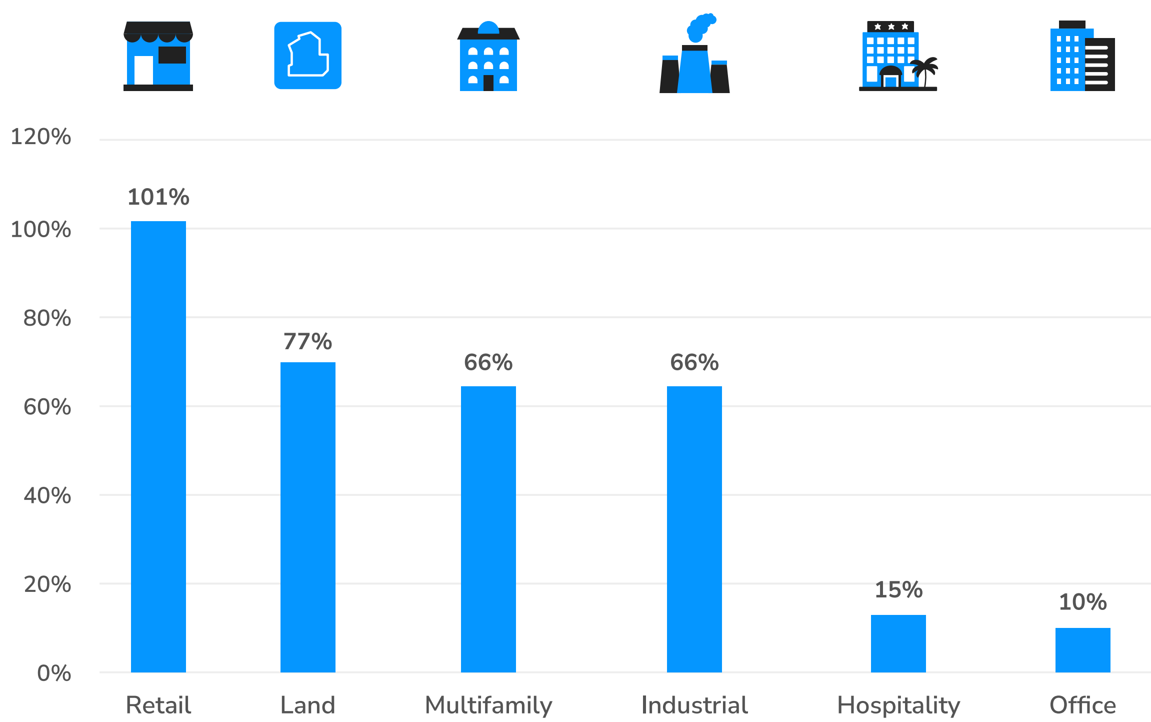


Figure 3

OFFICE LISTINGS SHOW SECOND CONSECUTIVE YEAR-OVER-YEAR INCREASE AMID RISING DISTRESS

In Q1 2025, office listings on the LightBox RCM platform rose 10% year-over-year, marking the second consecutive quarter of annual growth—a noteworthy shift after several years of declines (see Fig. 4). This follows the 21% year-over-year increase in Q4 2024, the first positive annual comparison since mid-2022. While office listings made up just 8% of total listings in Q1, down from 11% in Q4 and still well below pre-pandemic levels, the uptick signals renewed activity in this troubled sector of CRE.

The recent trend reflects more than just a growing willingness to transact—it also signals intensifying distress, as pressure on owners to sell continues to mount.

Higher interest rates, rising vacancy levels triggered by remote work practices, and upcoming debt maturities are forcing some landlords to bring assets to market, while others are repositioning portfolios to manage risk.

LightBox transactions data confirms that, while still selective, investor interest in office is returning, particularly in urban submarkets supported by return-to-office mandates. Stabilizing fundamentals, rebased pricing, and interest in adaptive reuse potential are drawing opportunistic and value-add buyers back into the space. The current trend suggests a strategic re-engagement with the office sector, led by both distress-driven sales and targeted investment.

Year-on-Year Change in LightBox RCM Office Property Listings (2020-Q1 2025)

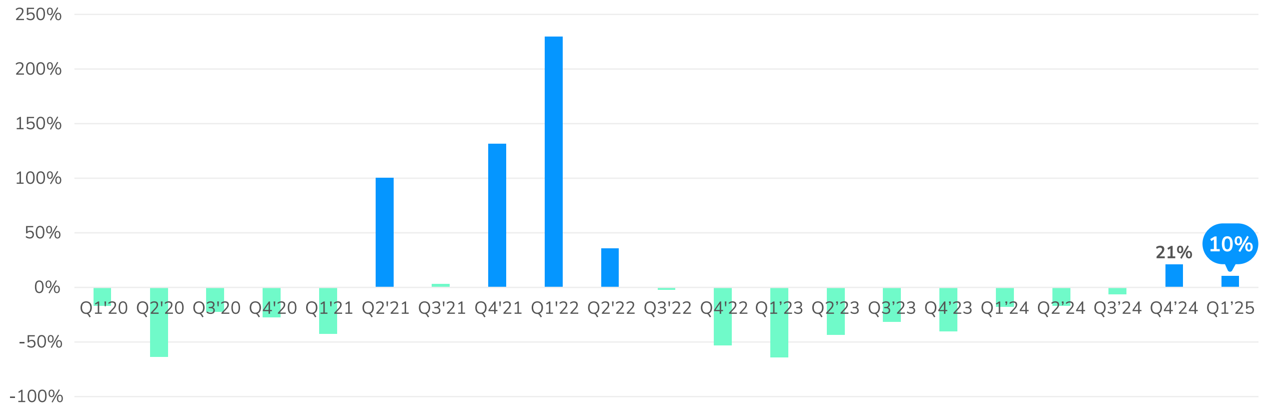


Figure 4

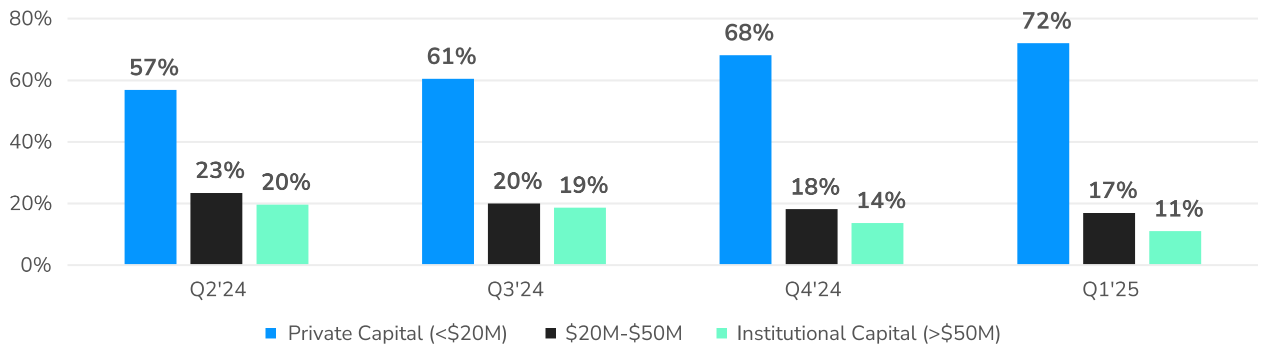
SMALL CAP PRIVATE EQUITY DEALS ON THE RISE

Private Capital Listings Account for 72% of Total, Favoring Retail and Multifamily Assets

Continuing a trend established in the early quarters of 2024, the smallest deals (less than $20 million)—the ones that typically appeal to private investors and real estate funds—have been steadily increasing as a share of the total market. These smaller deals accounted for 68% of total Q4 activity and increased to 72% in the latest quarter. At the other end of the spectrum, larger institutional capital deals accounted for only 11% of the total, compared to 20% in Q2’24.

Behind this trend is the divergence in price appreciation and positive net absorption for smaller, less expensive properties compared to depreciation and higher vacancies in the institutional-grade segment. The latest listings data reflects the market’s growing preference for small-cap assets—a space where private equity and local investors are increasingly active and looking to capitalize on properties in areas where prices are stable, and tenant demand is strong.

Distribution of Deals by Size Category (Q2’24-Q1’25)



Source: Assets brought to market on LightBox RCM®

Figure 5

BIG DEALS STILL MOVING AS PRIVATE EQUITY FUNDRAISING MOBILIZES TO POUNCE ON DISTRESS

This is not to suggest that big-ticket transactions are stalled, however. LightBox continues to track an active CRE dealmaking climate. There were 102 deals greater than $100 million and another 164 in the $50 to $100 million range that closed in the first quarter. The pace of nine-figure deals slowed in February and March relative to January, which could be due to the growing sense of caution as macro volatility intensified over the course of the quarter, only to rally again in April.

Want the latest on big-ticket CRE deals?

We break down monthly trends in nine-figure and $50M–$100M transactions in our ongoing series.

Check out the April recap for key insights and standout closings.

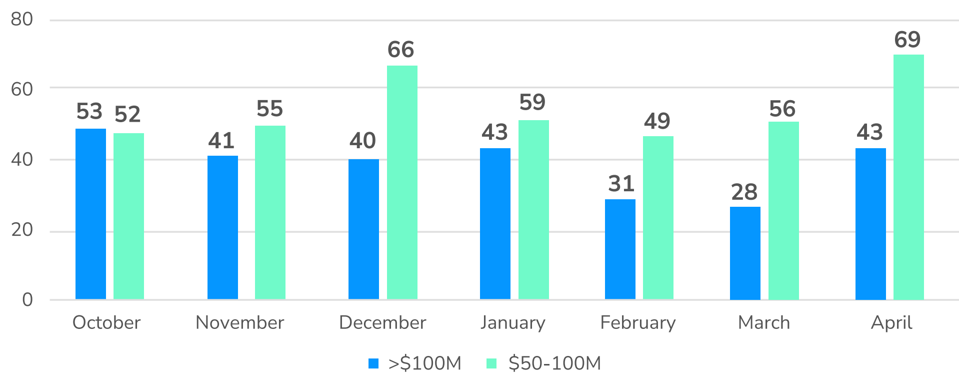
The base of buyers also continues to broaden, including new entrants looking to make bold moves in an uncertain market. Investors, while still active, are more discerning, targeting both distressed assets requiring resolution and stabilized properties priced above prior benchmarks.

Multifamily led the pack accounting for one-third of the largest transactions in March and almost half of all $50-$100 million deals. Naftali Group made headlines with a $800 million acquisition of a luxury residential tower in Manhattan and Morgan Properties acquired a $500 million, 3,054-unit portfolio across 11 properties in the Midwest. Other investors active in Q1 transactions included Starwood Capital Group, Regency Centers Corp, CTO Realty Growth, and Highwoods Properties.

While some investors are retreating to the sidelines amid macroeconomic uncertainty, capital chasing opportunistic acquisitions of distressed assets continues to climb.

Over the past few years, fundraising has been challenging, but the tide is turning. Private equity funds collectively raised $57.1 billion in Q1 2025, a sharp 78% rebound from the $32.5 billion a year earlier. Leading the charge, Brookfield Asset Management raised nearly $6 billion in Q1, part of a $16 billion global opportunistic fund, one of the largest in recent memory. Already 25% invested, the fund is focusing on multifamily, logistics, and distressed office assets, where valuations have dropped 20%–40% from peak levels. Increased deal flow is expected in urban office markets like Chicago's Loop area or downtown Los Angeles where office demand has been weakened by remote work, tenant downsizing, still-high rates, and limited investor appetite. As new construction slows in the face of increased materials costs and growing market uncertainity, competition for income-producing assets in supply-constrained metros will only intensify.

Major Monthly CRE Transactions (October 2024 - April 2025)



Source: LightBox CRE Transactions Tracker

Figure 6

RETAIL, MULTIFAMILY IN THE CROSSHAIRS

In the less than $20 million price tranche, the retail sector continued to account for the largest share of buying opportunities with 31% of the total, compared to 23% in Q4 (Fig. 7). Multifamily was right behind with 24% and land with 16% of the total.

Across major asset classes, the highest average price in Q1 was in the hospitality sector with $64.5 million, followed by multifamily at $34.3 million and industrial's $32.1 million (Fig. 8). In another sign of increased investor interest, the average number of signed nondisclosure agreements across all asset classes was 133 in Q1, 16% higher than the 2024 average.

Retail, Multifamily Properties Lead Private Capital Deals (Q4'24 vs. Q1'25)

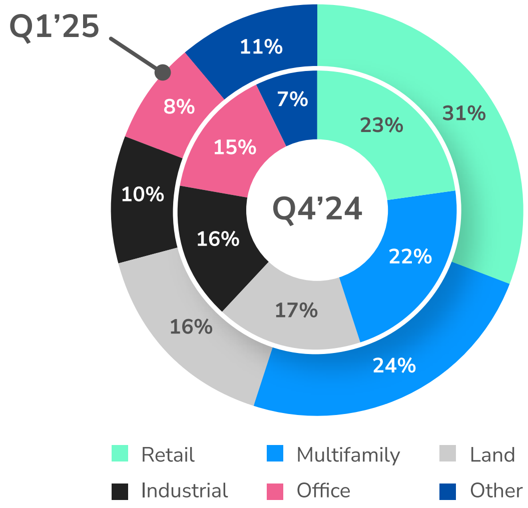


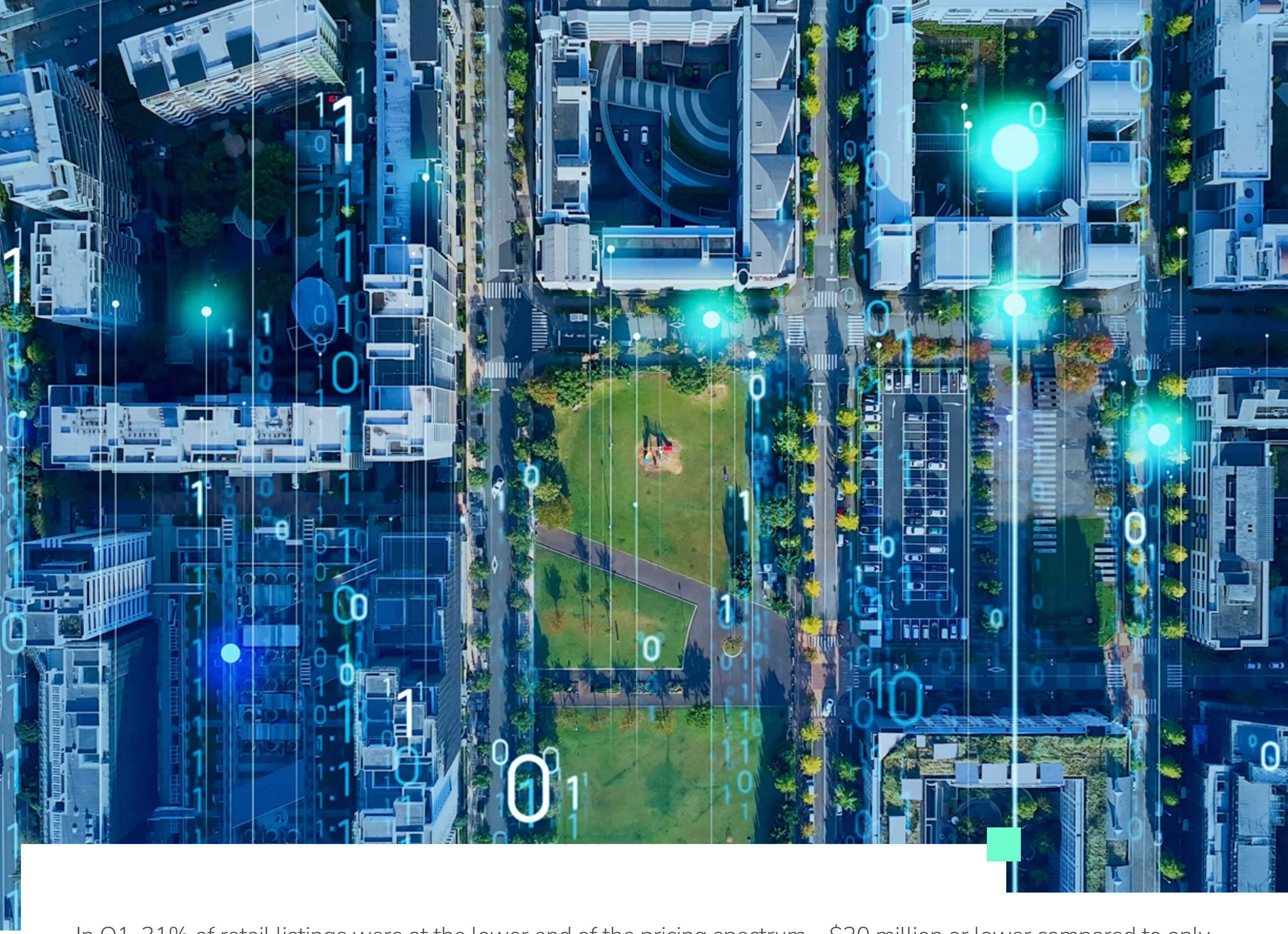
Figure 7

LightBox RCM Property Listings by the Numbers (Q1 2025)
Deal Sheet

Property Type	% of Total Listing Volume	Average No. of NDAs Per Listing	Highest Asking Price (millions)	Lowest Asking Price	Average Asking Price (millions)
Multifamily	33%	186	$350	$400K	$34.3
Retail	20%	109	$136	$640K	$10.6
Industrial	12%	130	$482	$385K	$32.1
Office	8%	84	$300	$385K	$23.8
Land	14%	93	$275	$350K	$16.3
Hospitality	7%	100	$1,100	$2.5M	$64.5

Figure 8

Signed NDAs Per Listing
133
Average
(up 16% from 2024 average)



In Q1, 31% of retail listings were at the lower end of the pricing spectrum—$20 million or lower compared to only 8% accounted for by institutional deals above $50 million. Institutional deals account for a much larger share of multifamily (52%) and industrial (21%) (Fig. 9).

Distribution of Property Listings by Deal Size and Asset Class, Q1'25

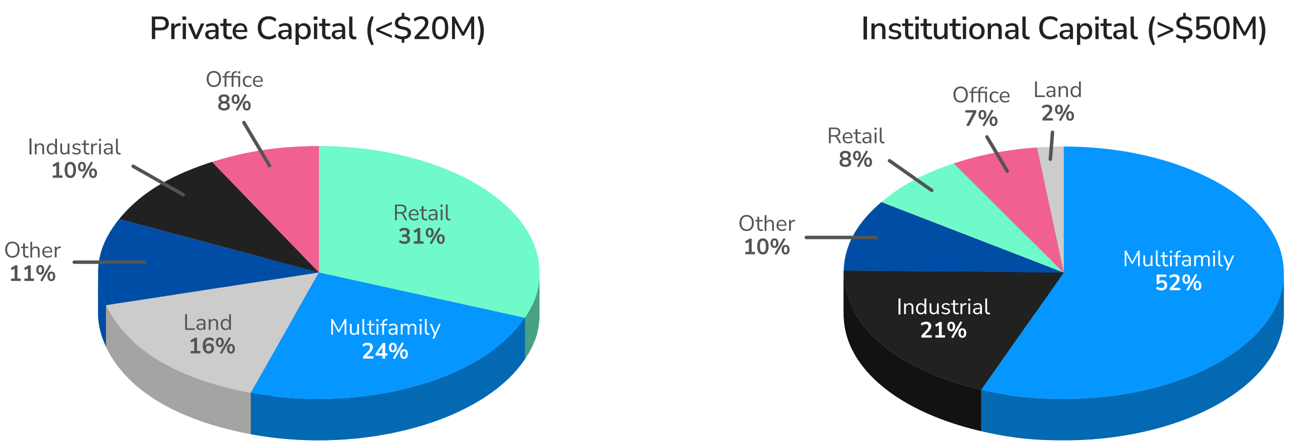


Figure 9

LIGHTBOX CRE ADVISORY COUNCIL LEANS POSITIVE BUT CAUTIOUS OVER NEAR-TERM

Based on April outreach, the majority of CRE Market Advisory Council members are forecasting stable CRE lending and investment volume in Q2, neither a sharp uptick nor a notable decline. The forecast is not without its headwinds. Curbing the enthusiasm of the prior quarter is uncertainty around trade policy, inflation, and economic growth that will make the investment and lending climate more challenging and could keep some investors and lenders on the sidelines.

Asked about the most promising areas of opportunity over the near-term, however, council members pointed to a number of areas showing positive growth so far this year.

Positive Growth Areas To-Date

- Southeastern U.S., particularly industrial in central Florida, southern Louisiana, and Austin, and Houston.
- Food away from home—restaurants/bars in major metros
- Housing, especially as government policy, will make construction more expensive
- Alternative sectors like student housing and cold storage where demand drivers are less vulnerable to short-term volatility
- Continued “flight to safety” in multifamily
- Office as tenants commit to RTO mandates
- Midwest multifamily and data centers

WORD ON THE STREET

“It’s policy uncertainty that’s really taking center stage. Even though liquidity has been improving—and transactions recovering—what’s happening on the trade and labor fronts are keeping uncertainty and volatility high.”

– **Victor Calanog**, Global Research and Strategy, Chief Economist, Manulife

CAUTION TAKING ROOT IN DEBT CAPITAL MARKETS

The New Year's optimism for double digit growth in CRE lending this year is more measured after a volatile Q1 as a more risk-averse stance takes root. Big banks are still cautiously optimistic about CRE lending, as reflected in their recent earnings reports, but loan growth remains modest, with new originations balanced with paydowns and some promising stabilization in loan performance across asset classes. The Federal Reserve's latest Beige Book, released in April 2025, indicated that CRE lending activity remained subdued with loan demand described as "flat to modestly higher" across most districts. While multifamily lending propped up other segments, overall CRE lending activity increased only slightly from the previous report earlier in the year. Lenders are proceeding with caution due to growing economic uncertainties, focusing on loans with strong fundamentals and existing customer relationships. This measured optimism suggests that while banks are re-engaging with the CRE sector, a more risk-averse stance is taking hold. The market will also continue to grapple with the $570 billion in CRE loans maturing this year. Debt capital demand is expected to rise steadily into H2, especially as borrowers seek relief from floating-rate debt pressures.

STEADY MOMENTUM MEETS HEADWINDS OF FEDERAL POLICY UNKNOWNS

The first quarter of 2025 opened with optimism but quickly evolved into a highly volatile period, marked by extreme swings in interest rates, sharp equity market movements, and an increasingly unpredictable policy environment. Yet, amid this turbulence, CRE investment and lending activity showed notable resilience. The LightBox CRE Activity Index reached a multi-year high in March and **again in April**, in the first clear signal of CRE velocity following the sweeping Trump tariff announcements. For now, the fundamentals suggest a CRE market that continues to advance, but more cautiously.

A key indicator of what lies ahead on the dealmaking front is the Q1 climb in the LightBox Property Listings Index, up from 110.7 in Q4 to 173.3 in Q1. The uptick reflects a mix of increased seller confidence, the slow churn of distressed assets, and a growing universe of capitalized buyers looking for investment opportunities—albeit from a more selective and risk-aware position than back in January. The latest round of market metrics paint the picture of a market that is recalibrating and repricing risk but not retreating.

Tariffs are the biggest wildcard clouding the forecast. With the U.S.–China trade relationship in flux and the full impact of new duties not yet priced in, CRE professionals are watching closely.

While existing assets are somewhat insulated from rising construction costs, prolonged inflationary pressures or a demand-driven recession could still weigh on the broader market. So far, existing stabilized properties—particularly in multifamily and industrial—are proving relatively resilient and, in some cases, a safe harbor.

Looking ahead, Q2 will be pivotal. Will the current momentum hold, or are we seeing the early signs of a deeper market slowdown? As the past few months have shown, the market can shift very quickly. While the CRE market continues to move forward, future policies can impact the forecast. Until more clarity emerges, CRE lending will be more selective, investment decisions more strategic, and tenant performance under closer scrutiny. The good news is that, despite growing uncertainty and signs of economic cooling, the CRE market continues to show resilience—and in some sectors, strength. Deals are getting done, loans are being underwritten, and refinancings are moving forward. CMBS issuance is gaining momentum, lenders are not retreating to the sidelines, and big-ticket deals across asset classes and geographies are still closing coast to coast.

What makes forecasting so challenging is not knowing the extent, scope, or duration of future tariffs which makes their economic impacts difficult to predict. There are countless ways that tariff policy could play out, and the impact across specific asset classes will be varied. Retail, for instance, relies on healthy consumer spending and low prices, so if tariffs increase the cost of goods like apparel, appliances and electronics and others, retail tenants could be adversely impacted. Owners of existing commercial property in some sectors like multifamily could benefit from higher tariffs that drive up construction costs and limit new supply. If sentiment grows more nervous and uncertain, competition for CRE assets could decrease and give well-capitalized opportunistic investors the upper hand. The next few months will be pivotal in confirming whether this is a temporary breather or the start of a more sustained slowdown. For now, the fundamentals suggest a CRE market that continues to advance but at a slower pace, not necessarily from a lack of interest but due to growing caution (Fig 10).

LightBox Property Listings Index (base Q1 2021=100): Near Term Forecast

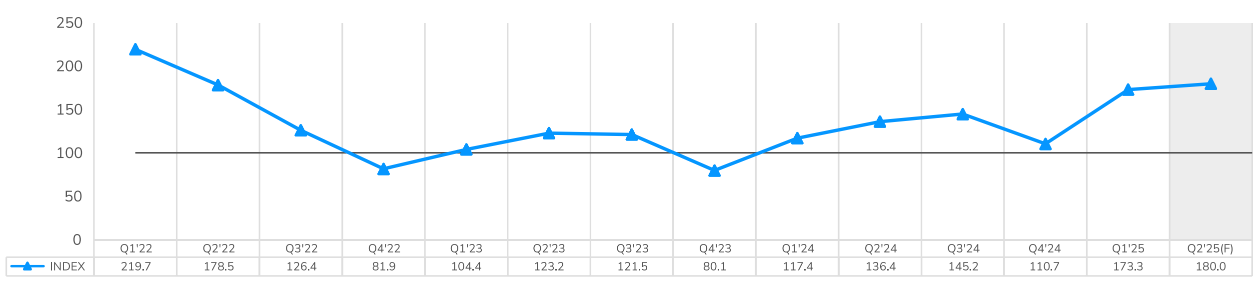


Figure 10

ABOUT THE LIGHTBOX COMMERCIAL REAL ESTATE MARKET ADVISORY COUNCIL

LightBox is grateful to the members of the inaugural Commercial Real Estate Market Advisory Council. These leaders at CRE firms from across the U.S. volunteered over the past year to share their invaluable perspectives and insights on the state of the market, recent developments, top challenges, emerging opportunities, and the near-term forecast. This outreach, especially in today's rapidly changing market, was invaluable in aligning the quarterly Market Snapshot reports with trends in the field. With this edition of the Snapshot report, these leaders at CRE firms across the U.S. are ending their one-year term.

LightBox 2024-2025 CRE Market Advisory Council

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Global Research and
Strategy | Chief Economist
Manulife

Ryan Severino
Chief Economist
BGO

Cindy Cooke
Vice Chair
Multifamily Investments
Colliers

Jon Winick
CEO
Clark Street Capital

Bryan Doyle
Managing Director
Capital Markets
CBRE

John Chang
National Director
of Research
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Lisa Strope
Vice President
Head of Research
TA Realty

Wanda Riley
Managing Principal
Cushman & Wakefield

Matthew Osborne
Executive Vice President
& Chief Credit Officer
Eastern Bank

Arthur Milston
Senior Managing Director
& Head of Capital Markets
NAI Global

Jeff Rinkov
CEO and Chairman
of the Board
Lee & Associates

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.

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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