

2Q25 Commercial Real Estate Fear & Greed Survey Results

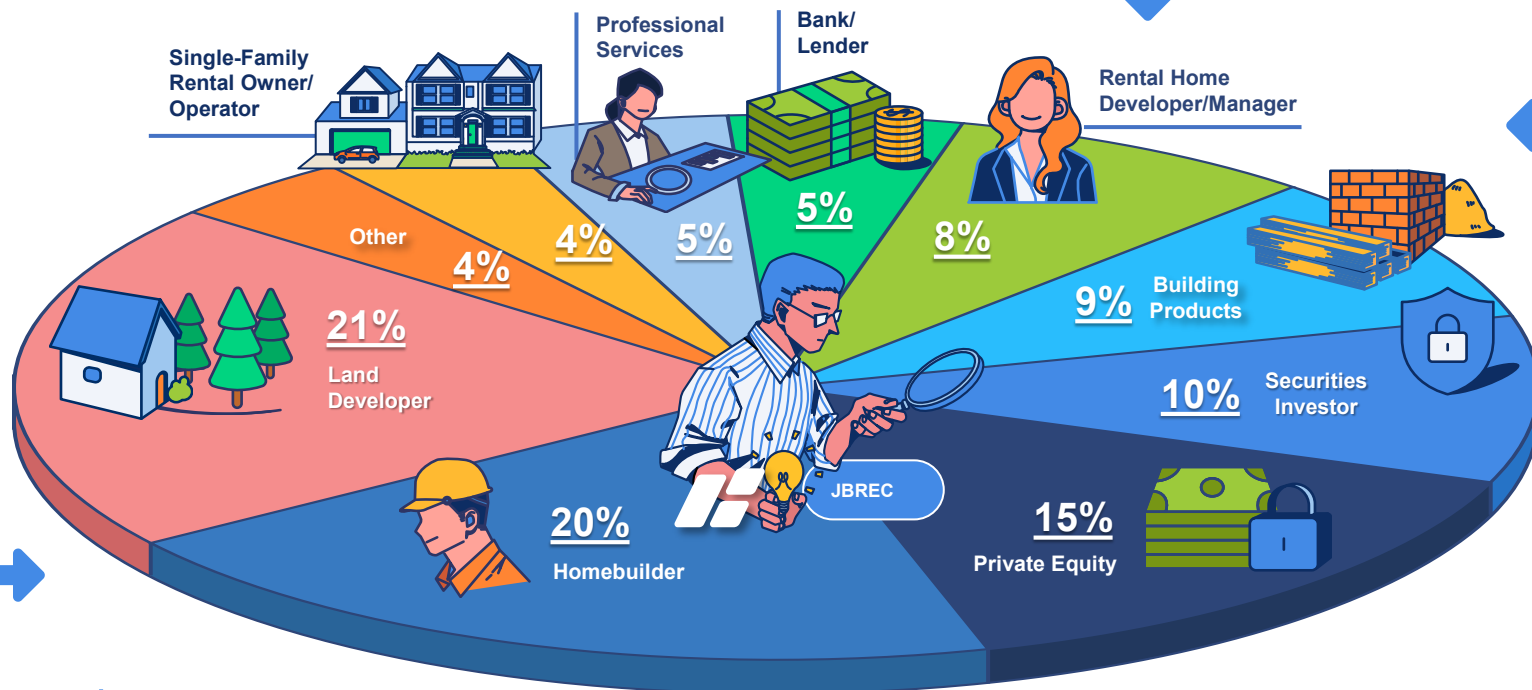
June 26, 2025



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We look at the real estate industry from every angle.



PROPRIETARY DATA AND MONTHLY SURVEYS

We create, clean, analyze, and summarize data with actionable insights.

B2B Industry Survey Insights

- Apartment Developer and Investor Survey
- BTR Developer, Operator, and Investors Survey
- Building Products Dealer Survey
- Fear and Greed Survey (Commercial Real Estate)
- US Custom Residential Architecture Index
- Fix and Flip Survey
- Homebuilder Survey
- Residential Land Survey
- Production Architects
- Real Estate Agent Survey
- US Remodeler Index
- Single-Family Rental Survey
- Specialized building products surveys:
 - Kitchen and Bath Market Index
 - Window and Door Market Survey
 - Structural Building Components Survey

B2C Industry Survey Insights

- Build-to-Rent Resident Survey
- Regular surveys of US homeowners and renters
- Annual US Residential Architecture & Design Survey
- Quarterly US Custom Residential Architecture Index
- Master Plan Developer Survey

Industry Earnings Call Insights

- Public Builder Earnings Calls Summary
- Public Apartment REITs Earnings Calls Summary
- Public SFR REIT Earnings Calls Summary
- Building Products Company Earnings Calls Summary
- Miscellaneous Housing (Zillow, etc.)

Massive Quality-Controlled Database

- Purchased data*
- Aggregated data
- Proprietary data and indices
- Proprietary forecasts
- Burns Interactive Dashboards tool
- Customized exports

Analyses and Forecast Reports

- 131 Metro Analysis and Forecast reports (70+ pages)
- Regional Analysis and Forecast
- Homebuilder Analysis and Forecast
- Single-Family Rental Analysis and Forecast
- Rental Communities Analysis and Forecast
- Building Products Industry Analysis and Forecast
- US Demographics Insights and Strategies
- Survey Insights Report (design trends)
- US Housing Analysis and Forecast (everything that matters)

Client Conferences and Webinars

- Spring Housing Summit in Laguna Beach
- Fall Housing Outlook in New York
- New Home Trends Institute Conference (location varies)
- Monthly Housing Webinar
- Quarterly Special Topic Webinar



* We share our analysis and limited data as permitted.



2Q25 Fear and Greed Survey (Commercial Real Estate)

JOHN BURNS
RESEARCH & CONSULTING

CRE Daily |

Sponsored by
InvestNext

June 13, 2025

About the survey:

- **Goal: timely indicator of CRE investor sentiment + expectations**
- **500-1000 market ratings**
- **2Q25 survey period: 5/12-6/2**
- **4 commercial real estate sectors:**



Multifamily



Industrial

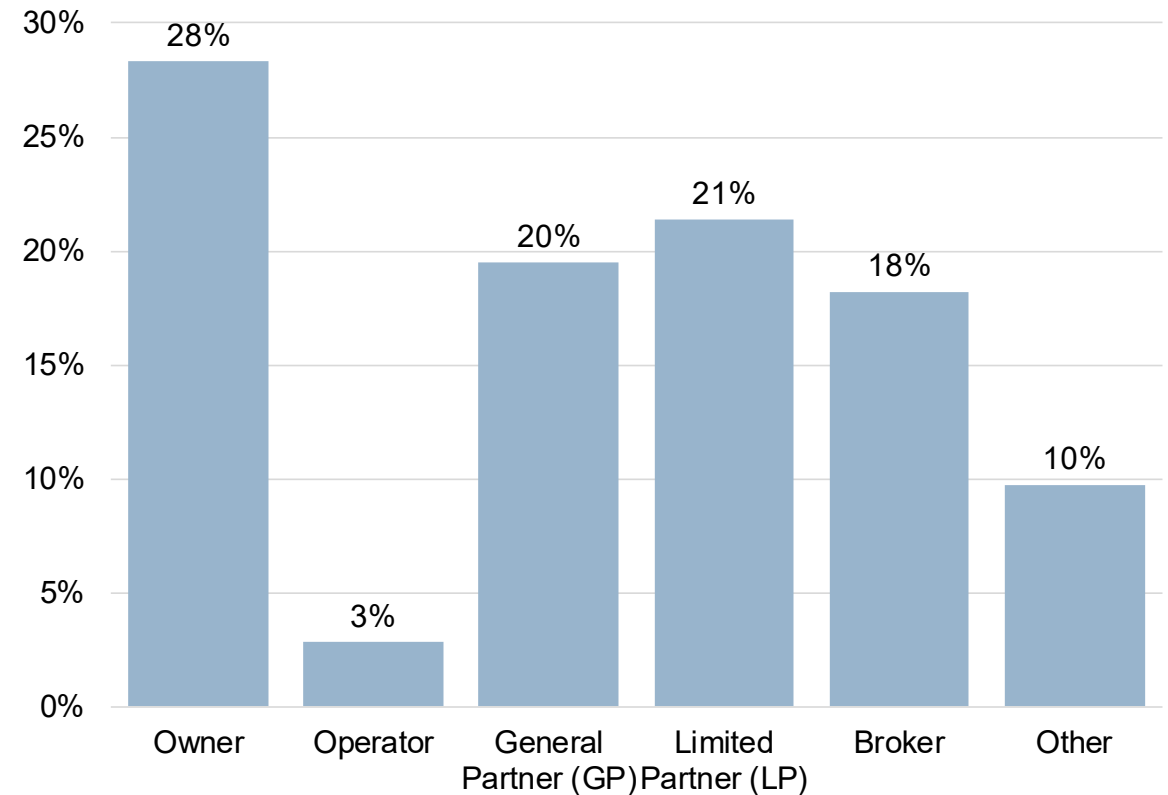


Retail



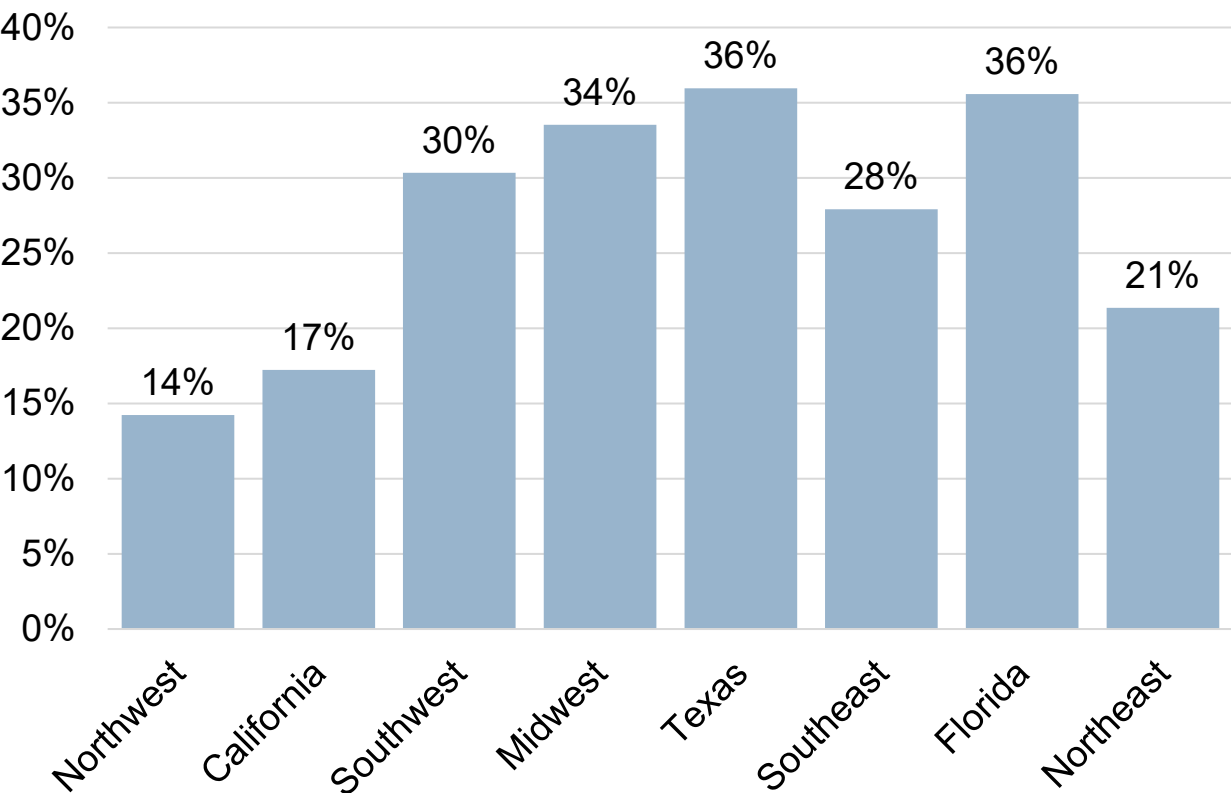
Office

Primary Role



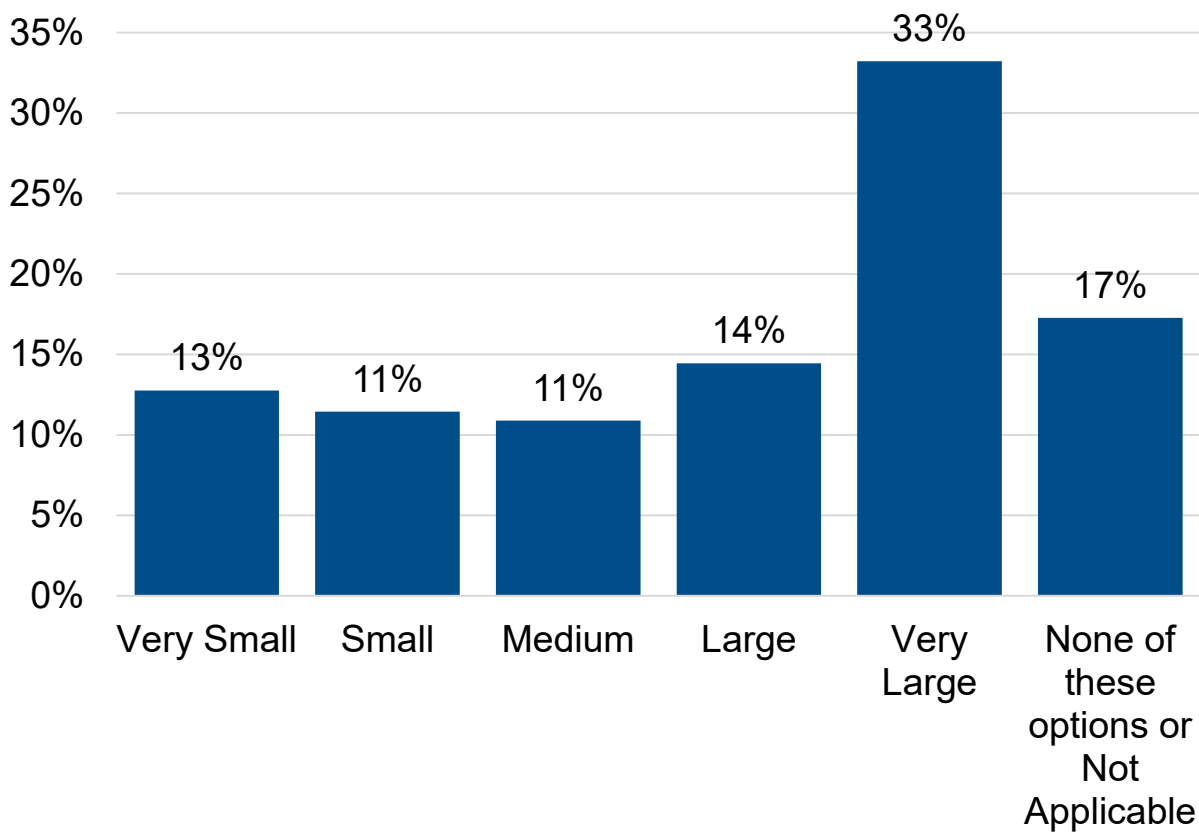
Our sample is geographically diverse and skews towards large CRE investors (100K+ sq ft or 151+ units)

Region



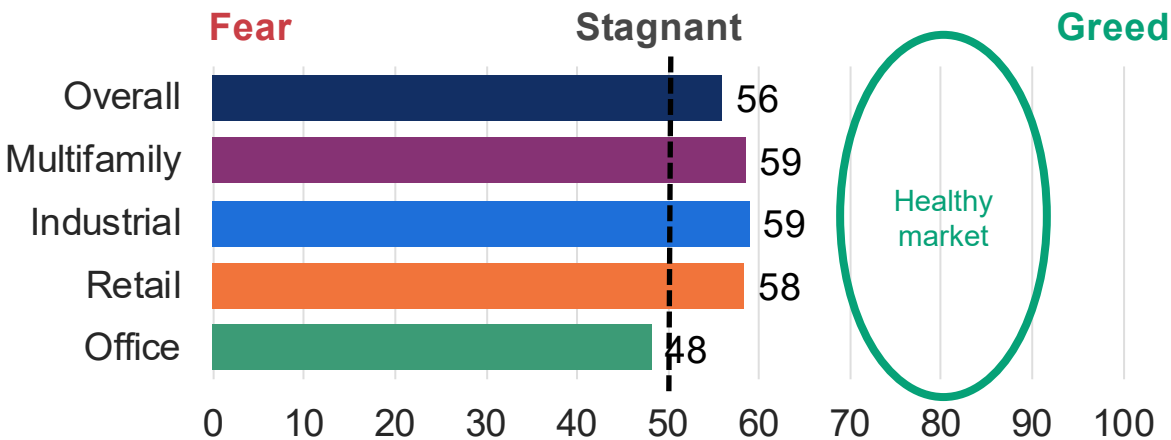
Participants can be active in multiple regions – will not sum to 100%.

Size



Our overall Fear & Greed index is at 56. On our index, 50 = a completely stagnant market.

Burns + CRE Daily Fear & Greed Index



Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)

The Fear and Greed Index is driven by 3 primary indicators:



Current Investment Strategy

Increasing/holding/decreasing exposure in the **current quarter** vs. the prior quarter



Expected Investment Strategy

Expect to increase/hold/decrease exposure over the **next 6 months**



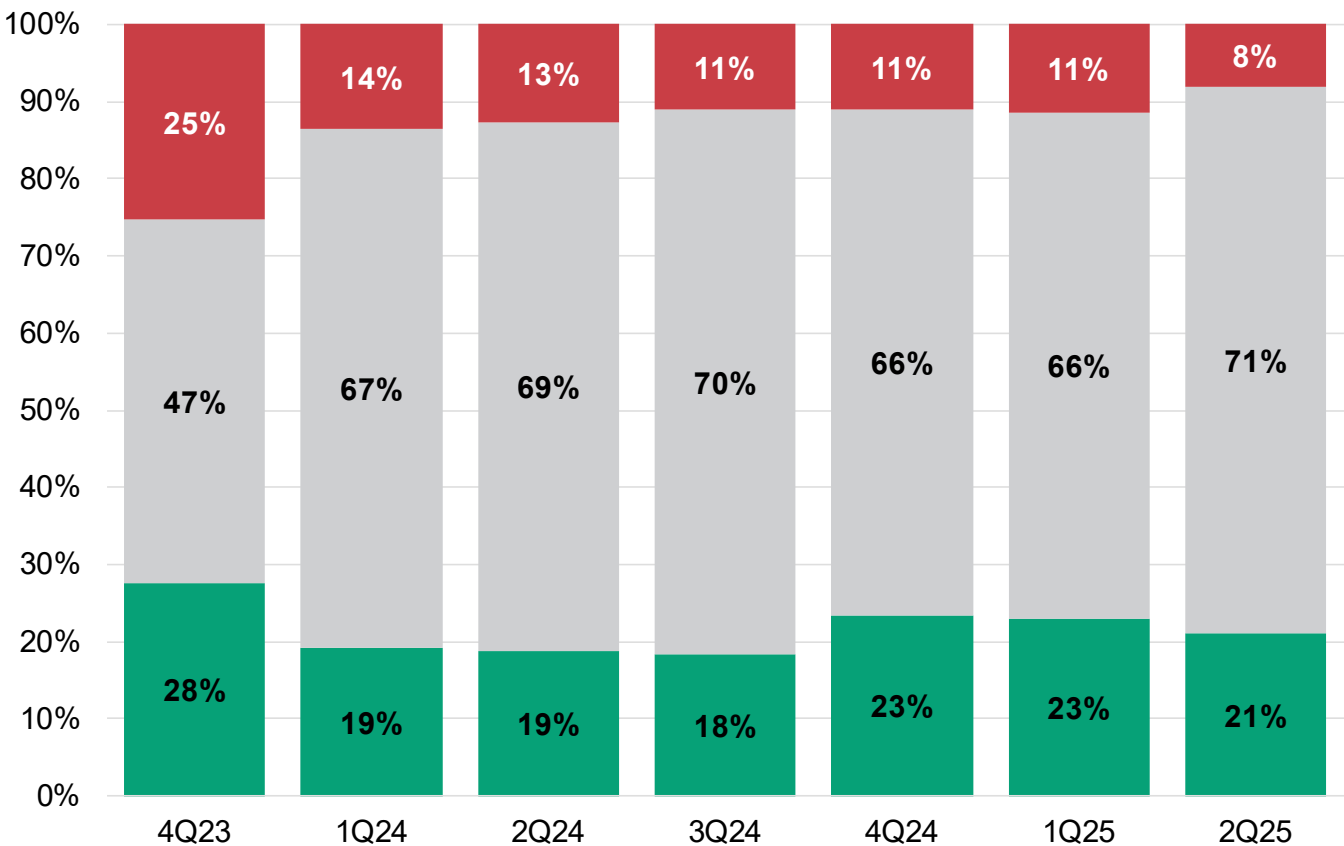
Access to Capital

Easier/similar/harder to access capital in the **current quarter** vs. the prior quarter

71% of commercial real estate investors are holding tight in 2Q25, the highest in our survey's history.

Current Commercial Real Estate Investment Strategy

■ Increasing exposure ■ Holding / not changing exposure ■ Decreasing exposure



Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)

Commentary from CRE investors:

“

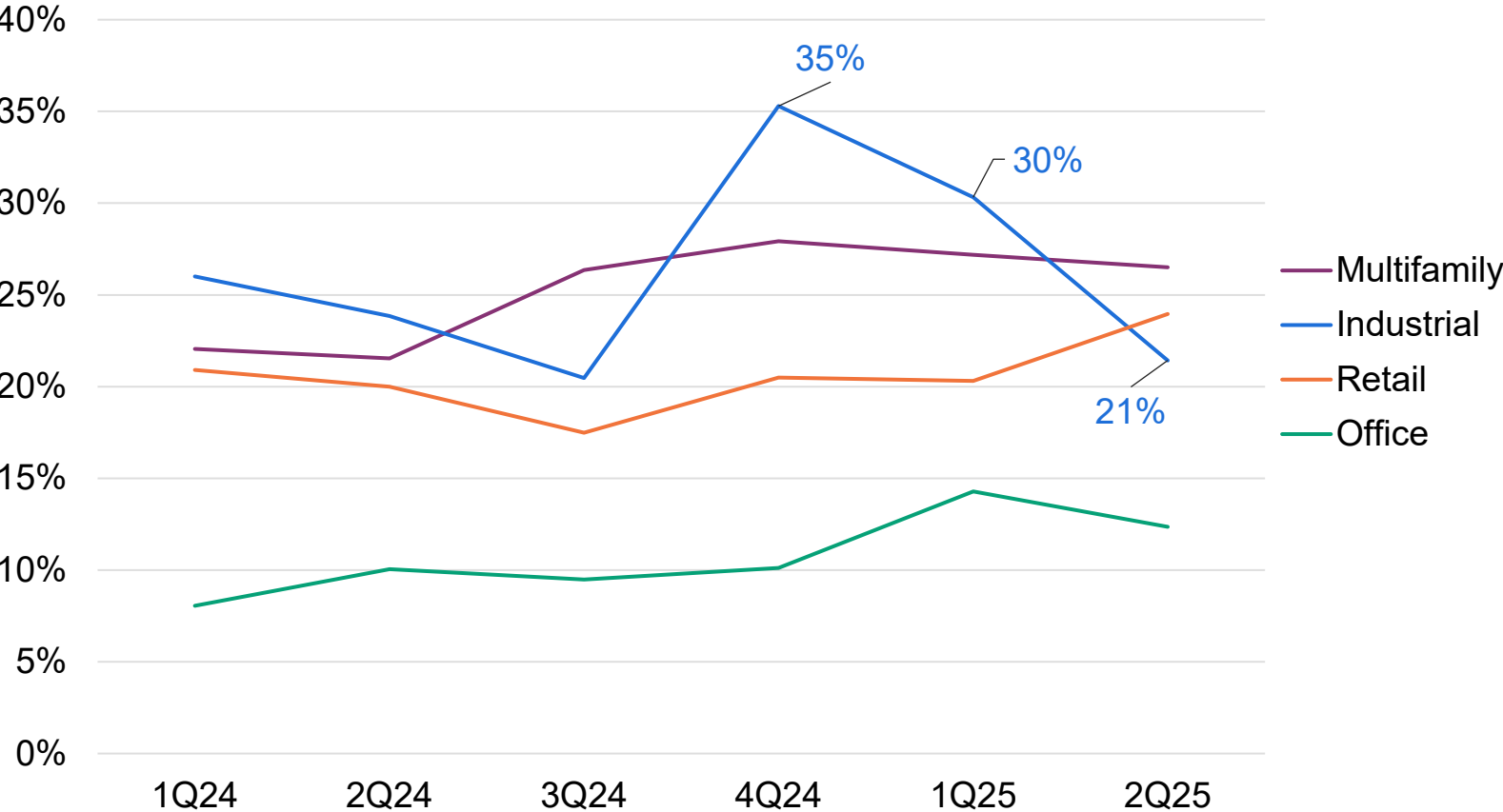
“The unprecedented levels of **uncertainty** have caused investors and debt sources to pause until stability (predictability) returns.”

“It’s **uncertainty** that will destabilize everything.

“The administration has created global **uncertainty**, the impact of which is yet to be determined for CRE assets, although the expectation is that it’ll be negative. Markets like stability, and the current administration is anything but stable.”

Investors have become more cautious on Industrial over the last 2 quarters.

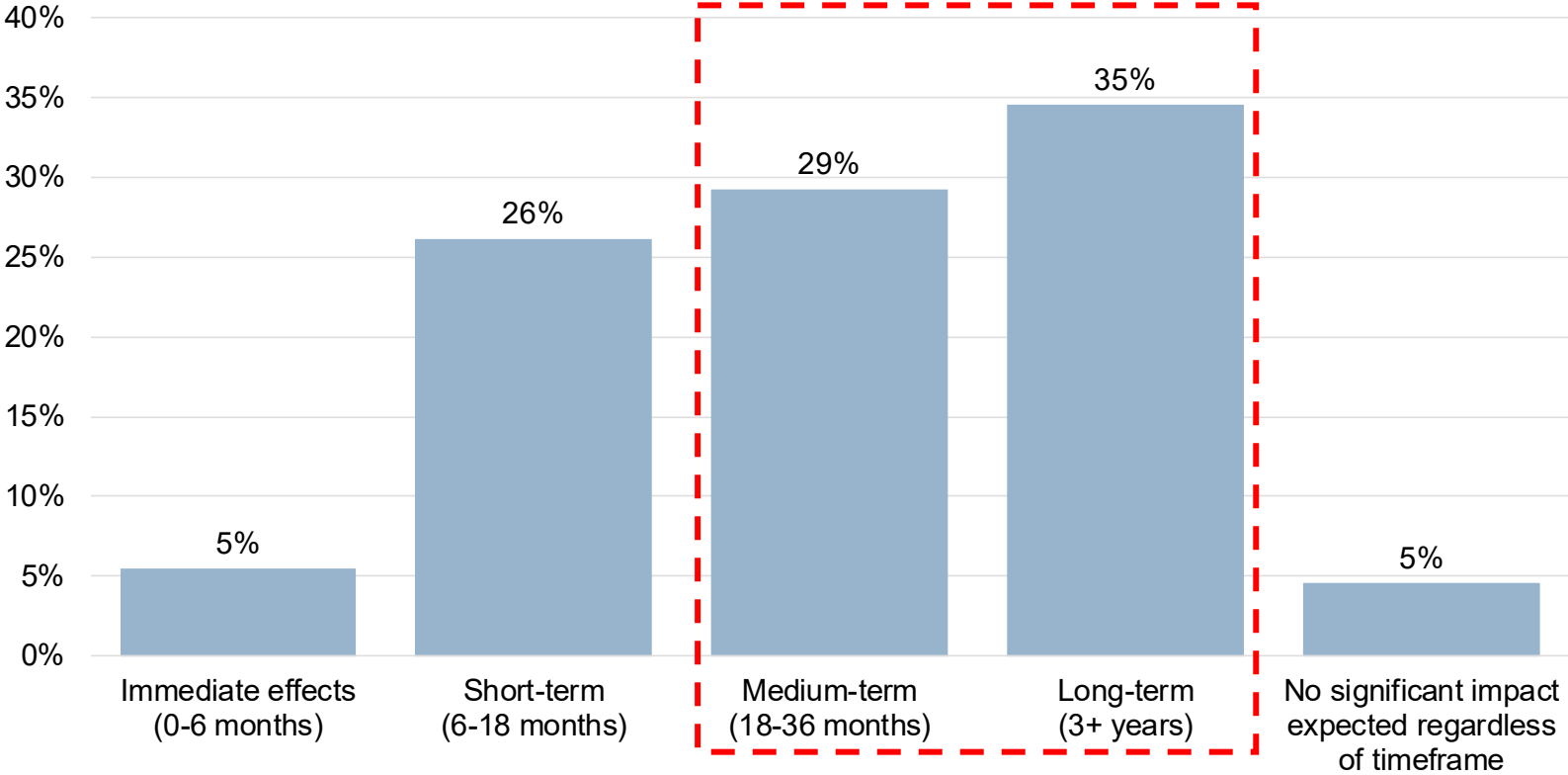
Share (%) of CRE investors INCREASING their exposure in each sector



Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)

Industrial investors don't expect to see benefits from new trade/manufacturing policies for several years.

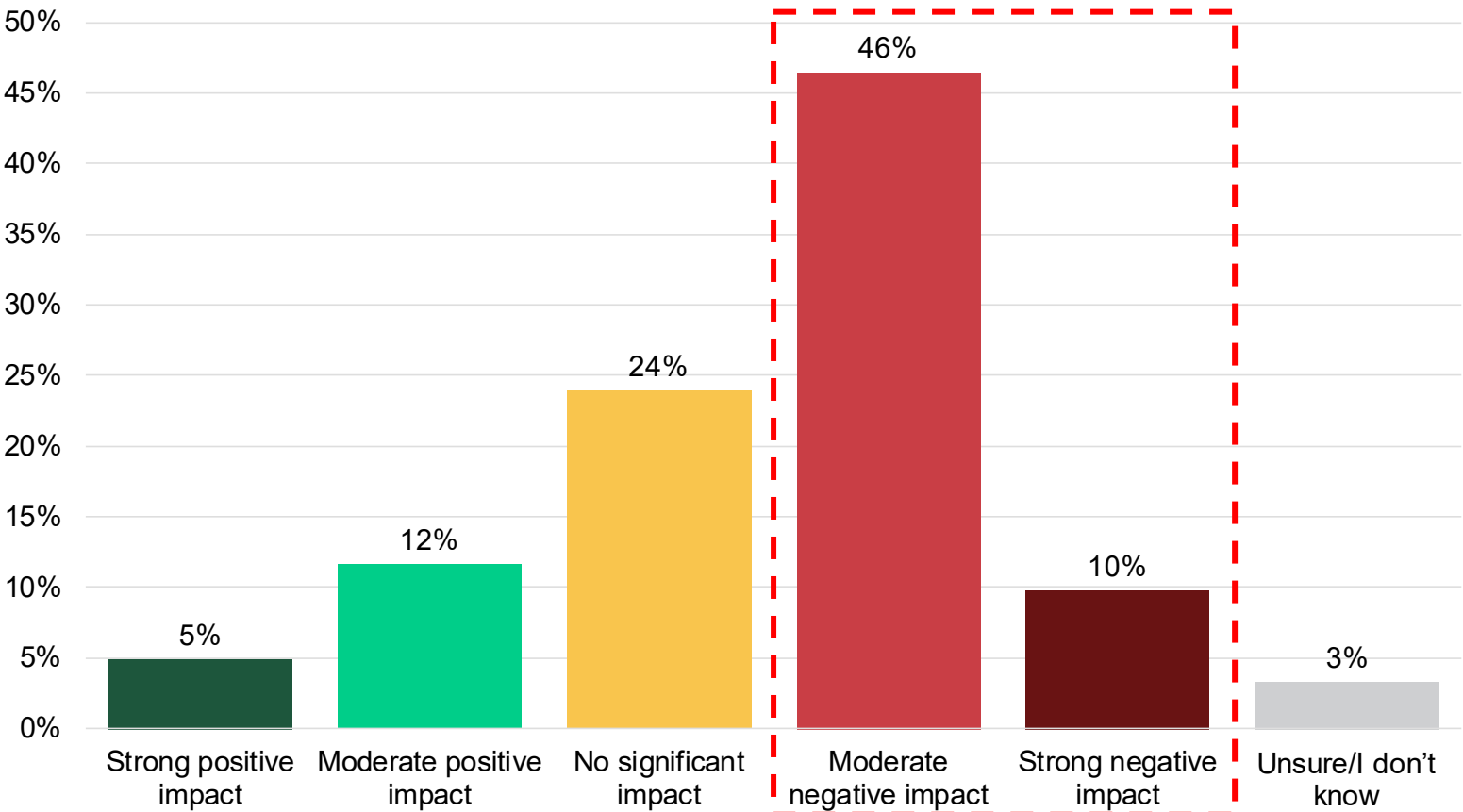
Industrial investors: How long until we see meaningful impacts from new trade/manufacturing policies on US industrial real estate markets?



Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)

The majority of CRE investors believe tariffs/trade policy changes will negatively impact CRE investment in the near term.

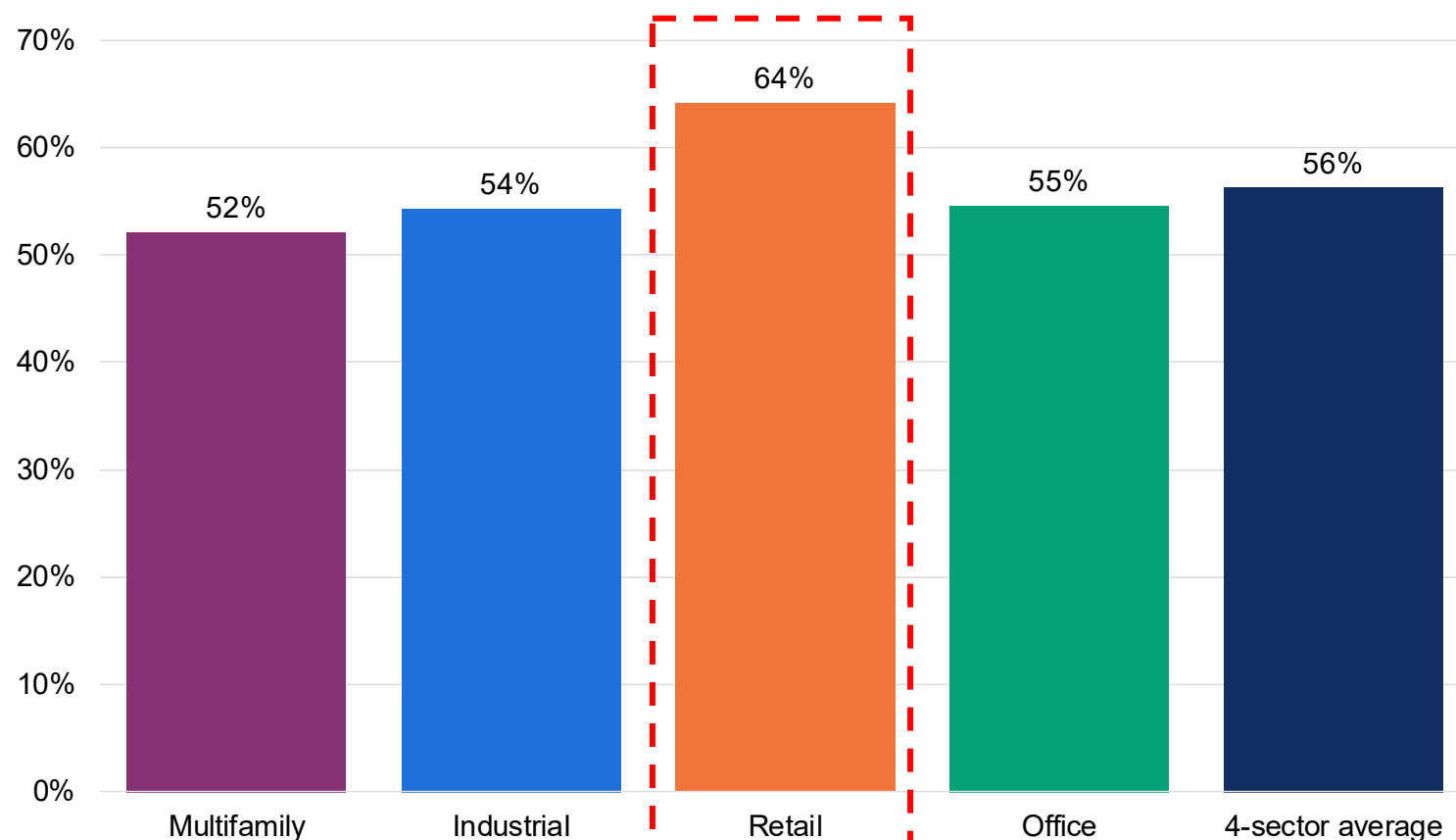
How do you expect changes in US trade policy to affect investment in CRE over the next 12 months?



Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)

Across sectors, more than half of CRE investors expect trade policy shifts will negatively impact their sector this year.

Share of Investors Who Expect Changes in US Trade Policy to Negatively Impact Their CRE Sector over the Next 12 Months



Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)

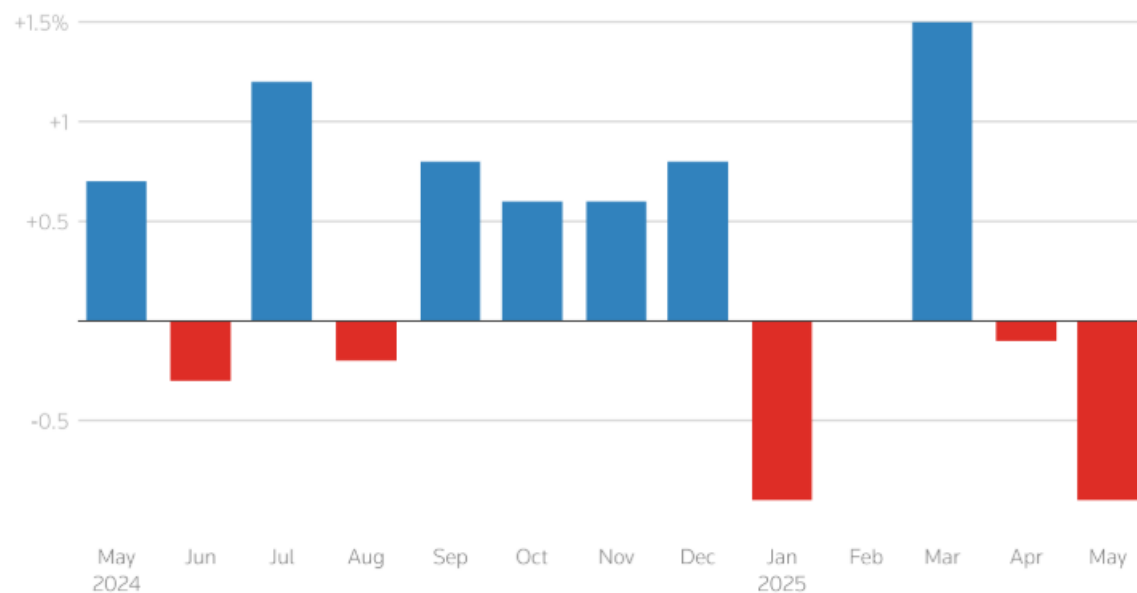
Retail investors are the most worried about trade policies.

- Tariffs may complicate supply chains in the near term and will likely raise prices for goods made outside the US, which could negatively impact valuations for brick-and-mortar stores.
- Near-term uncertainty may also weigh on consumer retail spending.

Tariff concerns are already weighing on consumer and business decisions.

Monthly change in US retail sales

The consumer spending metric fell 0.9% in May.



By Reuters • Sources: U.S. Census Bureau, LSEG

WHAT RESPONDENTS ARE SAYING

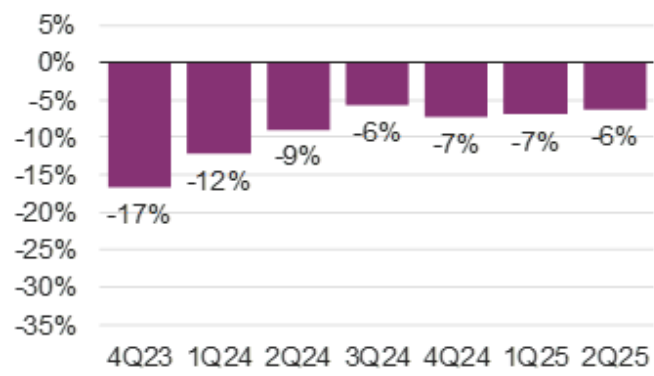
- "There is continued softening of demand in the commercial vehicle market, primarily related to higher prices and economic uncertainty. The impact of **ever-changing trade policies** of the current administration has wreaked havoc on suppliers' ability to react and remain profitable. Vehicle manufacturers have already rolled price increases into their products to protect their bottom lines but have not been as cooperative with their supply bases. This has resulted in a high occurrence of suppliers falling into financial distress." [Transportation Equipment]
- "**Tariffs**, avian influenza and broader commodity markets continue to impact business conditions. The volatility of all three makes business planning and overall conditions challenging." [Food, Beverage & Tobacco Products]
- "Government spending cuts or delays, as well as **tariffs**, are raising hell with businesses. No one is willing to take on inventory risk." [Computer & Electronic Products]
- "Most suppliers are passing through **tariffs** at full value to us. The position being communicated is that the supplier considers it a tax, and taxes always get passed through to the customer. Very few are absorbing any portion of the **tariffs**." [Chemical Products]
- "**Tariff uncertainty** is impacting new international orders. **Tariffs** are also the main reason our Asia customers are requesting delayed shipments." [Fabricated Metal Products]
- "There is continued uncertainty regarding market reaction to the recently imposed **tariffs** and resulting actions by other countries. The rare earth restrictions being imposed are of high concern in the near term." [Machinery]
- "The administration's **tariffs** alone have created supply chain disruptions rivaling that of COVID-19." [Electrical Equipment, Appliances & Components]
- "We have entered the waiting portion of the wait and see, it seems. Business activity is slower and smaller this month. Chaos does not bode well for anyone, especially when it impacts pricing." [Primary Metals]
- "**Tariff whiplash** continues while the easing of tariff rates between the U.S. and China in May was welcome news, the question is what happens in 90 days. We are doing extensive work to make contingency plans, which is hugely distracting from strategic work, plus it is also very hard to know what plans we should actually implement. The **10-percent tariff** on other countries is impactful as well, and it is unclear if/when deals will be made." [Miscellaneous Manufacturing]
- "**Uncertainty** due to the recent **tariffs** continue to weigh on profitability and service. An unresolved (trade deal with) China will result in empty shelves at retail for many do-it-yourself and professional goods." [Paper Products]

Source: ISM Manufacturing Survey (Data: May-25)

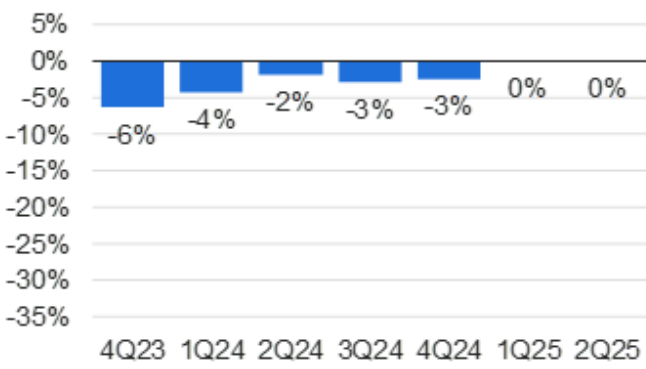
Investors believe that Multifamily and Office asset values fell YOY.

Change in Values by Asset Class (% YOY)

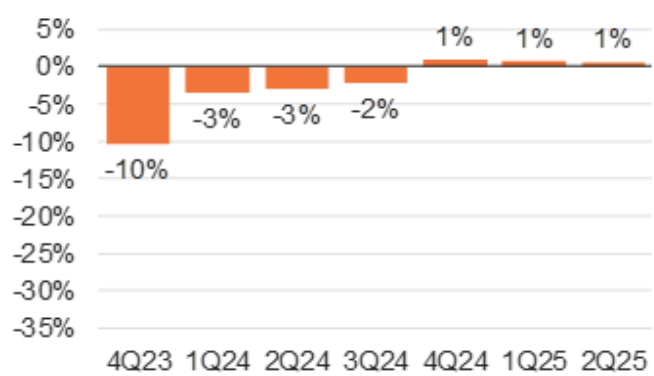
Multifamily



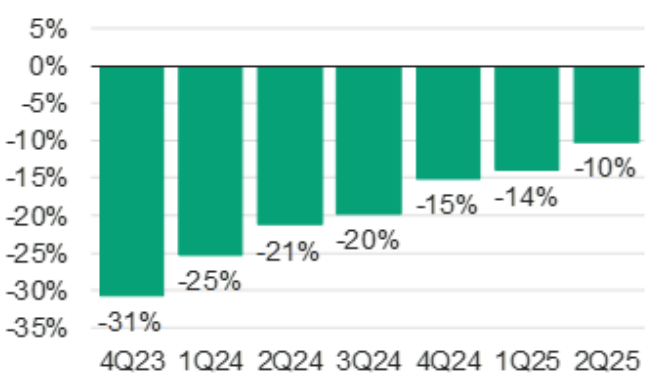
Industrial



Retail



Office



Asset values fell most in the **Office** sector (-10% YOY), though this decline is less severe than in prior quarters—a sign of improvement.

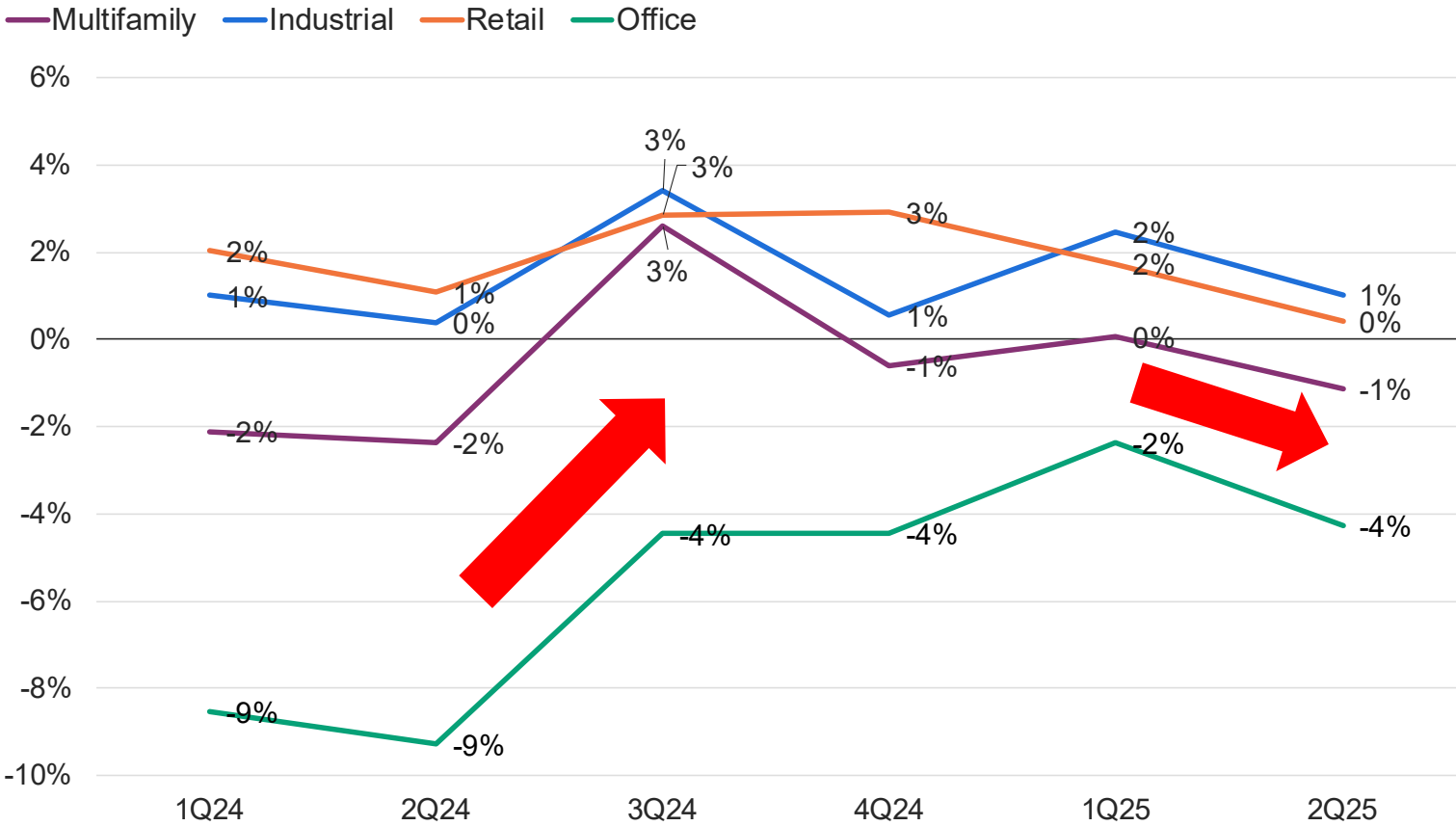
Flight to quality: Investors also noted that Class A office property values are holding up better than Class B/C office properties.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)



Investors in all 4 CRE asset classes lowered their expectations for asset value growth over the next 6 months.

Expected Change in Values by Asset Class (Next 6 Months)



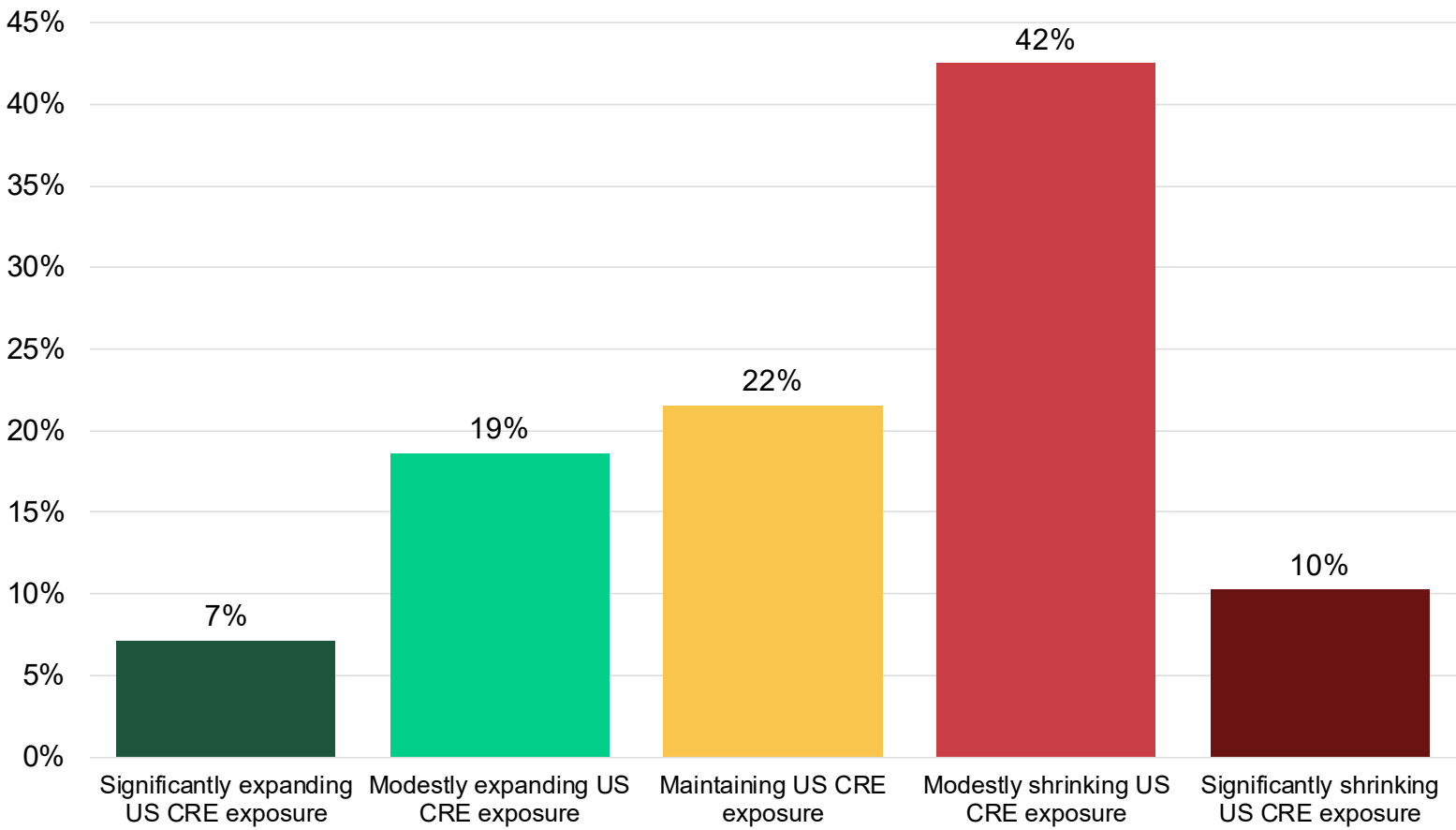
- Investors became more bullish on CRE valuations when the Fed began cutting rates in 3Q24.
- Recent “higher for longer” messaging from the Fed has caused optimism to wane.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)



Investors believe that foreign investors are pulling back their exposure to US CRE.

How are foreign investors changing their appetite for US CRE investments today vs. 2024?



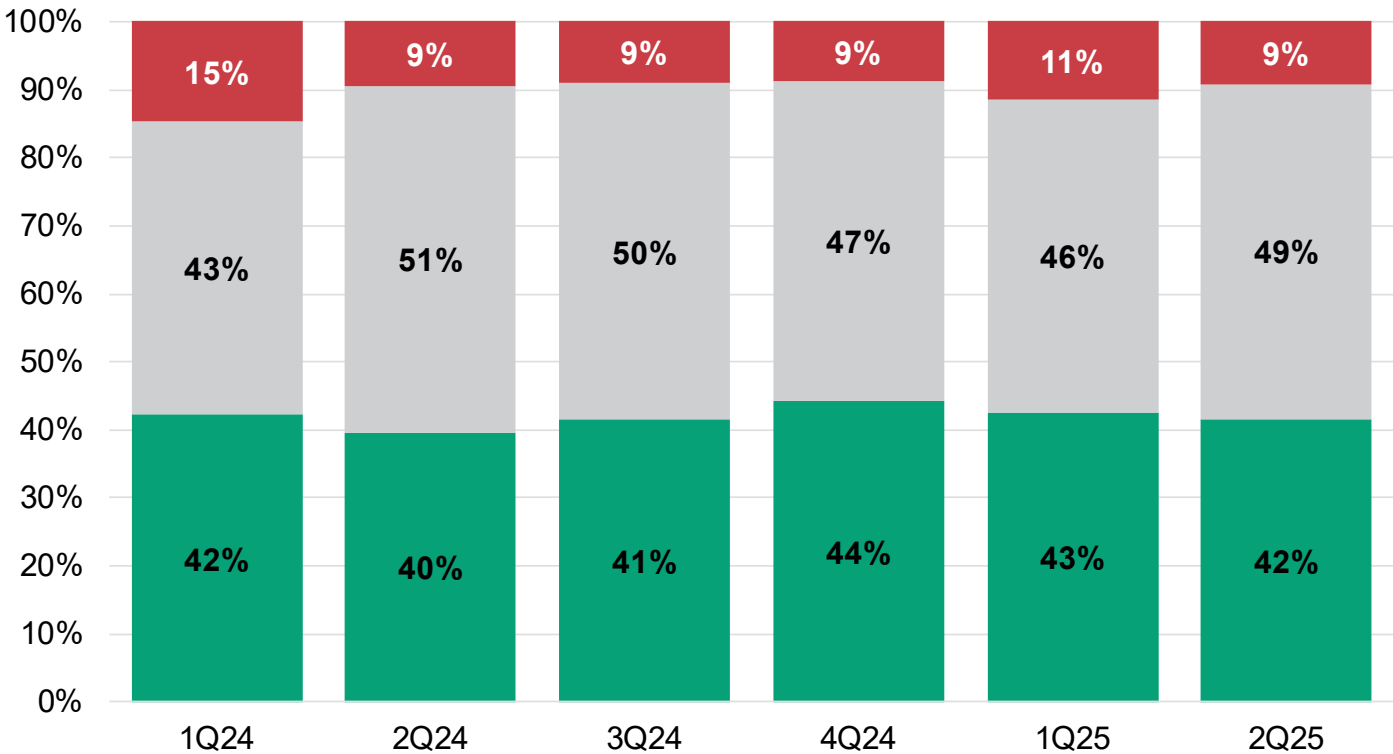
Less foreign CRE demand could also hurt valuations in the near term, especially in gateway markets that rely heavily on international investment.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)

Looking forward, most CRE investors are cautiously optimistic.

Expected Commercial Real Estate Investment Strategy (Next 6 Months)

- I expect to decrease my investment exposure
- I expect to hold / not change my investment exposure
- I expect to increase my investment exposure



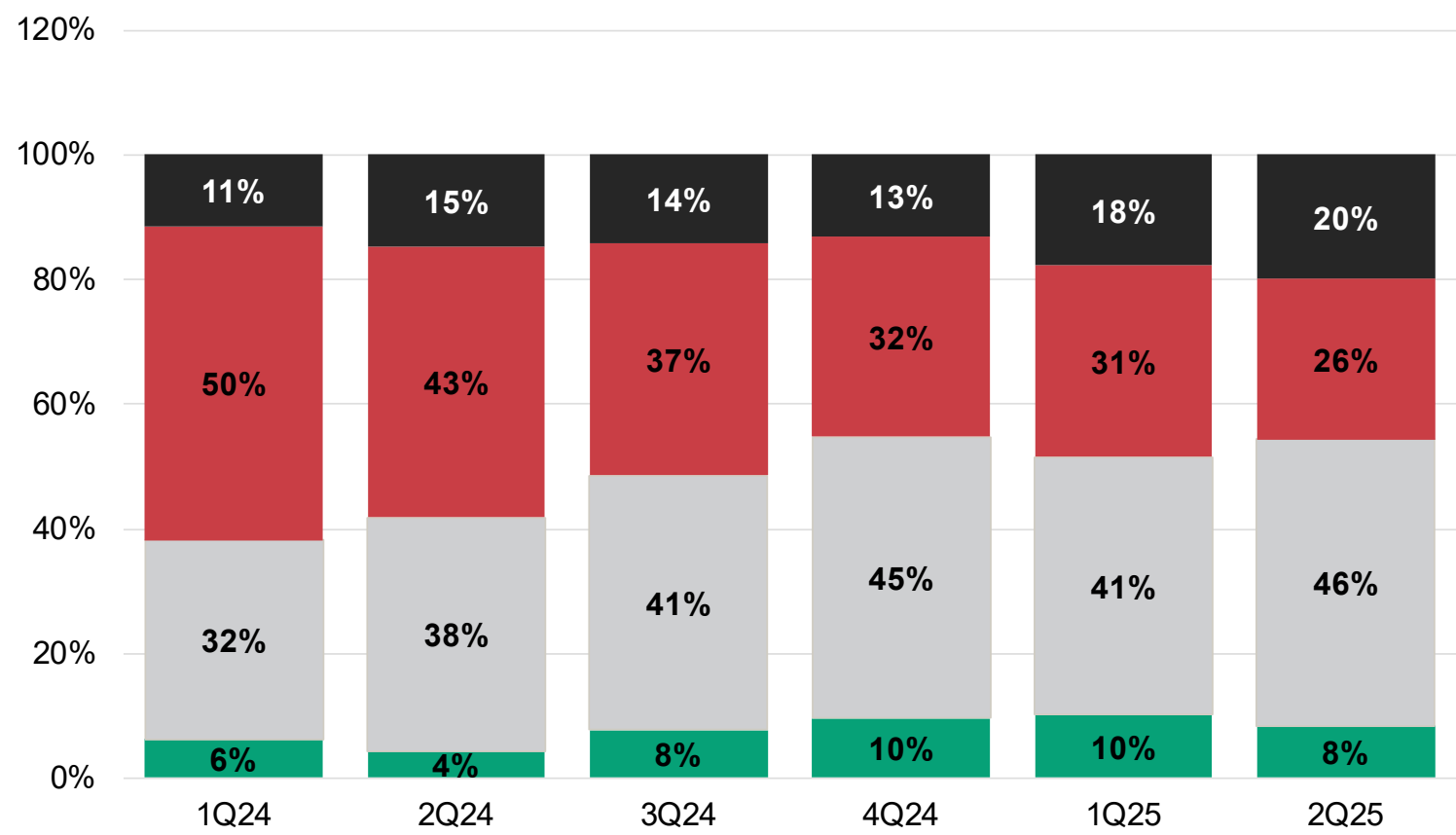
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)



Access to capital is still a major constraint for CRE investors.

Access to Capital for Commercial Real Estate vs. Prior Quarter

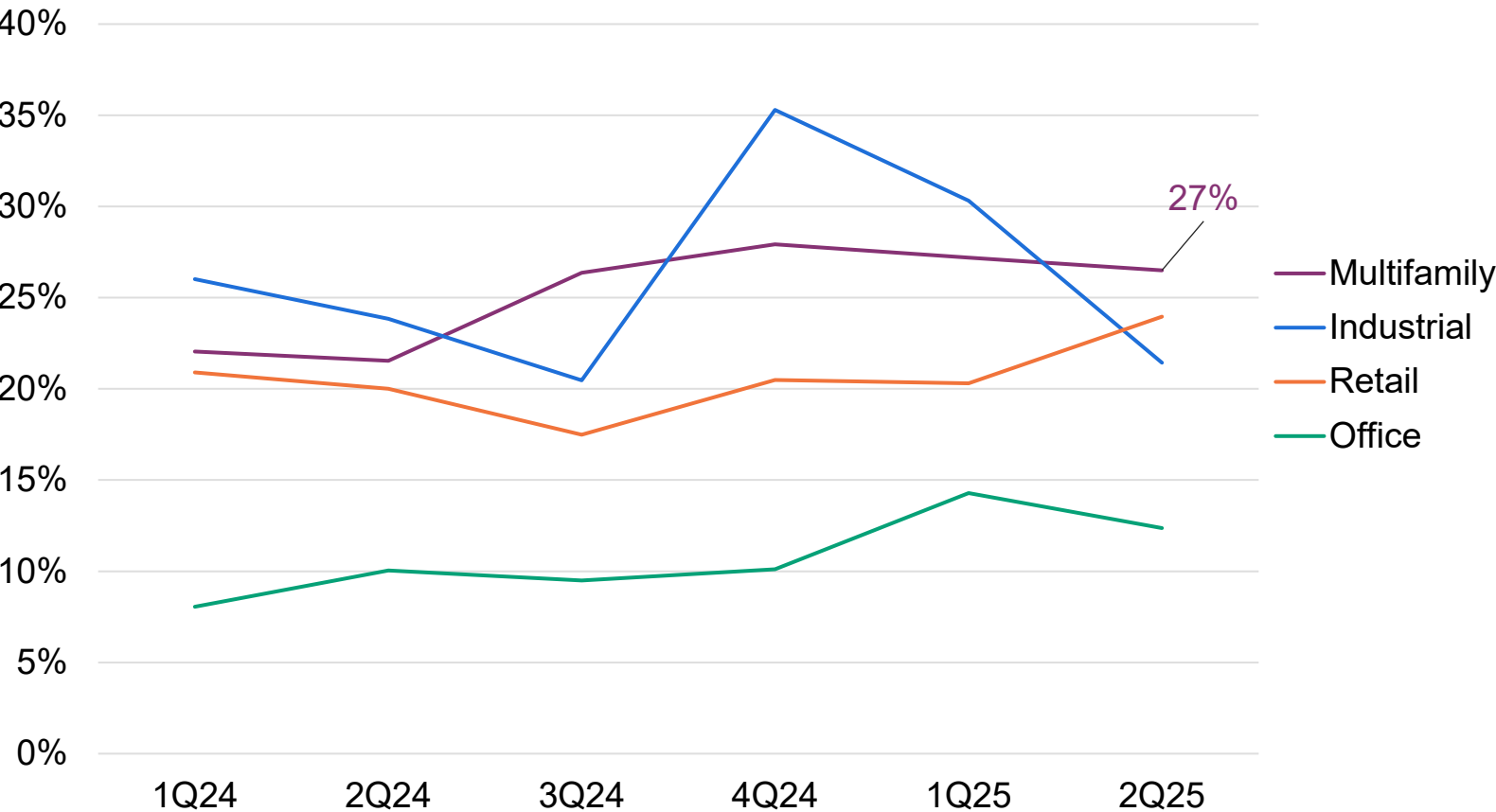
- I do not use outside capital
- Harder to access capital today
- Similar/unchanged today
- Easier to access capital today



The share of investors who are not using outside capital is rising.

Multifamily is now the favored sector among CRE investors.

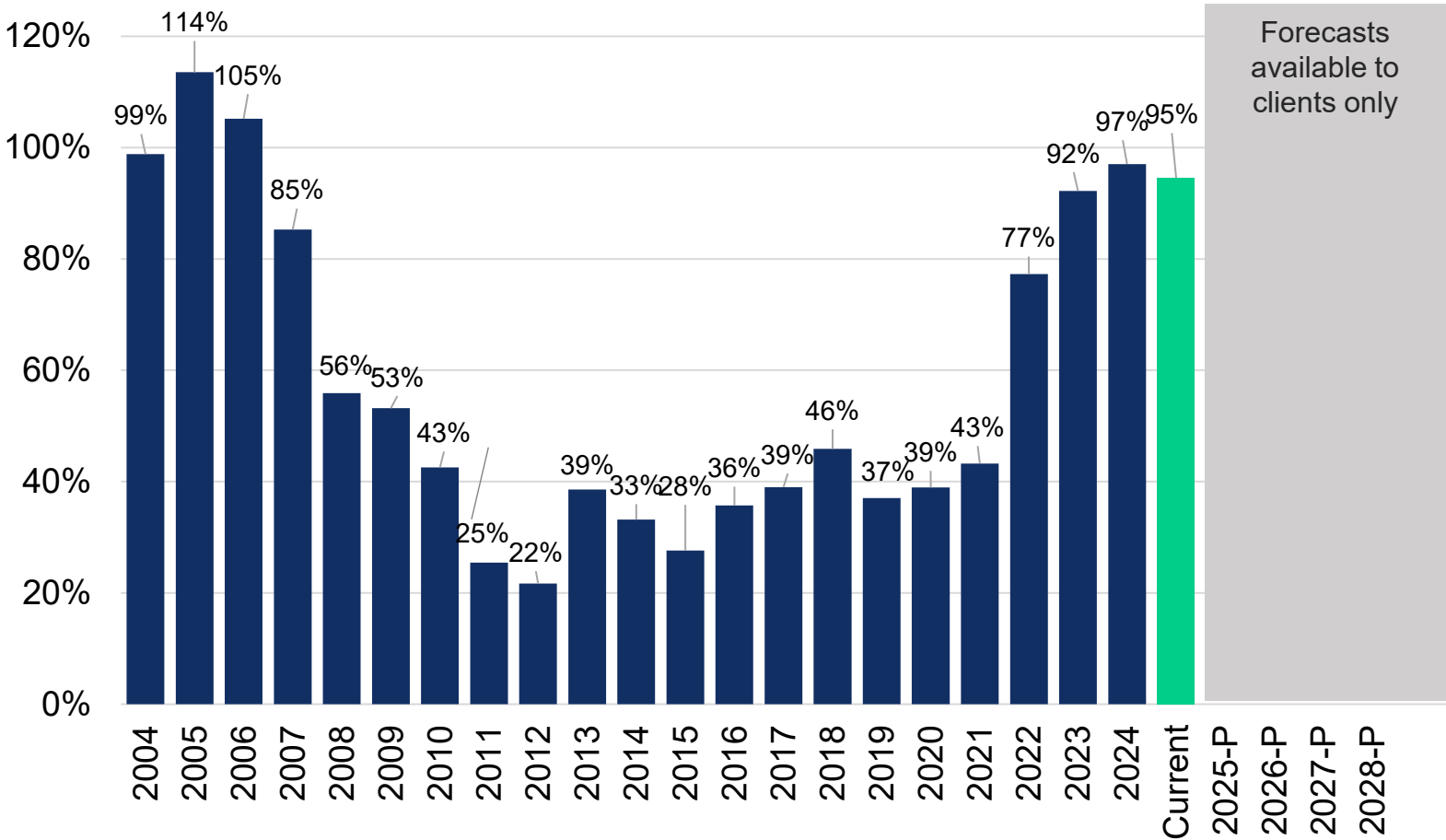
Share (%) of CRE investors INCREASING their exposure in each sector



Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: May-25, Pub: Jun-25)

It's 2x as expensive to own a home vs. rent an apartment.

National Cost of Purchasing versus Renting Apartment (Premium)



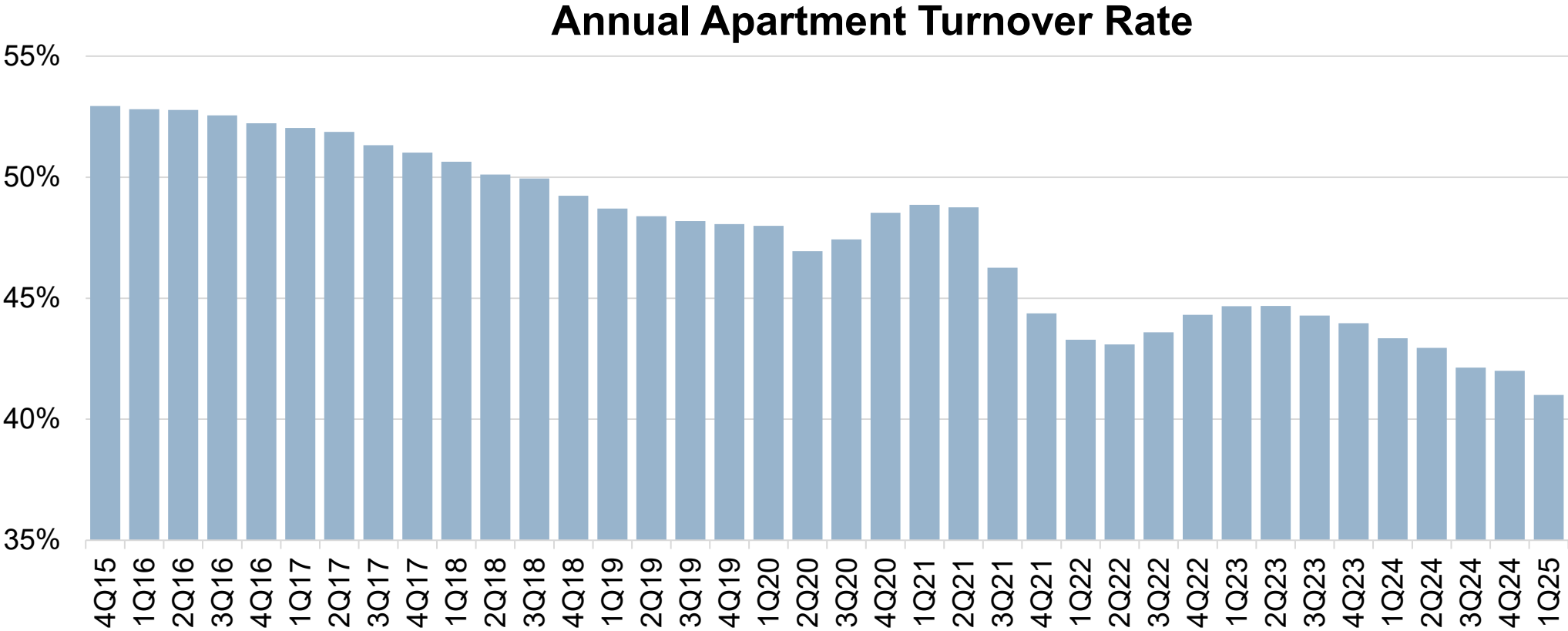
For the first time since 2006, the monthly cost of owning an entry-level home is more than double the average apartment rent in the U.S.

We expect mortgage rates to remain higher for longer, limiting for-sale affordability and driving outsized demand to rentals.



Home payment, entry-level home (mortgage): 5% down payment, 30-year fixed-rate mortgage, PITI payment, plus mortgage insurance payment.
Housing costs: Monthly home payment plus annual maintenance costs ranging from 0.85% to 1.25% of the home price set in 2014 and historically adjusted for inflation, factored in monthly.
Source: John Burns Research and Consulting, LLC (Data: Feb-25, Pub: Jun-25)

As the monthly cost to own rises, apartment turnover drops quickly.



Sources: Public company filings; John Burns Research and Consulting, LLC (Data: 1Q25, Pub: Jun-25)

Rent vs. own affordability continues to drive demand for apartments; turnover hits another record low.

ESS (5/1): “Rents should continue to grow even in a low job growth environment. This downside protection is a key reason why our supply-constrained markets have outperformed over multiple economic cycles.

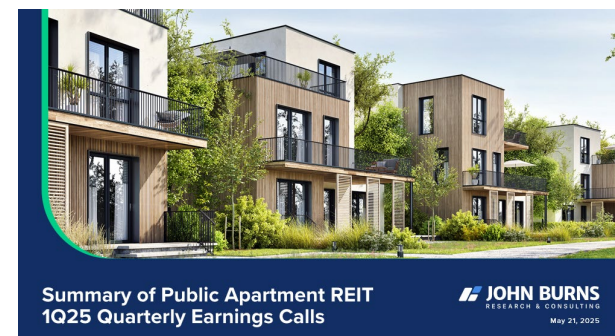
Furthermore, **the cost to own versus to rent remains prohibited at over 2.5 times more expensive.”**

ESSEX

UDR (5/1): “**32% annualized resident turnover was more than 300 basis points below the prior year period and nearly 700 basis points better than our first quarter average over the last 10 years**... resident retention continues to compare well against historical norms and April represents the 24th consecutive month our year-over-year turnover has improved.”

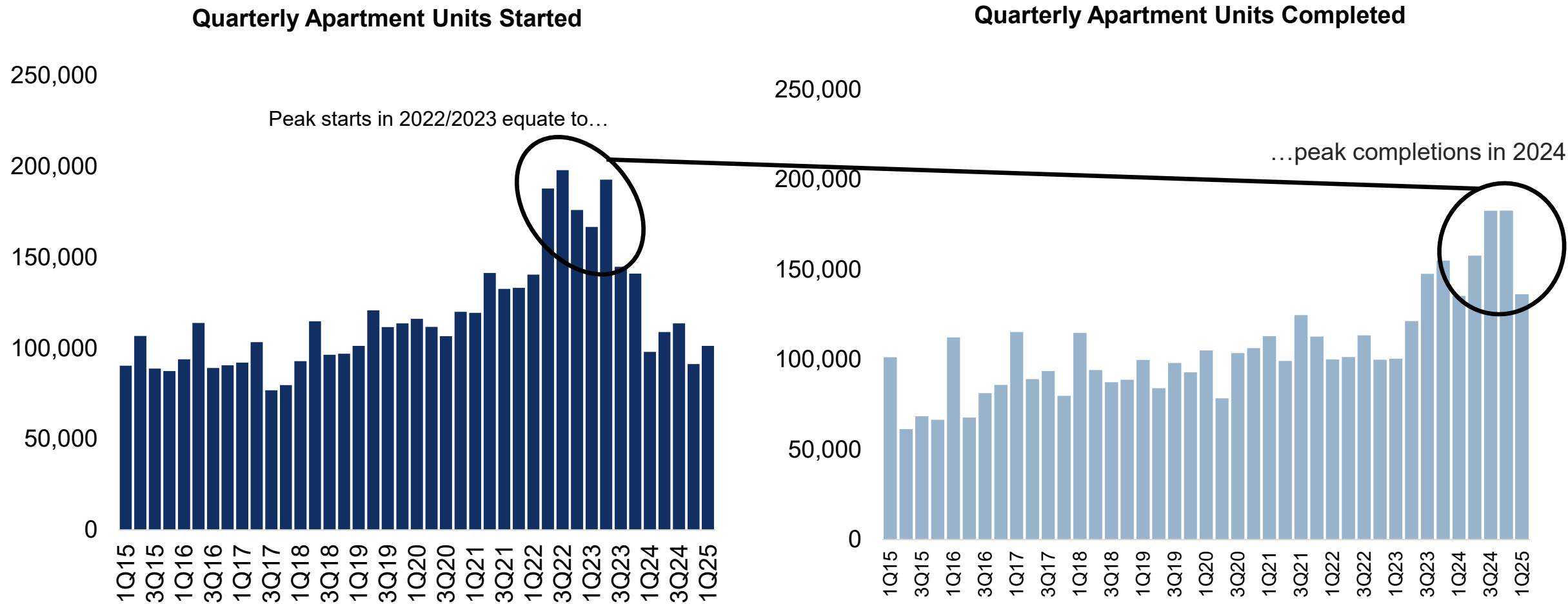


IRT (5/1): “**Homeownership affordability factors that include elevated mortgage rates and home prices continue to favor renting.** Across our top 10 markets, average homeownership costs are 94% higher than IRT’s monthly rent. Importantly, IRT’s average resident rent-to-income ratio is stable at approximately 21%.”



Sources: Public company filings; John Burns Research and Consulting, LLC (Data: 1Q25, Pub: Jun-25)

Peak apartment supply hit in late 2024; deliveries continue to decline.

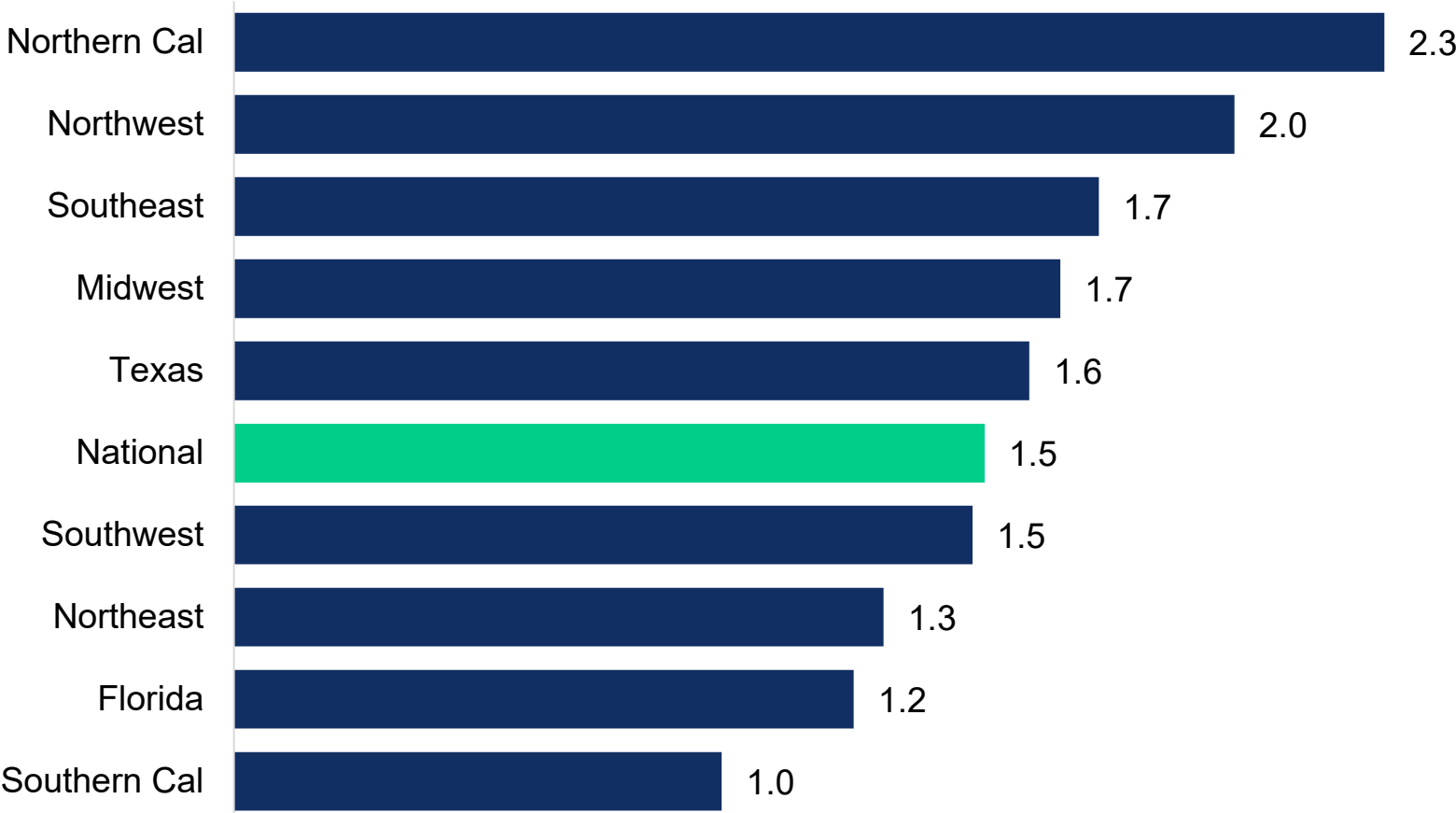


Sources: John Burns Research and Consulting, LLC, Yardi Matrix and Other Sources (Data: May-25, Pub: Jun-25)



Apartment leasing is still strong as starts fall nationwide.

April 2025 Apartment Absorption-to-Start Ratio

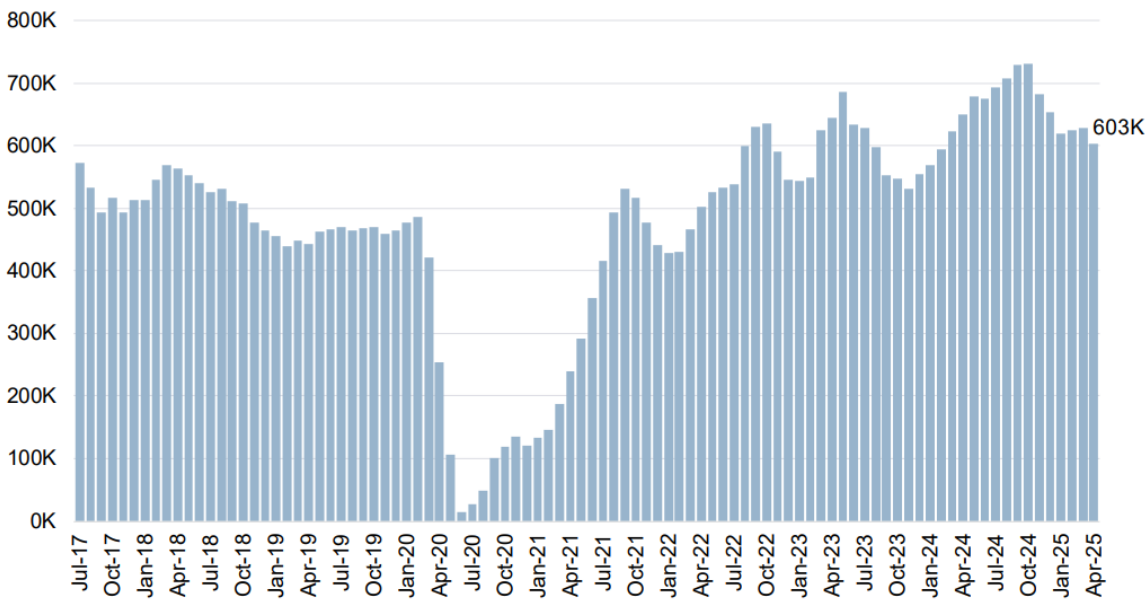


Strong demand and falling construction will support rent growth in the near-term.

Sources: John Burns Research and Consulting, LLC, Yardi Matrix and Other Sources (Data: May-25, Pub: Jun-25)

Investors should be still be aware of potential headwinds to apartments.

US Immigrant Visas Issued
3-month average (annualized)

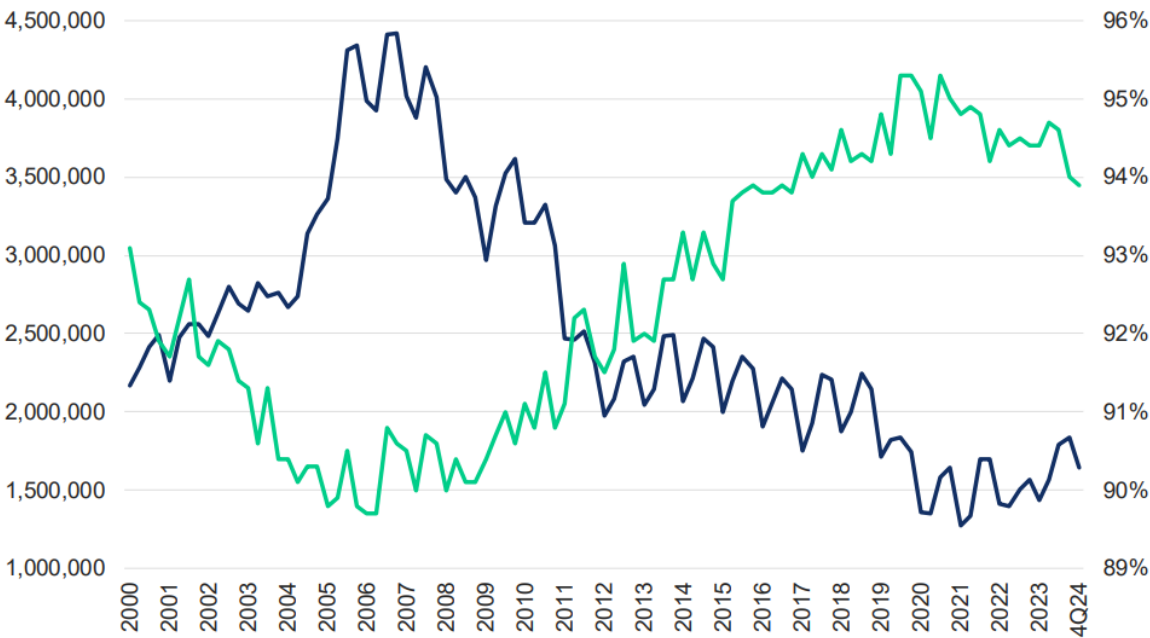


Sources: U.S. Department of State; John Burns Research and Consulting, LLC (Data: Apr-25; Pub: Jun-25)

A potential drop in immigration this year will likely have an outsized impact on the rental market, particularly in coastal gateway markets.

Rising resale home inventory is increasing rental listings, which compete indirectly with apartments.

National For-Sale Inventory vs. Single-Family Rental Occupancy Rate
— Total for-sale inventory = 1,646,000 (left-axis) — Single-family rental occupancy rate = 93.9% (right-axis)



Sources: NAR; U.S. Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Mar-25)



The Rental Communities Summit

Virtual Event

REGISTER TODAY

Looking Beyond
Headwinds: The Future of
New BTR and Apartment
Rental Communities

Date:

July 22, 2025

Contact Client Services
clientservices@jbrec.com for
more information

Confirmed Speakers



Austin Kaplan
Director, Credit Solutions
TPG Angelo Gordon



Branden Lombardi
President
BB Living



Chad Durham
Vice President of BTR
David Weekley Homes



Chris Beard
Vice President, Building
Products Research
John Burns Research
and Consulting



Chris Nebenzahl
Vice President,
Rental Research
John Burns Research
and Consulting



David Todd
Chief Executive Officer
Maymont Homes



Dean Wehrli
Principal
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Don Walker
Managing Principal
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Ed Madell
CFO
Continental Properties



Ed Oprindick
President, SFRC
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Mandrake Capital



Joanna Zabriskie
President and CEO
BH Management



Joel Kirstein
Managing Director
Berkadia



John Vawter
Principal
Capstone Communities



John Burns
Chief Executive Officer
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and Consulting



Jonathan Fisher
SVP Land Acquisition
K. Hovnanian Homes



Keaton Merrell
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Walker & Dunlop



Lisa Taylor
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Director
Greystar



Nishu Sood
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John Burns Research
and Consulting



Quinn Eddins
Managing Director,
Research and
Analytics Services
Greystar



Richard Ross
Chief Executive Officer
Quinn Residential



Rick Palacios Jr.
Director of Research |
Managing Principal
John Burns Research
and Consulting



Sheldon Oppermann
CFO and
General Counsel
New Land Enterprises



Steve La Terra
Chief Executive Officer
TerraLane Communities



Steve Kimmelman
Chief Executive Officer
Redwood Living

Key Takeaways:

On Pause

CRE investors are in wait-and-see mode due to elevated rates and uncertainty, and will likely stay that way unless we see rates start to fall in the back half of the year.

Policy headwinds

Changes in trade policy and immigration trends present sector-specific risk:

- **Retail:** headwinds to supply chains/brick & mortar stores
- **Industrial:** no near-term benefits expected from policy shifts
- **Office and Multifamily:** outsized impact in gateway/immigration-heavy markets

Opportunities

- Poor for-sale affordability supports healthy demand for multifamily
- Flight to quality in Class A office
- Distressed opportunities – “be greedy when others are fearful”

FAQs

1) How can I access the full survey results?

Full survey results are available on the JBREC and CRE Daily websites:

- <https://www.credaily.com/briefs/q225-burns-cre-daily-fear-and-greed-index/>
- <https://jbrec.com/insights/commercial-real-estate-investors-2025-survey/>

2) How can I get future surveys sent to my inbox?

Sign up for the JBREC and CRE Daily newsletters:

- <https://www.credaily.com/newsletter-signup/> ← CRE news and insights every day.
- <https://jbrec.com/subscribe/> ← residential and CRE analysis 1-3x per week.

3) How can I participate in future surveys?

Sign up for CRE Daily's newsletter to receive a personalized survey link each quarter (and a chance at a prize!)

- <https://www.credaily.com/newsletter-signup/>

Q&A

June 26, 2025



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