



4Q24 Fear and Greed Survey

 **JOHN BURNS** **CRE Daily**
RESEARCH & CONSULTING

December 13, 2024

About this report

Conducted jointly by John Burns Research and Consulting and CRE Daily, the Fear and Greed Index examines current commercial real estate investor sentiment and expectations over the next 6 months, as well as changes in access to capital and asset values. The 4Q24 report is based on 647 market ratings from members of the commercial real estate community across 4 primary sectors:



Multifamily



Industrial



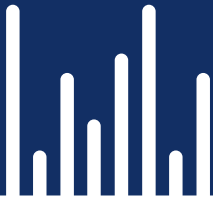
Retail



Office

The 4Q24 Fear and Greed Index survey ran from November 11 to December 3. Responses, commentary, and sentiment reflect the latest shifts across commercial real estate.

Fear and Greed Survey



JBREC

Alex Thomas

Senior Research Analyst, Macro

athomas@jbrec.com

(949) 870-1262



JBREC

Alex Shaban

Research Analyst I, Macro

ashaban@jbrec.com

(949) 562-9859



JBREC

Ana Pattera

Manager, Surveys

apaterra@jbrec.com

(949) 341-4676



JBREC

Rick Palacios Jr.

Director of Research, Managing Principal

rpalacios@jbrec.com

(949) 870-1244



CRE Daily

Jordan Berger

Co-Founder / Editor in Chief

jordan@credaily.com



Publishing

Ted Beam

Director of Publishing Operations

Derek Stephens
Editor

Kathy Lyford
Editor

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We are pleased to share the 4Q24 Burns + CRE Daily Fear and Greed Index.



Overview of the Fear and Greed Index (FGI)

The Fear and Greed Index measures investor sentiment across the US commercial real estate industry. As a composite diffusion index, ratings above 55 indicate industry **expansion (greed)**; ratings below 45 indicate industry **contraction (fear)**. Ratings between 45 and 55 indicate a more balanced market.

The Fear and Greed Index is calculated as a weighted average of 3 sub-indices:



Current Investment Strategy Index

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



Expected Investment Strategy Index

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



Access to Capital Index

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

Fear and Greed Index Rating

56
out of 100

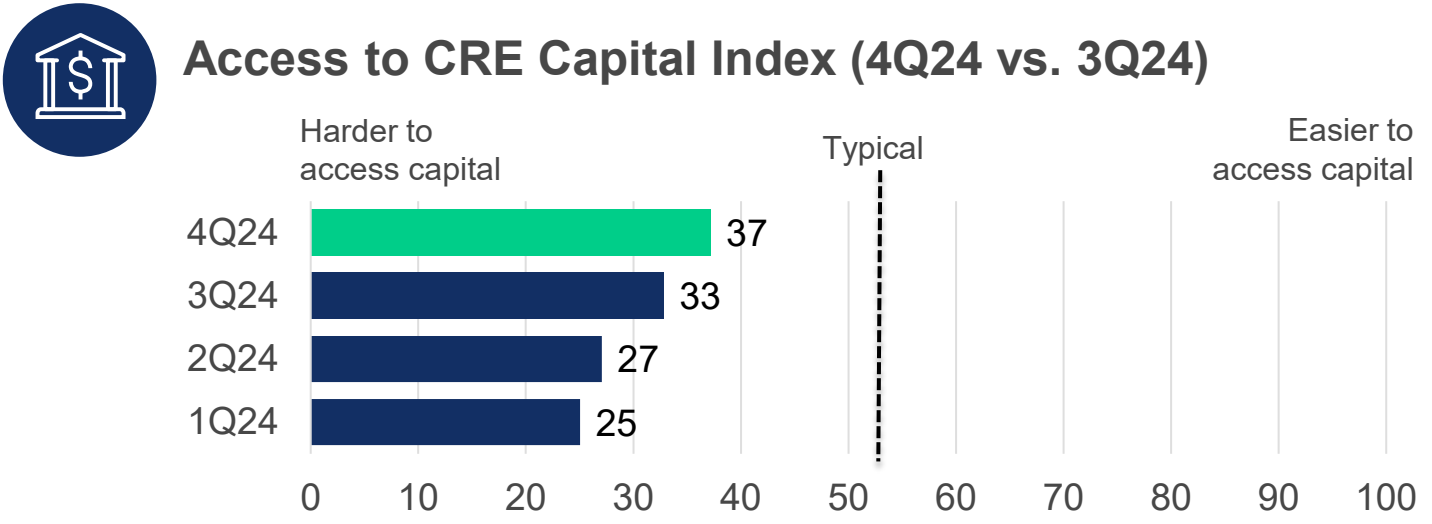
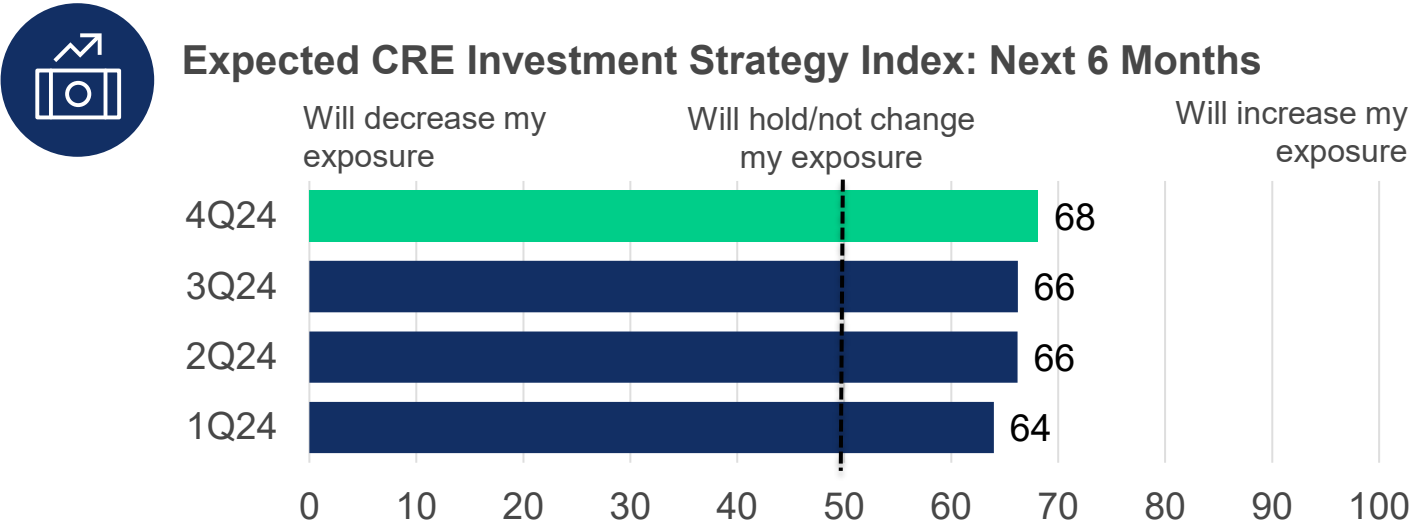
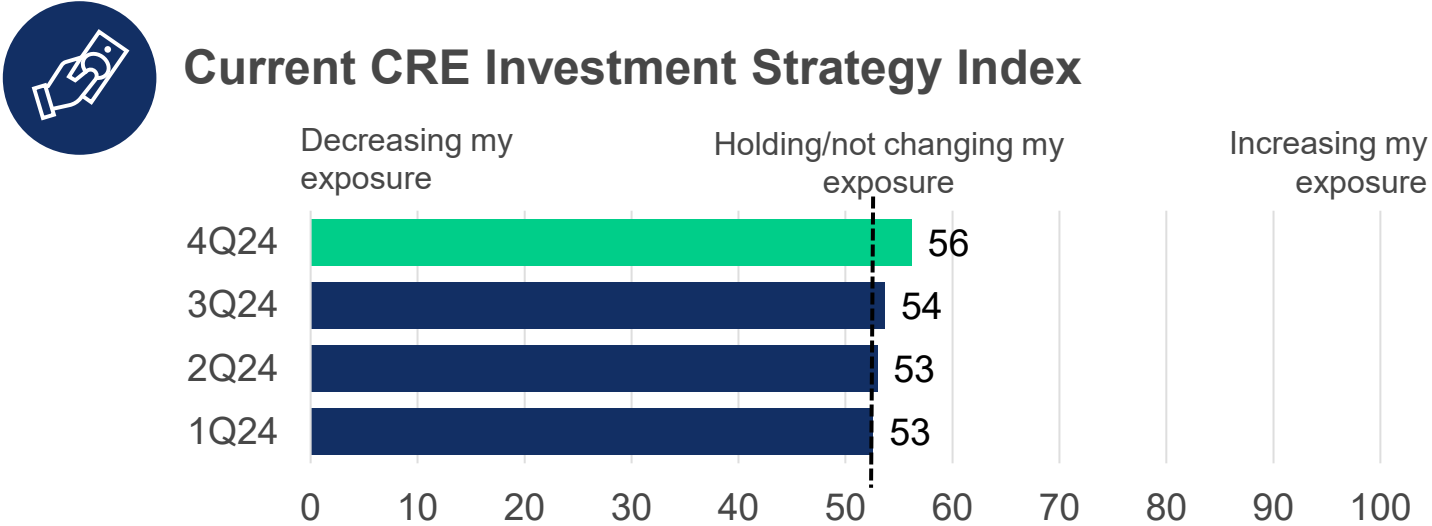
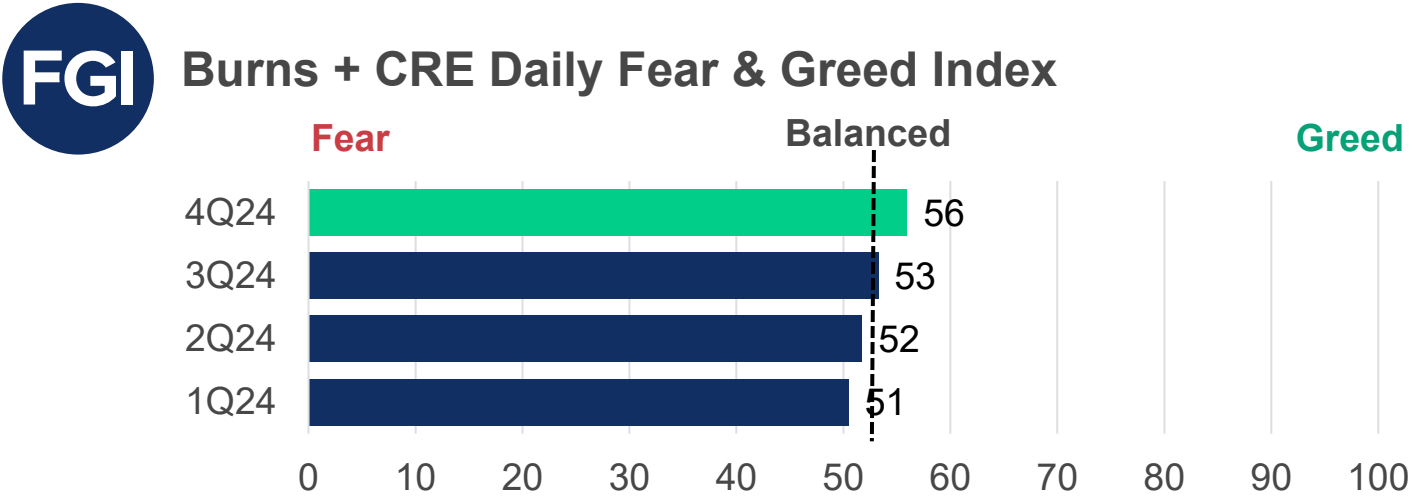
The Fear and Greed Index is at **56** out of 100, indicating an **expanding** commercial real estate market.



Conducted jointly by John Burns Research and Consulting and CRE Daily, the 4Q24 index reflects findings from 647 commercial real estate investors across four main sectors: **Multifamily, Industrial, Retail, and Office.**

The Fear and Greed Index measures investor sentiment across 4 commercial real estate sectors.

On a diffusion index, a value above 55 indicates expansion, while a value below 45 implies contraction.



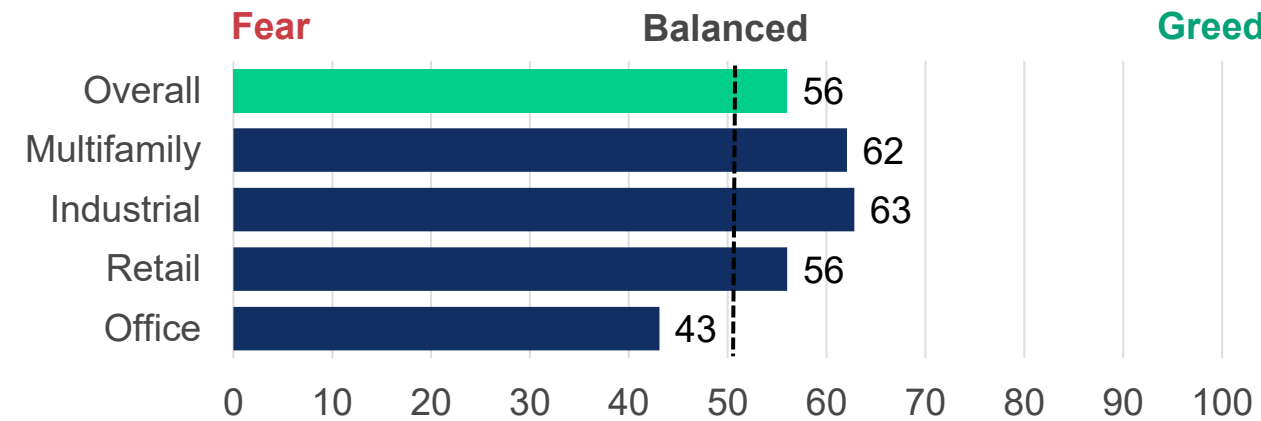
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

The Fear and Greed Index measures investor sentiment across 4 commercial real estate sectors.

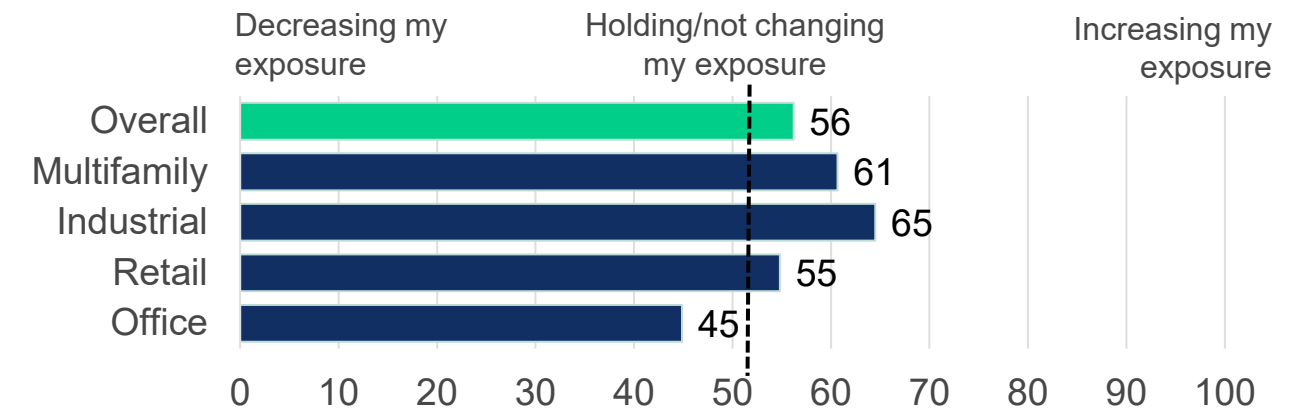
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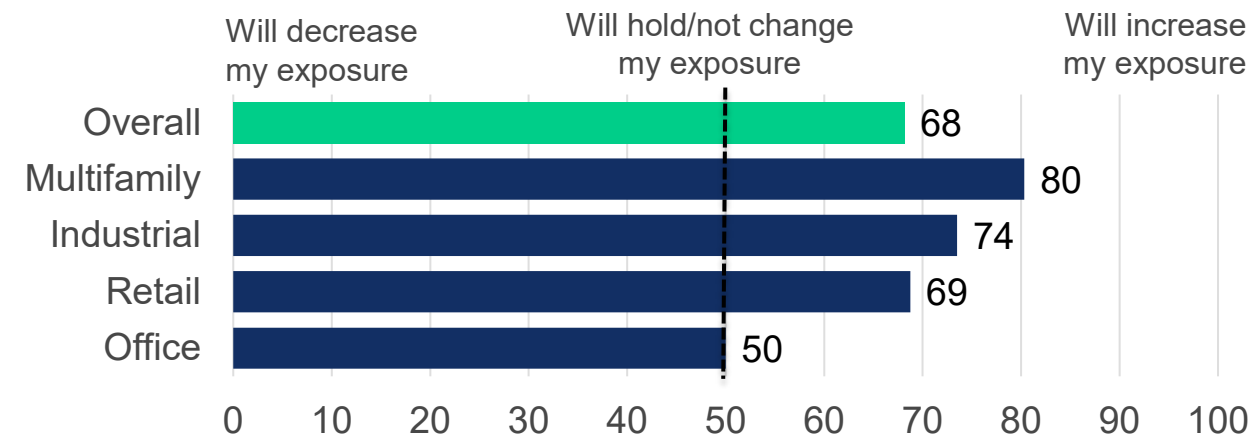
Burns + CRE Daily Fear & Greed Index



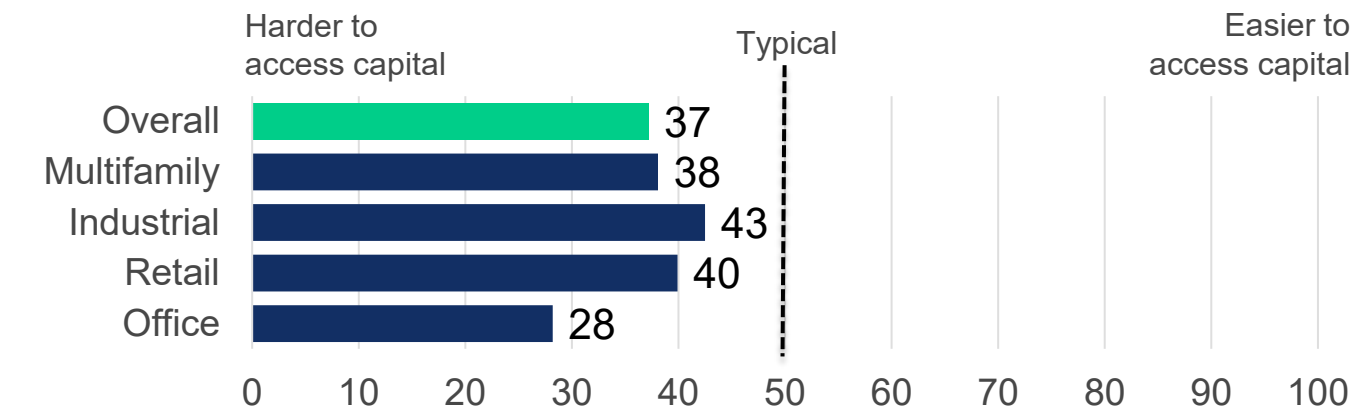
Current CRE Investment Strategy Index



Expected CRE Investment Strategy Index: Next 6 Months



Access to CRE Capital Index (4Q24 vs. 3Q24)

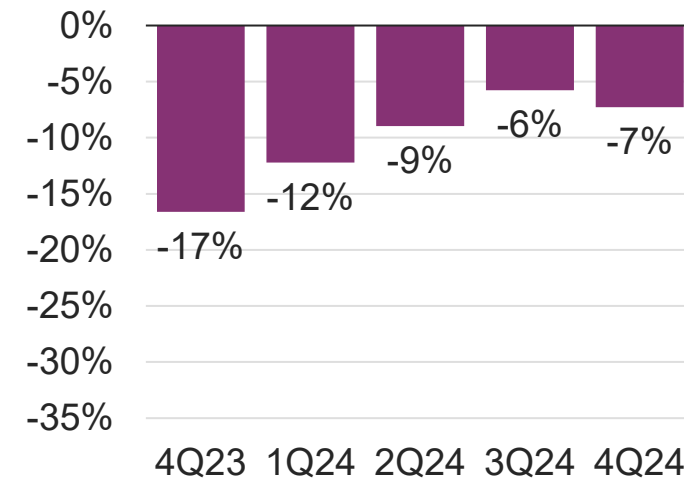


Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

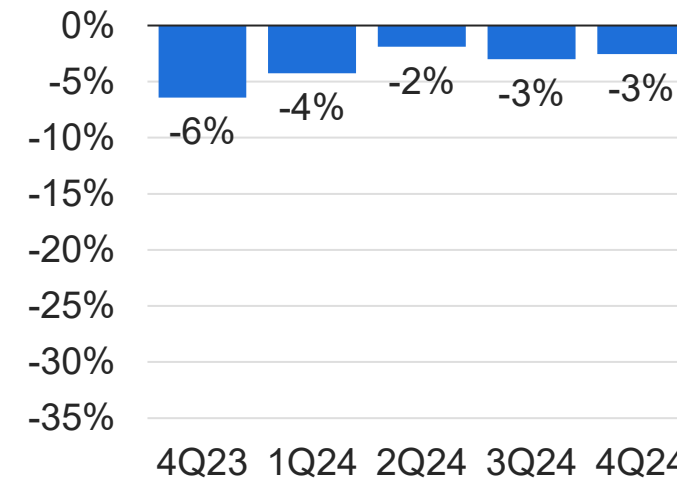
Investors across asset sectors believe CRE values have fallen YOY, except for Retail.

Change in Values by Asset Class (% YOY)

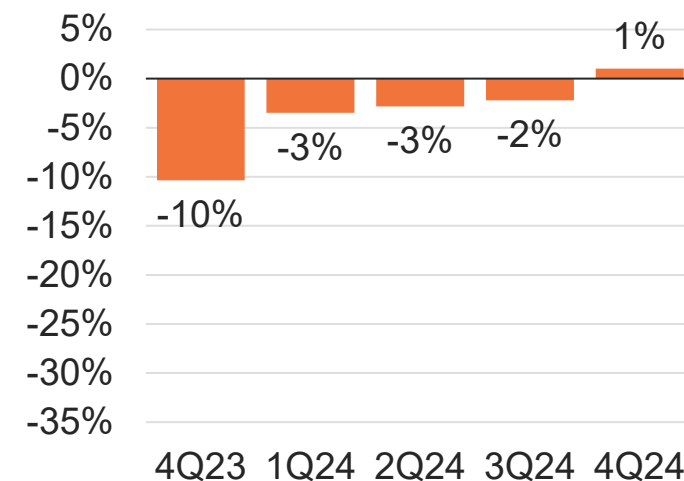
Multifamily



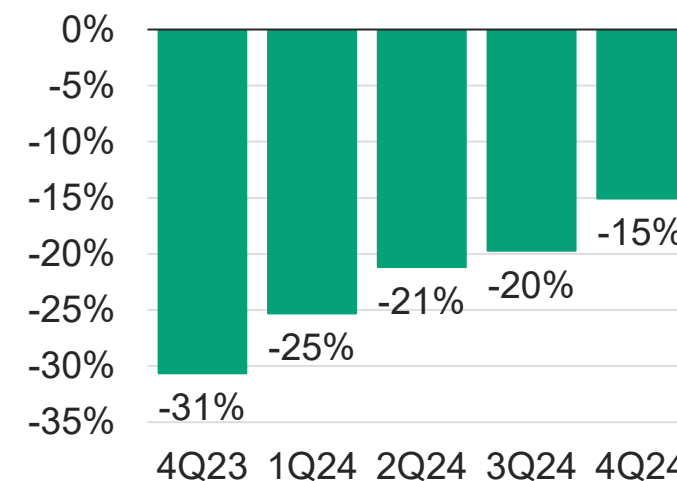
Industrial



Retail



Office



Investors believe Retail asset values rose for the first time in our survey's history.

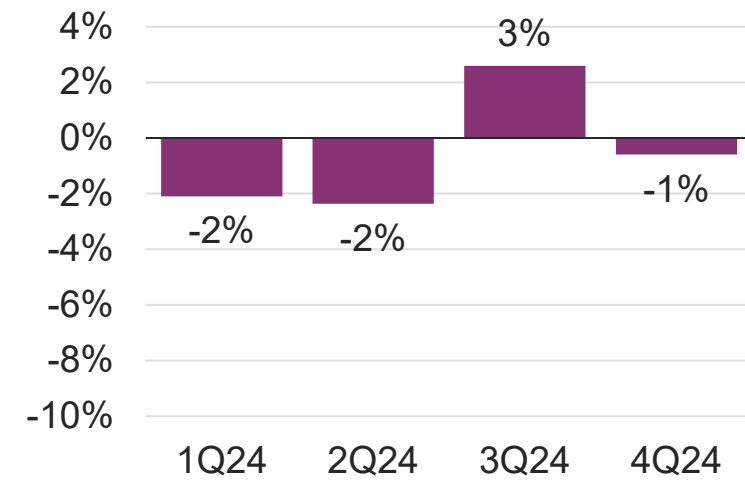
Multifamily investors report a -7% YOY decrease in asset values, in line with last quarter but an improvement from earlier in the year.

Asset values fell most in the Office sector (-15% YOY), though this decline is less severe than in prior quarters—a sign of improvement.

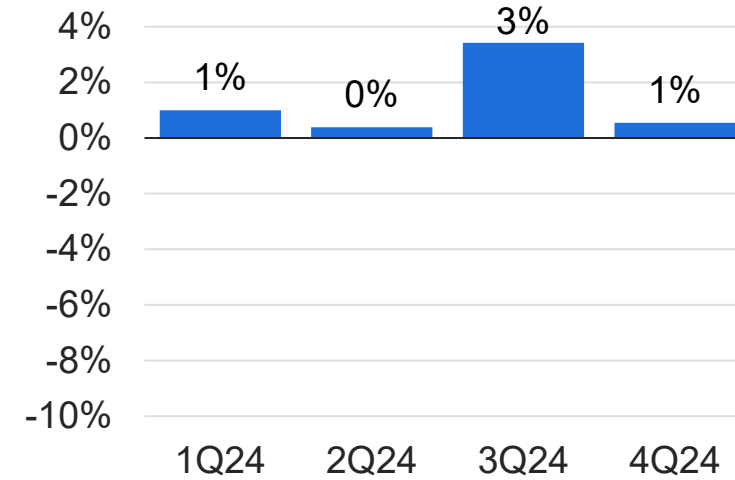
Investors believe that Office and Multifamily asset values will fall further in 2025.

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

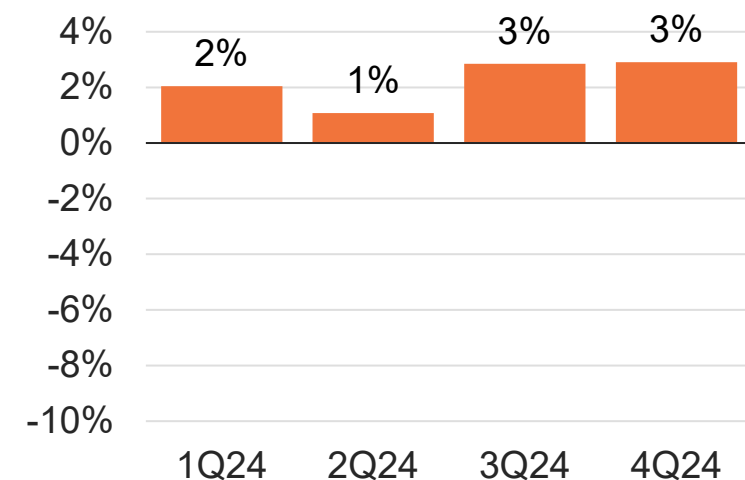
Multifamily



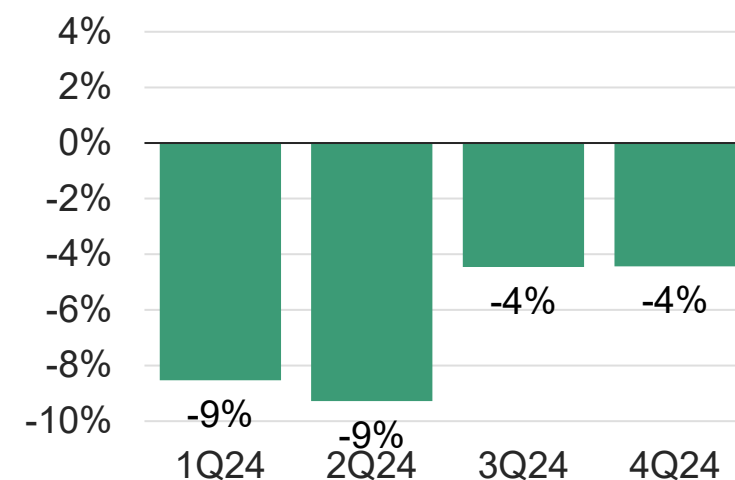
Industrial



Retail



Office

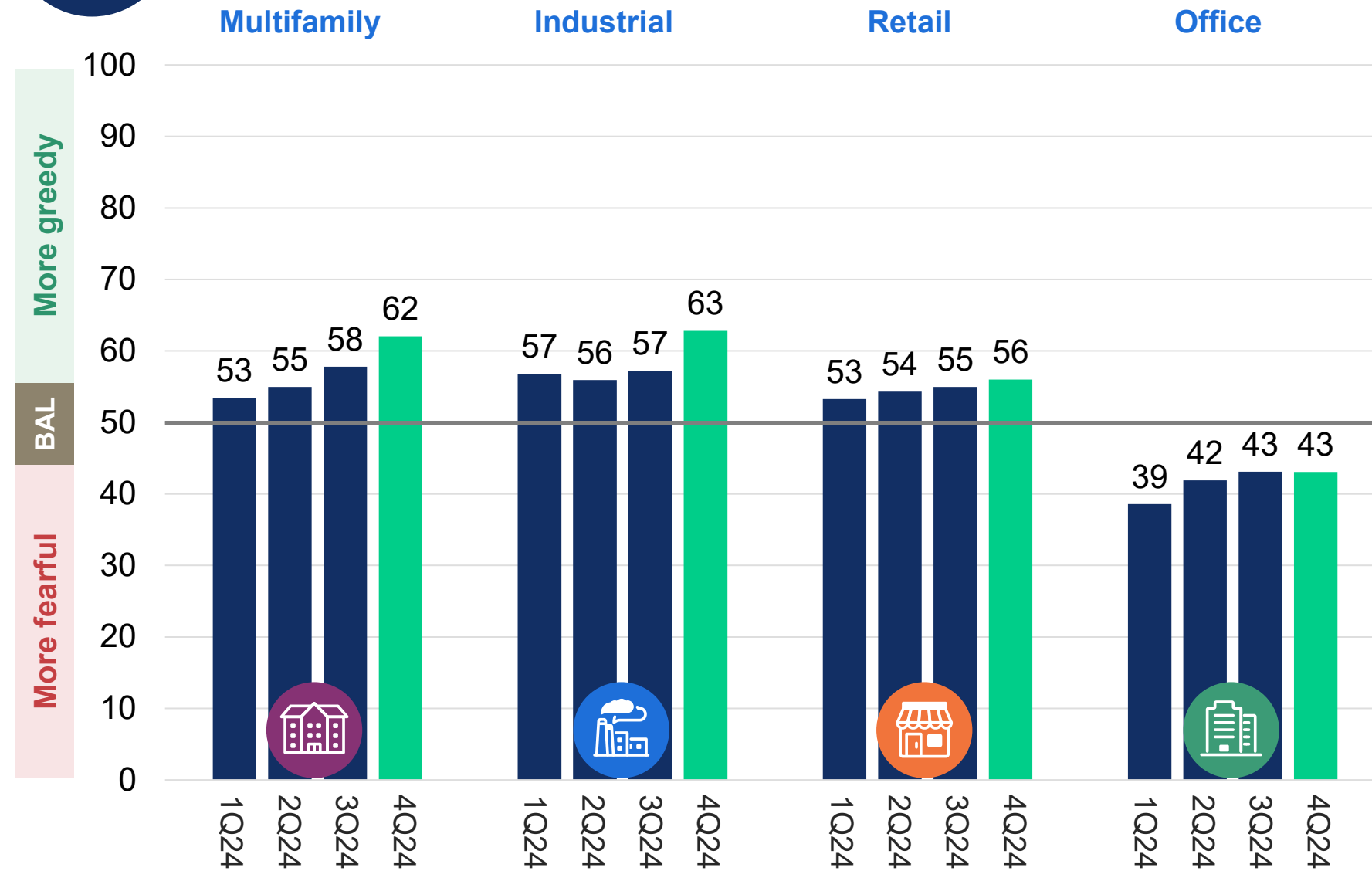


Multifamily investors now expect a slight asset value decline over the next 6 months, a notable shift from last quarter's expectations.

- “With moderate rates and so many loan expirations, I think that the next year will be a good year to acquire Multifamily with lower cost and higher transaction volumes.” - Texas investor

Industrial and Retail investors expect asset values to rise over the next 6 months.

FGI Burns + CRE Daily Fear and Greed Index (4Q24)



The Fear and Greed Index—a leading indicator for commercial real estate investment activity—rated 56 on a 100-point scale in 4Q24, indicating an expanding commercial real estate market.

Investors favor investments in Multifamily, Industrial, and Retail properties but are still cautious about Office, given sector-specific headwinds (working from home).

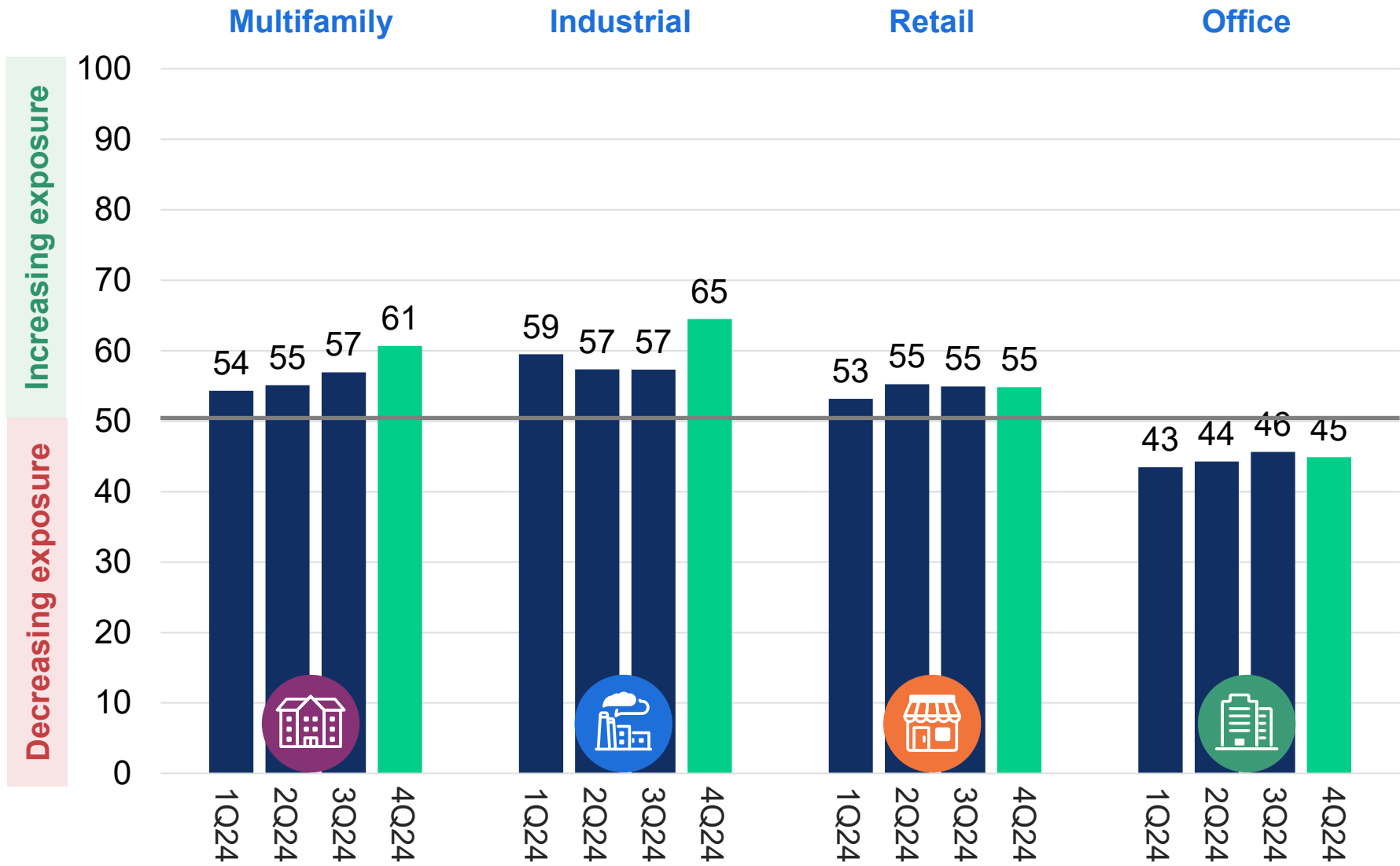
Note: Ratings above 55 indicate more “greed” among commercial real estate investors (expanding CRE market), while ratings below 45 indicate more “fear” among CRE investors (contracting CRE market). A rating between 55 and 45 indicates a balanced market (denoted by BAL in the graph’s y-axis labels).

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)



Current CRE Investment Strategy Index (4Q24)

Measures the share of commercial real estate investors increasing, decreasing, or holding their investment exposure to commercial real estate sectors during the most recent quarter



A greater share of investors are increasing their investment exposure vs. decreasing in most sectors.

- The Office sector is the exception, with investors reporting an overall decrease in exposure.

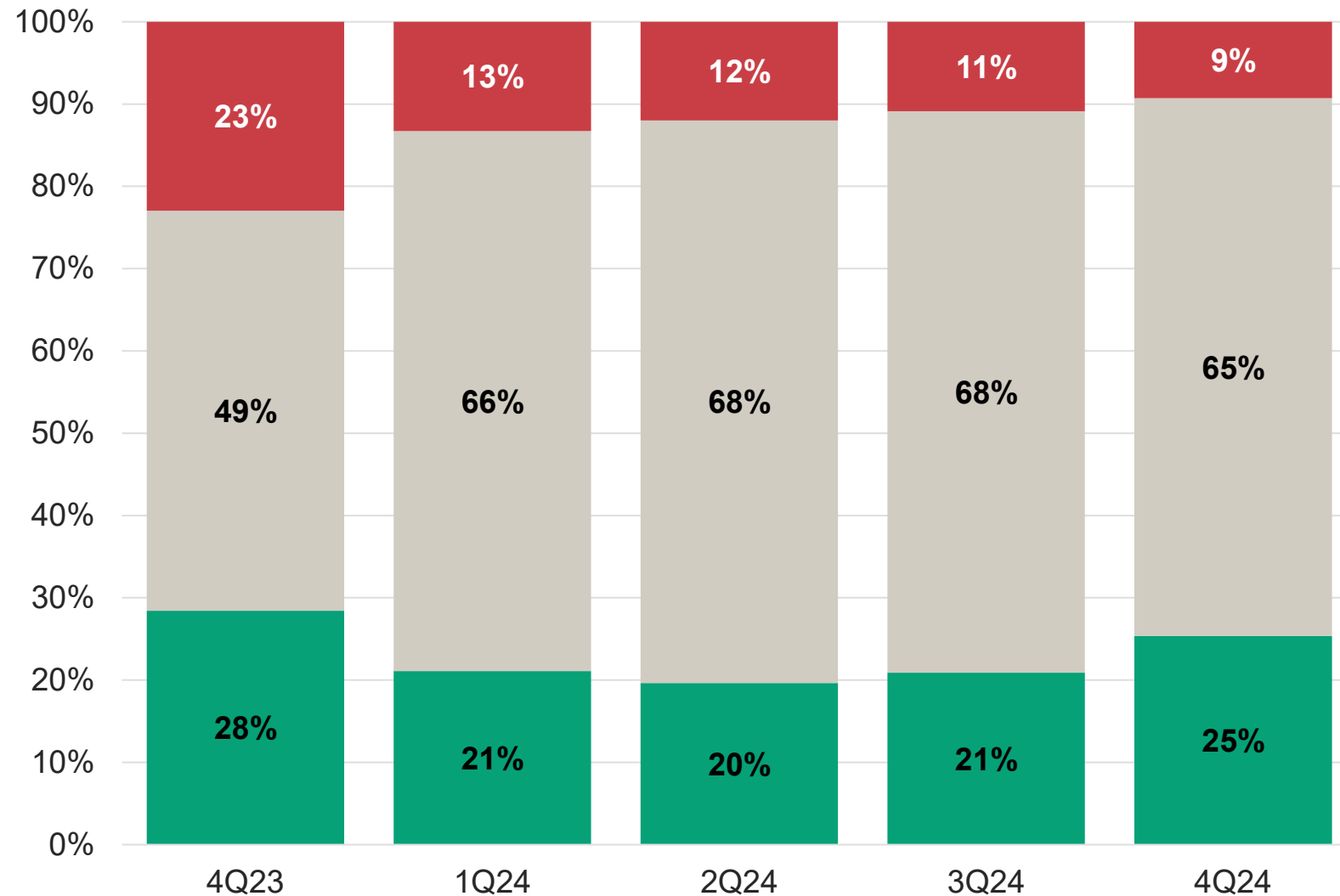
Note: Ratings above 55 indicate that more investors are increasing than decreasing their investment exposure, while ratings below 45 indicate that more investors are decreasing than increasing their investment exposure.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

65% of commercial real estate investors are holding tight in 4Q24, down slightly from last quarter.

Current Commercial Real Estate Investment Strategy

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



25% of investors report increasing their CRE exposure, the highest share in over a year.

Most CRE investors are still in wait-and-see mode due to uncertainty, largely pertaining to rates and policy.

As one Texas investor remarks:

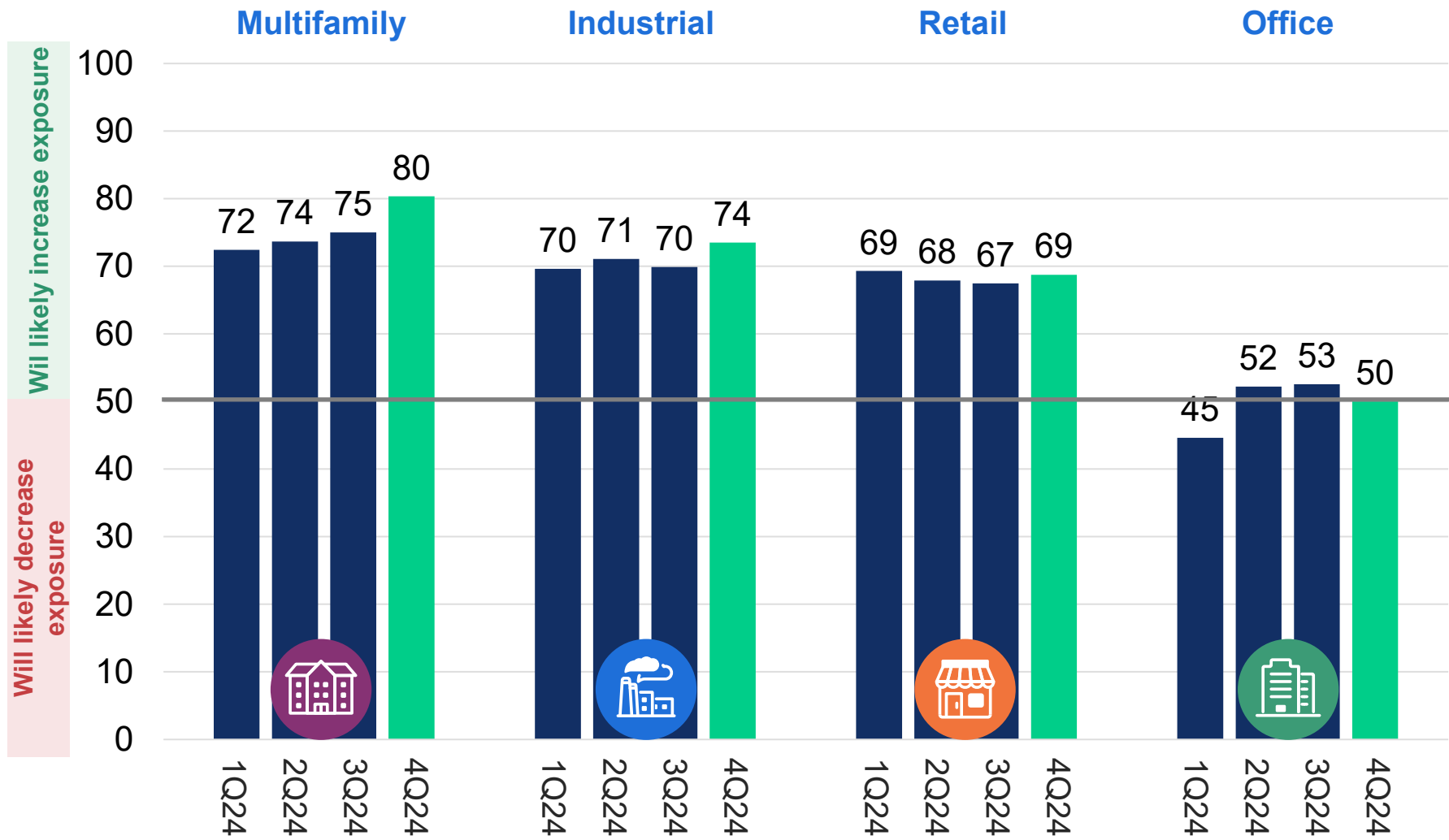
- “Rates will remain close to their current levels. Commercial real estate needs more time to recover as well as to see if the new economic policies (i.e., tariffs) raise rates further.”

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)



Expected CRE Investment Strategy Index: Next 6 Months (4Q24)

Measures the share of commercial real estate investors that expect to increase, decrease, or hold their investment exposure to commercial real estate sectors over the next 6 months



In all sectors but Office, more investors expect to increase than decrease their CRE exposure over the next 6 months.

Investors are particularly bullish on Multifamily investments over the next 6 months.

Note: Ratings above 50 indicate that more investors expect to increase than decrease their investment exposure over the next 6 months, while ratings below 50 indicate that more investors expect to increase rather than decrease their investment exposure over the next 6 months.

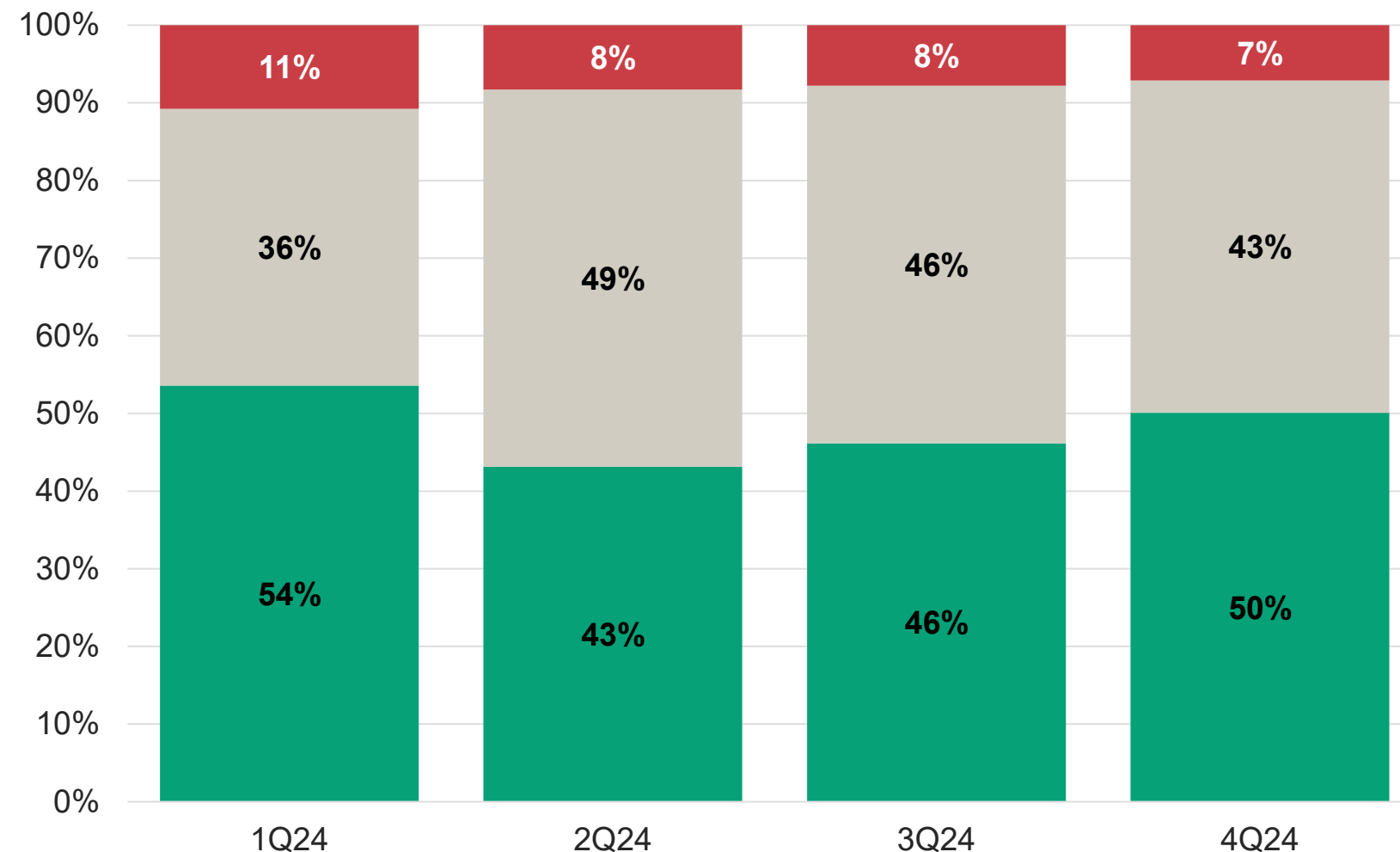
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

Half of CRE investors expect to increase their investment exposure over the next 6 months.

Expected Commercial Real Estate Investment Strategy (Next 6 Months)

■ I expect to increase my investment exposure ■ I expect to hold / not change my investment exposure

■ I expect to decrease my investment exposure



93% of investors plan to maintain or increase their investment exposure over the next 6 months.

In the near term, investors are focusing on opportunities to acquire either:

- High-quality and well-occupied properties at market value (hopefully at lower rates)
- Distressed properties at a discount

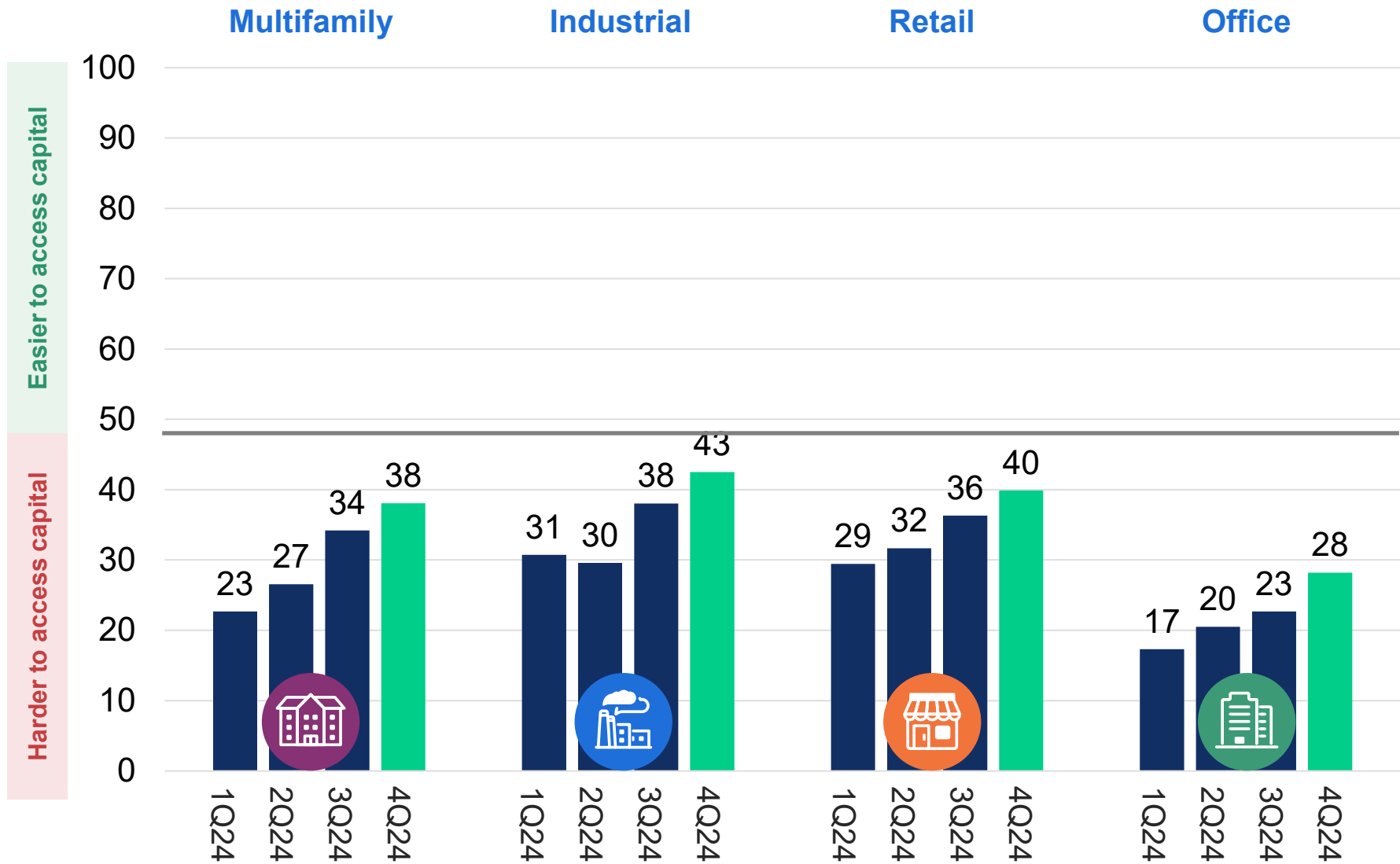
“Values are generally stable. Capital is available but waiting on the sidelines for either: a) distressed plays or b) decline in rates.” - Southeast investor

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)



Access to CRE Capital Index (4Q24)

Measures the share of commercial real estate investors who found it easier, harder, or roughly the same to access capital in the current quarter versus the prior quarter



Credit conditions are tight across all CRE sectors, though investors across asset classes note an improvement in their ability to access capital in 4Q24 relative to 3Q24.

Interest rates for short-term CRE debt are typically tied to the Secured Overnight Financing Rate (SOFR), which has fallen ~100bps over the last quarter and provided relief for some borrowers.

Long-term CRE debt is more closely tied to 10-year Treasury rates, which remain elevated.

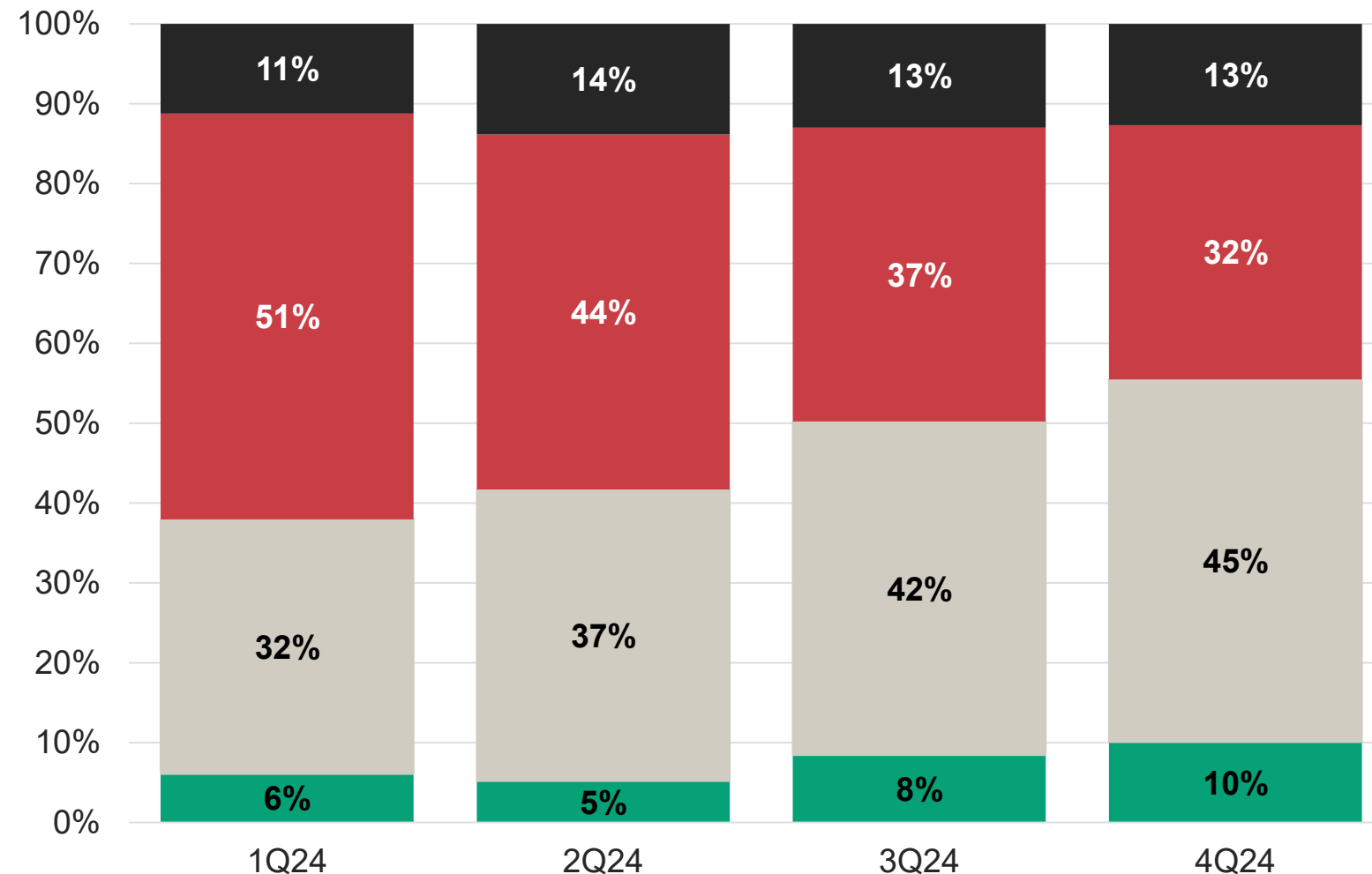
Note: Ratings above 50 indicate that more investors found it easier to access capital in the current quarter vs. the prior quarter, while ratings below 50 indicate that more investors found it harder to access capital in the current quarter vs. the prior quarter.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

10% of CRE investors report easier access to capital in 4Q24 relative to 3Q24, a slight improvement.

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



32% of investors report that capital is harder to access today, down from 37% last quarter.

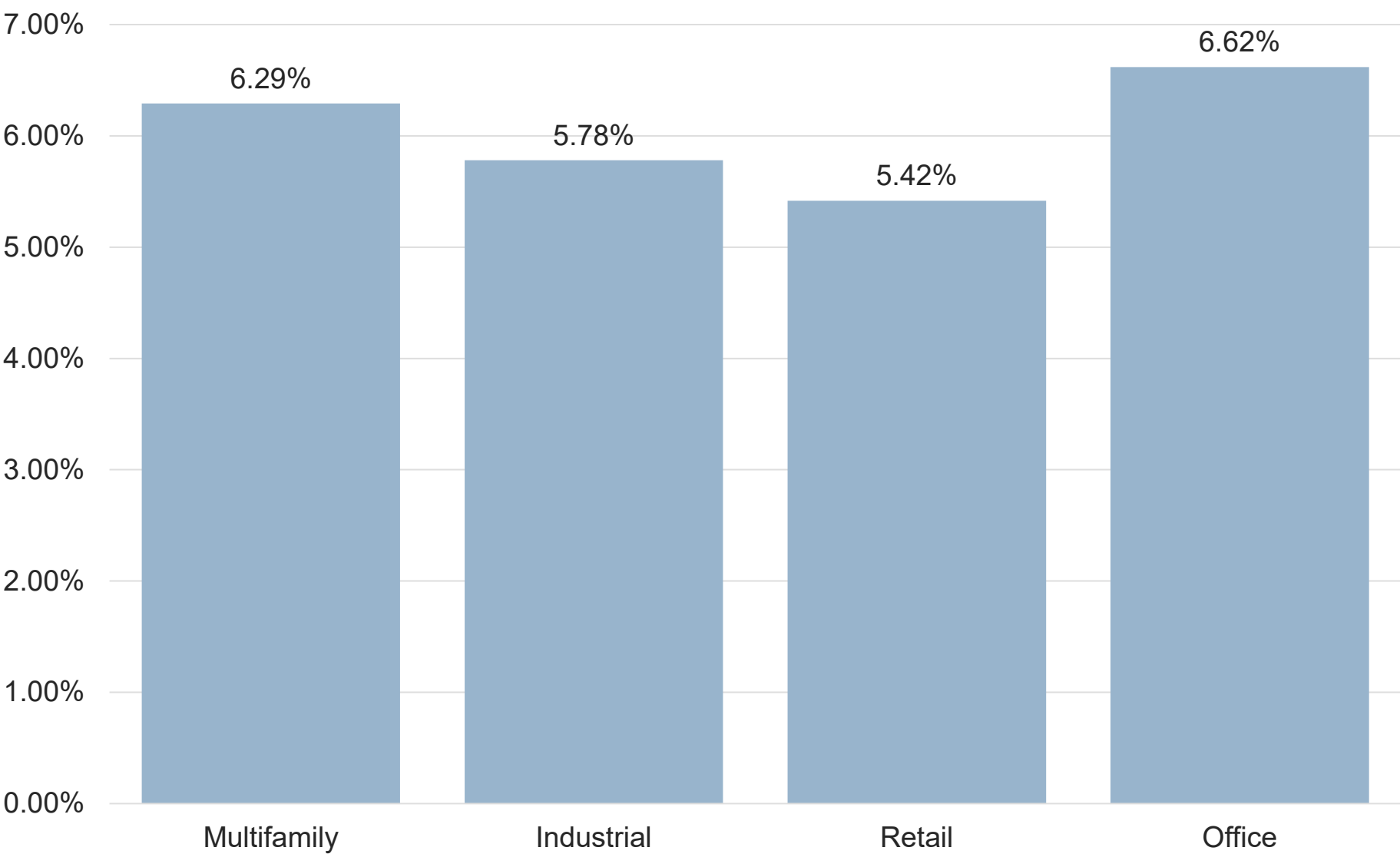
- “Access to debt is starting to loosen, but terms remain an impediment to new projects.”
- Northeast investor

13% of CRE investors did not use outside capital in 4Q24, unchanged from 3Q34.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

Interest rates on CRE loans are between 5.4% and 6.6% on average.

Average Interest Rate on Commercial Real Estate Loans (Last 30 Days)



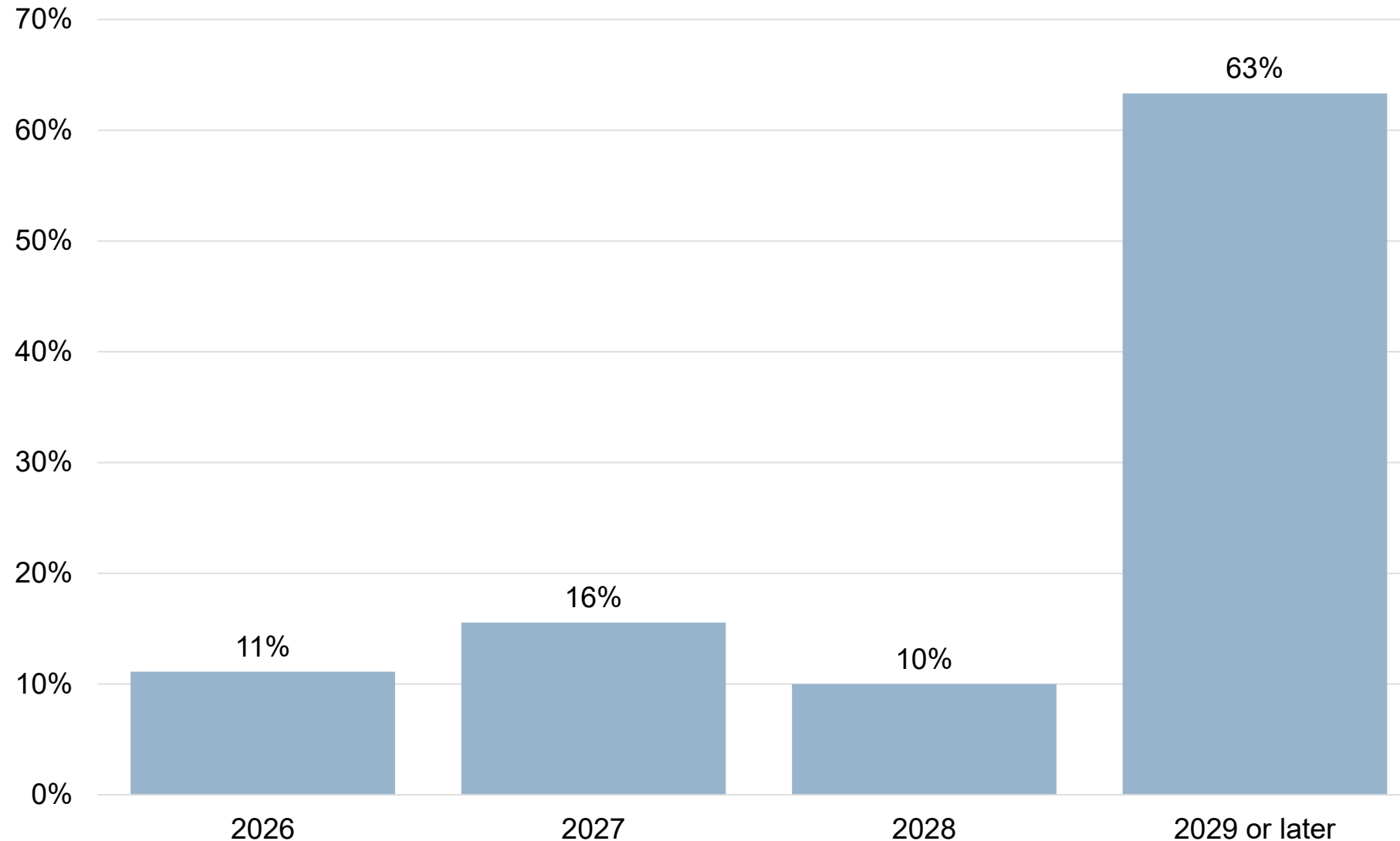
The average interest rate for commercial real estate loans in 4Q24 is 6.0%.

Rates are highest for Office loans on average (6.6%) given the structural risk for Office properties, namely permanent working from home.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

The majority (63%) of newly-secured CRE loans expire in 2029 or later.

When do your newly secured commercial real estate loans mature?



Roughly one-third of newly-secured CRE debt is short-term.

- Short-term debt is more likely to be variable rate and is usually indexed to the Secured Overnight Financing Rate (SOFR) plus a spread.
- SOFR yield has fallen ~100bps over the last quarter as the Fed has cut rates and provided some relief for borrowers.

Roughly two-thirds of newly-secured CRE debt is long-term.

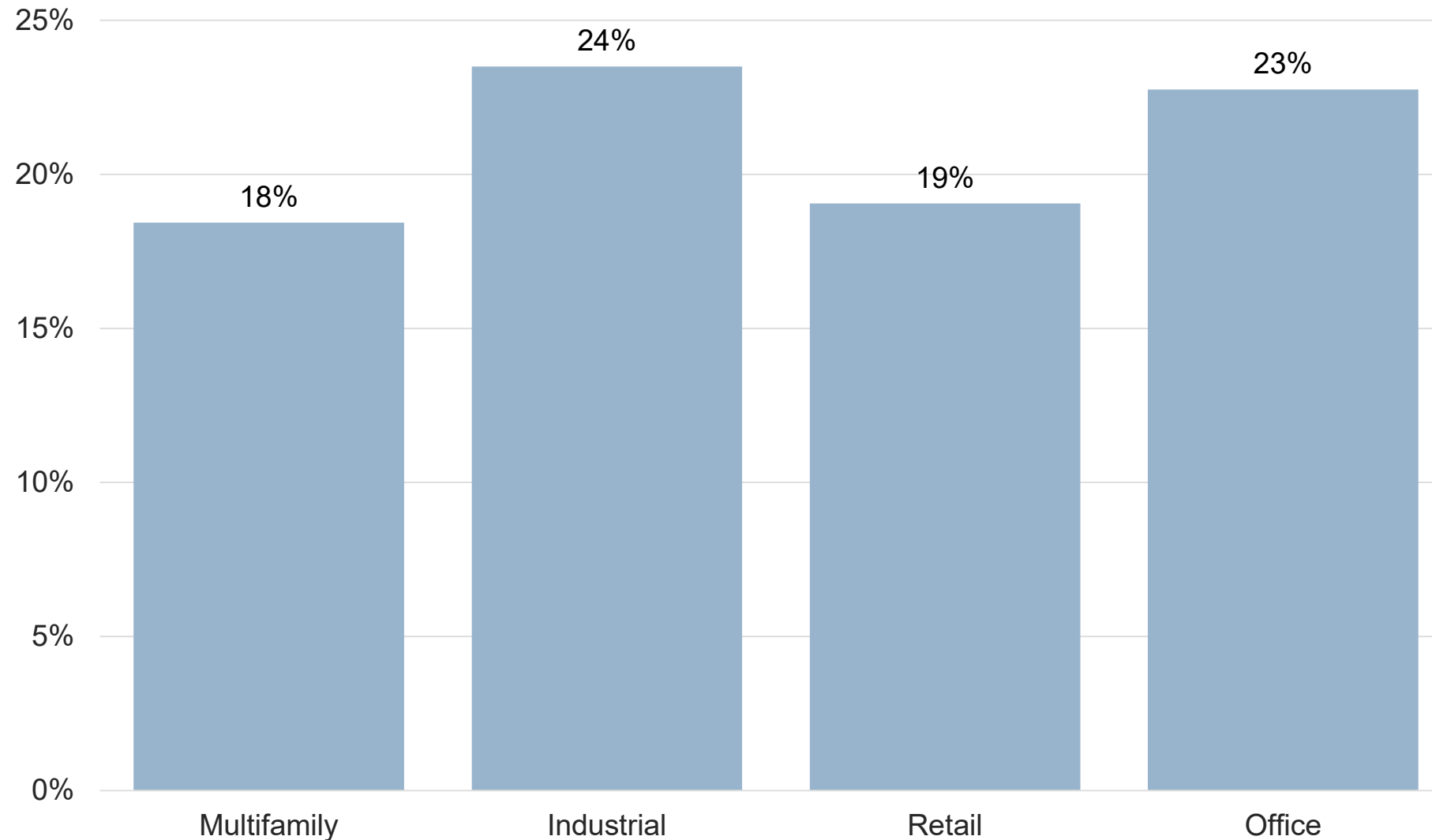
- Long-term debt is typically fixed-rate and indexed to 10-year Treasury yields plus a spread. 10-year Treasury yields remain elevated despite rate cuts since 10-year yields also factor in additional policy/fiscal risks.

Note: Sample only includes participants who secured a new CRE loan in the last 30 days (31% of investors).

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

Of investors who have any debt maturing in 2025, debt that matures in 2025 accounts for 18%–24% of their overall debt.

What percentage of your CRE loans mature in 2025?

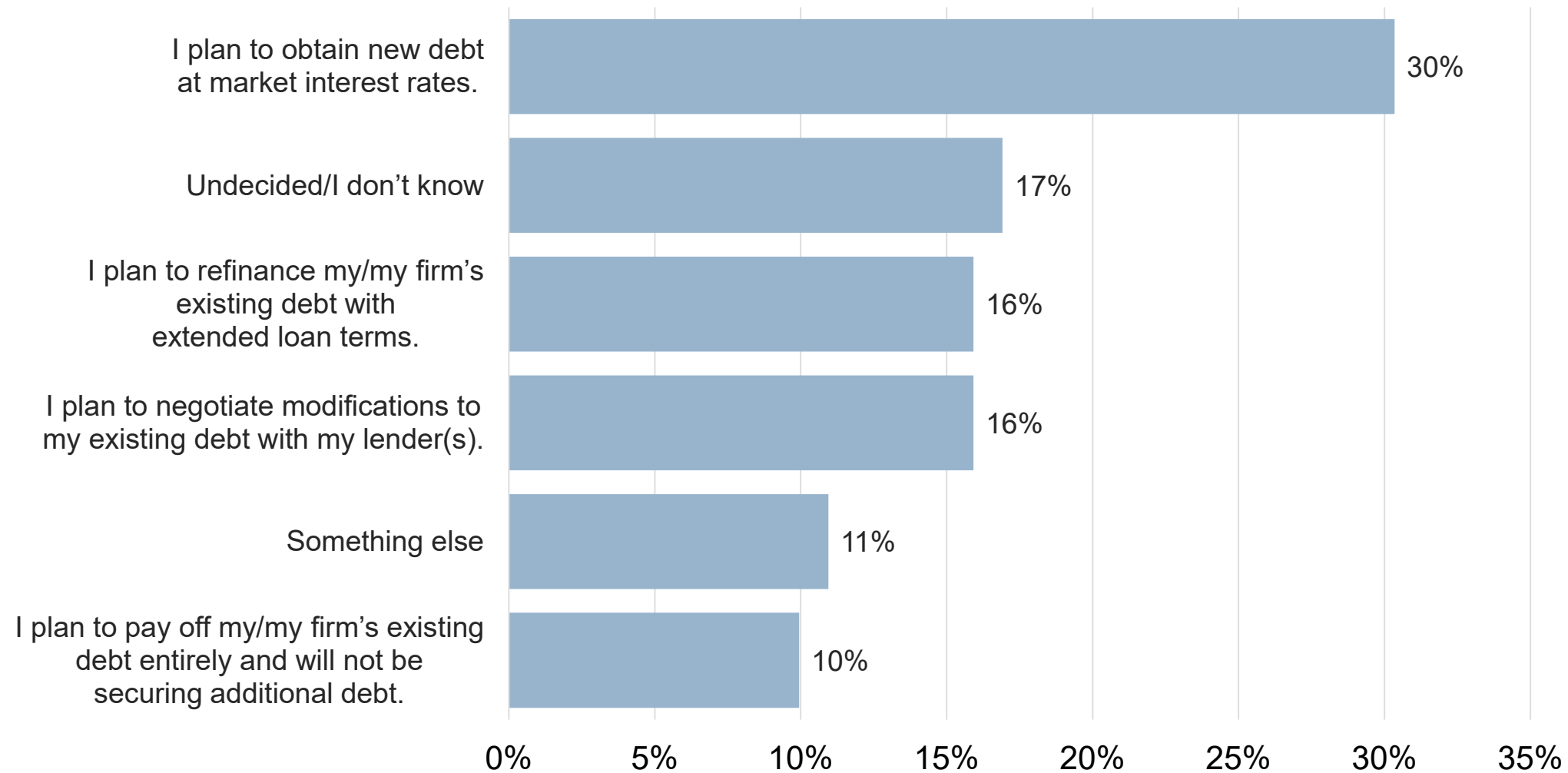


Note: Sample includes only investors who reported having any debt that matures in 2025 (36% of investors).

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

The largest share (30%) of investors with debt maturing in 2025 plan to secure new debt at market rates.

How do you plan to handle your firm's commercial real estate loans that mature in 2025?



Most of today's CRE loans were originated 5, 7, or 10 years ago (2014–2019) in a much lower rate environment.

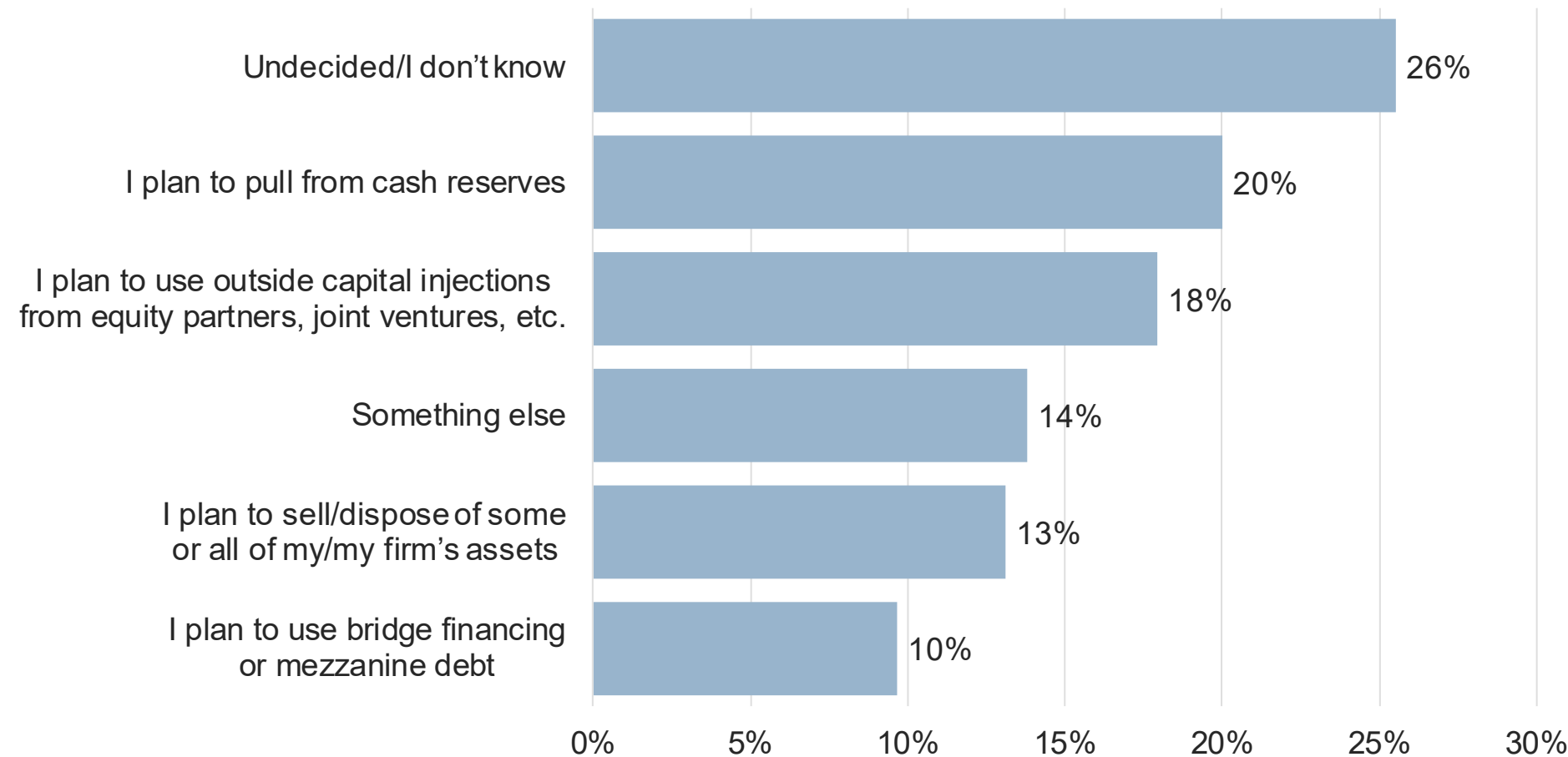
Rising borrowing costs and potential valuation drops could substantially increase debt obligations for borrowers who secure new debt or refinance in 2025.

Note: Participants were instructed to select all answers that apply. Total will not sum to 100%. Sample only includes participants who report that at least some of their debt will mature in 2025.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

26% of investors planning to take on new debt at market rates are unsure how to manage increased debt obligations, signaling broad uncertainty.

When you take out new commercial real estate debt at market rates, how will you handle your increased debt obligations?



A significant share of investors planning to take on new debt at market rates intend to use outside capital injections (18%) or sell assets (13%).

Dry powder in private credit markets will likely provide critical capital to backstop CRE markets in 2025.

Note: Participants were instructed to select all answers that apply. Total will not sum to 100%. Sample only includes participants who report that they intend to take out new commercial real estate loans at market rate debt when their loans mature in 2025.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

Selected commentary from CRE investors

Policy and tariffs

“

“It is a bifurcated market, with values increasing in some sectors while decreasing in others, based on property type, location in the market, and other factors, as a result of the "evolution" in how we use space, as well as other macroeconomic and political factors.”

“I generally have uncertainty about the new administration's economic policies and how they'll impact my C class units. I suppose if tariffs are implemented, the cost to build anything will be so high that it would stifle new units coming online, but who knows.”

“It is very difficult to anticipate the impact of a new administration, but there is still a

lot of junk that needs to work out of the system. Unfortunately, in balance, there is more pain in the system, but it is concentrated very unevenly, depending on market location and vintage/condition.

Operators/owners will remain under pressure, as the renter/consumer is at max capacity with rental rates, yet cost of capital and operating expenses will continue to squeeze from the other side. This presents a challenge - and an opportunity.”

“Rates will remain close to their current levels. Commercial real estate needs more time to recover as well as to see if the new economic policies (i.e., tariffs) raise rates further.”

“

“Assessing capital funds for the projects are extremely tight right now. High interest rates and higher taxes and insurance are a large hindrance toward acquiring properties.”

“Values are generally stable. Capital is available but waiting on the sidelines for either: a) distressed plays or b) decline in rates.”

“Opportunities for distressed Multifamily will occur in 2025.”

“With moderate rates and so many loan expirations, I think that the next year will be a good year to acquire Multifamily with lower cost and higher transaction volumes. Rents might stay moderate through the beginning of 2026, but if you buy right to make it through the next 12–18 months, I think we will see a pop on the other side.”

“Headwinds are anticipated for Multifamily assets with loan maturity dates for 2025.”

Burns + CRE Daily Fear and Greed Index

This report gauges the pulse of the commercial real estate industry in the United States. Conducted jointly by **CRE Daily** and **John Burns Research and Consulting**, the Fear and Greed report is based on a quarterly survey of commercial real estate investors primarily involved in Multifamily, Industrial, Retail, and Office sectors.

The Fear and Greed Index is a proprietary diffusion index that compares 3 key aspects of commercial investors’ business:

- 1) **Current investment strategy** (currently increasing or decreasing CRE exposure)
- 2) **Expected investment strategy** (next 6 months)
- 3) **Access to capital** (easier or harder vs. prior quarter)

Survey Responses

Sector	Responses	% of Sample
Multifamily	265	41%
Industrial	119	18%
Retail	122	19%
Office	89	14%
Other	52	8%
Total:	647	100%

In survey work, a diffusion index highlights the main results on how a market, field, or industry is generally performing within a given time frame.

Our Fear and Greed diffusion index value (ranging from 0 to 100) demonstrates how far responses vary from the baseline (50). A value not far from the baseline indicates little change, whereas a value far from the baseline indicates great change. For example, a value less than 45 indicates a tendency toward contraction, and a value over 55 indicates a tendency toward expansion.

Index Components

- Metric
- Current CRE investment strategy
- Expected CRE investment strategy (next 6 months)
- Access to capital for CRE

Note: investment strategy refers to increasing, decreasing, or holding investment exposure to each commercial real estate sector.

Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

Sample details

Responses by segment:

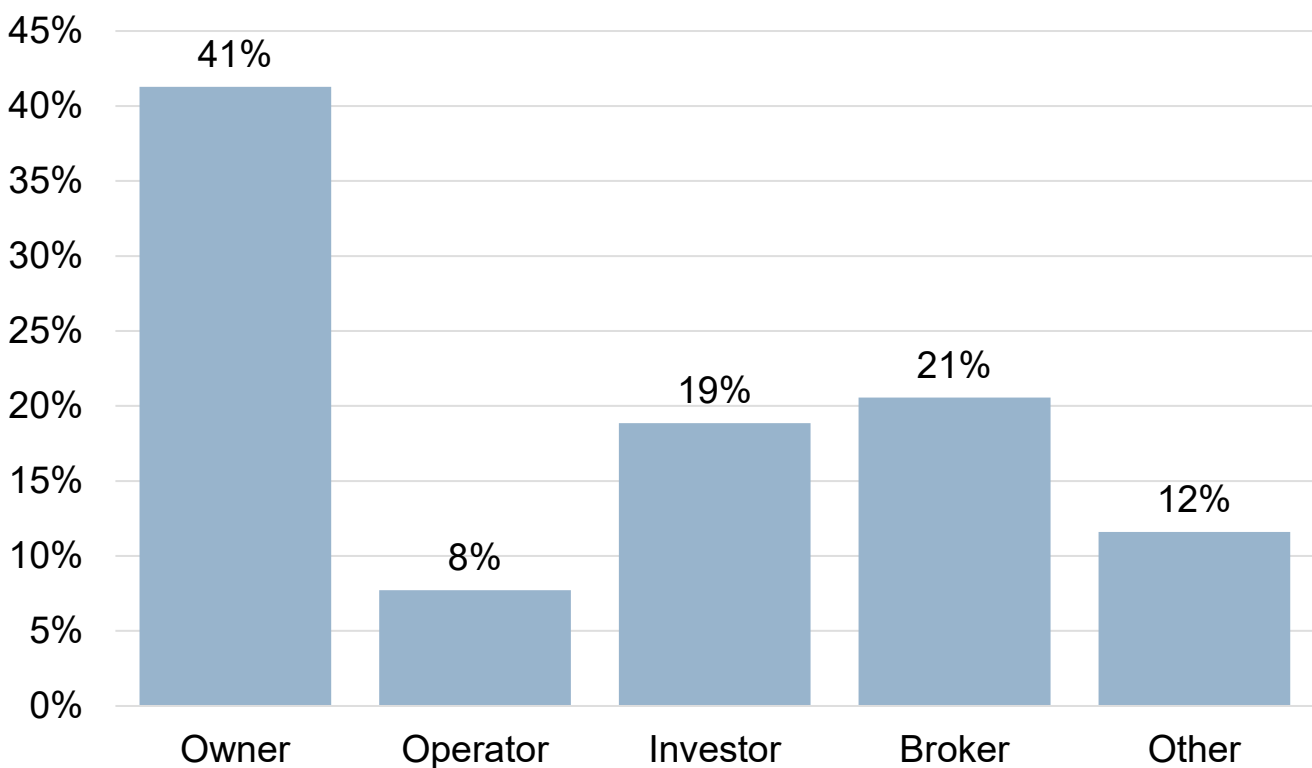


Responses by region:

Note that participants could select more than one region in which they are active. Thus, the total will not add to 100%.

- California: 21%
- Florida: 50%
- Midwest: 30%
- Northeast: 31%
- Northwest: 14%
- Southeast: 39%
- Southwest: 27%
- Texas: 39%

Primary Role



Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-24, Pub: Dec-24)

Contact the John Burns team

Report Analysis

Rick Palacios Jr.
rpalacios@jbrec.com
(949) 870-1244

Alex Thomas
athomas@jbrec.com
(949) 870-1262

Alex Shaban
ashaban@jbrec.com
(949) 562-9859

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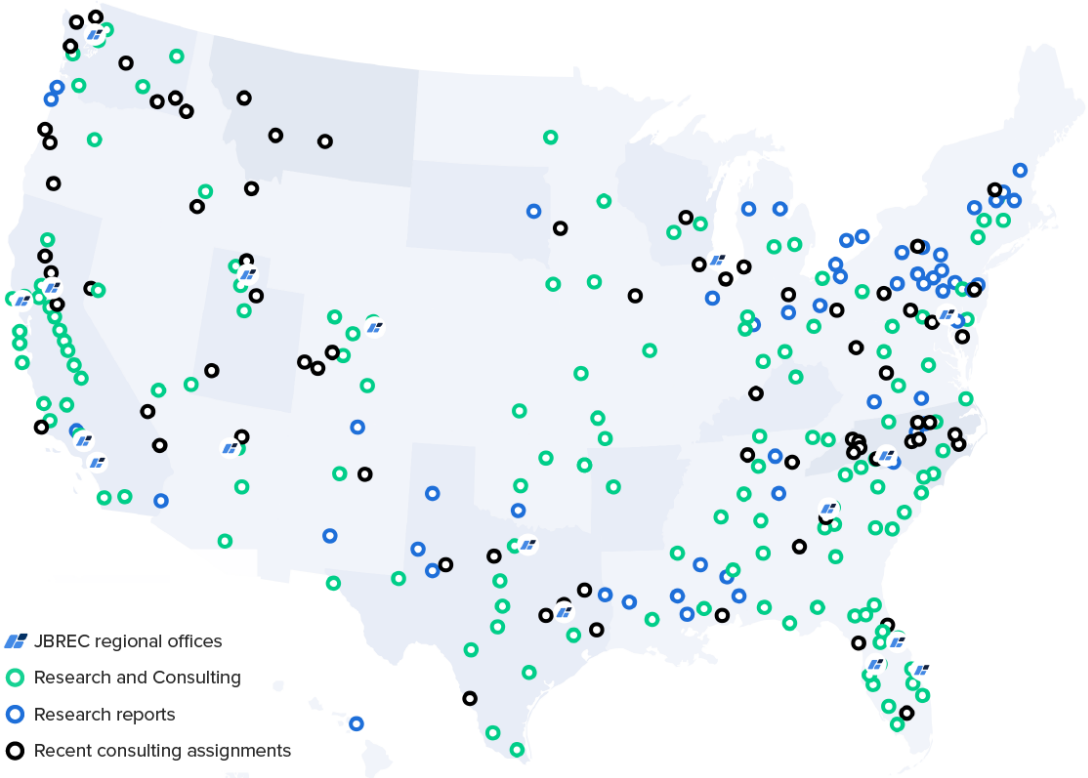
- **Research memberships:** We provide our research members with subscription packages of informative, timely analysis supported by data and dashboards. We also service our members by answering their individual questions and hosting them at our client-only events.
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