



3Q25 Fear and Greed Survey (Commercial Real Estate)



JOHN BURNS
RESEARCH & CONSULTING

CRE Daily

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September 12, 2025



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 3Q25 report is based on 800 market ratings from members of the commercial real estate community across 4 primary sectors:



Multifamily



Industrial



Retail



Office

The 3Q25 Fear and Greed Index survey ran from August 12 to September 2. Responses, commentary, and sentiment reflect the latest shifts across commercial real estate.

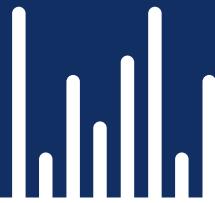
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Fear and Greed Survey



JBREC

Alex Thomas

*Research
Manager, Macro*

athomas@jbrec.com

(949) 870-1262



JBREC

Ean Rottler

*Research Analyst I,
Single-Family Rental*

erottler@jbrec.com



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 3Q25 Burns + CRE Daily Fear and Greed Index.



Overview of the Fear and Greed Index

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 a slightly **expanding** commercial real estate market.



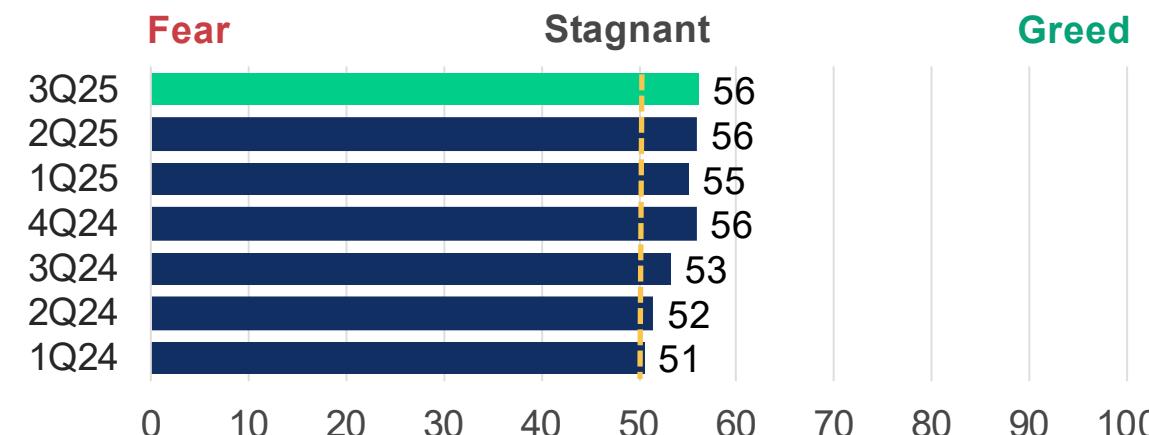
Conducted jointly by John Burns Research and Consulting and CRE Daily, the 2Q25 index reflects findings from 800 commercial real estate investors across 4 main sectors: **Multifamily, Industrial, Retail, and Office**.

The Fear and Greed Index remained flat in 3Q25 from 2Q25. Access to capital improved but remains difficult for CRE investors to access.

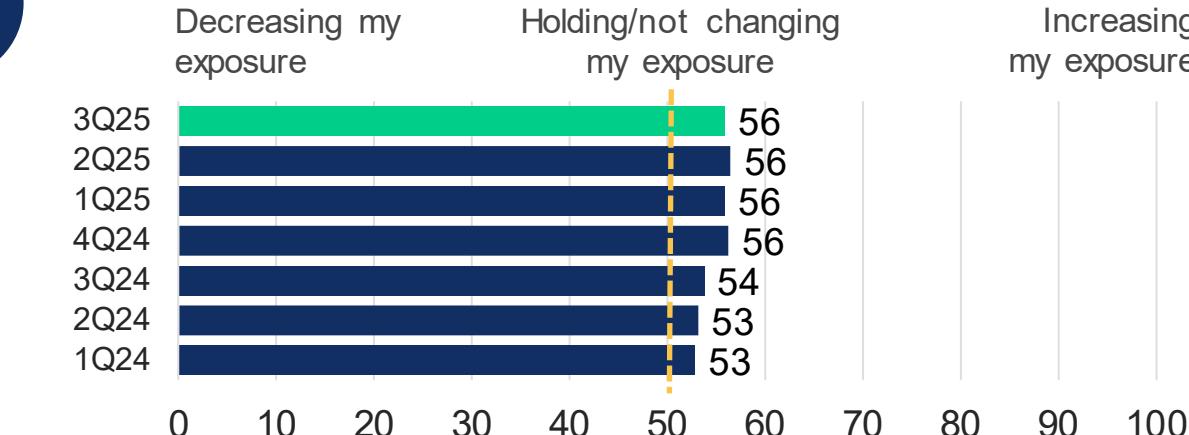
On a diffusion index, a value above 55 indicates expansion, while a value below 45 implies contraction.



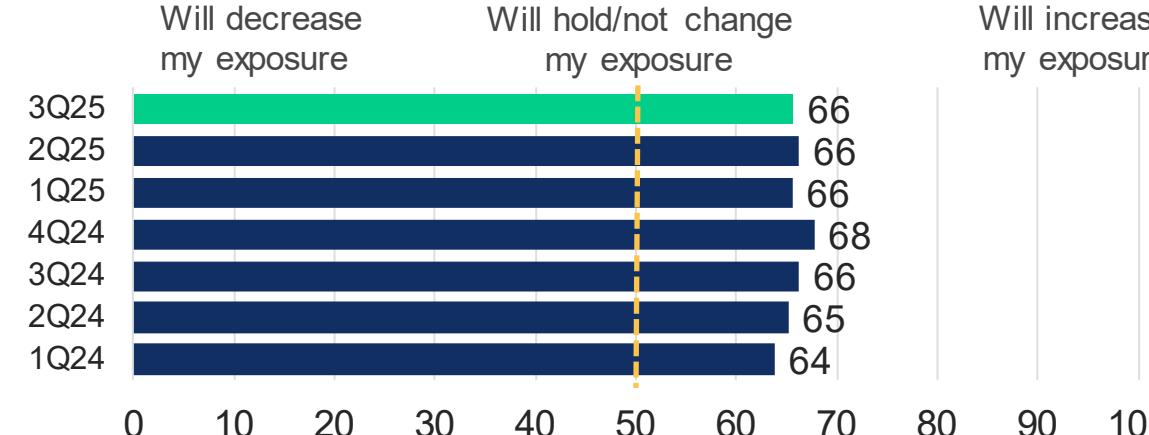
Burns + CRE Daily Fear & Greed Index



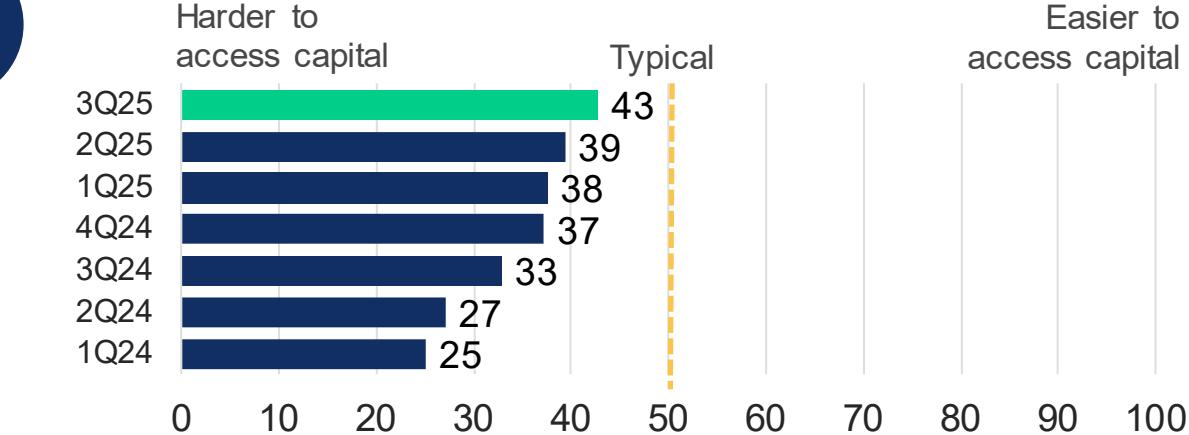
Current CRE Investment Strategy Index



Expected CRE Investment Strategy Index: Next 6 Months



Access to CRE Capital Index (3Q25 vs. 2Q25)



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

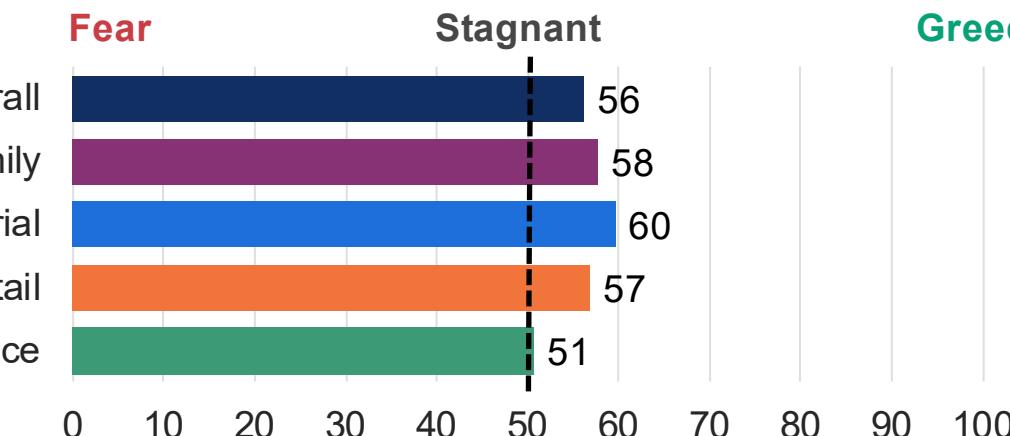
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Industrial real estate is the strongest commercial sector per our sector-level Fear and Greed Index. Office continues to lag.

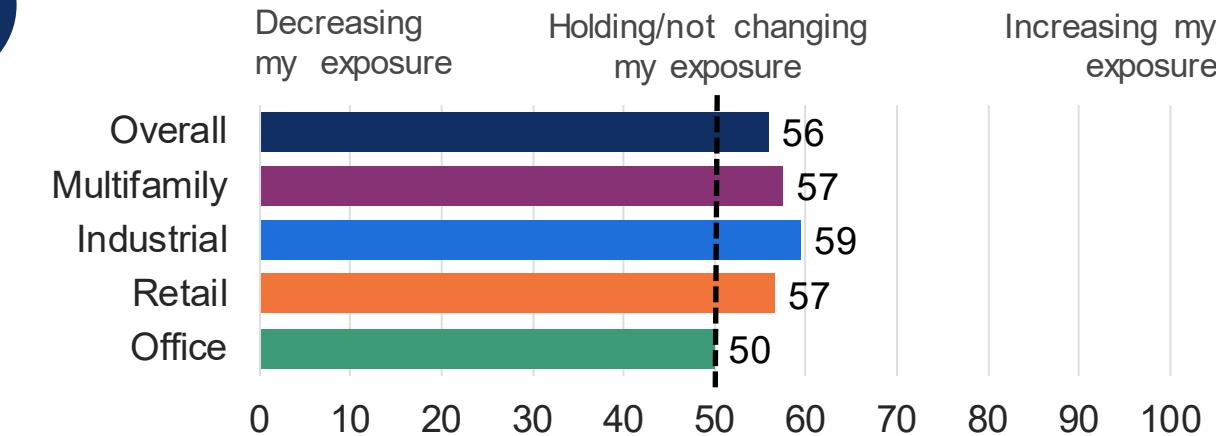
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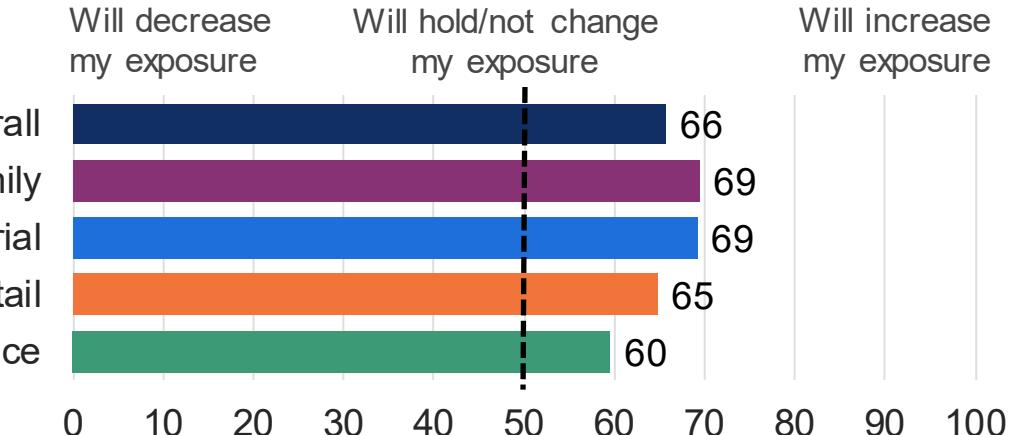
Burns + CRE Daily Fear & Greed Index



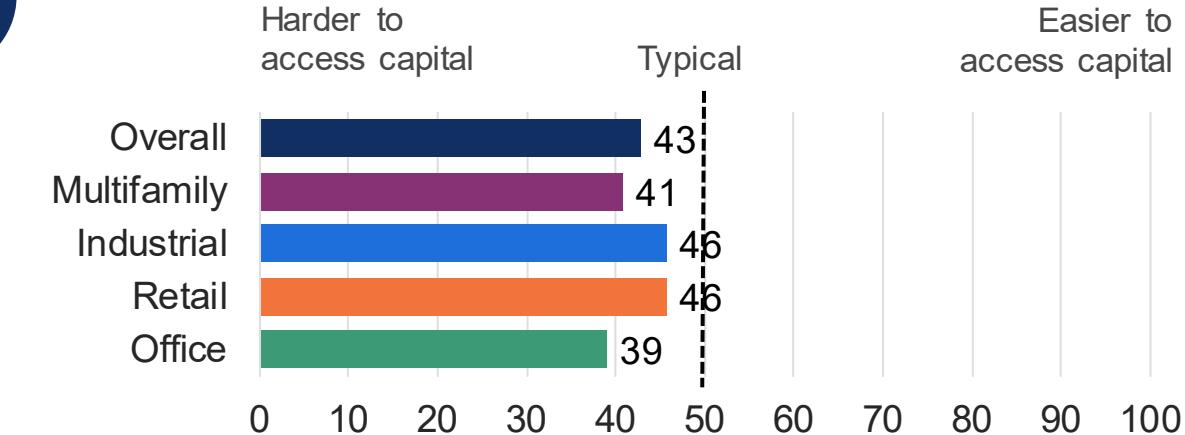
Current CRE Investment Strategy Index



Expected CRE Investment Strategy Index: Next 6 Months



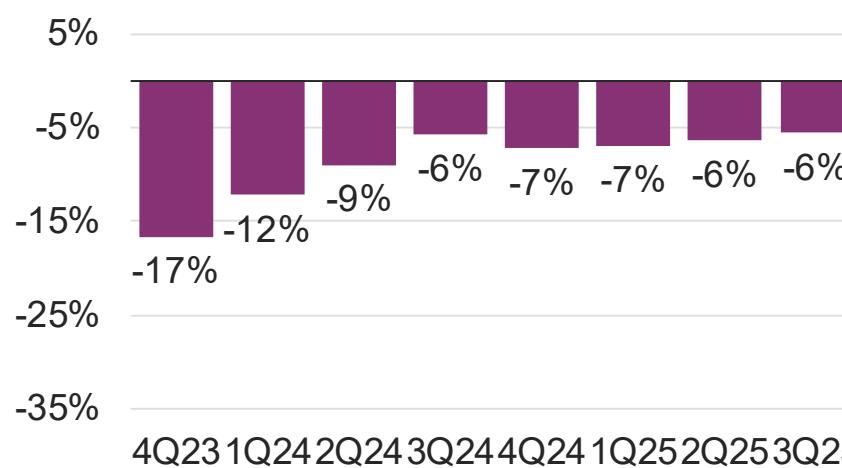
Access to CRE Capital Index (3Q25 vs. 2Q25)



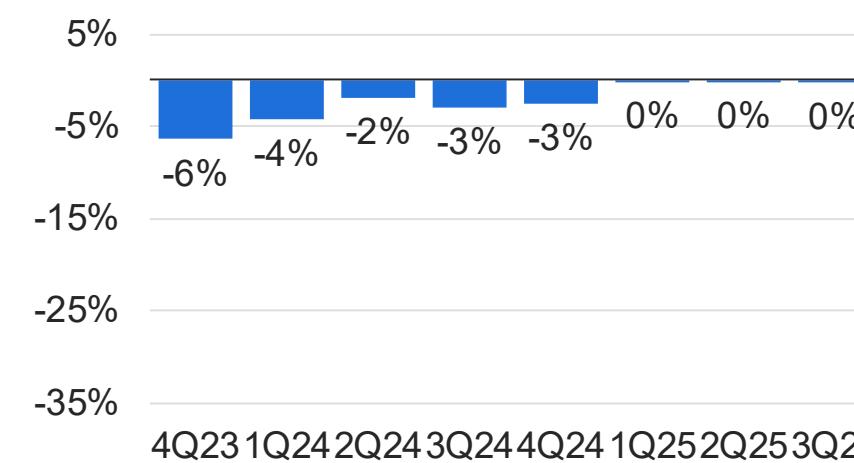
Investors believe that Multifamily and Office asset values fell YOY.

Change in Values by Asset Class (% YOY)

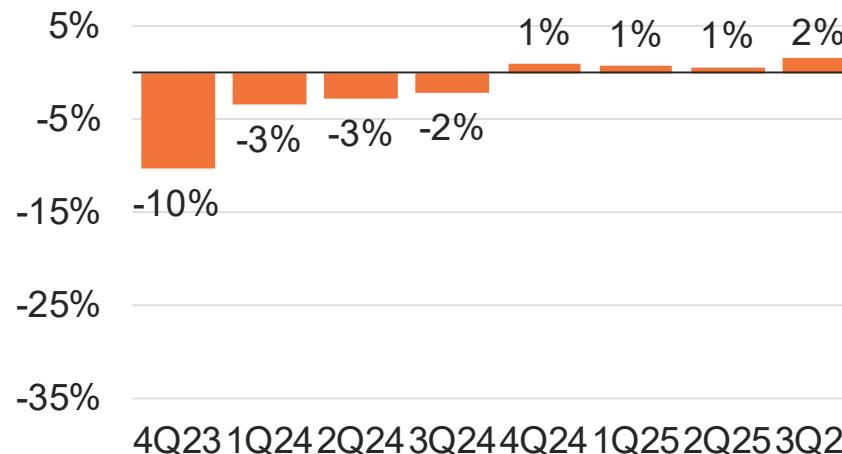
Multifamily



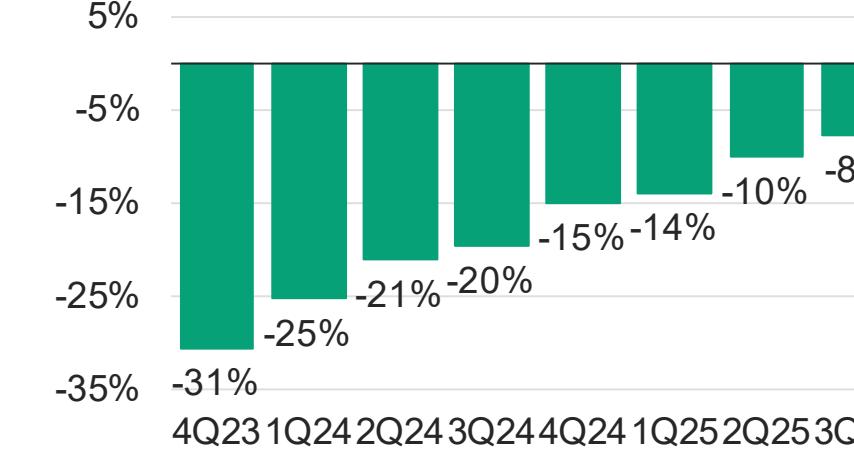
Industrial



Retail



Office



Investors believe **Retail** asset values rose +2% YOY in 3Q25, marking the fourth consecutive quarter of growth.

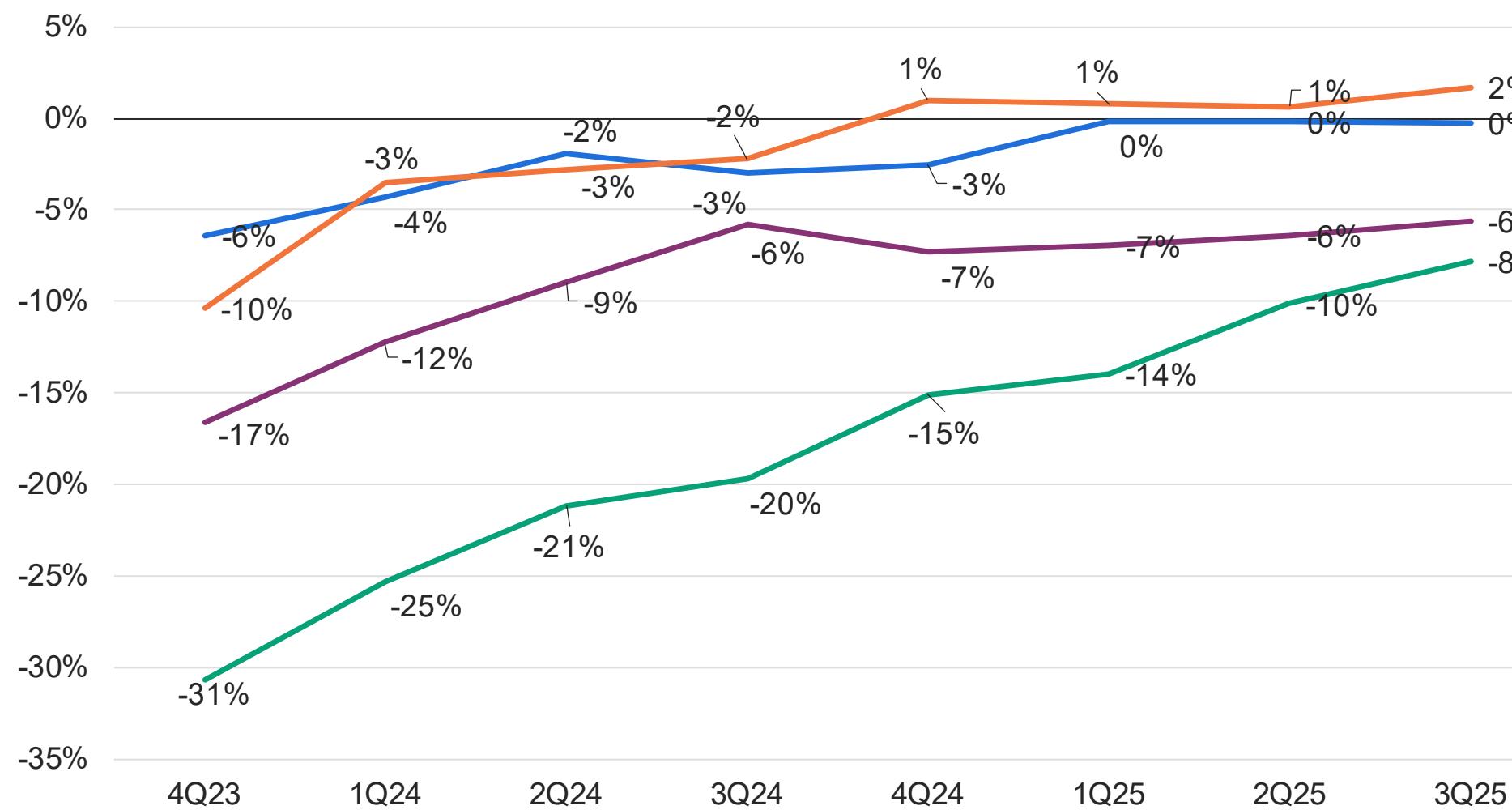
- **Industrial** investors believe asset values remained flat YOY, consistent with the last two quarters.

Asset values fell most in the **Office** sector (-8% YOY), though this decline is less severe than in prior quarters—a sign of improvement.

Investors believe that Multifamily and Office asset values fell YOY.

Change in Values by Asset Class (% YOY)

% change YOY — Multifamily — Industrial — Retail — Office



Investors believe **Retail** asset values rose +2% YOY in 3Q25, marking the fourth consecutive quarter of growth.

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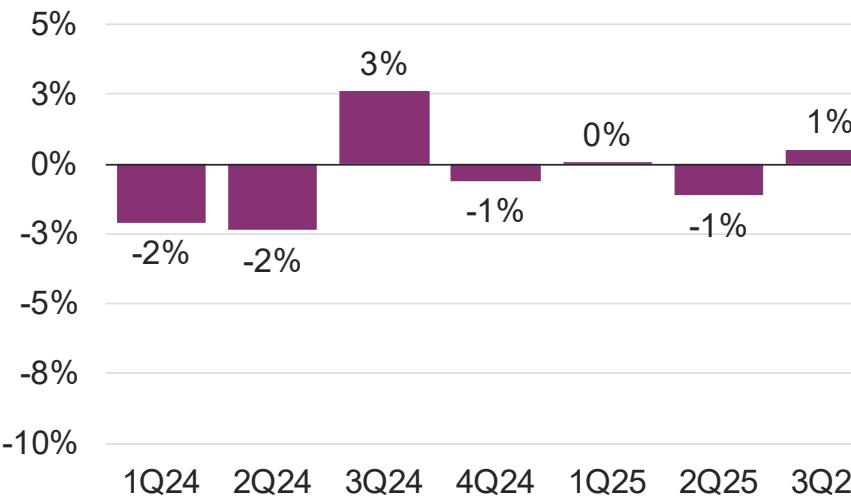
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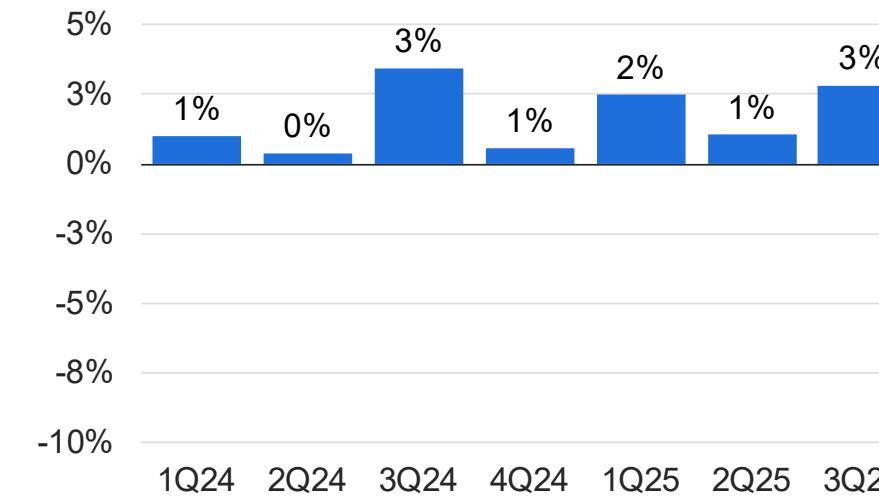
Investors in all 4 CRE asset classes raised their expectations for asset value growth over the next 6 months.

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

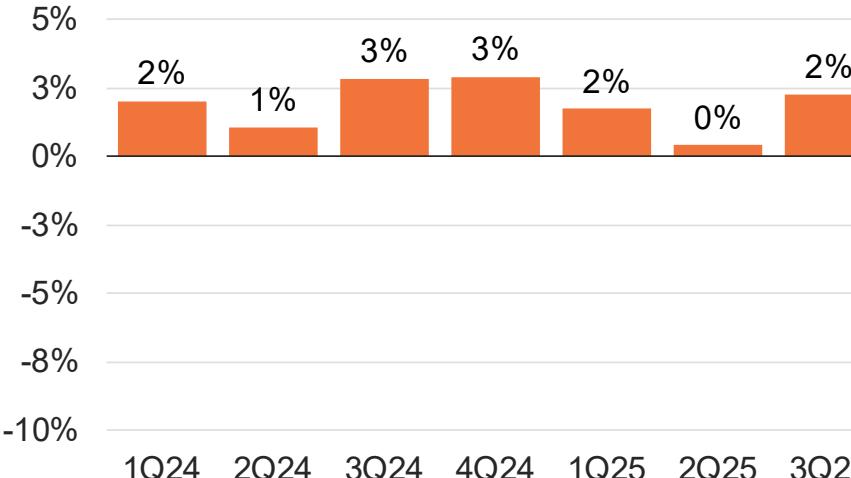
Multifamily



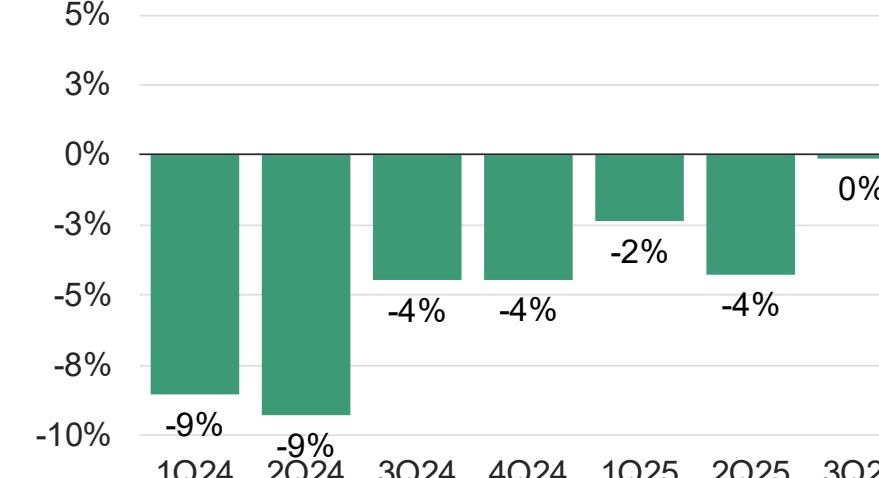
Industrial



Retail



Office



Industrial investors remain optimistic, expecting asset values to rise +3% over the next 6 months.

Office investors expect asset values to remain flat over the next 6 months.

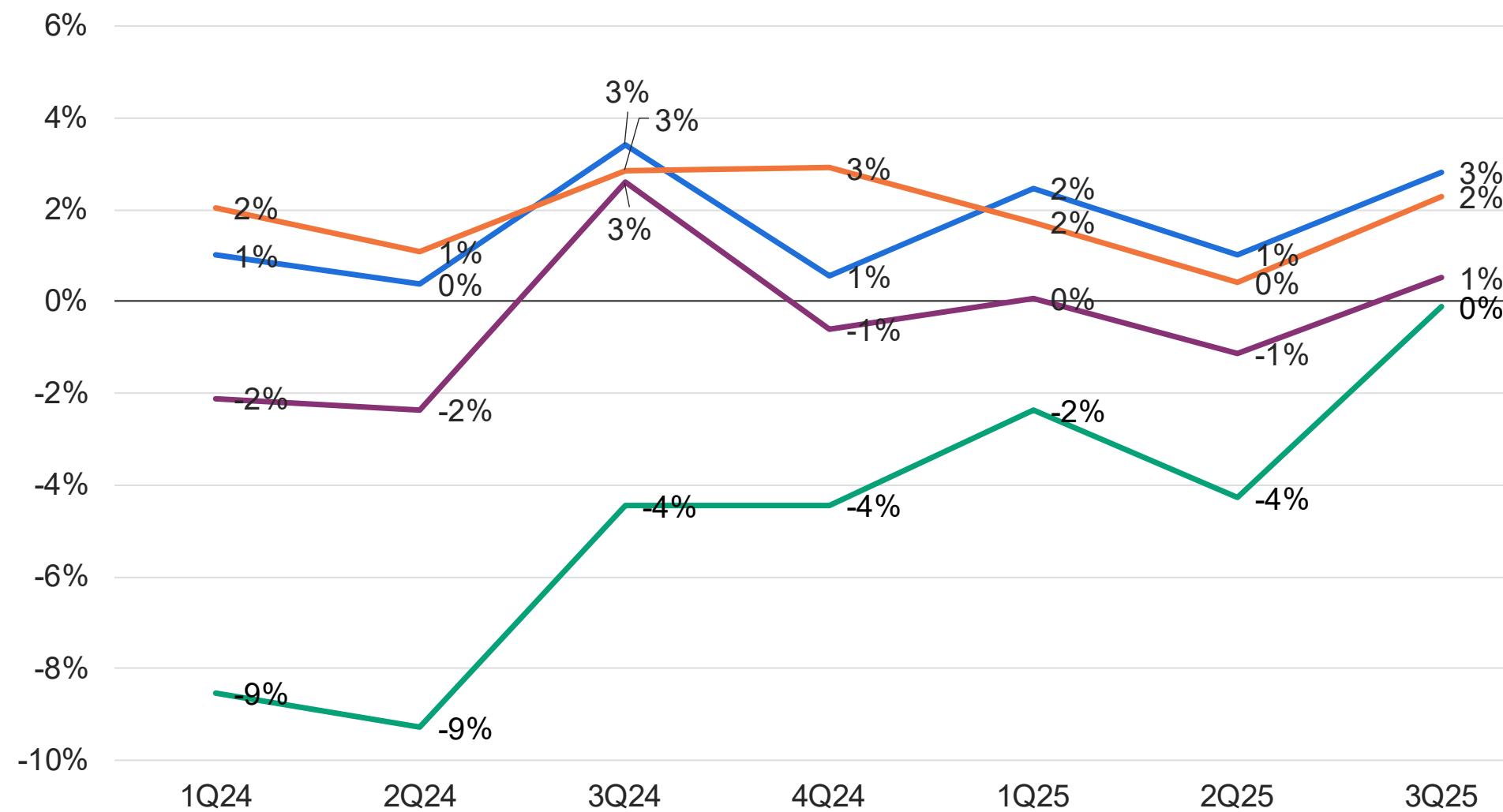
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)

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

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

Multifamily Industrial Retail Office



Industrial investors expect +3% growth in asset values over the next 6 months, higher than any other sector.

Office investors expect asset values to remain flat over the next 6 months.

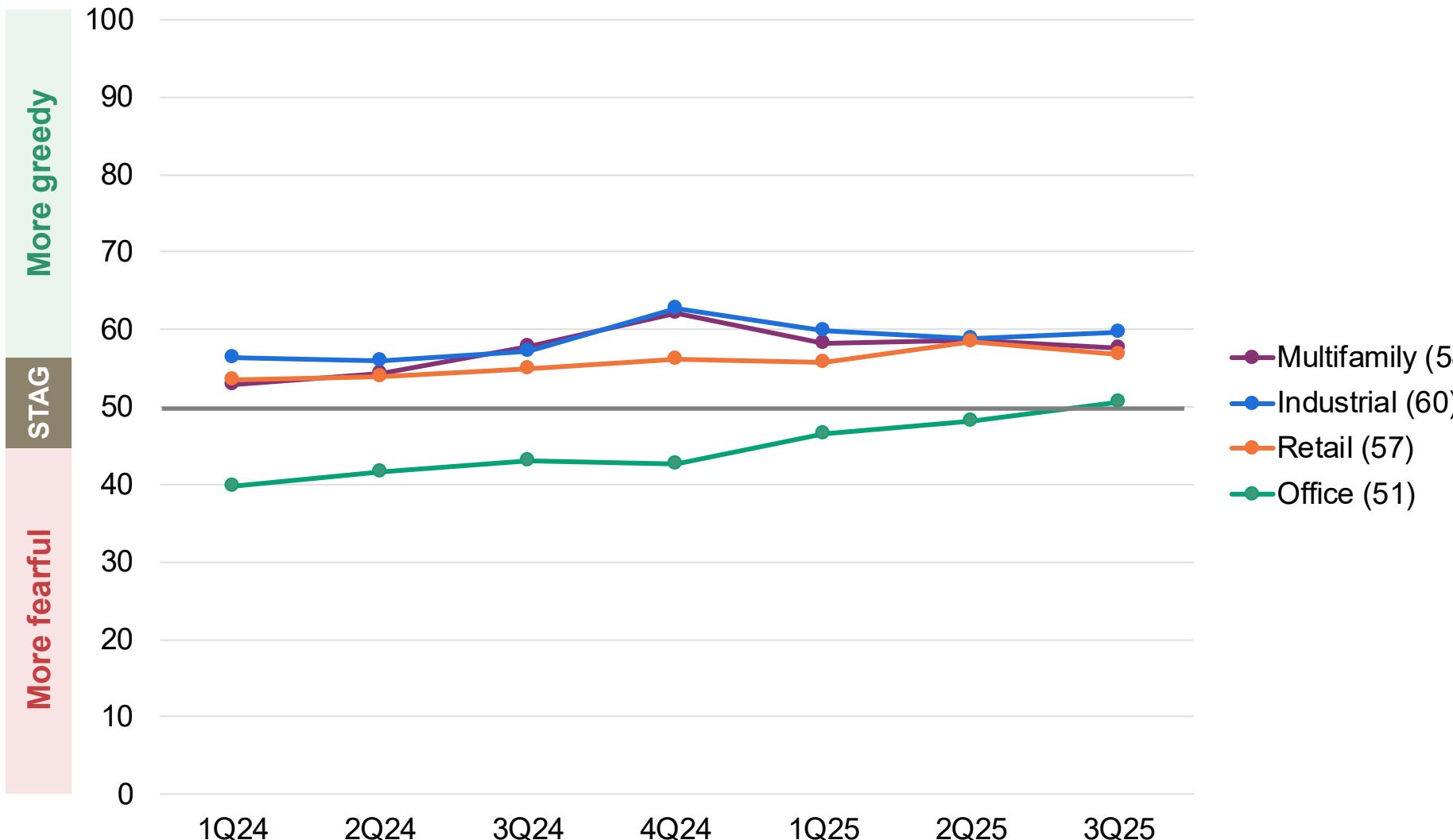
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)

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Burns + CRE Daily Fear and Greed Index

3Q25



The **Industrial** Fear and Greed Index (FGI) rose to 60 in 3Q25, higher than any other sector.

Both the **Multifamily** and **Retail** indices fell slightly quarter-over-quarter.

The **Office** FGI is rose to 51 in 3Q25, indicating that the sector is no longer contracting.

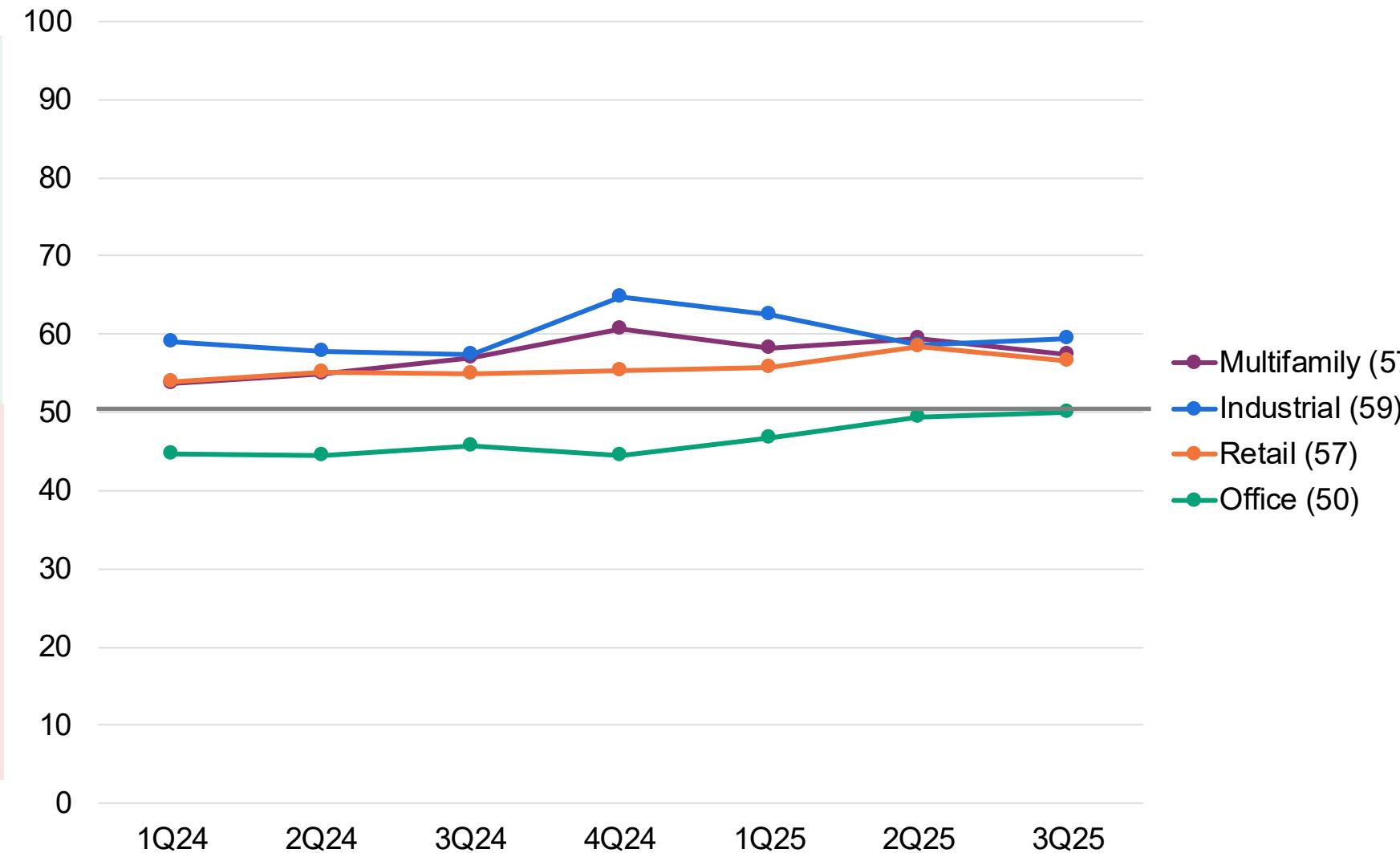
Note: Ratings above 55 indicate more "greed" among commercial real estate investors (expanding CRE market), while ratings below 45 indicate more "fear" among CRE investors (contracting CRE market). A rating between 55 and 45 indicates a stagnant market (denoted by STAG in the graph's y-axis labels).

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



Current CRE Investment Strategy Index (3Q25)

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 holding their investment exposure flat in 3Q25.

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.

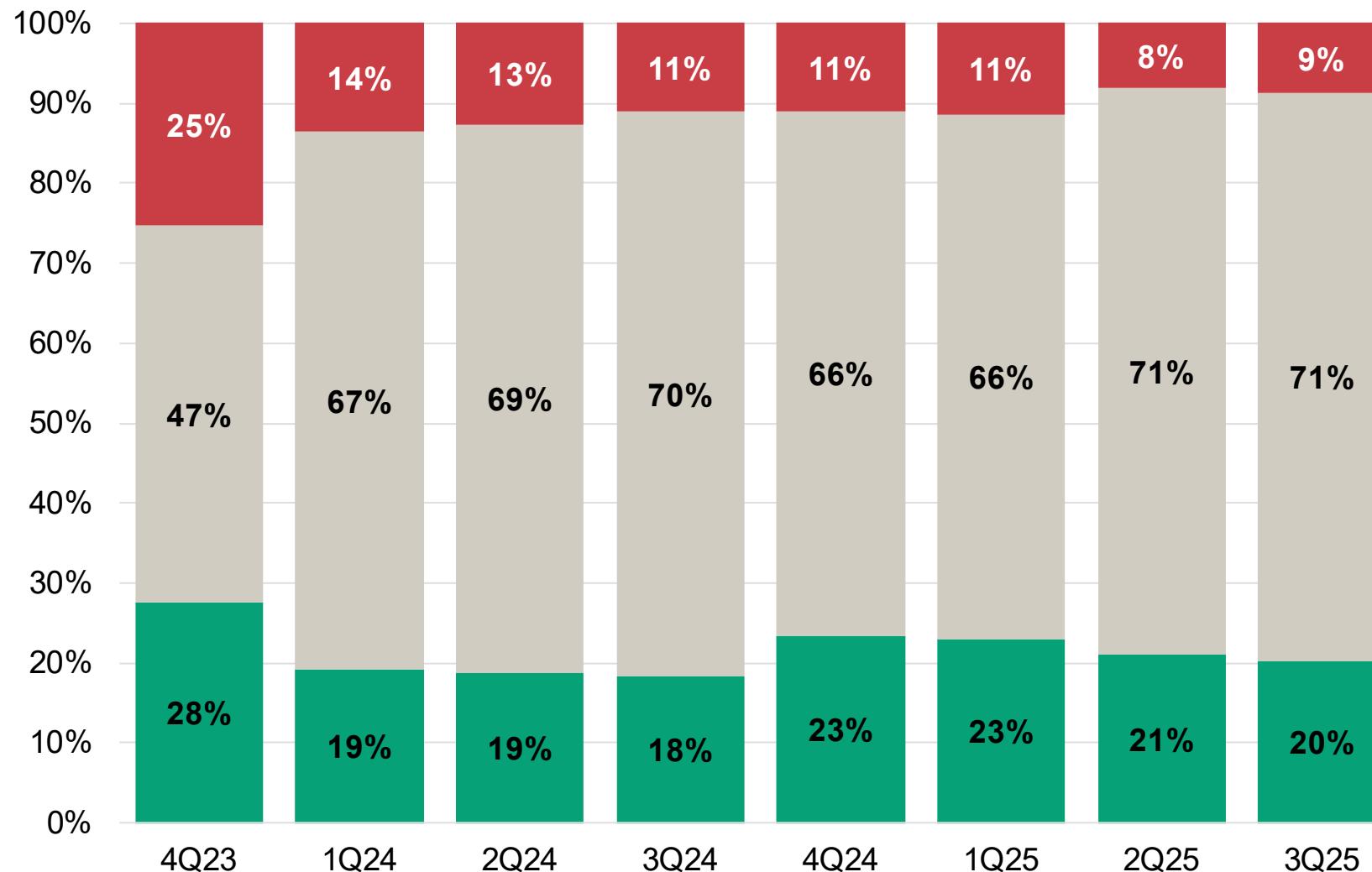
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)

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71% of commercial real estate investors are holding tight in 3Q25, the highest in our survey's history.

Current Commercial Real Estate Investment Strategy

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

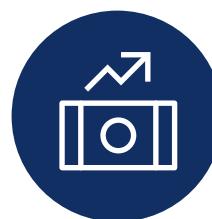


Most investors remain on the sidelines given elevated rates and ongoing policy uncertainty:

- “It's challenging to pencil deals in the current environment due to high interest rates, slowing rent growth, and owners' strike prices.”
- “The market remains stagnant with no major changes...Returns in CRE do not currently support deploying additional capital.”

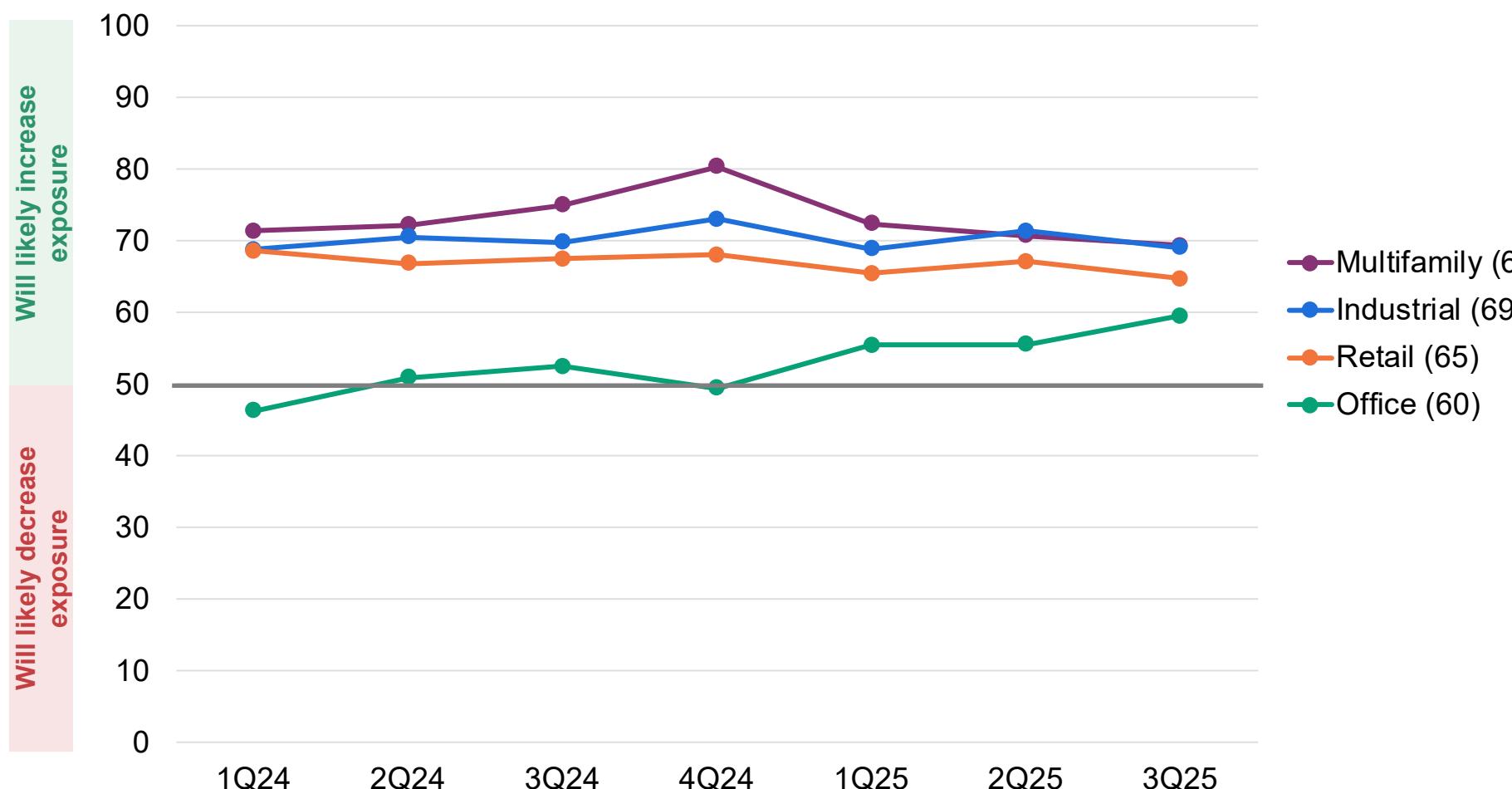
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)

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Expected CRE Investment Strategy Index: Next 6 Months (3Q25)

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



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: Aug-25, Pub: Sep-25)

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

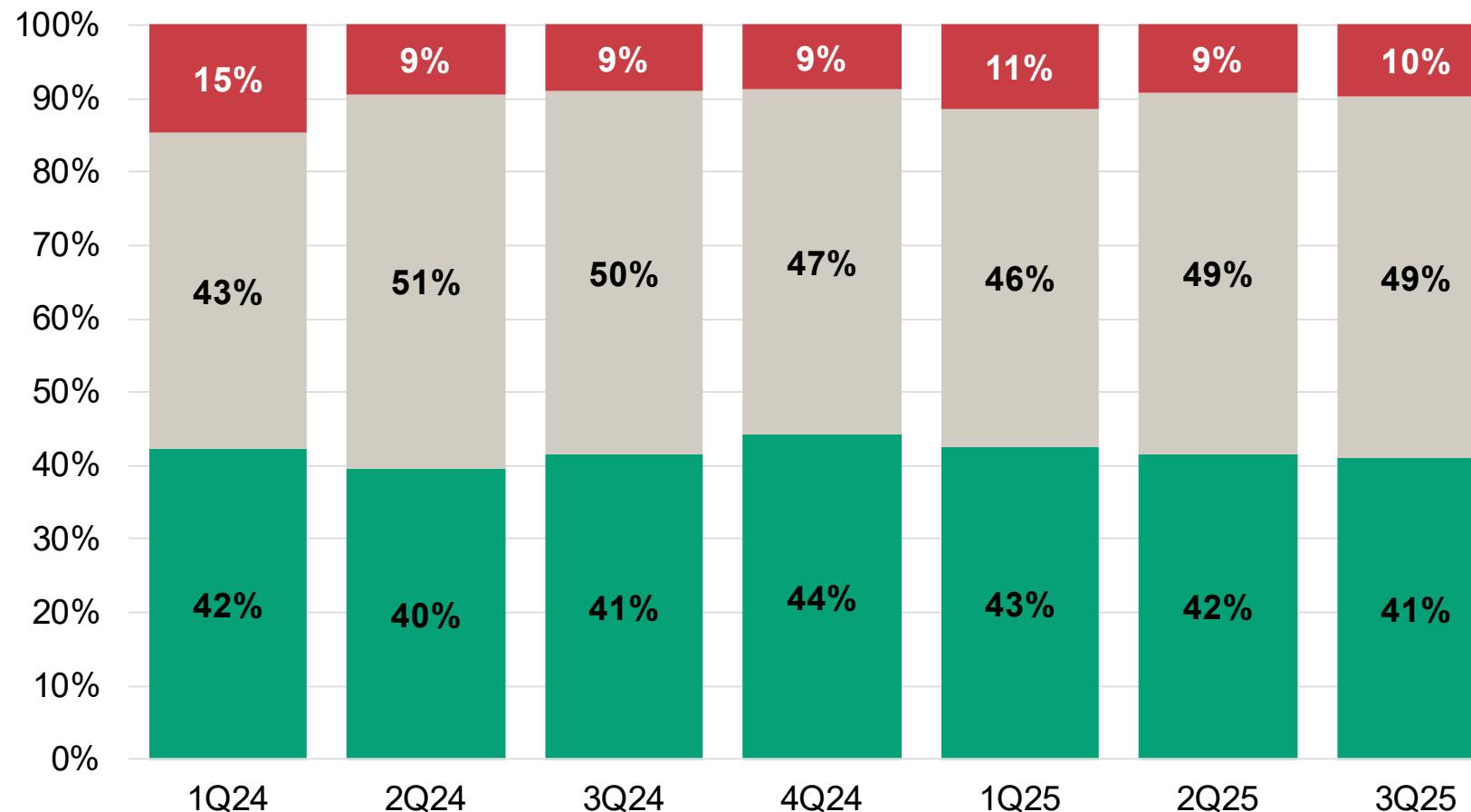
Office investor sentiment rose to its highest level in our survey's history but remains low relative to other sectors.

Multifamily investor sentiment continued to decline in 3Q25 to its lowest level in our survey's history.

10% of CRE investors expect to decrease their investment exposure over the next 6 months.

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



41% of investors plan to increase CRE exposure over the next 6 months.

- “Q3 may prove to be the cyclical low point for operating results, but it also sets the stage for outsized performance ahead.
- “We returned to multifamily investing in 2025 after a hiatus, and I am cautiously optimistic about 2026..”

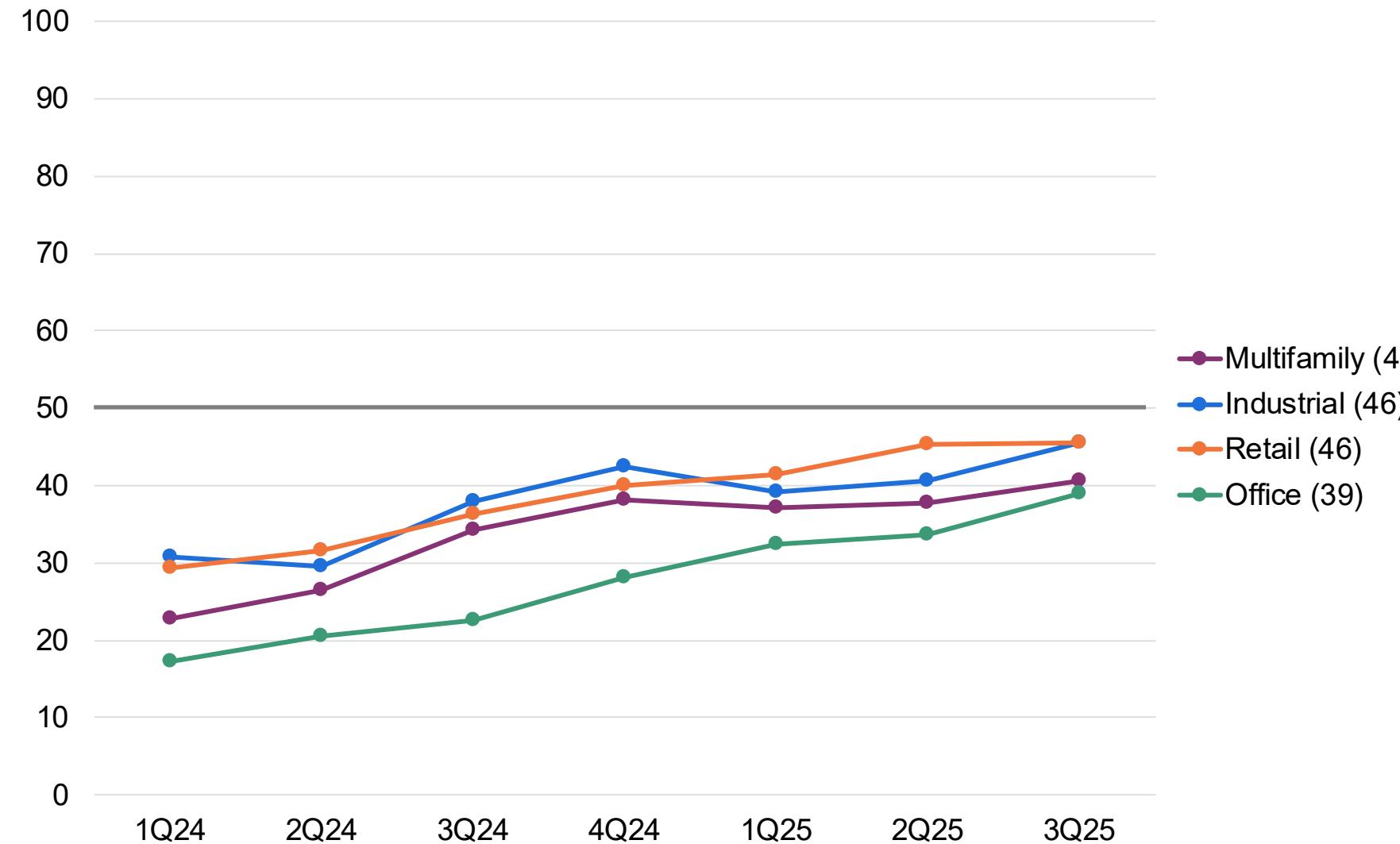
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)

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Access to CRE Capital Index (3Q25)

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 remain tight across all CRE sectors, though investors across asset classes note significant improvement in their ability to access capital compared to 1 year ago.

Interest rates for short-term CRE debt are typically tied to the Secured Overnight Financing Rate (SOFR).

- SOFR has fallen ~100 bps over the last year and may fall further if the Federal Reserve cuts rates, providing some relief to borrowers.

Long-term CRE debt rates more closely follow the 10-year Treasury yield, which has declined since early 2025 but remains 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.

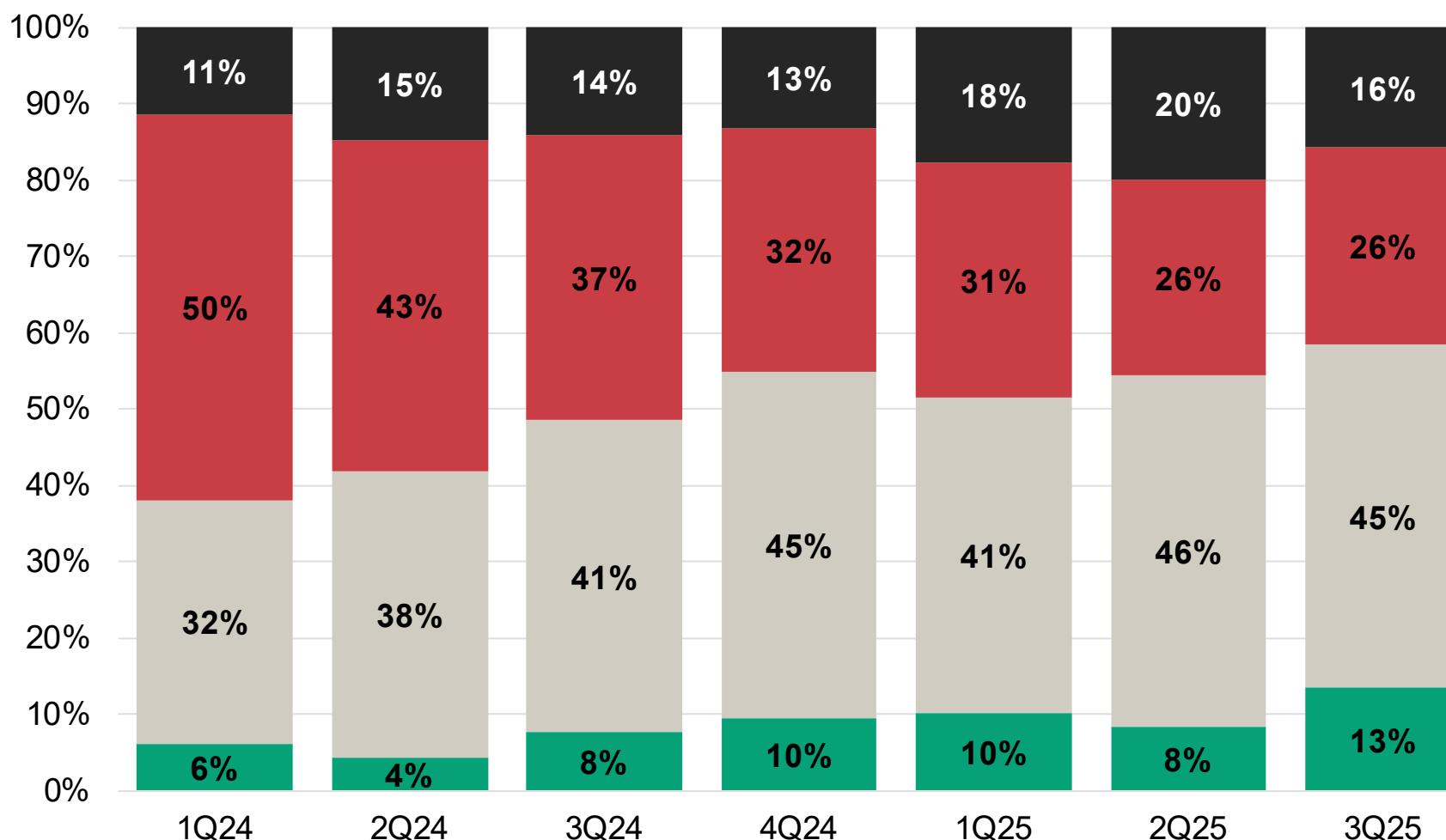
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)

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Access to capital is improving but remains a major constraint for CRE investors.

Access to Capital for Commercial Real Estate vs. Prior Quarter

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



45% of investors note unchanged capital conditions from last quarter as elevated rates and strict underwriting standards persist. As one investor says:

- “The 10-year Treasury needs to hit 3% to trigger an influx of capital across all sectors.”

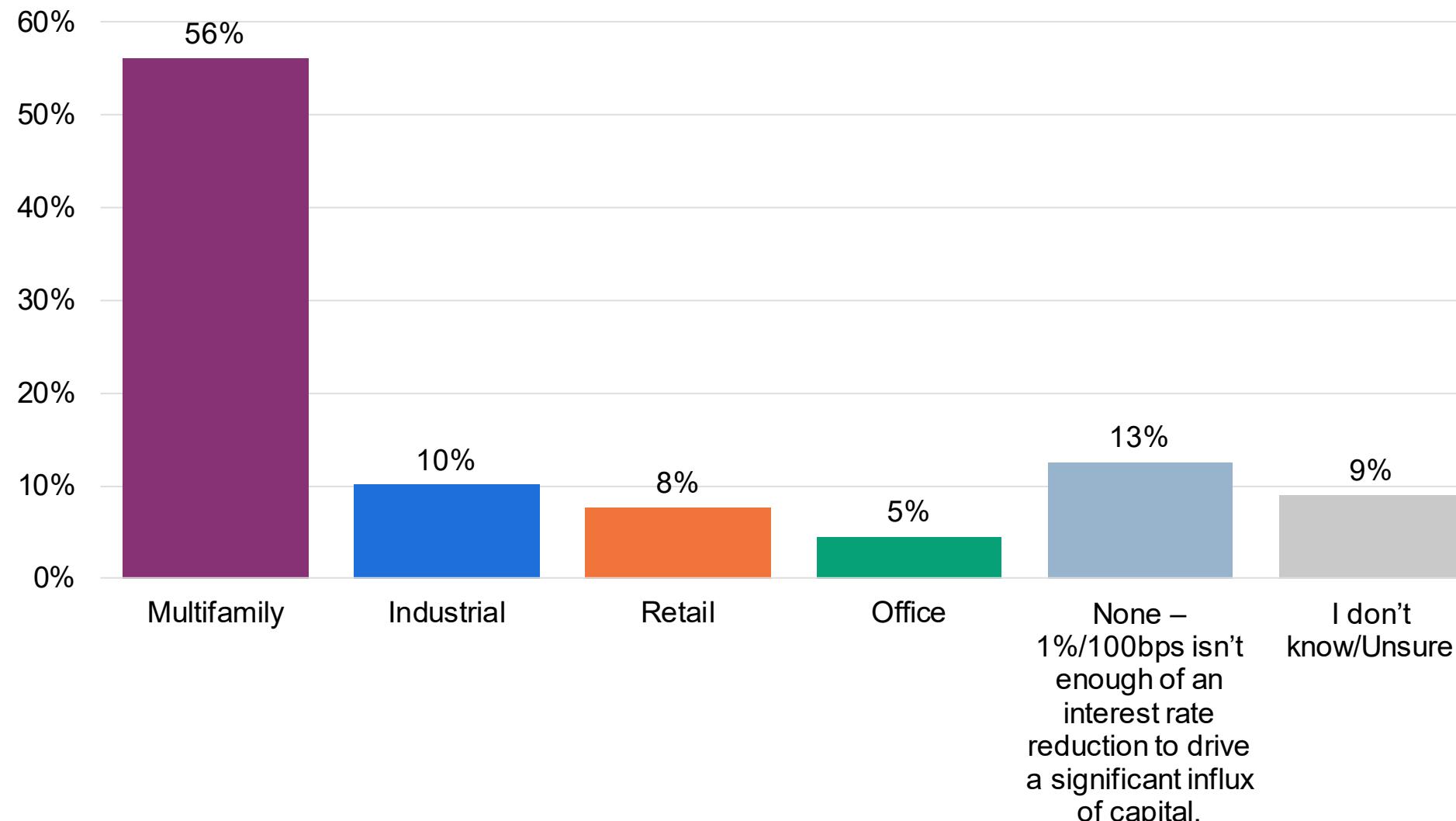
Roughly 1 in 6 CRE investors do not use outside capital.

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

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Investors believe the Multifamily sector would benefit the most from a 100 bps cut to the Fed Funds rate.

Which sector would benefit the most from a 100bps cut to the Fed Funds rate?



Investors believe the **Multifamily** sector would benefit the most from a 1% reduction in the federal funds rate.

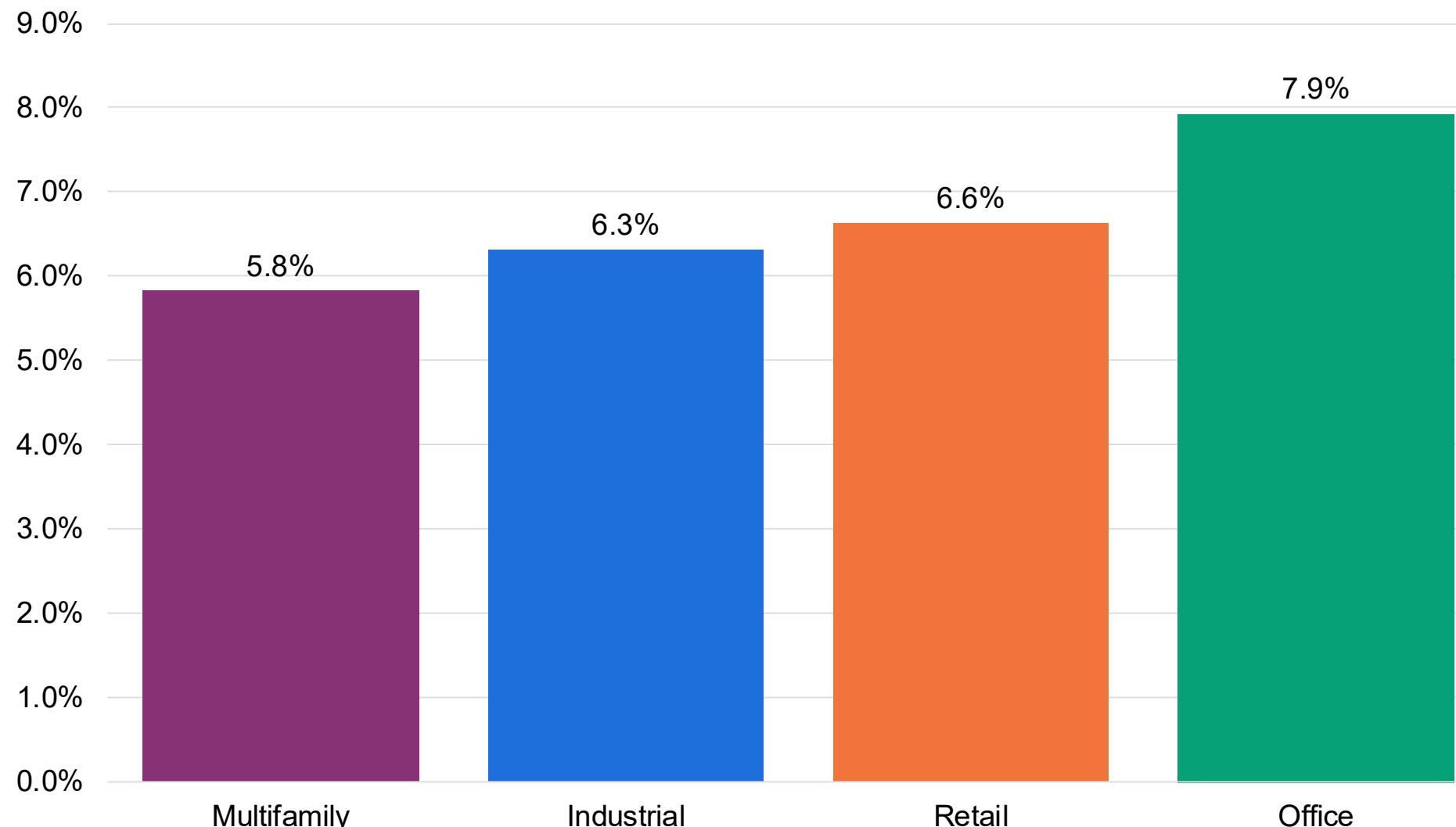
Multifamily financing relies more heavily on shorter-term and floating-rate loans than other CRE sectors. A reduction in the Fed Funds rate should immediately flow through to short-term rates.

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

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Current cap rates are the lowest in the Multifamily sector at 5.8% and the highest for Office at 7.9%.

What are typical cap rates in the sectors you operate in today?



Structural demand declines in **Office** (remote/hybrid work) keeps cap rates elevated relative to other CRE sectors.

Note that cap rates can range considerably by property type within a sector (Class A/B/C, Core/Core+/value-add).

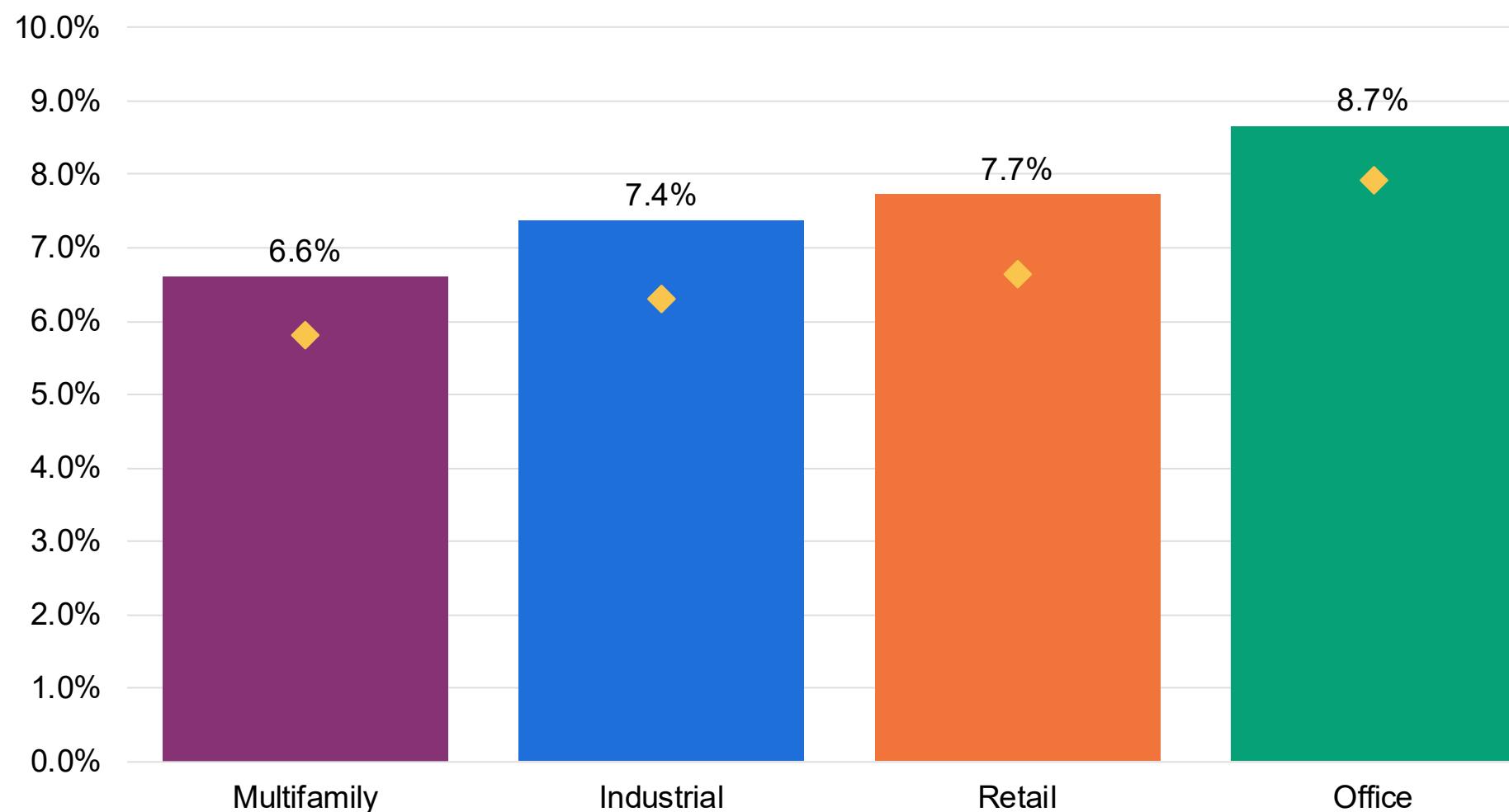
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)

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Across all sectors, current cap rates are too low for investors to aggressively deploy capital.

At what cap rate would you aggressively deploy capital in the sectors you operate in today?

◆ Current cap rates



At current interest rates, investors would need cap rates to increase ~90 bps on average to aggressively deploy capital in their sector.

This level of cap rate increase would require a ~10%–15% decline in asset values, which CRE investors are not expecting (see [page 9](#)).

As one investor notes:

- “There is currently a negative spread between cap rates and the cost of capital.”

Expect CRE activity to remain muted in the near-term, barring significant rate relief.

Commentary from CRE investors

Tariffs, inflation, and other headwinds

“I remain concerned with how tariffs will impact new construction, and how current immigration policies will affect the labor force and occupancy in Class C properties.”

“Consumers will continue to be hammered by rising prices, job outlook concerns, health care costs, and other inflationary pressures.”

“I do tenant representation. The main area of concern is the cost of build-out, whether tenants are renewing or relocating. In 39 years hardly any of my tenants have had to pay out of pocket—but now they're starting to.”

“It has been very difficult with all the changes due to new absorption, shifting tenant profiles, and newly implemented laws.”

“Property insurance, inflation, crime, property taxes, and utilities are the top 5 issues today. Solve these—driving them flat or lower—and the market will take off with more investment.”

Interest rates, equity and capital

“The 10-year Treasury needs to hit 3% to trigger an influx of capital across all sectors.”

“Short-term rate changes are not going to affect 10-year Treasury yields. Until the 10-year T-bill drops by 50 bps, conditions will remain the same for the balance of the year.”

“There is currently a negative spread between cap rates and the cost of capital.”

“The debt market is significantly more liquid than it was a year ago, but the equity market has pulled back a lot.”

“It is very difficult to raise equity with institutional partners. Once that changes, values should increase.”

“Interest rates will not be lowered soon enough to positively impact cap rates and property values.”

“I doubt lower rates will materially impact cap rates, since I don't expect long-term rates to remain flat.”

“Lowering short-term rates may negatively affect longer-duration debt (steeperen the yield curve).”

Awaiting opportunity

“This feels like a ‘wait and see’ moment for multifamily. Basis, current yield, and operations are critically important in 2025 and 2026. This cycle is still in its early innings compared to the GFC (Global Financial Crisis). 2021 loan maturities have not yet materialized in a meaningful way.”

“The market will remain uncertain until the policy backdrop becomes less volatile.”

“Multifamily in some areas (South/Midwest) is, in many cases, available at bargain pricing that will prove to be fruitful investments in the 2026–2027 time frame.”

“Q3 may prove to be the cyclical low point for operating results, but it also sets the stage for outsized performance ahead.”

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	302	38%
Industrial	149	19%
Retail	153	19%
Office	126	16%
Other	70	9%
Total:	800	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.

Sample details

Responses by segment:



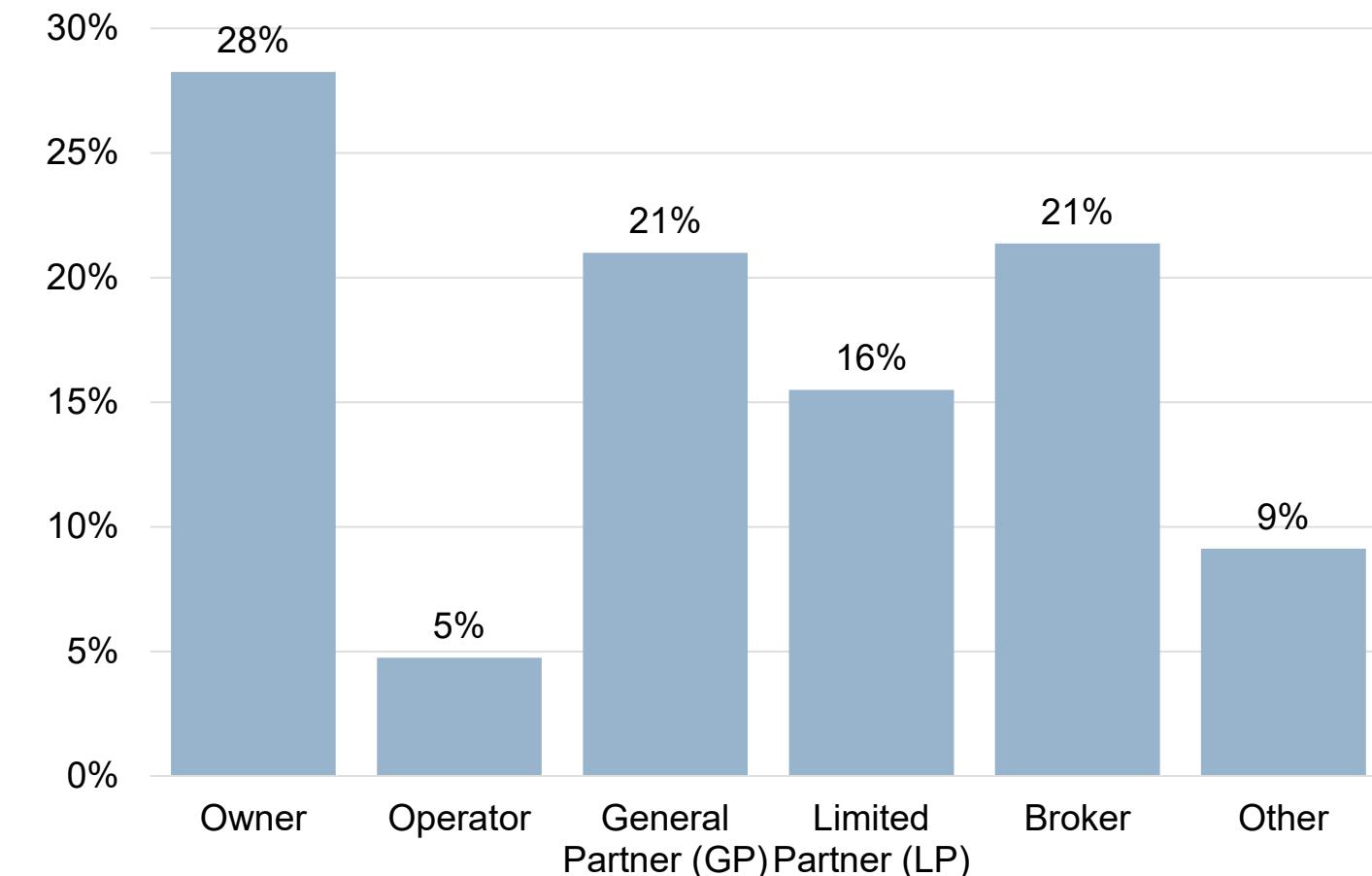
Multifamily	Industrial	Retail	Office	Other
38%	19%	19%	16%	9%

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: 17%
- Florida: 34%
- Midwest: 32%
- Northeast: 23%
- Northwest: 12%
- Southeast: 24%
- Southwest: 28%
- Texas: 32%

Primary Role



Contact the John Burns team

Report Analysis

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

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

About us

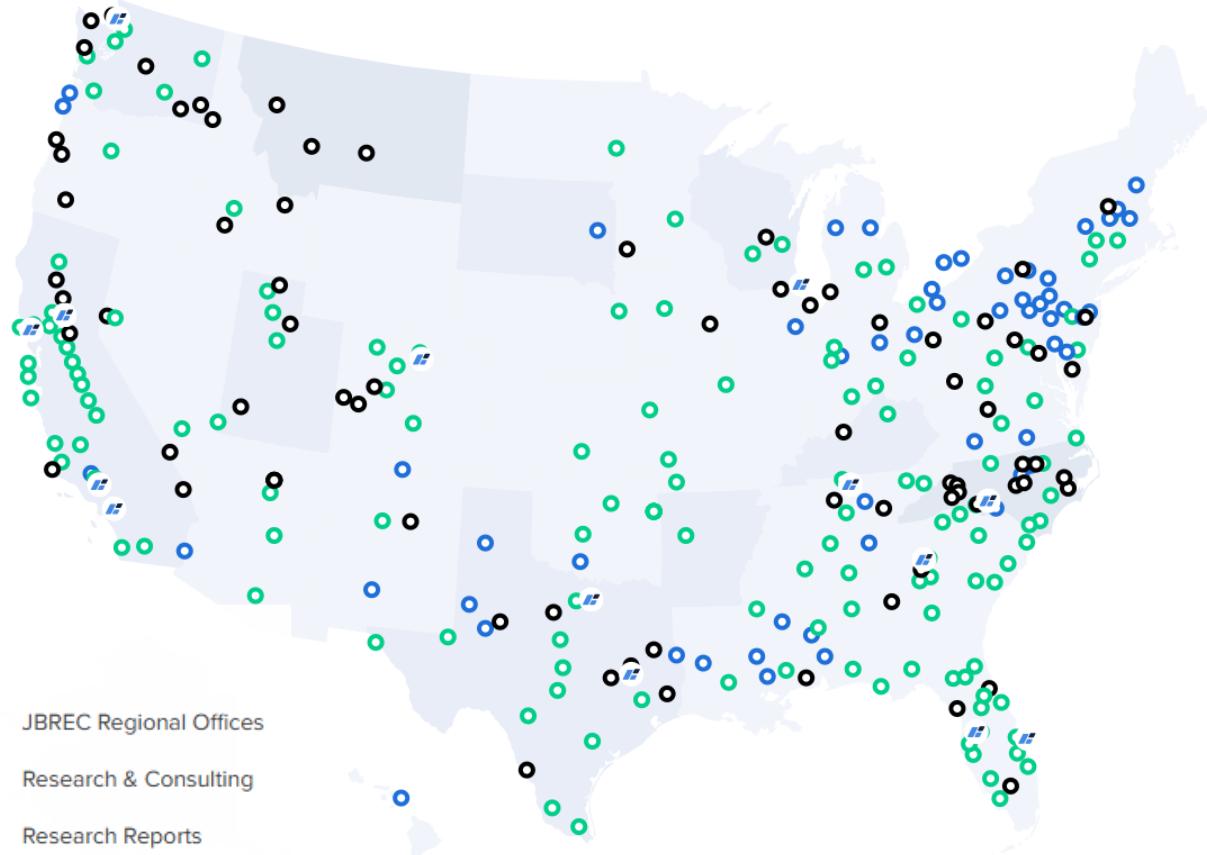
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