

3Q25 Commercial Real Estate Fear & Greed Survey Results

October 1, 2025



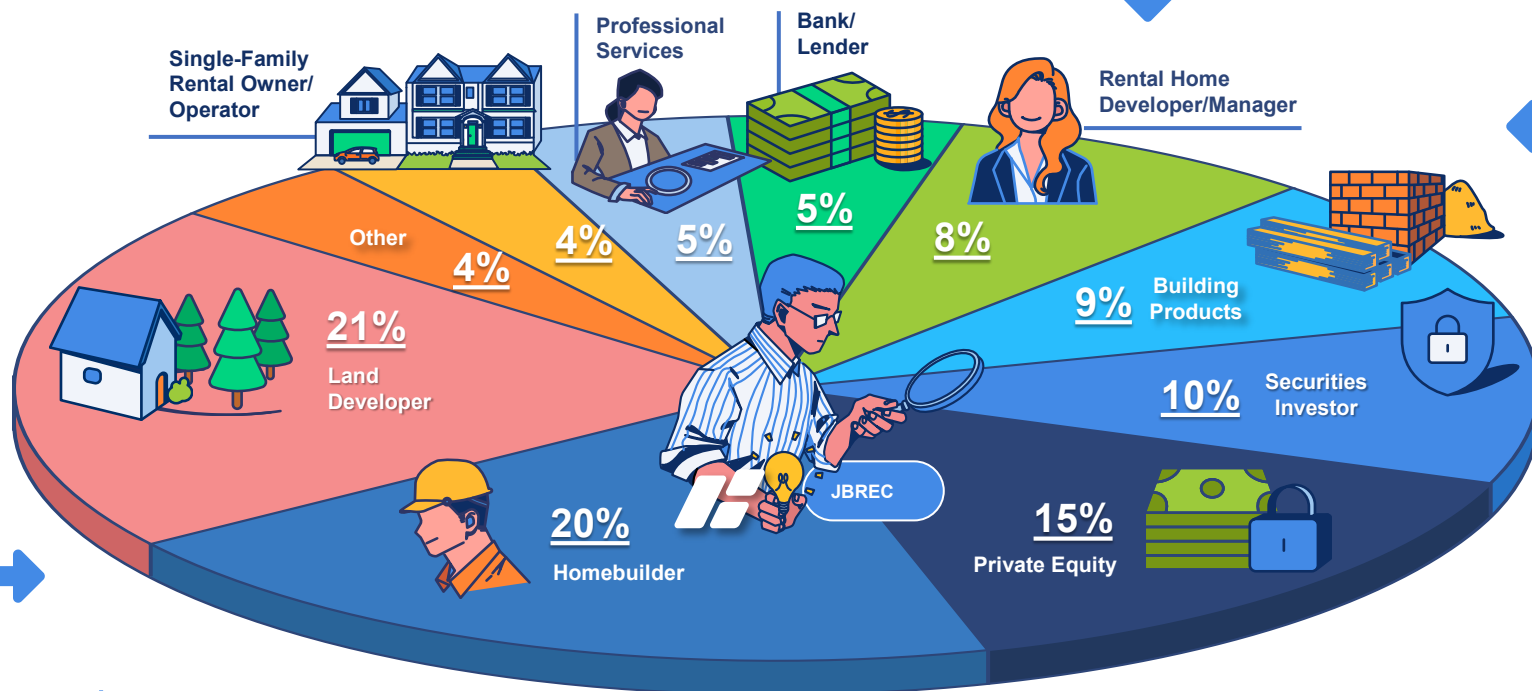
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We look at the real estate industry from every angle.



CLIENT CONFERENCES,
SPECIAL REPORTS &
WHITE PAPERS



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.



3Q25 Fear and Greed Survey (Commercial Real Estate)

JOHN BURNS
RESEARCH & CONSULTING

CRE Daily | Sponsored by
InvestNext

September 12, 2025



About the survey:

- **Goal: timely indicator of CRE investor sentiment + expectations**
- **500-1000 market ratings**
- **3Q25 survey period: 8/12 – 9/2**
- **4 commercial real estate sectors:**



Multifamily



Industrial

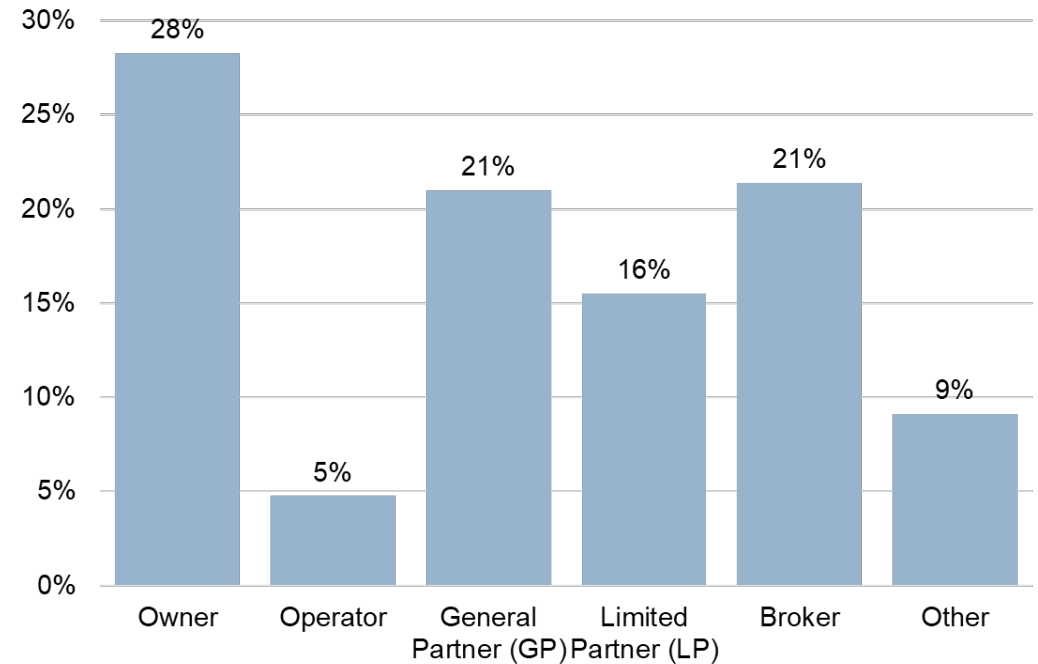


Retail



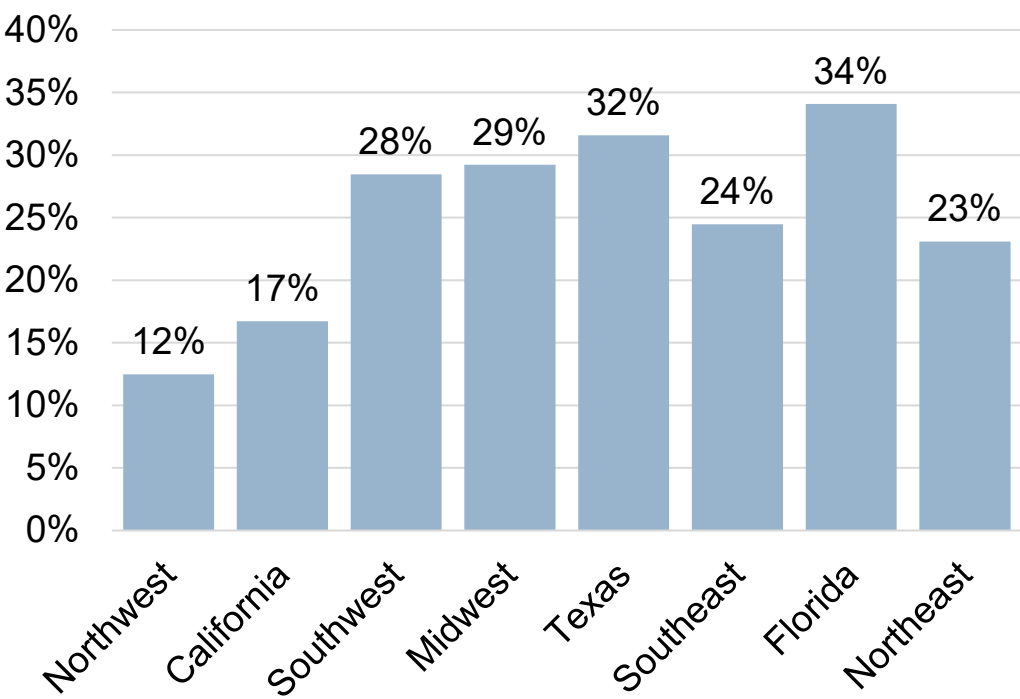
Office

Primary Role



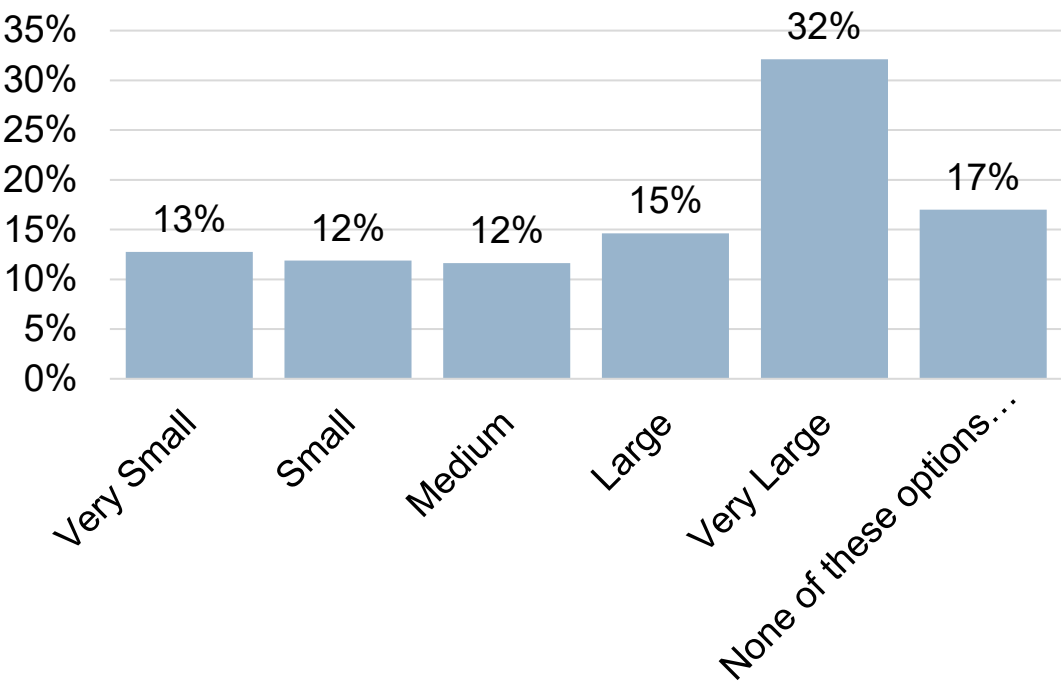
Our sample is geographically diverse and skews towards large CRE investors (100K+ sq ft or 151+ units)

Region



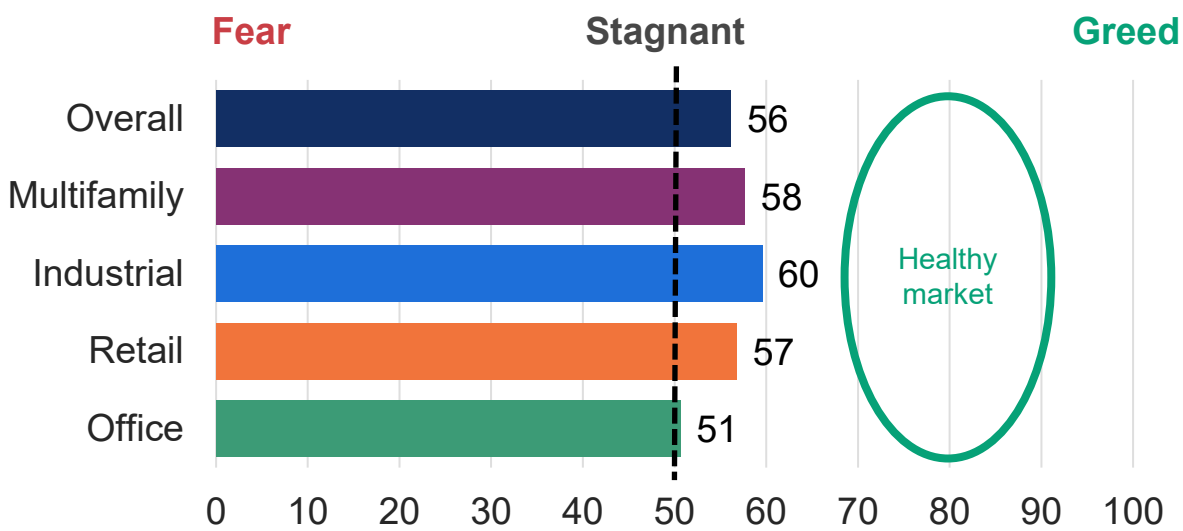
Participants can be active in multiple regions – will not sum to 100%.

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: Aug-25, Pub: Sep-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**

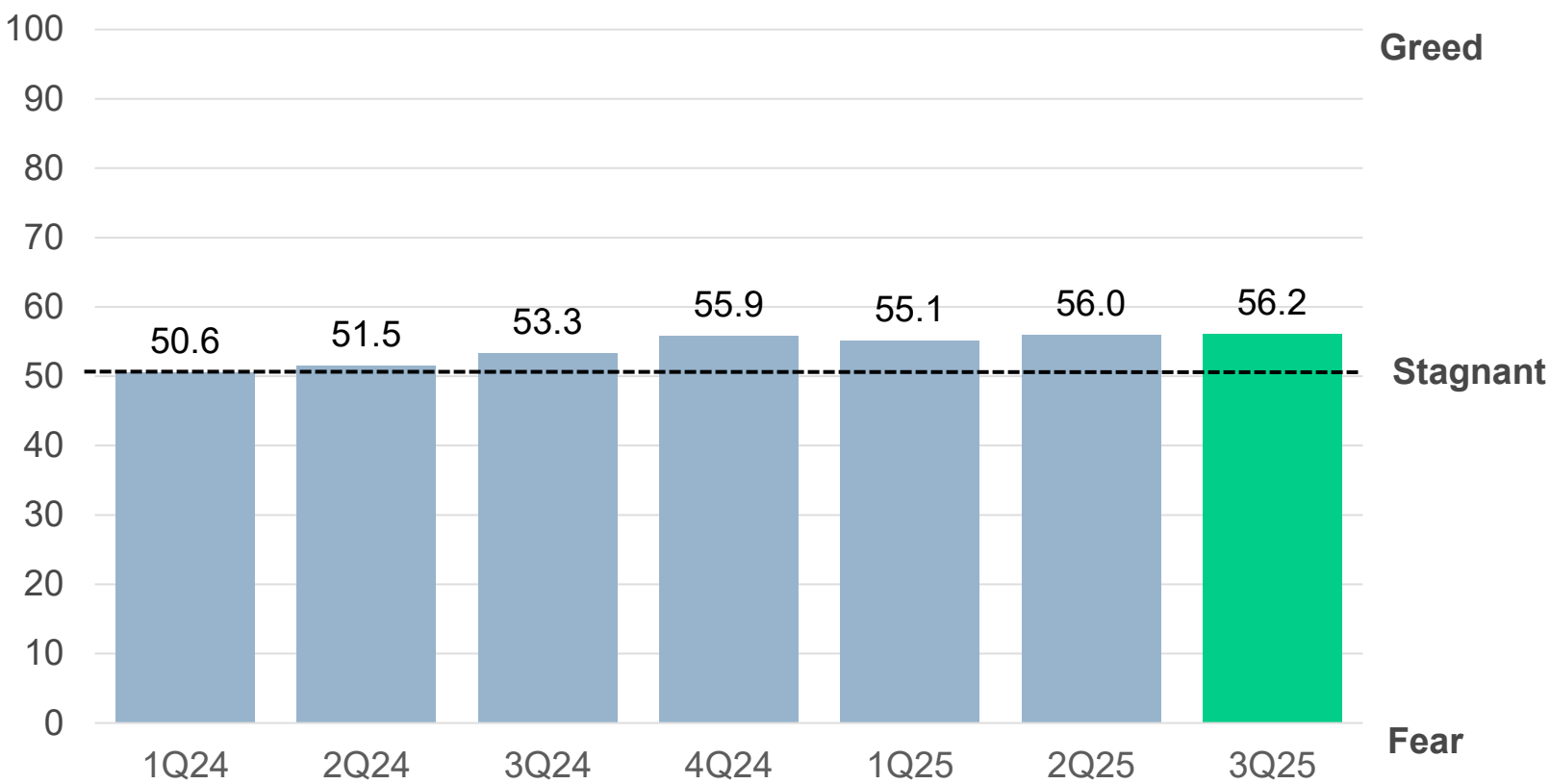


Access to Capital

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

CRE investor sentiment has been flat for the last year and a half.

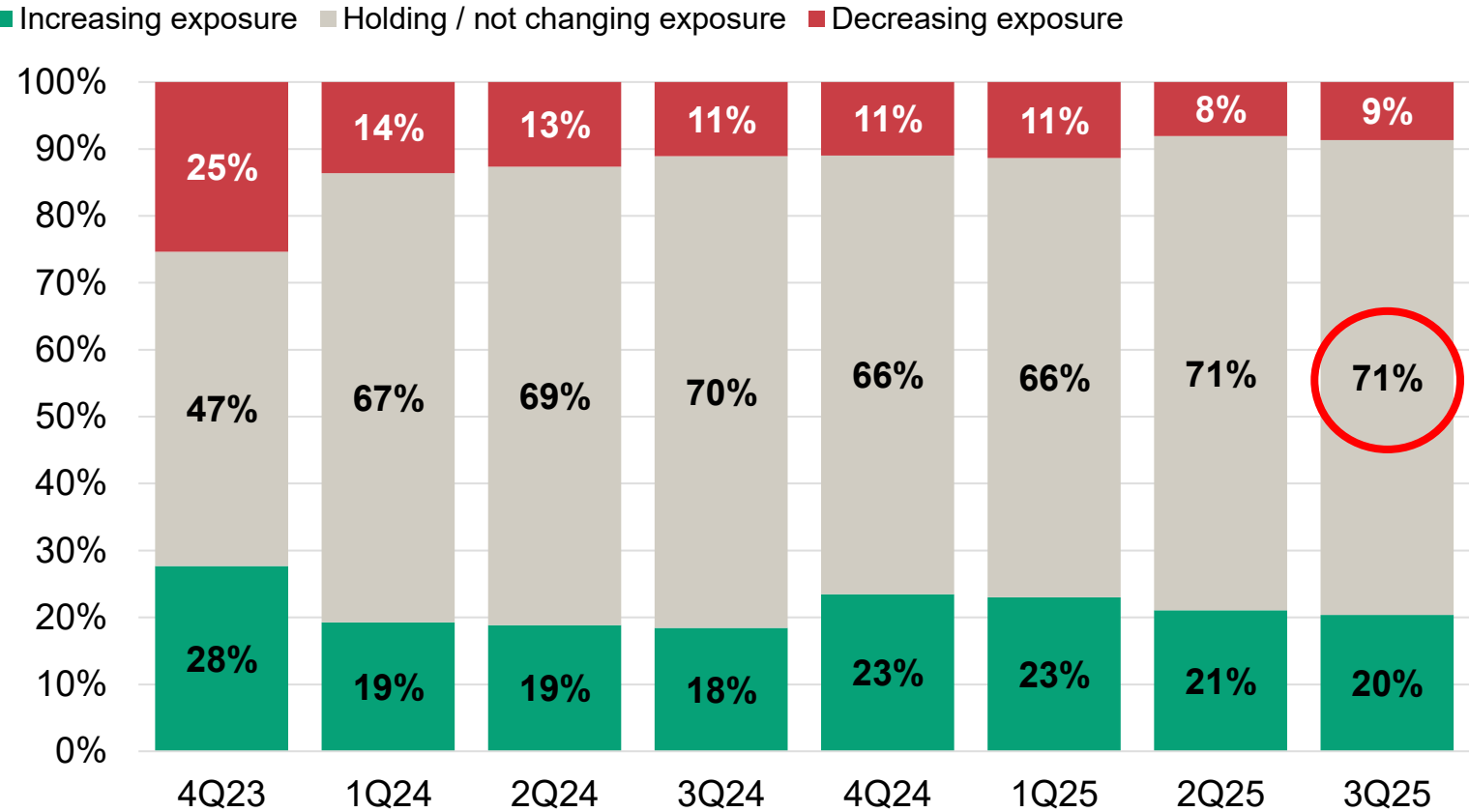
Burns + CRE Daily Fear & Greed Index



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

71% of commercial real estate investors are holding tight, flat from last quarter and still the highest in our survey's history.

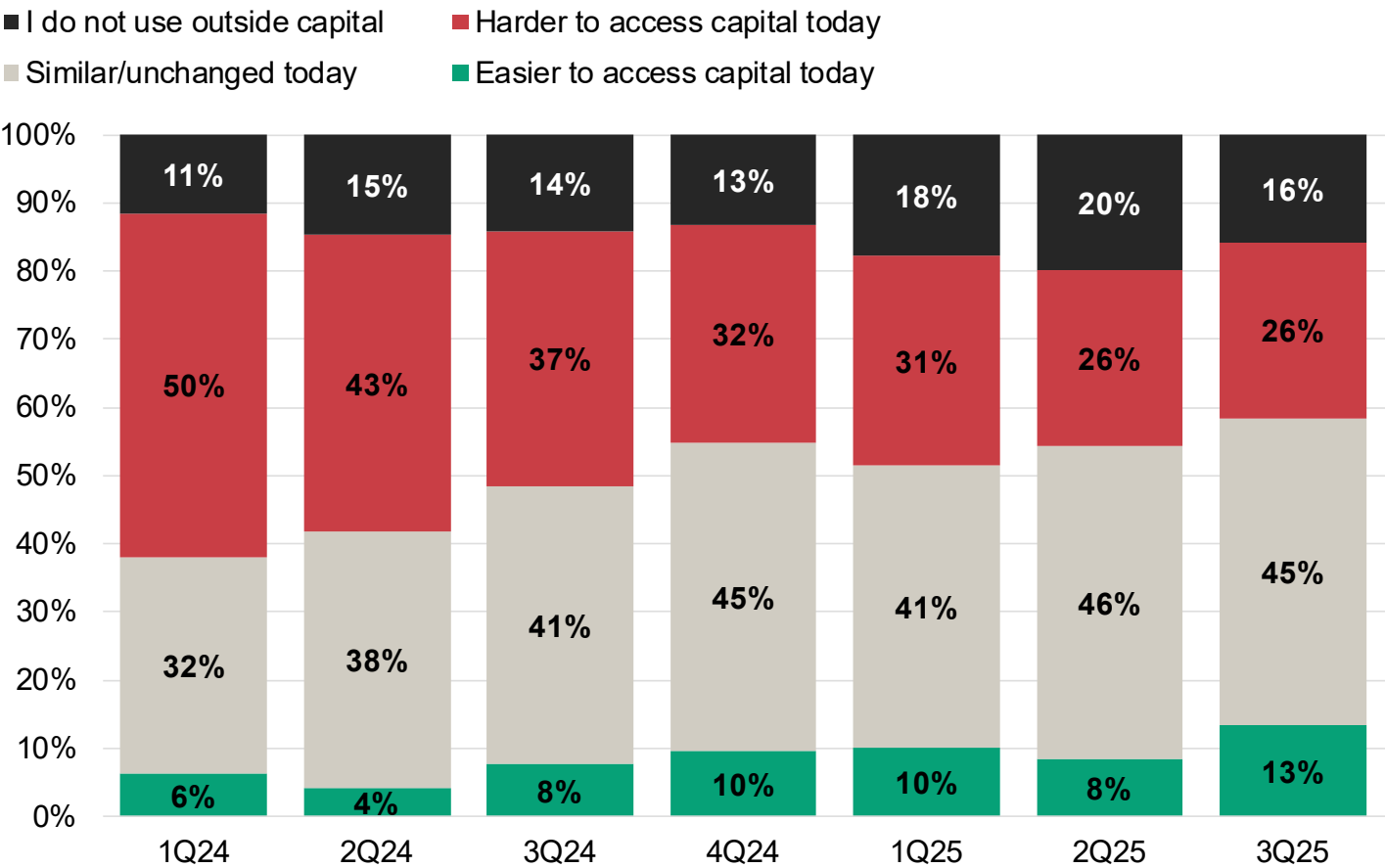
Current Commercial Real Estate Investment Strategy



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

Access to capital is still the rate-limiting step for CRE expansion.

Access to Capital for Commercial Real Estate vs. Prior Quarter

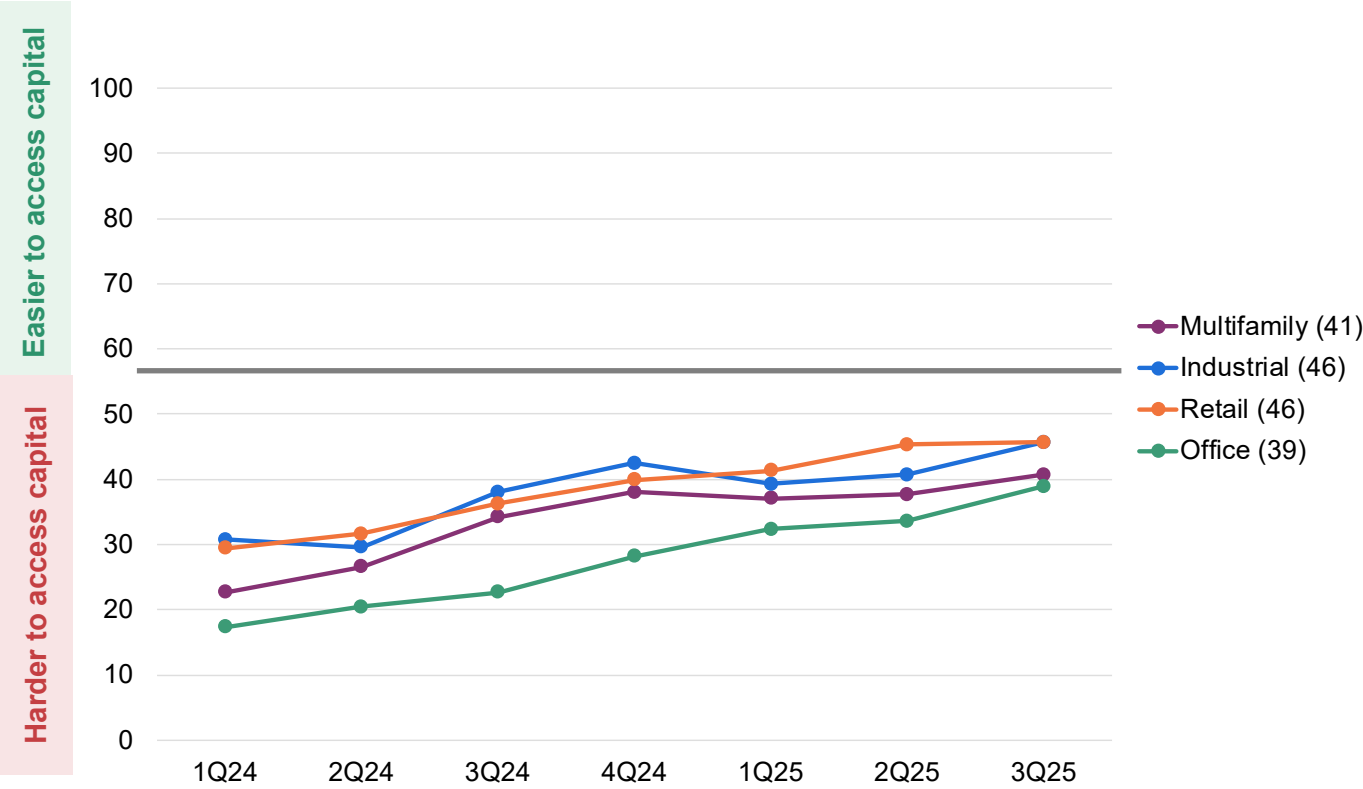


Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)



But across sectors, things are moving in the right direction.

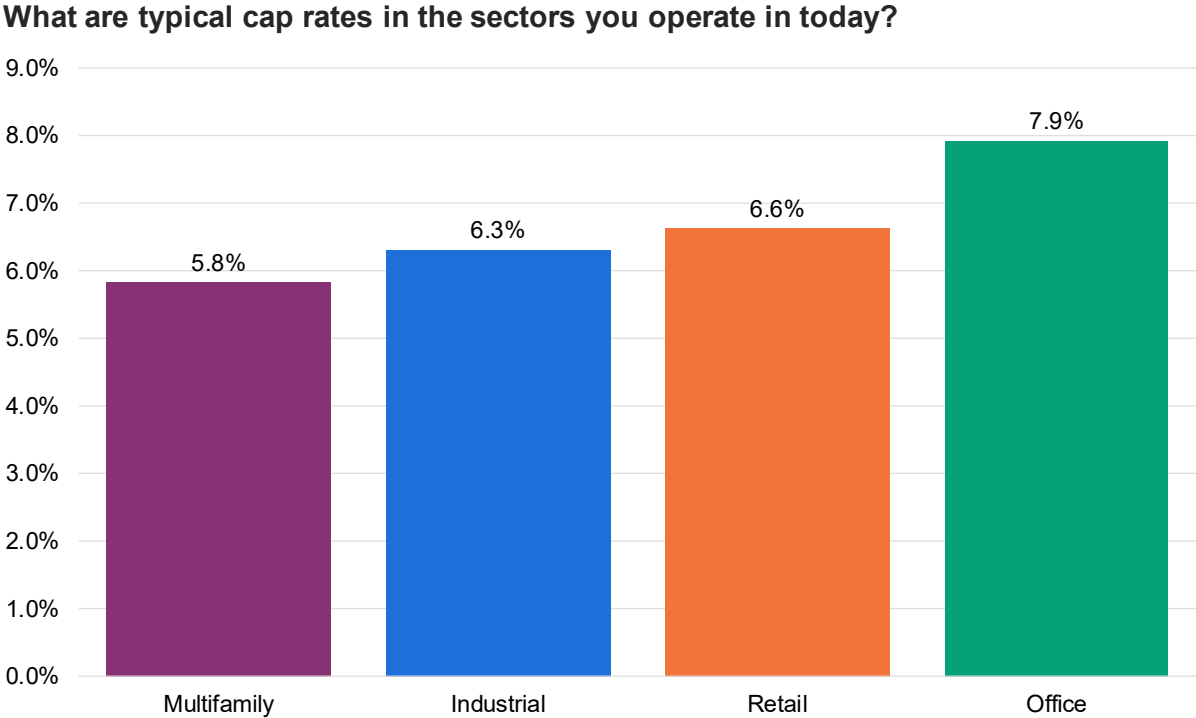
Access to CRE Capital Index



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)

We feature a few unique questions in each quarterly survey.

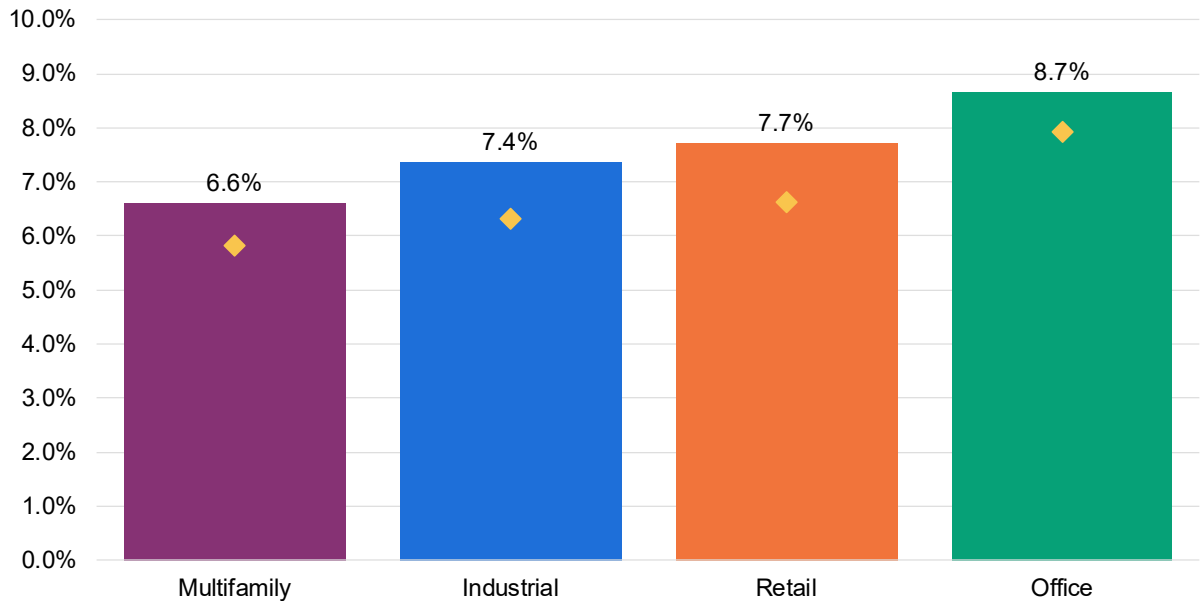


Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Aug-25, Pub: Sep-25)

Across sectors, investors would generally need a +100 bps increase in cap rates to consider aggressive expansion.

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

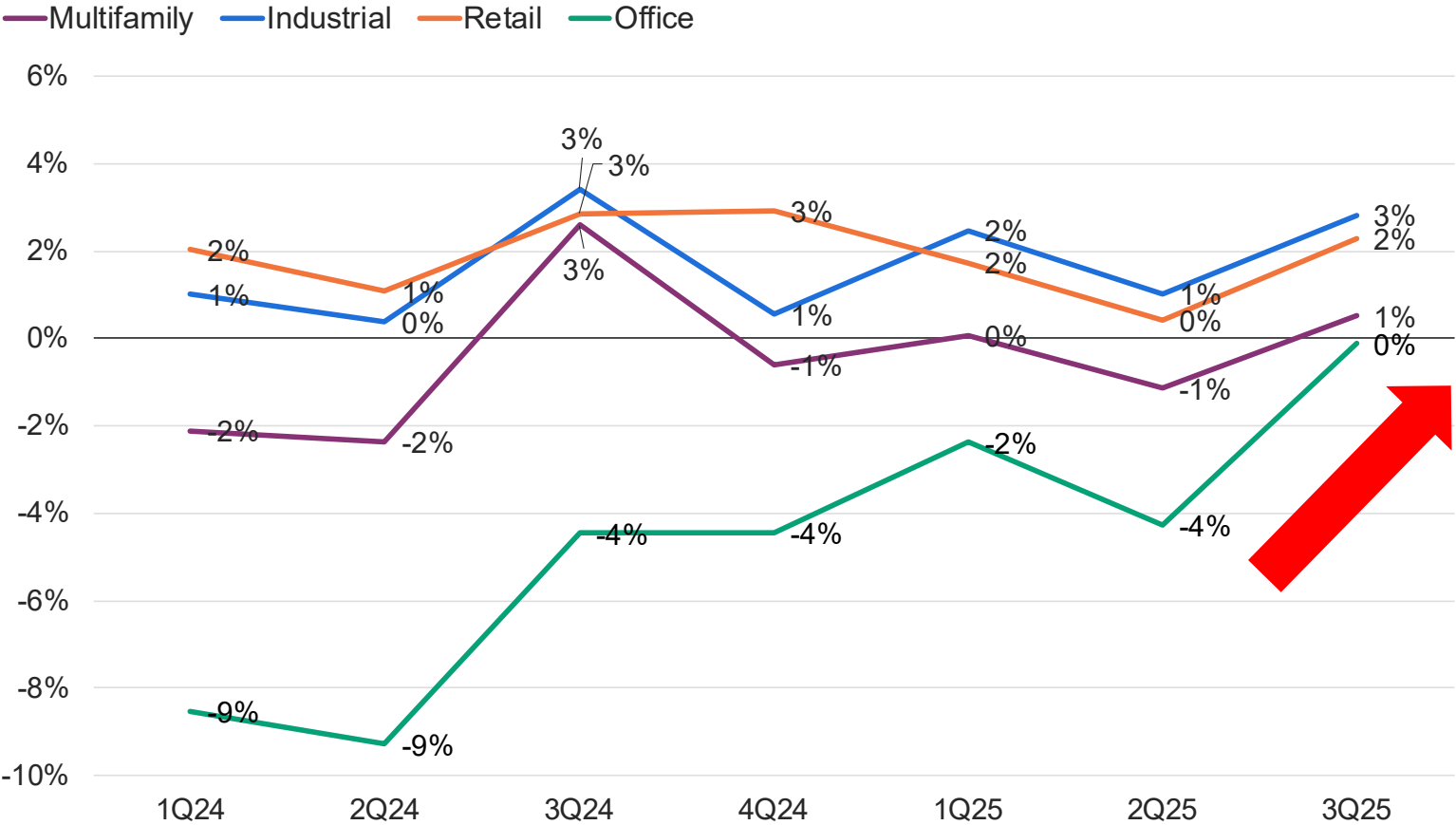
◆ Current cap rates



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

A 100 bps cap rate expansion would entail a ~10-15% drop in asset values, but investors don't expect any more near-term declines.

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



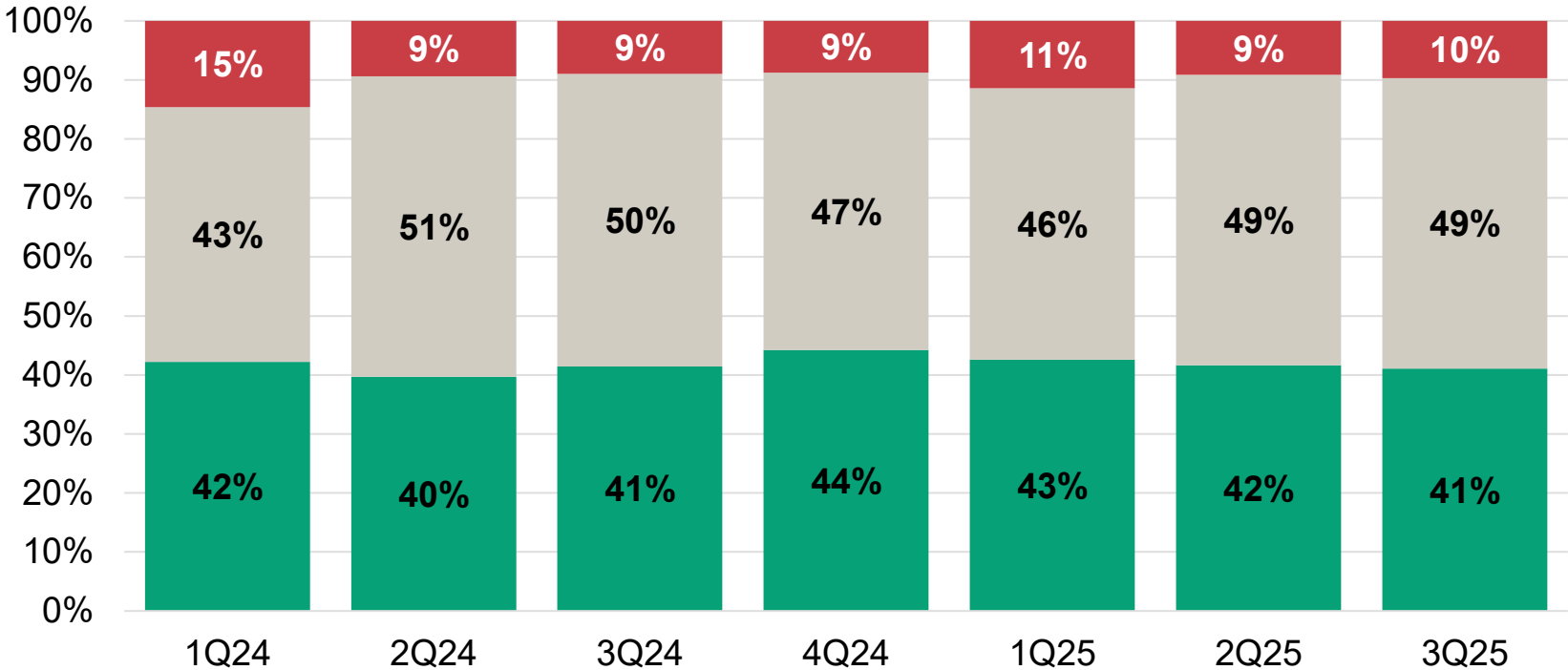
Office values may have bottomed out.

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

Expect activity to remain muted: ~50% of investors have no plans to increase their CRE investments in the near term.

Expected Commercial Real Estate Investment Strategy (Next 6 Months)

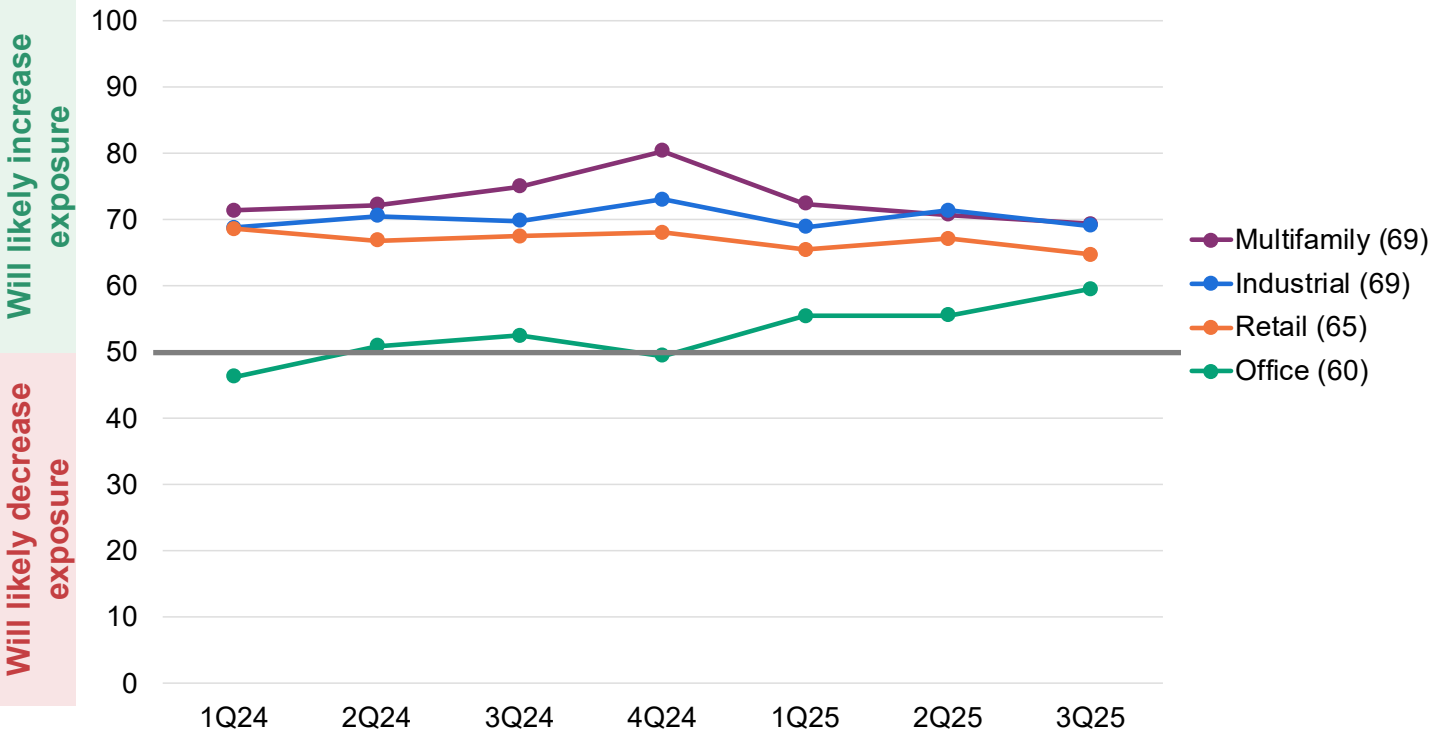
- I expect to decrease my investment exposure
- I expect to hold / not change my investment exposure
- I expect to increase my investment exposure





Multifamily and Industrial investors are the most optimistic in the near term, but sentiment declined slightly QoQ.

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



Retail optimism fell the most, as concerns over the labor market outlook and trade policy/goods inflation grow.

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.



Interest rates on long term debt are still too high for many deals to pencil.

Commentary from CRE investors:

“

“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.

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

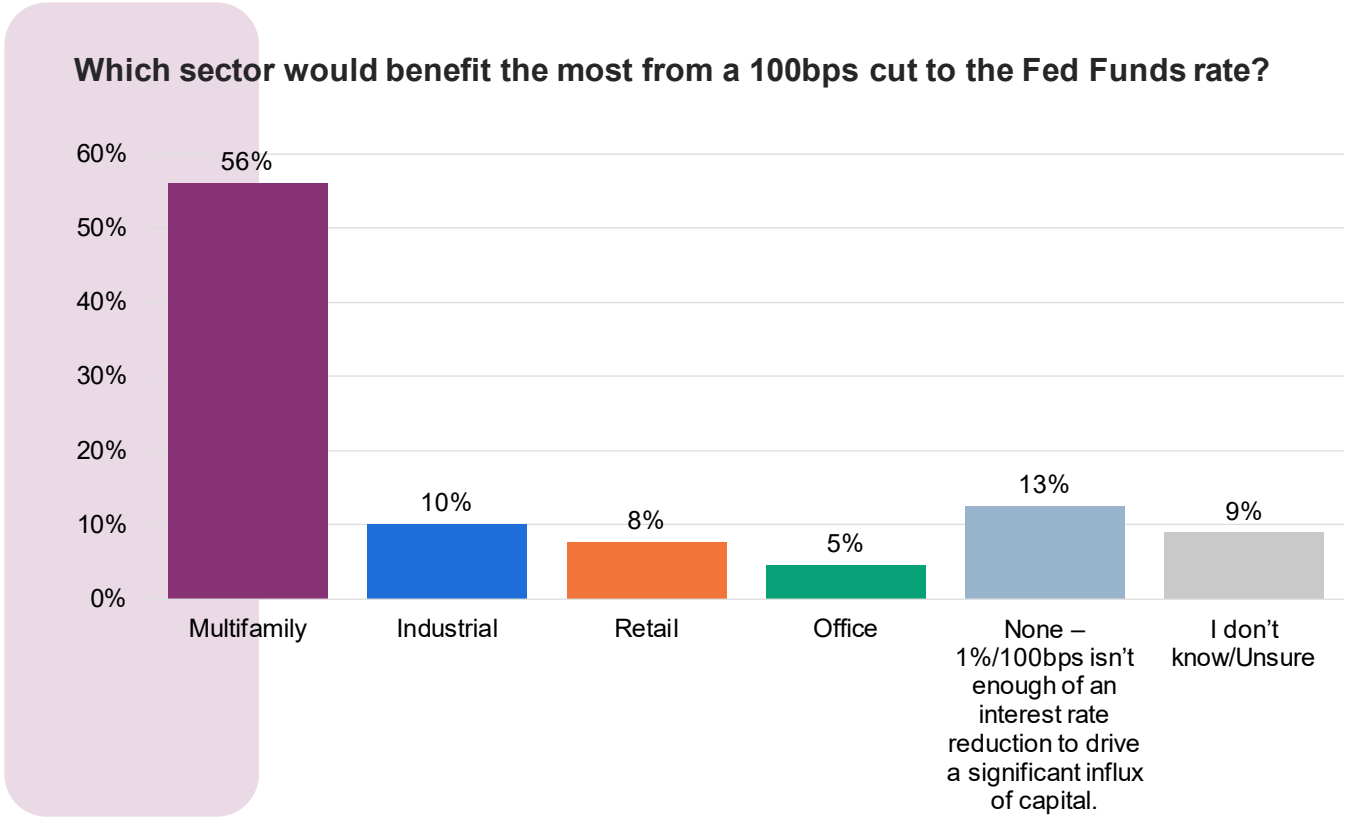
“There is currently a negative spread between cap rates and the cost of capital.”

“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 (steepen the yield curve).”

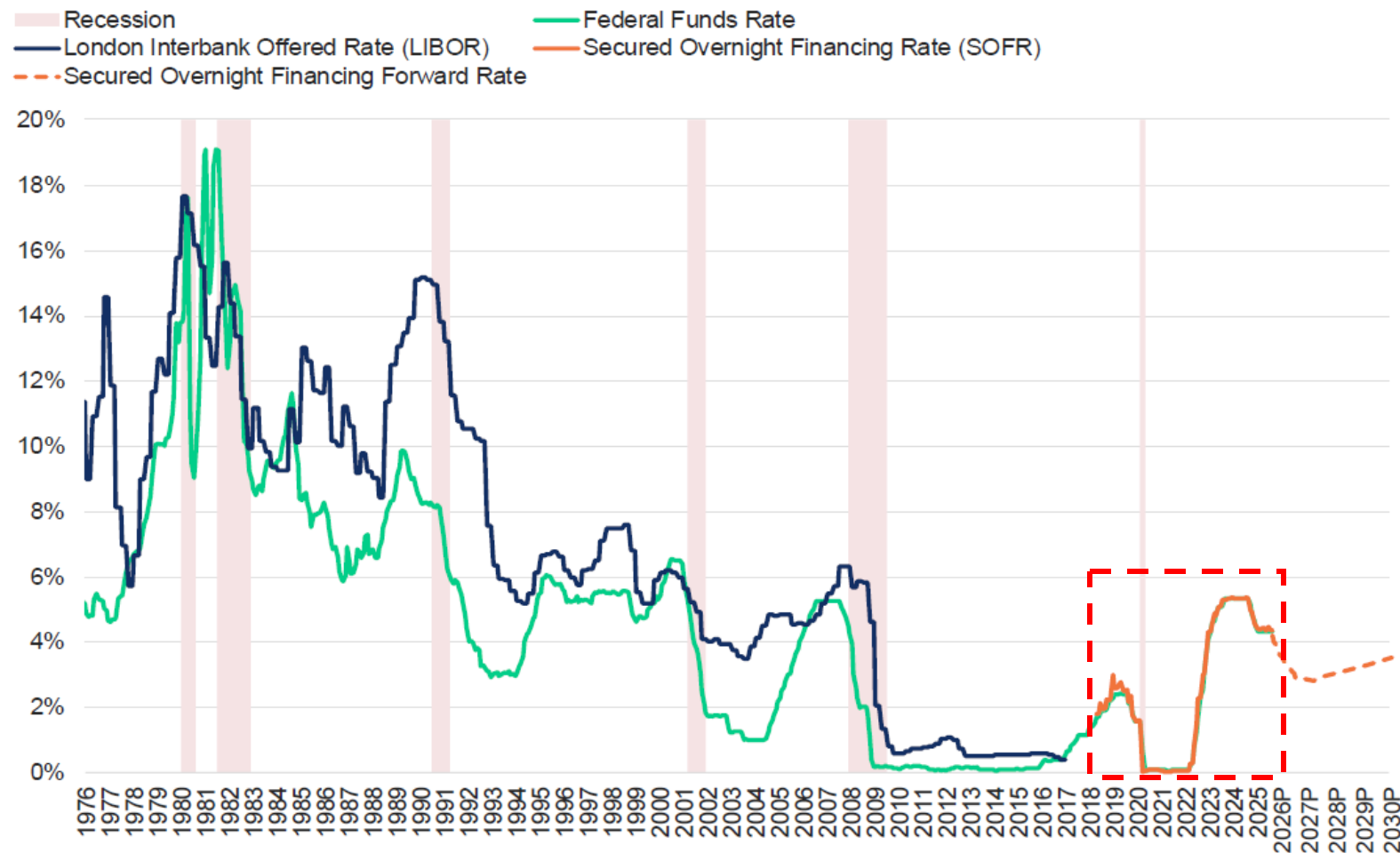
Investors overwhelmingly believe multifamily would be the biggest beneficiary of Fed rate cuts.



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

Multifamily relies more heavily on short-term debt tied to SOFR, which moves in lockstep with the Fed Funds rate.

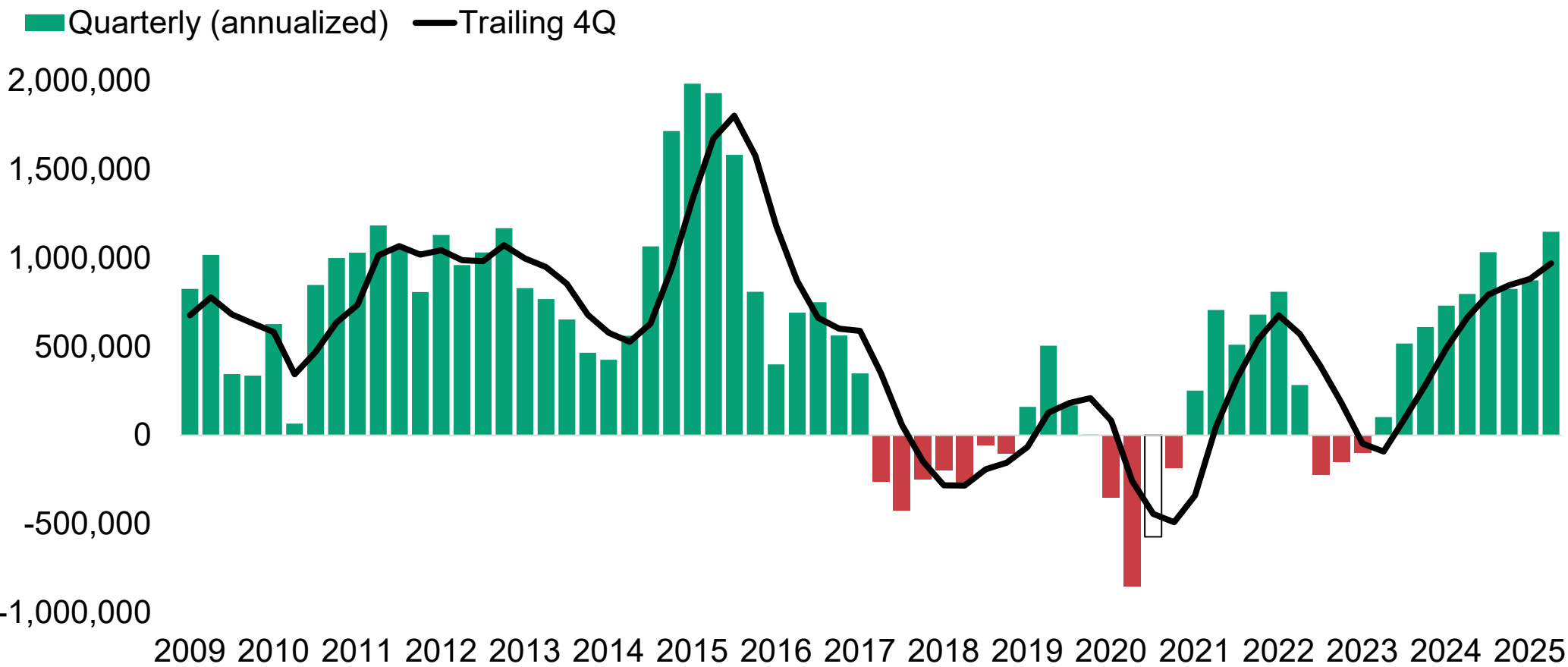
Secured Overnight Financing Rate



Sources: Bloomberg; Federal Reserve Bank of New York; John Burns Research and Consulting, LLC (Data: Aug-25, Pub: Sep-25)

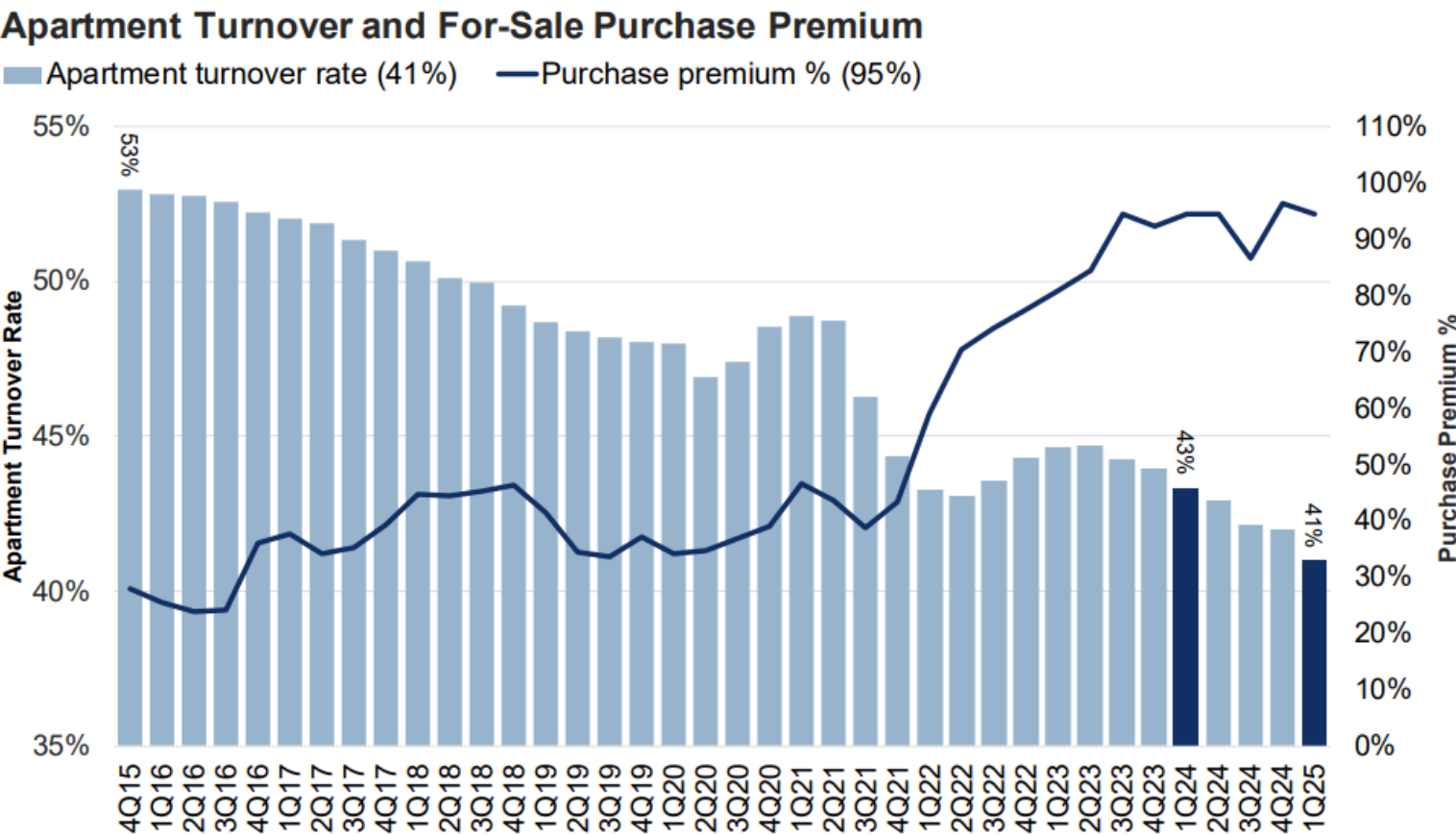
Renter households are surging, balancing stalled growth in homeowners.

US Renter Households: Net Growth/Decline



Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC (Data: 2Q25, Pub: Sep-25)

Poor for-sale affordability is keeping renters renting.



Purchase premium = Monthly ownership costs for an entry-level single-family home compared to the average monthly apartment rent.
Home payment, entry-level home (mortgage): 5% down payment, 30-year fixed-rate mortgage, PITI payment, plus mortgage insurance payment.
Ownership 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,
Source: John Burns Research and Consulting, LLC, Public Company Filings (Data: May-25, Pub: Jun-25)

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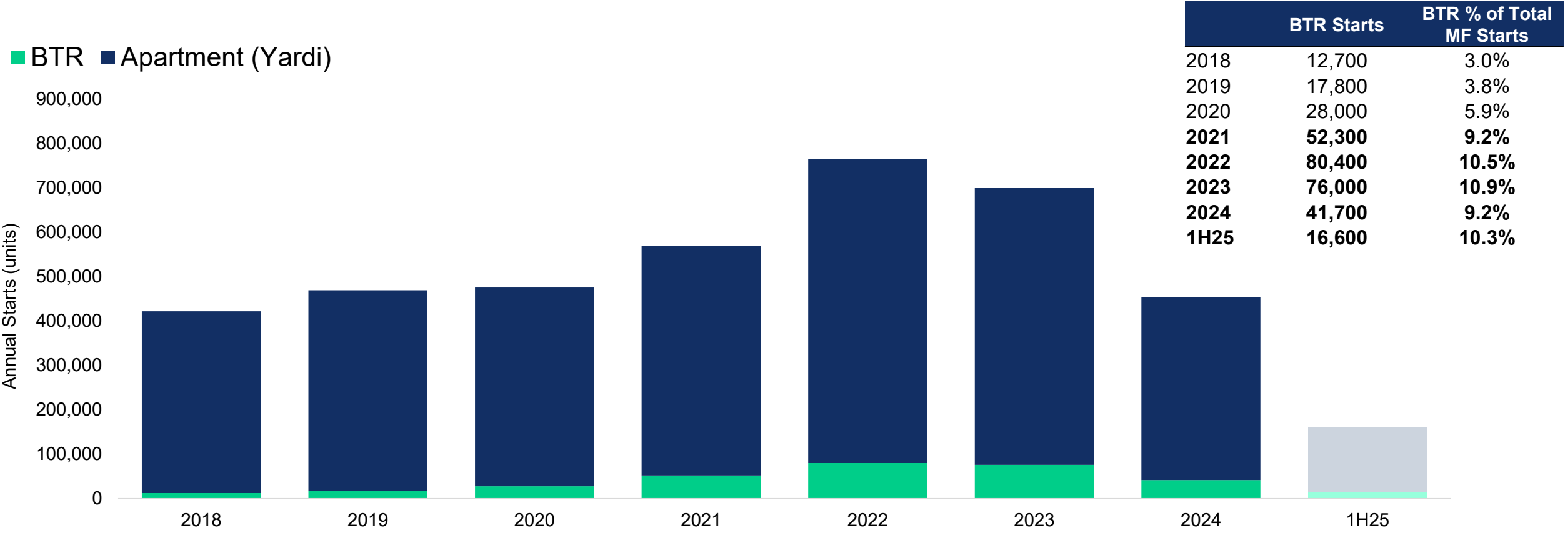
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Multifamily starts continue to slow, BTR taking a larger share

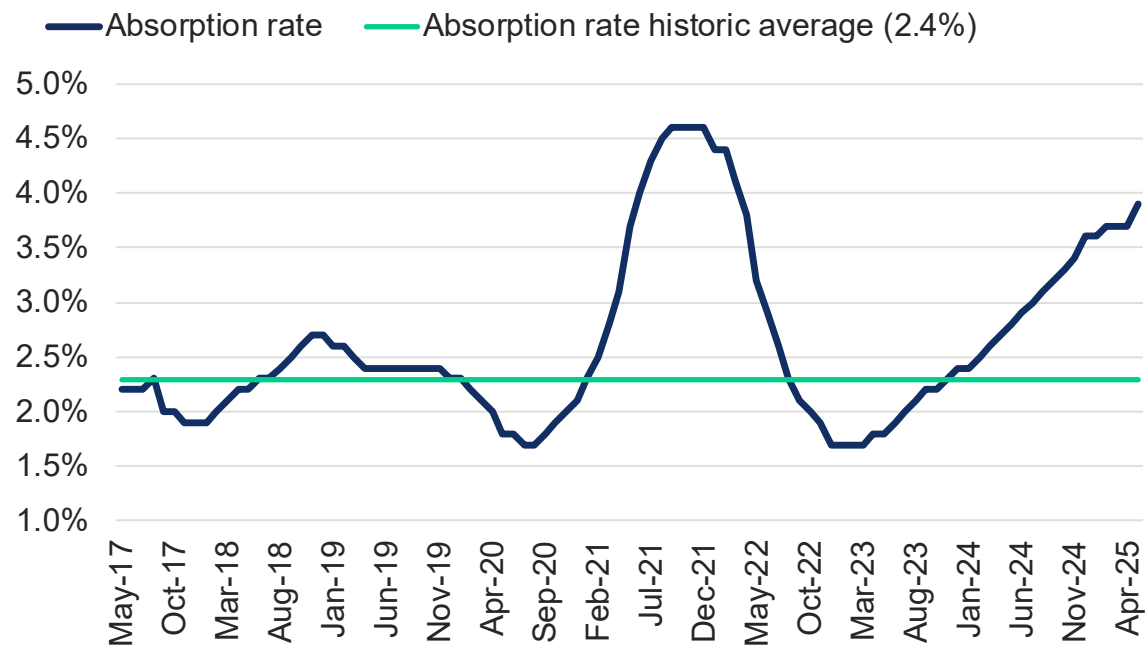


Note: JBREC defines Build-to-rent (BTR) as purpose-built communities with at least 25 units, including townhomes, single-family detached homes, single-level rowhomes, horizontal apartments/cottages, or a combination of multiple product types built after 1995.

Driven by strong rental demand, absorption has increased, but may be leveling off

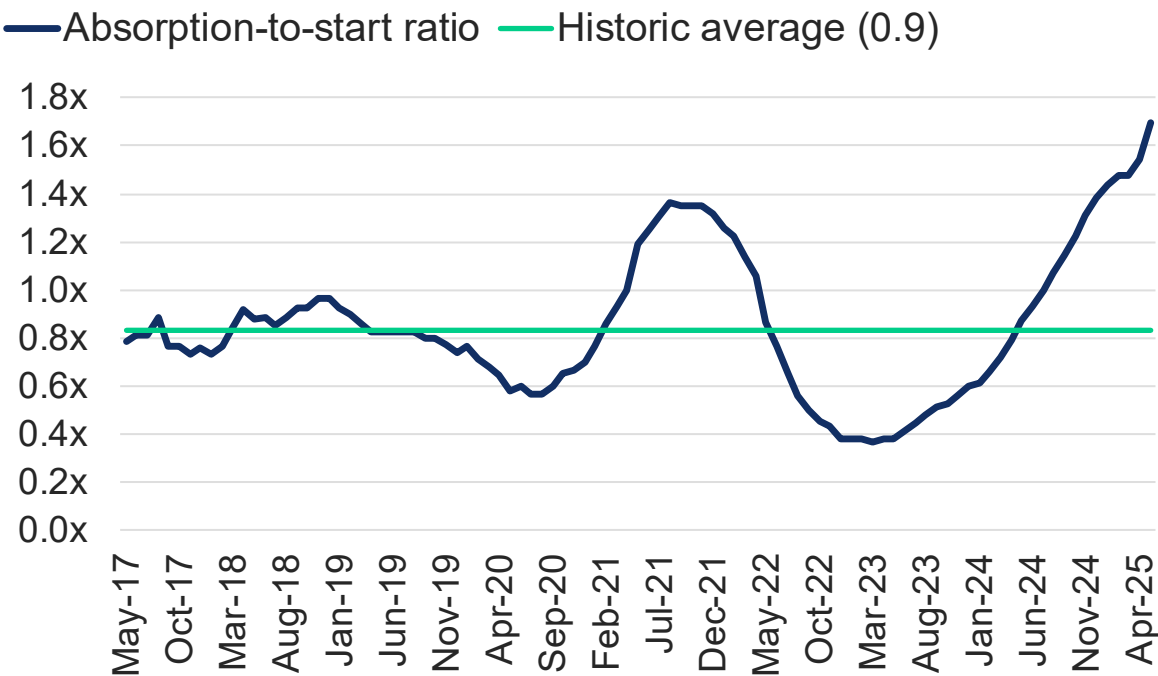
Apartment Units Absorbed

As percentage of existing units



Apartment Absorption-to-Start Ratio

TTM units absorbed / TTM units started



Sources: John Burns Research and Consulting, LLC; Yardi (Data: Jul-25, Pub: Sep-25)



If demand is strong and supply has come down why aren't we seeing rent growth?

Pre-Stabilized Properties Limit
Overall Multifamily Rent Growth

-CBRE

“Supply overhang”: After record South Florida apartment completions, lease-ups slow, concessions ramp up

-The Real Deal

Multifamily oversupply drives down US asking rents

-Mortgage Professional America



“We have seen the uncertainty and higher leasing pressure particularly impact the leasing velocity in our lease-up portfolio.”



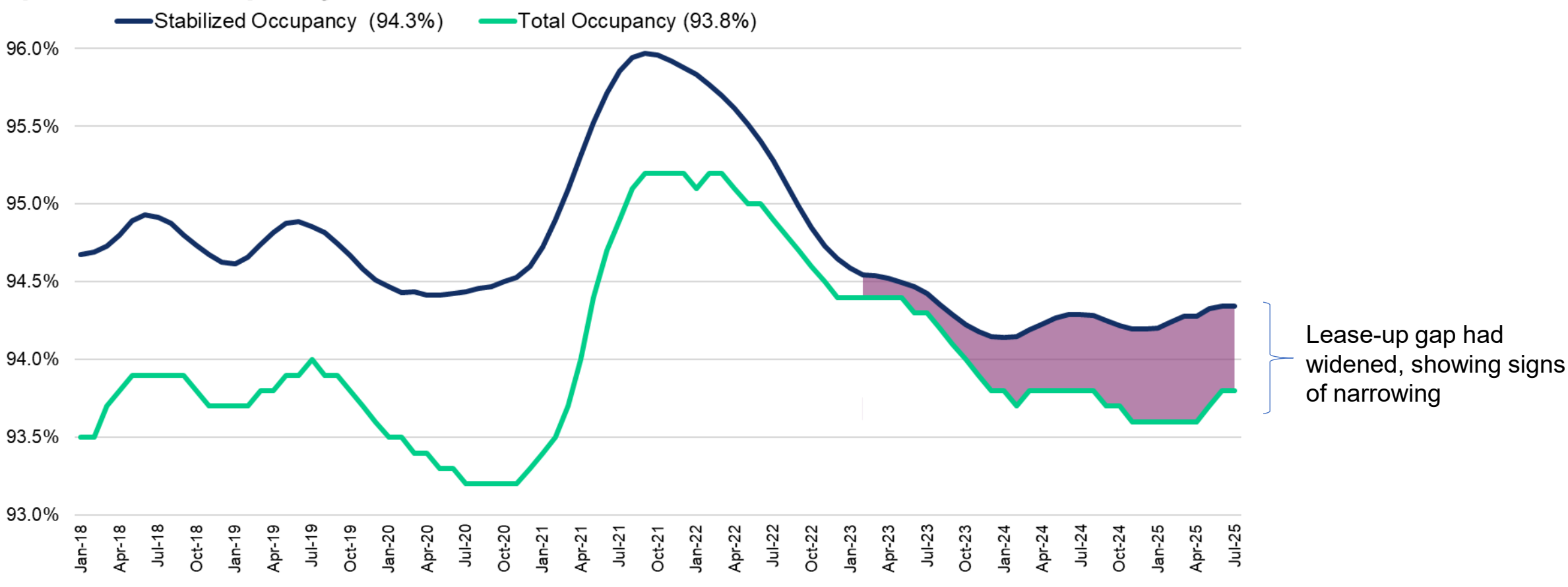
“We think the Sunbelt recovery is much more about absorption than about delivery dates and that the lease-up will take some time.”



Looking at our current lease-up activity, we now expect development NOI for the year to be modestly lower than our budget at the start of the year”

As deliveries peaked, the gap between stabilized and total occupancy has widened.

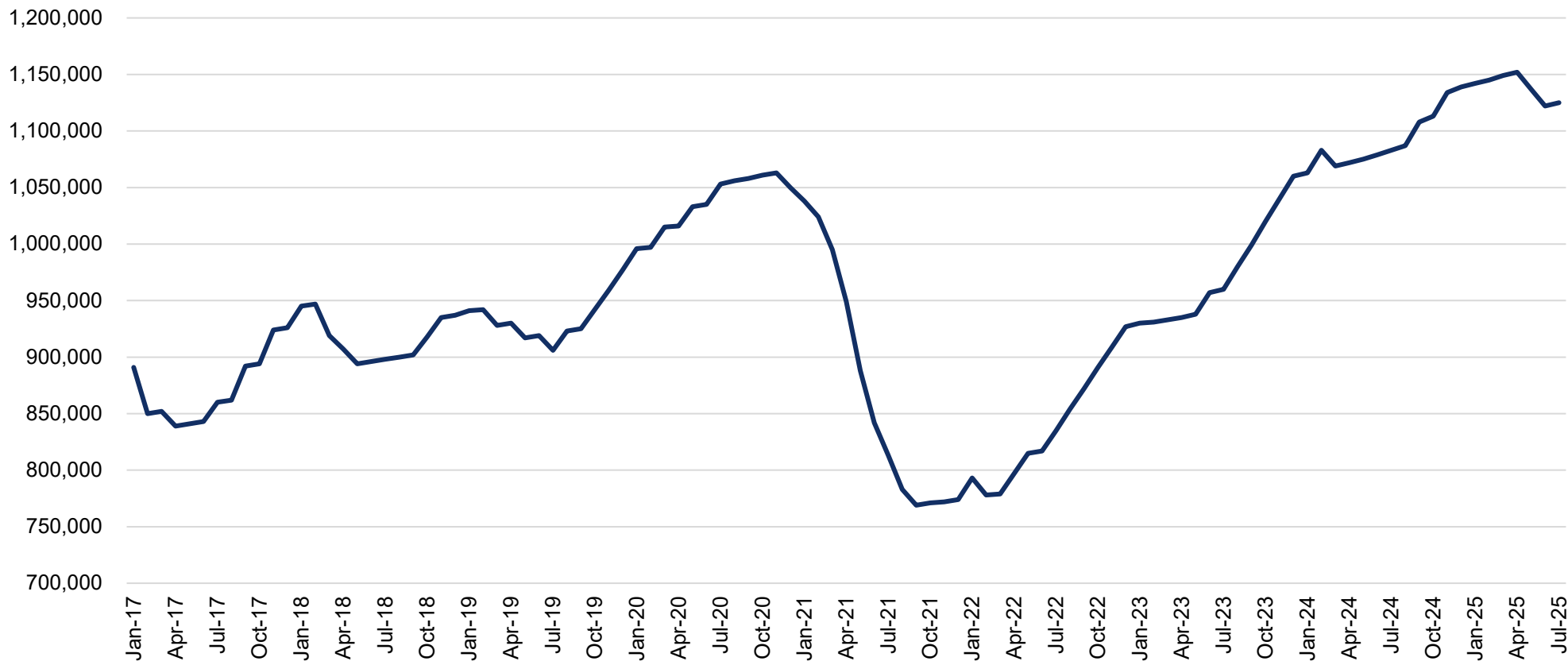
Apartment Occupancy



Sources: John Burns Research and Consulting, LLC; Yardi (Data: Jul-25, Pub: Sep-25)

Despite the strong demand, there's still a lot of rental inventory in the market.

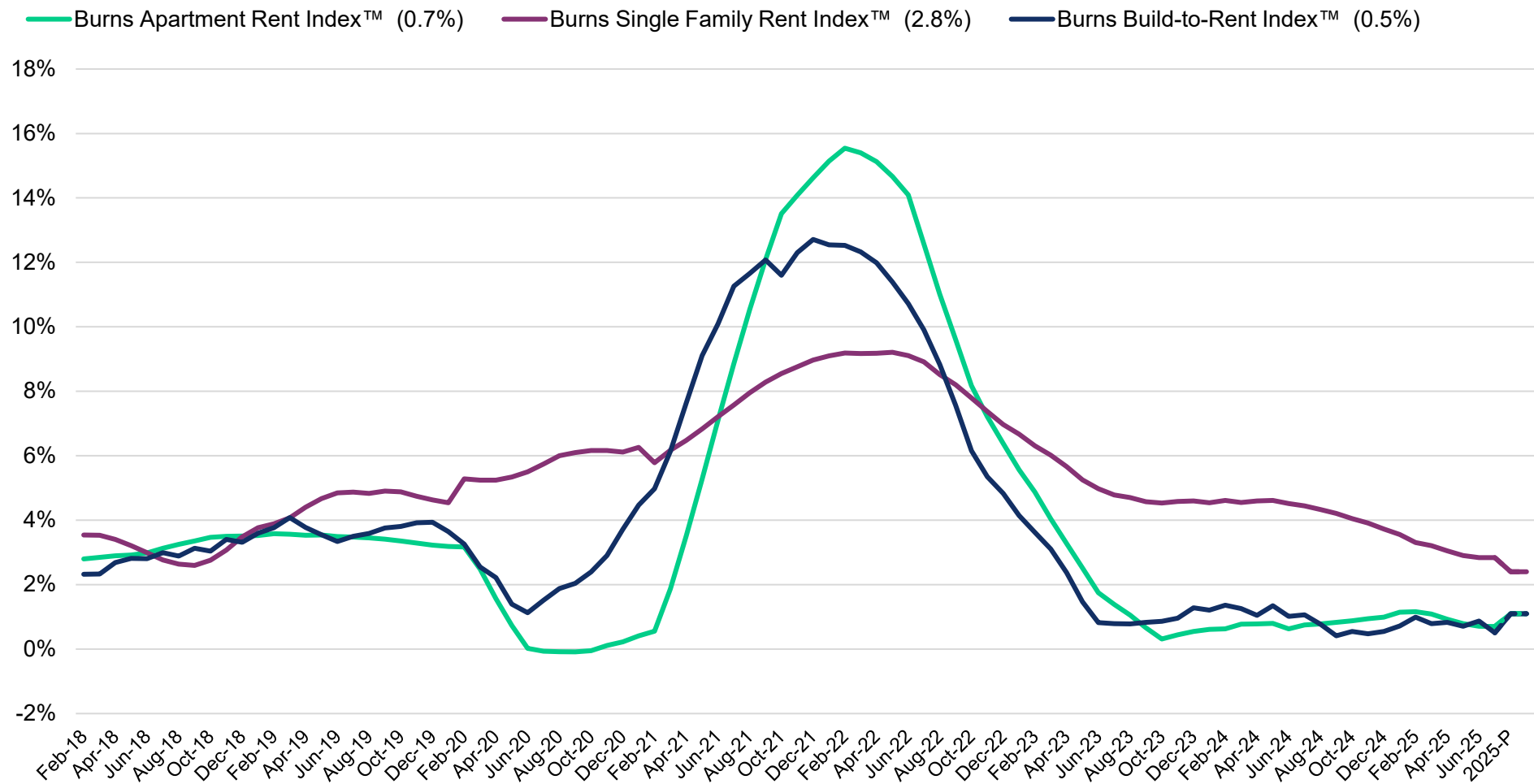
Total Vacant Apartment Units



Sources: John Burns Research and Consulting, LLC; Yardi (Data: Jul-25, Pub: Sep-25)

Rents are growing but still sluggish, due to elevated supply

National Rent Growth YOY Change

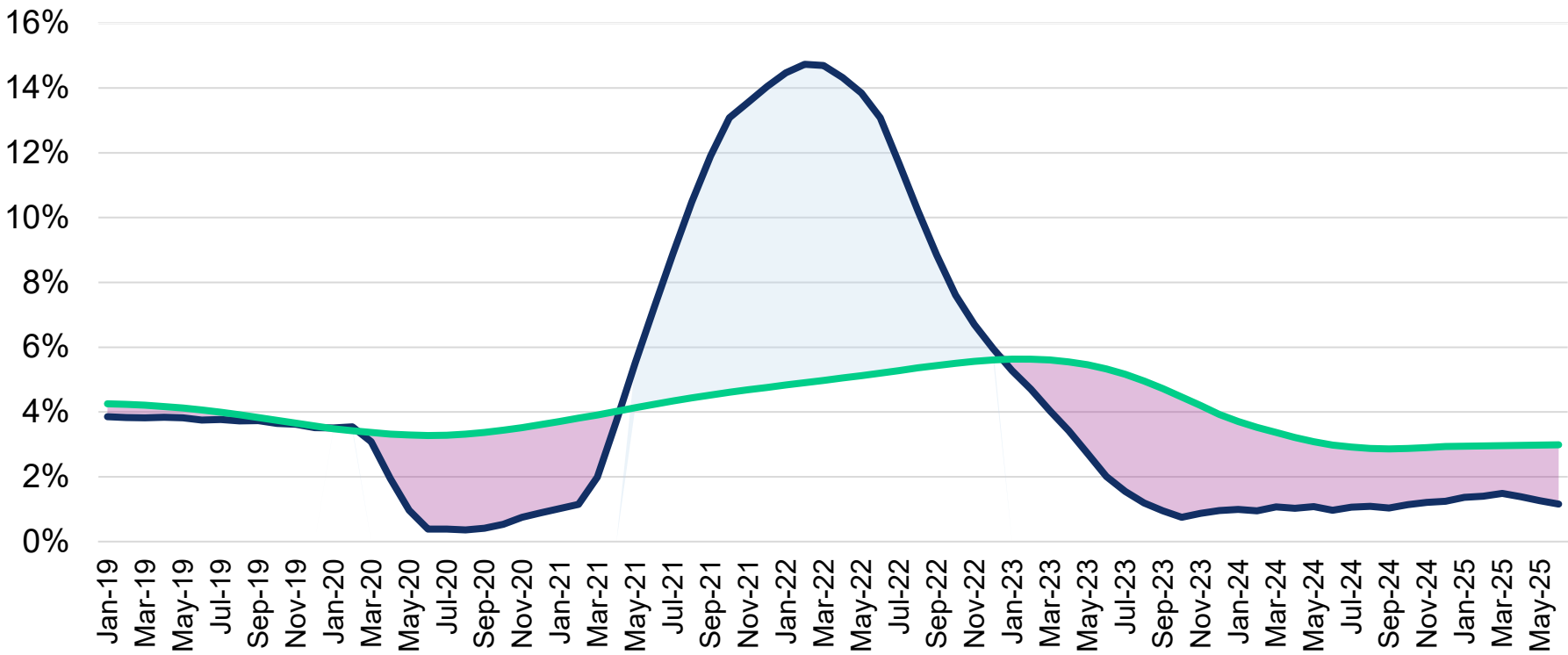


Sources: John Burns Research and Consulting, LLC; Yardi (Data: Jul-25, Pub: Sep-25)

Affordability remains in favor of renters, setting the stage for future rent growth.

Apartment Rent Growth vs Income Growth YOY %

— Burns Apartment Rent Index™ YOY Growth % — Income Growth YOY %



6 Year CAGR:
Rent Growth: 4.5%
Income Growth: 4.1%

Sources: John Burns Research and Consulting, LLC; Yardi, U.S. Census Bureau (Data: Jul-25, Pub: Sep-25)

Despite supply and weak fundamentals, Sunbelt cap rates tighter than gateway markets.



MAA: “Cap rates in general remain relatively stable across our Sunbelt footprint. New developments are underwriting in the mid- to **upper-4% range**, and Q2 deals tracked **at about 4.7%**”

EQR (expansion markets like Atlanta, Dallas, Denver): “We continue selling lower-return assets, typically in the **high-4% to low-mid-5% cap rate range**, as we recycle into stronger suburban and expansion markets.”

AVB: “Underlying market cap rates across many Sunbelt metros are still in the **high-4% to 5% range**, which provides a sufficient spread relative to our cost of capital.”



UDR: “We’ve seen stability in Gateway cap rates, operating in a **plus or minus 5% world**. Newer assets can trade in the **mid-4s**, while older or **B assets** trade closer to **mid-5s**.”

ESS: “On the West Coast, institutional multifamily assets average in the **mid-4% cap rate range**. In Northern California, some deals closed in the **low-4s**, and San Francisco even **saw sub-4%** with mansion tax.”

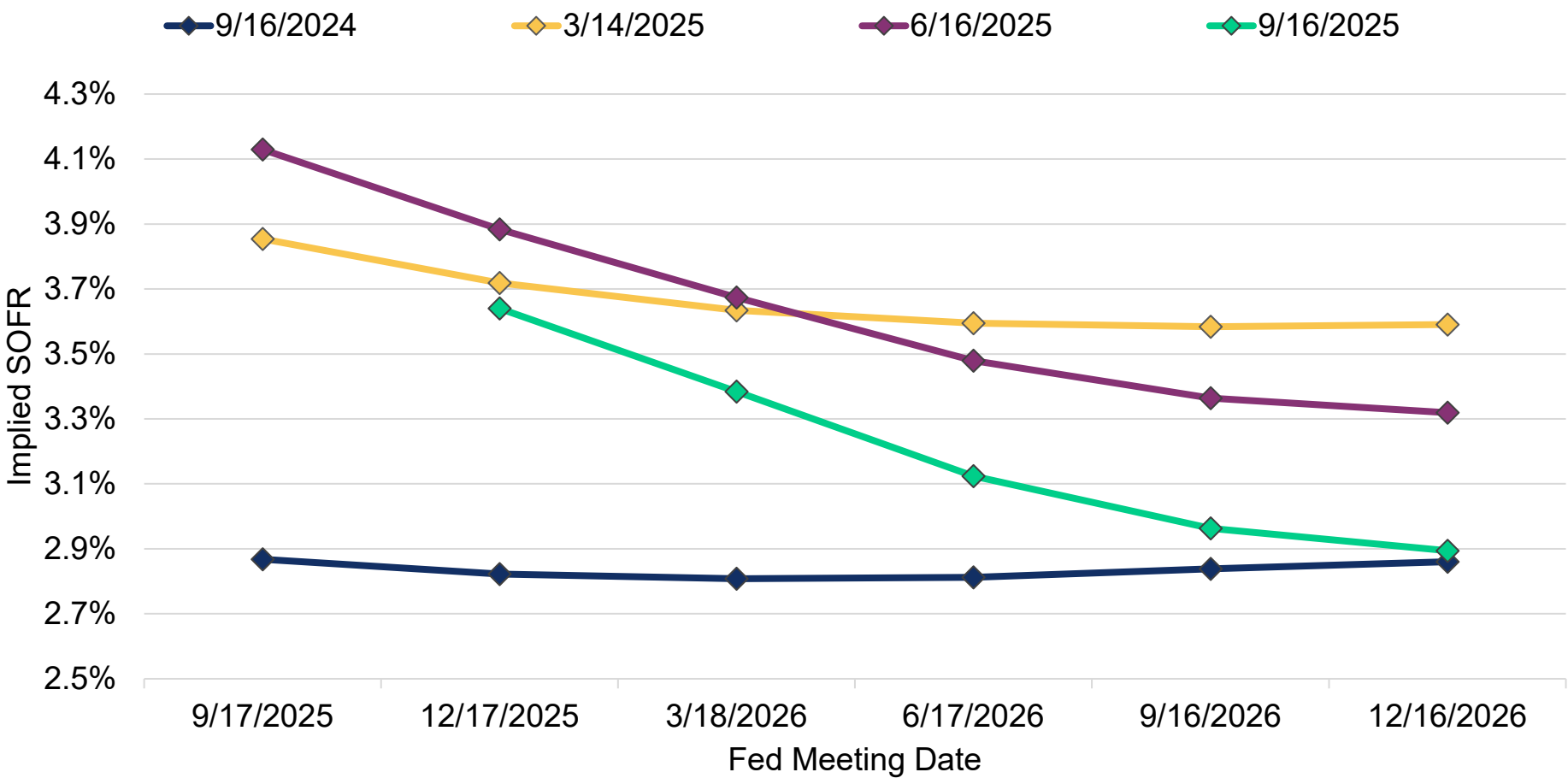
EQR: “Desirable Gateway assets often price in the **high-4% cap rate range**, though we have also sold assets in the **high-4s to mid-5s**, reflecting today’s competitive acquisition environment.”

AVB (D.C.): “D.C. remains a difficult Gateway market to transact in, but cap rates are largely stable compared to late last year, with some markets slightly higher and others slightly lower.”

Sources: Public company filings; John Burns Research and Consulting, LLC (Data: 2Q25, Pub: Sep-25)

100+ bps of rate cuts would loosen the multifamily development and investment markets.

Forward Implied SOFR Paths



Sources: John Burns Research and Consulting, LLC; Federal Reserve of Atlanta, CME Group (Data: Sep-25, Pub: Sep-25)

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 long-term rates come down.

Sector Takeaways

- **Multifamily:** May realize tangible benefits from lower short-term rates in the near-term.
- **Retail:** sentiment dipped more than any sector, reflecting concerns over trade policy and goods inflation.
- **Industrial:** The most resilient CRE sector. Expect +3% asset value growth in the next 6 months.
- **Office:** Values may have bottomed: investors are no longer expecting declines in Office asset values.

Opportunities

- Poor for-sale affordability supports healthy demand for multifamily
- Office on the upswing, especially high-quality properties
- 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/fear-greed-index/>
- <https://jbrec.com/insights/commercial-real-estate-muted-multifamily-rate-cuts/>

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/>

We run quarterly surveys focused on apartment and BTR development.

If you're interested in participating, please reach out to me at Cnebenzahl@jbrec.com



Apartment Developer and Investor Survey (2Q25)

JOHN BURNS
RESEARCH & CONSULTING

July 8, 2025



Build-to-Rent Developer, Operator, and Investor Survey

JOHN BURNS
RESEARCH & CONSULTING

May 2, 2025

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