4Q25 Fear and Greed Survey (Commercial Real Estate)

JOHN BURNS RESEARCH & CONSULTING

CRE Daily

Sponsored by InvestNext

December 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 4Q25 report is based on 460 market ratings from members of the commercial real estate community across 4 primary sectors:

Multifamily **Industrial** **Retail** **Office**

The 4Q25 Fear and Greed Index survey ran from November 11 to December 1. Responses, commentary, and sentiment reflect the latest shifts across commercial real estate.

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Fear and Greed Survey

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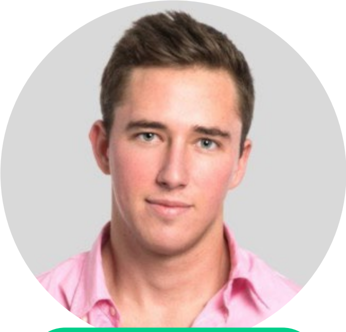

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We are pleased to share the 4Q25 Burns + CRE Daily Fear and Greed Index.

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

58

out of 100

The Fear and Greed Index is at **58** out of 100, indicating a slightly **expanding** commercial real estate market.

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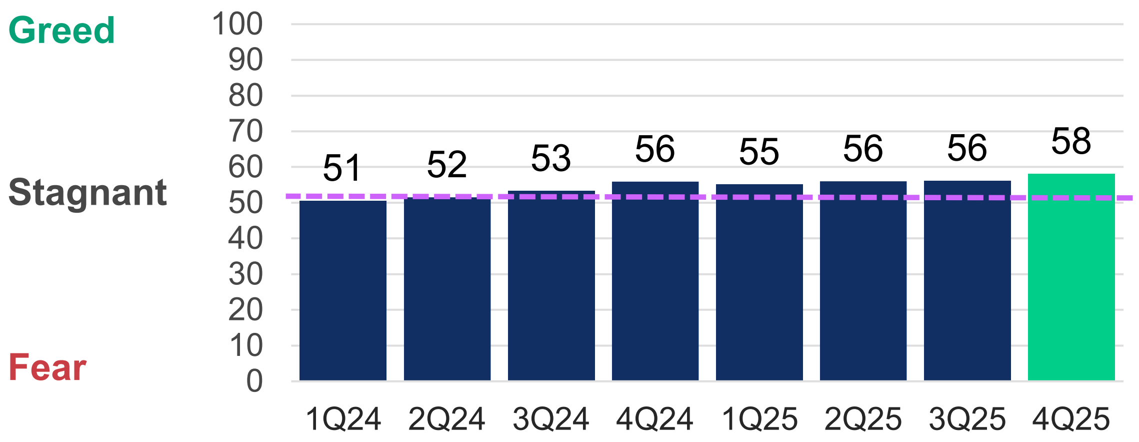
Conducted jointly by John Burns Research and Consulting and CRE Daily, the 4Q25 index reflects findings from nearly 500 commercial real estate investors across 4 sectors: **Multifamily**, **Industrial**, **Retail**, and **Office**.

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

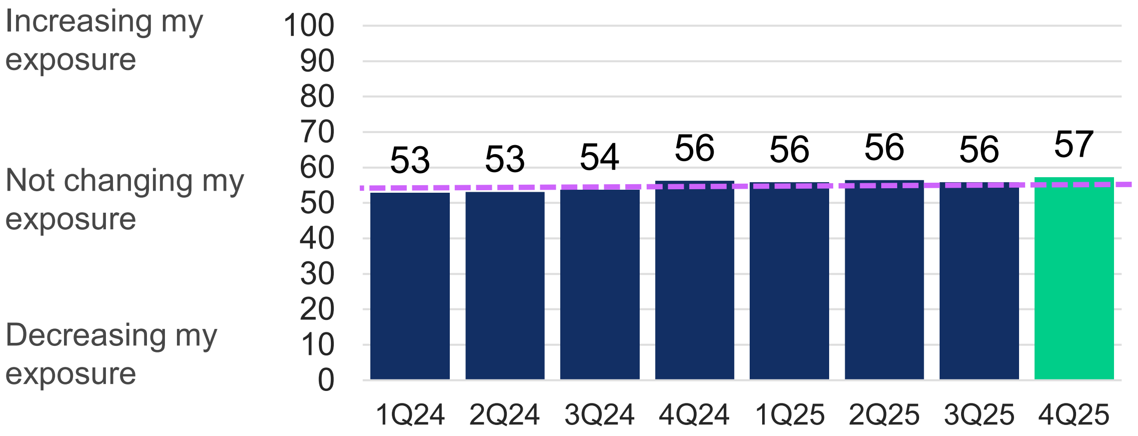
The Fear and Greed Index ticked up in 4Q25 from 3Q25. Investors note easier access to capital in 4Q25 vs. 3Q25.

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

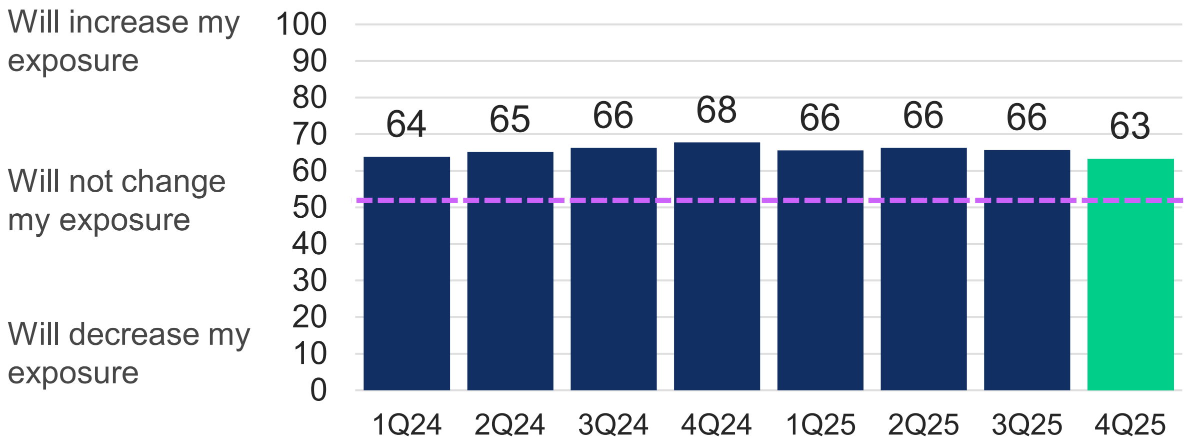
Burns + CRE Daily Fear & Greed Index



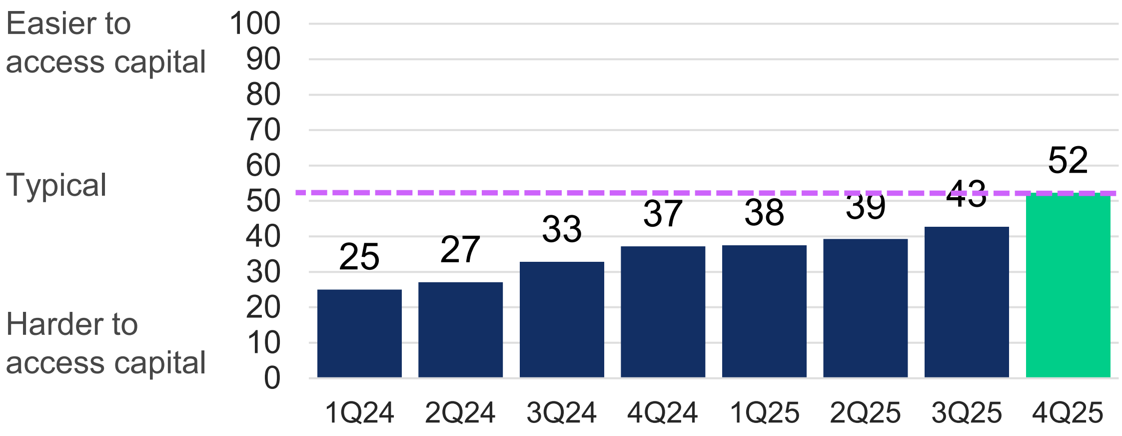
Current CRE Investment Strategy Index



Expected CRE Investment Strategy Index: Next 6 Months



Access to CRE Capital Index (4Q25 vs. 3Q25)

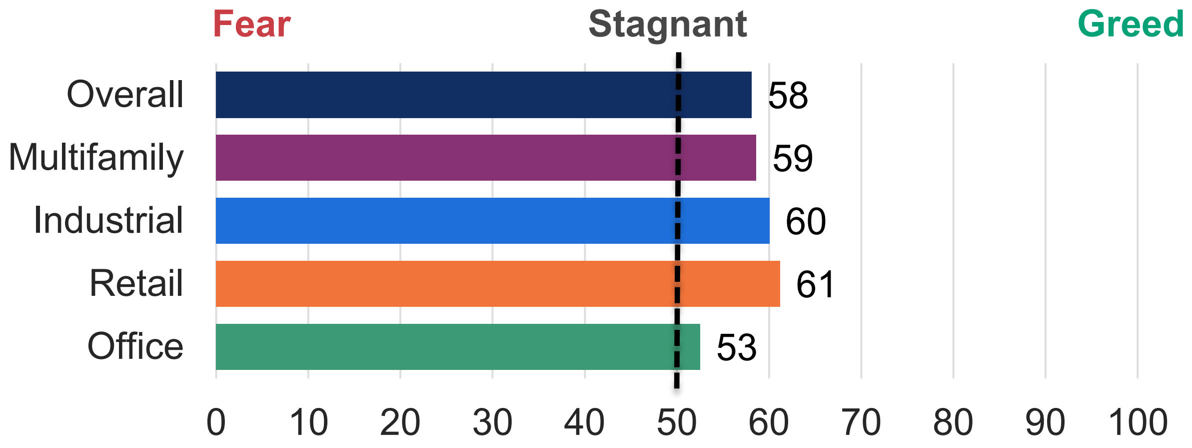


Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-25, Pub: Dec-25)

Per our sector-level Fear and Greed Index, retail is the strongest commercial sector. Office continues to lag.

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

Burns + CRE Daily Fear & Greed Index



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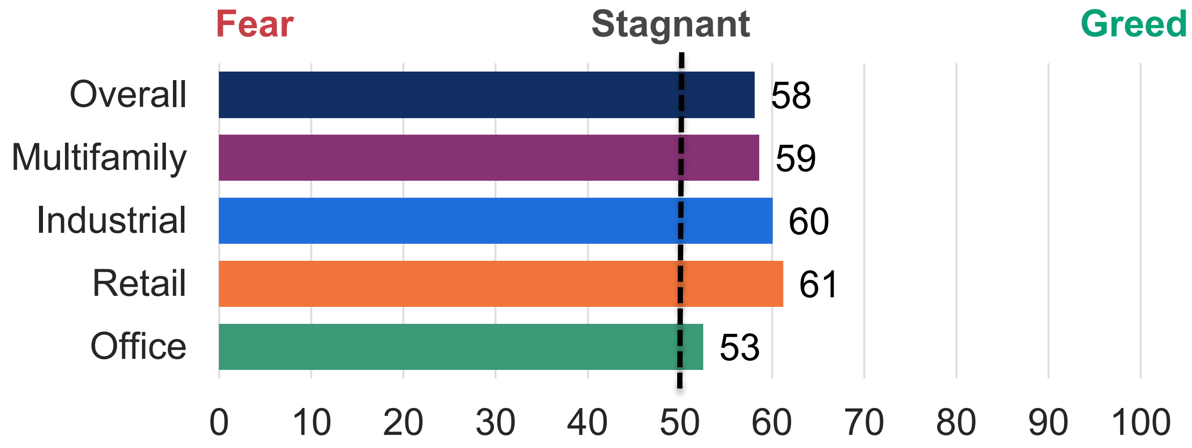
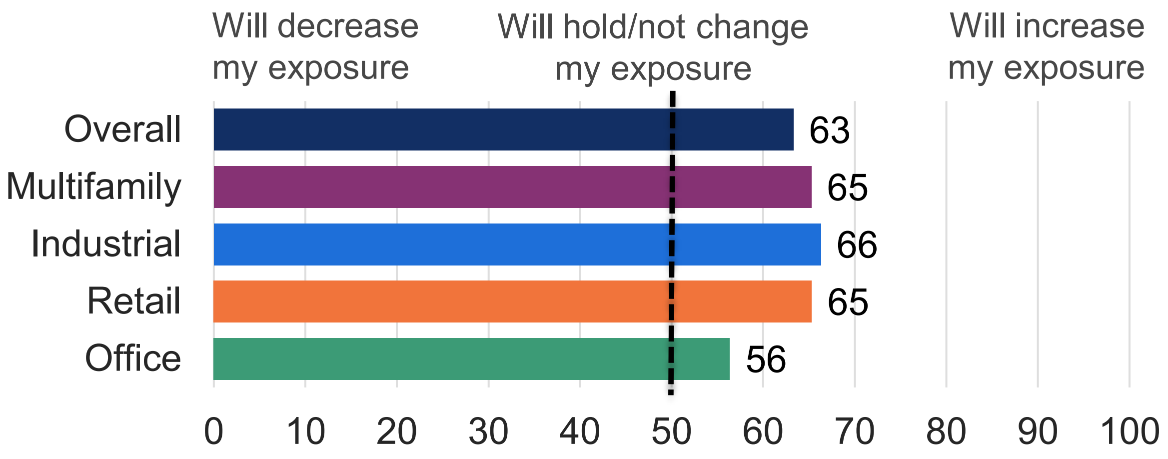
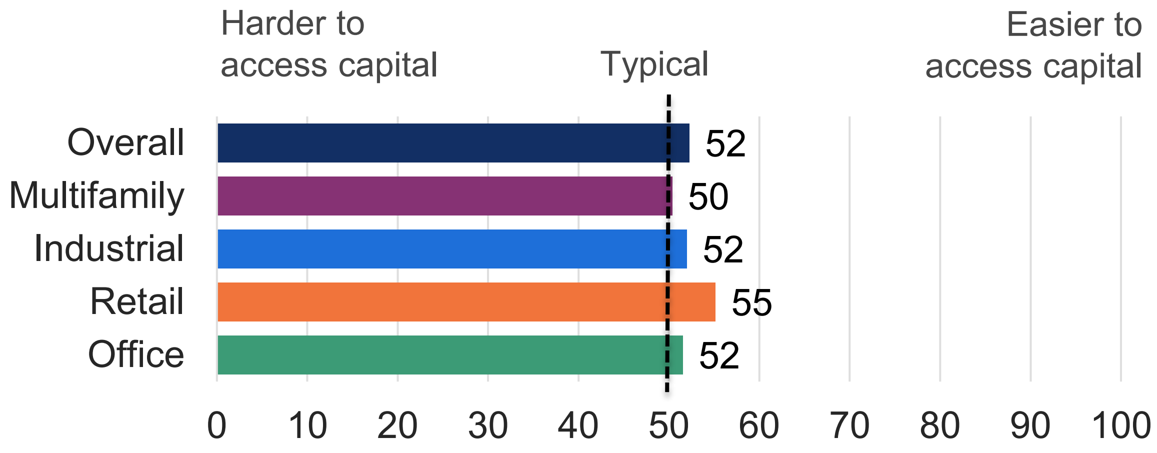


Expected CRE Investment Strategy Index: Next 6 Months



Access to CRE Capital Index (4Q25 vs. 3Q25)

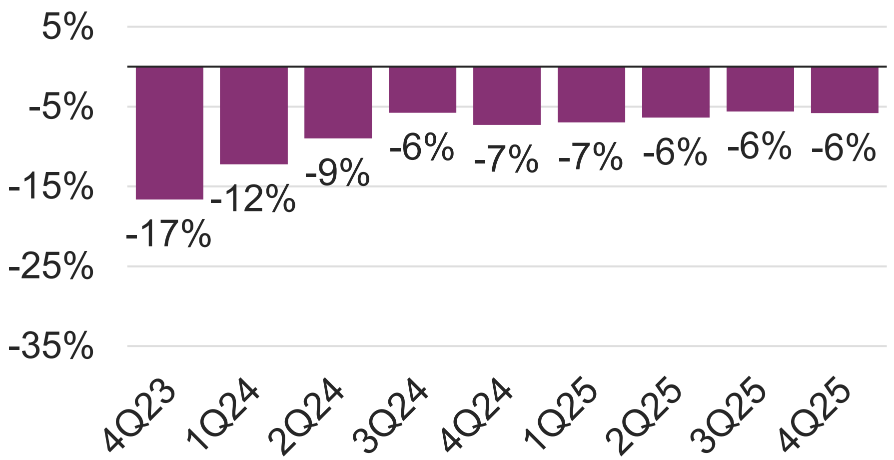


Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-25, Pub: Dec-25)

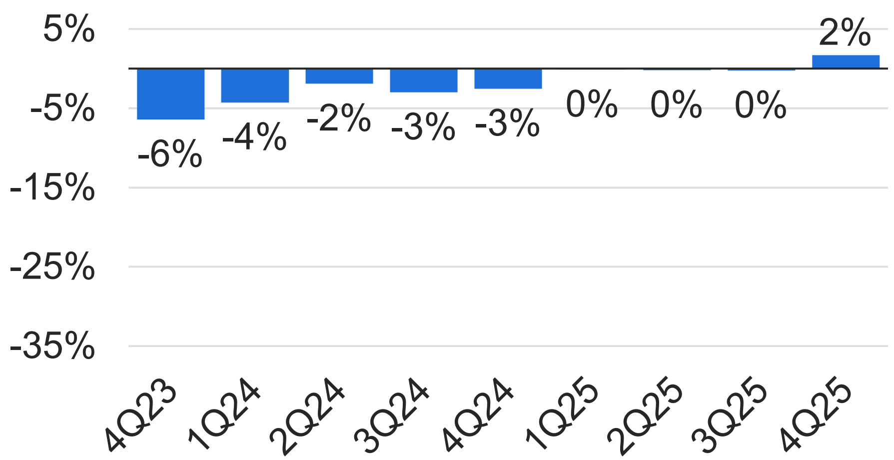
Investors indicate that Multifamily and Office asset values fell YOY.

Change in Values by Asset Class (% YOY)

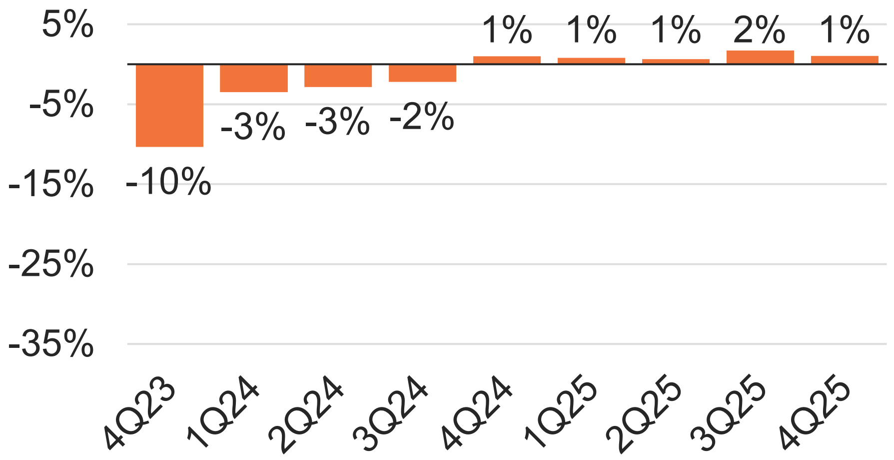
Multifamily



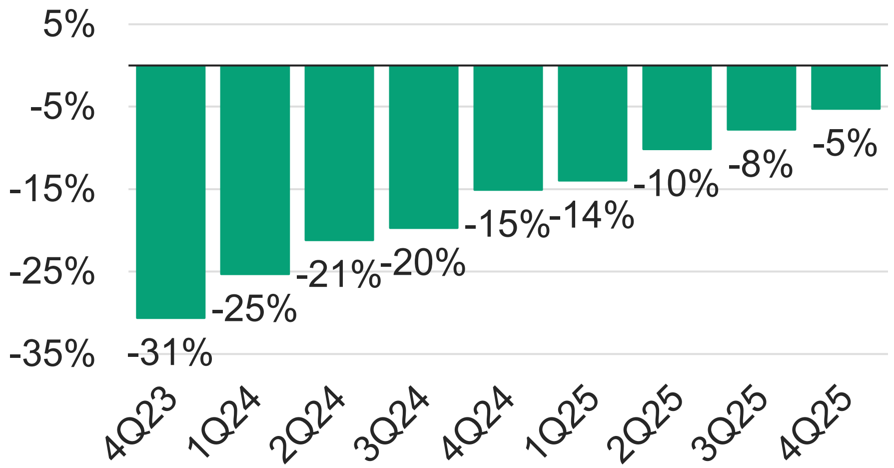
Industrial



Retail



Office



Investors believe **Industrial** and **Retail** asset values rose +2% and +1% YOY, respectively, in 4Q25.

Asset values fell the most in the **Multifamily** sector (-6% YOY).

Office sector asset values declined -5% YOY, though this decline is less severe than in prior quarters—a sign of improvement.

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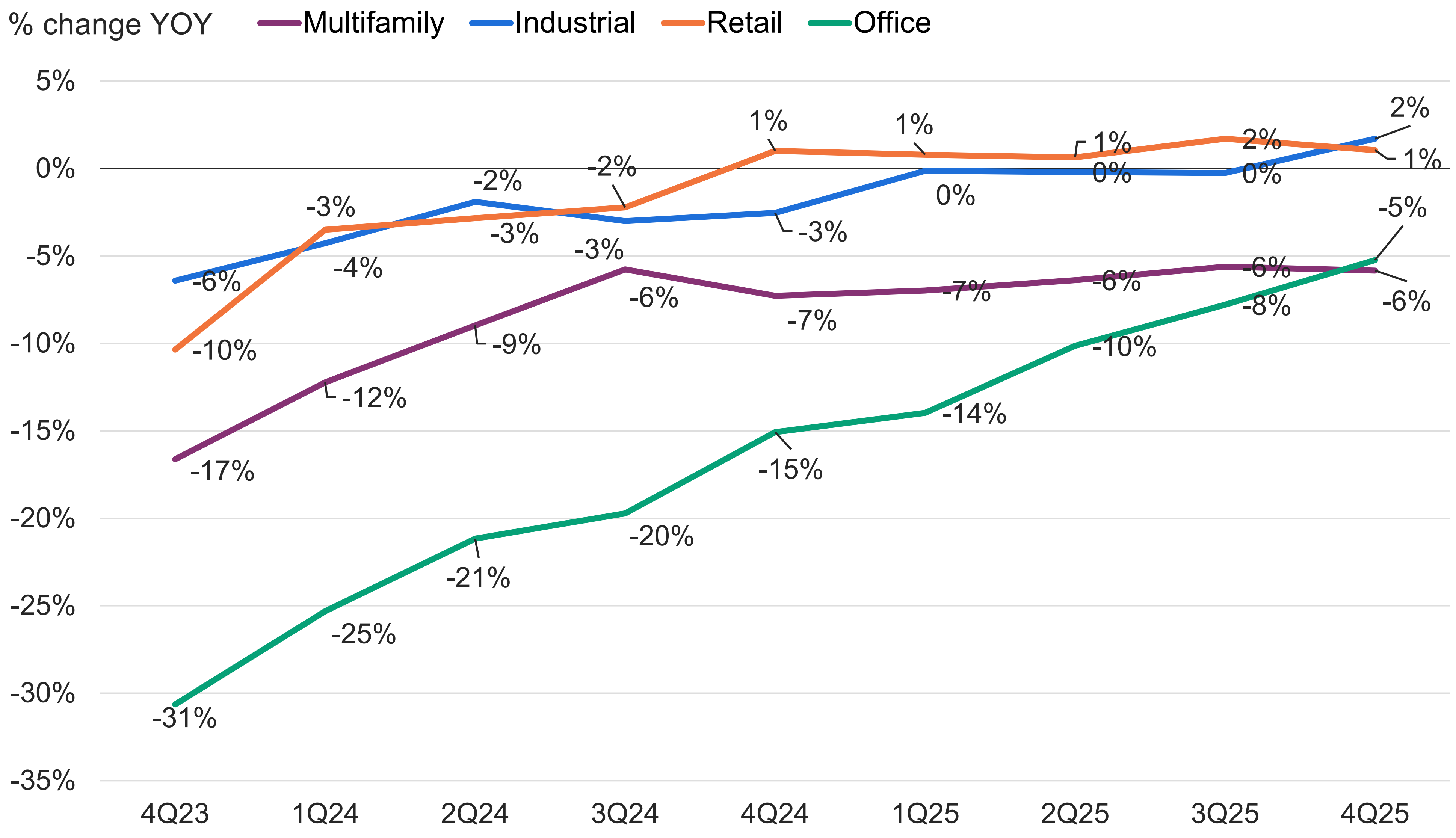

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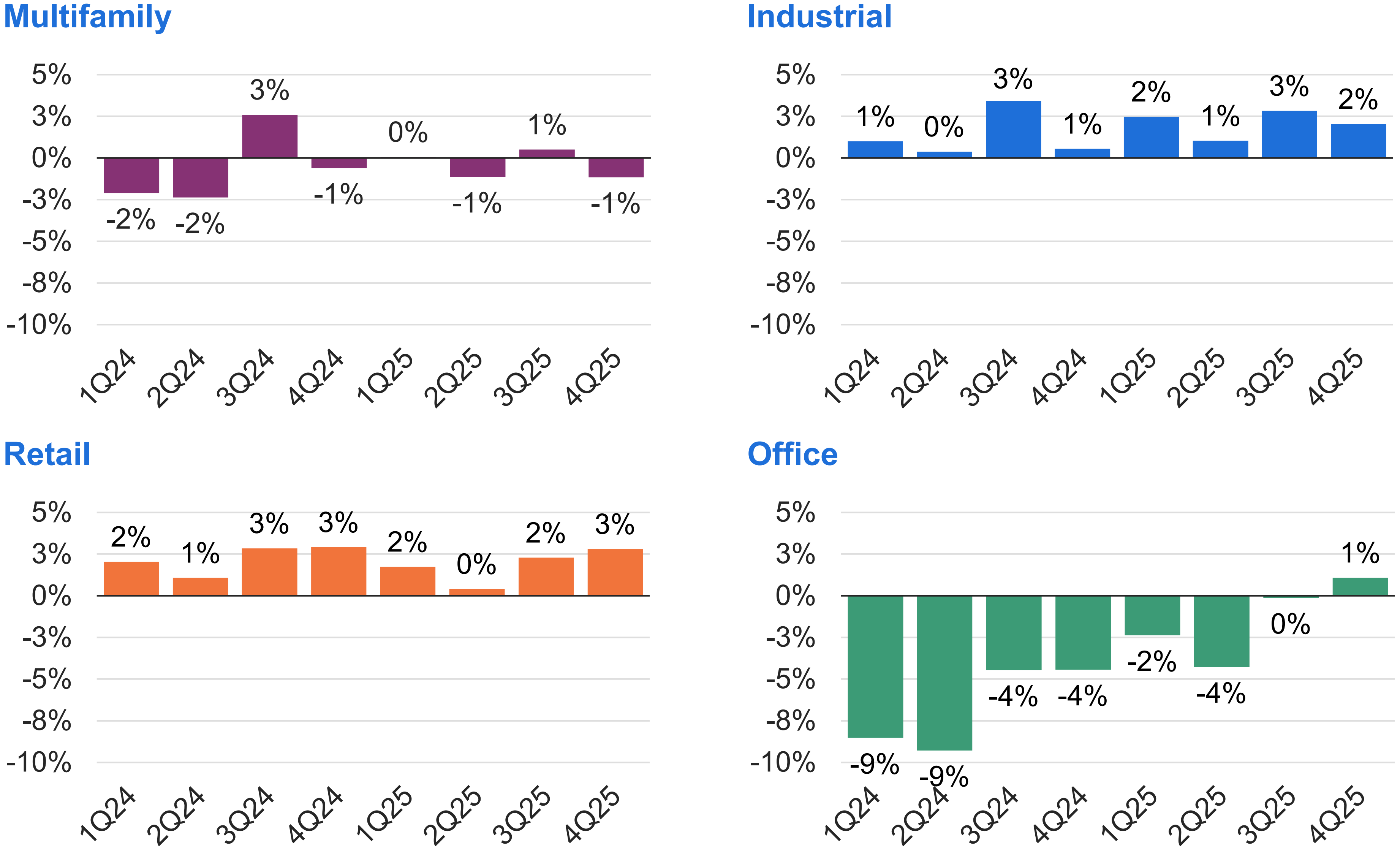
Investors indicate that Multifamily values will fall slightly in the first half of 2026.

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



Retail and **Industrial** investors remain optimistic, expecting asset values to rise +3% and +2%, respectively, over the next 6 months.

For the first time in our survey, **Office** investors expect positive asset value growth over the next 6 months.

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

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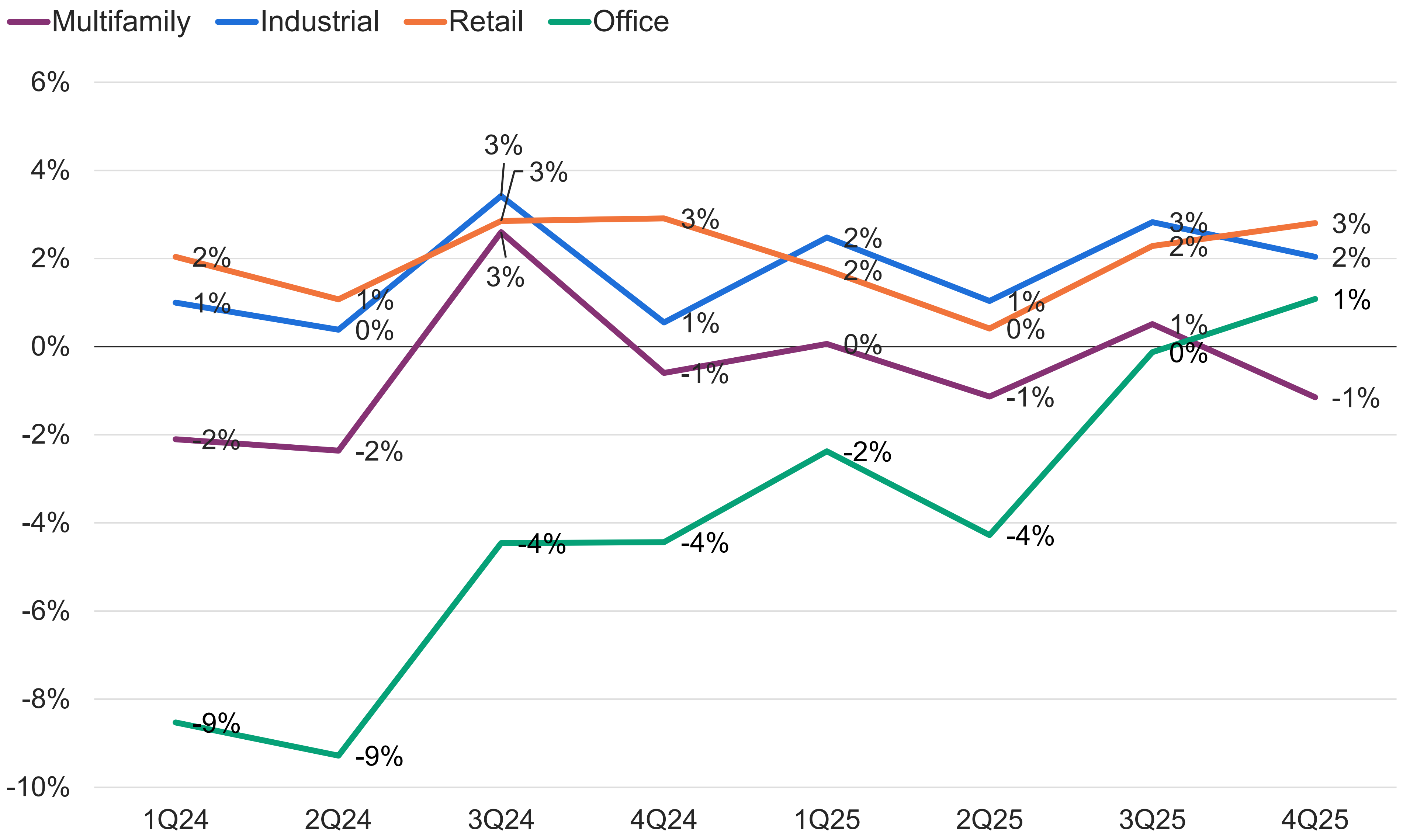

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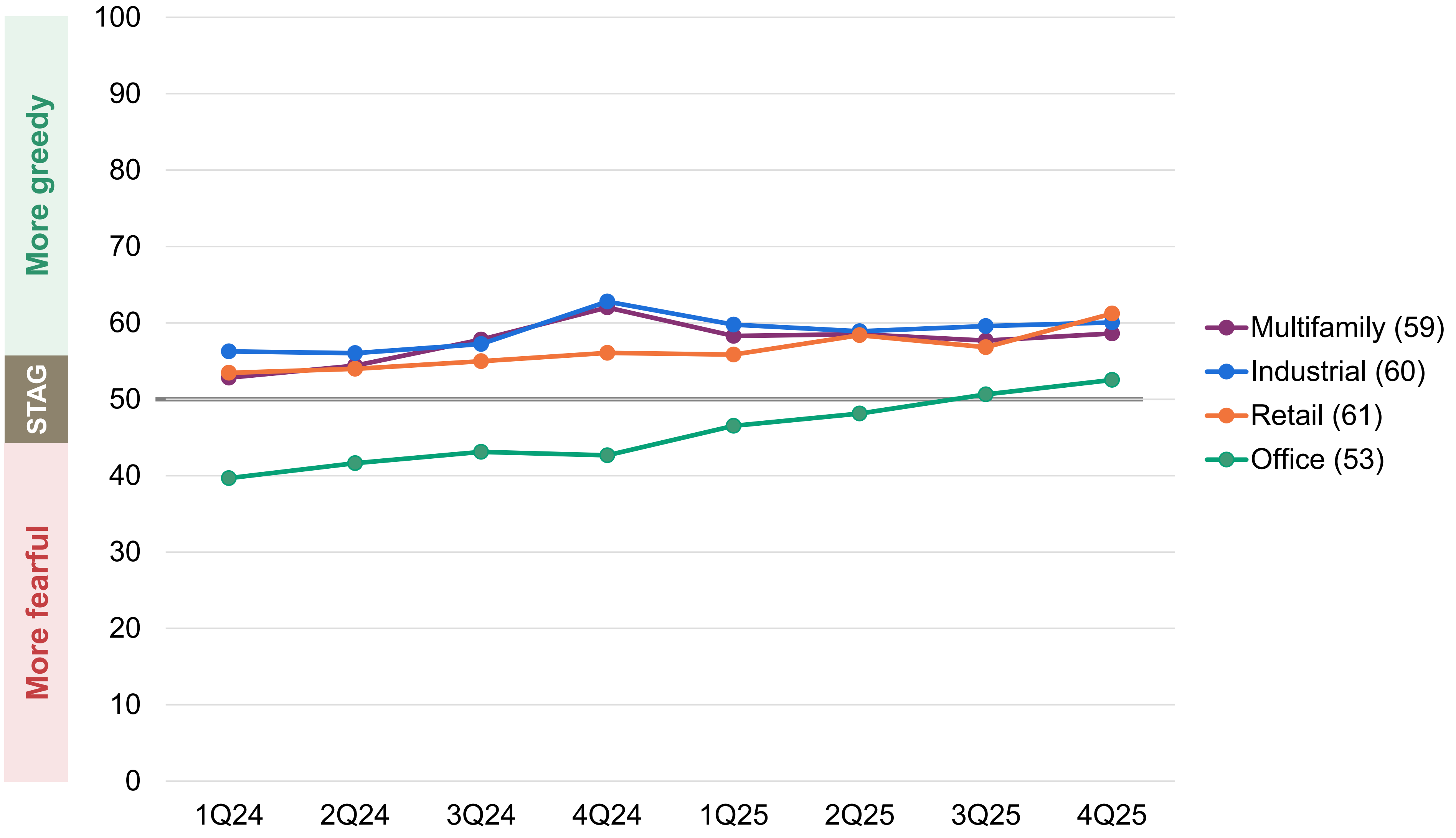
Burns + CRE Daily Fear and Greed Index

4Q25



The **Retail** Fear and Greed Index (FGI) rose to 61 in 4Q25, higher than any other sector.

The **Multifamily** FGI ticked up to 59 in 4Q25, and **Industrial** stayed flat quarter over quarter.

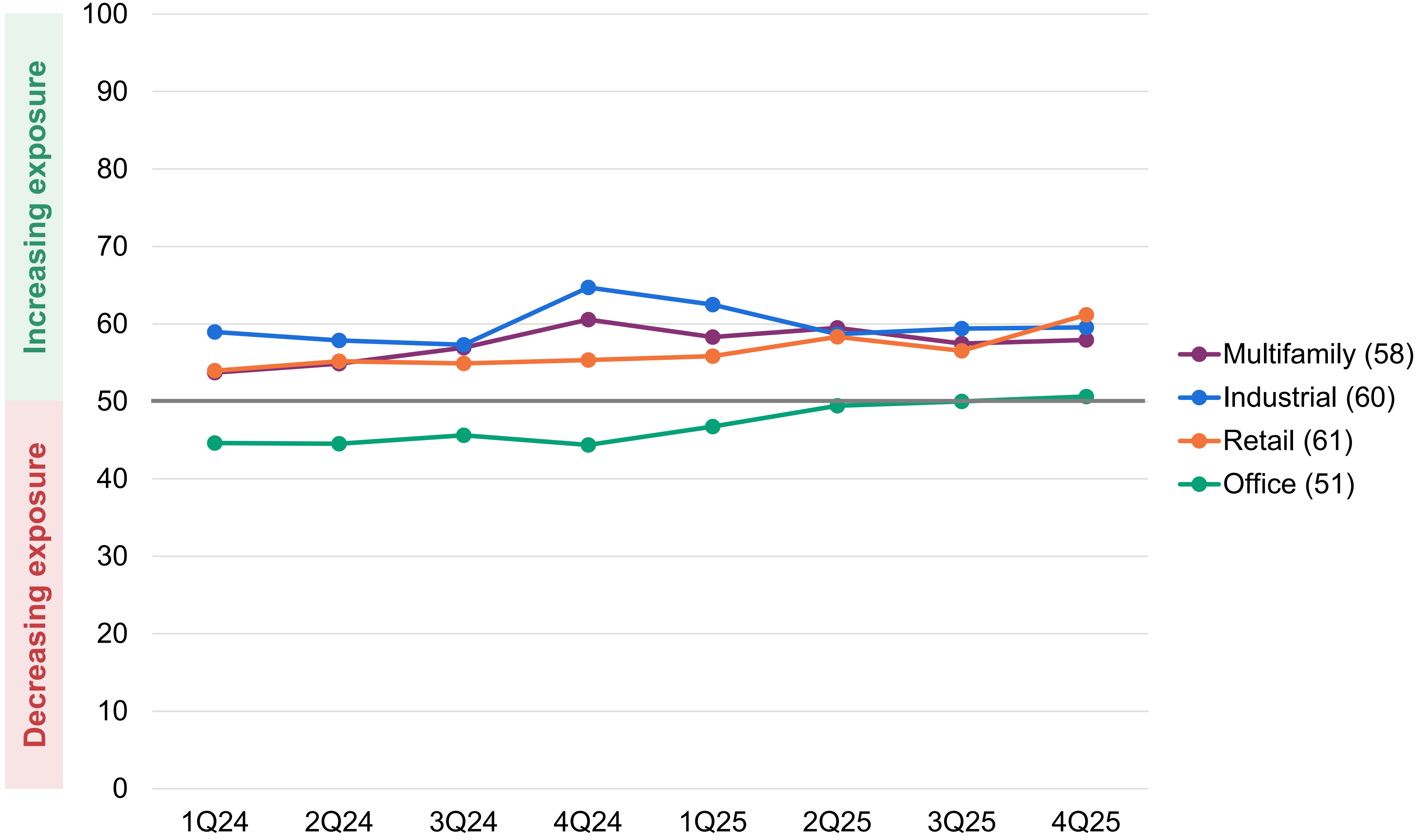
The **Office** FGI rose to 53 in 4Q25, indicating that the sector is no longer contracting.

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: Nov-25, Pub: Dec-25)

Current CRE Investment Strategy Index (4Q25)

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



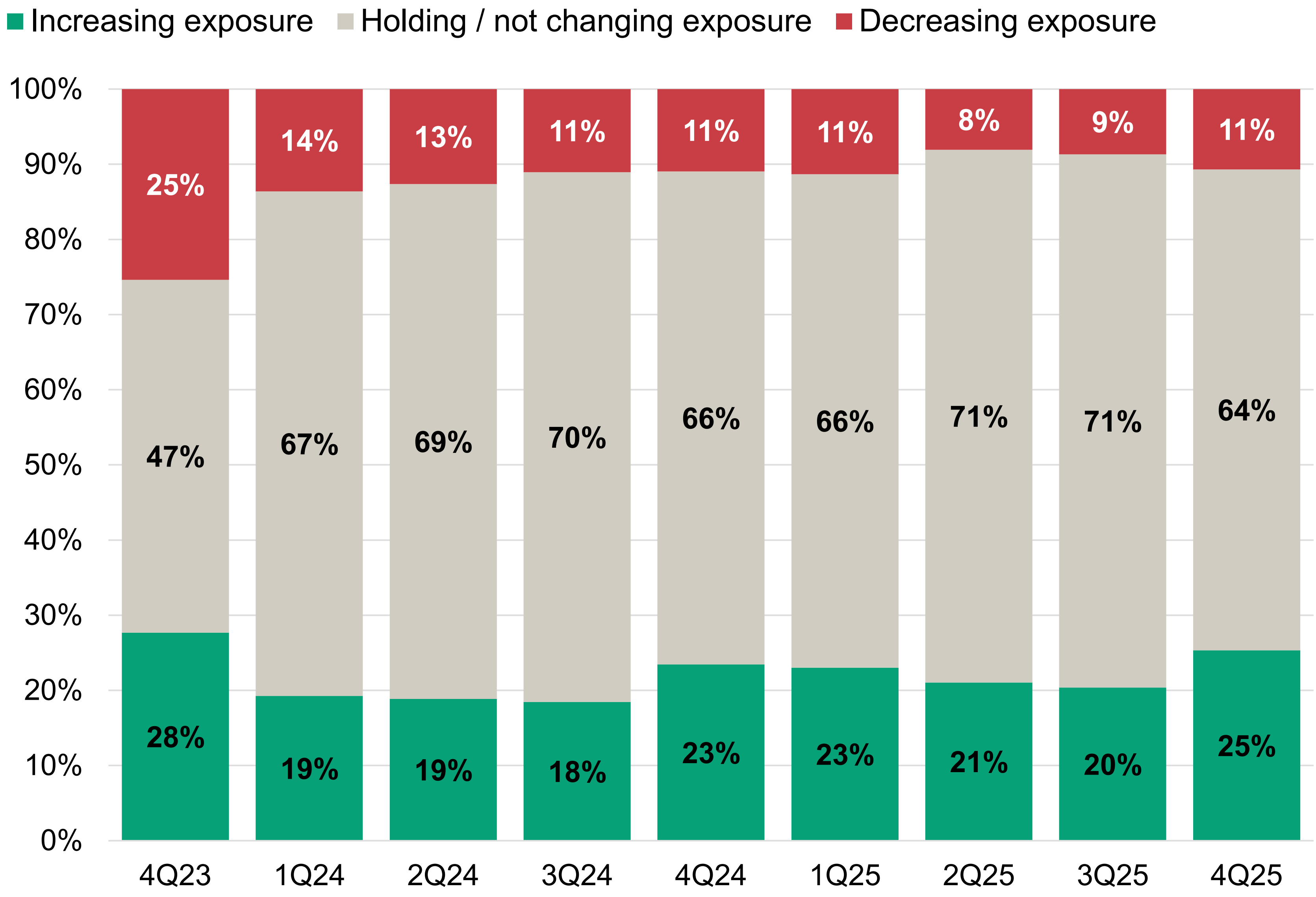
A greater share of investors are increasing their investment exposure vs. decreasing in all sectors.

For the first time in our survey, Office investors are slightly increasing their investment.

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

25% of CRE investors report increasing their investments in 4Q25, the highest since 4Q23.

Current Commercial Real Estate Investment Strategy



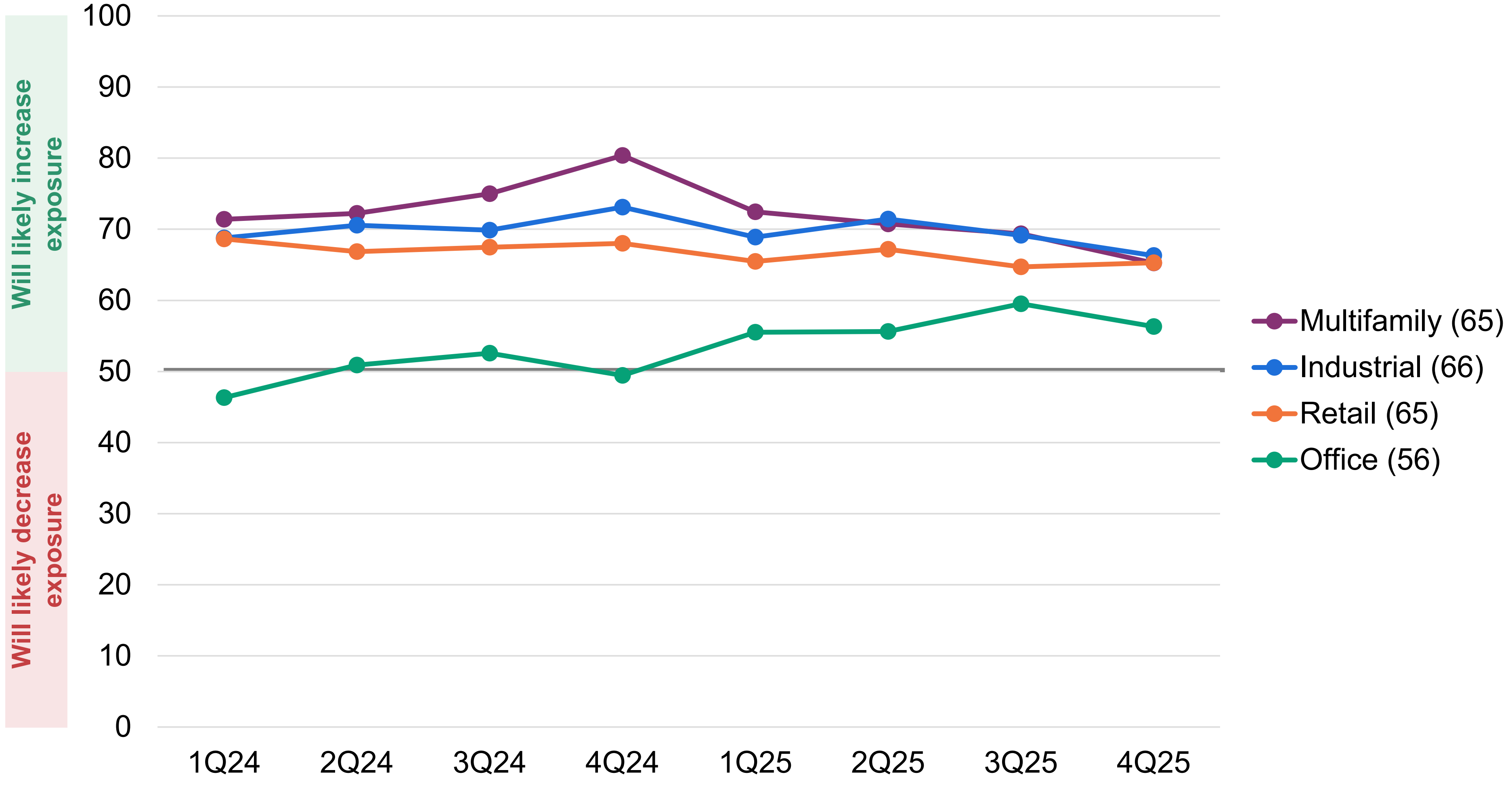
Most investors remain on the sidelines given elevated rates and prices and ongoing policy uncertainty:

- "The cost of capital and debt causes me to pause and wait to see what happens with rates and demand. My area is overbuilt, and it will take time for the market to absorb the units and retail space."
- "We are in a stagnant market, and I expect no major changes for the next few years."

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

Expected CRE Investment Strategy Index: Next 6 Months (4Q25)

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



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

Office investor sentiment fell QOQ and remains low relative to other sectors.

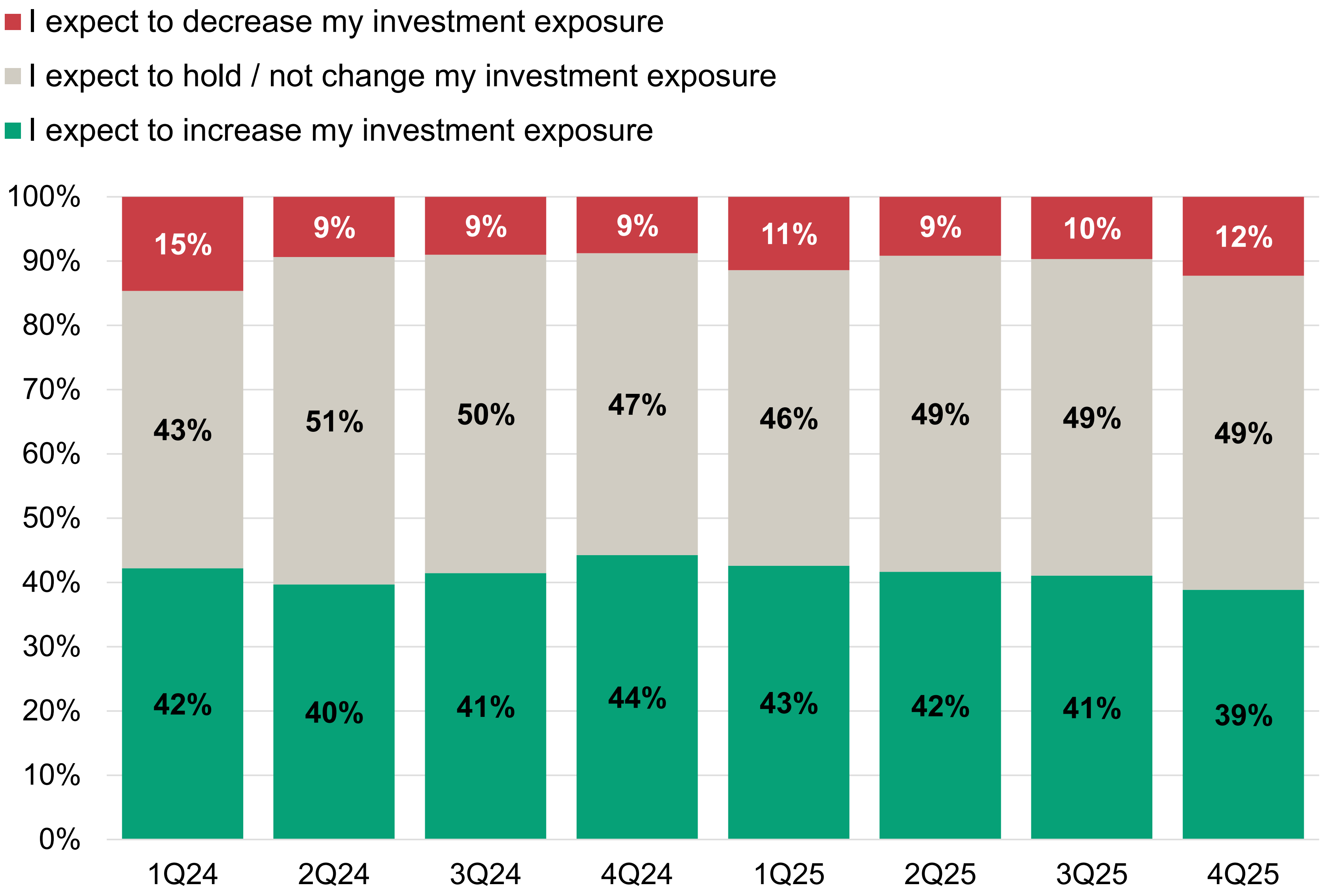
Multifamily investor sentiment continued to decline in 4Q25 to its lowest level in our survey's history.

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-25, Pub: Dec-25)

12% of CRE investors expect to decrease their investment exposure over the next 6 months.

Expected Commercial Real Estate Investment Strategy (Next 6 Months)



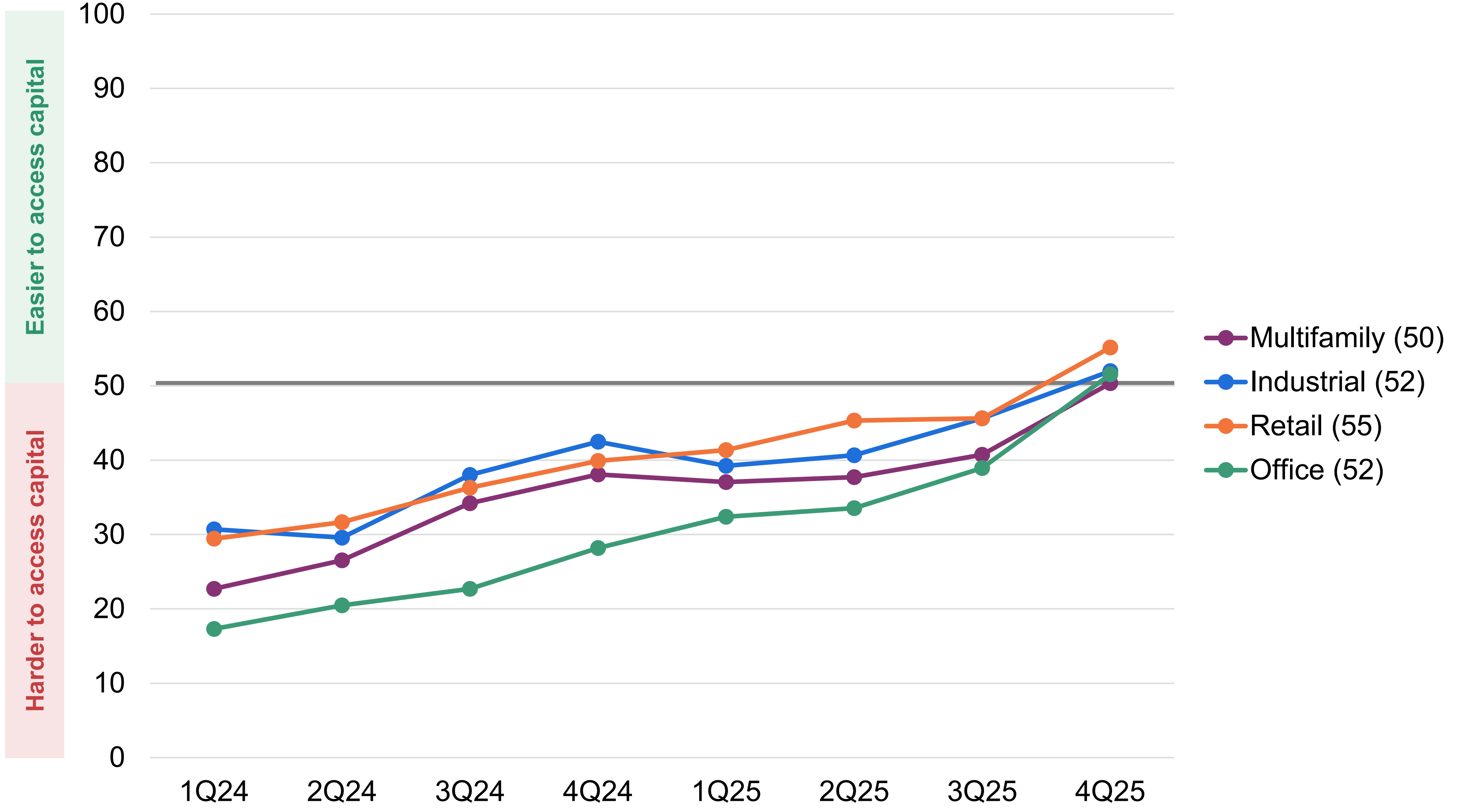
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-25, Pub: Dec-25)

39% of investors plan to increase CRE exposure over the next 6 months, the lowest share in our survey's history.

- "In 2026, we can expect to see more transactions, but still at historically slow levels. We will likely see more short sales."
- "The market is frozen. There is too much capital and too many buyers chasing too few properties. There is limited room for creativity."

Access to CRE Capital Index (4Q25)

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 improved across all CRE sectors. More investors report that capital is getting easier to access vs. harder to access for the first time in our survey's history.

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

- SOFR has fallen ~140 bps since 3Q24 and may fall further if the Federal Reserve cuts rates, providing some relief to borrowers.

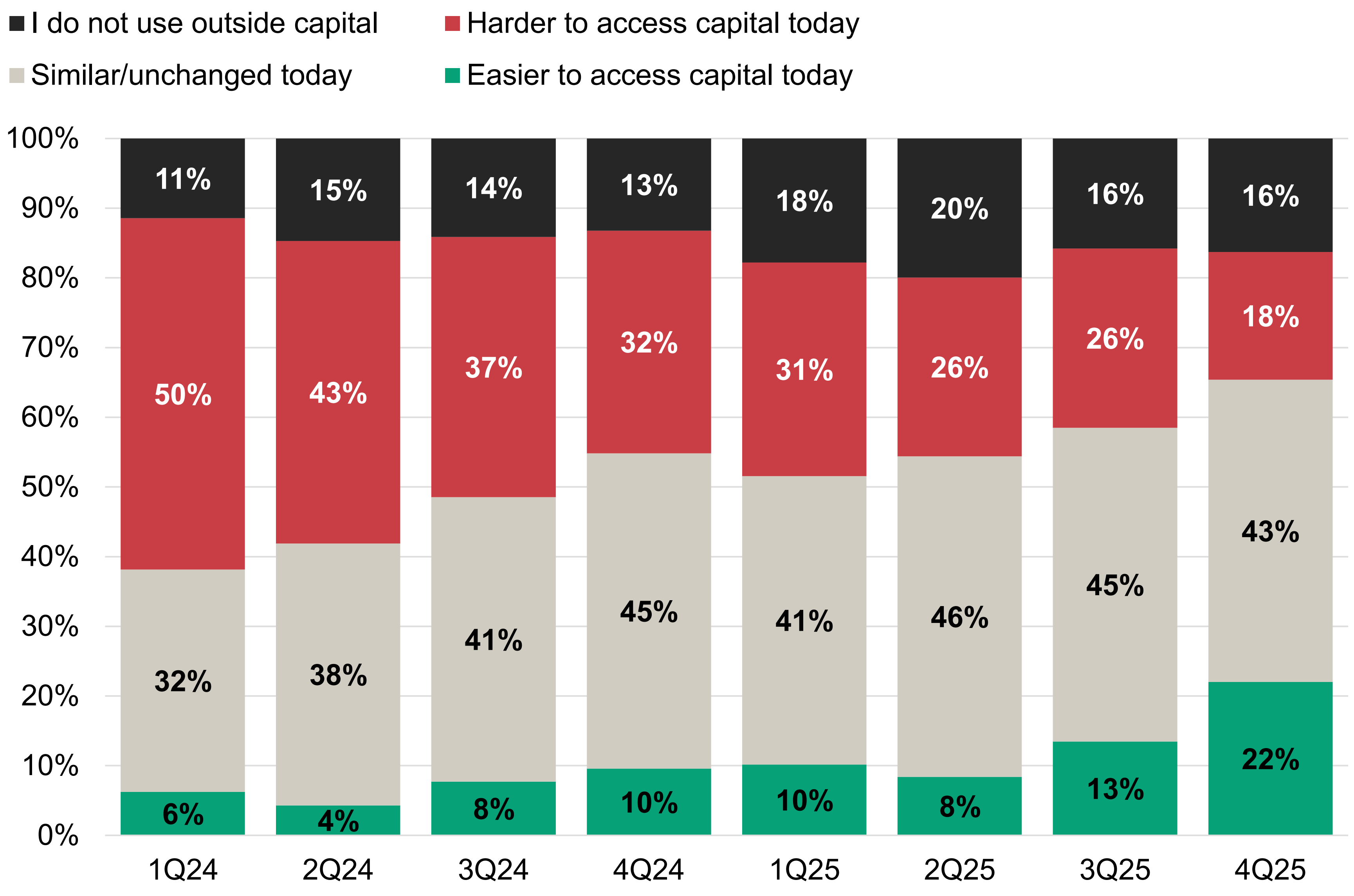
Long-term CRE debt rates more closely follow the 10-year Treasury yield, which has declined since early 2025 but remains elevated.

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: Nov-25, Pub: Dec-25)

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

Access to Capital for Commercial Real Estate vs. Prior Quarter



43% of investors note unchanged capital conditions from last quarter as elevated rates and strict underwriting standards persist. As one investor says:

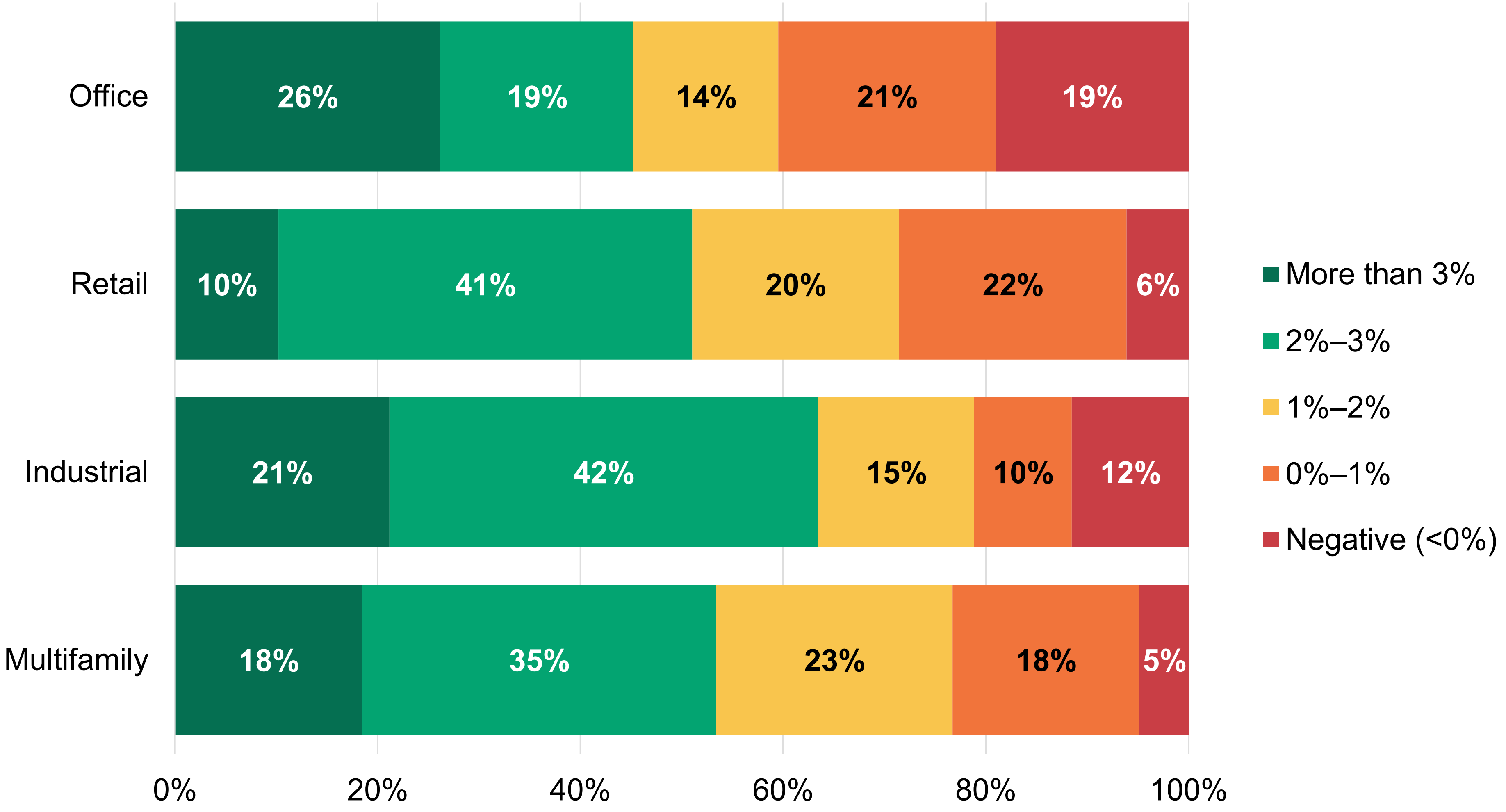
- "Interest rates have been too high for too long. I expect the negative spiral to continue until there is a change at the Fed."

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

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

Industrial and retail investors are underwriting acquisitions with the strongest NOI growth expectations.

For new acquisitions, what average annual net operating income (NOI) growth are you underwriting to?



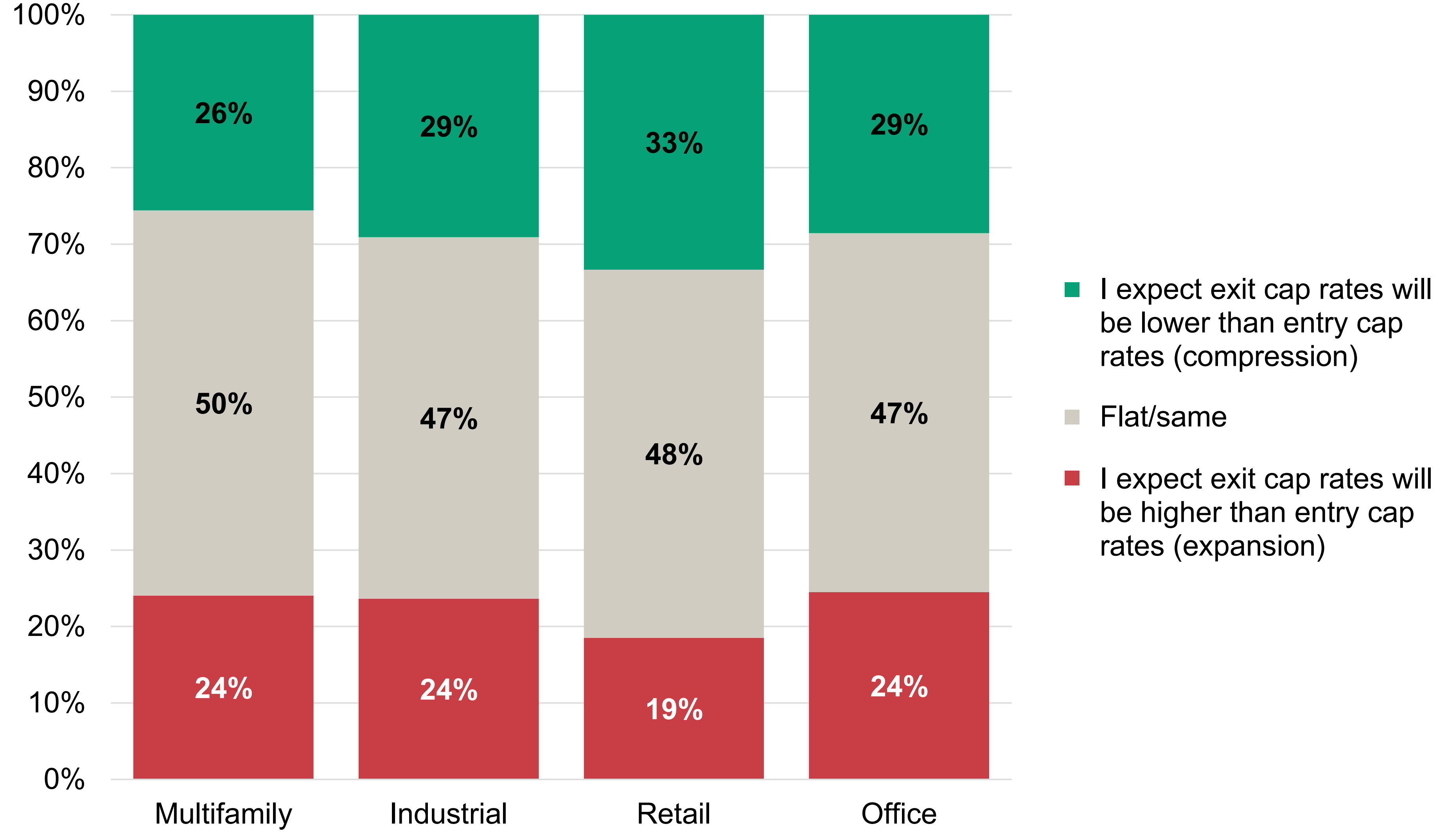
63% of **Industrial** investors are underwriting NOI growth greater than +2%.

40% of **Office** investors are underwriting 1% or less NOI growth, more than any other sector.

Note: excludes those who are not actively looking at new acquisitions.
Sources: John Burns Research and Consulting, LLC; CRE Daily (Data: Nov-25, Pub: Dec-25)

Roughly half of investors in all sectors are assuming cap rates will stay flat.

In your models today, how do you expect exit cap rates to compare to entry cap rates?



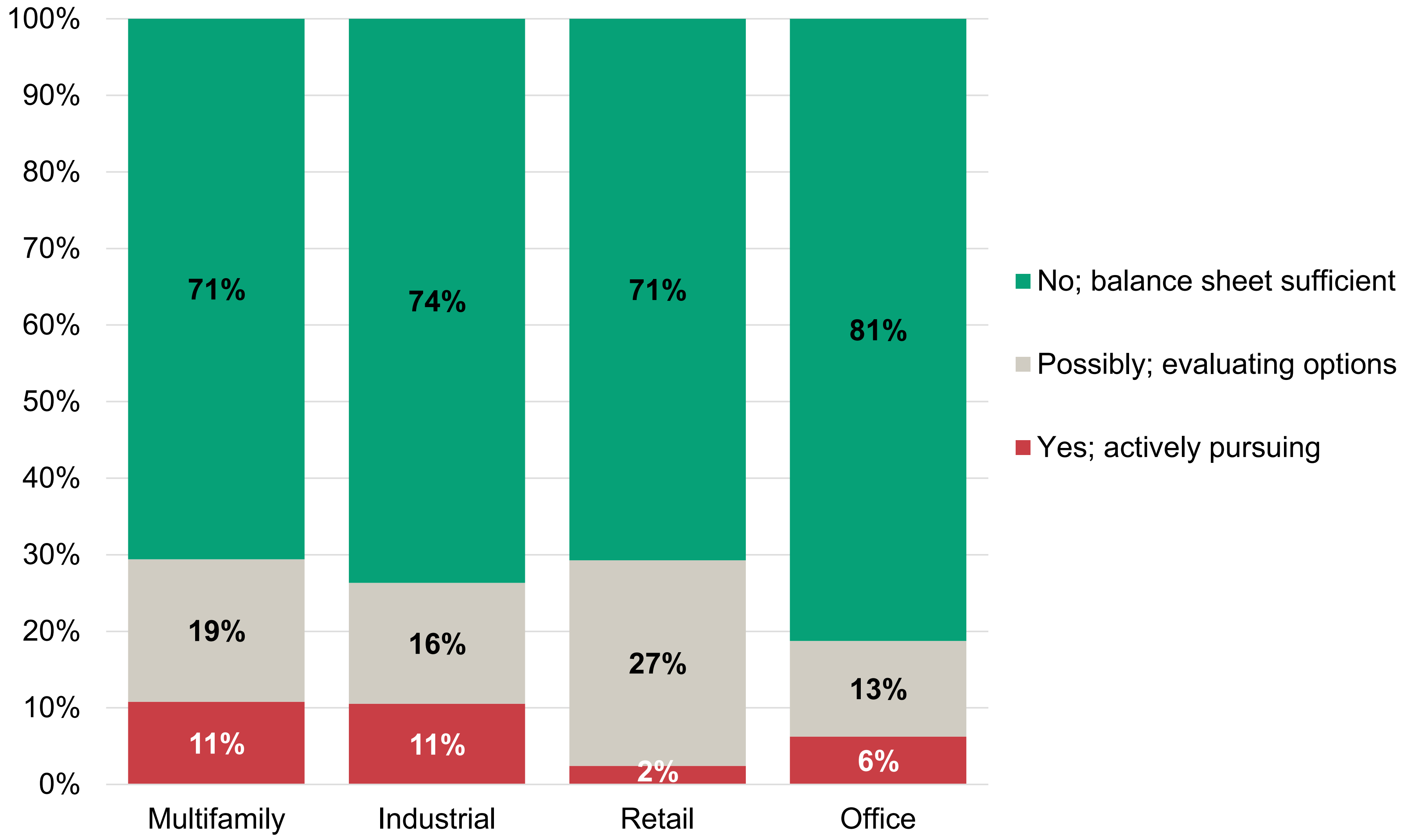
In all sectors, slightly more investors are underwriting cap rate compression than expansion.

33% of **Retail** investors believe that cap rates will compress—more than in any other sector.

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

The majority of CRE investors have not needed to pursue preferred equity in the last 6 months.

In the last 6 months, have you considered (or accepted) preferred equity/rescue capital for any deal?



11% of **Multifamily** and **Industrial** investors have actively pursued preferred equity in the last 6 months.

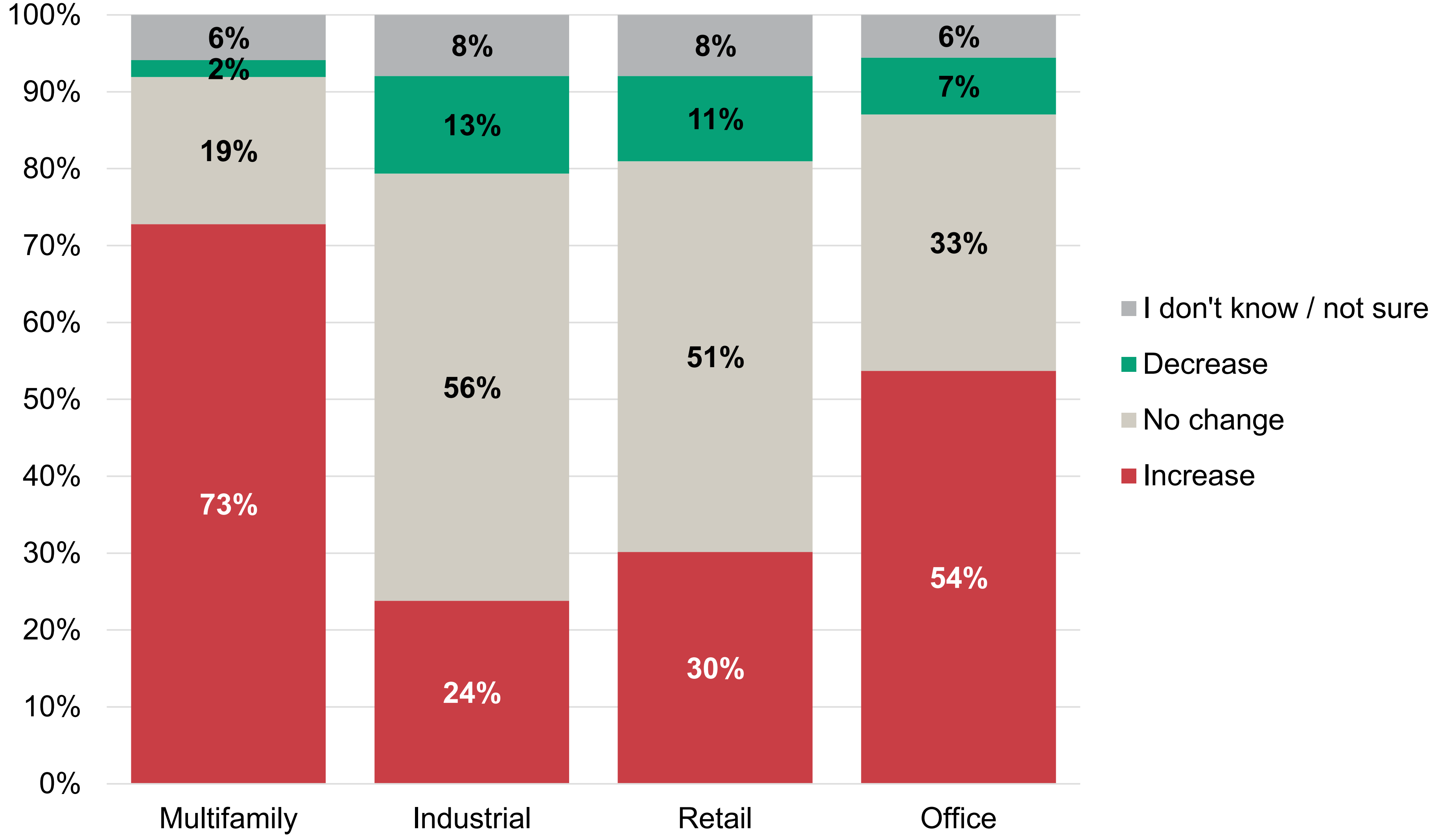
Only 2% of **Retail** investors have actively pursued preferred equity, but 27% have considered it.

81% of **Office** investors noted sufficient balance sheets, more than any other sector.

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

Investors expect an increase in the number of distressed transactions in the Multifamily and Office sectors.

How do you expect the number of distressed transactions in this sector to change over the next 6 months?



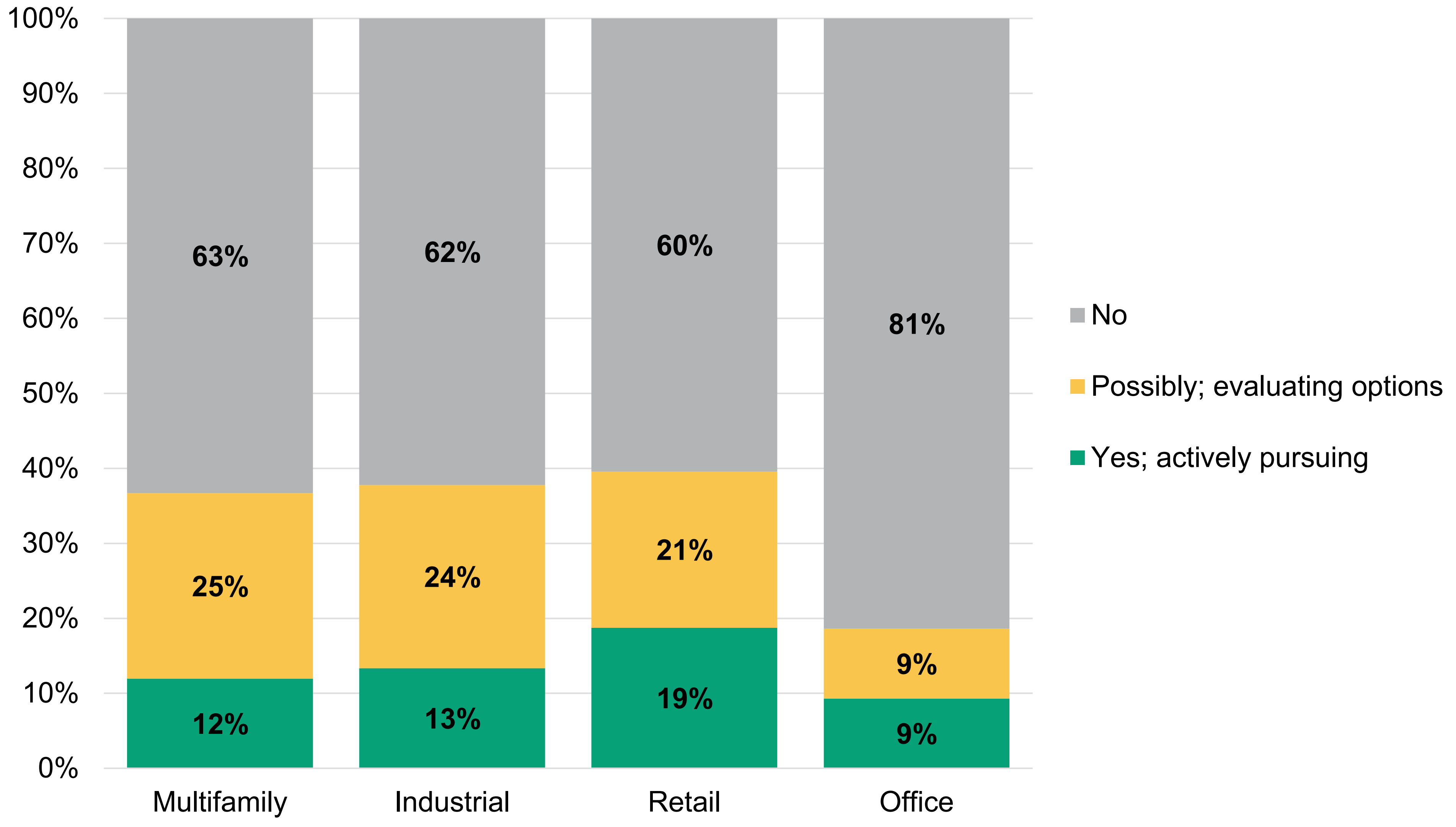
73% of **Multifamily** investors and 54% of **Office** investors anticipate an increase in the number of distressed transactions over the next 6 months.

More CRE investors expect an increase in distressed transactions (vs. a decrease) in every sector.

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

The majority of CRE investors have not considered partnering with broker-dealers or advisory firms in the last 6 months.

In the last 6 months, have you considered partnering (or have you partnered) with broker dealers or advisory firms to raise capital?



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

Commentary from CRE investors

Tariffs, inflation, and other headwinds

"Oversupply is a problem in most sectors. I see limited demand for new development."

"Property insurance, utilities, property taxes, and government regulations are hurting multifamily significantly. Combined with inflation in goods, services, and payroll, income statements and disposition/sale models do not pencil."

"If tariffs and inflation aren't addressed, the CRE market will experience a recession."

"We are in a stagnant market, and I expect no major changes for the next few years."

"Geopolitics is causing confusion, uncertainty, and distress."

"Rent control and aggressive tenant-rights movements make operations difficult, as do anti-landlord policies."

Interest rates, equity and capital

"The cost of capital and debt is causing me to pause and wait to see what happens with rates and demand. My area is overbuilt, and it will take time for the market to absorb the units and retail space…You need deep pockets to hold underperforming assets and still fund new projects."

"Value estimation is tricky because there haven't been enough sales to judge. Very few distressed multifamily deals have cleared the market yet, which is artificially keeping average sale prices higher."

"Many developers are waiting to sell, hoping cap rates and interest rates move enough to bring their properties back to peak pricing. While I think peak pricing will return, we are still years away."

"The market is frozen. There is too much capital and too many buyers chasing too few properties. There is limited room for creativity."

"Interest rates have been too high for too long. I expect the negative spiral to continue until there is a change at the Fed."

Market/Sector Optimism

"I'm seeing signs that tenant velocity (leasing activity) in Kansas City is strengthening. As macroeconomic conditions stabilize and debt becomes more accessible, confidence is returning…If these trends hold, 2026 could be an active and compelling year for industrial real estate in Kansas City."

"The Kansas City market is extremely healthy and should remain so…multifamily is a stable asset class with returns that match its risk. Our market will likely remain steady, without boom or bust, attracting balanced portfolio strategies"

"The South Florida office market is stronger than any other market."

"Florida's multifamily market is on the edge of tremendous opportunity."

"[Texas] leasing fundamentals are very strong."

"Small-bay industrial is the hot spot right now."

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

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	164	39%
Industrial	89	19%
Retail	85	19%
Office	79	17%
Other	42	9%
Total:	**459**	**100%**

In survey work, a diffusion index highlights how a market, field, or industry generally performs within a given time frame.

Our Fear and Greed diffusion index value (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-25, Pub: Dec-25)

Sample details

Responses by segment:

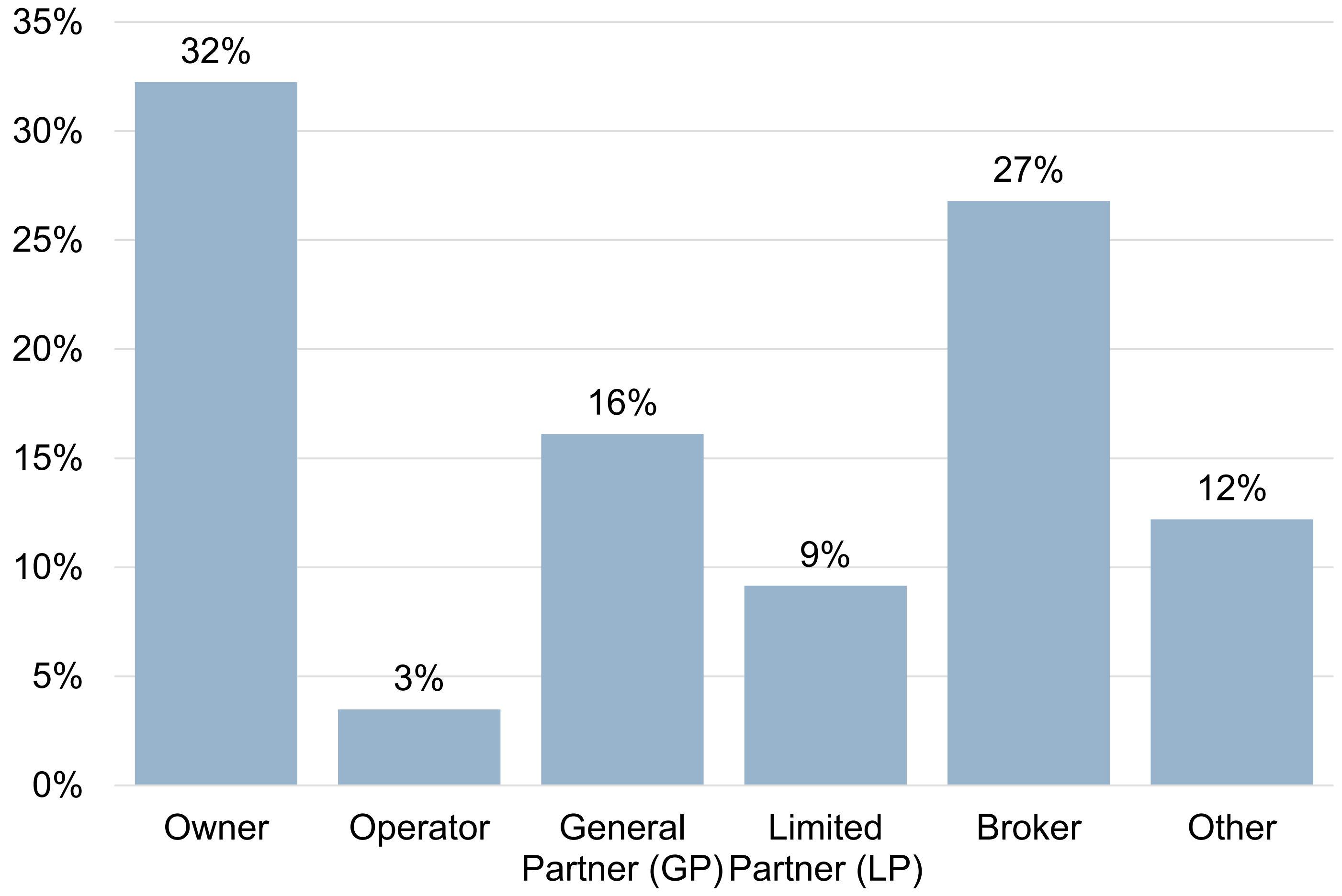
Multifamily	Industrial	Retail	Office	Other
36%	**19%**	**19%**	**17%**	**9%**

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:** 20%
- **Florida:** 38%
- **Midwest:** 31%
- **Northeast:** 27%
- **Northwest:** 14%
- **Southeast:** 36%
- **Southwest:** 25%
- **Texas:** 33%

Primary Role



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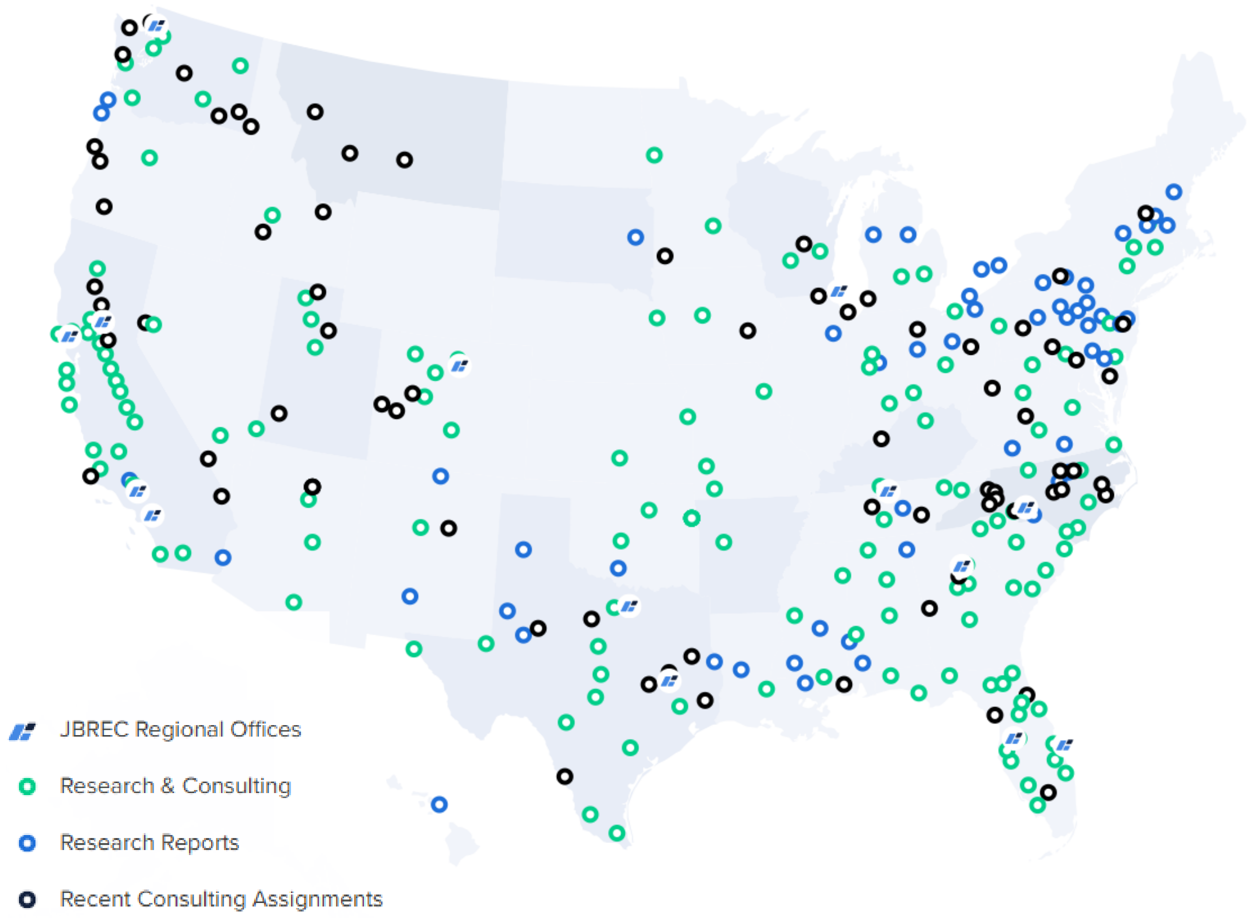

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Limiting conditions

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