

May CRE Activity Index: The Market That Won't Blink

CRE Activity Index Stiff-Arms Uncertainty, Holding Near Four-Year Highs

The LightBox CRE Activity Index slipped only modestly in May to 126.6, down from April's 127.5, a small dip in a month with plenty of reasons for activity to pull back. May marked the fifth consecutive triple-digit reading and the second straight month above 125, a level the Index had not reached since May 2022. In this environment, flat is the new up.

The macro backdrop remains complicated. The 10-year Treasury yield ended May around 4.45%, up roughly 50 basis points from late February, after briefly approaching 4.70% earlier in the month. This keeps borrowing costs elevated and financial conditions tight. Softer indicators are also flashing caution. Consumer confidence weakened in May as war-driven inflation weighed on households, while homebuilder sentiment improved slightly but remained well below neutral amid affordability pressure, elevated mortgage rates, and uncertainty tied to the Iran conflict.

Index at a Glance:

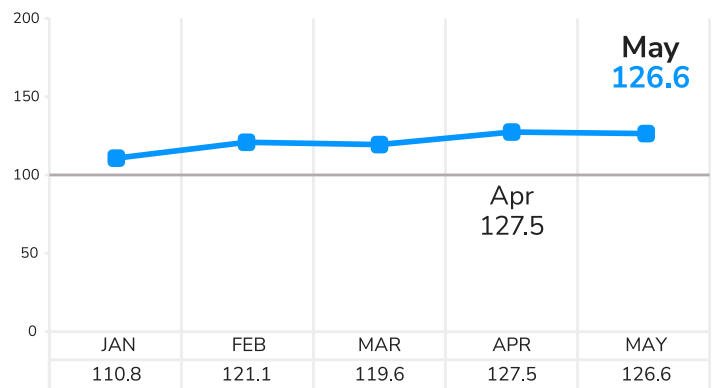


Figure 1A

See note below figure 1B

Three Signals Behind May's Index



Commercial Listings

Average daily commercial property listings slipped 3% from April, the second modest decline this year after a similar dip in March. Listings were still up 25% from last May, when market volatility spiked at the onset of tariff-related disruptions.



Phase I Environmental Site Assessments

Phase I ESA activity, a key indicator of underwriting ahead of transactions and loan originations, rose 6% from April. It was the fourth consecutive monthly increase and brought activity 14% above year-ago levels.



Lender Appraisals

Lender-driven appraisal awards declined 3% from April, the second straight modest monthly pullback, and were down 11% from last May. As the Index component most sensitive to borrowing costs, appraisal activity continues to reflect a cautious lending environment.

Inflation is the sharpest edge of the uncertainty. May CPI topped 4% for the first time in three years, driven largely by surging energy prices tied to the war in Iran. The spike has effectively closed the door on near-term rate cuts and even fueled chatter about whether the Fed, under new Chair Kevin Warsh, may need to adopt a more hawkish posture if inflation expectations broaden.

Still, CRE momentum is holding. The Index is built on three components: property listings, environmental due diligence, and lender-driven appraisals. In May, environmental due diligence projects rose 6% month over month, while appraisal awards and property listings each slipped a modest 3%. That mix is consistent with the pattern of recent months: strong listing and due diligence activity offsetting softer appraisal volume.

The key distinction is that today's inflation pressure looks more event-driven than structural. The war in Iran has pushed oil sharply higher, feeding hotter CPI and PPI readings and driving bond yields upward. If the conflict eases, oil prices and yields could move lower quickly. Until then, lenders are navigating higher rates, elevated energy costs, and a less predictable deal environment. Across LightBox's early indicators of CRE momentum, the market is still open for business.



Five-Month Run Shows Durable Momentum

May did not deliver a breakout, but it did something almost as important. It held the line. The LightBox CRE Activity Index came in at 126.6, barely below April's 127.5, signaling a market that continues to function despite higher borrowing costs and geopolitical uncertainty. The five-month run shows momentum that has been uneven, but durable.

Based on more than 32,000 data points across property listings, Phase I ESAs, and appraisal orders on LightBox platforms, May marked the fifth consecutive triple-digit reading and the second straight month above 125, a level last seen in 2022. The market's strength is rooted in the strong pace of new properties coming to market and demand for environmental due diligence, both of which continue to offset softer lender appraisal volume. LightBox Transaction Tracker data points to a market increasingly powered by smaller, more financeable deals, helping sustain velocity even as lenders remain selective.

LightBox CRE Activity Index: January 2025 to Present

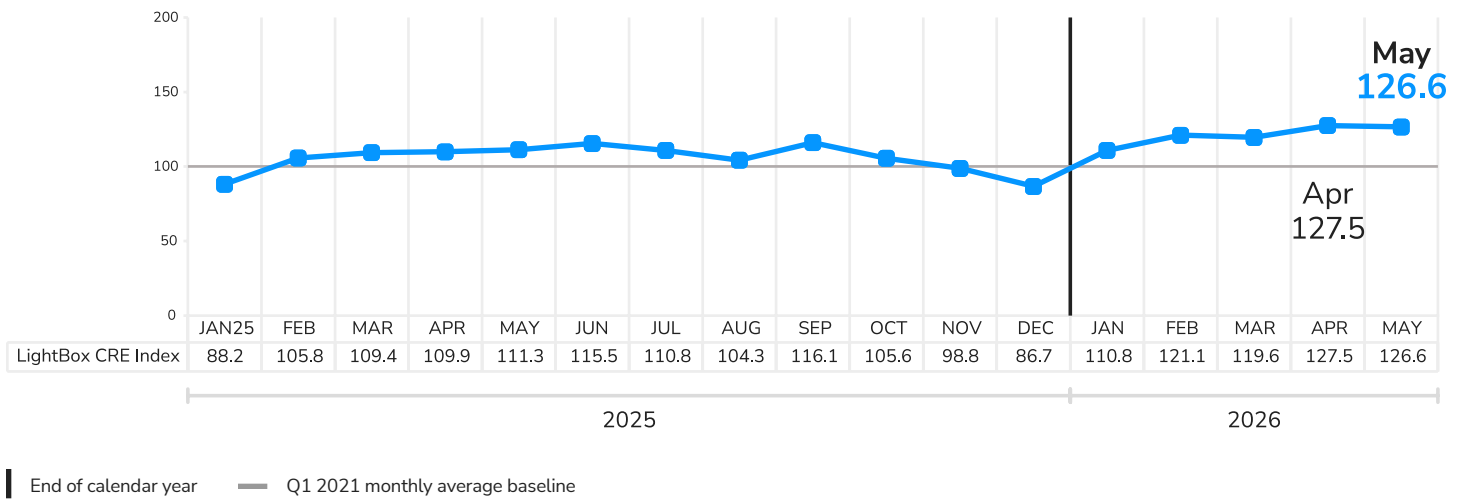
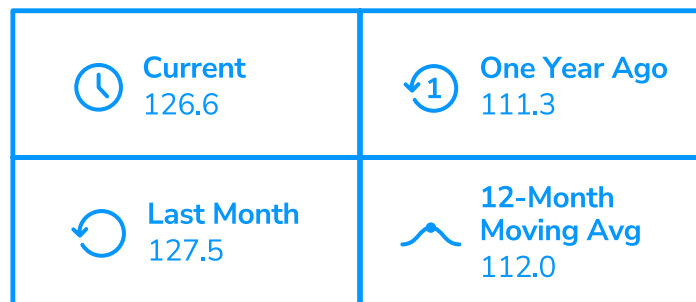


Figure 1B

NOTE: The LightBox CRE Activity Index is based on changes in environmental due diligence (measured by Phase I ESA volume), commercial property listings, and valuation market activity indexed to a baseline (Q1 2021 monthly average = 100). The index is normalized to account for variations in the number of business days per month. The historical CRE Activity Index has been normalized to consistently include historical and current listings across LightBox platforms. The Index value reported for the most recent month may be revised in the subsequent publication as LightBox finalizes the input datasets.

CRE Activity Index:
Current Month vs. Historical Benchmarks



— >100 — <100

Figure 2

Market Pulse

Hotter Inflation, Firm Hiring Complicate the Rate Outlook

May brought a more complicated macro picture, with hard data holding up better than sentiment. Job growth surprised to the upside, with payrolls rising 172,000 and unemployment holding at 4.3%, reinforcing the view that the labor market remains resilient. Softer indicators were less encouraging. Consumer confidence weakened as households absorbed higher energy costs, while homebuilder sentiment improved modestly but remained well below neutral. Inflation moved back to the center of the story, with May CPI topping 4% for the first time in three years. Markets are now debating not just when rate cuts return, but whether a hike is possible.

Construction Data Points to CRE Tailwinds

The latest construction data showed a split market: U.S. housing starts fell 2.8% in April, led by a 9% drop in single-family starts, while multifamily starts jumped 10.3% to a three-year high. For CRE, the single-family slowdown is a fundamentals story in disguise. Less for-sale housing supply keeps more households in the rental pool, supporting multifamily demand as the recent wave of new apartment inventory levels off. Retail is seeing a similar dynamic: limited new construction has tightened space availability and pushed rents higher, creating tailwinds for valuations and investment.

CRE Closings Shift to Smaller Deal Size

Like the CRE Activity Index, which captures early signals of market momentum, LightBox's Transaction Tracker shows little signs of deal flow easing. [The April 2026 report, Capital in Motion: How CRE is Transacting in an Uncertain World](#), recorded 1,270 closed transactions totaling \$22.1 billion, only modestly below March. The more telling shift was deal size: average transaction volume slipped to \$17.4 million from \$18.6 million, pointing to a market increasingly powered by smaller, more financeable deals.

FORECAST: Can CRE Hold Its Ground Into Summer?

May proved that CRE momentum can take a punch. The Index held near four-year highs, with stronger due diligence activity offsetting modest pullbacks in listings and appraisals. The market is still open, but not carefree. Lenders and investors are moving carefully as higher Treasury yields, elevated oil prices, and geopolitical uncertainty make underwriting harder.

The Iran conflict remains the biggest unknown. A deal to end the war in June could send oil prices lower, ease inflationary pressures, and pull bond yields back toward early-year levels, giving CRE a clearer runway into the second half. If the conflict drags on, high energy costs would keep inflation elevated, reinforce a more hawkish Fed stance, and weigh on sentiment, deal timing, and borrowing costs.

Even so, CRE fundamentals remain relatively steady. Capital is available, smaller deals are moving, and buyer engagement has not disappeared. Larger transactions remain more selective, but the market is not frozen. Heading into Q3, the question is whether macro pressure finally slows transaction velocity or whether CRE keeps doing what it has done for the past five months: moving through the noise.

ABOUT THE MONTHLY LIGHTBOX CRE ACTIVITY INDEX

The LightBox Monthly CRE Activity Index is an aggregate that represents a composite measure of movements across activity in appraisals, environmental due diligence, and commercial property listings as a barometer of broad industry shifts in response to changes in market conditions. To receive LightBox reports, [subscribe to Insights](#).

ABOUT LIGHTBOX

LightBox is the leading data and workflow platform for commercial real estate (CRE) and location intelligence. The Company provides authoritative property, ownership, zoning, environmental, and transaction data powered by a proprietary nationwide parcel fabric and the LightBox ID — a standardized identifier that brings clarity and consistency to complex real estate assets. Through its LightBox Live platform and suite of capital markets, lending, and due diligence solutions, LightBox supports critical workflows across investors, lenders, brokers, environmental professionals, government agencies, and infrastructure operators. By transforming fragmented public and private records into structured, connected intelligence, LightBox enables customers to reduce risk, accelerate transactions, improve underwriting accuracy, and make more informed decisions about physical assets and portfolio exposure. Visit us at: www.LightBoxRE.com

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