

CRE MARKET SNAPSHOT Q2 2025

FOCUS ON CAPITAL MARKETS AND INVESTMENT TRENDS

(April 1 – June 30, 2025)

LIGHTBOX Q2 2025 PROPERTY LISTINGS INDEX CLIMBED TO 197.2 IN Q2, UP 14% FROM Q1

Growth Continues, but with More Caution

Editor's Note This report, an installment of the LightBox CRE Market Snapshot Q2 2025 series, highlights trends in capital markets and emerging opportunities for brokers and investors. Other reports in the series include the Phase I ESA Market Snapshot, which takes a deep dive into similar trends in the environmental due diligence sector, and the Appraisal Market Snapshot, which highlights trends in lender-driven appraisals, and the latest industry benchmarks on fees, turnaround time and metro-level performance.

The second quarter of 2025 continued to reflect a market in measured recovery, with increasing macro uncertainty shaping capital deployment and deal pacing. After a strong Q1, early optimism in Q2 was tempered by policy-driven volatility related to ongoing trade tensions, new tariffs impacting construction costs, and persistent inflation that kept the Fed on hold at its May, June, and July meetings. Inflationary pressures, coupled with mixed labor signals, have led markets to price in potential rate cuts later in 2025, but the Fed's caution suggests relief will be gradual.

Market signals on CRE pricing remain mixed. While 40% of CRE professionals believe values have bottomed, according to the results of LightBox's [Mid-Year 2025 CRE Market Sentiment Survey](#), 60% see further room to fall. The good news is that bid-ask spreads continue to narrow, and valuation uncertainty is easing in high-transaction sectors like multifamily and industrial. Distress is not yet widespread, but there have been recent localized increases, particularly in urban office. Loan extensions have delayed a broader pricing reset, but looming maturities and persistent pricing pressure could trigger sharper adjustments before year-end.

KEY Q2 2025 DEVELOPMENTS

- **The LightBox Commercial Property Listings Index climbed to 197.2 in Q2**, up 14% from Q1, driven by improving pricing clarity and a broadening pool of marketed assets.
- **The Federal Reserve kept interest rates unchanged at both of its Q2 meetings** (May and June), and again in July, maintaining its “higher-for-longer” stance amid persistent inflation and mixed economic signals.
- **Multifamily remained the most listed asset class**, accounting for 36% of all listings in Q2, up from 33% in Q1, reinforcing its continued dominance in investor focus.
- **Year-to-date growth in properties listed for sale at midyear was strongest in land** (up 69%), retail (64%), and multifamily (51%).
- **Office assets posted another quarter of growth**, with listings up by 12% quarter over quarter, fueled by a mix of distressed sales and ongoing portfolio reshuffling.
- **The share of private capital (less than \$20 million) deals declined** from 72% in Q1 to 65% in Q2 while institutional listings (more than \$50 million) rose from 11% to 17%, a sign of growing engagement from larger investors.

Despite these crosscurrents, LightBox data shows no sign of a market retreat. The LightBox Property Listings Index climbed to 197.2 in Q2, up 14% from Q1 as sellers continued to bring a steady stream of assets to market as pricing clarity improved. By major asset class, multifamily led with 36% of listings, followed by retail (18%), and land (14%). Office listings rose 12% from last quarter partly reflecting distress-driven sales. Institutional capital reentered selectively, with listings over \$50 million increasing from 11% to 17% as private capital activity eased slightly.

On the financing side, the MBA reported a 66% year-over-year surge in bank CRE lending in Q2, while the LightBox CRE Transaction Tracker showed Q2 deal volume up 13% from Q1. These trends point to a market that is navigating uncertainty but still positioning for more activity in the second half. CRE professionals responding to LightBox's early July Mid-Year 2025 CRE Market Sentiment Survey remain cautiously optimistic, expecting stabilized fundamentals, improving capital markets, and continued deal flow across targeted sectors in the second half. Combined with narrowing spreads and improving price discovery, these trends suggest a market still deploying capital, albeit selectively, into sectors with stable fundamentals and clearer valuation baselines.



Q2 UPTICK IN LIGHTBOX COMMERCIAL PROPERTY LISTINGS INDEX AS SELLERS REENGAGE

The rise in the LightBox Property Listings Index, the highest reading since early 2022, reflects continued seller momentum as pricing clarity improves and more owners bring assets to market, particularly in the multifamily, land, and retail sectors. Buyers, for their part, are re-entering selectively, encouraged by greater transparency and a growing sense that valuations in some asset classes may have bottomed out.

This second-quarter gain builds on a Q1 rebound that followed a steep 34-point drop in Q4 2024. While seasonal factors were likely at play, the year-end lull was followed by a surge to 173.3 in Q1, driven by a sharp rise in listings across January, February, and March. Now, the sustained momentum into Q2 signals a potential inflection point.

The narrowing of the bid-ask gap is helping facilitate transactions that had previously stalled, while institutional capital is gradually returning, as seen in the rising share of listings greater than \$20 million. Some investors believe the market has reached a pricing floor and are reengaging with greater confidence, while others remain cautious, expecting further declines in value. As pricing clarity improves, more investors are viewing this point in the cycle as a window for reentering the market with greater conviction.

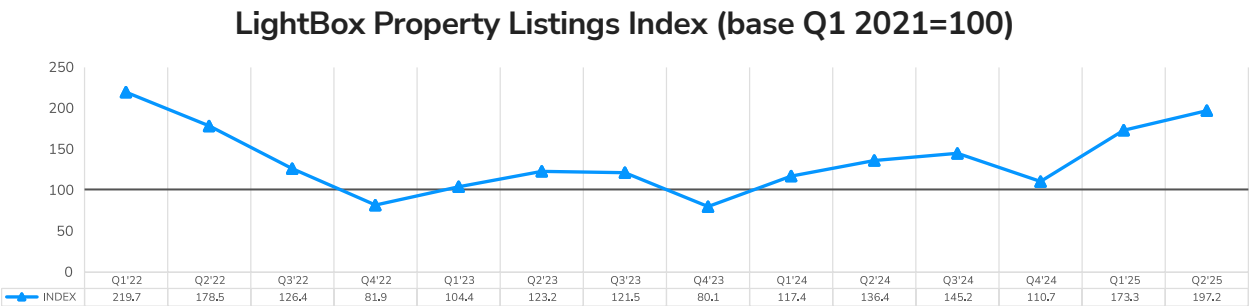


Figure 1

NOTE: The LightBox Commercial Property Listings Index is derived from data in the LightBox RCM and Revere CRE platforms used by brokers/ investors. Quarterly volumes are normalized to a Q1 2021 base and calculated based on an average volume per business day (and adjusted as necessary for changes in client mix to highlight organic market trends). This index is one of three indexes that feed into the LightBox CRE Index, an aggregate activity index 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.

LightBox Q2 2025 Property Listings Metrics Snapshot

	Q2 2025	Q1 2025	Change (QOQ)	Q2 2024	Change (YOY)
LightBox Property Listings Index (base Q1 2021)	197.2	173.3	14%	136.4	45%*
Multifamily (as % of total listings)	36%	33%	3%	34%	2%

Review of Listings by Price Category

Listings <\$20 Million (as % of total)	65%	72%	-7%	57%	8%
Listings >\$50 Million (as % of total)	17%	12%	5%	20%	-4%

*Significant share of percentage increase is driven by expanding market share of LightBox marketing products and the ongoing shift to subscription-based services.

MULTIFAMILY, INDUSTRIAL, AND RETAIL MAKE UP 66% OF Q2 PROPERTY LISTINGS

An analysis of property listings on the LightBox RCM platform in Q2 2025 offers a clear window into the assets driving the most attention in today’s evolving market. Multifamily, industrial, and retail collectively accounted for 66% of all listings, with multifamily leading at 36%. While core sectors remain in focus, investor interest is increasingly shaped by sub-asset nuances and geographic differentiation, reflecting the market’s response to ongoing macroeconomic uncertainty and policy-driven volatility.

Multifamily	 Multifamily continued to lead listings, increasing its share from 33% in Q1 to 36% in Q2. Interest in multifamily remains high due to the persistent housing shortage and prohibitively high homeownership costs. Multifamily deals are moving briskly this year, though rising construction and insurance costs may challenge new development.	Retail	 Retail claimed the second-largest share, accounting for 18% of Q2 listings, followed by industrial at 13%. Retail is holding investor attention thanks to low vacancies and limited new supply. However, growing tariff uncertainty is starting to impact retailer expansion and could dampen consumer spending if import costs rise measurably.
Land	 Land is gaining momentum, representing 14% of Q2 listings. Buyers are competing for well-located parcels with redevelopment or ground-up potential in growth sectors like affordable housing, data centers, or medical facilities. Yet, headwinds in housing construction persist with single-family starts down 10% year over year, and multifamily permitting below pre-pandemic levels. Rising costs and persistent financing constraints are driving a more measured approach to new development projects.	Office Industrial	 Office, while only at 9% of the total, is seeing a rebound led by stronger demand for trophy Class A space in CBDs. Class B/C properties continue to struggle, needing upgrades to remain competitive. Return to office policies are supporting stronger leasing activity in major metros. Industrial tops many investors’ lists, buoyed by the ongoing reshoring of manufacturing, but tariffs will introduce risks like supply chain disruptions and higher production costs that could drive shifts down the road.

Breakdown of Property Listings on LightBox RCM by Asset Type (Q2 2025)

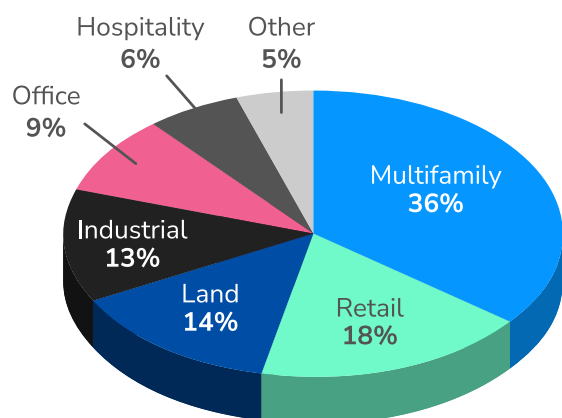


Figure 2A

Other includes: data centers, healthcare, and specialty

Share of Total Listings by Major Asset Type, Q1 2023-Q2 2025

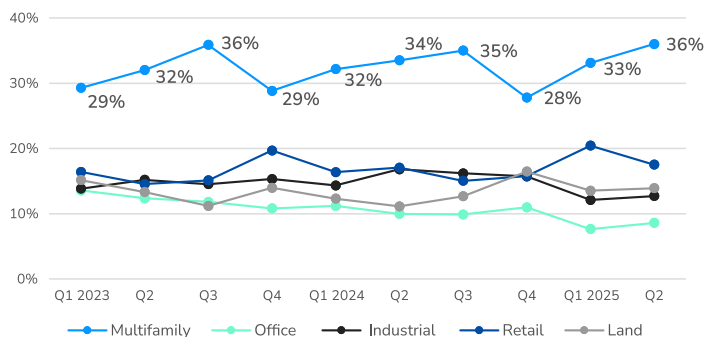


Figure 2B

LISTINGS ACCELERATE ACROSS CRE: LAND, RETAIL, AND MULTIFAMILY POST LARGEST YEARLY GAINS

Among the major asset types in Figure 3, none experienced year-over-year declines in the first half of 2025. The most significant gains were seen in land (69%), retail (64%), and multifamily (51%). At midyear, multifamily assets remain highly active in the listings pipeline, not only because they continue to offer reliable returns in growth markets, but also due to rising distress tied to maturing balloon loans and challenging refinance conditions. The combination of long-term fundamentals and near-term pressure is prompting both willing sellers and opportunity-seeking buyers to engage the market.

Retail is also having its day in the sun, with investors increasingly drawn to well-located open-air centers, particularly those anchored by grocery, medical, or service tenants. This asset type, once viewed as a laggard, is now benefiting from low vacancy, tight new supply, and renewed tenant demand in high-growth metros. Meanwhile, land listings surged as developers and long-term investors step back in, competing for infill and redevelopment sites with strong fundamentals. Even with housing starts softening, strategic land plays remain active, especially where zoning and infrastructure alignment offer near-term potential.

Change in LightBox RCM Property Listings by Top Asset Type (H1 2025 vs. H1 2024)

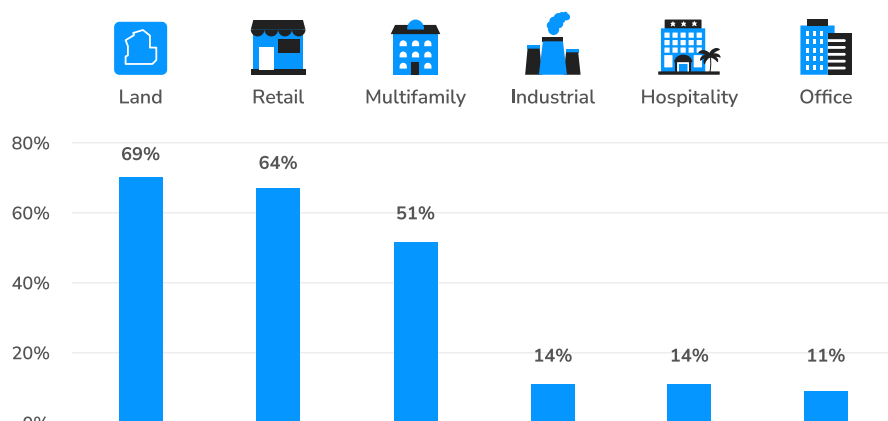


Figure 3



OFFICE LISTINGS CONTINUE TO CLIMB AS MARKET ADJUSTS TO DISTRESS AND REPOSITIONING

In Q2 2025, office listings on the LightBox RCM platform rose 12% quarter-over-quarter, continuing a three-quarter streak of growth as activity in the sector steadily increases (see Fig. 4). While still below pre-pandemic levels, the sustained rise points to a shift in sentiment: more owners are testing the market, and more buyers are stepping in, especially as pricing stabilizes and vacancy rates begin to improve in select markets due to return-to-office mandates and adaptive reuse initiatives.

Distress remains a driver of office listings as upcoming loan maturities and higher interest rates pressure owners to sell, but there is also a growing willingness among investors to look at office assets, particularly in markets where fundamentals are rebounding. In some metros like Chicago and Los Angeles, softer demand and high financing costs are creating entry points for capitalized buyers who are responding to reset pricing, cash-flow upside in better-leased assets, and the potential for office-to-residential or mixed-use conversions. This mix of forced selling and forward-looking investment is helping to reshape the office landscape, a trend likely to continue into the second half of 2025.

Year-Over-Year Change in LightBox RCM Office Property Listings (Q1'2023-Q2'2025)

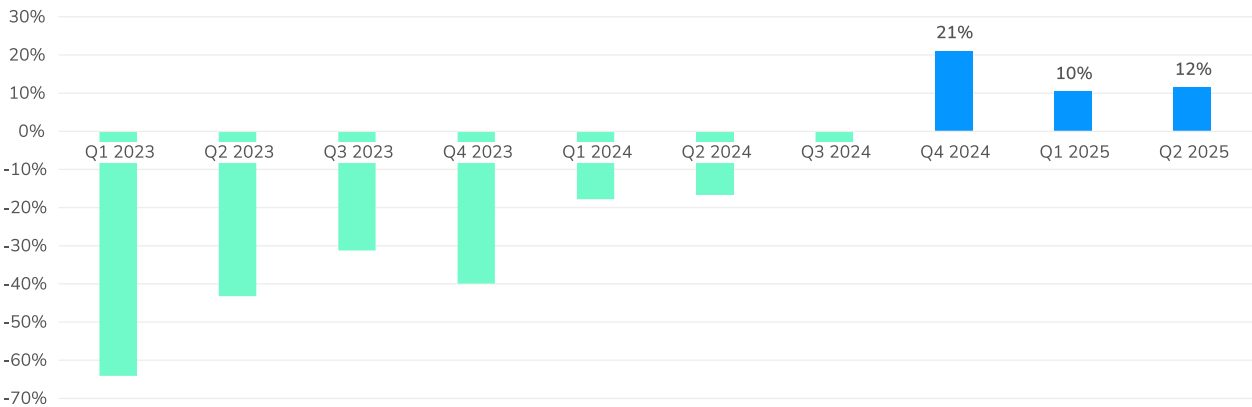


Figure 4

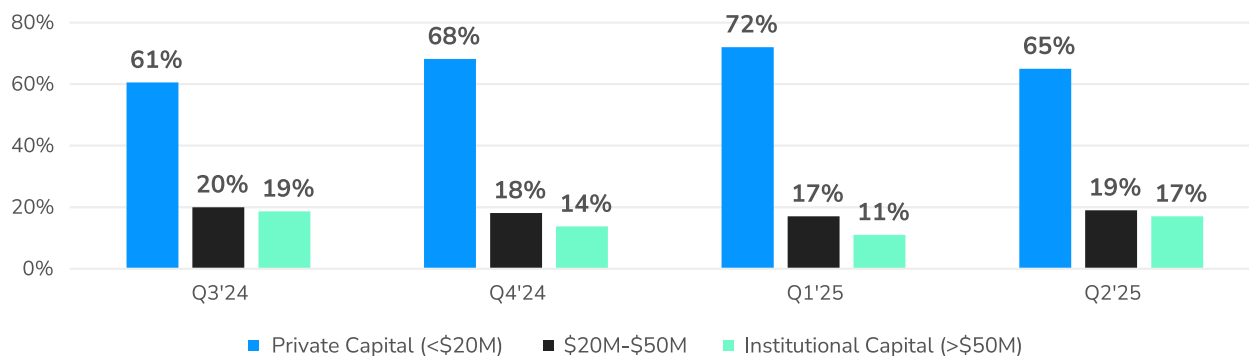
SHIFT IN CAPITAL: INSTITUTIONAL BUYERS REGAIN SHARE FROM PRIVATE CAPITAL

After several quarters of growth, the share of private capital listings less than \$20 million declined modestly in Q2 2025, from 72% in Q1 to 65%. This shift was offset by a rise in larger institutional listings, with deals more than \$50 million gaining share and marking a resurgence in activity from bigger players who had largely stayed on the sidelines through much of 2024.

While private capital remains active, particularly in multifamily and retail assets in secondary markets, Q2 data suggests that institutional investors are stepping back in, drawn by stabilizing fundamentals, rebased pricing, and growing confidence in underwriting risk across select asset classes. This is especially evident in core-plus and value-add opportunities where repositioning upside or post-distress potential is strong.

The changing composition of listings reflects a broader rebalancing of the market. Institutional buyers, once cautious due to valuation uncertainty and capital cost, are increasingly testing the waters. Given the market uncertainty, valuation assumptions are tighter, and underwriting demands a level of clarity that only disciplined buyers and well-positioned sellers can meet. Meanwhile, private capital continues to anchor the sub-\$20-million segment but faces more competition and thinner margins as pricing clarity returns and more large-scale opportunities enter the pipeline.

Distribution of Deals by Size Category (Q3'24-Q2'25)



Source: Assets brought to market on LightBox RCM®

Figure 5

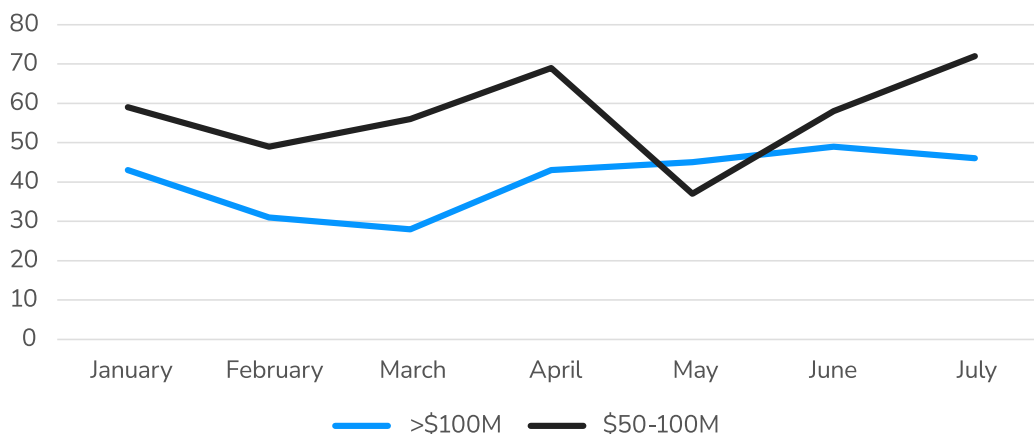
BIG DEALS SURGED IN JUNE, SETTING THE STAGE FOR AN ACTIVE SECOND HALF

Strong interest from both private capital and institutional capital drove robust dealmaking in Q2. LightBox tracked 137 deals over \$100 million and another 164 in the \$50 to \$100 million range that [closed in the second quarter](#). After a volatile April and May as tariffs dominated the headlines, June marked the most active month for CRE transactions and July followed the trend with a 10% month-over-month increase in deals over \$50 million. Mid-cap trades in the \$50-100 million range showed a notable 24% increase in July from June while nine-digit deals maintained their steady, strong 2025 pace. The 10% monthly uptick in transactions reflects the market's response to growing pricing clarity and renewed investor confidence despite economic headwinds and uncertainty.

Multifamily remained the dominant asset class, logging 18 nine-figure and 15 mid-cap transactions, sustaining a four-month lead over other sectors. Industrial followed closely, with strong portfolio and single-asset sales. Office activity was selective but notable, led by strategic buys at discounted pricing, particularly in challenged metros. Retail roared back with five nine-figure and eight mid-cap trades, capped by June's largest CRE deal, a \$1.57-billion sale of 270 GetGo convenience and fuel sites to Alimentation Couche-Tard.

Capital is flowing, but discipline prevails. Investors are gravitating toward stabilized assets with defensible valuations, distressed opportunities, and redevelopment plays. With the third quarter underway, deal activity may ease slightly as seasonal factors extend transaction timelines. Even so, investor demand remains healthy, especially for \$50–\$100 million assets.

Major CRE Deals (YTD 2025)



Source: LightBox Transaction Tracker

Figure 6

MULTIFAMILY IN TOP SPOT FOR AVERAGE PRICING AND LISTINGS ACTIVITY IN Q2

Across major asset classes, the highest average price in Q2 was in the multifamily sector with \$39.9 million, followed by hospitality (\$36.9 million) and industrial (\$36.4 million) (Fig. 8). In another sign of increased investor interest, the average number of viewed agreements per property listing agreements across all asset classes was 176 in Q2, 31% higher than the Q1 average.

The highest asking prices were claimed by industrial (\$475 million) and multifamily (\$425 million) so it's no surprise that those asset classes accounted for the majority of institutional capital deals in Q2 (Fig 9). Interest from big investors is strong, but the field is growing increasingly competitive. In the less than \$20 million price tranche, the multifamily sector also accounted for a large share of buying opportunities with 27% of the total, followed by retail with 26%, and land with 15%.

LightBox RCM Property Listings by the Numbers (Q2 2025) Deal Sheet

Property Type	% of Total Listing Volume	Average Viewed Agreements Per Listing	Highest Asking Price (millions)	Lowest Asking Price	Average Asking Price (millions)
 Multifamily	36%	224	\$425	\$225K	\$39.9
 Retail	18%	168	\$165	\$372K	\$12.6
 Industrial	13%	147	\$475	\$375K	\$36.4
 Office	9%	143	\$215	\$495K	\$19.7
 Land	14%	137	\$100	\$225K	\$12.8
 Hospitality	6%	91	\$265	\$2.5M	\$36.9

Source: LightBox RCM platform, Q2

Figure 8

Viewed Agreements Per Listing

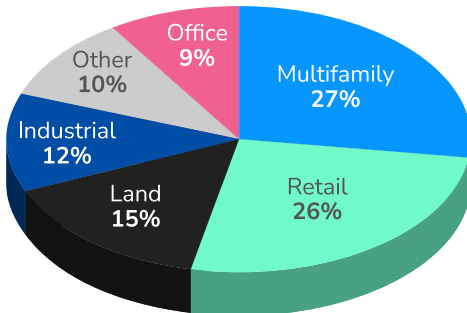
176

Average

(up 31% from Q1'25)

Distribution of Property Listings by Deal Size and Asset Type, Q2'25

Private Capital (<\$20M)



Institutional Capital (>\$50M)

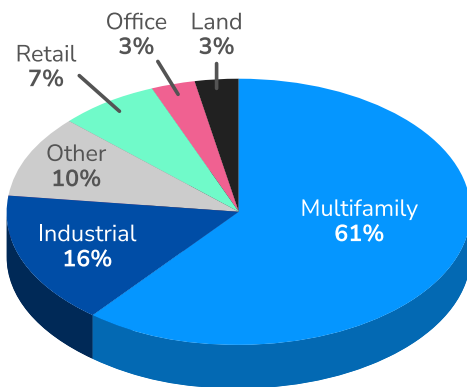


Figure 9

CRE DEBT CAPITAL SURGES IN Q2 AMID UNDERLYING CAUTION

The Mortgage Bankers Association reported a sharp rebound in CRE lending in Q2 with total originations up 66% year-over-year and 48% quarter-over-quarter. While the double-digit growth is promising, it's important to note growth is based on a slow 2024 baseline when lending activity was muted by high rates, tighter credit conditions, and greater valuation uncertainty. Looking ahead, the MBA is bullish, expecting total CY2025 lending to reach \$583 billion, a 16% jump from 2024 and another 22% next year.

Big bank Q2 earnings painted a picture of [measured re-engagement](#). Lenders highlighted improved loan performance and stable delinquency rates across CRE portfolios, but they continue to tighten credit standards and maintain elevated loss reserves for office and select retail exposures. New originations are being balanced against the need for paydowns and strong demand for the refinancing of maturing loans. Economic uncertainty and trade-related volatility are prompting banks to prioritize deals with strong fundamentals, proven sponsors, and existing relationships.

The market is also still facing a significant maturity wall with an estimated \$957 billion in CRE loans maturing this year, accounting for approximately 20% of all outstanding CRE mortgages, with maturities rising to more than \$1 trillion in 2026. This looming refinancing pressure will keep debt capital demand elevated through the second half of 2025, even as underwriting discipline remains tight.



NEAR-TERM OUTLOOK: GUARDED OPTIMISM IN AN UNCERTAIN MARKET

If 2025 has proven anything, it's that uncertainty is the only constant. Interest rates, tariffs, and economic stability remain front-of-mind for investors, yet the CRE market continues to show little sign of retreat. The June LightBox CRE Activity Index delivered its strongest reading of the year, and while [July's Index showed a slight easing](#), the Index continues to be in the triple digits, reflecting a market that is actively engaged, supported by available capital, robust lending, and selective demand across multifamily, retail, and even office sectors.



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Barring a major shock, Q3 is positioned for continued progress. The LightBox Mid-Year 2025 Sentiment Survey revealed that 69% of CRE professionals expect the CRE market to “soldier on” through the second half, provided deals remain financially viable. A majority anticipate flat or rising deal volume over the next two quarters, pointing to expectations of long-awaited interest rate relief, expanding distressed asset opportunities, and improving pricing clarity, all factors that could stimulate transaction activity. Isolating the brokerage/investor respondents to the Mid-Year sentiment survey, 71% are likely to pursue new CRE transactions in the second half, assuming that current market conditions continue, and only 19% are unlikely to chase new deals.

With higher-for-longer rates now the baseline, even a modest Fed cut could reignite lending, much like the 50-bps move last September. Distress will continue to surface slowly as lenders defer forced sales, but capital is active, especially for multifamily, industrial, and well-located retail in markets with strong fundamentals. The July LightBox CRE Activity Index was a key early signal showing that capital is still moving forward despite the lack of movement on rates and high uncertainty.

In this environment of heightened uncertainty, the LightBox Property Listings Index is likely to see a modest Q3 uptick, particularly if the Fed lowers interest rates at its September meeting (Fig. 10). Tarriff “noise” has become part of the backdrop, and sidelined capital is re-entering the market. Investors are deploying selectively, focused on sectors and markets with fundamentals strong enough to deliver durable performance given shifting property uses and market dynamics.

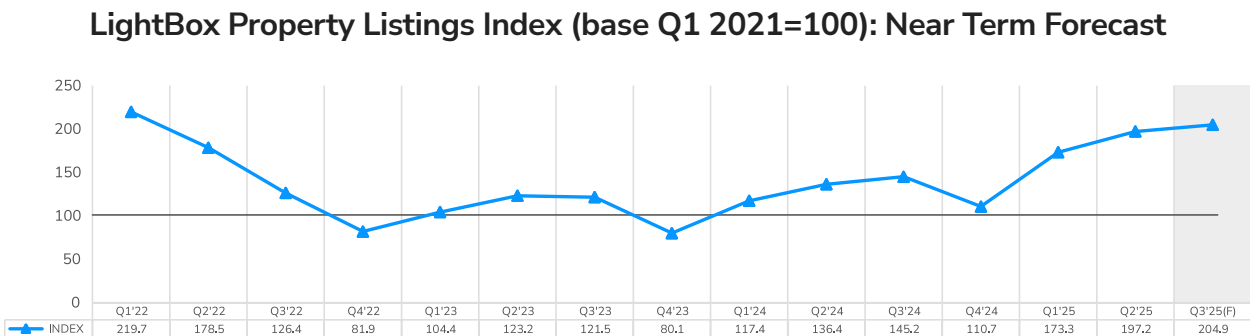
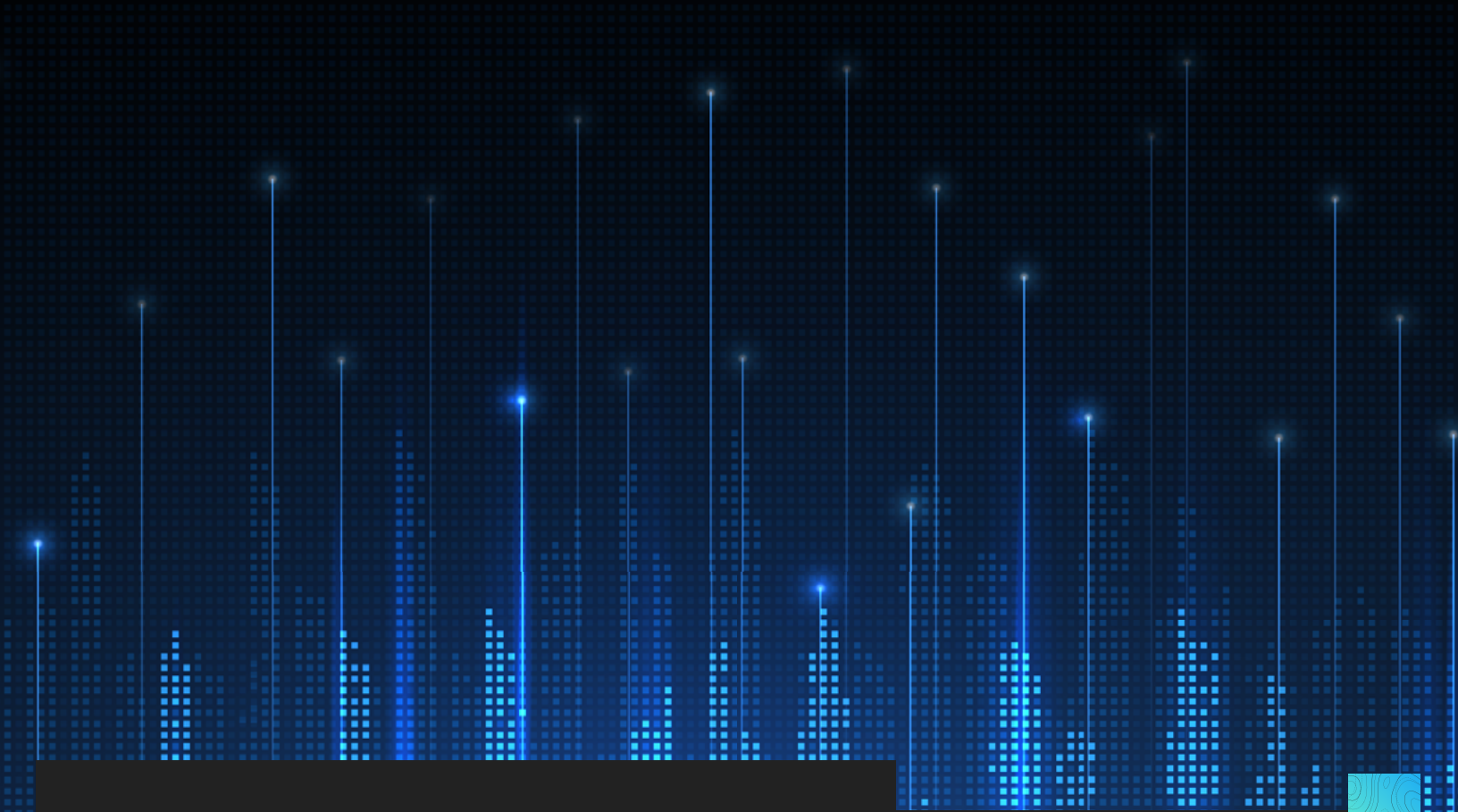


Figure 10



LIGHTBOX CRE QUARTERLY MARKET SNAPSHOT SERIES

This analysis is part of the LightBox Quarterly CRE Market Snapshot Series, which provides insight into activities that support commercial property dealmaking. The data presented in the Focus on Capital Markets and Investments are derived from the activities of the LightBox RCM platform and used to calculate the LightBox Commercial Property Listings Index. LightBox RCM is the industry's leading go-to-market listing platform that powers investment sales, as well as debt and equity deals. As a trusted CRE technology solution, LightBox RCM offers a global marketplace for buying and selling CRE and increases the speed, exposure, and security of deals through one streamlined online platform. Brokers can leverage integrated property marketing tools, transaction management and business intelligence.

ABOUT LIGHTBOX

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