

## January 2025 CRE Activity Index Report

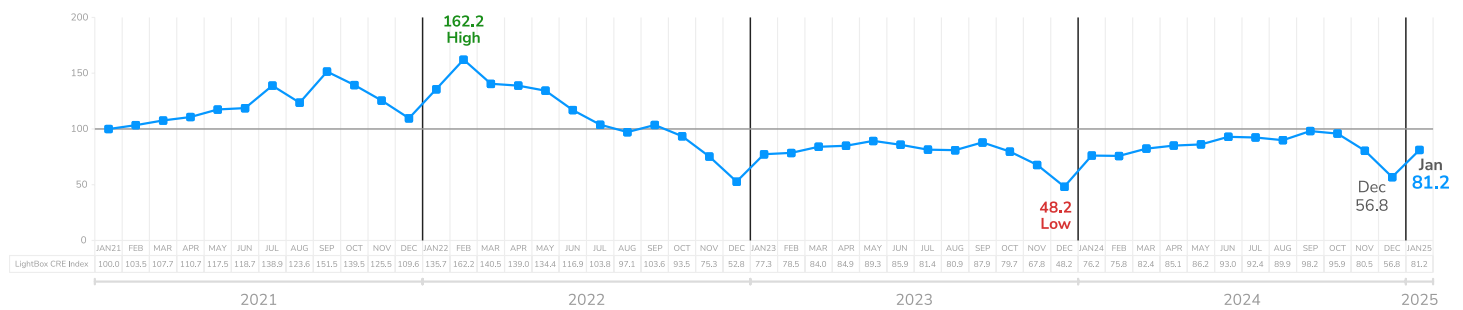
# January Index Rebounds Amid Market Optimism

The LightBox CRE Activity Index reflects a robust rebound in January 2025, underscoring renewed market momentum following the subdued close to 2024. January was marked by the devastation of the Los Angeles fires, continued health in the labor market, the Fed’s pause on a fourth interest rate cut, the start of federal job cuts, and a 30-day reprieve on tariffs on Canadian and Mexican goods. Against this backdrop, the Index surged to 81.2, a substantial increase from 56.8 in December 2024, and just above 80.5 in November, signaling a decisive shift in market momentum. Notably, the January reading also outpaced the 76.2 recorded in January 2024, reinforcing a clear upward trajectory in investor confidence and transactional velocity. This resurgence indicates strengthening capital deployment, increased deal flow, and a recalibration of market expectations, positioning the CRE sector for sustained growth in the coming months as the market keeps a close eye on federal policy developments that could have implications for CRE lending, employment, interest rates, and general confidence.

### Double-Digit Growth in Supportive Functions Lifts January Index to 81.2

The five-point year-over-year increase was driven by growth in the underlying key performance indicators. Environmental due diligence and lenders’ demand for commercial appraisals increased by 15% and 16% over Q4, respectively, and property listings on the RCM platform more than doubled.

LightBox CRE Activity Index (January 2021 - Present)



End of calendar year    Q1 2021 monthly average baseline

Figure 1

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) to give market watchers a pre-slowdown basis of comparison. The index is normalized to account for variations in the number of business days per month.

## January 2025: Current Month vs. Historical Benchmarks

	Current Month	Previous Month	Corresponding Month of Prior Year	12-Month Moving Average	Historic Low*	Historic High*
Overall Index	81.2	56.8	76.2	84.8	48.2 (Dec. '23)	162.2 (Feb. '22)

Figure 2

NOTE: The historic low and high are based on the timeframe from Q1 2021's monthly average, which serves as the baseline for the index.

### CRE Market Kicks Off 2025 with Optimism—But Will It Last?

Investors entered January with optimism, expecting stable interest rates and a new administration focused on reducing inflation and taxes to support a growth-oriented business climate for markets. But as we noted in our [monthly commentary](#) for January, a number of disruptive events and news threatened that optimism and sent the 10-year Treasury climbing to 4.8% in mid-January. Some of the big news that kept investors on their toes included the LA wildfires that burned out of control for nearly a month leaving a path of unprecedented devastation; concerns surrounding Trump administration policies on immigration and tariffs; and the big surprise with the DeepSeek announcement that seemed to upend cost assumptions about AI investment and infrastructure. There was no surprise, however, given the continued resilience of the economy (as corroborated by Q4 GDP growth of 2.3%) when the Federal Reserve held pat on interest rates at its January meeting.

### Breaking Down the January Index: Signs of Market Momentum



#### Environmental Due Diligence Activity:

The sharp 15% rise in Phase I ESA volume suggests increased transaction activity in the coming months, particularly in the industrial and multifamily sectors, as buyers and lenders ramp up assessments amid stabilizing property prices.



#### Commercial Property Listings:

Listings have picked up considerably after a seasonal dip, more than doubling December's volume, reflecting sellers' growing intention to put assets on the selling block in response to growing investor interest and an expanding pool of interested buyers filing non-disclosure agreements.



#### Valuation Market Activity:

The volume of commercial property appraisals saw a notable increase after several months of slow momentum as lenders addressed a growing wave of refinancing requests and large institutions slowly ramped up originations activity.

While the Index remains well below its historic peak of 162.2 (February 2022), the momentum observed in January suggests that 2025 could bring a more stable and active CRE market as long as conditions remain relatively stable and nothing upsets market confidence measurably in February.



## Outlook for 2025: The Tide is Turning

Declarations that the CRE market has bottomed out—especially for beleaguered legacy offices—are leading investors to confidently [seek discounts](#). Institutional investors showed increased confidence in the CRE market in January with [43 transactions worth more than \\$100 million](#), but volatility and the rapid pace of news from Washington, D.C. are keeping some investors guarded. At the close of January, news broke that the GSA plans to terminate 7,500 leases, even as federal workers are mandated to return to the office, leaving uncertainty ahead for that asset type in GSA-owned property markets like D.C. The CRE market continues to be a nuanced market with pockets of opportunity (and expected losses) by MSA and property type—with each transaction highlighting the need for data analysis and on-the-ground research.

With the LightBox CRE Activity Index rebounding in January, early signs point to **an improving transactional landscape as 2025 unfolds**. Continued monitoring of key indicators will be crucial for understanding the pace and sustainability of this momentum.



**Monetary Policy:** The Federal Reserve's stance on interest rates remains a key determinant of lending and transaction. Stability or reductions in rates could further support market recovery. The next FOMC meeting in March is expected to result in no rate change—barring any unexpected economic fallout with jobs and inflation.



**Sector-Specific Performance:** Industrial and multifamily remain strong, while office properties continue to face headwinds. Retail properties have shown resilience in select markets.



**Investment Climate:** Institutional investors and private equity firms are cautiously re-entering the market, seeking distressed opportunities and repositioning strategies.

## 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

At LightBox, we are at the forefront of delivering advanced and precise solutions for commercial real estate intelligence. Our dedication to innovation propels real estate professionals forward by providing them with the essential tools required to navigate complex decisions, minimize risk, and boost productivity across the spectrum of real estate operations. LightBox is renowned for its commitment to promoting excellence and fostering connections in the industry, serving an extensive clientele of over 30,000 customers. Our diverse client base spans commercial and government sectors, including but not limited to brokers, developers, investors, lenders, insurers, technologists, environmental advisors, appraisers, and other businesses that depend on geospatial information. To discover more about how LightBox can illuminate the path to informed real estate solutions, visit us at: [www.LightBoxRE.com](http://www.LightBoxRE.com)

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