



2025 REAL ESTATE MARKET PULSE SURVEY

In the wake of recent economic upheavals and global uncertainties, the commercial real estate industry is navigating an unpredictable landscape. The U.S. market, valued at a staggering \$22.5 trillion, ended 2024 poised for a resurgence after grappling with years of high inflation and sluggish growth. The industry now finds itself adapting to the ripple effects of geopolitical tensions, uncertain economic growth, and tariff negotiations, presenting both challenges and potential opportunities.

Economic conditions, interest rates, and geopolitical issues are key factors in shaping the market. Economic growth fuels demand for commercial spaces, driving up occupancy rates and rental rates, while downturns can quickly reverse these gains. Interest rates are the heartbeat of the industry; lower rates can ignite a flurry of investment and development, while higher rates might cool the market's fervor. Geopolitical issues, from trade tensions to conflicts, add layers of complexity, influencing investor confidence and property values. For industry professionals, navigating these turbulent waters requires sharp insight and strategic foresight, making the commercial real estate market a dynamic and challenging arena.

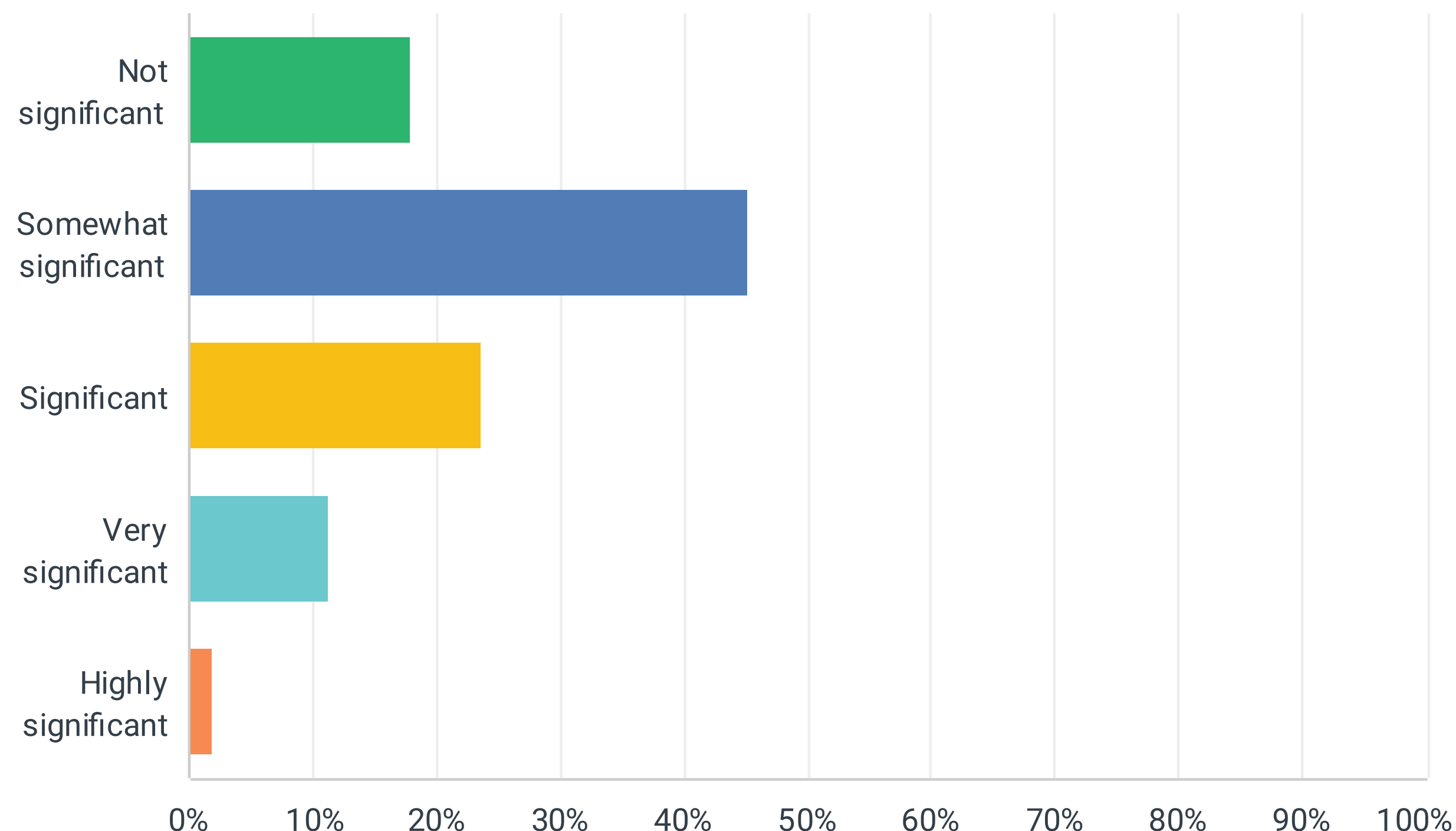
In May of 2025, Cozen O'Connor's Real Estate Practice conducted a comprehensive survey to capture the pulse of the real estate investment community. The survey aimed to understand how current economic conditions, fluctuating interest rates, and recent geopolitical events are influencing investor decisions. The findings provide a detailed analysis of the prevailing sentiments and strategic adjustments within the industry in response to these dynamic factors. The following analysis explores these insights and their implications for future investments.

Caution Dominates Investor Sentiment, but Pockets of Optimism Also Present

Key finding:

There is broad consensus that capital constraints and U.S. trade policy are weighing on real estate investment and strategic planning, according to results from a survey of the real estate investment community conducted by Cozen O'Connor. However, despite the challenging conditions, nearly 40 percent of respondents expressed optimism about the investment climate for the remainder of the year and into 2026, suggesting that at least some believe the worst of the turbulence and uncertainty is behind them.

How are recent GDP declines and trade policy changes impacting your outlook on the real estate market and your investment strategy?



Context:

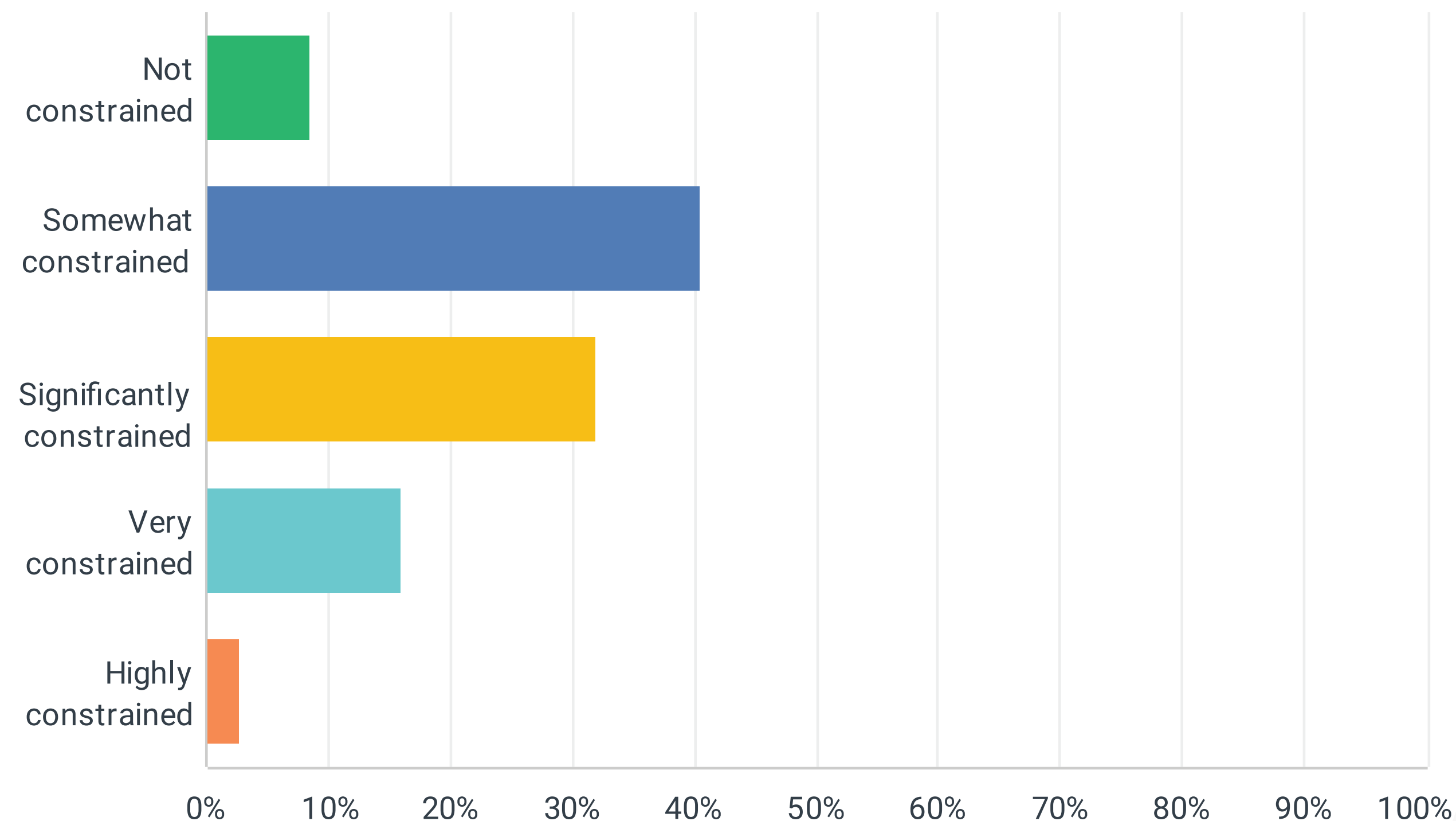
For the first time in three years, U.S. GDP contracted in Q1 2025, renewing fears of a potential recession. The Trump Administration's announcement of tariffs on key trading partners added to those concerns, potentially driving up the cost of materials, appliances, and fixtures essential to real estate development.

Takeaway:

The survey results reflect the axiom that markets dislike uncertainty. With the scope and duration of the new trade policies still unclear—and the economic impact yet to be fully felt—investors appear cautious. Until greater clarity emerges around trade negotiations and macroeconomic stability, many appear hamstrung.

"The combined disruption from this economy and current administration needs to abate before any normalcy returns."

Based on your recent experience, rate the extent in which equity capital flows are constrained.



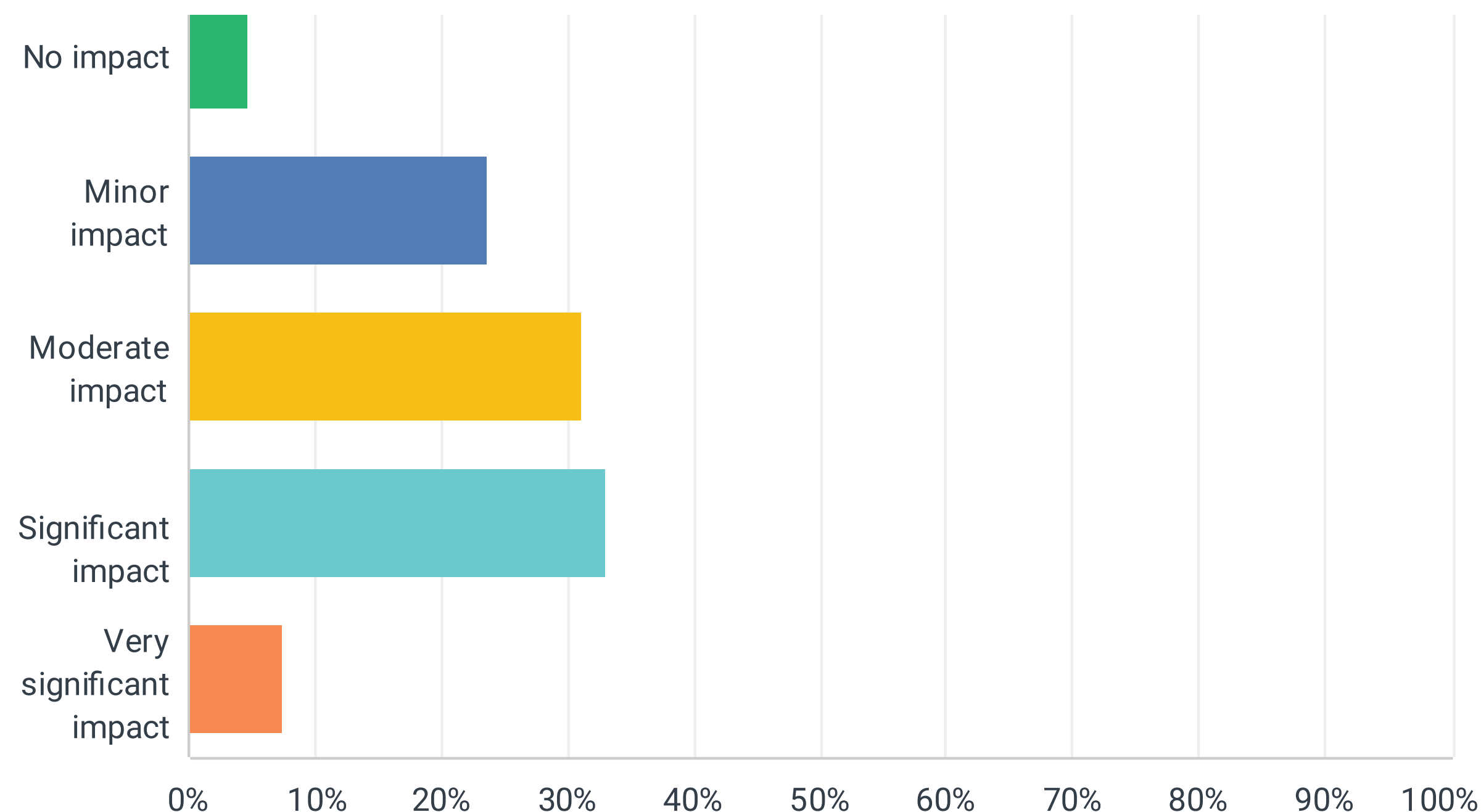
Context:

At the start of 2025, real estate investors had reason to be optimistic. Equity fundraising reached \$57.15 billion in Q1—the first year-over-year increase for a first quarter in three years, [according to PERE](#). The uptick suggested renewed confidence and capital availability across the market.

Takeaway:

A more sober mood around equity fundraising appears to have settled in across the sector. More than 90% of survey respondents report that equity capital flows are at least somewhat constrained, suggesting a marked shift in sentiment. While this pullback may slow deal activity, it also creates opportunities for investors, who may find more favorable terms and reduced competition compared to previous markets.

How would you rate the impact of current economic conditions on the availability of debt financing across commercial banks, debt funds, and investment banks?



Context:

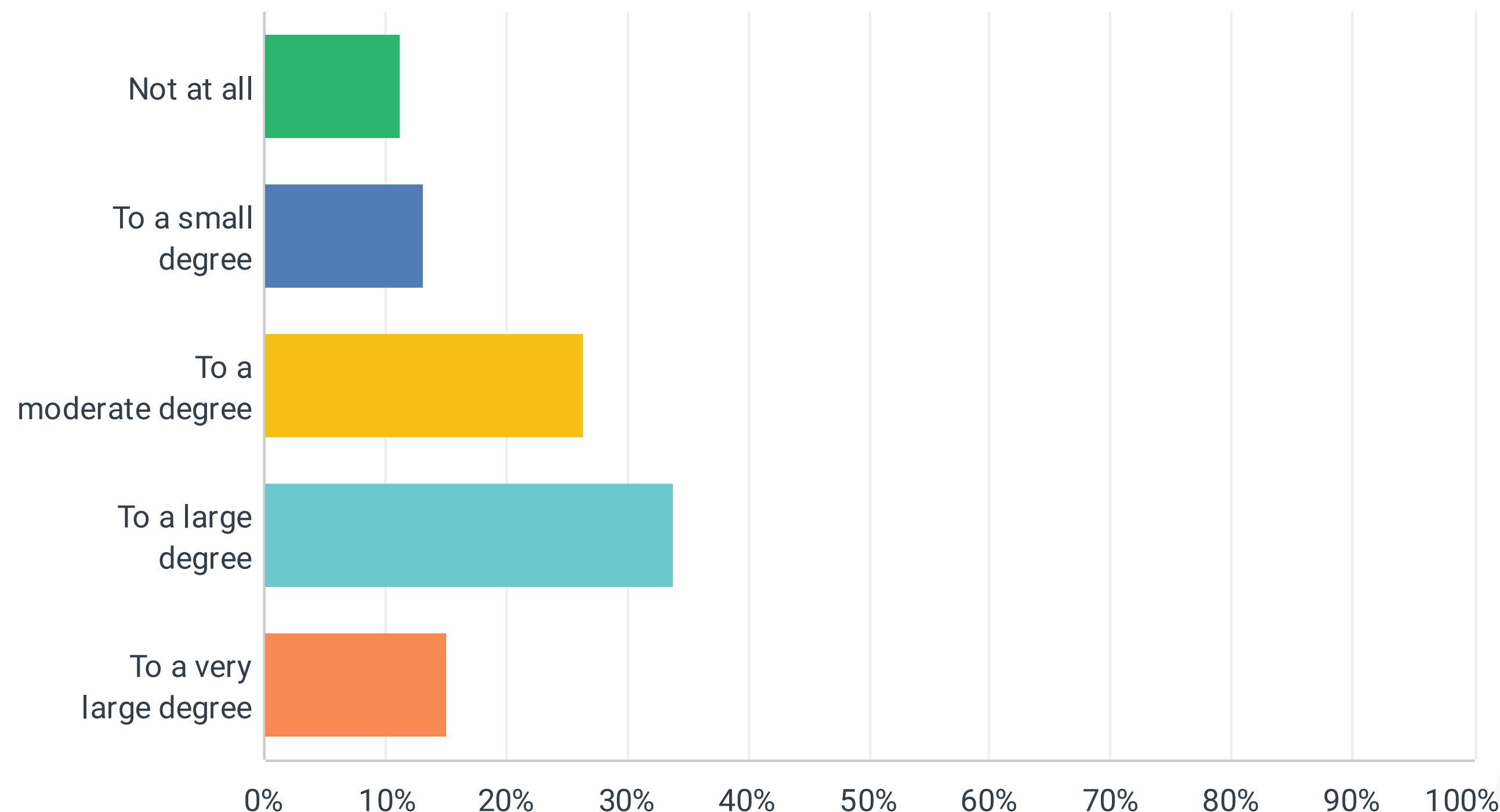
The real estate sector continues to navigate a shifting interest-rate environment. After a rapid tightening cycle, the Federal Reserve made three rate cuts last year. But in 2025, growing economic uncertainty has prompted a pause, leaving lenders cautious.

Takeaway:

With over 95% of respondents reporting that debt availability is at least somewhat constrained across commercial banks, debt funds, and investment banks, these results reflect a market grappling with limited access to leverage. For project managers, this may mean relying more heavily on equity capital and accepting tighter covenants and terms. Meanwhile, all eyes will be on the Fed as it weighs additional rate cuts this year, which could loosen lending.

“The regional banks are still restrained in their lending due to the overhang in their CRE portfolios.”

To what degree are current market conditions impacting your decision to start or finance new development projects?



Context:

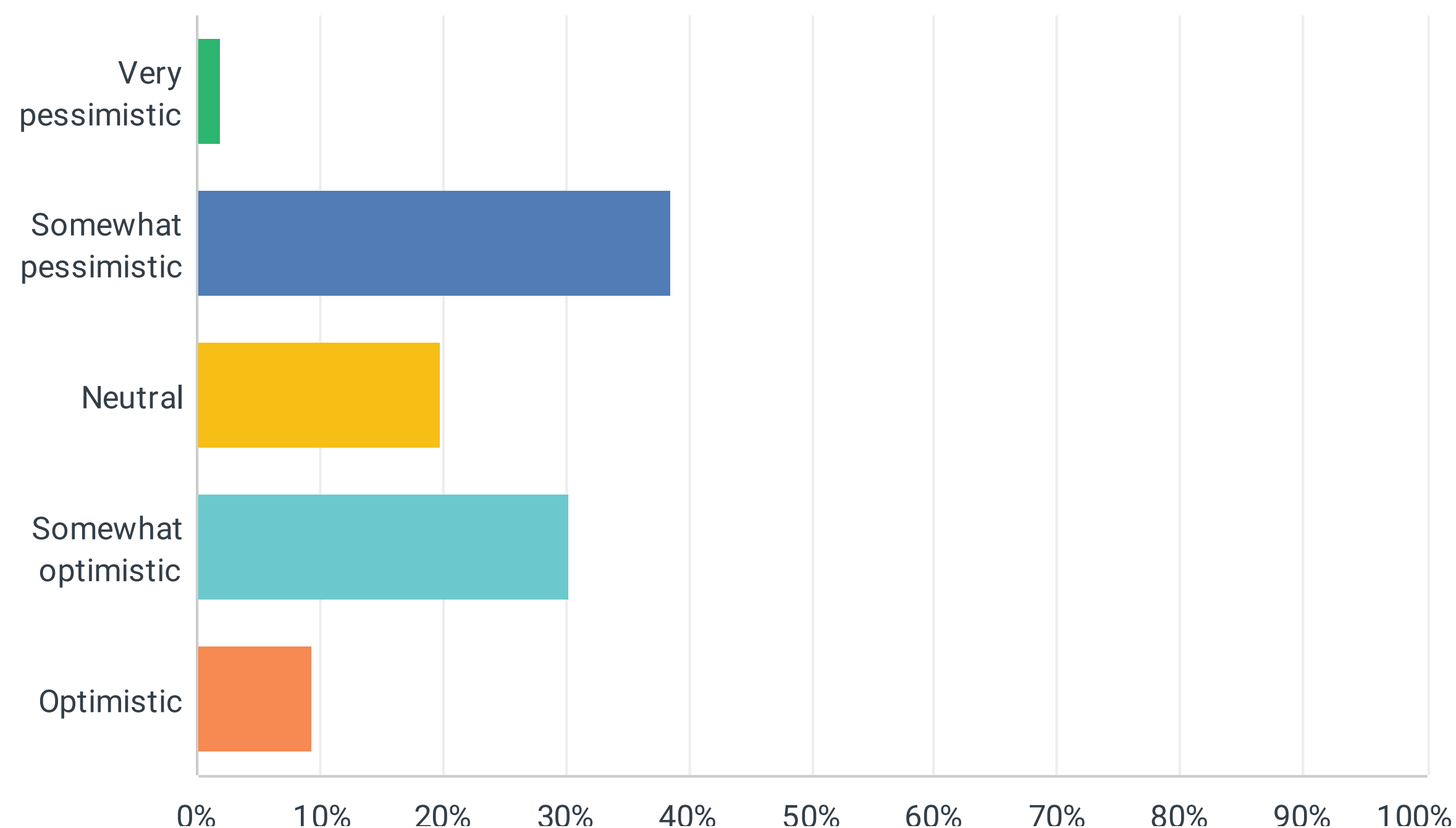
Since the Fed paused rate cuts in January, and while there is expectation that there will be one or two small rate cuts this year, borrowing costs remain at significantly higher levels than those existing before the Fed began dramatic increases in mid-2022.

Takeaway:

Nearly half of survey respondents said that the current market conditions are having a large or very large impact on their decision to start or finance new development projects. These results most likely reflect concerns over rising material prices (including concrete, steel, and equipment), supply-chain challenges, and interest rate uncertainty—all of which can increase project costs and extend timelines.

“Too much uncertainty to make long term investment decisions.”

To what extent are you optimistic about the real estate investment climate through year-end 2025 and into 2026?



Context:

The U.S. real estate market is complex and multidimensional. Among the various asset classes and regions, there can be enormous differences in market conditions.

Takeaway:

In a highly uncertain economic environment that has created turbulence and headwinds, a surprising number of real estate investors remain optimistic about the remainder of 2025 and next year and are inclined to invest in their region over the short term. These results suggest that some—although not all—have confidence in more macroeconomic stability on the horizon. Some of those differences may be attributed to the differences among asset classes and regions in which respondents are invested.

“Bumpy economic conditions, next 6–12 months, then ‘huge’ forecasted real estate upturn afterwards...”



About the survey:

Cozen O'Connor conducted the survey from May 14 – May 28, 2025. The survey included a diverse range of respondents, such as professionals from real estate investment, commercial lending, development, brokerage, construction, leasing, and asset management.