REALTORS® LEGISLATIVE MEETINGS 2025

MAY 31–JUNE 5 • WASHINGTON, DC

NATIONAL ASSOCIATION OF REALTORS®

REALTORS® are members of the National Association of REALTORS®.

NARdotRealtor

nar.realtor

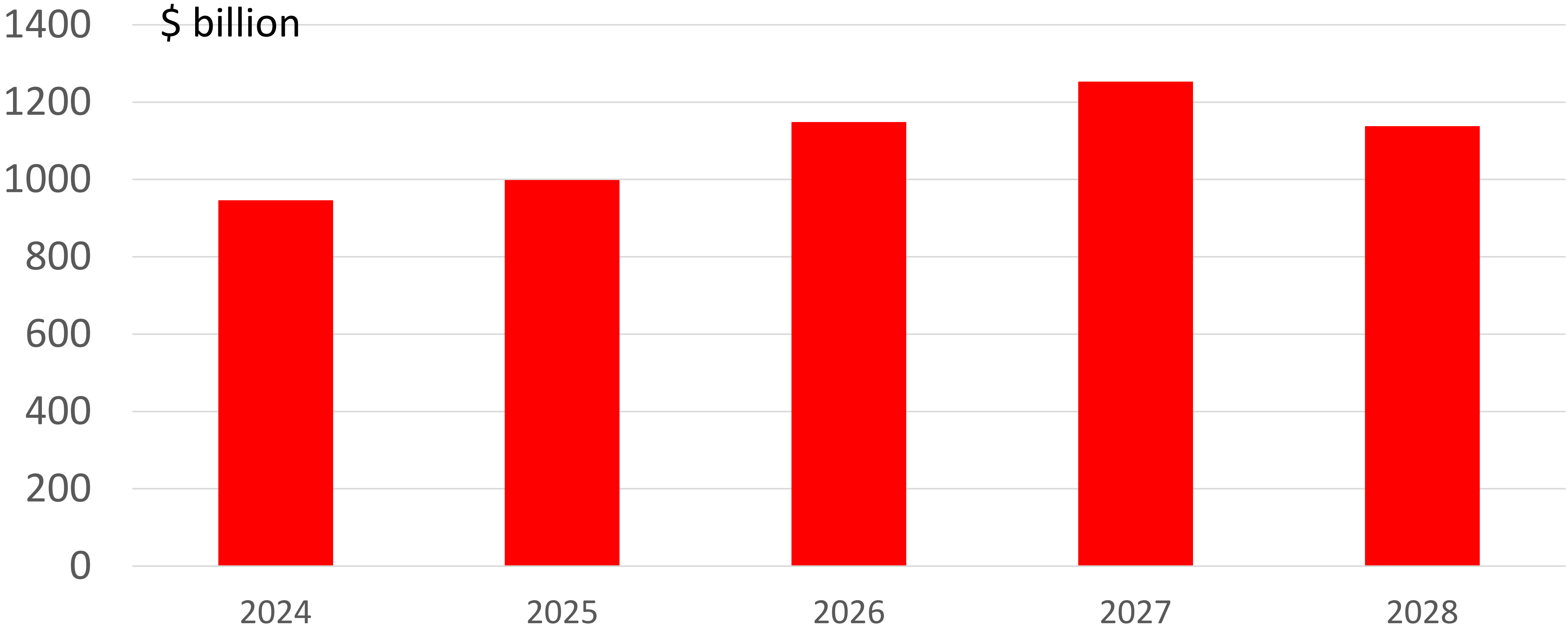
#NARLEGISLATIVE

Commercial Real Estate & Economic Outlook

Lawrence Yun, Ph.D.
Chief Economist

NATIONAL ASSOCIATION OF REALTORS®

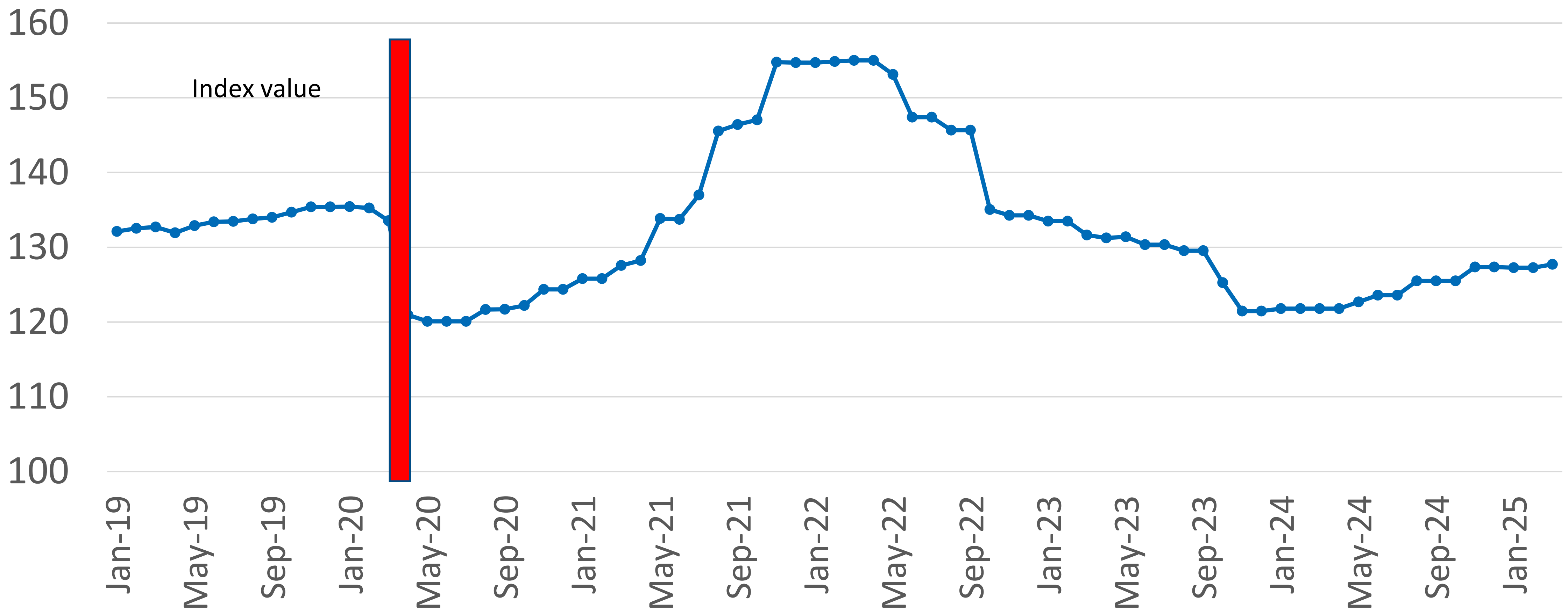
CRE Loan Requiring Refinancing …
At Higher Interest Rate and Lower Collateral Value



Source: S&P Global

NATIONAL ASSOCIATION OF REALTORS®

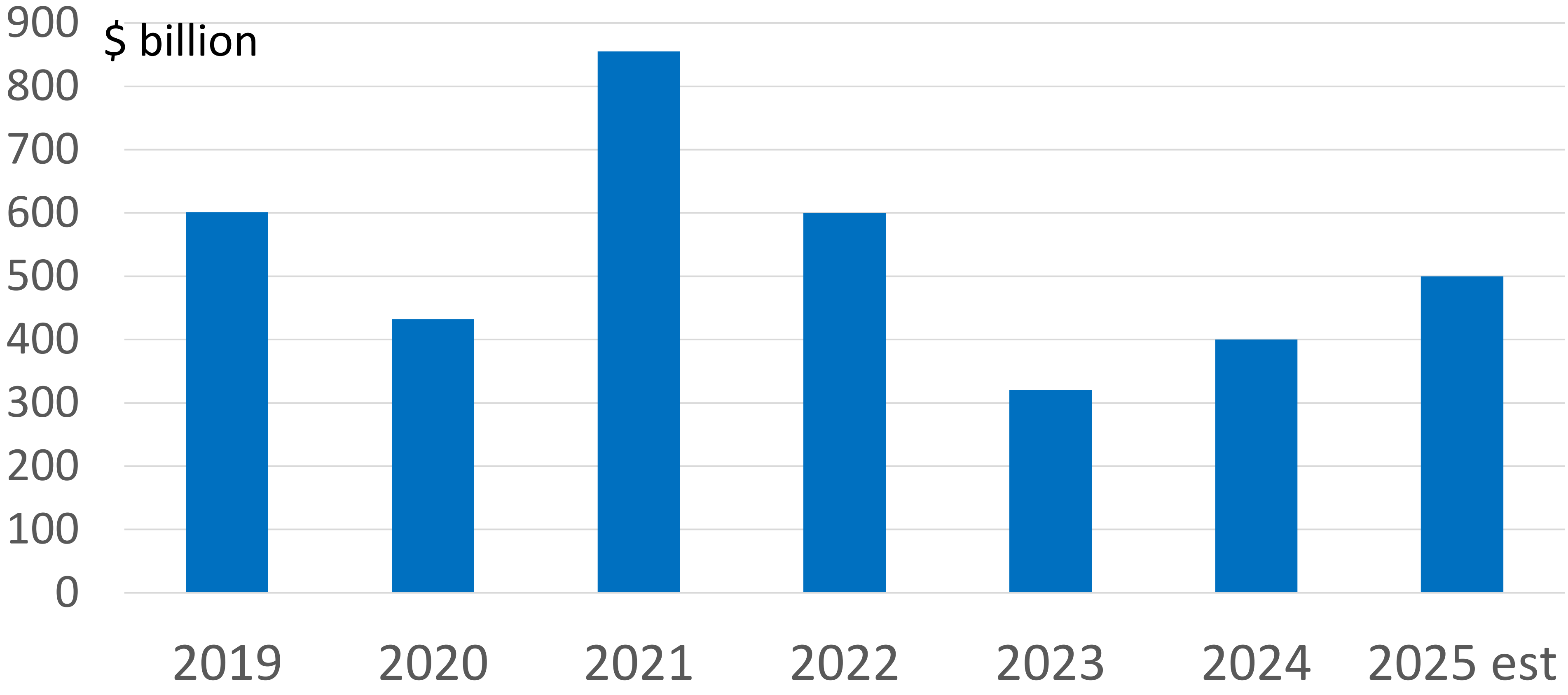
Commercial Property Prices Slightly Recover … Refinancing Easier



Source: Green Street Commercial Price Index

NATIONAL ASSOCIATION OF REALTORS®

Commercial Transaction Volume …
Below Pre-COVID … Now Picking Up



Source: MSCI, Real Capital Analytics

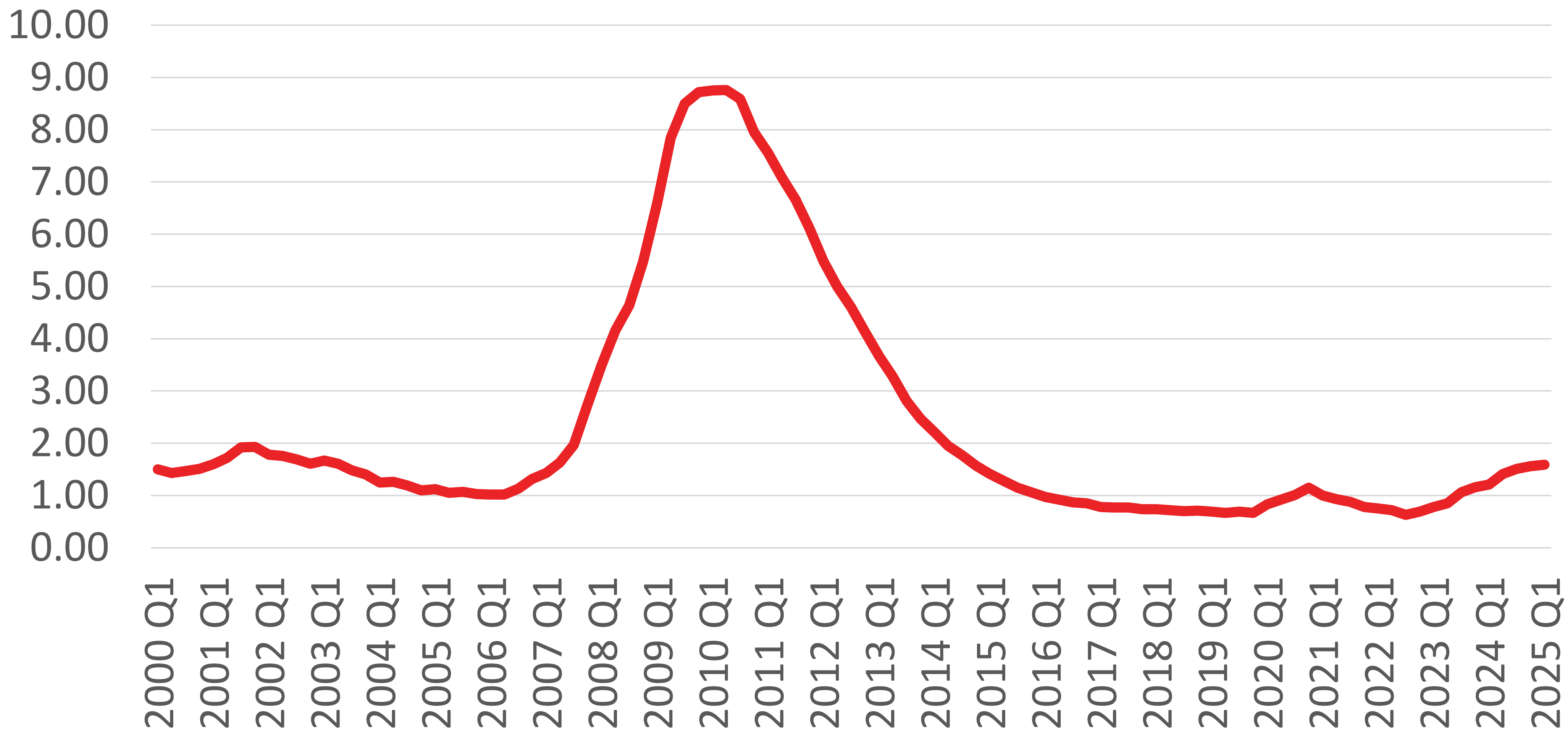
NATIONAL ASSOCIATION OF REALTORS®

Cap Rates and Vacancy Rates in 2025 Q1

	Cap Rate	Vacancy Rate
Office	9.0%	13.9%
Retail	7.1%	4.2%
Industrial	7.1%	6.9%
Multifamily	6.1%	8.1%
10-year Treasury	4%-4.5%	0%

Source: CoStar

Commercial RE Loan Delinquency Rate



Source: Federal Reserve

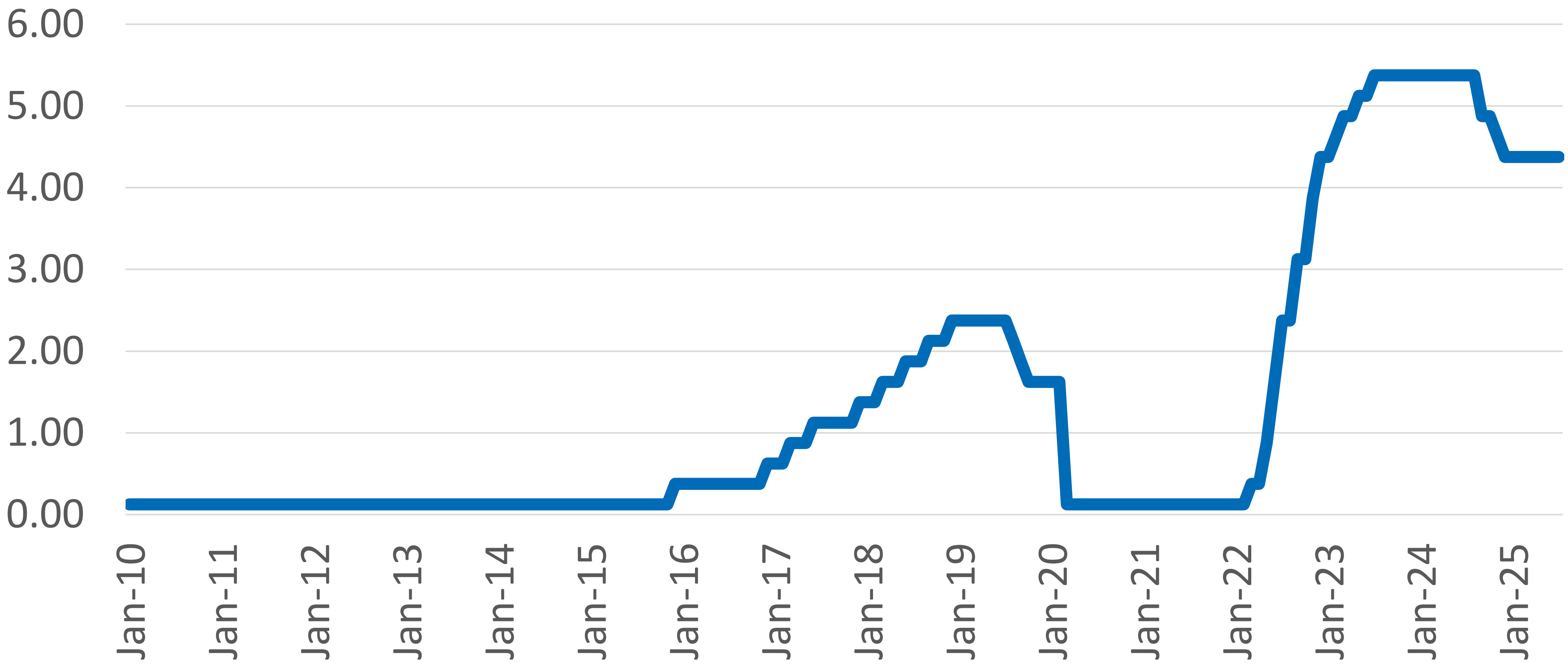
NATIONAL ASSOCIATION OF REALTORS®

10-year Treasury Yield

Source: U.S. Treasury

NATIONAL ASSOCIATION OF REALTORS®

Federal Reserve Fed Funds Rate

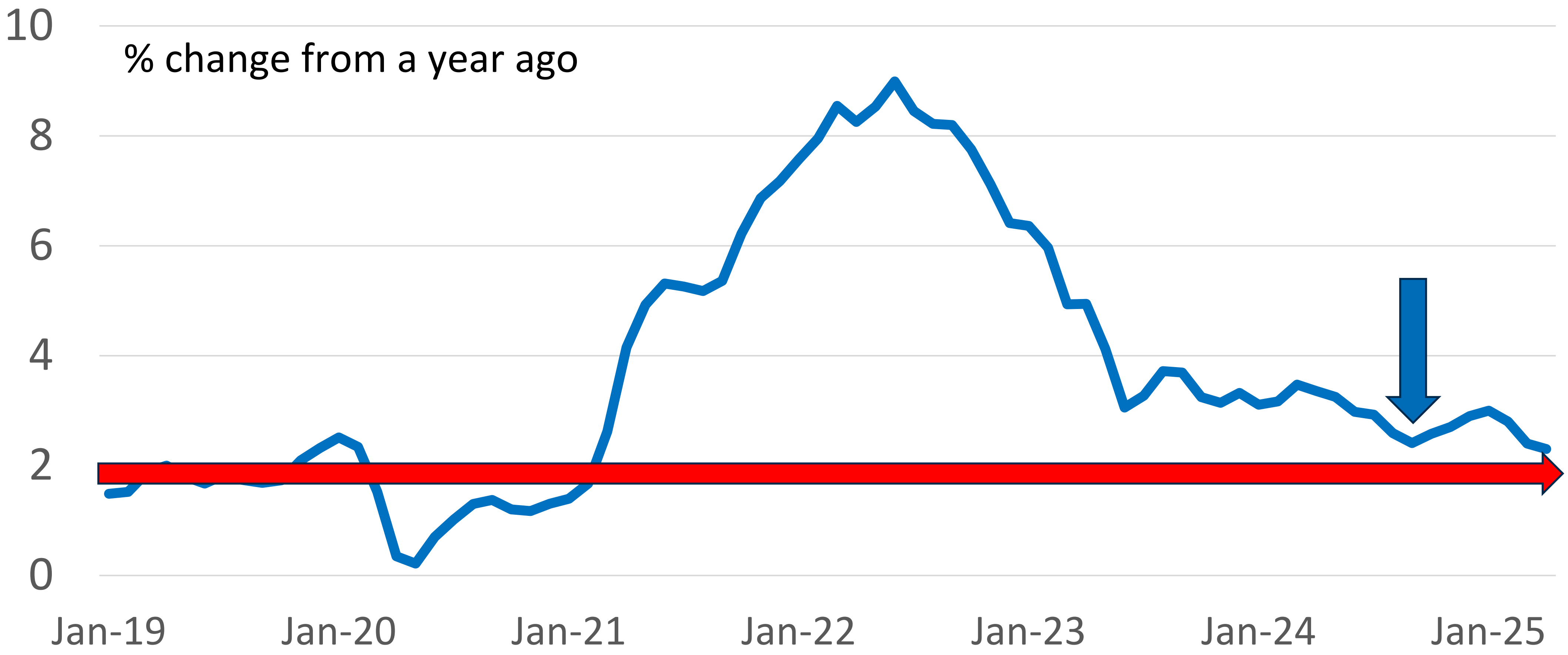


Source: Federal Reserve

NATIONAL ASSOCIATION OF REALTORS®

When Will the Fed Cut Rates?

Consumer Price Inflation at 2.3% in April, Still Above 2% Target



Source: BLS

NATIONAL ASSOCIATION OF REALTORS®

Fed Rate Cuts Once Inflation Under Control

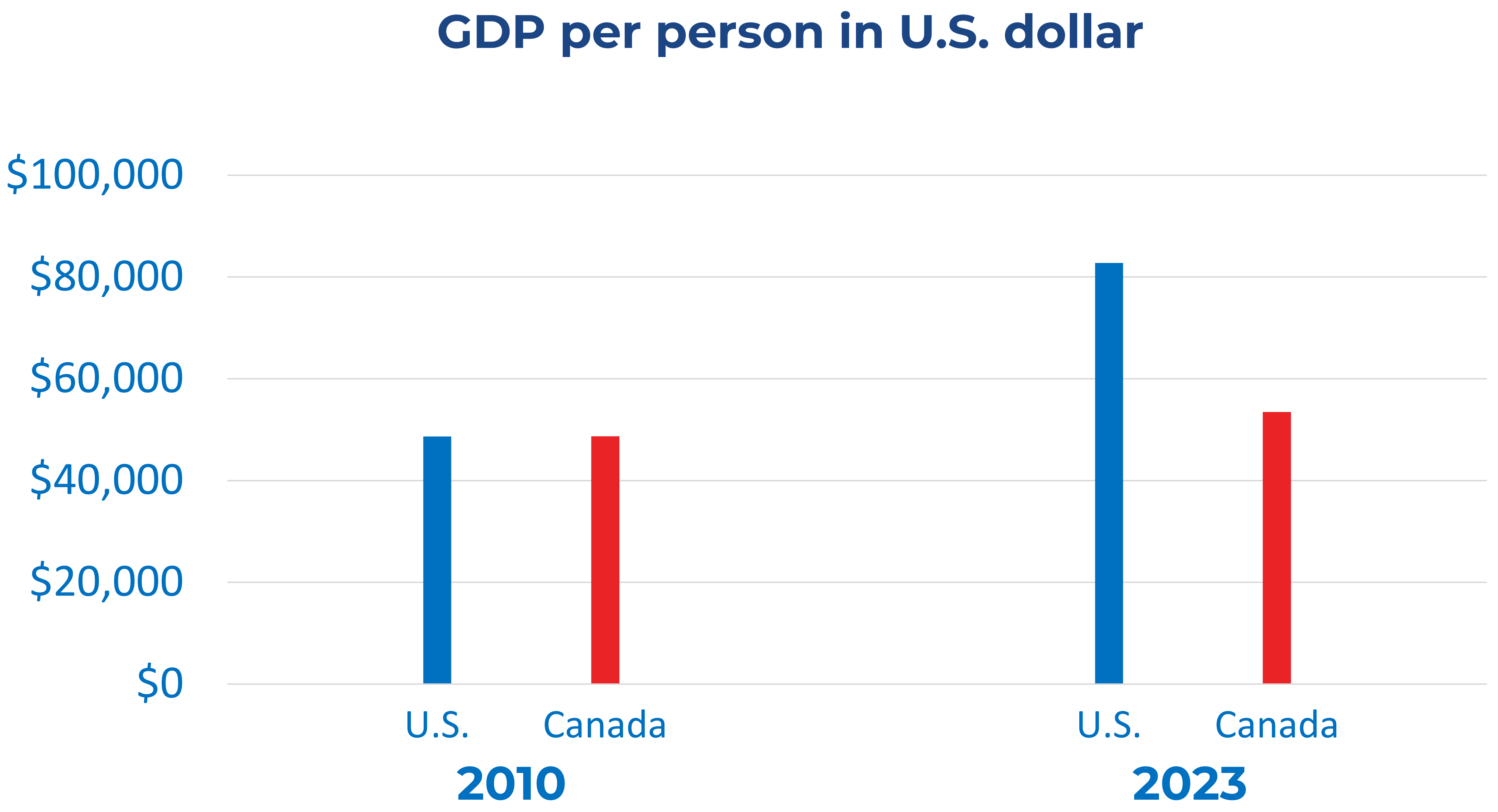
- Tariff … inflationary
- Shelter Cost … disinflationary
- Deregulation … disinflationary
- Oil … disinflationary
- Reciprocal Tariff to zero … disinflationary
- Weaker Economy … disinflationary
- Dumping and Weaker Dollar … inflationary
- Pharmaceutical Drugs … disinflationary

NATIONAL ASSOCIATION OF REALTORS®

Weakening Dollar … From Very High Levels
(Trade-weighted Dollar Index)

Source: Federal Reserve

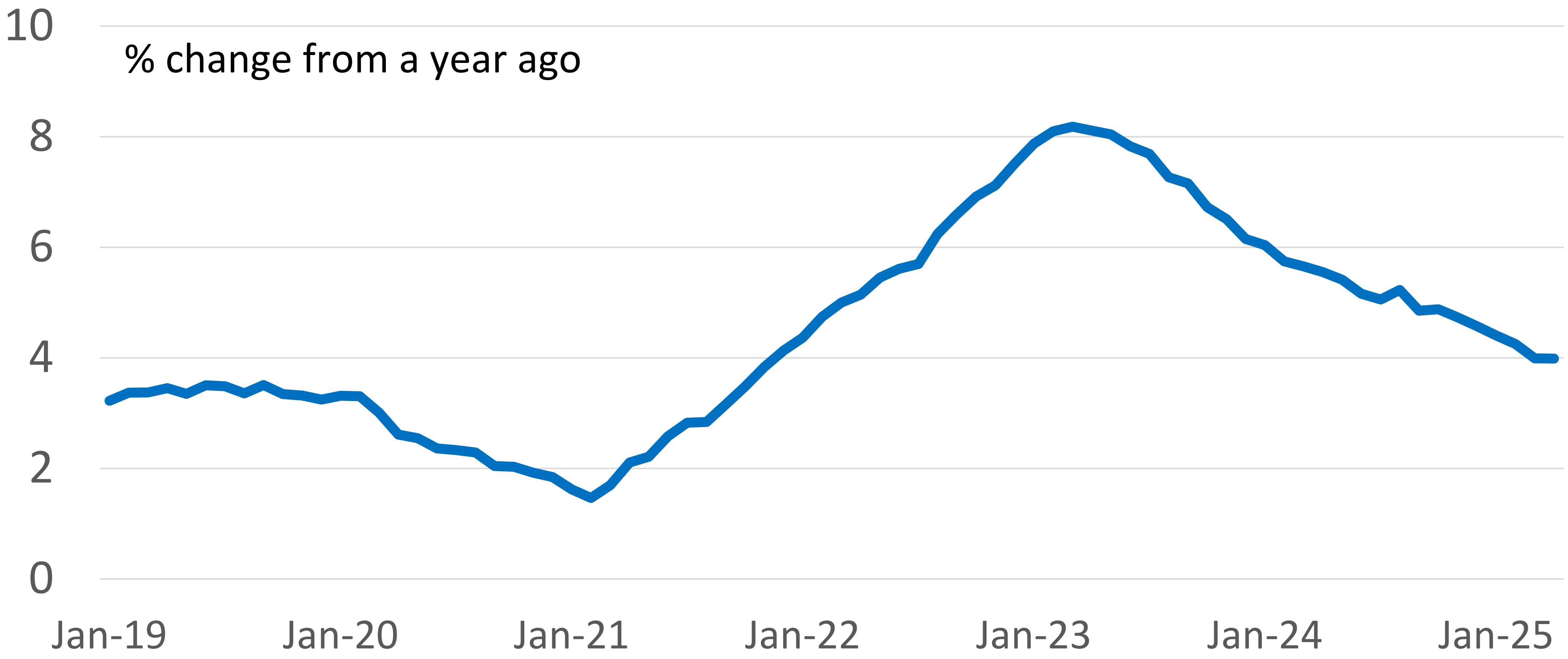
NATIONAL ASSOCIATION OF REALTORS®



Source: World Bank

NATIONAL ASSOCIATION OF REALTORS®

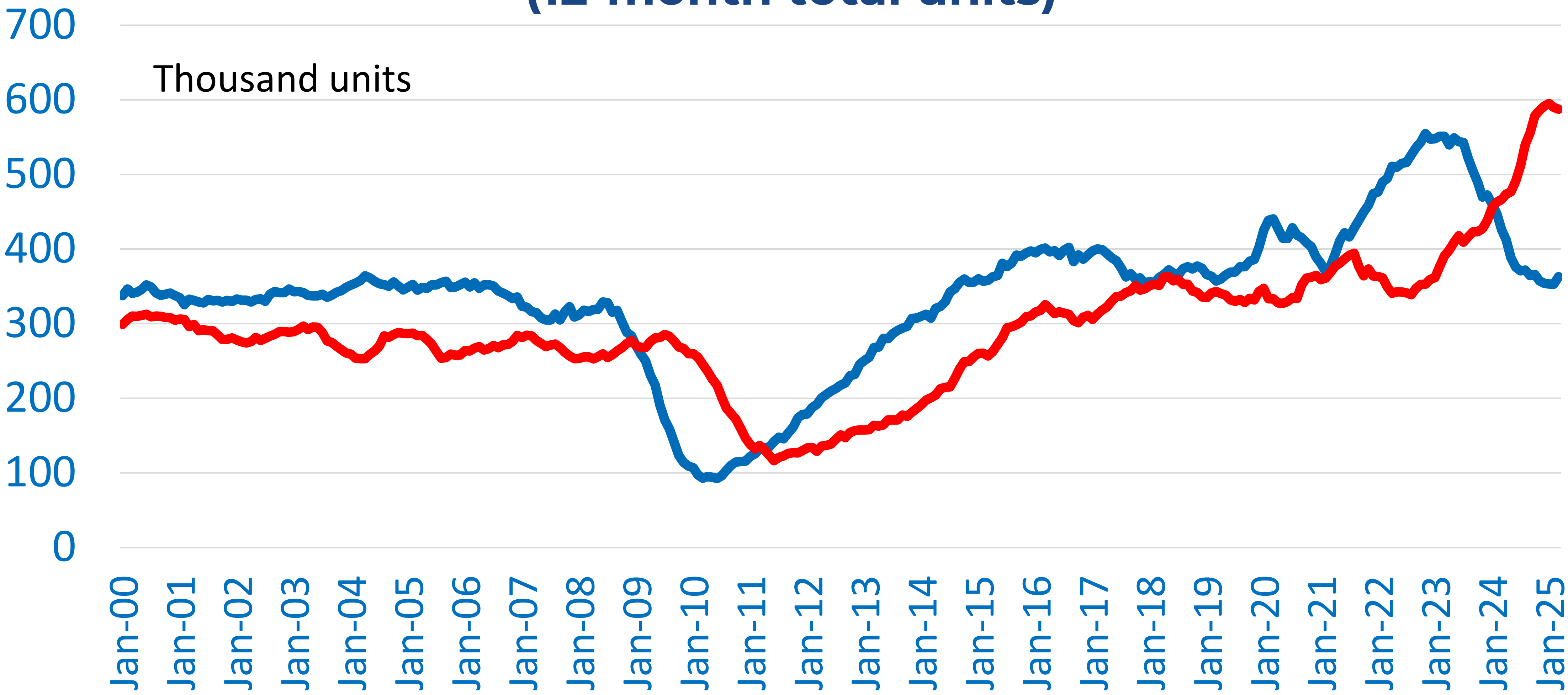
Housing Shelter Inflation is Decelerating (Egg Price is Irrelevant)



Source: BLS

NATIONAL ASSOCIATION OF REALTORS®

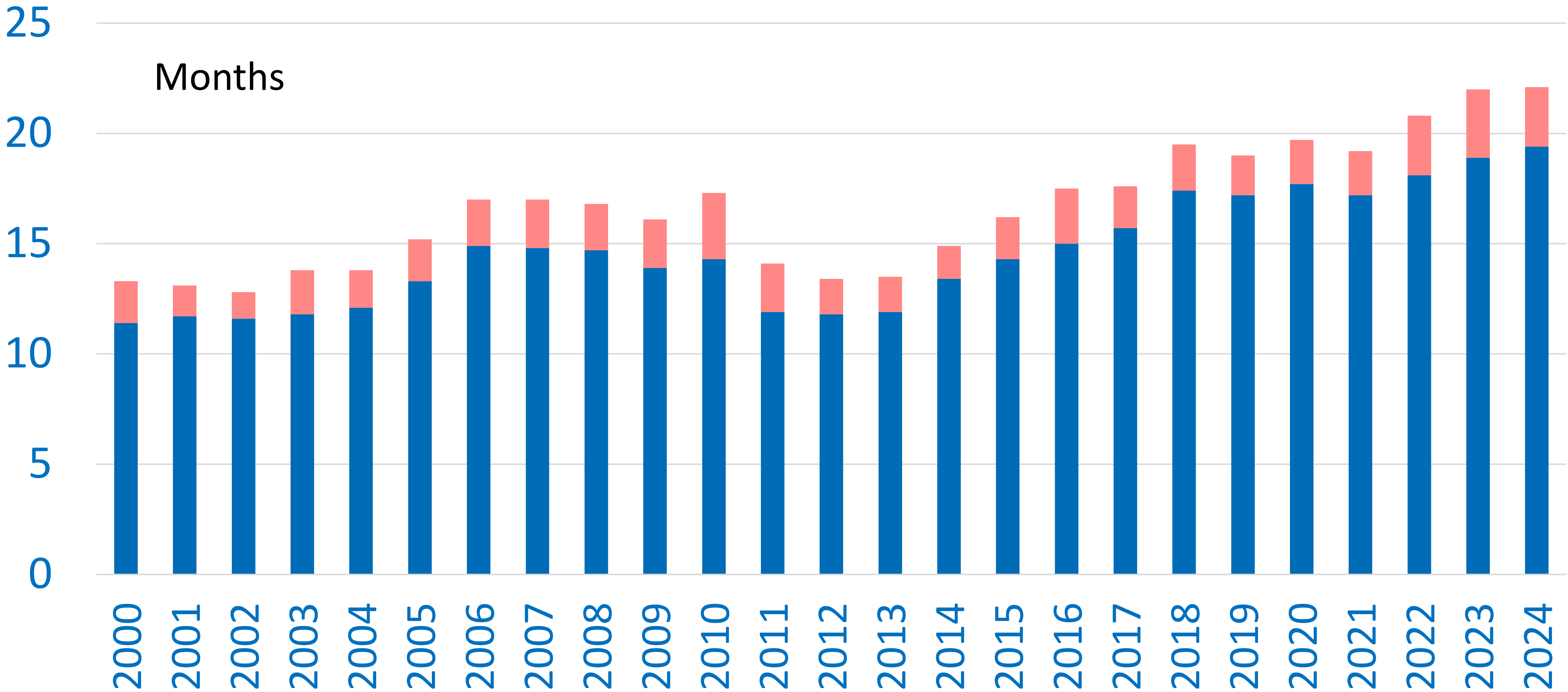
Multifamily Housing Starts and Completions … Abundance now and Shortage tomorrow? (12-month total units)



Source: HUD/Census

NATIONAL ASSOCIATION OF REALTORS®

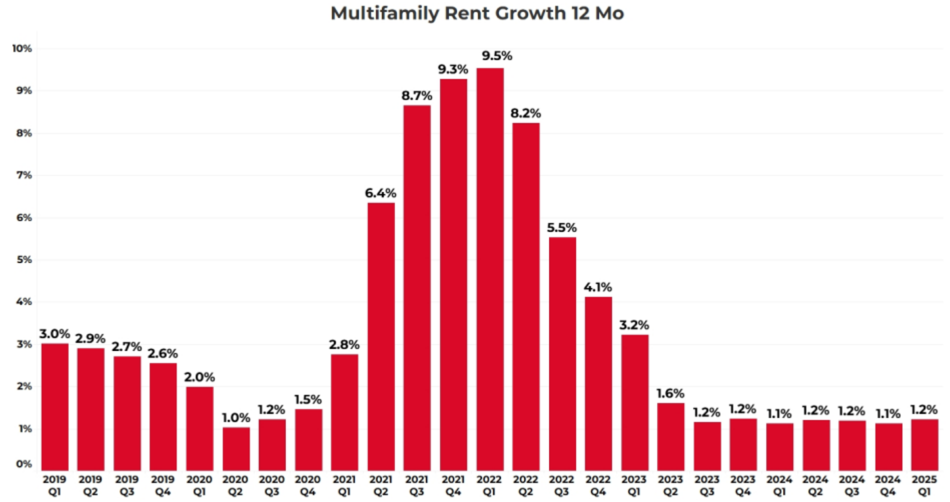
Time from Permit to Starts … about 2 to 3 months
Time from Starts to Completion … about 19 months

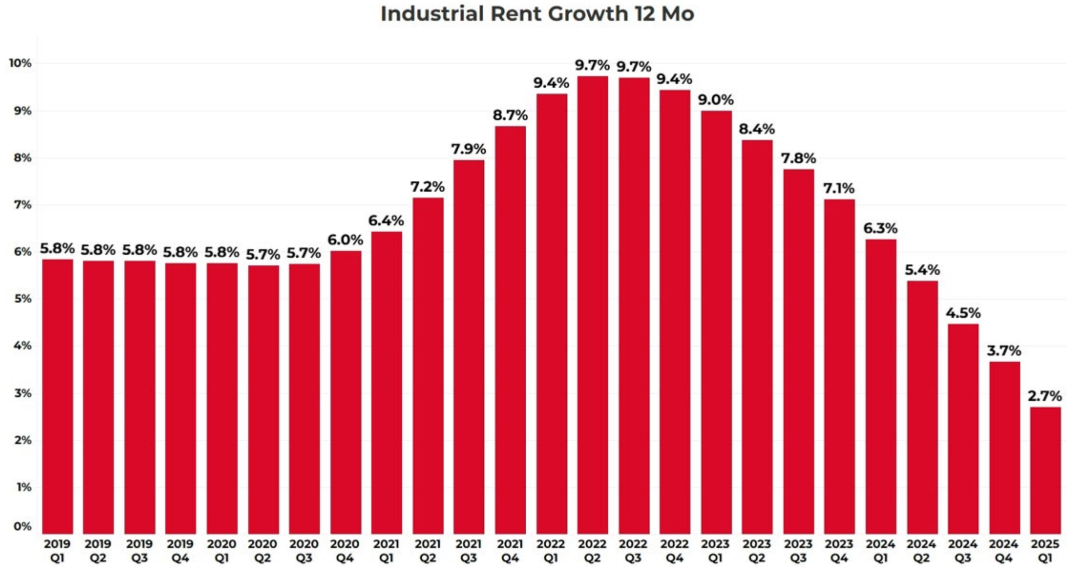


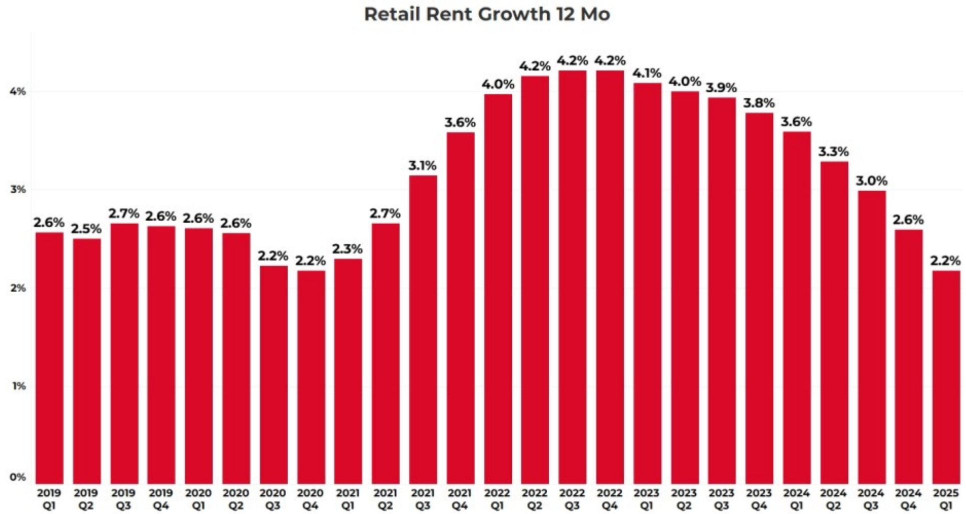
Source: HUD/Census

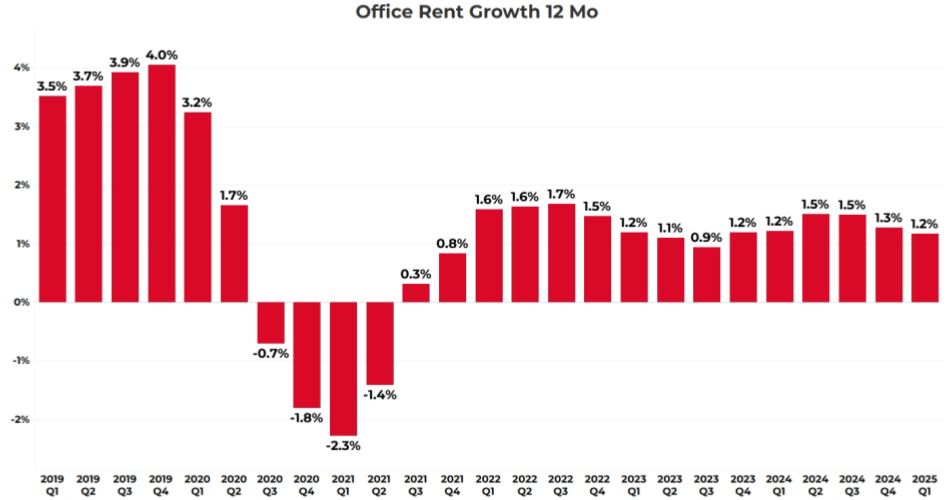
Commercial Real Estate Fundamentals

Rents Softly Rising
1.2% Multifamily and Office and 2.5% in Retail Industrial





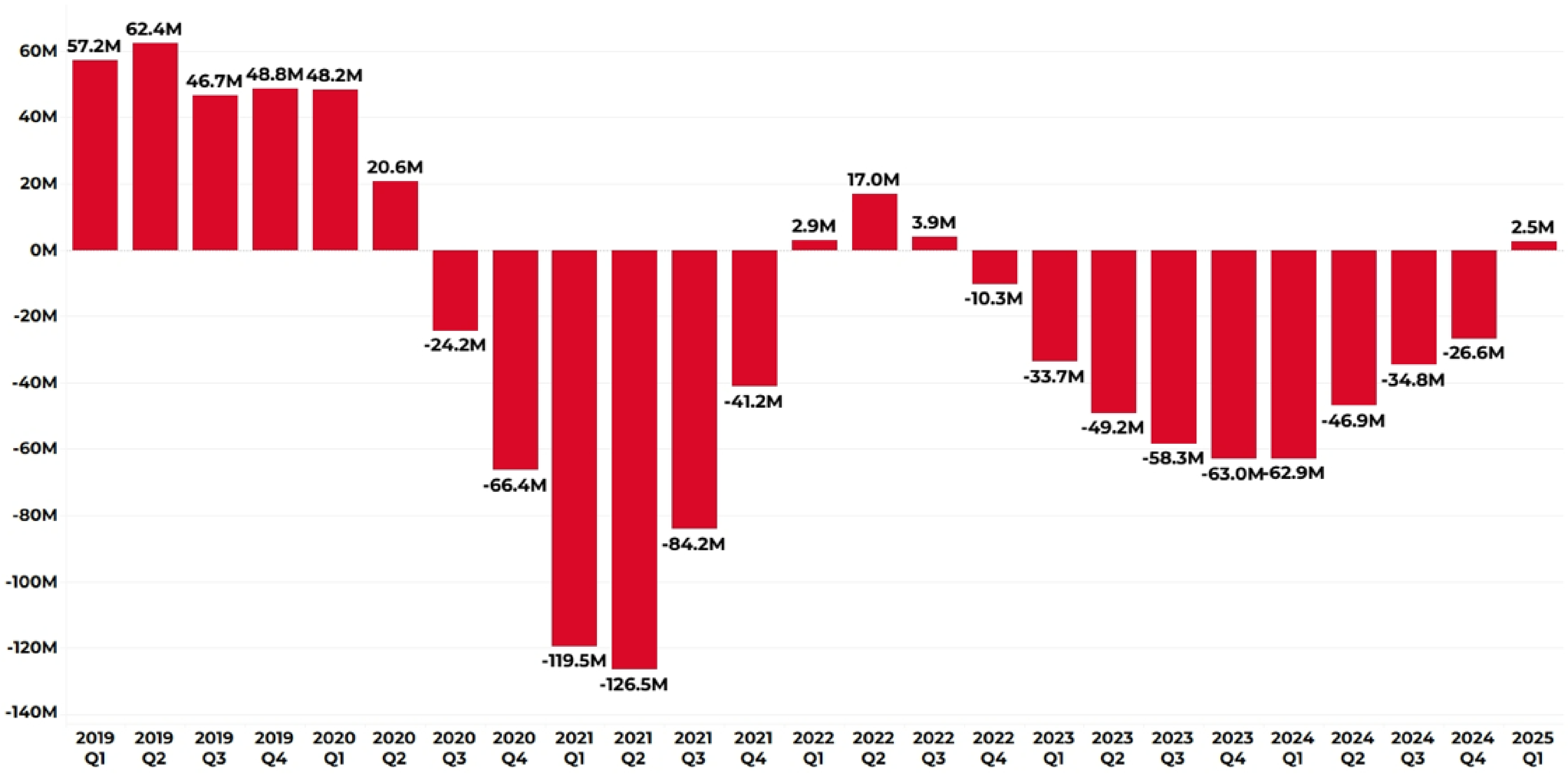




Source: NAR analysis of CoStar data

NATIONAL ASSOCIATION OF REALTORS®

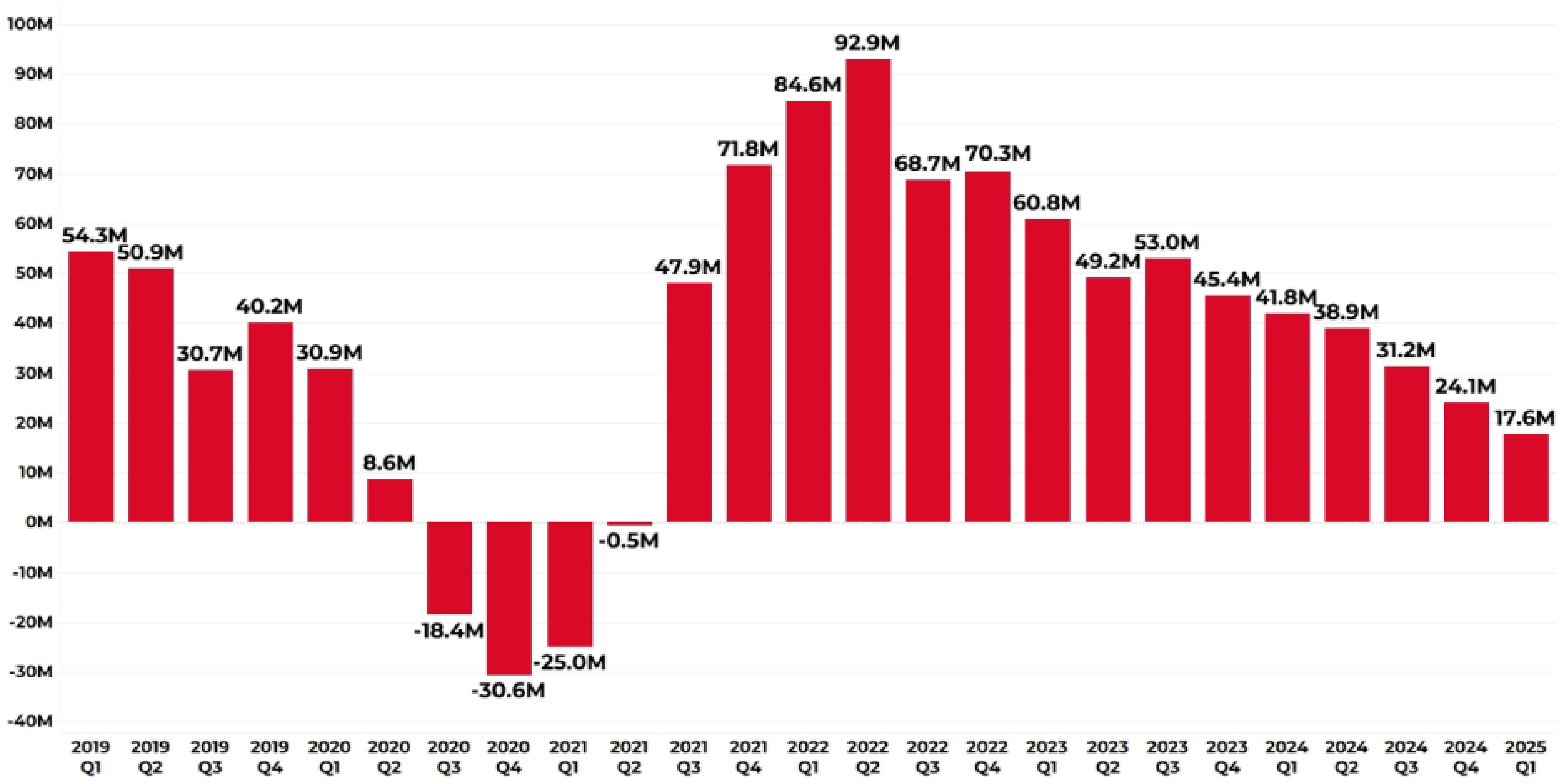
Office Net Absorption in past 12 months … Stops Bleeding



Source: NAR analysis of CoStar data

NATIONAL ASSOCIATION OF REALTORS®

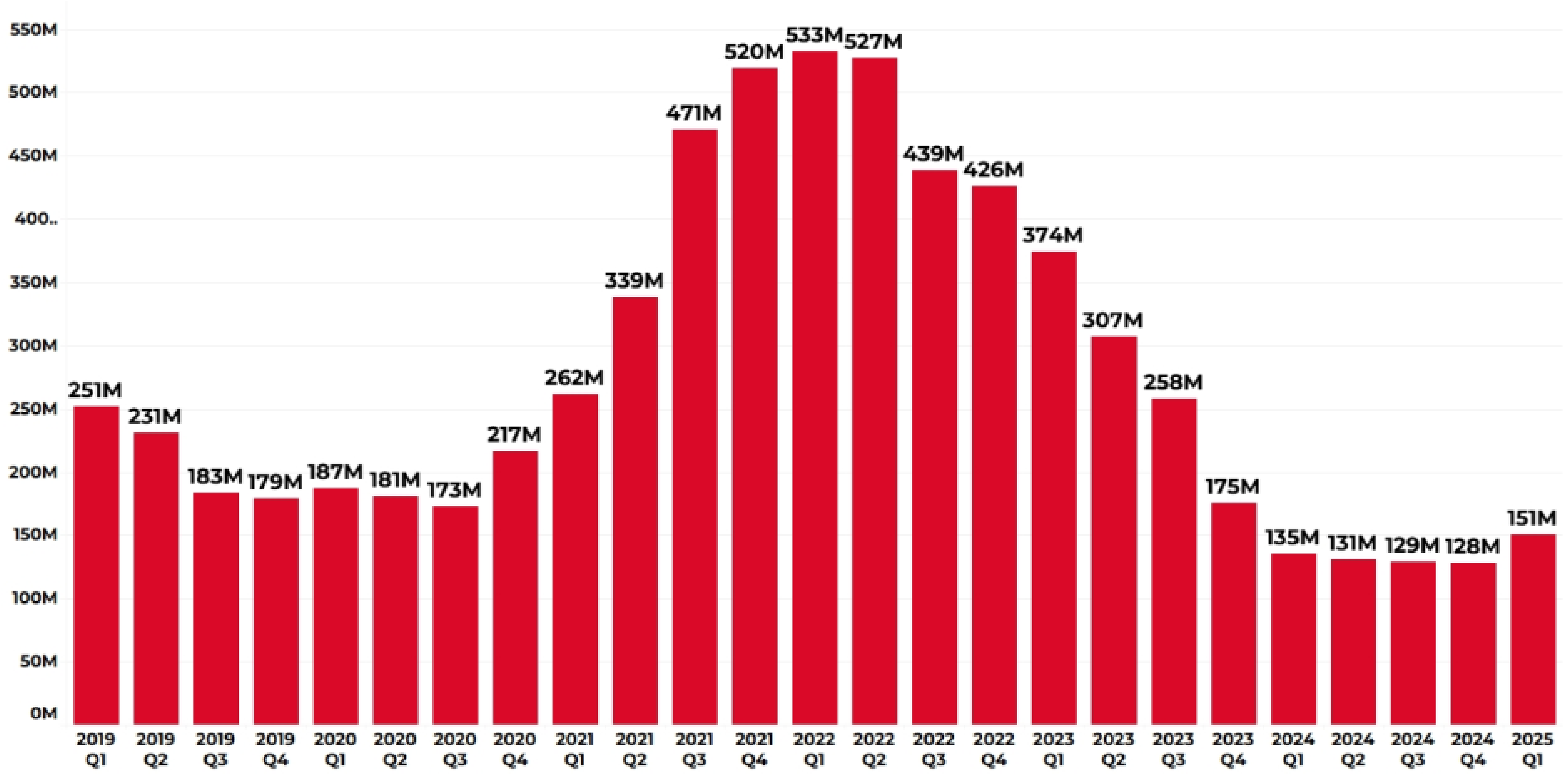
Retail Net Absorption … oh oh!



Source: NAR analysis of CoStar data

NATIONAL ASSOCIATION OF REALTORS®

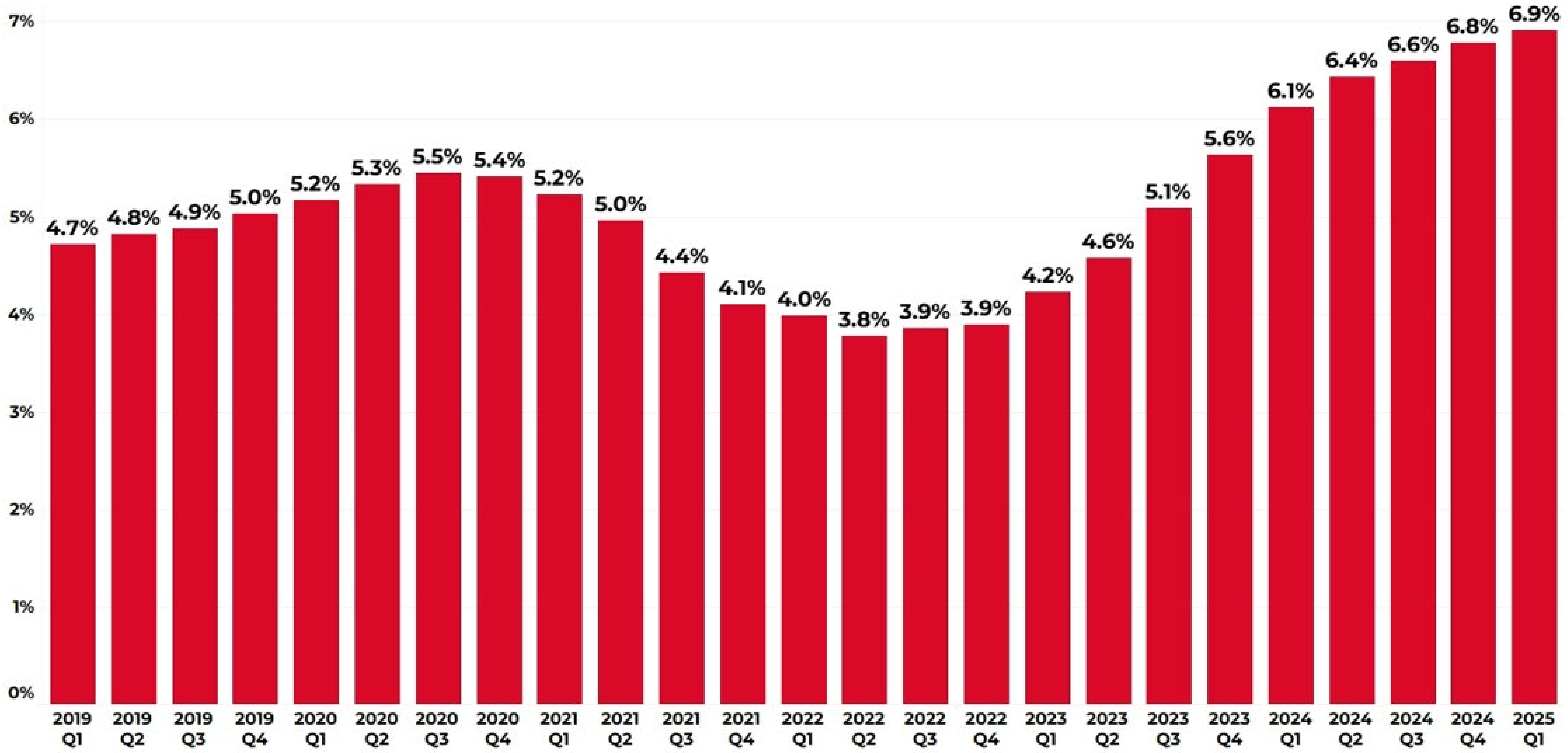
Industrial Space Net Absorption … No Tariff Impact Yet



Source: NAR analysis of CoStar data

NATIONAL ASSOCIATION OF REALTORS®

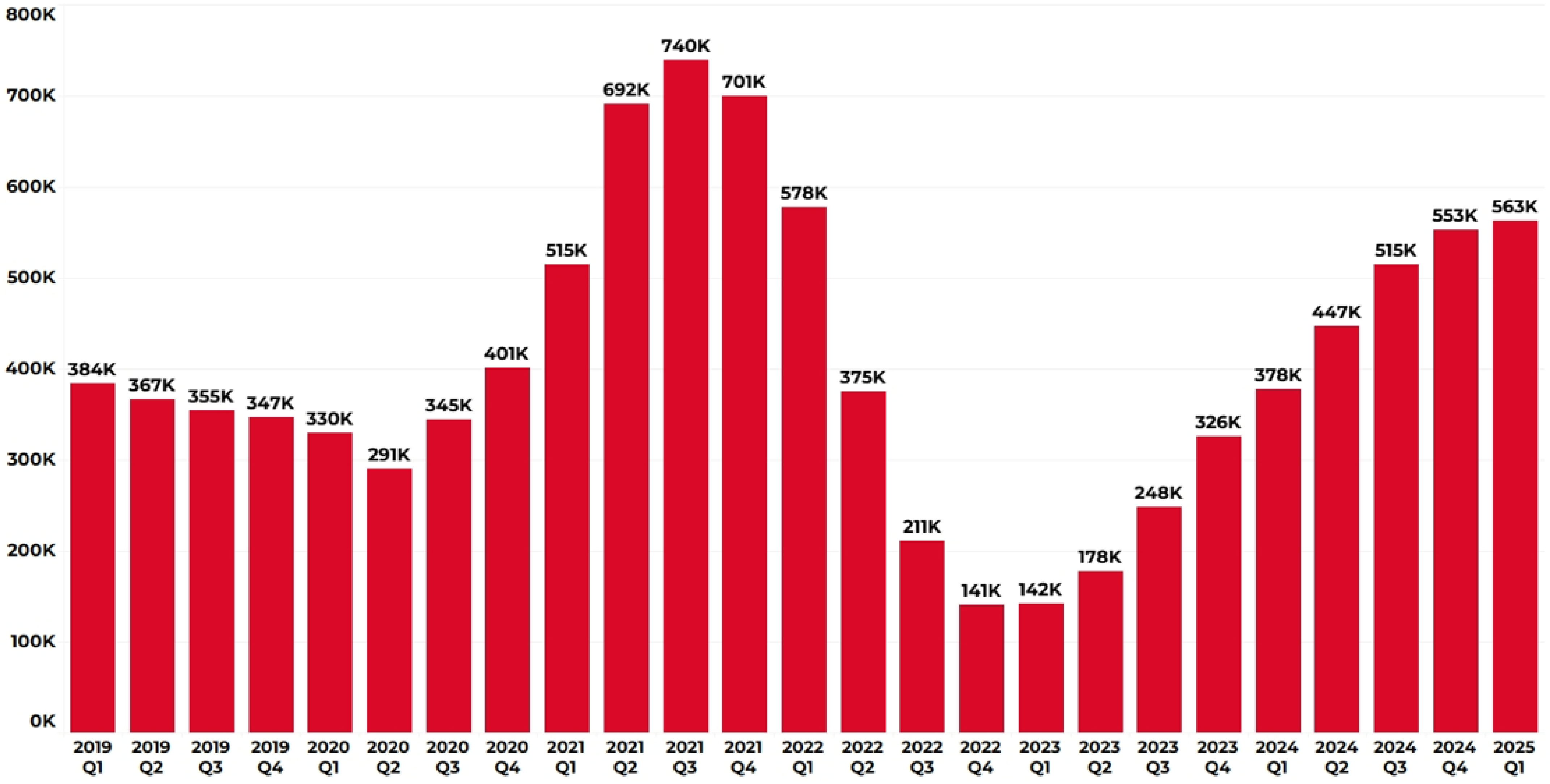
Industrial Vacancy Rate … from overproduction



Source: CBRE/ULI and NAR Forecast

NATIONAL ASSOCIATION OF REALTORS®

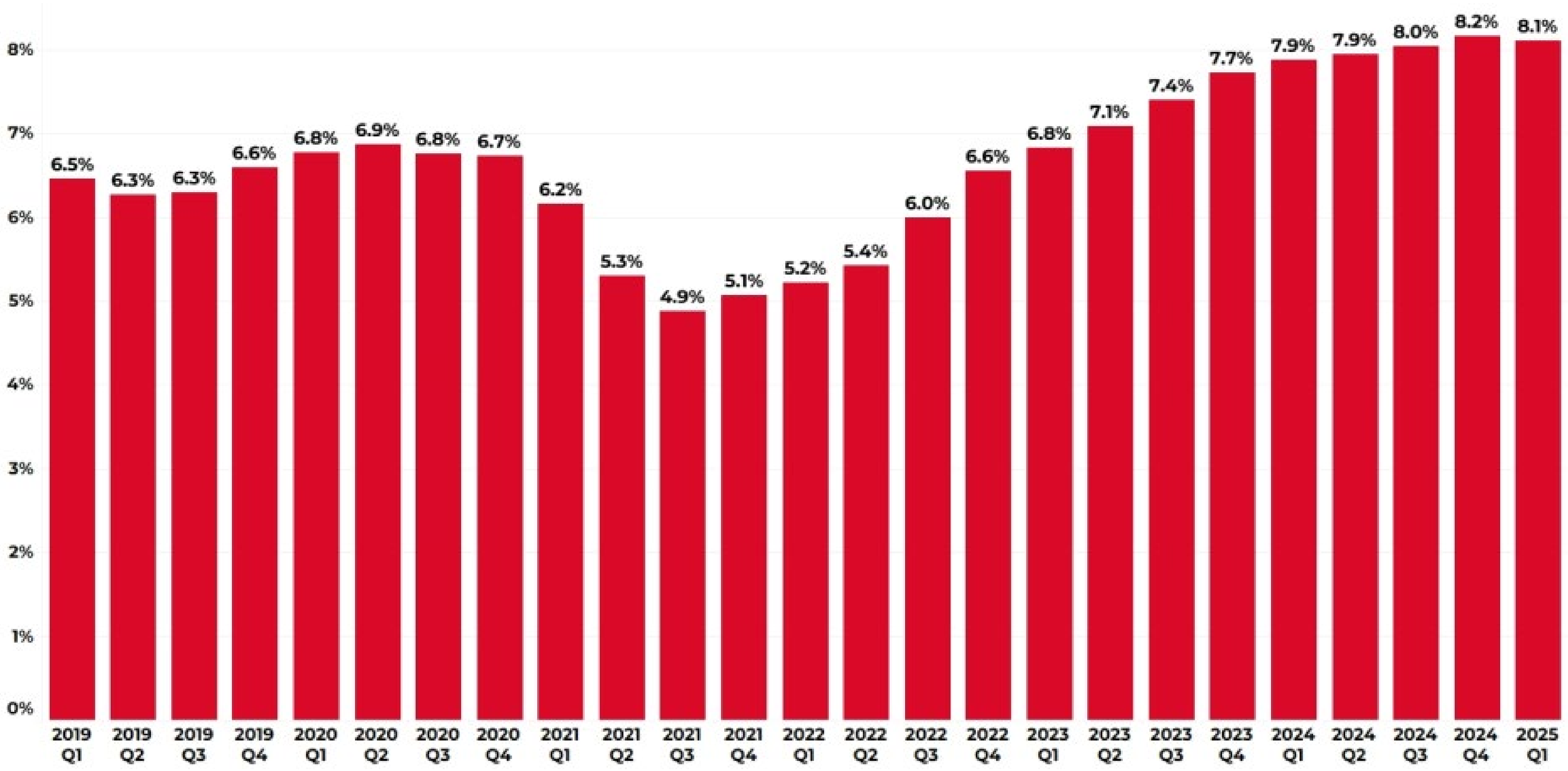
Apartment Demand … Strong, but …



Source: NAR analysis of CoStar data

NATIONAL ASSOCIATION OF REALTORS®

Apartment Vacancy Rate High … from overproduction



Source: CBRE/ULI and NAR Forecast

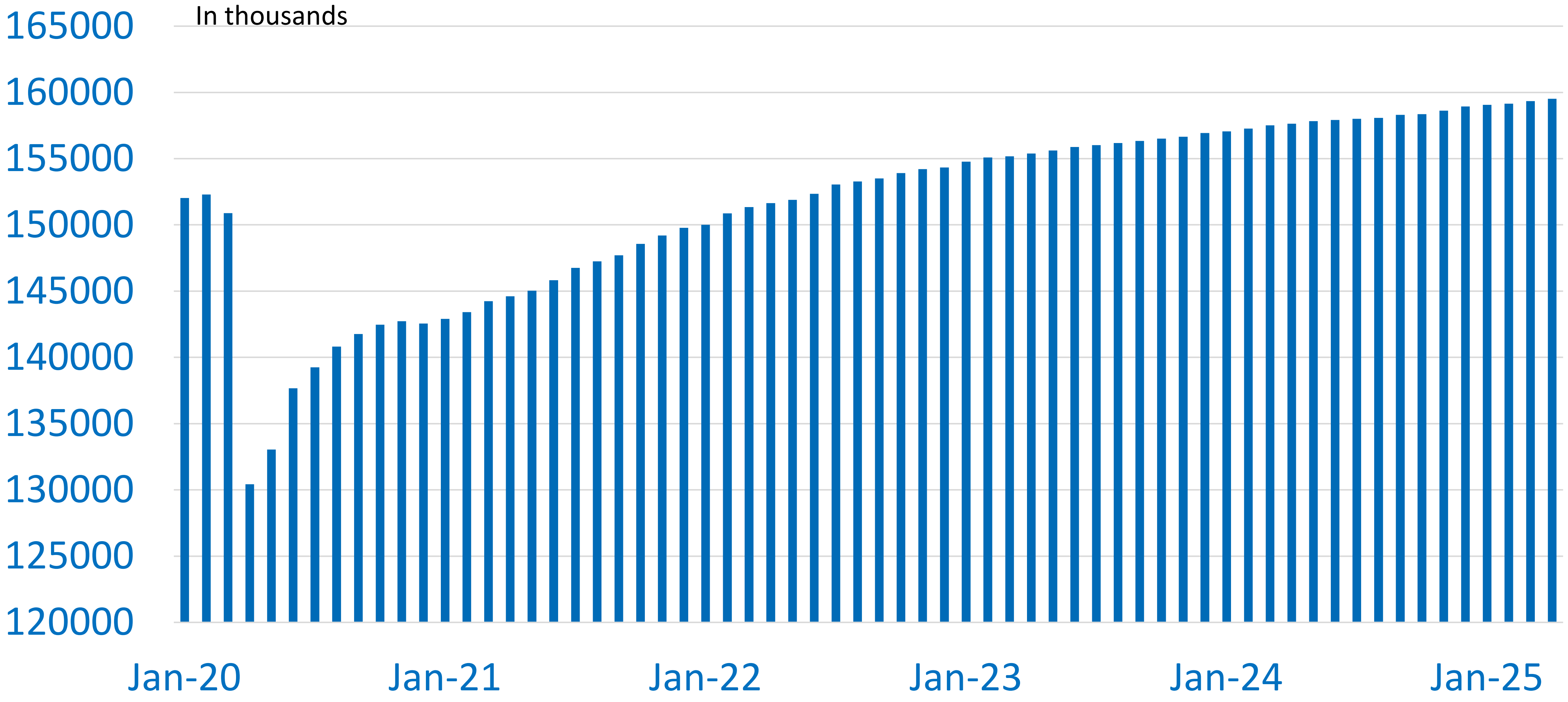
NATIONAL ASSOCIATION OF REALTORS®

Long-Term Real Estate Demand (except Office)

Come from Jobs Jobs Jobs

NATIONAL ASSOCIATION OF REALTORS®

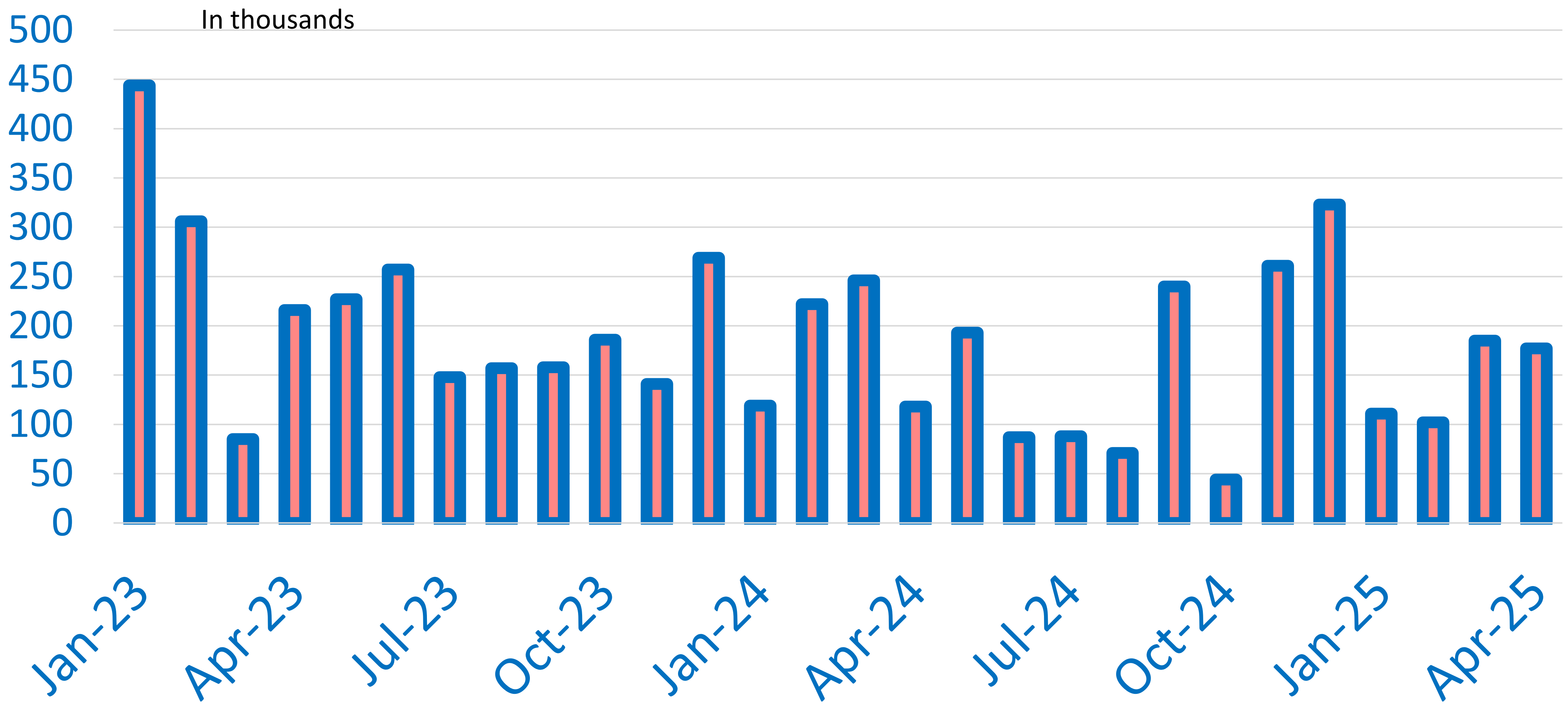
Total Payroll Jobs (+7 Million from Pre-COVID)



Source: BLS

NATIONAL ASSOCIATION OF REALTORS®

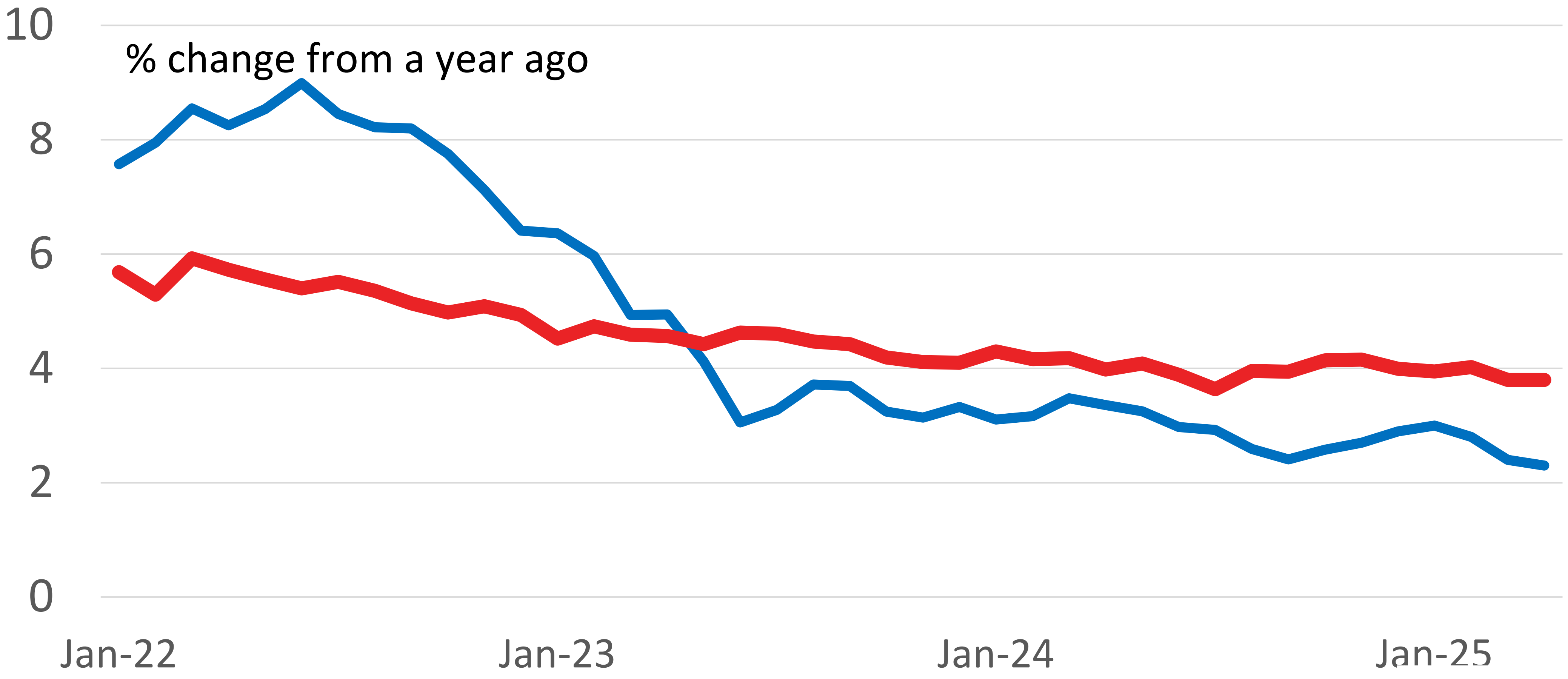
Payroll Job Additions … +177,000 in April



Source: BLS

NATIONAL ASSOCIATION OF REALTORS®

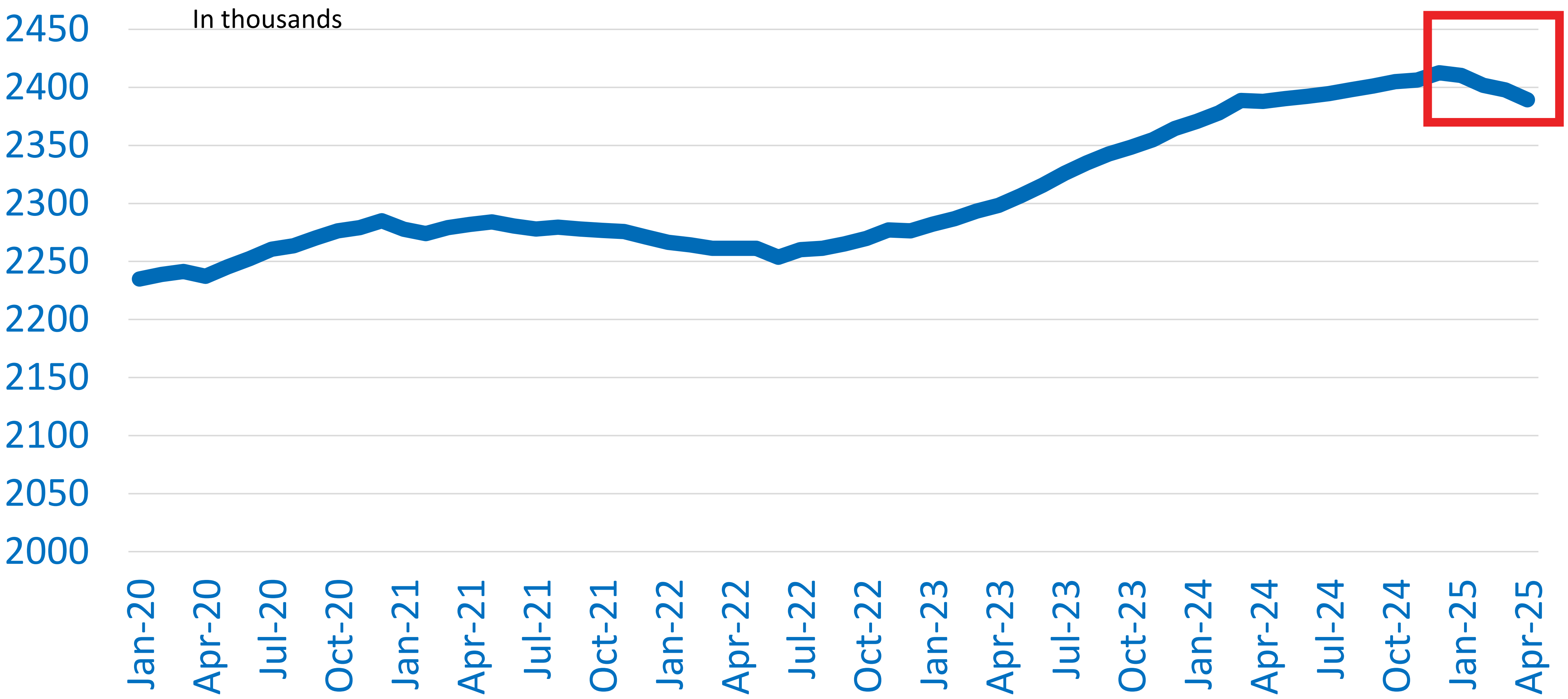
Wage Growth (red) 3.8% Outpacing Consumer Price (blue) at 2.3%



Source: BLS

NATIONAL ASSOCIATION OF REALTORS®

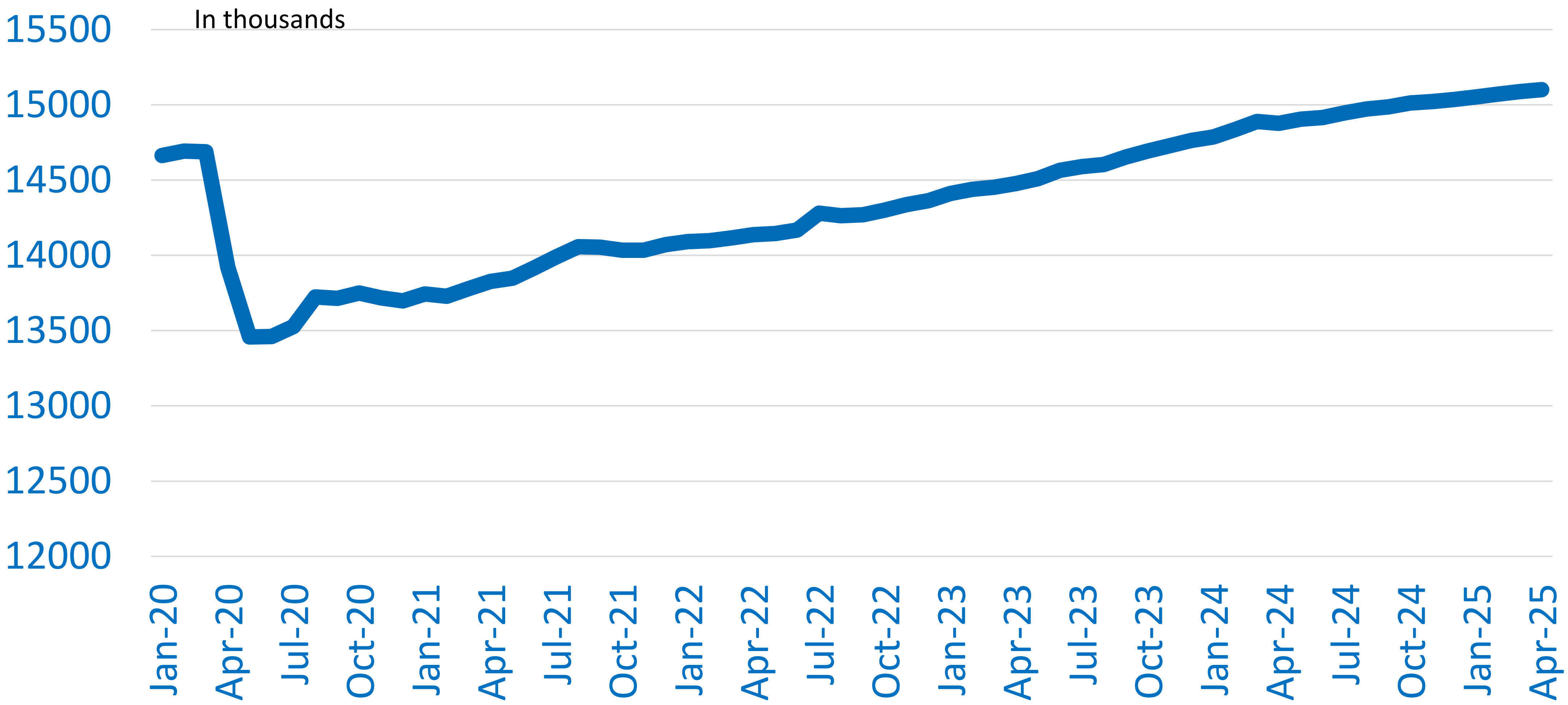
DOGE Impact - Federal Government Employees



Source: BLS, excluding Decennial Temporary Census and Postal Workers

NATIONAL ASSOCIATION OF REALTORS®

Local Government Employees

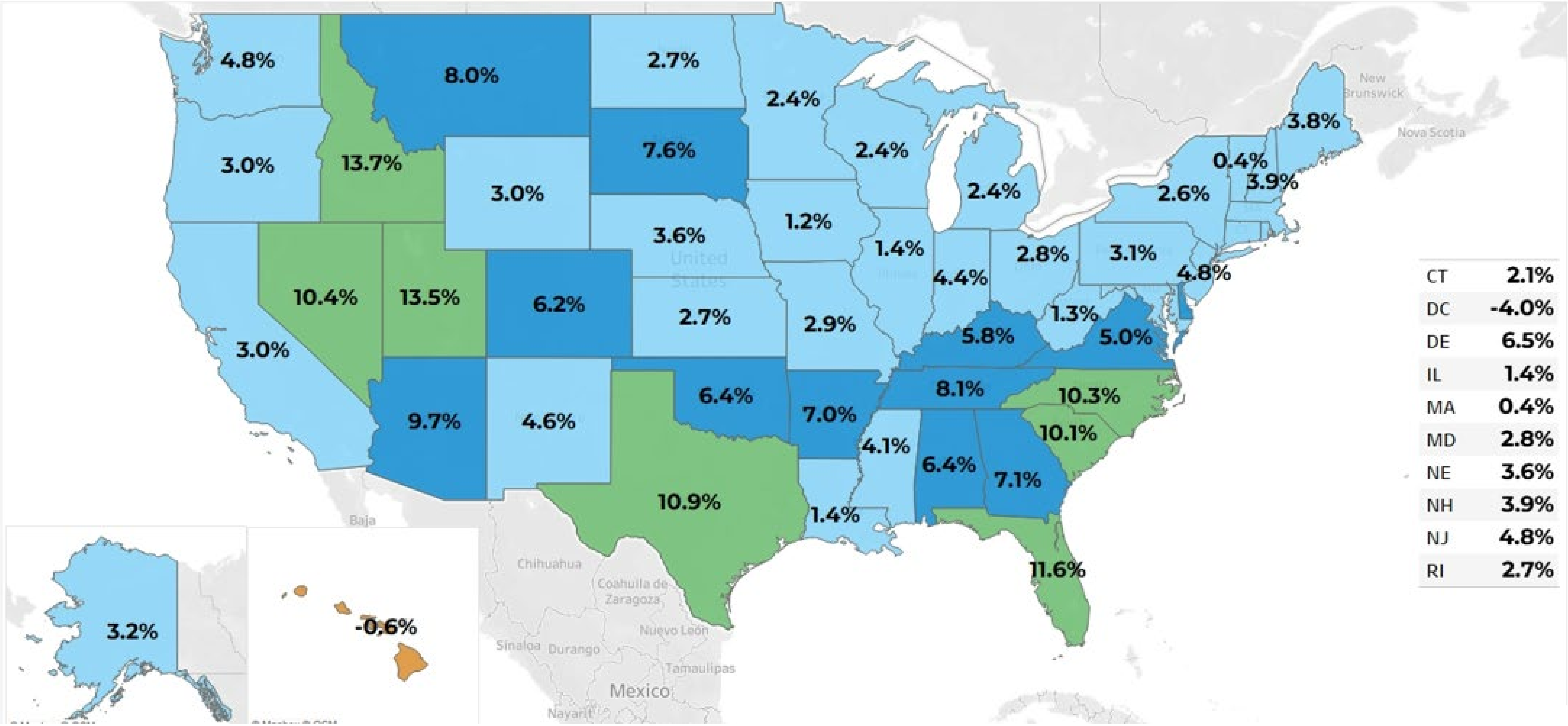


Source: BLS, excluding Decennial Temporary Census and Postal Workers

NATIONAL ASSOCIATION OF REALTORS®

Job Gains Since Pre-COVID Record High Payroll Employment

% change from March 2020 to April 2025

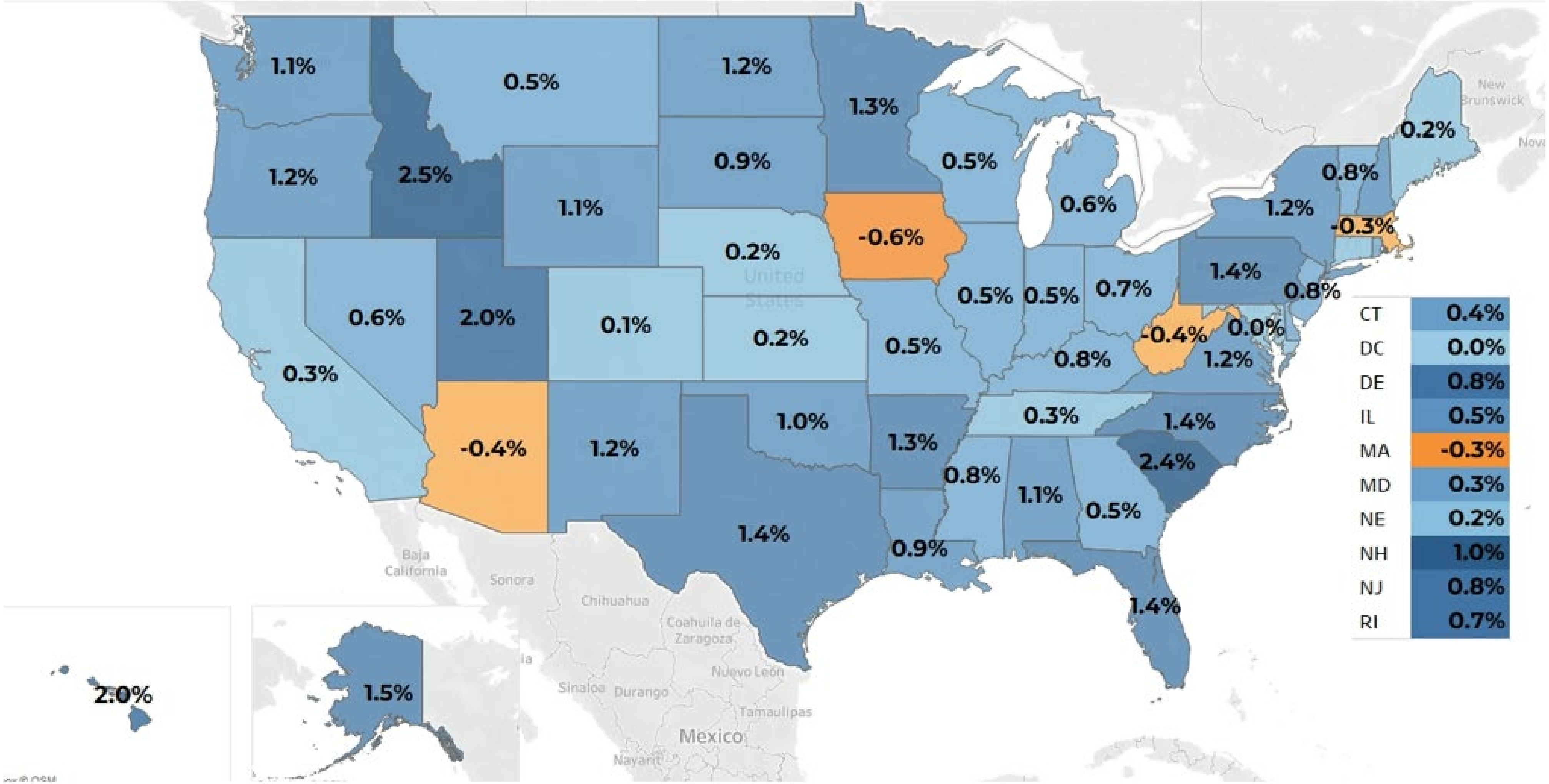


CT	2.1%
DC	-4.0%
DE	6.5%
IL	1.4%
MA	0.4%
MD	2.8%
NE	3.6%
NH	3.9%
NJ	4.8%
RI	2.7%

Source: NAR Analysis of BLS data

NATIONAL ASSOCIATION OF REALTORS®

Job Gains Over One Year - to Assess Recent Momentum
% change from April 2024 to April 2025

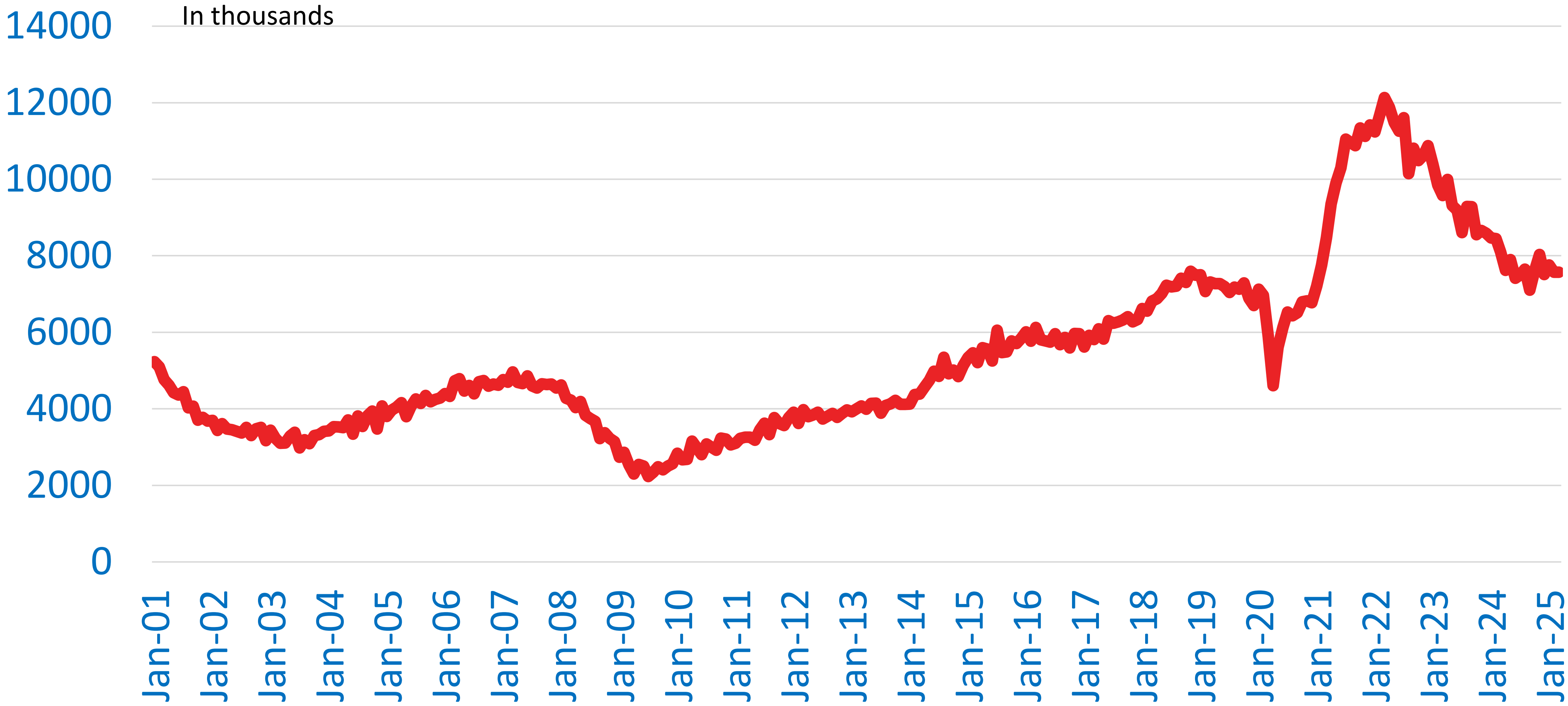


CT	0.4%
DC	0.0%
DE	0.8%
IL	0.5%
MA	-0.3%
MD	0.3%
NE	0.2%
NH	1.0%
NJ	0.8%
RI	0.7%

Source: NAR Analysis of BLS data

NATIONAL ASSOCIATION OF REALTORS®

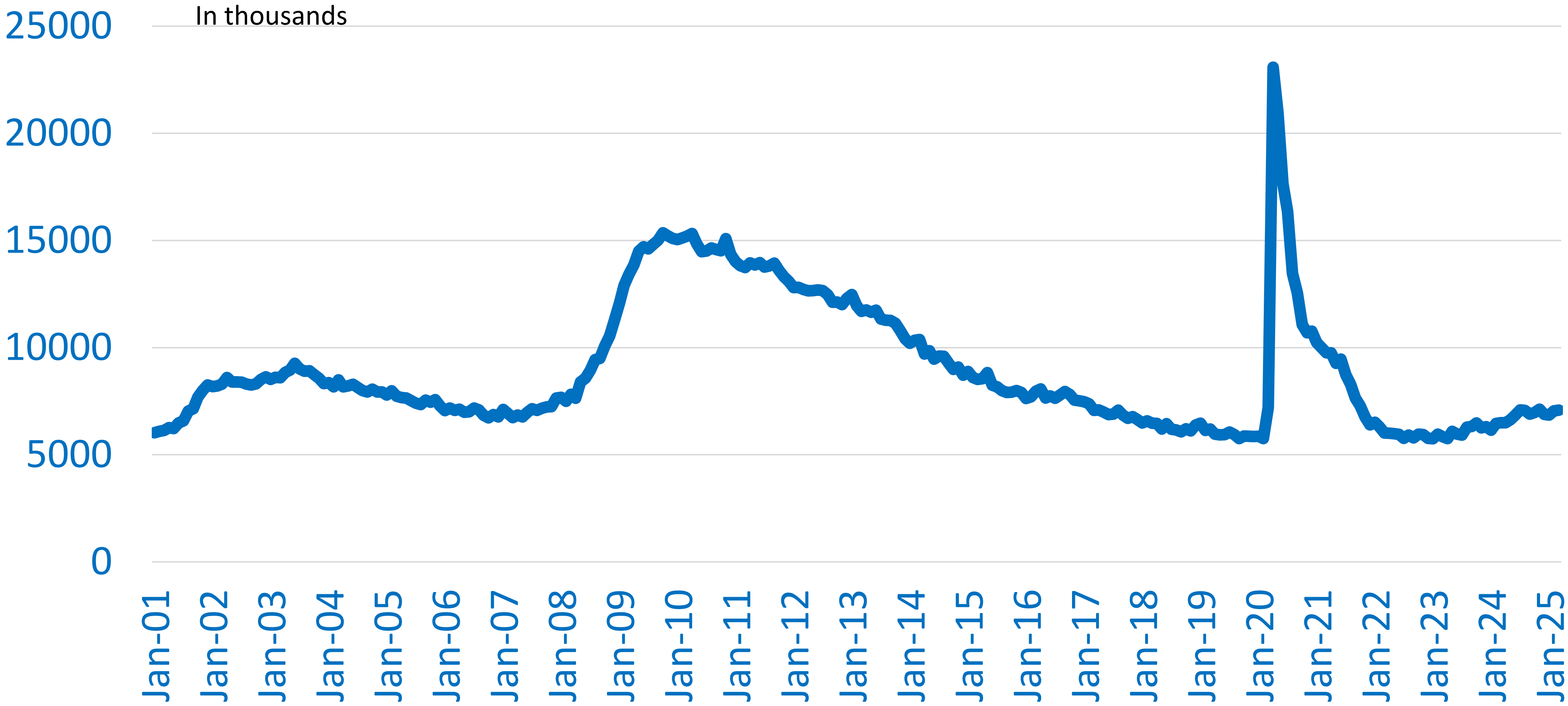
Job Openings Weakening
But still solid as of February 2025



Source: BLS

NATIONAL ASSOCIATION OF REALTORS®

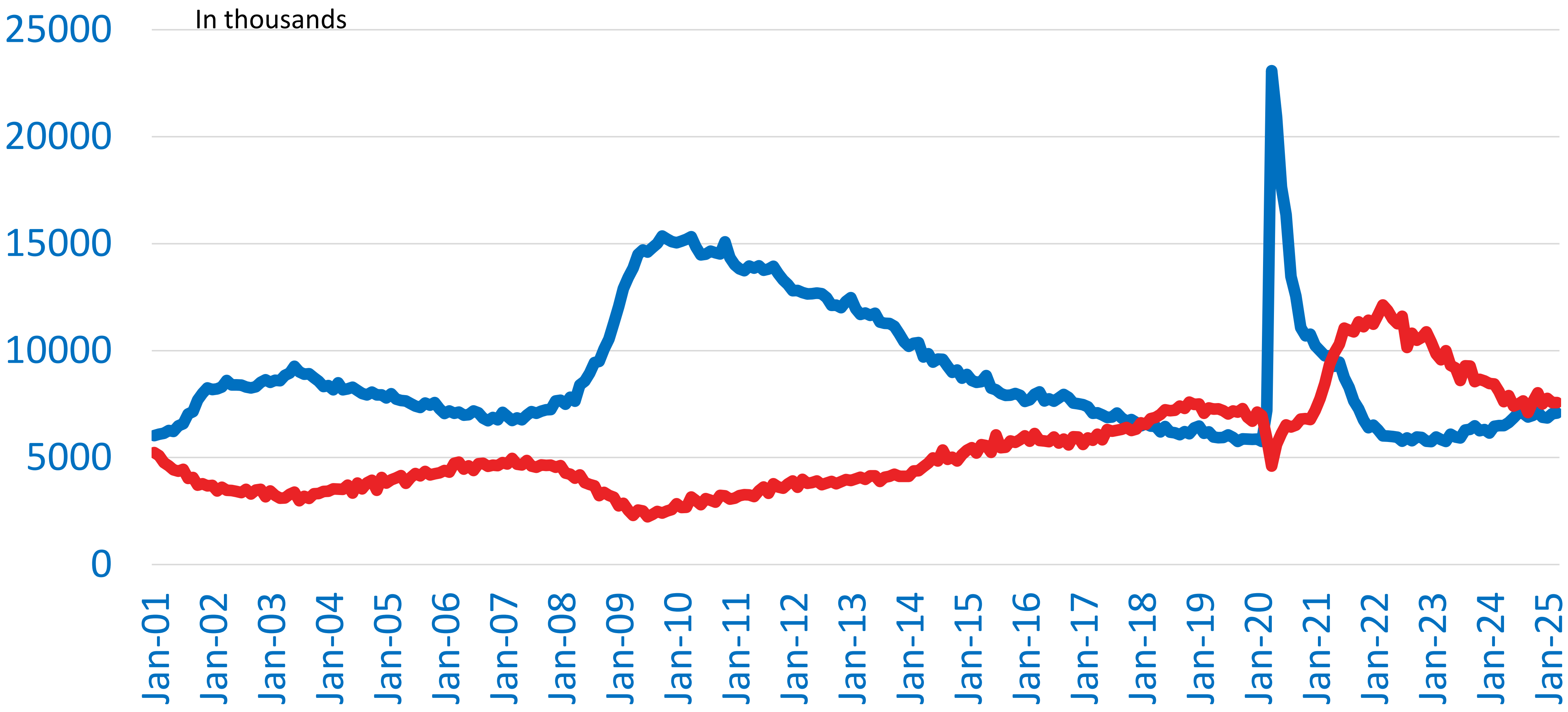
of People Unemployed
Slowly rising as of March 2025



Source: BLS

NATIONAL ASSOCIATION OF REALTORS®

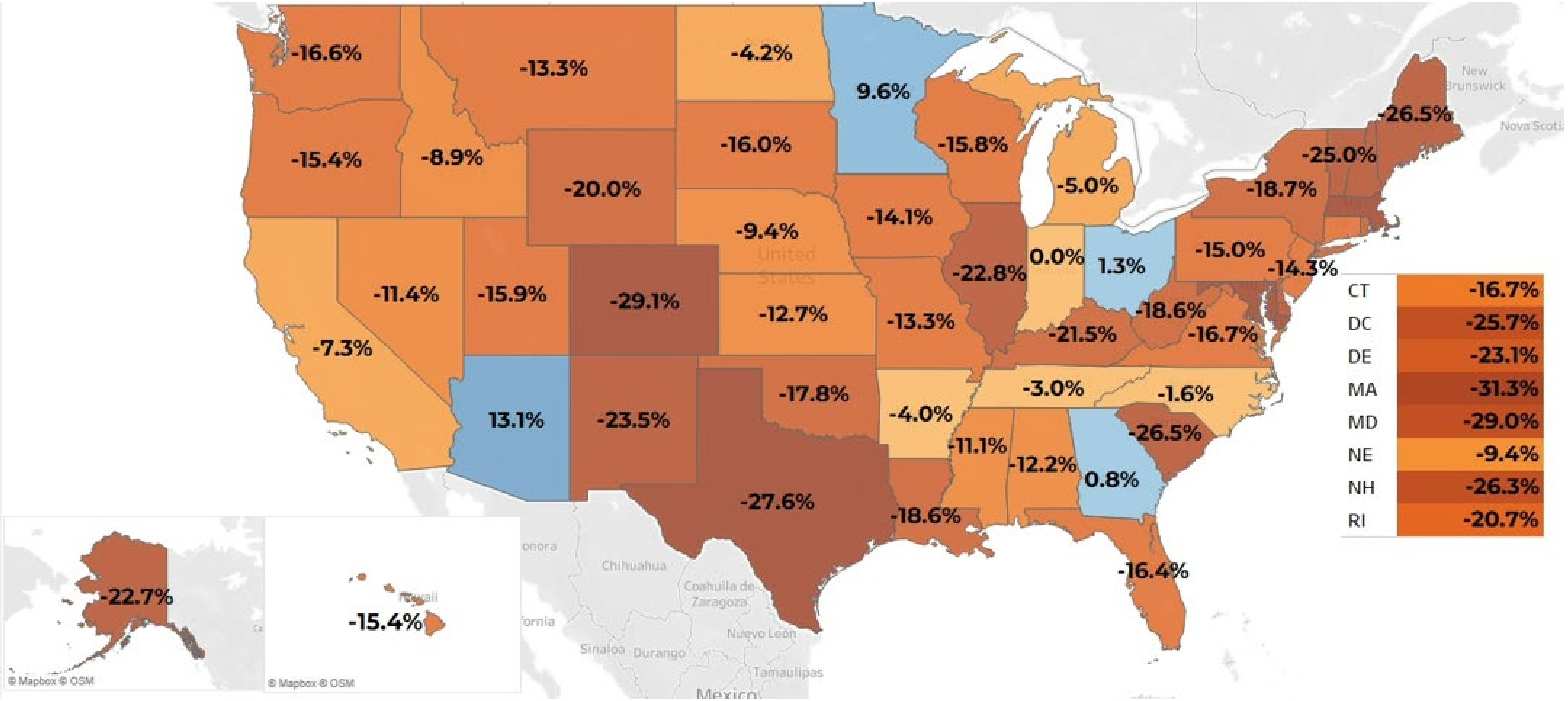
Job Openings = # of People Unemployed



Source: BLS

NATIONAL ASSOCIATION OF REALTORS®

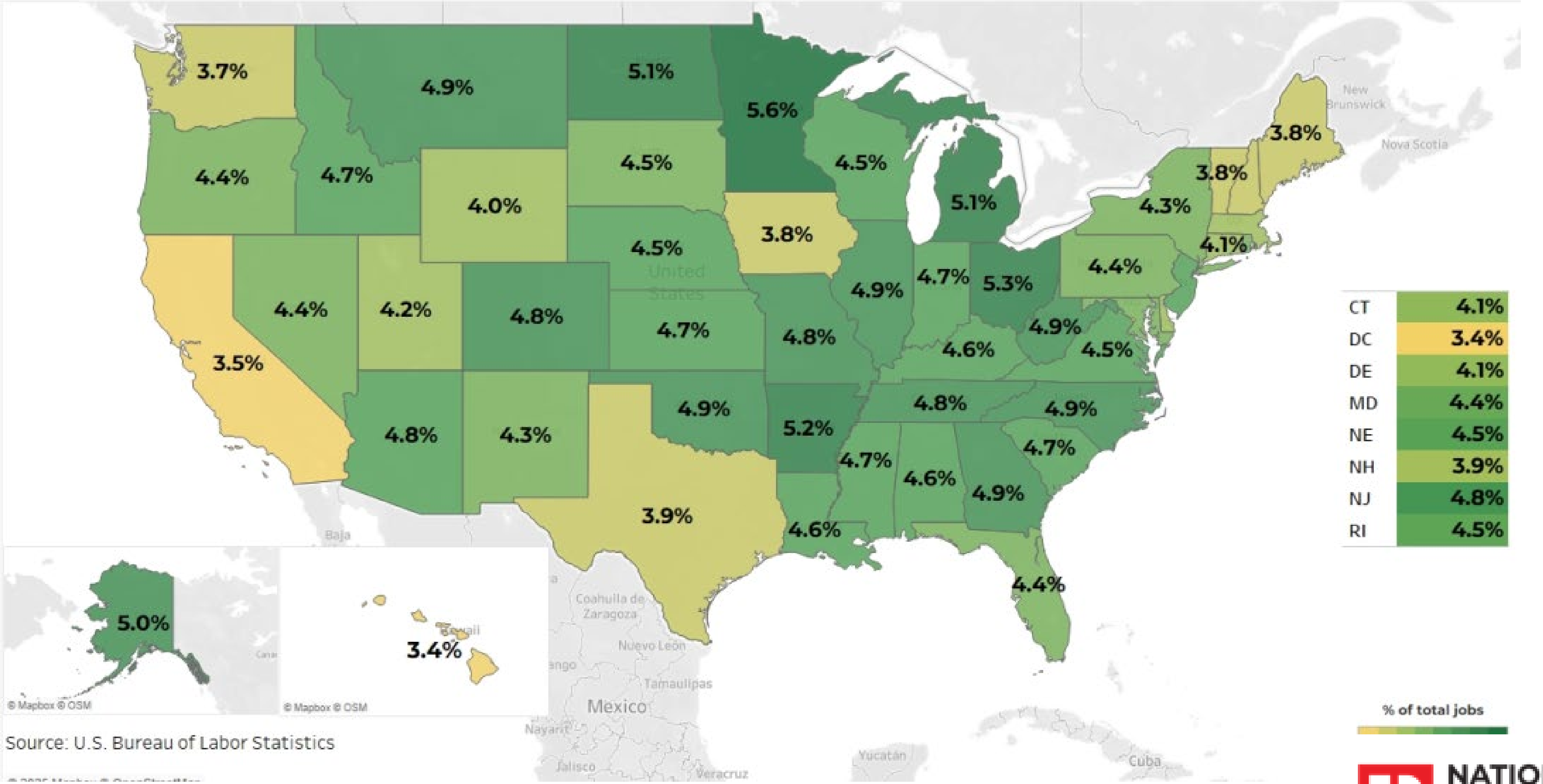
Job Openings Falling in Most State in the past 12 months
(March 25' vs. March 24')



Source: NAR Analysis of BLS data

NATIONAL ASSOCIATION OF REALTORS®

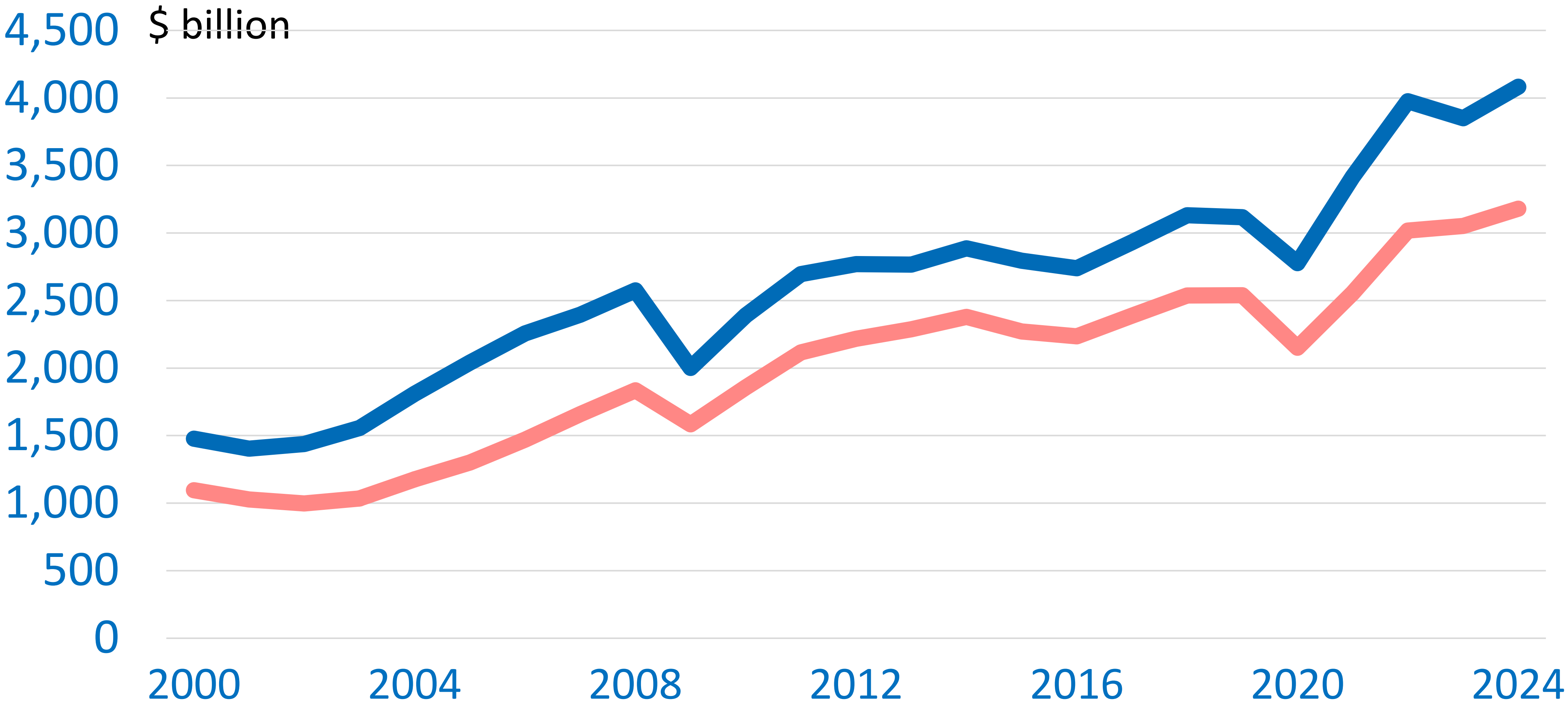
Job Openings as Percent of Total Employment … Where it is easier to find a job?



Source: NAR Analysis of BLS data

NATIONAL ASSOCIATION OF REALTORS®

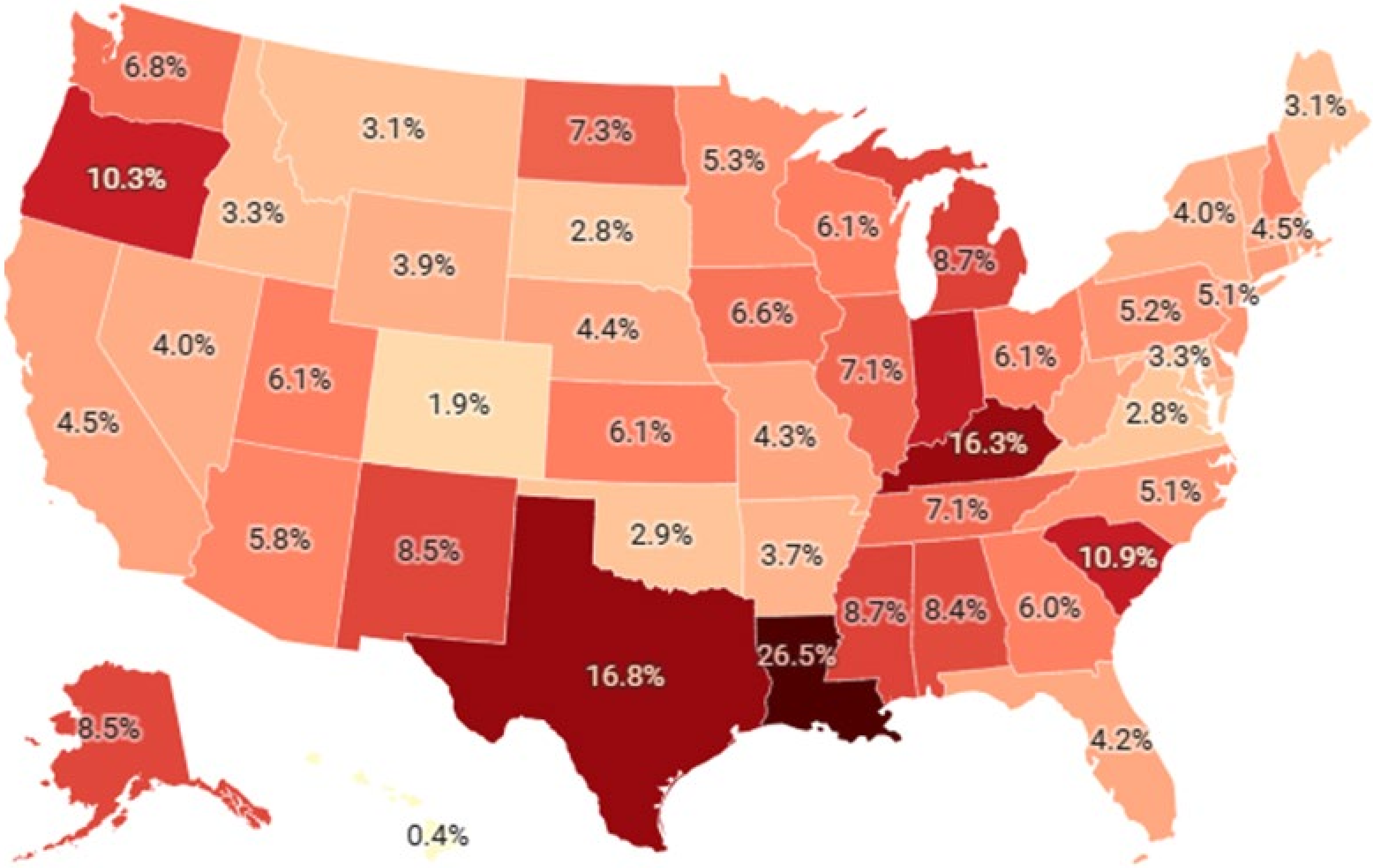
Tariff Impact?
Imports higher Exports



Source: Bureau of Economic Analysis

NATIONAL ASSOCIATION OF REALTORS®

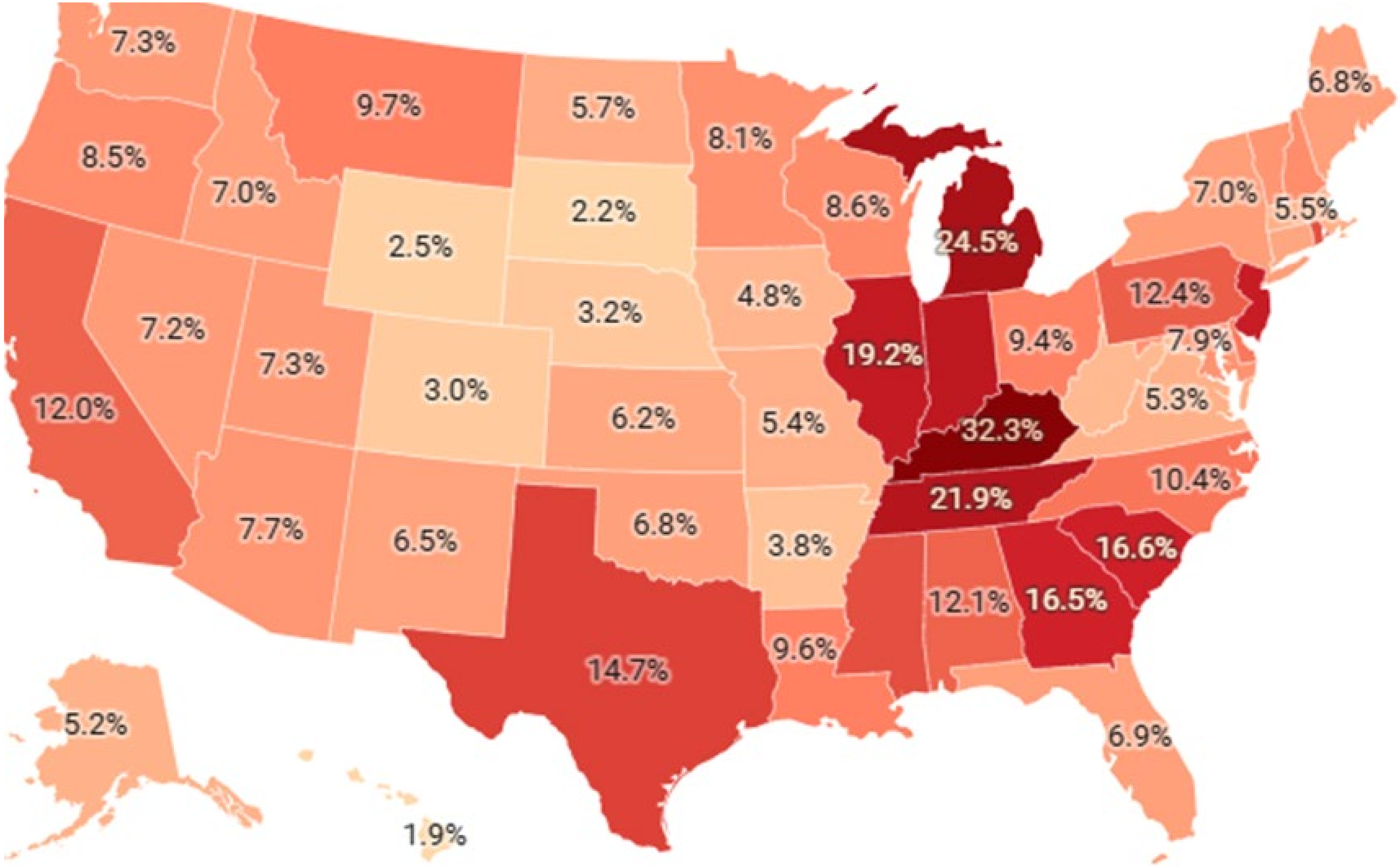
Export Share of State Economy



Source: NAR analysis of export/import data from International Trade Administration and BEA state-level GDP

NATIONAL ASSOCIATION OF REALTORS®

Import Share of State Economy



Source: NAR analysis of export/import data from International Trade Administration and BEA state-level GDP

NATIONAL ASSOCIATION OF REALTORS®

Forecast and Risk

NATIONAL ASSOCIATION OF REALTORS®

Commercial Market Forecast

- Job Growth Continuing … Boost Demand
- Positive Net Absorption … More Leasing
- Vacancy Rates Peaking … Easier to Market Property
- Rent Rising … at CPI inflation

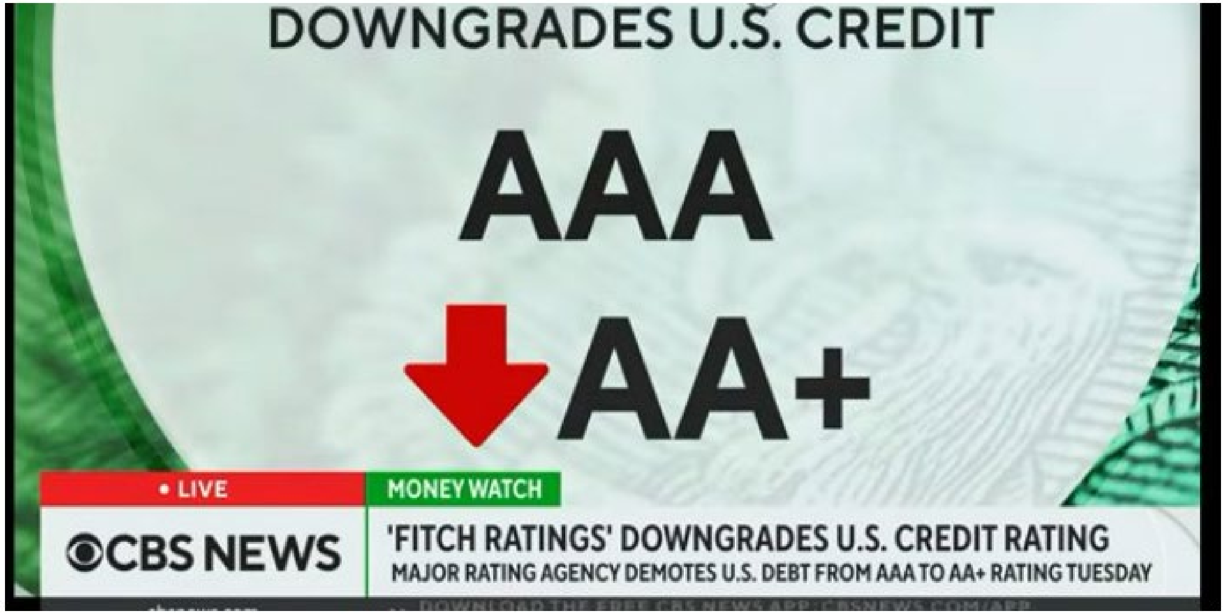
- Supply Picture is Mixed
- Temporary Oversupply in Multifamily and Industrial
- Permanent Oversupply in Office
- Restrained Supply in Retail

- Need Lower Rates … More Investment Sales + Price Growth

NATIONAL ASSOCIATION OF REALTORS®

Standard & Poor's Downgrades U.S. Credit Rating

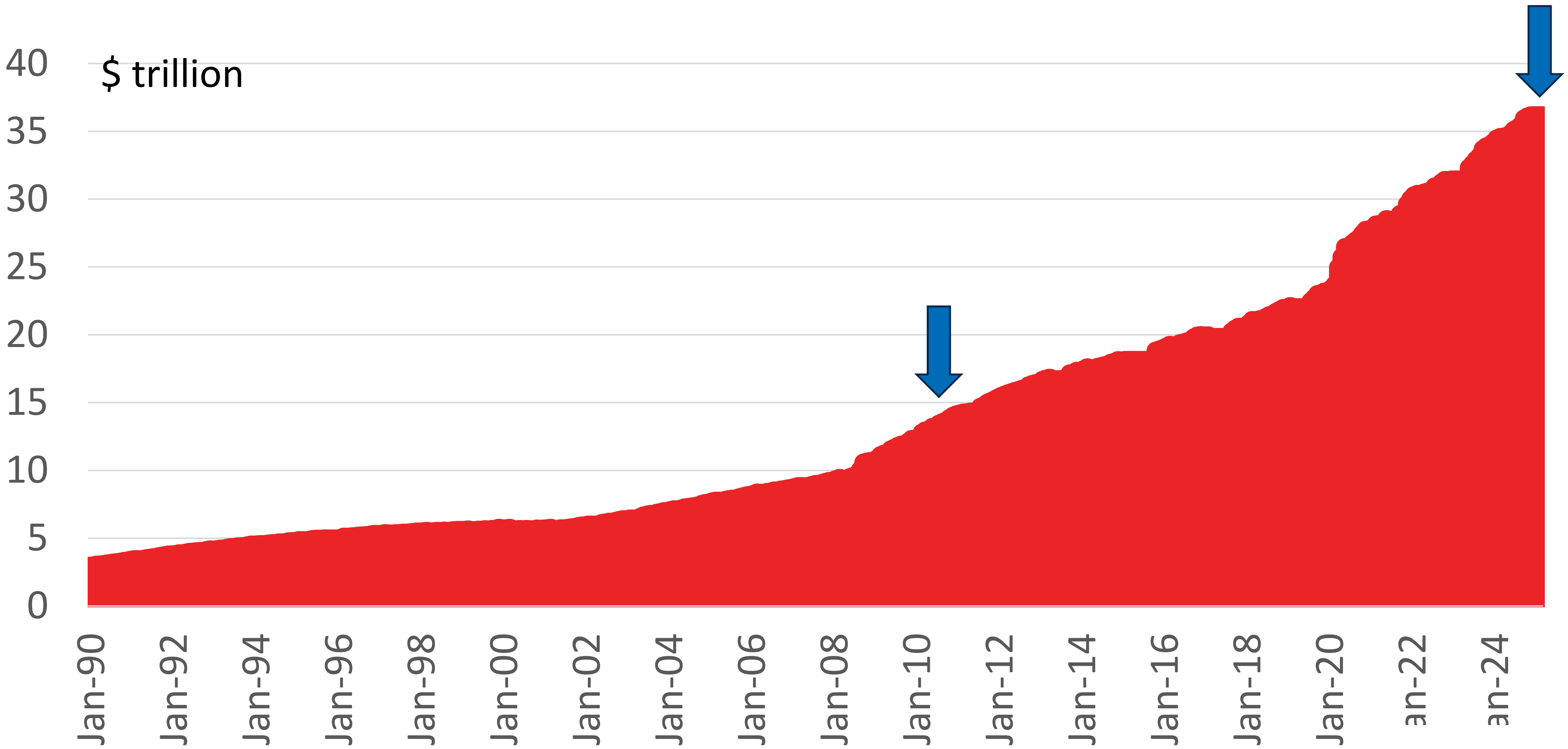
AUGUST 5, 2011 · 8:53 PM ET



The New York Times

S.& P. Downgrades Debt Rating of U.S ...

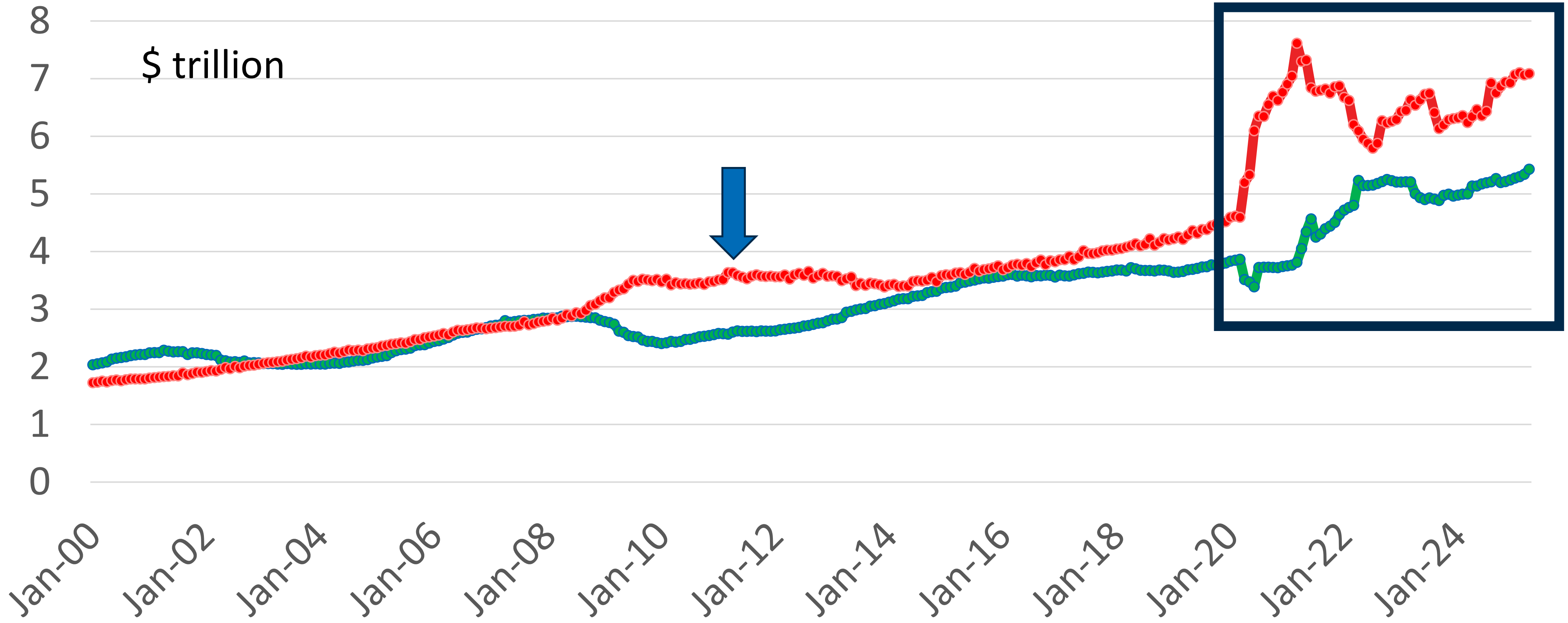
Risk from National Debt



Source: U.S. Treasury

NATIONAL ASSOCIATION OF REALTORS®

Government Outlay (Red) and Tax Revenue (Green)



Source: U.S. Treasury

NATIONAL ASSOCIATION OF REALTORS®

Thank you!

NATIONAL ASSOCIATION OF REALTORS®