

2025

Real estate market sentiment report

A yellow five-pointed star icon.

5.0



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Introduction and market overview

The commercial real estate market continues to be challenging. Interest rates remain at [15-year highs](#), the economy is giving off mixed signals, and inflation rates at [2.6%](#) continue to squeeze margins. This has led to tighter markets, tougher fundraising, and more cautious investors in 2025.

Data shows that capital raising has become more difficult. PERE's latest report of top capital-raising firms shows a [7.7%](#) decline from last year. At the same time, limited partners have higher expectations with a [150%](#) increase in those prioritizing distributions to paid-in-capital (DPI) as a key performance metric.

In response, many firms plan to adjust strategies around asset classes, investment regions and even limited partner communication.

Survey methodology

To better understand how firms are responding to these market dynamics, Agora commissioned Talker Research to survey U.S. real estate professionals about investor sentiment and market conditions. This report shares insights from 200 senior professionals with investment or investor relations authority, including managing partners, CFOs, and investor relations managers.

Our survey included demographic questions and 16 questions on market sentiment and strategy. The research team selected respondents through a random, double-opt-in process. Talker Research maintains affiliations with the Market Research Society (MRS) and the European Society for Opinion and Marketing Research (ESOMAR).

Note: Figures are rounded to the nearest whole number and may not sum to exactly 100%.



Real estate market sentiment



Key takeaways

44% of firms plan strategy adjustments

44% of firms reported changing their investment plans due to market volatility. This included 49% who reported moving into new asset classes and 48% who targeted new regions. The survey results also show that 44% of firms paused or reduced acquisitions and 26% pursued smaller deals.

Investors back income-stable assets at 84%

Participant choices show concentration on asset types that are historically stable and income-generating. In 2025, 51% will prioritize multifamily investments, and 33% will target mixed-use properties. Fewer firms are pursuing office, hospitality, or retail assets.

48% of firms adopt an opportunistic strategy

Most respondents selected answers that show they remain active in the market but are taking a measured approach. 48% described their strategy as opportunistic, focusing on distressed or undervalued assets. Only 25% are aggressive, and a smaller group is defensive or on hold.

Capital raising is challenging for 58% of respondents

Respondents are finding it harder to raise capital, with 58% saying conditions have worsened. At the same time, 76% said their investors are somewhat or very concerned about market volatility, which may be influencing both fundraising and deal activity.

31% of investors expect transparent performance visibility

The survey shows that investors now want more detailed and forward-looking updates. 31% said investors ask most often for performance metrics, while others prioritize forecasts and risk assessments. Firms are under pressure to provide clear data and timely insights.

Firms increase communication, with 38% reporting weekly

Many respondents chose an increase in investor communication. 38% are sending weekly updates, and 28% are reporting monthly. Only 15% update investors only when necessary, showing a change toward more frequent engagement.

SURVEY REPORT FINDINGS

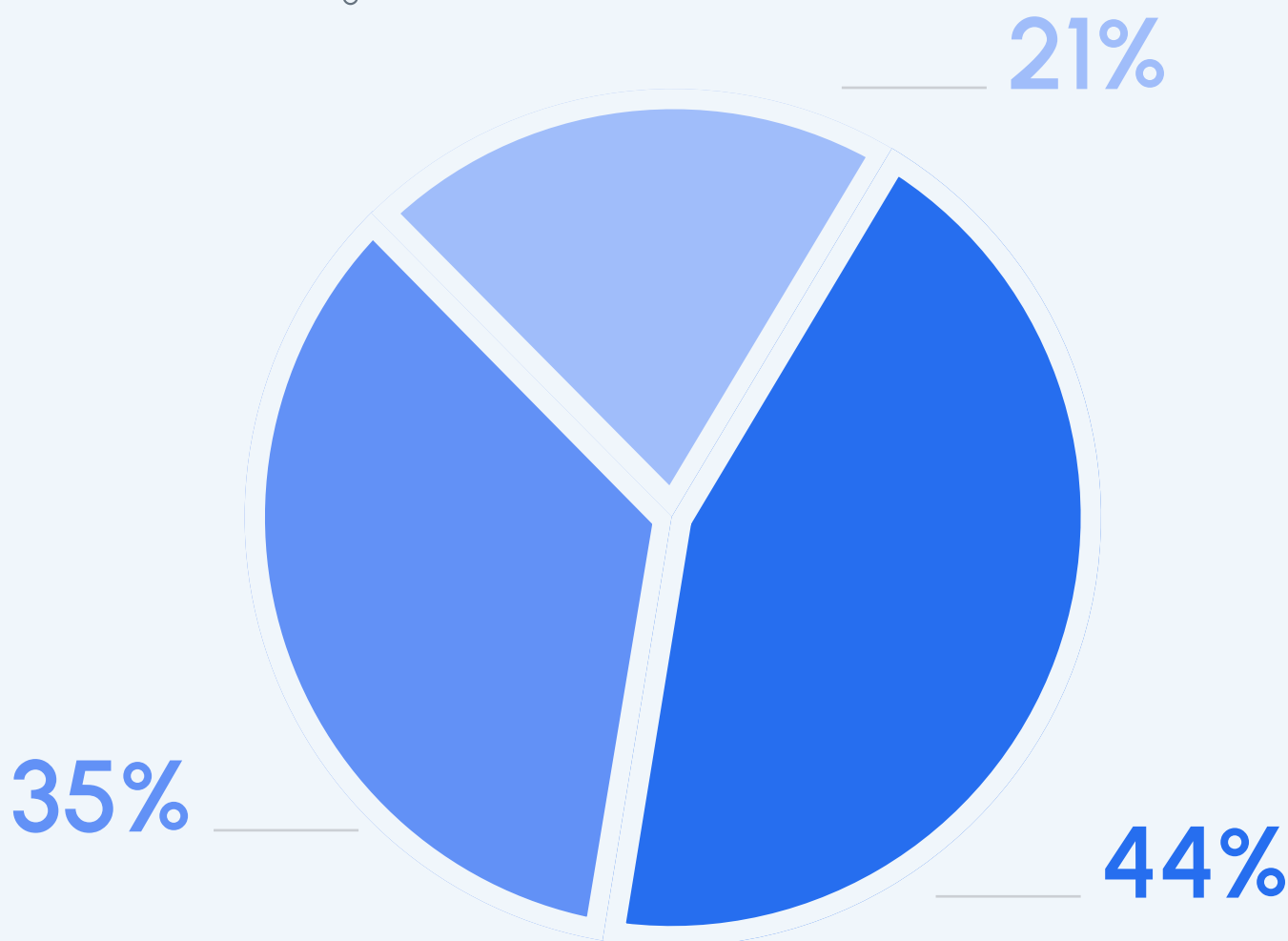
Have your investment plans changed due to recent market volatility?

Many firms are adjusting their strategies in response to recent market volatility. 44% said they've changed their investment plans, while 21% are considering changes. 35% of the respondents shared that they have not made any adjustments.

Gen Z and Millennials were the most likely to report changes, at 69% and 48%. In contrast, only 24% of Baby Boomers have made changes to their strategy and 55% said they have not altered their strategy.

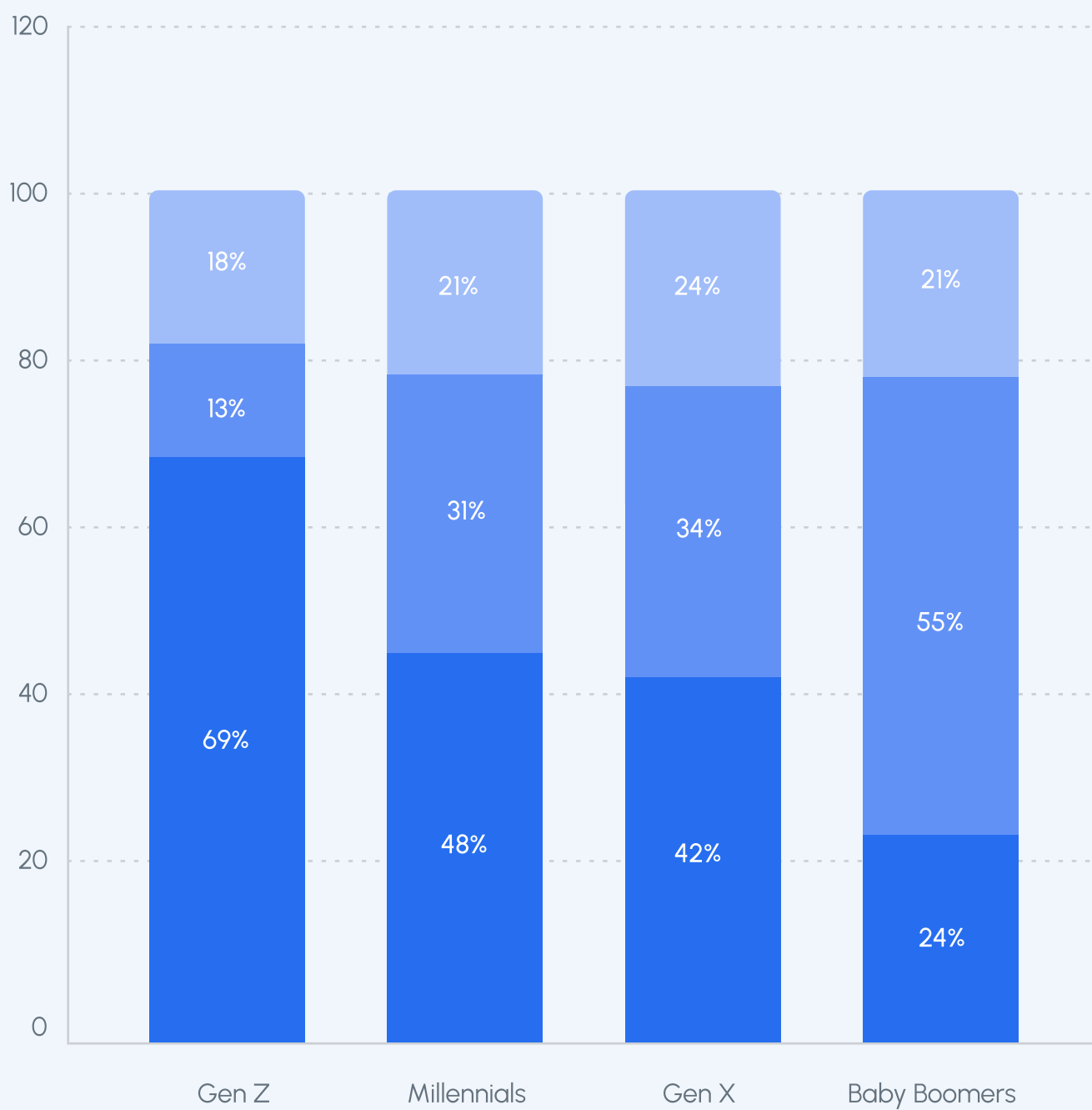
Graph 1 - Overall

- Changed investment plans
- Considering changes
- Have not made changes



Graph 2 - By age group

- Had made changes
- No changes
- Considering changes

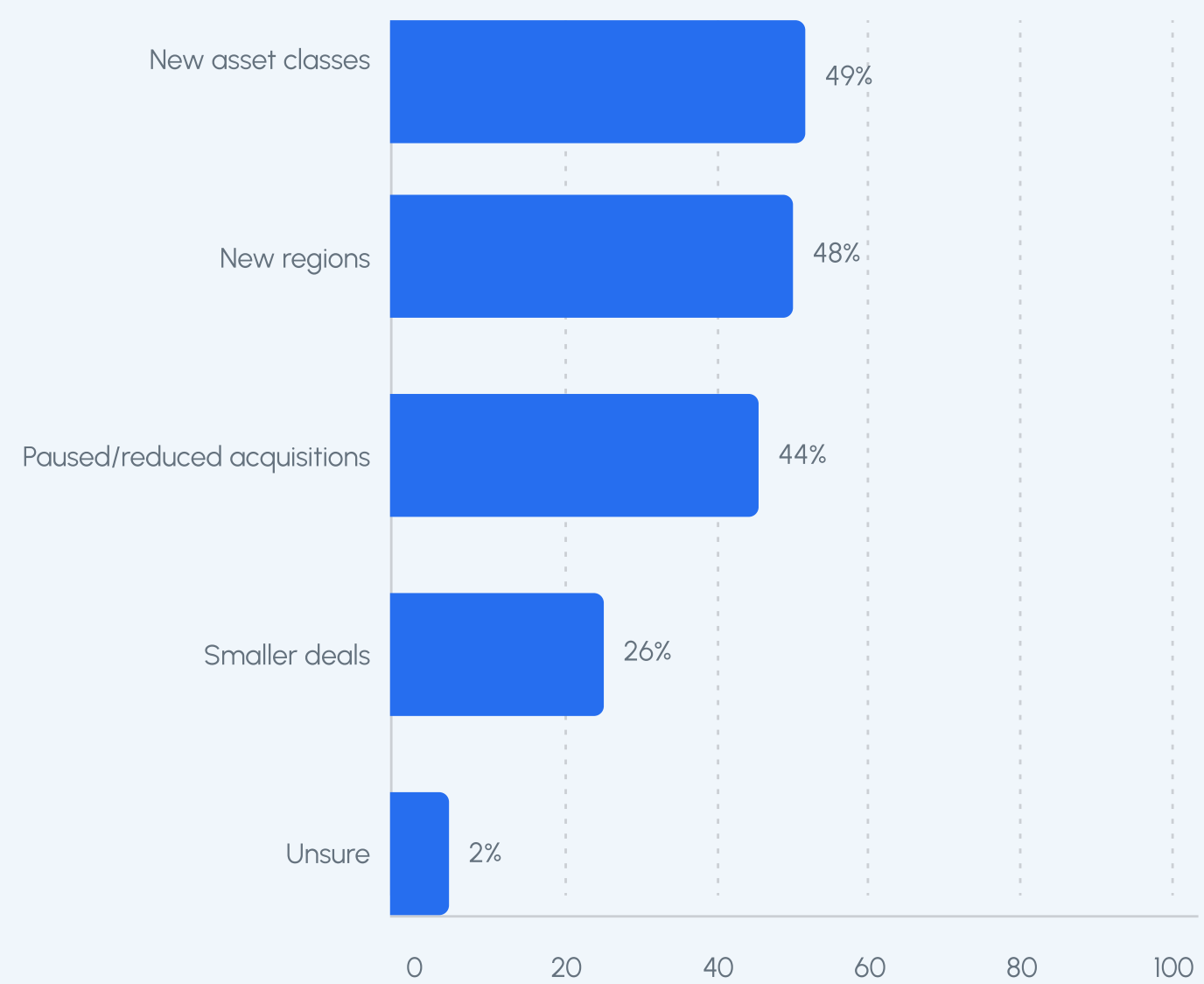


How have your investment plans changed due to recent market volatility?

Among the 87 respondents who changed their investment plans, most indicated looking at new opportunities. 49% reported moving into new asset classes, and 48% expanded into new regions. Others took a more cautious approach, with 44% pausing or reducing acquisitions and 26% pursuing smaller deals.

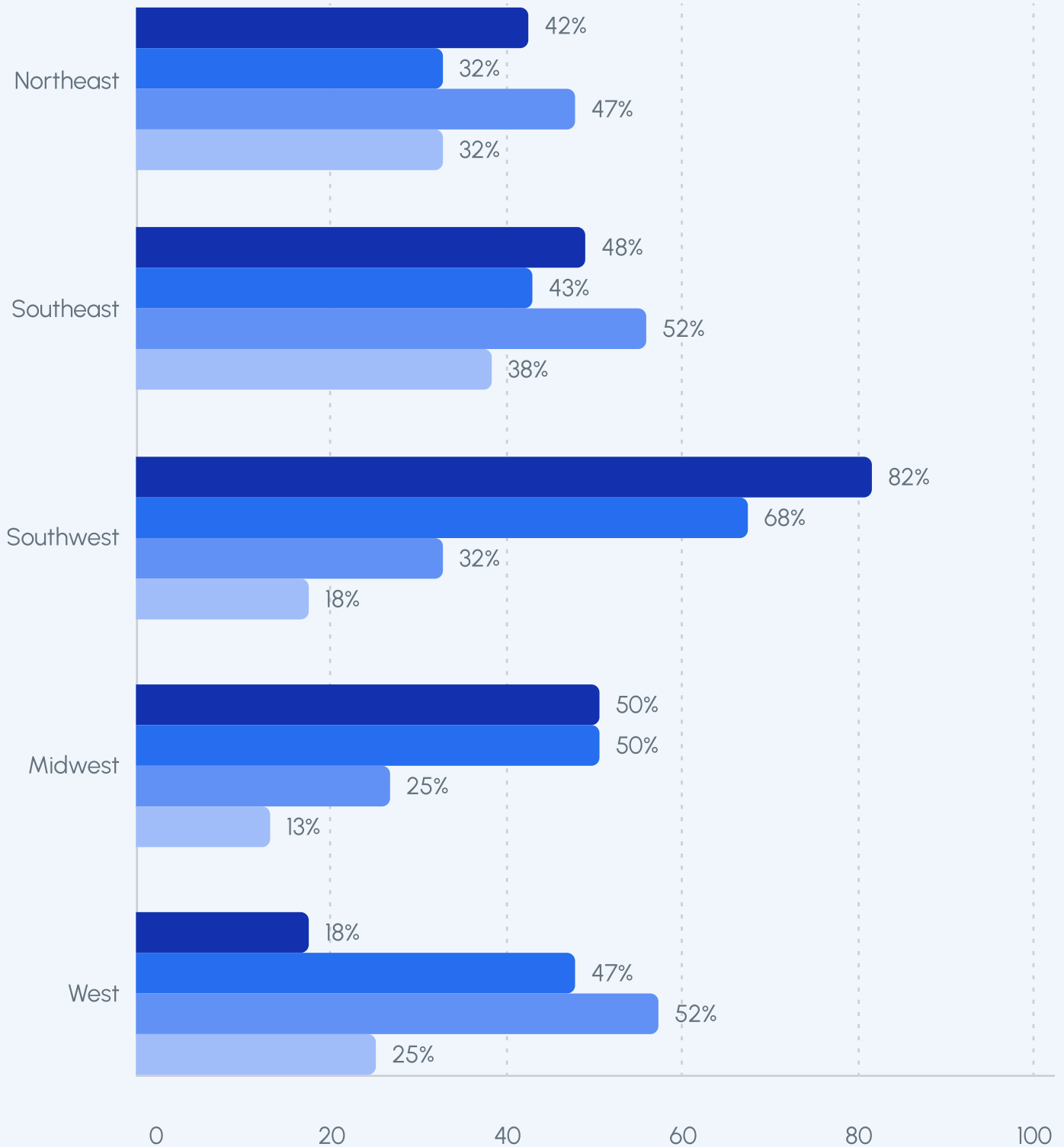
In the Southwest, 82% reported moving into new asset classes, the highest among all regions, while only 18% in the West did so. The West also had the highest rate of paused or reduced acquisitions at 53%.

Graph 3 - Overall



Graph 4 - By region

- New asset classes
- Paused/reduced acquisitions
- New regions
- Smaller deals

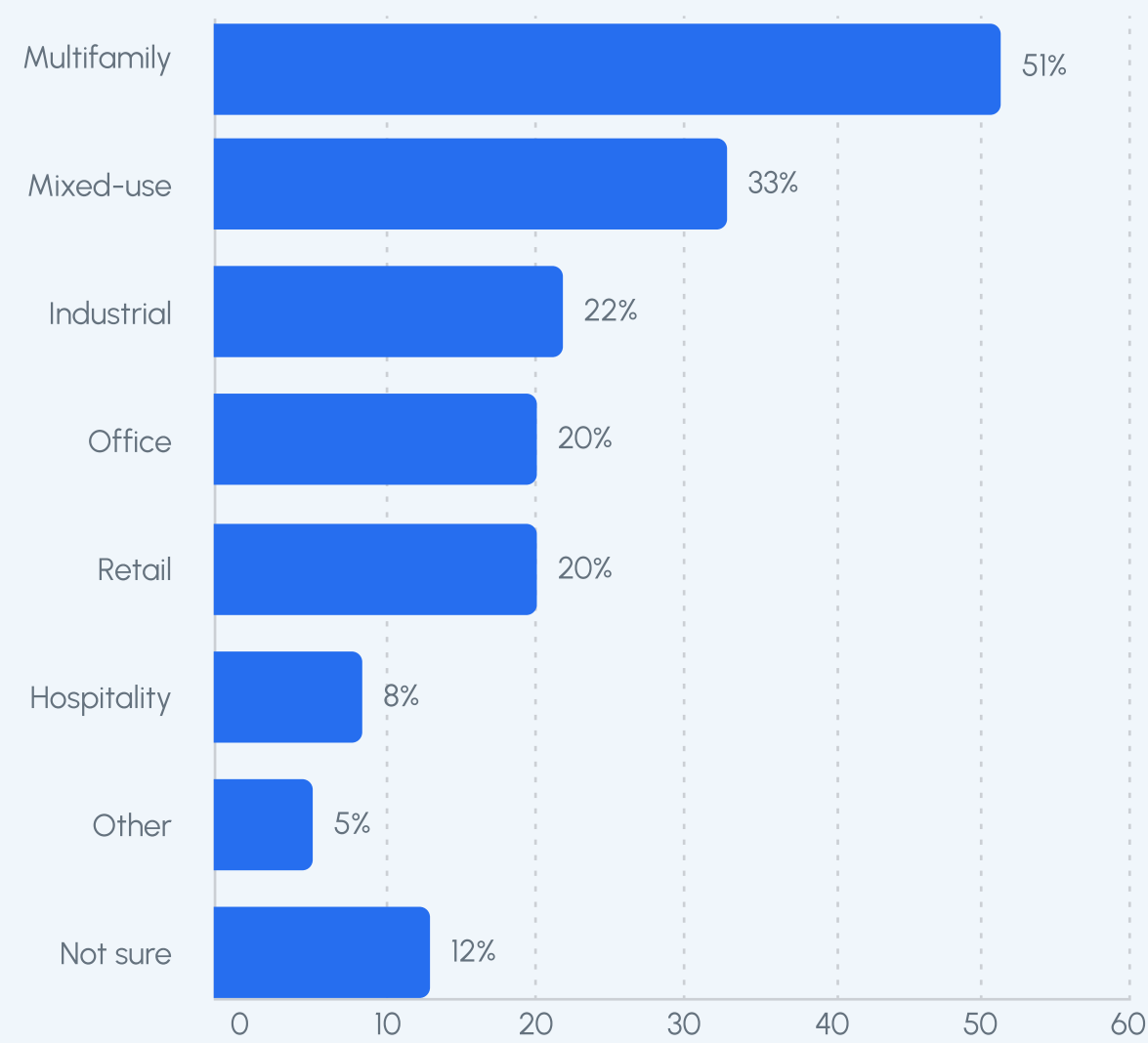


Which asset classes are you prioritizing in 2025, given the current climate?

51% of respondents say they are prioritizing multifamily. Mixed-use follows at 33%, and 22% of participants selected industrial. Office and retail each drew 20%, while only 8% of firms are prioritizing hospitality.

In the Southwest, 65% of respondents plan to prioritize multifamily, and 50% selected mixed-use, the highest level across all regions. Participants in the Midwest indicated the lowest interest in industrial at just 8%

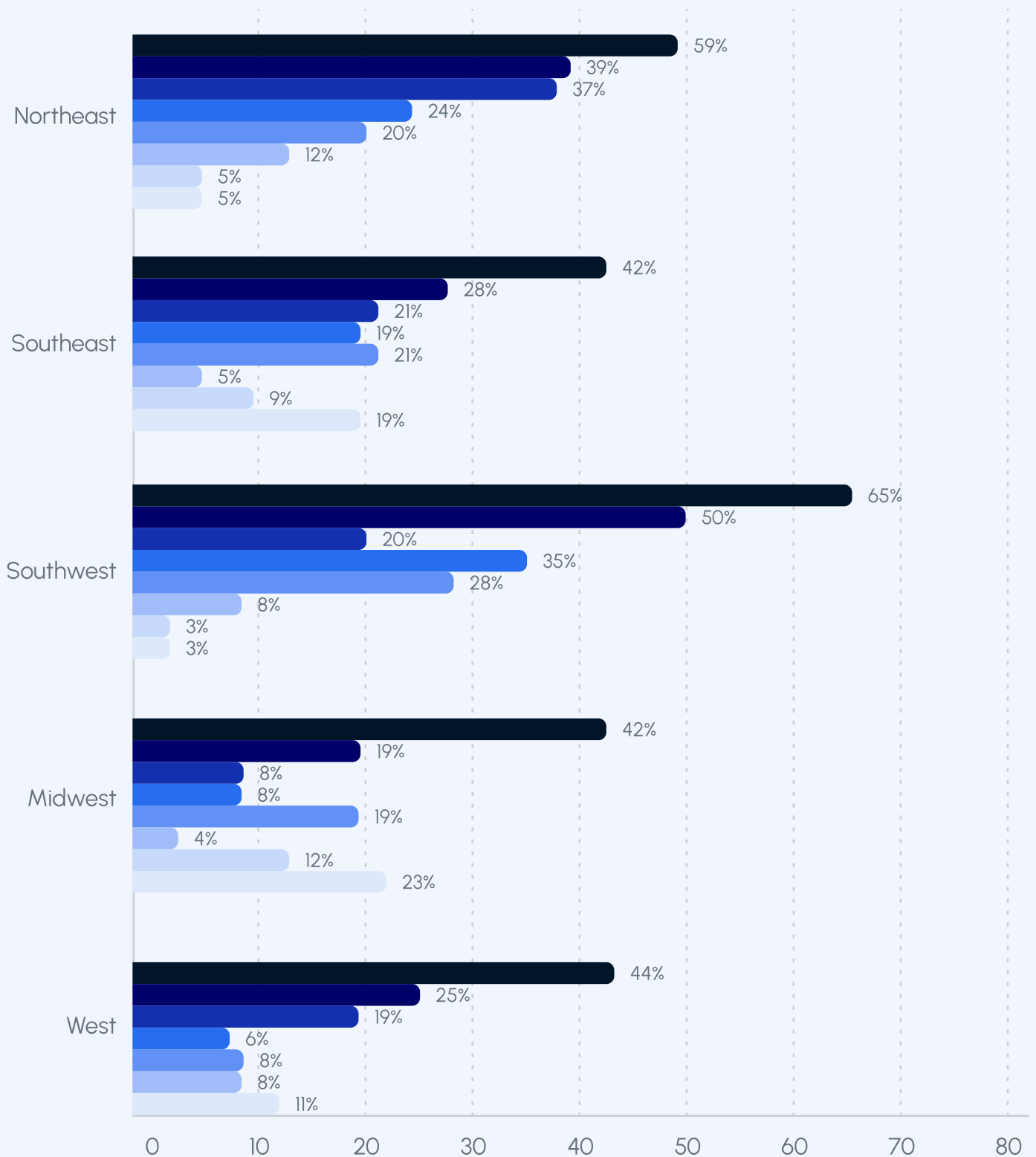
Graph 5 - Overall



Note: *Responses under "Other" included single-family residential, raw land, short-term rentals, institutional clients, and commercial.

Graph 6 - By region

Multifamily Industrial Retail Other
 Mixed-use Office Hospitality Not sure

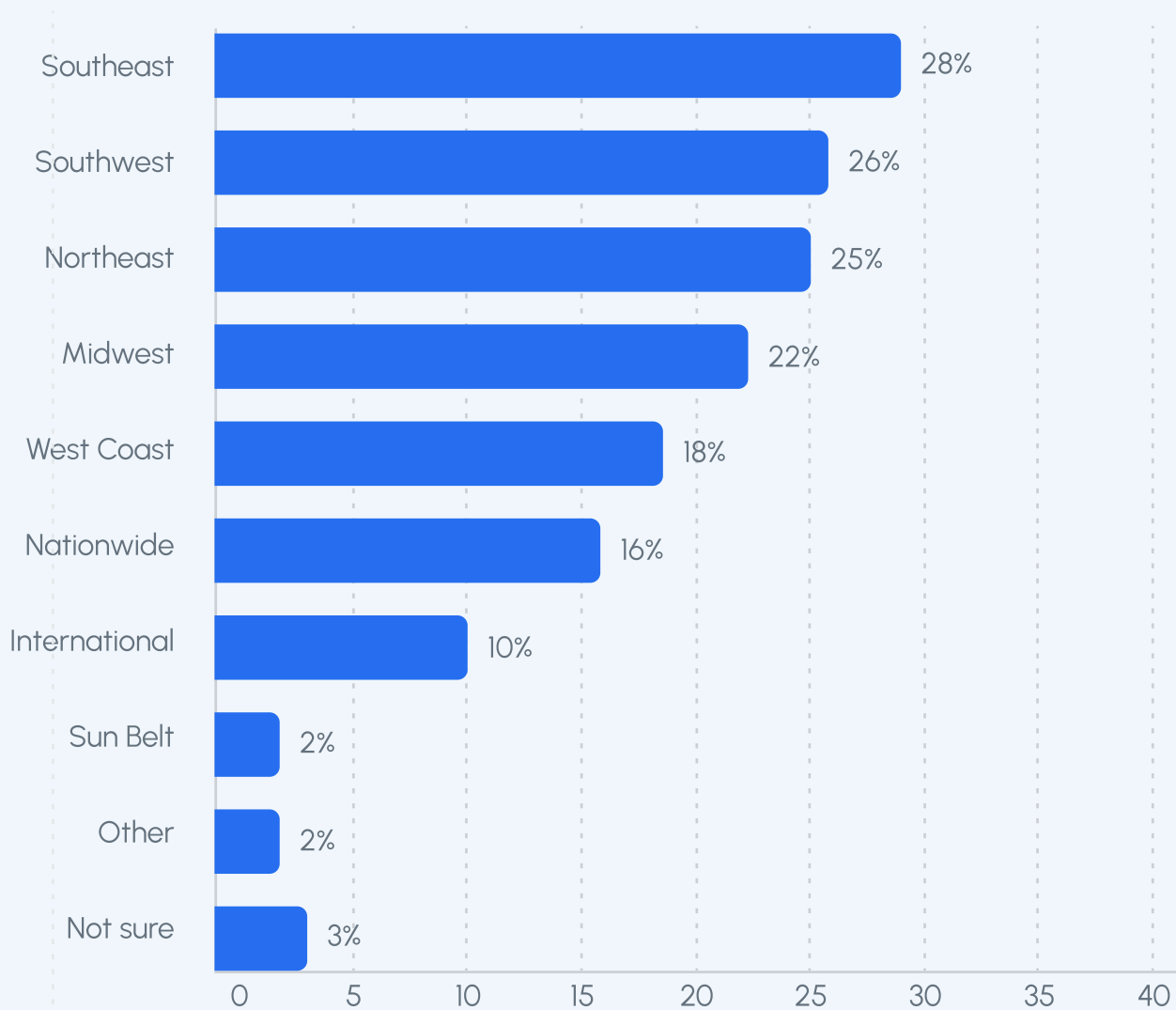


Which regions are you focusing on for new investments in 2025?

When asked which regions they are targeting for new investments, 28% of respondents chose the Southeast, followed by 26% for the Southwest and 25% for the Northeast. 16% are looking nationwide, and 10% are exploring international markets.

Millennials showed the strongest interest in both the Southeast and Southwest, at 33% and 39% respectively. Gen Z stood out for its broad approach, with 44% selecting nationwide and 31% choosing the West Coast. Baby Boomers showed the lowest interest in the Southwest at just 6%.

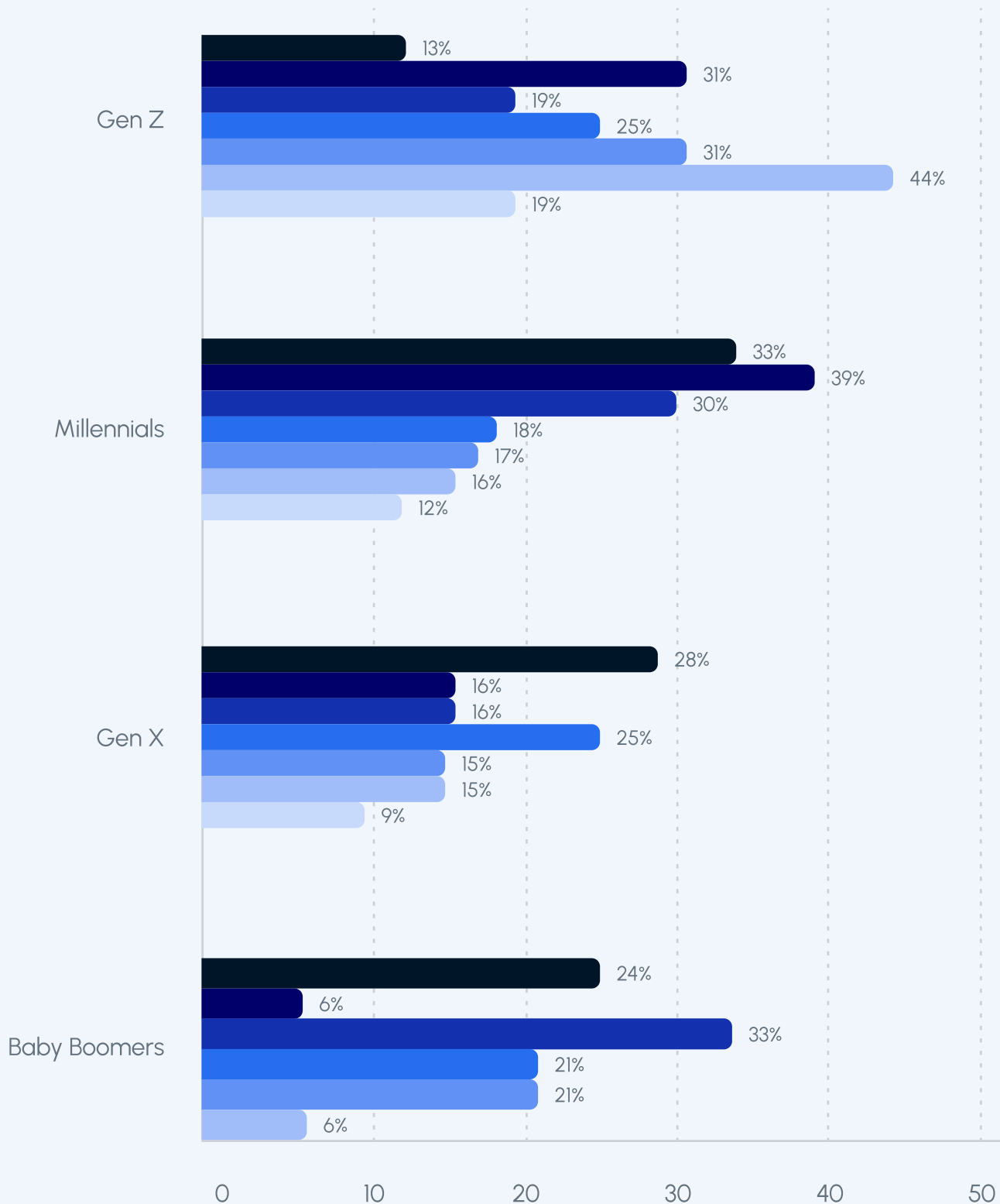
Graph 7 - Overall



Note: *Responses under "Other" included Western Rockies, West, and South.

Graph 8 - By age group

Southeast Northeast West Coas International
 Southwest Midwest Nationwide

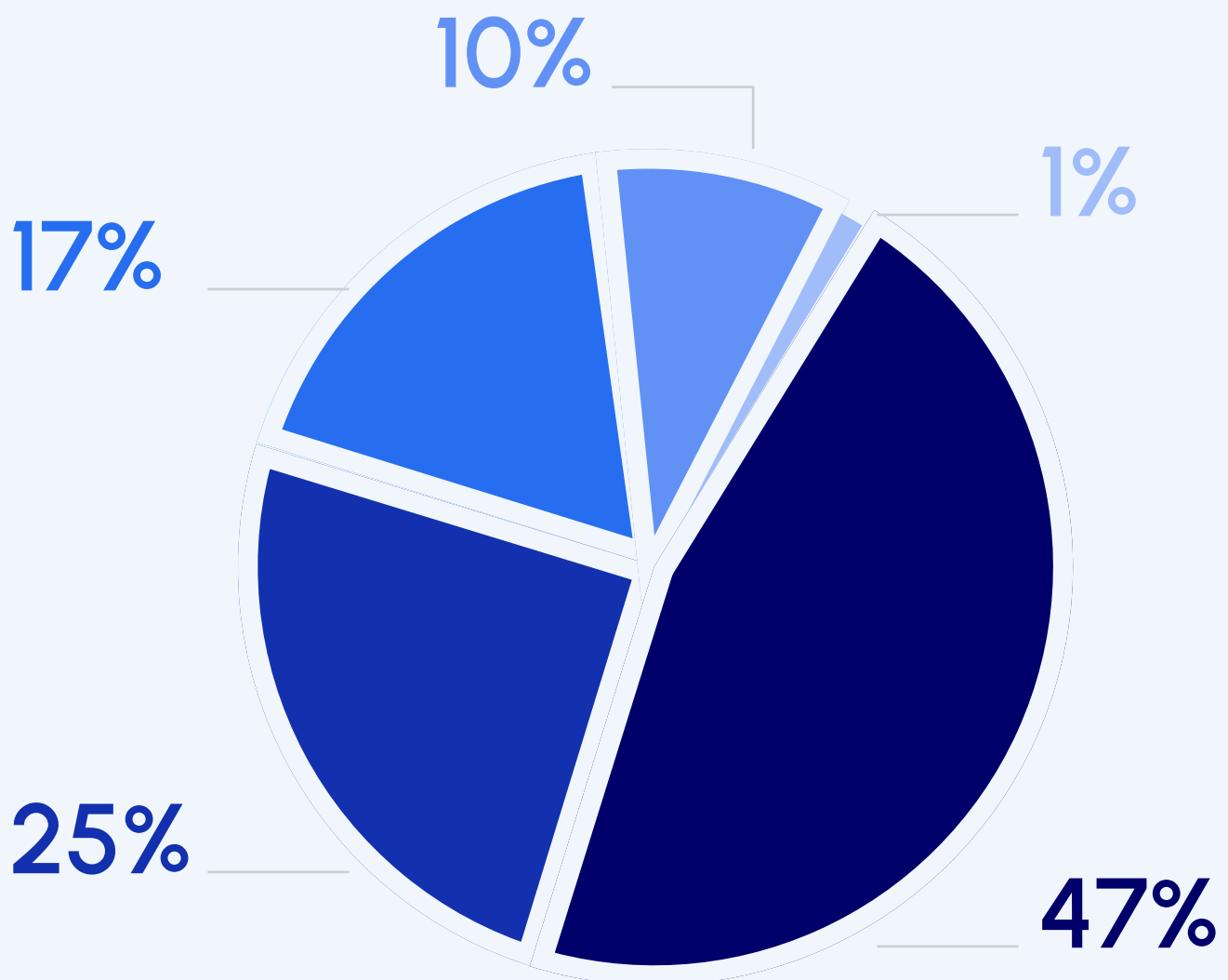


How would you describe your investment posture today?

The majority of respondents described their posture as opportunistic, with 47% looking for undervalued or distressed assets. Another 25% said they were taking an aggressive approach, while 17% reported a defensive stance. 10% said they were on hold. 1% said they were not sure.

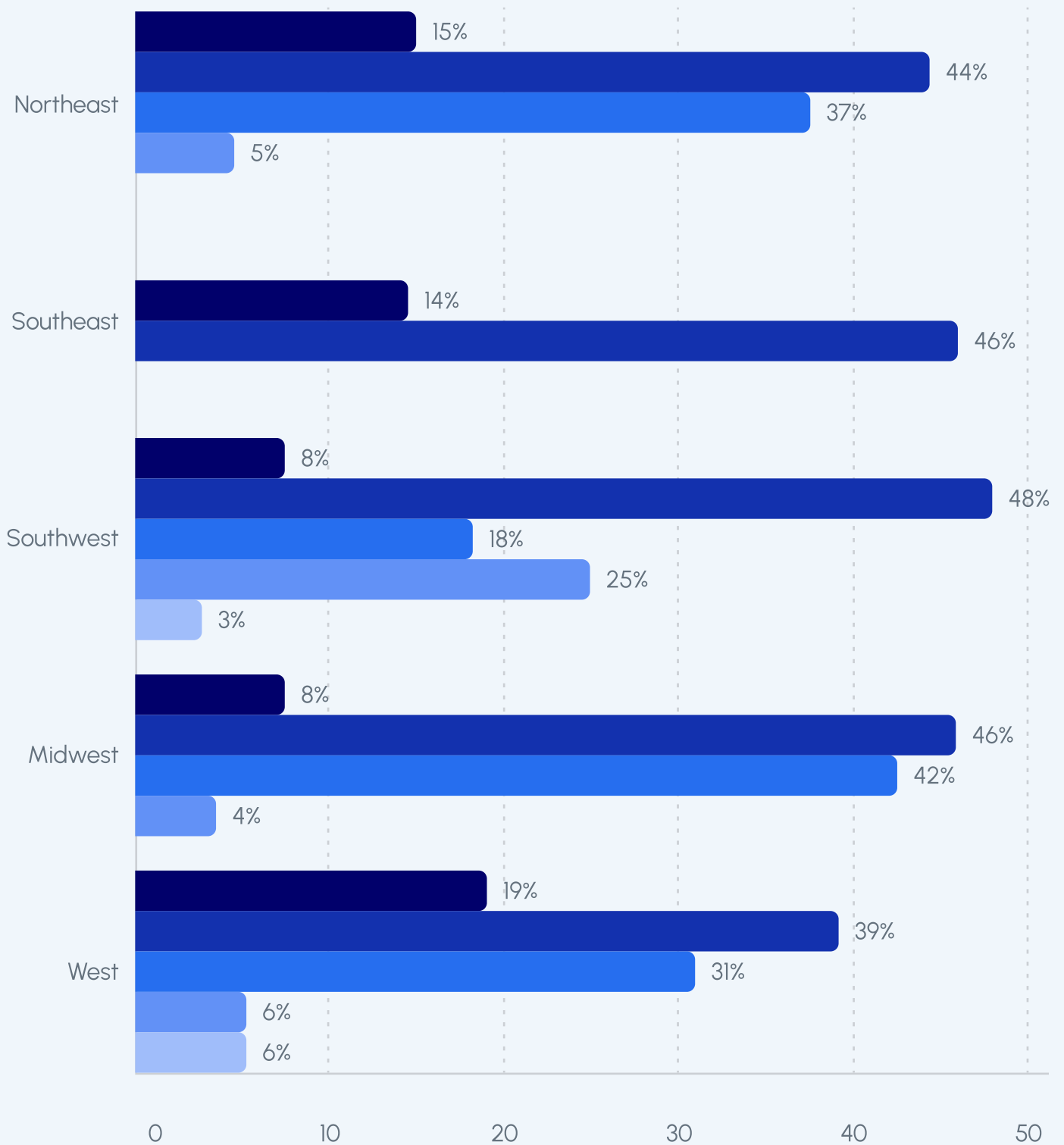
Graph 9 - Overall

- Opportunistic
- Defensive
- Not sure
- Aggressive
- On hold



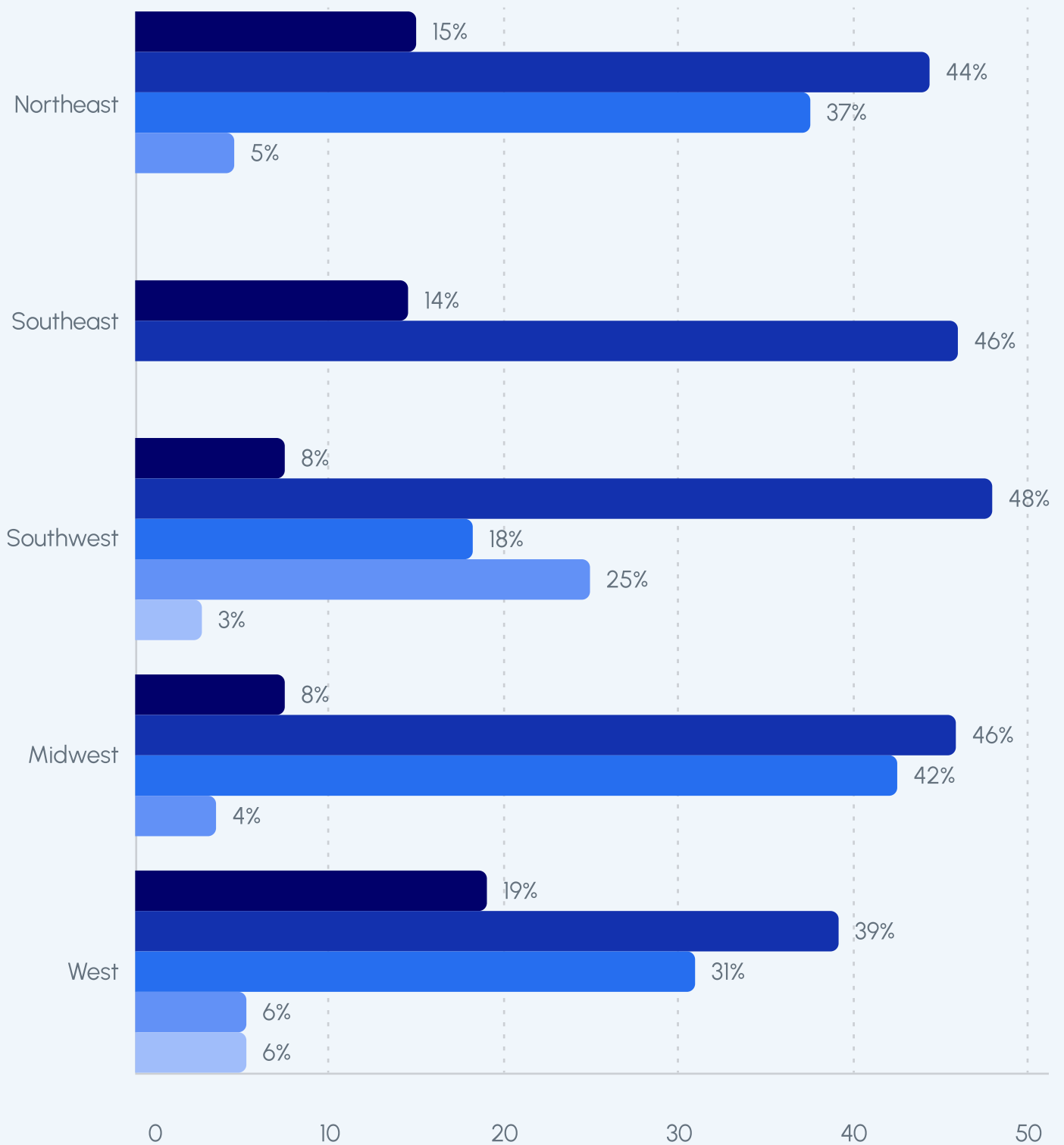
Graph 11 - By region

■ Much more difficult ■ No change ■ Much less difficult
■ Somewhat more difficult ■ Somewhat less difficult



Graph 11 - By region

■ Much more difficult ■ No change ■ Much less difficult
■ Somewhat more difficult ■ Somewhat less difficult



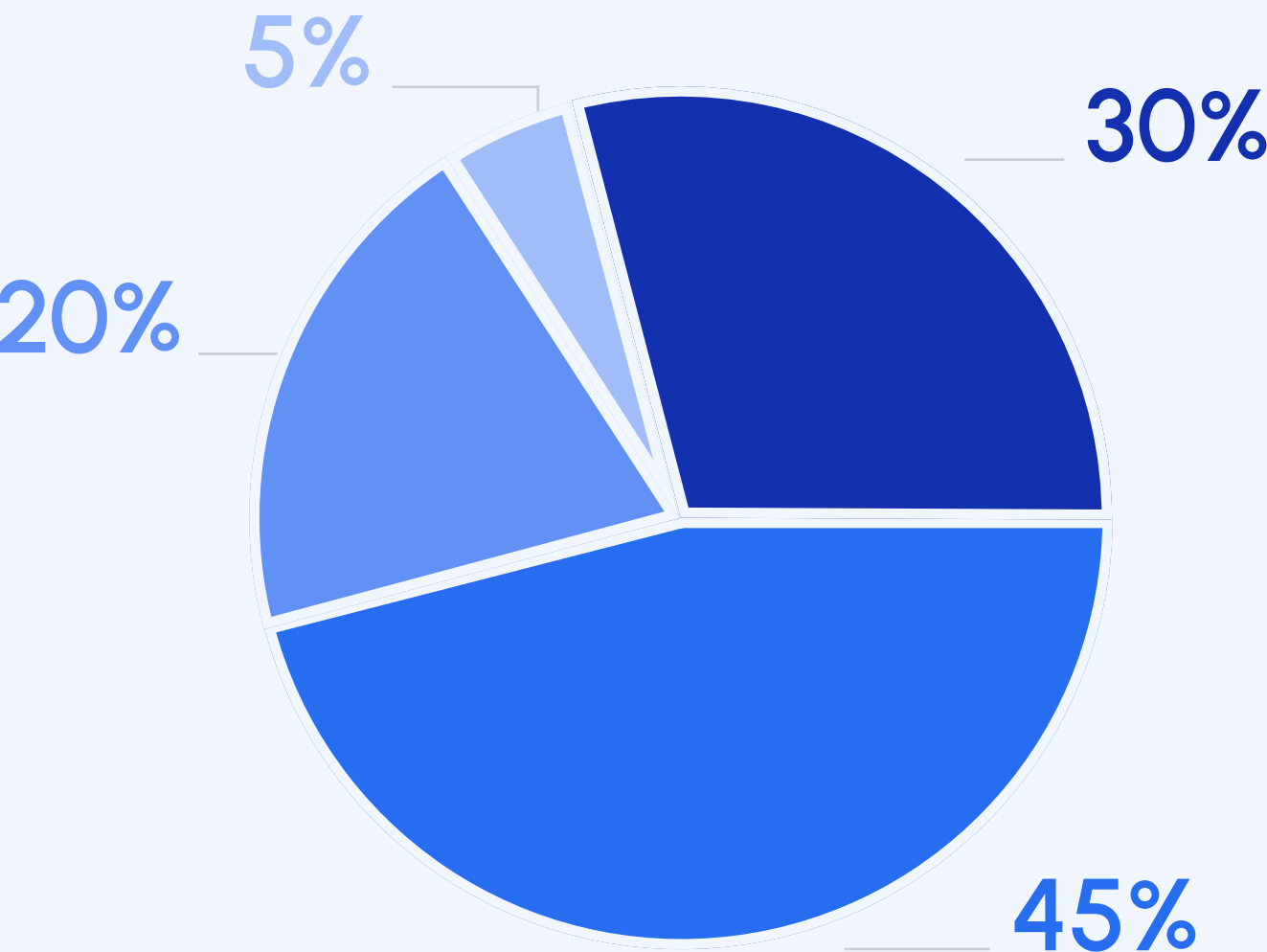
How concerned are your investors about current market volatility?

Investor concern about market volatility is widespread. 45% said their investors are somewhat concerned, 30% said they are very concerned, and only 25% reported little or no concern.

In the Southwest, 45% of respondents said their investors are very concerned, the highest percentage of any region. In contrast, only 15% of respondents in the Midwest said their investors are very concerned. The Southeast also showed relatively lower concern, with just 21% reporting that investors are very concerned.

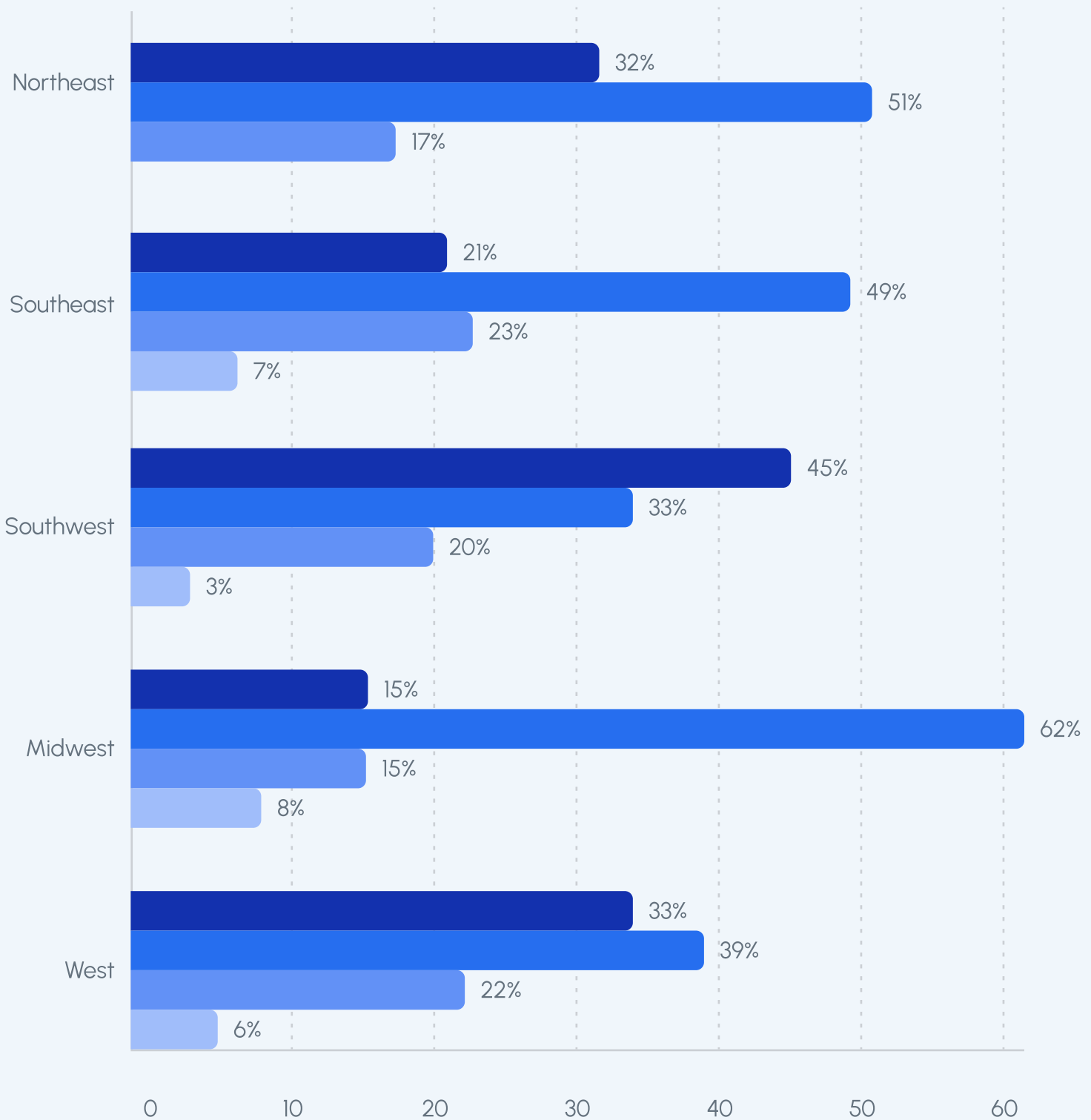
Graph 12 - Overall

- Very concerned
- Somewhat concerned
- Not very concerned
- Not concerned at all



Graph 13 - By region

- Somewhat more difficult
- Somewhat less difficult
- No change
- Much less difficult



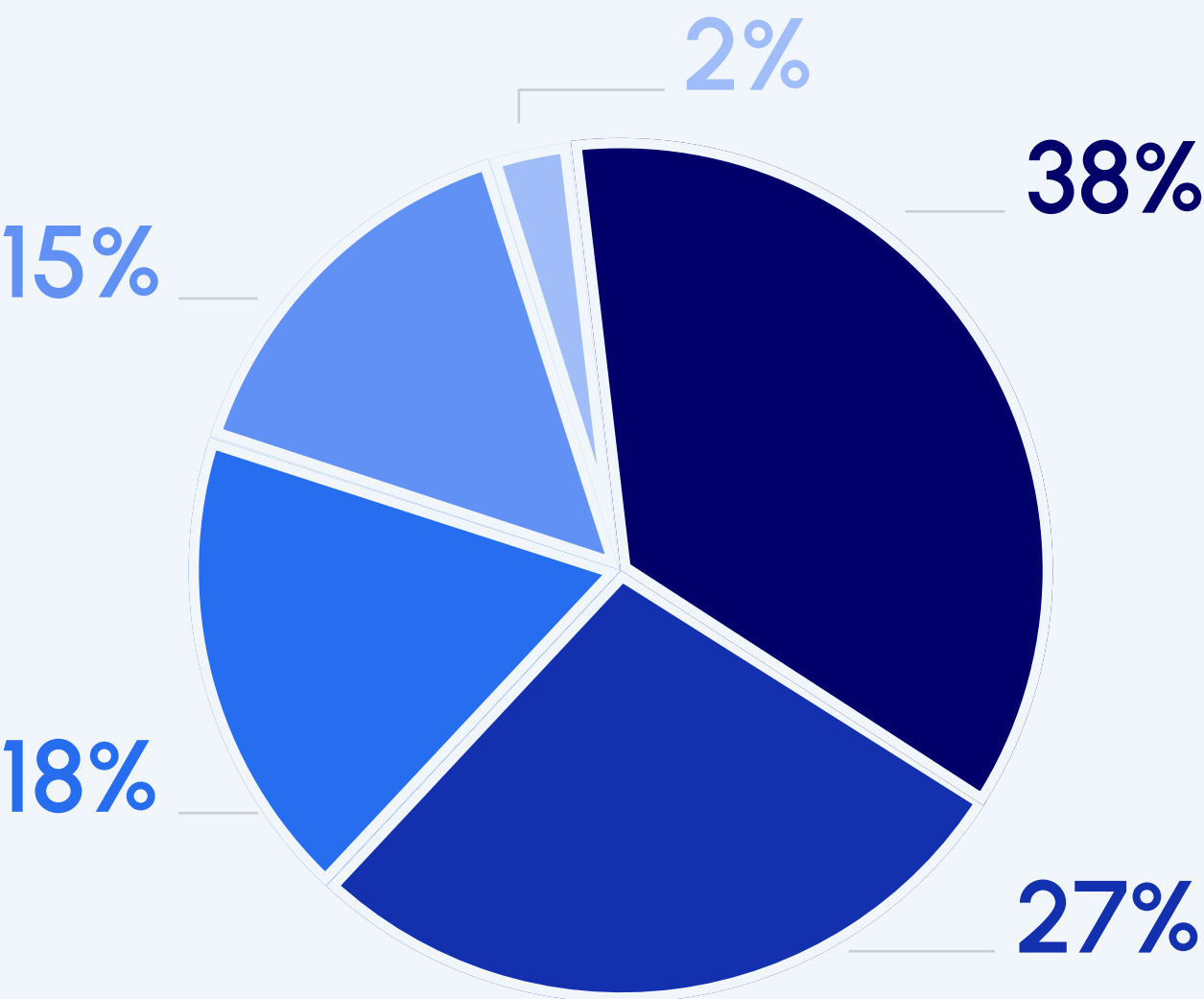
How often are you updating your investors about market developments?

Weekly updates were most common at 38%, followed by monthly at 27% and quarterly at 18%. Another 15% said they update only when necessary, while 2% were unsure.

Millennials were the most likely to update weekly at 48%. Baby Boomers stood out for a more hands-off approach, with 45% saying they update only when necessary.

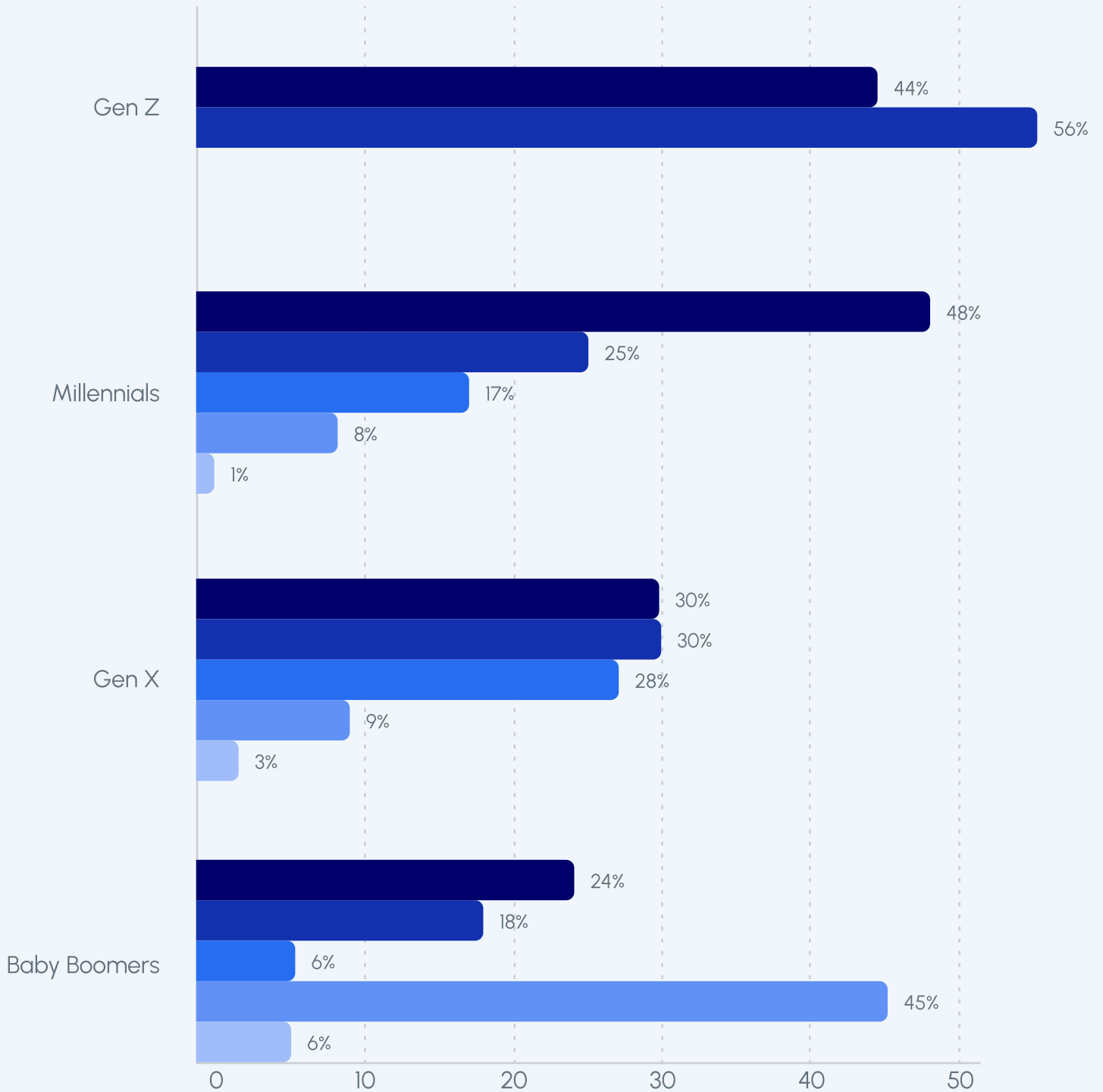
Graph 14 - Overall

- Update weekly
- Update quarterly
- Not sure
- Update monthly
- Update only when necessary



Graph 15 - By age group

- Update weekly
- Update quarterly
- Not sure
- Update monthly
- Update only when necessary



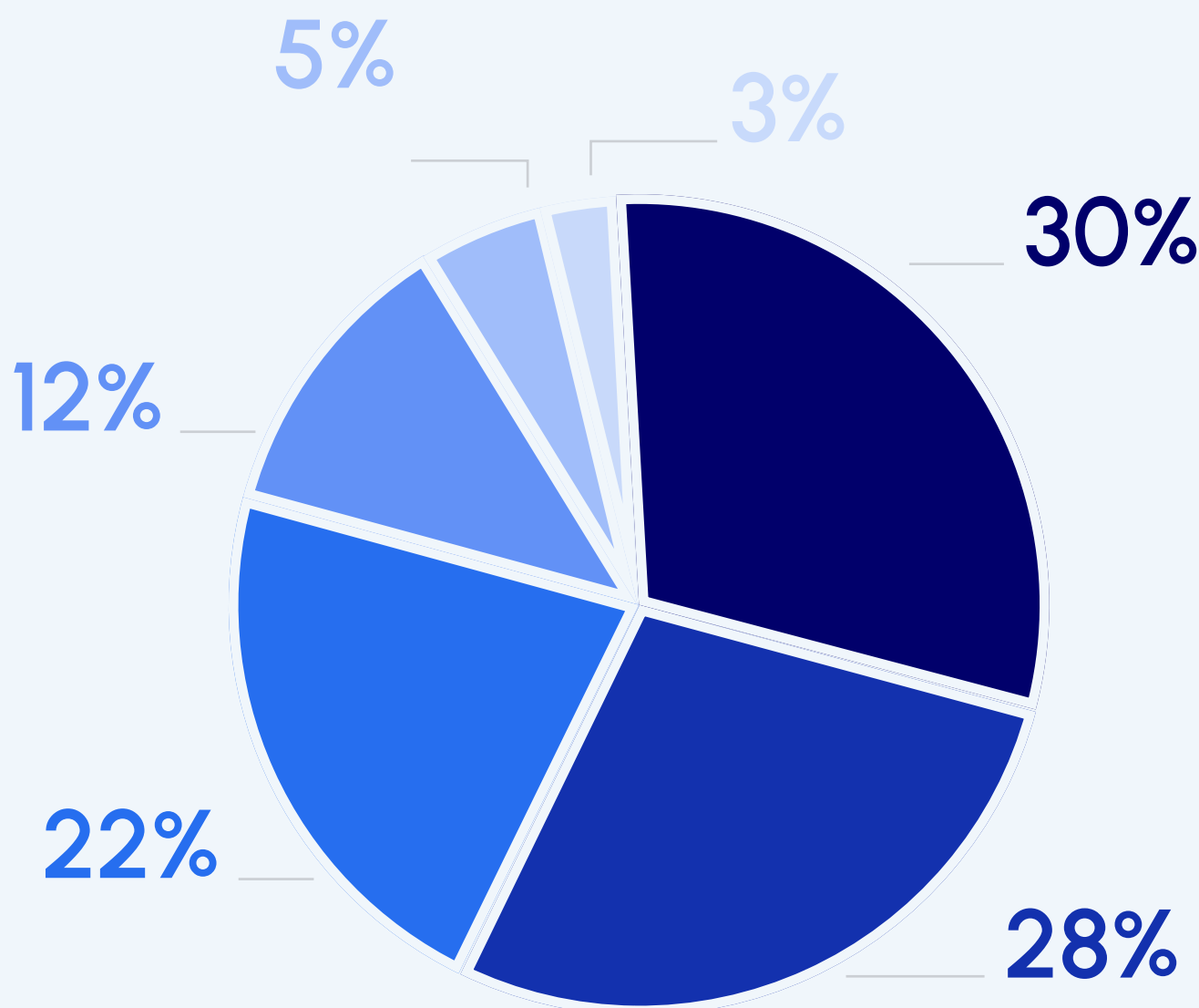
What kind of information are your investors requesting most right now?

Investor requests focused most on asset performance metrics at 30%, market forecasts at 28%, and portfolio risk updates at 22%.

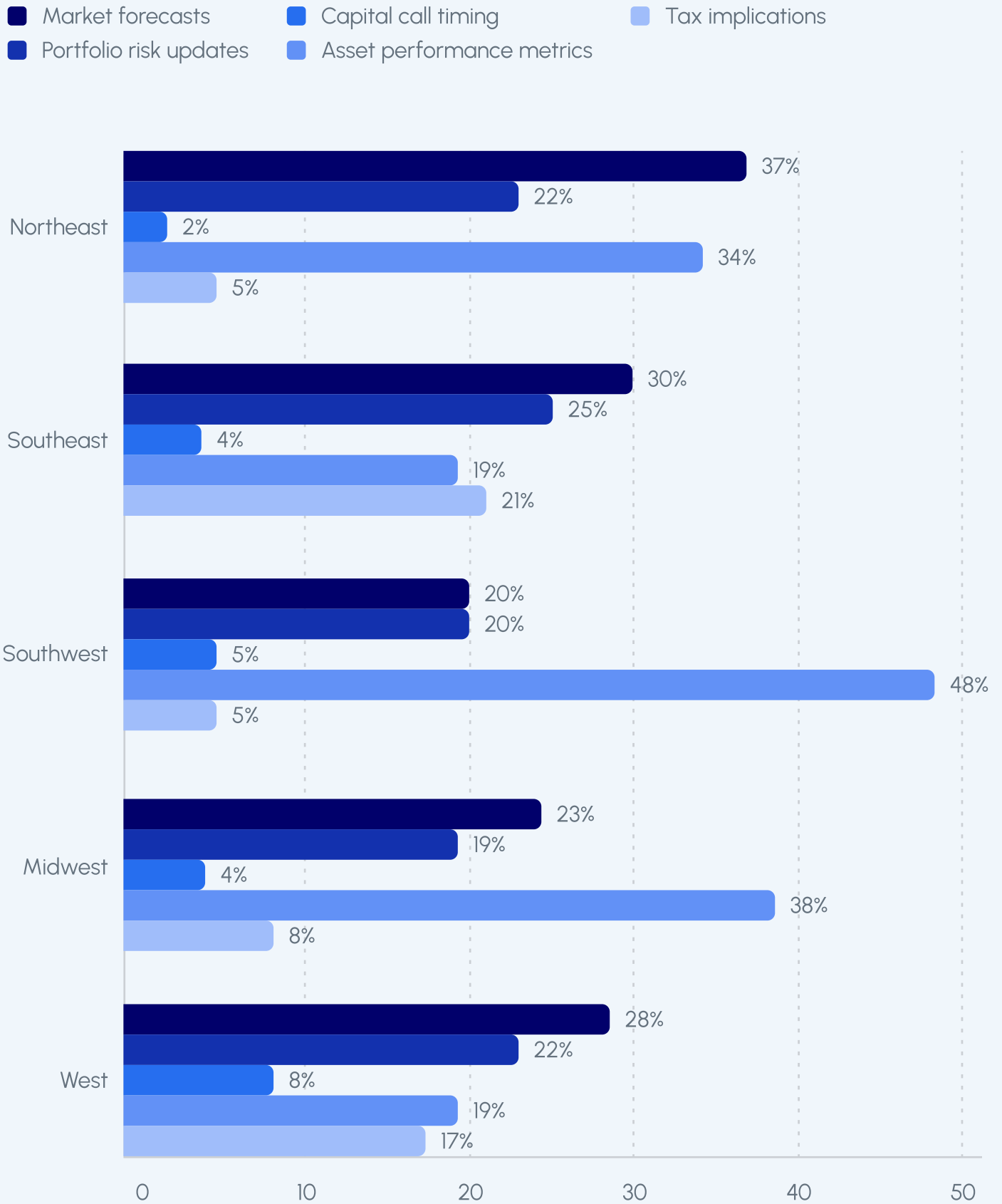
In the Southwest, 48% of respondents said investors are most focused on asset performance, the highest of any region. In the Southeast, investors showed more interest in tax implications at 21%.

Graph 16 - Overall

- Asset performance metrics
- Market forecasts
- Portfolio risk updates
- Tax implications
- Capital call timing
- Not sure



Graph 17 - By region



What are you advising your investors right now, if anything, about staying active in the market?

The group is split down the middle on providing investor advice. The Northeast stood out slightly, with 59% of respondents saying they are actively advising investors.

Graph 18 - Overall

- Providing advice
- Not giving any advice



Among those offering guidance, common themes included:

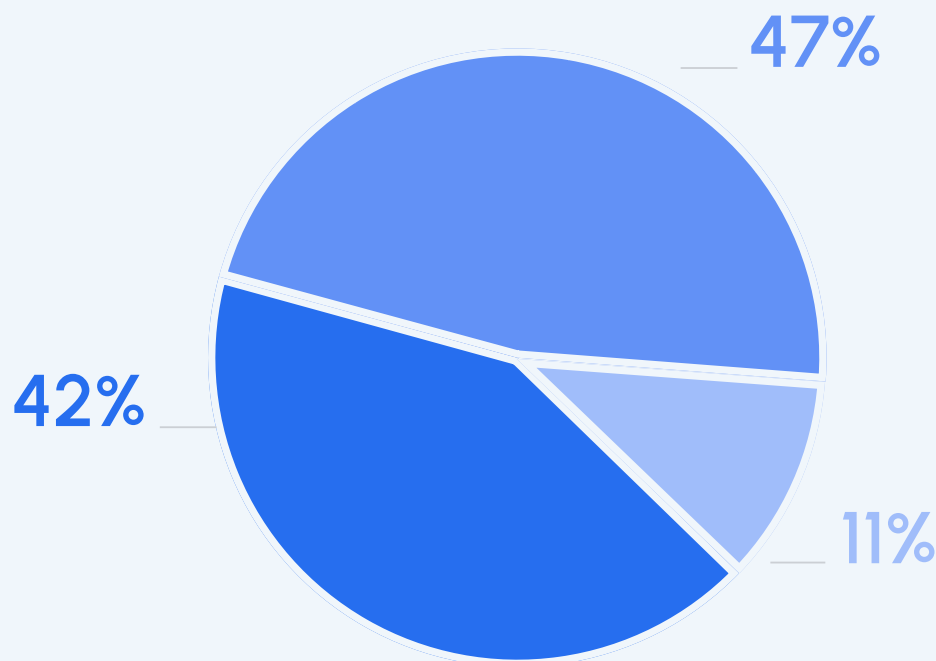
- 01** Stay calm and think long term: Avoid emotional decisions and trust in eventual market recovery.
- 02** Be selective and cautious: Keep investing, but only in strong opportunities with solid fundamentals.
- 03** Watch the market closely: Monitor conditions, wait for better pricing or stability, and be ready to act.
- 04** Reevaluate holdings: Reassess portfolios and consider exiting weaker positions.

Are you seeing any noticeable shifts in investor expectations or behavior?

47% of respondents said they are not seeing noticeable shifts, while 42% reported they are seeing changes. A smaller group was uncertain.

Graph 19 - Overall

- Yes
- No
- Not sure



What shifts in investor expectations and behavior are you observing?

Respondents described increasing caution, reduced activity, and greater demand for lower-risk strategies. **Common themes from the free text:**

Increased caution and fear

Market uncertainty and misinformation

Desire for lower risk and more guarantees

Delayed or reduced investment activity

Frustration and loss of trust

Shift toward defensive and conservative strategies

Mixed signals with some still interested or re-engaging

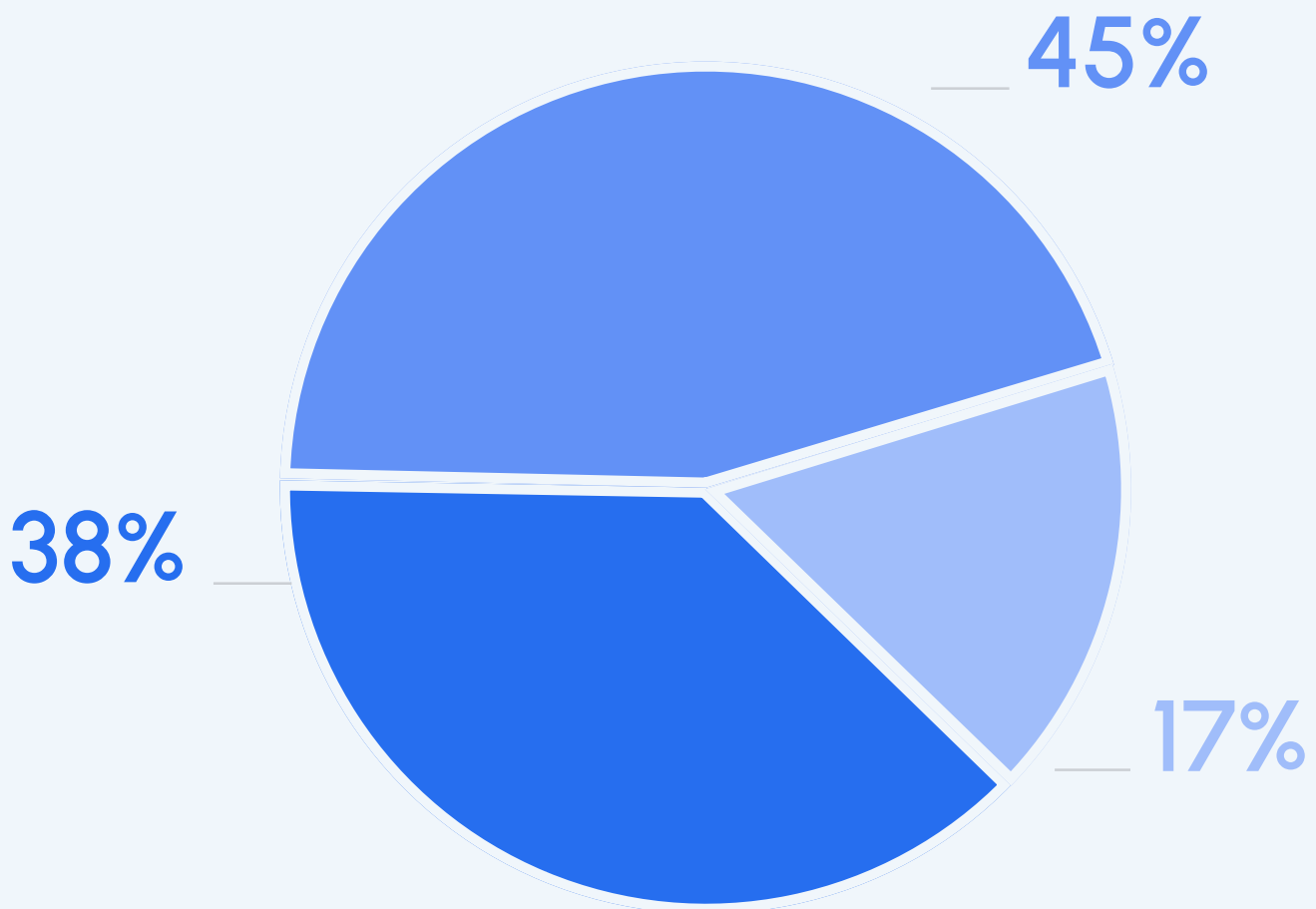
Do you believe the U.S. economy will enter a recession in 2025?

Respondents were somewhat divided, with 45% saying they do not expect a recession, 38% expecting one, and 17% unsure.

Millennials were the most likely to say they expect a recession, at 49%. Gen X was the least concerned, with 54% saying they do not expect one.

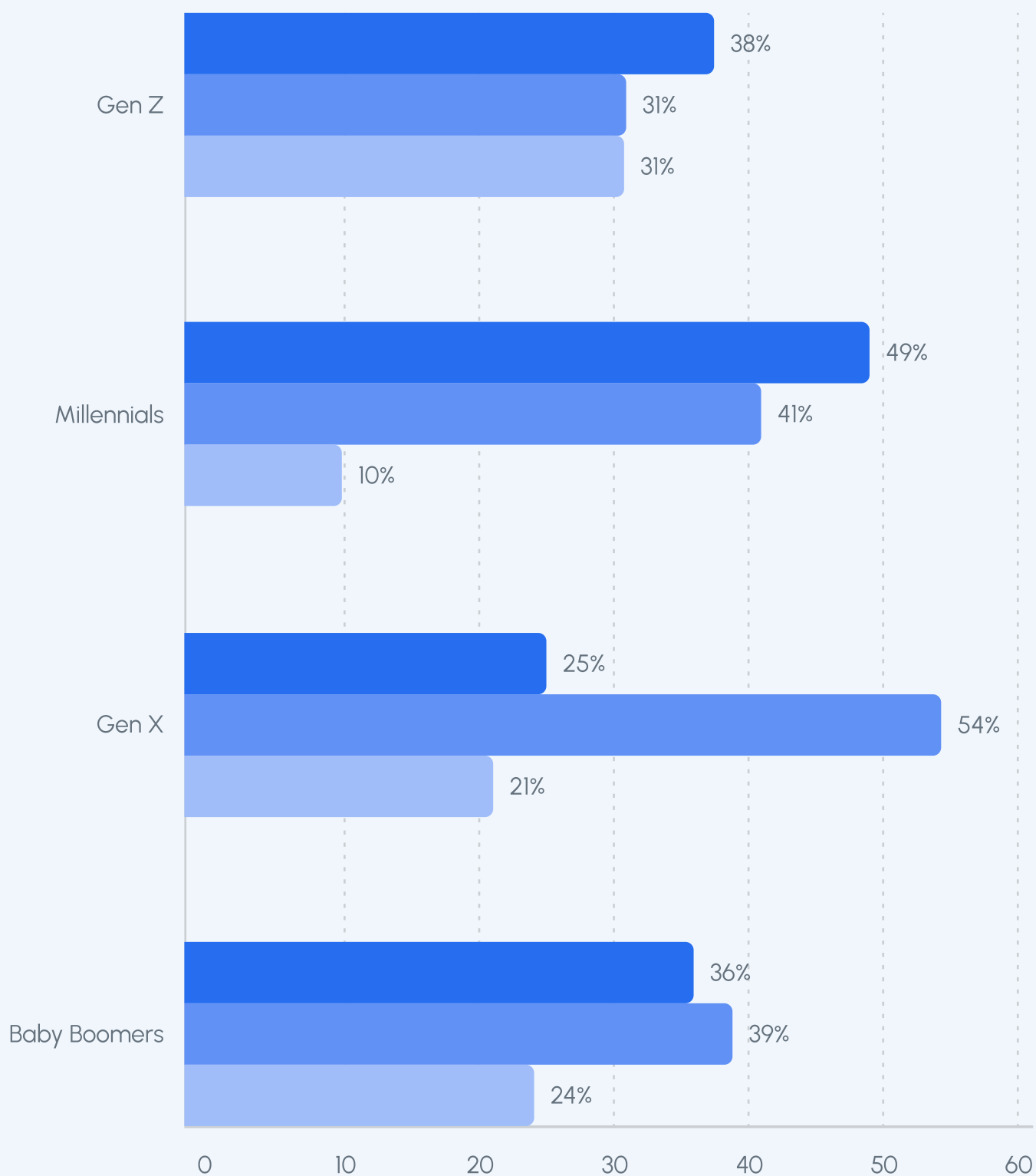
Graph 20 - Overall

- Yes
- No
- Not sure



Graph 21 - By are group

- Yes
- No
- Not sure

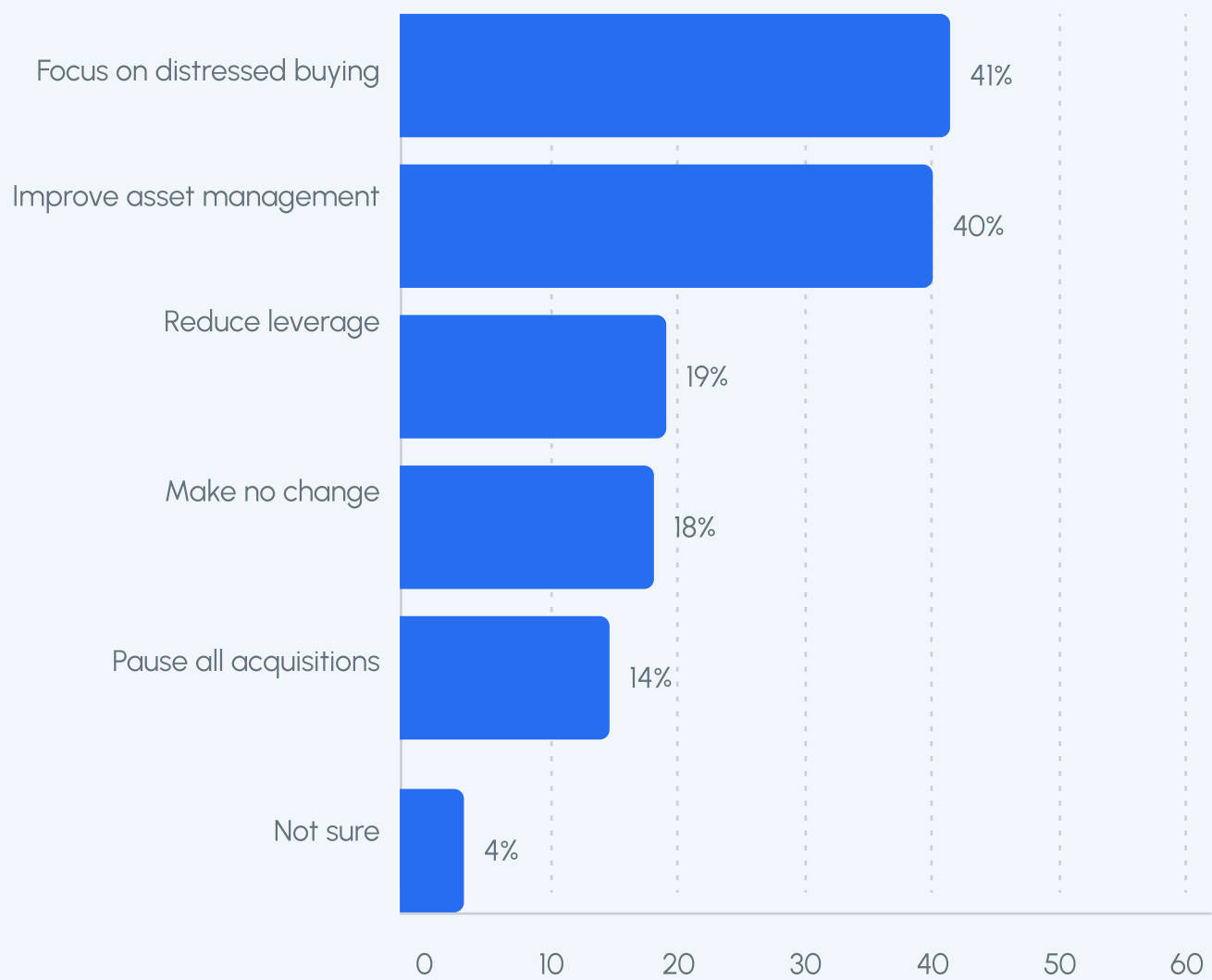


If a recession occurs, how will you adjust your real estate strategy?

If there is a recession, 41% of respondents said they would pursue distressed buying, 40% would focus on improving asset management, 14% would pause acquisitions, and 18% would make no changes.

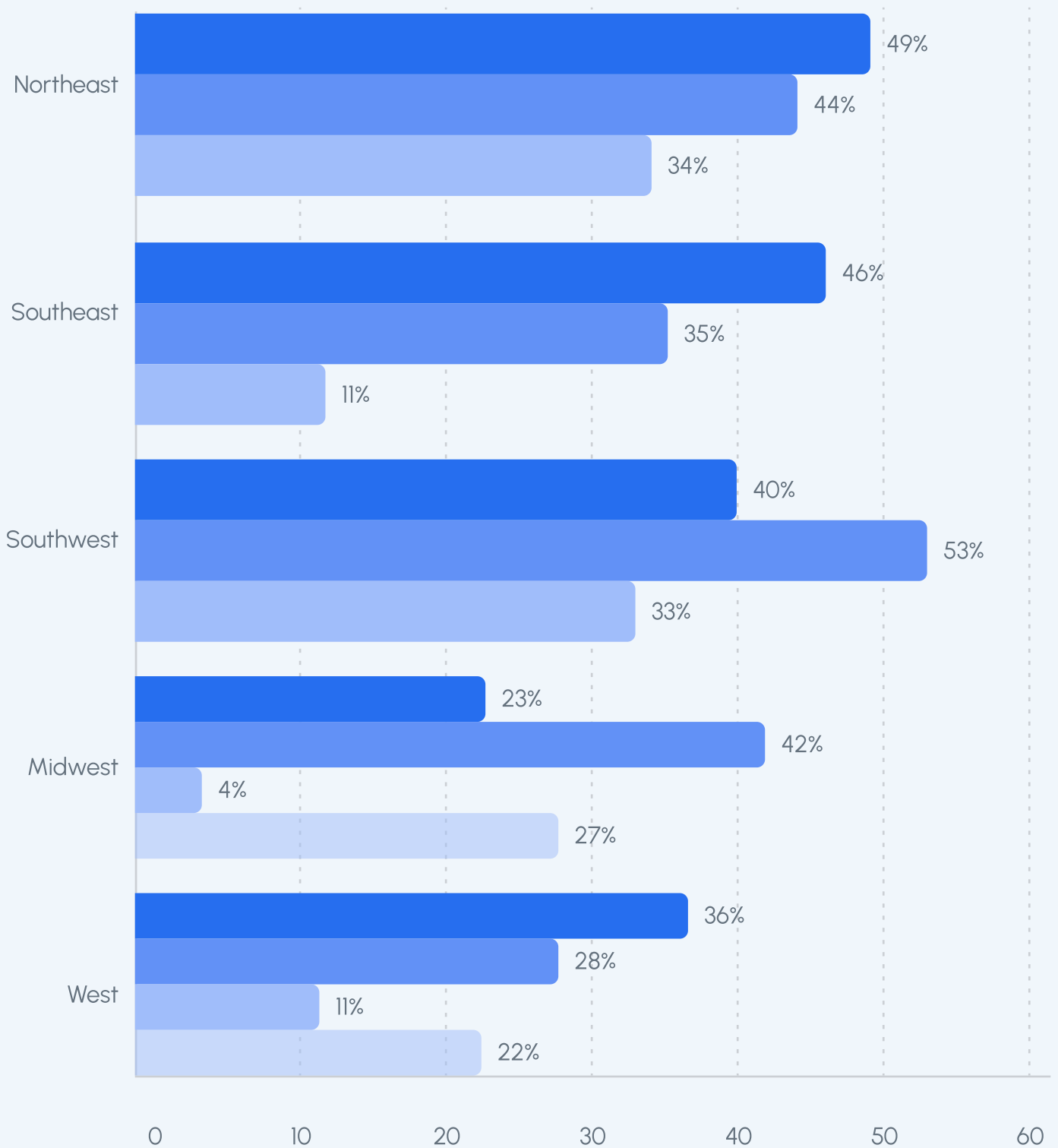
Respondents in the Northeast and Southwest were more likely to say they would reduce leverage, at 34% and 33% respectively. In the Midwest, only 23% said they would focus on distressed buying, and just 4% plan to reduce leverage.

Graph 22 - Overall



Graph 23 - By region

- Distressed buying
- Asset management
- Reduce leverage
- No change



How does this market environment compare to previous downturns you've experienced?

Respondents offered mixed views, with 29% saying the current market feels more uncertain due to mixed signals and slow-moving changes. A combined 43% said it either feels volatile or relatively stable.

Compared to prior economic downturns, 18% equated today's environment to the 2008 financial crisis, 15% said it feels like early COVID-19, and 16% called it the most challenging market they've faced. Only 7% said they haven't experienced a major downturn before.

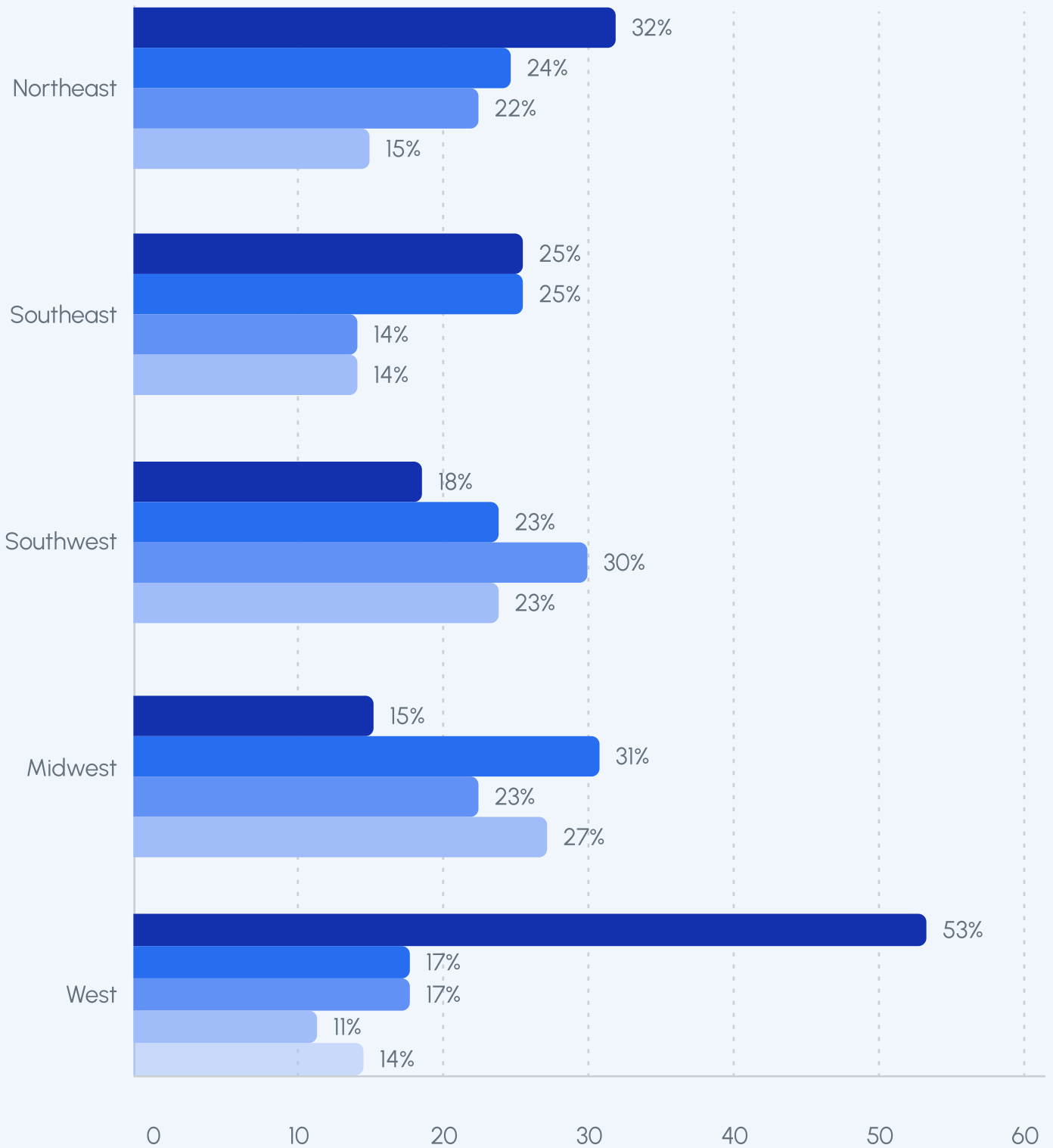
Over half of the respondents in the West also said the current environment feels more uncertain. The Southwest had the highest share of participants comparing current conditions to the 2008 financial crisis, at 30%.

Graph 24 - Overall



Graph 25 - By region

More uncertain Stable Most challenging
Volatile Similar to 2008

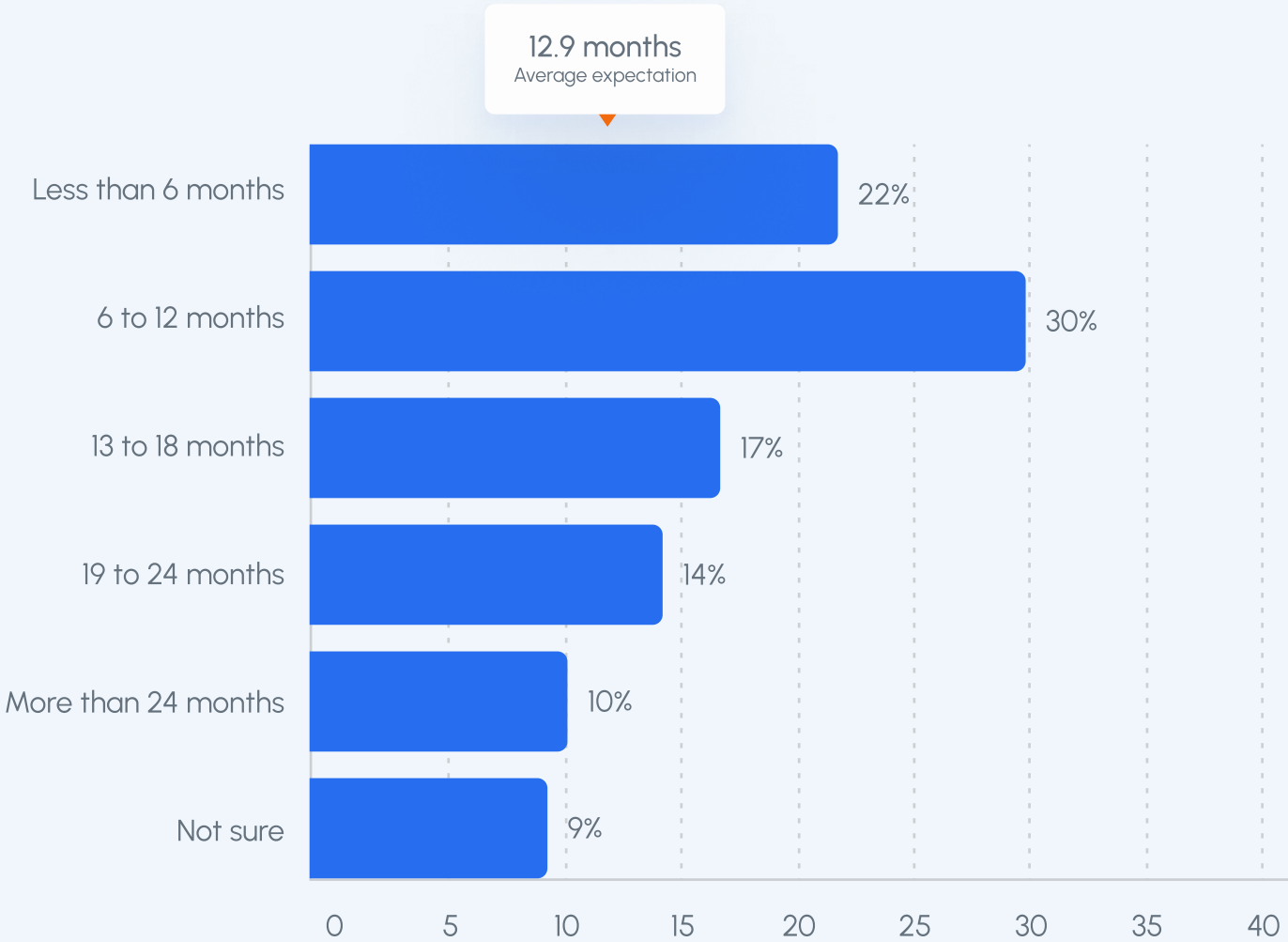


How long do you expect market uncertainty to continue?

Respondents largely expect market uncertainty to continue well into 2025. Most anticipate at least another 6 to 12 months of instability, with fewer expecting conditions to settle within the next few months. Only a small share believes it will take more than two years.

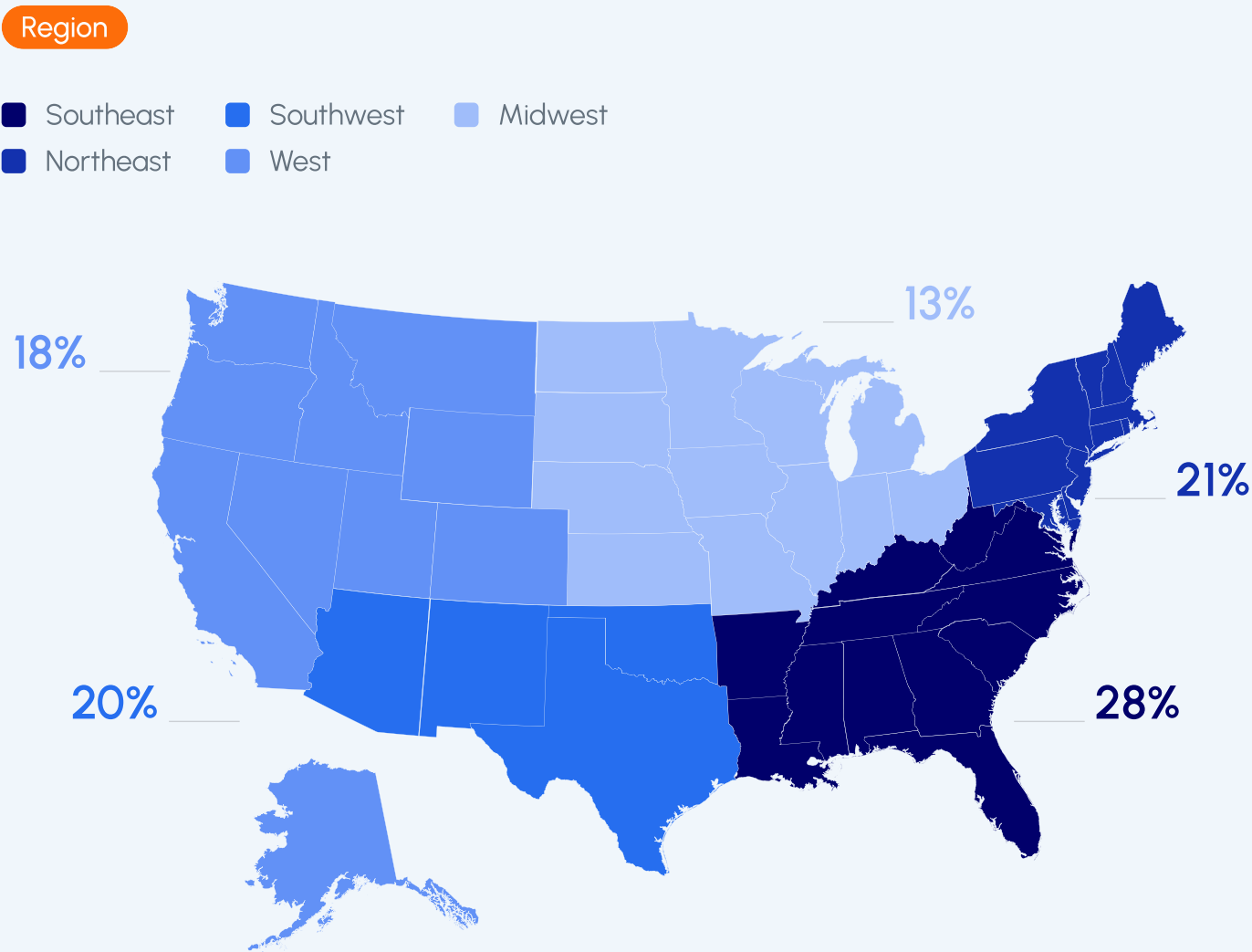
Graph 26 - Overall

- Less than 6 months
- 6 to 12 months
- 13 to 18 months
- 19 to 24 months
- More than 24 months
- Not sure



Demographics

The survey's 200 respondents focused exclusively on the real estate industry.
Overall demographics include:



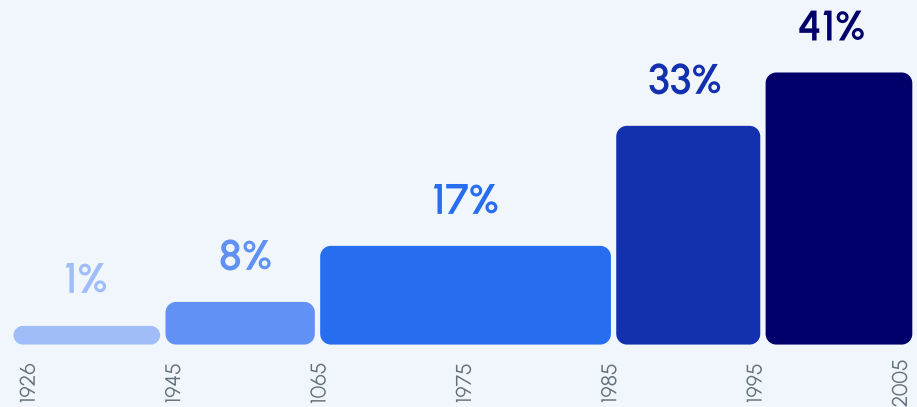
Gender

- Male
- Female



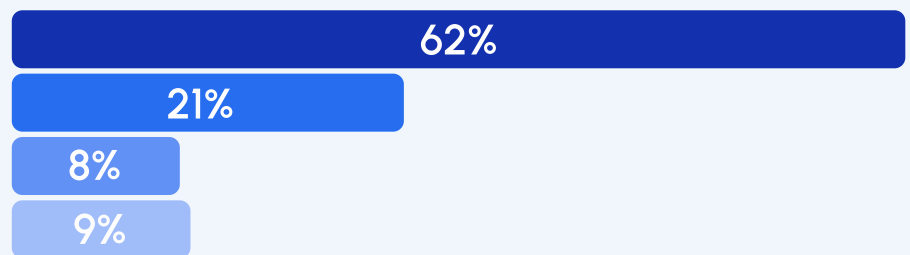
Age group

- Generation Z
- Millennials
- Generation X
- Baby boomers
- Silent generation



Employment level

- Business owner
- Senior management
- Middle management
- C-suite (not owner)



Conclusion

The 2025 sentiment report shows a real estate market under pressure but still in motion. Firms face tighter capital, rising investor demands, and ongoing volatility. In response, they are changing course. Many are entering new asset classes, shifting geographic focus, and adjusting deal size. They are also communicating with investors more often and sharing clearer performance updates.

Firms that continue to adapt will be better prepared to manage risk, respond to investor needs, and compete in a changing market.

About Agora

Agora is a comprehensive investment management platform offering software and services. It is revolutionizing the real estate industry by providing much-needed tech solutions for real estate investment management.

Agora's comprehensive platform offers a wide range of services, from CRM to data rooms, automation of investor onboarding, tools for financial transactions, and expert CPAs dedicated to bookkeeping and tax needs. This empowers real estate entrepreneurs with the efficient workflows and seamless operations they deserve.

Using Agora, they are empowered to scale their business effortlessly while fostering strong investor relations and efficient and accurate financial operations. Connect with our team today to take the next step in optimizing your investment management operations.

Book a demo

For more information please visit us

