SitusAMC

COMMERCIAL REAL ESTATE

THE RECAP

JUNE 2025

The RECAP is SitusAMC's monthly Real Estate Commentary, Analytics and Perspectives on the commercial real estate market.

Our team of experts aggregates the latest trends and perspectives across commercial real estate finance to help you stay up to date on market developments and make more informed decisions. Here are the key developments in June 2025.

WHAT YOU NEED TO KNOW

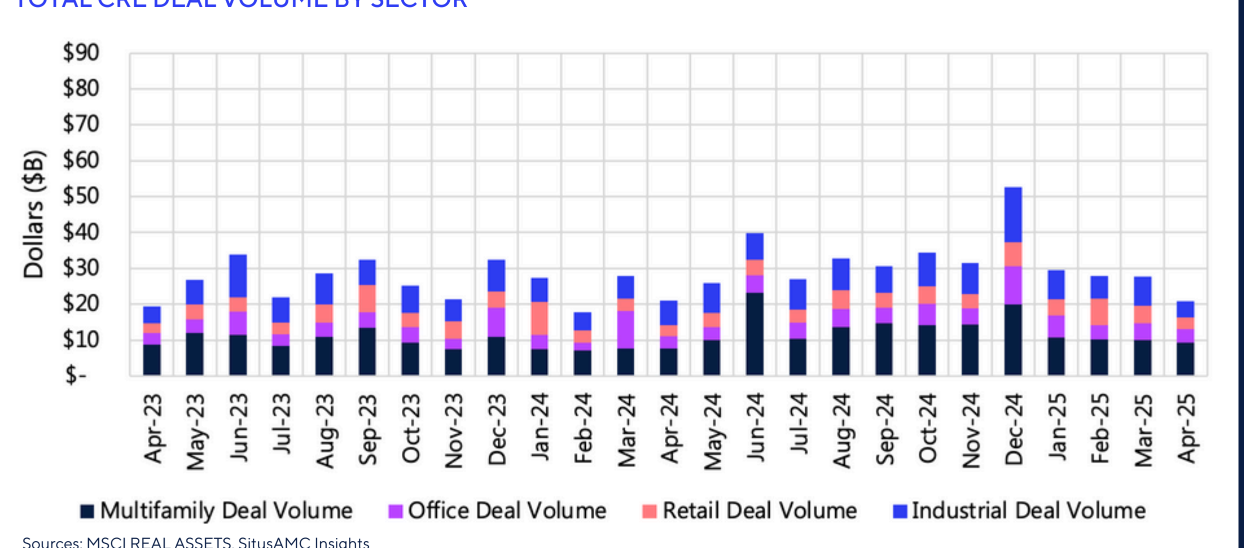
CRE transaction volume fell nearly 23% month-over-month in April. Interest rates remain volatile amid mixed economic data and geopolitical events. Pricing remains weak, though office saw a bump. CMBS delinquencies rose to their highest level since 4Q 2020. Large banks continued to cut their CRE loan exposure, which hit the lowest level since August 2019.

ABOUT SITUSAMC INSIGHTS

SitusAMC is the leading provider of data, research and analytical tools supporting the lifecycle of real estate finance. Leveraging proprietary and third-party data, our tools and research support smarter investment and portfolio decisions with expert-driven insights. LEARN MORE ⟶

TRANSACTION VOLUME TUMBLES AMID UNCERTAINTY

TOTAL CRE DEAL VOLUME BY SECTOR



Sources: MSCI REAL ASSETS, SitusAMC Insights

CRE transaction volume fell almost 23% month-over-month in April to the lowest since April 2024, as uncertainty led investors to pause. Transaction volume was also down year-over-year for the first time since September 2024. All property types experienced a monthly slowdown, most notably retail and industrial, which are expected to be hit hardest by tariff policies.

"Deal volume is anemic."

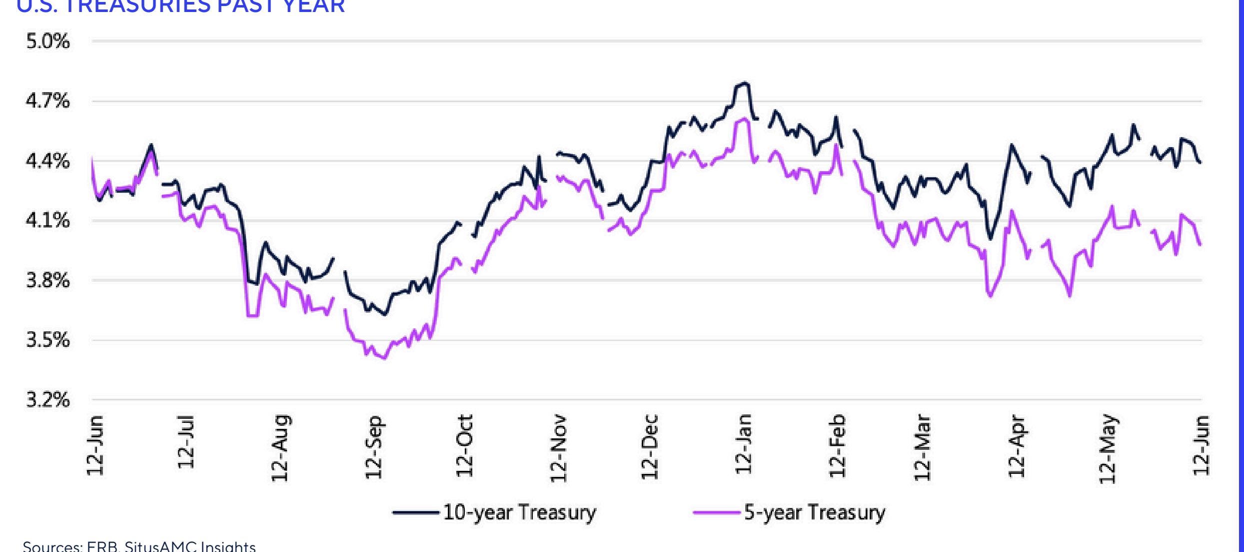
PETER MUIOI, PHD
Head of SitusAMC Insights

4.39

10-YEAR TREASURY JUNE 12TH

INTEREST RATES CONTINUE THEIR ROLLER COASTER RIDE

U.S. TREASURIES PAST YEAR

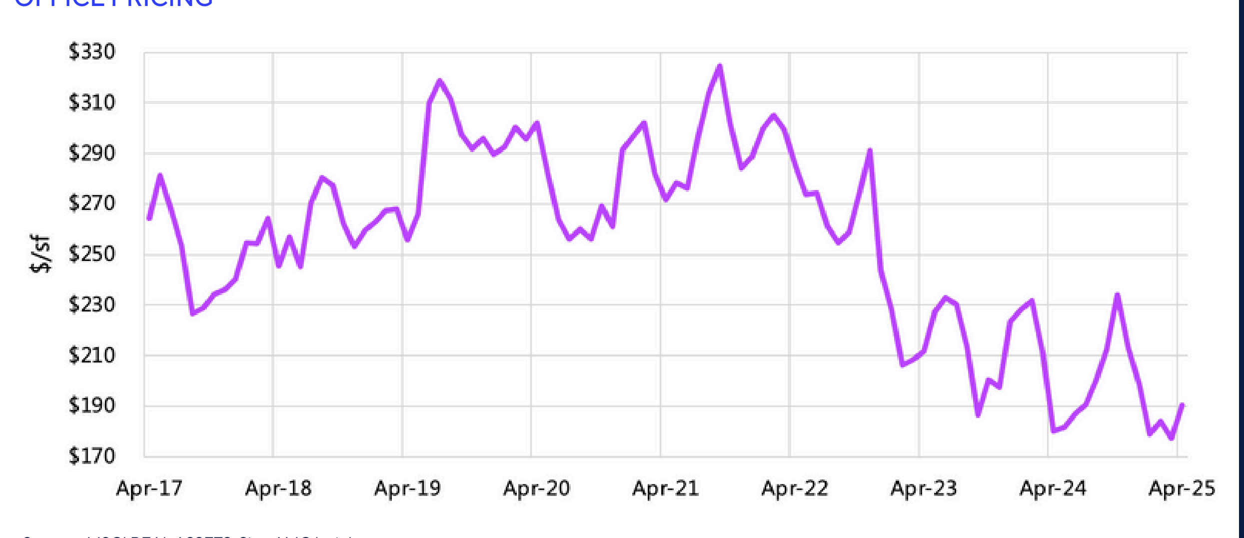


Sources: FRB, SitusAMC Insights

A whirlwind of events has led to Treasury rate volatility over the past month: The U.S. credit quality rating got a downgrade by Moody's. President Trump's "Big Beautiful Bill" stoked investor concerns over deficits. The Personal Consumption Expenditures (PCE) price index, the Fed's preferred inflation gauge, was slower-than-expected. The ISM Manufacturing Purchase Managers' Index (PMI) showed a contraction in service-sector activity; and May had a stronger-than-expected jobs report. However, May's consumer price index (CPI) report, which showed tamer inflation than analysts expected, along with a successful Treasury auction and signs of progress in US-China trade talks, caused bond yields to fall to below 4.4% on June 12.

PRICING REMAINS WEAK, THOUGH OFFICE SAW A BUMP

OFFICE PRICING

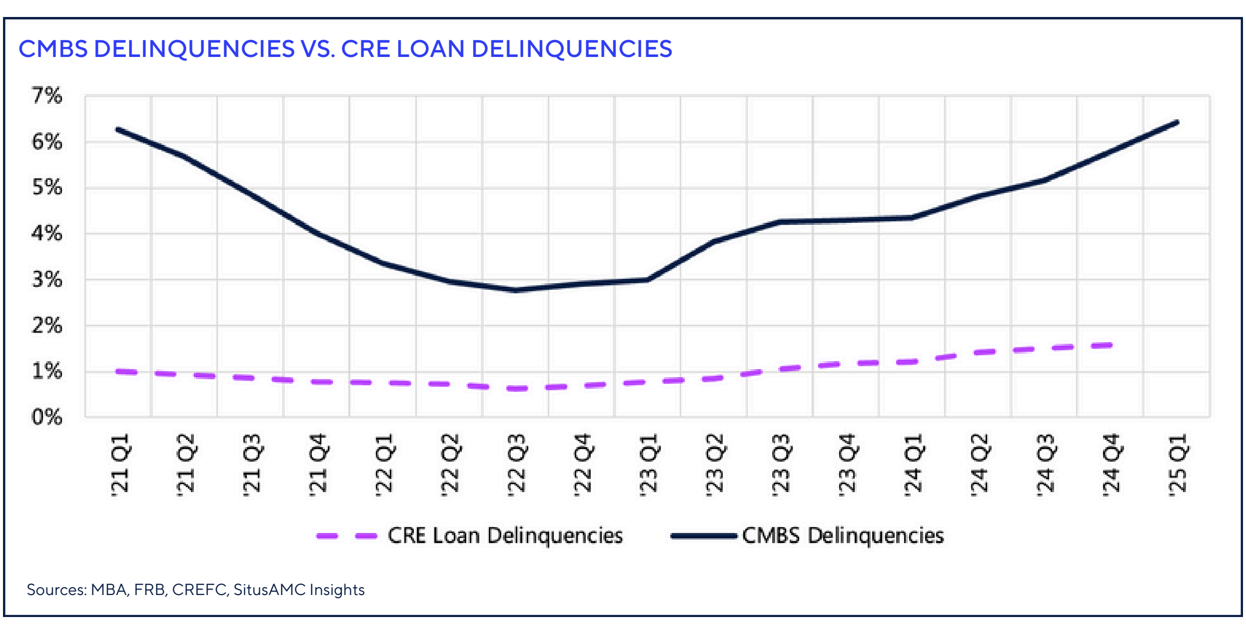


Sources: MSCI REAL ASSETS, SitusAMC Insights

Pricing remains weak. Office was the only segment to experience an increase in pricing in April, reaching the highest level in four months, but still well below its eight-year average. Multifamily pricing declined to the lowest since June 2024 but remains 11% above its eight-year average.

CMBS DELINQUENCIES JUMP

CMBS DELINQUENCIES VS. CRE LOAN DELINQUENCIES

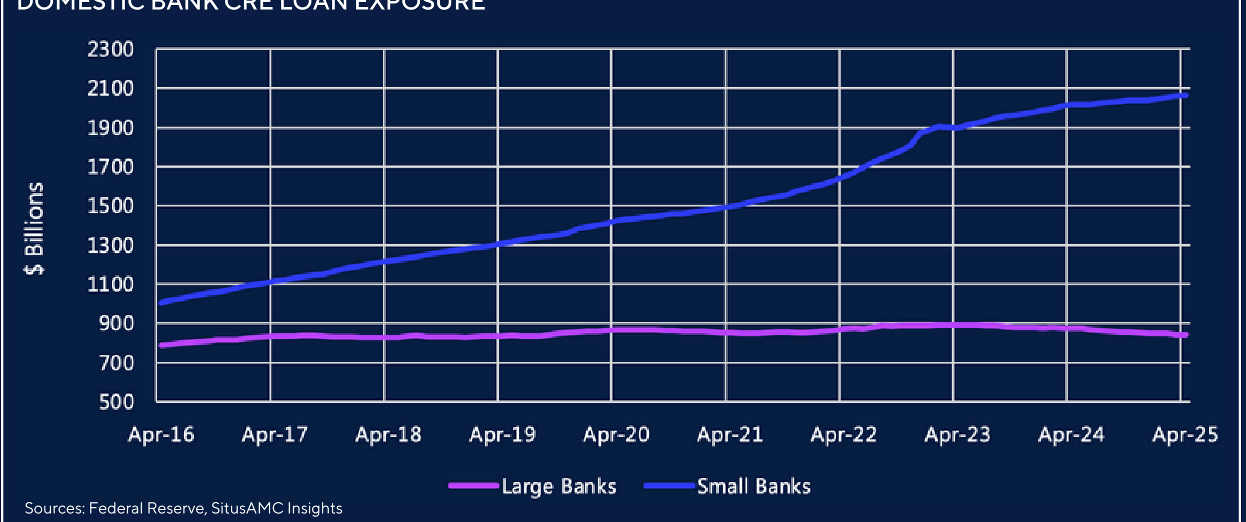


Sources: MBA, FRB, CREFC, SitusAMC Insights

CMBS delinquencies (30+ days) rose 60 bps increase in in the first quarter to 6.4%, according to the Mortgage Bankers Association -- the highest since the fourth quarter of 2020. The Trepp CMBS delinquency rate reached a four-year high in April, and the overall rate rose 5 bps in May, despite four of the five main property types sustaining decreases to their respective rates. The increase in the overall rate was driven by mixed-use and office delinquencies, with office delinquency rates up 30 bps over the month.

LARGE BANKS CUT CRE EXPOSURE

DOMESTIC BANK CRE LOAN EXPOSURE



Sources: Federal Reserve, SitusAMC Insights
*Large banks represent the largest 25 domestically chartered commercial banks as ranked by domestic asset size. Small banks are defined as all domestically chartered banks outside of the largest 25 banks.

In April, large banks continue to decrease their CRE loan exposure, which hit the lowest level since August 2019 (the most recent data available). By contrast, small banks increased their exposure for the tenth consecutive month to a record high. Large banks had, by far, the largest percentage of noncurrent commercial loans in the first quarter, despite a 10 bps decrease quarter over quarter (QoQ). Though banks with $10 billion to $250 billion in assets had the highest percentage of noncurrent multifamily loans in the first quarter, the smallest institutions experienced the largest increase QoQ at 40 bps.

ABOUT SITUSAMC

SitusAMC is the leading independent provider of innovative, trusted solutions powering the lifecycle of commercial real estate finance. Our comprehensive services and technology supports banks, alternative lenders, CMBS issuers, and insurance companies to power more efficient, effective, and agile businesses.

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