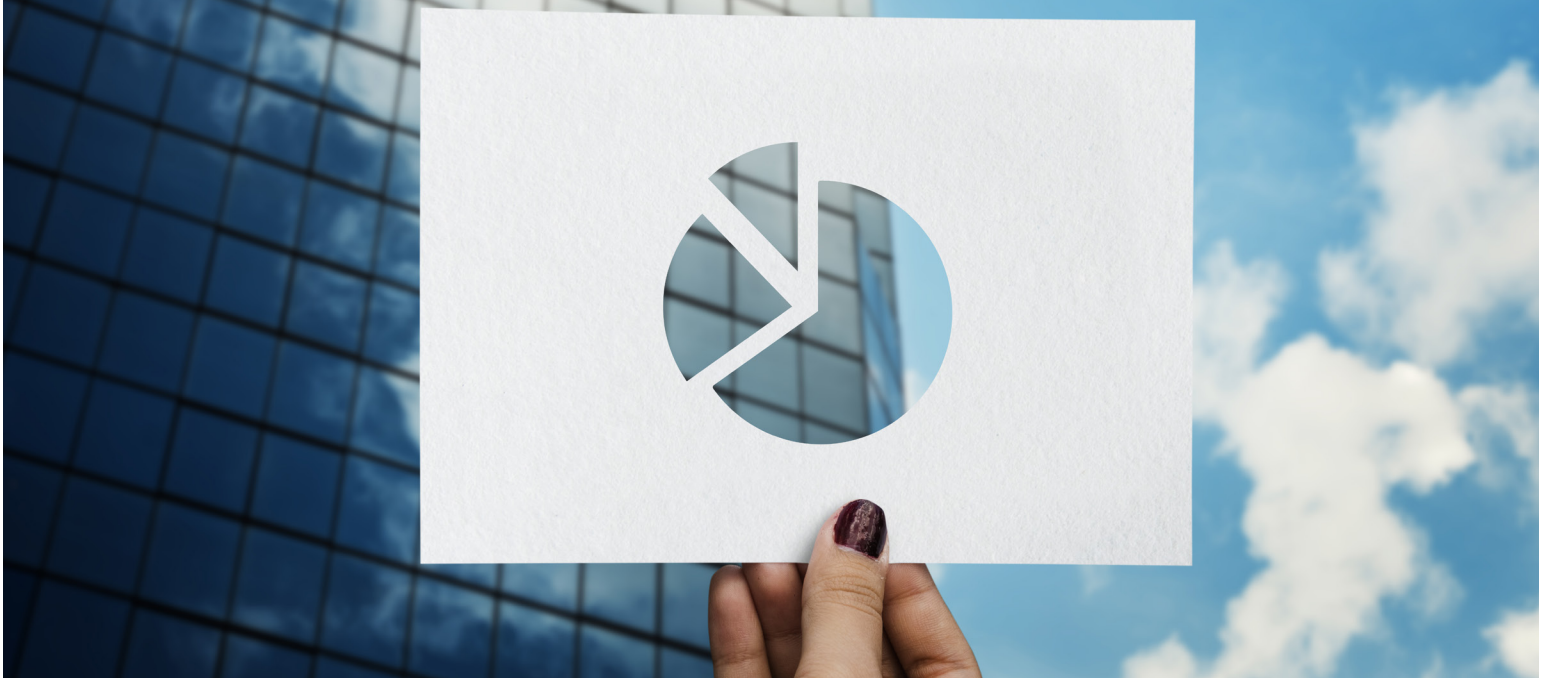


CRE Sentiment on an Even Keel, Despite Headwinds



One of the key factors to keep track of in any market is sentiment among its participants. Analyzing sentiment gives an indication of where the market may go in the coming months and can help brokers, and investors, plan their strategy.

With that in mind, we've rounded up a careful selection of the top recent sentiment surveys to 'take the pulse' of what participants are expecting from commercial real estate (CRE) markets in 2023.

CREW Report

The first survey on our list is the March 2023 "CREW View: CRE Women Speak" report. CREW View launched just this year, and surveyed 1119 women working in CRE who are based in North America and Europe.

The top finding from CREW was that most respondents were 'neutral' on the state of the economy in 2023, with a further 28% reporting a negative outlook, and 23% saying they were optimistic.

Trends to keep an eye on from the report include that nearly half of the women surveyed (43%) noted that they expect Central Business Districts (CBDs) to rebound in 2023. A further 57% noted that they expect adaptive reuse to be a top trend for office space in 2023.

Roundtable Results

The Real Estate Roundtable (RER) also recently released their Q1 survey, which they describe as: "the commercial real estate industry's comprehensive measure of senior executives' confidence and expectations about the commercial real estate market environment."

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The RER Sentiment Index registered a score of 44 (out of 100), marking a five point improvement since Q4 2022.

Important to note is that the overall RER index is made up of two separate scores – a Current and Future sentiment indicator. While both values increased, the Future Index in particular showed a strong uptick (10 points to a score of 58), indicating that participants expect the situation to improve over the coming year.

‘Persistent Positivity’

Meanwhile, the 8th annual Real Estate Market Sentiment Survey from legal services firm, Seyfarth, showed that around 69% of CRE executives have “a positive outlook for 2023.”

Seyfarth notes that this is down from the 84% seen in 2022, but it’s still a decidedly optimistic figure in the current environment – a fact they attribute to “better than expected economic growth during the fourth quarter” and a possible “move to invest in distressed assets.”

Survey respondents noted recession, inflation and rising interest rates as the top challenges for the industry this year.

Looking Ahead

As these numbers show, while current sentiment is certainly low compared to the highs of 2021, it still speaks to both resilience and recovery being top of mind for CRE professionals.

For now, keeping a focus on fundamentals, and having a realistic outlook, will be the key to navigating the market as it unfolds through the rest of the year.

