January Newsletter

Education | CRE | Investments

LINCOLN COMMERCIAL GROUP

Economic indicators suggest an improvement in conditions for CRE in 2025

Investors can expect a more favorable landscape in 2025, with signs pointing toward increased transaction activity and a narrowing gap between public and private real estate valuations.

Understanding the emerging trends in different sectors is crucial for navigating the evolving market. With advancements in technology and changes in tenant needs, various commercial spaces will likely see shifts in demand.

The outlook includes promising opportunities for investors ready to adapt to these trends and capitalize on geographic and demographic changes.

As we dive deeper, you'll discover what makes 2025 a pivotal year for commercial real estate and how you can position yourself for success in this dynamic environment.

Market Overview and Economic Indicators

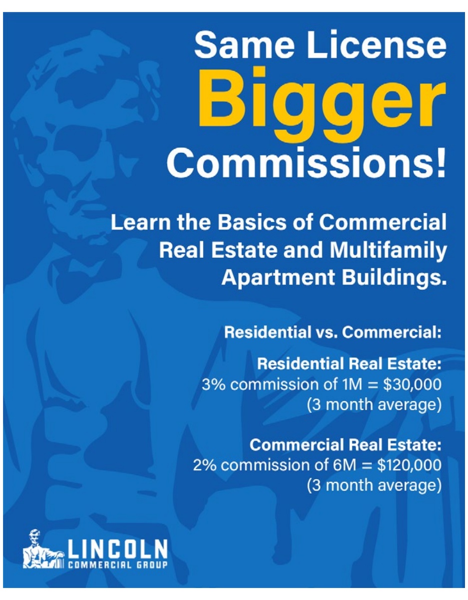
The commercial real estate market in 2025 will be shaped by various economic factors. When considering your investments, it is important to evaluate the influence of economic growth, inflation trends, and the Federal Reserve's monetary policy.

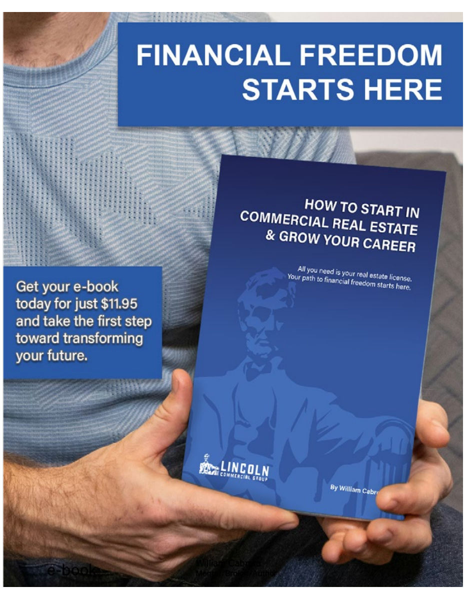
Additionally, global economic conditions will also play a vital role in the performance of real estate.

Influence of Economic Growth and Inflation on Real Estate Economic growth directly impacts demand for commercial real estate. In 2025, you can expect moderate growth in the U.S. economy, which may help higher occupancy rates in retail and office spaces. However, inflation remains a concern. With persistent inflation, costs for materials and labor can rise.

High inflation can squeeze profit margins for real estate developers. You should monitor the Consumer Price Index (CPI) and corresponding inflation rates to make informed decisions.

Read more: https://www.coastlineequity.net/commercial-real-estate-2025-trends

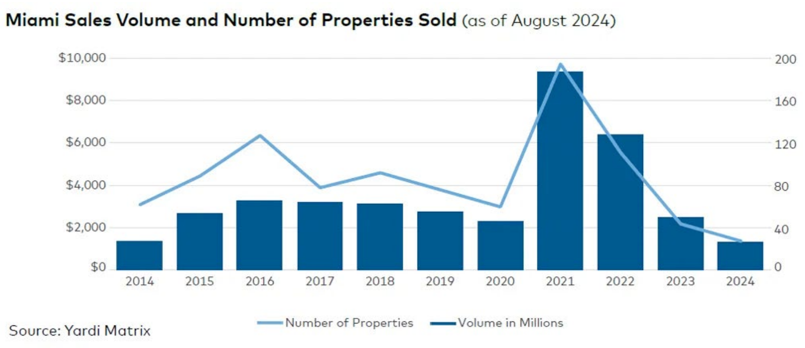




South Florida is outpacing the national average for most major metrics on multifamily.

Miami's multifamily performance remained consistent in the face of economic hurdles, striking a balance across fundamentals. Average advertised asking rents stayed flat on a trailing three-month basis, at $2,449, while the U.S. rate was up 10 basis points, to $1,741. The metro's average overall occupancy rate in stabilized properties was unchanged year-over-year, at 95.5 percent, as of July. However, the Lifestyle figure saw a 20-basis-point uptick, to 95.3 percent.

Employment gains in Miami stood at 2.4 percent in the 12 months ending in June, the equivalent of 67,600 net jobs. The metro's growth rate was nearly double the U.S. average. Education and health services led gains with 18,600 positions. The area's unemployment figure stood at 3.1 percent as of August, 110 basis points below the U.S. rate, according to preliminary data from the Bureau of Labor Statistics. Citadel is bringing 1.3 million



square feet of office space to downtown Miami, with the first phase currently in the planning stage. The $650 million project is slated for delivery in 2030.

With 8,873 units, or 2.4 percent of existing stock, delivered in 2024 through August in South Florida, the area outpaced the nation by 70 basis points. Meanwhile, transaction activity remains moderate, with $1.3 billion in assets changing hands, far from the metro's historic 2021 and 2022 totals.

Read more: https://www.yardimatrix.com/Publications/Download/File/6360-MatrixMultifamilyMiamiReport-October2024

January Networking Events:

Sunday January 12 @ 4:00 PM

The Premier Event for CRE Finance Professionalst

For the CRE Finance industry, the New Year kicks off at CREFC Miami. Join over 2,200+ registered CRE finance professionals

Loews Miami Beach Hotel

Wednesday, January 15 @ 8:00 AM

The 2nd Annual Residential Lenders Forum on DSCR & RTL

Join us for an in-depth forum on the evolving landscape of commercial and residential loan underwriting.

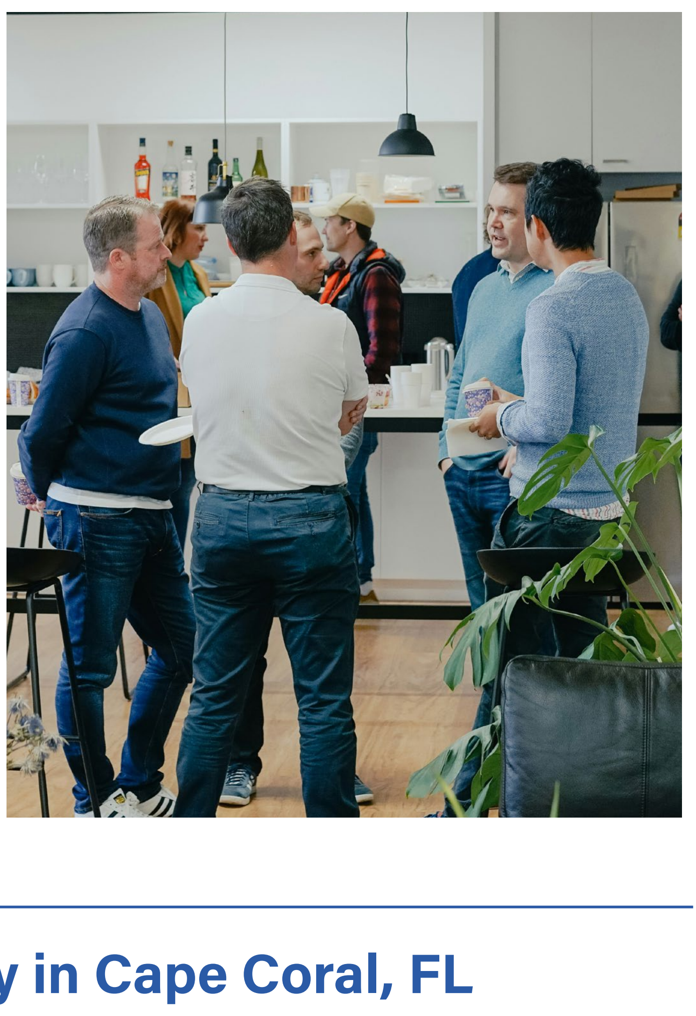
19999 W Country Club Dr. Aventura, FL 33180

Thursday, January 23 @ 5 - 9pm

Business After Hours Regatta Grove

Free for Members. Enjoy light appetizers and Hors d'oeuvres and drinks.

Regatta Grove 3415 Pan American Drive Miami, FL 33133



Investment Opportunity in Cape Coral, FL

Brand New 2024 Construction
52 Units All 2 Beds 2 Baths

Price $13,500,000
Price PSF $247.25
Occupancy 95.00%
NOI (CURRENT) $754,335
NOI (Pro Forma) $782,494
CAP RATE (CURRENT) 5.59%
GRM (CURRENT) 12.02

Contact us for more information:
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