FEDERAL RESERVE BANK OF KANSAS CITY
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News Release

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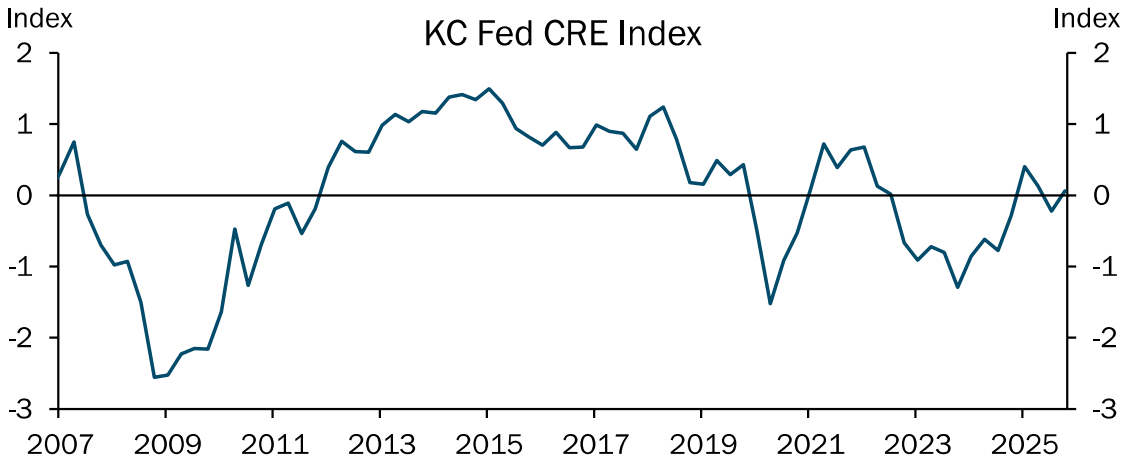
Commercial Real Estate Activity Remained Steady Throughout 2025

Federal Reserve Bank of Kansas City Releases Quarterly Commercial Real Estate Index

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released its KC Fed CRE Index today. The value of the index showed a modest increase from -0.22 to 0.06 during the fourth quarter of 2025. Throughout the past year, overall activity in the commercial real estate sector remained near its historical norm, as indicated by index values near zero.

"Commercial real estate activity was generally flat over the past year," according to Nicholas Sly, vice president at the Federal Reserve Bank of Kansas City. "Last year was the first steady year for the sector after five years of large ebbs and flows in overall activity."

Chart 1: The KC Fed CRE Index was steady near its historical average throughout 2025



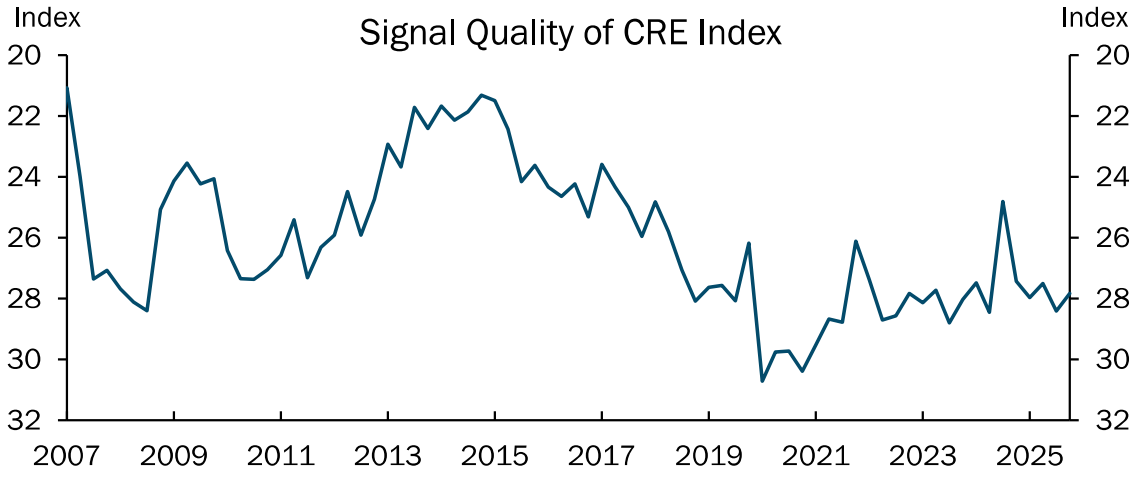
Note: An index value of zero corresponds to overall conditions being at their historical average and differences from zero are measured in terms of standard deviations from the historical norm.

Table 1: Individual drivers of overall change in the KC Fed CRE Index

CRE Market Metric	Contribution to change in index
CRE Absorption	0.072
CRE Developers' access to credit	0.070
CRE Vacancy rates	0.052
CRE Transaction prices	0.045
CRE Rents	0.035
CRE Construction underway	0.029
Credit standards for CRE loans	0.018
CRE Completions	0.006
Construction materials prices	0.002
CRE Property sales	-0.003
Construction materials sales	-0.006
Demand for CRE loans	-0.012
Construction materials inventories	-0.022
Total	**0.284**

Notes: Contributions may not add to the total change in the index due to rounding. The contribution of each metric is calculated as the change in the standardized value of the variable from the previous quarter multiplied by the coefficient of the variable in the index.

Chart 2: Alignment in market participants' views about CRE conditions was unchanged



Note: Values correspond to measures of Shannon entropy, with higher numerical values indicating more mixed responses and lower signal quality of the KC Fed CRE Index. Index shown inverted.