



Market Perspectives – Navigating 2025 with Strategic Focus | February 2025

I recently sat down to record a podcast where I discussed key trends shaping the real estate market in 2025. In this edition of the newsletter, I want to share some key insights from that conversation. The real estate market is constantly evolving, and as we begin 2025, we find ourselves at a pivotal moment. The past year tested investors' patience and adaptability, with high interest rates and selective lending slowing down transactions. However, we believe momentum is beginning to build. Financing activity picked up toward the end of 2024, and while transaction volumes remained constrained, the market appears to be adjusting. With the election now behind us, we anticipate greater clarity and a fresh opportunity to navigate this next phase with confidence.

As we step into 2025, I want to share my thoughts on where we stand in the real estate market and where opportunities may unfold in the months ahead. The past year was a mix of challenges and resilience. Financing activity showed signs of rebounding, though transaction volumes remained somewhat constrained. Now, with the election behind us, we believe the market is entering a period of recalibration—which may present unique prospects for those who can act with strategic precision.

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Interest rates continue to influence market movement. Many expected cuts earlier in 2024, but as those expectations shifted, so too did investor behavior. Still, we have seen lenders engage selectively, and capital remains available for strong projects with solid fundamentals. The key is understanding how to structure deals to align with today's financing landscape.

Construction costs, long a pressure point, may be showing early signs of relief. In certain markets and asset classes, contractors appear to be competing more aggressively, leading to better pricing on select projects. While costs remain higher than in previous cycles, these shifts could create openings for well-positioned developments, though market conditions remain fluid.

We are also observing interesting shifts in housing demand. The for-sale housing market appears to be picking up, with homebuilders actively seeking opportunities. We have adjusted our strategy to reflect this, ensuring that our projects align with the evolving needs of buyers and renters alike.

In the industrial sector, demand continues to be strong, particularly from logistics and e-commerce players. This remains a bright spot in commercial real estate. Office, by contrast, continues to face hurdles. Many office properties are struggling, and we see potential opportunities in repurposing these assets, whether for residential conversion or other adaptive uses.

As always, the broader economic and policy environment will play a significant role in shaping the market. Rising insurance costs, operating expenses, and regulatory shifts will require careful navigation. But with challenge comes opportunity. We have built a business designed to adapt in all cycles, and we remain focused on identifying undervalued assets, executing strategic acquisitions, and developing high-quality projects that may deliver long-term value.

If you're interested in hearing more about my perspective on the year ahead, I invite you to listen to my recent [podcast discussion here](#).

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