CRE Daily

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Good morning. The Fed kept interest rates steady in July, but all eyes are now on September for a potential cut. With uncertainty swirling around trade, inflation, and construction costs, CRE is bracing for what's next.

MARKET SNAPSHOT

S&P 500 GSPC	6,389.77 Pct Chg: +0.12%	**FTSE NAREIT** FNER	767.51 Pct Chg: -0.59%
10Y Treasury TNX	4.408% Pct Chg: -0.02	**SOFR** 30-DAY AVERAGE	4.303% Pct Chg: -0.00

*Data as of 07/30/2025 market close.

RATE WATCH

Fed Holds Rates Steady, But September Cut Still on the Table

The Fed is playing the **waiting game** as real estate leaders look ahead to what could be a pivotal September.

Steady for now: The Fed held rates at 4.25%–4.5%, citing ongoing economic uncertainty. While expected, attention now turns to September, with markets betting on two cuts by year-end, despite Powell saying no decisions are set.

Internal Fed dissent: For the first time since 1993, two members of the Fed's policy committee dissented on the decision to hold rates steady. The Fed's own forecast still points to two quarter-point cuts by year-end. Meanwhile, some analysts believe inflation trends and labor market shifts could justify those cuts.

Hoping for relief: Industry leaders believe a September rate cut could help revive segments of the real estate market, particularly residential. Elevated mortgage rates have slowed housing activity, though transaction volume remains strong.

Trade uncertainty lingers: Trade policy uncertainty under the Trump administration is clouding the Fed's path. While tariff impacts aren't fully reflected in data yet, businesses are already absorbing costs or cutting production—moves economists say aren't sustainable.

CRE holding steady: Powell noted in a recent report that nonresidential real estate activity remains "mostly steady," with positive signals from cities like Boston and Chicago. Experts caution that uncertainty around tariffs and construction costs may suppress future development if clarity doesn't emerge soon.

➡ THE TAKEAWAY

Countdown to September: With two rounds of inflation and employment data due before the next FOMC meeting, the Fed will have a clearer picture soon—but for CRE, the hope is that lower rates arrive before the uncertainty starts to bite.