

ASSET MANAGEMENT

Quarterly Newsletter



COMMONWEALTH
COMMERCIAL
Comprehensive Property Solutions

As we navigate the evolving real estate landscape of 2025, Commonwealth Commercial's Asset Management team continues to deliver exceptional value through proactive ownership advocacy and market expertise. This quarter's newsletter examines the macro trends shaping markets across the Southeast.

1. Institutional Capital Pullback Creates Opportunities

While institutional investors remain cautious and selective, we're witnessing high-net-worth individuals and Family Offices taking increasingly aggressive positions in the market. These private investors offer greater flexibility and longer investment horizons than institutional counterparts, allowing them to adapt quickly to market changes and be on the offense.

Additionally, we have observed a significant move toward fund-based investment models, with private investment groups now actively deploying capital accumulated during 2024. This reflects a broader macro trend, as the traditional deal-by-deal syndication approach faces ongoing challenges amid cautious sentiment from retail investors.

2. Tariffs Reshape Investment Strategies

Recent tariff implementations will impact the commercial real estate landscape. With a baseline tariff on all imports and higher rates for specific countries causing construction costs to rise and ultimately affect new development opportunities. While our team has not witnessed the effects of tariffs yet, we expect to feel them in the coming months.

3. Tech Migration Transforming Secondary Markets

Companies continue relocating from larger cities to Tennessee and smaller markets like Richmond, drawn by strategic advantages including lower costs and favorable business environments. Nashville's East Bank is emerging as a new tech hub with Oracle's presence, while Richmond's strategic location along the I-95 corridor positions it well for the booming data center industry.

2025 OUTLOOK:

Cautious Optimism Prevails

As we progress through 2025, we maintain cautious optimism despite persistent challenges. The buildup of sidelined cash is becoming evident as investment groups cautiously re-enter the market, though syndication remains difficult with accredited investors still wary of market volatility.

Commonwealth Commercial's Asset Management team remains committed to helping clients navigate these complex market conditions through our owner-centric approach and proven track record of enhancing property values. Please reach out if you would like to discuss your portfolios' needs or concerns.

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