What's Next for the CRE Labor Market?

KEY POINTS

- **Economic growth prospects for 2026 boosted by increased productivity, easing inflation, and resilient GDP.**
- **CRE hiring should benefit from increased liquidity and therefore transaction activity.**

The final quarter of 2025 has been characterized by multifactorial repositioning with respect to macroeconomics and capital markets. EMM Research has examined several key variables regarding their impact on commercial real estate market conditions as well as talent management. Below, we break down the impact from each:

MACROECONOMIC AND CAPITAL MARKET CONDITIONS

GDP growth is expected to remain moderate by historical standards, with the Fed projecting a real range of 1.5%-2.5% in September 2025. Though the lack of government data due to the shutdown creates uncertainty, causes for optimism are evident across the economy. Sustained investment in artificial intelligence, including into promising but nascent quantum computing applications, as well as a restrained overall level of speculation, should help to counterbalance intensifying tariff pressures, supporting overall economic stability. Indeed, the GDPNow forecast from the Atlanta Fed, which estimates real GDP growth based on available economic data for the current measured quarter, is posting a forecast of 3.9% as of late October.

Additionally, capital markets are exhibiting signs of upside risk. The federal funds rate was cut 25 basis points to 3.75%-4% in October 2025, its lowest level in three years. Though Chairman Powell warned that this cut may not be repeated in December, moderating employment data should continue to outweigh inflation concerns, tipping the balance in favor of easing going into 2026. Lower benchmark interest rates will increase liquidity, compress cap rate spreads, and raise capital returns, accelerating the slow but steady progress of total return improvement that began in 2024. These significant shifts in the commercial real estate capital environment should spur a long-awaited kickstart to transaction volume, and allow for select, well-underwritten development projects to pencil.

FED RATE CUTS AND COMMERCIAL REAL ESTATE – NOVEMBER 2025

The Federal Reserve's decision to lower interest rates to a range of 3.75% to 4.00% is sending ripples through the commercial real estate market. Lower borrowing costs are a welcome relief for developers and investors, especially in sectors like multifamily housing and industrial properties, where financing plays a critical role in project feasibility. With inflation cooling and economic growth slowing, the Fed's move aims to stimulate investment—making it more attractive to refinance existing loans or launch new developments. However, uncertainty remains due to limited government data and broader market volatility. Office space continues to face headwinds from remote work trends, while retail and hospitality are cautiously optimistic amid shifting consumer behavior. Overall, the rate cuts offer breathing room, but CRE stakeholders are watching closely for signs of further easing or economic turbulence.

Effect on CRE Hiring

Given the backdrop described above, hiring across the commercial real estate industry in 2026 should reflect both cautious optimism and strategic recalibration. In general, continued revenue growth should support additional headcount, with differences arising from sector-specific conditions.

OFFICE

Though in general, office vacancy is finally beginning to decline meaningfully amid low inventory, the office sector should continue to be characterized by bifurcation in demand between low-performing commodity assets and talent-proximate, highly-amenitized spaces, which will help operators pull employees increasingly back to the office. For the lower end of office, which will also be contending with refinancing challenges and pre-COVID lease expirations, operational hiring may be limited but should focus on candidates with adaptive reuse and transformational management expertise; debt restructuring professionals are likely to be in demand as well. For the higher end, which should see an uptick in leasing, asset and property management professionals may be in demand, as well as development roles if financing conditions are sufficiently accommodative.

RETAIL

The retail sector is also highly bifurcated, with malls in long-term decline and significant improvement among neighborhood and grocery-anchored centers, particularly those with experiential tenants (both immersive in-store experiences and activity-based service tenants). To maximize this emerging strategy, retail strategists and mixed-use development planners should be highly sought-after.

MULTIFAMILY

As oversupply from the past few years continues to subside, and the job market remains relatively stable, multifamily real estate will likely see upside risk in terms of revenue in 2026, with low cost-of-living areas in the South and Midwest benefiting from positive migration trends as new deliveries diminish. Multifamily assets are likely to require increased operational differentiation to stand out from the pack and retain tenants, which should create demand for leasing agents as well as property managers who are well-versed in AI-enabled proptech to extract maximum value out of the portfolio.

INDUSTRIAL

Industrial will also benefit from a slowing pipeline, which will improve revenue growth and allow investors to focus on and prepare for long-term upside provided by e-commerce, nearshoring, and automation in warehouse operations. Logistics and warehouse operation professionals, again with AI enablement expertise, should benefit.

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