Economic Update

SVN | RESEARCH

AUGUST 14, 2026

1. CPI INFLATION

- According to the Bureau of Labor Statistics, consumer prices rose 0.1% in July and rose 3.4% year-over-year, with both figures landing in line with consensus forecasts.
- Core CPI rose 0.2% in July after being unchanged in June, bringing the annual rate down to 2.5% from 2.6%. Shelter rose 0.1% for the month, the same pace as June, but accounted for roughly two-thirds of the total monthly increase.
- Energy continued to ease, declining 1.5% in July after falling 5.7% in June. Gasoline fell 2.9% on a seasonally adjusted basis, though the pace of decline is slowing, after gasoline fell 9.7% in June.
- Annually, the energy index remains elevated at 14.7%, with gasoline up 24.6% over the past year. The Iran conflict continues to set the floor under energy prices even as monthly momentum cools.
- Despite CPI registering in line with expectations, futures market forecasts for the Fed's September interest rate decision, as tracked by CME FedWatch, moved meaningfully following the release. The likelihood of a September hike fell from 48.4% one day before the data release to 38.1% following.

2. COMMERCIAL PROPERTY PRICES

- According to the latest MSCI-RCA Commercial Property Price Index, US commercial real estate prices rose 0.9% year-over-year in June and 0.2% from May. The all-property index rose 0.7% in the second quarter from the first, implying an annualized pace of growth of 2.6%.
- Suburban Office posted the fastest annual growth of any sector at 3.0% year-over-year, gaining 0.8% from Q1. CBD Office rose 1.2% annually and gained 0.8% from Q1 but remains about 50% below its March 2022 peak.
- Industrial prices turned negative annually in June, falling 0.4%, down from a peak annual growth rate of 7.5% in June 2024, though quarterly declines have eased steadily.
- Apartment prices fell 1.7% year-over-year, the 10th consecutive month of annual declines, and dropped 1.2% from Q1, annualizing to a 4.8% pace of decline.
- Retail fell 0.1% annually for the sixth consecutive month, though the index rose 1.4% in Q2 from Q1.
- Non-major metros (+1.0% YoY) continued to outperform the six major markets (+0.4% YoY), extending a

pattern of secondary and tertiary market outperformance that has held since 2022.

3. JULY EMPLOYMENT REPORT

- According to the Bureau of Labor Statistics, US employers shed 23,000 jobs in July, missing consensus forecasts of a gain of 80,000 to 95,000.
- Job losses were concentrated in local government education, down 50,000 positions, and retail trade, which shed 19,000 jobs. Leisure and hospitality, financial activities, and information services jobs all declined. Health care added positions but grew below trend.
- The unemployment rate edged down to 4.1%, but the improvement reflected another contraction in the labor force participation rate, which fell to 61.4%, its lowest level in more than five years.
- Revisions subtracted a combined 103,000 from May and June estimates, adding to the headline weakness. The trailing 12-month average monthly gain now stands at 34,000, reflecting sustained deterioration in labor market conditions since 2024.
- Average hourly earnings grew just 3.2% year-over-year, the weakest pace since May 2021.

4. BANK LENDING STANDARDS

- According to the Federal Reserve's July 2026 Senior Loan Officer Opinion Survey (SLOOS), banks reported net easier standards for Commercial Real Estate loans in the second quarter of 2026, marking the second consecutive quarter of net easing across Nonfarm Nonresidential and Multifamily categories.
- Demand was mixed by loan type and bank size. Large banks reported stronger demand for both Nonfarm Nonresidential and Multifamily loans, while other bank categories reported weaker demand. Meanwhile, construction and land development loan demand remained weak.
- The net share of banks tightening multifamily standards fell to -5.7%. It marks the third consecutive quarter in which Multifamily lending standards eased on net. The binding constraint on Multifamily deal flow remains elevated financing costs, not credit availability.
- For commercial and industrial loans, bank standards were mostly unchanged while there was stronger demand from large and middle-market firms.

SVN COMMERCIAL REAL ESTATE ADVISORS
svn.com
1309 Beacon St, Suite 300
Brookline, MA 02446

5. LOGISTICS MANAGERS INDEX

- The Logistics Managers Index (LMI), a key leading indicator for Industrial Real Estate demand, fell to 68.9 in July, down 2.2 points from June's four-year high of 71.1.
- Despite the month-over-month decline, the LMI remains well above the all-time average of 61.7. A reading above 50.0 indicates expanding logistics activity.
- A sharp pullback in retailer inventory accumulation largely drove July's cooldown. The Inventory Levels sub-index of the LMI fell 5.5 points to 55.0, as downstream retailers swung from robust expansion (66.0) in June to contraction (46.3) in the latest reading.
- Inventory levels for upstream wholesalers held near 59.0, suggesting pulled-forward inventory from May and June is sitting at the wholesale level rather than flowing through to retail.
- Cost metrics continued to accelerate. The Inventory Costs sub-index rose to 77.0, the highest reading in a year, while Warehousing Prices climbed to 75.5.
- Transportation Prices eased to 86.9 but remain elevated. LMI survey respondents project the index to hold near 70.5 over the next 12 months.

6. SMALL BUSINESS OPTIMISM

- According to the National Federation of Independent Business (NFIB), small business optimism rose in July to its highest level since August 2025.
- The optimism index rose 2.4 points to 99.8, with eight out of ten index components improving. Hiring plans drove the headline gain.
- Additionally, NFIB's Small Business Employment Index rose to 102.1 after four consecutive months of decline, while the share of owners with unfilled openings rose 4 points to 36%, the highest since June 2025. Capital expenditure plans also improved.
- The Uncertainty Index rose 2 points to 91, still well above its historical average of 68, as owners cited tax policy concerns and a renewed escalation of the Iran War. Real sales expectations and inventory-too-low readings each fell 2 points.
- For Retail Real Estate, the small business optimism index's move back above its long-run average

supports near-term lease renewal activity. However, elevated uncertainty tempers expectations for a broader expansion.

7. MULTIFAMILY RENTS

- According to Yardi Matrix's National Multifamily Report, the national average asking rent rose $4 in July to $1,771, with year-over-year growth edging up to 0.2%. Rents have increased 1.3%, or $22.00, over the past five months.
- Several previously weak Sun Belt markets, including Orlando, Nashville, Charlotte, Tampa, Atlanta, Miami, and Austin, posted positive monthly gains in July for the first time in several months.
- The national occupancy rate fell to 94.1% in June, down 60 basis points year-over-year. Houston, Austin, Dallas, Las Vegas, and Atlanta posted the lowest rates among major markets. Elevated concessions suggest many operators remain focused on maintaining occupancy rather than pushing rents.
- The broadening of positive monthly rent momentum into Sun Belt markets could be an early sign of rebalancing. However, national rent growth at 0.2% year-over-year remains well below levels consistent with a broad Multifamily recovery.

8. NATIONAL FORECLOSURE ACTIVITY

- According to ATTOM's Mid-Year 2026 US Foreclosure Market Report, foreclosure filings were recorded on 227,548 residential properties during the first half of 2026, up 21% from the same period in 2025 and 28% from the first half of 2024.
- Foreclosure starts climbed 18% year-over-year and completed foreclosures rose 33%.
- Idaho (+59%), Colorado (+57%), Georgia (+52%), North Carolina (+47%), and Mississippi (+45%) posted the largest year-over-year increases. Florida carried the highest state-level rate at 0.27% of housing units.
- ATTOM CEO Rob Barber described the trend as "gradually returning to more typical patterns," though noted that rising taxes, insurance, and household costs are making it harder for some borrowers to recover once they fall behind.
- Average foreclosure timelines compressed to 563 days in Q2 2026, the shortest since 2013 and 13% below

Q2 2025.

- Rising completed foreclosures and shortening timelines may gradually add distressed for-sale inventory in high-stress markets, with potential downstream effects on Single-Family rental demand.

9. SFR RENT GROWTH

- According to a recent analysis by Chandan Economics, published in partnership with Arbor Realty Trust, SFR rents rose across all 50 of the nation's largest metros in the first half of 2026.
- Buffalo led all metros with 3.6% growth, followed by San Jose (3.3%), Cincinnati and Hartford (2.7% each), and New York and Philadelphia (2.6% each). Eight of the ten fastest-growing large markets are in the Northeast or Midwest.
- Sun Belt markets lagged considerably. Austin and Raleigh posted the lowest growth at 0.3%, followed by Denver (0.4%), Dallas, Houston, and Phoenix at 0.5% each.
- In June, 456 of 602 tracked markets had monthly rent increases, representing 75.7% of all tracked markets, the highest share of 2026, up from 69.4% in December 2025 and 64.5% in May 2025.
- The 75.7% share of markets with rising rents, while the highest of 2026, remains below the 80.3% pre-pandemic average from 2016 through 2019, indicating the SFR market has not yet fully normalized.

10. CMBS ISSUANCE

- According to Trepp, domestic private-label CMBS issuance reached $76.7 billion through July 2026, up 6.9% from $71.7 billion in the same period in 2025.
- Single-asset, single-borrower (SASB) deals accounted for $58.0 billion of this total, with conduit deals comprising $16.1 billion.
- Office was the single largest property type in the SASB channel at 22.7% of issuance, or $17.3 billion, ahead of Industrial and Multifamily at roughly 17.3% each. Data centers appeared in SASB issuance for the first time in 2026, reflecting the sector's growing presence in structured finance capital markets.
- Conduit issuance skewed toward Multifamily and Retail, while SASB was concentrated in Office, Industrial, and Lodging.
- The SASB channel's Office concentration reflects selective investor appetite for trophy assets with

institutional sponsors rather than a broad recovery in Office fundamentals.

SUMMARY OF SOURCES

- (1) https://www.bls.gov/news.release/cpi.nr0.htm
- (2) https://www.msci.com/research-and-insights/paper/rca-commercial-property-price-indexes-rca-cppi
- (3) https://www.bls.gov/news.release/empsit.nr0.htm
- (4) https://www.federalreserve.gov/data/sloos/sloos-202607.htm
- (5) https://www.the-lmi.com/july-2026-logistics-managers-index.html
- (6) https://www.nfib.com/surveys/small-business-economic-trends/
- (7) https://www.yardimatrix.com/publications
- (8) https://www.attomdata.com/news/market-trends/foreclosures/2026-mid-year-foreclosure-market-report/
- (9) https://arbor.com/blog/sfr-rent-growth-accelerated-and-expanded-in-first-half-of-2026/
- (10) https://www.trepp.com/trepptalk/cmbs-issuance-through-july-2026

SVN COMMERCIAL REAL ESTATE ADVISORS
svn.com
185 Devonshire St, M102
Boston, MA 02110