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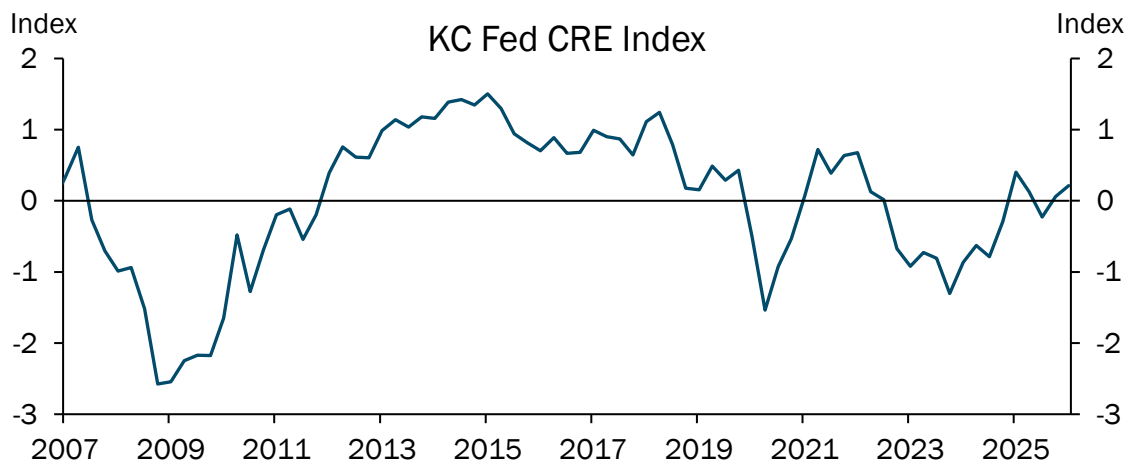
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Commercial Real Estate Activity and Financial Conditions Remained Steady
Federal Reserve Bank of Kansas City Releases Quarterly Commercial Real Estate Index

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released its KC Fed Commercial Real Estate (CRE) Index today. The value of the index showed a modest increase from 0.06 to 0.21 during the first quarter of 2026. Throughout the past year and the first quarter of 2026, overall activity in the commercial real estate sector remained near its historical norm, only increasing marginally from the last quarter of 2025.

“Commercial real estate activity in the KC Fed region remained steady in early 2026,” according to Nicholas Sly, vice president at the Federal Reserve Bank of Kansas City. “Moreover, financial conditions for the sector were stable as developers’ access to credit, loan demand, and lending standards reportedly did not change much.”

Chart 1: The KC Fed CRE Index indicated activity remained steady in early 2026

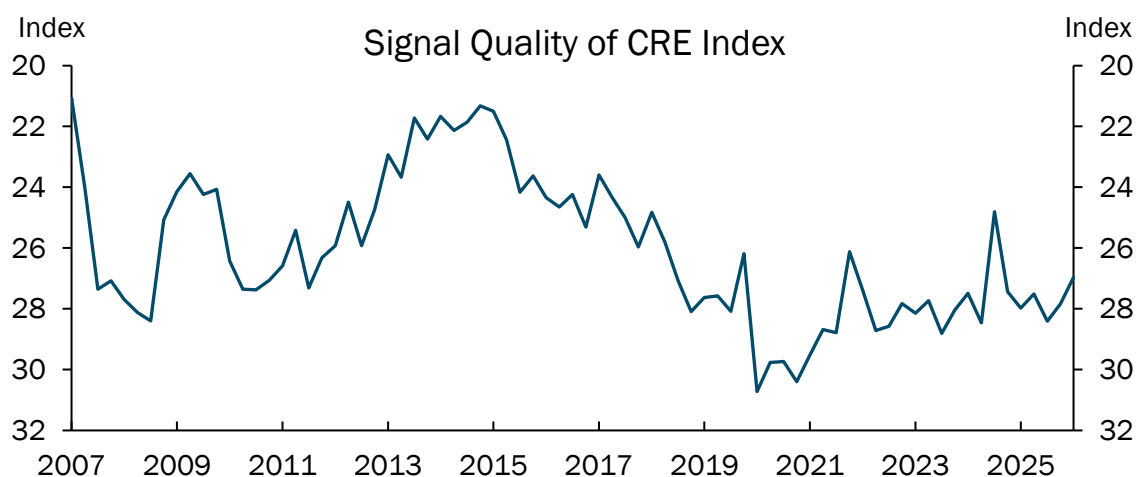


Note: An index value of zero corresponds to overall conditions being at their historical average and differences from zero are measured in terms of standard deviations from the historical norm.

Table 1: Individual drivers of overall change in the KC Fed CRE Index

CRE Market Metric	Contribution to change in index
Construction materials inventories	0.078
Construction materials prices	0.070
Construction materials sales	0.043
CRE Vacancy rates	0.042
CRE Property sales	0.021
Demand for CRE loans	0.013
Credit standards for CRE loans	-0.008
CRE Absorption	-0.009
CRE Developers' access to credit	-0.009
CRE Construction underway	-0.011
CRE Rents	-0.013
CRE Completions	-0.026
CRE Transaction prices	-0.036
Total	0.154

Notes: Contributions may not add to the total change in the index due to rounding. The contribution of each metric is calculated as the change in the standardized value of the variable from the previous quarter multiplied by the coefficient of the variable in the index.

Chart 2: Alignment in market participants' views about CRE conditions increased slightly

Note: Values correspond to measures of Shannon entropy, with higher numerical values indicating more mixed responses and lower signal quality of the KC Fed CRE Index. Index shown inverted.