

2025 Year-End DLA Piper Real Estate Trends Report

US Real Estate

Welcome to the eighth edition of DLA Piper's *US Real Estate Trends Report*. With one of the largest and most diversified real estate practices in the US, the firm's Real Estate team advises on transactions of every scale in markets across the country, offering a key perspective on trends shaping the US commercial real estate market. This report analyzes more than 1,100 purchase and sale agreements and more than 650 property management agreements handled by our group from 2020–2025.

Our report finds that, despite tariff changes, geopolitical shifts, interest rate uncertainty, and currency fluctuations, the commercial real estate sector remained resilient in 2025. Both transaction volume and commercial real estate lending increased from the prior year, with lending rising by about 34 percent.¹ In 2025, investors spent more than \$225 billion on multifamily, office, industrial, and retail properties.²

Colliers predicts that total US commercial real estate sales volume will grow by 15 to 20 percent this year;³ and, according to Knight Frank's Active Capital survey, global institutions are planning to invest \$114 billion in commercial real estate in 2026.

The artificial intelligence (AI) boom continues to drive demand for data centers, with forecasts of data center capacity doubling over the next four years, according to JLL.⁴ Energy availability remains a key variable in data center development; the International Atomic Energy Agency projects that global data center electricity will increase 15 percent annually through 2030, compared to a 4-percent growth for other electricity demands.⁵

These market trends directly influenced how and where our clients transacted. Our most active negotiations in 2025 reflected both the re-acceleration of capital deployment and a focus on positioning assets operationally for the next phase of the cycle.

Geographically, our most active market was the US Sun Belt, followed by the Northeast and West Coast regions, reflecting continued population growth in the South and sustained liquidity in major coastal gateways. Transaction volume was steady throughout the year and culminated in a fourth-quarter surge.

In acquisitions and dispositions, activity increased in multifamily and senior housing assets, with renewed momentum in data centers and industrial properties. Meanwhile, transaction volume declined in the office sector and, with the exception of mixed-use properties, in retail assets.

US Real Estate Trends Report Committee



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1. 2026 Commercial Real Estate Investment Outlook, Hessam Nadji, Marcus & Millichap (Real Estate Roundtable, January 2026)
2. What the Biggest Buyers and Sellers in Commercial Real Estate Did in 2025 | Bisnow
3. 2026 Outlook Report | The CRE Reset: Stability Through Uncertainty | Colliers
4. 2026 Global Data Center Outlook | JLL
5. Investment Trends in Focus | Key Themes for 2026 | MSCI

Acquisition and disposition trends

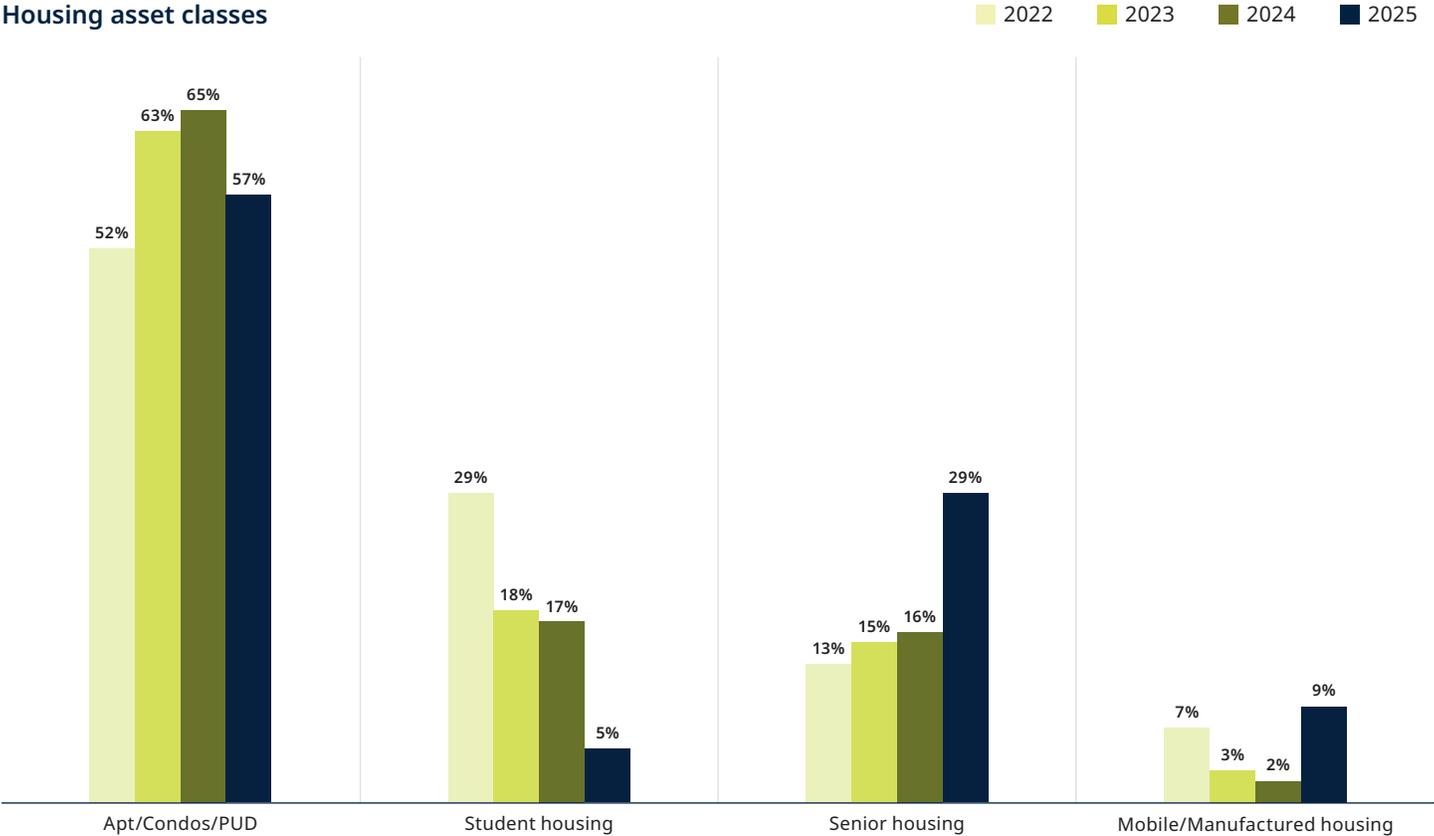
Asset classes

The transactions that we handled in 2025 reflect a market shifting toward operationally intensive and needs-based real estate, with momentum building across several core and alternative asset classes. Consistent with the themes we have observed over the past 18 to 24 months, buyers and sellers are gravitating toward assets supported by durable demand drivers, while selectively re-engaging in sectors that showed relative softness in 2023 and 2024. The following summarizes areas that experienced the greatest activity in 2025 across purchase and sale agreements.

Multi-family remains resilient, with a notable uptick in senior housing

Our multi-family work remained a cornerstone of our practice in 2025. Multi-family housing transactions accounted for 44 percent of our purchase/sale volume, an increase of 5 percentage points from 2024, reflecting sustained investor appetite and active trading across core and value-add profiles. Within the broader residential spectrum, senior housing registered a clear step-up in activity. It moved from a steady mid-teens share in the prior two years to 29 percent in 2025 – a 13-point year-over-year increase, indicating deepening allocations to needs-based rental and healthcare-adjacent strategies.

Housing asset classes

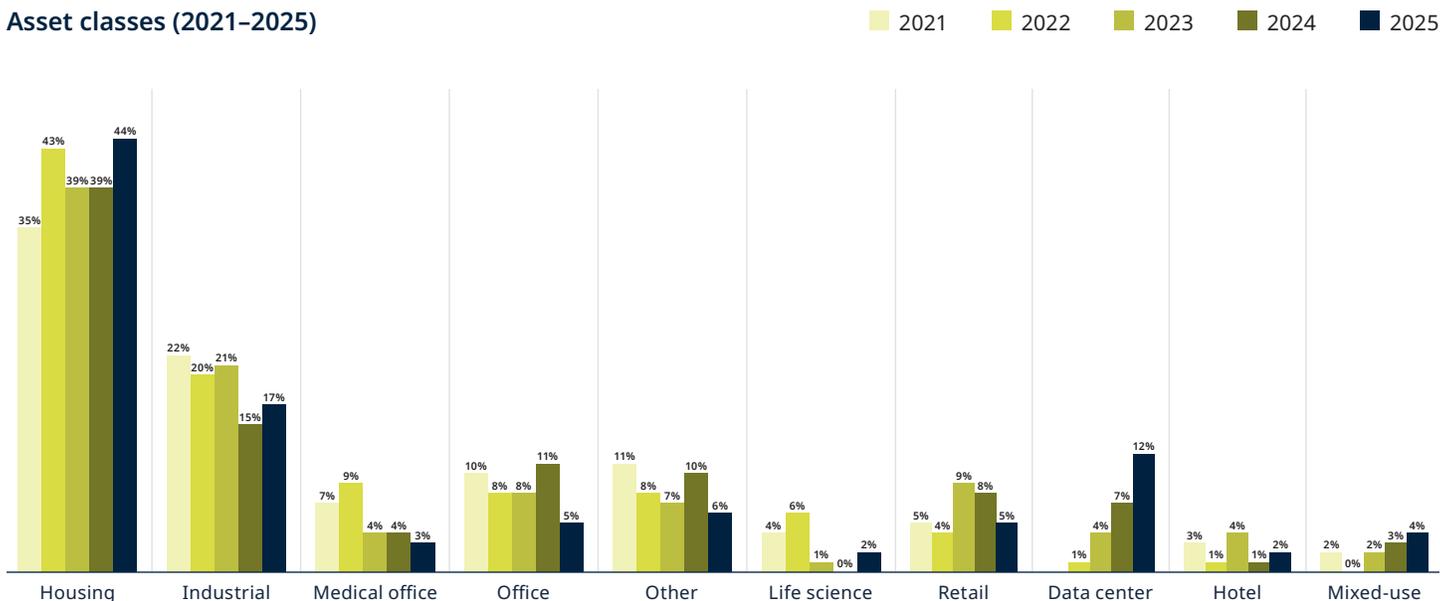


Data centers and industrial: Broadening momentum

We continued to see a pronounced shift in acquisitions and dispositions toward alternative and operational asset types. Data center transactions accelerated, increasing from 7 percent of purchase/sale transaction volume in 2024 to 12 percent in 2025. Industrial transaction volume also increased, moving from 15 percent to 17 percent year over year, with activity concentrated in logistics and self-storage.

Sales of office and retail properties trailed other asset classes in 2025, with year-over-year declines in transaction share. Notably, however, while standalone office and retail were softer, mixed-use assets were a relative bright spot, increasing by 1 percentage point from 2024. This indicated continued demand for integrated, amenity-rich environments and the optionality they offer across uses.

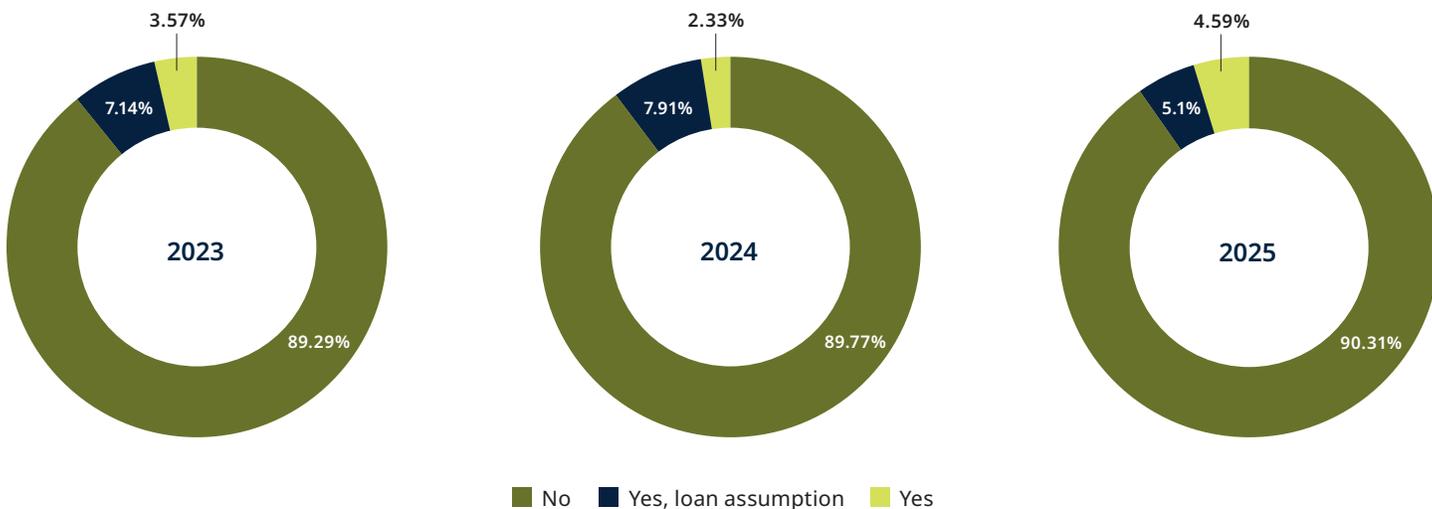
Asset classes (2021–2025)



Financing contingencies

Financing contingencies remained relatively rare in our 2025 purchase and sale work, holding at around 10 percent. However, the composition of those contingencies shifted meaningfully within that narrow slice of activity. Among transactions we handled in 2025 that included a financing contingency, we saw a more even balance than in prior years between buyers pursuing new loan originations and buyers proceeding via loan assumptions. This perhaps reflects a pragmatic response to rate volatility, existing debt terms, and timing considerations.

Frequency of financing contingencies

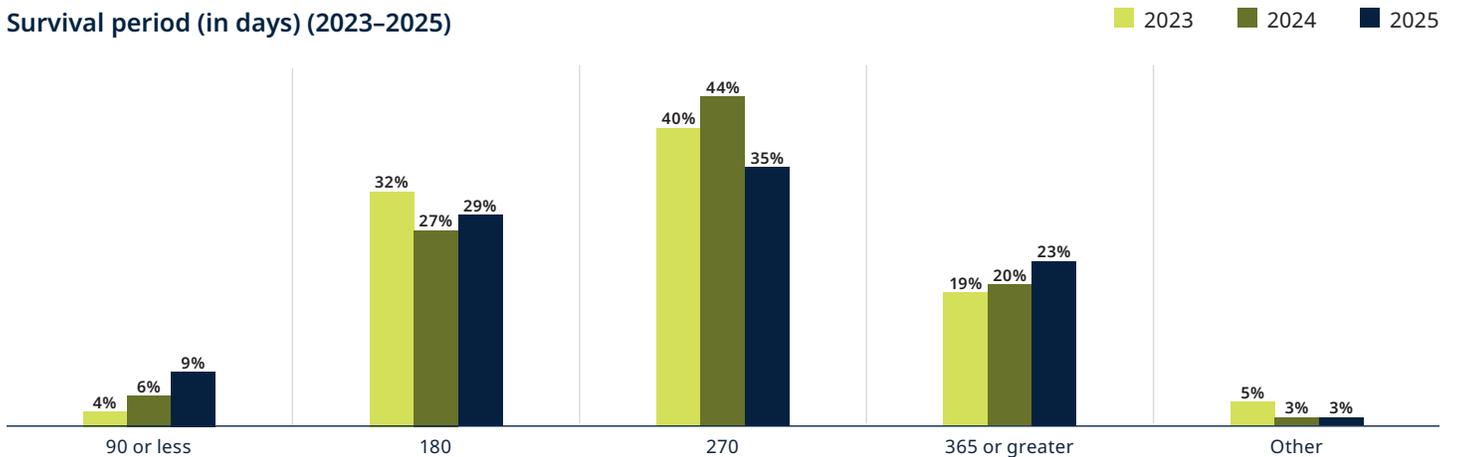


Seller's representation and warranties

Survival period

Survival periods for seller representations and warranties continued to center around 270 days in 2025, which remained the single most common survival period at 35 percent of transactions, though down from 44 percent in 2024. The distribution widened at the margins: Survival periods of 365 days or more and 90 days or fewer each gained three percentage points, and a 180-day survival period increased by two percentage points. Even so, 270 days remained the most common survival period, with departures driven in part by diligence scope, asset complexity, and the interaction of other protections such as caps, escrows, and special representation carve-outs.

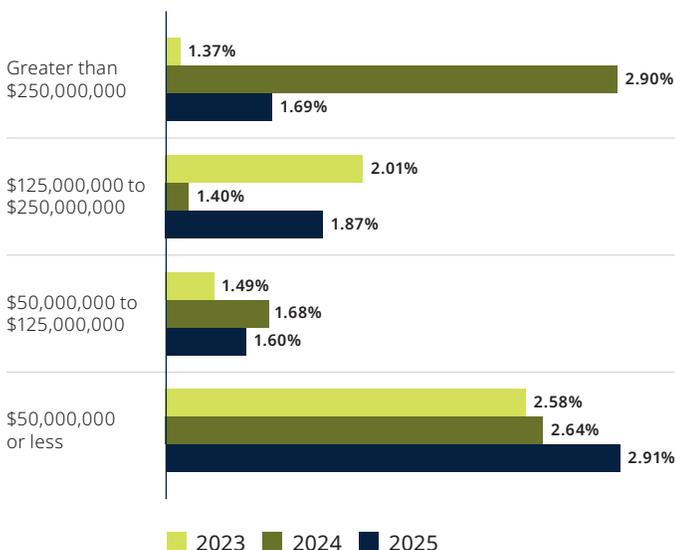
Survival period (in days) (2023–2025)



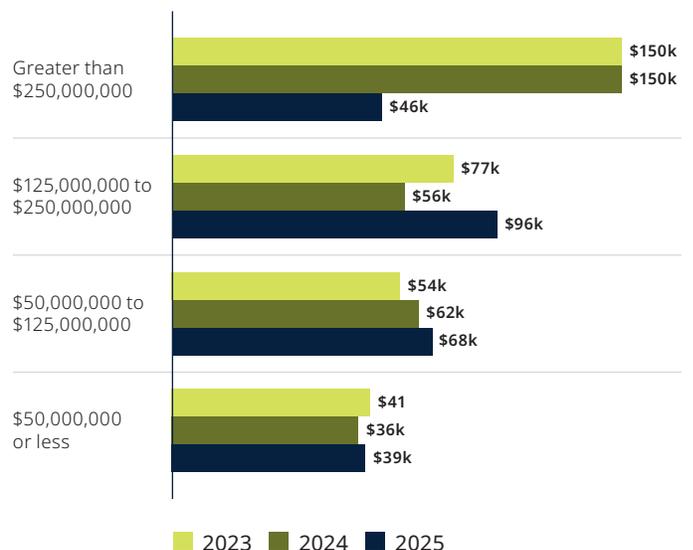
Remedies for breach

Remedies for a seller's breach of its representations and warranties remained highly deal-size dependent in 2025. Average basket amounts (i.e., the minimum amount of aggregate damages that a buyer must incur before it may make a claim) were relatively stable for transactions under \$125 million; they moved higher in the \$125-million-to-\$250-million band, shifting from near \$50,000 to near \$100,000; and they moved lower in transactions above \$250 million, declining from an average \$150,000 to an average closer to \$50,000. Average cap amounts (i.e., the maximum aggregate liability of a seller for rep/warranty breaches) compressed at the top end, with average caps in \$250 million-plus transactions decreasing from close to 3 percent to around 1.5 percent, bringing them back in line with the \$50 million to \$250 million cohorts. Meanwhile, sub-\$50 million transactions saw average caps continue to edge up, now approaching 3 percent. Finally, average reimbursable expenses payable to a buyer after a seller pre-closing default held roughly steady for sub-\$125 million transactions (\$225,000, up from \$214,000, for transactions in the \$50 million to \$125 million group; \$129,000, down from \$146,000, for transactions in the sub-\$50 million group), nearly doubled from \$188,000 to \$361,000 in the \$125-million-to-\$250-million range, and decreased from \$542,000 to \$417,000 in transactions above \$250 million.

Average liability cap % by purchase price grouping (2023–2025)



Average liability basket (in \$) by purchase price grouping (2023–2025)

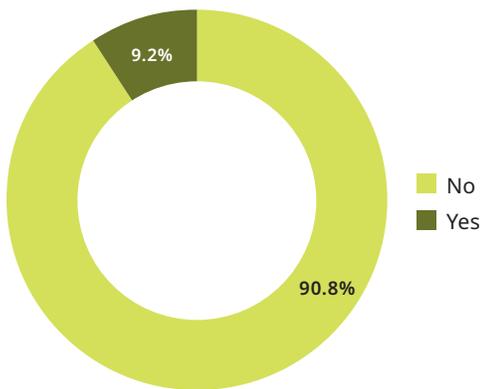


Property management trends

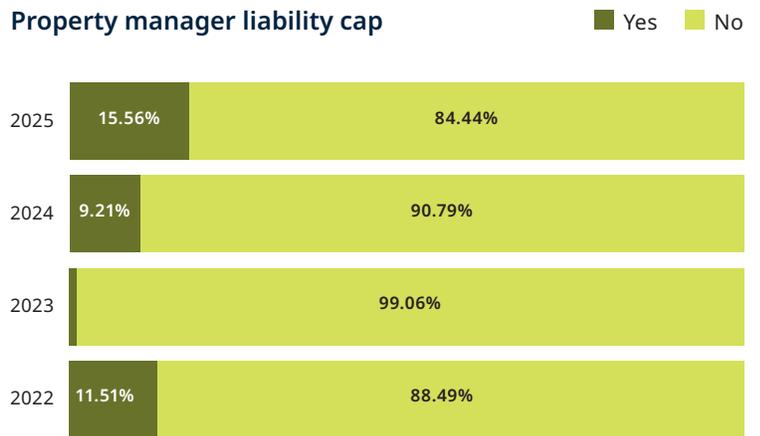
Property management caps and fees

Property management fees remained largely stable year over year across most asset classes, with outcomes clustering around established market ranges. The most notable shift in property management agreements in 2025 was the greater use of property manager liability caps. From 2022 through 2025, the prevalence of manager liability caps increased by 2.2 percentage points, but the sharper signal came in the year-over-year data, where inclusion of a liability cap rose from 9.21 percent in 2024 to 15.56 percent in 2025. This increase correlated with the rise in industrial transaction volume and was most evident in acquisitions with well-established property management companies. The move possibly reflects heightened attention to insurability, lender expectations, and governance frameworks in operationally intensive assets.

Property manager liability cap



Property manager liability cap



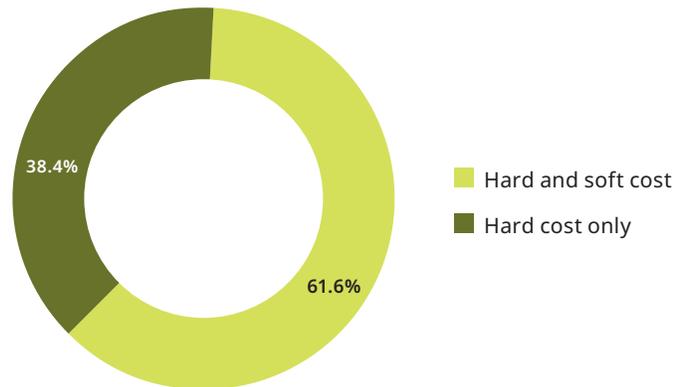
Property management fee

Asset class	Less than 1%	1%–1.99%	2%–2.99%	3%–3.99%	4%–5.99%	5% or more	Fixed \$
Data center	5.00%	10.00%	35.00%	35.00%	15.00%		
Housing (apt)		0.54%	34.41%	58.60%	4.84%	1.61%	
Housing (manufactured)				70.59%	17.65%		11.76%
Housing (senior)			4.17%	6.25%	6.25%	81.25%	2.08%
Housing (student)			20.69%	65.52%	13.79%		
Industrial	0.65%	11.61%	12.26%	32.90%	5.16%	30.97%	6.45%
Life science	3.23%	6.45%	19.35%	19.35%	29.03%	19.35%	3.23%
Medical office building	2.38%	9.52%	7.14%	23.81%	26.19%		30.95%
Mixed-use		4.55%	72.73%	18.18%	4.55%		
Office	2.44%	29.27%	21.95%	29.27%	4.88%	7.32%	4.88%
Parking facility			100%				

Construction management fees and basis

Construction management fees remained largely consistent across asset classes in 2025, with only modest shifts at the margins. Data centers trended away from a 5-percent construction management fee toward the 3-to-4 percent range, and these fees for senior housing and mixed-use exhibited greater variability consistent with differing scopes, phasing, and coordination complexity. With respect to the construction management fee basis, there was a notable swing toward hard-costs-only structures, which now constitute 38.4 percent of agreements, up from 26.97 percent in 2024. This reflects a tighter alignment between compensation and the portion of total project costs most directly influenced by the construction manager.

Construction management fee basis



Construction management fee

Asset class	1%-1.99%	2%-2.99%	3%-3.99%	4%-5.99%	5% or more
Data center			58.33%		41.67%
Housing (apt)	1.05%		6.32%		92.63%
Housing (manufactured)					100.00%
Housing (senior)		6.67%		53.33%	40.00%
Housing (student)		14.29%			85.71%
Industrial		27.59%	16.09%	14.94%	41.38%
Life science	4.00%	12.00%	28.00%	32.00%	24.00%
Medical office building		19.23%	30.77%	34.62%	15.38%
Mixed-use		54.55%	9.09%		36.36%
Office	5.88%	29.41%	32.35%	14.71%	17.65%

Looking ahead

It is a privilege to act as a trusted advisor for many of the world's leading real estate investors, lenders, owners, and developers. We are committed to developing and maintaining long-term relationships with our clients while leveraging our deep knowledge, experience, and resources to help them achieve their business objectives.

We will continue to monitor key trends in the US real estate markets and share insights from across the industry. If you have any questions or have topic suggestions for future Real Estate Trends Reports, please contact a member of the DLA Piper Real Estate team.



DLA Piper Real Estate recognitions

- Band 1 in Global Real Estate: Multi-Jurisdictional — *Chambers Global* 2025
- Practice Group of the Year in Real Estate — *Law360* 2024
- Tier 1 in Real Estate for nine consecutive years — *The Legal 500 USA* 2025
- Tier 1 in Land Use & Zoning for 15 consecutive years — *The Legal 500 USA* 2025

Representative 2025 matters

- Represent Oxford Properties Group in all aspects of its investment in the 26-acre Hudson Yards mixed-use development in New York City, including joint ventures, financings, tax structuring, and sales. Recent work includes advising Oxford on the USD541 million sale of the bottom 38 floors of 35 Hudson Yards to Japan-based Mori Trust, comprising the Equinox Hotel, fitness club and spa, retail space, and approximately 180,000 square feet of office space.
- Represented Artemis Real Estate Partners in its acquisition of a REIT that owns a 25-asset, approximately 8.7 million-square-foot national industrial/logistics portfolio spanning 13 major US distribution markets. Public reports by JLL and industry media identified it as the largest US industrial real estate sale of 2025.
- Represented Related Midwest in the acquisition and redevelopment of the 440-acre former U.S. Steel South Works site into Quantum Shore, anchored by the 125-acre Illinois Quantum & Microelectronics Park (IQMP). We closed the USD73 million acquisition, secured a build-to-suit lease with PsiQuantum, obtained Planned Development zoning, structured a USD30 million state acquisition and remediation grant, and advanced key environmental, governance, and public-private partnership components leading to the October 2025 groundbreaking. Work is ongoing.
- Represented Harrison Street Real Estate Capital in the USD600 million disposition of a five property Class A senior housing portfolio across Long Island and New York State.
- Advised Ocean West Capital Partners and Mastern Investment Management, as lender and asset manager for Mastern US Private Real Estate Fund 51, in the cross-border USD714 million loan restructuring of Yorkshire and Lexington Towers, two residential buildings on Manhattan's Upper East Side totaling more than 800 units.
- Advised Chirisa Technology Parks and Machine Investment Group on a USD6 billion hyperscale AI data center development in Lancaster. Our multidisciplinary team structured and negotiated a build-to-suit lease with CoreWeave and advised on land use strategy, power delivery structuring, infrastructure planning, and adaptive reuse of more than 2 million square feet of industrial space. We also designed and implemented a master condominium regime enabling long term flexibility across the 144-acre site.

New partners and team members

In 2025, the US Real Estate group welcomed new Partners **Todd Eisner (New York)**, **Lewis Goss (Washington, DC and Dallas)**, **Ryan Hanofee (Boston)**, **Devan Popat (Los Angeles)**, and **Warren Seay (Dallas and Washington, DC)** in addition to Of Counsel **Themes Karalis (New York)**. We are proud to announce the promotions of **Jon Goreham (Chicago)** and **Mary Hagedorn (Boston)** to Partner in 2025.

We also welcomed Associates **Rachel Collins (Washington, DC)**, **Amanda Davis (Chicago)**, **Brian Fang (Los Angeles)**, **April Johnson (Washington, DC)**, **Ian Kirk (Los Angeles)**, **Jamy Klotzbach (Washington, DC)**, **Natacha Massih (New York)**, **Celeste Matthews (New York)**, **Anton Tikhomirov (Boston)**, **Kayla Wong (Miami)**, and **Heena Wozny (Boston)**, as well as Attorney **Siddhant Das (Washington, DC)**.

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