

ASU center provides a bridge between university, Arizona's real estate future

New Commercial Broker Sentiment Index signals strong confidence level among brokers

By Marshall Terrill , ASU News
November 18, 2025

After a period of uncertainty, confidence is returning to Phoenix's commercial real estate market.

According to Arizona State University's [W. P. Carey Center for Real Estate and Finance's](#) latest Commercial Broker Sentiment Index, or CBSI, the Valley posted a reading of 62.7 — signaling the strongest confidence level among brokers since interest rates began rising.

The index, which serves as a forward-looking indicator of market health, suggests that Phoenix's real estate professionals are seeing brighter prospects ahead and expect continued improvement into 2026.

Developed from more than a decade of broker survey data, the CBSI measures how local industry experts view the next six months in terms of leasing, sales and overall investment activity. A score above 50 signals optimism, while anything below 50 indicates contraction.

In October 2022, the CBSI was just above 30. With this latest reading at 62.7, brokers are feeling moderately optimistic about current conditions and confident that the city's commercial real estate market is growing.

To explore what's driving market activity, which sectors are leading the charge and how brokers are adapting to shifting economic realities, ASU News spoke with [Tom Johnston](#), executive director at the [Center for Real Estate and Finance](#), which is housed in the [W. P. Carey School of Business](#).

Johnston explains what the data tells us about the market's trajectory and how the newly expanded ASU center will work with the local real estate community.

Related story

W. P. Carey School of Business celebrates [new center and degree program for real estate](#), a vital industry for the state

Note: Answers have been edited for length and/or clarity.

Question: What's the mission of ASU's Center for Real Estate and Finance, and what kind of impact do you hope it will have on Arizona?

Answer: The center serves as a bridge between ASU, its students and the broader real estate community. My background is in brokerage and operations, but the center focuses on the entire industry — capital markets, development, investment, construction, architecture, brokerage and more.

The center is built around three pillars: research, education, and training and engagement. On the research side, we recently released our broker sentiment survey ... and we're already planning a similar survey of developer sentiment, since developers often view the market differently from brokers. We're also exploring projects that address real estate finance and housing affordability.

Our education efforts support ASU's Bachelor of Science in real estate and applied finance, the minor in real estate, the master's in real estate development program and the MBA real estate concentration, along with executive education programs. We're developing new initiatives like a land acquisition certificate aimed at professionals in both residential and commercial markets.

Finally, engagement is about connecting students and research to industry. That includes guest lectures, Real Estate Club events, community programs and symposia. This month, we're hosting our first Real Estate Finance Symposium, and in January we're sponsoring an annual land use law and planning conference in Los Angeles.

For students, we also focus on mentoring, career development and applied experiences — helping students learn, find internships and secure jobs. We regularly talk with industry leaders about what skills they want to see in our graduates.

Q: How did the recently released Commercial Broker Sentiment Index survey come together, and what does it tell us?

A: I've been in commercial real estate for 28 years, starting as an office leasing broker before leading Cushman & Wakefield in Phoenix. So this kind of data-driven insight is close to my heart.

The survey itself has roots going back to 2013, thanks to [Mark Stapp](#), but this year we've really expanded and refined it. With our new research economist, [Robert Martin](#), we made the survey more robust, added seven asset classes — including land — and formed subcommittees to craft deeper, more meaningful questions.

It's a six-month, forward-looking sentiment index that gauges broker confidence. Anything below 50 indicates a negative outlook; above 50 is positive. Right now, the sentiment score is 62.7, showing that brokers are moderately optimistic about the metro Phoenix real estate market. In

2019, it was near 70. During the pandemic, it dropped below 50 and hit the 30s during the 2022 interest rate hikes. Over the past two years, confidence has steadily rebounded.

We'd like to create a developer survey to compare how developers view the market versus brokers. Brokers tend to be optimistic because there are always deals to work on, regardless of market direction. Developers, who take on greater risk and rely on financing and equity, often have a more cautious view.

Q: Is anyone else doing this type of index? Does having a university behind it make a difference?

A: Nationally, NAIOP — the commercial real estate development association — conducts a national and regional broker survey twice a year, but it's not nearly as comprehensive. We looked across the country and found that Phoenix is the only metro area producing something at this level of depth.

The response from the brokerage community has been fantastic. They see the data as something they can use both internally and with clients, investors and property owners. One firm even asked if we could replicate the survey in other markets. We'd love to do that, but we'd need a local champion in each city to encourage participation.

We had a 22.5% response rate, which is excellent for surveys like these. As brokers see the quality of the data, I am confident that participation will grow.

Q: What stood out in the results? What are brokers saying about office, retail and capital markets?

A: After we analyzed the results, we hosted a forum with 26 brokers from 17 firms covering seven asset classes — office, industrial, medical office, capital markets, multifamily, retail and land.

On the multifamily side, there's still a lot of inventory that needs to be absorbed, and affordability continues to be a challenge. A slowdown in construction, coupled with Phoenix's population growth, supports long-term demand. A lack of new building has helped affordability somewhat — though it remains a persistent problem.

Retail is performing well and has been underbuilt for more than a decade. Brokers told us that when certain types of retail are developed, they're getting leased quickly. Retail follows rooftops — as our population grows, so will demand.

Office is more nuanced. We've started breaking out "Premium Class A" as its own category — projects like Tempe Town Lake, the Esplanade and Scottsdale Quarter. These high-quality, amenity-rich buildings are commanding higher rents and stronger occupancy compared to older properties lacking those features.

Capital markets are trending positive as well. Even since the survey was completed, the market has improved. Interest rates are easing, and the spread between real estate lending rates and the 10-year Treasury — the real benchmark for real estate — has tightened. That's fueling more optimism among investors.

Q: How are brokers thinking about interest rates, artificial intelligence and the broader economy?

A: Interest rates are moving in the right direction — [downward](#) — and spreads are compressing, which means more deals across the board. That's one reason brokers are feeling positive.

AI looms large as a possible disruptor. Real estate professionals are still figuring out how to use it effectively. It's helping brokers and analysts process and interpret large amounts of data faster, making them more efficient. They're using it as a powerful analytical and research tool. It's still new, but the early benefits are clear.

As for the broader economy, brokers are generally positive. There's still uncertainty — about tariffs, government regulation and ongoing layoffs. But Phoenix's diverse economy and population growth remain strong stabilizing forces.

Q: What does all this mean for Phoenix's growth, investment and urban planning?

A: Phoenix is projected to add roughly 1.1 million people over the next 15 years — that's like dropping another Tulsa or Tucson into the metro area. The question is where those people are going to live, work and play.

Will we grow denser and more urban, or continue to sprawl outward? That depends heavily on regulation and public policy. We'll need to address issues like water, transportation, land availability and energy.

There's also the environmental factor. As a third-generation native, I've seen how growth affects our heat and air quality. The more concrete and asphalt we lay down, the hotter and less sustainable the city becomes. Air quality is a challenge as the city expands. All these factors influence our growth, and we're paying close attention to them.

Still, there's no doubt Phoenix will keep growing. Developments like TSMC are driving major multiplier effects and creating more demand for housing, retail and services. The East Valley is seeing similar momentum. The key is managing that growth wisely.

This story originally appeared on [ASU News](#).

Main image



A view of downtown Tempe, Tempe Town Lake and the Mill Avenue Bridge, taken in July 2022.
Photo by Deanna Dent/Arizona State University

Text image(s)



Tom Johnston