



Economic Review

A Regional Indicator of Commercial Real Estate Activity: The KC Fed CRE Index

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The KC Fed CRE Index summarizes a variety of changes in regional CRE conditions with minimal lags.

Activity in the commercial real estate (CRE) sector is closely linked to broader economic conditions. However, tracking developments in the CRE sector can be challenging due to the sector's wide span of activities. At their inception, commercial properties involve construction activity, land development, and local infrastructure investments; once constructed, commercial properties can be used for a variety of purposes. The CRE sector also often reflects the regional economic landscape more than it is shaped by national features. To understand changing conditions in their regions, community leaders and policymakers need timely data on CRE activity.

Recognizing both the broad connections and regional drivers of the CRE sector, Nicholas Sly and Bethany Greene introduce a new indicator of regional CRE activity: the Kansas City Fed CRE Index. This index encompasses a broad range of related economic activities and financial considerations based on timely survey responses from market participants across the Tenth Federal Reserve District—a seven-state region that includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, and portions of Missouri and New Mexico. This article demonstrates how the CRE index can capture regional trends in CRE activity, offer insight about future growth in construction employment, provide a leading indicator of CRE loan performance, and reveal the drivers of developments in the sector in a timely manner.

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As Branch Executive, Nicholas Sly serves as the KC Fed's regional economist and its representative in Colorado, Wyoming, and northern New Mexico, leading the local research and public engagement teams. He works closely with the [Denver Branch's board of directors](#), as well as local functional leadership, to foster branch culture and effectiveness. As Vice President, he provides strategic support for community development teams across all offices of the Tenth Federal Reserve District. He is also responsible for briefing the President of the Federal Reserve Bank of Kansas City on economic conditions in the region. The combined portfolio of regional economic research and community development ensures those briefings include the perspectives of the region's unique economic footprint and the perspectives of low- and moderate-income households. Before joining the Bank in 2015, Mr. Sly was associate professor of economics at the University of Oregon. He graduated from the University of Northern Iowa with a degree in mathematics and economics and earned his Ph.D. in economics from Michigan State University. Mr. Sly is also a graduate of the Stonier Graduate School of Banking.
