



Real Estate Pros React To Federal Interest Rate Cut

By [Nathan Hale](#) · 2025-09-17 23:27:05 -0400 · [Listen to article](#)

The [Federal Reserve](#)'s long-awaited announcement Wednesday that it is cutting its benchmark interest rate by 0.25% drew measured reactions from real estate attorneys and professionals, who said the move definitely provides reason for optimism but had already largely been factored into markets and does not represent the major step some sought.

In comments shared with Law360 Real Estate Authority, these professionals in a variety of roles and locations across the country said they expect the rate cut will get some projects moving and encourage investment and transaction activity. That will especially be the case in stronger markets, such as South Florida, and sectors such as multifamily, prime office and industrial.

However, many also pointed out that they still have their eyes on a number of other factors, such as tariffs, a weak labor market, and high construction costs and insurance rates, as well as long-term rates and Treasuries.

Ultimately, the biggest impact may depend on whether this cut and the Fed's indication that it expects to make two more cuts this year provide enough of a boost in confidence, which several sources noted is a key factor for investors, buyers and lenders across the price spectrum.



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Eric Rapkin

Practice group chair, real estate, Akerman

"Any reduction in interest rates is a terrific thing for the commercial real estate industry. Lowering borrowing costs always spurs activity, in all sectors of the CRE world. Although a 25-basis-point reduction is for sure a positive thing, I don't think it means the floodgates are open or that other factors affecting the market are now irrelevant. For example, construction costs, insurance rates, potential effects from tariffs, a weakening labor market and other factors still exist. But the rate reduction is very welcome news."



Rich Traub

Partner, Smith Gambrell & Russell

"With today's quarter-point rate cut, the Fed made a clear bet on job creation, but it didn't go all-in. This was the bare minimum markets expected — more of a strategic jab than a knockout swing. [Fed Chairman Jerome] Powell's message is that labor market strength still matters more than inflation fears — at least for now. Equities responded with a short-lived boost, but yields barely



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moved, signaling that investors see this as a cautious, possibly one-off move rather than the start of an easing cycle. The Fed may be trying to buy insurance against a slowdown without spooking inflation hawks. But this fight is far from over. Inflation could still punch back, especially if demand picks up. Round one goes to labor, but the next moves from both the Fed and the market will tell us whether that lead holds."



Michael Lee

Partner, HKS Real Estate Advisors

"The Fed's decision to cut rates by a quarter point was widely anticipated, with markets already pricing it in. The latest jobs report underscored the challenges facing the economy, coming in more than a third below expectations and continuing a trend of steady declines. Payrolls are shrinking, unemployment is edging up, and yet the stock market just hit a record high, reflecting investor confidence in monetary easing.

"The real question now is what comes after this cut. If Treasury yields bounce back up as they did last fall, the commercial real estate market will once again be caught in a cycle of volatility. Treasuries have already plummeted in recent days, putting more downward pressure on yields than the cut itself. That dynamic will be critical in determining how capital flows into CRE in the months ahead."



Jordan Lang

President, McCourt Partners

"The anticipation of a rate cut, coupled with the recent jobs report, is a clear signal of support for growth at a time when the economy is showing signs of slowing.

"For commercial real estate, lower borrowing costs create more favorable conditions for investment and could encourage capital that has been waiting on the sidelines to reenter the market. We expect investors will focus on well-located assets where fundamentals are strongest. Multifamily, with its resilient risk profile, is especially well-positioned, and prime office properties in leading markets should see renewed interest. This move would provide clarity for investors as they plan capital allocations heading into year-end and sets the stage for a more active market as confidence rebuilds."



Isaac Toledano

Founder and CEO, BH Group



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"Investors have been cautious while rates remain high, but even this modest cut could quickly change that. Lower borrowing costs restore confidence, spur capital deployment, and accelerate transactions already underway. South Florida's market for income-producing commercial and mixed-use assets is already active, and this rate shift could further energize demand.

"Political developments in New York could add another layer beyond the Fed's decision today. If [Zohran] Mamdani becomes the next mayor, we could see more companies and executives relocating to Florida, increasing the need for modern mixed-use developments that combine offices, upscale residences, retail and lifestyle amenities. That momentum could spark new construction and redevelopment, reshaping the region's commercial landscape."



Daniel Diaz Leyva

Partner and chair, Florida real estate practice, Day Pitney

"Today's rate cut and the Fed's signaling of two more cuts by year end marks a pivotal shift for real estate. For the past two years, higher borrowing costs have slowed transactions, sidelined buyers and forced developers to rethink projects. A clearer path to lower rates restores confidence and should begin to unlock both capital markets activity and buyer demand. In Florida, where population growth and business migration continue at historic levels, these cuts could provoke a wave of investment across residential, commercial and industrial sectors. The timing is critical as developers, lenders and investors now see an opportunity to move from defense to offense."



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Rayni Williams

Co-founder, The Beverly Hills Estates

"Today's quarter-point rate cut marks the beginning of a gradual process rather than a one-time shift. Even before the move, anticipation of lower rates had already fueled consumer confidence and spurred activity, with the market picking up noticeably in recent weeks. The impact is unfolding differently across price points, but overall momentum looks promising with growing optimism about where the market is headed."



Noah Breakstone

CEO, BTI Partners

"This quarter-point rate cut represents an important first step toward addressing the housing affordability crisis that's currently impacting both homebuilders and potential buyers. While this initial reduction is meaningful, continued cuts will be essential to truly unlock the financing environment needed to make housing more accessible. We're optimistic this signals the beginning of a sustained effort to open the door to improved housing affordability across the market."



Alexandra Hack

Partner, Cedar Street Partners

"A 25-basis-point cut won't change underwriting overnight, but it should improve forward rate expectations. We expect bid-ask spreads to narrow and transaction volume to pick up — especially in multifamily — while construction lending remains selective amid elevated materials costs and persistent skilled-labor constraints. Cap rates are unlikely to reset immediately; the real catalyst is a clearer, less volatile rate path. If the Fed signals that path, rate and credit spreads should compress, and more projects will clear return hurdles into 2026."



Tessa Hilton

Co-CEO, Hilton Hilton

"In Los Angeles' upper-tier market, interest rate shifts shape more than financing. They influence confidence and negotiation power. While many luxury deals are cash, affluent buyers still weigh the cost of capital. Rising rates often bring caution and price pressure; when rates ease, urgency and



competition return. With the Fed's quarter-point cut, we anticipate renewed buyer engagement and optimism, which are both key drivers of momentum at the very top of the market."



Ivan Sher and Brad Malkin

Founder, IS LUXURY; and owner, Noble Home Loans

"The Fed cut its discount rate on Wednesday. That directly affects HELOCs, credit cards and the \$27 trillion Treasury market tied to short-term credit, but the impact on mortgage rates is less direct since they respond more to market sentiment than Fed policy.

"Employment has weakened, with one measure of unemployment at 8.1%. Inflation is less of a concern as tariff fears have faded, but if the Fed creates uncertainty around it, bonds could suffer and mortgage rates could rise even as equities gain. Rising equities boost confidence, especially among high-net-worth buyers, supporting more transactions. Rates should trend below 6% in the coming months, which will fuel demand and push home prices higher as limited supply collides with stronger buying activity.

"Reports of higher inventory are misleading since much of it reflects sellers holding back, and the months-of-supply metric is driven by weaker sales, not more listings. Lower rates will give prices an initial bump, and with even less inventory ahead, a second bump is likely. If you are considering buying, this is the moment. The price you pay is the one constant in real estate. The question is who captures the equity upside, you or the seller?"



Kyle Early

Managing director, residential, PEG

"Even before today's quarter-point rate cut, we were seeing commercial real estate valuations stabilize, renewed optimism in the capital markets, and increased lending activity, particularly from banks. The Fed's move is likely to accelerate that momentum, leading to reduced borrowing costs, greater capital flows, and more transaction activity, all of which will bolster commercial real estate values. The reduction should also help stimulate business expansion, hiring and consumer spending, driving increased demand for rental housing and hotels."



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Calixto "Cali" Garcia-Velez

President and CEO, Banesco USA

"Over the past few years, South Florida has outperformed national trends. Thanks to our strong regional footprint and deep market knowledge, Banesco has confidently doubled down, even as many other banks have scaled back their exposure in the region.

"With the Fed now delivering its most recent rate cut, I don't expect an immediate surge in activity, but it does send a powerful signal that a soft landing is achievable, restoring confidence across both real estate and business lending markets. The rate cut reduces short-term borrowing costs, with multifamily and industrial sectors likely seeing the benefit immediately, aiding developers and investors in Miami-Dade, Broward and Palm Beach counties.

"The more meaningful impact will come if additional cuts take hold, creating conditions for previously shelved projects and business investments to re-enter the pipeline and become financially viable once again."



Lisa Colon

Partner, Saul Ewing

"Contractors and developers welcome the Fed's rate cuts. Commercial lending has slowed noticeably over the summer, stalling many projects. Lower borrowing costs could change that dynamic, allowing projects that have been on hold for financing or economic reasons to finally move forward."



Alyssa Soto Brody

Co-founder, Powered by DMT

"As the market looks to the Federal Reserve's next move, any rate cuts could provide welcomed momentum — but it's still important to remember that real estate is driven by more than interest rates alone. In South Florida, while condo supply remains high and insurance premiums are creating some hurdles, buyers now have more options than ever and the ability to be selective. For new development, tariffs and broader policy shifts will play a role, but ultimately buyer confidence is the real driver. If the Fed signals



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stability, that could be the spark that brings more buyers off the sidelines and helps move inventory. With more choice in the market and the potential for improved conditions, it's an exciting time for those looking to make a move."



Keith Poliakoff

Managing partner, Government Law Group

"While the recent rate cut is the first in nearly a year, its immediate impact on the real estate market will be minimal. Lenders and developers are focused on long-term rates, particularly the 10-year treasury, not short-term federal rates. Although this rate cut will provide some relief for those with high-interest debt, it will take a full one-point reduction for it to make a real impact on the real estate market. Until then, it's unlikely to make a significant difference for real estate transactions or construction projects, as it was already expected by the industry."



Cary Cohen

Executive vice president, Blanca Commercial Real Estate

"With today's Fed rate cut, and signals of more to come, we anticipate an immediate impact on the South Florida market. Lower financing costs are a factor, but it's important to note that optimism here has remained strong

regardless, as South Florida continues to buck national trends. The Fed's commitment to supporting real estate investment will attract additional capital from local, national and international buyers. Coupled with Florida's pro-business environment and significant infrastructure projects, the region stands out as one of the most compelling markets in the country. Investors are clearly taking notice, and we expect that momentum to accelerate as financing costs ease."



Zack Simkins

Managing director, Vaster

"Today's rate cut was widely anticipated, but it carries meaningful weight as it sets the stage for renewed demand in the coming quarter as buyers, investors and borrowers look to capitalize on a softening rate environment. Ultimately, this will eventually lead to more transactions, which is what will help rebound some slow real estate markets."



Andrew Hellinger

Co-principal, Urban-X Group



"The Fed's decision to begin cutting rates is a welcomed relief for the real estate market. Higher borrowing costs over the past year have slowed activity significantly, with many homebuyers and developers sitting on the sidelines waiting for conditions to improve. A sustained cycle of rate cuts should restore confidence, lower financing costs, and bring much-needed momentum back to acquisitions and development."

Alan Hooper

Co-founder, Urban Street Development

"Rising interest rates, fast-rising construction costs, higher property insurance, and plateauing or even lowering rents had all contributed to a slowdown in residential development in downtowns. In Fort Lauderdale, Florida, alone, 30 to 40 entitled projects remained on the sidelines. The slowdown caused construction bids to come back down to reality, and policy moves by the state helped lower insurance rates.

"The Fed's 0.25% rate cut and anticipated future cuts could help turn the tide, sparking a gradual and positive shift in the development cycle. We expect we will start to see the first wave of entitled projects in prime downtown locations over the next 12-18 months. Because large multifamily projects take two to four years to build and lease up, the impact of a renewal won't be immediate, but at the same time, the lack of new supply and growing demand has helped stabilize existing inventory and strengthen the market."