MULTI-TENANT | Q3 2024

Northmarq

Overall Market

MULTI-TENANT OVERALL MARKET

Market Fundamentals

Q3 2024 Investment Sales Volume	**$36.98B**
Change from Last Quarter (Q2 '24)	**+5.3%**
Change from Last Year (Q3 '23)	**-7.2%**

Q3 2024 Overall Average Cap Rate	**7.04%**
Change from Last Quarter (Q2 '24)	**+12 bps**
Change from Last Year (Q3 '23)	**+41 bps**

Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m

Overview | Multi-Tenant Overall Market

Since the beginning of 2023, the overall multi-tenant market has seen reduced levels of quarterly sales volume compared to prior post-pandemic years. Third quarter 2024 logged nearly $37.0 billion in transactions, representing a slight increase from the previous reporting period, but activity remained very much on par with recent market averages. The multi-tenant industrial sector contributed 44% of the overall total volume, with $16.4 billion in sales volume, while office transactions contributed another $11.1 billion, and retail added approximately $9.5 billion. Year-to-date, the multi-tenant market has posted more than $110.4 billion in sales volume, but without a significant uptick in momentum to close out the year, 2024 totals will not exceed last year's performance.

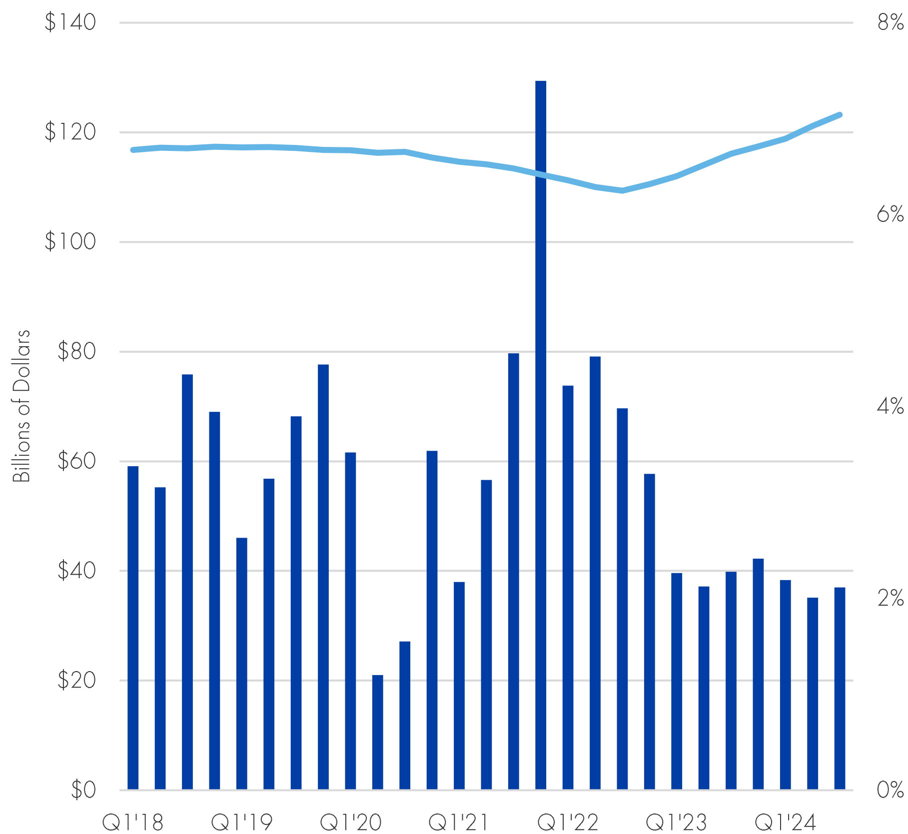
Cap rates, since mid-2022, have been steadily rising for multi-tenant transactions. At the close of third quarter 2024, the overall average reached 7.04%, surpassing the 7.0% mark for the first time in 10 years. By sector, industrial cap rates remain the lowest at 6.30% despite reporting a 25-basis point jump in the last three months. The multi-tenant retail sector has seen consistently modest increases in recent quarters, and now sits at an average of 7.19%. The office sector, on the other hand, has reported steeper increases in the last two years and is the market's highest average at 7.35%. This rate represents a two-basis point decline from second quarter.

After a noticeable increase in activity during 2023, international investors have pulled back in the last nine months across all multi-tenant asset types. In their place, we've seen both REITs and institutional investors regain some of their historic market share. Still, private investors make up the predominant buyer group, with 56% overall market share year-to-date. This trend holds true for each of the property sectors as well, with private individuals and entities representing between one-half and two-thirds of active buyers. Institutional investors seem to have their sights set on multi-tenant office and industrial product, whereas REITs have been acquiring shopping centers more frequently than other asset types.

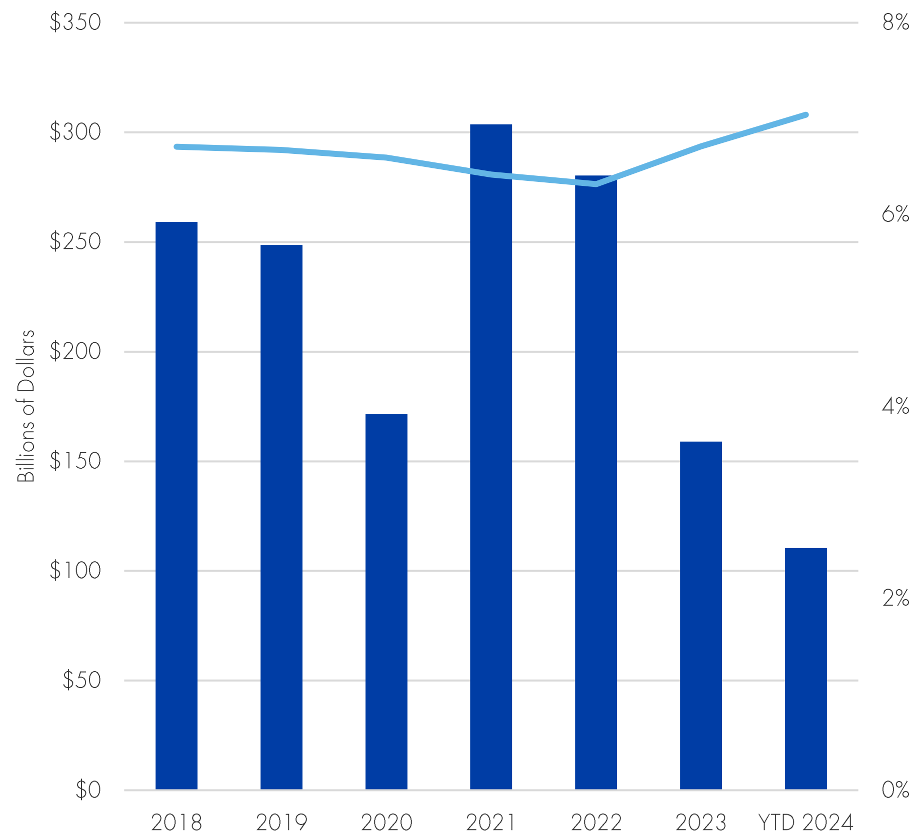
MULTI-TENANT OVERALL MARKET

Investment Sales Volume & Average Cap Rates

Quarterly



Annual



Sales Volume (in billions)
Average Cap Rate

Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m

MULTI-TENANT OVERALL MARKET

Quarterly & Annual Market Statistics

By Property Type

Investment Sales Volume (in billions)

Quarterly

Type	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Office	$9.55	$13.61	$12.87	$10.10	$11.05
Industrial	$17.81	$17.63	$13.41	$16.10	$16.38
Retail	$12.49	$11.00	$12.05	$8.93	$9.54
Total	**$39.85**	**$42.25**	**$38.33**	**$35.13**	**$36.98**

Annual

Type	2020	2021	2022	2023	YTD 2024
Office	$70.38	$117.26	$94.01	$44.74	$34.03
Industrial	$73.02	$126.15	$111.35	$67.74	$45.89
Retail	$28.23	$60.26	$74.90	$46.44	$30.53
Total	**$171.63**	**$303.68**	**$280.26**	**$158.93**	**$110.44**

Average Cap Rates

Quarterly

Type	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Office	6.98%	7.09%	7.22%	7.37%	7.35%
Industrial	5.66%	5.84%	5.86%	6.05%	6.30%
Retail	6.97%	6.98%	7.06%	7.13%	7.19%
Total	**6.63%**	**6.71%**	**6.79%**	**6.92%**	**7.04%**

Annual

Type	2020	2021	2022	2023	YTD 2024
Office	6.70%	6.41%	6.38%	7.09%	7.35%
Industrial	6.11%	5.72%	5.51%	5.84%	6.30%
Retail	6.79%	6.79%	6.61%	6.98%	7.19%
Total	**6.59%**	**6.42%**	**6.32%**	**6.71%**	**7.04%**

Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m; totals may not equal the sum of individual property types due to rounding

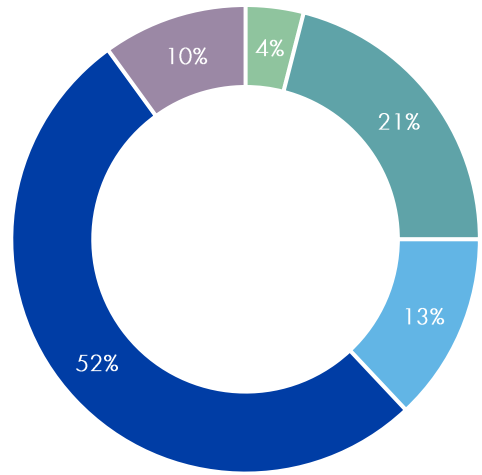
MULTI-TENANT OVERALL MARKET

Buyer Distribution
Quarterly, by Property Type

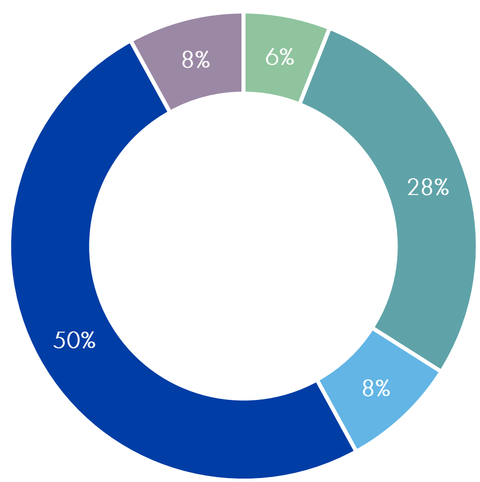
YTD as of Q3 2024

- International Buyer
- Domestic Institutional
- Domestic Public REIT
- Domestic Private Buyer
- Domestic User/Other

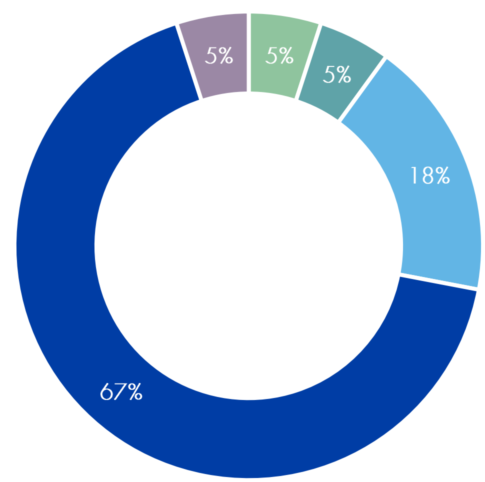
Multi-Tenant Office



Multi-Tenant Industrial



Multi-Tenant Retail



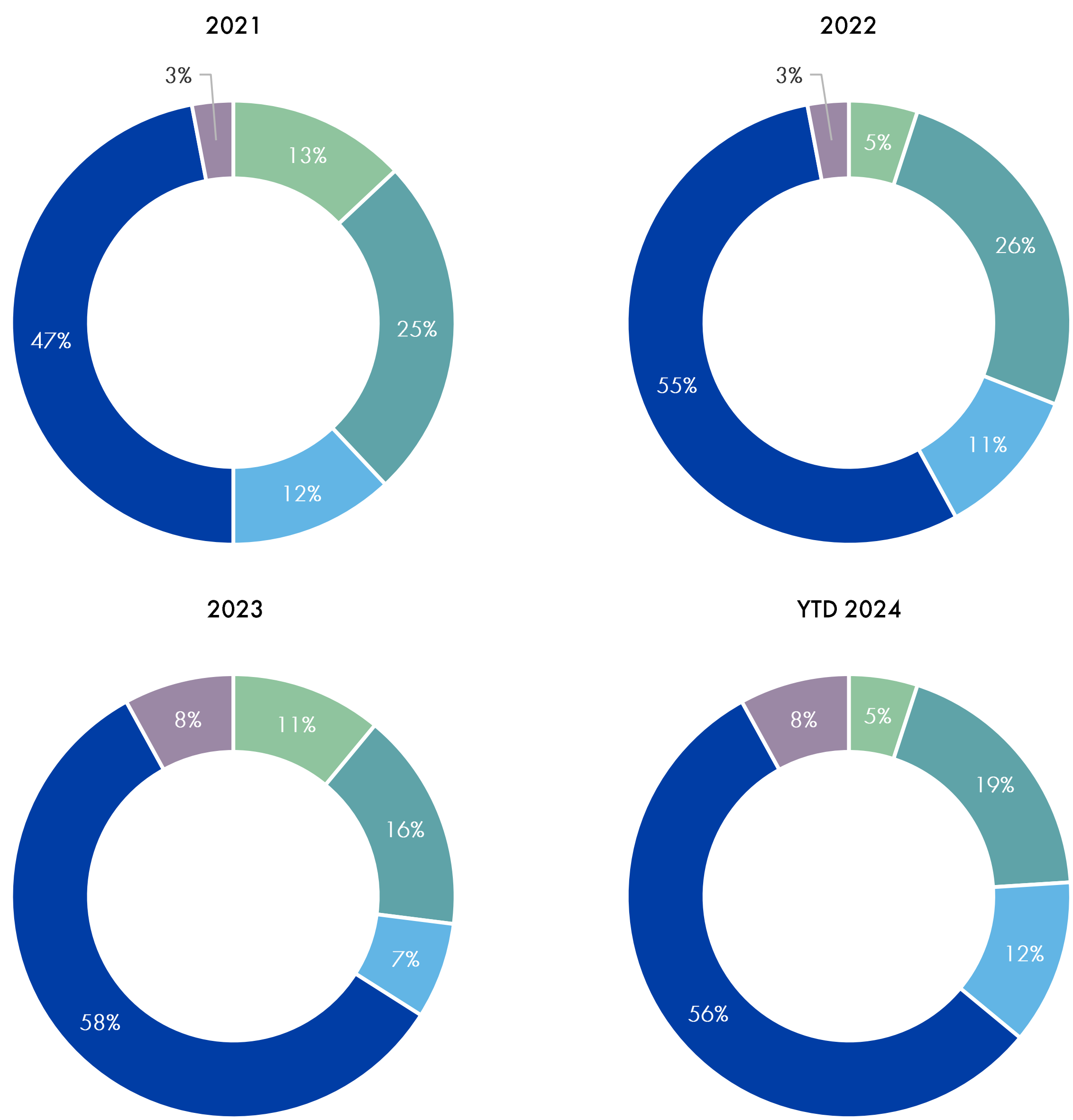
Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m; graphs may not total 100 percent due to rounding

MULTI-TENANT OVERALL MARKET

Buyer Distribution
Annual, Overall Market

Annual

- International Buyer
- Domestic Institutional
- Domestic Public REIT
- Domestic Private Buyer
- Domestic User/Other

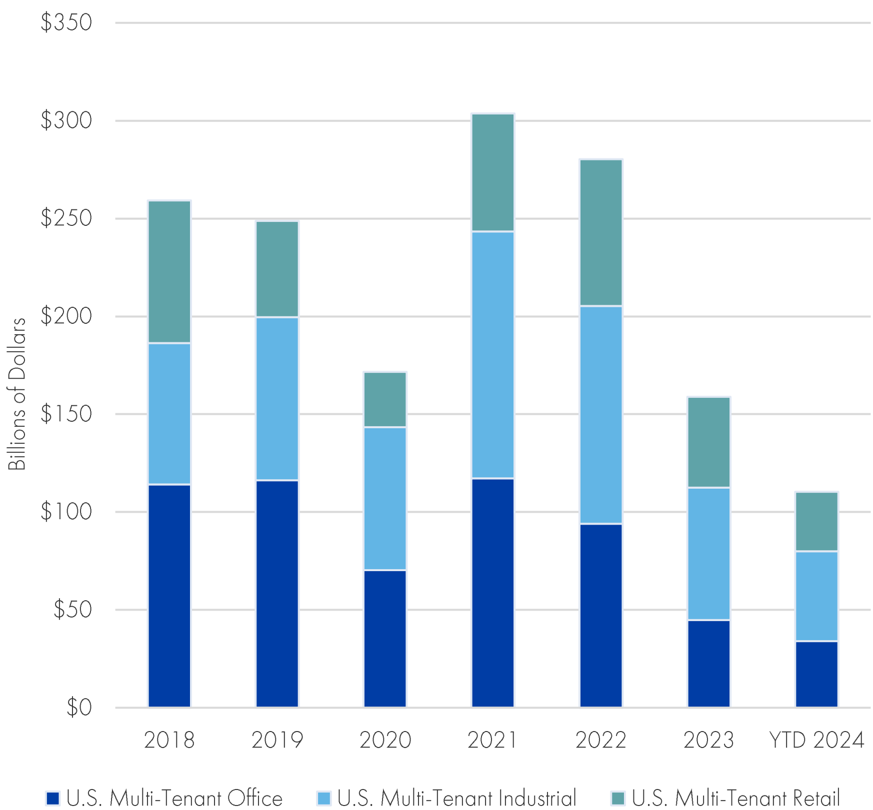


Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m; graphs may not total 100 percent due to rounding

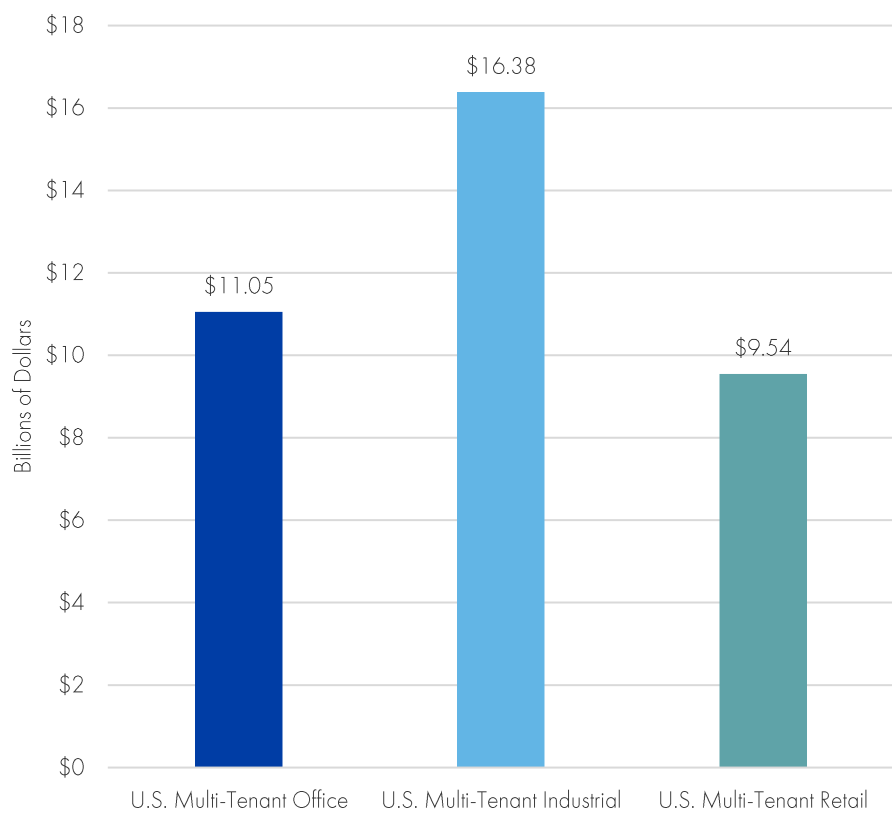
MULTI-TENANT OVERALL MARKET

Investment Sales Volume
By Property Type

Annual



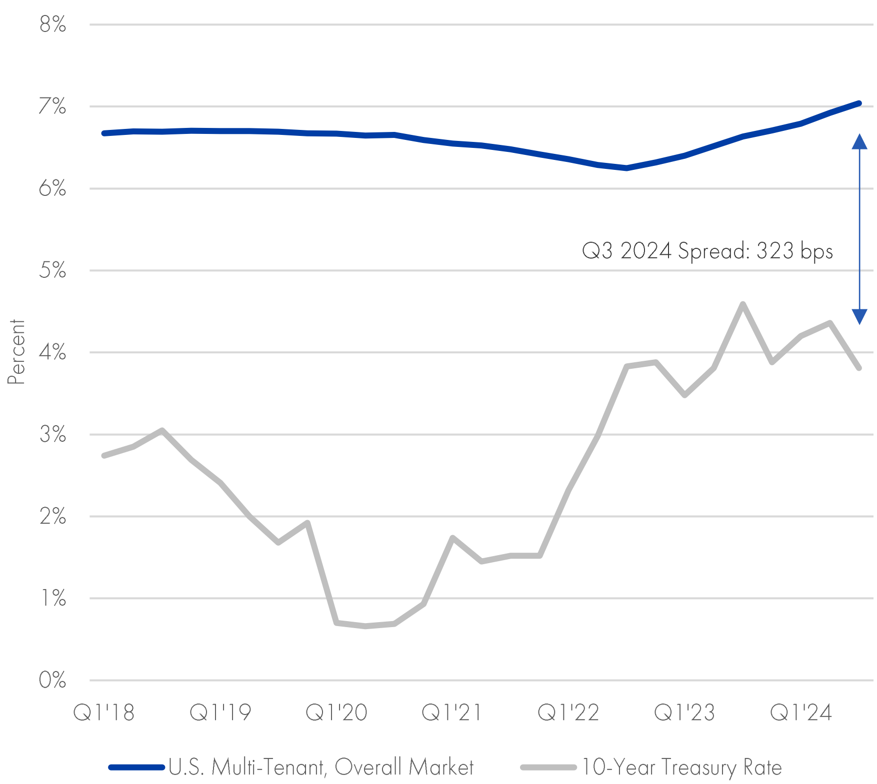
Q3 2024



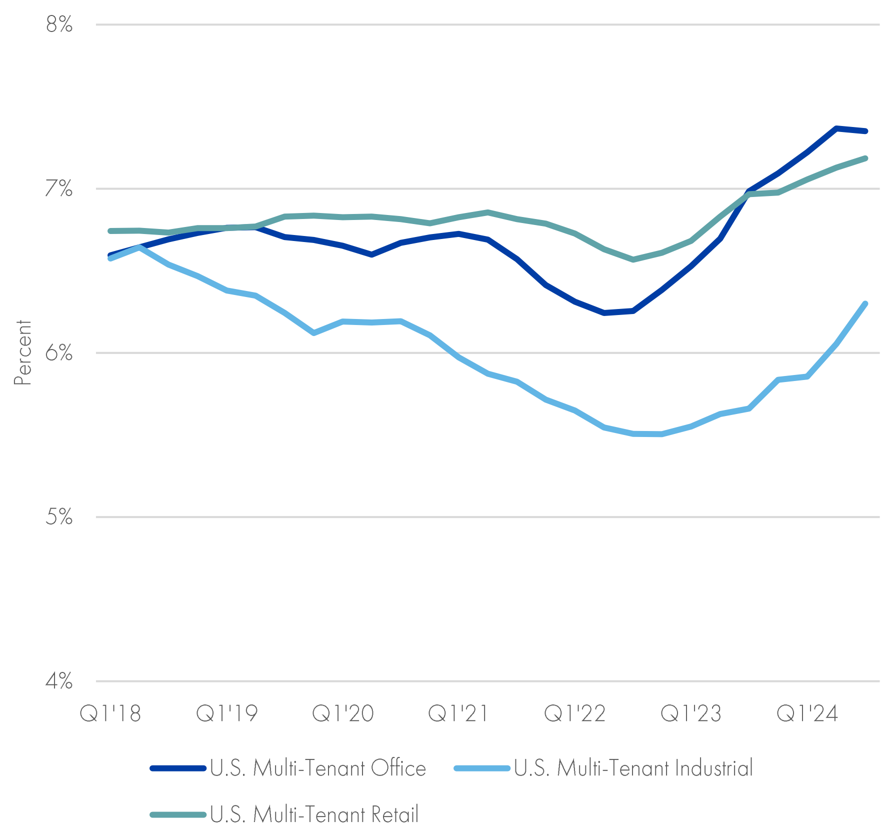
Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m

Average Cap Rates

Overall Average Cap Rate vs. 10-Year Treasury, with Current Spread



Average Cap Rates, by Property Type



Source: Northmarq, Real Capital Analytics, U.S. Federal Reserve; analysis includes sales greater than $2.5m; 10-year treasury graph includes quarter-end values and may not illustrate actual daily high or low points

LANIE BECK

Senior Director, Content & Marketing Research

lbeck@northmarq.com

northmarq.com/trends-insights/research-library/marketsnapshot