



MULTI-TENANT | Q3 2024

# Retail

Commercial Real Estate | Debt + Equity | Investment Sales | Loan Servicing | Fund Management

[northmarq.com](https://northmarq.com)

## MULTI-TENANT RETAIL

### Market Fundamentals



Q3 2024 Investment Sales Volume	<b>\$9.54B</b>
Change from Last Quarter (Q2 '24)	<b>+6.8%</b>
Change from Last Year (Q3 '23)	<b>-23.6%</b>



Q3 2024 Overall Average Cap Rate	<b>7.19%</b>
Change from Last Quarter (Q2 '24)	<b>+6 bps</b>
Change from Last Year (Q3 '23)	<b>+22 bps</b>

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

### Overview | Multi-Tenant Retail

The multi-tenant retail market reported a 6.8% uptick in transaction volume during third quarter 2024, logging more than \$9.5 billion. Quarterly investment activity remains down year-over-year by nearly 24%, and it is unlikely that momentum will increase enough in the final months of the year to meet 2023's annual total. Year-to-date, the sector has posted just over \$30.5 billion in transactions. Regionally, the Southeast drove performance this quarter, contributing almost \$2.6 billion in sales, or about 27% of total sector activity. South and Central Florida reported a high concentration of transactions, with other pockets in the Northeast, Southern California and Denver also seeing notable deal volume.

Average cap rates for shopping centers increased six basis points to end third quarter at 7.19%, and rates are now higher than at any point in the last 10 years. While the upward trajectory hasn't been as steep as other sectors have reported, cap rates had been incredibly stable leading up to 2022, when the market experienced a short period of declining rates. That dip was short-lived, and in the last two years, we've seen averages climb to return to historic levels and ultimately surpass them. Similar to other multi-tenant sectors, the retail market shows a wide disparity in cap rates regionally, with a 172-basis point range. Quarterly cap rate movement in third quarter was mixed as well, with some areas experiencing slight declines, others reporting small increases and one staying flat.

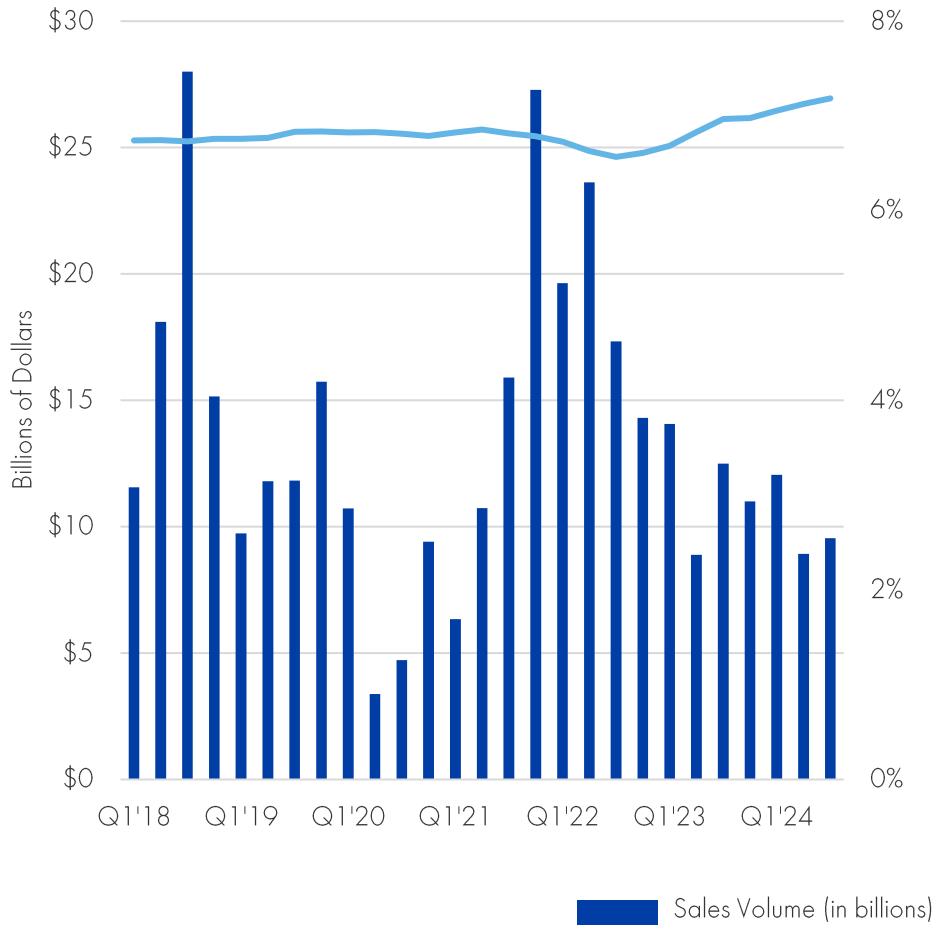
International investors returned to the shopping center market in earnest last year, but since then, have pulled back to just 5% of active buyers in 2024. This has allowed REITs, with 18% market share year-to-date, and private investors, at 67%, to acquire a greater share of assets in the space. Institutional buyers have been fairly quiet in the last two years, and now make up only 5% of the buyer pool, compared to 15% in 2022 and nearly 30% in 2016.



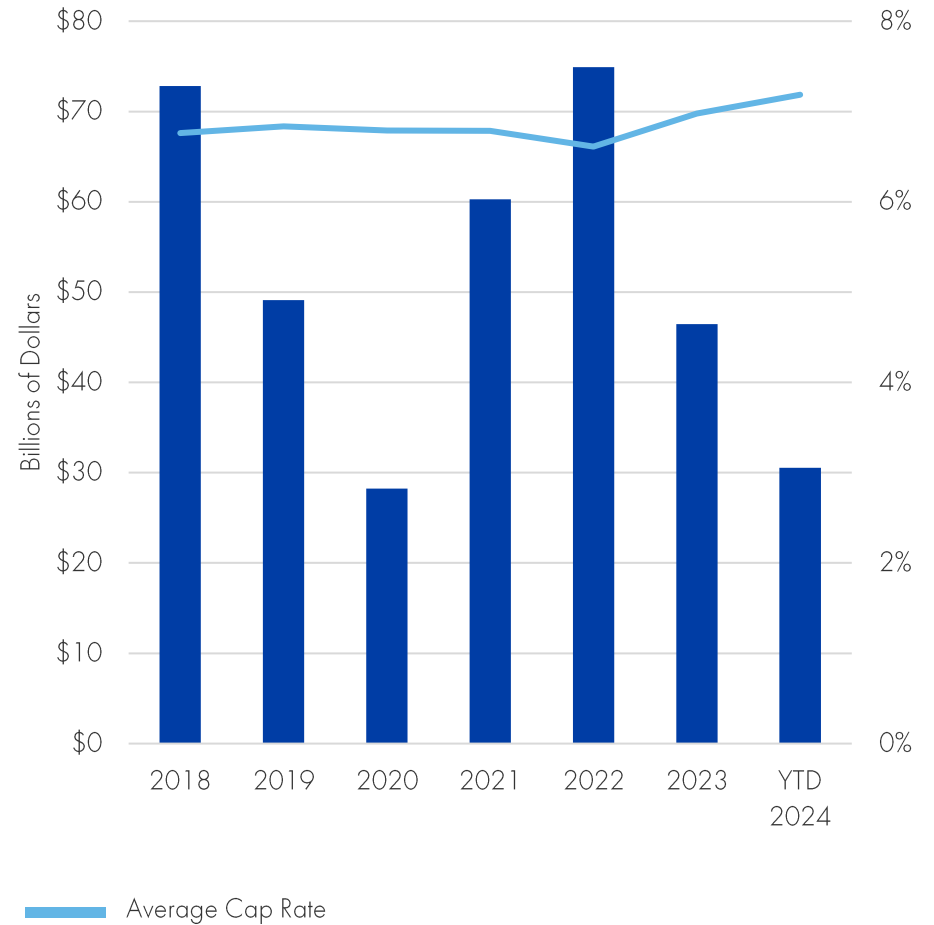
# MULTI-TENANT RETAIL

## Investment Sales Volume & Average Cap Rates

**Q** Quarterly



**A** Annual



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



## MULTI-TENANT RETAIL

### Quarterly & Annual Market Statistics

#### Investment Sales Volume (in millions)



##### Quarterly

Type	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Mid-Atlantic	\$1,060.02	\$653.05	\$526.32	\$858.46	\$867.87
Midwest	\$2,007.68	\$1,188.21	\$2,453.64	\$1,316.69	\$1,220.68
Northeast	\$2,422.57	\$2,207.03	\$2,331.92	\$1,395.67	\$1,329.46
Southeast	\$2,958.10	\$2,566.52	\$2,887.25	\$2,019.73	\$2,582.12
Southwest	\$1,810.12	\$1,662.64	\$2,070.66	\$1,278.16	\$1,652.25
West	\$2,232.88	\$2,726.63	\$1,779.55	\$2,062.97	\$1,892.57
<b>Total</b>	<b>\$12,491.37</b>	<b>\$11,004.08</b>	<b>\$12,049.34</b>	<b>\$8,931.68</b>	<b>\$9,544.94</b>

##### Annual

Type	2020	2021	2022	2023	YTD 2024
Mid-Atlantic	\$2,521.78	\$4,996.81	\$6,202.82	\$3,231.61	\$2,252.65
Midwest	\$3,614.34	\$8,186.22	\$8,940.09	\$10,078.05	\$4,991.01
Northeast	\$4,531.58	\$6,564.22	\$8,308.75	\$7,488.13	\$5,057.05
Southeast	\$6,441.06	\$14,531.12	\$18,931.51	\$9,958.74	\$7,489.10
Southwest	\$4,241.62	\$11,847.18	\$12,052.29	\$6,959.47	\$5,001.07
West	\$6,876.91	\$14,136.61	\$20,462.45	\$8,723.08	\$5,735.09
<b>Total</b>	<b>\$28,227.30</b>	<b>\$60,262.15</b>	<b>\$74,897.91</b>	<b>\$46,439.08</b>	<b>\$30,525.96</b>

#### Average Cap Rates



##### Quarterly

Type	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Mid-Atlantic	7.75%	7.51%	7.58%	7.56%	7.52%
Midwest	7.77%	7.86%	7.89%	8.00%	8.00%
Northeast	6.49%	6.36%	6.55%	6.68%	6.79%
Southeast	7.14%	7.22%	7.25%	7.28%	7.26%
Southwest	7.01%	7.14%	7.17%	7.19%	7.24%
West	5.98%	6.01%	6.09%	6.26%	6.28%
<b>Total</b>	<b>6.97%</b>	<b>6.98%</b>	<b>7.06%</b>	<b>7.13%</b>	<b>7.19%</b>

##### Annual

Type	2020	2021	2022	2023	YTD 2024
Mid-Atlantic	7.24%	7.06%	7.28%	7.51%	7.52%
Midwest	7.42%	7.60%	7.36%	7.86%	8.00%
Northeast	6.12%	6.32%	6.38%	6.36%	6.79%
Southeast	7.24%	7.07%	6.83%	7.22%	7.26%
Southwest	6.86%	6.73%	6.40%	7.14%	7.24%
West	6.04%	5.98%	5.75%	6.01%	6.28%
<b>Total</b>	<b>6.79%</b>	<b>6.79%</b>	<b>6.61%</b>	<b>6.98%</b>	<b>7.19%</b>

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

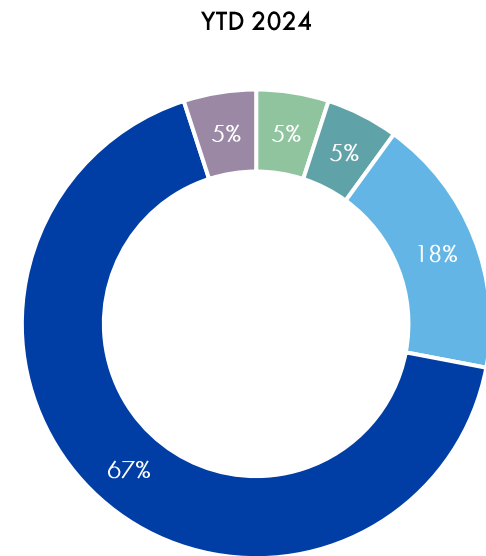
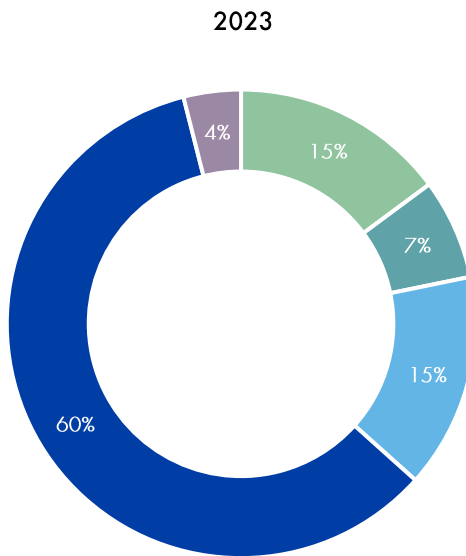
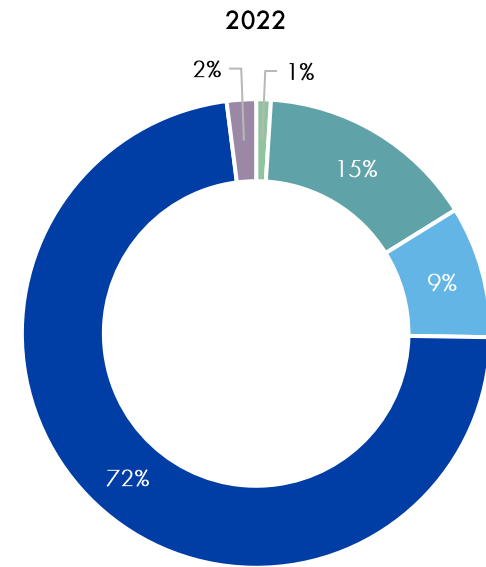
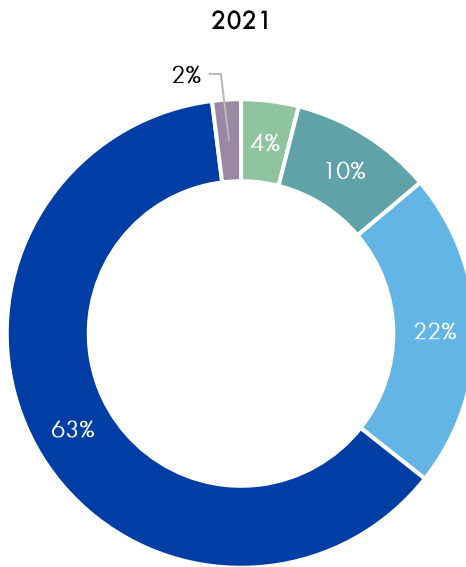


# MULTI-TENANT RETAIL

## Buyer Distribution

### 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





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