



SINGLE-TENANT | Q3 2024

# Industrial

## SINGLE-TENANT INDUSTRIAL

### Market Fundamentals



Q3 2024 Investment Sales Volume	<b>\$6.35B</b>
Change from Last Quarter (Q2 '24)	<b>+12.6%</b>
Change from Last Year (Q3 '23)	<b>+18.0%</b>



Q3 2024 Overall Average Cap Rate	<b>6.48%</b>
Change from Last Quarter (Q2 '24)	<b>+3 bps</b>
Change from Last Year (Q3 '23)	<b>+26 bps</b>

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

### Overview | Single-Tenant Industrial

In third quarter 2024, the single-tenant industrial market remained on a path of reporting increasing sales volume. With \$6.35 billion logged in the last three months, third quarter's performance brings the year-to-date activity level to more than \$16.2 billion. If current momentum stays flat in fourth quarter, the sector would be on pace to just narrowly miss last year's annual total, but with another 12% quarterly jump in activity, as was witnessed this reporting period, the sector will easily surpass last year's performance.

Average cap rates for net lease industrial transactions have, at least temporarily, leveled off. In the past two years, the market witnessed a series of sharp quarterly increases, taking the average from a low of 5.22% at mid-year 2022 to a recent high of 6.51% in first quarter 2024. Since then, rates have fluctuated only a few basis points each quarter and now sit at an average of 6.48%. By region, the industrial market has a narrower spread than other net lease sectors of just 99 basis points between the Northeast's low average of 5.84% and the Southwest region at 6.83%.

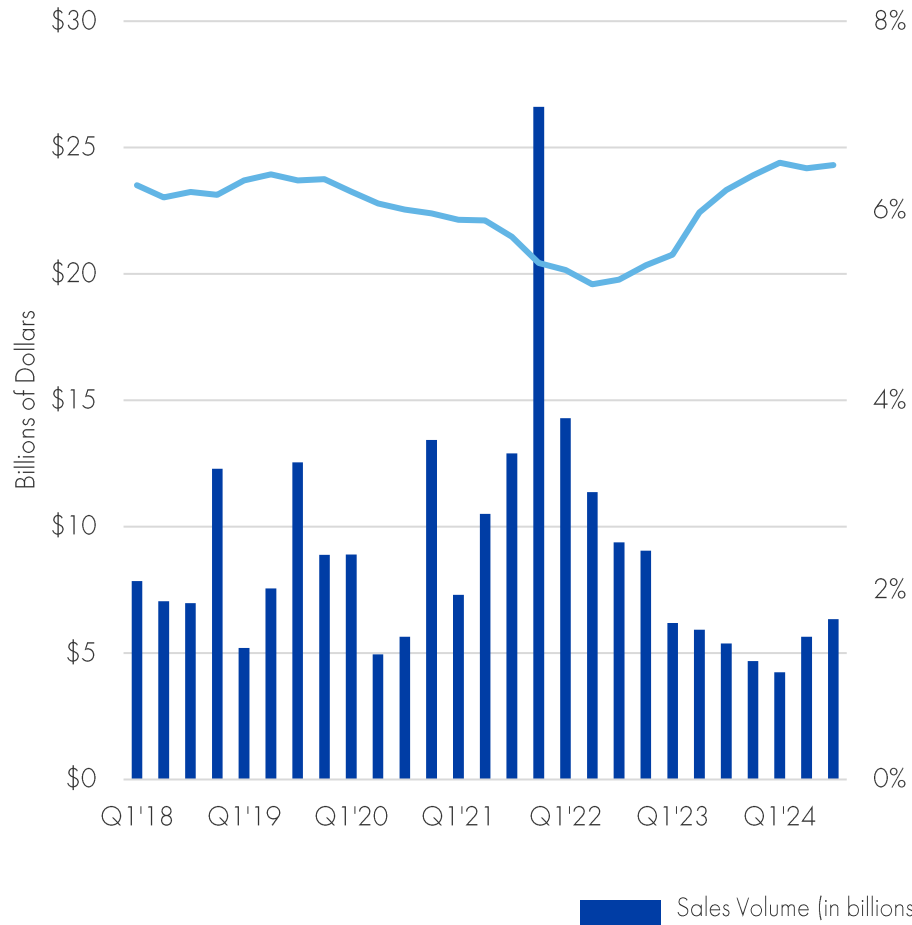
Very little fluctuation has been seen across the buyer pool for single-tenant industrial assets in recent years. Most notably, there has been a slight uptick in international investor activity, with portfolio and single-asset transactions concentrated in the eastern U.S.'s primary and secondary markets. REIT activity, on the other hand, has declined somewhat from 2023, as this investor group has more frequently been pursuing net lease office and retail acquisitions this year.



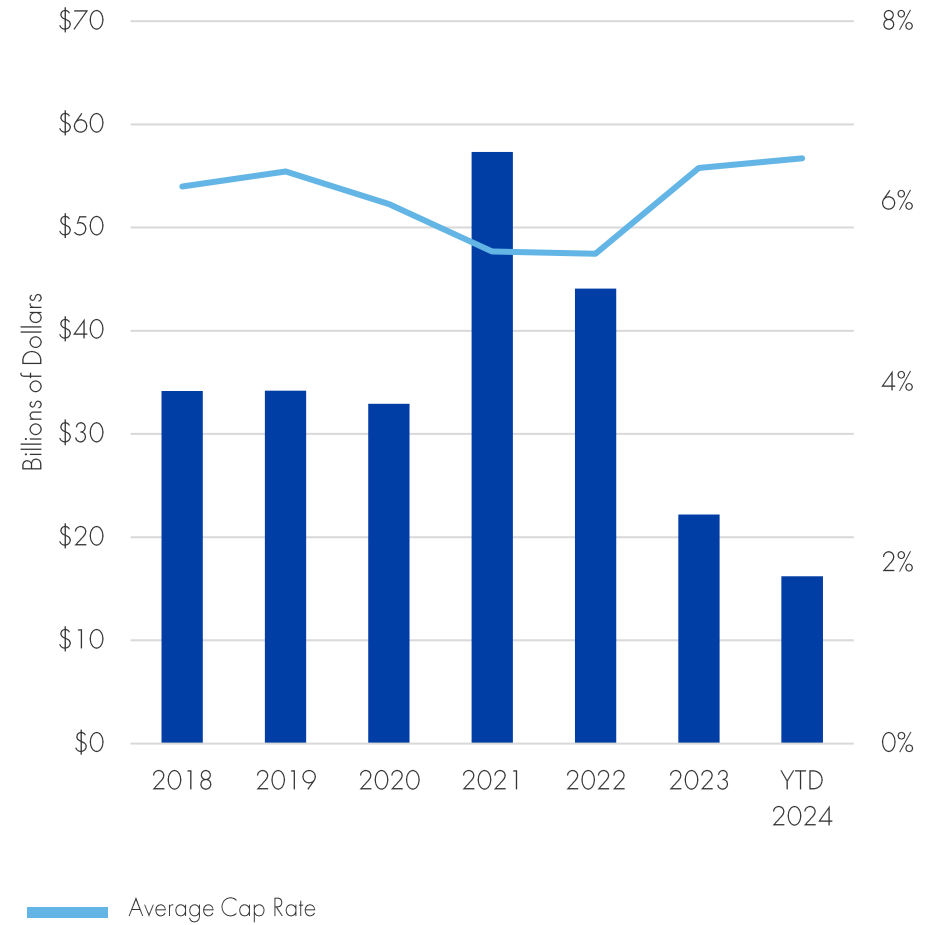
# SINGLE-TENANT INDUSTRIAL

## Investment Sales Volume & Average Cap Rates

**Q** Quarterly



**A** Annual



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

# SINGLE-TENANT INDUSTRIAL

## Quarterly & Annual Market Statistics

### Investment Sales Volume (in millions)



#### Quarterly

Type	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Mid-Atlantic	\$447.45	\$488.85	\$457.01	\$481.84	\$880.31
Midwest	\$876.83	\$1,170.46	\$611.20	\$683.21	\$1,019.98
Northeast	\$698.30	\$391.26	\$359.81	\$612.29	\$389.64
Southeast	\$1,362.36	\$979.58	\$969.23	\$1,852.67	\$1,732.20
Southwest	\$525.18	\$510.43	\$738.68	\$805.61	\$1,269.00
West	\$1,474.83	\$1,142.03	\$1,100.00	\$1,205.59	\$1,054.54
<b>Total</b>	<b>\$5,384.96</b>	<b>\$4,682.61</b>	<b>\$4,235.94</b>	<b>\$5,641.21</b>	<b>\$6,345.66</b>

#### Annual

Type	2020	2021	2022	2023	YTD 2024
Mid-Atlantic	\$2,987.29	\$4,947.19	\$4,710.16	\$2,517.94	\$1,819.16
Midwest	\$7,187.10	\$11,250.46	\$8,766.19	\$4,422.74	\$2,314.39
Northeast	\$4,010.00	\$6,789.49	\$4,255.26	\$2,410.57	\$1,361.74
Southeast	\$5,991.59	\$11,167.17	\$9,283.67	\$4,424.35	\$4,554.10
Southwest	\$4,812.69	\$7,564.11	\$5,759.80	\$2,127.41	\$2,813.30
West	\$7,946.24	\$15,611.86	\$11,308.28	\$6,279.27	\$3,360.12
<b>Total</b>	<b>\$32,934.91</b>	<b>\$57,330.28</b>	<b>\$44,083.36</b>	<b>\$22,182.27</b>	<b>\$16,222.81</b>

### Average Cap Rates



#### Quarterly

Type	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Mid-Atlantic	6.19%	6.40%	6.26%	6.29%	6.39%
Midwest	6.78%	6.87%	7.00%	6.74%	6.82%
Northeast	5.90%	5.91%	6.05%	5.99%	5.84%
Southeast	6.58%	6.69%	6.66%	6.62%	6.67%
Southwest	6.28%	6.40%	6.67%	6.71%	6.83%
West	5.40%	5.69%	6.03%	6.13%	6.02%
<b>Total</b>	<b>6.22%</b>	<b>6.37%</b>	<b>6.51%</b>	<b>6.45%</b>	<b>6.48%</b>

#### Annual

Type	2020	2021	2022	2023	YTD 2024
Mid-Atlantic	5.97%	5.71%	5.55%	6.40%	6.39%
Midwest	6.72%	6.44%	6.38%	6.87%	6.82%
Northeast	5.58%	5.41%	5.45%	5.91%	5.84%
Southeast	6.21%	5.56%	5.50%	6.69%	6.67%
Southwest	6.19%	5.56%	5.05%	6.40%	6.83%
West	5.27%	4.70%	4.62%	5.69%	6.02%
<b>Total</b>	<b>5.97%</b>	<b>5.45%</b>	<b>5.42%</b>	<b>6.37%</b>	<b>6.48%</b>



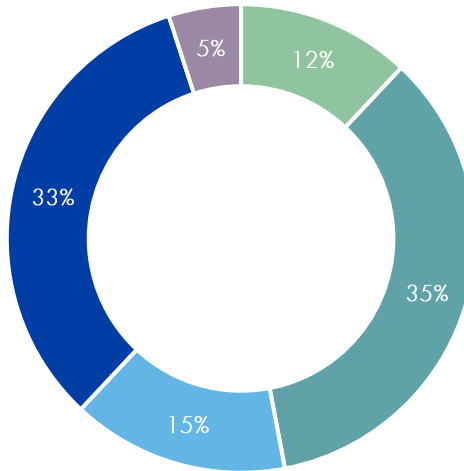
# SINGLE-TENANT INDUSTRIAL

## Buyer Distribution

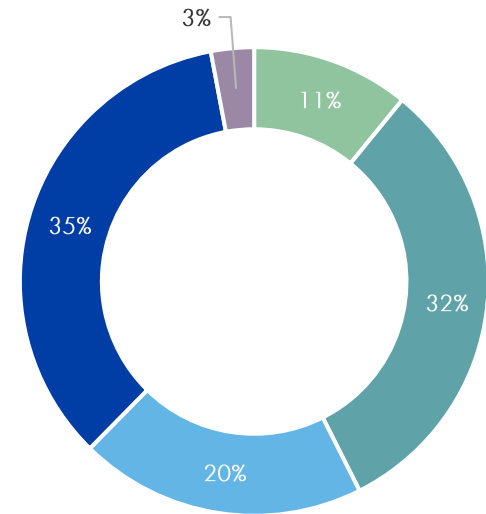
### Annual

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

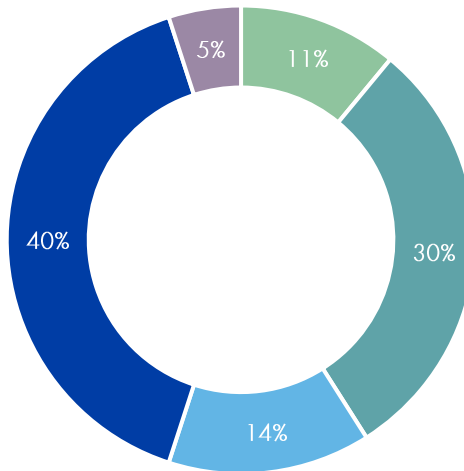
2021



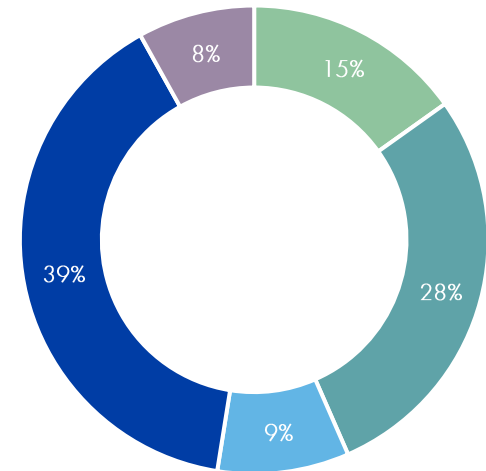
2022



2023



YTD 2024



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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