



SINGLE-TENANT | Q3 2024

Overall Market

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

northmarq.com

SINGLE-TENANT OVERALL MARKET

Market Fundamentals



Q3 2024 Investment Sales Volume	\$10.32B
Change from Last Quarter (Q2 '24)	+3.6%
Change from Last Year (Q3 '23)	-8.7%



Q3 2024 Overall Average Cap Rate	6.71%
Change from Last Quarter (Q2 '24)	+12 bps
Change from Last Year (Q3 '23)	+63 bps

Overview | Single-Tenant Overall Market

The single-tenant net lease market posted a slight uptick in transaction volume during third quarter 2024, with \$10.3 billion in sales volume reported. While this represents a 3.6% rise from last quarter, year-over-year activity remains down. However, just this small increase now puts the net lease sector on track to outpace 2023's annual total, as nearly \$32.5 billion has been logged in 2024 year-to-date.

The industrial sector remained the dominant contributor to investment sales activity, representing 61.5% of this quarter's volume. While net lease industrial witnessed a healthy increase in transaction volume, the retail sector reported a much more modest quarter-to-quarter increase, as the office sector reported a second straight quarter of declining sales volume.

Cap rates continued to rise across all net lease sectors, with the overall single-tenant average reaching 6.71% in third quarter. Up 12 basis points in the last three months, average cap rates have now increased steadily for eight consecutive quarters.

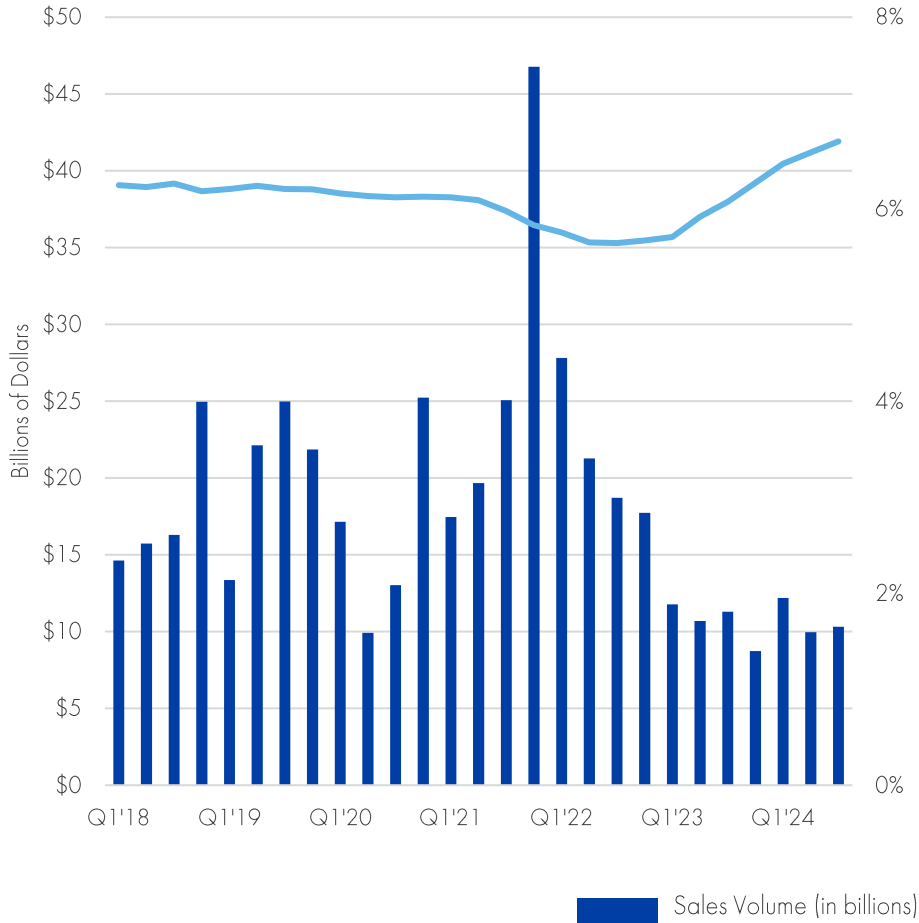
Several disrupters are set to influence investor sentiment in the final months of the year. With the U.S. Presidential election right around the corner and continued uncertainty regarding the timing and severity of interest rate cuts, it remains to be seen whether potential buyers will make a push to close deals before year-end, or if appetites will cool in hopes of a more favorable environment in 2025.



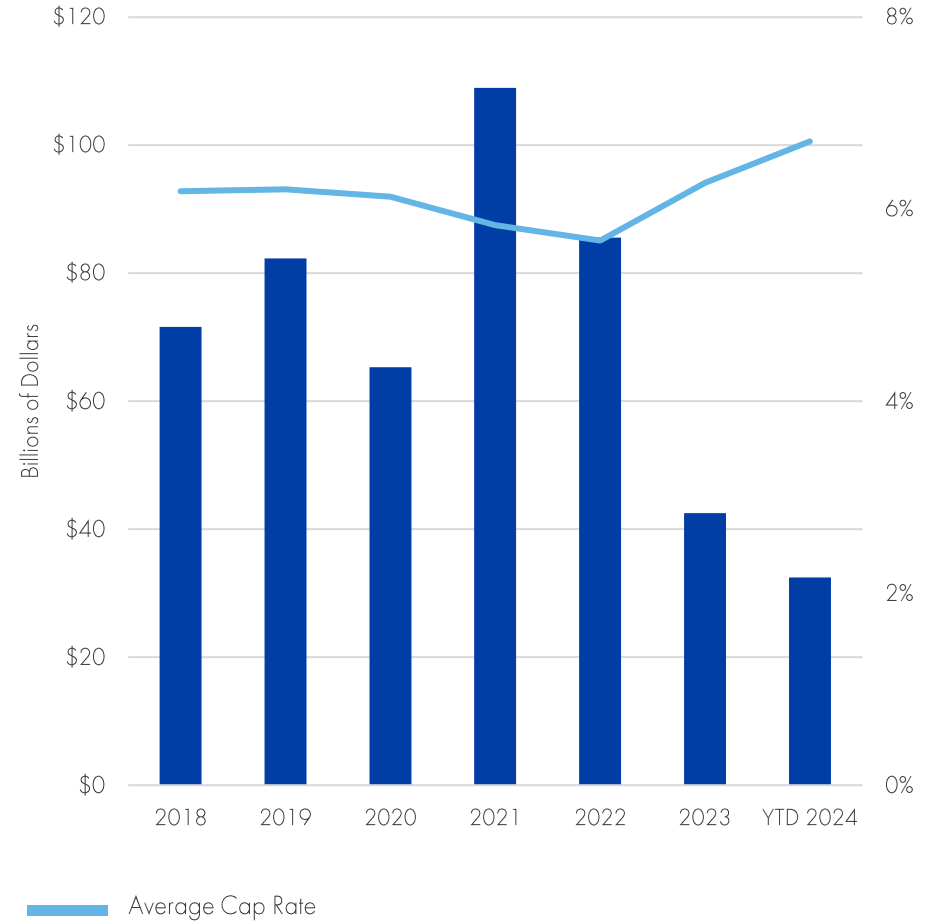
SINGLE-TENANT OVERALL MARKET

Investment Sales Volume & Average Cap Rates

Q Quarterly



A Annual



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



SINGLE-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	\$2.16	\$1.73	\$3.74	\$2.26	\$1.62
Industrial	\$5.38	\$4.68	\$4.24	\$5.64	\$6.35
Retail	\$3.75	\$2.31	\$4.21	\$2.06	\$2.36
Total	\$11.30	\$8.73	\$12.19	\$9.96	\$10.32

Annual

Type	2020	2021	2022	2023	YTD 2024
Office	\$18.86	\$29.89	\$22.87	\$7.84	\$7.62
Industrial	\$32.93	\$57.33	\$44.08	\$22.18	\$16.22
Retail	\$13.52	\$21.77	\$18.59	\$12.48	\$8.63
Total	\$65.32	\$108.98	\$85.55	\$42.50	\$32.48

Average Cap Rates



Quarterly

Type	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Office	6.59%	6.65%	6.82%	6.87%	6.94%
Industrial	6.22%	6.37%	6.51%	6.45%	6.48%
Retail	5.86%	6.12%	6.35%	6.58%	6.74%
Total	6.08%	6.27%	6.48%	6.59%	6.71%

Annual

Type	2020	2021	2022	2023	YTD 2024
Office	6.24%	6.19%	6.15%	6.65%	6.94%
Industrial	5.97%	5.45%	5.42%	6.37%	6.48%
Retail	6.17%	5.93%	5.62%	6.12%	6.74%
Total	6.13%	5.83%	5.67%	6.27%	6.71%



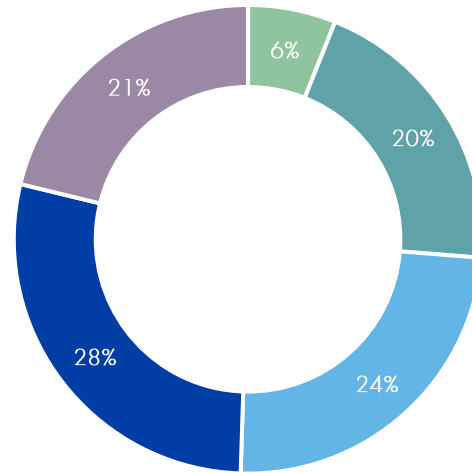
SINGLE-TENANT OVERALL MARKET

Buyer Distribution Quarterly, by Property Type

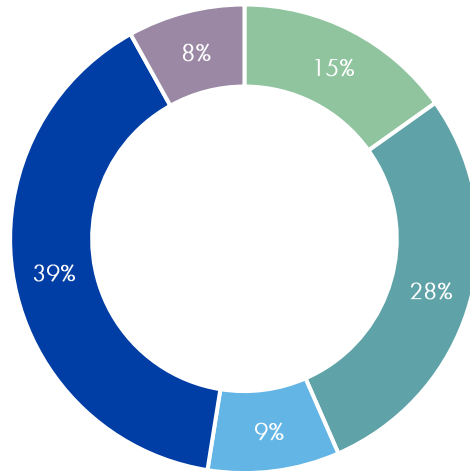
YTD as of Q3 2024

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

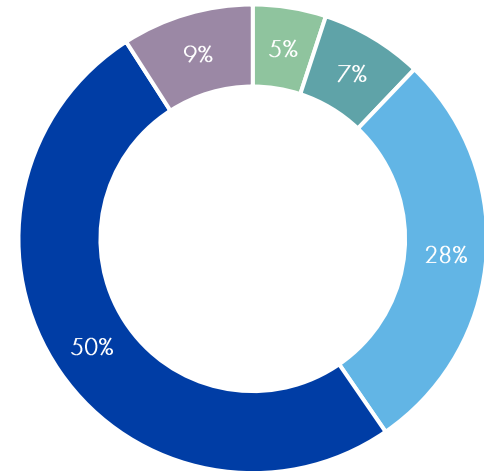
Single-Tenant Office



Single-Tenant Industrial



Single-Tenant Retail



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



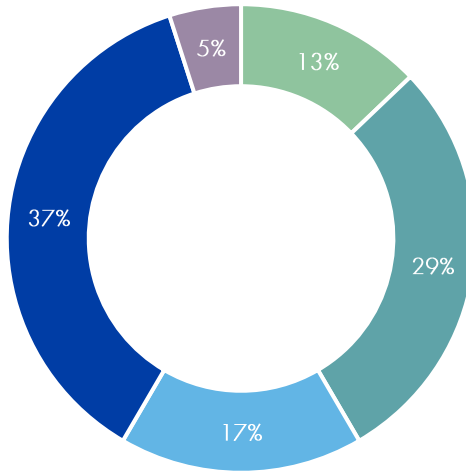
SINGLE-TENANT OVERALL MARKET

Buyer Distribution Annual, Overall Market

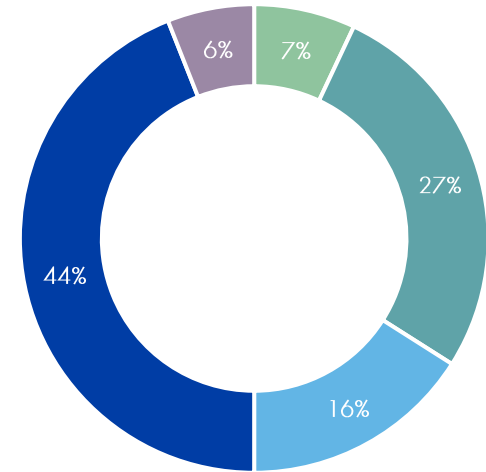
Annual

- International Buyer
- Domestic Institutional
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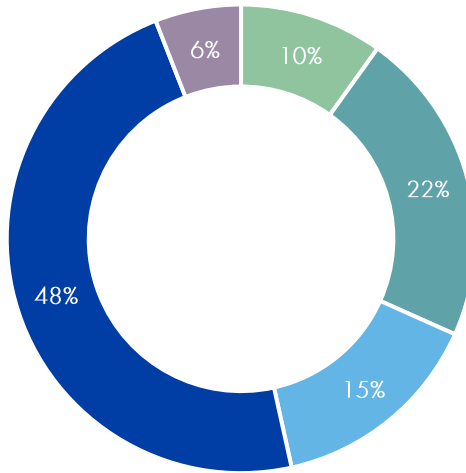
2021



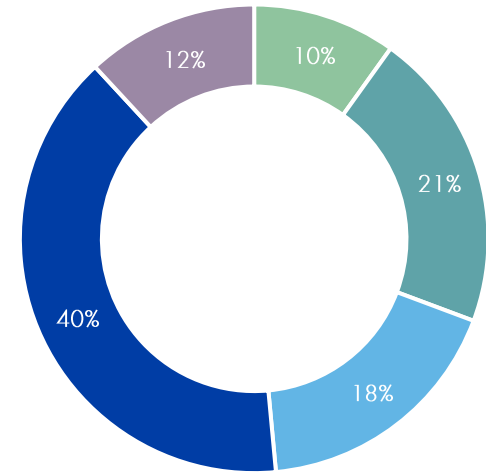
2022



2023



YTD 2024

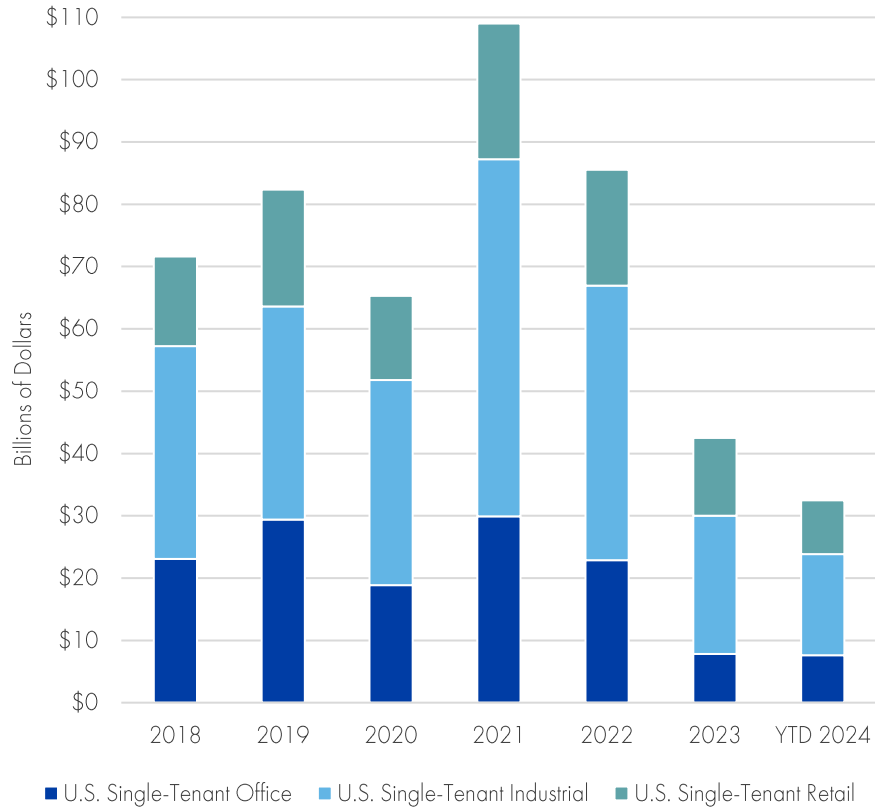


Source: Northmarq, Real Capital Analytics; analysis includes sales greater than \$2.5m; graphs may not total 100 percent due to rounding

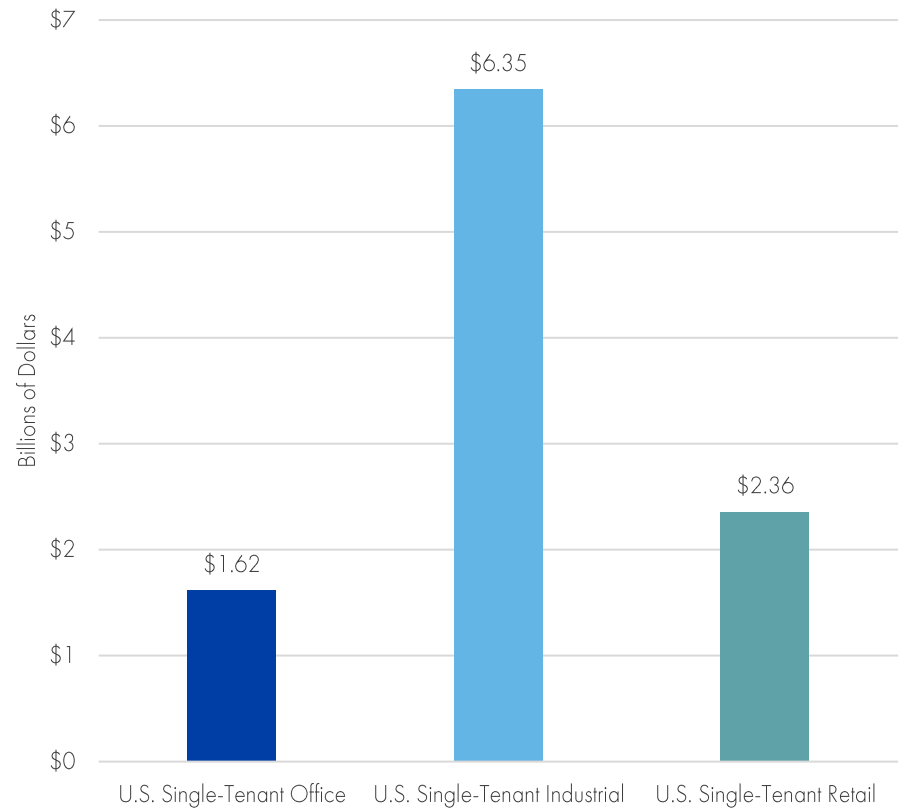
SINGLE-TENANT OVERALL MARKET

Investment Sales Volume By Property Type

Annual



Q3 2024



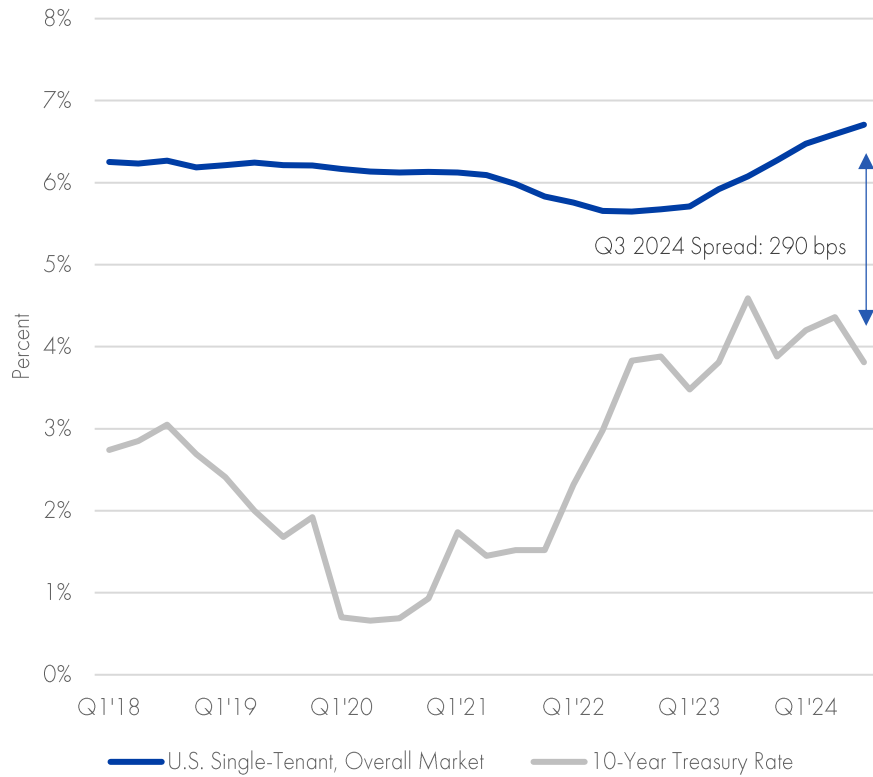
Source: Northmarq, Real Capital Analytics; analysis includes sales greater than \$2.5m



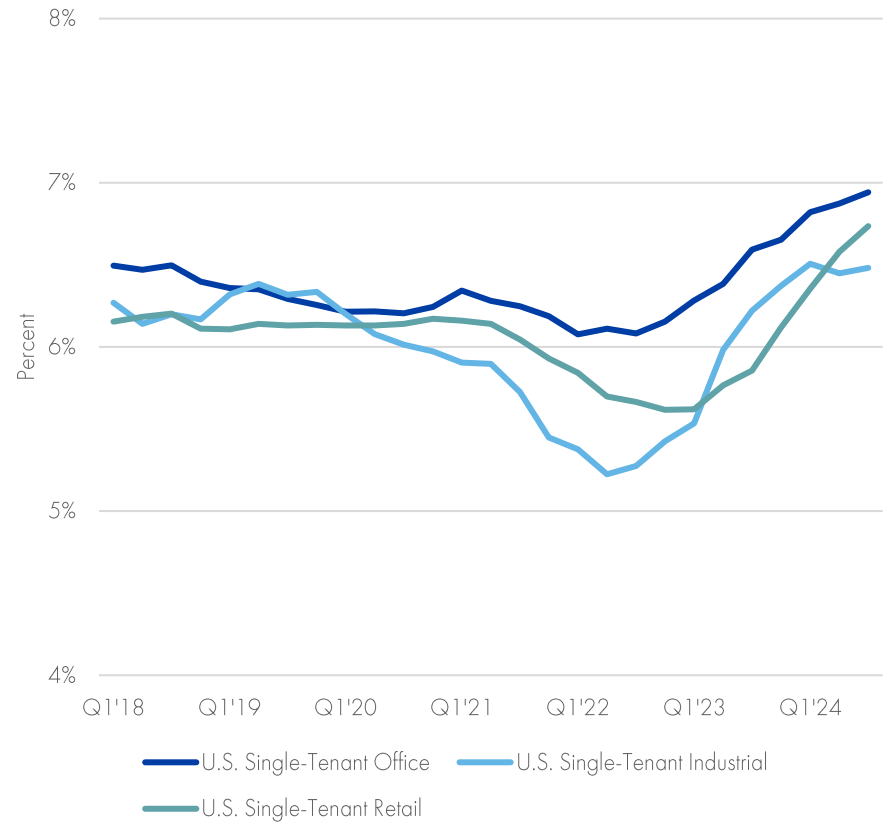
SINGLE-TENANT OVERALL MARKET

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





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