



MULTI-TENANT | Q4 2024

Industrial

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

northmarq.com

MULTI-TENANT INDUSTRIAL

Market Fundamentals



Q4 2024 Investment Sales Volume **\$22.84B**

Change from Last Quarter (Q3 '24) **+31.0%**

Change from Last Year (Q4 '23) **+14.3%**



Q4 2024 Overall Average Cap Rate **6.17%**

Change from Last Quarter (Q3 '24) **-7 bps**

Change from Last Year (Q4 '23) **+34 bps**

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

Overview | Multi-Tenant Industrial

The multi-tenant industrial sector ended 2024 on a strong note, solidifying its status as a high-performing asset class within the commercial real estate market. Fourth quarter investment sales activity totaled \$22.8 billion, a 31% increase from the previous quarter. This momentum brought the sector's annual sales volume to more than \$70 billion, showcasing the sustained appeal of industrial assets driven by demand for e-commerce, logistics hubs and regional distribution centers.

Industrial cap rates fluctuated throughout the year, ultimately dropping seven basis points in the final three months of 2024 to an average of 6.17%. Still, cap rates remain elevated compared to the mid- and upper 5% range seen in recent years. The modest quarterly compression signals consistent buyer interest, particularly in high-quality, high-demand assets.

Private investors continued to lead the way in 2024, comprising more than half of multi-tenant industrial buyers. With a focus on both portfolios and single-asset acquisitions, private buyers reported consistent activity throughout the year in markets large and small. Institutional buyers, representing 28% of the buyer pool, targeted large-scale portfolios and Class A assets in major transportation corridors, while international capital flowed primarily into logistics and manufacturing assets, though this group only represented 6% of buyers overall.

E-commerce-related facilities continue to drive investment activity as omnichannel logistics models require proximity to population centers for faster delivery speeds. Additionally, onshoring and domestic manufacturing growth fueled activity in regional markets, with the Southeast particularly standing out as a high-growth region. Modern assets featuring advanced technologies such as automation and cold storage have become especially attractive to long-term investors navigating rising construction and borrowing costs.

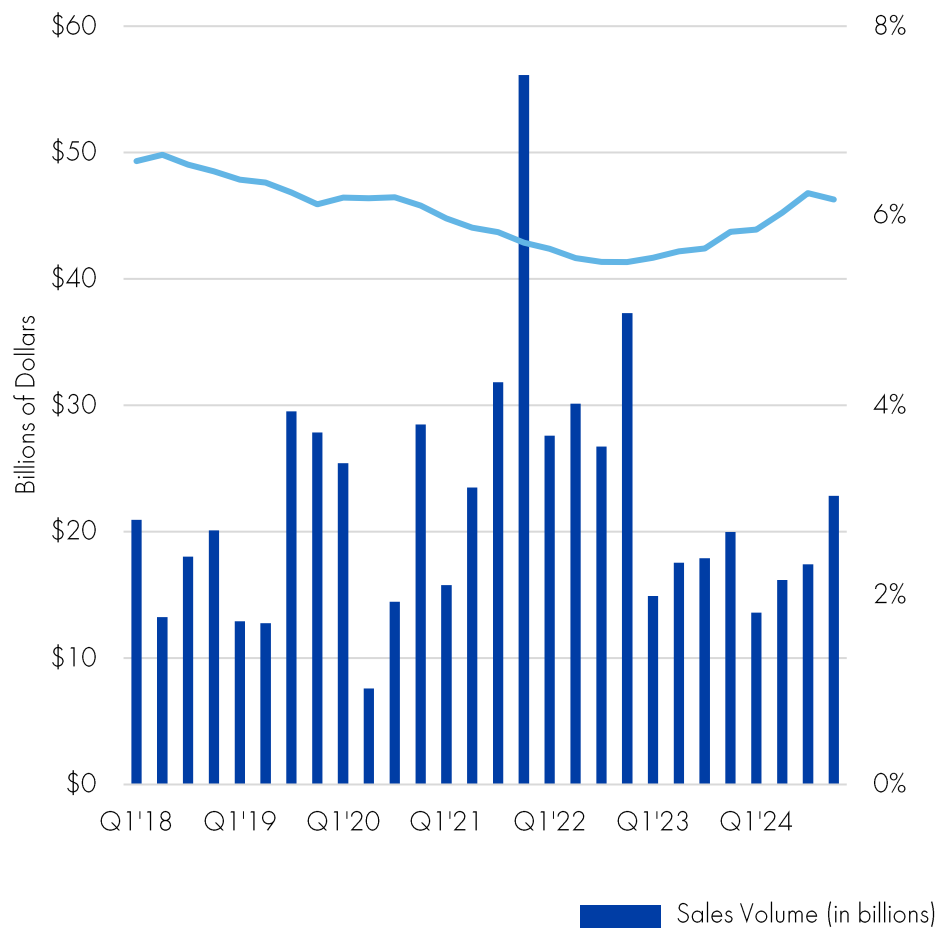
However, cost pressures across the board tempered some activity. Construction costs and elevated interest rates have restrained speculative development, tightening supply in certain regions. Investors are also keeping a close watch on tenant retention levels as some markets report cooling rent growth for older assets without modern infrastructure.



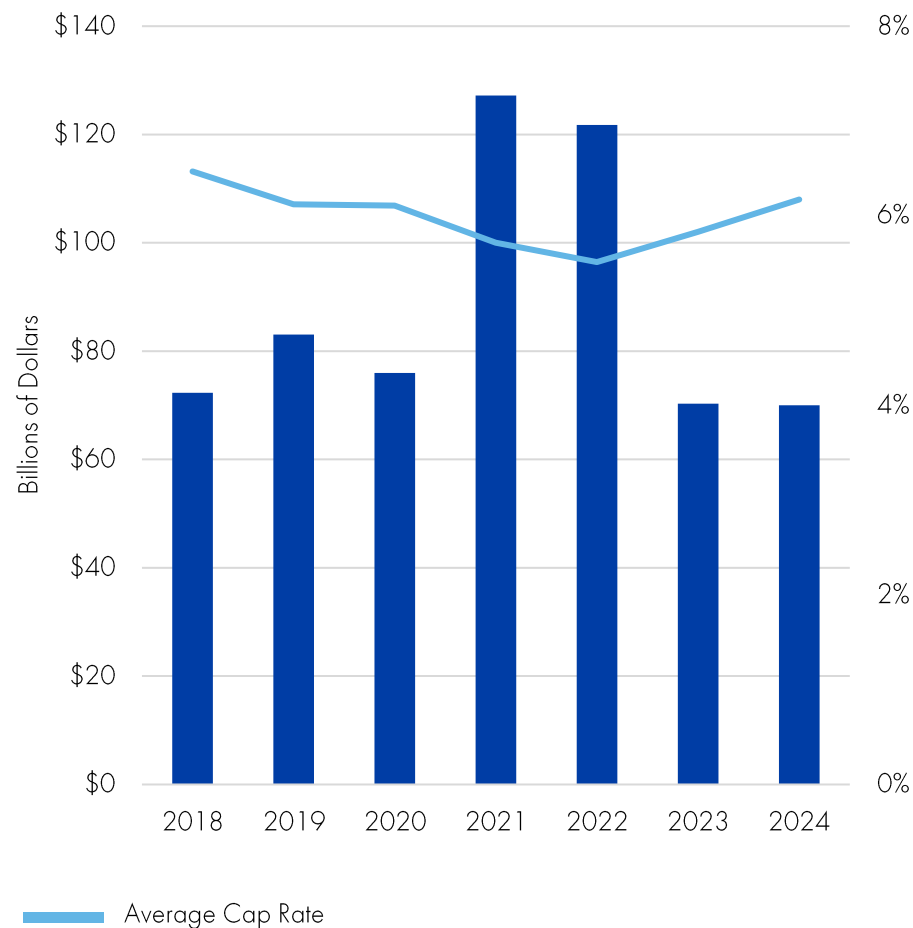
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Investment Sales Volume & Average Cap Rates

 Quarterly



 Annual



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



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Quarterly & Annual Market Statistics

Investment Sales Volume (in millions)



Quarterly

Type	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Mid-Atlantic	\$2,365.34	\$898.37	\$1,158.15	\$1,307.63	\$1,321.30
Midwest	\$2,512.65	\$2,472.92	\$2,609.37	\$2,367.77	\$2,940.71
Northeast	\$1,961.90	\$1,060.51	\$1,388.24	\$1,602.57	\$2,105.04
Southeast	\$4,288.93	\$2,816.11	\$3,592.55	\$4,533.61	\$6,543.26
Southwest	\$4,172.93	\$2,377.27	\$3,410.54	\$3,782.75	\$5,338.04
West	\$4,081.41	\$3,968.63	\$4,014.45	\$3,564.33	\$4,357.38
Total	\$19,985.52	\$13,593.81	\$16,173.30	\$17,430.75	\$22,840.55

Annual

Type	2020	2021	2022	2023	2024
Mid-Atlantic	\$9,686.98	\$11,023.86	\$10,205.17	\$7,776.34	\$4,685.44
Midwest	\$12,384.03	\$22,527.54	\$17,625.46	\$9,339.76	\$10,390.77
Northeast	\$7,956.98	\$11,657.31	\$11,204.93	\$7,366.65	\$6,156.37
Southeast	\$13,288.82	\$26,216.28	\$23,516.74	\$14,328.52	\$17,485.52
Southwest	\$11,365.99	\$22,123.34	\$19,952.50	\$12,098.98	\$14,908.60
West	\$20,845.87	\$33,676.70	\$39,270.18	\$18,816.91	\$15,904.79
Total	\$75,989.38	\$127,225.02	\$121,774.98	\$70,329.52	\$70,038.41

Average Cap Rates



Quarterly

Type	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Mid-Atlantic	6.59%	6.57%	6.44%	6.38%	6.24%
Midwest	7.14%	7.03%	7.27%	7.50%	7.70%
Northeast	5.94%	5.76%	5.82%	6.02%	6.02%
Southeast	5.83%	5.95%	6.10%	6.52%	6.40%
Southwest	5.64%	5.69%	5.84%	5.88%	5.90%
West	5.28%	5.39%	5.54%	5.61%	5.63%
Total	5.83%	5.85%	6.03%	6.24%	6.17%

Annual

Type	2020	2021	2022	2023	2024
Mid-Atlantic	6.06%	6.09%	5.72%	6.59%	6.24%
Midwest	7.67%	6.90%	6.68%	7.14%	7.70%
Northeast	5.40%	5.21%	5.34%	5.94%	6.02%
Southeast	6.34%	5.84%	5.71%	5.83%	6.40%
Southwest	6.30%	5.79%	5.31%	5.64%	5.90%
West	5.26%	5.03%	4.83%	5.28%	5.63%
Total	6.11%	5.72%	5.51%	5.83%	6.17%

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



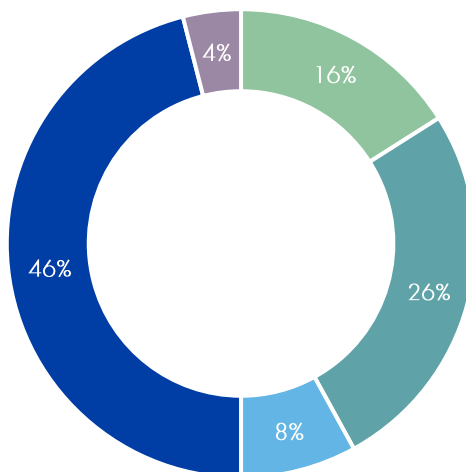
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Buyer Distribution

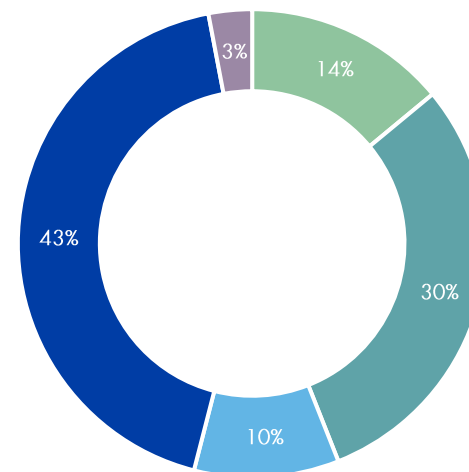
Annual



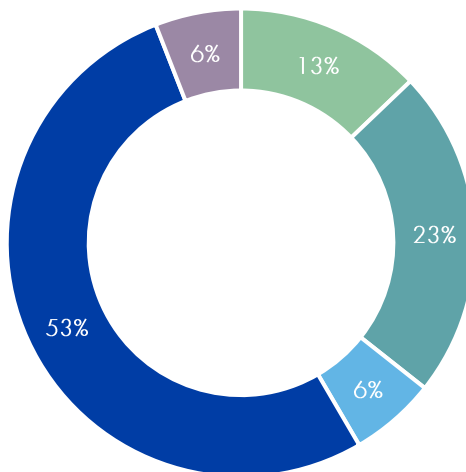
2021



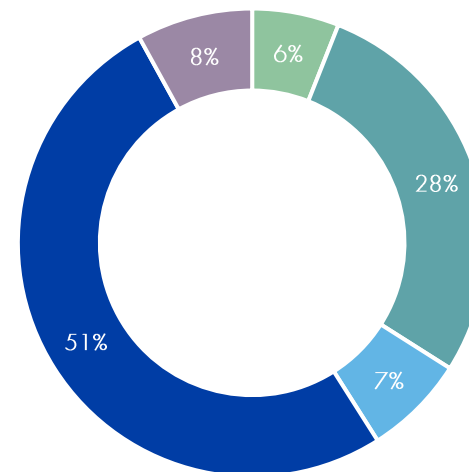
2022



2023



2024





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