



**MULTI-TENANT** | Q4 2024

# Office

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

**northmarq.com**

## MULTI-TENANT OFFICE

### Market Fundamentals



Q4 2024 Investment Sales Volume **\$19.02B**

Change from Last Quarter (Q3 '24) **+60.4%**

Change from Last Year (Q4 '23) **+34.5%**



Q4 2024 Overall Average Cap Rate **7.47%**

Change from Last Quarter (Q3 '24) **+13 bps**

Change from Last Year (Q4 '23) **+43 bps**

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

### Overview | Multi-Tenant Office

The multi-tenant office sector ended 2024 with impressive, if not unexpected, momentum. The market saw a significant 60.4% quarterly surge in sales activity during the final quarter, with volume reaching \$19.0 billion. Thanks to this robust finish, annual totals exceeded \$53.7 billion.

Multi-tenant office cap rates continued climbing, rising 13 basis points in the last three months to an average of 7.47%. This marks a 43-basis-point climb over the past year. Regionally, cap rate spreads remained quite wide, with the Northeast reporting the lowest average at 6.72%, while the Mid-Atlantic market rose to an average of 8.75%. This regional variation reflects differences in tenant demand and investor sentiment across key metro areas, and is influenced further by quality, vintage and other asset characteristics.

In the past 12 months, private investors remained the dominant buyer group in the multi-tenant office market, accounting for 52% of total transactions. Institutional buyers represented 18% of acquisitions, while REITs returned to the sector in 2024 and captured 12% market share following a year where they were largely absent from the closing table.

The multi-tenant office market continues to grapple with structural shifts driven by hybrid work, tenant downsizing and evolving workplace strategies. Even so, fourth quarter's strong performance signifies growing confidence in stabilized assets with creditworthy tenants, especially in top urban locations. Medical offices, creative workspaces and properties tied to healthcare and life sciences saw the highest levels of investor interest. At the same time, the pricing gap between buyers and sellers has narrowed compared to earlier in the year, facilitating more deal flow.

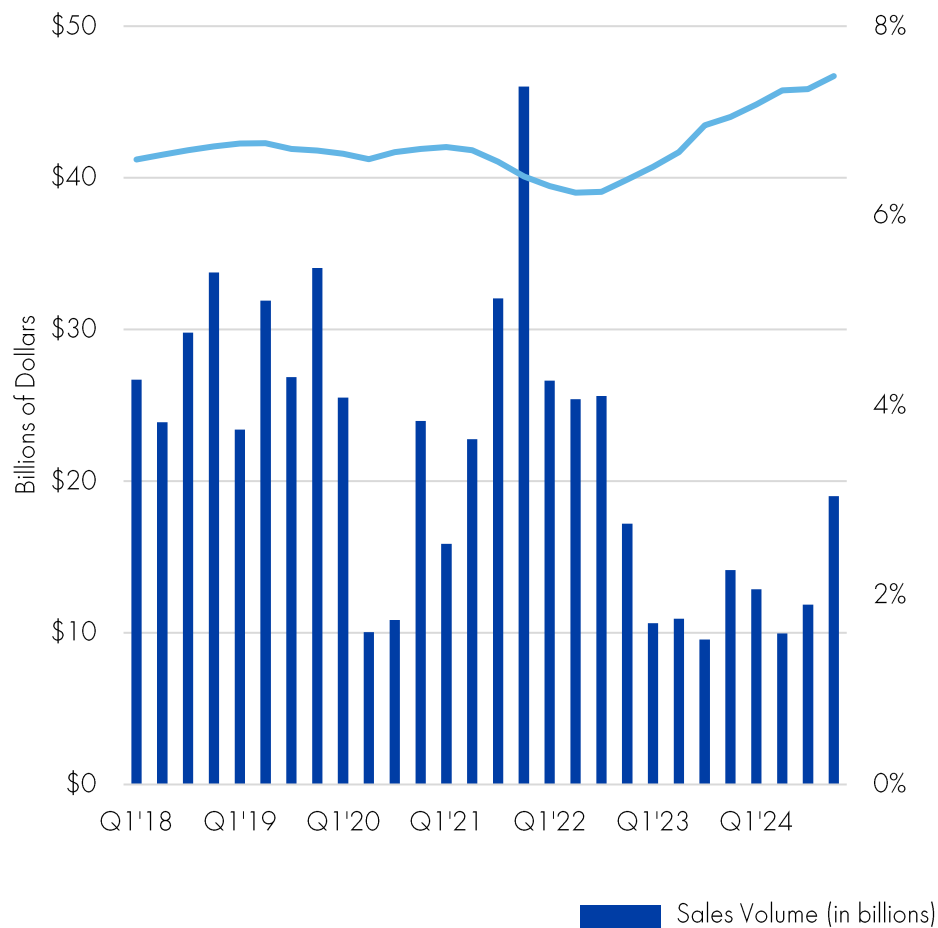
Looking toward 2025, the multi-tenant office sector is poised for a slow recovery. Despite hurdles, opportunistic deals and portfolio diversification strategies could spark interest from a broader range of investors. As cities adapt to post-pandemic changes, urban office demand may also see a resurgence, driven by sectors including tech and healthcare.



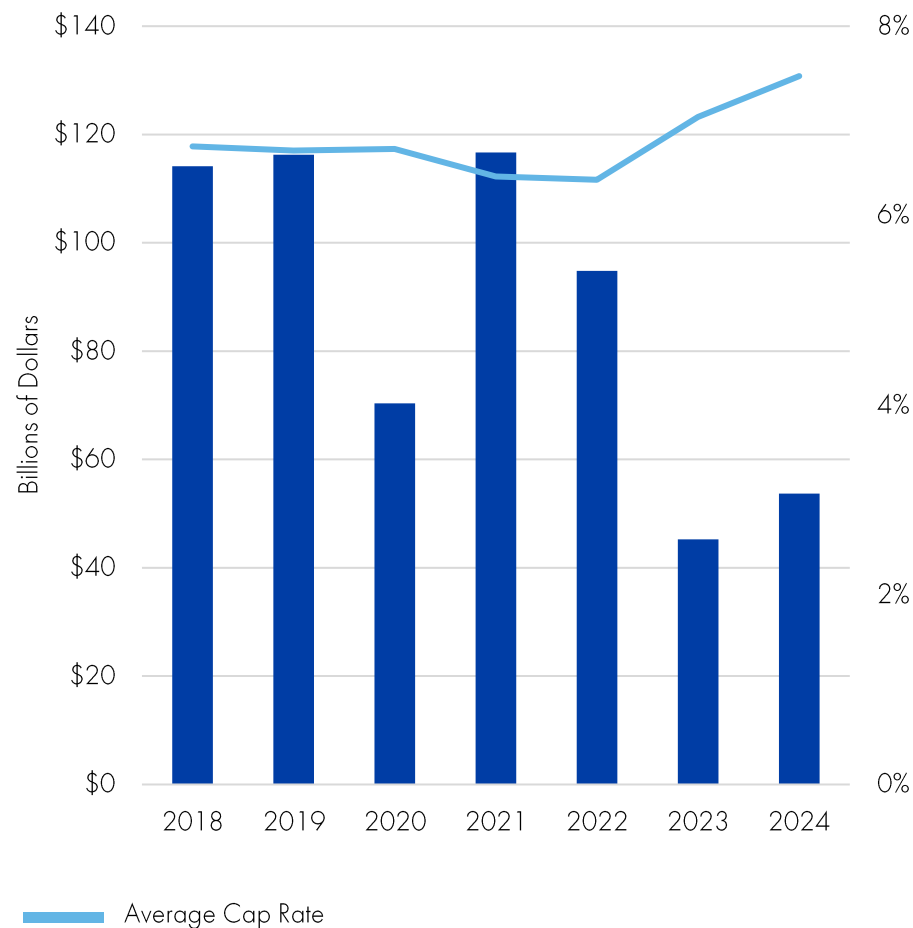
## MULTI-TENANT OFFICE

### Investment Sales Volume & Average Cap Rates

 Quarterly



 Annual



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





## MULTI-TENANT OFFICE

### Quarterly & Annual Market Statistics

#### Investment Sales Volume (in millions)



##### Quarterly

Type	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Mid-Atlantic	\$1,776.53	\$1,539.44	\$815.17	\$805.64	\$1,659.75
Midwest	\$955.39	\$1,882.14	\$983.71	\$923.45	\$1,405.93
Northeast	\$2,832.90	\$2,396.73	\$2,407.53	\$2,858.06	\$5,583.22
Southeast	\$1,985.68	\$2,705.44	\$1,956.57	\$1,881.15	\$3,343.42
Southwest	\$3,042.90	\$2,721.17	\$1,788.50	\$1,627.05	\$2,749.18
West	\$3,544.62	\$1,602.72	\$2,017.87	\$3,516.10	\$4,279.75
<b>Total</b>	<b>\$14,138.02</b>	<b>\$12,865.19</b>	<b>\$9,969.36</b>	<b>\$11,857.78</b>	<b>\$19,021.25</b>

##### Annual

Type	2020	2021	2022	2023	2024
Mid-Atlantic	\$7,069.22	\$12,026.18	\$8,550.05	\$5,113.30	\$4,820.00
Midwest	\$5,838.02	\$8,459.20	\$10,001.31	\$3,864.96	\$5,195.23
Northeast	\$18,132.58	\$27,349.97	\$18,798.24	\$9,946.74	\$13,245.54
Southeast	\$10,173.91	\$19,876.26	\$17,425.48	\$7,649.85	\$9,886.58
Southwest	\$7,766.93	\$18,063.33	\$17,936.60	\$8,286.76	\$8,885.90
West	\$21,098.80	\$30,930.91	\$22,135.87	\$10,404.38	\$11,416.45
<b>Total</b>	<b>\$70,356.91</b>	<b>\$116,705.86</b>	<b>\$94,847.57</b>	<b>\$45,266.00</b>	<b>\$53,713.58</b>

#### Average Cap Rates



##### Quarterly

Type	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Mid-Atlantic	7.57%	8.17%	8.76%	8.38%	8.75%
Midwest	7.96%	7.98%	7.88%	7.87%	7.89%
Northeast	6.95%	6.94%	6.82%	6.77%	6.72%
Southeast	7.23%	7.41%	7.63%	7.76%	7.23%
Southwest	7.24%	7.34%	7.55%	7.97%	7.77%
West	6.25%	6.42%	6.68%	6.58%	7.33%
<b>Total</b>	<b>7.04%</b>	<b>7.17%</b>	<b>7.32%</b>	<b>7.34%</b>	<b>7.47%</b>

##### Annual

Type	2020	2021	2022	2023	2024
Mid-Atlantic	7.18%	6.91%	7.10%	7.57%	8.75%
Midwest	7.91%	7.36%	7.40%	7.96%	7.89%
Northeast	6.15%	6.14%	6.26%	6.95%	6.72%
Southeast	6.77%	6.48%	6.55%	7.23%	7.23%
Southwest	6.81%	6.76%	6.45%	7.24%	7.77%
West	6.08%	5.94%	5.59%	6.25%	7.33%
<b>Total</b>	<b>6.70%</b>	<b>6.41%</b>	<b>6.38%</b>	<b>7.04%</b>	<b>7.47%</b>



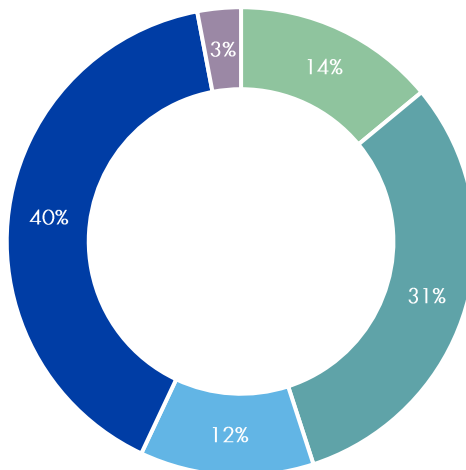
## MULTI-TENANT OFFICE

### Buyer Distribution

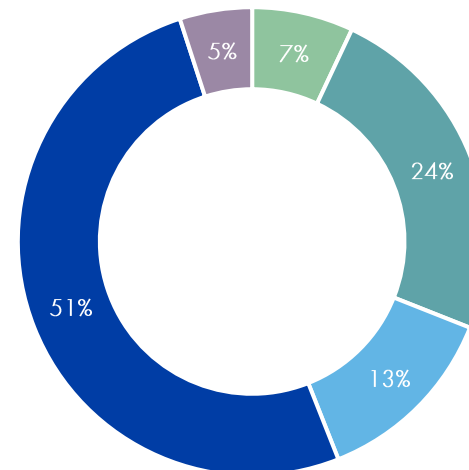
#### Annual



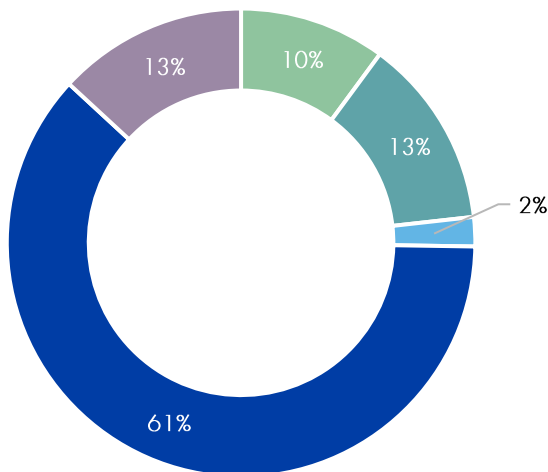
2021



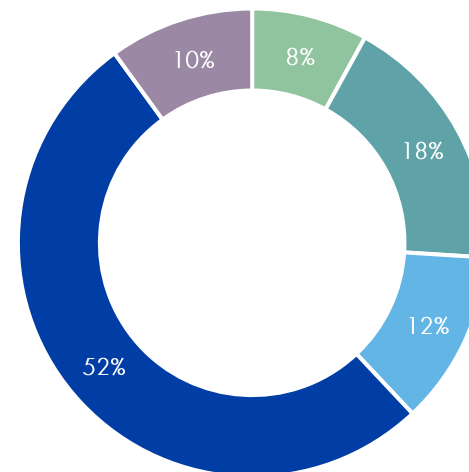
2022



2023



2024





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