



MULTI-TENANT | Q4 2024

Retail

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

northmarq.com

MULTI-TENANT RETAIL

Market Fundamentals



Q4 2024 Investment Sales Volume	\$12.01B
Change from Last Quarter (Q3 '24)	+19.0%
Change from Last Year (Q4 '23)	+7.3%



Q4 2024 Overall Average Cap Rate	7.20%
Change from Last Quarter (Q3 '24)	+3 bps
Change from Last Year (Q4 '23)	+22 bps

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

Overview | Multi-Tenant Retail

The multi-tenant retail sector wrapped up 2024 with notable gains in investment activity during the final quarter. Fourth quarter volume climbed to \$12.0 billion, resulting in more than \$43.1 billion in annual investment sales volume. While reduced levels of activity in the second and third quarters caused the market to fall short of surpassing 2023's annual total, fourth quarter momentum bodes well for the sector overall.

Shopping center cap rates experienced a slight uptick in the last three months, rising by three basis points to an average of 7.20%. Over the past year, cap rates for the sector have increased 22 basis points. Investors have placed greater emphasis on tenant credit quality and lease duration, contributing to more stable pricing for well-located centers with strong anchors.

Private investors dominated buyer activity again in 2024, accounting for 63% of multi-tenant retail acquisitions. Their focus has centered on suburban retail centers and community shopping hubs, in addition to unanchored strip centers and freestanding multi-tenant retail. Institutional buyers and REITs represented 16% and 14% of the buyer pool respectively, with much of their activity targeting larger, high-quality centers in growing regional markets and necessity-based shopping centers – trends that align with shifting consumer spending patterns. Foreign investment in the retail sector returned to typical levels, following a year of more robust activity in 2023.

The retail sector benefitted from steady consumer activity throughout 2024, driven by population growth in suburban markets and an increased focus on convenience-based shopping. Essential retail, including grocery-anchored centers, has outperformed, with these assets continuing to attract strong interest from investors. New leasing trends also contributed. Retailers have increasingly embraced smaller footprints and hybrid-use spaces to adapt to changing shopping preferences. This has proven advantageous for shopping centers aiming to balance occupancy with diverse tenant mixes.

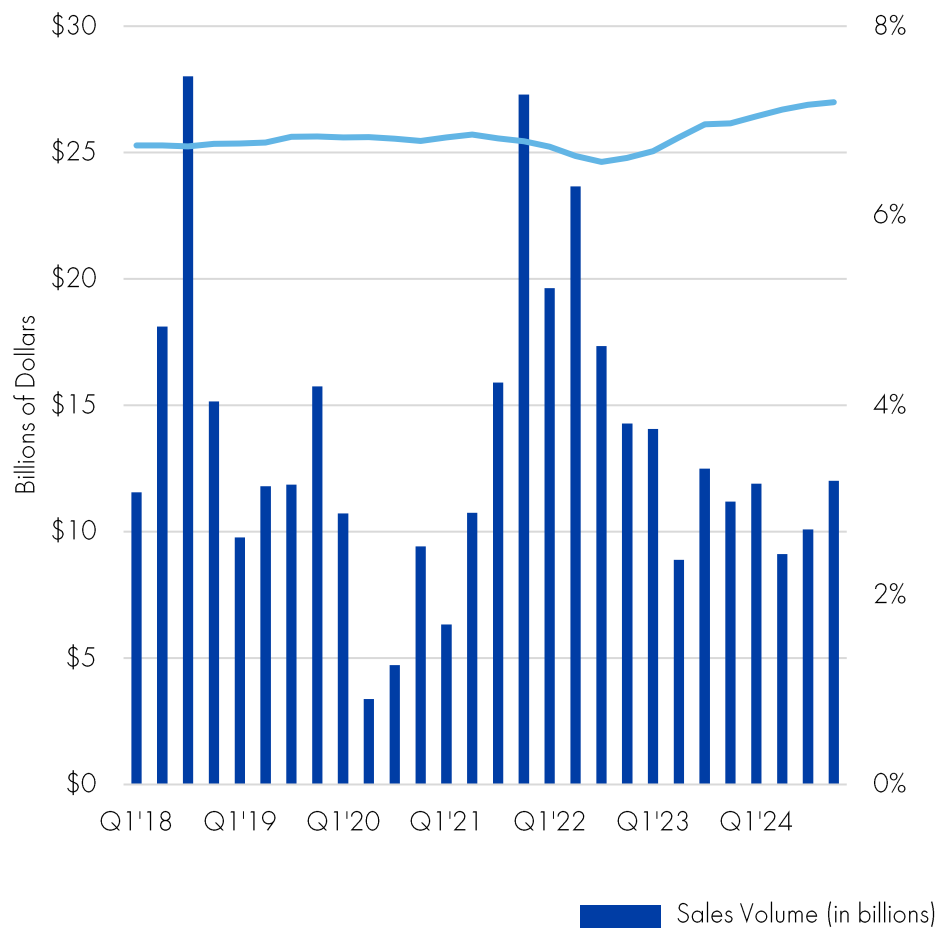
Going forward, evolving consumer preferences and demand for experiential retail could lead to creative repositioning of existing assets, offering opportunities for investors willing to explore value-add strategies.



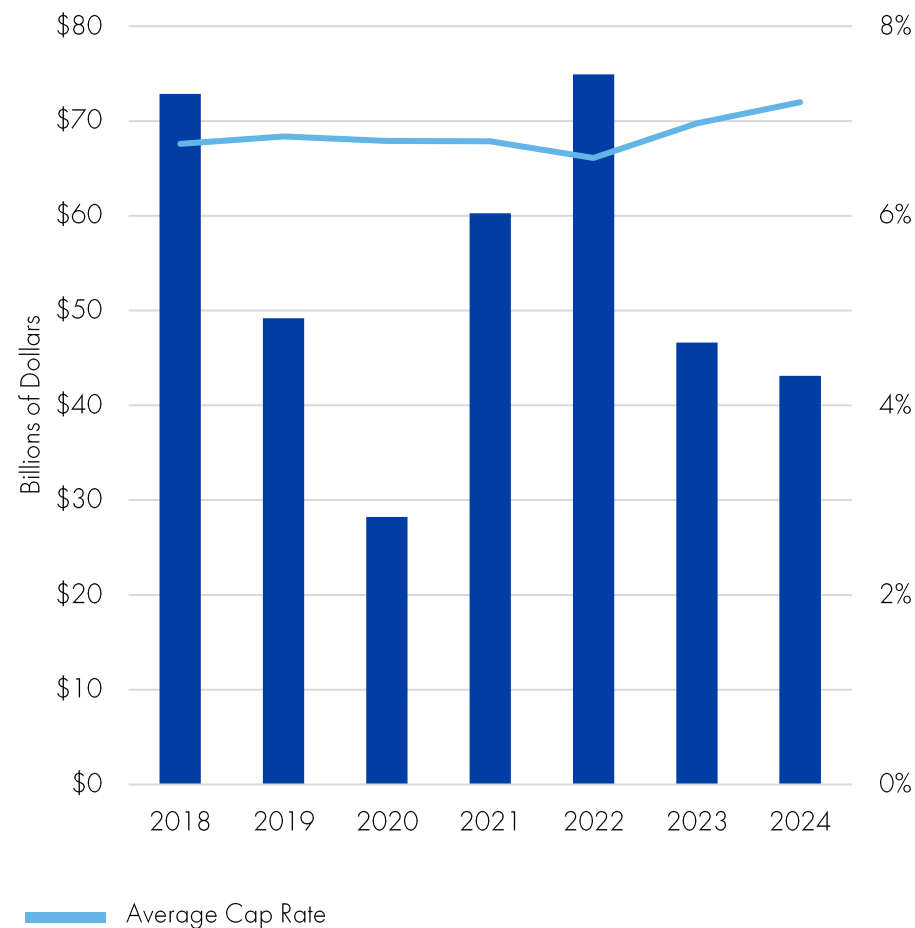
MULTI-TENANT RETAIL

Investment Sales Volume & Average Cap Rates

 Quarterly



 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	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Mid-Atlantic	\$828.05	\$354.72	\$915.46	\$859.86	\$1,105.48
Midwest	\$1,188.21	\$2,472.64	\$1,328.34	\$1,253.06	\$1,297.13
Northeast	\$2,207.03	\$2,331.92	\$1,409.62	\$1,475.91	\$1,703.34
Southeast	\$2,575.52	\$2,887.09	\$2,026.99	\$2,741.32	\$3,674.98
Southwest	\$1,663.64	\$2,072.91	\$1,346.30	\$1,798.37	\$1,404.91
West	\$2,731.63	\$1,783.05	\$2,082.38	\$1,960.01	\$2,823.39
Total	\$11,194.07	\$11,902.32	\$9,109.09	\$10,088.53	\$12,009.24

Annual

Type	2020	2021	2022	2023	2024
Mid-Atlantic	\$2,521.78	\$4,996.81	\$6,202.82	\$3,406.61	\$3,235.52
Midwest	\$3,614.34	\$8,186.22	\$8,945.17	\$10,076.20	\$6,351.16
Northeast	\$4,531.58	\$6,564.22	\$8,309.25	\$7,488.13	\$6,920.79
Southeast	\$6,439.44	\$14,532.30	\$18,951.36	\$9,967.74	\$11,330.38
Southwest	\$4,241.62	\$11,844.83	\$12,077.55	\$6,958.10	\$6,622.49
West	\$6,881.25	\$14,151.06	\$20,421.98	\$8,735.50	\$8,648.84
Total	\$28,230.02	\$60,275.44	\$74,908.13	\$46,632.29	\$43,109.18

Average Cap Rates



Quarterly

Type	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Mid-Atlantic	7.52%	7.58%	7.58%	7.58%	7.59%
Midwest	7.86%	7.87%	7.98%	7.99%	7.99%
Northeast	6.36%	6.55%	6.68%	6.83%	6.90%
Southeast	7.20%	7.22%	7.25%	7.20%	7.20%
Southwest	7.14%	7.17%	7.20%	7.27%	7.18%
West	6.01%	6.09%	6.27%	6.29%	6.39%
Total	6.98%	7.05%	7.12%	7.17%	7.20%

Annual

Type	2020	2021	2022	2023	2024
Mid-Atlantic	7.24%	7.06%	7.28%	7.52%	7.59%
Midwest	7.42%	7.60%	7.36%	7.86%	7.99%
Northeast	6.12%	6.32%	6.36%	6.36%	6.90%
Southeast	7.24%	7.07%	6.83%	7.20%	7.20%
Southwest	6.86%	6.73%	6.40%	7.14%	7.18%
West	6.04%	5.98%	5.75%	6.01%	6.39%
Total	6.79%	6.79%	6.61%	6.98%	7.20%

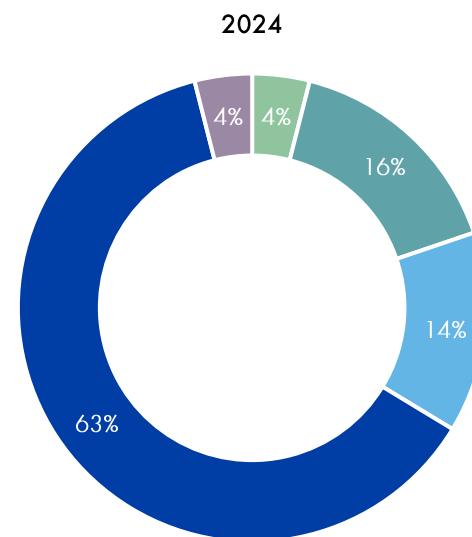
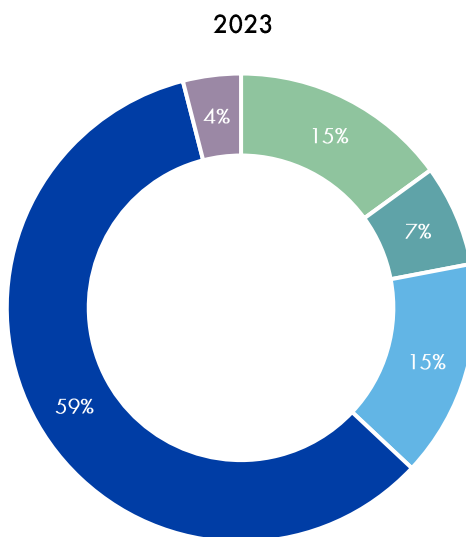
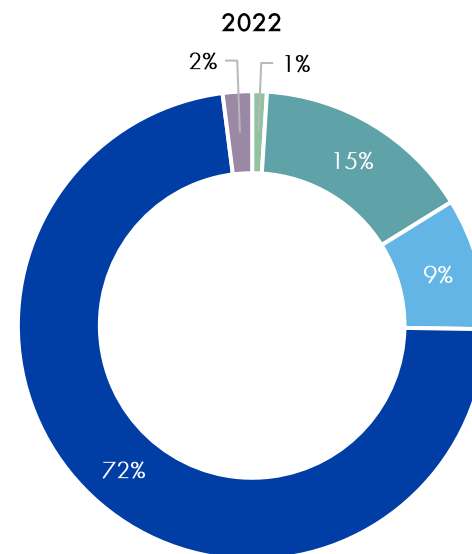
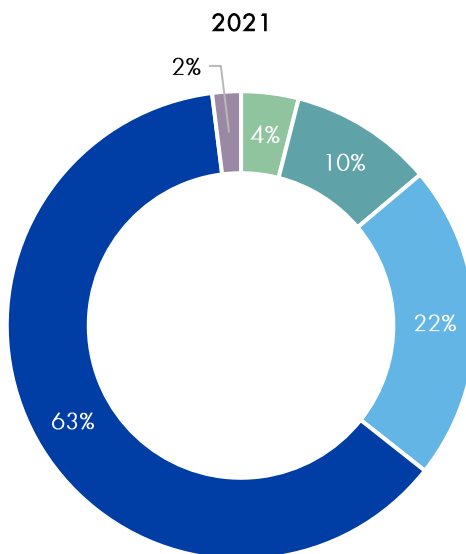
Source: Northmarq, Real Capital Analytics; analysis includes sales greater than \$2.5m; totals may not equal the sum of individual property types due to rounding



MULTI-TENANT RETAIL

Buyer Distribution

Annual





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