



SINGLE-TENANT | Q4 2024

Overall Market

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

northmarq.com

SINGLE-TENANT OVERALL MARKET

Market Fundamentals



Q4 2024 Investment Sales Volume **\$13.80B**

Change from Last Quarter (Q3 '24) **+19.4%**

Change from Last Year (Q4 '23) **+57.6%**



Q4 2024 Overall Average Cap Rate **6.78%**

Change from Last Quarter (Q3 '24) **+9 bps**

Change from Last Year (Q4 '23) **+51 bps**

Overview | Single-Tenant Overall Market

As 2024 drew to a close, the single-tenant net lease market showed a welcomed burst of activity, wrapping up the year with impressive growth in the final quarter. While many investors had been cautious earlier in the year, the year-end push offers hope for a more active 2025. The fourth-quarter total of \$13.8 billion in investment sales – a 57.6% increase from the same period last year – signals not just an uptick in transactions but a resurgence of confidence in the market. Investors who had been holding off earlier in 2024 are now jumping back in, showing that despite the uncertainty, the sector still has strong appeal.

Cap rates have climbed steadily for nine consecutive quarters and now average 6.78%. While the increase of just nine basis points in fourth quarter may seem minor, it's a signal of broader market shifts. Investors are still adjusting to higher borrowing costs, and 1031 exchange buyers have pulled back significantly. The rise in cap rates signals a shift in the pricing of risk in today's cautious environment.

Navigating the market in 2024 hasn't been easy for net lease investors. With inflationary pressures, interest rate hikes, and murky forecasts for Federal Reserve policy, investors have had to be far more strategic. For many, balancing short-term market volatility with long-term investment goals has been a challenge. The uncertainty driven by the election season only added another layer of complexity, as buyers weighed the political landscape along with financial pressures.

Despite these pressures, the resilience of the net lease market is no accident. The sector's stability – driven by long-term leases with creditworthy tenants and low tenant turnover – has kept investor interest strong. Even in the face of rising interest rates, these fundamentals continue to provide a buffer against broader economic fluctuations.

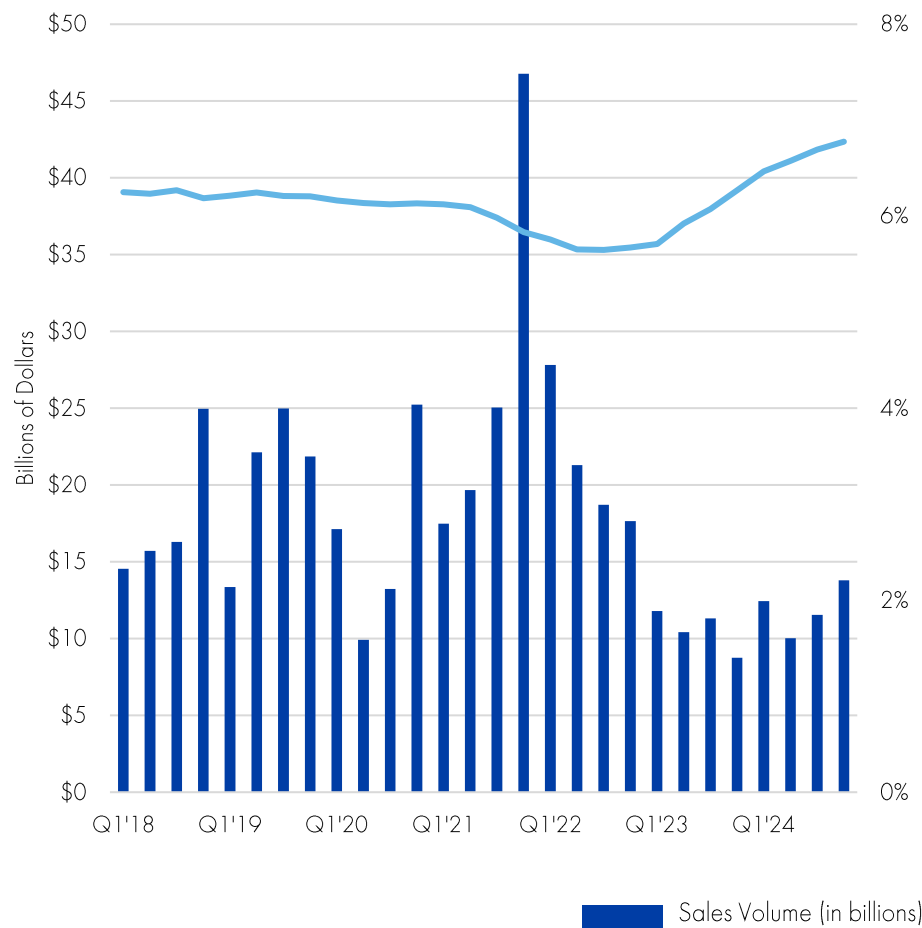
Looking ahead to 2025, new challenges will undoubtedly arise, from regulatory changes to evolving capital markets. But with strategic planning and a focus on core fundamentals, net lease investors can weather these uncertainties. For those who've been waiting for the right moment, it may finally be time to act – especially with the market showing promising signs of stabilization after a volatile year.



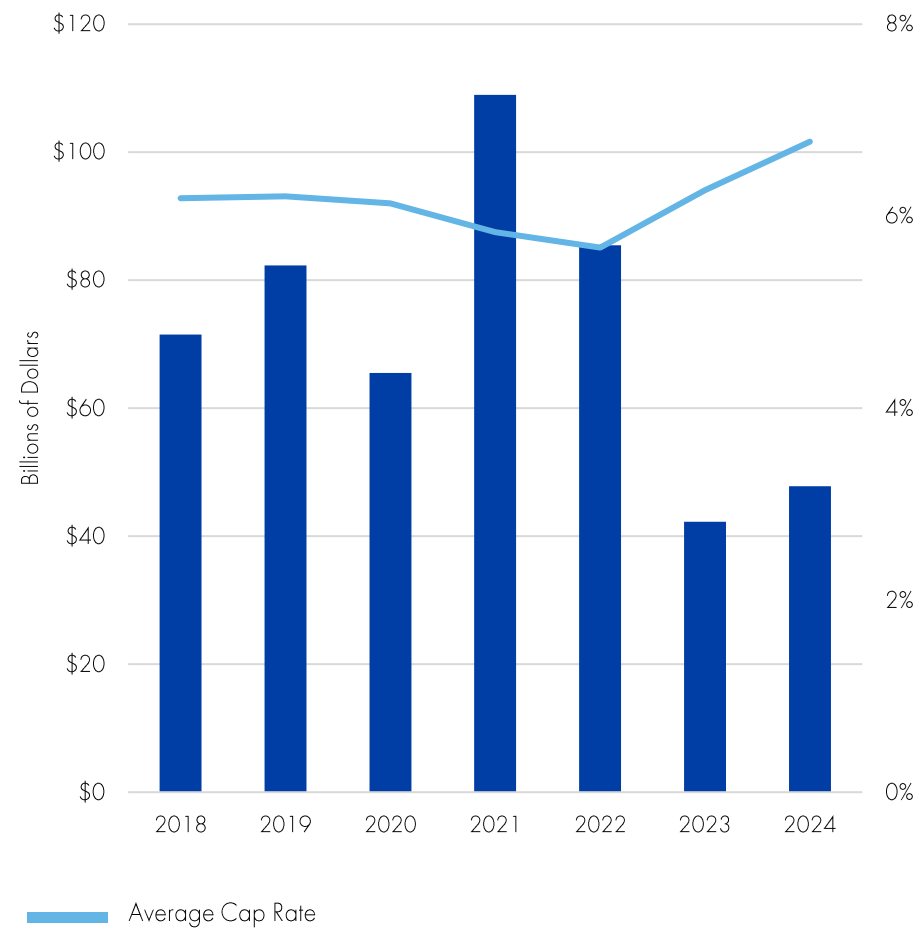
SINGLE-TENANT OVERALL MARKET

Investment Sales Volume & Average Cap Rates

Quarterly



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	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Office	\$1.75	\$3.56	\$2.14	\$1.89	\$2.58
Industrial	\$4.69	\$4.65	\$5.80	\$7.08	\$8.78
Retail	\$2.32	\$4.23	\$2.08	\$2.58	\$2.44
Total	\$8.76	\$12.45	\$10.02	\$11.56	\$13.80

Annual

Type	2020	2021	2022	2023	2024
Office	\$18.85	\$29.89	\$22.88	\$7.86	\$10.17
Industrial	\$33.14	\$57.32	\$44.08	\$21.93	\$26.31
Retail	\$13.52	\$21.77	\$18.52	\$12.49	\$11.34
Total	\$65.52	\$108.98	\$85.48	\$42.28	\$47.82

Average Cap Rates



Quarterly

Type	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Office	6.65%	6.85%	6.90%	7.02%	7.09%
Industrial	6.37%	6.48%	6.41%	6.43%	6.50%
Retail	6.12%	6.35%	6.57%	6.72%	6.81%
Total	6.27%	6.47%	6.58%	6.69%	6.78%

Annual

Type	2020	2021	2022	2023	2024
Office	6.24%	6.18%	6.16%	6.65%	7.09%
Industrial	5.98%	5.45%	5.42%	6.37%	6.50%
Retail	6.17%	5.93%	5.62%	6.12%	6.81%
Total	6.13%	5.83%	5.67%	6.27%	6.78%



SINGLE-TENANT OVERALL MARKET

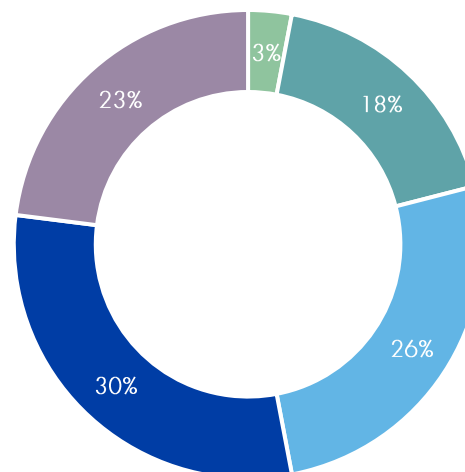
Buyer Distribution

Quarterly, by Property Type

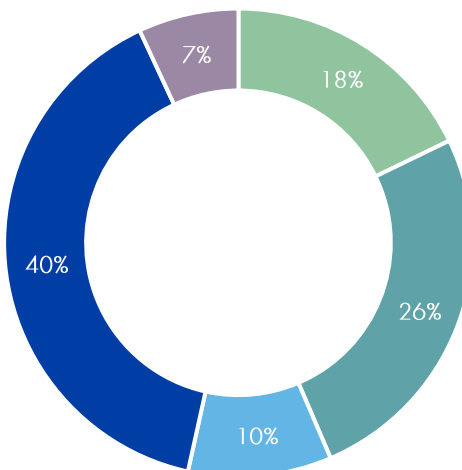
YTD as of Q4 2024



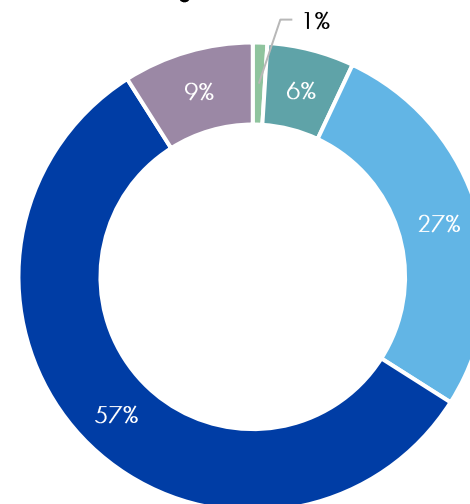
Single-Tenant Office



Single-Tenant Industrial



Single-Tenant Retail



SINGLE-TENANT OVERALL MARKET

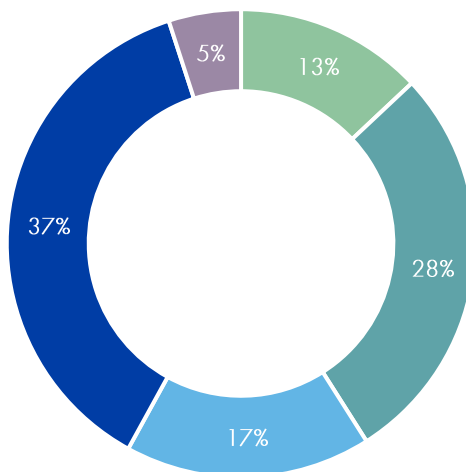
Buyer Distribution

Annual, Overall Market

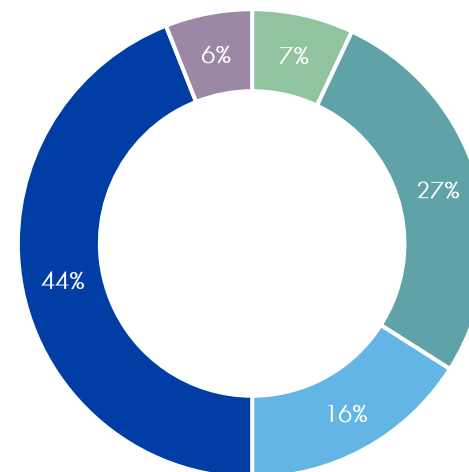
Annual



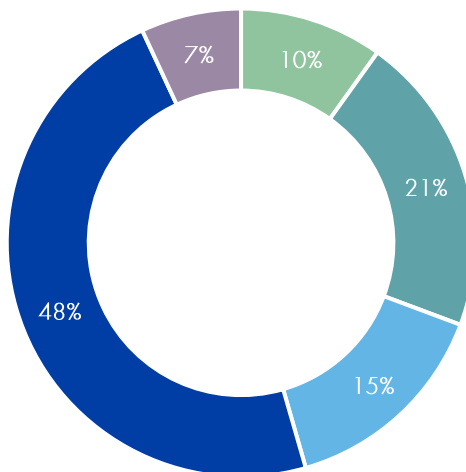
2021



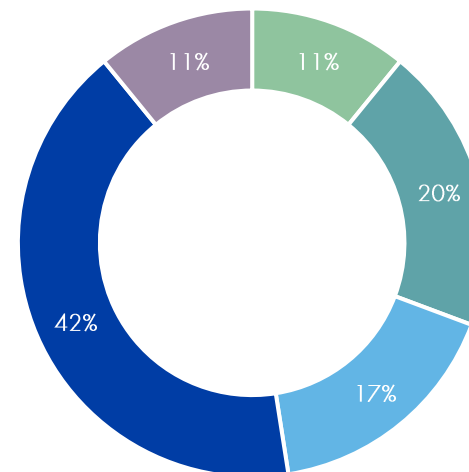
2022



2023



2024



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

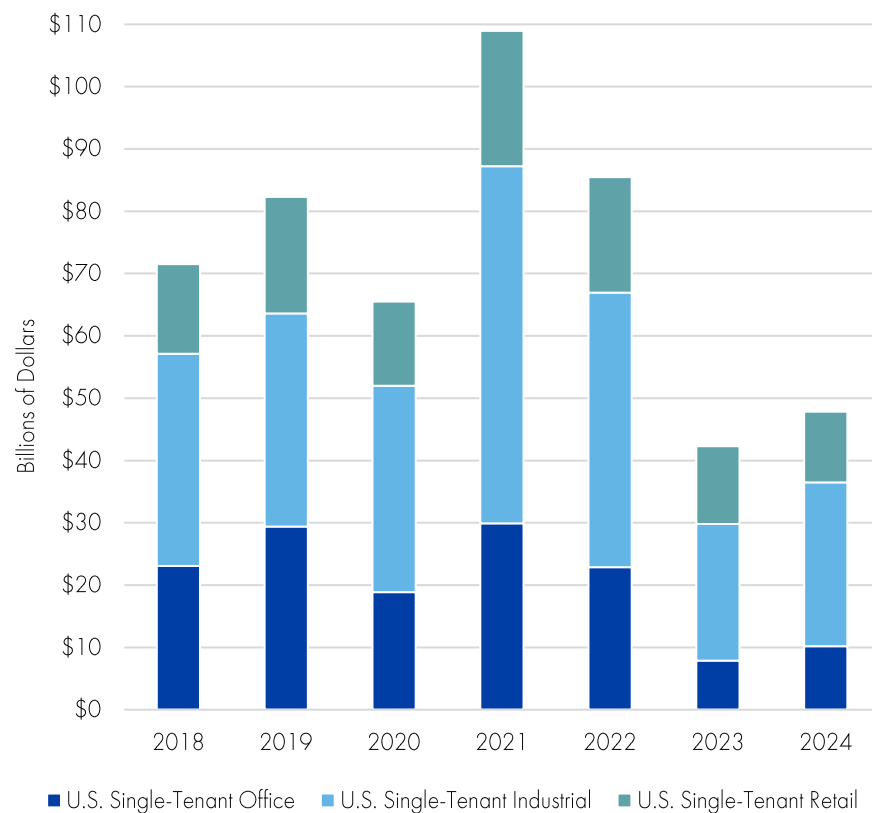


SINGLE-TENANT OVERALL MARKET

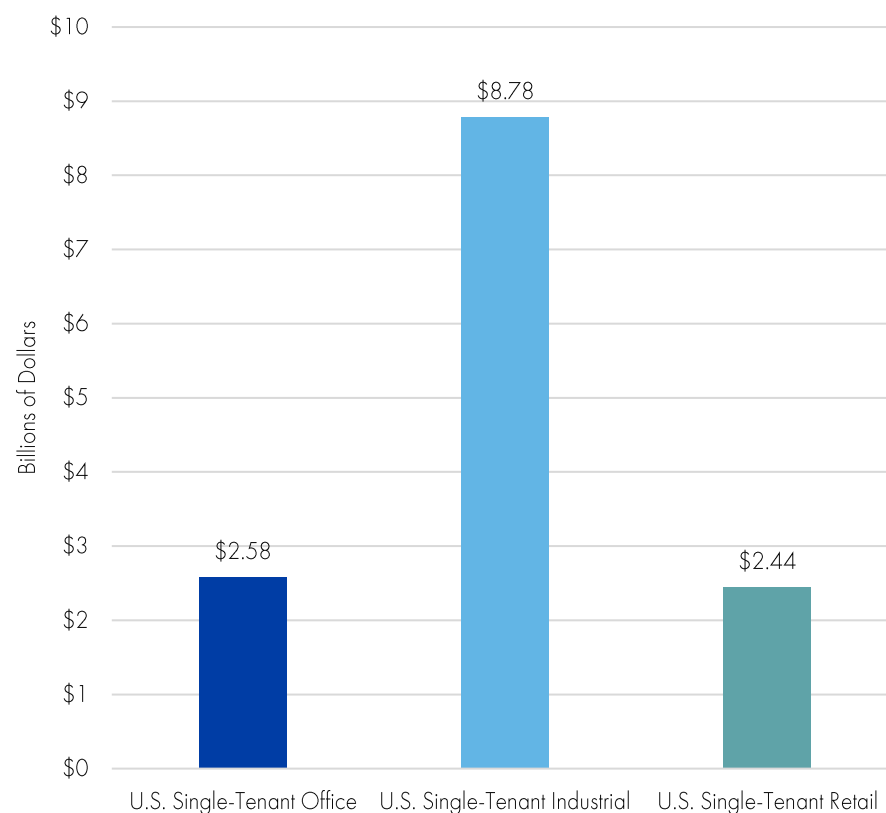
Investment Sales Volume

By Property Type

 Annual



 Q4 2024



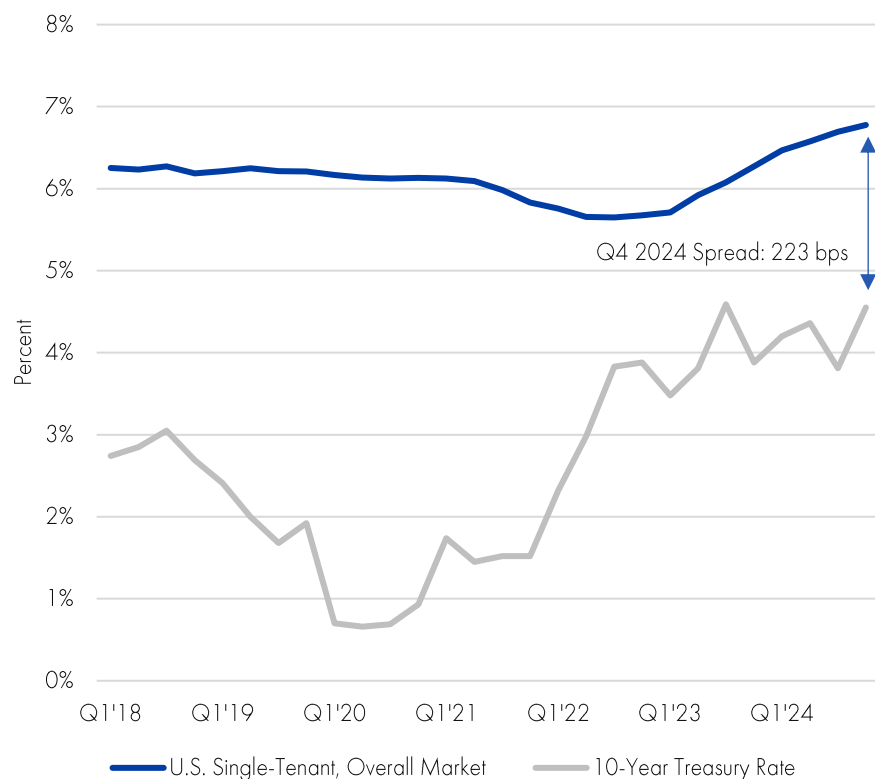
Source: Northmarq, Real Capital Analytics; analysis includes sales greater than \$2.5m



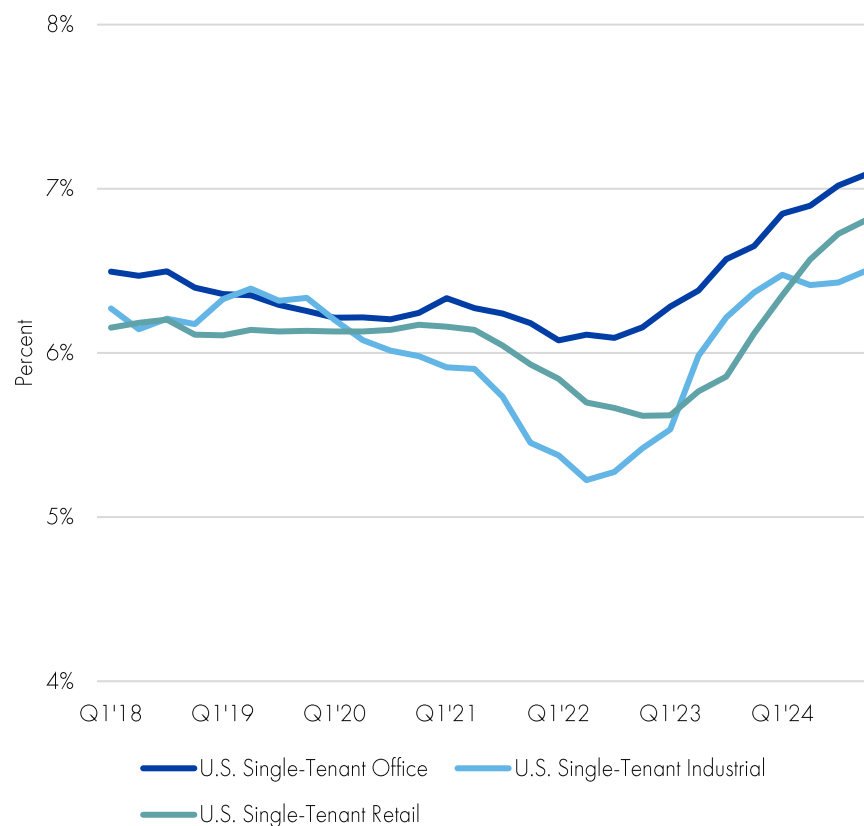
SINGLE-TENANT OVERALL MARKET

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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