MULTI-TENANT | Q1 2025

Northmarq

Overall Market

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

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MULTI-TENANT OVERALL MARKET

Market Fundamentals

Q1 2025 Investment Sales Volume	**$39.81B**
Change from Last Quarter (Q4 '24)	**-28.2%**
Change from Last Year (Q1 '24)	**+0.2%**

Q1 2025 Overall Average Cap Rate	**7.09%**
Change from Last Quarter (Q4 '24)	**+3 bps**
Change from Last Year (Q1 '24)	**+30 bps**

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

Overview | Multi-Tenant Overall Market

The multi-tenant investment sales market tallied $39.8 billion during first quarter 2025, marking a 28.2% decline from the previous quarter. Year-over-year, however, sales volume remained essentially unchanged, with just a slight 0.2% uptick. Quarterly declines, driven by the office and industrial sectors, continue to illustrate market uncertainty. Investor caution persists due to economic influences, elevated interest rates and challenges with underwriting. With the weak start, maintaining healthy activity levels throughout the year will be crucial to meeting or surpassing last year's annual total of $170 billion.

Cap rates across the multi-tenant market climbed marginally in first quarter, increasing three basis points from fourth quarter 2024 to reach 7.09%. An upward trajectory has been steadily visible for the last two and a half years. Sector-specific cap rates shifted marginally as well, with office climbing eight basis points quarter-over-quarter to 7.60%, industrial rising a single basis point to 6.21% and retail posting a two-basis point increase to reach 7.22%.

Private investors led market activity, comprising 54% of buyers in first quarter 2025. Institutional buyers represented 25%, maintaining stable activity levels compared to last year's annual buyer distribution. Notably, REIT involvement adjusted the most significantly from 2024, contracting to just 5% of activity. Across sectors, private buyers dominated office, industrial and retail segments, with significant institutional interest primarily targeting industrial and retail assets.

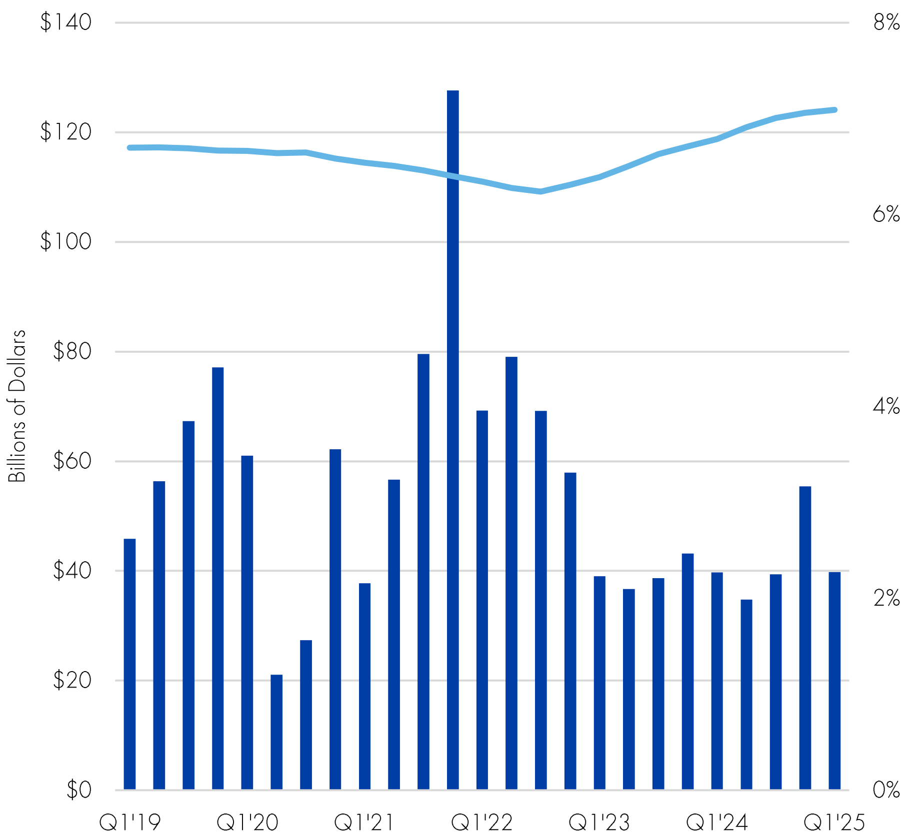
While industrial transactions outpaced other sectors in first quarter, with $16.2 billion in sales, they declined more than 32% from the previous quarter. Office sales lagged further with $10.6 billion, down 44.4% quarter-over-quarter. Meanwhile, retail demonstrated resilience, increasing 3.7% from fourth quarter 2024 to reach $13.1 billion, the sector's strongest quarterly volume in recent periods.

Further cap rate expansion and evolving buyer strategies will influence multi-tenant investment activity throughout 2025. However, long-term fundamentals – particularly in the industrial and retail sectors – offer a measure of optimism, despite near-term uncertainty.

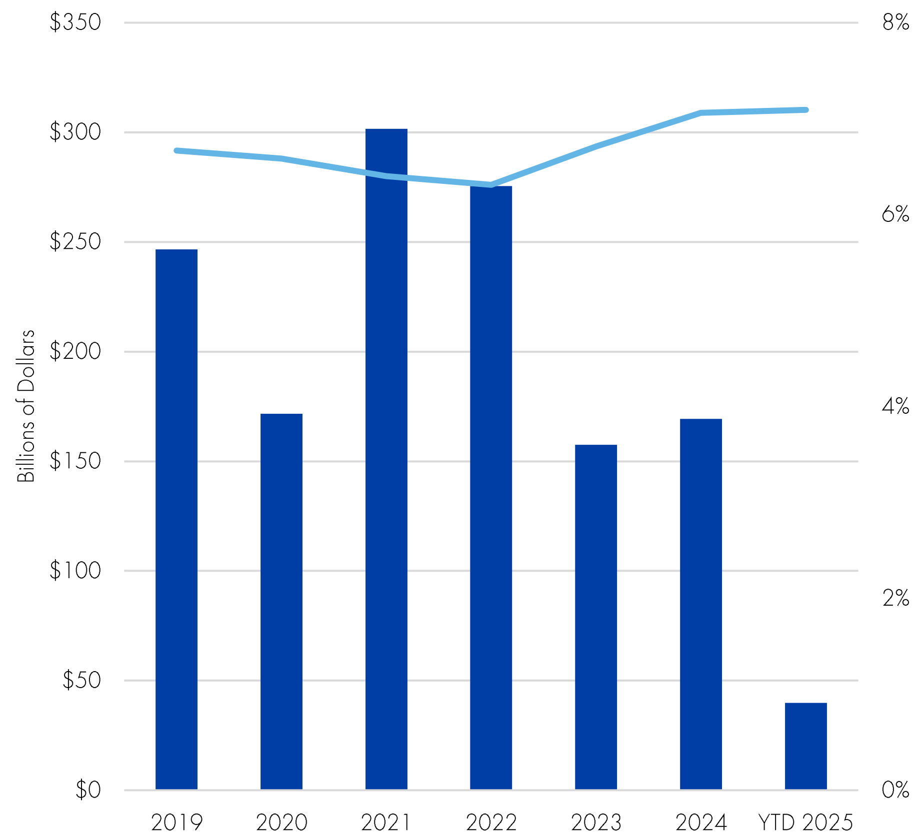
MULTI-TENANT OVERALL MARKET

Investment Sales Volume & Average Cap Rates

Quarterly



Annual



Sales Volume (in billions)   Average Cap Rate

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

MULTI-TENANT OVERALL MARKET

Quarterly & Annual Market Statistics

By Property Type

Investment Sales Volume (in billions)

Quarterly

Type	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Office	$12.56	$9.82	$11.76	$19.03	$10.58
Industrial	$15.29	$15.90	$17.46	$23.82	$16.17
Retail	$11.89	$9.03	$10.17	$12.59	$13.06
Total	**$39.74**	**$34.75**	**$39.39**	**$55.44**	**$39.81**

Annual

Type	2021	2022	2023	2024	YTD 2025
Office	$115.64	$93.06	$44.15	$53.17	$10.58
Industrial	$125.89	$108.45	$66.94	$72.46	$16.17
Retail	$60.04	$73.94	$46.50	$43.69	$13.06
Total	**$301.57**	**$275.45**	**$157.60**	**$169.32**	**$39.81**

Average Cap Rates

Quarterly

Type	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Office	7.23%	7.36%	7.36%	7.52%	7.60%
Industrial	5.90%	6.06%	6.25%	6.20%	6.21%
Retail	7.04%	7.11%	7.15%	7.20%	7.22%
Total	**6.79%**	**6.91%**	**7.01%**	**7.06%**	**7.09%**

Annual

Type	2021	2022	2023	2024	YTD 2025
Office	6.40%	6.39%	7.10%	7.52%	7.60%
Industrial	5.71%	5.51%	5.84%	6.20%	6.21%
Retail	6.77%	6.60%	6.97%	7.20%	7.22%
Total	**6.40%**	**6.31%**	**6.71%**	**7.06%**	**7.09%**

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

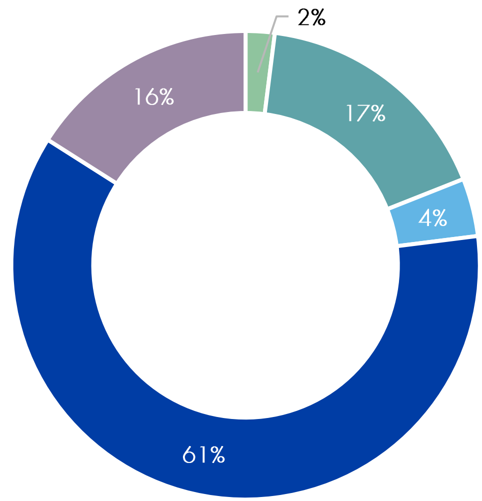
MULTI-TENANT OVERALL MARKET

Buyer Distribution
Quarterly, by Property Type

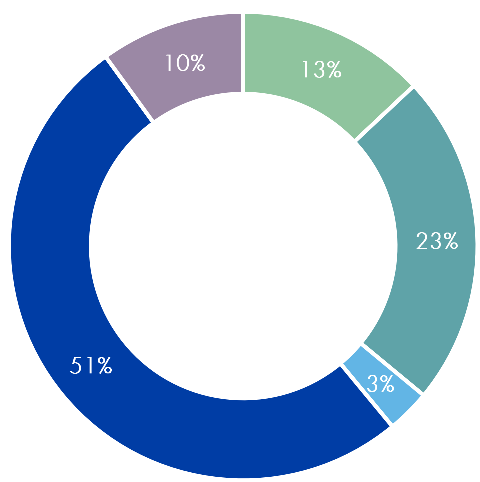
YTD as of Q1 2025

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

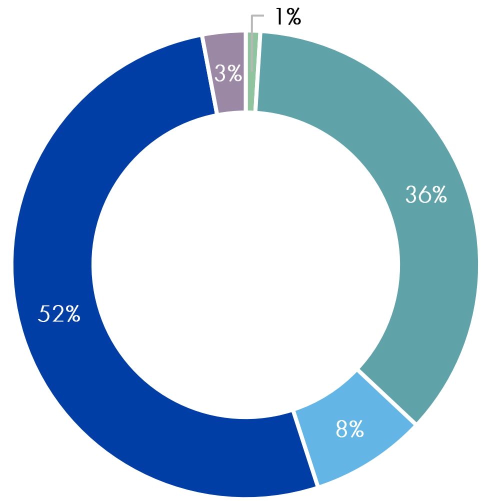
Multi-Tenant Office



Multi-Tenant Industrial



Multi-Tenant Retail



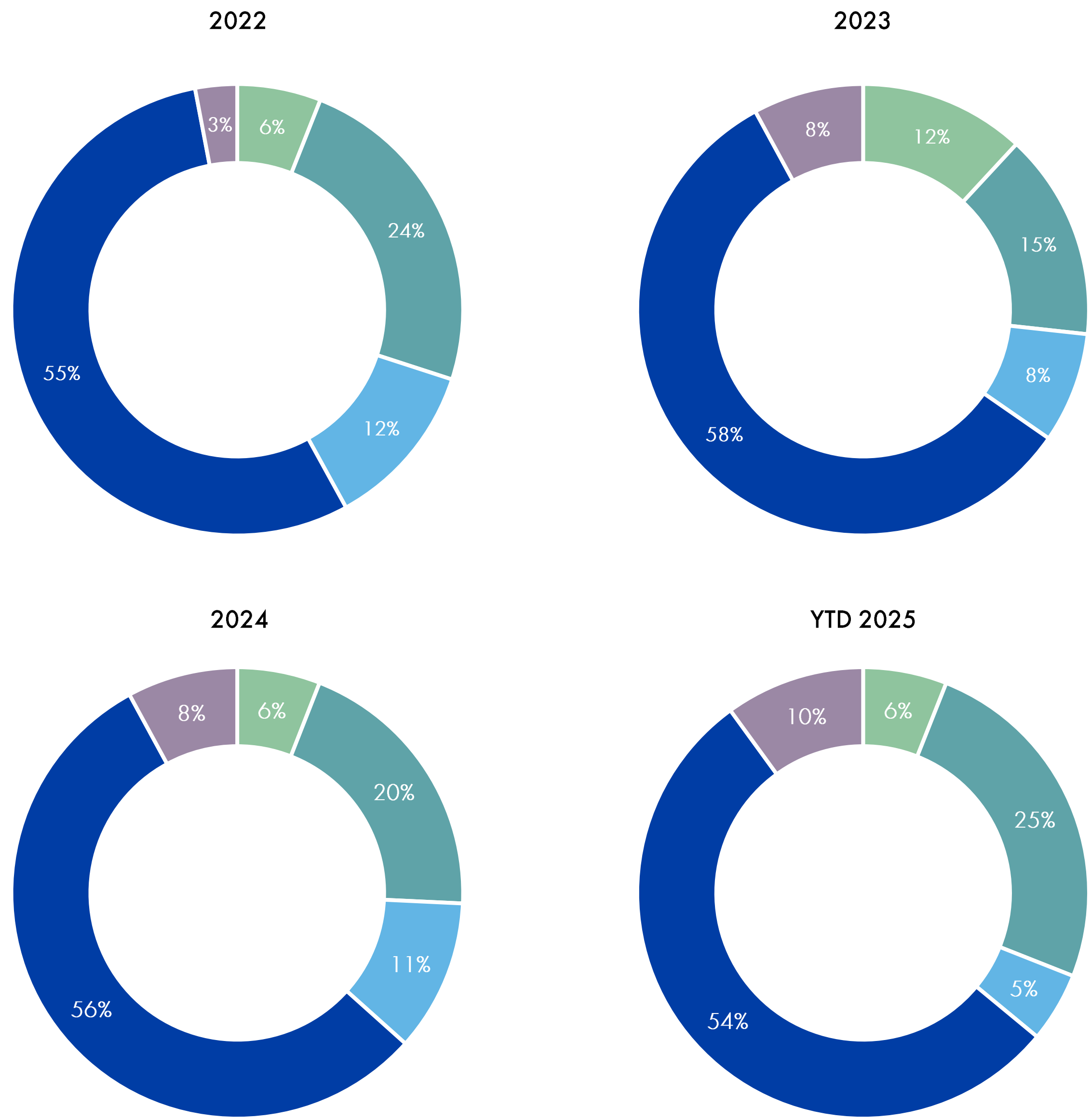
Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m; graphs may not total 100 percent due to rounding

MULTI-TENANT OVERALL MARKET

Buyer Distribution
Annual, Overall Market

Annual

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



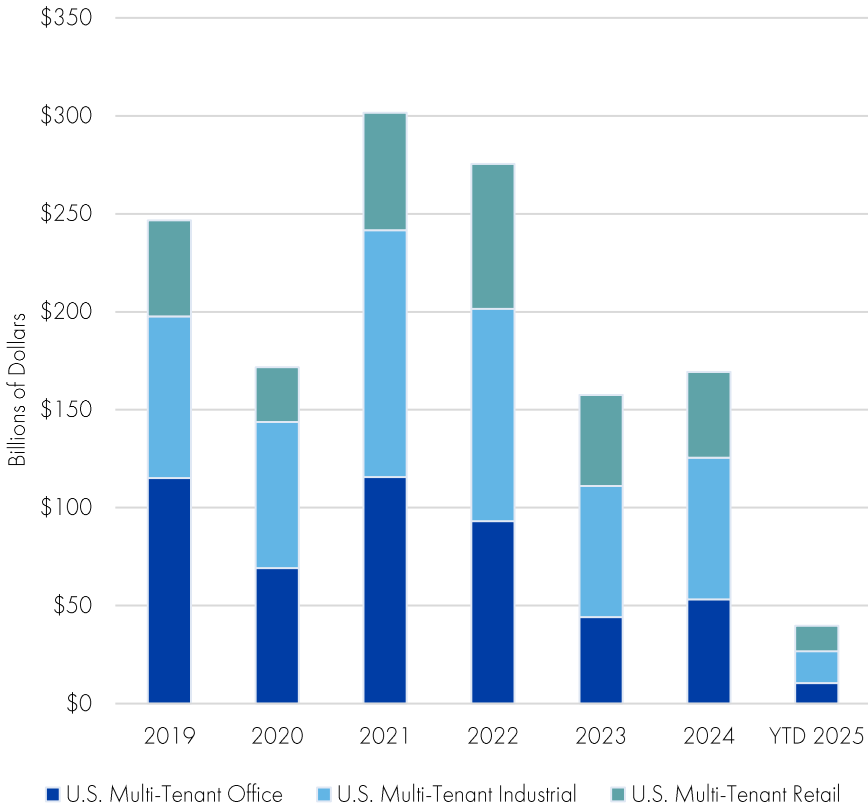
Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m; graphs may not total 100 percent due to rounding

MULTI-TENANT OVERALL MARKET

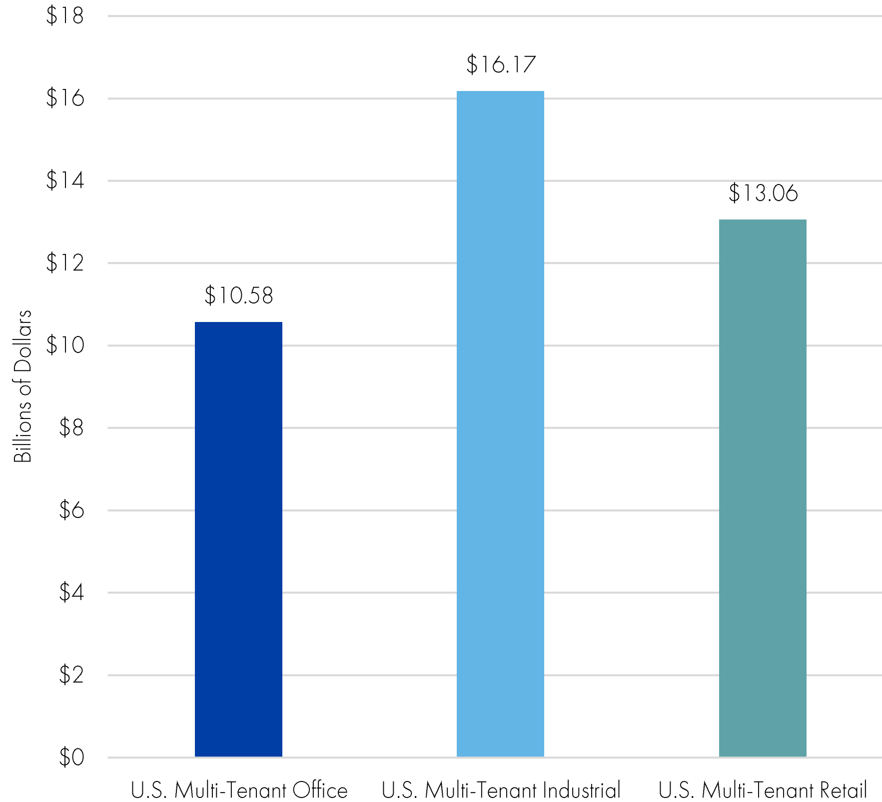
Investment Sales Volume

By Property Type

Annual



Q1 2025

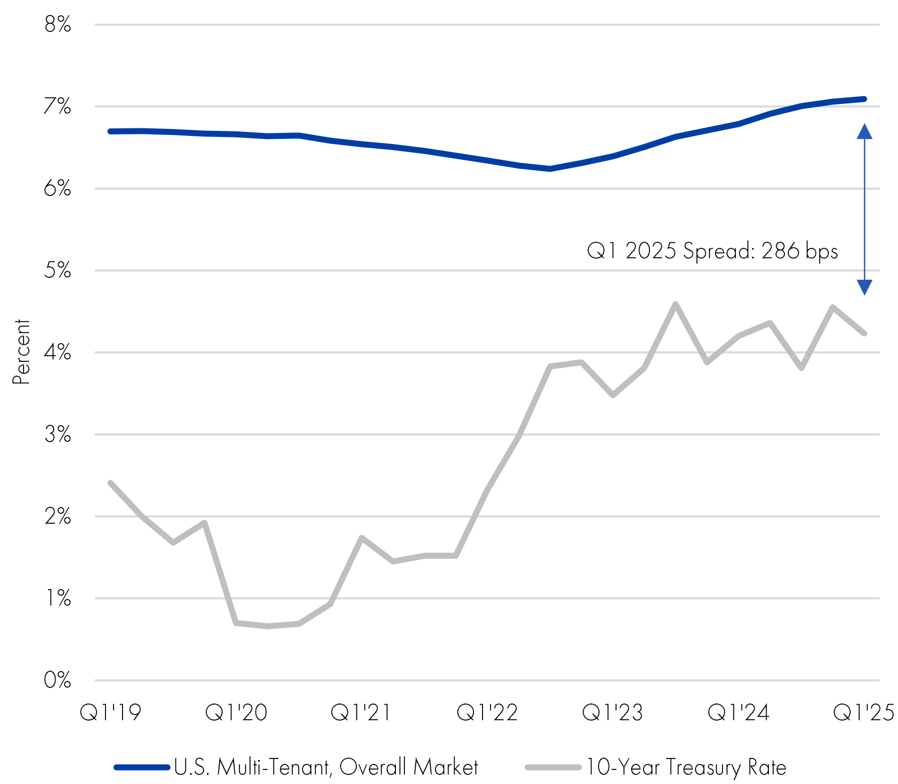


Source: Northmarq, Real Capital Analytics; analysis includes sales greater than $2.5m

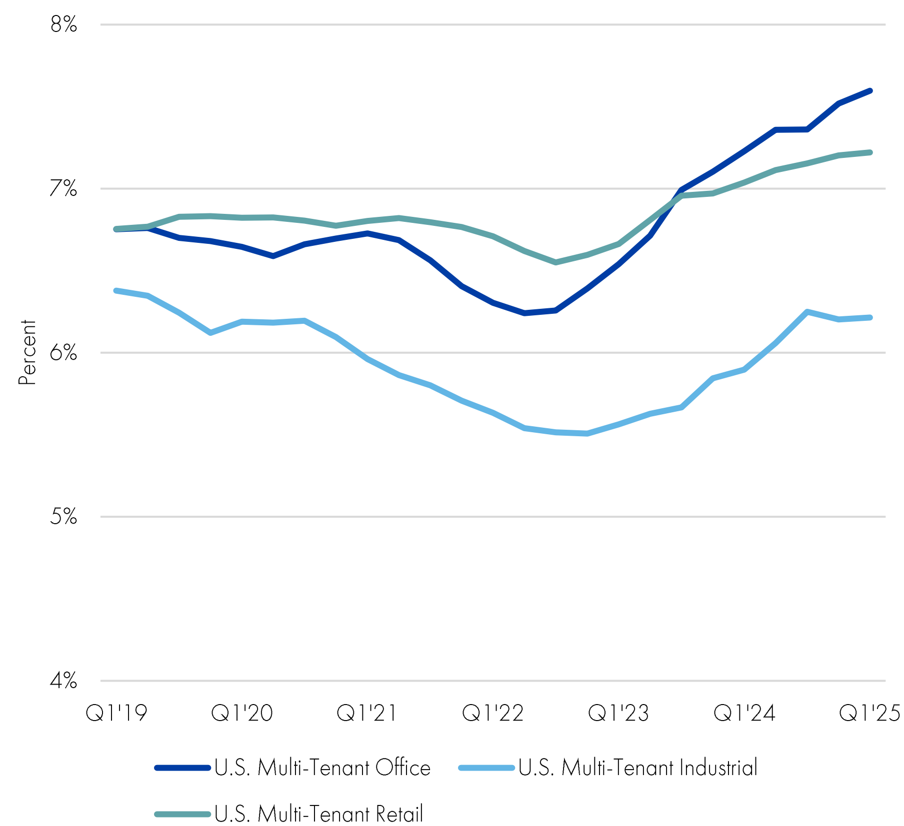
MULTI-TENANT OVERALL MARKET

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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