



SINGLE-TENANT | Q2 2025

Overall Market

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

northmarq.com

SINGLE-TENANT OVERALL MARKET

Market Fundamentals



Q2 2025 Investment Sales Volume	\$9.61B
Change from Last Quarter (Q1 '25)	-13.1%
Change from Last Year (Q2 '24)	-4.6%



Q2 2025 Overall Average Cap Rate	6.93%
Change from Last Quarter (Q1 '25)	+3 bps
Change from Last Year (Q2 '24)	+30 bps

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

Overview | Single-Tenant Overall Market

Investment activity in the single-tenant net lease market slowed again in the second quarter, with \$9.6 billion in sales volume. This marks the second-lowest quarterly total in more than a decade, down 13% from the first quarter and 4.6% year-over-year. Industrial remained the most active sector with \$5.4 billion in sales volume, followed by retail at \$2.2 billion and office at \$1.9 billion. Single-tenant net lease retail was the only sector to post a year-over-year increase, up 5.7%, despite a steep quarter-over-quarter decline.

Cap rates continued their gradual upward trend, rising three basis points to an average of 6.93%. We're now 130 basis points above the market's low point reported in third quarter 2022. Over the past year, the overall average has increased 30 basis points, which suggests we are on a slow but steady path toward rate stabilization.

Private investors remained the most active buyer group, accounting for roughly half of all single-tenant transactions year-to-date. Institutional buyers represented 25% of buyer activity, up slightly from last year, while REITs have scaled back to 7% market share. International investors were less active overall – down to just 5% of the buyer pool – but in the first half of 2025, they've showed a preference for single-tenant retail assets more so than office or industrial.

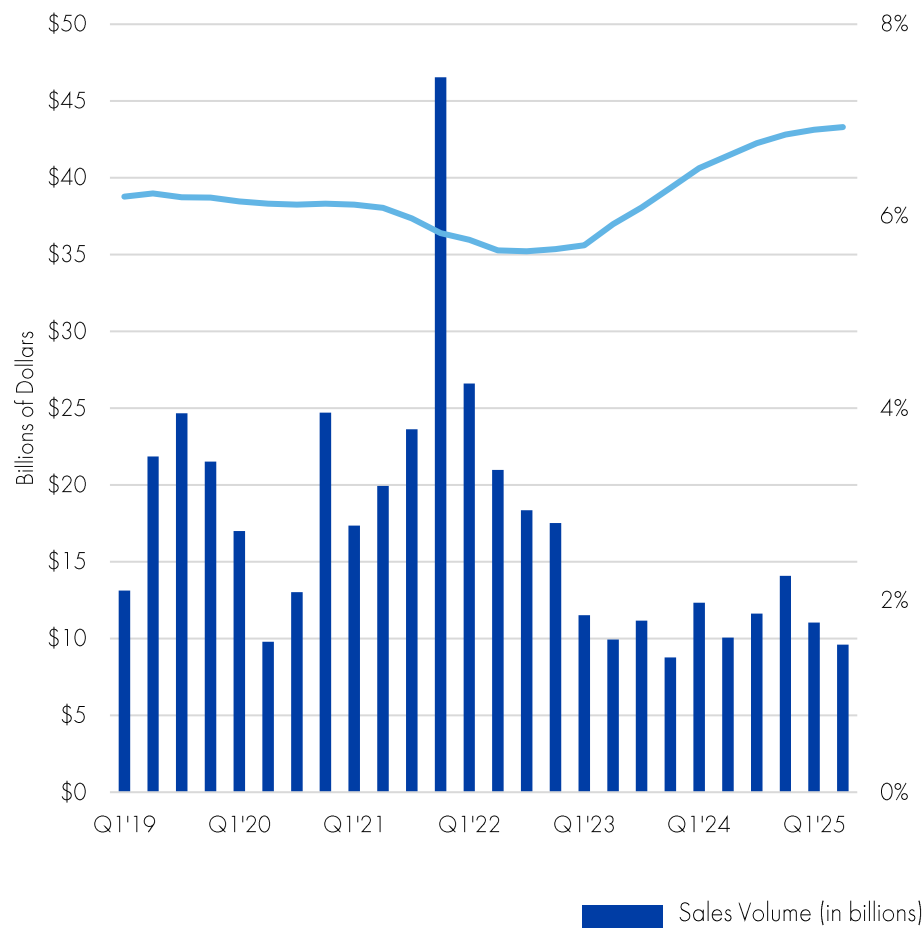
Without a meaningful uptick in sales during the second half of the year, the single-tenant market is on pace to fall short of annual totals reported in both 2023 and 2024, which were significantly slower periods compared to the record-setting performance of 2021.



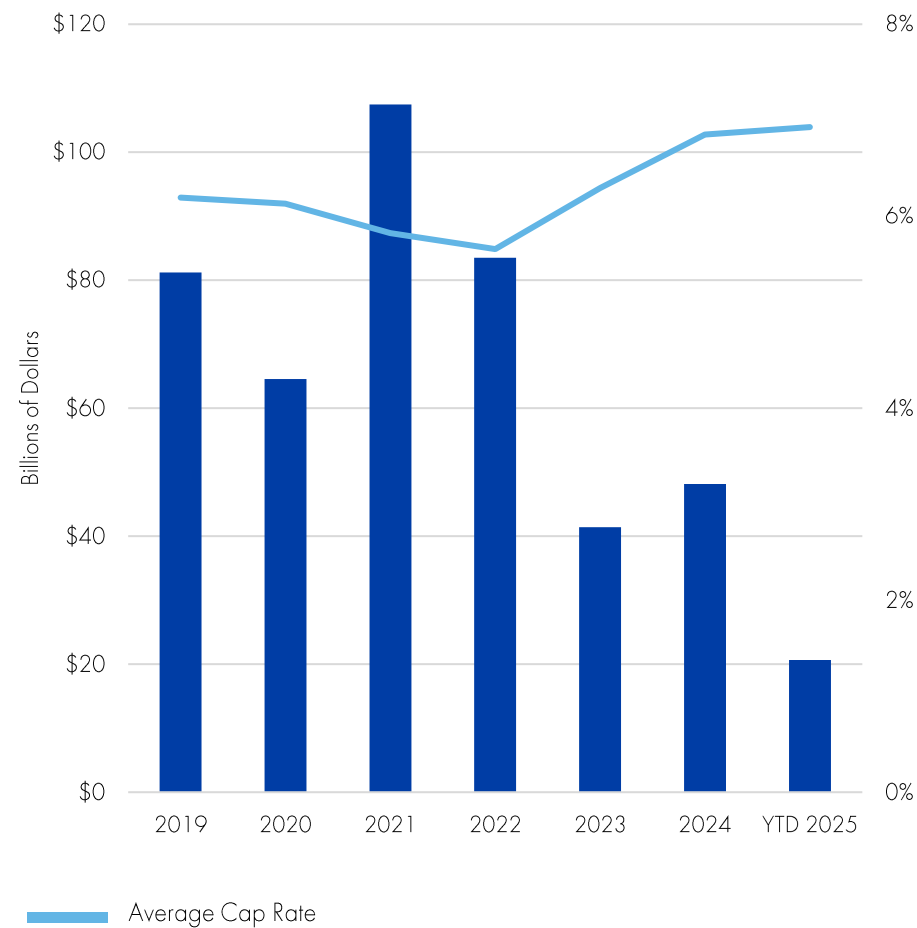
SINGLE-TENANT OVERALL MARKET

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	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Office	\$2.12	\$1.98	\$2.58	\$2.07	\$1.92
Industrial	\$5.83	\$6.98	\$8.67	\$5.70	\$5.44
Retail	\$2.12	\$2.67	\$2.84	\$3.28	\$2.24
Total	\$10.07	\$11.64	\$14.09	\$11.05	\$9.61

Annual

Type	2021	2022	2023	2024	YTD 2025
Office	\$28.90	\$22.63	\$7.39	\$10.24	\$4.00
Industrial	\$56.83	\$42.66	\$21.71	\$25.96	\$11.14
Retail	\$21.75	\$18.21	\$12.30	\$11.94	\$5.52
Total	\$107.47	\$83.50	\$41.41	\$48.14	\$20.66

Average Cap Rates



Quarterly

Type	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Office	6.98%	7.13%	7.18%	7.22%	7.25%
Industrial	6.44%	6.43%	6.52%	6.54%	6.55%
Retail	6.62%	6.80%	6.88%	6.95%	6.97%
Total	6.63%	6.76%	6.85%	6.90%	6.93%

Annual

Type	2021	2022	2023	2024	YTD 2025
Office	6.17%	6.16%	6.67%	7.18%	7.25%
Industrial	5.43%	5.39%	6.38%	6.52%	6.55%
Retail	5.93%	5.60%	6.15%	6.88%	6.97%
Total	5.82%	5.66%	6.29%	6.85%	6.93%



SINGLE-TENANT OVERALL MARKET

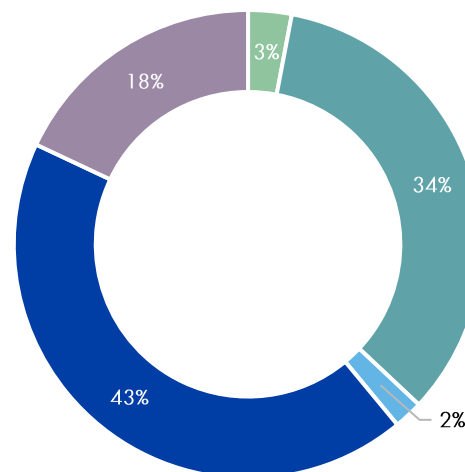
Buyer Distribution

Quarterly, by Property Type

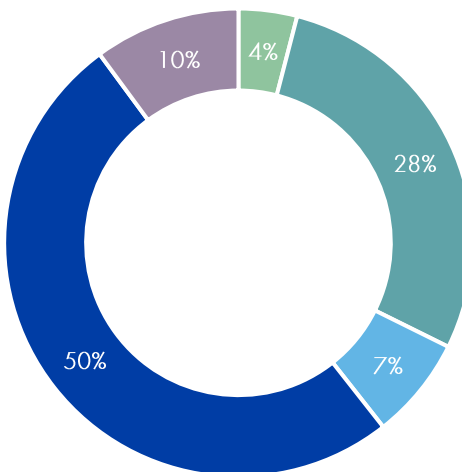
YTD as of Q2 2025



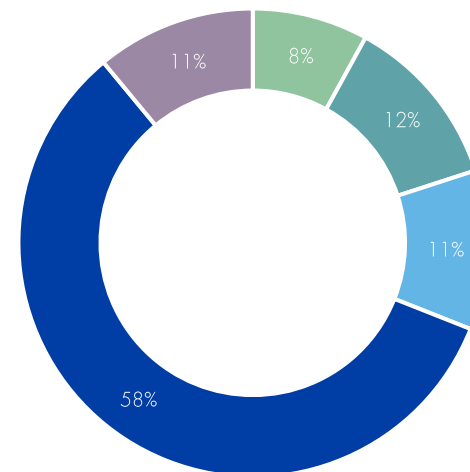
Single-Tenant Office



Single-Tenant Industrial



Single-Tenant Retail



SINGLE-TENANT OVERALL MARKET

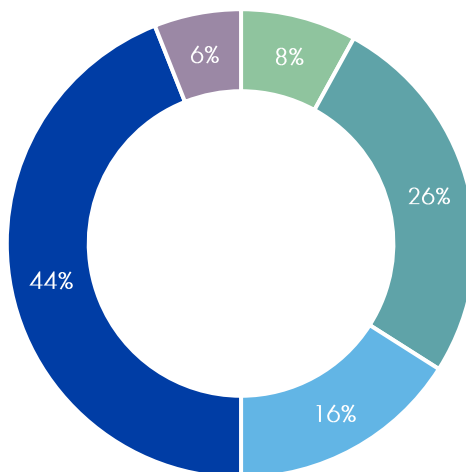
Buyer Distribution

Annual, Overall Market

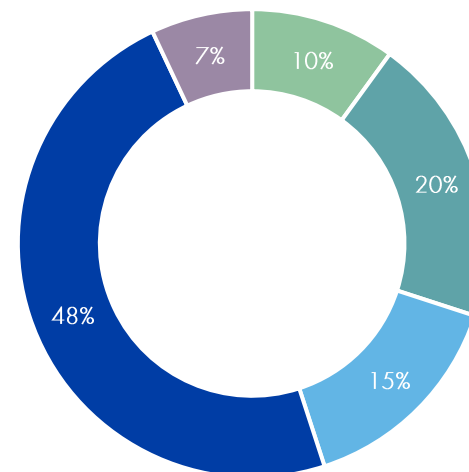
Annual

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

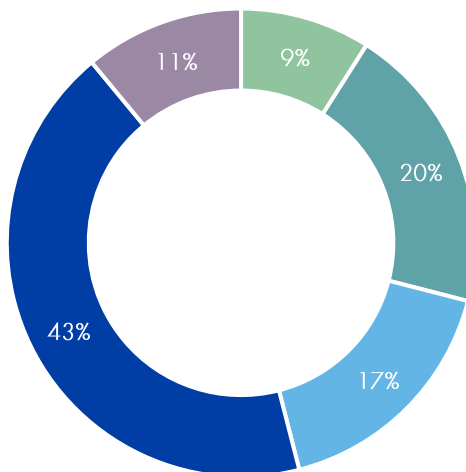
2022



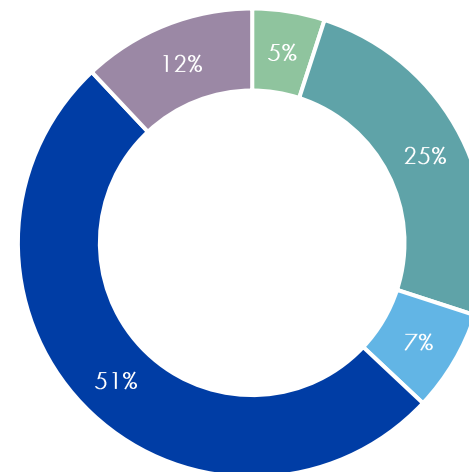
2023



2024



YTD 2025

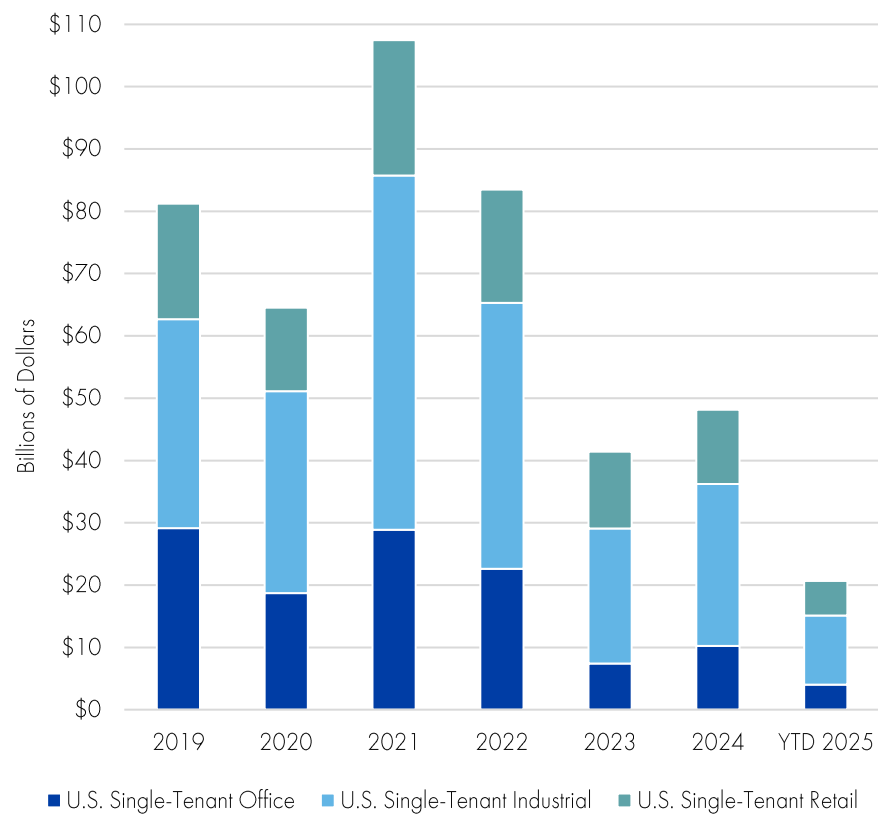


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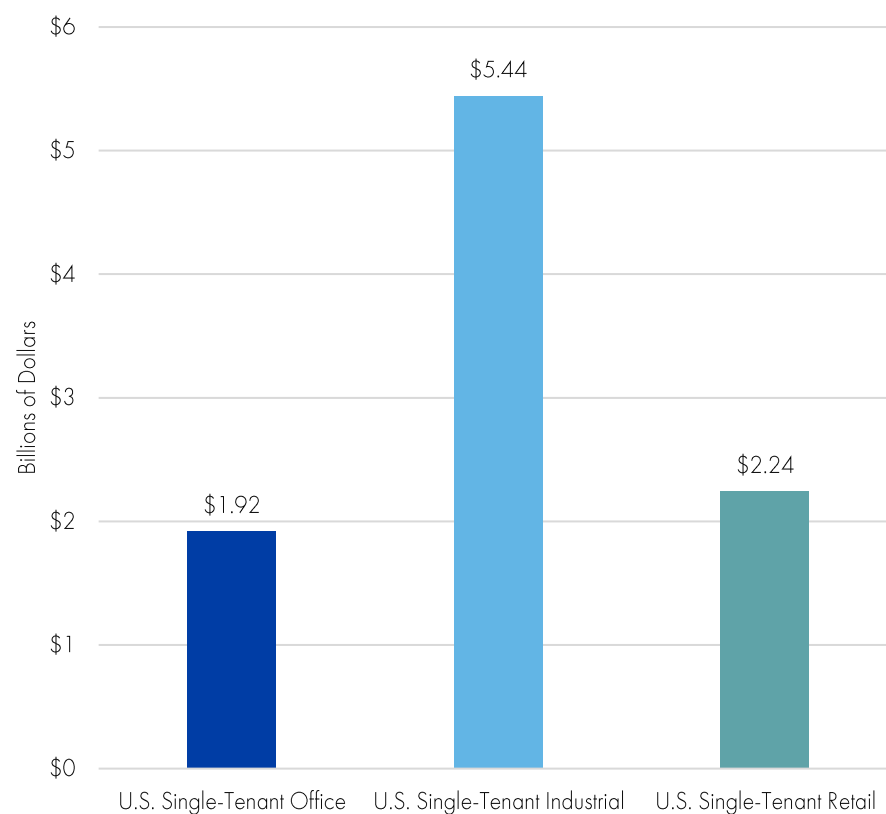
Investment Sales Volume

By Property Type

Annual



Q2 2025



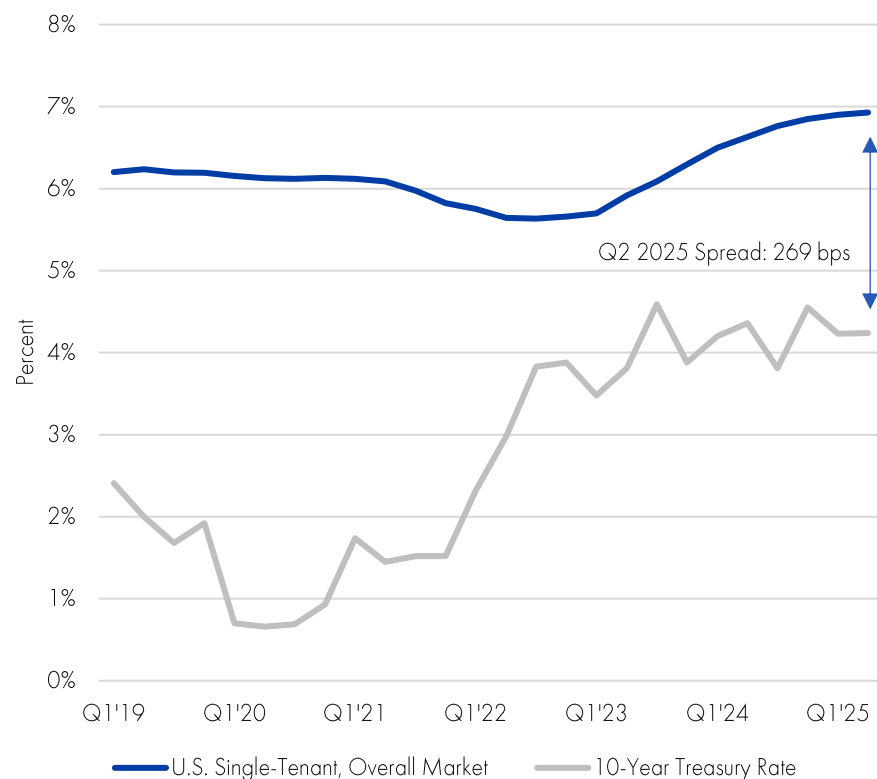
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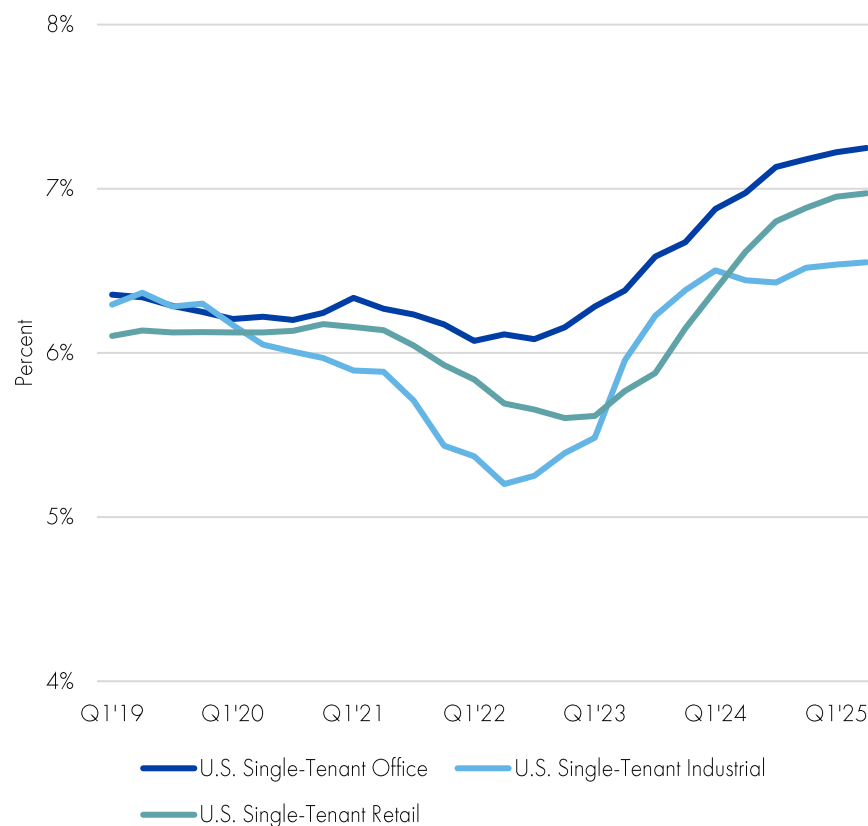
SINGLE-TENANT OVERALL MARKET

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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