

FIGURES | U.S. NET-LEASE INVESTMENT | Q2 2025

Net-Lease Investment Increases by 27% for Year Ending in Q2

▼ \$9.9 B

Investment Volume

▼ \$177 M

Cross-Border Capital

▲ 7.0%

Average Cap Rate

▲ 4.4%

10-Year Treasury Rate*

Arrows indicate change from the same quarter in the previous year.

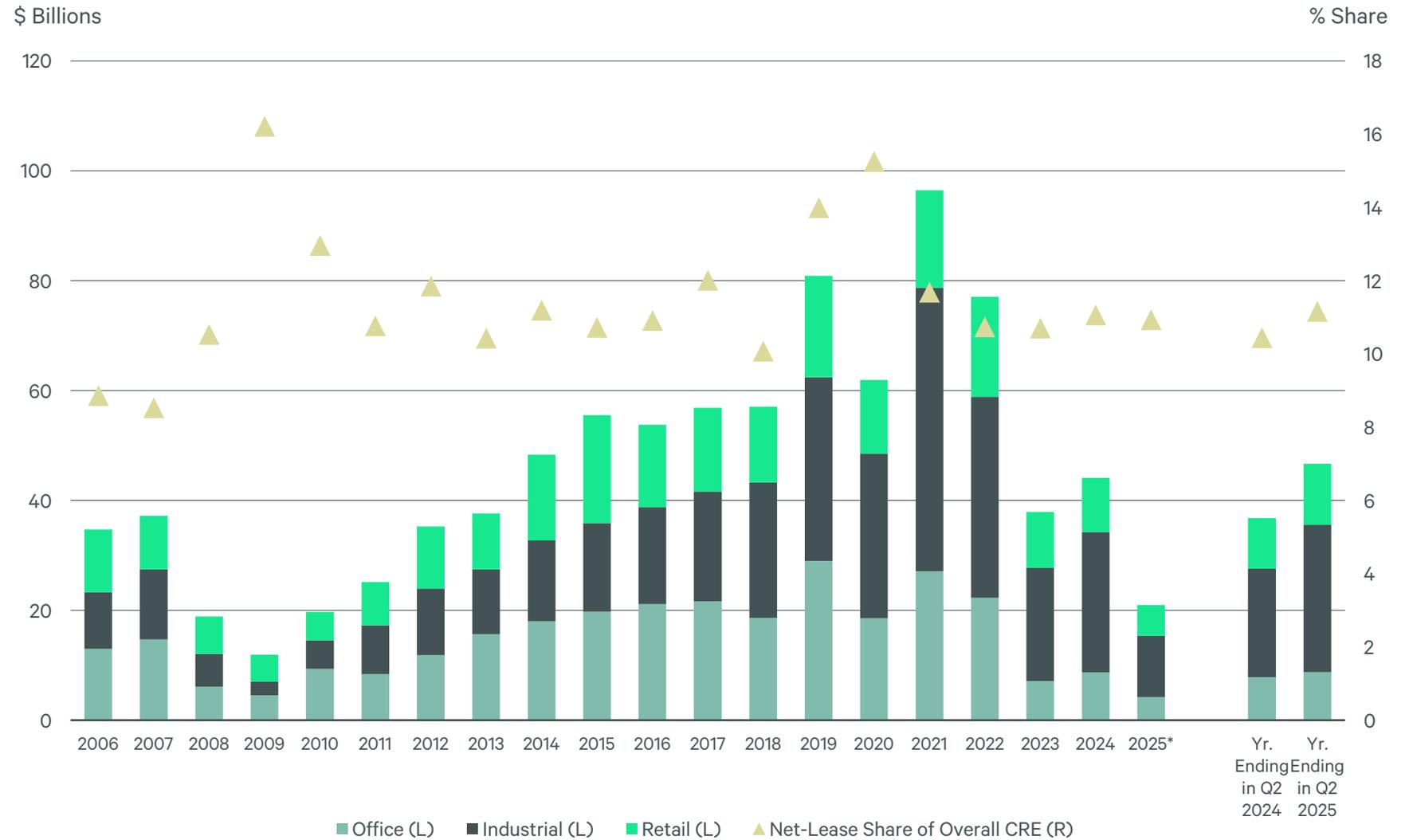
*Quarterly Average.

Executive Summary

- Net-lease investment volume declined by 11% quarter-over-quarter and 2% year-over-year in Q2 to \$9.9 billion. Excluding two large retail net-lease deals in Q1 (Uniqlo’s \$353 million acquisition of its New York City flagship store and SouthState Bank’s \$459 million sale-leaseback of its retail branches), Q2 net-lease investment volume was down by only 4% quarter-over-quarter.
- For the year ending in Q2 2025, net-lease investment volume increased by 27% to \$46.7 billion compared with the same period a year ago. Total commercial real estate volume increased by 19% to \$418.3 billion.
- Net-lease investment in the office sector decreased by 2% year-over-year to \$2.1 billion, while that of the industrial sector fell by 6% to \$5.5 billion. Retail net-lease investment rose by 9% year-over-year to \$2.3 billion.
- While industrial remains the largest sector for net-lease investment, its share of total volume fell slightly to 56% in Q2 from 58% a year earlier. The office sector’s share remained the same at 21%, while the retail share increased to 23% from 21%.
- The average net-lease cap rate remained stable quarter-over-quarter at 7.0% but was up by 32 basis points (bps) from a year ago.
- The average 10-year Treasury yield increased by 10 bps quarter-over-quarter to close Q2 at 4.4%. Spreads between the average net-lease cap rate and the 10-year Treasury yield decreased to 259 bps in Q2 from 267 bps in Q1.
- CBRE expects the Fed to make two rate cuts later this year and the 10-year Treasury yield to remain above 4%. The market has largely adjusted to these conditions and we expect investment activity to continue improving. We also expect increased demand for net-lease investments as investors seek resilient, income-driven return opportunities.

Figure 1 Net-lease investment volume

- Q2 net-lease investment volume—using single-tenant asset sales as a proxy—decreased by 2% year-over-year to \$9.9 billion.
- For the year ending Q2 2025, net-lease investment volume increased by 27% to \$46.7 billion from the same period a year ago. Total commercial real estate volume increased by 19% to \$418.3 billion.



*YTD
 Note: Single-tenant asset investments used as a proxy for net-lease investment sales.
 Source: CBRE Research, MSCI Real Assets, Q2 2025.

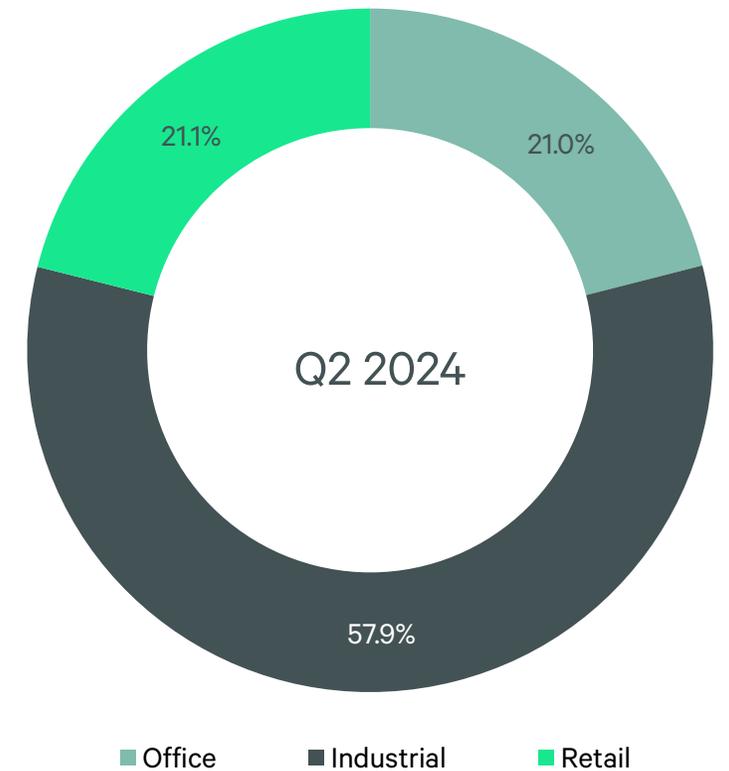
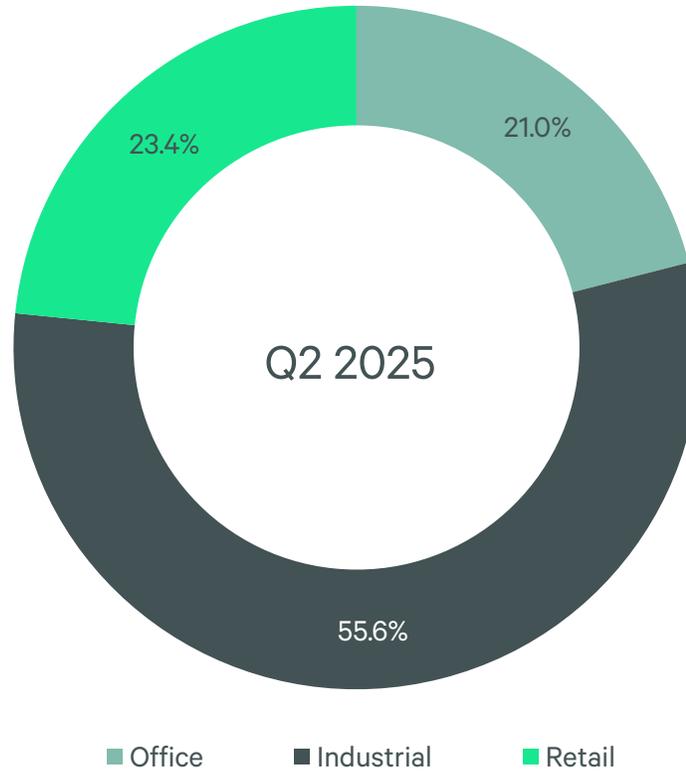
Figure 2
Net-lease investment volume
by major property type

	Total (\$ Billions)				Total (\$ Billions)			
	Q2 2025	Q2 2024	Change (%)	Market Share (%)	Year Ending Q2 2025	Year Ending Q2 2024	Change (%)	Market Share (%)
All Types of Investments								
Office	2.1	2.1	-1.9	21.0	8.8	7.8	11.7	18.8
Industrial	5.5	5.8	-5.8	55.6	26.8	19.7	35.9	57.5
Retail	2.3	2.1	9.0	23.4	11.1	9.2	20.4	23.7
Other	0.0	0.0	-	0.0	0.0	0.0	-	0.0
TOTAL	9.9	10.1	-1.9	100.0	46.7	36.8	26.9	100.0
Single-Asset Investments Only								
Office	1.8	1.5	25.0	23.0	7.3	5.9	23.0	19.6
Industrial	4.0	4.5	-11.9	50.2	20.3	15.5	31.0	54.5
Retail	2.1	2.0	6.7	26.7	9.6	7.7	24.9	25.9
Other	0.0	0.0	-	0.0	0.0	0.0	-	0.0
TOTAL	7.9	7.9	-0.5	100.0	37.2	29.1	27.7	100.0
Portfolio Investments Only								
Office	0.3	0.7	-61.5	12.8	1.5	1.9	-22.9	15.6
Industrial	1.5	1.3	14.6	77.2	6.6	4.3	53.9	69.3
Retail	0.2	0.1	40.5	10.0	1.4	1.5	-3.1	15.1
Other	0.0	0.0	-	0.0	0.0	0.0	-	0.0
TOTAL	2.0	2.1	-7.2	100.0	9.5	7.7	23.7	100.0

Note: Some numbers may not total due to rounding. Single-tenant asset transactions used as a proxy for net-lease investment sales.
 Source: CBRE Research, MSCI Real Assets, Q2 2025.

Figure 3 Net-lease market share by major property type

- Industrial assets accounted for \$5.5 billion or 56% of total net-lease investment volume in Q2, down from 58% a year ago.
- The office sector’s share remained at 21% (\$2.1 billion), while the retail sector’s share increased to 23% (\$2.3 billion) from 21% a year ago.
- On a year-over-year basis, Q2 net-lease investment volume declined by 2% for office and 6% for industrial but increased by 9% for retail.



Note: MSCI Real Assets only tracks properties and portfolios of \$2.5 million+. Therefore, the total net-lease investment volume is understated, especially since a sizable share of retail transactions are below \$2.5 million.
Source: CBRE Research, MSCI Real Assets, Q2 2025.

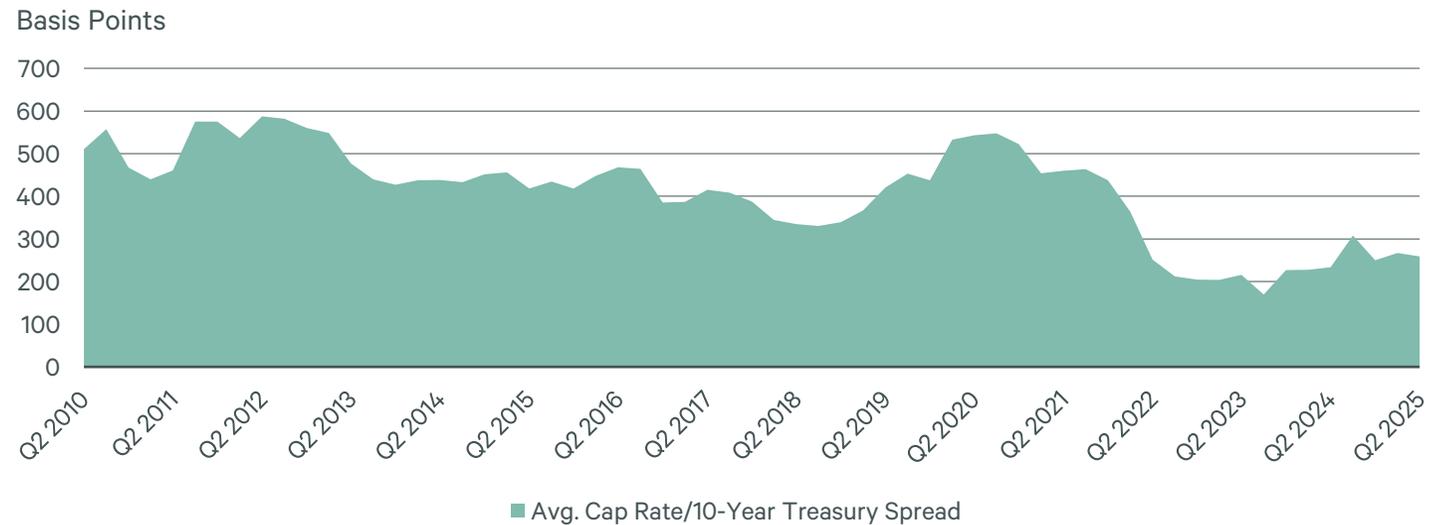
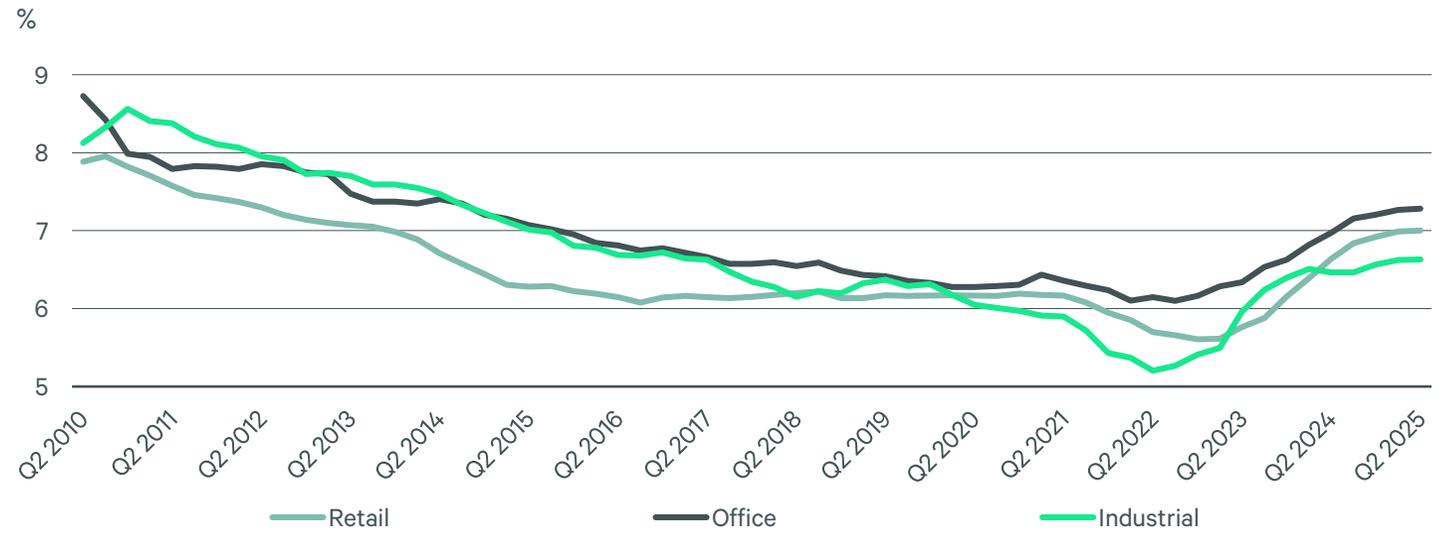
Figure 4
Top 20 markets for net-lease investment
volume, Q2 2025

Rank	Market	Q2 2025 (\$ Millions)	Q2 2024 (\$ Millions)	Change (\$ Millions)	Change (%)	Yr. Ending Q2 2025 (\$ Millions)	Yr. Ending Q2 2024 (\$ Millions)	Change (\$ Millions)	Change (%)
1	Seattle	596	285	311	108.9	1,413	605	808	133.6
2	Houston	552	231	320	138.6	1,389	1,173	216	18.4
3	Phoenix	487	358	129	36.0	1,904	965	939	97.2
4	Dallas-Ft. Worth	395	247	149	60.2	1,939	1,245	694	55.7
5	Charlotte	395	382	13	3.4	711	882	-171	-19.4
6	Chicago	394	176	218	123.8	1,530	1,028	502	48.8
7	N. New Jersey	358	262	96	36.6	1,222	974	248	25.5
8	San Jose	316	178	139	78.0	1,424	772	651	84.4
9	Boston	297	147	150	101.9	1,659	1,191	467	39.2
10	Modesto	286	178	108	60.4	444	298	146	49.1
11	Los Angeles	283	507	-224	-44.1	1,682	2,107	-425	-20.2
12	Inland Empire	220	179	42	23.4	1,388	1,271	117	9.2
13	Orange County	217	54	163	302.5	720	567	153	27.0
14	Savannah	206	18	188	1,052.9	794	239	554	231.4
15	Miami-Dade Co	175	151	23	-	905	586	320	-
16	Las Vegas	173	120	53	44.2	454	265	189	71.1
17	Orlando	146	40	106	264.6	435	238	197	83.1
18	Jacksonville	143	147	-4	-2.9	739	392	347	88.4
19	Philadelphia	133	86	47	55.2	499	387	112	28.9
20	Atlanta	133	360	-227	-	1,152	1,119	33	2.9

Source: CBRE Research, MSCI Real Assets, Q2 2025.

Figure 5 Cap rates & spreads between 10-year Treasury yield

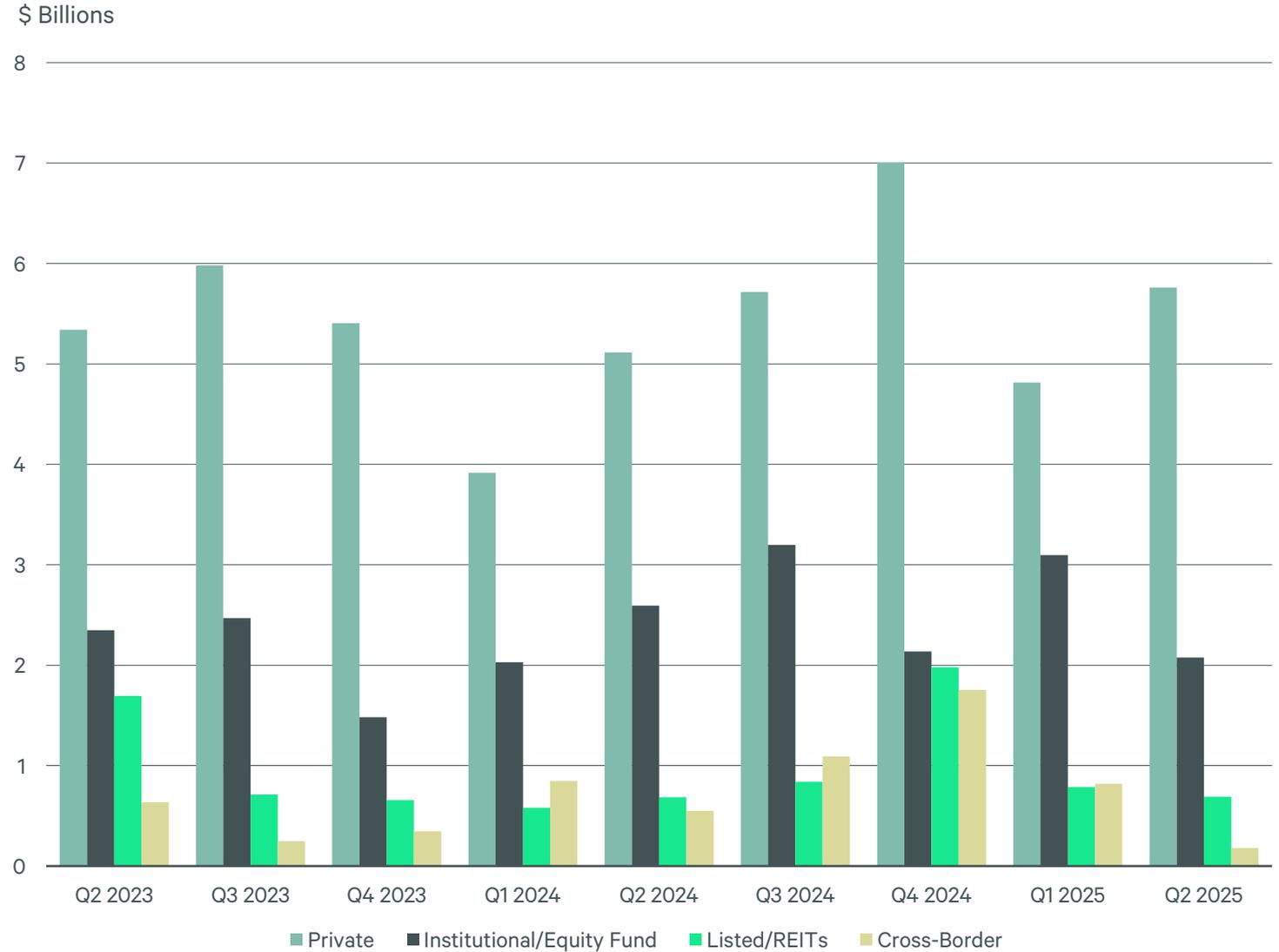
- The average net-lease cap rate rose by 32 bps year-over-year to 7.0% but was unchanged quarter-over-quarter after more than two years of consecutive quarterly increases.
- The average 10-year Treasury yield closed Q2 at 4.4% from 4.3% a year ago. The spread between the average net-lease cap rate and 10-year Treasury yield was 259 bps in Q2, up by 25 bps from a year ago but down by 8 bps from Q1.
- The average net-lease cap rate for retail assets increased to 7.0% from 6.6% a year ago, while the average for office and industrial assets increased by 31 bps and 16 bps to 7.3% and 6.6%, respectively. All three sectors' average net-lease cap rates were flat on a quarter-over-quarter basis.



Source: CBRE Research, MSCI Real Assets, U.S. Department of the Treasury, Q2 2025.

Figure 6
Net-lease investment by investor type

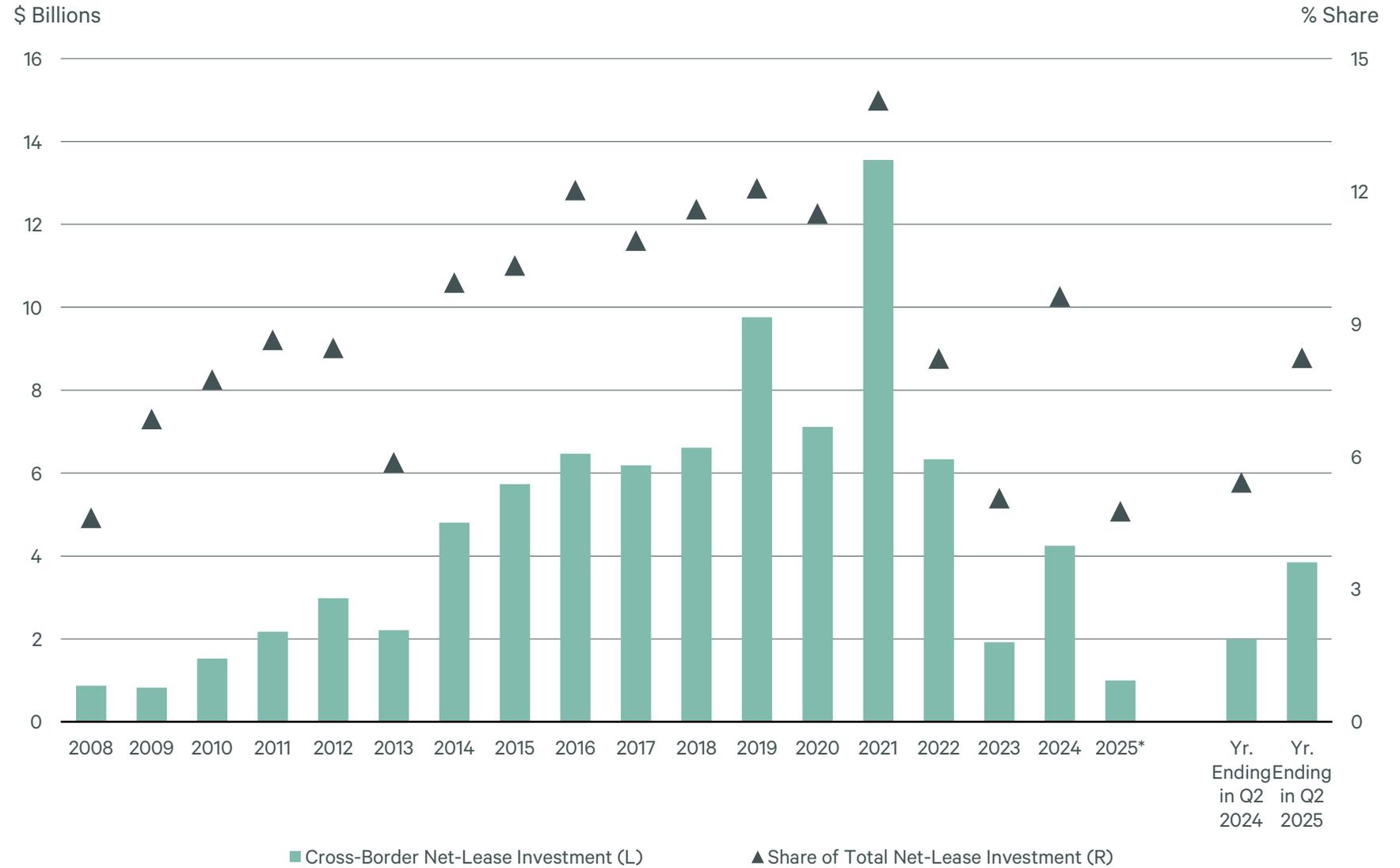
- Private investors remained the largest buyer group for net-lease investment. Total private capital volume increased by 13% year-over-year and 20% quarter-over-quarter in Q2 to \$5.8 billion.
- Institutional investors and equity funds accounted for \$2.1 billion in Q2 net-lease investment volume, down 33% quarter-over-quarter and 20% year-over-year. For the year ending Q2 2025, volume by institutional investors was up by 22% from the same period a year ago.
- Net-lease investment by REITs fell by 12% quarter-over-quarter but was up by 1% year-over-year to \$690 million.
- Cross-border net-lease investment fell by 78% quarter-over-quarter and 68% year-over-year to \$178 million.



Note: Investor types reflect transactions reported to MSCI Real Assets and may not fully reflect market activity.
 Source: CBRE Research, MSCI Real Assets, Q2 2025.

Figure 7 Cross-border net-lease investment

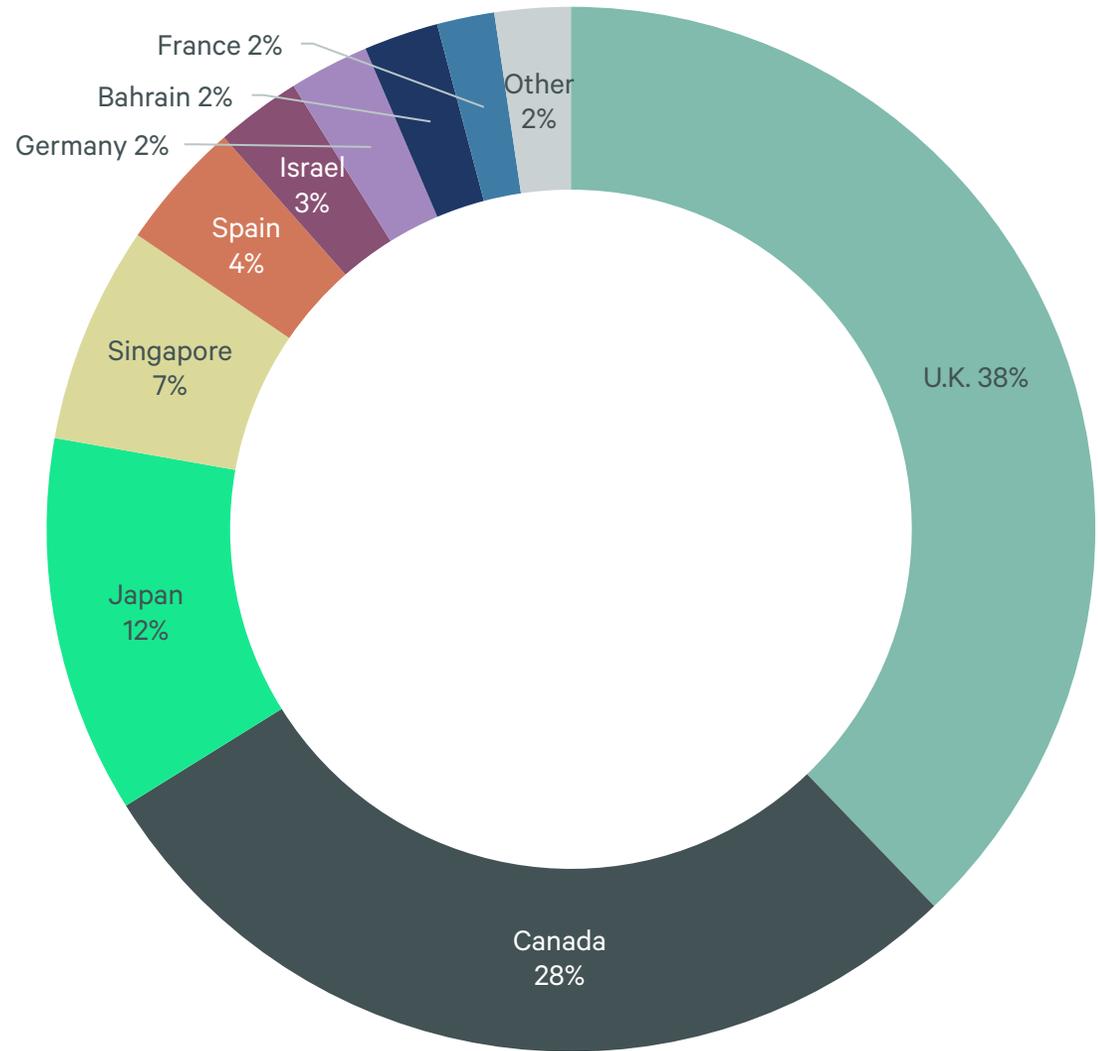
- International buyers accounted for 1.8% of total U.S. net-lease investment volume in Q2, down from 7.4% in Q1. This represents their lowest quarterly share since Q1 2009.
- For the year ending Q2 2025, foreign net-lease investment increased by 93% from the same period a year ago, fueled by large deals in the second half of 2024.



* YTD
Source: CBRE Research, MSCI Real Assets, Q2 2025.

Figure 8
Cross-border net-lease investment by country of origin, year ending Q2 2025

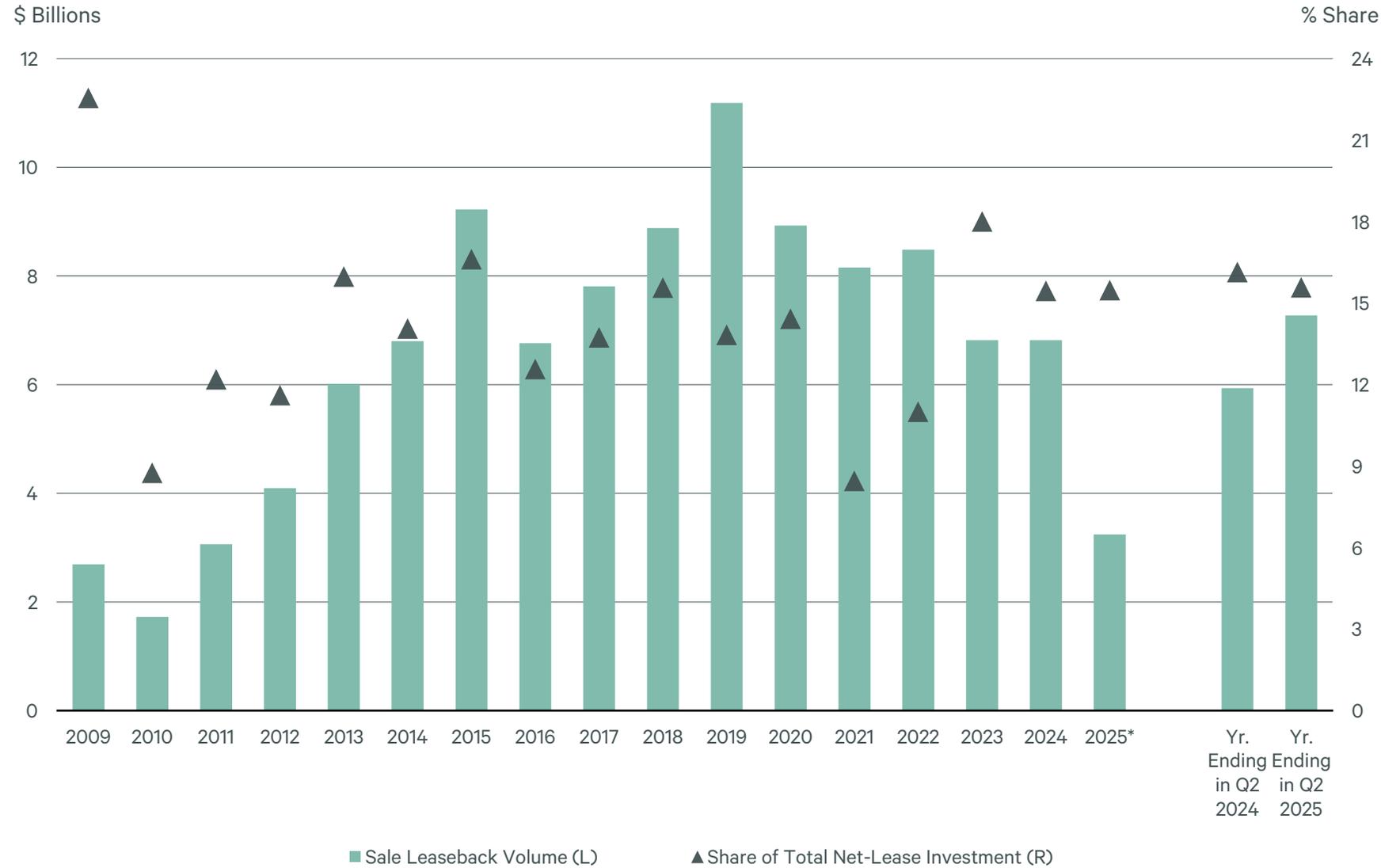
- The U.K., Canada, Japan, Singapore and Spain were the top five countries of origin for international investment in U.S. net-lease properties for the year ending Q2 2025. Together, they accounted for 88% of total cross-border investment volume.
- The U.K. and Canada accounted for 66% of all cross-border net-lease volume over the past year.



Source: CBRE Research, MSCI Real Assets, Q2 2025.

Figure 9 Sale/leaseback net-lease investment volume

- Sale/leaseback net-lease investment volume declined by 36% year-over-year to \$1.0 billion in Q2, while volume for the year ending Q2 2025 increased by 23% to \$7.3 billion.
- Sale/leasebacks made up 10% of total net-lease investment in Q2, down from 16% a year ago. Sale/leaseback volume is down due to less M&A activity.



*YTD
Source: CBRE Research, MSCI Real Assets, Q2 2025.

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