



SINGLE-TENANT | Q2 2025

Retail

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

northmarq.com

SINGLE-TENANT RETAIL

Market Fundamentals



Q2 2025 Investment Sales Volume	\$2.24B
Change from Last Quarter (Q1 '25)	-31.7%
Change from Last Year (Q2 '24)	+5.7%



Q2 2025 Overall Average Cap Rate	6.97%
Change from Last Quarter (Q1 '25)	+2 bps
Change from Last Year (Q2 '24)	+35 bps

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

Overview | Single-Tenant Retail

After three consecutive quarters of increasing activity, the single-tenant net lease retail sector posted a 31.7% quarter-over-quarter decline, reporting just \$2.2 billion in second quarter investment sales.

Cap rates rose two basis points to 6.97%, up 35 basis points year-over-year. The increase reflects continued pricing recalibration, most notably for assets with shorter lease terms or non-credit tenants. However, cap rates for top-tier operators remain compressed in high-demand categories like quick service restaurants (QSRs).

Several retail segments stood out this quarter for their resilience and investor appeal. Fast casual, QSRs and drive-thru formats continue to attract capital, supported by strong brand performance and operational efficiency. Automotive service centers and aftermarket parts retailers also saw robust activity, with investors favoring long-term leases and regional or national operators. Convenience stores and gas stations, led by 7-Eleven-leased properties, traded frequently during the quarter, underscoring investor appetite for essential service retail.

Discount retailers and dollar stores remained a bright spot, despite recent headlines about store closures. Freestanding grocery stores – including Aldi and Dollar General Market – also traded at a high clip, benefiting from consistent foot traffic and demand from budget-conscious consumers. These concepts continue to attract investors seeking tenant durability and recession-resilient retail.

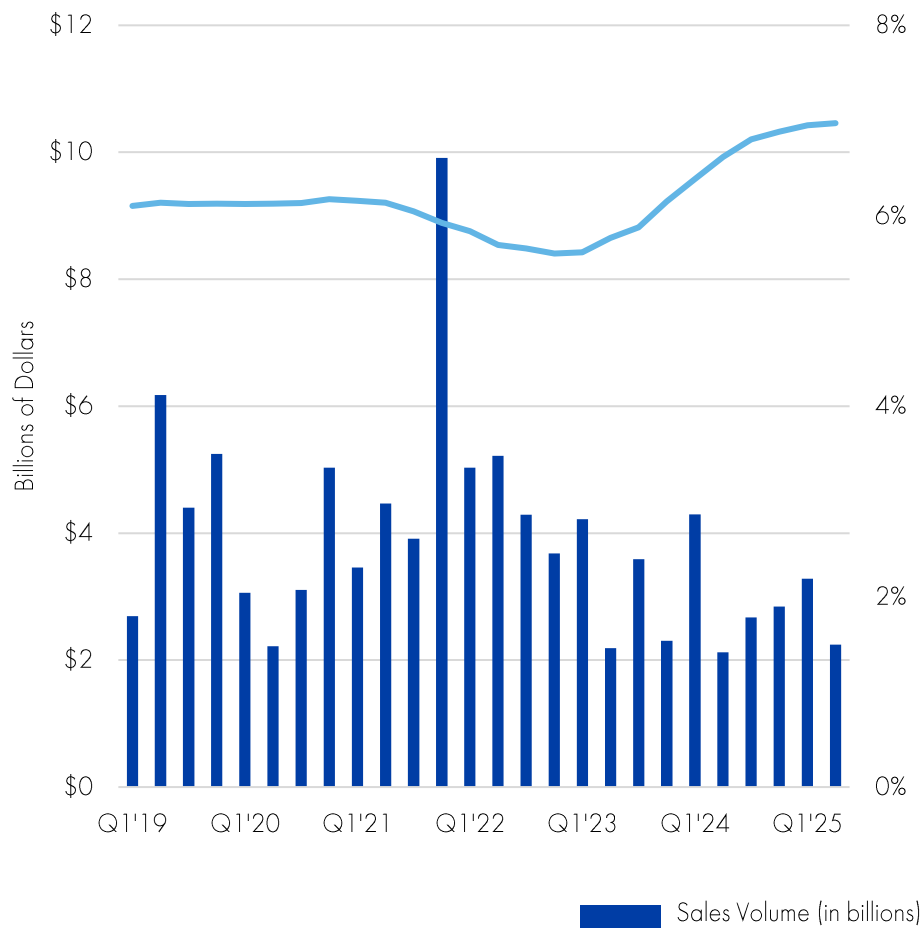
While pricing remains bifurcated, the outlook for single-tenant retail is generally positive, with assets backed by essential service tenants, strong credit profiles and brands in expansion mode expected to remain in high demand.



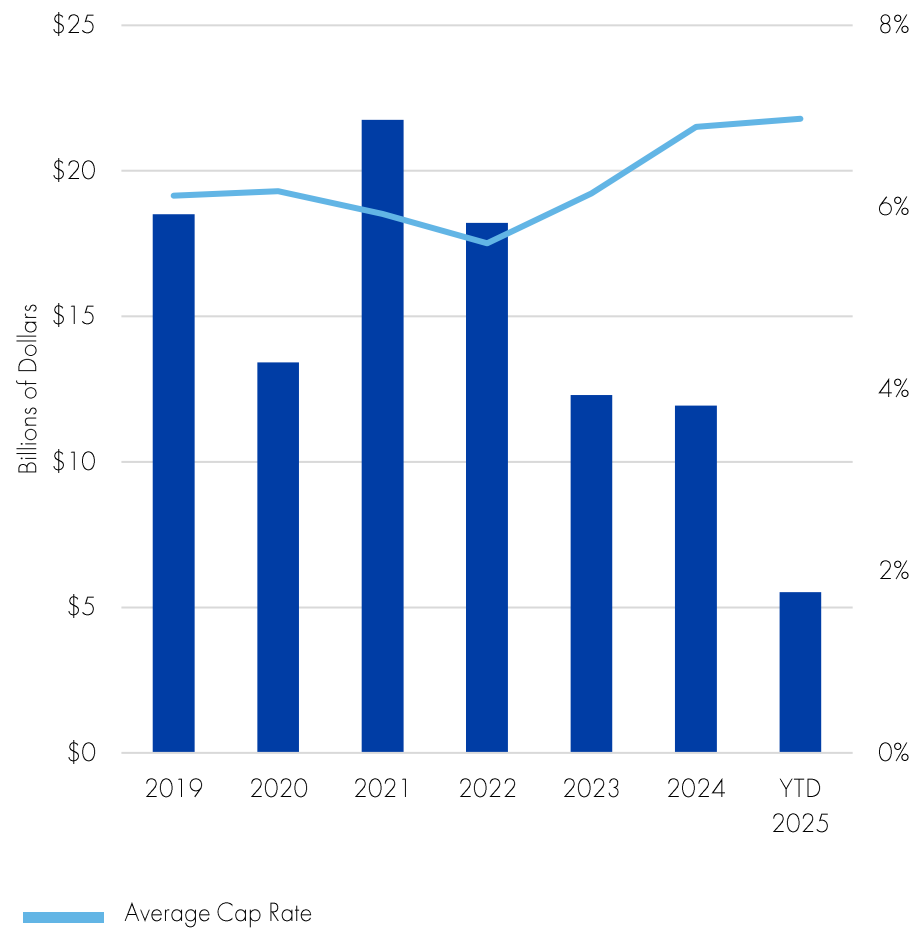
SINGLE-TENANT RETAIL

Investment Sales Volume & Average Cap Rates

 Quarterly



 Annual



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



SINGLE-TENANT RETAIL

Quarterly & Annual Market Statistics

Investment Sales Volume (in millions)



Quarterly

Type	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Mid-Atlantic	\$157.24	\$82.45	\$197.64	\$164.72	\$92.30
Midwest	\$290.31	\$464.13	\$343.63	\$415.19	\$327.43
Northeast	\$192.04	\$363.53	\$531.29	\$770.56	\$461.38
Southeast	\$592.57	\$760.75	\$727.88	\$886.51	\$644.81
Southwest	\$343.89	\$386.14	\$409.17	\$305.11	\$314.96
West	\$545.52	\$615.07	\$635.01	\$634.17	\$401.17
Total	\$2,121.57	\$2,672.07	\$2,844.61	\$3,281.91	\$2,242.05

Annual

Type	2021	2022	2023	2024	YTD 2025
Mid-Atlantic	\$1,571.26	\$1,462.34	\$970.26	\$633.79	\$257.02
Midwest	\$4,387.21	\$3,384.85	\$1,902.08	\$2,090.69	\$742.61
Northeast	\$2,669.05	\$2,344.21	\$1,700.18	\$1,378.32	\$1,231.94
Southeast	\$5,253.39	\$4,903.59	\$3,610.39	\$3,381.39	\$1,531.32
Southwest	\$3,650.58	\$2,613.58	\$1,771.94	\$2,059.45	\$620.06
West	\$4,219.75	\$3,505.84	\$2,344.23	\$2,391.42	\$1,035.34
Total	\$21,751.25	\$18,214.41	\$12,299.07	\$11,935.06	\$5,523.96

Average Cap Rates



Quarterly

Type	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Mid-Atlantic	6.35%	6.76%	7.05%	7.16%	7.38%
Midwest	7.25%	7.40%	7.45%	7.47%	7.60%
Northeast	6.49%	6.68%	6.56%	6.68%	6.42%
Southeast	6.54%	6.70%	6.82%	6.90%	6.93%
Southwest	6.74%	6.90%	6.96%	6.94%	7.04%
West	6.02%	6.12%	6.24%	6.37%	6.35%
Total	6.62%	6.80%	6.88%	6.95%	6.97%

Annual

Type	2021	2022	2023	2024	YTD 2025
Mid-Atlantic	6.26%	6.04%	6.14%	7.05%	7.38%
Midwest	6.26%	6.05%	6.68%	7.45%	7.60%
Northeast	5.67%	5.40%	6.02%	6.56%	6.42%
Southeast	5.92%	5.59%	6.22%	6.82%	6.93%
Southwest	5.78%	5.48%	6.27%	6.96%	7.04%
West	5.64%	5.23%	5.54%	6.24%	6.35%
Total	5.93%	5.60%	6.15%	6.88%	6.97%

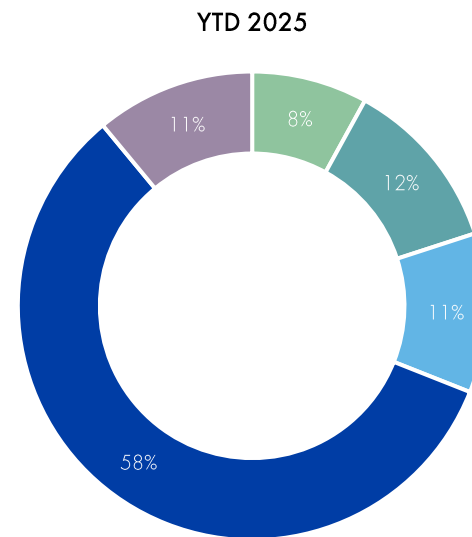
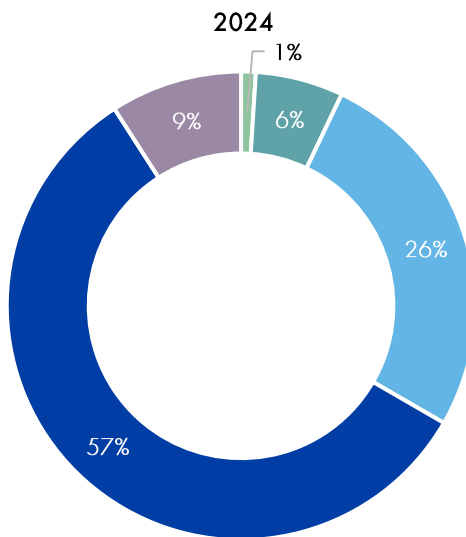
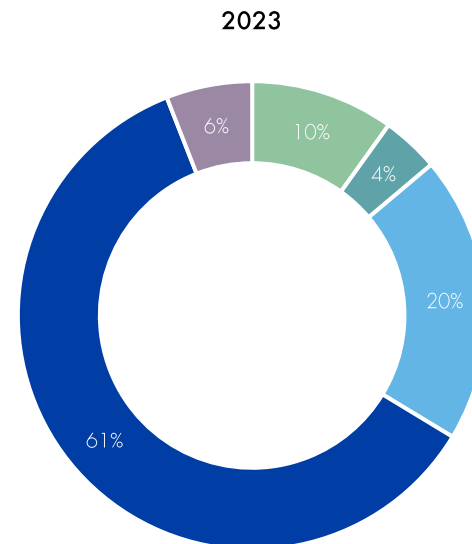
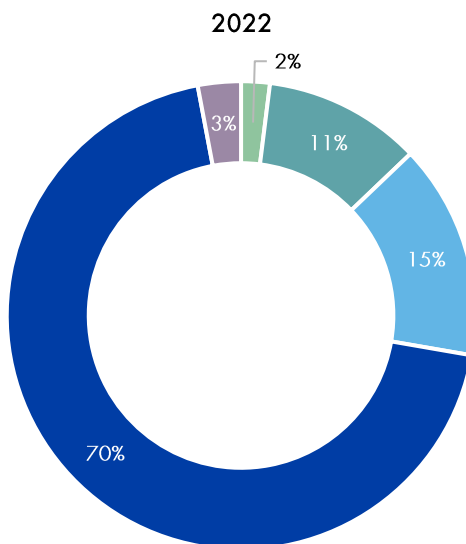
Source: Northmarq, Real Capital Analytics; analysis includes sales greater than \$2.5m; totals may not equal the sum of individual property types due to rounding



SINGLE-TENANT RETAIL

Buyer Distribution

Annual





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