

TRI-OAK CONSULTING GROUP

MULTI-TENANT RETAIL QUARTERLY

INVENTORY REPORT

Q1 2025



INVENTORY REPORT



MULTI-TENANT RETAIL
\$1.5 - 10 Million - Southeast & Midwest

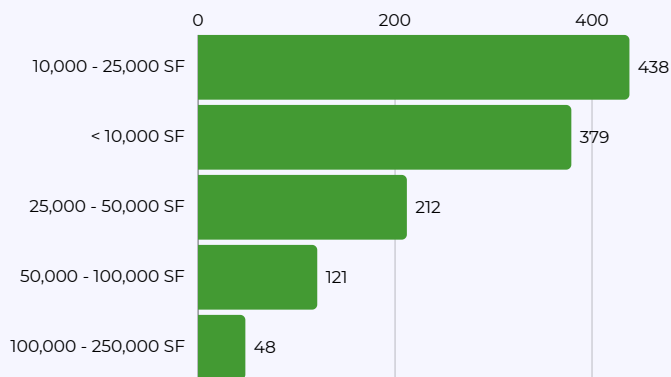
Average Cap Rate by SF:



The retail multi-tenant market in 2025 faces challenges stemming from elevated borrowing costs and abundant inventory. With the Federal Reserve’s benchmark rate at 4.33% (as of January 16) and the U.S. 20-year Treasury bond yielding 4.91%, lenders are typically pricing loans at approximately 200 basis points above Treasury yields. This high cost of debt creates a disconnect with cap rates averaging between 6.37% and 7.77%, leaving razor-thin or negative spreads for investors and complicating deal feasibility.

This disconnect has led to reduced transaction volume as buyers wait for better conditions, while sellers face pressure to adjust pricing expectations. Many investors are shifting focus to quality assets and exploring creative financing structures to navigate the challenging environment. The surplus inventory further complicates the landscape, requiring buyers to carefully assess opportunities and risks.

Despite these headwinds, the market still offers potential for well-capitalized investors to acquire undervalued or distressed assets. As buyers adapt to the evolving dynamics, strategic decision-making will be essential to balance risk and reward in a high-cost environment.



Number of Properties On-Market by SF

Average PPSF by SF:



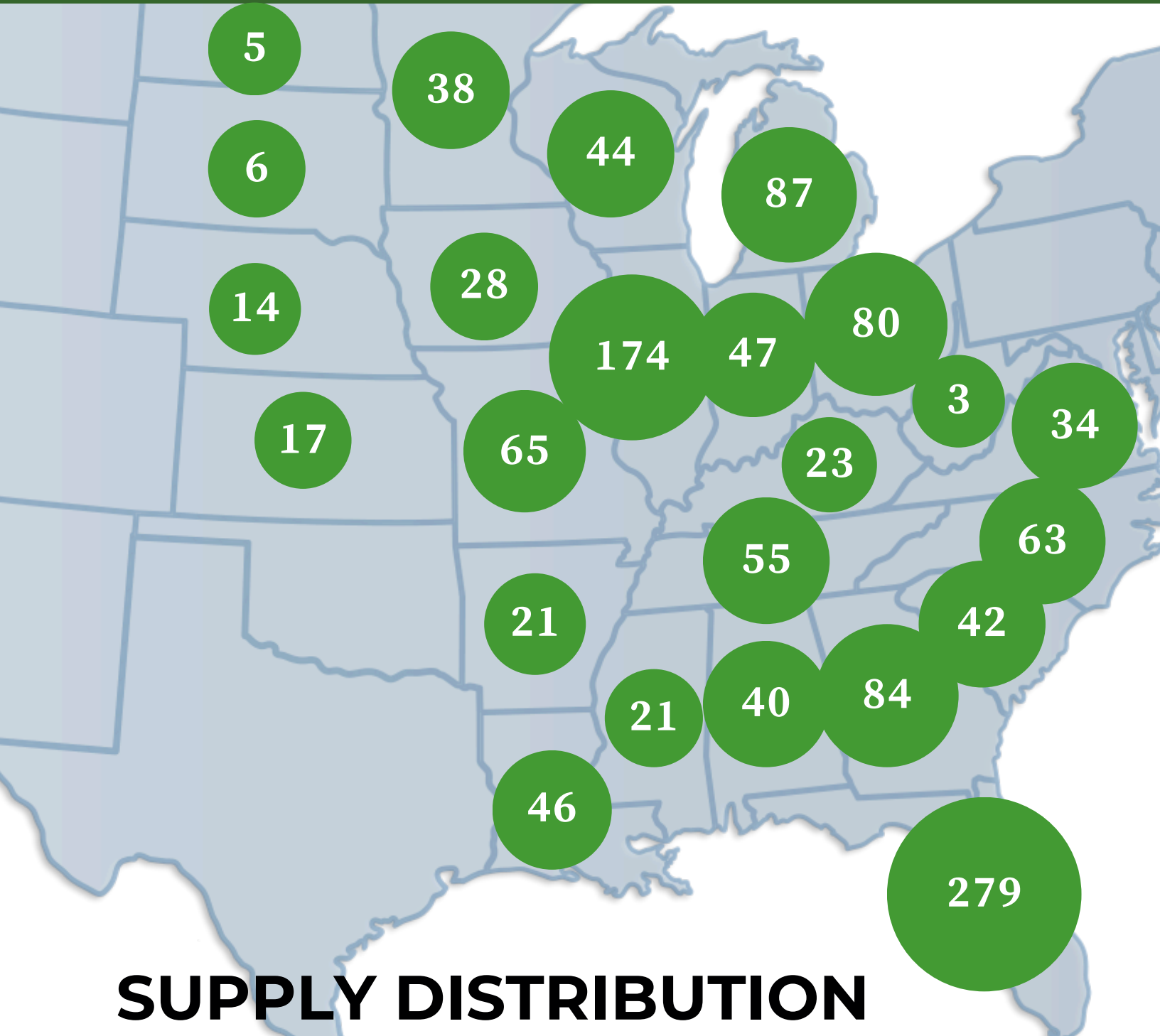
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Data as of:
January 20, 2025

MULTI-TENANT RETAIL - \$1.5 - 10M

Southeast & Midwest

STATE	# ON MARKET	AVERAGE ASKING PRICE	AVERAGE CAP RATE	AVERAGE PPSF	AVERAGE NOI
AL	40	\$3,725,981	7.73%	\$148	\$313,926
AR	21	\$2,948,580	7.94%	\$257	\$272,393
FL	279	\$4,110,437	5.77%	\$417	\$290,343
GA	84	\$4,016,436	6.87%	\$303	\$308,234
IA	28	\$3,678,398	7.60%	\$226	\$365,536
IL	174	\$3,438,949	7.51%	\$252	\$284,319
IN	47	\$3,274,070	7.47%	\$276	\$269,688
KS	17	\$4,188,958	7.75%	\$188	\$291,671
KY	23	\$3,949,971	6.69%	\$312	\$263,015
LA	46	\$3,468,633	7.56%	\$209	\$295,755
MI	87	\$4,051,816	7.74%	\$201	\$341,038
MN	38	\$2,994,219	7.58%	\$252	\$266,917
MO	65	\$3,676,028	7.63%	\$176	\$348,441
MS	21	\$3,305,097	8.15%	\$219	\$276,714
NC	63	\$3,913,875	6.43%	\$344	\$280,291
ND	5	\$4,440,000	7.87%	\$198	\$221,918
NE	14	\$3,094,845	7.34%	\$196	\$319,609
OH	80	\$3,676,229	7.78%	\$167	\$329,965
SC	42	\$3,809,995	6.35%	\$343	\$268,806
SD	6	\$2,965,417	6.70%	\$88	\$244,207
TN	55	\$4,040,059	6.91%	\$248	\$325,641
VA	34	\$4,458,809	7.44%	\$226	\$370,011
WI	44	\$3,449,518	7.22%	\$246	\$261,740
WV	3	\$2,433,000	6.95%	\$79	\$201,588



SUPPLY DISTRIBUTION

States with higher supply often indicate extensive development and overall larger inventories. However, the current supply levels in Florida and Illinois reflect signs of market saturation. In Illinois, property owners face some of the highest property tax rates in the nation, while in Florida, escalating insurance costs—fueled by increased hurricane activity—impose significant financial strain. These challenges are pushing property owners to divest, particularly in multi-tenant retail properties, where landlords shoulder these expenses.



BIG THREE RETAILERS DOMINATE MARKET GROWTH

Retail real estate is thriving with low vacancies and rising rents, but major retailers dominating prime spaces are squeezing out smaller tenants and shifting market dynamics.



OPEN-AIR SHOPPING CENTERS DRIVING 'RETAIL RENAISSANCE'

Open-air shopping centers are thriving with historically low vacancy rates, strong rent growth, and resilient, necessity-driven models attracting aggressive investment.



2,000+ STORES ARE CLOSING ACROSS THE US THIS YEAR

Over 2,000 U.S. retail store closures are set for 2025, led by Party City, Big Lots, and Walgreens, reflecting industry consolidation as larger retailers expand.



REAL ESTATE PRIMED FOR RECOVERY IN 2025

The real estate sector is poised for recovery in 2025, with retail leading performance, but higher interest rates and potential policy shifts remain key challenges.





Jennifer Chamberlin

Investment Advisor
678.446.3451
Jennifer@tri-oak.com

Jennifer leads the multi-tenant retail investment division at Tri-Oak Consulting Group - Specializing in buyer representation. She focuses on sourcing off-market opportunities tailored to meet buyer's investment strategies and portfolio goals. With a comprehensive background in commercial real estate, Jennifer demonstrates expertise in asset underwriting, lease and sales negotiations, financial modeling, and more. Known for her exceptional communication skills and ability to drive deals to completion, she has earned a reputation as a trusted and results-driven professional.