RealtyRates.com - Investor Survey ™ **2nd Quarter, 2025**

Market Commentary

RealtyRates.com™ *Investor Survey* Reports Modest Cap Rate Index Increases For Most Property Types During 1st Quarter 2025

Coincident with a six basis point decrease in Treasury rates to which most commercial mortgage interest rates are indexed, together with an 18 basis point increase in mean equity dividend rates, the RealtyRates.com™ *Weighted Composite (Cap Rate) Index*™ increased three basis points from 9.94 to 9.97 percent during the 1st Quarter of 2025.

The greatest, quarter-over-quarter cap rate index increase during the 1st Quarter was recorded by the sector, up 15 basis points, followed by the Special Purpose sector up 11 basis points.

Meanwhile, the Healthcare and Industrial sectors were unchanged from the previous quarter, while the Lodging sector was up one basis point.

Mortgage lending standards continued to tighten, especially for office properties on higher risk for all commercial real estate loan categories during the 1st Quarter. Meanwhile, although spreads were up four basis points overall, average permanent mortgage rates were down three basis points.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2025*

CURRENT & HISTORICAL CAP RATE INDICES

	Method-Weighted* Property Category Indices																								Weighted* Composite Indices	
	Apts		Golf		Healthcare Senior Housing		Industrial		Lodging		MH/RV Park		Office		Retail		Restaurant		Self Storage		Special Purpose					
Year	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg			Rate	BP Chg
2025	8.58	3	11.92	3	9.53	9	9.48	5	10.43	-3	10.10	10	9.60	19	9.73	0	12.41	4	9.87	2	12.61	15			9.97	6
1st Qtr	8.58	2	11.92	10	9.53	0	9.48	0	10.43	1	10.10	6	9.60	2	9.73	2	12.41	15	9.87	2	12.61	11			9.97	3
2024	8.55	7	11.89	-4	9.43	23	9.43	1	10.46	2	10.00	16	9.41	10	9.73	13	12.37	4	9.85	-17	12.46	27			9.92	7
4th Qtr	8.56	27	11.82	28	9.53	28	9.48	26	10.42	20	10.04	26	9.59	25	9.71	18	12.26	30	9.86	23	12.50	30			9.94	25
3rd Qtr	8.30	-38	11.54	-57	9.24	-32	9.22	-26	10.22	-40	9.79	-27	9.34	-3	9.52	-33	11.96	-62	9.62	-32	12.20	-33			9.70	-31
2nd Qtr	8.68	15	12.11	15	9.56	22	9.48	10	10.63	12	10.06	9	9.37	13	9.85	10	12.59	11	9.94	9	12.53	11			10.01	12
1st Qtr	8.54	-9	11.96	-8	9.34	-4	9.38	-10	10.50	-9	9.97	-4	9.23	-8	9.75	-1	12.48	-1	9.85	-18	12.42	4			9.89	-7
2023	8.49	50	11.93	37	9.20	56	9.42	47	10.45	55	9.84	57	9.31	43	9.60	58	12.33	82	10.03	44	12.19	58			9.84	52
2022	7.99	16	11.56	17	8.64	26	8.95	36	9.90	22	9.27	35	8.88	39	9.02	17	11.50	39	9.59	35	11.61	40			9.32	28
2021	7.83	-59	11.39	-64	8.38	-64	8.60	-59	9.68	-84	8.92	-65	8.49	-55	8.85	-53	11.11	-46	9.24	-62	11.21	-44			9.04	-60
2020	7.50	-43	11.08	-48	8.10	-48	8.32	-40	9.40	-47	8.63	-46	8.16	-38	8.58	-35	10.81	-39	8.91	-49	10.91	-29			8.75	-41
2019	7.92	-50	11.56	-47	8.58	-44	8.72	-47	9.86	-66	9.08	-48	8.54	-50	8.93	-45	11.20	-37	9.40	-46	11.20	-45			9.15	-49
2018	8.42	26	12.02	30	9.01	14	9.19	23	10.53	25	9.56	30	9.04	10	9.38	20	11.57	15	9.86	29	11.64	40			9.64	22
2017	8.16	4	11.73	-2	8.87	-6	8.96	-12	10.28	5	9.26	11	8.94	-22	9.19	-8	11.42	-15	9.57	-9	11.25	4			9.42	-6
2016	8.13	-2	11.75	6	8.92	12	9.08	15	10.22	0	9.15	15	9.16	16	9.27	12	11.57	-10	9.67	14	11.21	10			9.48	9
2015	8.15	-9	11.69	-14	8.80	-9	8.93	-10	10.22	-20	8.99	-18	9.00	-6	9.15	-11	11.66	-13	9.52	-22	11.11	-12			9.40	-12
2014	8.24	-15	11.83	-9	8.89	-1	9.03	-4	10.43	-17	9.17	-5	9.06	-22	9.26	15	11.79	-6	9.75	-20	11.24	14			9.52	-7
2013	8.39	14	11.92	-14	8.90	5	9.07	-2	10.60	3	9.22	14	9.28	-19	9.11	-4	11.86	9	9.95	-24	11.10	1			9.58	-2
2012	8.25	-35	12.07	6	8.85	-36	9.09	-40	10.57	-24	9.08	-39	9.47	3	9.15	-13	11.77	6	10.19	-49	11.09	-4			9.60	-21
2011	8.60	-29	12.00	-22	9.21	-40	9.49	-11	10.81	-24	9.48	-8	9.44	-10	9.28	-26	11.70	-14	10.69	-3	11.12	-17			9.81	-19
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12	10.72	21	11.30	0			10.00	13
2009	8.85	8	12.17	16	9.47	10	9.48	10	10.98	-7	9.33	1	9.38	29	9.29	20	11.72	15	10.50	37	11.30	8			9.87	14
2008	8.77	-4	12.01	29	9.37	-16	9.38	-14	11.05	56	9.32	-5	9.09	-16	9.09	-11	11.57	-28	10.13	20	11.22	-7			9.74	-1
2007	8.81	-45	11.72	-21	9.53	-65	9.52	-25	10.49	-28	9.37	-26	9.25	-47	9.20	-12	11.85	61	9.93	-38	11.29	-24			9.76	-28
2006	9.26	12	11.93	47	10.18	15	9.77	35	10.77	27	9.63	41	9.72	26	9.32	30	11.24	18	10.31	27	11.53	9			10.03	26
2005	9.14	14	11.46	80	10.03	-16	9.42	-30	10.50	-21	9.22	19	9.46	6	9.02	16	11.06	5	10.04	13	11.44	-30			9.77	2
2004	9.00	-19	10.66	28	10.19	-37	9.72	19	10.71	-98	9.03	-48	9.40	-4	8.86	-19	11.01	-15	9.91	-13	11.74	-30			9.75	-19
2003	9.19	-2	10.38	-32	10.56	64	9.53	33	11.69	56	9.51	-11	9.44	1	9.05	-18	11.16	8	10.04	-53	12.04	105			9.94	12
2002	9.21	-40	10.70	18	9.92	-39	9.20	-61	11.13	26	9.62	-60	9.43	-35	9.23	-62	11.08	-3	10.57	-12	10.99	-177			9.82	-41
2001	9.61	64	10.52	133	10.31	90	9.81	16	10.87	98	10.22	-68	9.78	-35	9.85	-53	11.11	47	10.69	13	12.76	32			10.23	21
2000	8.97		9.19		9.41		9.65		9.89		10.90		10.13		10.38		10.64		10.56		12.44				10.01	
Mean	8.78	3.36	10.55	2.88	9.47	9.32	9.56	4.77	10.16	-3.19	10.50	9.87	9.87	19.31	10.05	-0.10	11.53	4.50	10.22	1.73	12.53	15.05			9.99	5.95

* Weighted by methodology: Band-of-Investment, DCR Technique, Sales Survey

* Further weighted by property category

*1st Quarter 2025 Data