

NATIONAL ASKING CAP RATES

Sector	Q3 2025 (Previous)	Q4 2025 (Current)	Basis Point Change
Retail	6.57%	6.55%	-2
Office	7.90%	8.00%	+10
Industrial	7.20%	7.20%	0
Overall	6.80%	6.81%	+1

NUMBER OF PROPERTIES ON THE MARKET

Sector	Q3 2025 (Previous)	Q4 2025 (Current)	Percentage Change
Retail	4,263	4,312	1.2%
Office	633	685	8.2%
Industrial	675	713	5.6%
Overall	5,571	5,710	2.5%

MEDIAN NATIONAL ASKING VS. CLOSED CAP RATE SPREAD

Sector	Q3 2025 (Previous)	Q4 2025 (Current)	Basis Point Change
Retail	29	25	-4
Office	55	50	-5
Industrial	30	29	-1

“Cap rates were largely unaffected in 2025 despite multiple cuts in the second half of the year”

Market Overview

Cap rate stabilization in the single tenant net lease sector continued in the fourth quarter of 2025, with overall cap rates increasing just one basis point to 6.81%. This is the third straight quarter of a single basis point increase. Retail cap rates compressed modestly to 6.55% (-2 bps), office cap rates expanded to 8.00% (+10 bps), and industrial cap rates remained unchanged at 7.20%. In December, the Federal Reserve implemented its third rate cut of the year, lowering the target range by 25 basis points to 3.50% - 3.75%. Cap rates were largely unaffected in 2025 despite multiple rate cuts in the second half of the year. The slight cap rate movement in the fourth quarter of 2025 illustrates continued pricing stability supported by improving buyer-seller alignment following a period of more significant cap rate adjustment in prior years.

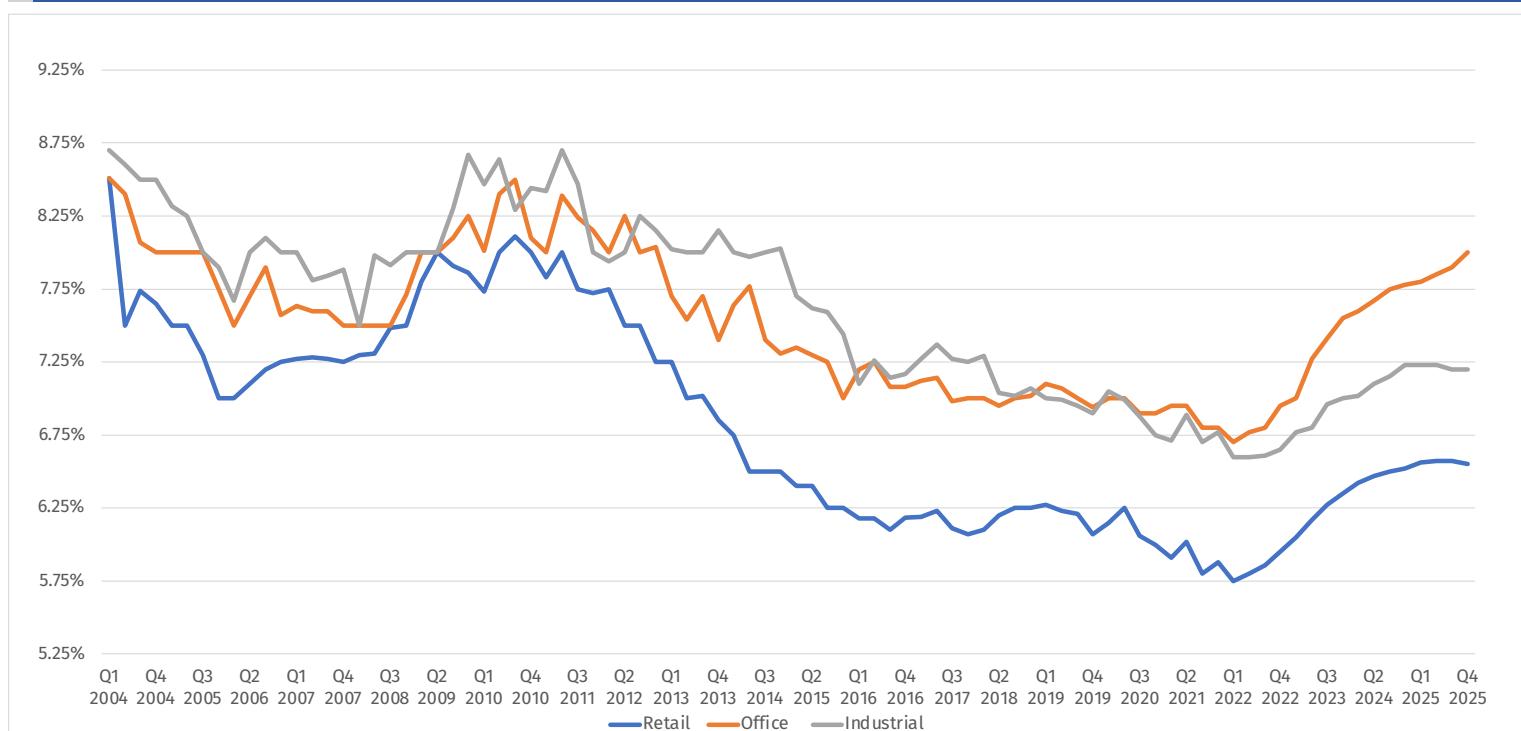
Overall market supply increased by 2.5% to 5,710 properties, which represented the highest level in over a decade. Retail inventory rose 1.1% to 4,312 properties, office supply increased significantly by 8.2% to 685 properties, and industrial properties on the market grew 5.6% to 713.

Bid-ask spreads continued to tighten across all sectors, underscoring improved pricing agreement between buyers and sellers. This narrowing reflects sustained investor demand for net lease assets, especially as projections for 2026 suggest a more measured pace from the Federal Reserve. Market participants expect the fed funds rate to potentially settle in the low-3% range by year-end of 2026, which may encourage additional private buyers to enter the market amid potentially lower borrowing costs.

The net lease market experienced a strong fourth quarter based on transactional volume. The single tenant net lease segment continues to benefit from its predictable cash flow and appeal to private and institutional buyers alike. Investors will be monitoring cues from the Federal Reserve as the committee was fairly divided following the December meeting. If more cuts than expected occur, the single tenant net lease market could experience significant tailwinds in the second half of 2026. However, lower interest rates will not explicitly mean lower cap rates going forward as historically cap rates have not correlated directly in timing with interest rate movement.

SELECTED SINGLE TENANT SALES COMPARABLES

Sale Date	Sector	Tenant	City	State	Price	Price Per SF	Cap Rate	Lease Term Remaining
Oct-25	Industrial	Amazon	Troutdale	OR	\$113,210,000	\$132	5.35%	7
Oct-25	Industrial	Café Valley Bakery	Phoenix	AZ	\$57,750,000	\$202	5.94%	13
Oct-25	Office	Quest Diagnostics	Memphis	TN	\$27,900,000	\$246	6.26%	12
Nov-25	Industrial	Wolverine Worldwide	Howard City	MI	\$19,683,000	\$42	6.78%	2
Nov-25	Industrial	Kryosphere	Morrisville	NC	\$18,400,000	\$323	7.07%	12
Nov-25	Retail	Sprouts	Coconut Creek	FL	\$14,200,000	\$610	5.47%	15
Dec-25	Retail	BJ's Wholesale Club	Orange Park	FL	\$13,500,000	\$123	6.20%	8
Nov-25	Office	County of San Bernardino	San Bernardino	CA	\$12,950,000	\$259	6.65%	10
Nov-25	Retail	Walgreens	Brooklyn	NY	\$11,200,000	\$906	6.43%	11
Nov-25	Retail	7-Eleven	Summerfield	FL	\$9,092,000	\$1,955	5.15%	15
Nov-25	Retail	24 Hour Fitness	Denver	CO	\$8,250,000	\$90	9.45%	3
Dec-25	Retail	Chick-fil-A	Placentia	CA	\$7,895,000	\$1,429	4.30%	15
Nov-25	Retail	Academy Sports	Belton	MO	\$7,212,000	\$123	7.50%	7
Nov-25	Retail	Planet Fitness	Chesapeake	VA	\$6,800,000	\$275	6.89%	14
Nov-25	Retail	Bob's Discount Furniture	Glendale	AZ	\$6,632,000	\$214	7.45%	4
Oct-25	Retail	Learning Care Group	Boiling Springs	SC	\$6,067,000	\$539	6.75%	19
Dec-25	Retail	Raising Cane's	Dallas	TX	\$5,275,000	\$1,936	5.51%	5
Oct-25	Retail	Caliber Collision	Plantsville	CT	\$5,112,000	\$411	6.25%	14
Nov-25	Retail	Sheetz	Sanford	NC	\$5,100,000	\$1,133	5.45%	15
Oct-25	Retail	Texas Roadhouse	Fishers	IN	\$5,011,000	\$863	5.90%	14

NET LEASE CAP RATE TRENDS




Net Lease Sectors

1. Auto Sector
2. Casual Dining
3. Dollar Stores
4. Drug Stores
5. Quick Service Restaurants (QSR)

1. Net Lease Auto Sector

NATIONAL ASKING CAP RATES

	Q3 2025 (Previous)	Q4 2025 (Current)	Basis Point Change
Auto Sector	6.55%	6.50%	-5

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Auto Parts	Auto Service	Collision
16-20 Years	5.65%	5.85%	6.55%
11-15 Years	6.00%	6.05%	6.80%
6-10 Years	7.10%	7.05%	7.05%
5 Years & Under	8.05%	7.20%	7.95%

MEDIAN ASKING CAP RATES BY PROPERTY TYPE

Sector	Q3 2025 (Previous)	Q4 2025 (Current)	Basis Point Change
Auto Parts	6.58%	6.60%	+2
Auto Service	6.15%	6.19%	+4
Collision	6.71%	6.65%	-6



2. Net Lease Casual Dining Sector

NATIONAL ASKING CAP RATES

Tenant	Q3 2025 (Previous)	Q4 2025 (Current)	Basis Point Change
All Corporate Casual Dining	6.64%	6.60%	-4
Applebee's	7.60%	7.60%	0
Buffalo Wild Wings	6.70%	6.65%	-5
Chili's	6.02%	6.00%	-2
IHOP	7.08%	7.01%	-7
Olive Garden	5.87%	5.85%	-2
Outback Steakhouse	6.50%	6.40%	-10
Texas Roadhouse (Ground Lease)	5.35%	5.35%	0

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Cap Rate
16-20 Years	6.00%
11-15 Years	6.40%
6-10 Years	7.05%
5 Years & Under	7.50%



3. Net Lease Dollar Store Sector

NATIONAL ASKING CAP RATES

Tenant	Q3 2024 (Previous)	Q4 2025 (Current)	Basis Point Change
Dollar General	7.05%	7.10%	+5
Family Dollar	8.40%	8.50%	+10
Dollar Tree	7.52%	7.50%	-2
Dollar Store Sector	7.35%	7.40%	+5



MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Dollar General	Family Dollar	Dollar Tree
12-15 Years	6.90%	NA	NA
9-11 Years	7.30%	8.15%	7.30%
6-8 Years	8.00%	8.35%	7.80%
3-5 Years	8.40%	9.00%	8.00%
Under 3 Years	9.00%	9.50%	8.80%

4. Net Lease Drug Store Sector

NATIONAL ASKING CAP RATES

Tenant	Q3 2025 (Previous)	Q4 2025 (Current)	Basis Point Change
Walgreens	7.90%	8.00%	+10
CVS	6.65%	6.67%	+2
Drug Store Sector	7.66%	7.75%	+9



MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Walgreens	CVS
20+ Years	NA	NA
15-19 Years	NA	6.25%
10-14 Years	7.40%	7.00%
6-9 Years	8.50%	7.45%
Under 5 Years	9.25%	8.35%

5. Net Lease Quick Service Restaurant (QSR) Sector

CORPORATE NATIONAL ASKING CAP RATES

Tenant	Q3 2025 (Previous)	Q4 2025 (Current)	Basis Point Change
All Corporate QSR	5.82%	5.85%	+3
Chick-fil-A (Ground Lease)	4.55%	4.50%	-5
Chipotle	5.50%	5.50%	0
McDonald's (Ground Lease)	4.48%	4.50%	+2
Panera Bread	5.75%	5.80%	+5
Raising Cane's	5.00%	5.00%	0
Starbucks	6.42%	6.50%	+8

FRANCHISEE NATIONAL ASKING CAP RATES

Tenant	Q3 2024 (Previous)	Q4 2025 (Current)	Basis Point Change
All Franchisee QSR	6.70%	6.75%	+5
Burger King	6.30%	6.35%	+5
Dunkin'	6.00%	6.07%	+7
KFC	6.28%	6.40%	+12
Taco Bell	5.50%	5.50%	0
Wendy's	5.55%	5.68%	+3

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Corporate QSR	Franchisee QSR
20+ Years	5.00%	5.87%
15-19 Years	5.45%	6.30%
10-14 Years	6.00%	6.70%
Under 10 Years	6.90%	7.50%



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