

### NATIONAL ASKING CAP RATES

Sector	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
Retail	6.55%	6.55%	0
Office	8.00%	7.90%	-10
Industrial	7.20%	7.15%	-5
Overall	6.81%	6.80%	-1

### NUMBER OF PROPERTIES ON THE MARKET

Sector	Q4 2025 (Previous)	Q1 2026 (Current)	Percentage Change
Retail	4,312	3,832	-11.1%
Office	685	644	-6.0%
Industrial	713	675	-5.3%
Overall	5,710	5,151	-9.8%

### MEDIAN NATIONAL ASKING VS. CLOSED CAP RATE SPREAD

Sector	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
Retail	25	23	-2
Office	50	50	0
Industrial	29	25	-4

***“Single tenant property supply in the net lease sector decreased by 9.8% in Q1”***

## Market Overview

Cap rates in the single tenant net lease sector declined modestly in the first quarter of 2026, with overall cap rates decreasing one basis point to 6.80%. Office cap rates compressed the most, down 10 basis points to 7.90%, while industrial cap rates decreased five basis points to 7.15%. Retail cap rates remained unchanged at 6.55% for the second consecutive quarter. The Federal Reserve held the federal funds rate steady at its target range of 3.50%–3.75% at both its January and March meetings, maintaining a pause following three consecutive cuts in the second half of 2025. In the final weeks of the quarter, the 10 Year Treasury rose nearly 30 bps reaching as high as 4.48%, driven by heightened inflation concerns stemming from rising energy prices and geopolitical uncertainty in the Middle East.

Property supply in the single tenant sector decreased by 9.8% when compared to the prior quarter. One of the contributing factors to the decline in property inventory was the increased sales transaction volume in the fourth quarter of 2025 fueled in part by 100% bonus depreciation for certain asset classes. Increased transaction activity continued in the first quarter of 2026, consistent with the supply reduction observed across all sectors. Bid-ask spreads tightened for retail and industrial assets, with retail spreads narrowing two basis points to 23 basis points and industrial spreads compressing four basis points to 25 basis points. Competition amongst investors for high quality net lease product can be evidenced by the bid-ask spread narrowing.

The net lease market remains bifurcated between premium credit assets with long remaining lease terms and shorter-term or non-rated assets. Premium credit assets continue to attract the broadest investor pools including institutional buyers and 1031 exchange and private capital buyers, while shorter-term and non-rated assets face wider spreads and more selective buyer engagement. This bifurcation reflects investors’ heightened focus on tenant financial strength and security from long duration leases amid capital markets uncertainty.

Investors will be carefully monitoring the capital markets following the Federal Reserve’s decisions to hold rates steady at both the January and March meetings. The expectation from market participants is for transaction volume to remain steady in 2026 as buyers and sellers continue to align on pricing. However, the path to further rate cuts has become less certain, as expectations have shifted from two reductions in 2026 to a single rate cut amid persistent inflation concerns. If the geopolitical environment stabilizes and the Fed changes course with multiple rate cuts later in the year, net lease activity is expected to gain incremental momentum.

**SELECTED SINGLE TENANT SALES COMPARABLES**

Sale Date	Sector	Tenant	City	State	Price	Price Per SF	Cap Rate	Lease Term Remaining
Jan-26	Office	Google	Venice	CA	\$39,600,000	\$507	7.25%	4
Feb-26	Retail	Tesla	Valencia	CA	\$33,000,000	\$842	6.30%	13
Mar-26	Office	Crowdstrike	Redmond	WA	\$23,000,000	\$660	7.30%	6
Mar-26	Industrial	Rivian	Vista	CA	\$16,000,000	\$267	6.25%	5
Feb-26	Retail	Albertsons	Fort Worth	TX	\$11,750,000	\$182	5.70%	13
Jan-26	Retail	Publix	Foley	AL	\$10,810,000	\$223	5.50%	3
Mar-26	Retail	Academy Sports + Outdoors	Madison	MS	\$9,353,395	\$145	7.25%	7
Jan-26	Retail	7-Eleven	Chattanooga	TN	\$9,221,314	\$1,983	5.35%	14
Feb-26	Retail	The Goddard School	Greenville	SC	\$9,033,000	\$602	7.00%	19
Mar-26	Industrial	Premier Precast	Delray Beach	FL	\$7,985,000	\$247	6.81%	7
Feb-26	Retail	Hobby Lobby	Burlington	NC	\$6,900,000	\$131	6.35%	9
Feb-26	Retail	The Learning Experience	Grand Prairie	TX	\$5,950,000	\$595	7.60%	14
Mar-26	Retail	Goodwill	Huntsville	AL	\$5,710,000	\$193	6.00%	13
Mar-26	Retail	Wawa	Wilson	NC	\$5,550,000	\$917	5.29%	17
Jan-26	Office	WA DSHS	Kennewick	WA	\$5,500,000	\$261	8.10%	4
Mar-26	Retail	CVS	Chicago	IL	\$5,338,000	\$347	6.50%	12
Mar-26	Retail	Walgreens	Eden Prairie	MN	\$5,300,000	\$366	8.01%	12
Feb-26	Retail	Crunch Fitness	Cedar Hill	TX	\$5,277,114	\$164	7.50%	10
Jan-26	Retail	CSL Plasma	Stockton	CA	\$5,125,000	\$329	7.12%	10
Feb-26	Retail	Goodyear	Cornelius	NC	\$5,000,000	\$781	4.80%	14
Feb-26	Industrial	CenturyLink	Fort Myers	FL	\$5,000,000	\$83	4.04%	2

**NET LEASE CAP RATE TRENDS**





## Net Lease Sectors

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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

	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
<b>Auto Sector</b>	6.50%	6.45%	-5

### MEDIAN ASKING CAP RATES BY PROPERTY TYPE

Sector	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
<b>Auto Parts</b>	6.60%	6.65%	+5
<b>Auto Service</b>	6.19%	6.15%	-4
<b>Collision</b>	6.65%	6.65%	0

### MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Auto Parts	Auto Service	Collision
<b>16-20 Years</b>	5.65%	5.80%	6.55%
<b>11-15 Years</b>	6.10%	6.05%	6.82%
<b>6-10 Years</b>	7.15%	7.00%	7.00%
<b>5 Years &amp; Under</b>	8.10%	7.25%	8.00%



## 2. Net Lease Casual Dining Sector

### NATIONAL ASKING CAP RATES

Tenant	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
<b>All Corporate Casual Dining</b>	6.60%	6.55%	-5
<b>Applebee's</b>	7.60%	7.60%	0
<b>Buffalo Wild Wings</b>	6.65%	6.60%	-5
<b>Chili's</b>	6.00%	5.85%	-15
<b>IHOP</b>	7.01%	6.90%	-11
<b>Olive Garden</b>	5.85%	5.75%	-10
<b>Outback Steakhouse</b>	6.40%	6.40%	0
<b>Texas Roadhouse (Ground Lease)</b>	5.35%	5.30%	-5

### MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Cap Rate
<b>16-20 Years</b>	5.90%
<b>11-15 Years</b>	6.40%
<b>6-10 Years</b>	7.00%
<b>5 Years &amp; Under</b>	7.55%



### 3. Net Lease Dollar Store Sector

#### NATIONAL ASKING CAP RATES

Tenant	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
Dollar General	7.10%	7.15%	+5
Family Dollar	8.50%	8.65%	+15
Dollar Tree	7.50%	7.57%	+7
Dollar Store Sector	7.40%	7.47%	+7



#### MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Dollar General	Family Dollar	Dollar Tree
12-15 Years	6.85%	NA	NA
9-11 Years	7.25%	8.15%	7.30%
6-8 Years	8.15%	8.50%	7.85%
3-5 Years	8.50%	9.10%	8.00%
Under 3 Years	9.00%	9.50%	8.80%

### 4. Net Lease Drug Store Sector

#### NATIONAL ASKING CAP RATES

Tenant	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
Walgreens	8.00%	8.10%	+10
CVS	6.67%	6.80%	+13
Drug Store Sector	7.75%	7.85%	+10



#### MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Walgreens	CVS
15-19 Years	6.75%	6.35%
10-14 Years	7.45%	7.00%
6-9 Years	8.65%	7.65%
Under 5 Years	9.25%	8.45%

## 5. Net Lease Quick Service Restaurant (QSR) Sector

### CORPORATE NATIONAL ASKING CAP RATES

Tenant	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
All Corporate QSR	5.85%	5.82%	-3
Chick-fil-A (Ground Lease)	4.50%	4.50%	0
Chipotle	5.50%	5.45%	-5
McDonald's (Ground Lease)	4.50%	4.40%	-10
Panera Bread	5.80%	5.85%	+5
Raising Cane's	5.00%	5.00%	0
Starbucks	6.50%	6.45%	-5

### FRANCHISEE NATIONAL ASKING CAP RATES

Tenant	Q4 2025 (Previous)	Q1 2026 (Current)	Basis Point Change
All Franchisee QSR	6.75%	6.80%	+5
Burger King	6.35%	6.40%	+5
Dunkin'	6.07%	6.10%	+3
KFC	6.40%	6.50%	+10
Taco Bell	5.50%	5.50%	0
Wendy's	5.68%	5.73%	+5

### MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Corporate QSR	Franchisee QSR
20+ Years	5.00%	5.90%
15-19 Years	5.50%	6.30%
10-14 Years	6.03%	6.77%
Under 10 Years	6.83%	7.55%



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