

NATIONAL ASKING CAP RATES

| Sector | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|------------|-----------------------|----------------------|-----------------------|
| Retail | 6.55% | 6.60% | 5 |
| Office | 7.90% | 7.90% | 0 |
| Industrial | 7.15% | 7.25% | 10 |
| Overall | 6.80% | 6.82% | 2 |

NUMBER OF PROPERTIES ON THE MARKET

| Sector | Q1 2026 (Previous) | Q2 2026 (Current) | Percentage Change |
|------------|-----------------------|----------------------|----------------------|
| Retail | 3,832 | 4,452 | 16.2% |
| Office | 644 | 662 | 2.8% |
| Industrial | 675 | 681 | 0.9% |
| Overall | 5,151 | 5,795 | 12.5% |

MEDIAN NATIONAL ASKING VS. CLOSED CAP RATE SPREAD

| Sector | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|------------|-----------------------|----------------------|-----------------------|
| Retail | 23 | 22 | -1 |
| Office | 50 | 50 | 0 |
| Industrial | 25 | 22 | -3 |

Market Overview

Cap rates in the single tenant net lease sector increased modestly in the second quarter of 2026, with overall cap rates rising two basis points to 6.82%. Retail cap rates increased to 6.60% (+5 bps) and industrial cap rates increased to 7.25% (+10 bps), while office cap rates remained unchanged at 7.90%. The slight movement in cap rates kept overall pricing relatively stagnant, a dynamic that has characterized the sector over the past two years. The quarter's most consequential development came from the Federal Reserve, which held the federal funds rate steady at 3.50%–3.75% at both its April and June meetings, and projections removed the rate cut previously expected for 2026. The 10-Year Treasury traded approximately between 4.20% and 4.70% during the quarter before settling near 4.40%.

Property supply in the single tenant sector increased by 12.5% when compared to the prior quarter, reaching approximately 5,800 properties on the market. This increase was driven overwhelmingly by the retail sector, where supply surged 16.2%. The supply of retail assets remains concentrated in non-credit tenants, which account for a disproportionate share of available inventory. In contrast, the supply of high-quality net lease assets with long term leases and investment grade tenants remained limited (less than 10% of overall retail supply) even as the broader pool of listings increased.

The net lease market remained bifurcated between assets of varying quality. Competition amongst investors for high quality net lease product can be evidenced by the tightening bid-ask spread. In the second quarter, the spread between asking and closed cap rates tightened by one and three basis points for retail and industrial properties respectively, narrowing both to 22 basis points. Premium, long-term assets continued to attract aggressive pricing across investor classes, with ground lease product for tenants such as McDonald's and Chick-fil-A asking the lowest cap rates in the sector at 4.45%. With some uncertainty surrounding the broader economy and the Federal Reserve's interest rate outlook, investors are more carefully scrutinizing tenant financials and store level performance when reviewing investment opportunities. Private capital and 1031 exchange buyers, who historically made up a large segment of the buyers of properties below \$10 million, competed alongside institutional investors for this profile, while shorter-term and non-rated product moved more selectively and at wider effective spreads.

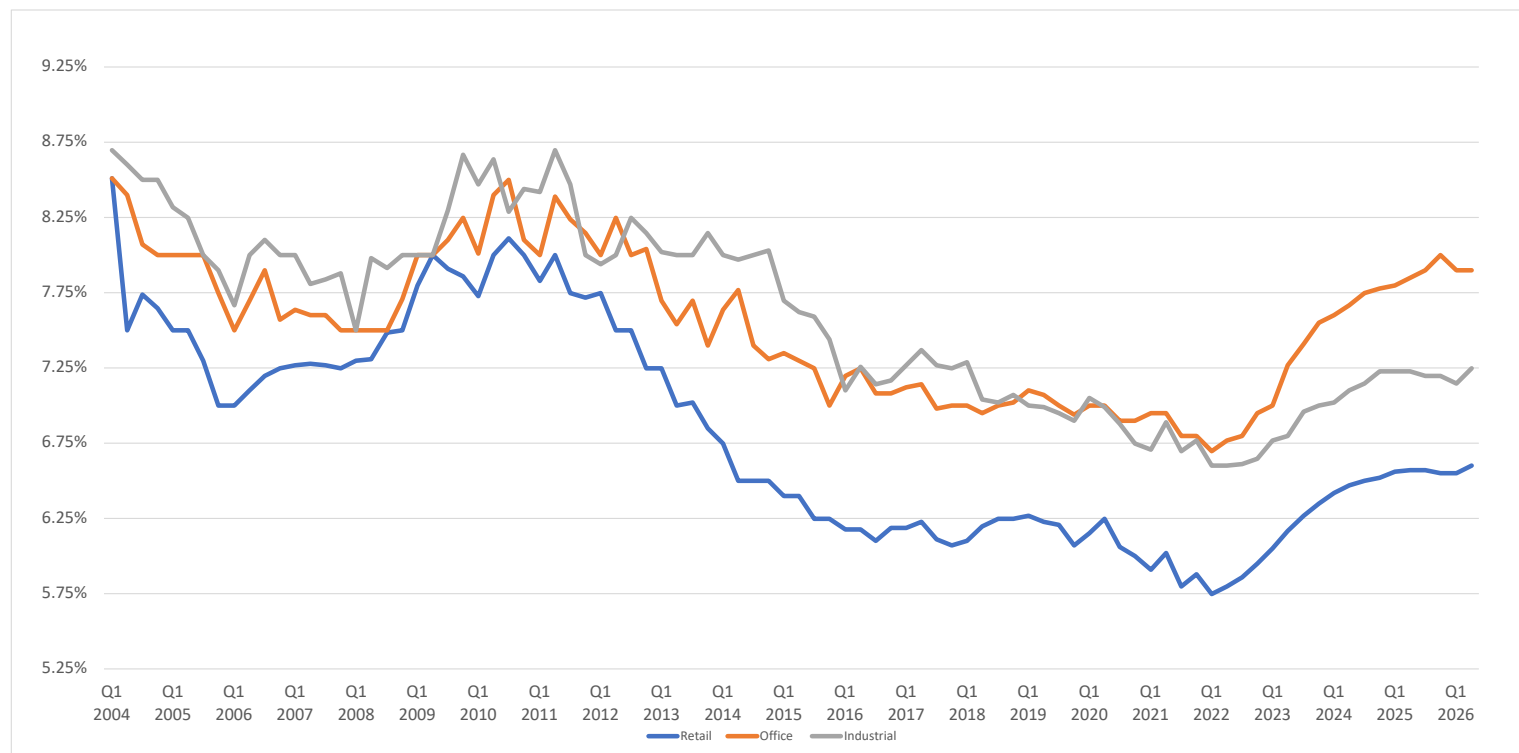
Investors will be carefully monitoring the capital markets following the Federal Reserve's June meeting, the first under the new Federal Reserve chair. With projections now pointing toward a possible rate increase later this year rather than a cut, traditional net lease sale volume may be supplemented by corporate tenants looking to unlock capital via sale leaseback ahead of potentially higher borrowing costs. The expectation from market participants is for transaction volume to remain steady through the remainder of 2026, supported by continued demand for the asset class.

“The supply of high-quality net lease assets with investment grade tenants remains limited”

SELECTED SINGLE TENANT SALES COMPARABLES

| Sale Date | Sector | Tenant | City | State | Price | Price Per SF | Cap Rate | Lease Term Remaining |
|-----------|------------|---------------------------------|---------------------|-------|--------------|--------------|----------|----------------------|
| Apr-26 | Industrial | Tasty Baking Company | Philadelphia | PA | \$87,000,000 | \$252 | 5.47% | 9 |
| May-26 | Industrial | PillPack | Phoenix | AZ | \$44,150,000 | \$253 | 6.20% | 4 |
| Jun-26 | Office | GA - Family & Children Services | Savannah | GA | \$19,700,000 | \$178 | 8.22% | 13 |
| Jun-26 | Retail | Del Frisco's | Orlando | FL | \$16,750,000 | \$1,037 | 6.23% | 9 |
| May-26 | Retail | LA Fitness | Riverside | CA | \$16,550,000 | \$333 | 7.43% | 5 |
| Jun-26 | Office | Ponce Financial Group | Bronx | NY | \$16,250,000 | \$542 | 6.11% | 12 |
| Apr-26 | Retail | Tesla | Providence | RI | \$14,038,000 | \$180 | 6.90% | 10 |
| Jun-26 | Retail | Crunch Fitness | Fort Worth | TX | \$13,529,000 | \$374 | 7.00% | 20 |
| May-26 | Office | US Customs & Border Protection | International Falls | MN | \$12,732,000 | \$386 | 7.38% | 19 |
| Jun-26 | Retail | Lowe's Home Improvement | Edmond | OK | \$11,740,000 | \$102 | 5.85% | 5 |
| Jun-26 | Retail | CVS | Yulee | FL | \$10,300,000 | \$664 | 5.74% | 20 |
| Jun-26 | Retail | 7-Eleven | Labelle | FL | \$9,871,000 | \$2,064 | 5.25% | 14 |
| May-26 | Retail | Wawa | Charlottesville | VA | \$9,100,000 | -- | 5.16% | 19 |
| May-26 | Retail | Walmart Supercenter | Germantown | WI | \$8,810,000 | \$43 | 6.05% | 6 |
| Jun-26 | Retail | Lightbridge Academy | Greenville | SC | \$7,800,000 | \$574 | 7.00% | 16 |
| May-26 | Retail | Shake Shack | Houston | TX | \$6,481,000 | -- | 5.40% | 14 |
| Apr-26 | Retail | Tractor Supply Company | Leicester | MA | \$6,450,000 | \$338 | 6.11% | 11 |
| Apr-26 | Retail | Chick-fil-A | Live Oak | FL | \$6,127,000 | -- | 4.75% | 14 |
| May-26 | Retail | Walgreens | Atlanta | GA | \$5,704,000 | \$540 | 6.25% | 12 |
| Jun-26 | Retail | Caliber Collision | Hendersonville | TN | \$5,660,000 | \$373 | 6.25% | 10 |
| Apr-26 | Retail | Wells Fargo | Colorado Springs | CO | \$5,361,000 | \$1,532 | 4.85% | 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

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| | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|--------------------|-----------------------|----------------------|-----------------------|
| Auto Sector | 6.45% | 6.45% | 0 |

MEDIAN ASKING CAP RATES BY PROPERTY TYPE

| Sector | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|---------------------|-----------------------|----------------------|-----------------------|
| Auto Parts | 6.65% | 6.75% | 10 |
| Auto Service | 6.15% | 6.10% | -5 |
| Collision | 6.65% | 6.67% | 2 |

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

| Years Remaining | Auto Parts | Auto Service | Collision |
|----------------------------|------------|--------------|-----------|
| 16-20 Years | 5.65% | 5.80% | 6.50% |
| 11-15 Years | 6.12% | 6.00% | 6.85% |
| 6-10 Years | 7.25% | 7.02% | 7.00% |
| 5 Years & Under | 8.20% | 7.35% | 8.05% |



2. Net Lease Casual Dining Sector

NATIONAL ASKING CAP RATES

| Tenant | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|---|-----------------------|----------------------|-----------------------|
| All Corporate Casual Dining | 6.55% | 6.57% | 2 |
| Applebee's | 7.60% | 7.75% | 15 |
| Buffalo Wild Wings | 6.60% | 6.60% | 0 |
| Chili's | 5.85% | 5.95% | 10 |
| IHOP | 6.90% | 7.00% | 10 |
| Olive Garden | 5.75% | 5.80% | 5 |
| Outback Steakhouse | 6.40% | 6.40% | 0 |
| Texas Roadhouse (Ground Lease) | 5.30% | 5.35% | 5 |

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

| Years Remaining | Cap Rate |
|----------------------------|----------|
| 16-20 Years | 5.95% |
| 11-15 Years | 6.50% |
| 6-10 Years | 7.00% |
| 5 Years & Under | 7.60% |



3. Net Lease Dollar Store Sector

NATIONAL ASKING CAP RATES

| Tenant | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|---------------------|-----------------------|----------------------|-----------------------|
| Dollar General | 7.15% | 7.15% | 0 |
| Family Dollar | 8.65% | 8.75% | 10 |
| Dollar Tree | 7.57% | 7.55% | -2 |
| Dollar Store Sector | 7.47% | 7.49% | 2 |



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 | 7.30% | 8.20% | 7.30% |
| 6-8 Years | 8.25% | 8.70% | 7.80% |
| 3-5 Years | 8.50% | 9.25% | 8.00% |
| Under 3 Years | 9.00% | 9.65% | 8.85% |

4. Net Lease Drug Store Sector

NATIONAL ASKING CAP RATES

| Tenant | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|-------------------|-----------------------|----------------------|-----------------------|
| Walgreens | 8.10% | 8.10% | 0 |
| CVS | 6.80% | 6.85% | 5 |
| Drug Store Sector | 7.85% | 7.85% | 0 |



MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

| Years Remaining | Walgreens | CVS |
|-----------------|-----------|-------|
| 15-19 Years | 6.85% | 6.35% |
| 10-14 Years | 7.45% | 7.05% |
| 6-9 Years | 8.50% | 7.50% |
| Under 5 Years | 9.25% | 8.50% |

5. Net Lease Quick Service Restaurant (QSR) Sector

CORPORATE NATIONAL ASKING CAP RATES

| Tenant | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|----------------------------|--------------------|-------------------|--------------------|
| All Corporate QSR | 5.82% | 5.85% | 3 |
| Chick-fil-A (Ground Lease) | 4.50% | 4.45% | -5 |
| Chipotle | 5.45% | 5.50% | 5 |
| McDonald's (Ground Lease) | 4.40% | 4.45% | 5 |
| Panera Bread | 5.85% | 5.90% | 5 |
| Raising Cane's | 5.00% | 5.10% | 10 |
| Starbucks | 6.45% | 6.50% | 5 |

FRANCHISEE NATIONAL ASKING CAP RATES

| Tenant | Q1 2026 (Previous) | Q2 2026 (Current) | Basis Point Change |
|--------------------|--------------------|-------------------|--------------------|
| All Franchisee QSR | 6.80% | 6.85% | 5 |
| Burger King | 6.40% | 6.40% | 0 |
| Dunkin' | 6.10% | 6.12% | 2 |
| KFC | 6.50% | 6.60% | 10 |
| Taco Bell | 5.50% | 5.50% | 0 |
| Wendy's | 5.73% | 5.85% | 12 |

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

| Years Remaining | Corporate QSR | Franchisee QSR |
|-----------------|---------------|----------------|
| 20+ Years | 5.00% | 6.00% |
| 15-19 Years | 5.50% | 6.30% |
| 10-14 Years | 6.05% | 6.75% |
| Under 10 Years | 6.85% | 7.55% |



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