

NATIONAL ASKING CAP RATES

Sector	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
Retail	6.60%	6.69%	+9
Office	7.90%	8.00%	+10
Industrial	7.25%	7.28%	+3
Overall	6.82%	6.92%	+10

NUMBER OF PROPERTIES ON THE MARKET

Sector	Q2 2026 (Previous)	Q3 2026 (Current)	Percentage Change
Retail	4,452	4,289	-3.7%
Office	662	703	6.2%
Industrial	681	762	11.9%
Overall	5,795	5,754	-0.7%

MEDIAN NATIONAL ASKING VS. CLOSED CAP RATE SPREAD

Sector	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
Retail	22	25	+3
Office	50	50	0
Industrial	22	25	+3

***“Overall cap rates rose
in Q3 by the largest increase
since 2023”***

Market Overview

Cap rates in the single tenant net lease sector increased in the third quarter of 2026 across all three asset classes. Overall cap rates expanded by 10 basis points to 6.92%, marking the second consecutive quarter of increases and the highest level reached in over a decade. Furthermore, the 10 basis point increase in overall cap rates is the largest quarterly increase since 2023. Retail cap rates rose 9 basis points to 6.69%, office cap rates increased 10 basis points to 8.00%, and industrial cap rates expanded 3 basis points to 7.28%. Cap rates continue to experience upward pressure, most notably after the Federal Reserve’s September meeting, in which the committee raised the target range by 25 basis points to 3.75%–4.00%. Accordingly, the 10-Year Treasury climbed from the mid-4% range at the start of the quarter to above 5.00% by the end of September.

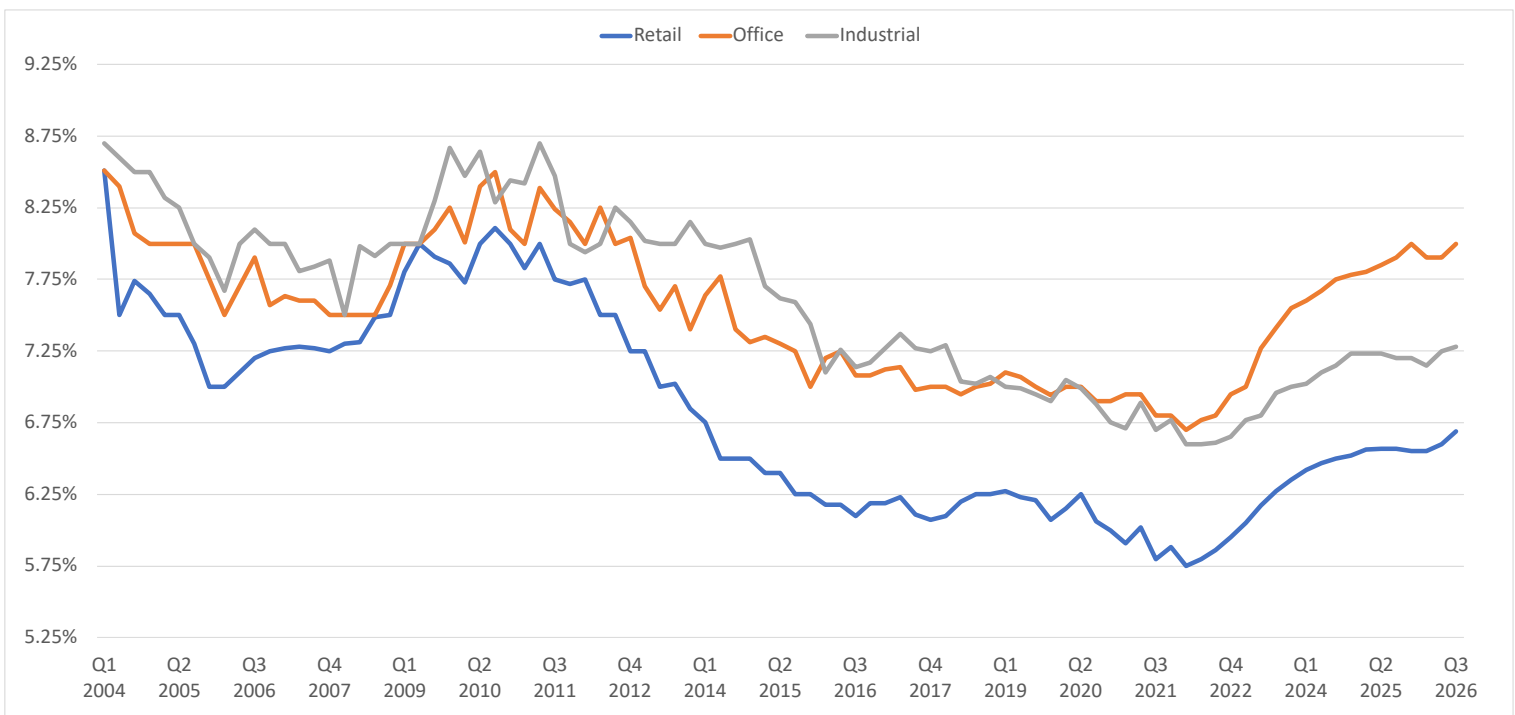
The net lease market is adjusting to a higher borrowing cost environment as the 10-Year Treasury reached its highest level since mid-2007. The bid-ask spread between buyers and sellers widened in the retail and industrial sectors by 3 basis point each. The spread is narrower for the most desired assets with top tier credit tenants and long-term leases. This flight to credit quality reflects investors’ heightened focus on tenant financial strength amid capital markets uncertainty. With the 10-Year Treasury above 5.00%, permanent financing is generally priced above net lease cap rates in most instances. Negative leverage is placing additional pressure on leveraged investors. This is particularly true for larger price point assets that rely more heavily on financing. Private buyer and family office demand has also been supported by the permanent restoration of 100% bonus depreciation, which allows investors to accelerate depreciation on certain asset classes such as convenience stores and auto service facilities.

Investors will be carefully monitoring the capital markets following the Federal Reserve’s September rate increase. Market participants are expecting an additional rate increase before year-end, with expectations favoring the December meeting. Net lease transaction volume entered the second half of the year with momentum, as transaction activity experienced double digit year over year growth through the second quarter. Traditionally, the fourth quarter of the year represents greater transaction volume than other individual quarters as funds are looking to fill yearly allocations. However, the increase in the 10-Year Treasury and expectations of further rate increases may alter the transaction volume historically experienced in the fourth quarter.

SELECTED SINGLE TENANT SALES COMPARABLES

Sale Date	Sector	Tenant	City	State	Price	Price Per SF	Cap Rate	Lease Term Remaining
Jul-26	Industrial	Prinova	Spring Hill	TN	\$51,000,000	\$154	6.65%	10
Jul-26	Industrial	Amazon	Florence	KY	\$41,165,000	\$333	6.27%	9
Aug-26	Retail	EOS Fitness	Fort Myers	FL	\$14,180,000	\$355	6.70%	20
Aug-26	Industrial	LUXIT	Pulaski	TN	\$13,933,000	\$127	7.26%	12
Jul-26	Retail	Harley Davidson	Orlando	FL	\$13,250,000	\$401	5.89%	16
Sep-26	Industrial	Stryten Energy	Kansas City	MO	\$10,700,000	\$57	6.31%	12
Jul-26	Office	The Clorox Company	Bentonville	AR	\$10,300,000	\$334	6.73%	4
Sep-26	Industrial	Ballymore Safety Ladders	Lake City	MN	\$10,250,000	\$58	7.74%	10
Sep-26	Retail	Chase Bank	Valley Stream	NY	\$10,050,000	\$1,930	4.98%	15
Aug-26	Retail	Smart & Final	Highland	CA	\$9,501,000	\$345	5.76%	12
Sep-26	Retail	Chick-Fil-A	Tampa	FL	\$9,000,000	\$1,687	4.33%	19
Jul-26	Retail	Fogo de Chão	Katy	TX	\$7,500,000	\$875	6.67%	13
Aug-26	Retail	Big Blue Marble Academy	Cary	NC	\$7,470,000	\$553	6.49%	14
Jul-26	Medical	DaVita	Pasco	WA	\$6,700,000	\$585	6.09%	13
Jul-26	Retail	Walgreens	Houston	TX	\$6,150,000	\$419	7.66%	7
Jul-26	Retail	Natural Grocers	Tucson	AZ	\$6,150,000	\$407	6.41%	11
Aug-26	Retail	Cheddar's	Fort Worth	TX	\$5,775,000	\$689	6.10%	11
Aug-26	Retail	Wawa	Tallahassee	FL	\$5,625,000	\$946	4.80%	18
Aug-26	Retail	7-Eleven	La Porte	IN	\$5,221,000	\$1,308	5.00%	11
Sep-26	Retail	Caliber Collision	Portland	OR	\$5,050,000	\$665	6.17%	4

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

	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
Auto Sector	6.45%	6.47%	+2

MEDIAN ASKING CAP RATES BY PROPERTY TYPE

Sector	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
Auto Parts	6.75%	6.80%	+5
Auto Service	6.10%	6.20%	+10
Collision	6.67%	6.67%	0

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Auto Parts	Auto Service	Collision
16-20 Years	5.65%	5.90%	6.50%
11-15 Years	6.15%	6.05%	6.87%
6-10 Years	7.35%	7.05%	7.00%
5 Years & Under	8.27%	7.45%	8.00%



2. Net Lease Casual Dining Sector

NATIONAL ASKING CAP RATES

Tenant	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
All Corporate Casual Dining	6.57%	6.60%	+3
Applebee's	7.75%	7.80%	+5
Buffalo Wild Wings	6.60%	6.65%	+5
Chili's	5.95%	5.97%	+2
IHOP	7.00%	7.06%	+6
Olive Garden	5.80%	5.80%	0
Outback Steakhouse	6.40%	6.48%	+8
Texas Roadhouse (Ground Lease)	5.35%	5.40%	+5

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Cap Rate
16-20 Years	5.95%
11-15 Years	6.52%
6-10 Years	7.05%
5 Years & Under	7.60%



3. Net Lease Dollar Store Sector

NATIONAL ASKING CAP RATES

Tenant	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
Dollar General	7.15%	7.18%	+3
Family Dollar	8.75%	8.75%	0
Dollar Tree	7.55%	7.60%	+5
Dollar Store Sector	7.49%	7.52%	+3



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%	7.35%
6-8 Years	8.30%	8.72%	7.85%
3-5 Years	8.60%	9.15%	8.10%
3 Years & Under	9.10%	9.50%	8.80%

4. Net Lease Drug Store Sector

NATIONAL ASKING CAP RATES

Tenant	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
Walgreens	8.10%	8.20%	+10
CVS	6.85%	6.90%	+5
Drug Store Sector	7.85%	7.94%	+9



MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Walgreens	CVS
15-19 Years	6.85%	6.40%
10-14 Years	7.60%	7.05%
6-9 Years	8.65%	7.65%
5 Years & Under	9.30%	8.20%

5. Net Lease Quick Service Restaurant (QSR) Sector

CORPORATE NATIONAL ASKING CAP RATES

Tenant	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
All Corporate QSR	5.85%	5.90%	+5
Chick-fil-A (Ground Lease)	4.45%	4.50%	+5
Chipotle	5.50%	5.50%	0
McDonald's (Ground Lease)	4.45%	4.50%	+5
Panera Bread	5.90%	6.00%	+10
Raising Cane's	5.10%	5.15%	+5
Starbucks	6.50%	6.50%	0

FRANCHISEE NATIONAL ASKING CAP RATES

Tenant	Q2 2026 (Previous)	Q3 2026 (Current)	Basis Point Change
All Franchisee QSR	6.85%	6.87%	+2
Burger King	6.40%	6.43%	+3
Dunkin'	6.12%	6.10%	-2
KFC	6.60%	6.65%	+5
Taco Bell	5.50%	5.55%	+5
Wendy's	5.85%	6.00%	+15

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Corporate QSR	Franchisee QSR
20+ Years	5.00%	6.00%
15-19 Years	5.55%	6.40%
10-14 Years	6.15%	6.85%
Under 10 Years	6.85%	7.55%



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