

**BANK GROUND LEASE PROPERTIES  
MEDIAN ASKING CAP RATES**

Tenant	Q1 2021 (Previous)	Q1 2022 (Current)	Basis Point Change
Bank of America	5.00%	4.60%	-40
Chase Bank	4.60%	4.25%	-35
PNC Bank	4.97%	4.65%	-32
TD Bank	4.40%	4.25%	-15
Other Banks	5.25%	4.80%	-45
All Bank Ground Leases	4.90%	4.72%	-18

*The above data reflects bank ground leases with 12 or more lease years remaining.*

**BANK GROUND LEASE PROPERTIES  
MEDIAN ASKING PRICE**

Tenant	Median Price
Bank of America	\$5,810,000
Chase Bank	\$4,428,000
PNC Bank	\$3,578,000
TD Bank	\$8,923,000
Other Banks	\$3,611,000
All Bank Ground Leases	\$3,950,000

*The above data reflects bank ground leases with 12 or more lease years remaining.*

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

Lease Term Remaining	Cap Rate
20+	4.00%
15-19	4.45%
10-14	4.70%
Under 10	5.15%

**MARKET OVERVIEW**

Cap rates for the single tenant bank ground lease sector decreased by 20 basis points to 5.15% in the first quarter of 2022 compared to one year ago. The cap rate compression associated with the banking sector can be best attributed to overall market conditions in the net lease sector combined with an increase in supply of longer leased properties. For the purpose of this report, the bank ground lease sector is comprised of both national and regional banks brands.

Changing bank footprints and closings are a top concern for net lease investors interested in the net lease bank ground lease sector. According to S&P Global Market Intelligence data, almost 3,000 bank branch locations were closed net of openings in 2021. While, 3,000 closings sounds significant it represents less than 5% of the bank branches in the United States. As digital banking continues to grab a larger share of transactions, investors will remain steadfast in investing in strong locations with above average deposits.

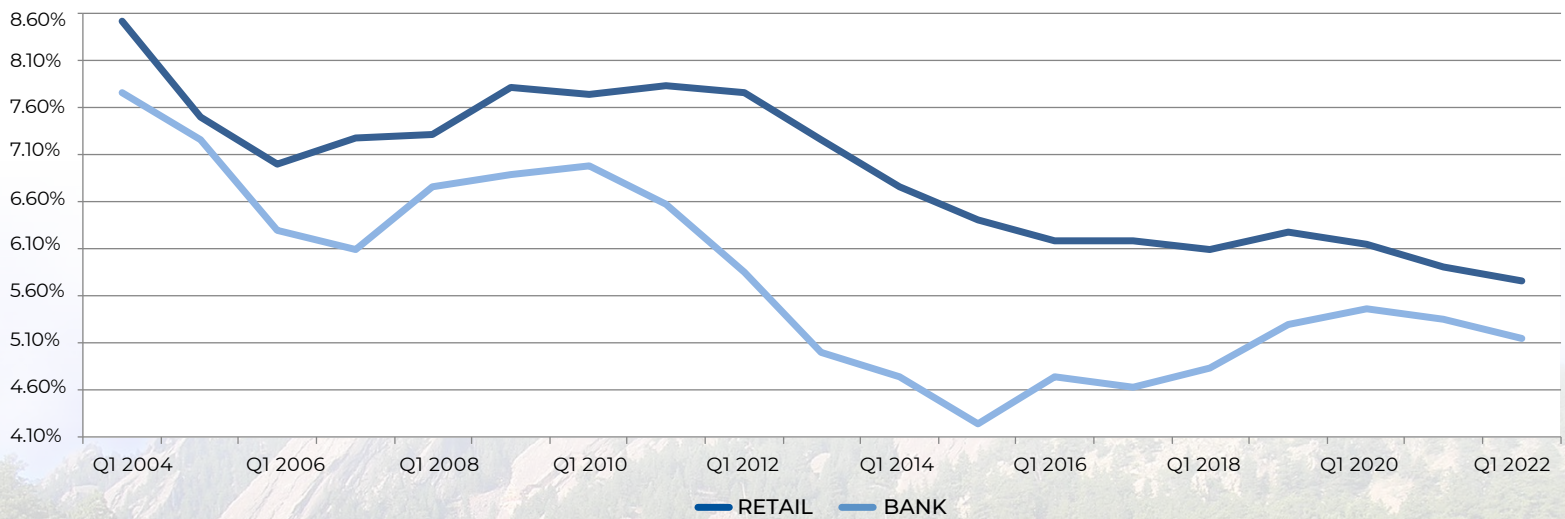
Despite the contraction of physical bank branches, the supply of net lease bank properties increased. Furthermore, in the first quarter the median remaining lease term for bank ground leases exceeded 10.5 years. Investors acquiring banks have targeted the highest quality assets and competition has followed. In the first quarter of 2022, the cap rate spread between asking and closed cap rates for net lease bank properties was 18 basis points. This represents a 12 basis point decrease; down from 30 basis points in the prior year.

Long term leases will attract the majority of the interest from 1031 and private capital buyers. However, short term leases with strong real estate and low rent levels will provide investors willing to take on more risk higher upside in the future. Cap rates in the banking sector will face upward pressure along with the overall net lease market as the Fed has forecast multiple rate hikes in 2022. Bank branch deposits, in-place rental rates and real estate will be of primary concern for all investor classes.

**SELECTED BANK GROUND LEASE SALE COMPARABLES**

Sale Date	Tenant	City	State	Price	Cap Rate	Lease Term Remaining
Nov-21	TD Bank	Jamaica	NY	\$8,500,000	4.70%	9
Feb-22	TD Bank	Coconut Creek	FL	\$7,500,000	4.19%	8
Apr-22	PNC Bank	Fredericksburg	VA	\$6,990,000	6.73%	7
Dec-21	Chase Bank	Kissimmee	FL	\$4,078,000	3.80%	25
Oct-21	Fifth Third Bank	Raleigh	NC	\$3,600,000	4.00%	19
Dec-21	Chase Bank	Chicago	IL	\$3,400,000	5.69%	10
Dec-21	Chase Bank	Denver	CO	\$3,300,000	4.84%	4
Dec-21	Wells Fargo	Culpeper	VA	\$3,220,968	5.81%	5
Jan-22	Chase Bank	Schiller Park	IL	\$3,050,000	4.94%	10
Dec-21	Chase Bank	Long Branch	NJ	\$2,775,000	5.38%	4
Jan-22	Regions Bank	Loganville	GA	\$2,600,000	4.42%	14
Nov-21	Bank of America	Fort Worth	TX	\$2,290,000	4.48%	10
Dec-21	Chase Bank	Greenville	SC	\$2,000,000	3.75%	15

**BANK GROUND LEASE VS RETAIL NET LEASE CAP RATE TRENDS**



**COMPANY COMPARISON**

Tenant	Number of Branches	Credit Rating	Market Cap (Billions)
Associated Bank	240	BBB+	\$3.2
Bank of America	4,300	A-	\$312.8
Truist Financial	2,781	A-	\$69.0
BMO Harris	600	A+	\$76.3
Chase Bank	4,700	A+	\$375.5
Citibank	723	A+	\$98.4
Fifth Third	1,300	BBB	\$27.1
KeyBank	1,200	A-	\$19.2
PNC Bank	2,629	A	\$74.8
Regions Bank	1,300	A-	\$19.6
TD Bank	1,220	AA-	\$173.7
US Bank	2,400	AA-	\$74.5
Wells Fargo	7,339	BBB+	\$183.5
Wells Fargo	7,200	BBB+	\$168

**MEDIAN CLOSED CAP RATE SPREAD**

Tenant	Closed	Ask	Spread (bps)
Bank Ground Leases	4.90%	4.72%	18

*The above data reflects bank ground leases with 12 or more lease years remaining.*

**BANK GROUND LEASE SECTOR VS NET LEASE SECTOR CAP RATE**

Tenant	Q1 2021 (Previous)	Q1 2022 (Current)
Bank Ground Lease Sector	5.35%	5.15%
Retail Net Lease Market	5.91%	5.75%
Bank Ground Lease Premium (bps)	56	60

**FOR MORE INFORMATION**

**JOHN FEENEY**

SENIOR VICE PRESIDENT

[john@bouldergroup.com](mailto:john@bouldergroup.com)

**RANDY BLANKSTEIN**

PRESIDENT

[randy@bouldergroup.com](mailto:randy@bouldergroup.com)

**JIMMY GOODMAN**

PARTNER

[jimmy@bouldergroup.com](mailto:jimmy@bouldergroup.com)

**CARTER HIMLEY**

SENIOR ANALYST

[carter@bouldergroup.com](mailto:carter@bouldergroup.com)

© 2022. The Boulder Group. Information herein has been obtained from databases owned and maintained by The Boulder Group as well as third party sources. We have not verified the information and we make no guarantee, warranty or representation about it. This information is provided for general illustrative purposes and not for any specific recommendation or purpose nor under any circumstances shall any of the above information be deemed legal advice or counsel. Reliance on this information is at the risk of the reader and The Boulder Group expressly disclaims any liability arising from the use of such information. This information is designed exclusively for use by The Boulder Group clients and cannot be reproduced, retransmitted or distributed without the express written consent of The Boulder Group.