



Single Tenant Net Lease (STNL) Market Insights

STNL MARKET



6.07%

Median On Market Cap Rate



6.39%

Median Sold Cap Rate



MARKET OVERVIEW:

The single-tenant net lease (STNL) market demonstrated resilience in Q1 2024, with investment sales activity rising by 26% from the previous quarter to \$11.2 billion, despite a 4.5% decrease compared to the same period last year. The \$9.3 billion merger between Spirit Realty Capital and Realty Income Corporation significantly contributed to the total volume.

REA | Real Estate Advisors found that across all tracked tenants, there was a positive 32 basis points difference in cap rates between marketed and sold properties, suggesting investors are paying slightly below asking prices. The STNL market's ability to sustain momentum amidst economic challenges highlights the enduring appeal and stability of these investments. However, the STNL market continues to struggle to compete with the 10-year Treasury yield, which ranged from 3.18% to 4.35% in Q1, forcing most properties to increase their cap rates by 100-200 basis points above the 10-year Treasury yield to remain competitive.

Despite this, REA | Real Estate Advisors anticipates strong performance for the STNL market in 2024 as investors pursue reliable income streams and long-term value appreciation.

Should any investors require an evaluation of their property, REA | Real Estate Advisors is readily available to provide a complimentary broker opinion of value and offer strategic insights. Our experience and commitment lie in helping investors navigate the evolving STNL market, enabling them to make informed decisions and optimize their real estate investments.

Single Tenant Net Lease Retail Q1 2024



ON MARKET:

SOLD IN Q1:

Net Lease Auto Sector	Number of Units on Market	Median Cap Rate of Units on Market	On Market Median Sales Price	Cap Rate Bid/Ask Delta	Number of Units Sold in Q1 2024	Median Cap Rate of Units Sold in Q1 2024	Median Sale Price of Units Sold in Q1 2024 :
Advance Auto Parts	64	6.50%	\$1,514,000.00	0.62%	48	7.12%	\$1,457,665
AutoZone	21	5.05%	\$2,235,388.00	-0.01%	4	5.04%	\$1,103,750
Take 5	74	6.00%	\$1,901,500.00	0.21%	8	6.21%	\$1,172,500
O'Reilly's Auto	38	5.70%	\$2,266,495.50	0.53%	13	6.23%	\$1,320,000

Net Lease QSR Sector	Number of Units on Market	Median Cap Rate of Units on Market	On Market Median Sales Price	Cap Rate Bid/Ask Delta	Number of Units Sold in Q1 2024	Median Cap Rate of Units Sold in Q1 2024	Median Sale Price of Units Sold in Q1 2024 :
Arby's	30	5.50%	\$1,823,804.50	0.50%	15	6.00%	\$1,800,000
Burger King	72	6.00%	\$1,998,034.00	0.00%	34	6.00%	\$1,690,250
Carl's Jr/Hardees	64	5.00%	\$1,751,366.50	1.25%	41	6.25%	\$1,450,000
Chic Fil-A	46	4.25%	\$6,468,622.00	1.75%	5	6.00%	\$3,350,333
Chiopotle	52	5.00%	\$3,000,000.00	0.10%	11	5.10%	\$2,625,000
Church's Chicken	7	5.30%	\$1,371,430.00		74	Bulk/Portfolio Sale	
Del Taco	5	5.15%	\$3,414,055.00	-0.15%	4	5.00%	\$2,260,500
DQ	11	5.81%	\$2,333,333.00	-0.06%	25	5.75%	\$675,000
Jack In the Box	8	5.38%	\$2,626,500.00	-0.25%	7	5.00%	\$1,810,000
KFC	31	5.75%	\$1,658,000.00	0.81%	24	6.56%	\$1,511,468
Panera Bread	20	5.35%	\$3,585,500.00	-0.25%	2	5.10%	\$4,200,000
Pizza Hut	29	6.00%	\$1,250,000.00	0.50%	24	6.50%	804,000
Popeye's	42	5.75%	\$2,416,700.00	0.08%	26	5.83%	\$1,935,000
Sonic	43	6.00%	\$2,157,407.50	0.13%	32	6.13%	\$1,180,000
Taco Bell	38	5.50%	\$2,453,000.00	0.53%	37	6.03%	\$1,800,000
Wendy's	46	5.50%	\$2,648,500.00	0.50%	32	6.00%	\$2,063,698

Net Lease Retail	Number of Units on Market	Median Cap Rate of Units on Market	On Market Median Sales Price	Cap Rate Bid/Ask Delta	Number of Units Sold in Q1 2024	Median Cap Rate of Units Sold in Q1 2024	Median Sale Price of Units Sold in Q1 2024 :
Tractor Supply	40	5.85%	\$5,840,000.00	0.79%	17	6.64%	\$6,338,500
Harbor Freight	9	6.65%	\$2,305,630.00	-0.32%	3	6.33%	\$2,914,503
Office Depot	9	5.12%	\$4,660,000.00	1.28%	6	6.40%	\$5,975,000

Net Lease Drug Store Sector	Number of Units on Market	Median Cap Rate of Units on Market	On Market Median Sales Price	Cap Rate Bid/Ask Delta	Number of Units Sold in Q1 2024	Median Cap Rate of Units Sold in Q1 2024	Median Sale Price of Units Sold in Q1 2024 :
CVS	135	6.28%	\$4,997,500.00	-0.28%	22	6.00%	\$2,210,000
Walgreen's	333	6.51%	\$4,950,000.00	0.49%	79	7.00%	\$3,728,677

Single Tenant Net Lease Retail Q1 2024



ON MARKET:

SOLD IN Q1:

Net Lease Dollar Store Sector	Number of Units on Market	Median Cap Rate of Units on Market	On Market Median Sales Price	Cap Rate Bid/Ask Delta	Number of Units Sold in Q1 2024	Median Cap Rate of Units Sold in Q1 2024	Median Sale Price of Units Sold in Q1 2024 :
Dollar General	639	6.75%	\$1,610,587.00	0.25%	178	7.00%	\$1,480,000
Family Dollar/Dollar Tree	332	7.25%	\$1,642,857.00	0.75%	126	8.00%	\$1,025,000

Net Lease Coffee	Number of Units on Market	Median Cap Rate of Units on Market	On Market Median Sales Price	Cap Rate Bid/Ask Delta	Number of Units Sold in Q1 2024	Median Cap Rate of Units Sold in Q1 2024	Median Sale Price of Units Sold in Q1 2024 :
Dunkin' Donuts	15	5.25%	\$2,041,000.00	0.23%	13	5.48%	\$1,841,487
Starbucks	103	5.25%	\$2,476,190.00	0.06%	32	5.31%	\$2,812,500
Dutch Bros	54	5.25%	\$2,245,283.00	-0.01%	13	5.24%	\$1,813,500
Scooters	35	6.30%	\$1,205,779.00		0		
Overall Total	2611	6.07%		0.32%	1017	6.39%	

Net Lease Casual Dining Sector	Number of Units on Market	Median Cap Rate of Units on Market	On Market Median Sales Price	Cap Rate Bid/Ask Delta	Number of Units Sold in Q1 2024	Median Cap Rate of Units Sold in Q1 2024	Median Sale Price of Units Sold in Q1 2024 :
Buffalo Wild Wings	11	6.50%	\$3,100,000.00	2.00%	6	8.50%	\$2,400,660
Applebee's	35	7.08%	\$2,813,767.00	-1.18%	21	5.90%	\$2,482,051
Chili's	10	5.75%	\$3,662,612.00	0.25%	5	6.00%	\$4,060,000
IHOP	14	7.00%	\$2,780,591.00	-1.00%	10	6.00%	\$2,570,000
Denny's	11	6.50%	\$1,541,538.00	1.99%	3	8.49%	\$1,201,000
Olive Garden	5	5.35%	\$2,835,938.00		2	Bulk/Portfolio Sale	
Red Lobster	80	7.00%	\$4,900,407.50		15	Bulk/Portfolio Sale	

Single Tenant Net Lease Retail Q1 2024



FORECASTING:

Net Lease Coffee	Average Time on Market (Months)	Q1 2024 Rate of Units Sold per Month	Months of Supply (Based on Q1 2024 Sales Rate)	Percentage of Supply Sold in Q1 2024
Dunkin' Donuts	9.3	4.3	3.5	46.43%
Starbucks	5.2	10.7	9.7	23.70%
Dutch Bros	3.9	4.3	12.5	19.40%
Scoters		0.0	0.0	0.00%

Net Lease Drug Store Sector	Average Time on Market (Months)	Q1 2024 Rate of Units Sold per Month	Months of Supply (Based on Q1 2024 Sales Rate)	Percentage of Supply Sold in Q1 2024
CVS	4.8	7.3	18.4	14.01%
Walgreen's	6.3	26.3	12.6	19.17%

Net Lease Dollar Store Sector	Average Time on Market (Months)	Q1 2024 Rate of Units Sold per Month	Months of Supply (Based on Q1 2024 Sales Rate)	Percentage of Supply Sold in Q1 2024
Dollar General	6.2	59.3	10.8	21.79%
Family Dollar/Dollar Tree	6.8	42.0	7.9	27.51%

Net Lease Auto Sector	Average Time on Market (Months)	Q1 2024 Rate of Units Sold per Month	Months of Supply (Based on Q1 2024 Sales Rate)	Percentage of Supply Sold in Q1 2024
Advance Auto Parts	5.1	16.0	4.0	42.86%
AutoZone	6.4	1.3	15.8	16.00%
Take 5	8.5	2.7	27.8	9.76%
O'Reilly's Auto	5.9	4.3	8.8	25.49%

Net Lease Retail	Average Time on Market (Months)	Q1 2024 Rate of Units Sold per Month	Months of Supply (Based on Q1 2024 Sales Rate)	Percentage of Supply Sold in Q1 2024
Tractor Supply	6.5	5.7	7.1	29.82%
Harbor Freight	10.4	1.0	9.0	25.00%
Office Depot	13.1	2.0	4.5	40.00%

Single Tenant Net Lease Retail Q1 2024



FORECASTING:

Net Lease QSR Sector	Average Time on Market (Months)	Q1 2024 Rate of Units Sold per Month	Months of Supply (Based on Q1 2024 Sales Rate)	Percentage of Supply Sold in Q1 2024
Arby's	3.6	5.0	6.0	33.33%
Burger King	3.4	11.3	6.4	32.08%
Carl's Jr/Hardees	16.4	13.7	4.7	39.05%
Chic Fil-A	6.7	1.7	27.6	9.80%
Chiopotle	7.9	3.7	14.2	17.46%
Church's Chicken		24.7	0.3	91.36%
Del Taco	3.8	1.3	3.8	44.44%
DQ	15	8.3	1.3	69.44%
Jack In the Box	6.2	2.3	3.4	46.67%
KFC	7.8	8.0	3.9	43.64%
Panera Bread	4.4	0.7	30.0	9.09%
Pizza Hut	6.3	8.0	3.6	45.28%
Popeye's	3.6	8.7	4.8	38.24%
Sonic	9.4	10.7	4.0	42.67%
Taco Bell	5.8	12.3	3.1	49.33%
Wendy's	6.1	10.7	4.3	41.03%

Net Lease Casual Dining Sector	Average Time on Market (Months)	Q1 2024 Rate of Units Sold per Month	Months of Supply (Based on Q1 2024 Sales Rate)	Percentage of Supply Sold in Q1 2024
Buffalo Wild Wings		2.0	5.5	35.29%
Applebee's	5.2	7.0	5.0	37.50%
Chili's	16.8	1.7	6.0	33.33%
IHOP	6.3	3.3	4.2	41.67%
Denny's		1.0	11.0	21.43%
Olive Garden		0.7	7.5	28.57%
Red Lobster		5.0	16.0	15.79%

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REA | Real Estate Advisors specialize in the sale of commercial and multifamily properties, as well as offering leasing services for property owners and tenants. We are dedicated to delivering unparalleled value to our clients, associates, and partners through strategic commercial real estate solutions. As industry front-runners, we guide investors and tenants alike, advising on market trends, optimizing property marketing for sale or lease, and representing businesses in their quest for the ideal commercial space.