

### NATIONAL ASKING CAP RATES

| Sector     | Q1 2025<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|------------|-----------------------|----------------------|-----------------------|
| Retail     | 6.56%                 | 6.57%                | +1                    |
| Office     | 7.80%                 | 7.85%                | +5                    |
| Industrial | 7.23%                 | 7.23%                | 0                     |
| Overall    | 6.78%                 | 6.79%                | +1                    |

### NUMBER OF PROPERTIES ON THE MARKET

| Sector     | Q1 2025<br>(Previous) | Q2 2025<br>(Current) | Percentage<br>Change |
|------------|-----------------------|----------------------|----------------------|
| Retail     | 4,192                 | 4,324                | 3.1%                 |
| Office     | 654                   | 640                  | -2.1%                |
| Industrial | 575                   | 637                  | 10.8%                |
| Overall    | 5,421                 | 5,601                | 3.3%                 |

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

| Sector     | Q1 2025<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|------------|-----------------------|----------------------|-----------------------|
| Retail     | 32                    | 30                   | -2                    |
| Office     | 65                    | 60                   | -5                    |
| Industrial | 30                    | 27                   | -3                    |

***“Cap Rates stabilize following three years of cap rate expansion”***

## Market Overview

Cap rates in the single tenant net lease sector experienced minimal changes in the second quarter of 2025, with overall cap rates increasing just one basis point to 6.79%. This modest increase illustrates a change from the more pronounced upward trajectory experienced from 2022 to 2024. This suggests the market may be stabilizing after three years of consistent cap rate increases. Retail cap rates edged up slightly to 6.57% (+1 bp), while office cap rates increased to 7.85% (+5 bps). Industrial cap rates remained unchanged at 7.23% for the second consecutive quarter. The plateauing of cap rates can be best attributed to the combination of the Federal Reserve holding rates steady in 2025, investor adjustment to the current interest rate environment and market stabilization following three years of cap rate expansion.

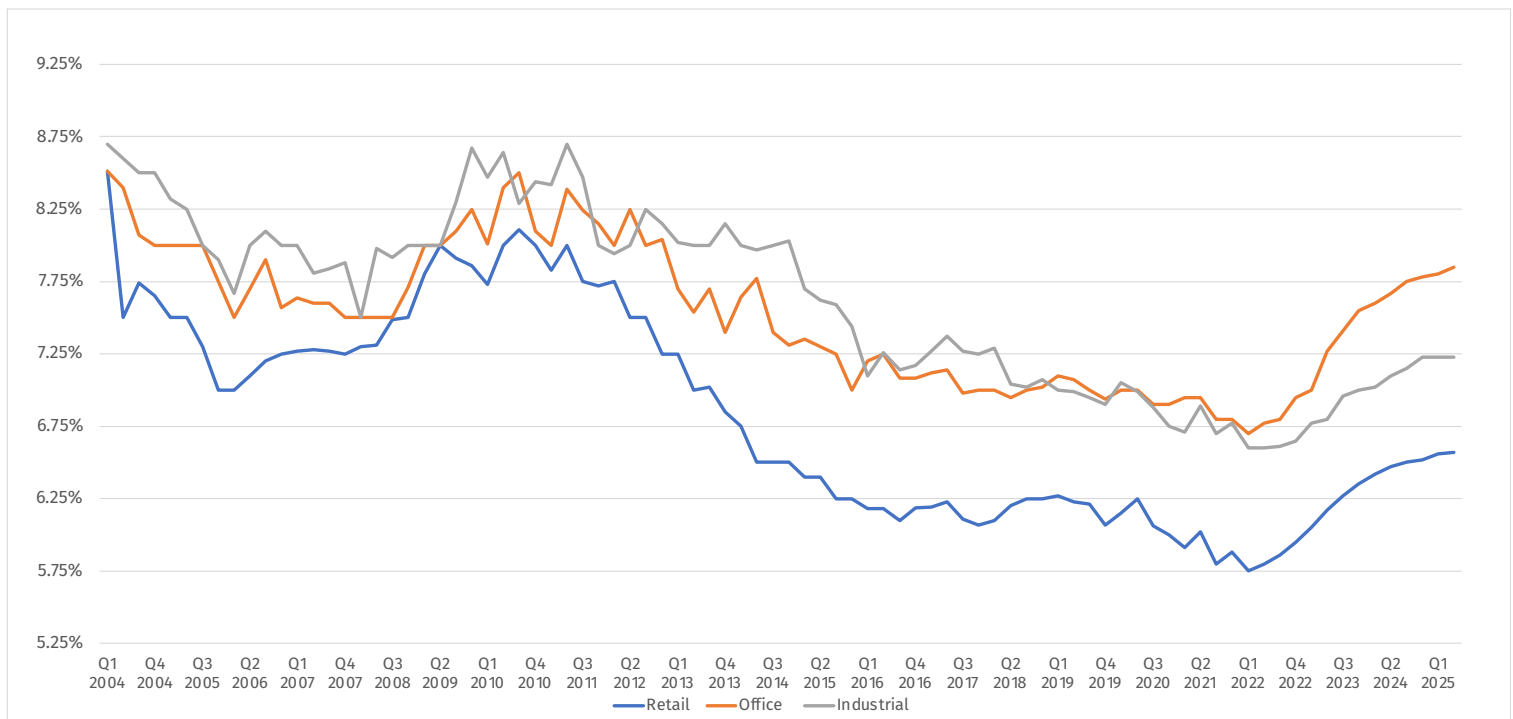
Transaction activity in the second quarter demonstrated a pronounced flight to credit quality, with premium tenants commanding cap rates lower than the market averages (See Sales Comparables – Next Page). High-credit retailers like 7-Eleven, Chase Bank and Wawa commanded sub-6% cap rates, while tenants with ongoing corporate challenges such as Walgreens traded at cap rates in excess of 7%. This bifurcation reflects investors’ heightened focus on tenant financial strength amid economic uncertainty. Further proof of this concept is the QSR sector, where corporate QSR brands continued to attract aggressive pricing, with Chick-fil-A and McDonald’s maintaining their position as the most aggressively priced assets in net lease at 4.45% and 4.38% cap rates respectively.

The net lease market continues to show signs of stabilization after three years of cap rate increases, with the second quarter marking a notable change in pricing momentum. While transaction volume remains below historical peaks, particularly in the 1031 exchange space, the narrowing bid-ask spreads and continued institutional participation suggest improved market liquidity. Investors are closely monitoring Federal Reserve policy signals and broader capital market conditions as they evaluate acquisition opportunities. With cap rate movements moderating and supply-demand dynamics showing greater balance, net lease activity is expected to gain momentum through the remainder of 2025. Pricing and transaction volumes will likely remain well below the peak market conditions experienced in prior years.

### SELECTED SINGLE TENANT SALES COMPARABLES

| Sale Date | Sector     | Tenant                          | City           | State | Price        | Price Per SF | Cap Rate | Lease Term Remaining |
|-----------|------------|---------------------------------|----------------|-------|--------------|--------------|----------|----------------------|
| Apr-25    | Industrial | Frito Lay                       | Burbank        | WA    | \$25,448,000 | \$238        | 5.99%    | 10                   |
| May-25    | Office     | San Bernadino County            | Loma Linda     | CA    | \$17,400,000 | \$185        | 8.28%    | 7                    |
| May-25    | Industrial | Ascend                          | Jackson        | TN    | \$17,000,000 | \$48         | 9.65%    | 9                    |
| Apr-25    | Retail     | Rivian                          | Tampa          | FL    | \$13,075,000 | \$523        | 6.89%    | 10                   |
| May-25    | Industrial | Perrigo                         | Peachtree City | GA    | \$11,700,000 | \$117        | 6.95%    | 5                    |
| May-25    | Retail     | 7-Eleven                        | Summerville    | SC    | \$8,700,000  | \$1,871      | 5.27%    | 15                   |
| May-25    | Retail     | Aldi                            | Forest Park    | IL    | \$7,640,000  | \$313        | 5.75%    | 10                   |
| Apr-25    | Retail     | O'Reilly Auto Parts             | Seminole       | FL    | \$6,957,000  | \$243        | 5.75%    | 15                   |
| May-25    | Industrial | Frito Lay                       | Hurricane      | UT    | \$6,937,000  | \$874        | 7.65%    | 10                   |
| May-25    | Retail     | 7-Eleven                        | Gallatin       | TN    | \$6,888,000  | \$1,481      | 5.25%    | 13                   |
| Apr-25    | Retail     | Grocery Outlet                  | Mammoth Lakes  | CA    | \$6,855,000  | \$358        | 6.34%    | 15                   |
| May-25    | Retail     | Portillo's                      | Clermont       | FL    | \$6,389,000  | --           | 5.40%    | 9                    |
| May-25    | Retail     | Tractor Supply                  | Atwater        | CA    | \$6,170,000  | \$304        | 6.28%    | 10                   |
| Jun-25    | Retail     | Walgreens                       | Homestead      | FL    | \$6,025,000  | \$364        | 7.13%    | 10                   |
| May-25    | Retail     | Chesterbrook Academy            | Sewell         | NJ    | \$6,000,000  | \$714        | 7.38%    | 20                   |
| Apr-25    | Retail     | Chase Bank                      | Fredericksburg | VA    | \$5,736,842  | \$2,295      | 4.75%    | 14                   |
| May-25    | Office     | Multicare Pulse Heart Institute | Spokane        | WA    | \$5,720,000  | \$268        | 7.24%    | 4                    |
| May-25    | Industrial | 360 Wall Systems                | Eden Prairie   | MN    | \$5,700,000  | \$146        | 7.46%    | 10                   |
| Apr-25    | Retail     | Chick-fil-a                     | Marianna       | FL    | \$5,600,000  | --           | 4.93%    | 13                   |
| May-25    | Retail     | Wawa                            | Camp Springs   | MD    | \$5,165,000  | --           | 5.75%    | 16                   |

### 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

|                    | Q1 2025<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|--------------------|-----------------------|----------------------|-----------------------|
| <b>Auto Sector</b> | 6.50%                 | 6.50%                | 0                     |

### MEDIAN ASKING CAP RATES BY PROPERTY TYPE

| Sector              | Q1 2025<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|---------------------|-----------------------|----------------------|-----------------------|
| <b>Auto Parts</b>   | 6.50%                 | 6.52%                | +2                    |
| <b>Auto Service</b> | 6.18%                 | 6.15%                | -3                    |
| <b>Collision</b>    | 6.70%                 | 6.70%                | 0                     |

### MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

| Years Remaining            | Auto Parts | Auto Service | Collision |
|----------------------------|------------|--------------|-----------|
| <b>16-20 Years</b>         | 5.60%      | 5.75%        | 6.60%     |
| <b>11-15 Years</b>         | 6.05%      | 6.00%        | 6.80%     |
| <b>6-10 Years</b>          | 7.05%      | 7.00%        | 7.05%     |
| <b>5 Years &amp; Under</b> | 7.90%      | 7.15%        | 8.00%     |



## 2. Net Lease Casual Dining Sector

### NATIONAL ASKING CAP RATES

| Tenant                                    | Q1 2025<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|---|-----------------------|----------------------|-----------------------|
| <b>All Corporate Casual Dining</b>        | 6.65%                 | 6.60%                | -5                    |
| <b>Applebee's</b>                         | 7.50%                 | 7.55%                | +5                    |
| <b>Buffalo Wild Wings</b>                 | 6.75%                 | 6.78%                | +3                    |
| <b>Chili's</b>                            | 6.00%                 | 6.00%                | 0                     |
| <b>IHOP</b>                               | 7.25%                 | 7.20%                | -5                    |
| <b>Olive Garden</b>                       | 5.90%                 | 5.85%                | -5                    |
| <b>Outback Steakhouse</b>                 | 6.68%                 | 6.53%                | -15                   |
| <b>Red Lobster</b>                        | 5.30%                 | 5.25%                | -5                    |
| <b>Texas Roadhouse<br/>(Ground Lease)</b> | 5.17%                 | 5.30%                | +13                   |

### MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

| Years Remaining            | Cap Rate |
|----------------------------|----------|
| <b>16-20 Years</b>         | 6.00%    |
| <b>11-15 Years</b>         | 6.40%    |
| <b>6-10 Years</b>          | 7.10%    |
| <b>5 Years &amp; Under</b> | 7.50%    |



### 3. Net Lease Dollar Store Sector

#### NATIONAL ASKING CAP RATES

| Tenant              | Q1 2024<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|---------------------|-----------------------|----------------------|-----------------------|
| Dollar General      | 7.00%                 | 7.05%                | +5                    |
| Family Dollar       | 8.20%                 | 8.30%                | +10                   |
| Dollar Tree         | 7.50%                 | 7.50%                | 0                     |
| Dollar Store Sector | 7.32%                 | 7.35%                | +3                    |



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

| Years Remaining | Dollar General | Family Dollar | Dollar Tree |
|-----------------|----------------|---------------|-------------|
| 12-15 Years     | 6.90%          | NA            | NA          |
| 9-11 Years      | 7.23%          | 8.15%         | 7.20%       |
| 6-8 Years       | 6.85%          | 8.25%         | 7.75%       |
| 3-5 Years       | 8.40%          | 9.00%         | 8.00%       |
| Under 3 Years   | 9.00%          | 9.40%         | 8.80%       |

### 4. Net Lease Drug Store Sector

#### NATIONAL ASKING CAP RATES

| Tenant            | Q1 2025<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|-------------------|-----------------------|----------------------|-----------------------|
| Walgreens         | 7.50%                 | 7.75%                | +25                   |
| CVS               | 6.50%                 | 6.55%                | +5                    |
| Drug Store Sector | 7.51%                 | 7.53%                | +2                    |



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

| Years Remaining | Walgreens | CVS   |
|-----------------|-----------|-------|
| 20+ Years       | N/A       | 5.50% |
| 15-19 Years     | 6.90%     | 6.10% |
| 10-14 Years     | 7.20%     | 6.85% |
| 6-9 Years       | 8.25%     | 7.32% |
| Under 5 Years   | 9.00%     | 8.20% |

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

### CORPORATE NATIONAL ASKING CAP RATES

| Tenant                     | Q1 2025<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|----------------------------|-----------------------|----------------------|-----------------------|
| All Corporate QSR          | 5.82%                 | 5.80%                | -2                    |
| Chick-fil-A (Ground Lease) | 4.45%                 | 4.45%                | 0                     |
| Chipotle                   | 5.50%                 | 5.50%                | 0                     |
| McDonald's (Ground Lease)  | 4.40%                 | 4.38%                | -2                    |
| Panera Bread               | 5.70%                 | 5.75%                | +5                    |
| Raising Cane's             | 5.05%                 | 5.00%                | -5                    |
| Starbucks                  | 6.37%                 | 6.40%                | +3                    |

### FRANCHISEE NATIONAL ASKING CAP RATES

| Tenant             | Q1 2024<br>(Previous) | Q2 2025<br>(Current) | Basis Point<br>Change |
|--------------------|-----------------------|----------------------|-----------------------|
| All Franchisee QSR | 6.63%                 | 6.65%                | +2                    |
| Burger King        | 6.20%                 | 6.25%                | +5                    |
| Dunkin'            | 5.90%                 | 5.90%                | 0                     |
| KFC                | 6.20%                 | 6.25%                | +5                    |
| Taco Bell          | 5.50%                 | 5.48%                | -2                    |
| Wendy's            | 5.52%                 | 5.55%                | +3                    |

### MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

| Years Remaining | Corporate QSR | Franchisee QSR |
|-----------------|---------------|----------------|
| 20+ Years       | 5.00%         | 5.80%          |
| 15-19 Years     | 5.45%         | 6.20%          |
| 10-14 Years     | 5.90%         | 6.70%          |
| Under 10 Years  | 6.85%         | 7.45%          |



## For More Information:

### Chicago:

**RANDY BLANKSTEIN**  
President  
randy@bouldergroup.com

**JIMMY GOODMAN**  
Partner  
jimmy@bouldergroup.com

**JOHN FEENEY**  
Senior Vice President  
john@bouldergroup.com

**CARTER HIMLEY**  
Senior Analyst  
carter@bouldergroup.com

**HAYDEN WILLIAMS**  
Analyst  
hayden@bouldergroup.com

### Denver:

**ZACH WRIGHT**  
Vice President  
zach@bouldergroup.com

**BRANDON WRIGHT**  
Associate  
brandon@bouldergroup.com