

DATASTARS

Q2 2026

US Single-Tenant Net Lease Market Intelligence Brief

Private Capital · Family Offices · Institutional Investors

April 2026 · Data through Q1 2026

THE MARKET AT A GLANCE

6.80%

Overall STNL Cap Rate Q1 2026

Down 1bp QoQ

6.55%

Retail Net Lease Cap Rate

Flat for 2nd consecutive quarter

-9.8%

Net Lease Supply QoQ

5,710 to 5,151 properties

23 bps

Retail Bid-Ask Spread

Tightest in 3 years

Rate Environment

The Fed held steady at 3.50-3.75% through January and March 2026 after three consecutive cuts in H2 2025. The 10-Year Treasury traded between 4.05% and 4.35% before spiking to 4.48% in late March, settling near 4.38% in early April.

Despite rising long rates, net lease pricing held. Supply fell 9.8% QoQ as elevated Q4 2025 transaction volumes absorbed available inventory. Bid-ask spreads narrowed to 23bps for retail and 25bps for industrial. Buyers and sellers are aligned for the first time since 2022.

Transaction Volume

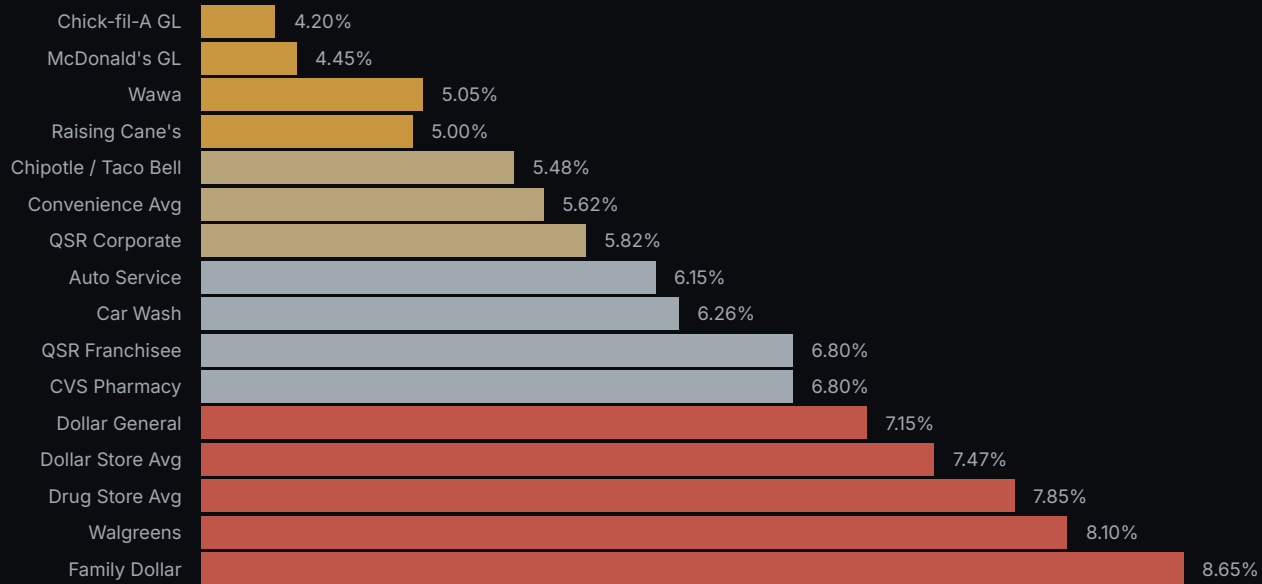
STNL retail transactions rose 18% YoY through 2025. Q4 retail sales volume hit \$3.3B, a 36.5% QoQ surge. Average pricing reached \$334/SF.

Private investors dominated: 69-71% of all STNL retail acquisitions. REITs accounted for 10%, institutional buyers 8%.

CBRE forecasts broader CRE investment activity increasing 16% in 2026 to \$562B, approaching pre-pandemic 2015-2019 averages.

445+ bps

Spread between tightest and widest cap rates. Chick-fil-A GL at 4.20% vs. Family Dollar at 8.65%.



The market defines a rigid investment-grade floor at BBB-. Above: 7.00-8.00% caps broadly, with tier-one brands significantly tighter. Below BBB- or under 10 years remaining term: 7.50-9.50% with a drastically thinner buyer pool. Lease structure matters: Absolute NNN commands peak pricing. Double-Net requires landlord roof and structural responsibility.

130-140 bps

GL compression vs. fee-simple

QSR fee-simple: 5.82% vs GL: 4.40-4.50%

4.30%

McDonald's GL 15yr

Effectively zero spread to 10Y Treasury

18%

ADC Q4 2025 GL allocation

Highest since 2021

Why ground leases price like bonds

In a ground lease, the landlord owns only dirt. The tenant funds, constructs, and maintains the building. In default, the landlord captures the structure free of charge.

Built-in rent escalations (typically 10% every 5 years) provide a mechanical inflation hedge. Zero capex. Absolute downside protection. Superior risk-adjusted IRR over a 20-50yr hold.

Institutional buyers are aggressively increasing allocations. These assets serve as generational wealth preservation vehicles.

Who is buying ground leases

Realty Income and Agree Realty both emphasize ground lease durability in their 2026 strategies. ADC allocated 18% of Q4 2025 investments to ground leases, the highest since 2021.

REITs, pension funds, and sovereign wealth view these as generational wealth preservation instruments.

Ground leases are unattractive to highly leveraged private buyers who face negative leverage when debt costs exceed the going-in yield.

This concentrates the buyer pool among the most capitalized, lowest-cost-of-capital investors, which paradoxically supports pricing discipline.

2,370+

Pharmacy store closures

CVS 900+, Walgreens 1,200 by 2027

130 bps

CVS-to-Walgreens spread

CVS 6.80% vs. Walgreens 8.10%

8.65%

Family Dollar cap rate

Widened +15bps QoQ as credit concerns mount

The pharmacy collapse

The retail pharmacy sector is in structural decline. PBM reimbursement pressure, discount card disruption, and digital competition are compressing margins beyond viability.

CVS closed 900+ locations (2022-2024), added 270 in 2025. Walgreens committed to 1,200 closures by 2027. Rite Aid exited entirely.

A dark Walgreens in Houston recently vacated after 21 years. Historical rent: \$25/SF. Current sublease market: \$14-17/SF. That mark-to-market destruction eliminates the capitalized asset value.

Opportunity in the wreckage

Dark box valuation shifts from income capitalization to replacement cost and adaptive reuse. Buyers underwrite land value plus a fraction of structural shell.

Opportunistic capital is moving in. Fitness operators, medical outpatient, and experiential tenants are absorbing dark boxes. Repositioned assets stabilize at high-6% to high-7% exit caps.

For holders: the play is not to wait for a traditional net lease buyer. Sell into the repositioning market or self-execute the re-tenanting.

-17% to -27%

National office price decline from pre-2022 peak. But suburban office prices rose 3.1% YoY in Feb 2026.

17.6%

National office vacancy
Feb 2026

12.34%

CMBS office delinquency
All-time high, Jan 2026

\$14B

MOB investment volume 2025
+34% YoY

3×

Office-to-residential conversion
vs. 2022 levels

Sun Belt strength

Atlanta: 2.5M SF leased in Q1 2026, above the 5-year quarterly average. AT&T leased 166K SF at 1200 Abernathy Road.

Dallas-Fort Worth: corporate relocations continue to absorb Class A suburban space. Vacancy tightening in Frisco and Plano corridors.

Charlotte: vacancy ticked to 12.0% as new supply digests, but structural demand remains.

Tampa and South Florida: among the lowest vacancy rates nationally, supported by wealth migration and zero state income tax.

Nashville: emerging as a top-tier suburban office market. Healthcare and financial services driving absorption.

Adaptive reuse acceleration

Office-to-residential conversions have tripled from 2022 levels, concentrated in markets with acute housing shortages.

Medical outpatient building investment hit \$14B in 2025 (+34% YoY). Aging demographics drive demand for amenitized, accessible suburban care.

Data centers consuming functionally obsolete office shells along the I-20 corridor. Existing shells bypass zoning and construction timelines.

\$15-18 BILLION IN ACTIVE DEPLOYMENT – 2026 REIT ACQUISITION MANDATES

REIT	2026 TARGET	LIQUIDITY	ACQ CAP	STRATEGY	NOTABLE
Realty Income (O)	~\$8.0B	\$4.1B+	150-160bps over WACC	Broad STNL, industrial	Launched \$1.5B open-end fund
Agree Realty (ADC)	\$1.4-1.6B	\$2.0B+	7.1-7.2% blended	IG retail, ground leases	18% GL allocation Q4
NNN REIT	~\$1.0B	\$1.2B	7.4%	Relationship SLBs	10.8yr avg debt maturity
Essential Properties (EPRT)	~\$1.3B+	\$1.4B	7.7% avg yield	Middle-market, service retail	Raised 2026 AFFO guide
W.P. Carey (WPC)	~\$2.0B+	\$580M Q1	Industrial/retail	Capital recycling	\$210M SLB Q1
NETSTREIT (NTST)	Opportunistic	Record \$245M	7.5%	E-commerce resistant, IG	High IG concentration
Broadstone (BNL)	Maintained	BTS focus	Industrial-heavy	Differentiated growth	Strong BTS pipeline

In aggregate, seven leading net lease REITs are targeting \$15-18B in 2026 acquisitions. Capital deployment has shifted from nominal cap rate targeting to spread-based underwriting. For large portfolio sellers, Realty Income's \$8B deployment target and Agree Realty's \$2B+ liquidity represent the deepest single-counterparty absorption capacity in the market.

5.06%-5.80%

All-in CMBS conduit rates for STNL collateral. SOFR at 3.65%.

TERM	MAX LTV	MIN DSCR	SPREAD	ALL-IN RATE
10yr conduit	55%	1.55×	95-100bps	5.06-5.25%
10yr conduit	65%	1.35×	105-120bps	5.30-5.45%
10yr conduit	80%	1.25×	115-135bps	5.60-5.80%
7yr conduit	55%	1.55×	100-110bps	5.06-5.16%
7yr conduit	65%	1.35×	115-135bps	5.40-5.60%

Favorable lending

Financing conditions are the most favorable since 2022. Full-term IO structures available for IG-tenanted NNN assets. CMBS conduits are actively seeking retail NNN collateral as capital rotates away from office (delinquency at 12.34% all-time high).

The maturity wall

Billions in loans originated at 4.59% average rates (2019-2021) are resetting into a 5%+ environment. Borrowers with insufficient NOI growth face forced sales. This creates acquisition opportunities for well-capitalized buyers.

TARIFFS & TENANT MARGINS

Estimated average tariff rate on all imports: 12%. Pass-through to consumer goods: 46-115%. Building materials face 25-50% tariffs. Perversely protects existing asset values but destroys TI and repositioning economics. Discount retailers absorbing the hit: Walmart comp sales +4.5%. Private label sales hit \$282.8B all-time record.

INTEREST RATE UNCERTAINTY

FOMC dot plots project median fed funds at 3.4% year-end, implying one more 25bp cut. Core PCE sticky at 2.7%. Middle East conflict presents asymmetric energy price risk. Any sudden 10Y Treasury spike would immediately widen bid-ask spreads and freeze large portfolio transactions.

CONSTRUCTION COST INFLATION

Tariffs on steel, aluminum, copper (25-50%) are compounding labor shortages. New construction economics are broken for most retail formats. Net positive for existing NNN assets as replacement cost creates a floor under values. Severely negative for value-add strategies dependent on affordable TI.

330,000

US jobs cut in Q1 2026 across 97 companies. 55% explicitly cited AI as the primary driver.

AI displacement and tenant economics

The tenant is the asset. NNN real estate derives 100% of its value from the tenant's ability to pay rent.

Impact by tenant type:

- Bank branches: digital-first reduces traffic. Renewal probability declining.
- Pharmacies: AI-driven routing, automated dispensing accelerate structural decline.
- Dollar stores / necessity retail: minimal AI exposure. The AI-defensive safe haven.
- QSR / convenience: AI kiosks reduce labor costs but increase unit profitability.
- Healthcare / medical: low displacement. Regulatory mandates human practitioners.

Cyber risk and transaction infrastructure

Systemic cyber risk threatens the transaction itself. CISA has issued heightened 2026 advisories on nation-state actors in US critical infrastructure.

What a systemic cyber event does to NNN markets:

- Freezes capital markets. Wire transfers fail. Closing timelines collapse.
- Triggers insurance repricing. Cyber premiums projected to scale to \$30-50B by 2030.
- Forces flight to hard assets. Physical RE with contractual cash flows becomes one of few asset classes that functions offline.

Necessity retail is structurally resilient to both AI displacement and cyber disruption. The customer walks in, pays, and walks out with a physical product.

DataStars provides real estate portfolio intelligence for family offices and institutional investors navigating complex dispositions, cross-border transactions, and distressed asset situations.

Portfolio Disposition Strategy

Segmentation analysis, tranche architecture, buyer universe mapping, and pricing optimization for multi-asset portfolios.

Market Intelligence & Valuation Support

Cap rate benchmarking, comparable transaction analysis, REIT acquisition appetite mapping, and financing market monitoring.

AI Employment Risk Analysis

Proprietary scoring of AI-driven workforce displacement by geography and occupation. We quantify the risk that traditional underwriting ignores.

Broker Selection & Process Management

RFP design, competitive broker evaluation, and disposition process oversight. We ensure the broker optimizes for your economics.

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