

DATASTARS

US Net Lease Market Brief Q3 2026

October 2026 · Data through September 30, 2026

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6.92%

Overall net lease cap rate

5.29%

10-Year Treasury, Sep 30

163 bps

Spread to the 10-Year, down 75 bps

THE MARKET AT A GLANCE

6.92%

Overall STNL cap rate,
Q3 2026

+10 bps QoQ. Largest move
since 2023

5.29%

10-Year Treasury, Sep 30

+85 bps QoQ. Highest
since 2007

163 bps

Cap rate spread to the
10-Year

Down from 238 bps in Q2

25 bps

Retail bid-ask spread

Widened 3 bps from a 3-
year low

Rate environment

The Fed raised its target range 25 bps to 3.75–4.00% on September 16, its first hike since 2023, and the median dot sits at 4.1% for year-end. The 10-Year Treasury rose from 4.44% on June 30 to 5.29% on September 30.

The final week of September was driven by term premium: the NY Fed's ACM measure rose 22 bps in four sessions while rate expectations barely moved. That is a fiscal and supply story, and it will not reverse on the next FOMC decision.

Market response

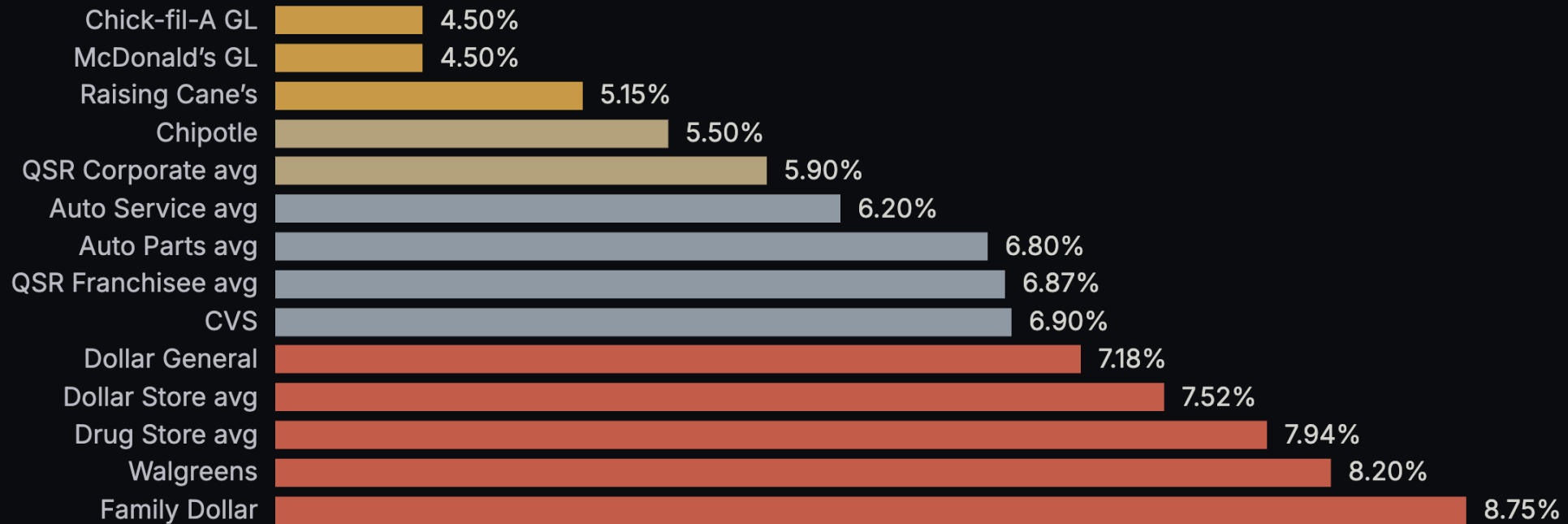
Cap rates rose in all three sectors: retail 6.69% (+9 bps), office 8.00% (+10), industrial 7.28% (+3). The overall rate is the highest in more than a decade. Treasuries moved 85 bps; cap rates moved 10.

Volume entered Q3 strong: CBRE counted \$12.8B of Q2 net lease investment, up 13% YoY. Supply held at 5,754 listings (–0.7%), but industrial listings rose 11.9% and bid-ask spreads widened as sellers held Q2 pricing.

CREDIT QUALITY IS EVERYTHING

425 bps

Spread between the tightest and widest asking cap rates. Chick-fil-A ground leases at 4.50% vs. Family Dollar at 8.75%.



Every tenant on this chart widened or held in Q3; none compressed. The largest QSR move was Wendy's, +15 bps to 6.00%, as franchisee bankruptcies hit the system.

LEASE TERM IS THE SECOND CREDIT RATING

262 bps

Auto parts asking cap rate gap between 16–20 years remaining (5.65%) and 5 years or less (8.27%).

Tenant	Long lease	Short lease	Term penalty
Auto parts	5.65% (16–20 yrs)	8.27% (≤5 yrs)	262 bps
Walgreens	6.85% (15–19 yrs)	9.30% (≤5 yrs)	245 bps
Dollar General	6.85% (12–15 yrs)	9.10% (≤3 yrs)	225 bps
Corporate QSR	5.00% (20+ yrs)	6.85% (<10 yrs)	185 bps
CVS	6.40% (15–19 yrs)	8.20% (≤5 yrs)	180 bps
Casual dining	5.95% (16–20 yrs)	7.60% (≤5 yrs)	165 bps
Franchisee QSR	6.00% (20+ yrs)	7.55% (<10 yrs)	155 bps

What it means

Remaining term now carries as much weight as the tenant. A 5-year Walgreens is priced as a re-leasing bet.

Moving a lease from the shortest bucket into the next one is worth 30–90 bps of cap rate at Q3 asking levels. Extend before you list.

THE FLOOR. INVESTMENT-GRADE GROUND LEASES

—79 bps

Chick-fil-A GL cap rate vs. the 10-Year
4.50% asking vs. 5.29% Treasury, Sep 30

112 bps

Ground lease premium over fee simple
4.93% vs. 6.05% at the same 15-
year term

4.33%

Chick-fil-A, Tampa, closed Sep 2026
\$9.0M, 19 years remaining

Why ground leases price like bonds

The landlord owns the dirt. The tenant funds, builds and maintains the building, and at default or expiry the landlord takes the improvements. Rent bumps, often 10% every five years, hedge inflation with zero capex.

In Q3 the best ground leases priced inside the 10-Year Treasury. Buyers are paying for duration and certainty, and accepting negative leverage to get it.

Who is buying ground leases

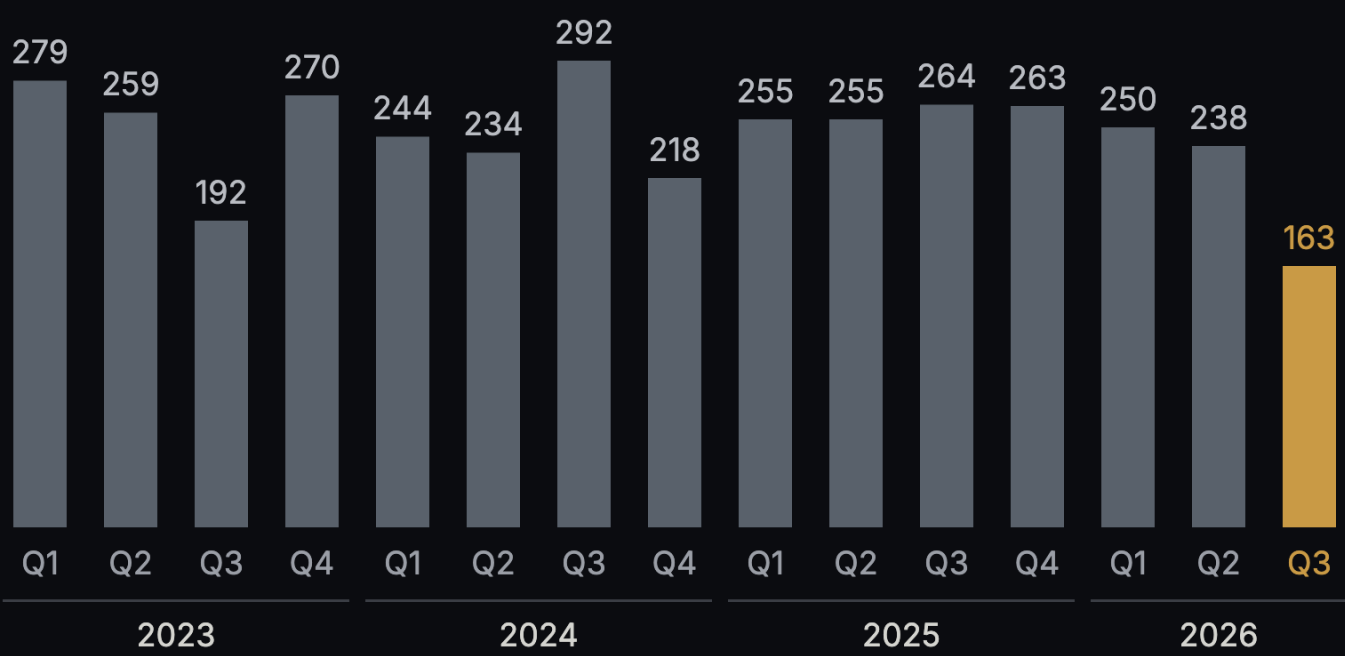
At a 4.5% going-in yield and 6.5–6.8% debt, only all-cash or low-cost capital can buy: REITs with forward equity already raised, 1031 and DST money, family offices and pensions.

Ground leases were 13.5% of Agree Realty's Q2 acquired rent. The buyer pool is narrow but deep, which keeps pricing disciplined even as rates rise.

CAP RATES VS. THE 10-YEAR TREASURY

Treasuries moved 85 bps in Q3. Cap rates moved 10.

Spread, STNL asking cap rate minus quarter-end 10-Year (bps)



163 bps

Spread at September 30 (6.92% vs. 5.29%), the tightest in the series. Prior low: 192 bps in Q3 2023.

Chair Warsh tied the rise in long yields to a stronger economy, hyperscaler borrowing for AI capex and geopolitics. Treasury’s borrowing committee sees the funding gap widening in FY27 and FY28.

The gap closes one of two ways: cap rates widen or the 10-Year falls. CBRE expects flat cap rates through December.

BUYER COST OF CAPITAL. NET LEASE REITS AFTER Q3

\$4.9B

of forward equity raised and still unsettled across eight net lease REITs at June 30. Capital priced before the September selloff is the best bid for Q4 sellers.

REIT	2026 investment guide	Q3 share price	Dividend yield	AFFO multiple	Forward equity
Realty Income (O)	\$10B	-12.4%	5.99%	12.2x	\$1.23B
Agree Realty (ADC)	\$1.6–1.8B	-11.8%	4.80%	14.6x	~\$1.1B
W. P. Carey (WPC)	\$1.7–2.1B	-9.6%	5.82%	12.4x	~\$691M
Essential Properties (EPRT)	\$1.2–1.5B	-13.5%	4.96%	12.7x	\$575M
NETSTREIT (NTST)	\$700–800M	-16.3%	5.09%	12.8x	\$714M
NNN REIT (NNN)	\$700–800M	-11.7%	6.04%	11.5x	\$272M
Broadstone (BNL)	\$600–800M	-10.5%	6.32%	11.9x	\$124M
Getty Realty (GTY)	\$455M committed	-15.3%	6.87%	11.2x	~\$191M

Share prices fell 9.6–16.3% in Q3 and AFFO multiples compressed 1.5–2.5 turns, from 13.0–16.5x to 11.2–14.6x. New equity is expensive. Equity raised in Q2 is not.

Q3 TRANSACTIONS. THIN AT PORTFOLIO SCALE, DEEP AT PLATFORM SCALE

Portfolio trades, 5+ STNL assets

Buyer / seller	Assets	Price
Getty Realty / Refuel	41 c-stores, 20-yr sale-leaseback	\$260.9M
Global Net Lease / Modiv	~40 industrial, 7.6% cash cap	\$535M
PlaceMKR / LCN Capital	5 At Home stores	\$31.9M
HABG Texas / Generation Income	6 Dollar General	\$6.2M

Platform and fund capital

Deal	Size	Detail
Blue Owl ORENT / Sila	\$2.45B	141 healthcare assets
CBRE IM / Tenet Equity	\$1.6B	208 assets, 39 states
J.P. Morgan Net Lease Fund II	\$1.1B	Final close, 2x target
Goldman Sachs / LCN	\$410M	Net lease manager
FCPT / Mission Pet Health	\$268M	102 vet sites, 6.6% cap

\$6.48B

DST and 1031 equity raised through August, up 33% YoY

48%

Private buyers' share of H1 single-tenant volume, down from 55%

\$13.5B

Q2 single-tenant investment sales, up 19% YoY

TENANT CREDIT. WHAT CHANGED IN Q3

Tenant	Q3 event	Pricing read
Tractor Supply	Comps -1.5%, guidance cut, long-term framework withdrawn, ~75 Petsense stores closing	Baa1/BBB reaffirmed in August. Watch
Dollar General	Comps +3.5%, full-year EPS guidance raised to \$8.00	7.18%, +3 bps. Improving
Walgreens	Fewer than 100 closures planned for 2026, far below the prior pace	8.20%, +10 bps. CVS at 6.90%
Advance Auto	Moody's and S&P outlooks revised to stable	Auto parts 6.80%, +5 bps
Affordable Care	\$1.0B of debt cut; lenders now own the equity	Credit event, no closure program
QSR franchisees	Chapter 11: Meritage (314 Wendy's), Superior Star (Hardee's), Quality Fresca (Moe's)	Wendy's 6.00%, +15 bps

Read earnings ex-refunds

Tariff refunds flattered Q2 retail results. Dollar Tree booked \$1.31 of its \$2.70 EPS from refunds. Underwrite rent coverage without them.

Dark is a different market

Dark Walgreens list at 8.15–10.36%, dark Family Dollar at 10.00%. A Houston Walgreens paid \$25/SF; sublease rents start at \$17/SF.

DEBT MARKETS. REPRICED WITHOUT RETREAT

6.79%

10-yr fixed, NNN
single tenant

Up to 75% LTV, Sep 13
rate card

+70/+415

CMBS conduit AAA /
BBB- (bps)

Unchanged July 14 to Sep 29

3.90%

SOFR, Sep 30
+22 bps QoQ

\$124.0B

Private-label CMBS +
CRE CLO

Issued YTD to Sep 15,
+18% YoY

Lender	Pricing, Sep 2026	Leverage	Coverage	Best fit
Life company	135–165 bps over Treasuries	55–65% LTV	1.30–1.40x	Long-term IG credit
CMBS conduit	6.00–6.75% all-in, 10-yr	55–70% LTV	1.25–1.55x	Loans of \$10M+
Bank	6.75% median retail perm	~65% LTV	~1.25x	Sub-\$5M, recourse
Debt fund	SOFR + 275–375 bps	65–75% LTC	1.20–1.35x	Bridge, transitional

Spreads held; the benchmark moved. At 6.8% debt, leverage is negative on the average retail asset (6.69%) and on every investment-grade QSR, bank and ground lease. Positive leverage needs a 7%+ cap: industrial, office, dollar and drug stores, or short lease terms.

RISK FACTORS FOR Q4 2026 AND H1 2027

RATE PATH

The December 8–9 FOMC brings a new dot plot. September's median already implies one more hike, and the minutes showed most participants expecting another increase by year-end. Boulder warns the rate path may break the usual Q4 volume surge.

TERM PREMIUM AND AI CAPEX

The Fed chair named hyperscaler borrowing for AI capex as a driver of higher long yields, and Treasury's advisers expect larger coupon issuance in FY27. Long rates can stay high even if the Fed pauses.

TENANT CREDIT DISPERSION

Franchisee bankruptcies, a Tractor Supply guidance reset and refund-flattered earnings widen the gap between top credits and the rest. Bid-ask spreads will stay widest on short-term and non-rated assets.

SUPPLY AND CONSENSUS

Industrial listings rose 11.9% and office 6.2% in Q3. CBRE expects flat cap rates through December and compression only after benchmark rates decline, possibly in 2027.

How we would position a sale in this market

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- 01 **Lead with credit and term.** Ground leases and 15-year-plus investment-grade leases price inside the 10-Year and draw all-cash buyers. Sell them as their own segment.

 - 02 **Separate short-term and non-rated assets.** Pooled, they set the price of the whole portfolio. Sold apart, they reach the leveraged buyers who need the yield.

 - 03 **Extend before you list.** Moving a lease out of the shortest term bucket is worth 30–90 bps of cap rate at Q3 asking levels.

 - 04 **Target locked capital.** REIT forward equity (~\$4.9B), DST sponsors (\$6.5B raised this year) and newly closed net lease funds are pricing off capital raised before September.

 - 05 **Price to closed Q3 comps.** The wider bid-ask spread is the cost of anchoring. Sellers who meet the market are closing.

PORTFOLIO INTELLIGENCE

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

Portfolio segmentation, sale structure, 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.