

NET LEASE PROPERTY REPORT

Q4 : 2025

Los Angeles
Orange County
Portland
San Diego
San Francisco



Q4 CAP RATES SHOW MIXED RESULTS

2025 Cap Rates Reach 10 Year High

Q4 2025 Median Cap Rates dropped 9 basis points to 6.71% while Average Cap Rates increased by 16 basis points to 6.94%. Both Median and Average Cap Rates have reached a 10 year high and are approaching the 7% marker. For reference, Average Cap Rates over the past 15 years have been 6.43% while Median Cap Rates have been 6.54%. Average Days on Market increased by 9 days to 184 while the Average Base Lease Term remaining on closed transactions dropped slightly to 10.4 years. The spread between asking prices and closed prices increased substantially to 7.97% as many sellers seem to have yielded to market conditions in order to dispose of their properties by year end.

The Drug Store sector showed the most Cap Rate movement of any sector over the past year. Drug Store Cap Rates ended the year at 8.33%. This figure represents a 49% increase from 2022, when Drug Store Cap Rates hit their all-time low of 5.60%. In 2025, Rite Aid declared bankruptcy for the second and final time and liquidated all of their remaining assets. Walgreens was sold to the private equity firm Sycamore Partners. Sycamore's plan is to split the company into five separate entities, implement significant cost-cutting measures, attempt to revitalize the core retail pharmacy, and sell off all other assets. CVS is the one company that has mostly survived the turmoil, although Net Lease investors remain weary about the sector as a whole, as even CVS Cap Rates have increased drastically, from 5.34% in 2022 to 7.50% in 2025.

Q4 2025 Sold Property Data

Median Cap Rate

6.71%% (↓9bps)

Average Cap Rate

6.94% (↑16 bps)

Average Days On Market

184 Days (↑9)

Average Base Term

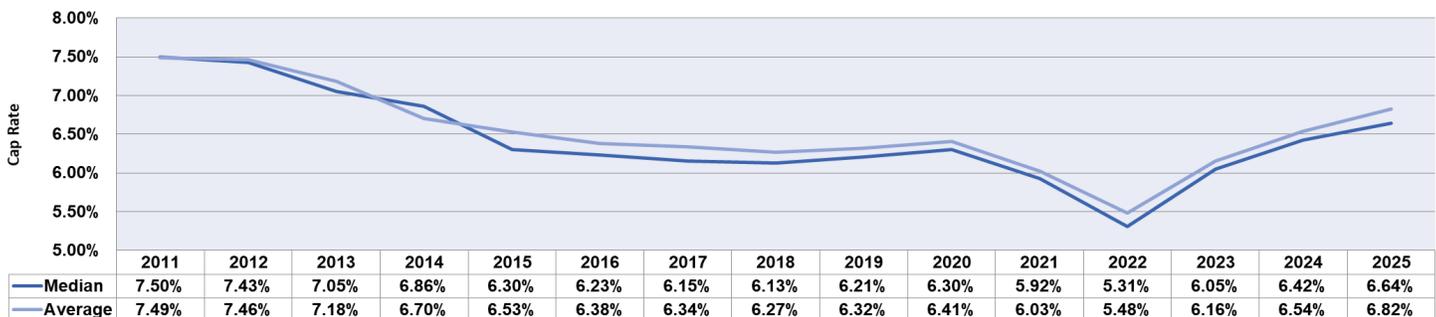
10.4 Years (↓0.7)

Ask Price vs. Sales Price

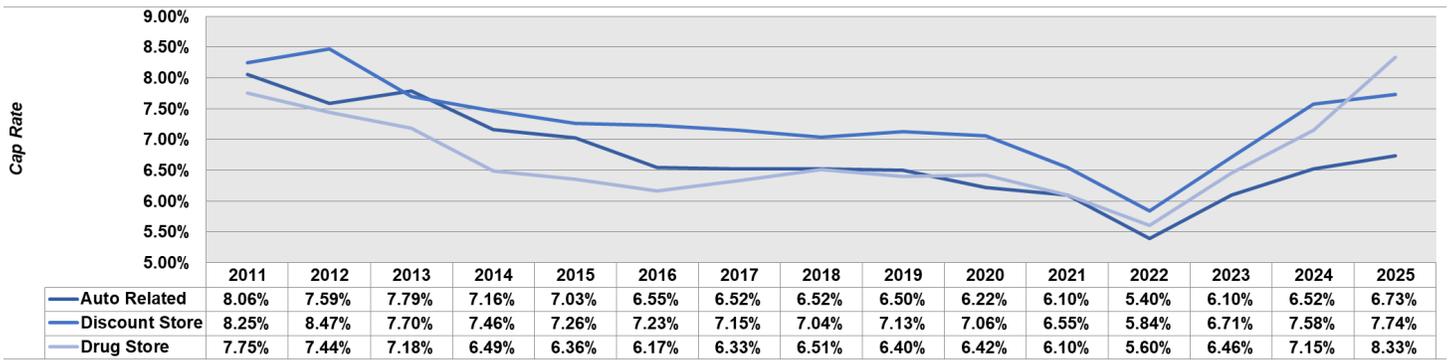
7.97% Under Asking (↑215 bps)

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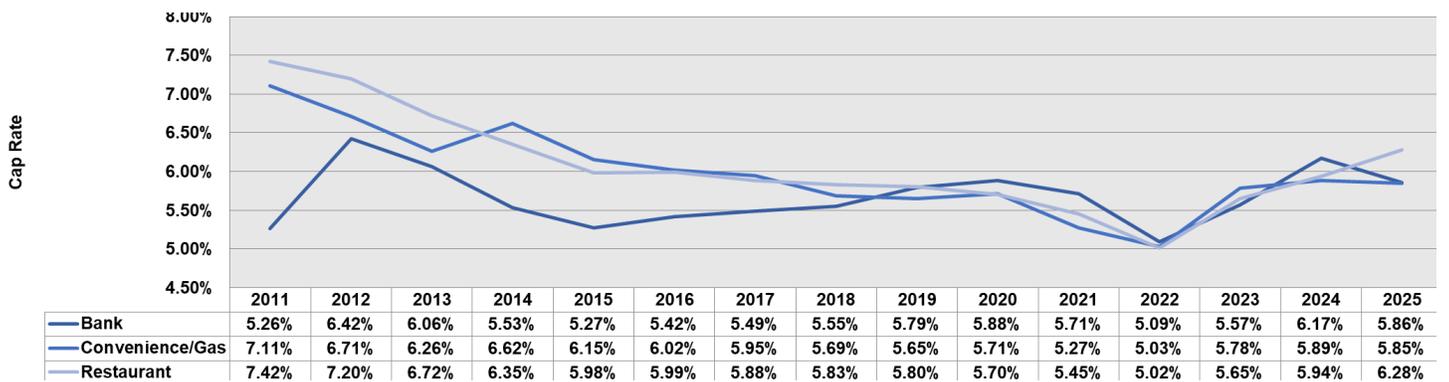
National Net Lease Cap Rates



Auto Related | Discount Store | Drug Store



Bank | Convenience / Gas | Restaurant



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