

NET LEASE PROPERTY REPORT

Q1 : 2026

Los Angeles
Orange County
Portland
San Diego
San Francisco



2026 CAP RATES BEGIN THE YEAR LOWER

Moderate Cap Rate Declines Continue in Q1

Q1 2026 Median Cap Rates dropped 10 basis points to 6.55% while Average Cap Rates dropped 17 basis points to 6.68%. The Average Days on Market increased by 15 days to 199 while the Average Base Term remaining on closed transactions dropped minimally to 10.4 years. On average, Net Lease properties closed 6.48% below the initial asking price. The 10 Year Treasury rate increased by 12 bass points to 4.3%. This increase, along with Cap Rate decreases, puts additional pressure on investors looking to leverage their acquisitions.

Drug Store properties continue to be in a thorn in the side of investors. Now that Walgreens has been taken private, landlords continue to wait and see what this will mean for them as Sycamore Partners explores ways to reinstate profitability moving forward. We expect some combination of lease renegotiations, store closings, and various efforts to improve profitability within stores. Despite all of this uncertainty, Cap Rates for both Walgreens and CVS actually decreased this past quarter. Delving deeper into the details, similar to the Bank property Cap Rate compression as of the past few years, it is a story of decreased transaction volume and increased quality of product. Simply put, the properties located in the most desired areas along with compensating factors, i.e. some type of proof that the location is a thriving profit center, are the common characteristics of Drug Store properties that have been transacting.

(continued on pg. 3)

Q1 2026 Sold Property Data

Median Cap Rate

6.55% (↓10bps)

Average Cap Rate

6.68% (↓17 bps)

Average Days On Market

199 Days (↑15)

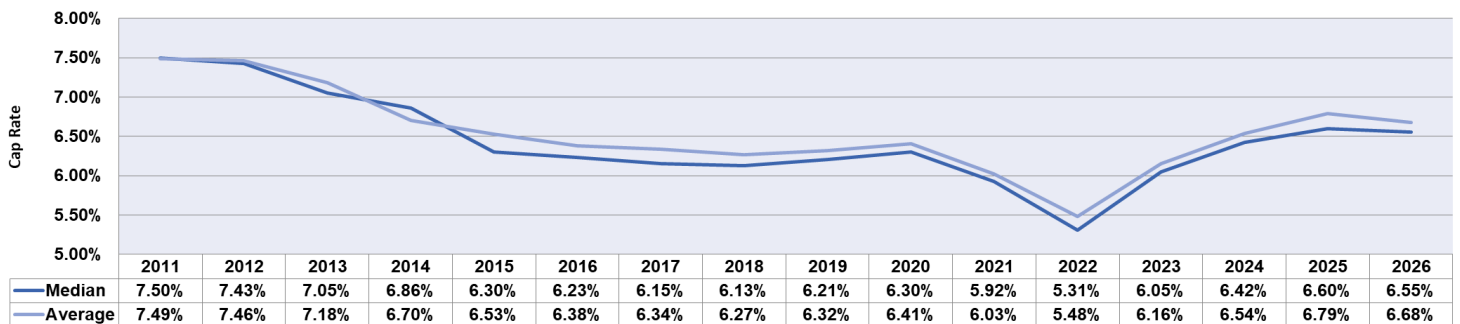
Average Base Term

10.4 Years (↓0.1)

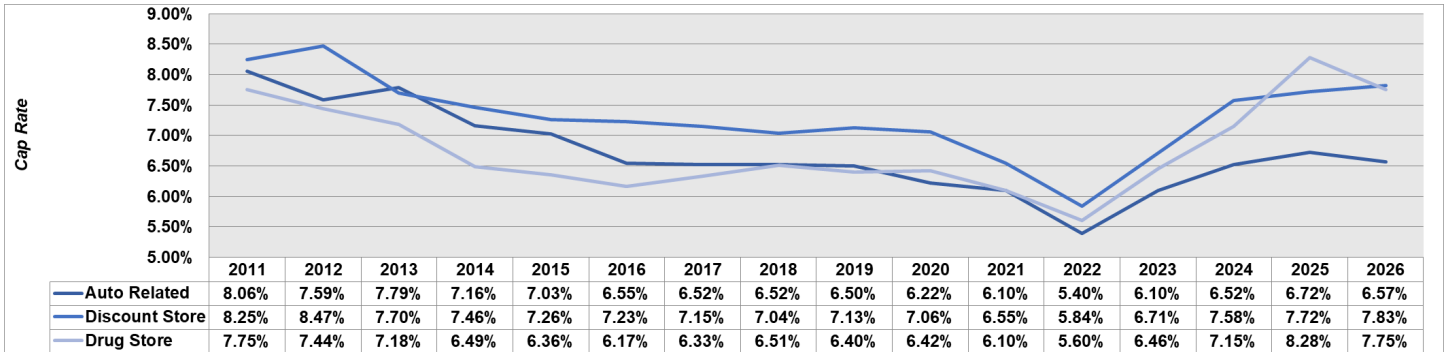
Ask Price vs. Sales Price

6.48% Under Asking (↓96 bps)

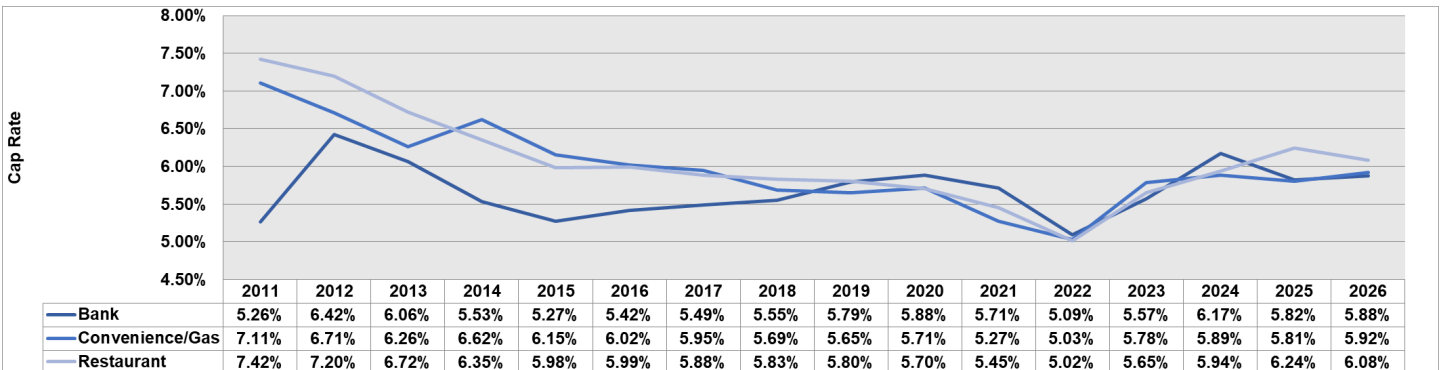
National Net Lease Cap Rates



Auto Related | Discount Store | Drug Store



Bank | Convenience / Gas | Restaurant



CONTACT OUR PROFESSIONALS



Simo Amzil

Partner

+1.800.791.6320 X 102

SAmzil@NNNetAdvisors.com

Orange County, CA



Geoffrey Faulkner

CCIM, Managing Partner

+1 800.791.6320 x100

GFaulkner@NNNetAdvisors.com

San Francisco, CA



Paul Green

Partner

+1 800.791.6320 x106

PGreen@NNNetAdvisors.com

Los Angeles, CA



Joe You

Partner

+1 800.791.6320x105

JYou@NNNetAdvisors.com

San Diego, CA



Josh Veentjer

Managing Partner

+1 800.791.6320 x101

JoshV@NNNetAdvisors.com

Portland, OR



The National Net Lease Network

150 Sutter Street #555

San Francisco, CA 94104