

2nd Quarter 2023 U.S. Net Lease Market Report

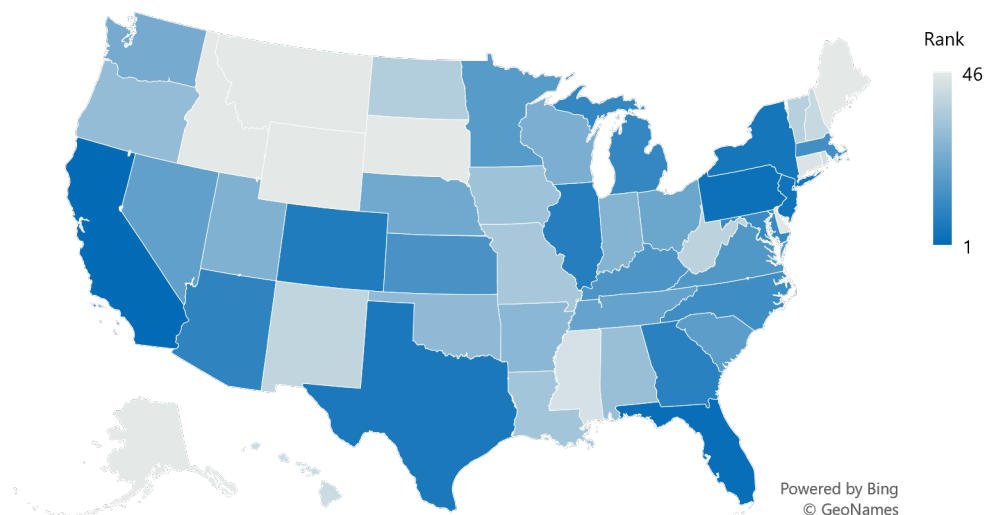
Current Market Trends

- Q2 2023 U.S. total net lease transaction volume was approximately \$9.42 billion (USD), a 54.07% decrease from Q2 2022. CA, FL, PA, NJ, NY, TX, CO, IL, & GA were the most active states, each with more than \$300 million in net lease transaction volume in Q2 2023.
- The total number of net lease transactions was 730 in Q2 2023 compared to 1,443 in Q2 2022, a decrease of 49%.
- Net lease's share of total transaction volume was 22.69% in Q2 2023 on a rolling 4-quarter average, a decrease of 1.17 percentage points from Q2 2022.
- Industrial accounted for 57% of all net lease transaction volume in Q2 2023 with \$5.35 billion in transaction volume, followed by Retail with \$2.00 billion and Office with \$2.07 billion.
- Private investors have been the most active investors so far in 2023, accounting for 52.8% of acquisition volume and 48.3% of disposition volume. Institutions (banks, insurance companies, retirement funds, etc.) have been the next most active, accounting for 18.8% of acquisition volume and 18.8% of disposition volume.
- Sale-leaseback volume was \$1.35 billion in Q2 2023, a decrease of more than 18% from Q2 2022. Sale-leasebacks accounted for 16.13% of total net lease transaction volume in Q2 2023 on a rolling 4-quarter average, an increase of 8.89 percentage points from Q2 2022.
- Average cap rates varied by asset type, with Retail being the lowest at 5.82% followed by Industrial at 6.01% and Office at 6.37% in Q2 2023.
- The average spread between blended net lease cap rates and the 10-year treasury remained at decreased levels in Q2 2023 reflective of higher interest rates. The spread was approximately 247 basis points in Q2 2023, a decline of 25 basis points from Q2 2022.

U.S. Net Lease Market Summary (USD Billions)

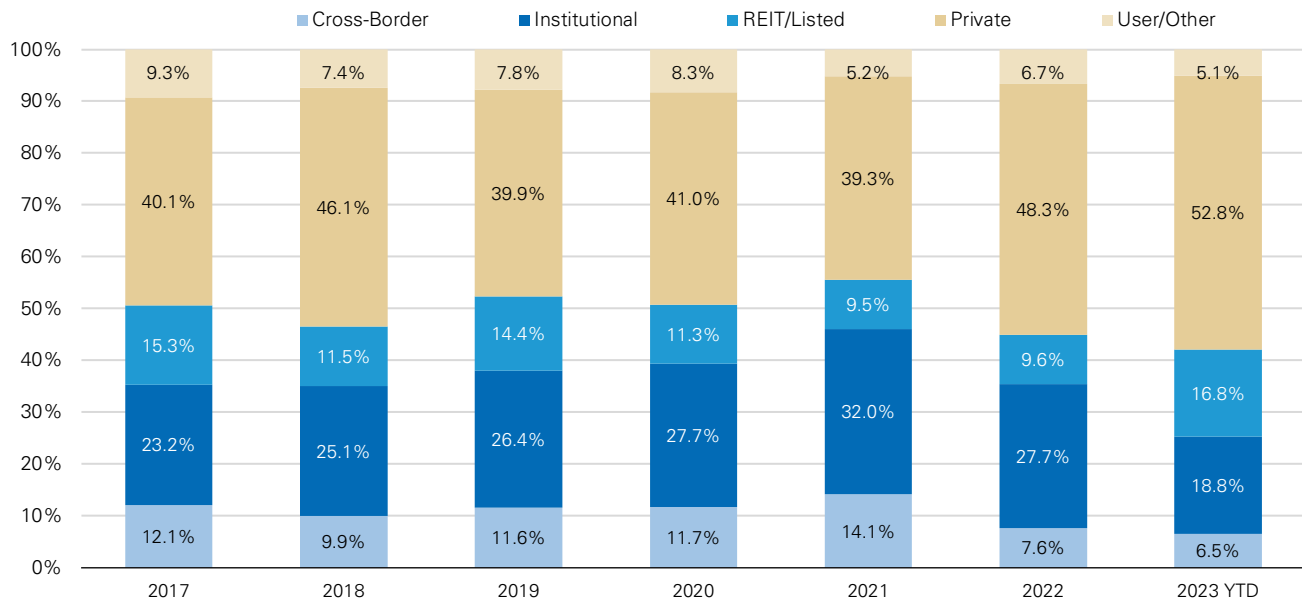
	Q2 2023	Q2 2022	Change (YOY)
Total Net Lease Transaction Volume	\$9.42	\$20.51	-54.07%
Industrial Transaction Volume	\$5.35	\$10.89	-50.87%
Retail Transaction Volume	\$2.00	\$5.06	-60.47%
Office Transaction Volume	\$2.07	\$4.56	-54.61%
Total # of Net Lease Transactions	730	1,443	-49.41%
Sale-Leaseback % of Total Net lease	16.13%	7.24%	122.79%
Net Lease Share of Total Volume	22.69%	23.86%	-4.90%

Q2 2023 State Rankings Net Lease Transaction Volume



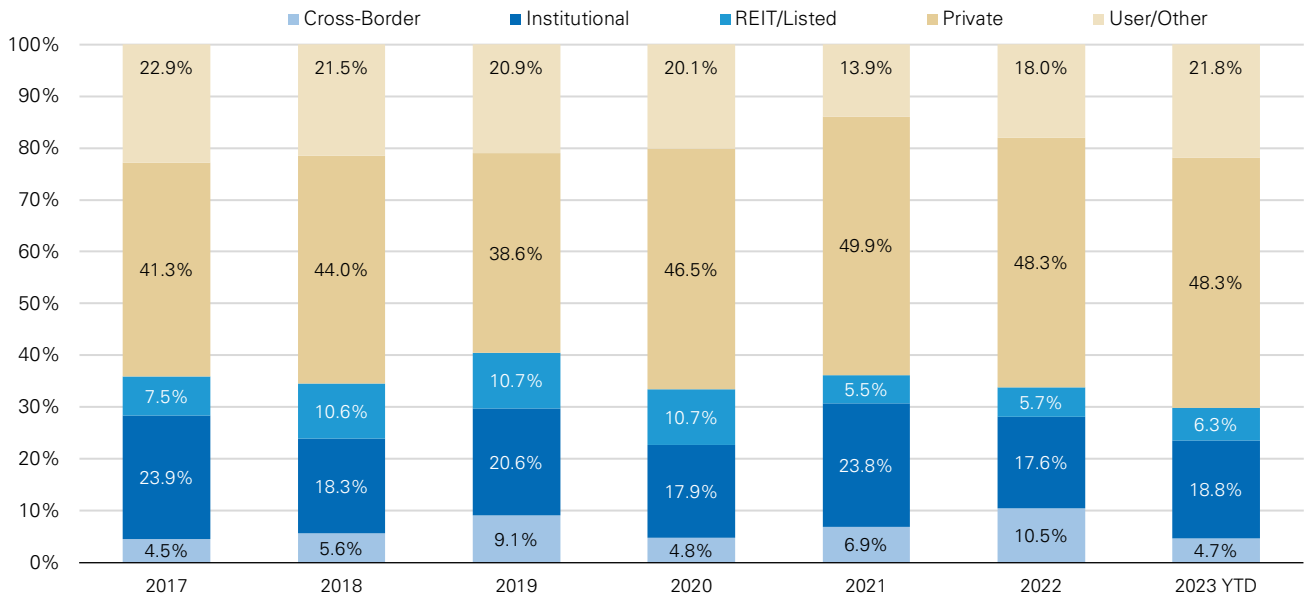
NET LEASE CAPITAL MARKETS

Buyer Profile Composition



Source: Real Capital Analytics

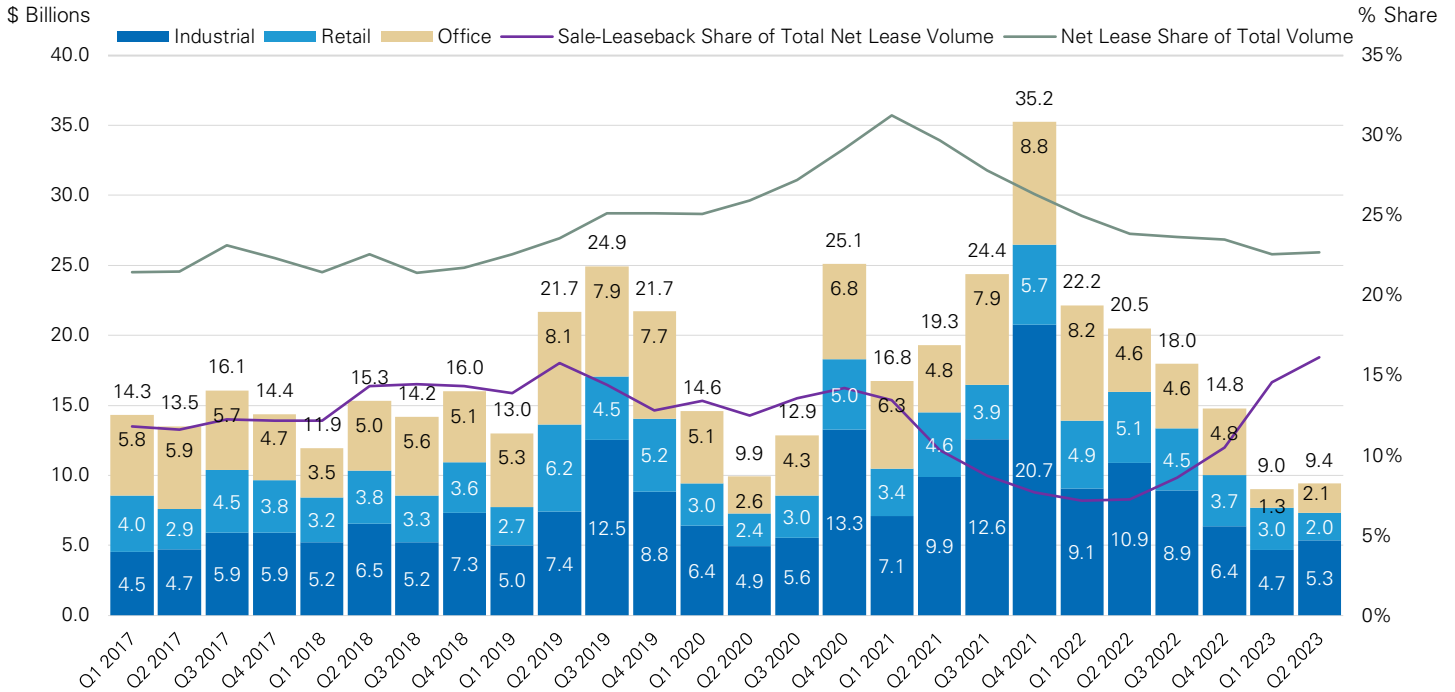
Seller Profile Composition



Source: Real Capital Analytics

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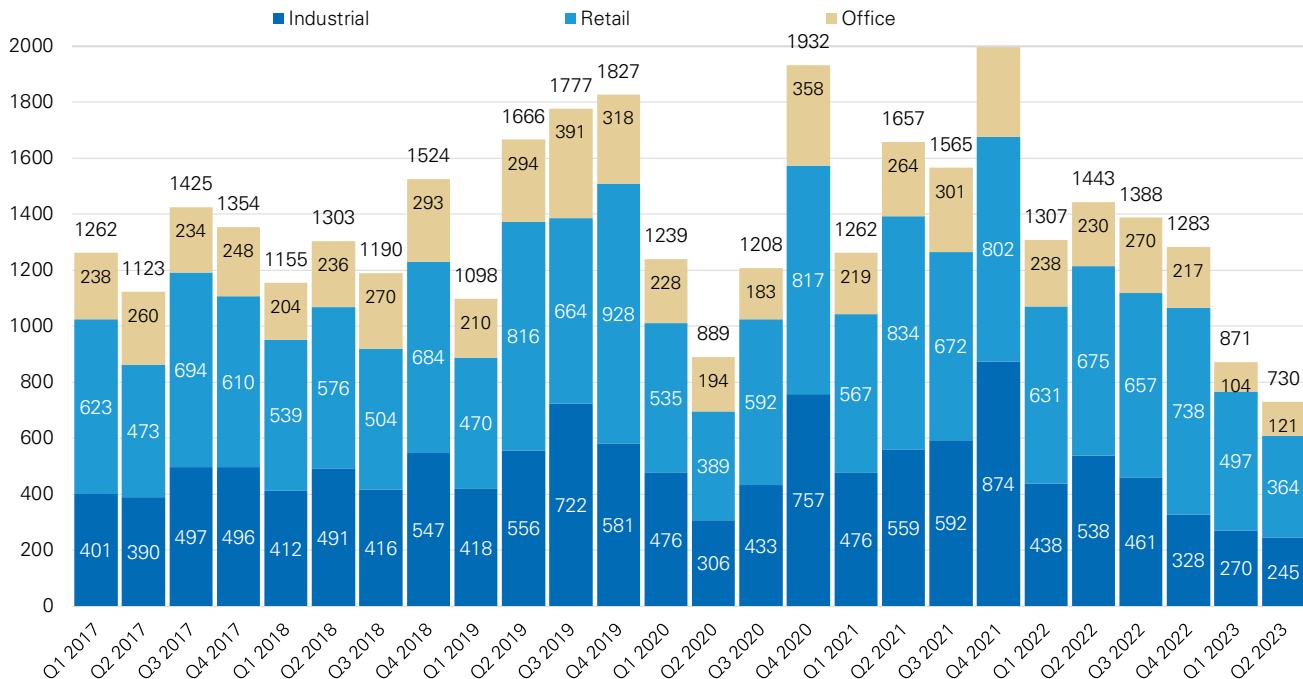
Quarterly Net Lease Transaction Volume in USD Billions (Industrial, Retail & Office)



Source: Real Capital Analytics

Notes: Sale-Leaseback % and Net Lease Share of Total Volume show a rolling 4 quarter average. Total Transaction Volume is understated as Real Capital Analytics does not track transactions <\$2.5 million USD.

Number of Quarterly Net Lease Transactions (Industrial, Retail & Office)

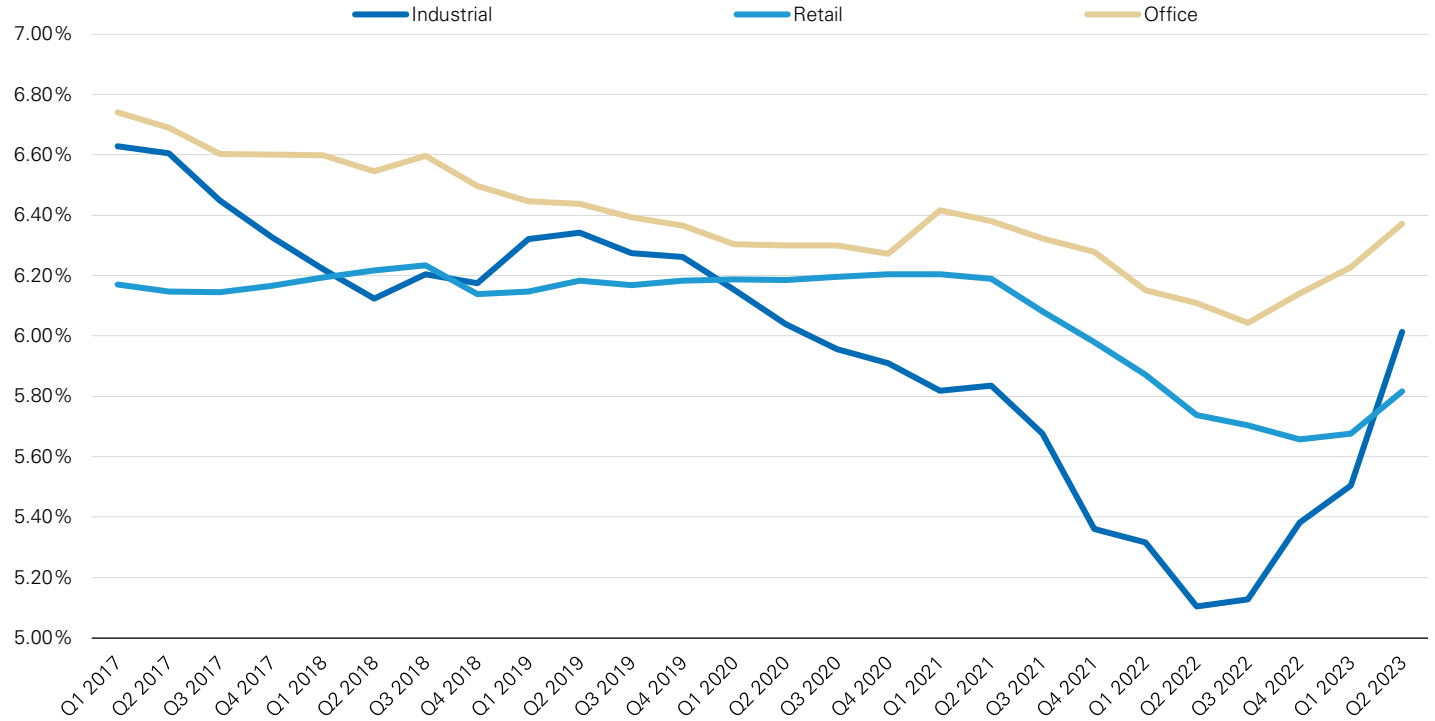


Source: Real Capital Analytics

Notes: Total # of Transactions Volume is understated as Real Capital Analytics does not track transactions <\$2.5 million USD.

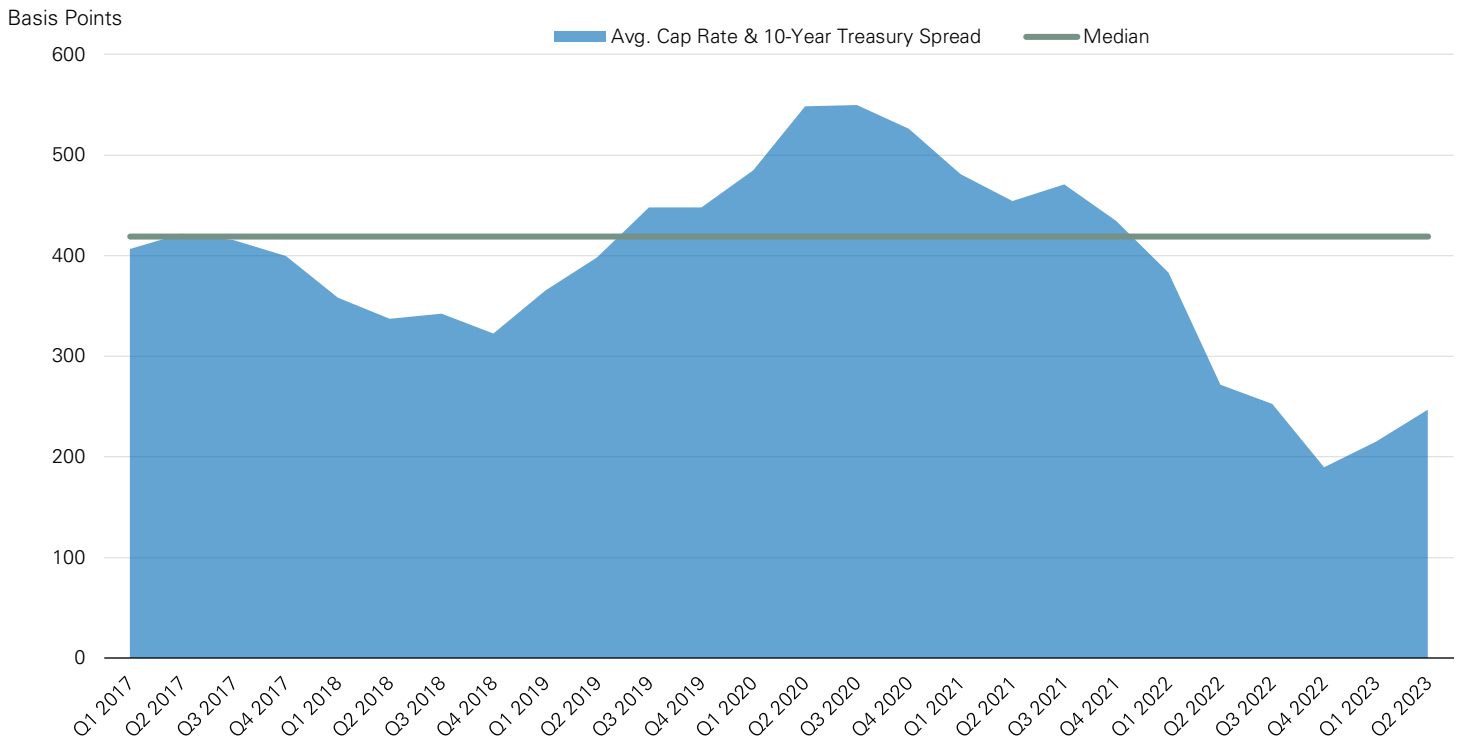
NET LEASE CAPITAL MARKETS

Average Net Lease Cap Rates



Source: Real Capital Analytics

Spread Between Average Net Lease Cap Rates & Yield on 10-Year Treasury



Source: Real Capital Analytics, The Board of Governors of the Federal Reserve System

NET LEASE CAPITAL MARKETS

Noteworthy Portfolio Transactions (Partial Representative List)

Type	Property / Tenant Name	Location	Price
Industrial (10 Properties)	Blackstone US Industrial	Various	\$1,050,600,000
Office (4 Properties)	Kiewit Sale-Leaseback	CO, KS & NE	\$530,000,000
Industrial (2 Properties)	Walgreens Distribution Sale-Leaseback	CA	\$97,700,000
Office (2 Properties)	Andover R&D Flex	MA	\$58,000,000
Office (5 Properties) & Retail (4 Properties)	Pinnacle Financial Partners Sale-Leaseback	NC & TN	\$57,400,000
Office (4 Properties)	Oak Street Health	IL	\$24,200,000

Noteworthy Industrial Transactions (Partial Representative List)

Type	Property / Tenant Name	Location	Price
Industrial Sale-Leaseback	Seagate Technology	Fremont, CA	\$260,000,000
Industrial	Do & Co	Queens, NY	\$136,000,000
Industrial	Wacker Chemical Corporation	Ann Arbor, MI	\$86,247,314
Industrial	Syncreon Technology	Palmetto, GA	\$82,500,000
Industrial	United Parcel Service	Shepherdsville, KY	\$81,500,000
Industrial	Ace Logistics	Aberdeen, MD	\$80,779,000
Industrial	FedEx	Fredericksburg, VA	\$79,500,000
Industrial	Samsung	Fort Worth, TX	\$67,500,000
Industrial	All-Ways Pacific	Gouldsboro, PA	\$60,000,000
Industrial	Ryder Logistics	North Aurora, IL	\$55,500,000
Industrial	Hill's Pet Nutrition	York, PA	\$54,400,000
Industrial	Nikola Motor Company	Florence, AZ	\$50,400,000
Industrial	Britax	Fort Mill, SC	\$42,500,000
Industrial	Implus Footcare	Durham, NC	\$34,950,000
Industrial Sale-Leaseback	Christie Lites	North Las Vegas, NV	\$34,200,000
Industrial	Volkswagen	Jacksonville, FL	\$31,050,000
Industrial	Distribution Alternatives	Lino Lakes, MN	\$28,900,000
Industrial	Blue Line Food Service Distribution	Anaheim, CA	\$28,150,000
Industrial	Exel	Louisville, KY	\$27,800,000
Industrial	General Dynamics	Taunton, MA	\$27,000,000
Industrial Sale-Leaseback	Strato Inc	Piscataway, NJ	\$26,600,000
Industrial	United Technologies	San Dimas, CA	\$26,000,000
Industrial	DermaRite	North Bergen, NJ	\$25,500,000
Industrial	Beth Israel Lahey Health	Stoneham, MA	\$22,600,000
Industrial	PBC Linear	South Beloit, IL	\$20,000,000
Industrial	Green Bay Packing Facility	Green Bay, WI	\$19,900,000
Industrial	8226 Whittier Boulevard	Pico Rivera, CA	\$19,200,000
Industrial	United Stationers Supply	Sacramento, CA	\$16,925,000
Industrial	Ashley Furniture	Statesville, NC	\$14,750,000
Industrial	American Spring Wire Corporation	Bedford, OH	\$10,500,000
Industrial	Distributors Terminal Corporation	Terre Haute, IN	\$10,100,000
Industrial	Tesla Collision	Eden Prairie, MN	\$9,350,546
Industrial Sale-Leaseback	Tosca	Salt Lake City, UT	\$7,700,000
Industrial	United Rentals	Daytona Beach, FL	\$6,850,000
Industrial	Cameron Tool Corporation	Lansing, MI	\$5,721,174
Industrial	Roofing Supply Group	Fort Worth, TX	\$5,225,000

Source: Real Capital Analytics

NET LEASE CAPITAL MARKETS

Noteworthy Retail Transactions (Partial Representative List)

Type	Property / Tenant Name	Location	Price
Retail	Tops Friendly Markets	Niagara Falls, NY	\$24,100,000
Retail	BJ's Wholesale Club	Jacksonville, FL	\$23,250,000
Retail	Safeway	Auburn, CA	\$20,500,000
Retail	Stop & Shop	Framingham, MA	\$17,400,000
Retail	Los Altos Ranch Market	Phoenix, AZ	\$17,250,000
Retail	Whole Foods	Park Ridge, IL	\$16,763,500
Retail	Vasa Fitness	Thornton, CO	\$16,500,000
Retail	Trader Joe's	Costa Mesa, CA	\$15,650,000
Retail	LA Fitness	Morton Grove, IL	\$13,456,997
Retail	Walgreens	Miami Beach, FL	\$12,811,000
Retail	Sherwin-Williams	Martinsburg, WV	\$12,500,000
Retail	Academy Sports + Outdoors	Snellville, GA	\$10,250,000
Retail	Home Depot	Lompoc, CA	\$10,200,000
Retail	Walmart Neighborhood Market	Lawton, OK	\$10,000,000
Retail	CVS	Fullerton, CA	\$9,600,000
Retail	Bass Pro Shop	Little River, SC	\$9,500,000
Retail	7 Eleven	Vero Beach, FL	\$8,089,630
Retail	Tractor Supply	Harrisonburg, VA	\$7,204,080
Retail	Macy's	Las Vegas, NV	\$6,950,000
Retail	99 Cents Only	Tempe, AZ	\$6,787,500
Retail	Bank Of America	Merced, CA	\$6,700,000
Retail	Kroger	Elkhart, IN	\$6,646,154
Retail	Take 5	Albuquerque, NM	\$6,428,600
Retail	Urban Air Trampoline and Adventure Park	Noblesville, IN	\$6,250,000
Retail	Bassett Home Furnishings	Temecula, CA	\$5,750,000
Retail	Rite Aid	Hornell, NY	\$5,622,983
Retail	Hy-Vee	Sioux City, IA	\$5,562,797
Retail	In-Shape Health Clubs	Turlock, CA	\$5,325,000
Retail Sale-Leaseback	PNC Bank	Durham, NC	\$5,320,800
Retail	Regal Cinemas	Hooksett, NH	\$5,000,000
Retail	Citibank	Los Gatos, CA	\$4,950,000
Retail	AutoZone	Eugene, OR	\$4,715,000
Retail	Dollar Tree	Bronx, NY	\$4,350,000
Retail	Aldi	Canton, OH	\$4,066,400
Retail	Staples	Titusville, FL	\$4,060,000
Retail	Best Buy	Saint Peters, MO	\$4,009,225

Noteworthy Office Transactions (Partial Representative List)

Type	Property / Tenant Name	Location	Price
Office (R&D)	Applied Materials	Santa Clara, CA	\$182,500,000
Office Headquarters	Huntington National Bank	Detroit, MI	\$150,000,000
Office (Medical)	US Department of Veteran Affairs	Austin, TX	\$142,000,000
Office	Equinix Data Center	San Jose, CA	\$86,250,000
Office	Immigration & Naturalization Services (GSA)	Houston, TX	\$52,000,000
Office	Rocky Vista Medical Education	Ivins, UT	\$40,650,000
Office	Irvine Technology Corporation	Irvine, CA	\$16,900,000
Office	Post Bulletin Newspaper	Rochester, MN	\$12,500,000
Office	Social Security Administration Building (GSA)	San Bernardino, CA	\$11,760,000
Office Headquarters	Fingerpaint Marketing	Saratoga Springs, NY	\$11,000,000
Office (Medical)	Centra Medical Group	Danville, VA	\$10,850,000

Source: Real Capital Analytics

NET LEASE CAPITAL MARKETS

Matt Berres

Vice Chairman

t 949-608-2066

matt.berres@nrmk.com

CA RE Lic. #01977909

Samer Khalil

Director

t 949-608-2042

samer.khalil@nrmk.com

CA RE Lic. #02002301

Karick Brown

Associate

t 949-608-2175

karick.brown@nrmk.com

CA RE Lic. #02071955

Loretta Salisbury

Marketing Coordinator

t 949-608-2013

loretta.salisbury@nrmk.com

Liz Nelsen

Graphic Designer

t 949-608-2000

liz.nelsen@nrmk.com

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