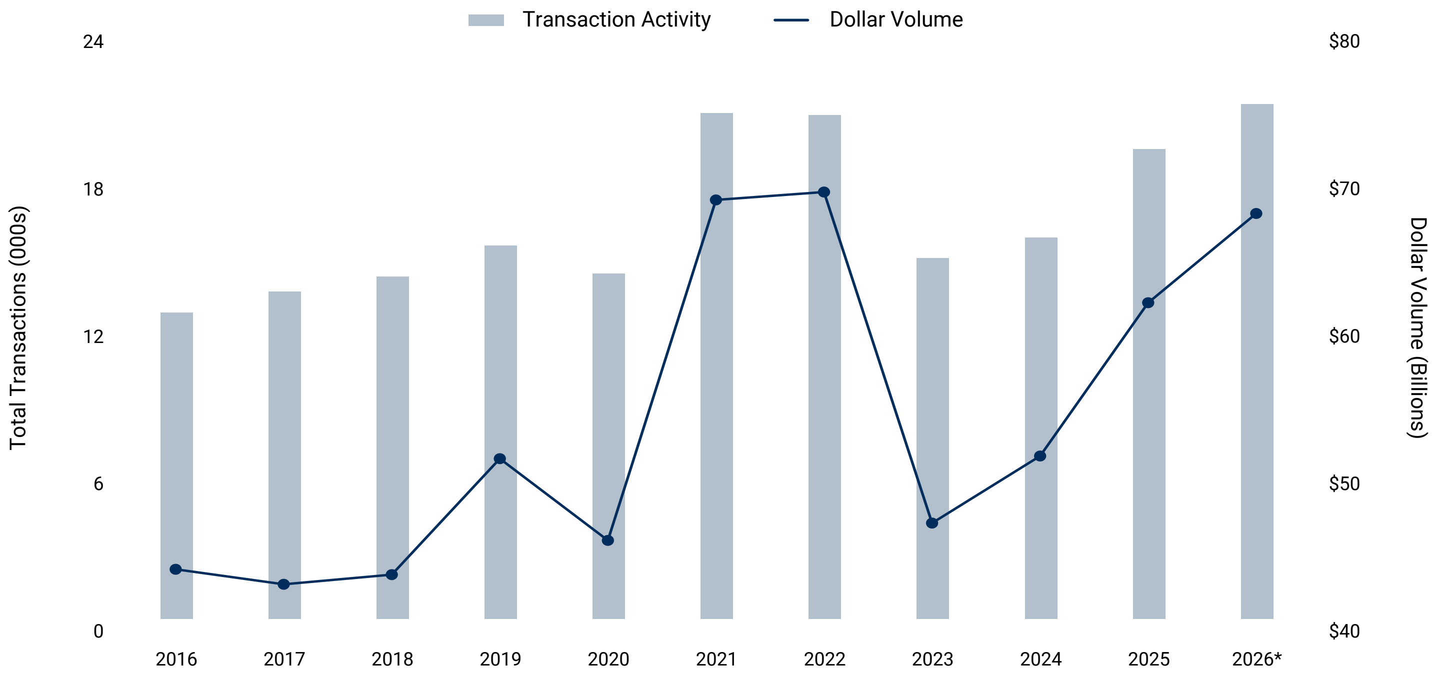
Marcus & Millichap

INVESTMENT REPORT

SINGLE-TENANT NET LEASE RETAIL REPORT

3Q 2026

SINGLE-TENANT RETAIL SALES TRENDS



9.6% increase in the number of STNL retail transactions 2026* vs. 2025

9.9% increase in dollar volume 2026* vs. 2025

1.3% decrease in dollar volume 2026* vs. 2022, the highest year on record

1.7% increase in number of transactions in 2026* vs. 2021, the previous peak

64% increase in number of STNL retail transactions in 2026* vs. 2014-2019 annual average

Trading Continues to Trend Up Through Mid-2026, Well Above Pre-Pandemic Average

Sales activity improved by more than 23 percent in 2025 and continued to climb on a trailing 12-month basis as of the second quarter of 2026. Investors are coming to better terms with the current pricing environment.

By dollar volume, the year ended in June was the second-most active period on record, after 2022. By trade count, the same period set a new record.

* Trailing 12 months through 2Q
Sales $1 million and greater, pool of assets above this threshold is growing
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics

An increase in entity-level deals and a sustained velocity of individual trades more than offset a slowdown in portfolio deals in 2Q 2026.

MARKET DRIVERS Sales $2.5M+

Quarterly (Billions)

	2Q 2025	2Q 2026
Individual	$4.96	$4.93
Portfolio	$0.50	$0.43
Entity	$0.00	$0.60
Total	$5.46	$5.97

Trailing 12 Months (Billions)

	2Q 2025	2Q 2026
Individual	$19.27	$21.83
Portfolio	$2.28	$1.92
Entity	$0.06	$0.63
Total	$21.61	$24.37

Sales $2.5 million and greater

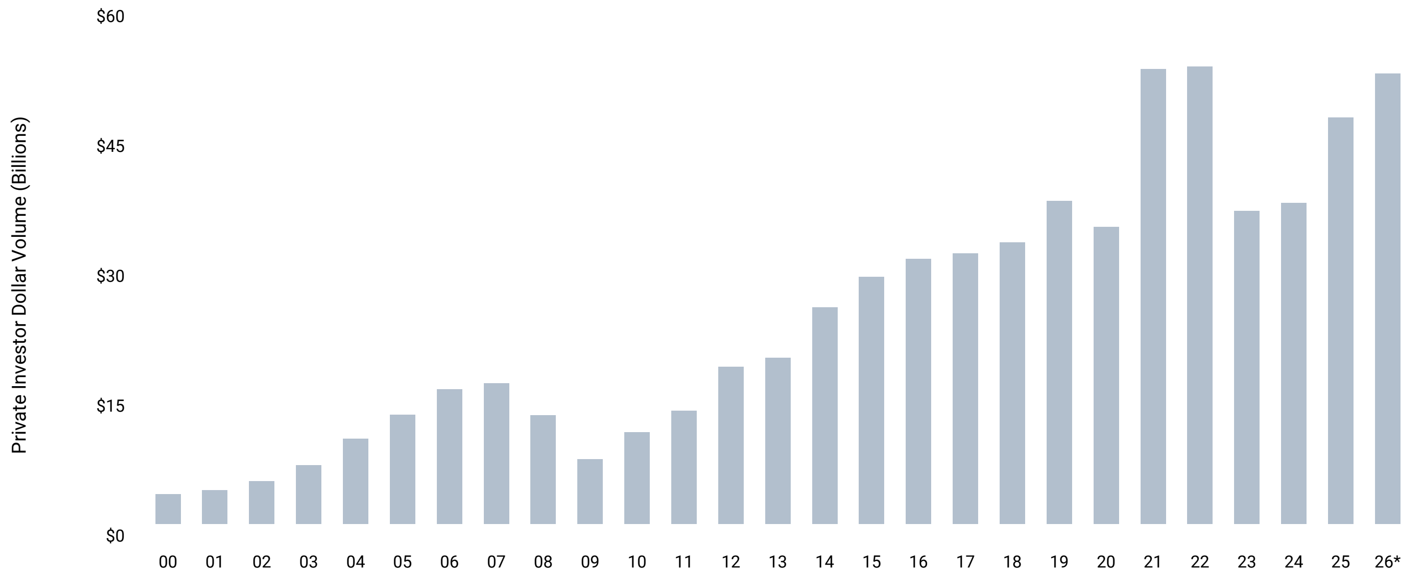
Individual investment sales were up 13% Y-O-Y by dollar volume, although the pace may be moderating.

Generally inconsistent, recent entity-level activity was driven by TPG Real Estate’s acquisition of ECHO Realty.

Portfolio activity was down 13 percent in 2Q ’26 vs. 2Q ’25 and down 16 percent on a trailing 12-month basis compared to the prior span.

PRIVATE INVESTOR ACTIVITY

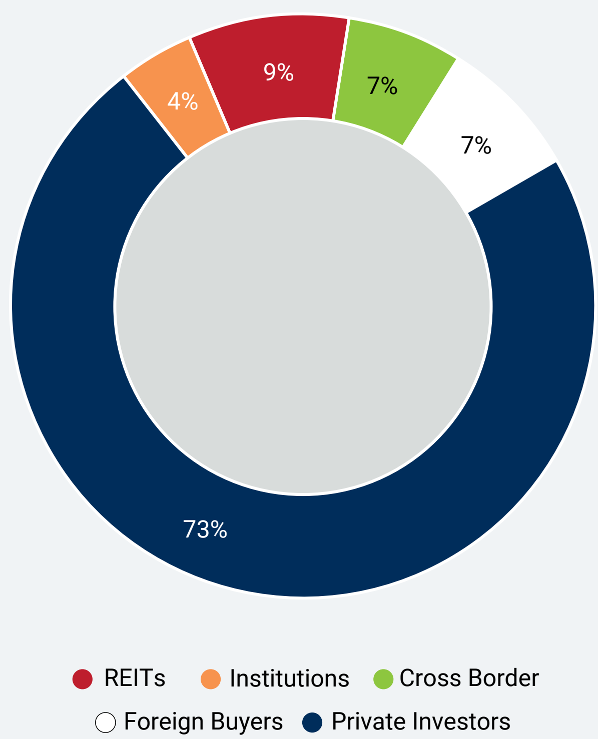
SINGLE-TENANT RETAIL PRIVATE BUYER DOLLAR VOLUME



* Trailing 12 months through 2Q
Sales $1 million to $10 million
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics

BUYER COMPOSITION BY DOLLAR VOLUME

Year Ended June 2026



Private investor* dollar volume was up a combined 37 percent in a little over two years.

1.5% below 2022 peak, still surpassing any year before 2021

* The private investor category refers to companies whose control is in private hands and whose business is primarily geared toward operating, developing, or investing in commercial real estate.
Includes sales $2.5 million and greater; percent of dollar volume.
Includes retail space usually occupied by a single tenant and/or under 30,000 square feet.
Sources: Marcus & Millichap Research Services; Real Capital Analytics

ASSET TYPE PERFORMANCE

2026* vs. 2025

Individual Asset Investment:

↑ 13%

Portfolio-Level Investment:

↓ 16%

Entity-Level Investment:

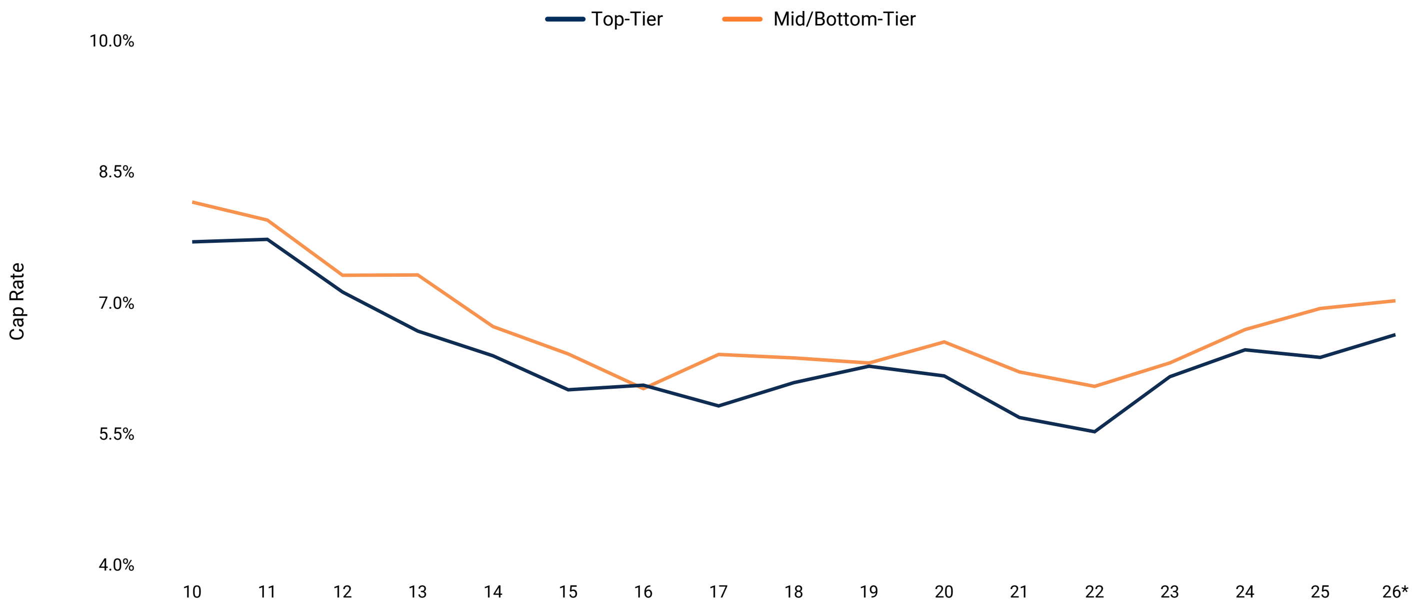
↑ 10x

Entity-Level Sales Comprised 2.6% of Dollar Volume over year ended June 2026

* Trailing 12 months through 2Q; Sales $2.5 million and greater

CAP RATE TRENDS

SINGLE-TENANT RETAIL CAP RATE BY CREDIT RATING



* Through 2Q
Sales $1 million and greater
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; RetailStat

Cap Rate Trends Diverge by Tenant Credit Quality in 2026

While STNL cap rates have generally risen since 2022, the gap between properties with top-tier tenants and those with mid/bottom-tier tenants has widened. The gap in 2Q ’26 was similar to that in 2020.

Since 2024:

The mean cap rate for mid/bottom-tier tenants has increased 40 basis points on average since 2024.

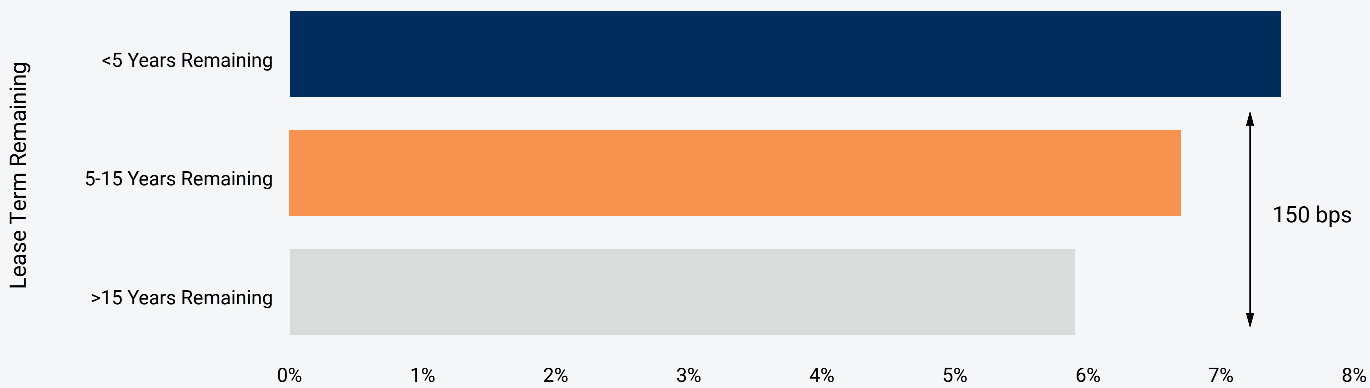
The mean top-tier cap rate is up 20 basis points from 2024 and is above the trailing 15-year average.

Interpretation:

After narrowing some in 2023 and 2024, the market is again placing greater emphasis on tenants with top-tier credit, modestly widening the cap-rate gap. However, the margin is not outside the norm.

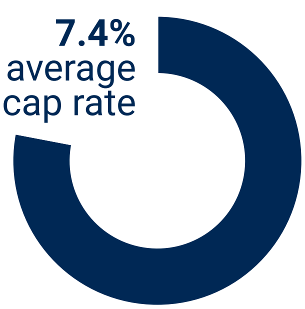
IMPACT OF LEASE TERM ON CAP RATES

SINGLE-TENANT RETAIL CAP RATE BY LEASE TERM REMAINING



<5 Years Remaining

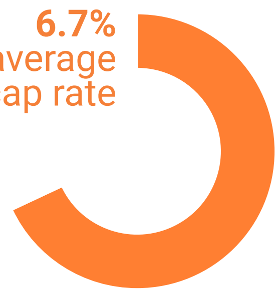
7.4%
average
cap rate



- 80 bps above the overall mean, reflecting how less certainty on long-term cash flow can affect risk perceptions

5-15 Years Remaining

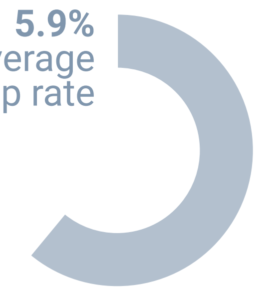
6.7%
average
cap rate



- Closely aligned with the overall market average

>15 Years Remaining

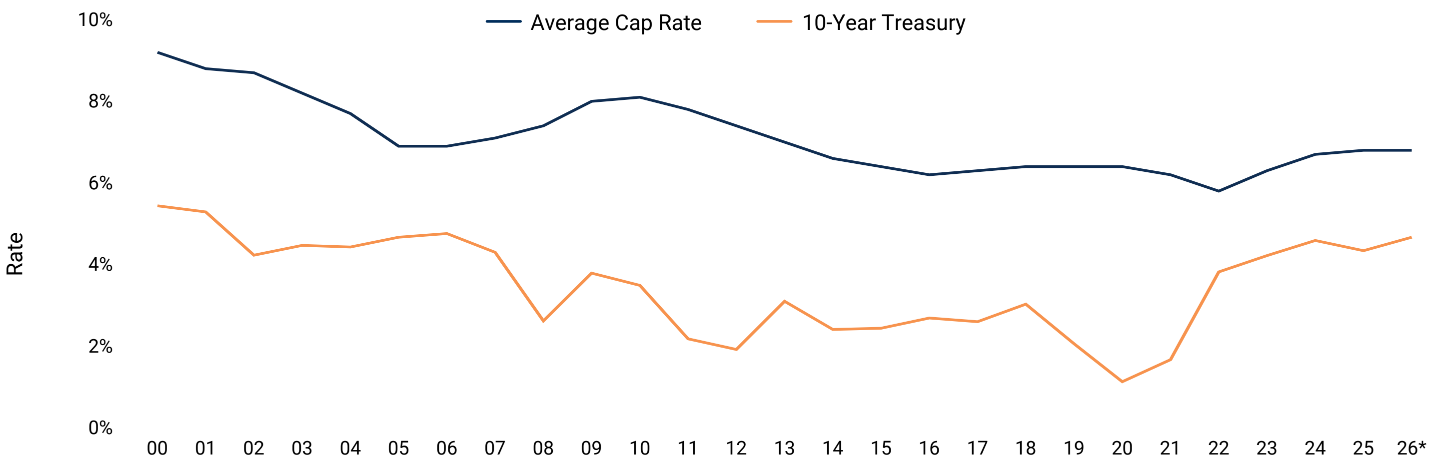
5.9%
average
cap rate



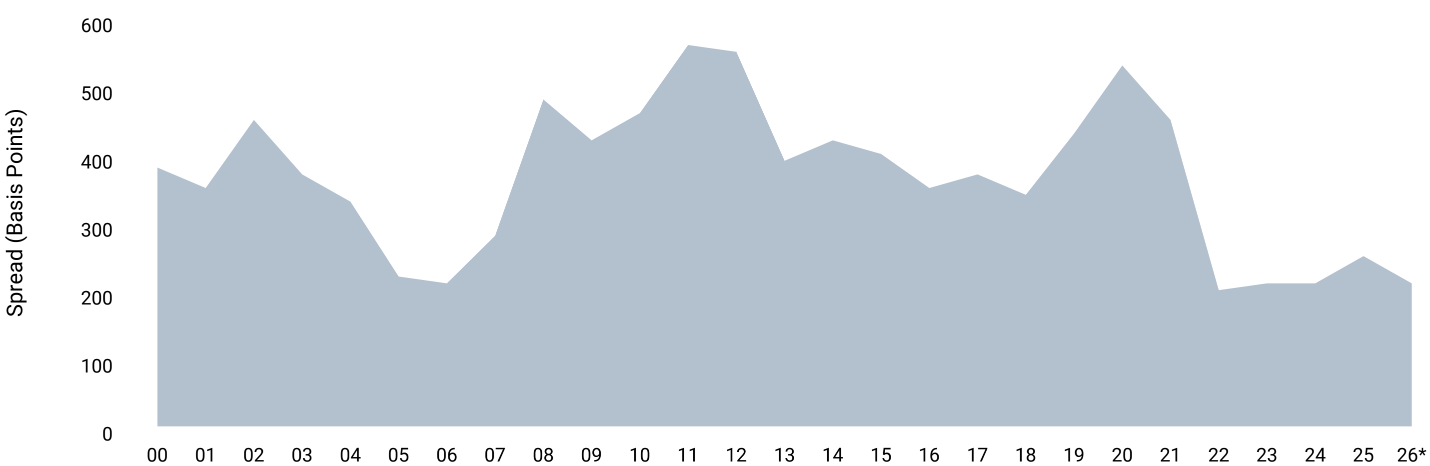
- Lower cap rate reflects value investors place on longer lease terms and associated cash flow

HISTORICAL SPREAD PERSPECTIVE

SINGLE-TENANT AVERAGE CAP RATE VS. TREASURY



CAP RATE TO TREASURY SPREAD



The spread between the average STNL retail cap rate and the 10-year Treasury was **210 basis points** in June, similar to the past four years.

While the June spread was similar to the 2006 margin, today's market differs notably from before the Global Financial Crisis, particularly in more conservative underwriting.

Interpretation:

Investors who may have been waiting for lower interest rates are returning to the market. Wall Street broadly expects rates to stay near current levels for the immediate future.

* Through 2Q
Includes sales $1.0 million and greater
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics; Federal Reserve

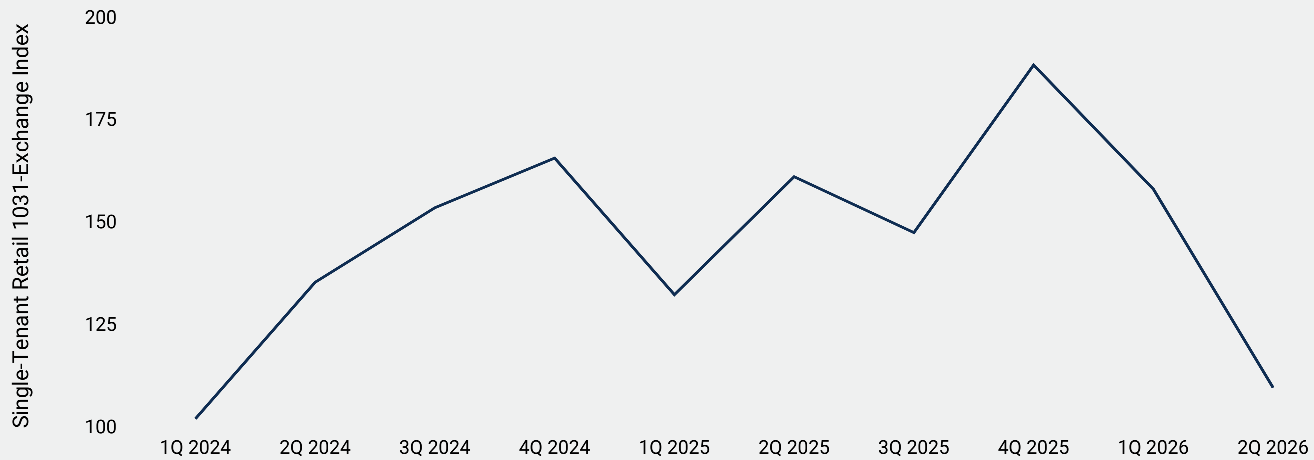
TAKEAWAY

The evolving climate of uncertainty, particularly tied to events overseas, underscores the appeal of real assets with reliable income streams. Properties with long-term leases and built-in rent escalators may be favored amid ongoing inflation risk.

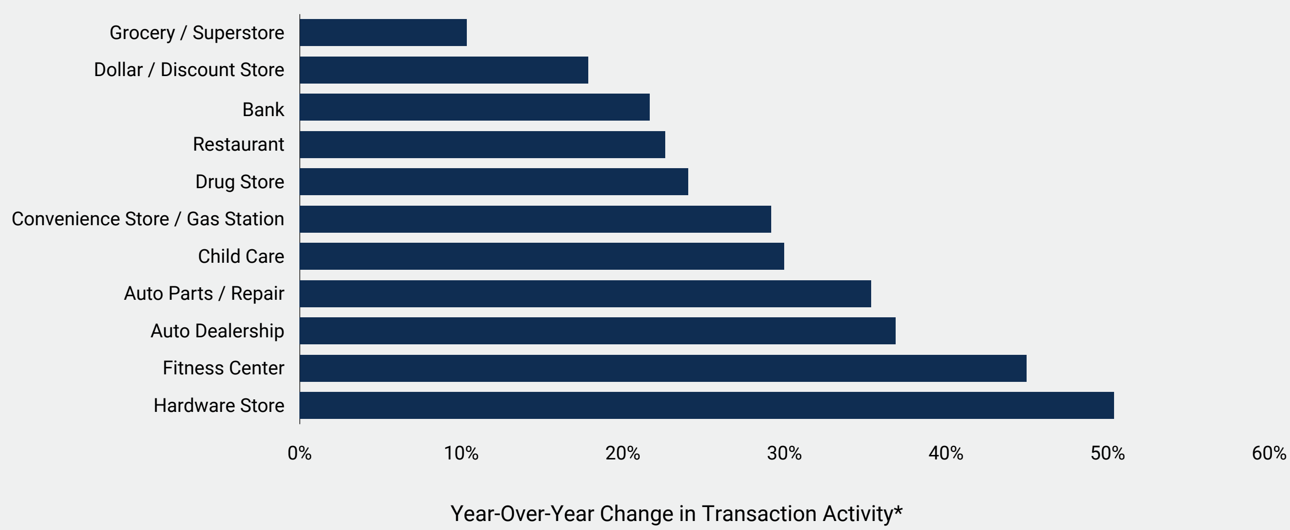
At the same time, years of restrained development have kept vacancy low in most markets, creating opportunities to reposition assets to capture rental income gains.

TRANSACTION TRENDS

Share of Buyers Utilizing 1031 Exchanges



Change in Transaction Activity



Buyers utilized 1031 exchanges in the second quarter of 2026 at a level on par with

1Q 2024.

Tax-deferred exchanges continue to be a popular mechanism for certain investors.

Health and e-commerce resistance are prominent in recent transaction shifts. Additional restaurant sales underline consumer demand for convenience and opportunities for social engagement.

Interpretation:

Increased transaction activity across a wide range of retailer types **highlights broad investor demand for the STNL sector.**

* Trailing 12 months through 2Q 2026
Includes sales $1.0 million and greater
Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Real Capital Analytics; Federal Reserve

CONCLUSION

Single-tenant net lease assets are changing hands at a historically high rate, marking a significant improvement from the 2023 low. Private investors have driven this momentum, although institutions remain active as well.

Just as remarkable as the rebound in trading activity since 2023, sale prices have also continued to improve. Despite higher borrowing costs and the resulting upward shift in cap rates, the mean sale price per square foot has risen 7 percent in a little over two years. High construction costs have contributed to less development, supporting demand for existing spaces and benefiting rental income.

An investment focus on cash flow security continues to favor assets with high-quality tenants and built-in rent escalators. Favorable backfilling prospects also highlight potential retenanting opportunities for vacant spaces in strong locations.

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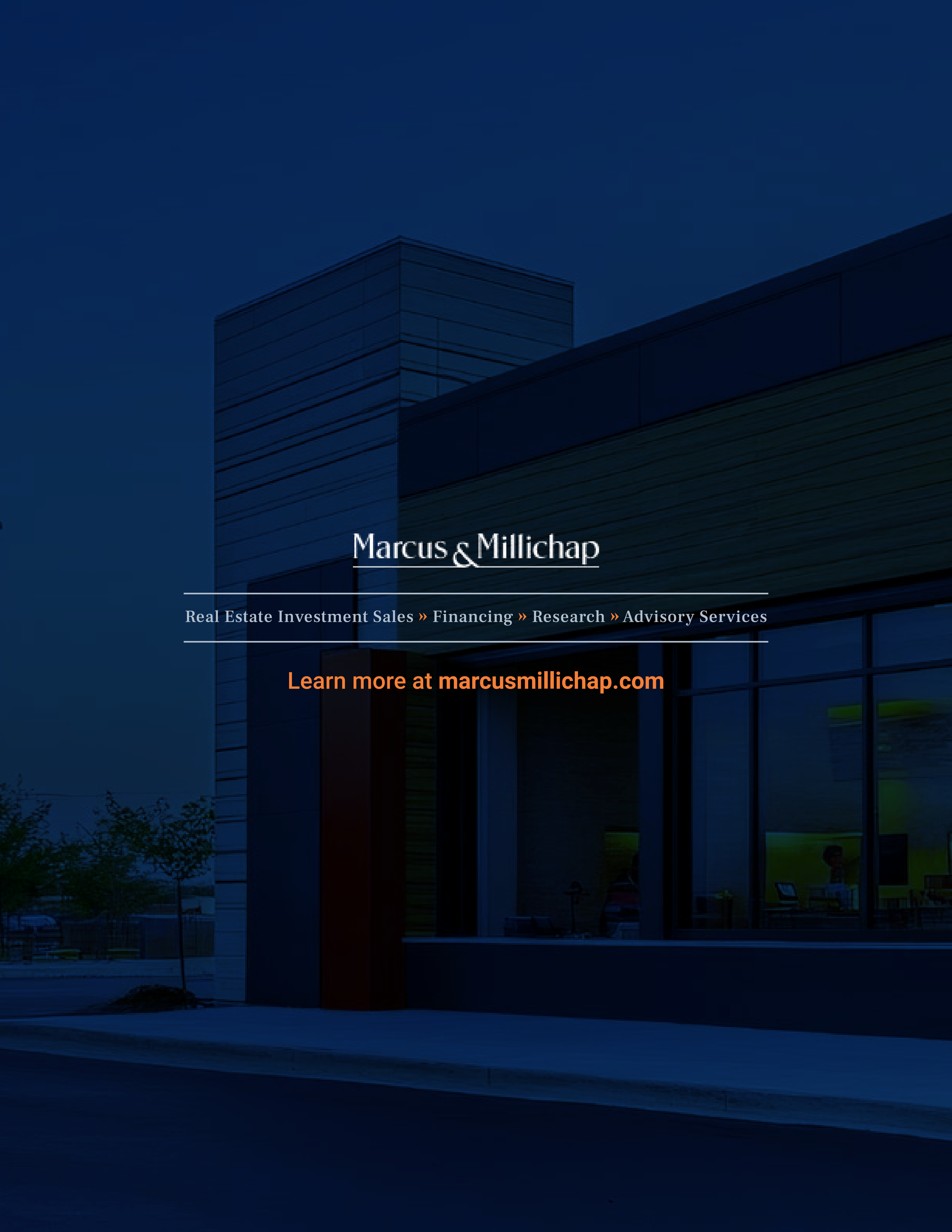
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