

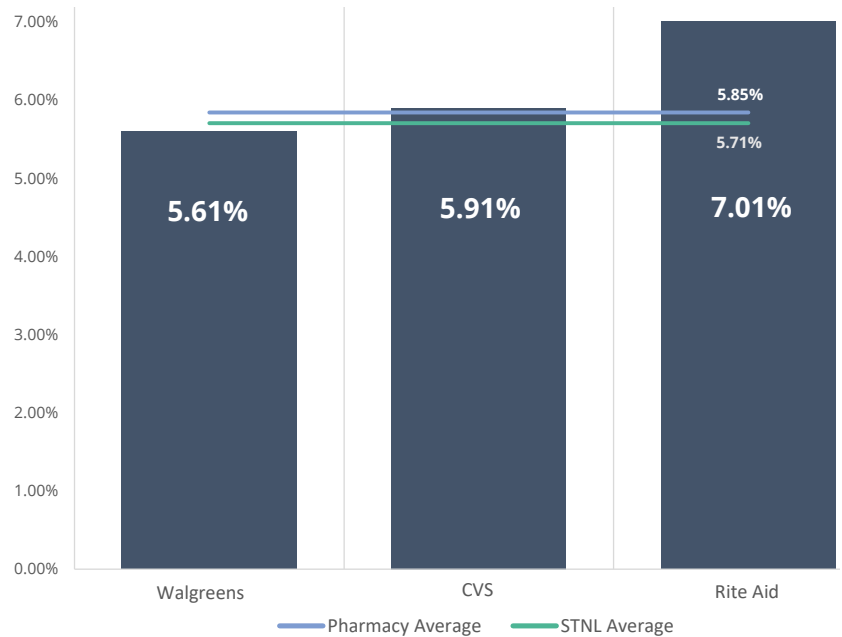
Pharmacy Sector Snapshot



In the context of single-tenant net lease (STNL) real estate, pharmacies represent a significant segment of the market, favored by investors due to the long-term leases and strong creditworthiness associated with them and the demand fundamentals stemming from the essential services they provide. In addition to dispensing medications, pharmacies often provide over-the-counter (OTC) products, such as non-prescription medications, health supplements, and personal care items. Patients can seek advice from pharmacists regarding the selection and appropriate use of these products.

Like other sectors of STNL real estate, pharmacies offer copious value as it relates to price point, with the average sale price landing around \$5.8 million, investors are typically transacting on a cash basis, therefore rendering turbulent debt markets irrelevant.

Average Cap Rates by Tenant



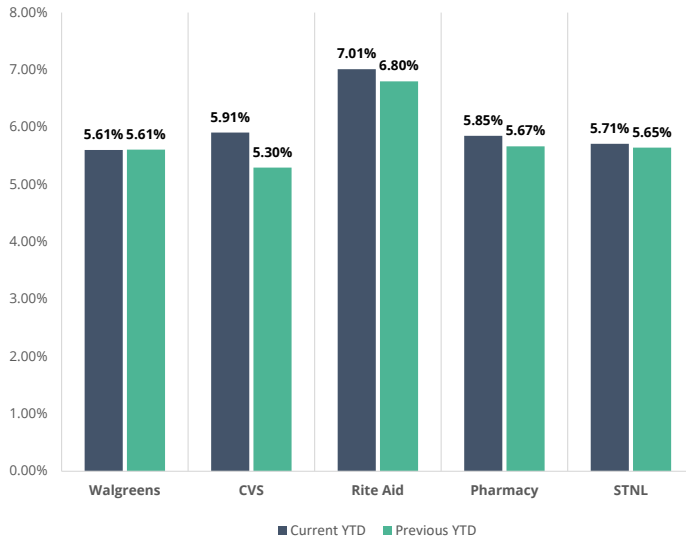
Source: Costar, Crexi and AVANT

NET LEASE

Pharmacy insight

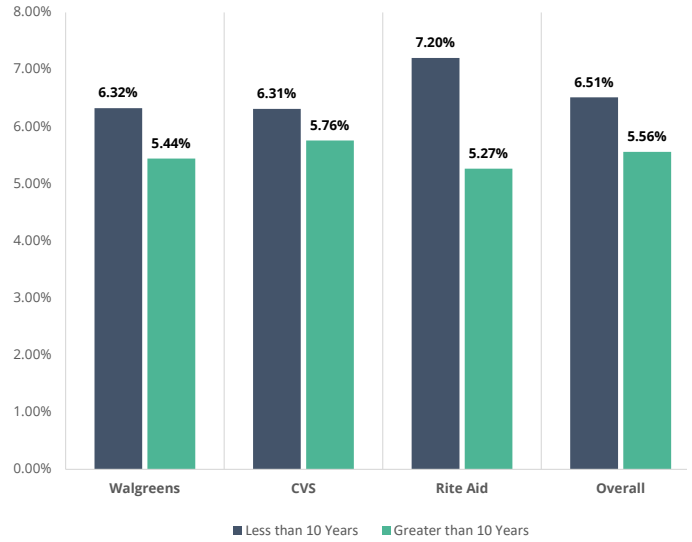
The average observed cap rate on pharmacy transactions sits at 5.85% which is only 14 basis points higher than the average for all STNL verticals (5.71%). Notably, cap rates have not moved nearly at the pace as interest rates have gone up. This is due to 1. A lag in the real estate market when it comes to repricing and 2. There still being high demand for these pharmacy assets. This speaks to the resilience of the sector.

Cap Rates Over Time



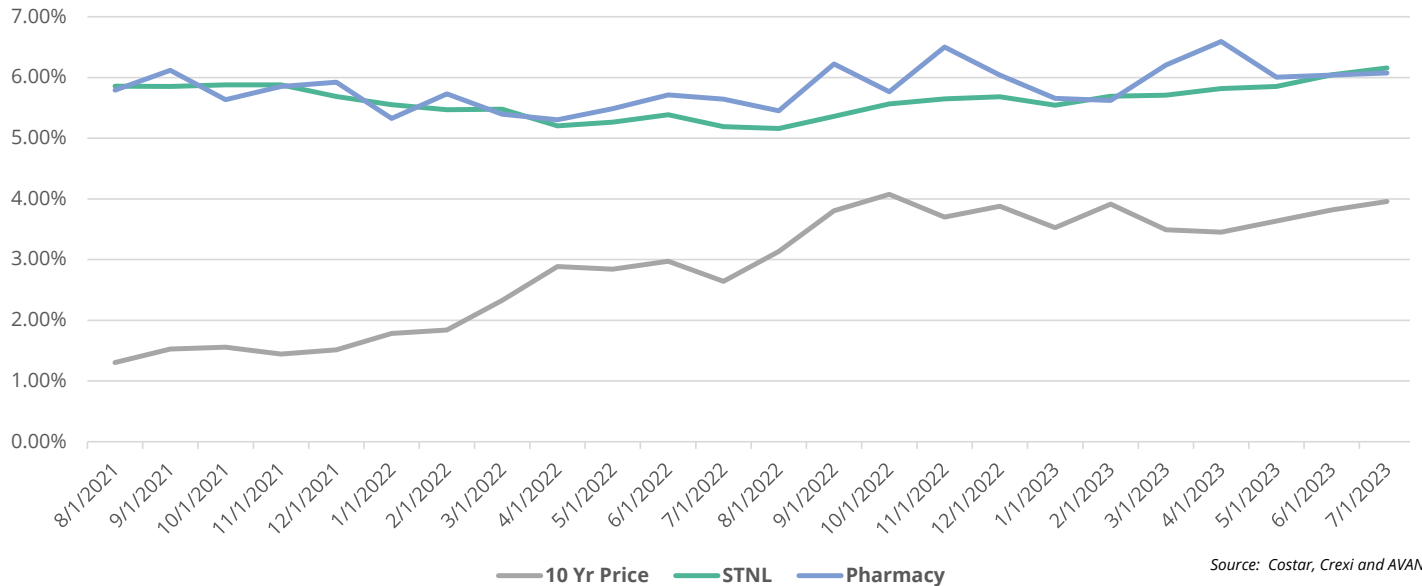
Source: Costar, Crexi and AVANT

Effect of Remaining Term on Cap Rate



Source: Costar, Crexi and AVANT

STNL Cap Rates vs. 10-Year Treasury



Source: Costar, Crexi and AVANT

On-Market Availabilities

Tenant	Asking Price	Cap Rate	NOI	Term	Current Inventory
Walgreens	\$6,170,323	6.21%	\$371,878	10 Years	245
CVS Pharmacy	\$5,451,298	6.14%	\$326,304	9.8 Years	105
Rite Aid	\$4,534,932	7.67%	\$349,611	7.5 Years	63



Let's connect.

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