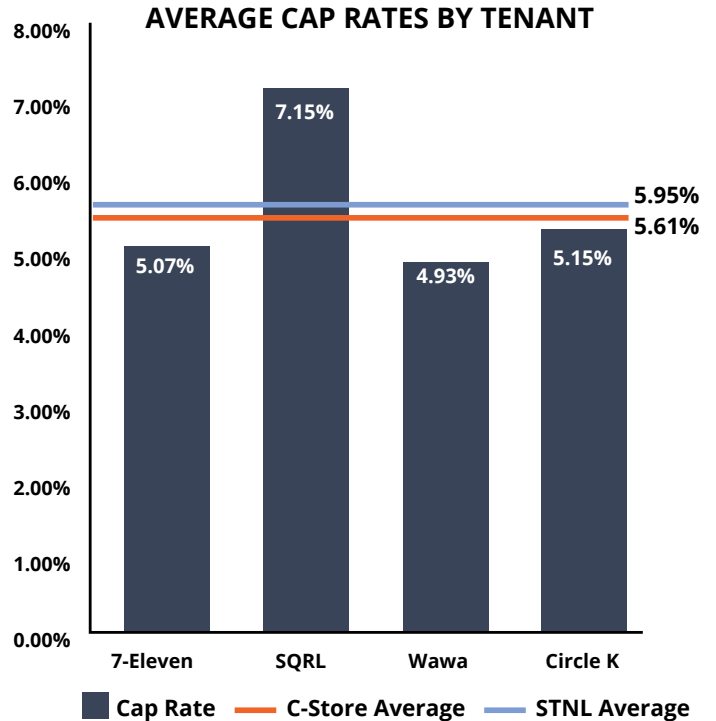


C-Store Sector Outlook

Investment volume and cap rates specific to the convenience store (C-Store) sector have held steady relative to peer asset classes. While a slight uptick in average cap rates was observed toward the close of 2023, this pales in comparison to other product types such as office buildings. An interesting observation is the deviance between C-Store cap rates and U.S. 10-Year Treasury yields, which have historically had a direct relationship.

The future of C-Store cap rates remains somewhat in a state of limbo. The Federal Reserve are still aiming to taper inflation, and with Wall Street beginning to price in multiple cuts to interest rates in 2024, cap rates should level out and begin to decrease over time. C-Store resiliency is due to the smaller price point of the transactions, the critical nature of use, and the push into the QSR sector. Cap rates and deal pricing will continue to vary depending on the specific asset and local market, making it critical to understand the underlying dynamics of even the smaller C-Store deals.



Source: Costar, Crexi and AVANT

152,396 C-STORES IN THE U.S.



54%
SINGLE STORE OPERATORS



80%
C-STORES WITH FUEL



80%
MOTOR FUEL SALES SOLD
IN C-STORES

Source: NACS

WHERE WE ARE TODAY

As we trend toward fuel-efficient cars and continued flux with gas prices, C-Stores are adapting. To take advantage of this \$644 billion industry (source: IBIS), successful organizations are adding EV charging stations, reimagining footprints to have more of a QSR feel with made-to-order food and adding in both indoor and outdoor seating to accommodate those with longer charge times. 2024 will witness continued change to the traditional C-Store format, maybe even some trends that disrupt the market.

C-STORE CHAINS RANKED BY VISITORS

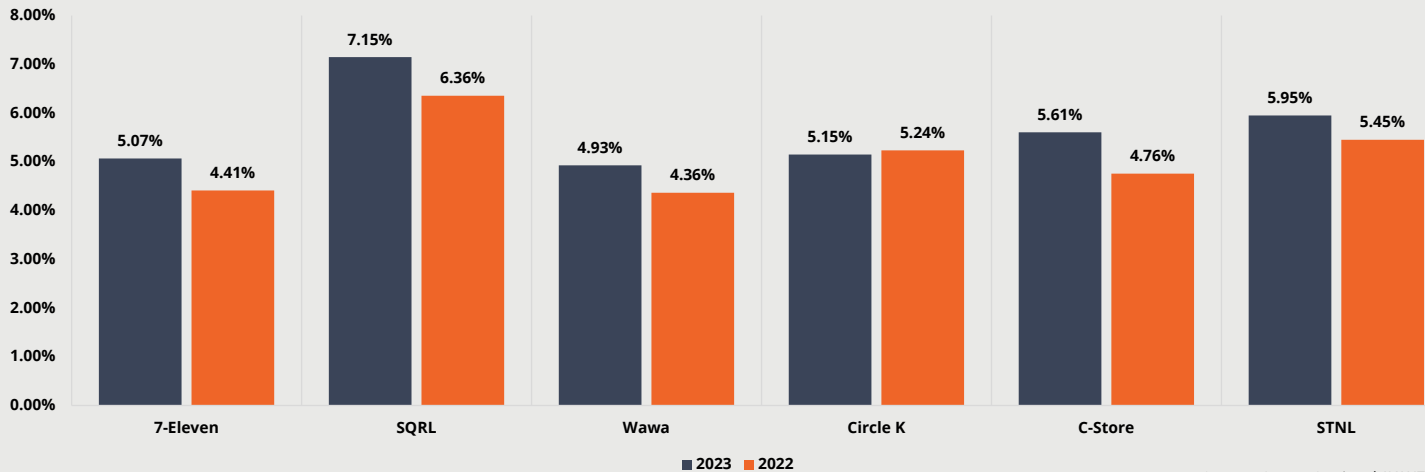
Wawa	251.57 million
7-Eleven	210.31 million
QuikTrip	97.44 million
Casey's General Store	61.28 million
Buc-ee's	56.82 million
Royal Farms	22.34 million
Cumberland Farms	20.67 million
On The Run Convenience	1.14 million
Plaid Pantry	985,200
Loop Neighborhood	649,800

Source: Placer.AI



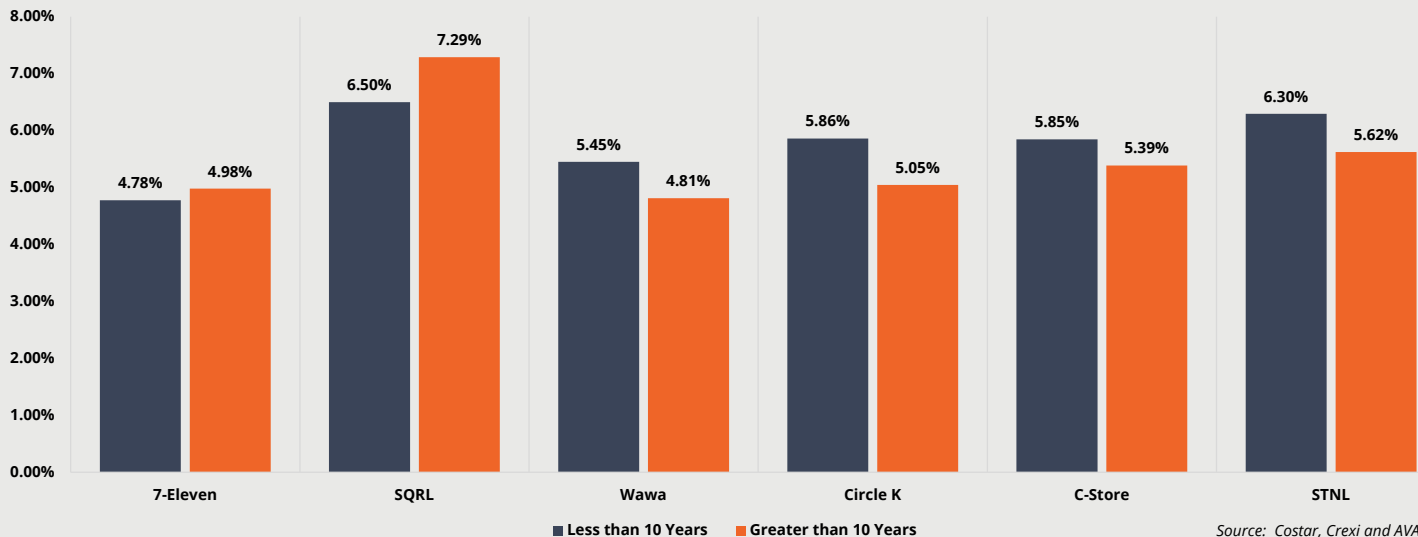
C-Store Sector Outlook

CAP RATES OVER TIME



Source: Costar, Crexi and AVANT

EFFECT OF REMAINING TERM ON CAP RATE



Source: Costar, Crexi and AVANT

C-STORE

Cap rate Trends

C-Stores have demonstrated themselves to be a resilient asset class within the NNN world. While other verticals have seen significant increases in cap rates, C-Stores have bucked the trend with little change. This is largely driven by the excellent credit of many of the many operators as well as the overall view of C-Stores being an in-demand segment asset class for the foreseeable future.

281

ACTIVE LISTINGS

As of 2/5/2024, 281 C-Stores are on the market.

Source: Crexi



\$4,298,900
AVERAGE ASKING PRICE



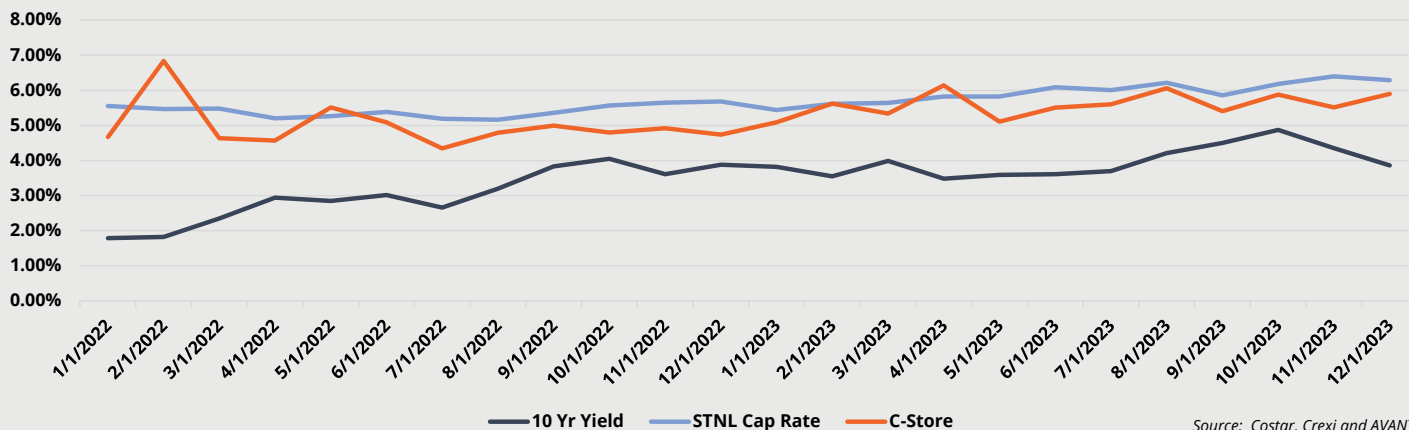
5.81%
AVERAGE ASKING CAP RATE



14.22 Years
AVERAGE TERM REMAINING

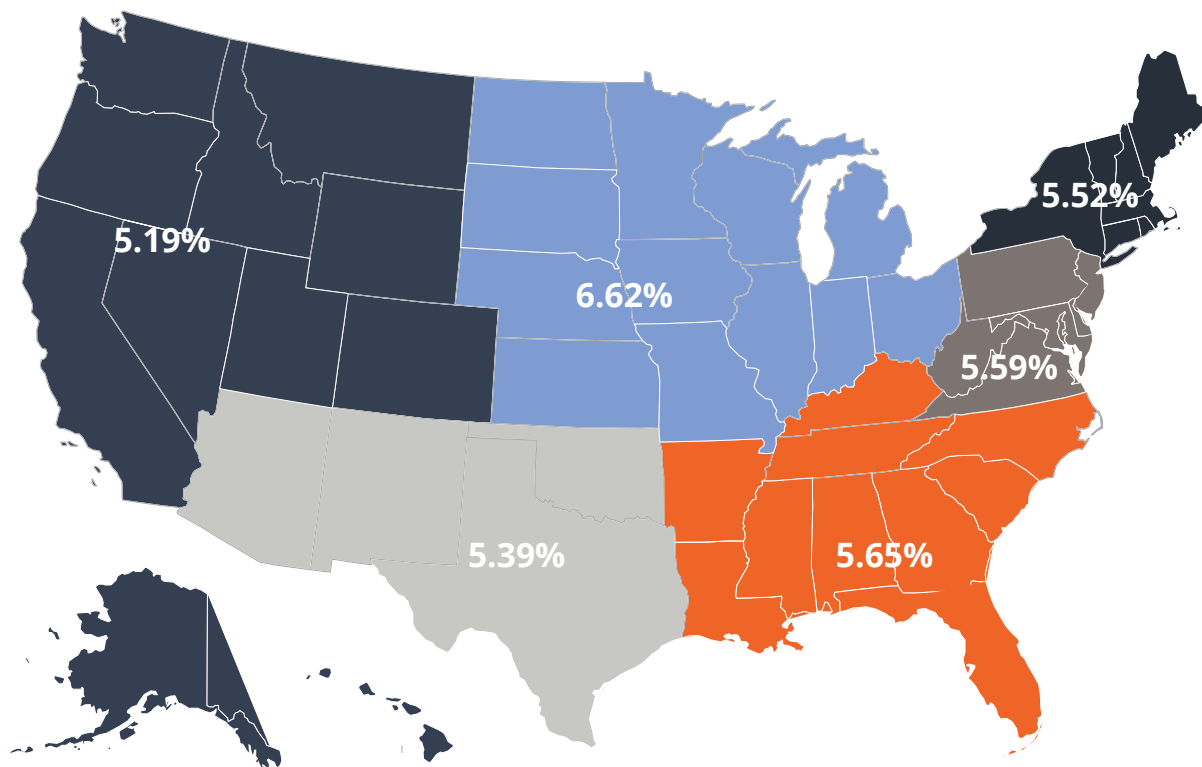
C-Store Sector Outlook

STNL CAP RATES VS. 10-YEAR TREASURY



CAP RATES BY REGION

Regional cap rates mirror historical trends which are skewed by Florida and California assets trading at a premium. Tax free states like Texas are also drivers of lower regional cap rates.



Let's connect.

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