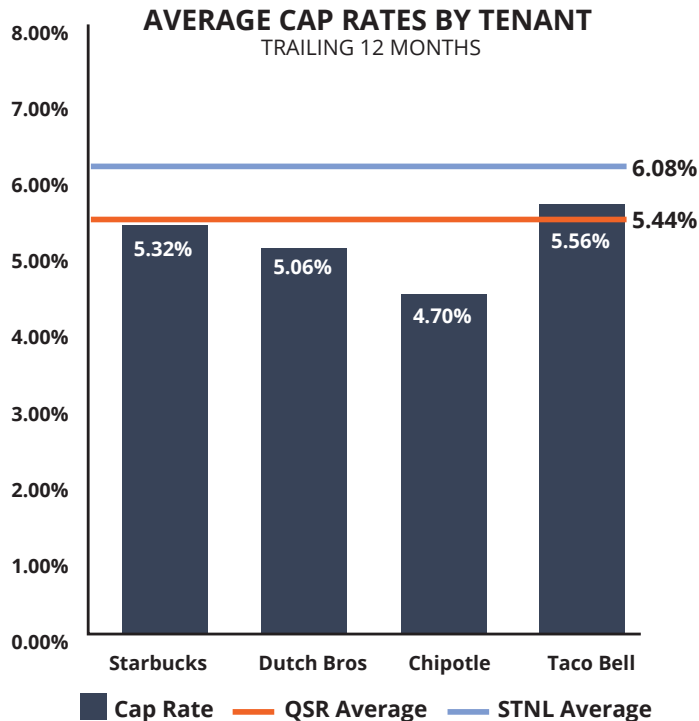


QSR Sector Outlook

Investment volume and cap rates specific to the Quick Service Restaurants (QSR) sector have held steady relative to peer asset classes. While there was a slight uptick in average cap rates in the first quarter of 2024, this pales in comparison to other net lease sectors. The Federal Reserve is still aiming to taper inflation, and with Wall Street beginning to price in multiple cuts to interest rates in 2024, cap rates should follow suit and begin to decrease over time. QSR resiliency is due to the smaller price point of the transactions, the constant demand of their services, and the push into the QSR sector by investors. 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 QSR deals, regardless of size.



Source: Costar, Crexi and AVANT



\$406.17 billion
MARKET SIZE



10.28%
EXPECTED GROWTH BY 2029



6.47%
YUM! BRANDS IS THE LEADING MARKET PLAYER

Source: www.mordorintelligence.com

195,507 QSR LOCATIONS IN THE U.S.

WHERE WE ARE TODAY

In the U.S., the QSR market size is valued at \$406.17 billion in 2024 and is expected to reach \$662.53 billion by 2029. Yum! Brands is the leading market player at 6.47% of the market share. These expectations reflect the resilience of the QSR industry, particularly in the net lease sector, as it continues to adapt to the constantly evolving landscape.

QSR CHAINS RANKED BY VISITORS

McDonald's	3.3 billion
Chick-fil-A	696 million
Taco Bell	671 million
Wendy's	666 million
Burger King	626 million
Sonic Drive In	404 million
Subway	317 million
Jack in the Box	239 million
Dairy Queen Restaurant	233 million
Arby's	229 million

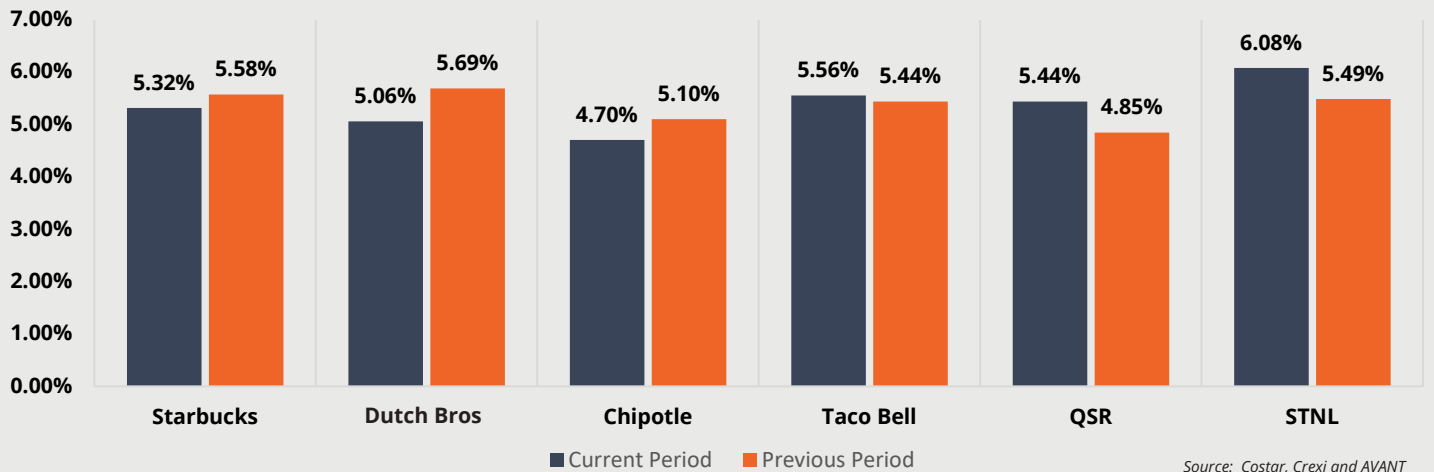
Source: Placer.AI



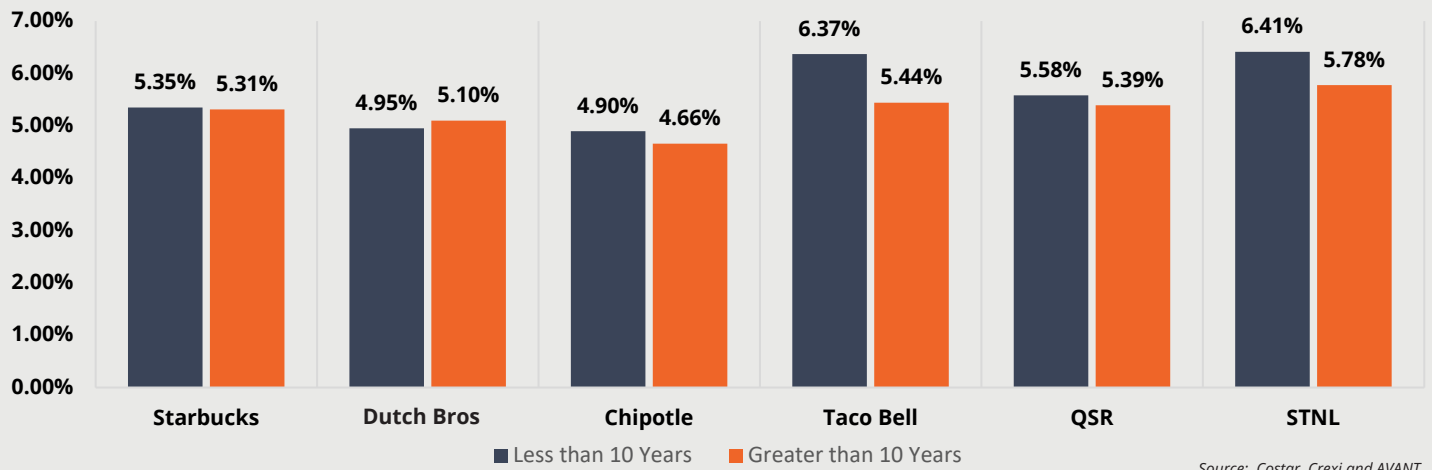
QSR Sector Outlook

CAP RATES OVER TIME

TRAILING 12 MONTHS



EFFECT OF REMAINING TERM ON CAP RATE



QSR

Cap rate Trends

Quick Service Restaurants on average are trading at a 5.44% cap rate, sitting 64 basis points below the average for all single tenant net lease (STNL) verticals (6.08%). Notably, cap rates for this sector have not increased at the pace that interest rates have for this past year. Factors that cause this are the high and consistent demand for QSRs and a lag in the real estate market for repricing these assets.

943

ACTIVE LISTINGS

As of 4/25/2024, 996 QSR properties are on the market.

Source: Crexi



\$2,526,700
AVERAGE ASKING PRICE



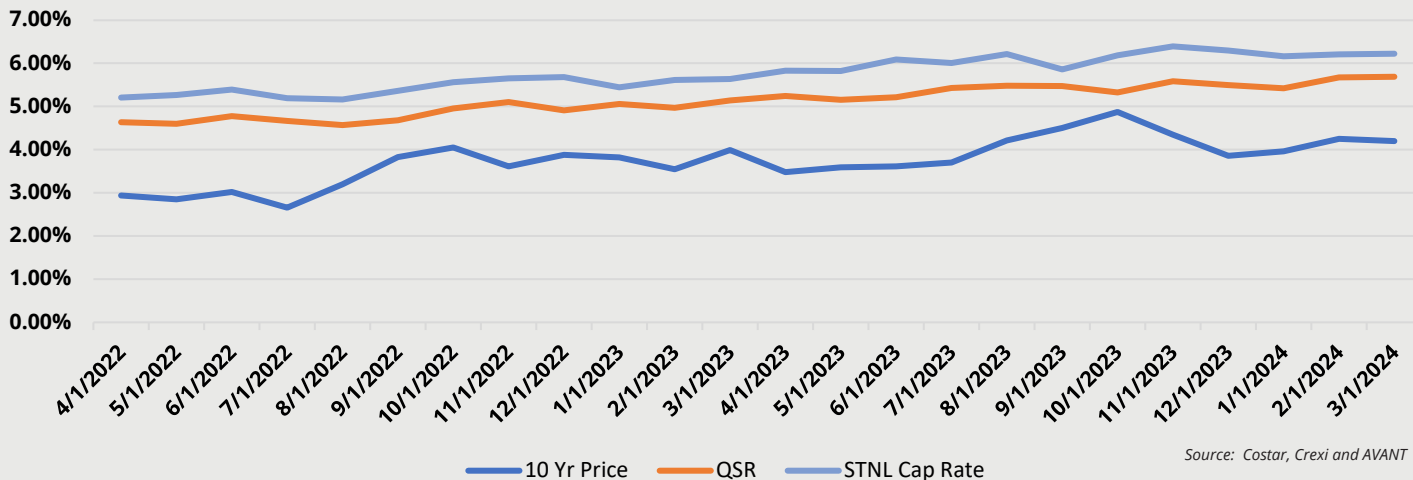
5.62%
AVERAGE ASKING CAP RATE



13.86 Years
AVERAGE TERM REMAINING

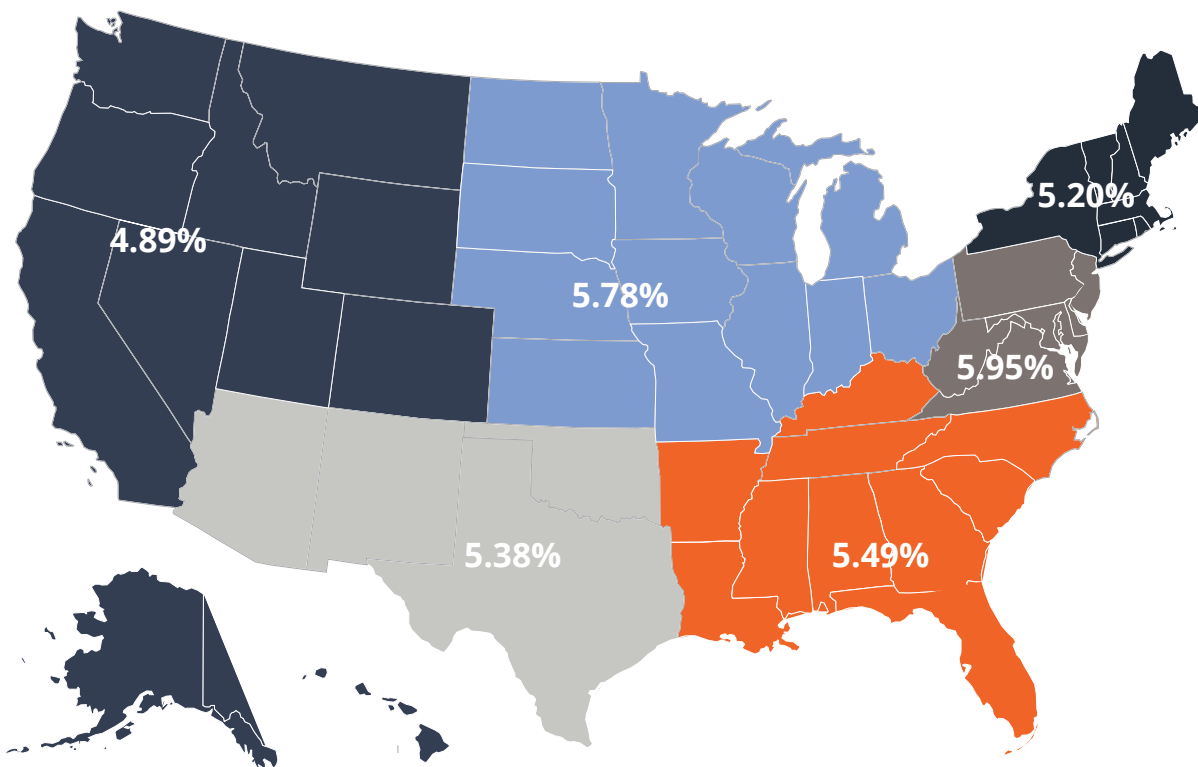
QSR Sector Outlook

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 and Nevada are also drivers of lower regional cap rates.



Let's connect.

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