7-Eleven NNN For Sale

From its humble beginnings as an icehouse in 1927, 7-Eleven has grown to become one of America’s most recognizable convenience store chains. In fact, it’s the world’s largest operator, franchisor, and licensor of convenience stores.

But brand recognition isn’t the only factor that makes 7-Eleven an extremely popular option for NNN leases. Their leases are backed by a corporate guarantee, making them even more attractive. Plus, the company has a solid credit rating and a preference for high-quality real estate, meaning there’s plenty of room for return on investment.

## Tenant Overview

7-Eleven is a privately owned company. It’s completely owned by Seven&i Holdings Co. Ltd, which is traded on the Tokyo Stock Exchange. That said, it has a solid credit rating, with [Standard & Poor’s giving it an A](https://corp.7-eleven.com/corp/debt-investors). The company has good taste in real estate, too.

For all of its locations, 7-Eleven prefers corner lots with high visibility and easy ingress and egress, making them highly accessible to passersby. They like sites that get at least 25,000 vehicles driving by each day.

It’s important to note that there are substantial differences in 7-Eleven locations that offer fuel and 7-Eleven locations that do not. For locations that do offer fuel, the company usually wants ground leases at corner locations or outparcel sites at highly trafficked shopping centers. Lot sizes can range from 0.8 to 1.0 acres of land for gas station sites.

The company has also been developing and expanding its “C-store” model, which is a non-gas station convenience store. Those locations offer a more compact profile, with sites that can fit onto smaller parcels. C-store locations usually have average square footage between 1,500 and 2,000.

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| 7-Eleven NNN Lease Overview |
| Average sale price | $6,000,000 |
| Average NOI (net operating income) | $258,000 monthly |
| Average square feet | 2,500 - 3,500 |
| Average lot size | Varies depending on gas component |
| Typical lease term | 10 - 20 years |
| Escalators | 10% - 15% every 5 years |
| Typical location | Urban and suburban locations with over 25,000 passing vehicles per day |
| Ticker symbol | N/A |

## 7-Eleven Lease Structure

Generally, 7-Eleven prefers ground leases that are between 10 and 20 years in length. These leases normally see rent bumps of 10% to 15% every five years. This is an attractive escalator for such a popular NNN lease. Ground leases are quite similar to NNN leases in that the property owner can pass most costs onto the tenant.

The average cap rate, or capitalization rate, for a 7-Eleven net lease is 4.25%. The cap rate is a figure that evaluates a real estate investment’s profitability and return potential. Typically, cap rates that land between 5% and 10% are considered good. A lower rate, like 7-Eleven’s, usually just indicates that the investment is lower risk.

**[LISTINGS SECTION]**

# Why Choose a Net Lease Over a Gross Lease When Investing in Commercial Real Estate?

For commercial real estate investors, there are many benefits to choosing a net lease over a gross lease. These two types of leases are often considered opposites.

A gross lease involves a predetermined amount that a tenant pays in order to use a space. It doesn’t change due to operating expenses, since landlords generally cover those costs. On the other hand, net leases allow landlords to hand off operating expenses to their tenants.

There are three tiers of net leases: single, double, and triple. They’re also called N, NN, and NNN leases. Each level allows the landlord to pass more and more expenses to the tenant, absolving the landlord of increased risk as the tiers increase.

Single net leases (N leases) pass property taxes over to the tenant in addition to the cost of rent, but landlords remain responsible for insurance, maintenance, repairs, and utilities. N leases are less common when it comes to commercial real estate. Double net leases (NN leases) and triple net leases (NNN leases) are much more common.

# What Types of Net Leases Does 7-Eleven Operate Under?

7-Eleven has exhibited a preference for ground leases with initial terms ranging from 10 to 20 years, during which the rent bumps up every five years. Ground leases are similar to NNN leases in the sense that the tenant is responsible for property taxes, insurance, and maintenance expenses.

The difference between the two is that ground leases often involve undeveloped commercial land that is leased to tenants. Said tenants then have the right to develop the property, meaning that they own the buildings there. They still have to pay rent for the land, however, and if the lease expires, the buildings become the property of the landowner.

When working with an NNN ground lease, a tenant like 7-Eleven will generally pay a lower base rent, because they’re responsible for all of the property’s operating costs and the development of the property. NNN leases reduce the burden of property management by passing many responsibilities to the tenant.

**[LISTINGS SECTION]**

# How to Evaluate a 7-Eleven Net Lease

When you’re considering an NNN lease, it’s crucial to analyze both the property value and the tenant strength. Especially when you’re reviewing single-tenant properties like the ones many new 7-Eleven locations are situated on, your tenant concentration can be only 100% or 0%. In other words, you’ll be generating 100% of your potential cash flow or absolutely none of it.

In order to ensure that your 7-Eleven NNN lease pans out, you’ll want to make sure that the property you’re investing in meets the qualifications that 7-Eleven prefers in its locations – high-visibility corner locations with over 25,000 passing vehicles per day and easy access. That will help ensure that your property stays occupied and you continue getting paid.

On the plus side, NNN lease tenants like 7-Eleven are typically large companies with strong balance sheets, meaning that you can count on your payments arriving on time each month. You won’t be chasing down your tenants to get your hands on your monthly check.

# What Makes 7-Eleven an Attractive NNN Tenant?

7-Eleven is a well-known convenience store business with a high level of brand recognition in America. It combines strong visibility with stable financials and top-tier locations, making it an attractive option for an NNN lease.

The second quarter of 7-Eleven’s fiscal 2022 will end in February of the calendar year 2023, but the company has already released some [promising financial updates](https://www.7andi.com/en/ir/file/library/ks/pdf/2022_1006kse.pdf). Both income and revenue exceeded their performance in the first half of fiscal 2021. Those values also exceeded the company’s projections.

In 2021, [7-Eleven took over about 3,800 Speedway convenience stores](https://www.csnews.com/7-eleven-speedway-deal-leads-corporate-restructuring), bringing its North American profile to over 14,000 locations. After that acquisition, the company can boast about an exciting claim: [over 50% of the U.S. population lives within 2 miles of a 7-Eleven store](https://www.csnews.com/7-eleven-speedway-deal-leads-corporate-restructuring).

With its reach expanding, it looks like 7-Eleven has a bright future ahead. Overall, the company is a high-quality, investment-grade tenant that’s a perfect option for an NNN lease.