**investing in triple net properties**

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If you could have an investment that paid you regularly with limited management, would that excite you?

If so, a long term triple net leased property to a sound company with good financials (and maybe even personal guaranties or a letter of credit) may be an investment for you.

One of the exciting components of a triple net investment is that the tenant is the one who maintains the property and typically pays all of the buildings operating expenses. You as the owner, receive your rent. Should you have any debt service on the building, this rental income goes to pay that expense, the balance is for you.

Now let’s go over what’s currently happening in the market. Cap rates seem to be stable to a slight downward shift on most types of properties. Some of the lowest cap rates are apartments, followed by central business district office projects, R&D industrial, neighbourhood retail and industrial properties. Some of the favourite triplet net properties are not surprisingly those that offer the least risk, which would include Wal-Mart, McDonald’s, Lowes, Walgreens and other high profile tenants. Should an investor be looking for a higher return on their investment, they should probably look at lesser known, yet well capitalized companies.

While long term triple net investments provide stability and income, there is the fact that one is locked into the long term lease and they miss the chance to capture any gains in the rental income when real estate fundamentals improve. It’s really give and take.

There still seems to be a strong supply of debt available to long term leases which are leased to credit tenants and the ease of underwriting when it is a single tenant opportunity. With that being said, we are still seeing institutional investors, REITs, foreign buyers, as well as private investors, investing in all cash transactions. They have nowhere else to invest their money to achieve a decent return.

So, if an investor is looking for limited management responsibilities, generally a longer term lease with a stable cash flow and the unique tax benefits real estate provides, a triple net investment may be something to consider.