

WHY WE LIKE CONVENIENCE STORES & CAR WASHES



ESSENTIAL
BUSINESSES



STEADY CONSUMER
DEMAND



RECESSION-
RESISTANT



HIGH-TRAFFIC
LOCATIONS



CONVENIENT
ACCESS

ADVANTAGES TO INVESTING
IN ESSENTIAL ASSETS CLASSES

- 1 BONUS DEPRECIATION:** Potentially deduct up to 100% of qualified improvement costs in the first year (2025 rates).¹
- 2 DSTS CAN PROVIDE ACCESS TO INSTITUTIONAL REAL ESTATE:** DSTs provide entry into high-quality commercial assets typically out of reach for individual investors, managed by experienced sponsors.
- 3 1031 EXCHANGE ELIGIBILITY:** Opportunity to leverage a DST investment for potential tax deferral through 1031 exchanges.
- 4 PASSIVE INCOME GENERATION:** Professionally managed operations can generate a hassle-free, passive income stream.
- 5 COST SEGREGATION:** Maximize deductions by identifying property components eligible for shorter depreciation schedules.



*Sources: <https://tradenetlease.com/q4-2024-net-lease-cap-rate-report/>; <https://bouldergroup.com/research.html>; <https://www.avisonyoung.us/web/netlease/insight-article/-/article/2024/02/12/c-store-report>; <https://talkbusiness.net/2025/02/the-supply-side-growth-challenges-expected-in-convenience-store-sector-in-2025/>
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1 - The Tax Cuts and Jobs Act (TCJA) provisions, including those allowing for accelerated depreciation such as 100% bonus depreciation were permanently extended for properties purchased on or after January 19, 2025, on July 4, 2025, when President Trump signed the "One Big Beautiful Bill."



SPOTLIGHT ON: CONVENIENCE STORES

CONVENIENCE STORES MEET ESSENTIAL CONSUMER NEEDS, MAKING THEM LESS VULNERABLE DURING ECONOMIC DOWNTURNS. AS A RESULT, CONVENIENCE STORES RECORDED THE **LOWEST CAP RATES AMONG NET LEASE PROPERTIES IN 2024**, REMAINING UNCHANGED FROM THE PREVIOUS YEAR.

Investing in convenience stores can be smart, especially in today's dynamic business landscape.

Here are the top reasons why investing in convenience stores is a compelling opportunity right now:

- 1 STEADY CONSUMER DEMAND:** Convenience stores cater to everyday needs, providing a wide range of essential items, including snacks, beverages, groceries, and toiletries. This can provide a consistent and resilient customer base, regardless of economic conditions.
- 2 ESSENTIAL BUSINESS:²** Convenience stores are considered critical businesses to remain open during emergencies, natural disasters, and health crises like the COVID-19 pandemic. This resilience can provide a stable income stream for investors.
- 3 24/7 OPERATIONS:** Many convenience stores operate 24/7, allowing them to potentially capture sales throughout the day and night. This continuous revenue generation can result in higher profitability than businesses with limited operating hours.
- 4 RECESSION-RESISTANT:** During economic downturns, consumers tend to cut back on discretionary spending but continue to purchase essential items from convenience stores. This recession-resistant nature can make convenience stores a reliable investment.
- 5 HIGH-TRAFFIC LOCATIONS:** Successful convenience stores are often situated in high-traffic locations, such as near residential areas, office complexes, and transportation hubs. These prime locations can increase foot traffic and sales potential.
- 6 DIVERSE PRODUCT OFFERING:** Modern convenience stores offer a diverse range of products, including fresh food, hot beverages, and even online ordering and delivery services. This diversification helps attract a broader customer base and boosts revenue.
- 7 COMMUNITY ENGAGEMENT:** Successful convenience stores often become integral parts of their communities. Investing in a store that engages with the local community can foster customer loyalty and drive repeat business.

In conclusion, convenience stores can offer a compelling investment opportunity due to their steady demand, essential status, 24/7 operations, and resilience during economic downturns. Additionally, strategic location, diverse product offerings, technology integration, and the potential for community engagement make convenience stores attractive for investors. However, conducting thorough market research, assessing competition, and carefully evaluating potential locations before making an investment decision is essential.

*Sources: <https://tradenetlease.com/q4-2024-net-lease-cap-rate-report/>; <https://bouldergroup.com/research.html>; <https://www.avisonyoung.us/web/netlease/insight-article/-/article/2024/02/12/c-store-report>; <https://talkbusiness.net/2025/02/the-supply-side-growth-challenges-expected-in-convenience-store-sector-in-2025/>

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2- During COVID 19, The U.S. Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) identified convenience stores as part of essential critical infrastructure. They fall under the Food and Agriculture sector, specifically "retailers that sell food and beverage products," including grocery stores, pharmacies, and similar outlets.



SPOTLIGHT ON: CAR WASHES

SEVERAL UNIQUE FACETS OF THE COVID-19 PANDEMIC ENCOURAGED EVEN FURTHER GROWTH WITH LASTING EFFECTS. NO-TOUCH CAR WASHES HAVE EARNED “ESSENTIAL BUSINESS” DESIGNATION IN A NUMBER OF MARKETS, AND RIDESHARE SERVICES LIKE UBER AND LYFT NOW REQUIRE ROUTINE PROFESSIONAL CLEANING OF VEHICLES, POTENTIALLY BOOSTING DEMAND.

- 1 **ESSENTIAL RETAIL:**³ Car washes are considered “essential” retail because vehicles need regular cleaning, regardless of economic conditions.
- 2 **STEADY REVENUE:** Unlimited wash programs and subscription models can provide predictable, recurring revenue.
- 3 **“AMAZON-PROOF”:** Car washes are less susceptible to online competition, as they offer a service that cannot be replicated online.
- 4 **HIGH ROI POTENTIAL:** Well-managed car washes can generate strong returns on investment, with some exceeding 20% annually.
- 5 **TAX ADVANTAGES:** Car washes offer significant tax benefits, including bonus depreciation, which allows owners to write off a large portion of the initial investment in the first year.
- 6 **SCALABILITY:** The car wash model can be scaled up easily, allowing investors to replicate their success across multiple locations.
- 7 **EVOLVING INDUSTRY:** The car wash industry is constantly evolving with new technologies and customer preferences, requiring investors to stay informed and adapt to changes.

FIVE ELEMENTS OF AN IDEAL CAR WASH LOCATION

<p>1</p> <p>ACCESSIBILITY</p> <p>The carwash site should be easily accessible for drivers</p>	<p>2</p> <p>HIGH TRAFFIC</p> <p>The site should be located in a high traffic area</p>	<p>3</p> <p>FEW NEARBY COMPETITORS</p> <p>Direct competitors should not be within 3 miles of your site</p>	<p>4</p> <p>DIVERSE CLIMATE</p> <p>Adverse weather conditions can boost business</p>	<p>5</p> <p>RIDESHARE VOLUME</p> <p>High volume of rideshare vehicles can benefit business</p>
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3- The North American Industry Classification System (NAICS) categorizes car washes (NAICS Code 811192) under Automotive Repair and Maintenance (NAICS Code 8111). During COVID-19, the U.S. Department of Homeland Security’s Cybersecurity and Infrastructure Security Agency (CISA) classified “Automotive Repair and Maintenance” as Essential Critical Infrastructure. Such designation was issued in the context of COVID-19 response guidance and does not constitute a guarantee of future governmental classification.

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