

## WHAT IS A SALE-LEASEBACK?

A real estate transaction in which a property owner sells their property to an investor and simultaneously leases it back. This could allow the seller to unlock the capital tied up in the real estate while continuing to occupy and operate from the property as a tenant.

## Common Property Types

Corporate  
HeadquartersIndustrial &  
Logistics FacilitiesRetail  
LocationsHealthcare  
FacilitiesDistribution  
Centers

## Why Companies Use Sale-Leasebacks

- ✔ May unlock capital from owned real estate
- ✔ May provide liquidity for business growth, acquisitions, or debt reduction
- ✔ Can allow companies to focus capital on their core business rather than property ownership
- ✔ Could convert an illiquid asset into cash while maintaining operational continuity

## Why Investors Like Sale-Leasebacks

- ✔ Typically include long-term leases with stable income
- ✔ Often backed by strong corporate tenants
- ✔ Could provide predictable cash flow due to contractual rent payments
- ✔ May lower operational responsibilities when structured as NNN leases

## Sale-Leaseback Risks

For the original property owner, risks include giving up ownership and any future appreciation of the real estate while taking on a long-term lease obligation. If business needs change, the company may face reduced flexibility and ongoing rent payments that could increase over time.

For the investor, the primary risk is tenant credit, since the investment relies on the tenant's ability to pay rent. Many sale-leasebacks are single-tenant properties, so if the tenant vacates, the owner may face vacancy, re-leasing challenges, or the need to reposition a property that was built for a specific user.

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