

NNN BUILD-TO-SUIT BUSINESS PLAN

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Ryan Solberg | March 2026 | 9 Documents

#	Document	Format	Description	Audience
1	Business Plan	Word Document	Formal 10-section business plan covering executive summary, company overview, Florida market analysis with current cap rate data, six-phase development model, representative pro forma, target markets, 3-year financial projections, risk mitigation, exit strategies, management team, and implementation timeline.	Investors, capital partners, lenders
2	Investor Pitch Deck	PowerPoint Deck	10-slide presentation summarizing the opportunity, business model, pro forma economics, tenant mix, Florida target markets, 3-year projections, risk mitigation, and competitive advantages. Designed for investor meetings and capital raising.	Investors, equity partners
3	Tenant Requirements Database	Excel Spreadsheet	34 NNN tenants across 9 categories with building size, lot size, parking, lease terms, rent bumps, lease type, cap rate ranges, credit ratings, and detailed site requirement notes. Includes a Category Summary tab and a Priority Matrix ranking tenants by ease of BTS execution, development spread, and investor demand.	Internal reference for site selection and tenant matching
4	Developer Resource Guide	Word Document	Comprehensive reference covering land sourcing platforms and tools (Crexi, UrbanFootprint, Placer.ai, FDOT traffic data), off-market sourcing strategies, site evaluation criteria, NNN construction lenders (100% LTC programs), financing terms glossary, Florida entitlement process, zoning basics, and learning resources (courses, books, podcasts, industry	Internal reference and education

			organizations).	
5	Development Process Playbook	Word Document	Step-by-step checklist covering all 8 phases of a deal: Site Identification, Tenant Procurement, Land Acquisition, Entitlements & Permitting, Financing, Construction, Lease Commencement, and Disposition. Each phase includes specific tasks, responsible parties, estimated timelines, and key documents needed. Includes a master document checklist appendix.	Internal operations — use on every deal
6	Tenant Rep Contacts & Site Submission Guide	Excel Spreadsheet	24 major NNN tenants with real estate portal URLs, contact methods, key contacts, emails, and submission notes. Includes AutoZone director contacts, O'Reilly development email, Yum! Brands portal, and more. Second tab covers 8 national tenant rep brokerage firms. Third tab is a 20-item site submission checklist with sources for each requirement.	Internal reference for tenant outreach
7	Construction Knowledge Guide	Word Document	Everything a first-time developer needs to know about building NNN properties: construction types (CBS, tilt-up, steel frame) with Florida cost ranges, GC selection and competitive bidding, GMP contracts explained, construction draw process and AIA documents, timelines by tenant type, Florida-specific considerations (hurricane codes, water table, stormwater, impact fees, rainy season), key documents checklist, and common pitfalls.	Internal education and GC management
8	Disposition & Marketing Strategy	Word Document	How to sell completed NNN properties: buyer pool breakdown (1031 exchange, HNWI, family offices, DSTs, REITs), pricing with cap rates, top NNN investment sales brokerages (Marcus & Millichap, Stan Johnson, SIG, Boulder Group, SURMOUNT), preparing the offering memorandum, marketing channels, step-by-	Internal reference for exit strategy

			step sale process, 1031 exchange coordination (45/180 day rules), and tax considerations for developers.	
9	Traffic Count Guide	Word Document	Step-by-step guide to finding free traffic count data for NNN site selection: AADT basics and tenant ADT thresholds, FDOT Florida Traffic Online walkthrough, Orange County traffic portal, other free tools (RPR, Google Maps, Google Earth, SitesUSA), site evaluation workflow combining traffic data with demographics, and a quick-reference link table for all resources.	Internal reference for site evaluation

Suggested Reading Order: Start with the Business Plan (#1) for the full strategy, then the Investor Deck (#2) for presenting to partners. Use the Tenant Requirements Database (#3) and Tenant Rep Contacts (#6) when sourcing your first deal. Follow the Development Playbook (#5) as your step-by-step guide through each project. Reference the Developer Resource Guide (#4) for tools and platforms, the Traffic Count Guide (#9) when evaluating site traffic, the Construction Guide (#7) when you break ground, and the Disposition Strategy (#8) when it's time to sell.

BUSINESS PLAN

NNN Build-to-Suit Development Company

Florida Market Focus

Prepared by Ryan Solberg

March 2026

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1. Executive Summary

This business plan outlines the formation and strategy of a Florida-based real estate development company specializing in the ground-up construction of single-tenant, triple net (NNN) leased commercial properties. The company will identify high-growth corridors across Florida, secure entitled land, execute build-to-suit developments for credit-worthy national and regional tenants, and sell the completed, income-producing assets to passive investors and 1031 exchange buyers at stabilized cap rates.

The NNN build-to-suit model is one of the most compelling strategies in commercial real estate. By controlling the development process from land acquisition through tenant placement and construction, the company captures the full development spread between all-in cost basis and market valuation at stabilized cap rates. Florida offers an ideal operating environment: no state income tax, sustained population growth, a business-friendly regulatory climate, and strong investor demand for Sun Belt assets.

Target Return Profile: The company targets a development spread of 150 to 250 basis points per project, translating to 20% to 35% profit margins on total development cost over a 12- to 18-month cycle. Projected stabilized cap rates at disposition range from 5.25% to 6.50%, depending on tenant credit quality and market.

2. Company Overview

2.1 Mission

To develop high-quality, single-tenant NNN commercial properties across Florida that deliver predictable income streams for investors while generating compelling development returns for the company and its capital partners.

2.2 Legal Structure

The parent company will be organized as a Florida limited liability company (LLC). Each development project will be held in a separate, single-purpose LLC to isolate liability and simplify investor participation. This structure allows the flexibility to bring in joint venture equity partners on a project-by-project basis while maintaining full operational control.

2.3 Competitive Advantages

- Local market expertise across Florida metro and secondary markets with deep broker and municipal relationships
- Diversified tenant pipeline spanning QSR, medical, dollar stores, auto parts, and other credit-worthy retail categories
- Vertically integrated model controlling land sourcing, entitlements, construction management, and investor disposition
- Lean cost structure with minimal overhead, enabling faster decision-making than institutional developers
- Strong understanding of 1031 exchange buyer requirements, enabling premium pricing at disposition

3. Market Analysis

3.1 Florida Market Fundamentals

Florida continues to rank among the fastest-growing states in the country, adding over 300,000 net new residents annually. This population surge drives demand for retail services, healthcare facilities, and convenience-oriented commercial properties. The state's lack of personal income tax attracts both residents and businesses, creating a self-reinforcing cycle of growth. Key metro areas including Orlando, Tampa, Jacksonville, and the I-4 corridor are experiencing rapid suburban expansion, creating prime opportunities for pad-ready NNN development.

3.2 NNN Cap Rate Environment

The NNN market experienced meaningful cap rate expansion through 2023 and 2024 as interest rates rose. Quality NNN properties that traded at 5.0% to 5.5% cap rates pre-2022 shifted to the 6.0% to 7.0% range. As of early 2026, industry forecasts anticipate cap rate compression as the Federal Reserve continues easing monetary policy and the 10-year Treasury yield trends toward the mid-3% range. This creates a favorable tailwind for developers who can deliver new product into a tightening market.

Tenant Category	Typical Cap Rate	Lease Term	Credit Profile
QSR / Fast Food	4.75% - 5.75%	15 - 20 years	Investment Grade
Medical / Urgent Care	5.50% - 6.25%	10 - 15 years	Strong Regional
Dollar General / Dollar Tree	5.75% - 6.50%	10 - 15 years	Investment Grade
Auto Parts (O'Reilly, AutoZone)	5.25% - 6.00%	15 - 20 years	Investment Grade
Convenience / Gas	5.00% - 5.75%	15 - 20 years	Strong National
Dental / Veterinary	6.00% - 6.75%	10 - 15 years	Regional/Local

3.3 Buyer Profile

The primary buyer pool for completed NNN assets consists of 1031 exchange investors seeking to defer capital gains taxes from the sale of other real estate. IPX1031 projects a 20% year-over-year increase in exchange transaction volume in 2026, driven by declining interest rates and increased real estate deal flow. These buyers prioritize passive, management-free investments with predictable income, making newly constructed NNN properties with long-term corporate leases among the most sought-after products in the market. Secondary buyers include private equity funds, family offices, and high-net-worth individuals seeking inflation-protected yield.

4. Business Model

4.1 Development Process

The company follows a disciplined, repeatable six-phase development cycle designed to minimize risk and maximize return on each project:

1. Phase 1 - Site Identification: Source land parcels in high-growth Florida corridors through broker relationships, off-market deals, and municipal planning data. Target sites with strong traffic counts, favorable zoning, and proximity to residential rooftops.
2. Phase 2 - Tenant Procurement: Engage national and regional tenant representatives to match sites with active expansion programs. Secure a Letter of Intent (LOI) and negotiate lease terms before committing to land acquisition.
3. Phase 3 - Due Diligence and Entitlements: Conduct environmental (Phase I), geotechnical, and survey work. Secure zoning approvals, site plan approval, and building permits. Negotiate land purchase agreements with contingencies tied to entitlement milestones.
4. Phase 4 - Construction: Engage qualified general contractors through competitive bidding. Manage construction timelines, budgets, and quality using guaranteed maximum price (GMP) contracts. Target 6- to 9-month build cycles for typical single-tenant retail.
5. Phase 5 - Lease Commencement and Stabilization: Deliver the completed building to the tenant, trigger lease commencement, and confirm rent payment. Obtain a certificate of occupancy and stabilize the asset for sale.
6. Phase 6 - Disposition: Market the stabilized, income-producing asset to 1031 exchange buyers, private investors, and institutional capital. Price at market cap rates to achieve the target development spread.

4.2 Revenue Model

The company generates profit from the development spread between all-in project cost and disposition value. If the total development cost for a Dollar General is \$1.85 million and the stabilized NOI of \$125,000 supports a 6.00% cap rate sale price of \$2.08 million, the gross profit is approximately \$230,000, representing a 12.4% margin. For QSR assets with tighter cap rates, the spread can be significantly larger. The company will also earn development management fees on projects involving outside equity partners, typically 3% to 5% of total project cost.

4.3 Pro Forma Example

The following illustrates a representative single-tenant build-to-suit project in a Florida secondary market:

Line Item	Amount
Land Acquisition	\$350,000
Site Work and Utilities	\$175,000
Vertical Construction (9,100 SF)	\$1,092,000

Soft Costs (Architecture, Engineering, Permits)	\$135,000
Financing Costs (Construction Loan Interest)	\$85,000
Contingency (5%)	\$92,000
Total Development Cost	\$1,929,000
Annual Base Rent (NNN)	\$130,000
Stabilized Cap Rate at Sale	6.00%
Disposition Price (NOI / Cap Rate)	\$2,166,667
Gross Development Profit	\$237,667
Profit Margin on Cost	12.3%
Annualized ROE (14-month cycle)	10.5%

5. Target Markets

The company will focus on Florida markets where population growth, commercial demand, and land availability converge to create favorable development economics. Primary target markets include:

Market	Population Growth	Key Appeal	Target Cap Rate
Orlando / Kissimmee	Strong (2%+ annually)	Tourism + population boom, I-4 corridor	5.25% - 5.75%
Tampa / Lakeland	Strong (1.8%+ annually)	Suburban expansion, I-4 east corridor	5.50% - 6.00%
Jacksonville	Moderate-Strong	Affordable land, logistics hub, military	5.75% - 6.25%
Cape Coral / Ft. Myers	Strong	SW Florida growth, post-hurricane rebuilding	5.50% - 6.00%
Ocala / The Villages	Very Strong	Retirement migration, retail underserved	6.00% - 6.50%
Port St. Lucie / Treasure Coast	Strong	Affordable SE Florida alternative	5.75% - 6.25%

6. Financial Projections

6.1 Year 1-3 Pipeline Targets

Metric	Year 1	Year 2	Year 3
Projects Completed	2	4	6 - 8
Average Project Cost	\$1.9M	\$2.1M	\$2.2M
Total Capital Deployed	\$3.8M	\$8.4M	\$14.5M
Average Profit per Project	\$235K	\$275K	\$300K
Gross Profit	\$470K	\$1.1M	\$2.0M+
Development Fee Income	\$114K	\$252K	\$435K
Overhead / G&A	(\$250K)	(\$350K)	(\$450K)
Net Profit (Est.)	\$334K	\$1.0M	\$2.0M+

6.2 Capital Requirements

The company will fund development through a combination of construction loans (typically 65% to 75% LTC) and equity. Initial equity capital of \$500,000 to \$750,000 is required to fund the first two projects, covering land deposits, predevelopment costs, and equity contributions to construction financing. As the track record develops, the company will establish joint venture relationships with equity partners to scale the pipeline without proportionally increasing personal capital at risk.

6.3 Financing Strategy

Construction loans will be sourced from regional and community banks familiar with NNN build-to-suit lending. Current NNN lease loan rates start at approximately 5.77% as of January 2026. The company will target non-recourse or limited-recourse construction financing as the portfolio and balance sheet grow. Permanent takeout financing is not required, as the strategy calls for disposition upon stabilization rather than long-term holds.

7. Risk Factors and Mitigation

Risk	Likelihood	Impact	Mitigation Strategy
Construction cost overruns	Medium	High	GMP contracts, 5% contingency, experienced GC selection
Tenant LOI falls through	Medium	High	Multiple tenant relationships, no land closing without executed lease
Interest rate increases	Low-Medium	Medium	Lock construction loan rates, accelerate project timelines

Cap rate expansion at sale	Low	Medium	Conservative underwriting at 25-50bps above current market
Entitlement / zoning delays	Medium	Medium	Pre-zoned sites preferred, experienced land-use counsel
Florida hurricane / insurance	Low	High	Builder's risk insurance, concrete tilt-up/CBS construction
Buyer demand softens	Low	Medium	Price flexibility, ability to hold and collect rent if needed

8. Exit Strategies

The primary exit for each project is a sale to a 1031 exchange buyer or passive investor at a stabilized cap rate within 30 to 90 days of lease commencement. However, the business model provides multiple fallback options:

- **Hold and collect rent:** If market conditions are unfavorable for sale, the completed asset generates predictable NNN income that covers debt service and operating costs while the company waits for a better disposition window.
- **Portfolio sale:** As the pipeline matures, the company can assemble a portfolio of two to five stabilized assets and sell as a package to institutional buyers at a portfolio premium.
- **Refinance and distribute:** The company can place permanent financing on completed assets, return investor capital, and retain long-term ownership of the income stream.
- **Company-level exit:** After establishing a track record of 10+ completed projects, the company becomes an attractive acquisition target for larger development firms or REITs seeking Florida market exposure.

9. Management and Team

Ryan Solberg will serve as Managing Member and principal of the development company, overseeing all aspects of site selection, tenant procurement, project management, and investor relations. The company will engage the following key professionals on a project basis:

- **General Contractor:** Licensed Florida commercial GC with NNN build-to-suit experience
- **Real Estate Attorney:** Florida commercial real estate and land-use counsel
- **Civil Engineer / Architect:** Site plan, permitting, and building design
- **Commercial Mortgage Broker:** Construction loan origination and placement
- **NNN Investment Sales Broker:** Disposition marketing and 1031 buyer matching

As the pipeline scales beyond four concurrent projects, the company will hire a full-time project manager and administrative coordinator.

10. Implementation Timeline

Phase	Timeline	Key Milestones
Entity Formation	Months 1-2	Form LLC, open business accounts, engage legal counsel
Build Relationships	Months 1-3	Establish GC, broker, and lender relationships; attend tenant rep conferences
First Site Selection	Months 2-4	Identify and place under contract first two target sites
First Tenant LOI	Months 3-5	Secure LOI from credit-worthy national tenant on first site
Predevelopment	Months 4-6	Complete due diligence, entitlements, and construction documents
Construction Start	Months 6-8	Close construction financing and break ground on first project
Stabilization	Months 12-16	Complete construction, commence lease, list for sale
First Disposition	Months 14-18	Sell first completed asset; recycle capital into next project

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NNN BUILD-TO-SUIT DEVELOPMENT COMPANY

Florida Market Focus | Investor Overview

Prepared by Ryan Solberg | March 2026

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THE OPPORTUNITY

300K+

Net new Florida
residents annually

20%

Projected YoY increase
in 1031 exchange volume

**6.0-
7.0%**
Current NNN cap rates
(vs. 5.0% pre-2022)

Florida's explosive growth, rising 1031 exchange activity, and expanded cap rates create the ideal window for NNN build-to-suit development.

HOW IT WORKS

Six-Phase Development Cycle

01

SITE ID

Source land in high-growth corridors

02

TENANT

Secure LOI from credit-worthy tenant

03

ENTITLE

Zoning, permits, due diligence

04

BUILD

GMP contract, 6-9 month cycle

05

STABILIZE

Lease commencement and rent collection

06

SELL

Dispose to 1031 buyers at market cap

Each project is held in a single-purpose LLC. No land closing without an executed lease. GMP contracts cap construction risk.

REPRESENTATIVE PRO FORMA

Single-Tenant Build-to-Suit | Florida Secondary Market

DEVELOPMENT COST

Land Acquisition	\$350,000
Site Work & Utilities	\$175,000
Vertical Construction (9,100 SF)	\$1,092,000
Soft Costs	\$135,000
Financing Costs	\$85,000
Contingency (5%)	\$92,000
Total Cost	\$1,929,000

RETURNS

Annual NNN Rent	\$130,000
Sale Cap Rate	6.00%
Disposition Price	\$2,166,667

\$237,667

GROSS PROFIT | 12.3% MARGIN

150-250 bps development spread | 20-35% profit margins | 12-18 month cycle

DIVERSIFIED TENANT MIX

QSR / FAST FOOD

Chick-fil-A, McDonald's,
Starbucks, Wingstop

Cap: 4.75-5.75%

Term: 15-20 yr

MEDICAL

Urgent care, dialysis,
dental offices

Cap: 5.50-6.25%

Term: 10-15 yr

DOLLAR STORES

Dollar General,
Dollar Tree

Cap: 5.75-6.50%

Term: 10-15 yr

AUTO PARTS

O'Reilly, AutoZone,
Advance Auto

Cap: 5.25-6.00%

Term: 15-20 yr

C-STORE / GAS

7-Eleven, RaceTrac,
Wawa

Cap: 5.00-5.75%

Term: 15-20 yr

SPECIALTY

Veterinary, car wash,
bank branches

Cap: 6.00-6.75%

Term: 10-15 yr

FLORIDA TARGET MARKETS

Market	Growth	Cap Rate	Key Appeal
Jacksonville	Moderate-Strong	5.75-6.25%	Affordable land, logistics hub
Orlando / Kissimmee	Strong (2%+)	5.25-5.75%	I-4 corridor, population boom
Tampa / Lakeland	Strong (1.8%+)	5.50-6.00%	Suburban expansion
Ocala / The Villages	Very Strong	6.00-6.50%	Retirement growth, underserved
Cape Coral / Ft. Myers	Strong	5.50-6.00%	SW FL growth corridor
Port St. Lucie	Strong	5.75-6.25%	Affordable SE FL alternative

Strategy: Primary metros for tighter cap rates and liquidity. Secondary markets for higher yields and lower land basis.

3-YEAR FINANCIAL PROJECTIONS

YEAR 1

2

PROJECTS

Capital Deployed

\$3.8M

Net Profit

\$334K

YEAR 2

4

PROJECTS

Capital Deployed

\$8.4M

Net Profit

\$1.0M

YEAR 3

6-8

PROJECTS

Capital Deployed

\$14.5M

Net Profit

\$2.0M+

Projections assume average project cost of ~\$2M with 12-14 month cycles. Net profit after overhead.

RISK MITIGATION

Construction Overruns

GMP contracts with 5% contingency and experienced GC vetting

Tenant LOI Falls Through

No land closing without executed lease; diversified tenant pipeline

Interest Rate Movement

Locked construction rates; underwrite at conservative cap rates

Cap Rate Expansion

Underwrite 25-50 bps above current market for downside protection

Entitlement Delays

Preference for pre-zoned sites; experienced land-use counsel

Multiple exit strategies: sell at stabilization, hold for income, portfolio sale, or refinance and distribute.

WHY THIS COMPANY

LOCAL EXPERTISE

Deep Florida market knowledge, broker and municipal relationships across metro and secondary markets

DIVERSIFIED PIPELINE

Not reliant on a single tenant category; QSR, medical, dollar, auto, and specialty tenants reduce concentration risk

VERTICALLY INTEGRATED

Control from land sourcing through disposition eliminates middlemen and maximizes the development spread

LEAN OPERATIONS

Low overhead structure enables faster decisions and lower breakeven than institutional competitors

1031 BUYER ACCESS

Deep understanding of exchange buyer needs; properties structured and priced for rapid disposition

NNN BUILD-TO-SUIT TENANT REQUIREMENTS DATABASE

Compiled March 2026 | Florida Market Focus | For Development Planning

#	Tenant	Category	Building Size (SF)	Lot Size	Parking	Lease Term	Rent Bumps	Lease Type	Cap Rate Range	Credit Rating	Key Site Requirements & Notes
QSR / FAST FOOD											
1	Chick-fil-A	QSR	5,000 - 5,200	0.75 - 1.25 acres	35 - 50	20 years	10% every 5 yrs	Absolute NNN	4.00% - 4.75%	Private (AA equiv.)	High-traffic corner with drive-thru; 35K+ ADT preferred; corporate-owned model (CFA owns/operates)
2	McDonald's	QSR	4,000 - 4,500	0.75 - 1.50 acres	40 - 60	20 years	7-10% every 5 yrs	NNN Ground Lease	4.25% - 5.25%	S&P: BBB+	Signalized intersection preferred; dual drive-thru lanes; 25K+ ADT; high visibility & access
3	Taco Bell	QSR	2,000 - 2,600	1.00 - 1.50 acres	30 - 40	20 years	10% every 5 yrs	Absolute NNN	5.00% - 5.75%	S&P: BB+ (Yum!)	Drive-thru required; corner pad preferred; 20K+ ADT; Yum! Brands corporate guarantee available
4	Popeyes	QSR	2,200 - 2,500	0.75 - 1.00 acres	25 - 35	20 - 25 years	10% every 5 yrs	Absolute NNN	5.00% - 5.75%	Franchisee varies	Drive-thru essential; strong visibility; growing rapidly in FL; verify franchisee credit strength
5	Wendy's	QSR	2,100 - 3,400	0.55 - 1.00 acres	30 - 45	20 years	10% every 5 yrs	NNN	5.00% - 5.75%	S&P: BB	Drive-thru required; signalized corner or pad site; 25K+ ADT; corporate or strong franchisee guarantee
6	Wingstop	QSR	1,500 - 2,000	0.40 - 0.75 acres	20 - 30	10 - 15 years	10% every 5 yrs	NNN	5.50% - 6.25%	S&P: B+	Endcap or freestanding; delivery-heavy model; smaller footprint; strong unit economics
7	Chipotle	Fast Casual	2,000 - 3,500	0.50 - 1.00 acres	25 - 40	15 years + options	7-12% every 5 yrs	NNN Ground Lease	4.75% - 5.50%	S&P: BBB+	Chipotlane (drive-thru) increasingly required; endcap or freestanding; high density/rooftops
8	Panera Bread	Fast Casual	4,200 - 4,800	1.00 - 1.50 acres	40 - 55	15 years + options	5-10% every 5 yrs	NNN	5.25% - 6.00%	Private (JAB Holdings)	Pad site or endcap; drive-thru preferred; strong breakfast/lunch traffic location
COFFEE / BEVERAGE											
9	Starbucks	Coffee	1,500 - 2,200	0.50 - 1.00 acres	20 - 30	10 - 15 years	10% every 5 yrs	NNN	4.75% - 5.50%	S&P: BBB+	Drive-thru essential for NNN; corner with morning traffic; 25K+ ADT; 1,800 SF prototype most common
10	Dutch Bros	Coffee	375 - 1,000	0.40 - 0.60 acres	10 - 15	15 years	10% every 5 yrs	Absolute NNN	4.50% - 5.25%	S&P: B	Drive-thru only (no lobby); extremely small footprint (~950 SF new prototype); dual-lane drive-thru; high-traffic pad
DOLLAR / DISCOUNT											
11	Dollar General	Dollar/Discount	9,100 - 10,640	1.00 - 1.50 acres	30 - 36	15 years	10% every 5 yrs	Absolute NNN	5.75% - 6.50%	S&P: BBB	Rural & suburban; 1 acre min; 30+ parking spaces; high-volume BTS program; targets underserved areas
12	Dollar Tree	Dollar/Discount	8,000 - 12,000	Typically in-line	Shared lot	10 - 15 years	Varies	NNN (NN in some)	5.50% - 6.25%	S&P: BBB-	Shopping center endcap or in-line preferred; co-tenancy with grocer; less common as freestanding BTS
13	Family Dollar	Dollar/Discount	6,000 - 8,000	0.75 - 1.25 acres	25 - 35	15 years	10% yr 10 or every 5	Absolute NNN	6.00% - 6.75%	S&P: BBB- (Dollar Tree)	BTS program active; similar to DG but smaller footprint; 15-yr absolute NNN on new construction
AUTO PARTS / AUTOMOTIVE											

14	AutoZone	Auto Parts	6,500 - 8,000	0.75 - 1.25 acres	25 - 50	15 - 20 years	Varies	NNN	5.25% - 6.00%	S&P: BBB	High-visibility freestanding; major road frontage; 60'+ frontage min; drive aisle access on two sides preferred
15	O'Reilly Auto Parts	Auto Parts	6,800 - 7,225	0.70 - 0.80 acres	30 - 40	15 - 20 years	Varies	NNN	5.25% - 6.00%	S&P: BBB	30K-35K SF lot; 60'+ frontage; BTS/ground lease/building lease considered; high-impact visibility required
16	Advance Auto Parts	Auto Parts	6,000 - 7,000	0.75 - 1.25 acres	25 - 40	15 years	Varies	NN (roof/structure)	5.75% - 6.50%	S&P: BBB-	Rectangular building; strong road frontage; NN lease (landlord responsible for roof & structure)
17	Take 5 Oil Change	Auto Service	1,400 - 1,600	0.50 - 0.65 acres	8 - 12	15 years	10% every 5 yrs	Absolute NNN	5.50% - 6.25%	Private (Driven Brands)	Drive-thru oil change model; small footprint; outparcel or pad site; growing rapidly in SE US
18	Take 5 Car Wash	Auto Service	5,500 - 6,500	1.00 - 1.25 acres	15 - 25	20 years	10% every 5 yrs	Absolute NNN	5.25% - 6.00%	Private (Driven Brands)	Tunnel car wash; requires good ingress/egress; water/sewer capacity critical; high-traffic road
PHARMACY											
19	Walgreens	Pharmacy	10,800 - 15,000	1.50 - 2.00 acres	50+	25 years	Varies	Absolute NNN	6.00% - 7.00%	S&P: BBB- (WBA)	Hard corner at signalized intersection; drive-thru pharmacy; 60K SF lot min; two main streets with strong ADT; NOTE: recent credit downgrades, verify current rating
20	CVS	Pharmacy	8,000 - 15,000	1.25 - 2.00 acres	45 - 60	20 - 25 years	5-10% every 5 yrs	Absolute NNN	5.50% - 6.50%	S&P: BBB (CVS Health)	Signalized corner; drive-thru pharmacy; strong demographics; corporate guarantee (CVS Health)
CONVENIENCE / GAS											
21	7-Eleven	C-Store	1,000 - 2,500	0.80 - 1.00 acres	15 - 25	15 - 20 years	7.5-10% every 5 yrs	NNN	5.00% - 5.75%	Private (strong)	25K+ ADT; corner preferred; can be with or without fuel; corporate guarantee; prototype expanding
22	Wawa	C-Store + Gas	2,800 - 6,300	2.00 - 2.50 acres	30 - 50	20 years	Varies	Absolute NNN	4.50% - 5.50%	Private (very strong)	Large format with fuel; major intersection; 2+ acres required; robust food service; expanding aggressively in FL
23	RaceTrac	C-Store + Gas	5,000 - 5,500	1.70 - 4.40 acres	30 - 50	20 years	Varies	Absolute NNN	4.75% - 5.50%	Private (strong)	20-24 fuel positions; large canopy; major road intersection; FL-headquartered; 5K+ SF store with food service
MEDICAL / HEALTHCARE											
24	DaVita Dialysis	Dialysis	8,000 - 12,000	0.75 - 1.50 acres	25 - 40	10 - 20 years	5-10% every 5 yrs	NNN	6.00% - 6.75%	S&P: BB+	Specialized plumbing/water; high power capacity; ADA compliant; sticky tenant (expensive to relocate)
25	Fresenius Dialysis	Dialysis	8,000 - 11,000	0.75 - 1.50 acres	25 - 40	10 - 15 years	Varies	NNN	6.00% - 6.75%	S&P: BBB-	Similar to DaVita requirements; water supply critical; specialized build-out; long-term occupancy typical
26	Urgent Care (various)	Urgent Care	2,500 - 4,000	0.50 - 1.00 acres	20 - 30	10 - 15 years	2-3% annual	NNN	6.00% - 7.00%	Varies by operator	High visibility & signage; retail-adjacent locations; ADA compliant; verify operator credit & # of locations
27	Dental (various)	Dental	1,400 - 3,000	0.30 - 0.75 acres	10 - 20	10 - 15 years	2-3% annual	NNN	6.25% - 7.25%	Varies by operator	Specialized plumbing & ventilation; patient privacy layout; retail-adjacent preferred; verify operator strength
28	Veterinary (various)	Veterinary	2,000 - 5,000	0.50 - 1.00 acres	15 - 25	10 - 15 years	2-3% annual	NNN	6.00% - 7.00%	Varies by operator	Separate entrances possible; kennel space; surgical suites; specialized HVAC; sticky tenant
GROCERY											

29	Aldi	Grocery	17,000 - 22,000	2.00 - 3.00 acres	80 - 120	15 - 20 years	5-10% every 5 yrs	Absolute NNN	5.25% - 6.00%	Private (very strong)	Freestanding or anchor pad; large lot; strong demographics; Aldi Corp guarantee; expanding aggressively in FL
BANKING											
30	Chase Bank	Bank Branch	2,600 - 4,800	0.65 - 1.00 acres	20 - 30	15 - 20 years	Varies	NNN Ground Lease	4.50% - 5.25%	S&P: A+ (JPM)	Signalized hard corner; 7 different prototypes; prefers to own improvements on ground lease; drive-thru required

NNN TENANT CATEGORY SUMMARY

Category	Typical Bldg Size	Typical Lot Size	Avg Lease Term	Cap Rate Range	Typical Lease Type	Credit Quality	Development Notes
QSR / Fast Food	2,000 - 5,200 SF	0.55 - 1.50 acres	15 - 20 years	4.00% - 5.75%	Absolute NNN / GL	Strong to IG	Drive-thru required; best cap rates; strong 1031 demand; corporate guarantees available
Coffee / Beverage	375 - 2,200 SF	0.40 - 1.00 acres	10 - 15 years	4.50% - 5.50%	NNN / Absolute NNN	Moderate to IG	Smallest footprints; drive-thru essential; low land cost per project; Dutch Bros extremely compact
Dollar / Discount	6,000 - 12,000 SF	0.75 - 1.50 acres	10 - 15 years	5.50% - 6.75%	Absolute NNN	Investment Grade	Active BTS programs; rural/suburban; straightforward construction; DG is most active BTS partner
Auto Parts / Service	1,400 - 8,000 SF	0.50 - 1.25 acres	15 - 20 years	5.25% - 6.50%	NNN / NN	Moderate to IG	High visibility required; simple box construction; Advance is NN (landlord roof/structure); Take 5 growing fast
Pharmacy	8,000 - 15,000 SF	1.25 - 2.00 acres	20 - 25 years	5.50% - 7.00%	Absolute NNN	Investment Grade	Largest retail footprint; signalized corners; long lease terms; Walgreens credit watch - verify current rating
Convenience / Gas	1,000 - 6,300 SF	0.80 - 4.40 acres	15 - 20 years	4.50% - 5.75%	Absolute NNN	Strong Private	Fuel infrastructure required for gas models; highest land requirement; Wawa/RaceTrac premium brands in FL
Medical / Healthcare	1,400 - 12,000 SF	0.30 - 1.50 acres	10 - 20 years	6.00% - 7.25%	NNN	Varies widely	Specialized build-out (plumbing, HVAC); sticky tenants; higher cap rates; verify operator credit carefully
Grocery (Aldi)	17,000 - 22,000 SF	2.00 - 3.00 acres	15 - 20 years	5.25% - 6.00%	Absolute NNN	Very Strong Private	Largest footprint; most land required; strong corporate guarantee; aggressive FL expansion
Banking	2,600 - 4,800 SF	0.65 - 1.00 acres	15 - 20 years	4.50% - 5.25%	NNN Ground Lease	Investment Grade	Tightest cap rates; signalized corners; Chase prefers ground lease (owns improvements); very low risk

BUILD-TO-SUIT PRIORITY MATRIX FOR FLORIDA

Ranked by ease of execution, development spread, and investor demand

Tenant	Ease of BTS	Dev. Spread	Investor Demand	FL Expansion	Priority Score	Rationale
Dollar General	HIGH	MEDIUM	HIGH	HIGH	9/10	Most active BTS program nationally; straightforward construction; strong 1031 demand; rural FL markets underserved
Chick-fil-A	LOW	HIGH	VERY HIGH	HIGH	8/10	Best cap rates but CFA controls site selection tightly; if you can land a deal, highest exit premium
Starbucks	MEDIUM	HIGH	VERY HIGH	HIGH	8/10	Strong investor demand; relatively small/cheap to build; drive-thru prototype highly sought after
Chipotle	MEDIUM	HIGH	HIGH	HIGH	8/10	Chipotlane expanding rapidly; strong corporate credit; smaller footprint keeps costs down
O'Reilly Auto Parts	HIGH	MEDIUM	HIGH	MEDIUM	8/10	Accepts BTS proposals directly; simple construction; stable demand; strong credit
AutoZone	HIGH	MEDIUM	HIGH	MEDIUM	8/10	Similar to O'Reilly; proven BTS model; investment grade credit; consistent demand
Taco Bell	MEDIUM	MEDIUM	HIGH	HIGH	7/10	Yum! Brands guarantee available; active expansion in FL; moderate construction cost
Take 5 Oil Change	HIGH	MEDIUM	MEDIUM	HIGH	7/10	Tiny footprint = low cost; Driven Brands backing; 15-yr term; growing aggressively in SE
Dutch Bros	MEDIUM	HIGH	HIGH	HIGH	7/10	Smallest footprint in portfolio; entering FL market aggressively; very tight cap rates at sale
Wawa	LOW	HIGH	HIGH	HIGH	7/10	Premium brand in FL; aggressive expansion; complex site (fuel); Wawa typically self-develops
DaVita Dialysis	MEDIUM	MEDIUM	MEDIUM	MEDIUM	6/10	Specialized build-out; sticky tenant; higher cap rates offset by lower investor demand

Family Dollar	HIGH	LOW-MED	MEDIUM	MEDIUM	6/10	Active BTS like DG but weaker store performance recently; Dollar Tree merger creates uncertainty
Walgreens	LOW	LOW	LOW-MED	LOW	4/10	Credit downgrades; store closures; avoid unless deeply discounted land or exceptional terms

NNN BUILD-TO-SUIT

Developer Resource Guide

Finding Land | Financing | Entitlements | Learning Resources

Compiled for Ryan Solberg

March 2026

1. Finding Land for NNN Build-to-Suit

Land sourcing is the foundation of every NNN development deal. The best developers use a combination of technology platforms, broker relationships, and proactive market monitoring to build a consistent pipeline of viable sites.

1.1 Online Land & Site Search Platforms

These platforms let you search for available commercial land parcels, filter by zoning, size, and price, and identify sites that match tenant requirements:

Platform	What It Does	Best For	URL
Crexi	Commercial real estate marketplace with land, retail pads, and investment properties	Browsing listed land parcels and marketed pads in FL	crexi.com
LoopNet	Largest CRE listing site; land, retail, and investment properties	Wide exposure to listed commercial land	loopnet.com
LandWatch	Dedicated land marketplace; filters for commercial/industrial zoned parcels	Finding raw land in rural and suburban FL markets	landwatch.com
Land.com	Land-focused marketplace with acreage and commercial land listings	Larger parcels in secondary and rural FL markets	land.com
CREXi / Ten-X	Auction and direct sale platform for commercial properties and land	Off-market and distressed land opportunities	ten-x.com

1.2 Site Selection & Demographics Tools

These tools go beyond listings to help you analyze whether a parcel actually works for a given tenant based on traffic, demographics, zoning, and feasibility:

Tool	What It Does	Cost	URL
UrbanFootprint	Site suitability scoring with land use, zoning, demographics, and environmental data nationwide	Paid (enterprise)	urbanfootprint.com
TestFit	Real-time site feasibility testing; auto-generates building layouts on parcels	Paid (per seat)	testfit.io
Placer.ai	Foot traffic analytics; see how many people visit a location and where they come from	Paid (tiered)	placer.ai
ESRI / ArcGIS	Industry-standard GIS mapping with demographics, trade areas, and traffic data	Paid (per seat)	esri.com

Regrid (Loveland)	Nationwide parcel data with ownership, zoning, and lot dimensions	Free tier + paid	regrid.com
Google Earth Pro	Free satellite imagery, measurement tools, and terrain analysis for site visits	Free	earth.google.com
FL Dept. of Transportation	Official Florida traffic count data (AADT) for every state and county road	Free	fdot.gov

1.3 Off-Market Land Sourcing Strategies

Listed land is competitive and often overpriced. The best NNN developers source the majority of their sites off-market through these strategies:

1. Build relationships with 2-3 commercial land brokers in each target market who can bring you pocket listings before they hit the MLS or Crexi.
2. Monitor municipal planning commission and zoning board agendas in your target cities. When land is rezoned to commercial, the owner may be open to selling to a developer who can move quickly.
3. Use county property appraiser websites to identify vacant commercially-zoned land, then contact owners directly via mail or phone.
4. Attend ICSC (International Council of Shopping Centers) events and NAIOP Florida chapter meetings to network with tenant reps who know which tenants are actively seeking sites in your markets.
5. Subscribe to tenant expansion requirement lists published by brokerages like CBRE, JLL, and Cushman & Wakefield. These tell you exactly which tenants need sites, where, and what specs they require.
6. Watch for expired listings on Crexi/LoopNet. Land that sat on the market for 6+ months may have a motivated seller willing to negotiate favorable terms.
7. Drive target corridors regularly. Look for vacant corner pads, cleared parcels, and "for sale" signs that may not be listed online.

1.4 What to Look for in a Site

Before putting a site under contract, evaluate it against these criteria. The best NNN BTS sites check most or all of these boxes:

Criteria	What to Look For	Why It Matters
Zoning	Already zoned C-2 (General Commercial) or equivalent; use permitted by right	Avoids 3-6 month rezoning risk and public hearing uncertainty
Traffic Count (ADT)	20,000+ average daily trips on the frontage road; 30K+ for QSR tenants	Tenants require minimum traffic thresholds; higher ADT = more tenant interest
Lot Size	Match to tenant requirements (see	Too small kills the deal; too large

	Tenant Requirements Database spreadsheet)	increases basis unnecessarily
Access & Visibility	Direct access from main road; corner lot preferred; no obstructed sightlines	Tenants reject sites they can't see from the road or access easily
Utilities	Water, sewer, electric, and gas available at or near the property line	Bringing utilities to a site can cost \$50K-\$200K+ and delay the project months
Environmental	No wetlands, flood zones, brownfield contamination, or protected species habitat	Environmental issues can kill a deal or add \$100K+ in remediation costs
Competition	Limited direct competition within 3-5 mile trade area for your target tenant type	Tenants won't sign if a competitor already serves the trade area
Demographics	Growing population within 3-mile radius; household income aligned with tenant	Dollar General targets rural/lower income; Starbucks targets higher income/density
Price / Basis	Land cost that supports the pro forma at conservative cap rate assumptions	If land is too expensive, the development spread disappears

2. Financing Land & Construction

NNN build-to-suit development benefits from a unique financing advantage: because you have an executed lease from a credit tenant before breaking ground, lenders view these projects as very low risk. This opens the door to aggressive loan terms, including programs that cover up to 100% of total project cost.

2.1 Financing Structure Overview

A typical NNN BTS project is financed in one of two ways:

Option A — Traditional Construction Loan (65-75% LTC): A regional or community bank provides a construction loan covering 65-75% of total project cost (land + hard costs + soft costs). You bring the remaining 25-35% as equity, either from your own capital or from a JV equity partner. This is the most common path for your first 1-2 deals when you don't yet have a track record.

Option B — 100% LTC Specialty Lender: Once you have an executed lease from a credit-rated tenant and approved building permits, specialty NNN lenders will fund up to 100% of total project cost, including land acquisition, hard costs, and soft costs. Some even reimburse legitimate predevelopment expenses. You don't need to own the land — you just need it under contract.

2.2 NNN Construction Loan Requirements

Regardless of which path you take, lenders will require:

- Executed long-term lease (10-20 years) from a credit-worthy tenant with a corporate or franchisee guarantee
- Approved building permits (or at minimum, site plan approval in progress)
- Phase I environmental report, survey, and geotechnical report
- Complete construction budget with GMP or fixed-price contract from a licensed GC
- Appraisal showing stabilized value exceeds loan amount
- Developer resume / track record (for first deals, your GC's track record can help)
- Personal guarantee (for early deals; non-recourse becomes available as you scale)

2.3 Specialty NNN Construction Lenders

These lenders specialize in NNN build-to-suit financing and understand the asset class:

Lender	Program Highlights	URL
Revolution Realty Capital	Up to 100% LTC; covers land, hard costs, soft costs; 2-year term + 1-year extension	revcaplending.com
Caffrey & Company	100% construction financing for NNN properties; national lending platform	caffreyloans.com
NASB (North American Savings Bank)	Commercial construction loans for build-to-suit NNN; competitive rates	nasb.com

Envoy Net Lease Partners	Full-service NNN capital solutions; construction, bridge, and permanent financing	envoynnn.com
Paramount Specialty Finance	Dedicated NNN platform; construction through stabilization financing	paramountfin.com
Bonvenu Bank	Triple net lease lending; construction and permanent loans	bonvenubank.com
C2R Capital	NNN construction and bridge loans; focus on single-tenant retail	c2rcapital.com

2.4 Key Financing Terms to Know

Term	Definition
LTC (Loan-to-Cost)	Loan amount as a percentage of total development cost. 75% LTC means the lender covers 75% and you bring 25%.
LTV (Loan-to-Value)	Loan amount as a percentage of the appraised stabilized value. Usually 65-75% for construction.
Interest Reserve	A portion of the loan set aside to cover interest payments during construction so you don't make monthly payments out of pocket.
GMP (Guaranteed Maximum Price)	A construction contract where the GC guarantees the project won't exceed a set price. Lenders strongly prefer this.
Draw Schedule	The timeline for disbursing loan funds as construction milestones are completed (foundation, framing, dry-in, finish, CO).
Recourse vs. Non-Recourse	Recourse means you personally guarantee the loan. Non-recourse limits lender recovery to the property itself. Expect recourse on early deals.
Takeout / Exit	How you repay the construction loan. For NNN BTS, the takeout is typically the sale of the stabilized asset to an investor.
Mezzanine / Preferred Equity	Subordinate capital that fills the gap between your senior loan and your equity. Costs more (10-15% return) but reduces your cash at risk.

3. Entitling Land for Development in Florida

Entitlement is the process of obtaining government approvals to build on a piece of land. In Florida, zoning and land use decisions are made at the county or city level under the framework of the state's comprehensive planning laws. Understanding this process is critical because entitlement risk is one of the biggest variables in your development timeline and budget.

3.1 Florida Zoning Basics

Every parcel in Florida has two designations that control what you can build on it:

Future Land Use (FLU): Set by the county or city comprehensive plan, this is the broad category (e.g., Commercial, Residential, Mixed Use). Changing the FLU is a comprehensive plan amendment, which is the most difficult and time-consuming entitlement path (6-12+ months).

Zoning District: The specific zoning code applied to the parcel (e.g., C-1, C-2, PUD). This determines what uses are permitted by right, what requires a special exception, and what development standards apply (setbacks, height, parking ratios, landscaping). Rezoning is faster than a comp plan amendment but still requires public hearings (3-6 months).

3.2 Common Florida Commercial Zoning Districts

Zoning Code	Name	Typical Uses Permitted	NNN BTS Fit
C-1	Neighborhood Commercial	Small retail, office, personal services; often limited to 5,000-10,000 SF	Limited — works for small coffee, oil change, dental
C-2	General Commercial	Retail, restaurants, auto service, banks, medical, most commercial uses	Best fit — most NNN tenants permitted by right
C-3	Heavy / Highway Commercial	Auto dealers, large retail, warehousing, outdoor sales	Works for larger format (car wash, C-store/gas)
PUD	Planned Unit Development	Custom zoning with negotiated uses and standards	Depends on PUD conditions; check development order carefully
MU / MXD	Mixed Use	Combination of commercial, residential, and office	May work; verify retail/restaurant uses are permitted

Pro tip: Always target parcels already zoned C-2 or equivalent where your intended use is permitted by right. This eliminates rezoning risk entirely and can save you 3-6 months.

3.3 The Entitlement Process (Step by Step)

For a typical freestanding NNN retail pad on a commercially-zoned parcel in Florida, the entitlement process looks like this:

8. **Step 1 — Zoning Verification:** Confirm the parcel's FLU designation and zoning district with the local planning department. Verify that your intended use (e.g., restaurant with drive-thru, retail store, medical office) is permitted by right or requires a special exception/conditional use.
9. **Step 2 — Pre-Application Meeting:** Most Florida municipalities offer (or require) a pre-application conference where you meet with planning staff to discuss your project concept, identify any code issues, and understand the review timeline. This meeting is free and invaluable.
10. **Step 3 — Site Plan Preparation:** Engage a civil engineer to prepare a site plan showing building footprint, parking layout, access points, stormwater management, landscaping, lighting, and signage. This plan must comply with the local development code.
11. **Step 4 — Site Plan Submittal & Review:** Submit the site plan to the local development review department. Staff will review for compliance with zoning, building code, fire code, stormwater, transportation/traffic, and utility requirements. Expect 2-4 rounds of comments over 4-8 weeks.
12. **Step 5 — Public Hearing (if required):** If your project requires a special exception, conditional use, or variance (e.g., drive-thru in certain zones, reduced setback), you'll need to attend a public hearing before the planning board or commission. Neighbors may attend and comment.
13. **Step 6 — Site Plan Approval:** Once all comments are addressed and any public hearings are complete, the site plan is approved. This is your green light to submit for building permits.
14. **Step 7 — Building Permit:** Submit construction documents (architectural, structural, MEP) to the building department. Plan review takes 2-6 weeks depending on jurisdiction. Once approved, you can break ground.

3.4 Entitlement Timeline (Realistic Estimates)

Scenario	Timeline	Key Variables
Already zoned C-2, use permitted by right	8 - 14 weeks	Site plan review speed; comment response time; permit processing
Needs special exception / conditional use	12 - 24 weeks	Public hearing schedule (often monthly); neighbor opposition; conditions imposed
Needs rezoning (e.g., residential to commercial)	16 - 36 weeks	Planning board + commission approval; 2 public hearings min; political dynamics
Needs comp plan amendment + rezoning	6 - 12+ months	State review required for large-scale amendments; most expensive and risky path

3.5 Key Professionals You Need for Entitlements

- **Civil Engineer:** Prepares the site plan, stormwater design, and utility plans. This is your most important entitlement hire. Get someone who works regularly with your target municipality.

- **Land Use Attorney:** Represents you at public hearings, negotiates with planning staff on variances or conditions, and handles any legal challenges. Essential if rezoning is required.
- **Traffic Engineer:** Required if the municipality demands a traffic impact study (common for drive-thru restaurants or sites on busy roads). The study assesses whether your project will trigger road improvements.
- **Environmental Consultant:** Conducts Phase I Environmental Site Assessment (required by lenders). If the Phase I flags potential issues, a Phase II with soil/groundwater testing may follow.
- **Surveyor:** Provides boundary survey, topographic survey, and any required ALTA survey for the lender. You'll need this before your civil engineer can start the site plan.

3.6 Common Entitlement Pitfalls to Avoid

- **Assuming zoning allows your use without verifying:** Always read the actual zoning code, not just the zoning label. A C-2 zone in one city may not permit drive-thrus, while a C-1 in another might.
- **Ignoring stormwater requirements:** Florida's flat terrain and high water table make stormwater management a major cost and design constraint. Budget \$50K-\$150K+ for retention ponds or underground systems.
- **Underestimating concurrency / impact fees:** Many Florida counties charge transportation impact fees, school impact fees, and utility connection fees that can total \$25K-\$75K+ per project.
- **Closing on land before entitlements are secured:** Always structure your land purchase contract with entitlement contingencies that let you walk away if approvals aren't obtained.
- **Not attending the pre-application meeting:** This free meeting with planning staff will save you weeks of wasted effort and thousands in redesign costs.

4. Learning Resources

4.1 Courses & Certifications

These programs teach the commercial real estate development process from feasibility through disposition:

Program	Provider	Format	Best For
Certificate of Advanced Study in CRE Development	NAIOP	4 courses (in-person + online)	The industry gold standard; covers full development cycle
Real Estate Development: Building Development	CCIM Institute	Multi-day course	Financially-oriented; good for underwriting and deal analysis
Commercial Real Estate Development	MIT Professional Education	3-day intensive	Risk assessment, capital markets, and development frameworks
Intro to Commercial Real Estate Development	Cornell (eCornell)	Online, self-paced	Good online intro; covers feasibility, zoning, finance basics
Commercial Real Estate Certificate	UCLA Extension	Multi-course certificate	Comprehensive West Coast program; development + investment

4.2 Books

These are the most recommended books for someone starting in ground-up commercial development:

- "The Complete Guide to Developing Commercial Real Estate" by Robert Wehrmeyer — Written for first-time developers by an attorney/developer. Covers the full process in plain language. Best starting point.
- "Real Estate Development: Principles and Process" by Miles, Netherton & Schmitz — The academic gold standard. Used in university programs. Covers every stage from concept through asset management.
- "Your Little Black Book of Building Basics" by Jeff Manning — Practical construction management reference. Great for understanding the build process if you don't have a construction background.
- "Real Estate Finance and Investments" by Brueggeman & Fisher — The finance bible. Covers construction loans, cap rates, DCF analysis, and deal structuring in depth.
- "The Real Estate Game" by William Poorvu (Harvard) — Timeless classic on real estate analysis and decision-making. Readable and practical.

- "Crushing It in Apartments and Commercial Real Estate" by Brian Murray — Murray's journey from teacher to CRE CEO. More motivational/practical than technical, but good for mindset.

4.3 Podcasts

Subscribe to these for ongoing education on NNN investing and CRE development:

- The Commercial Real Estate Investor Podcast (Tyler Cauble) — Specific episodes on underwriting NNN investments, build-to-suit deals, and development strategy. Most directly relevant.
- Commercial Real Estate Secrets (Aviva Sonenreich) — NNN-focused content on tenant selection, absolute net lease strategy, and why investors shift to NNN from other asset classes.
- America's Commercial Real Estate Show (Michael Bull) — The longest-running CRE broadcast. Broad market coverage with regular development-focused episodes.
- Best Real Estate Investing Advice Ever (Joe Fairless) — 2,000+ episodes including many on ground-up development, capital raising, and commercial deal structuring.
- The Real Estate Guys Radio Show — Running since 1997. Monthly episodes covering REITs, development, market cycles, and investment strategy.

4.4 Industry Organizations & Networking

These organizations connect you with developers, tenant reps, brokers, and lenders in the NNN space:

- [NAIOP Florida Chapters](#) — Commercial real estate development association; local Florida chapters host events, education, and networking
- [ICSC \(International Council of Shopping Centers\)](#) — The go-to organization for retail real estate; annual conferences where tenant reps and developers meet
- [CCIM Institute](#) — Certified Commercial Investment Member designation; education + networking for CRE professionals
- [ULI \(Urban Land Institute\)](#) — Land use and development research and networking; Florida district council is active
- [Florida Realtors Commercial Alliance](#) — State-level commercial real estate networking and advocacy

NNN Build-to-Suit Development Process

Playbook & Comprehensive Checklist

For Ryan Solberg | Florida-Based Developer

Document prepared for NNN property development and investor sales

Introduction

This playbook provides a comprehensive, step-by-step process for developing Net-Lease (NNN) properties from site identification through investor sale. Each phase includes detailed checklists, responsible parties, estimated timelines, and key documents required for successful deal execution.

The NNN property development process typically spans 18-36 months from initial site identification to investor closeout, depending on entitlements complexity, tenant type, and market conditions. This guide ensures no critical steps are missed and all stakeholders remain aligned throughout the development cycle.

Phase 1: Site Identification & Screening

The foundation of a successful NNN development begins with rigorous site identification and screening. This phase typically spans 4-12 weeks and focuses on identifying prime retail corridors with strong demographics, visibility, and traffic patterns. The goal is to secure a site that will attract credit-worthy national/regional tenants and deliver strong returns to future investors.

Objectives

- Identify target corridors meeting tenant and investor criteria
- Verify traffic, zoning, and demographic suitability
- Analyze market conditions and comparable sales
- Confirm site viability before pursuing land acquisition

Key Checklist Items

Item	Responsible Party	Timeline	Key Documents
Identify target corridors (retail corridors, density metrics)	Developer/Broker	Ongoing	Market analysis, corridor maps
Conduct traffic count verification (FDOT database)	Developer/Broker	1-2 weeks	FDOT traffic counts, counts validation
Verify zoning classification and permitted uses	Legal/Broker	1 week	Zoning letter, city zoning map, use verification
Analyze demographics (income, population density, competition)	Broker/Market Analyst	1-2 weeks	Demographic report, competitor analysis
Conduct preliminary site inspection (visibility, access, topography)	Developer	1 day	Site photos, inspection notes
Compile comparable sales analysis (3-5 recent NNN sales)	Appraiser/Broker	2-3 weeks	Comp analysis report, sale documents

Critical Notes

Traffic counts must be current (within 12 months) from FDOT or equivalent traffic authority. Dated counts significantly weaken both tenant recruitment and investment appeal.

Demographic analysis should include 1-3 mile radius population, income levels, age distribution, and existing competitive options. Use CoStar, ESRI, or SiteSelection data.

Comparable sales should be recent (within 12 months) and include similar property types, tenant credits, and lease structures to establish realistic investment returns (typically 5.5-7.5% cap rates for NNN).

Phase 2: Tenant Procurement

Securing a creditworthy tenant is critical to project viability and investor appeal. This phase involves engaging professional tenant representation, submitting the site to national tenant expansion teams, and negotiating lease terms. This phase typically spans 8-16 weeks from initial tenant outreach to LOI execution.

Objectives

Engage qualified tenant representation broker

Submit property to appropriate tenant expansion networks

Secure Letter of Intent (LOI) from creditworthy tenant

Negotiate favorable lease economics and terms

Key Checklist Items

Item	Responsible Party	Timeline	Key Documents
Identify and engage tenant representation company	Developer/Broker	1-2 weeks	Tenant rep engagement letter
Prepare tenant submission materials (site plan, demographics, visibility)	Developer	1 week	Submission package, site photos, traffic data
Submit sites to national/regional tenant expansion teams	Tenant Rep	2-4 weeks	Submission confirmations, broker emails
Receive and evaluate LOI from interested tenant	Developer/Legal	4-8 weeks	LOI, term sheet, tenant requirements
Negotiate rent, rent bumps, term, renewal options, exclusives	Legal/Developer	2-4 weeks	Marked-up LOI, negotiation notes, final LOI
Negotiate tenant improvement allowance and landlord responsibilities	Legal/Developer	1-2 weeks	TI schedule, budget, work letter draft

Critical Lease Terms to Negotiate

- Base Rent: Typically \$18-35/SF NNN depending on tenant type, location, and market. Negotiate escalations (e.g., 2-3% annually or fixed step-ups).
- Rent Bumps: Structure multi-year escalations (e.g., Years 1-5 flat, Years 6-10 at 2% annual increase). NNN investors value predictable rent growth.

- Lease Term: Typically 10-15 years for NNN. Longer terms (15+ years) with renewal options attract conservative institutional investors.
- Renewal Options: Secure 2-3 renewal options (5 years each) at market rent. Critical for investor exit strategies and portfolio hold periods.
- Exclusive Use Clauses: Define exclusives narrowly (e.g., only new-car auto dealer, not all auto dealerships). Overly broad exclusives kill future co-tenancy potential.
- Tenant Improvement (TI) Allowance: Budget \$20-40/SF TI depending on property condition and tenant requirements. Clarify tenant responsibilities for design, permitting, and project management.
- Subleasing Rights: Restrict subleasing and assignments without landlord approval. Require profit-sharing (landlord receives 50%+ of profit on assignment/sublet).

Phase 3: Land Acquisition

With a tenant LOI in place, acquisition moves forward. This phase involves negotiating and executing a Purchase and Sale Agreement, securing title and survey, and conducting environmental and feasibility review. This phase typically spans 8-12 weeks.

Objectives

Negotiate competitive land purchase price

Execute PSA with appropriate contingencies and deadlines

Verify clean title and obtain survey

Conduct Phase I ESA and feasibility verification

Key Checklist Items

Item	Responsible Party	Timeline	Key Documents
Identify and negotiate with seller/property owner	Developer/Broker	2-6 weeks	Broker opinion of value, offer letter
Execute Purchase and Sale Agreement with key contingencies	Legal/Developer	1-2 weeks	PSA, contingency conditions
Establish earnest money (typically 1-2% of purchase price)	Developer	1 day	Earnest money check, escrow agreement
Order title insurance commitment and survey	Title Company/Survey or	3-4 weeks	Title commitment, preliminary title report, survey
Commission Phase I Environmental Site Assessment	Environmental Consultant	3-4 weeks	Phase I ESA report
Conduct feasibility review and due diligence	Developer	2-4 weeks	Due diligence summary, feasibility memo

PSA Key Terms

- Purchase Price: Typically capitalized at buyer yield (e.g., land cost ÷ stabilized NOI ÷ target cap rate). Land often represents 15-30% of total project cost.
- Earnest Money: 1-2% of purchase price, held in escrow. Non-refundable except for seller breach or title defects.
- Contingencies: Zoning, Phase I ESA (acceptable results), lender approval, tenant LOI execution. Build 60-90 day contingency periods.

- Closing Timeline: 45-60 days typical. Coordinate with tenant lease execution and lender approval timeline.
- Seller Carry: If possible, negotiate seller financing for 10-15% of purchase price to improve cash position and lender comfort.

Phase 4: Entitlements & Permitting

This phase involves securing all municipal approvals for site development. Complexity varies widely based on local regulations, zoning requirements, and whether variances or rezoning are needed. This phase typically spans 12-24 weeks, sometimes longer for complex approvals.

Objectives

- Conduct pre-application coordination with municipal staff
- Prepare and submit civil engineering plans
- Design and engineer stormwater management
- Prepare traffic studies (if required)
- Navigate public hearings for rezoning/variances
- Obtain site plan approval and building permits

Key Checklist Items

Item	Responsible Party	Timeline	Key Documents
Schedule and attend pre-application meeting with city	Engineer/ Developer	1-2 weeks	Meeting notes, staff feedback
Prepare civil engineering plans and site plan	Civil Engineer	4-8 weeks	Site plan, grading plan, utility plans
Design and engineer stormwater management system	Civil Engineer	4-6 weeks	Stormwater design, detention calculations
Prepare and submit traffic impact study (if required)	Traffic Engineer	4-6 weeks	Traffic study report
Conduct public hearings (if required for rezoning/variances)	Legal/Developer	6-12 weeks	Hearing notices, staff reports, approvals
Obtain site plan approval and building permits	Developer/City	2-4 weeks	Approved site plan, building permits

Critical Notes

Pre-application meetings often reveal hidden issues early (access requirements, parking ratios, setback issues). Schedule these immediately after land acquisition.

Traffic studies are typically required for sites generating 100+ peak hour trips. Cost ranges \$8,000-15,000 and adds 6-8 weeks to timeline.

Stormwater design requirements vary by municipality and impervious surface area. Budget \$30,000-80,000 for design and construction depending on detention needs.

Public hearings for rezoning can delay projects 6-12+ months. Engage local counsel early and assess political feasibility.

Phase 5: Financing

With land acquired and entitlements in hand, construction financing can close. Most NNN developments are financed with 70-75% LTV construction loans from regional or national banks. This phase typically spans 6-10 weeks from initial application to loan closing.

Objectives

Prepare comprehensive construction loan application

Address all lender requirements (appraisal, engineering, survey)

Obtain appraisal and feasibility certifications

Close construction financing with required documentation

Key Checklist Items

Item	Responsible Party	Timeline	Key Documents
Prepare construction loan application package	Developer/CPA	2 weeks	Loan application, financial statements, pro forma
Compile lender requirements checklist (appraisal, survey, engineering)	Developer	Ongoing	Lender requirements checklist
Commission appraisal for construction loan underwriting	Appraiser	3-4 weeks	Appraisal report
Obtain pre-lease agreement and rent commencement details	Tenant Rep	1-2 weeks	Signed lease or lease summary
Close construction financing and obtain loan documents	Lender/Legal	2-4 weeks	Loan documents, closing statement, promissory note

Typical Lender Requirements

- Appraisal: Cost \$2,500-5,000. Appraisal value typically 75-80% of projected stabilized NOI ÷ 6-6.5% cap rate (lender assumptions).
- Signed Pre-Lease: Lenders require 100% pre-lease at stabilization. Strong credit tenants (Walgreens, Autozone, etc.) get best rates.
- Detailed Cost Estimates: GC preliminary budget or executed GMP contract. Lenders typically hold 5-10% contingency in construction budget.
- Title Insurance: Lender-required commitment showing clear title with no liens or encumbrances.

- Environmental: Phase I ESA with no Phase II requirements (no recognized environmental conditions).

Phase 6: Construction

Construction is the longest phase, typically spanning 12-18 months depending on building size, complexity, and weather. This phase requires close coordination between the developer, GC, engineer, tenant, and lender to ensure on-time, on-budget delivery.

Objectives

Select qualified general contractor with competitive bidding

Execute GMP contract and insurance requirements

Monitor construction progress and quality

Coordinate with tenant on TI completion

Obtain Certificate of Occupancy and punch list completion

Key Checklist Items

Item	Responsible Party	Timeline	Key Documents
Conduct GC bidding process (3+ competitive bids)	Developer	2-4 weeks	GC bid packages, bids received
Execute GMP (Guaranteed Maximum Price) contract with GC	Legal/Developer	1-2 weeks	GMP contract, insurance certificates
Hold pre-construction meeting with GC, engineer, tenant	GC/Developer	1 week	Meeting notes, construction schedule
Monitor foundation and slab construction	Inspector/Developer	3-6 weeks	Inspection reports, concrete certifications
Oversee vertical construction (walls, roof structure)	Inspector/Developer	6-12 weeks	Structural certifications, progress photos
Complete dry-in and roofing	GC	2-4 weeks	Roofing certificates, membrane warranties
Rough-in MEP (mechanical, electrical, plumbing)	GC/Subs	4-6 weeks	MEP inspection reports, system certifications
Complete interior finishes (flooring, drywall, paint, fixtures)	GC/Subs	4-8 weeks	Finish selections, installation certifications
Construct site work, paving, landscaping	GC	4-6 weeks	Hardscape plans, landscape warranty
Obtain Certificate of Occupancy	City/Developer	1-2 weeks	Certificate of

(CO)			Occupancy, final inspections
Complete punch list items	GC	1-2 weeks	Signed punch list, warranties

Construction Management Tips

- GC Selection: Request 3+ bids with detailed breakdowns. GC should have experience with similar property types and 10+ years history. Check references carefully.
- GMP Contract: Lock GMP 30 days into project. Establish clear change order process and owner contingency (typically 2-3% of GMP).
- Inspections: Conduct weekly site inspections. Address deficiencies immediately to avoid rework delays.
- Lien Waivers: Require conditional lien waivers with each pay request to protect against mechanic's liens.
- Schedule Coordination: Hold monthly coordination meetings with GC, tenant, engineer, and lender to address scheduling impacts.

Phase 7: Lease Commencement & Stabilization

Upon Certificate of Occupancy, the property transitions to stabilized operations. This phase involves tenant occupancy, rent commencement, and preparation for investor sale. This phase typically spans 3-6 months as the property stabilizes under lease.

Objectives

Deliver property to tenant on schedule

Execute tenant lease formally

Commence rent collection per lease terms

Prepare stabilized property for investment sale

Key Checklist Items

Item	Responsible Party	Timeline	Key Documents
Notify tenant of building delivery and occupancy date	Developer	1 week before CO	Delivery notice, occupancy agreement
Confirm rent commencement date with tenant and lender	Developer	1 week	Rent commencement letter
Collect first month's rent and CAM deposits	Property Manager	On commencement	Rent receipts, deposit confirmations
Obtain as-built survey and update property documents	Surveyor	2-4 weeks	As-built survey, updated site plan

Stabilization Metrics

A property is considered stabilized when: (1) tenant has been in occupancy for 6+ months with on-time rent payment, (2) all tenant TI is complete and tenant is conducting normal business operations, (3) all punch list items are resolved, and (4) as-built documents are finalized.

Most institutional investors prefer 12+ months of lease history before purchase, though some 1031 exchange buyers will purchase at 6-month stabilization if rent is being paid.

Phase 8: Disposition (Investor Sale)

Once stabilized, the property is marketed to 1031 exchange buyers and institutional investors for purchase. This phase involves selecting a broker, preparing marketing materials, and conducting buyer due diligence. Timeline varies (3-12 months) depending on market conditions and buyer demand.

Objectives

Select and engage qualified NNN investment broker

Prepare comprehensive Offering Memorandum

Launch targeted marketing to 1031 and institutional buyers

Qualify buyers and conduct due diligence

Close transaction and recycle capital

Key Checklist Items

Item	Responsible Party	Timeline	Key Documents
Select and engage NNN investment sales broker (CoStar, CBRE, JLL)	Developer	Upon stabilization (6-12 months)	Broker engagement letter, marketing agreement
Prepare comprehensive Offering Memorandum	Broker/Developer	3-4 weeks	Offering memorandum, financial summaries
Launch marketing to institutional 1031 exchange buyers	Broker	4-12 weeks	Marketing materials, bidder list
Qualify buyers (1031 exchange status, capital reserves, experience)	Broker	4-8 weeks	Buyer qualification summaries
Execute Purchase and Sale Agreement with selected buyer	Legal/Broker	1-2 weeks	Executed PSA, earnest money verification
Conduct buyer due diligence period (15-45 days typical)	Buyer/Developer	3-6 weeks	Due diligence requests, inspection reports
Close transaction and recycle capital	Title Company/Lender	1-2 weeks	Closing statement, deed, lender payoff

Key Disposition Strategies

- **Broker Selection:** Choose broker with established relationships to 1031 exchange intermediaries and institutional investors. CBRE, JLL, and Cushman & Wakefield dominate NNN market.
- **Offering Memorandum:** Comprehensive 30-50 page document including executive summary, property overview, financial projections, tenant credit profile, market analysis, and offering terms. Cost \$3,000-8,000 if outsourced.
- **Marketing Timeline:** Allow 60-120 days for marketing period before accepting offers. Longer marketing periods attract more competitive bidding.
- **1031 Exchange Buyers:** These investors have immediate capital from prior sales and strict timelines (45-day identification period, 180-day exchange period). Structure deals to accommodate exchange timing.
- **Buyer Qualification:** Request proof of funds (6-month bank statements for down payment amount). Verify buyer 1031 intermediary and timeline before accepting PSA.
- **Exit Cap Rates:** Plan for exit cap rate of 5.5-7.0% depending on tenant credit and market. Stabilized NOI divided by target cap rate provides sale price guidance.

Development Timeline Overview

The comprehensive NNN development cycle typically spans 18-36 months from initial site identification through investor closeout:

Site Identification & Screening	4-12 weeks
Tenant Procurement	8-16 weeks
Land Acquisition	8-12 weeks
Entitlements & Permitting	12-24 weeks
Financing	6-10 weeks
Construction	12-18 months
Lease Commencement & Stabilization	6-12 months
Disposition/Investor Sale	3-12 months
TOTAL	18-36 months

Key Success Factors

Execute each phase methodically and never skip due diligence steps. Pressure to accelerate timelines often results in costly rework or project failure.

- **Tenant Quality:** Strong credit tenants with 10+ years operations reduce investor risk and command lower cap rate exits (5.5-6.0% vs 7.0%+).
- **Market Discipline:** Don't develop in marginal markets. Strong demographics (population density, household income, traffic) are non-negotiable.
- **Cost Control:** GC budgets typically overrun 5-15%. Maintain tight cost controls and detailed change order review.
- **Relationship Management:** Build strong relationships with lenders, brokers, and legal counsel. These relationships drive deal efficiency and favorable terms.
- **Investor Perspective:** Always view the deal through investor eyes. Cap rate, tenant credit, market fundamentals, and lease structure drive investment appeal and exit pricing.

Financial Modeling & Returns

Conservative underwriting is critical for NNN investment appeal. Typical developer returns target 15-25% IRR over 3-5 year development and hold periods:

- **Construction Cost:** \$100-250/SF depending on asset class and finishes. Budget 3-5% contingency.
- **Land Cost:** Typically 15-25% of total project cost. Back into land cap rates of 8-12% based on buyer economics.

- Soft Costs: Engineering, architecture, permitting, legal, insurance during construction typically \$50-100/SF. Budget 2-3% of total cost for development contingency.
- Exit Cap Rate: Plan for 5.5-7.0% exit cap rate at stabilization. Exit price = stabilized NOI ÷ target cap rate.
- Stabilized NOI: Calculate conservatively. Use 95% occupancy, 2-3% credit loss, and actual tenant rent per executed lease.

Appendix: Key Document Checklist

Document	Phase
FDOT Traffic Counts	Phase 1
Zoning Verification Letter	Phase 1
Demographic Analysis Report	Phase 1
Comparable Sales Analysis	Phase 1
Letter of Intent (LOI)	Phase 2
Marked-up Lease Draft	Phase 2
Purchase and Sale Agreement	Phase 3
Title Commitment	Phase 3
Survey	Phase 3
Phase I Environmental Report	Phase 3
Site Plan Approval	Phase 4
Building Permits	Phase 4
Construction Loan Application	Phase 5
Appraisal Report	Phase 5
GMP Contract	Phase 6
Construction Insurance Certificates	Phase 6
Certificate of Occupancy	Phase 6
As-Built Survey	Phase 7
Offering Memorandum	Phase 8
Purchase Agreement (Investor Sale)	Phase 8
Lease Estoppel Certificates	Phase 8

This playbook is a living document and should be customized for your specific markets, tenant types, and financing relationships. Update timelines and checklists based on lessons learned from completed projects.

Item	Description	Where to Get It
Aerial Photo (Current)	High-resolution aerial image of the site showing parcel boundaries and surrounding area, dated within last 6 months	Google Earth Pro, USGS, County GIS websites, drone photography
Site Plan Sketch	Simple diagram showing building footprint, parking layout, ingress/egress, property dimensions, and surrounding roads	AutoCAD, Google Earth markup, hand-drawn to scale, survey plans
Traffic Counts	Daily traffic counts (24-hour average) on adjacent roads; directional counts preferred for major intersections	County DOT reports, INRIX data, local traffic studies, Google Traffic
Demographics Report	Population, income, age, education statistics for 1-mile, 3-mile, and 5-mile radius	ESRI, Nielsen, American Community Survey, CoStar, real estate software
Zoning Confirmation	Current zoning designation and permitted uses; confirmation that intended use is allowed	County Assessor, Planning Department website, zoning maps, Zillow/Redfin
Visibility/Signage Assessment	Visual evidence of corner/exposure, signage visibility from main road, proximity to other anchors	Google Street View, site photos, marketing brochure
Accessibility / ADA Compliance	Documentation that site meets ADA parking, entrance, and accessibility standards	Site survey, ADA self-evaluation, architect review
Utilities Overview	Availability of water, sewer, electric, gas; capacity for the proposed use	Utility company maps, County records, site survey, engineer confirmation
Site Photos (Multiple Angles)	Current condition photos from multiple directions; showing frontage, parking, access, and existing improvements	On-site photography, recent MLS photos, drone images
Tax ID / Parcel Information	Property tax ID, current assessed value, ownership details	County Assessor database, deed records, MLS listing
Lease/Purchase Agreement	If leased, copy of lease or LOI; if owned, evidence of ownership or purchase contract	Legal documents, title company, broker confirmation
Flood Zone / Environmental Data	FEMA flood zone designation, Phase I ESA (if required by tenant)	FEMA FIRM maps, County websites, environmental consultants
Parking Analysis	Number of spaces, parking ratio calculations (spaces per 1,000 SF), ADA-accessible spaces	Site survey, lease requirements, parking study
Competitive Analysis	List of competing locations, driving times, market saturation in trade area	CoStar, Google Maps, broker analysis, market reports
Ease of Ingress/Egress	Traffic light access, turn restrictions, visibility of entry point, traffic patterns	Google Street View, site visit notes, engineer assessment
Purchase Price / Rental Rate	Proposed lease terms, cap rate (for investment), or purchase price and financing	Broker proposal, market comps, term sheet
Visibility Map	Map showing property visibility from primary roads and intersections; heat map of traffic	GIS software, Google Earth, traffic analysis tools
Co-Tenancy Info	List of existing tenants if in a multi-tenant building; anchor tenants and retail mix	MLS listing, property website, landlord documentation

Insurance / Risk Assessment	Environmental concerns, crime statistics, natural disaster risk (hurricane, flood)	Crime databases, FEMA flood maps, historical event records
Broker Profile / Commission	If submitted through broker, broker contact, market experience, and standard commission structure	Broker website, CoStar profile, direct broker communication

NNN Construction Knowledge Guide

A Comprehensive Guide for First-Time NNN Developers

For: Ryan Solberg, Florida-based Developer

March 2026

1. Construction Types for NNN Retail

Understanding the primary construction methods used in Florida NNN retail development is essential to selecting the right approach for your property type, tenant requirements, and budget.

Concrete Block / CBS (Concrete Block & Stucco)

The most common construction method for Florida single-tenant retail properties, CBS provides excellent hurricane resistance and durability.

- Cost: \$120-\$160 per SF (landed fully finished)
- Process: Concrete block structural walls laid by masons, exterior sheathed with 2" foam insulation, finished with synthetic stucco (EIFS) or traditional stucco. Typically achieved 8-10 inch CMU walls.
- Timeline: Moderate (6-8 weeks for walls and weathering in)
- Hurricane Rating: Excellent. Meets high-wind and impact requirements under Florida Building Code.
- Best for: Dollar General, Family Dollar, QSR, auto parts, convenience stores
- Advantages: Proven track record in Florida, good thermal mass, resistant to termites and rot, strong resale appeal
- Disadvantages: Labor-intensive, weather-dependent, longer waterproofing curing time in humid climates

Tilt-Up Concrete

Increasingly popular for larger format retail (DG, Aldi, Trader Joe's, pharmacy chains), tilt-up offers speed and cost efficiency.

- Cost: \$100-\$140 per SF for simple retail (less finishes, more modular)
- Process: Large concrete panels (typically 40-60 feet wide, 15-25 feet tall) are poured horizontally on the job site, usually on the slab-on-grade. Once cured (3-7 days), panels are "tilted up" using cranes and braced into place. Panels are then joined and sealed at joints.
- Timeline: Fast. Structural phase complete in 2-3 weeks. Interior finishes in parallel.
- Hurricane Rating: Excellent. Thick concrete and mechanical connections meet Florida Building Code.
- Best for: Larger footprints (8,000+ SF). Aldi, Trader Joe's, pharmacy chains, medical offices
- Advantages: Speed of erection, cleaner exterior (fewer panel joints), fewer mechanical trades during construction, excellent structural integrity

- Disadvantages: Requires more sophisticated bracing and coordination, fewer local tilt-up specialists, joint waterproofing is critical

Steel Frame with Metal Panels

Common for auto parts stores, car washes, and some QSR formats, steel frame offers lightweight structural speed.

- Cost: \$90-\$130 per SF (depends on panel finish quality)
- Process: Structural steel columns and beams erected (bolted or welded), then clad with metal sandwich panels or standing seam panels. Panels provide weathering and insulation in one assembly.
- Timeline: Fast erection (2-3 weeks for frame, 2-3 weeks for panels)
- Hurricane Rating: Moderate to Good. Requires impact-resistant upgrading (reinforced frames, strengthened connections) to meet Florida code.
- Best for: Auto parts stores, car washes, some smaller QSR
- Advantages: Fast erection, economical for large clear spans, flexible interior layouts
- Disadvantages: Less thermal mass, requires active HVAC, joint sealing can be problematic in high-wind areas, less durable exterior finish

Wood Frame

Rarely used in Florida commercial development due to building code restrictions, termite risk, and insurance costs. Should generally be avoided for NNN retail.

- Cost: \$80-\$120 per SF (misleadingly low due to risk)
- Challenges: Florida Building Code restricts wood frame for commercial over 3 stories or in high-risk wind zones. Termite liability in humid climate. Insurance premiums often exceed concrete alternatives.
- Recommendation: Avoid for NNN retail in Florida.

Construction Type Comparison Table

Type	Cost/SF	Speed	Durability	Hurricane
CBS (CMU+Stucco)	\$120-160	Moderate	Excellent	Excellent
Tilt-Up Concrete	\$100-140	Very Fast	Excellent	Excellent
Steel + Metal Panels	\$90-130	Very Fast	Good	Moderate-Good
Wood Frame	\$80-120	Fast	Poor in FL	Poor

2. Selecting a General Contractor

The General Contractor (GC) is your primary partner in construction delivery. Choosing the right GC can mean the difference between on-time, on-budget delivery and costly delays.

What to Look For

- Florida CGC License: Verify active General Contractor license via DBPR (Department of Business and Professional Regulation). Check for complaints and disciplinary history.
- NNN Retail Experience: Ask for references on at least 5 NNN single-tenant retail projects in Florida. Experience with your specific tenant type (DG, QSR, auto parts) is valuable.
- Bonding Capacity: Confirm bonding capacity through their surety. Most projects 5,000-15,000 SF require \$300K-\$2M in bonding. Verify they have available bonding for your project.
- Insurance: \$2M+ general liability, \$1M+ workers comp, property insurance. Proof of insurance on all subcontractors.
- Financial Stability: Request 2-3 years of financials. Look for stable revenue, reasonable profit margins (5-8%), and manageable debt.
- Local Relationships: A GC with strong relationships with local subs, inspectors, and permitting offices will move your project faster.
- Technology: Modern GCs use project management software (Touchplan, Bridgit, Jira) and provide real-time reporting. Old-school paper processes slow things down.

Running a Competitive Bid Process

- Select 3-5 Qualified GCs: Don't bid to more than 5. Fewer bids, better focus from each GC.
- Provide Identical Scope: Issue same plans, specs, and bid documents to all GCs. Any ambiguity will result in different assumptions and incomparable bids.
- Specify Bid Period: Allow 2-3 weeks for bid. Shorter periods result in error-prone bids or decline to bid.
- Require a Pre-Bid Walk: Require all GCs to walk the site and attend a pre-bid meeting. This surfaces soil, utility, and site constraint questions early.
- Ask for Itemized Breakdowns: Request that bids itemize labor, materials, equipment, contingency, and GC fee. Don't compare just the total. A \$1.2M bid with 12% GC fee and no contingency is different than \$1.25M with 6% fee and 5% contingency.
- Set a Bid Opening Date: Collect all bids at once. Don't let GCs know what others are bidding.

Evaluating Bids (It's Not Just Price)

The lowest bid is rarely the best bid. A GC who is drastically underpriced will either cut corners, struggle financially, or submit excessive change orders.

- Price Range Comparison: Spread of bids tells you something. Bids within 5-10% of each other are likely accurate. Bid that's 20%+ lower or higher is a red flag.
- Schedule: Review proposed schedule. Does it align with your lease commencement date? Are critical path items realistic?
- Experience: GC with direct experience on similar projects deserves weight. They know pitfalls specific to that tenant.
- Qualifications of Key Personnel: Who is the Project Manager? Site Superintendent? Do they have experience with similar projects?
- Bonding and Insurance: Verify the GC can actually bond the project. A GC's bonding capacity can be consumed by other projects.
- References: Call at least 3 references. Ask specific questions (see below).

Reference Check Questions to Ask

- Was the project completed on schedule? If late, by how much and what were the reasons?
- Was the project within budget? If over, by how much?
- How responsive was the GC to change requests and questions?
- How did the GC handle problem areas (site conditions, hidden conditions, design changes)?
- Quality of workmanship? Any punch list items or warranty issues?
- Would you hire them again for a similar project?
- Any issues with subs or labor? Safety incidents?
- Professionalism of site team (PM, Super, office staff)?

Red Flags to Watch For

- GC's bonding capacity is fully allocated to other projects
- Multiple negative references or references that are hard to reach
- No experience with your tenant type or NNN retail in general
- Drastically lower bid than others (often indicates scope misunderstanding or desperate bid)
- Vague or unclear answers about project schedule or approach
- History of change orders or cost overruns on similar projects
- No documented safety program or too many safety incidents

- Poor communication or slow response to questions during bid phase

3. Understanding GMP Contracts

A GMP (Guaranteed Maximum Price) contract is the standard for NNN retail development, especially when construction financing is involved. Your lender will insist on a GMP.

What is a GMP Contract?

A GMP contract is a binding agreement where the General Contractor guarantees a maximum price for the work. If actual costs come in below the GMP, the savings may be split (shared savings clause). If the GC finds cost increases (change orders), those are negotiated separately.

- Protects the developer: You know the maximum cost exposure.
- Incentivizes the GC: The GC profits from savings or absorbs overages (up to a limit).
- Required by lenders: Lenders need cost certainty before funding.

Key GMP Components

- Cost of Work: Direct labor, materials, equipment rental, subcontractor costs. Based on detailed estimates from subs.
- GC Fee: Typically 5-8% of Cost of Work. This covers overhead (office, management, estimating, bonding, insurance) and profit. Highly competitive projects may be 4-5%; complex or risky projects 8-10%.
- General Conditions: Jobsite costs not included in trades: project management salary, temporary utilities, site office, portable toilets, dumpsters, dust control, temporary fencing, site insurance, permits. Typically \$40-80K for a 10K SF retail build.
- Contingency: A reserve (typically 3-5% of total cost) for unforeseen conditions. Not for changes requested by owner or design changes.
- Total GMP: Cost of Work + GC Fee + General Conditions + Contingency. This is the maximum you pay (absent approved change orders).

Shared Savings Clause

If actual costs come in below the GMP, the savings are typically split 50/50 between developer and GC. Example:

- GMP: \$1,200,000
- Actual Cost: \$1,150,000
- Savings: \$50,000. Developer receives \$25,000; GC keeps \$25,000.
- This incentivizes the GC to manage costs efficiently without cutting corners.

Change Order Process

Change orders occur when scope changes or unforeseen conditions arise. The GMP contract should outline a clear process:

- Change Order Request: GC submits written request with detailed scope change, estimated cost/time impact, and supporting documentation.
- Review and Approval: Developer and lender review. Lender approval required if it increases the GMP or extends schedule.
- Pricing: GC submits cost estimate. Developer can negotiate or get competitive quotes for the change work.
- Execution: Change order is signed by all parties (developer, GC, and lender) before work begins. No work without a signed change order.
- Documentation: Change orders are numbered sequentially. Track all change orders; they're a key project metric.

GMP vs. Other Contract Types

Understanding the differences helps you negotiate the right contract for your project:

- Cost-Plus Contract: GC is paid actual costs plus a fee (percentage or fixed). No cost certainty. Lenders don't like this because scope can drift and costs balloon.
- Lump Sum Contract: GC quotes a fixed price for the entire project. GC bears all risk. Good if scope is crystal clear, but GCs overbid to cover risk. Changes are very expensive.
- GMP Contract: Middle ground. Cost certainty for both parties, incentives for efficiency, and a process for legitimate changes. This is the industry standard for NNN retail.

AIA Contract Documents

The American Institute of Architects (AIA) publishes standard contract templates widely used in construction:

- A102-2017: Standard Form of Agreement between Owner and Contractor (GMP version). Includes payment and performance bonds, change order procedures, and dispute resolution.
- A201-2017: General Conditions of the Contract for Construction. Standard terms and conditions for all construction contracts. Defines roles, responsibilities, insurance, indemnification, and dispute resolution.
- Recommendation: Use AIA A102 (GMP) + A201 (General Conditions) as your baseline. Have your attorney review and modify for your specific lender requirements and project details.

4. The Construction Draw Process

Construction loans disburse funds in monthly "draws" as the project progresses. Understanding this process is critical to managing cash flow and staying in compliance with your lender.

How Construction Loans Work

Your construction loan is typically committed for 12-18 months. You don't receive all funds upfront. Instead:

- Lender commits to financing (e.g., \$1.2M) based on project budget.
- You draw monthly against completed work.
- Lender inspects work to verify completion before each draw.
- Funds are paid to you or directly to the GC/subs (depending on your loan structure).
- Lender retains 10% retainage until substantial completion.

Draw Request Components (What You Submit Monthly)

Each month, the GC submits a draw package with the following:

- AIA G702 (Application for Payment): Itemized breakdown of all contract line items, showing % complete, amounts claimed this period, and cumulative totals to date. This is the core document.
- AIA G703 (Continuation Sheet): Detailed breakdown of labor, materials, equipment, and subcontractor costs. Justifies the G702 numbers.
- Lien Waivers: Conditional (or unconditional) lien waivers from the GC and all subcontractors, releasing lien rights for work paid to date. No lien waiver, no payment.
- Inspection Report: Lender's inspector certifies that work is done and matches the % complete claimed.
- Proof of Payment to Subs: Cancelled checks or bank statements showing the GC paid subs for prior draws. Lender wants to ensure funds flow down.
- Insurance Certificates: Updated builder's risk insurance showing lender as loss payee.

Lender Inspection Process

Before releasing funds, the lender's inspector walks the site and reviews the draw request:

- Field Verification: Inspector verifies work is actually completed as claimed in the G702. Photos and notes documented.
- Schedule Review: Inspector confirms work is progressing per the project schedule.
- Safety and Code Compliance: Inspector checks that work meets plans and Florida Building Code. Identifies any deficiencies that must be corrected.

- Retention Check: Lender confirms retainage is being held and no draws exceed the contract ceiling.
- Draw Approval: If everything checks out, the lender approves the draw and releases funds (minus retainage).

Retainage: The Holdback

Retainage is a percentage of each draw held back by the lender until the project is complete. Standard retainage is 10% of the GMP.

- Example: GMP is \$1,200,000. Total retainage is \$120,000 (10%).
- If you draw \$100,000 in labor and materials, you receive \$90,000 and \$10,000 is retained.
- Retainage is released at substantial completion (when the building is ready for occupancy) or final completion (all punch list items done).
- Retainage is a lender protection against GC abandonment or lien claims.

Final Draw and Retainage Release

At the end of the project:

- Substantial Completion: When the building is 99% done and ready for tenant occupancy. Lender releases 50-75% of retained funds.
- Final Inspection: Lender inspector does final walk-through, checks punch list completion.
- Conditional Lien Waiver: GC and all subs sign final lien waivers, guaranteeing no outstanding claims.
- As-Built Survey: Updated survey showing final building location, configuration, parking layout.
- Certificate of Occupancy: Municipal CO is issued, confirming code compliance.
- Final Draw: Remaining retainage is released (minus any punch list holdback). GC is fully paid.

Cash Flow Timing

Important: There is typically a 2-4 week lag between when work is done and when funds are drawn:

- Week 1: Work is completed in field.
- Week 2: GC prepares G702/G703 and submits to lender.
- Week 3: Lender inspector walks site, reviews documents.
- Week 4: Lender approves and releases funds to you or GC.

- Implication: You or the GC must cover costs for a few weeks before funds arrive. Ensure you have sufficient liquidity.

5. Construction Timelines for Typical NNN Projects

Understanding realistic timelines is critical to lease commencement planning. Below are typical timelines by property type and size, broken down by construction phase.

Timeline Assumptions

- Site conditions are normal (no major rock, high water table issues, or off-site utility work)
- Permits are issued within 1-2 weeks of submission (normal processing)
- Weather delays are factored in (Florida rainy season affects outdoor work)
- GC has bonding and subcontractor availability
- No major design changes during construction

Timeline Examples by Tenant Type

Dollar General (9,100 SF, Single-Story, CBS Walls)

Phase	Duration	Notes
Sitework & Demolition	2-3 weeks	Grading, drainage, utilities cut/capped. Normal site conditions.
Foundation & Concrete	3-4 weeks	Slab on grade, typical for FL.
Vertical Walls & Roof	4-5 weeks	CBS walls, metal roof deck, roofing. Weather impacts this phase.
Dry-In (Windows/Doors)	1-2 weeks	Exterior sealed; interior protected from weather.
MEP Rough-In	2-3 weeks	Electrical, plumbing, HVAC; interior walls; insulation.
MEP Finish	1-2 weeks	Trim-out of mechanical; testing.
Interior Finishes	2-3 weeks	Drywall, flooring, paint, doors, hardware, trim.
Final Systems & CO	1-2 weeks	Final inspections, punch list, Certificate of Occupancy.
TOTAL	5-7 months	Typical: 22-24 weeks

QSR with Drive-Thru (2,500 SF, Single-Story, CBS)

Phase	Duration	Notes
Sitework	2-3 weeks	Smaller site; utility work for drive-thru included.
Foundation & Concrete	2-3 weeks	Slab on grade; drive-thru pad
Vertical & Roof	3-4 weeks	Fast erection due to small size.
Dry-In	1 week	Quick closure.

MEP	3-4 weeks	More complex MEP for QSR (gas, grease hood, POS system).
Finishes	2 weeks	Limited interior finishes.
CO & Punch	1-2 weeks	
TOTAL	4-6 months	Typical: 18-22 weeks

Auto Parts Store (7,000 SF, Single-Story, Steel Frame)

Phase	Duration	Notes
Sitework	2-3 weeks	
Foundation & Slab	2-3 weeks	
Steel Frame Erection	2-3 weeks	Fast; larger clear spans.
Metal Panel Cladding	2-3 weeks	
Dry-In	1 week	
MEP	2-3 weeks	Less complex than QSR.
Finishes	2-3 weeks	Limited.
CO & Occupancy	1-2 weeks	
TOTAL	5-7 months	Typical: 22-26 weeks

Medical Office (4,000 SF, Single-Story, CBS)

Phase	Duration	Notes
Sitework	2-3 weeks	
Foundation	2-3 weeks	
Vertical & Roof	3-4 weeks	
Dry-In	1 week	
MEP Rough	2-3 weeks	Med offices need robust MEP (HVAC zones, special power).
Finishes	2-3 weeks	Flooring, ceilings, exam room finishes.
MEP Trim & Testing	1-2 weeks	
CO	1-2 weeks	
TOTAL	5-7 months	Typical: 22-25 weeks

Convenience Store w/ Fuel Canopy (5,000 SF + canopy, CBS)

Phase	Duration	Notes
Sitework & Utility	3-4 weeks	Extra work for fuel infrastructure (tank, pump island).

Foundation	2-3 weeks	Slab + fuel island foundation.
Vertical & Roof	4-5 weeks	
Canopy (Structural)	2-3 weeks	Parallel with building if framed early.
Dry-In	1 week	
MEP Rough	2-3 weeks	Fuel pump POS, underground connections.
Finishes	2-3 weeks	
Fuel Station Trim	1-2 weeks	Pump final assembly, testing, fuel delivery.
CO	1-2 weeks	Fuel station permit required.
TOTAL	6-9 months	Typical: 28-32 weeks. Longest due to fuel complexity.

Phase Breakdown Explanation

- Sitework: Land clearing, grading, utility cuts/relocation, stormwater prep, erosion control. Weather-dependent in Florida.
- Foundation: Slab on grade for single-story. No basements in Florida due to water table. Includes concrete flatwork and rebar.
- Vertical: Walls (CMU/steel), columns, beams, roof deck. Most labor-intensive phase. Subject to weather delays.
- Dry-In: Exterior sealed (windows, doors, roof). Moves work indoors, reduces weather impact.
- MEP Rough: Electrical, plumbing, HVAC distribution behind walls. Before drywall.
- MEP Finish: Trim-out, fixtures, outlets, light fixtures, thermostats, testing.
- Finishes: Drywall, flooring, paint, doors, hardware, trim. Interior aesthetics.
- CO & Punch: Final inspections, punch list completion, Certificate of Occupancy from municipality.

Critical Path Items (What Can Delay the Project)

- Permit Issuance: If municipal review takes longer than expected, the whole schedule slips. Budget 2-3 weeks for permits.
- Weather: Florida rainy season (June-October) can delay sitework and wall erection. Plan accordingly.
- Subcontractor Availability: If electricians or plumbers are booked, they're the bottleneck.
- Material Delivery: Lead times for MEP equipment, doors, flooring can stretch supply chains.
- Inspection Scheduling: Municipal and lender inspections. If inspectors are slow, the project waits.

- Change Orders: Every change order typically delays work by 1-2 weeks (re-scoping, pricing, approval).
- Punch List: Don't underestimate final walk-throughs and punch list completion. Can stretch 2-4 weeks if items are numerous or require rework.

6. Florida-Specific Construction Considerations

Florida's climate, geography, and building regulations create unique construction challenges that every developer must understand.

Hurricane Building Codes & Wind Zones

Florida's building code is among the most stringent in the nation due to hurricane risk.

Compliance is non-negotiable.

- Florida Building Code (FBC): Adopted from the International Building Code (IBC) with Florida amendments. Updated every 3 years.
- Wind Zone Classification: Properties are assigned a wind zone (highest basic wind speed in mph). Coastal areas are V (160+ mph); inland areas are I-IV. Your location determines structural requirements.
- Impact-Resistant Requirements: Windows, doors, and skylights in high-risk areas must be impact-resistant (tested to withstand flying debris). This increases cost but is mandatory.
- Connection Requirements: Walls to roof, roof to frame must be mechanically fastened (not just nailed). Spacing and fastener type specified by code.
- Roof Slope: Flat roofs are discouraged in high-wind zones. Sloped roofs (4:12 or steeper) reduce uplift risk.
- Budget Impact: Hurricane-resistant construction adds 5-10% to building cost (impact-resistant glass, mechanical fastening, structural upgrades).

High Water Table & Foundation Design

Florida's high water table (often 2-6 feet below surface) eliminates basements and affects foundation design.

- No Basements: Impossible to build basements in FL. All storage and mechanical must be on-grade or in crawl spaces.
- Slab-on-Grade: Standard foundation. Slab sits directly on compacted fill or native soils, with proper soil preparation and moisture barrier.
- Dewatering: If excavation is deep (utilities, ponds), dewatering pumps are needed to keep site dry during construction. Adds cost (\$50-200K+) and schedule risk.
- Soil Preparation: Unsuitable soils (peat, muck, organics) must be removed and replaced with engineered fill. Testing and geotechnical engineer review required.
- Moisture Barrier: A vapor barrier under the slab prevents moisture migration, which causes flooring failures and mold. Critical in Florida.

Stormwater Management

Florida's regulatory environment demands sophisticated stormwater management, especially post-development.

- Retention/Detention Ponds: Properties must retain or detain the first 1.25" of rainfall (or local requirement). Large parking lots require ponds or underground systems. Costs \$30-100K+.
- Exfiltration Trenches: In sandy soils, water can percolate into the ground. Trenches reduce surface retention requirements and cost.
- Pervious Pavement: Some jurisdictions allow permeable parking surfaces to reduce retention ponds. Higher initial cost but reduces land consumption.
- Environmental Permits: Stormwater management may require Environmental Resource Permit (ERP) from state/regional water management districts. Add 4-6 weeks to permitting timeline.
- SWPPP (Stormwater Pollution Prevention Plan): Required during construction. Identifies erosion control measures, silt fences, sediment basins. Failure to comply can result in fines. GC is responsible.

Impact Fees

Florida counties charge impact fees to new development to fund public infrastructure (roads, schools, utilities). These are substantial and often overlooked in early budgeting.

- Typical Fees: \$25,000-\$75,000+ depending on county, building type, and size.
- Fee Types: Transportation (road impacts), schools (proportional school capacity costs), utilities (water/sewer capacity).
- Negotiation: Some counties allow fee deferrals or exemptions for certain development. Coordinate with county planning dept early.
- Timing: Fees are due before or at permit issuance. Factor into project financing.
- Examples: 10,000 SF retail in Miami-Dade might be \$50-60K in impact fees. Same building in a rural county might be \$15-20K.

Rainy Season (June-October) Impact on Schedules

Florida's rainy season significantly affects construction scheduling, especially for outdoor work.

- Frequency: Afternoon thunderstorms 40-60% of days. Unpredictable timing makes scheduling difficult.
- Work Stoppages: Heavy rain stops sitework, concrete pours, roofing, and exterior work. 2-3 days per week of weather delays is normal.
- Schedule Mitigation: Build 4-6 weeks of float into timelines for projects in rainy season. Start critical outdoor work early (April-May) if possible.

- **Cost Impact:** Weather delays extend general conditions (salary, insurance, temp utilities). Every month of delay costs \$15-40K in additional overhead.
- **Completion Strategy:** Plan to be under roof (dry-in phase) by late June to minimize July-September rain impact.

Insurance for Florida Construction

Florida's risk profile demands comprehensive insurance coverage:

- **Builder's Risk Insurance:** Covers building during construction. Required by lenders. Covers fire, wind, theft. Premiums are 0.5-1% of construction cost. Hurricane season (June-Nov) may increase premiums 20-50%.
- **Wind Coverage:** Some carriers exclude wind or charge extra in hurricane season. Confirm your builder's risk includes wind coverage.
- **Flood Insurance:** If property is in FEMA flood zone, flood insurance is required. Separate policy; not included in builder's risk. Costs \$1,000-5,000/year depending on flood zone.
- **Liability Insurance:** GC carries \$2M+ general liability. Verify lender and GC liability policies list you as additional insured.
- **Workers Comp:** GC must carry workers comp. Florida's rates are high due to injury risk (heat, equipment).

7. Key Construction Documents Checklist

Managing construction requires careful document control. Below is a comprehensive checklist of every document you need to collect, maintain, and file.

Document	Purpose	Issued By	When Needed
Construction Contract (GMP/AIA A102)	Binding agreement on scope, price, schedule, terms	GC or Attorney	Before construction starts
General Conditions (AIA A201)	Standard terms, roles, insurance, indemnification	GC or Attorney	Incorporated into contract
Plans & Specifications	Design documents showing what is being built	Architect	Before permit application
Building Permit	Municipal authorization to construct	City/County	Before construction starts
Permit Drawings (revised)	Permit-stamped plans approved by municipality	Architect/Municipality	After permit approval
Bonds: Payment & Performance	GC guarantee to finish work and pay subs	Surety Company	Before construction starts
Builder's Risk Insurance Certificate	Property insurance during construction	Insurance Company	Before first draw
GC & Subcontractor Insurance Certificates	Proof of \$2M liability and workers comp	Insurance Company	Before first draw
Lien Waivers (Conditional)	Conditional release of lien rights upon payment	GC & All Subs	With each monthly draw
Lien Waivers (Final/Unconditional)	Final release of all lien rights	GC & All Subs	At final payment
AIA G702 (Application for Payment)	Monthly draw request with itemized costs	GC	Monthly during construction
AIA G703 (Continuation Sheet)	Detailed breakdown supporting G702	GC	Monthly during construction
Lender Inspection Reports	Documentation of work completed to date	Lender Inspector	Monthly before draw approval
Change Orders (All)	Documentation of scope changes and costs	GC & Developer	As they occur
As-Built Survey	Updated survey showing final building location	Surveyor	Before CO
Certificate of Occupancy (CO)	Municipal certification of code compliance	Building Department	Before tenant occupancy
Warranties & Manuals	Manufacturer warranties	GC & Subs	At CO

	for MEP equipment, appliances		
Tenant Delivery Letter	GC certification building ready for tenant possession	GC	At substantial completion
Final Inspection Report	Lender final walk-through approval	Lender Inspector	Before final draw
Title/Lien Search (Final)	Verification no liens remain on property	Title Company	Before final payment
Paid Invoices (GC & All Subs)	Proof of payment to all parties	GC/Subs	At close-out
As-Built MEP Plans	Final mechanical, electrical, plumbing configuration	GC/Subs	At CO (optional but valuable)

Document Organization System

Create a filing system (physical or digital) organized by document type:

- Contracts & Agreements: Master contract, GC agreement, subcontractor agreements, purchase orders
- Insurance & Bonds: Certificates, declarations pages, payment/performance bonds
- Permits & Approvals: Building permit, permit drawings, utility approvals, environmental permits
- Drawings: Architect's plans, permit-stamped drawings, any revisions or addenda
- Draws & Payments: All G702/G703 forms, lien waivers, draw approvals from lender, payment records
- Change Orders: All change order requests, approvals, and executed change orders (numbered sequentially)
- Inspection Reports: Lender and municipal inspection reports
- Close-Out: CO, warranties, as-built survey, tenant delivery letter, final lien search
- Correspondence: Email, letters, RFIs (Request for Information) from subs

Critical Documents for Lender Compliance

Your lender will require specific documents for each draw disbursement:

- Current AIA G702/G703
- Conditional lien waivers from GC and all subcontractors
- Current insurance certificates (builder's risk, GC liability)
- Lender inspector approval
- Proof GC paid previous subs (invoices/cancelled checks)

- Any outstanding change order approvals

8. Common Construction Pitfalls

Learn from the mistakes of others. Below are the most common pitfalls and how to avoid them.

Pitfall #1: Selecting the GC on Price Alone

The lowest bid is not the best bid. A GC that is 15-20% cheaper than competitors often has one of three problems:

- They misunderstood the scope and will submit change orders for items they forgot.
- They're undercutting to win the job, with plans to make up profit on changes (change order explosion).
- They're financially desperate and may struggle to retain subs or finish the project.

How to Avoid: Evaluate the bid in context. If the market says \$1.2M and one GC is \$950K, ask why. Reference checks and qualifications matter. The difference between lowest and most qualified bid is usually worth the peace of mind.

Pitfall #2: No Preconstruction Meeting

Some developers skip the preconstruction meeting thinking it's a formality. It's not. This meeting ensures everyone (developer, GC, architect, lender, subs) understands the scope, schedule, and expectations.

- What Should Be Covered: Project scope and timeline, payment procedures and draw process, change order process, quality standards, safety requirements, site logistics (where GC parks, where materials go), weather contingencies, communication protocol.

How to Avoid: Schedule a formal preconstruction meeting before mobilization. Architect should attend. Prepare an agenda. Document discussions and decisions. Distribute minutes to all parties.

Pitfall #3: Inadequate Site Work Budget

Site work (demolition, grading, utilities, drainage) is often underestimated because it's difficult to see underground.

- Unexpected Conditions: Rock layers, unsuitable soils (peat/muck), utility relocations, or contamination can add \$50-200K. Geotechnical testing upfront can mitigate this.
- Underground Utilities: Old utility lines, unmarked facilities, or conflicts require engineering and relocation costs.
- Environmental Issues: If soil testing reveals contamination, remediation is expensive and timeline-affecting.

How to Avoid: Perform upfront geotechnical investigation (\$3-5K) and utility locate before budgeting. Get site work estimates from 2-3 site contractors. Budget 10% contingency for site surprises.

Pitfall #4: Ignoring the Schedule (Time = Money)

Every month of delay costs real money:

- Extended General Conditions: \$15-40K/month in project overhead (PM salary, insurance, temp utilities, equipment rental).
- Carrying Costs: If you're financing, interest accrues. At 6% APR, a \$1.2M loan costs \$6K per month in interest.
- Lost Rent: If the project is supposed to open by Month 10 but finishes in Month 12, you're missing 2 months of rent/income (could be \$20-50K+ depending on tenant rate).

How to Avoid: Treat schedule as seriously as budget. Build reasonable contingency (4-6 weeks for a 6-month project). Track critical path items weekly. Address delays immediately (throw resources at it, not money). Weekly GC status meetings keep schedule on the radar.

Pitfall #5: Not Tracking Change Orders in Real Time

Scope creep happens slowly. One \$5K change here, another \$8K there. By the end, you've added \$60K without realizing it.

- Change Order Register: Maintain a running log of all change orders (requested, pending, approved, rejected). Number them sequentially. Track cost and schedule impact.
- Approval Workflow: Establish a rule: no work without a signed change order. GC's favorite tactic is to do work "at cost" and ask you to pay it after the fact.
- Lender Notification: If change orders push you over the GMP, lender approval is required. Surprises lead to construction financing issues.

How to Avoid: Implement a change order register. Review with GC every 2 weeks. Require documented estimates before approval. Say no to scope creep.

Pitfall #6: Skipping the Punch List Process

The punch list is the final list of incomplete or defective items. Skipping it leads to a sloppy building and warranty disputes.

- What Gets Punched: Paint touch-ups, missing outlet covers, door alignment, minor drywall imperfections, equipment instruction, landscaping, final cleanings.

- Timeline: Punch list creation to completion typically takes 2-4 weeks. Plan for it in your schedule.
- Holdback: Retain 5% of the final draw until punch list is 100% complete. Incentivizes GC to finish everything.

How to Avoid: Do a formal final walk-through with GC, architect, and lender. Create a written punch list. Assign due dates. Don't release final payment until punch list is signed off by all parties.

Pitfall #7: Poor Communication with the Lender

Lenders are partners in your project. Surprises (schedule slips, cost overruns, change orders, site issues) are worse if the lender hears about them late.

- Regular Updates: Send lender monthly draw requests, inspection reports, and a brief status email. Flag any issues early.
- Transparency: If you discover a site problem or the schedule is slipping, tell the lender immediately. They can adjust disbursement schedules or require a reserve if needed.

How to Avoid: Establish a communication cadence with your construction lender. Schedule monthly calls. Provide written monthly updates. Don't go silent.

Conclusion

Ground-up NNN retail construction in Florida is achievable and rewarding if you understand the fundamentals. The key success factors are:

- Choose the right GC based on qualifications, not just price.
- Use a GMP contract with clear change order procedures.
- Understand Florida-specific requirements (hurricane codes, water table, stormwater).
- Build reasonable schedule contingency and protect the timeline.
- Maintain detailed documentation for every draw and change.
- Communicate proactively with your lender and architect.
- Don't cut corners on permitting, inspections, or punch lists.

With these principles in mind, your first NNN project will deliver on time, within budget, and with a quality building that will serve tenants and investors for decades.

Good luck with your construction journey.

NNN Disposition & Marketing Strategy Guide

For Florida-Based Developers

Ryan Solberg

March 2026

Introduction

Congratulations on completing and stabilizing your first NNN (triple net) property! You've successfully developed a leased asset and now face the critical question: how do you maximize your return by selling to the right buyer at the right price?

This guide walks you through the entire disposition and marketing process—from understanding your buyer pool to closing the sale. Whether you're looking to 1031 exchange your proceeds into your next deal or simply capture your development spread, the strategies in this guide will help you navigate the complexities of selling NNN properties to institutional and individual investors.

The NNN investment sales market is specialized. Success requires understanding cap rates, lease structures, buyer motivations, and the mechanics of 1031 exchanges. By the end of this guide, you'll be equipped to work effectively with investment sales brokers, price your asset competitively, and close deals efficiently.

1. Understanding Your Buyer Pool

The market for stabilized NNN properties is deep and diverse. Success starts with understanding who will buy your property, what they care about, and why they're willing to pay.

1031 Exchange Buyers: Your Largest Pool

The largest and most motivated buyer pool consists of investors executing 1031 like-kind exchanges under Section 1031 of the Internal Revenue Code. Here's why they matter:

- Represent ~60-70% of NNN deal volume in the investment market
- Often pay premium prices due to time pressure and tax motivation
- Must identify a replacement property within 45 days of selling their old one
- Must close on the new property within 180 days (the '45/180 deadline')
- Highly motivated to move quickly and less price-sensitive than other buyers

Key takeaway: A 1031 buyer under pressure to deploy capital before their 180-day clock expires will often accept slightly higher cap rates (lower prices) and sacrifice negotiating power. This timing urgency is your advantage in a well-structured offering.

High-Net-Worth Individuals (HNWIs)

Sophisticated individual investors seek stable, management-free income from NNN properties. They typically:

- Prefer national brands and strong credits to minimize operational risk
- Invest \$1M–\$10M per deal, focusing on single assets or small portfolios
- Value predictability and passive income over capital appreciation
- Often leverage debt (mortgage) to improve cash-on-cash returns
- May purchase for 1031 or taxable reinvestment of capital

Family Offices and Private Equity

Ultra-high-net-worth families and PE firms seeking diversified, lower-volatility returns increasingly allocate to NNN real estate. They:

- Deploy capital pools of \$10M–\$500M+ into diversified NNN portfolios
- Focus on quality-of-lease, tenant credit, location, and lease term remaining
- Conduct extensive due diligence but move quickly when convinced

- Often pay institutional bid prices (cap rates near market lows) due to capital abundance

Delaware Statutory Trust (DST) Sponsors

DST sponsors acquire NNN properties and package them into 1031-compliant DST offerings for passive retail investors. They:

- Buy single and multi-asset portfolios to structure into DST securities
- Target sub-5% cap rate assets with pristine credit tenants
- Provide liquidity to developers seeking immediate exit without holding long-term
- Often willing to close in 30–45 days if assets meet strict underwriting criteria

REITs (Regional and National)

Public and private REITs actively acquire NNN properties to grow their balance sheets.

They:

- Buy in bulk or create platforms around specific tenant types (QSR, automotive, medical)
- Use low cost of capital to bid aggressively (pushing cap rates down)
- Focus on scalable platforms and long lease terms with growth optionality
- Close quickly but may demand post-close seller financing or earnouts

Buyer Psychology: What 1031 & Institutional Buyers Care Most About

Tenant Credit Quality	S&P or Moody's rating; financial statements; store economics
Lease Term Remaining	Longer terms (10+ years) command lower cap rates (higher prices)
Tenant Type	National QSR, grocers, pharmacies sell easier than local/franchisees
Location Strength	Trade area demographics, traffic counts, visibility
Property Condition	Newer = lower cap rate. Deferred maintenance pushes cap rate higher
Management Burden	NNN buyers want zero involvement; all responsibility on tenant
Lease Bump Schedule	Predictable rent escalations reduce cap rate (increase value)
Exit Optionality	Ability to renew or release at lease end

	affects long-term value
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2. Pricing Your Asset

Price is everything in NNN sales. A property priced 25 bps (basis points) too high can sit on market for 6+ months and lose buyer interest. Understanding cap rates and how to calculate your exit price is fundamental.

The Cap Rate Formula

Net Operating Income (NOI) divided by the cap rate equals the property value:

Purchase Price = Annual NOI ÷ Cap Rate

Example: A QSR lease generating \$150,000 annual NOI (after all NNN expenses) in Florida's current market trades at 4.75% cap rate. The value is: $\$150,000 \div 0.0475 = \$3,157,895$

The lower the cap rate, the higher the price. A 4.50% cap rate yields a higher price than 5.00%. Strong credits and long lease terms push cap rates down (increase value). Weak credits and short terms push cap rates up (decrease value).

Current Florida NNN Cap Rates by Tenant Type

Tenant Type	Typical Cap Rate Range
Quick Service Restaurant (QSR)	4.25% – 5.75%
Dollar Store (Dollar General, Family Dollar)	5.75% – 6.50%
Auto Parts (AutoZone, O'Reilly)	5.25% – 6.00%
Medical/Pharmacy (CVS, Walgreens)	6.00% – 7.00%
Grocery (Publix, Winn-Dixie)	4.00% – 4.75%
Industrial/Automotive Service	6.50% – 7.50%
Local/Non-Franchisee	7.00% – 9.00%+

Note: These ranges are current as of early 2026. Cap rates fluctuate with interest rates, market sentiment, and tenant credit conditions. Always validate with your broker's latest comps.

Factors That Compress Cap Rates (Increase Value)

- Longer lease terms (15–20 years)

- Strong tenant credit (A/BBB or S&P rated)
- Newer construction (< 5 years old)
- Premium location (high traffic, visibility)
- Drive-thru convenience (for food/beverage)
- Corporate guarantee (parent company backs lease)
- Fully escalated rent (removes rent growth risk)
- Absolute NNN (tenant pays all operating expenses)

Factors That Expand Cap Rates (Decrease Value)

- Shorter remaining lease term (< 5 years)
- Franchisee tenant (personal guarantee only, not corporate)
- Secondary market location (lower traffic, demographic weakness)
- Deferred maintenance (roof, HVAC, parking lot)
- NN vs. NNN (tenant doesn't pay all CAM or taxes)
- Tenant financial stress or weak operator
- Aging building (> 20 years, unless recently renovated)
- Environmental concerns (Phase I issues)

Calculating Your Development Spread

Your development spread—and ultimate profit—is the difference between your sale price and your total cost of development:

Development Spread = Sale Price – Total Development Cost

Example:

- Land cost: \$500,000
- Construction cost: \$1,200,000
- Soft costs (design, permits, financing): \$300,000
- Total development cost: \$2,000,000
- Sale price (at market cap rate): \$3,157,895
- Gross development spread: \$1,157,895
- After-tax profit (assuming 35% tax burden): ~\$752,631 net profit

Conservative Underwriting: Model Your Exit Cap Rate

Successful developers always model a more conservative (higher) exit cap rate than current market when underwriting their development pro formas. Here's why:

- Market conditions may shift by the time you're ready to sell

- Interest rate increases typically push cap rates up 25–100 bps
- Lease assumptions may not hold perfectly (tenant may request reductions)
- Building condition may require more maintenance spend than expected

Best practice: If current market cap rate for your asset type is 4.75%, model your exit at 5.00–5.25% (25–50 bps higher). This gives you a margin of safety and ensures your deal works even if conditions soften.

3. Selecting a Disposition Broker

Choosing the right investment sales broker is one of the most important decisions you'll make. The difference between a good broker and a great one can mean hundreds of thousands of dollars in your pocket.

Why You Need a Specialized NNN Investment Sales Broker

A general commercial real estate broker will struggle to sell your NNN property effectively. Here's why you need a specialist:

- NNN market is different: investor-focused, cap-rate driven, not end-user driven
- Buyer database: NNN brokers maintain proprietary lists of 1031 buyers, DST sponsors, family offices
- Valuation expertise: They understand cap rate compression and expansion factors
- Marketing platform: Access to CoStar, Crexi, LoopNet, and 1031 exchange networks
- Deal structure: They know how to position your deal to attract the right buyers
- Pricing discipline: They'll advise you to price right from day one, not overreach

Top NNN Investment Sales Firms

Marcus & Millichap

- Largest NNN sales volume nationally (thousands of deals per year)
- Nearly 300 net lease investment specialists across the US
- Massive buyer database and institutional relationships
- Strong in Florida; excellent institutional buyer connections
- Typical commission: 2.5–3.5% (split equally)

Stan Johnson Company

- Elite NNN advisory and brokerage firm (focused, not mass-market)
- Deep relationships with major institutional players and family offices
- Expert in complex multi-asset dispositions
- High-touch service; smaller number of agents but stellar track record
- Typical commission: 3.0–3.5%

Sands Investment Group (SIG)

- Active NNN brokerage, especially strong in Southeast and Florida markets
- Growing national footprint with local market expertise
- Effective buyer outreach and deal flow

- Typical commission: 2.5–3.0%

Boulder Group

- NNN research and brokerage; known for market research publications
- Strong institutional buyer relationships
- Valuable market insights and comparable transaction data
- Typical commission: 3.0–3.5%

SURMOUNT (formerly NNN Pro Group)

- Independent NNN advisory firm with specialized expertise
- Boutique approach; emphasis on value-add and complex transactions
- Strong in specific geographic markets and tenant niches
- Typical commission: 3.0–3.5%

Westwood Net Lease Advisors

- Boutique NNN brokerage with strong local and regional buyer networks
- Focused on quality properties and selective buyer matching
- Typical commission: 2.75–3.25%

Other Notable Firms

- Triple Net Investment Group (TNIG): Regional focus, solid buyer database
- Pinnacle Real Estate Advisors: NNN specialist with multi-state presence

What to Look for in a Broker

Recent Comparable Sales	Ask for 3-5 recent sales (last 12 months) of similar assets. Verify prices and cap rates.
Buyer Database Size	How many active 1031 buyers are in their network? Larger = better distribution.
Marketing Platform	Do they have CoStar, Crexi, LoopNet access? Will they syndicate widely?
Commission Structure	Typical 2.0–3.5% split 50/50 between listing and selling agent. Negotiate for exclusivity.
Track Record	How many NNN deals has the firm closed in the last 2 years? In Florida specifically?
Agent Tenure	Does your assigned agent have 5+ years in NNN? Or is this their first year?

Institutional Relationships	Can they name major institutional buyers they work with regularly?
Timeline & Strategy	Do they have a realistic timeline and documented go-to-market plan for your asset?

Listing Agreement Key Terms

When you sign a listing agreement with your broker, understand these critical terms:

- Exclusive vs. open listing: Exclusive (you use one broker only) is standard for NNN. Open is rare and damages deal flow.
- Listing period: 6–12 months is typical. Shorter periods reduce broker incentive to invest in marketing.
- Commission: Typically 2.0–3.5% of sale price, split 50/50 between listing and selling agents.
- Marketing responsibilities: Broker should prepare offering memorandum, photography, and syndicate to multiple platforms.
- Rollover clause: If property doesn't sell, does the listing automatically renew or require renegotiation?
- Early termination: Can you exit if the broker isn't performing? (Usually only with cause.)

4. Preparing the Offering Memorandum (OM)

The Offering Memorandum (OM) is your property's sales brochure. It's the first piece of marketing material serious buyers will review. A professional, comprehensive OM dramatically increases buyer interest and deal velocity.

What an OM Contains

A professional NNN offering memorandum typically includes:

- Executive Summary: 1-page investment highlights, price, cap rate, lease term remaining
- Investment Highlights: Bullet-point summary of why this is a good investment
- Property Overview: Location, building description, condition, recently renovated?
- Tenant Profile: Company name, credit rating, financial statements, store count, business model
- Lease Abstract: Initial rent, annual increases, expiration date, renewal options, tenant responsibilities (NNN burden)
- Location & Market Analysis: Trade area demographics, traffic counts, competition, economic drivers
- Financial Analysis: NOI calculation, sale price, cap rate, estimated buyer yield
- Property Photos: Exterior (4 angles), aerial, interior, site plan, trade area location map
- Appendices: Full lease document (provided to serious buyers only), Phase I ESA, survey

Key Sections: What Buyers Want to Know

Investment Highlights

- This is your 'hook.' Capture attention immediately with:
- Tenant credit rating (if publicly rated)
- Lease term and annual rent increase %
- Cap rate and expected annual NOI
- Tenant store count and financial stability
- Any recent building improvements or tenant capital investments
- Location strengths (traffic, demographics, visibility)

Tenant Profile

- Buyers will scrutinize this. Include:
- Tenant's parent company (if franchisee)
- Credit rating (S&P, Moody's if available)

- Latest 3 years of financial statements (for private operators)
- Number of locations nationwide/regionally
- Business stability and revenue trends
- Key executives and tenure
- Any recent covenant violations or lease disputes

Lease Abstract

- This is critical. Buyers need to understand their income stream:
- Base rent (Year 1, Years 2–5, beyond)
- Lease commencement date and expiration date
- Renewal options (1st renewal? 2nd renewal?)
- Tenant responsibility: NNN, NN, or gross lease?
- Specific CAM exclusions (if NN lease)
- Rent increase schedule (fixed % or CPI-based?)
- Any free rent, tenant improvement allowances, or abatements
- Assignment/default/subordination terms

Location & Market Overview

- Set the investment narrative with:
- Trade area demographics (population density, household income, age)
- Traffic counts (vehicles/day) and visibility from major roads
- Comparable competitive properties (but position yours favorably)
- Economic drivers (employer concentration, employment growth)
- Local real estate market trends and cap rate history

Financial Analysis

- Show the math clearly:
- Gross rent, less landlord-paid expenses, equals NOI
- $\text{Sale price} \div \text{NOI} = \text{Cap rate}$
- Show debt service coverage for typical buyer financing scenarios
- Include 10-year pro forma with rent escalations

Professional Photography is Essential

High-quality photos are non-negotiable. Include:

- Exterior: 4 angles (front, back, each side)
- Aerial: Drone photo showing parking, site context, nearby tenants
- Interior: Tenant sales floor, common areas (if applicable)
- Site Plan: Marked parking spaces, layout, signage visibility

- Location Map: Showing major roads, neighboring retailers, traffic patterns
- Entry/Signage: Clear, professional signage shows brand strength

Who Prepares the OM?

Your broker typically prepares the OM, but you must provide all raw data:

- Lease document (full text)
- Tenant financial statements (if private operator)
- Property photos (high-res)
- Survey and site plan
- Phase I ESA report
- Building condition assessment or recent inspection reports
- Utility bills and operating expense history

5. Marketing the Property

Once your OM is ready, your broker will distribute it through multiple channels. Understanding where and how NNN properties are marketed helps you track progress and identify buyer interest.

Where NNN Properties Are Marketed

CoStar

- Premier commercial real estate database used by institutional investors
- Your broker will list here and make it searchable by cap rate, location, tenant type
- Most serious institutional buyers and DST sponsors monitor CoStar daily

Crexi

- Modern real estate marketplace platform for commercial deals
- Strong adoption by emerging fund managers and family offices
- Growing but slightly less institutional than CoStar

LoopNet

- Established listings platform owned by CoStar
- Broader general commercial reach (end-users, developers, small investors)
- Good for awareness but less specialized for NNN investors

Broker Proprietary Databases

- Major firms like Marcus & Millichap maintain internal buyer lists with thousands of active 1031 and HNW investors
- These are often the FIRST to see deals; huge distribution advantage
- Direct outreach via email, phone calls to qualified buyers

1031 Exchange Intermediary Networks

- Firms like IPX1031, Asset Preservation Inc., and others maintain networks of active 1031 buyers
- Broker will often pay to syndicate your deal to these networks
- Reaches time-pressured 1031 buyers under their 45/180 deadline

Broker Direct Outreach

- Your broker's agents directly call/email their buyer network
- Personal relationships often generate the highest-quality offers

Expected Timeline to Contract

Well-priced, quality NNN assets typically go under contract in 30–90 days. However:

- Overpriced properties languish for 6+ months and lose momentum
- Perfectly priced deals can attract multiple offers in 30–45 days
- Distressed or secondary-market assets take longer (120–180+ days)
- Seasonal factors: Summer sees slower deal flow; fall/spring are busier

Best Practices for Successful Marketing

Price It Right from Day One

- The most common mistake developers make is overpricing their property
- An overpriced listing signals weakness to buyers; they'll wait for a price reduction
- Once a property sits for 60+ days, buyer confidence erodes dramatically
- Best strategy: Research recent comps, model at conservative cap rate, price competitively from launch
- If offers come in below asking, you can always negotiate; once it's stale, you can't recover momentum

Highlight Lease Term Remaining

- Investors are buying an income stream. Longer lease terms = lower cap rates = higher prices
- Make the remaining term a visual focus of your OM (e.g., 'X years of contracted rent growth')
- If you can add years via renewal options, emphasize that optionality

Emphasize Credit Quality

- Tenant credit is THE key variable for institutional buyers
- If your tenant is investment-grade or S&P-rated, lead with this
- If franchisee, highlight parent company strength and franchise track record

Provide Full Lease Early

- Don't withhold the lease to 'serious buyers only.' Transparency builds trust.
- Earnest brokers will share the lease with serious prospects immediately
- Hidden issues in the lease will emerge during due diligence; better to address them upfront

Highlight Property Condition

- Recent renovations, new HVAC/roof, updated parking lot all compress cap rates
- Deferred maintenance will expand cap rates; disclose honestly
- Phase I ESA: Clean environmental report is a huge selling point

6. The Sale Process: Step by Step

From listing to closing, the NNN sale process typically follows this roadmap.

Understanding each step helps you manage expectations and move efficiently toward close.

Step 1: Listing and Marketing Launch

Once you sign the listing agreement with your broker:

- Broker prepares offering memorandum (typically 2–3 weeks)
- Professional photography scheduled (1 day)
- OM uploaded to CoStar, Crexi, LoopNet, and internal databases
- Broker begins direct outreach to buyer network via email and phone
- Marketing materials printed and distributed to sales team

Step 2: Receiving and Evaluating LOIs

Serious buyers will submit a Letter of Intent (LOI) or a non-binding offer within the first 30–60 days.

An LOI typically includes:

- Proposed purchase price (and implied cap rate)
- Earnest money amount (typically 1–2% of purchase price)
- Proposed closing timeline
- Contingencies (financing, appraisal, inspections)
- Proposed allocation of purchase price (building vs. land vs. FF&E)

Evaluate LOIs based on price, feasibility, buyer credentials, and timing. Don't accept the first offer if multiple bidders emerge.

Step 3: Negotiating the Purchase and Sale Agreement (PSA)

Once you've selected a buyer (or are in exclusive negotiations with a strong candidate), your broker's legal team will prepare the PSA.

Key PSA terms to understand:

- Purchase price and deposit amount
- Financing contingency period (typically 30 days)
- Inspection period (typically 30 days)
- Title and survey acceptance deadline

- Closing date (typically 30–45 days post-PSA)
- Allocation of closing costs (prorations, escrows, title insurance, broker commission)
- Seller representations and warranties (condition of property, lease validity, compliance)
- Buyer's 1031 exchange accommodation (if applicable)

Step 4: Due Diligence Period (Typically 30 days)

After you sign the PSA, the buyer will conduct thorough due diligence. They'll review:

- Full lease document and all amendments
- Survey and site plan
- Phase I Environmental Site Assessment (ESA)
- Title report (looking for liens, easements, encumbrances)
- Estoppel certificate from tenant (critical—see below)
- Property inspection (roof, HVAC, parking, structural)
- Tenant financial statements (if available)
- Environmental compliance records (if applicable)
- Zoning verification and use compliance

The Estoppel Certificate: Critical Document

An estoppel certificate is a letter from the tenant to the buyer confirming the lease terms and tenant's compliance status. It's one of the most important due diligence documents.

The estoppel certificate confirms:

- Lease is valid and in effect (not terminated)
- Current rent payment amount and payment schedule
- Tenant has no claims against landlord for breach or default
- Tenant has received no rent abatements or modifications not documented in the lease
- All rent is paid current (no arrearages)
- Tenant will perform all lease obligations going forward

As the seller, you must obtain this certificate from the tenant during the due diligence period. Tenants are typically cooperative because they know a sale doesn't change their obligation to pay rent. If the tenant refuses or hedges, it signals problems.

Step 5: Buyer Financing and 1031 Exchange Coordination

Most institutional buyers finance a portion of the purchase (50–70% LTV is typical for NNN). The buyer will:

- Obtain loan commitment from lender (1–2 weeks)
- Provide proof of funds or loan commitment to you/your title company

If the buyer is a 1031 buyer, they'll engage a qualified intermediary (QI). You should coordinate with the QI early to understand timeline requirements.

Step 6: Closing

At closing (typically 45–60 days post-PSA):

- Seller delivers deed (warranty deed or quitclaim, depending on agreement)
- Buyer wires purchase price to title company
- Title insurance policy is issued
- Brokers collect commission (paid from closing proceeds)
- Prorations are calculated (property taxes, HOA fees, tenant deposits, if applicable)
- Lease is assigned to buyer (or novated, depending on lease language)
- All documents are recorded with county recorder

Step 7: Post-Closing Handoff

After closing, you should:

- Notify tenant of new ownership in writing
- Transfer any security deposits to buyer (usually held in escrow)
- Deliver all tenant communication records and lease history
- Provide copies of warranties (building systems, roofing, HVAC if applicable)
- Ensure buyer's name is on property insurance and utility accounts
- Provide utility account numbers and recent bills

7. 1031 Exchange Coordination

If your buyer is executing a 1031 exchange, you need to understand the mechanics. As the seller, your role is limited, but coordination is important for deal flow and timing.

What Is a 1031 Exchange?

A 1031 exchange (also called a 'like-kind exchange') allows a real estate investor to sell one investment property and reinvest the proceeds into another 'like-kind' property while deferring federal capital gains taxes. This is one of the most powerful tax tools in real estate.

The 45/180 Day Timeline

The IRS allows exactly 45 days to identify a replacement property and 180 days to close on it, measured from the sale of the original property. This creates urgency:

- Day 0: Your sale closes. Buyer's 1031 clock starts.
- Day 45: Buyer must formally identify the replacement property (your property).
- Day 180: Buyer must close on replacement property (your property). If not, 1031 fails and buyer owes capital gains tax.

This timeline pressure is why 1031 buyers often pay premium prices—they MUST deploy capital or face major tax consequences.

Why 1031 Buyers Pay Premiums

A 1031 buyer facing a hard 180-day deadline is highly motivated:

- If they miss the deadline, they pay federal capital gains tax (typically 15–20%)
- State taxes may add another 3–5%
- A \$10M sale with \$4M profit could cost \$700K–\$1M in taxes if 1031 fails
- This tax burden makes 1031 buyers willing to accept slightly higher cap rates (lower prices) to close
- Experienced NNN brokers understand this and use it to justify premium pricing

Working with Qualified Intermediaries (QIs)

A Qualified Intermediary is a specialized firm that holds the sale proceeds and coordinates the 1031 exchange. The QI ensures the exchange complies with IRS rules.

As the seller, you should:

- Ask the buyer to identify their QI early (week 1 post-PSA)

- Coordinate closing with the QI's requirements (wire timing, settlement statement format)
- Ensure your title company and the QI communicate directly
- Provide all closing documents to QI on day of closing
- QI becomes custodian of proceeds; you receive your net sale proceeds post-closing

Reverse 1031 Exchanges

Sometimes a 1031 buyer purchases your property (the replacement) BEFORE they've sold their original property. This is called a reverse 1031 exchange. It happens when:

- They found the perfect replacement before selling their old property
- Market conditions make them want to buy before selling
- A reverse 1031 specialist firm arranges temporary holding of the new property

For you as the seller, a reverse exchange works the same—buyer wires funds, you close, and the 1031 mechanics are the buyer's problem. However, reverse exchanges are more complex (and expensive) for buyers, so don't expect these deals to move faster or bid higher than standard 1031 exchanges.

8. Tax Considerations for the Developer

Before closing your sale, understand the tax implications. As a developer, your profit is taxed differently than an investor's.

Your Profit is Ordinary Income, Not Capital Gains

Here's the critical distinction:

- If you buy land, hold it 1+ years, and sell it: Capital gains tax (15–20% federal)
- If you develop land into an income property and sell: Ordinary income tax (up to 37% federal + state tax)

Why? Because the IRS views development activity as a business (not investment) activity. The spread you earn is considered ordinary business income, not capital gains. This is a major tax hit.

Tax Impact Example

Using our earlier example:

- Gross development spread: \$1,157,895
- Tax rate (ordinary income, federal + state combined): ~37%
- Federal + state taxes owed: \$428,421
- Net profit after tax: \$729,474
- Effective tax rate: 37% of profit goes to taxes

Strategies to Consider

Installment Sale

- Spread the gain over multiple years to reduce your tax bracket impact
- Buyer pays you over 5–10 years instead of at closing
- Reduces tax burden per year
- Risk: Buyer default or refinance eliminates deferred payments
- Consult your CPA; this strategy has specific IRS rules

Opportunity Zone Reinvestment

- If you reinvest a portion of your gain into a Qualified Opportunity Zone fund, you can defer taxes
- If held in the QOZ for 10+ years, future gains are tax-free
- Complex but powerful if you're planning next development deals
- Requires reinvestment within 180 days; consult tax advisor

Your Own 1031 Exchange

- If you hold the stabilized property for 12+ months and treat it as investment property (not development), you may qualify to do a 1031 exchange
- This converts your ordinary development income into deferrable capital gains
- Significant tax benefit, but IRS scrutiny is high—you need strong documentation that you're an investor, not a developer
- Highly recommended if you're holding multiple stabilized properties

Depreciation Recapture

- If you hold the stabilized property for a period before selling, you'll depreciate the building cost
- When you sell, depreciation recapture tax kicks in at 25% federal rate
- This is a separate tax from ordinary income or capital gains tax
- Plan for this in your underwriting if you're holding 2–3+ years before sale

Critical: Consult Your CPA Before Closing

Tax strategy is highly individual based on your overall income, other investments, state of residence, and long-term plans. Before you close on any sale:

- Meet with your CPA or tax attorney
- Review your specific tax situation (marginal rate, alternative minimum tax, state taxes)
- Explore installment sales, opportunity zones, or 1031 exchange strategies
- Model the after-tax profit under different scenarios
- Make sure your broker and title company have correct tax ID and entity structure

This guide is informational only and does NOT constitute tax advice. You are responsible for consulting qualified tax professionals before executing any transaction.

Conclusion: Your Path to Successful Disposition

Selling a stabilized NNN property successfully requires mastery of several key disciplines:

- Understanding your buyer pool and their motivations (especially 1031 buyers)
- Pricing your asset based on market cap rates, not wishful thinking
- Selecting a specialized NNN investment sales broker with institutional buyer relationships
- Preparing a professional, comprehensive offering memorandum
- Marketing aggressively across CoStar, Crexi, LoopNet, and broker networks
- Moving efficiently through due diligence, estoppel certificates, and financing
- Coordinating with 1031 intermediaries if your buyer is doing an exchange
- Planning for tax implications with your CPA before closing

The developers who nail these disciplines consistently capture higher spreads, sell faster, and close more deals. The goal is not just to get a check at closing—it's to maximize your after-tax profit while positioning yourself to move capital into your next deal efficiently.

Your NNN disposition journey is also the beginning of your next development cycle. Each stabilized property sold is capital deployed into your next project. By mastering the sale process, you master your own capital deployment cycle and accelerate your portfolio growth.

Best of luck with your disposition. Execute with discipline, price competitively, and close efficiently.

Appendix: Key Resources and Contacts

Major NNN Investment Sales Firms

Marcus & Millichap	www.marcusmillichap.com Largest NNN broker nationally
Stan Johnson Company	www.stanjohnson.com Elite NNN advisory
Sands Investment Group (SIG)	www.sigre.com Southeast/Florida specialist
Boulder Group	www.bouldergroup.com NNN research & brokerage
SURMOUNT	www.surmountadvisors.com Independent NNN advisory
Westwood Net Lease Advisors	www.westwoodadvisors.com Boutique NNN

1031 Exchange Intermediary Networks

IPX1031	www.ipx1031.com Large 1031 intermediary network
Asset Preservation Inc.	www.assetpreservation.com National QI firm
Qualified Intermediary Directory	Search IRS-qualified intermediaries in your state

Recommended Reading & Tools

- 'The Essential Handbook for NNN Real Estate' — Marcus & Millichap (free download)
- CoStar Portfolio database — for comps and market analysis
- LoopNet Market Reports — quarterly NNN trends by tenant type and geography
- IRS Publication 544 — 'Sales of Assets' (tax guidance)
- IRS Publication 1033 — '1031 Exchanges' (official exchange rules)

Questions to Ask Your Broker

- What are your 3 most recent comparable sales for properties like mine?
- How many active 1031 buyers are in your network right now?
- What is your typical time-to-contract for stabilized NNN assets in Florida?

- What is your marketing plan for this property?
- Will you syndicate to CoStar, Crexi, LoopNet, and 1031 networks?
- What is the proposed commission split and can it be negotiated for exclusivity?
- How will you handle the estoppel certificate process?
- Do you have experience coordinating with 1031 intermediaries?

HOW TO FIND TRAFFIC COUNTS

A Step-by-Step Guide for NNN Site Selection in Orlando & Florida

Free Online Tools | FDOT, Orange County & More
Compiled March 2026

1. What is AADT and Why It Matters

AADT (Average Annual Daily Traffic) is the total volume of vehicle traffic on a road segment for one year, divided by 365 days. It tells you how many cars pass a specific point on an average day. This is the single most important metric tenants use to evaluate whether a site has enough drive-by traffic to support their business.

When a Starbucks or Taco Bell site selector evaluates your proposed parcel, one of the first things they check is the AADT on the frontage road. If it doesn't meet their minimum threshold, the site is rejected immediately, no matter how good the demographics or price are.

1.1 Traffic Count Thresholds by Tenant Type

Use this table when evaluating whether a site's traffic count is strong enough for your target tenant:

Tenant Category	Min. ADT	Notes
Chick-fil-A	35,000+	Highest traffic requirements; signalized corner essential
McDonald's / Taco Bell / QSR	25,000+	Drive-thru dependent; high visibility and easy access required
Starbucks (drive-thru)	25,000+	Morning commute direction matters; right-hand side of road preferred
Chipotle / Panera	20,000+	Slightly lower threshold; density and rooftops also factor in
AutoZone / O'Reilly	15,000 - 25,000	Strong visibility more important than raw count; destination traffic
Dollar General	5,000 - 15,000	Targets underserved areas; lower ADT is acceptable and expected
Medical / Dental / Vet	10,000+	Visibility helps but less traffic-dependent; destination-based
Convenience / Gas	25,000+	Fuel sites need high volume; corner with multiple access points
Bank Branch	20,000+	Signalized hard corner preferred; drive-thru access essential

TIP: For corner sites, add both road counts together for the combined ADT. A site at the corner of a 20,000 ADT road and a 12,000 ADT cross-street has a combined 32,000 ADT, which meets QSR thresholds.

2. FDOT Florida Traffic Online (Primary Tool)

This is your go-to tool. It covers every state road, US highway, and interstate in Florida. The data is collected by FDOT and updated annually each April.

2.1 How to Access It

Go to: <https://tdaappsprod.dot.state.fl.us/fto/>

This is the Florida Traffic Online (FTO) interactive map. No login or account is required. It works in any web browser.

2.2 Step-by-Step: How to Look Up Traffic Counts

1. Open the FTO map link above. You'll see a map of the entire state of Florida with colored dots representing traffic count stations.
2. Use the search bar (magnifying glass icon) in the top-left corner to type an address, intersection, or city name. For example, type "Colonial Dr and Bumby Ave, Orlando" to zoom to that intersection.
3. Zoom in until you can see individual road segments. The colored line segments on the roads represent traffic count locations. Each segment has a count station.
4. Click on a colored road segment near your site. A pop-up window will appear showing the traffic count data for that segment.
5. Look for the AADT (Annual Average Daily Traffic) value. This is the number you need. It will show the most recent year's count and may include historical data going back several years.
6. Note the count for both roads if you're evaluating a corner site. Click the segment on each road separately to get both counts.
7. Screenshot or write down the AADT, the road name, the count station ID, and the data year. You'll include this information in your site submission packages to tenants.

TIP: If you can't find a count station near your exact site, look for the nearest station on the same road. Traffic counts don't change dramatically over short distances on the same road segment unless there's a major intersection or highway ramp between the two points.

2.3 What the Data Shows

- AADT: Annual Average Daily Traffic (total vehicles per day, both directions combined)
- AADT Year: The year the count was collected (most recent is typically 1-2 years old)
- K Factor: The proportion of daily traffic occurring in the peak hour (used by traffic engineers)
- D Factor: Directional split (what percentage of traffic goes each direction)
- T Factor: Truck percentage (useful for industrial sites, less relevant for retail)
- Count Station ID: The unique FDOT station number (useful for referencing specific data)

TIP: For NNN site selection, you primarily care about the AADT number. The other factors are useful for traffic impact studies but aren't needed for tenant submissions.

2.4 FDOT Open Data Hub (Alternative / Download)

If you prefer to download the raw data or use it in GIS software, visit: <https://gis-fdot.opendata.arcgis.com/datasets/annual-average-daily-traffic-tda>

This lets you download the entire statewide AADT dataset as a shapefile, KML, GeoJSON, or CSV. Useful if you want to analyze multiple sites at once or overlay traffic data on your own maps.

3. Orange County Traffic Counts (Local Roads)

FDOT covers state roads and highways, but many local roads in Orlando are maintained by Orange County. For these county-maintained roads, Orange County publishes its own traffic count data.

3.1 How to Access It

Go to: <https://www.orangecountyfl.net/TrafficTransportation/OrangeCountyTrafficCounts.aspx>

This is Orange County's traffic count map, maintained by the Public Works department. It shows AADT and peak-hour data for county-maintained roads in unincorporated Orange County and some incorporated areas.

3.2 Step-by-Step

8. Open the link above. The interactive map will load showing Orange County.
9. Zoom into your area of interest using the scroll wheel or the +/- buttons.
10. Click on a road segment to see the traffic count data, including AADT and peak hour volumes.
11. The data includes both AADT and PHDV (Peak Hour Directional Volume), which tells you how many cars pass during the busiest hour in the busiest direction.

TIP: Use Orange County's data to fill gaps where FDOT doesn't have count stations. Between the two sources, you should be able to find traffic data for virtually any road in the Orlando metro area.

3.3 Other Orlando-Area County Resources

If you're evaluating sites in counties adjacent to Orange, these counties also publish traffic count data:

County	Where to Find Traffic Counts	Coverage
Seminole County	Search "Seminole County traffic counts" or use FDOT FTO map	Sanford, Altamonte Springs, Lake Mary
Osceola County	Search "Osceola County traffic counts" or use FDOT FTO map	Kissimmee, St. Cloud, Celebration
Lake County	Search "Lake County FL traffic counts" or use FDOT FTO map	Clermont, Leesburg, Tavares
Polk County	Search "Polk County FL traffic counts" or use FDOT FTO map	Lakeland, Winter Haven, Davenport
Volusia County	Search "Volusia County traffic counts" or use FDOT FTO map	Daytona Beach, DeLand, Deltona

4. Other Free Traffic & Site Selection Tools

4.1 RPR (Realtors Property Resource)

<https://www.narrpr.com>

RPR is free for all licensed REALTORS through NAR. It now includes traffic count data in its Commercial Property Reports and Trade Area Reports. When you pull a report on a property or trade area, it shows the AADT on nearby roads along with demographic data, making it a one-stop shop for site analysis. It uses Kalibrate's projected traffic counts, which include both actual historical counts and forward-looking projections.

TIP: As a licensed agent, this is probably your fastest option. Pull an RPR Commercial report on any address and you'll get traffic counts, demographics, and trade area data all in one PDF you can include in tenant submissions.

4.2 Google Maps (Quick Visual Check)

Google Maps doesn't show AADT directly, but it's useful for a quick visual traffic assessment before you pull official data:

- Use the "Traffic" layer (click the hamburger menu, then "Traffic") to see real-time and typical traffic patterns. Green means light, yellow means moderate, red means heavy.
- Check "Typical traffic" by day and hour to see peak patterns. This tells you if a road is busy during the hours your tenant's customers would be driving (morning for coffee, lunch for QSR, evenings for grocery).
- Use Street View to visually confirm road width, number of lanes, median type (divided vs. undivided), and visibility from the road to your site.

4.3 Google Earth Pro (Free)

<https://earth.google.com/web/>

Use Google Earth for aerial photos and measurement. You can measure distances, lot dimensions, and setbacks directly on the satellite image. Create aerial screenshots to include in your tenant site submission packages. The ruler tool lets you estimate lot size before you get the official survey.

4.4 ESRI Community Analyst (Demographics)

While not traffic-specific, ESRI's tools are the industry standard for demographics. Many tenant reps use ESRI data to evaluate sites. If you have access through your brokerage or NAR, you can pull trade area demographics (population, household income, age distribution, daytime population) to pair with your traffic count data. Some basic data is accessible through the ArcGIS Living Atlas for free.

4.5 SitesUSA Traffic Counts

<https://sitesusa.com/Data/Traffic>

SitesUSA offers a traffic count lookup tool that aggregates data from state DOTs. You can search by address or coordinates and see nearby count stations. Some data is free; more detailed reports require a subscription.

5. Putting It All Together: Site Evaluation Workflow

Here's the step-by-step workflow for evaluating traffic at a potential NNN site in Orlando:

12. Identify the site: Get the address or parcel number of the land you're evaluating.
13. Quick check on Google Maps: Turn on the Traffic layer and check "Typical traffic" during business hours. Does the road look busy (yellow/red) during the times your tenant's customers would be driving? If it's green all day, the road may not have enough volume.
14. Pull FDOT data: Open Florida Traffic Online (tdaappsprod.dot.state.fl.us/fto/) and search for the address. Click on the road segments fronting your site. Write down the AADT for each road.
15. Check Orange County data (if needed): If FDOT doesn't have a count station on your road (usually means it's a county road, not a state road), check the Orange County traffic count map for local road data.
16. Compare to tenant thresholds: Reference the table in Section 1. Does the site's ADT meet or exceed your target tenant's minimum? If it's a corner, add both roads together for the combined count.
17. Pull RPR Commercial Report: If you're a licensed REALTOR, pull an RPR report on the address. This gives you traffic counts plus demographics in one document that you can send to tenant reps.
18. Document everything: Screenshot the FDOT map showing the count station location and AADT. Save the RPR report. Create an aerial image in Google Earth with the site outlined. These three items go into every tenant site submission package.

5.1 What to Include in Your Site Submission Package

When you submit a site to a tenant's real estate department, include these traffic-related items:

Item	What to Show	Source
AADT Summary	Traffic count for each road fronting the site, with data year	FDOT FTO or Orange County map
FDOT Map Screenshot	Screenshot of the FTO map zoomed to your site with count station visible	Florida Traffic Online
Aerial Photo	Satellite image with site boundary outlined in red	Google Earth Pro
Demographics Summary	Population, HH income, and growth within 1/3/5 mile radius	RPR Commercial Report or ESRI
Site Sketch	Rough site plan showing building pad, parking, access points	Hand-drawn or CAD
Zoning Confirmation	Screenshot of zoning map with parcel highlighted	County Property Appraiser / GIS

6. Quick Reference: All Free Traffic Count Links

Bookmark these links for quick access when evaluating sites:

Tool	URL	Cost
FDOT Florida Traffic Online	tdaappsprod.dot.state.fl.us/fto/	Free
FDOT Open Data Hub (AADT download)	gis-fdot.opendata.arcgis.com/datasets/annual-average-daily-traffic-tda	Free
Orange County Traffic Counts	orangecountyfl.net/TrafficTransportation/OrangeCountyTrafficCounts.aspx	Free
Orange County GIS / InfoMap	ocgis4.ocfl.net/Html5Viewer/Index.html?viewer=InfoMap_Public_HTML5.InfoMap_Public	Free
FDOT Traffic Info Page	fdot.gov/statistics/trafficinfo/default.shtm	Free
RPR (Realtors Property Resource)	narrpr.com	Free (NAR members)
Google Maps (Traffic Layer)	google.com/maps	Free
Google Earth Pro	earth.google.com/web/	Free
SitesUSA Traffic Counts	sitesusa.com/Data/Traffic	Free / Paid tiers
FDOT TDA Support Line	800-399-5503	Free (phone)

TIP: If you ever get stuck or can't find a count station for a specific road, call FDOT's TDA Support Group at 800-399-5503. They can look up counts for you and tell you which station is closest to your site.