



Pros & Cons Of Investment-Grade, Long-Term Net-Leases

Are you hoping to invest in the real estate market?

Have you been thinking about investing in a triple net property, California?

Review your investment goals and resources, and then go over the advantages and disadvantages of various investment options.

For many people, triple net properties in California with investment-grade tenants can be a financially wise choice.

[San Benito Realty](#) wants you to thrive in your real estate goals; that is why we will go over the pros and cons of investment-grade, long-term triple net leases, California.

The Pros Of Investment-Grade, Long-Term Net-Leases

When you have an investment-grade, long-term net lease, you will most likely have a stable income that can help you build wealth.

On top of the increase in income, many people are drawn to triple net lease, California, because they can be straightforward to manage.

A high profit is more likely when you have investment-grade tenants because they typically have large incomes and pay more.

The Cons Of Investment-Grade, Long-Term Net-Leases

If you were to have your investment grade tenant default on the lease, you will have a lapse in income and have to find a new tenant; although not very common, this can be expensive and time-consuming. As a landlord, you should prepare for emergencies such as this.

Another thing to consider before deciding on investing in a triple net property, California at the investment-grade level, is that fluctuations in the market happen occasionally. Investment-grade tenants typically have fixed leases, so you won't be able to move the lease price as the market changes.

For many investors, these risks are worth the reward of a sustainable income with little effort needed. Real estate investors can prepare and put safeguards in an attempt to avoid issues.

Real-Life Examples Of Investment Grade Tenants

One excellent way to avoid any problems is to take a close look at tenant ratings and make sure you find trustworthy investment-grade tenants who you can work with for the long run.

[Exchange Rights](#) says that *"Investment-grade leases are leases to tenants that maintain a credit rating of BBB- or higher. This investment rating is given by S&P's, Moody's, or Fitch, and it represents a company's ability to repay its obligations. BBB- represents a "good credit rating" according to the rating agencies. Typically, only larger, national companies maintain these stronger credit ratings."*

Here are some examples of common investment-grade tenants and their ratings to give you a better idea of what to look for when doing a triple net lease in California on the investment-grade level.

[Starbucks](#) is an example of a great investment-grade tenant. This highly desired business has a BBB+ rating for S&P and a Baa1 on Moody's scale. Having Starbucks as your tenant will likely provide a high and sustainable income.

[Chipotle](#), does not have a credit rating or Moody rating yet. However, this company still is thought to make an outstanding triple net lease, California.

[Taco Bell](#) has a BB for an S&P and Ba3 for the Moody scale. This puts Taco Bell as a non - Investment grade credit despite it being a large national company. If you decide you want to work with Taco Bell, make sure you do your research and make sure the franchise would do well in your area.

[McDonald's](#) makes an excellent investment grade tenant BBB+ S&P, along with a Baa1 Moody. McDonald's is one of the largest franchises in the fast-food industry and has a low price point that makes a significant investment.

To research the ratings of many other national companies that can be investment-grade long-term leases, click here to choose a [commercial real estate broker](#) you can trust.

How To Know If This Type Of Investment Is Right For You?

Are you considering doing a triple net lease, California?

Have you been researching tenant ratings and investment-grade tenants?

What investments you decide to make is an important choice that needs thorough research and expert help! Don't try to do it alone; find professionals to assist you on this real estate journey!

San Benito Realty can help you decide if Investment grade long-term net leases are the right choice for you!

Click here to contact the experts at [San Benito Realty](#) today!



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