



Tower Capital Advisors Releases 2021 YTD Statistics on Wireless Lease and Cell Tower Cap Rates and Prices

Tower Capital Advisors releases their 2021 Q2 update on cap rates and current market valuations for both direct lease obligations and cell towers anchored by the three investment grade cellular tenant-credit counterparties (AT&T, Verizon and T-Mobile).

Tower Capital Advisors (TCA) today released their 2021 Q2 update on market average prices and cap rates associated with the sale of wireless leases, easements and cellular tower infrastructure.

Commenting on this quarters data release, Michael DeMita, CEO of TCA said “Acquisition / monetization activity and the prices associated with the sale of ground and rooftop leases of the top telecom facilities-based service providers (AT&T, T-Mobile and Verizon) have reached a 20 year high. When structured as perpetual easements, it is not uncommon to see these revenue streams trade at cap rates below those of the same commercial properties they reside on.”

Mr. DeMita went on to say; “Because of the diverse nature of property owners who are landlords to the carriers and tower companies, information asymmetry has been a problem in the space since the concept of monetizing rooftop and tower ground leases first became popular at the turn of the century. Whether it be a farmer with a cell tower on their land or a hotel owner in a more urban environment with direct carrier antenna leases on their roof, because of a lack of publicly available data on valuations, many sellers are taken advantage of by a growing number of aggregation firms looking to acquire these revenue streams at below market value.”

Mr. DeMita further suggested that “The current administration’s tax proposals, if passed, raise the capital gains tax rates for the highest earners, call for end to “step up” the cost basis for real-estate when it is inherited and eliminate Section 1031 exchanges. Combined with likely future inflation and rising rates (meaning higher cost of capital for buyers), prices for wireless assets are likely to drop in the future. It therefore isn’t surprising that sellers are looking to monetize these revenue streams in droves this year and investors hungry for both returns and viable tenant-credits are more than happy to oblige them – especially given the information vacuum the property owner / prospective seller resides in.”

Rooftop wireless installations of the cellular carriers as well as carrier and non-carrier owned stand-alone towers are almost exclusively located on 3rd party leased property. The sale of a rooftop lease or ground lease under a tower, when combined with a long-term easement, is both non-recourse to the seller in the event the site is terminated by the tenant and can allow for capital gains tax treatment.

In summary, Mr. DeMita said “Given that even individual cell towers are selling for 20-24 times ANOI or higher and, depending on the escalation provisions inherent in the lease, rooftop and ground leases are now commonly trading for 18-20 times annual rent (equivalent to cap rates as low as 5%), it is a good time to be a wireless landlord.”

For more information, contact Tower Capital Advisors at info@towercapadvisors.com or by phone at (800) 675-0144. Visit their website at www.towercapadvisors.com.

Tower Capital Advisors and their CEO have been in the business of acquiring and advising on wireless infrastructure since 2001. The principals of TCA have purchased, sold and/or advised on thousands of wireless



leases and towers, either for their own portfolios or as part of their role as a national partner of AT&T managing both certain pre-emptive target acquisitions of their leases and/or towers as well as their purchases of leases that are the subject of inbound Right of First Refusal waiver requests. As one of the founders of the concept of lease monetization more than 2 decades ago, TCA regularly publishes quarterly market data detailing the prices they and other firms pay for wireless infrastructure assets in an effort to eliminate informational asymmetry in the industry. Please visit TowerCapAdvisors.com and their Market Data section for more information on valuing wireless infrastructure revenue streams and assets.



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