



Wawa, Inc.

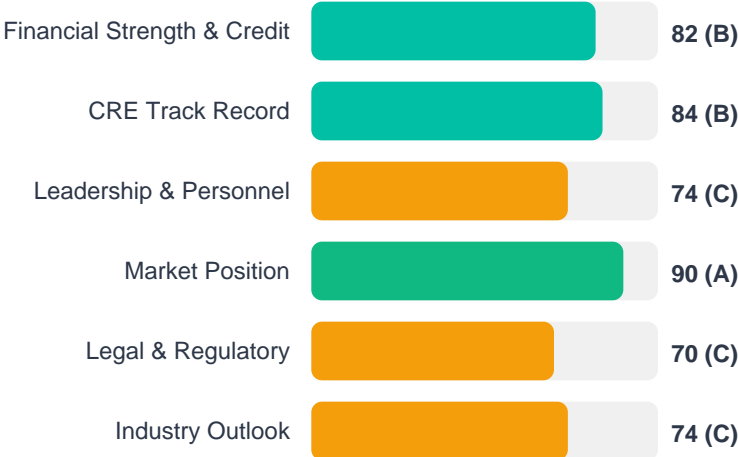
Tenant Research & Risk Analysis

Convenience Retail / Fuel Retail | Media, Pennsylvania (Delaware County)

April 11, 2026

CONFIDENTIAL

Executive Summary



Wawa, Inc. is one of the premier privately held convenience store and fuel retail operators in the United States, with an estimated \$18.84 billion in revenue for FY2024, more than 1,200 locations across twelve states and Washington D.C., and an ambitious growth plan targeting 1,800 stores by 2030. Founded in 1964 and headquartered in Media, Pennsylvania (Delaware County), Wawa has operated continuously for over 60 years without filing for bankruptcy or engaging in any known lease rejection. It is ranked #22 on Forbes' 2024 list of America's Largest Private Companies and consistently ranks among the top five U.S. convenience retailers by brand preference in independent consumer research. The company's unique Employee Stock Ownership Plan (ESOP), which represents approximately 38-41% ownership of the company, creates an alignment of incentives between management and workforce that is rare in the convenience retail sector and reinforces long-term operational stability. These fundamentals make Wawa a strong commercial real estate tenant with materially lower risk than the average retail operator. From a lease-reliability standpoint, Wawa's track record is essentially unblemished. There is no evidence of any historical bankruptcy, lease rejection, lease abandonment, or lease default in the company's six-decade operating history. The company's leases are typically backed by a full Wawa, Inc. corporate guarantee—not a subsidiary or franchisee entity—meaning the obligation is supported by the full balance sheet of a ~\$19B revenue enterprise. Wawa's real estate team employs rigorous site selection criteria (signalized corners, outparcels, high-traffic corridors), and the company's engineering and construction division handles all build-outs and store design, often making substantial capital investments in leased properties that further incentivize lease compliance. The typical Wawa net lease carries a 20-year primary term with renewal options, reflecting the company's long-term commitment to its locations. The primary risk factors for a CRE investor are concentrated in three areas: (1) a notable C-suite shuffle in 2024 involving simultaneous hiring of a new CFO (David Hammer, formerly of Orangetheory Fitness) and a new COO, alongside a new Chief Supply Chain Officer, which introduces near-term leadership integration risk; (2) a pattern of selective urban store closures in Philadelphia (approximately 8-10 closures since 2020) driven by safety and performance concerns, which signals that Wawa will exit underperforming locations—a prudent but relevant data point for urban CRE underwriting; and (3) long-term structural headwinds from electric vehicle adoption,

which threatens the fuel revenue (~60% of total sales by category) that underpins Wawa's high-volume, low-margin business model. None of these factors rises to the level of near-term lease payment risk for a well-sited property, but each warrants monitoring over the course of a long-term lease. On balance, Wawa represents a high-quality CRE tenant with investment-grade-equivalent financial strength, an aggressive and well-capitalized expansion strategy, and a 60-year track record of lease reliability.

Strengths

- 60+ year operating history with zero known bankruptcies, lease defaults, or lease rejections — one of the strongest track records in convenience retail
- Forbes #22 largest U.S. private company with estimated \$18.84B in FY2024 revenue, providing substantial corporate rent-paying capacity
- Corporate guarantee structure: leases backed by Wawa, Inc. directly (not a franchisee or subsidiary), meaning the full balance sheet supports the obligation
- Implied investment-grade credit quality (BBB-/Stable equivalent widely cited by NNN investment market participants), supporting favorable underwriting assumptions
- ESOP ownership (~38-41% employee-owned) creates unique cultural alignment and long-term stability incentives uncommon in the convenience sector
- Aggressive, well-funded expansion strategy: targeting 1,800 locations by 2030 from ~1,200 today, with active groundbreakings in Ohio, Kentucky, and Indiana signaling strong capital position
- Top-3 convenience retailer brand by consumer preference (dunnhumby 2025 RPI), with cult-like loyalty in core Mid-Atlantic markets and growing national recognition
- Vertically integrated food service platform (proprietary hoagies, coffee, dairy supply chain) generates premium per-store revenue and customer frequency vs. industry average
- Standard 20-year primary term NNN or NNN ground lease structure aligns tenant incentive with property performance; tenant makes substantial capital investment in improvements
- Low go-dark risk for well-sited locations: Wawa selects corners and outparcels with rigorous criteria; its brand drives destination traffic, not co-tenancy dependency

Risks

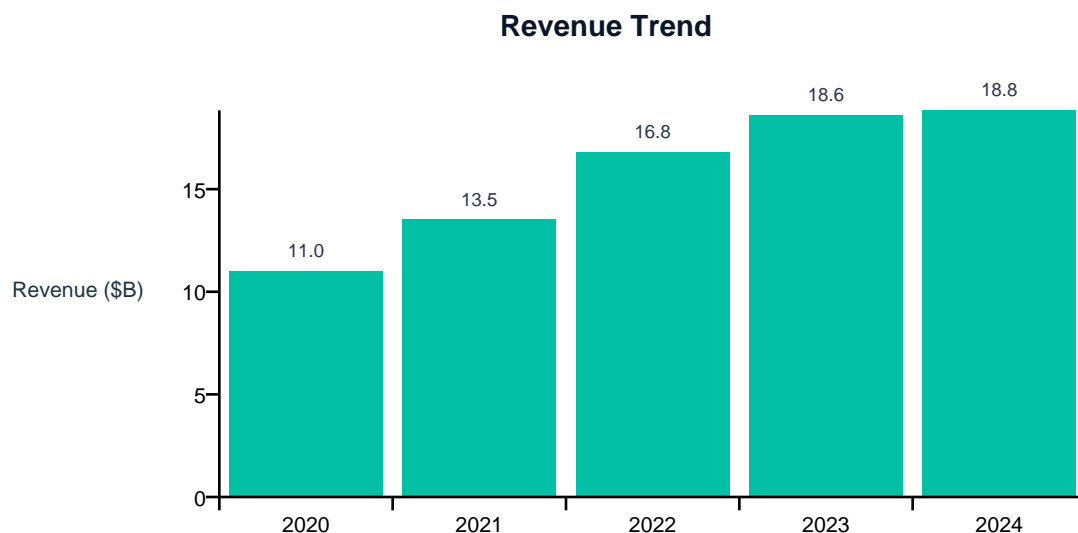
- Simultaneous C-suite turnover in 2024 (new CFO, new COO, new Chief Supply Chain Officer) creates leadership integration risk and potential strategic discontinuity over the near-term
- Pattern of urban store closures (~8-10 Philadelphia locations since 2020) citing safety and performance issues demonstrates willingness to exit markets — urban and high-crime locations carry elevated go-dark risk
- No public credit rating (unrated by Moody's/S&P;/Fitch); financial performance relies on industry estimates and press disclosures rather than audited public statements, limiting underwriter diligence precision
- Long-term structural risk from electric vehicle adoption and declining gasoline demand: fuel sales constitute ~60% of total category revenues; EV penetration could materially erode traffic and high-margin fuel revenue over a 15-20 year lease term
- Profitability margins are thin for a retailer of this scale (estimated net income of \$160-170M on \$18.84B in revenue = sub-1% net margin), indicating limited buffer against revenue shocks

- 2019 data breach affecting millions of customers resulted in \$8M multi-state AG settlement and ongoing class action litigation — demonstrates cybersecurity vulnerability in a high-transaction-volume POS environment
- Multiple employment-related legal settlements: \$21.6M ESOP lawsuit (2020), \$1.4M FLSA overtime misclassification class action, and 2023 Philadelphia Fair Workweek wage-and-hour class action indicating ongoing labor relations exposure
- Midwest expansion into Ohio, Kentucky, and Indiana represents brand extension into markets where Wawa lacks established consumer awareness, creating execution risk during a period of rapid scaling
- Key person dependency on long-tenured CEO Chris Gheysens (at Wawa since 1997; CEO since 2012); no publicly disclosed succession plan for a private, founder-culture company
- Convenience store industry faces structural competition from QSR operators (McDonald's, Starbucks), grocery delivery, and evolving consumer commute patterns (remote work reducing c-store traffic frequency)

Recommendation: Wawa, Inc. is recommended as a strong-quality commercial real estate tenant suitable for standard NNN or NNN ground lease terms, with a composite score of 85 (B grade) reflecting its exceptional lease payment history, substantial corporate financial capacity, and long-term expansion trajectory. For suburban and exurban locations in established Mid-Atlantic markets, standard 20-year NNN terms with corporate guarantee are appropriate and well-supported by Wawa's track record. For urban locations, particularly in Philadelphia or other high-density markets with documented crime/safety exposure, landlords should conduct thorough location-level underwriting and may wish to include a co-tenancy or sales-reporting covenant to monitor performance signals early. Given the recent C-suite changes (CFO and COO both new in 2024), landlords executing leases in 2025 should ensure the corporate guarantee is executed at the Wawa, Inc. parent entity level and is not delegable. A security deposit of 3-6 months' base rent is recommended as a conservative measure for any location in a secondary or emerging market where Wawa is a new entrant, given the brand's unproven performance in Midwest expansion markets. No credit enhancement beyond the corporate guarantee is needed for well-located suburban properties in Wawa's established operating footprint.

A. Financial Stability

Confidence: Moderate



Credit Rating: Unrated (Implied BBB-/Stable by CRE market consensus)

Wawa, Inc. is one of the largest privately held companies in the United States, with Forbes and FactSet estimating FY2024 revenue of \$18.84 billion — up from approximately \$11 billion in FY2020 — representing a compound annual growth rate of approximately 14% over four years. This trajectory reflects both organic store count expansion (from ~950 stores in 2022 to over 1,200 by early 2026) and the benefit of elevated fuel prices in 2021-2023 that inflated per-gallon revenue for convenience fuel retailers broadly. Revenue is heavily fuel-weighted, as is typical for the sector, with fuel comprising approximately 60% of gross sales and in-store sales (food, beverages, general merchandise) comprising roughly 38-40%. This mix means Wawa's top-line revenue is partially a function of commodity fuel pricing and can fluctuate with oil markets without corresponding profitability impact — analysts should focus on in-store revenue and gross profit dollars rather than headline revenue when assessing underlying business health. Wawa has never filed for bankruptcy in its 60-year operating history, and there is no evidence of any covenant defaults, credit facility distress, or restructuring events. Estimated net profitability is thin — approximately \$160-170 million net income on \$18.84 billion in revenue, implying a sub-1% net margin — which is structurally consistent with the convenience retail model (high volume, low margin, frequent fuel sales). EBITDA margins at the store level are estimated at approximately 4%, with an average store generating roughly \$520,000 in estimated EBITDA annually based on industry benchmarks. The ESOP structure (38-41% employee ownership) has been partially responsible for converting the company to an S-Corporation structure, which eliminated its federal income tax obligation and modestly improved after-tax profitability. No formal public credit rating exists; however, NNN investment market participants consistently assign an implied BBB-/Stable credit equivalent, which is consistent with Wawa's revenue scale, operating history, and absence of any financial distress signals. For CRE underwriting purposes, Wawa should be treated as an investment-grade-equivalent tenant backed by a full corporate guarantee from the parent entity. The primary financial risk for a landlord is not Wawa's ability to pay rent — on a ~\$19B revenue base, even a high-rent location represents a fraction of 1% of total revenue — but rather the company's continued strategic commitment to any specific location. Wawa's capital allocation discipline means it will invest

heavily in growing its footprint but will also exit locations that fail to meet performance thresholds, as evidenced by the Philadelphia closures. For well-sited suburban properties in established markets, this risk is low. For urban or emerging-market locations, landlords should track performance signals proactively.

Metric	Value
Estimated FY2024 Revenue	\$18.84 Billion
Estimated FY2020 Revenue	~\$11.0 Billion
Revenue CAGR (2020-2024)	~14% annually
Estimated Net Income (FY2024)	\$160-170 Million
Estimated Net Profit Margin	<1%
Estimated Store-Level EBITDA	~\$520,000 per location (4% margin)
Employee Count	~45,000-47,000 (FY2024 estimate)
Forbes Private Company Ranking	#22 (2024)
Bankruptcy History	None — 60+ years of continuous operation
Implied Credit Rating	BBB-/Stable (CRE market estimate, unrated by agencies)

Key Findings

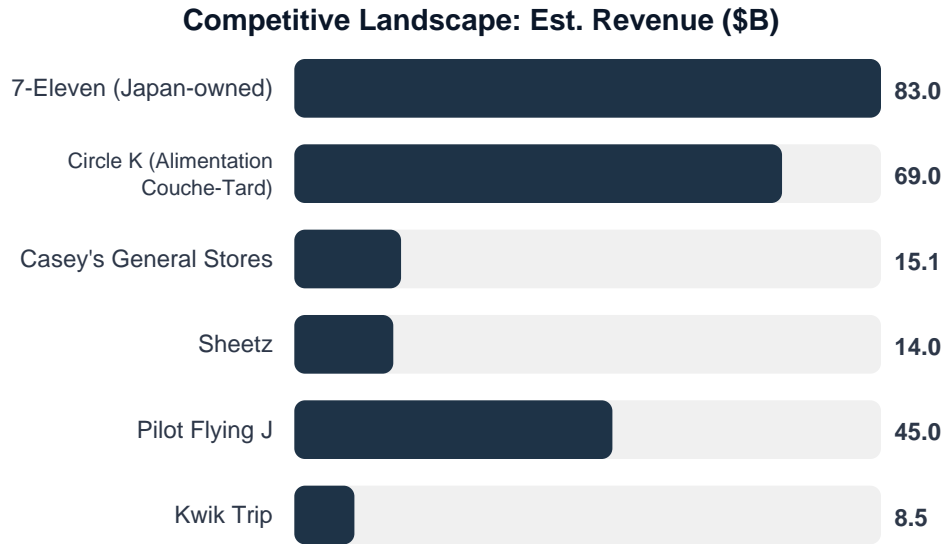
- FY2024 revenue estimated at \$18.84B (Forbes/FactSet), making Wawa the #22 largest U.S. private company
- Zero bankruptcy history in 60+ years of continuous operation; no known lease defaults or rejections
- Implied BBB-/Stable credit equivalent consistently assigned by NNN investment market
- Revenue grew ~71% from 2020 to 2024, driven by store expansion and fuel price tailwinds
- ESOP structure (~38-41% employee ownership) eliminated federal income tax obligation, improving after-tax profitability
- Thin net margins (<1%) are structurally typical of high-volume fuel convenience retailers; do not indicate financial distress
- Full Wawa, Inc. corporate guarantee backs leases, not subsidiaries or franchisees
- No formal credit agency rating; underwriting should rely on implied rating and financial history

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B. Market Position

Confidence: Moderate



Wawa occupies a dominant and defensible market position within the U.S. convenience retail sector, which represents approximately \$860 billion in annual sales. In Wawa's core Mid-Atlantic geographic footprint — Pennsylvania, New Jersey, Delaware, Maryland, Virginia, Washington D.C., and Florida — the company is not merely a top-ranked convenience store; it functions as a regional institution with consumer loyalty that rivals destination restaurant brands. Wawa's 2025 placement in the top three of dunnhumby's national Convenience Retailer Preference Index (behind only Buc-ee's and Sheetz), covering 40 chains and a comprehensive consumer panel, quantifies the brand's national competitive standing. Critically, Wawa ranked third nationally despite operating primarily in a subset of U.S. states — within its home markets, its brand preference scores are likely even more dominant. Wawa's primary competitive differentiation is its vertically integrated, proprietary fresh food service platform. The company's built-to-order hoagies, specialty coffee program, and dairy-fresh supply chain give it a food quality advantage over traditional c-store operators (7-Eleven, Circle K) and position it as a credible alternative to fast food chains (McDonald's, Subway, Starbucks) for breakfast and lunch occasions. This 'food first, fuel second' philosophy — noted in independent sustainability assessments — generates higher customer visit frequency, longer dwell time, and higher per-transaction spend than fuel-only competitors. The company's touchscreen ordering kiosks, mobile ordering app, and Wawa Rewards loyalty program further deepen customer engagement and data capture capabilities. The competitive landscape is intensifying as Wawa expands into new markets. Sheetz (~730 stores, ~\$14B estimated revenue) is the most direct competitor, with overlapping geography in Pennsylvania, Virginia, and the Carolinas, and a highly similar food-forward business model. In Florida, Wawa competes with Racetrac, Sunoco, and 7-Eleven. In the Midwest expansion markets, Wawa will face established operators including Speedway, Pilot Flying J, and Kwik Trip. The critical question for new-market performance is whether Wawa's brand-loyalty-driven traffic model — which was built over decades in the Mid-Atlantic — can transfer to markets where consumers have no prior relationship with the brand. Early evidence from Georgia (first store opened 2024) and Florida (now 316 locations, the largest state

count) suggests successful geographic extension, but Midwest performance remains unproven.

Metric	Value
dunnhumby 2025 National C-Store RPI Ranking	#3 (of 40 chains)
Primary Competitor	Sheetz (~730 stores, ~\$14B revenue)
U.S. Convenience Store Market Size	~\$860 Billion
Wawa Forbes Private Company Rank	#22 (2024)
Brand Differentiator	Vertically integrated fresh food service (hoagies, coffee, dairy)
Key Consumer Strength	Cult-level brand loyalty in Mid-Atlantic core markets

Key Findings

- Ranked #3 nationally in dunnhumby 2025 Convenience Retailer Preference Index among 40 chains
- Outranks direct competitor Sheetz on Forbes private company list (#22 vs. #30) and consumer preference surveys
- Vertically integrated food supply chain (dairy, hoagies, coffee) generates premium unit economics vs. traditional c-stores
- Food-forward positioning creates multi-daypart traffic independent of fuel prices or EV penetration
- Expanding into Midwest (Ohio, Kentucky, Indiana) — brand awareness in new markets unproven but early results in Florida suggest transferability
- Florida is now Wawa's largest state by location count (316 stores), demonstrating successful long-distance market development
- Competes directly with QSR chains (McDonald's, Starbucks) for breakfast and lunch occasions, not just other c-stores
- Mobile app, loyalty program (Wawa Rewards), and kiosk ordering deepen customer engagement and competitive moat

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C. Leadership & Governance

Confidence: Moderate

Name	Title	Tenure (yrs)	Prior Role
Chris Gheysens	President & CEO	12.0	CFO & CAO, Wawa, Inc.
David Hammer	Chief Financial Officer	1.0	CFO, Orangetheory Fitness; CFO/COO, Newell Brands Appliances Division
Paul Tichy	Chief Operating Officer	1.0	COO/Operations Executive, Petco; Leadership roles at Best Buy, Target, Walmart
Nelson Griffin	Chief Supply Chain Officer	1.0	EVP, Red Lobster
Peter F. Gilligan	VP & Chief Real Estate Officer	8.0	Internal Wawa Real Estate Leadership

Wawa's leadership profile is defined by a fundamental tension: a highly tenured, deeply institutional CEO combined with a recently reconstituted C-suite below him. CEO Chris Gheysens joined Wawa in 1997, served in a variety of financial and administrative leadership roles over a decade, was named CFO/CAO in 2007, became President in 2012, and has served as President and CEO since 2013 — a tenure of over 12 years in the CEO role at a company where he has spent 28 years total. This level of institutional continuity is exceptionally rare in retail and represents a significant credit positive. Gheysens is widely credited with the strategic decisions that transformed Wawa from a ~600-store regional chain into a national competitor targeting 1,800 locations by 2030, including the pivot to Florida, the food-forward strategy, and the ongoing Midwest expansion. The yellow flag in leadership is the wave of C-suite changes in 2024. Within approximately a 90-day window, Wawa hired three new executives at the C-suite/SVP level: David Hammer as CFO (formerly CFO of Orangetheory Fitness and various Newell Brands division roles), Paul Tichy as COO (formerly of Petco, Best Buy, Target, and Walmart), and Nelson Griffin as Chief Supply Chain Officer (formerly EVP at Red Lobster). The simultaneous departure and replacement of the CFO, COO, and supply chain chief — three of the most operationally critical roles in a convenience retail company — warrants explanation. Available evidence suggests this was a deliberate management bench upgrade ahead of Wawa's largest-ever expansion (700 new stores in five years), not a distress-driven departure scenario. All three replacements have relevant consumer/retail backgrounds, and Gheysens remains firmly in place. However, the integration of three new senior executives simultaneously, at the outset of a major national expansion, does create operational execution risk that would not exist with a more stable leadership team. Organizational health signals are mixed but generally acceptable. Glassdoor rates Wawa at 3.7/5 on culture and values, with 69% of employees recommending the company to a friend — moderate scores typical of large retail operators. Employee reviews highlight strong ESOP benefits and career opportunities but note challenges with understaffing and high turnover at the store associate level, which is an industry-wide issue rather than a Wawa-specific concern. The ESOP structure (38-41% employee ownership) is a meaningful differentiator that creates alignment between frontline associates and company performance. No major labor disputes, NLRB complaints, or strikes are documented. Key person risk exists with Gheysens — no public succession plan has been disclosed — but this is common for privately held companies and does not represent an immediate concern.

Key Findings

- CEO Chris Gheysens: 28-year Wawa veteran, 12+ year CEO tenure — exceptional institutional continuity
- 2024 C-suite shuffle: new CFO, COO, and Chief Supply Chain Officer all hired within ~90-day window — yellow flag, contextualized as expansion-driven management upgrade
- CFO David Hammer (Orangetheory Fitness background) is new to Wawa as of April 2024 — integration period ongoing
- COO Paul Tichy (Petco, Walmart background) is new as of mid-2024 — relevant large-format retail experience but no c-store-specific background
- ESOP ownership (~38-41%) creates strong employee alignment and retention incentives at all levels
- Glassdoor culture score 3.7/5; 69% employee recommendation rate — moderate but not alarming for large retail
- No documented NLRB complaints, union activity, or major labor disputes
- No public CEO succession plan — key person concentration risk with Gheysens

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D. Legal & Compliance

Confidence: High

Wawa's most significant legal event is the 2019 data breach, which remains in active litigation as of 2025. Between March and December 2019, cybercriminals accessed Wawa's computer network (initially via a phishing attack in late 2018) and deployed malware on point-of-sale terminals and fuel dispensers at all Wawa locations, compromising customers' credit and debit card data over a nine-month window. The breach affected millions of customers across all of Wawa's then-operating states. Remediation involved two parallel proceedings: a multi-state Attorney General investigation resolved in 2023 for \$8 million (shared across Pennsylvania, New Jersey, Delaware, Maryland, Virginia, Florida, and Washington D.C.) and a consumer class action settled for up to \$9 million (in a mix of gift cards, partial cash reimbursements, and injunctive cybersecurity improvements). The consumer class action has been subject to appellate proceedings regarding attorney fee structure through the Third Circuit as recently as June 2025, meaning the litigation is technically ongoing though the liability is substantially resolved. Combined maximum exposure from both proceedings is approximately \$17M plus legal fees — immaterial relative to Wawa's \$18.84B revenue base. Employment litigation is the secondary legal risk category and is an ongoing, recurring feature of Wawa's legal profile. Key matters include: (1) a \$25M ESOP class action settled in 2018 alleging former employees were undercompensated for company stock upon termination; (2) a second \$21.6M ESOP class action settled in 2020 covering approximately 10,000 former employees; (3) a \$1.4M FLSA settlement resolving overtime misclassification claims by 300+ assistant store managers who alleged they were forced to work uncompensated overtime hours; and (4) an active 2023 wage-and-hour class action in Philadelphia alleging violations of the Philadelphia Fair Workweek Employment Standards ordinance (failure to provide 14-day advance notice of schedule changes). The cumulative ESOP settlements (~\$46.6M total) are the most significant in dollar terms but arose from a specific period of ESOP administration and have been resolved. The ongoing employment litigation reflects the inherent litigation risk of operating 45,000+ employees across multiple jurisdictions with varying labor laws. From a CRE landlord perspective, none of Wawa's legal matters represent an operational risk that would impair the company's ability to operate stores or pay rent. The data breach is largely resolved; the employment matters are ongoing but individually immaterial; and there is no evidence of FDA enforcement, environmental violations, OSHA willful citations, or regulatory actions that would threaten Wawa's retail operating licenses. The legal risk score of 70 reflects real but manageable exposure — below average for a retailer of this size, but not clean enough to score in the 80s.

Metric	Value
2019 Data Breach — Multi-State AG Settlement	\$8 Million (2023)
2019 Data Breach — Consumer Class Action Settlement	Up to \$9 Million (ongoing appellate proceedings)
ESOP Class Actions — Combined Settlements	~\$46.6 Million (2018 and 2020 combined)
FLSA Overtime Class Action Settlement	\$1.4 Million
Active Litigation (2025)	Data breach consumer track appeal (3rd Cir.); Philadelphia Fair Workweek wage action
Known Environmental/Regulatory Actions	None material identified

Key Findings

- 2019 data breach: malware on POS systems compromised customer card data across all locations for ~9 months; \$17M+ in combined settlements
- Consumer class action data breach appeal still active in Third Circuit as of June 2025 — liability substantially resolved, attorney fee structure in dispute
- \$46.6M in ESOP-related class action settlements (2018 and 2020) involving undercompensated former employees — resolved but reflects historical governance gaps
- \$1.4M FLSA settlement for overtime misclassification of ~300+ assistant managers — resolved
- 2023 Philadelphia Fair Workweek wage-and-hour class action (schedule change notice) — status ongoing
- No documented FDA enforcement, OSHA willful citations, EPA enforcement actions, or operating license threats
- No antitrust, securities fraud, or government contract investigations identified
- Legal exposure is material in aggregate but immaterial relative to \$18.84B revenue scale

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E. CRE & Real Estate Signals

Confidence: Moderate

Total Locations: 1203 | **Total SF:** ~5,500 SF typical (new suburban); range 3,000-11,500 SF; plus fuel canopy/forecourt

Wawa's real estate strategy is disciplined, capital-intensive, and oriented toward long-term commitment. The company operates approximately 1,200+ locations across twelve states and Washington D.C. as of early 2026, up from approximately 950 in 2022, and has publicly committed to reaching 1,800 locations by 2030 — a plan that requires opening approximately 100-130 net new stores per year through the end of the decade. This expansion trajectory implies significant ongoing capital deployment into real estate: Wawa's internal engineering and construction department designs and builds all new stores, typically investing substantial capital into each location. For NNN ground lease structures, this means Wawa bears the full cost of building construction, which at the end of the lease reverts to the property owner — providing meaningful economic incentive for lease compliance and completion of the full primary term. Typical Wawa net lease structures are 20-year primary term, absolute NNN with no landlord management obligations, with multiple renewal options. Cap rates for Wawa NNN properties have historically traded in the 4-6% range, reflecting the market's recognition of Wawa's implied investment-grade equivalent credit quality. Wawa's site selection criteria are consistently applied and real-estate-fundamentals-driven: the company targets signalized corners, outparcels or pads of shopping centers, high-traffic arterials with strong vehicle counts, and locations with clear ingress/egress. Standard store footprint ranges from approximately 3,000 square feet (small-format urban) to 7,400+ square feet (large-format suburban), with the typical new suburban store at approximately 5,500 square feet plus fuel canopy and parking. Wawa's brick-and-mortar business model — which depends on physical convenience and in-person food preparation — provides inherent durability against e-commerce disruption that threatens most other retail categories. The primary CRE-specific risk signal is the documented pattern of selective urban closures. Since 2020, Wawa has closed approximately 8-10 Philadelphia locations, citing safety and security challenges, inadequate performance, and in at least one case, a landlord-driven non-renewal. Several of these closed properties have since been listed for sale, with marketing materials noting 'no existing lease encumbrances' — confirming Wawa exited the leases outright. This pattern demonstrates that Wawa is a disciplined portfolio manager that will exit underperforming locations rather than subsidize them indefinitely. For a landlord, this is actually a constructive signal about the quality of Wawa's tenancy (they select carefully) but also a reminder that urban, high-crime, or low-traffic locations are at elevated risk of non-renewal or early exit. No lease defaults have been identified; the Philadelphia closures appear to be clean exits at natural lease terms or negotiated surrenders, not defaults.

Key Findings

- ~1,203 locations as of early 2026 across 12 states + D.C.; targeting 1,800 locations by 2030 (~70-100 net new stores/year)
- Standard lease structure: 20-year primary NNN/NNN ground lease, absolute triple net, full corporate guarantee from Wawa, Inc.
- Wawa's engineering and construction division funds all store build-outs on leased land — significant capital investment aligns tenant incentive with lease completion
- Typical new store: ~5,500 SF interior + fuel canopy; large format up to 7,400-11,500 SF in flagship markets

- Site selection criteria: signalized corners, outparcels/pads, high-traffic arterials, strong ingress/egress — quality locations reduce co-tenancy dependency
- Pattern of 8-10 Philadelphia urban store closures since 2020 (safety/performance concerns) — confirms disciplined portfolio exit for underperformers
- NNN market cap rates historically 4-6% for Wawa, reflecting implied investment-grade credit
- Active 2025 Midwest expansion (Ohio, Kentucky, Indiana) adds new CRE markets to Wawa's footprint
- No documented lease defaults or lease rejections in company history
- Florida is now Wawa's largest state by count (316 locations) — successful non-contiguous market development precedent

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F. Industry Outlook

Confidence: High

The U.S. convenience store industry serves approximately \$860 billion in annual sales and operates approximately 150,000 retail locations nationally — making it one of the largest brick-and-mortar retail channels in the country. The sector has demonstrated remarkable resilience through economic cycles, serving daily-needs consumers with a mix of fuel, food, and general merchandise that maintains consistent traffic volumes regardless of broader retail trends. In 2024, the industry's in-store sales mix continued to shift in Wawa's favor: food and beverages now represent approximately 38.8% of industry sales mix (up from 37.1% in 2022), and operators with strong proprietary foodservice platforms — led by Wawa, Sheetz, and Buc-ee's — are outperforming traditional merchandise-focused c-store models in both revenue growth and consumer preference metrics. The convenience store channel has also proven remarkably durable against e-commerce disruption: physical immediacy, fuel dependency, and prepared food assembly are inherently click-and-ship-resistant. The structural long-term headwind confronting every fuel-and-convenience operator is EV adoption. Gasoline fuel currently represents approximately 60% of convenience store category revenues by sales volume. Electric vehicle market share is growing, fuel efficiency standards are tightening, and scenario analyses project declining fuel gallon volumes over a 10-15 year horizon. For a 20-year NNN lease executed today, this means that the fuel demand environment at lease expiration could look meaningfully different than at lease commencement. Industry operators are responding with EV charging infrastructure, enhanced foodservice offerings to sustain dwell time during charging sessions, and loyalty programs that reduce fuel-price sensitivity. Wawa's food-forward model positions it better than pure fuel retailers to navigate this transition — a customer who stops at Wawa primarily for a hoagie and coffee is less sensitive to whether they also fueled their vehicle. However, the transition will still create near-term revenue and traffic headwinds that all sector participants must manage. Beyond EV disruption, the convenience store industry faces competitive pressure from grocery delivery apps, meal kit services, and QSR operators investing in speed and value propositions. Regulatory risk is lower than most retail sectors — convenience stores are not subject to the occupational licensing constraints of healthcare or finance, and food safety regulation, while present, is well-established and manageable. Labor cost inflation remains an ongoing challenge as minimum wage legislation advances in many states where Wawa operates, though the company's ESOP structure and above-average benefits package provide some insulation against turnover costs and labor organizing pressure. On balance, the convenience store industry outlook is moderately positive over a 5-7 year horizon and cautiously neutral over a 15-20 year horizon, with EV penetration and food delivery competition as the primary structural risks.

Metric	Value
U.S. Convenience Store Market Size	~\$860 Billion annually
Total U.S. C-Store Locations	~150,000 locations nationally
Fuel Share of C-Store Category Revenue	~60% (structural long-term risk from EV)
In-Store Sales Mix (2024)	38.8% (up from 37.1% in 2022)
EV Adoption Impact	0% fuel volume growth projected through 2030; accelerating decline thereafter
Industry Competitive Dynamic	Premium food-forward operators (Wawa, Sheetz, Buc-ee's) outperforming traditional c-stores

Key Findings

- U.S. convenience store market estimated at ~\$860B annually — one of the largest U.S. brick-and-mortar retail channels
- In-store food/beverage mix growing (38.8% in 2024 vs. 37.1% in 2022), benefiting food-forward operators like Wawa
- Fuel sales (~60% of industry revenue) face structural long-term headwind from EV adoption and efficiency improvements
- Industry is largely e-commerce-resistant: fuel, fresh food, and immediacy cannot be effectively replicated by delivery platforms
- Premium convenience operators (Wawa, Sheetz, Buc-ee's) are capturing disproportionate consumer preference gains vs. commodity c-stores
- EV charging infrastructure investment is a real opportunity for high-dwell-time operators with strong food offerings
- Labor cost inflation and minimum wage legislation present ongoing operating cost pressure across the sector
- Regulatory environment is stable — no material pending federal legislation threatening c-store operations model
- Near-term outlook (5-7 years): moderately positive; long-term outlook (15-20 years): cautiously neutral pending fuel demand trajectory

Sources:

- <https://fintech.com/blog/the-state-of-convenience-retail-in-2025-what-the-data-is-telling-us/>
- <https://csnews.com/convenience-store-news-industry-report-2025-under-pressure>
- <https://www.upside.com/business/retailer-blog/convenience-store-trends>
- <https://www.cspdailynews.com/fuels/unpredictable-ev-future>
- <https://www.analytics.loan/post/fuel-retail-in-an-ev-world-when-site-value-transitions-from-gallons-to-convenience>
- <https://www.businesswire.com/news/home/20251008944277/en/Buc-ees-Sheetz-and-Wawa-are-the-Top-Three-U.S.-Convenience-Store-Retailers-dunnhumby-Reports>

G. ESG & Sustainability

Confidence: Moderate

Wawa’s ESG profile is strongest on the governance and social dimensions and moderately positive on environmental, with some specific initiatives of note. On governance, Wawa’s ESOP structure (38-41% employee ownership) is perhaps its most distinctive ESG characteristic: it aligns management, workforce, and ownership interests in a way that is structurally supportive of long-term, sustainable decision-making rather than short-term earnings optimization. The Wood family, which founded the company in 1902 (dairy operations) and opened the first convenience store in 1964, retains meaningful ownership alongside the ESOP — creating a family-stewardship orientation that private equity-backed competitors cannot credibly replicate. This governance model has contributed to Wawa’s notably consistent strategic direction over decades. On the environmental dimension, Wawa has made tangible progress in renewable energy deployment. As of 2023, the company had installed solar panels on fuel canopies and ground canopies at more than 115 New Jersey stores, with three stores featuring full solar ‘farms’ generating significant renewable power to offset carbon-emitting energy consumption. This is a meaningful commitment for a fuel retailer — the solar installations on fuel canopy structures are particularly notable for their visual symbolism and practical impact. Wawa was recognized in an independent sustainability assessment as one of only two American companies (alongside Amazon) on a global ‘Top 10 Sustainable’ convenience retailer list, citing its food-first approach and environmental commitments. However, Wawa does not publish a comprehensive annual ESG or sustainability report with standardized disclosures (e.g., GHG Scope 1/2/3, water usage, waste diversion rates), which limits third-party verification of environmental performance claims. On the social and community dimension, Wawa’s reputation is genuinely strong. The Wawa Foundation focuses on health, hunger, and ‘everyday heroes’ (first responders, military), and has contributed over \$12.7 million for disaster relief across its operating area over the past 11 years, including funding a bloodmobile operational since 2024. The company’s in-store fundraising mechanisms (donation boxes, point-of-purchase scan materials, round-up programs) activate customer participation in community giving. Wawa’s brand reputation is exceptionally positive in its core Mid-Atlantic markets, where it functions as a community institution rather than a transactional retailer. The urban store closures in Philadelphia did generate negative press — political figures publicly disputed Wawa’s safety characterizations of Center City — but did not materially damage overall brand equity. The company’s employment practice litigation (ESOP settlements, FLSA class actions) represents a governance gap that has since been partially addressed but remains a historical blemish on an otherwise positive social record.

Metric	Value
Environmental Initiative	Solar panels installed at 115+ NJ stores (fuel/ground canopies, 2023)
Community Giving	\$12.7M+ in disaster relief contributions (Wawa Foundation, 11 years)
Governance Structure	ESOP (~38-41% employee ownership) + Wood Family ownership
ESG Reporting	No standardized annual ESG/sustainability report with third-party verified metrics
Sustainability Recognition	Named Top 10 Sustainable Convenience Retailer (global study, one of two U.S. companies)

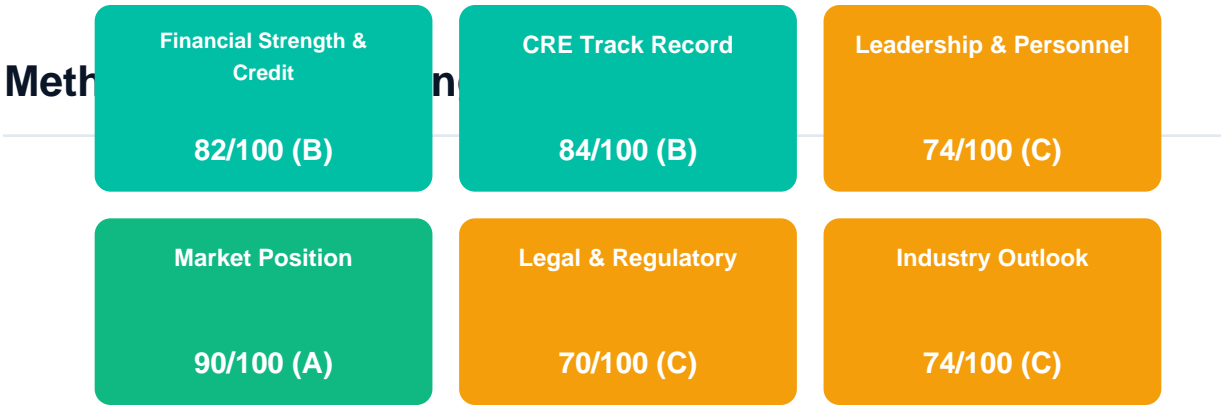
Employee Benefits (ESG Signal)	ESOP, tuition reimbursement, 401(k), medical/dental, wellness programs
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Key Findings

- ESOP ownership (~38-41%) is Wawa's strongest governance ESG signal — aligns workforce and management with long-term company health
- Solar panels deployed at 115+ New Jersey stores on fuel and ground canopies (2023) — meaningful renewable commitment for a fuel retailer
- Wawa Foundation: \$12.7M+ disaster relief over 11 years; focus areas: health, hunger, everyday heroes (first responders, military)
- Named one of two U.S. companies on global 'Top 10 Sustainable' convenience retailer list for food-first approach
- No published standardized ESG report with Scope 1/2/3 emissions data, water, or waste metrics — limits external verification
- Urban Philadelphia store closures (8-10 since 2020) generated reputational and political friction over safety characterizations of Center City
- Historical ESOP misadministration settlements (\$46.6M combined) represent past governance gap partially remedied through structural improvements
- Brand perception is highly positive in core Mid-Atlantic markets; emerging-market brand awareness is still in early development phase

Sources:

- <https://www.wawa.com/about-us/community>
- <https://www.thewawafoundation.org/>
- <https://www.redcross.org/donations/companies-and-foundations/giving-opportunities-and-corporate-supporters/Wawa-Foundation.html>
- <http://registry.njsbdc.com/business-profile/1857/3523/wawa-location-938>
- <https://csnews.com/wawa-named-top-10-sustainable-co>
- <https://www2.wawa.com/careers/benefits-and-employee-stock-ownership>
- <https://portersfiveforce.com/blogs/owners/wawa>



Scoring Dimensions

Dimension	Weight	Score	Grade
Financial Strength & Credit	35%	82	B
CRE Track Record	20%	84	B
Leadership & Personnel	15%	74	C
Market Position	15%	90	A
Legal & Regulatory	5%	70	C
Industry Outlook	10%	74	C

Overall Confidence: Moderate

Wawa is a large, well-documented private company that appears on Forbes' list of America's Largest Private Companies (#22 in 2024). Revenue estimates are publicly available from Forbes/FactSet (\$18.84B for FY2024) but are not independently audited public disclosures. No formal credit rating exists (unrated by Moody's/S&P;/Fitch), though CRE markets assign an implied BBB-/Stable. Extensive press coverage from Philadelphia Business Journal, C-Store Dive, CSP Daily News, and Philadelphia Inquirer provides strong operational and strategic context. Legal history is well-documented. Leadership data is available via LinkedIn and press coverage. Financial metrics (profitability, margins, debt) are estimated from industry benchmarks, not verified statements. Confidence rated Moderate rather than High solely due to the absence of audited financials, a formal credit rating, and SEC filings.

Research Date: April 11, 2026 | Model: claude-sonnet-4-6 | Web Searches: 40 | Pages Fetched: 7

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Scores and grades reflect a point-in-time assessment based on available data and should not be the sole basis for lease or investment decisions. Users should verify material findings independently, request audited financial statements where applicable, and consult with qualified legal, financial, and real estate professionals before making binding commitments. Past performance and current financial condition do not guarantee future lease performance.

The composite risk score uses a weighted 100-point scale across six dimensions: Financial Strength & Credit (35%), CRE Track Record (20%), Leadership & Personnel (15%), Market Position (15%), Industry Outlook (10%), and Legal & Regulatory (5%). Letter grades: A (90-100), B (80-89), C (70-79), D (60-69), F (0-59).

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