Downstream Energy Group

MARKET PULSE

QUARTER 2 | 2026 | DEGADVISORS.COM

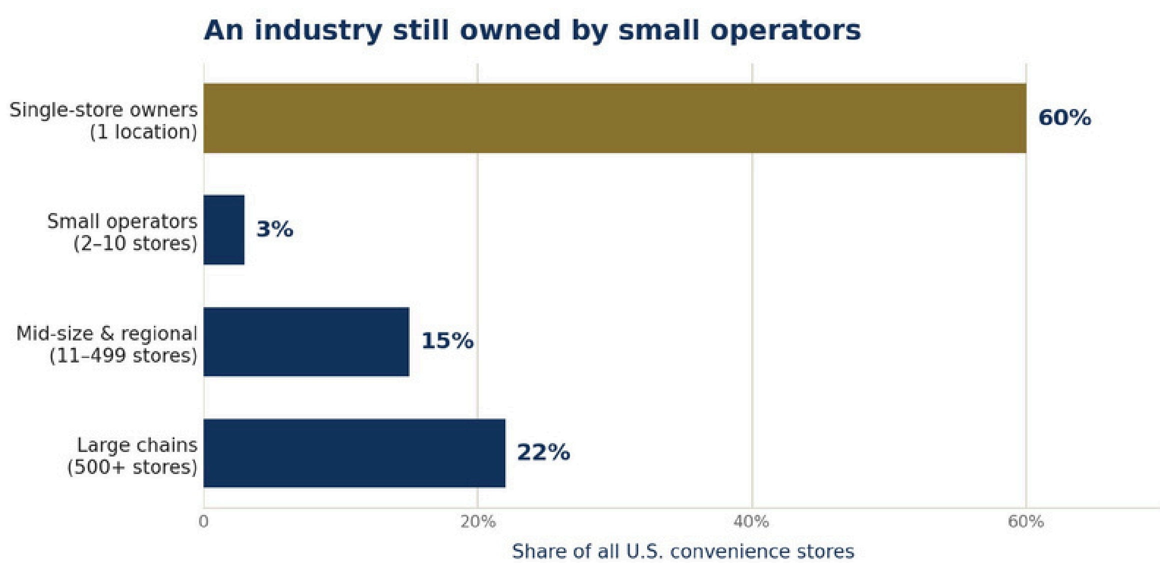
Buyers are ready, and the prices getting paid now are backed by real cash flow. This issue covers where the activity is, why buyers are moving, what's changing hands, and what we see in our own deals.

The activity is landing in the mid-market

The 2026 activity so far isn't a big-chain story — the big chains are mostly buyers, not sellers. The deals getting done cluster in the mid-market, where owners of five to a hundred stores are the ones deciding to sell, and regional operators and consolidators absorb them through a steady run of bolt-on purchases.

"Most of the real M&A in this business is in the mid-market — the five-to-a-hundred-store owners who make up the bulk of the industry. As long as it stays this fragmented, the larger operators will keep consolidating it, one owner at a time." — Steven H. Griffin

The industry data backs that up. Of the roughly 151,975 convenience stores in the U.S., about 60% are single-store operators, and 63% belong to companies running ten stores or fewer — while operators with 500-plus stores control just 22% of the count. The total store count has now declined two years running. A shrinking, still-fragmented base of small operators is exactly the pool consolidators are working through. (Source: NACS / NIQ TDLinx 2026 Convenience Industry Store Count.)



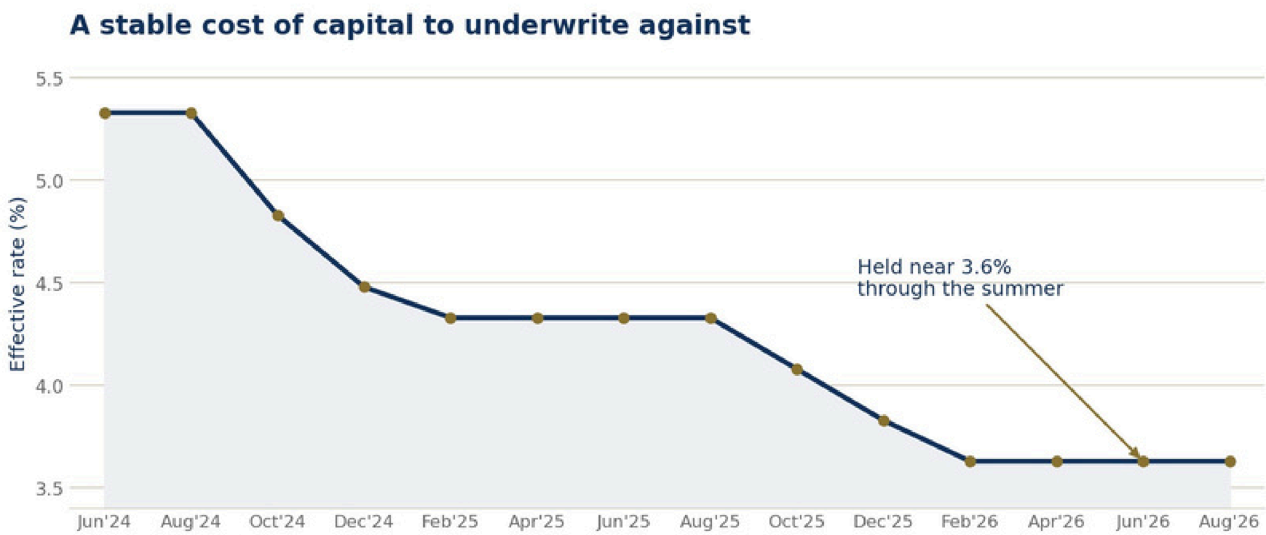
Share of the ~151,975 U.S. convenience stores by size of the operating company. Source: NACS / NIQ TDLinx 2026 Convenience Industry Store Count.

For an owner in the 5-to-100 location range, that's the whole point: this is the part of the market where most meaningful c-store M&A actually happens.

What Changed

Two things changed the math. First, rates have held steady rather than climbing: the effective federal funds rate has sat near 3.6% through the summer. A Q3 increase isn't off the table, but a broadly stable rate still gives buyers a cost of capital they can underwrite against. (Source: Federal Reserve / FRED.)

Second, following the tax story we flagged in Q1: the One Big Beautiful Bill made 100% bonus depreciation permanent when it was signed in July 2025. Buyers now underwrite a full first-year write-off with certainty rather than betting on it — and a stable rate plus a bigger first-year deduction is a real shift in what a buyer can pay. It's showing up in the deals getting done.

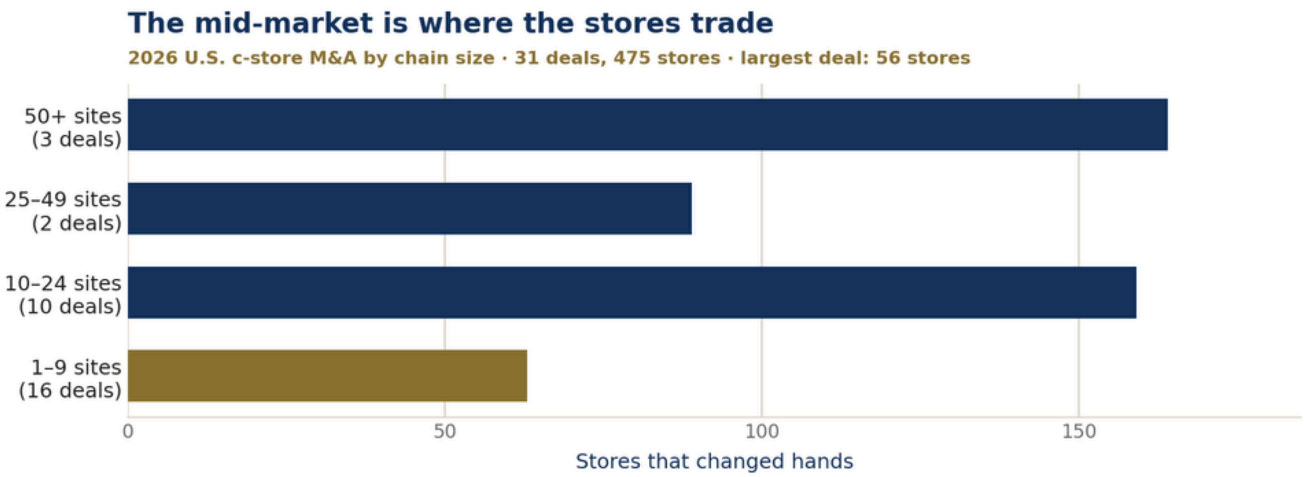


Effective federal funds rate, monthly average. Source: Federal Reserve / FRED (FEDFUNDS).

What that line means for you: a buyer's offer is only as strong as the capital behind it. When their cost of capital is stable and lower, they can underwrite a higher price and are far more likely to reach the closing table — which is why offers are holding up now instead of getting cut mid-process. The lower and steadier that line, the more room a buyer has to pay you.

The Mid-Market Is The Market

Here's the tell in this year's deal flow: not one disclosed U.S. c-store transaction in 2026 has topped 60 stores. Thirty-one deals, 475 stores changing hands - and every single one was a mid-market chain. The megadeals grab the headlines, but they are the exception. The mid-market is where the industry actually trades.



Announced U.S. deals with disclosed store counts, Jan–Aug 2026. Sources: C-Store Dive M&A tracker, CSP Daily News, company releases, NACS.

The pattern underneath is just as clear. Single-store and small tuck-in deals are the most numerous, but they move the least — the real volume is in multi-store chains, where roughly 87% of the stores that changed hands this year traded in deals of ten sites or more. Big enough to matter, small enough that the owner is usually the seller.

And the buyers are ready. Well-capitalized consolidators are running stated acquisition budgets — Sunoco alone has guided to more than $500M of bolt-ons a year — searching out a shrinking pool of quality mid-market operators. That's the market DEG works in every day: representing owners of multi-store regional businesses through the competitive, well-run process these transactions now command.

And the buyers are paying up for a reason. Store-level profitability keeps setting records — U.S. inside sales reached $341 billion in 2025, a 23rd straight year of growth, with foodservice now nearly 39% of in-store gross profit. That earnings power is holding valuations firm even as capital costs more, and it's why quality mid-market operators are drawing competitive bids. (Source: NACS State of the Industry.)

IPO Watch: 7-Eleven Waits, Others Go Public

Last quarter we flagged the return of the c-store IPO. The biggest name pushed its timeline back, but the rest of the field kept moving.

7-Eleven's parent, Seven & i, delayed its North American IPO to fiscal 2027 at the earliest, citing a same-store sales dip and inflation pressure. It's closing about 645 North American stores this fiscal year to improve margins ahead of the listing, while opening a smaller number of food-forward locations. (Source: CSP Daily News.)

But others walked through the window:

Yesway (YSWY)
IPO · NASDAQ · APR 2026

Went public in April 2026, raising ~$280M. Filings show $888M+ inside-merchandise sales and ~$1.8B in fuel sales for 2025.

ARKO Petroleum Corp. (APC)
IPO · NASDAQ · FEB 2026.

ARKO's wholesale fuel-distribution arm went public on the Nasdaq in a February 2026 carve-out IPO, raising ~$183M; parent ARKO Corp retained about 76%.

VenHub
DIRECT LISTING · NASDAQ · 2026

Autonomous-store operator listed on the Nasdaq, a new-format entrant reaching public capital.

Cumberland Farms (EG Group)
SPECULATION

Ongoing market speculation about a potential future listing after an active year of acquisitions.

(Sources: company filings, SEC, and trade-press reporting.

Why it matters to you: public-market appetite for c-store assets is a leading signal for private valuations. When operators like Yesway and Arko can reach public capital, the well-funded buyers you'd sell to have more firepower to spend.

What We're Seeing on the Ground

The market reports can't tell you this part — it comes out of our own deal conversations. What's standing out this quarter:

Plenty of buyers; fewer who can actually close.

We're seeing more buyers than we ever have, including a wave of outside capital new to the category. But interest and the ability to close aren't the same thing. Plenty of parties want to grow; on any given deal, only some have the committed financing to actually finish. With the national store count shrinking two years running and two-thirds of the industry still in the hands of small operators, a lot of that money is chasing the same pool of assets — so the real work is telling the funded buyers apart from the rest.

The pattern in our own conversations this quarter is consistent: heavy interest at the top of the funnel, far fewer buyers who can actually fund a close. For a seller, that's the difference that matters — not how many people call, but which ones can finish.

Sorting the real buyers from the tire-kickers — verifying who has committed capital and can actually get to close — is a core part of what we do on a sell-side engagement. A seller shouldn't be the one who discovers the money isn't there at the eleventh hour; knowing that first is our job.

The seller-buyer valuation gap is real, and it’s about cost basis.

Owners who built truck stops between 2020 and 2023 spent far more than those same sites would have cost a few years earlier — construction input prices alone jumped about 19% in a single year at the 2022 peak (BLS Producer Price Index). Many still anchor to what they spent, or to the prices sellers were getting when money was cheap. Buyers have turned conservative because capital still isn't cheap — lower than two years ago, but nothing like the near-free money of 2021 — and they're valuing the numbers, not the receipts. If your financials don't support the price, the price doesn't hold.

ILLUSTRATIVE EXAMPLE — MECHANICS, NOT A SPECIFIC CLIENT

A truck stop built at the 2022 peak might carry an all-in cost basis near $11M — land, construction, fuel systems, and equipment. The owner naturally wants to recover that.

A buyer prices the same site off its cash flow. On the more conservative multiples buyers are underwriting today — because capital costs more — that site might support a value closer to $8.5M.

That leaves a ~$2.5M gap that has little to do with the quality of the store and everything to do with when it was built and how money is priced now. The deal clears when the conversation shifts from cost basis to what the numbers support.

A lot of our early work on a deal is resetting that expectation — grounding the conversation in what the cash flow actually supports, not what a site cost to build and not what it might have fetched in 2021. Sellers who make that adjustment early tend to transact; the ones who hold out for the old number tend to sit.

Succession is still the quiet engine behind most of this.

A lot of these decisions aren't really about the market. They're about the family. Many baby boomer owners don't have a next generation ready to take on major site rebuilds and 20 years of capital risk, so they decide it's time to sell. When an owner has a real reason to move, they move, regardless of where the cycle sits.

Where You Stand

You don't have to be selling to get something out of this — most readers just want a clear read on their own market. But if you're weighing a move, know what you'd be walking into: more buyers than sellers, the serious ones with real money behind them, and a price set by your numbers.

When you want to know what your stores would actually draw, call us. The first conversation is free and stays between us.

Built for Operators. Written for Sellers.

The DEG Market Pulse is published quarterly by Downstream Energy Group – a boutique M&A advisory firm built by operators who have been exactly where you are. DEG's co-founder Steve Griffin is a second-generation downstream energy operator who, with his family, grew Griffin Express to 70 retail locations before selling the chain. This report is written for operators who want a straight read on the market – not a brochure.

FREE BUSINESS VALUATION

Get an unbiased read on what your business is worth in today's market. No cost. No obligation.

CALL STEVE DIRECTLY

Steve Griffin grew a 70-store chain and sold it. He's been on the buyer's side of the table. He'll give you a straight answer.

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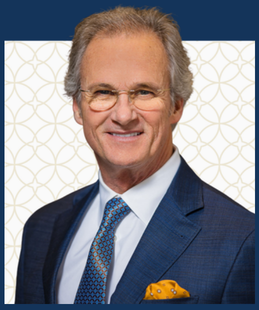
About Downstream Energy Group

DEG is a boutique M&A advisory specializing in mid-market c-store chains. For smaller operators (1–5 locations), Downstream Energy Properties (DEP) provides the same operator-first approach.



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