

NATIONAL ASKING CAP RATES

Sector	Q4 2012 (Previous)	Q1 2013 (Current)	Basis Point Change
Retail	7.25%	7.25%	0
Office	8.04%	7.70%	-34
Industrial	8.15%	8.02%	-13

NUMBER OF PROPERTIES ADDED TO MARKET IN Q1

Sector	Q4 2012 (Previous)	Q1 2013 (Current)	Percent Change
Retail	2,848	2,392	-16.01%
Office	324	213	-34.26%
Industrial	261	216	-17.24%

MEDIAN NATIONAL ASKING VS. CLOSED CAP RATE SPREAD

Sector	Q4 2012 (Previous)	Q1 2013 (Current)	Basis Point Change
Retail	10	31	+21
Office	50	81	+31
Industrial	71	46	-25

MARKET OVERVIEW

Cap rates for the single tenant net leased market remained near historic lows for retail, office and industrial sectors in the first quarter of 2013. Cap rates for net lease office and industrial properties declined while retail cap rates remained at 2012 fourth quarter levels. Regardless of the decline in cap rates for office and industrial properties, net lease retail properties remain priced at a 45 and 77 basis point premium over office and industrial properties respectively. Properties occupied by credit tenants with long term leases experienced the greatest compression in the first quarter of 2013.

Limited supply of properties, specifically new construction, continues to be a major theme throughout the net lease industry. Overall property supply across the entire net lease sector decreased by more than 17% from the fourth quarter of 2012 to the first quarter of 2013. In the first quarter of 2013, the supply of net lease retail properties reached their lowest point in the past two years, while the supply of office and industrial properties reached their lowest point in the past three years.

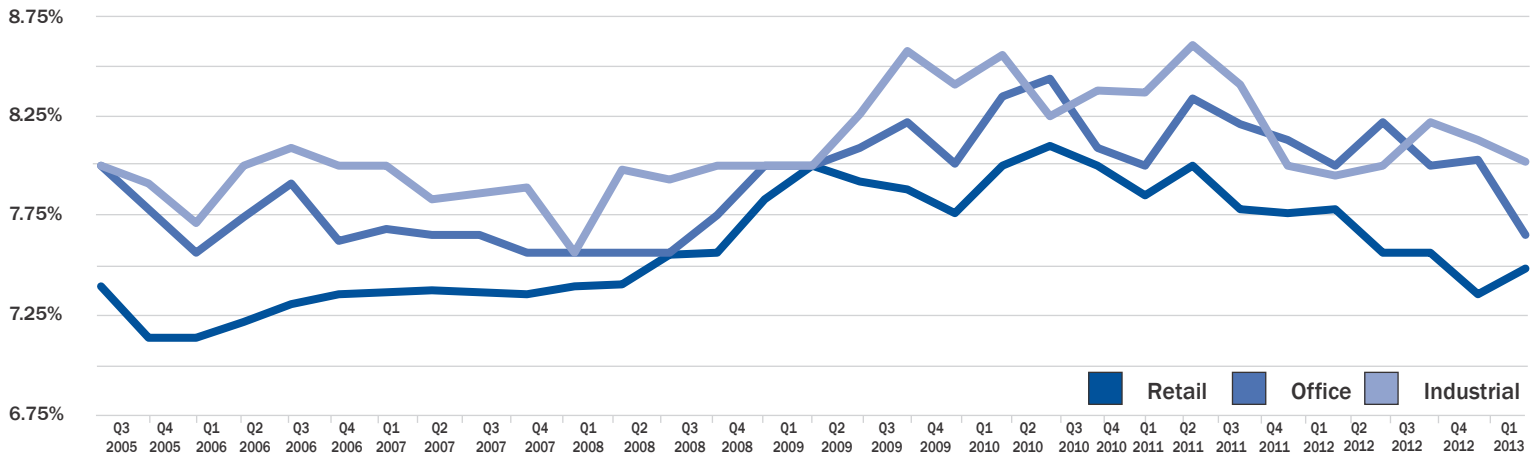
Despite the scarce property supply in the first quarter of 2013, the median asking versus closed cap rate spread for net leased retail and office properties rose. This can be attributed to an increasing number of owners of properties with short term leases trying to capitalize on the high investor demand for single tenant properties with long term leases. There is a greater spread between the asking and closing price for short term leased properties as rollover risk and residual property valuation underwriting varies greatly per property.

The national single tenant net lease market should remain active throughout 2013 due to the stability and financing availability of this asset class. According to a national survey conducted by The Boulder Group (see page 3), the majority of active net lease participants are expecting 2013 cap rates to remain unchanged or decline. The largest portion of participants (37%) are expecting cap rates to decrease by less than 24 basis points by the end of 2013. As the majority of net lease participants expect cap rates to decline further in 2013, properties with long term leases will be more difficult to find as many current owners will hold given the attractive refinance rates available. A shrinking supply and a limited development pipeline will make newly constructed assets in the highest demand and command the lowest cap rates.

SELECTED SINGLE TENANT SALES COMPARABLES

Sale Date	Sector	Tenant	City	State	Price	Price Per SF	Cap Rate	Lease Term Remaining
Jan-13	Retail	Home Depot	Henderson	NV	\$13,500,000	\$132	7.96%	5
Jan-13	Retail	Whole Foods (Condo)	Chicago	IL	\$11,580,000	\$281	6.75%	10
Mar-13	Retail	Gold's Gym	Corpus Christi	TX	\$8,750,000	\$185	7.57%	10
Feb-13	Retail	Walgreens	Covington	GA	\$8,075,000	\$545	6.16%	25
Mar-13	Retail	Walgreens	Peoria	AZ	\$7,600,000	\$512	6.25%	20
Feb-13	Retail	Earth Fare	Huntersville	NC	\$5,247,693	\$210	7.50%	18
Jan-13	Retail	Walgreens	Chicago	IL	\$5,212,121	\$345	8.25%	9
Jan-13	Retail	Walgreens	Gallatin	TN	\$5,061,538	\$344	6.50%	20
Feb-13	Retail	Walgreens	Johnson City	TN	\$4,721,300	\$314	8.02%	9
Jan-13	Retail	Walgreens	Lithonia	GA	\$4,450,000	\$294	7.75%	9
Jan-13	Retail	PetSmart	Edmond	OK	\$4,100,000	\$157	8.40%	11
Mar-13	Retail	CVS	Weeki Wachee	FL	\$3,932,403	\$361	7.62%	9
Mar-13	Retail	Chase Bank (Ground Lease)	Peoria	AZ	\$3,600,000	--	4.98%	15

NET LEASED CAP RATE TRENDS

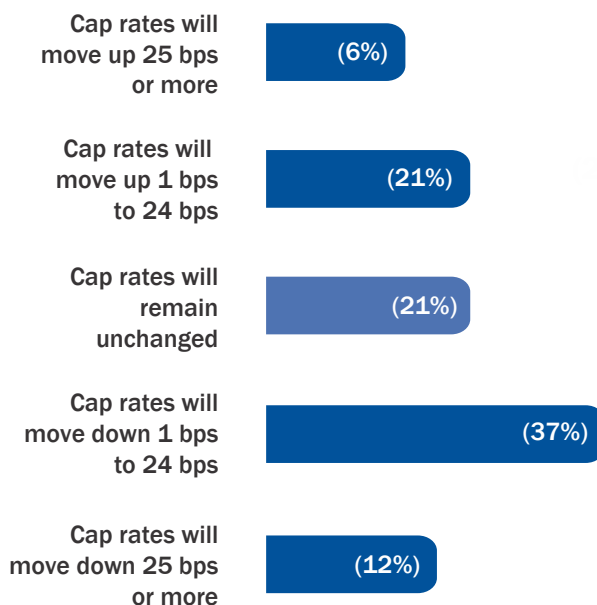


**MEDIAN ASKING CAP RATES
BY YEAR BUILT**

Tenant	2010 - 2012	2005 - 2009	2000 - 2004	Pre 2000
Walgreens	5.75%	6.10%	7.00%	7.36%
CVS	6.00%	6.10%	7.13%	7.75%
Rite Aid	N/A	8.00%	9.00%	10.25%
Advance Auto Parts	6.74%	7.50%	8.36%	N/A
O'Reilly Auto Parts	6.38%	6.75%	7.75%	7.97%
Dollar General	7.11%	8.50%	8.60%	9.15%
Family Dollar	8.00%	8.25%	8.82%	9.50%
McDonald's	4.25%	4.40%	4.75%	4.90%
FedEx	6.75%	7.03%	7.72%	8.40%
GSA	7.25%	7.92%	8.75%	9.23%
Chase	5.00%	5.14%	5.34%	N/A
PNC Bank	4.50%	5.50%	5.65%	6.10%
Bank of America	5.10%	5.31%	5.88%	N/A
Wells Fargo	5.00%	5.20%	5.40%	N/A
7-Eleven	5.50%	5.80%	5.97%	6.25%
DaVita	6.28%	7.46%	8.12%	9.07%
Fresenius	6.50%	7.75%	8.15%	9.50%
Burger King	6.45%	6.63%	7.25%	7.75%
Verizon	6.38%	7.20%	8.41%	8.75%

**THE BOULDER GROUP
CAP RATE POLL**

WHERE DO YOU EXPECT NET LEASE CAP RATES TO MOVE BY THE END OF 2013?



FOR MORE INFORMATION

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