

DOLLAR STORE PROPERTIES MEDIAN ASKING CAP RATES

Tenant	Q2 2016 (Previous)	Q2 2017 (Current)	Basis Point Change
Dollar General	6.60%	6.75%	+15
Family Dollar	6.50%	6.70%	+20
Dollar Tree	7.00%	6.90%	-10

MEDIAN ASKING PRICE

Tenant	Median Asking Price	Median Price Per Foot
Dollar General	\$1,284,171	\$141
Family Dollar	\$1,417,200	\$170
Dollar Tree	\$1,788,027	\$172

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Years Remaining	Dollar General	Family Dollar	Dollar Tree
12-15	6.65%	6.50%	--
9-11	7.00%	6.95%	6.90%
6-8	7.70%	7.88%	7.30%
3-5	7.75%	8.50%	7.90%
Under 3	8.10%	8.65%	--

MEDIAN NATIONAL CLOSED CAP RATE SPREAD

Tenant	Closed	Ask	Spread (bps)
Dollar General	6.90%	6.70%	20
Family Dollar	6.93%	6.60%	33
Dollar Tree	6.87%	6.75%	12

MARKET OVERVIEW

Cap rates within the single tenant net lease dollar store sector increased by 10 basis points from the second quarter of 2016 to the second quarter of 2017 to a 6.75% cap rate. The dollar store sector, for the purpose of this report, is defined as free standing Dollar General, Dollar Tree and Family Dollar properties, as these tenants represent the largest presence within the sector. Cap rates for Dollar Tree assets compressed by 10 basis points while Dollar General and Family Dollar experienced increases of 15 and 20 basis point each, respectively.

Supply of single tenant dollar store properties increased significantly by 34% in the second quarter of 2017 when compared to the second quarter of 2016. The majority of supply is made of new construction properties as the tenants continue to expand at an aggressive pace. In the second quarter of 2017, new construction properties built in the past 12 months comprised over 57% of the supply of net lease dollar stores. Further contributing to the increase in supply, is that institutional buyers who previously acquired a significant number of dollar stores in large portfolios have limited their acquisition of this property type, leaving a greater remaining supply on the market. The significant increase of supply is the main contributing factor for the rise in cap rates experienced in the second quarter of 2017. Cap rates declined for Dollar Tree properties as the majority of the properties are located in primary markets or areas that are more densely populated than a traditional Dollar General or Family Dollar.

With cap rates rising in the dollar store sector, the discount associated with dollar store properties when compared to the overall net lease retail market expanded by 5 basis points. In the second quarter of 2017, dollar store properties were priced at a 52 basis point discount to the net lease retail market. Dollar stores continue to garnish demand from all investor classes as they provide viable alternatives to other net lease assets that can be acquired with long term triple net leases priced below \$2 million.

The net lease dollar store sector will remain active as investors are attracted to the higher yields this asset class generates when compared to other net lease sectors. With a strong development pipeline due to dollar store expansion plans, supply will remain saturated with long term leased properties. The expectation is that the majority of demand for this asset class will remain in new construction assets as investors look to take advantage of the full lease term.



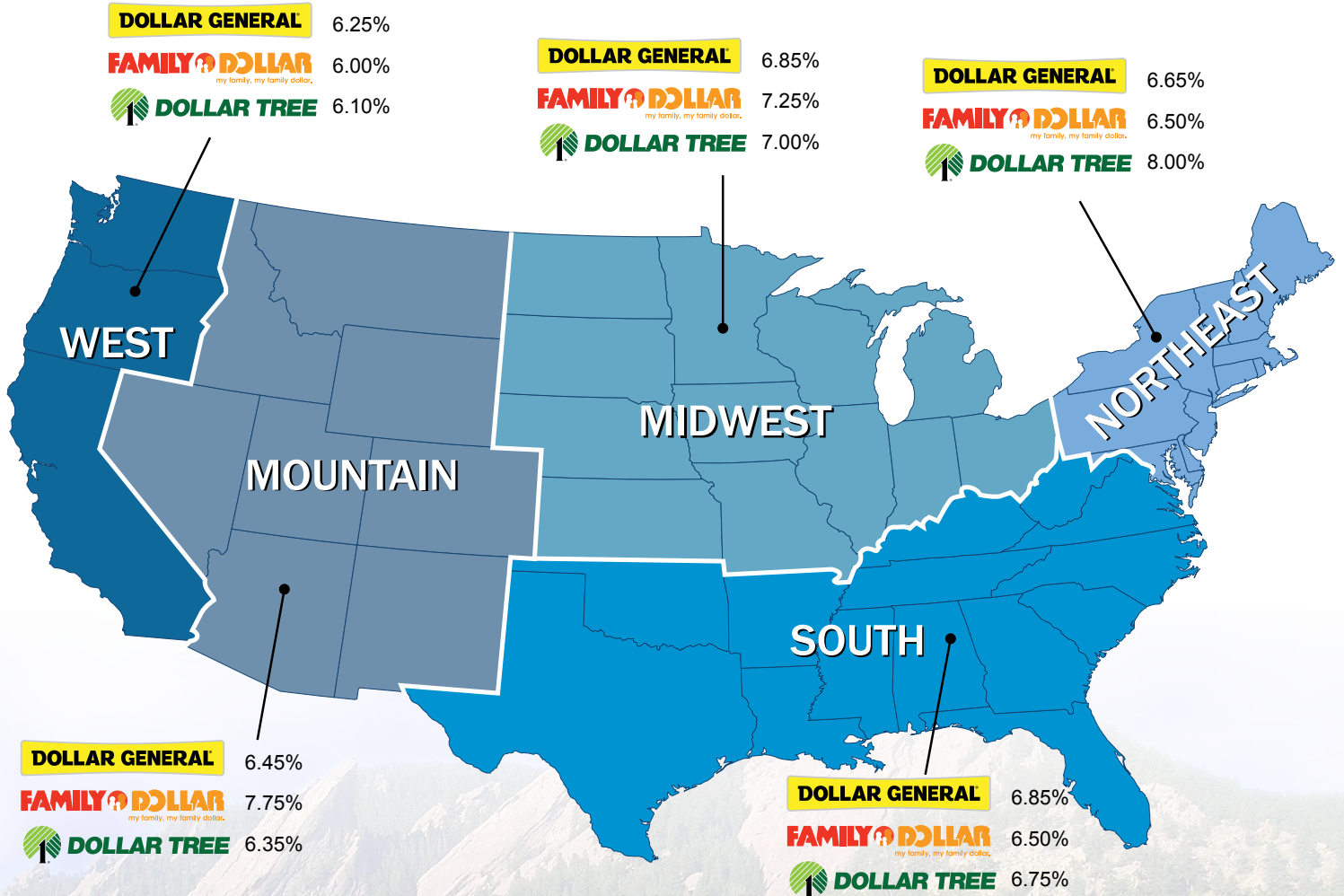
PERCENTAGE OF DOLLAR STORES ON THE MARKET BY TENANT

Tenant	Percentage of Market
Dollar General	70%
Family Dollar	24%
Dollar Tree	6%

DOLLAR STORE VS RETAIL NET LEASE MARKET CAP RATES

Tenant	Q2 2016 (Previous)	Q2 2017 (Current)
Dollar Store	6.65%	6.75%
Market	6.18%	6.23%
Dollar Store Discount (bps)	47	52

DOLLAR STORE MEDIAN ASKING CAP RATE BY REGION



COMPANY AND LEASE OVERVIEW

	Dollar General	Family Dollar	Dollar Tree
Credit Rating	BBB (Stable)	--	BB+ (Positive)
Stock Symbol	DG	--	DLTR
Market Cap	\$19.7 billion	--	\$16.5 billion
Revenue	\$22.3 billion	--	\$20.9 billion
Number of Stores	13,601	8,038	6,444
Typical New Lease Type	Triple Net	Triple Net	Double Net
Typical New Lease Term	15 years primary term with twenty years of options	15 years primary term with thirty years of options	7 or 10 years primary term with ten years of options
Typical Rent Increases	None in primary term; 10% each option period	Either every three years in primary term or 10% in year 11	\$0.50 per square foot every five years



FOR MORE INFORMATION

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