

**AUTO PROPERTIES MEDIAN ASKING CAP RATE COMPARISON**

Sector	Q4 2019 (Previous)	Q4 2020 (Current)	Basis Point Change
Auto Sector	6.37%	5.89%	-48

**NET LEASE AUTO VS NET LEASE MARKET CAP RATE**

Sector	Q4 2019 (Previous)	Q4 2020 (Current)
Net Lease Auto	6.37%	5.89%
Net Lease Market (Retail)	6.07%	6.00%
Differential (bps)	+30	-11

**MEDIAN ASKING CAP RATES BY PROPERTY TYPE**

Sector	Q4 2019 (Previous)	Q4 2020 (Current)	Basis Point Change
Auto Parts	6.44%	5.90%	-54
Auto Service	6.28%	5.78%	-50
Collision	6.32%	6.00%	-32

**PERCENTAGE OF AUTO PROPERTIES ON MARKET BY PROPERTY TYPE**

Sector	Percentage of Market
Auto Parts	33%
Auto Service	50%
Collision	17%

**MARKET OVERVIEW**

Cap rates for the single tenant net leased auto sector decreased by 48 basis points from the fourth quarter of 2019 to the fourth quarter of 2020 to 5.89%. The auto sector, for the purpose of this report, consists of various auto related tenants in the parts, service and collision sectors. The primary reason contributing to the substantial decrease in cap rates was an increase in supply of new construction properties with longer term leases. The new development supply was primarily concentrated in the service and collision sectors as these tenants continue to expand their footprints nationally.

In recent years, new store development for the auto parts sector has lagged behind historical standards which has limited the supply of long term leased properties in the auto parts sector. In the fourth quarter of 2020, the median term remaining in the auto parts sector was less than eight years. Accordingly, many net lease investors shifted their focus to the service and collision sectors which have been underweighted in investors' portfolios historically. The service and collision sectors held a median term remaining of approximately 12 years in the fourth quarter of 2020.

Investors' appetite for net lease auto properties can be directly attributed to strong corporate tenancy, typical rent bumps and varied degrees of e-commerce resistance. Additionally, the lower price points associated with this sector creates a larger buyer pool. In the fourth quarter of 2020, the median asking price for the auto sector was approximately \$2 million. These aforementioned attributes caused the auto sector to command an 11-basis point premium over the overall net lease retail sector. In the fourth quarter of 2019, the auto sector was inversely priced at a 30-basis point discount.

Transaction volume in the auto sector should remain similar to 2020 as investors continue to seek properties with strong tenants in the price range this sector provides. However, there will be increased competition for new construction assets as 1031 and private investors favor these properties. Auto properties with shorter lease terms located in areas with strong real estate fundamentals also remain in strong demand among buyers seeking higher yields.

*Examples of tenants in the auto related sectors include but are not limited the following:*

- Parts – Advance Auto Parts, AutoZone, NAPA, O'Reilly Auto Parts, Pep Boys*
- Service – Christian Brothers, Firestone, Goodyear, Jiffy Lube, Mavis, NTB, Take 5, Valvoline*
- Collision – Caliber Collision, Gerber Collison & Glass, Maaco, Service King*

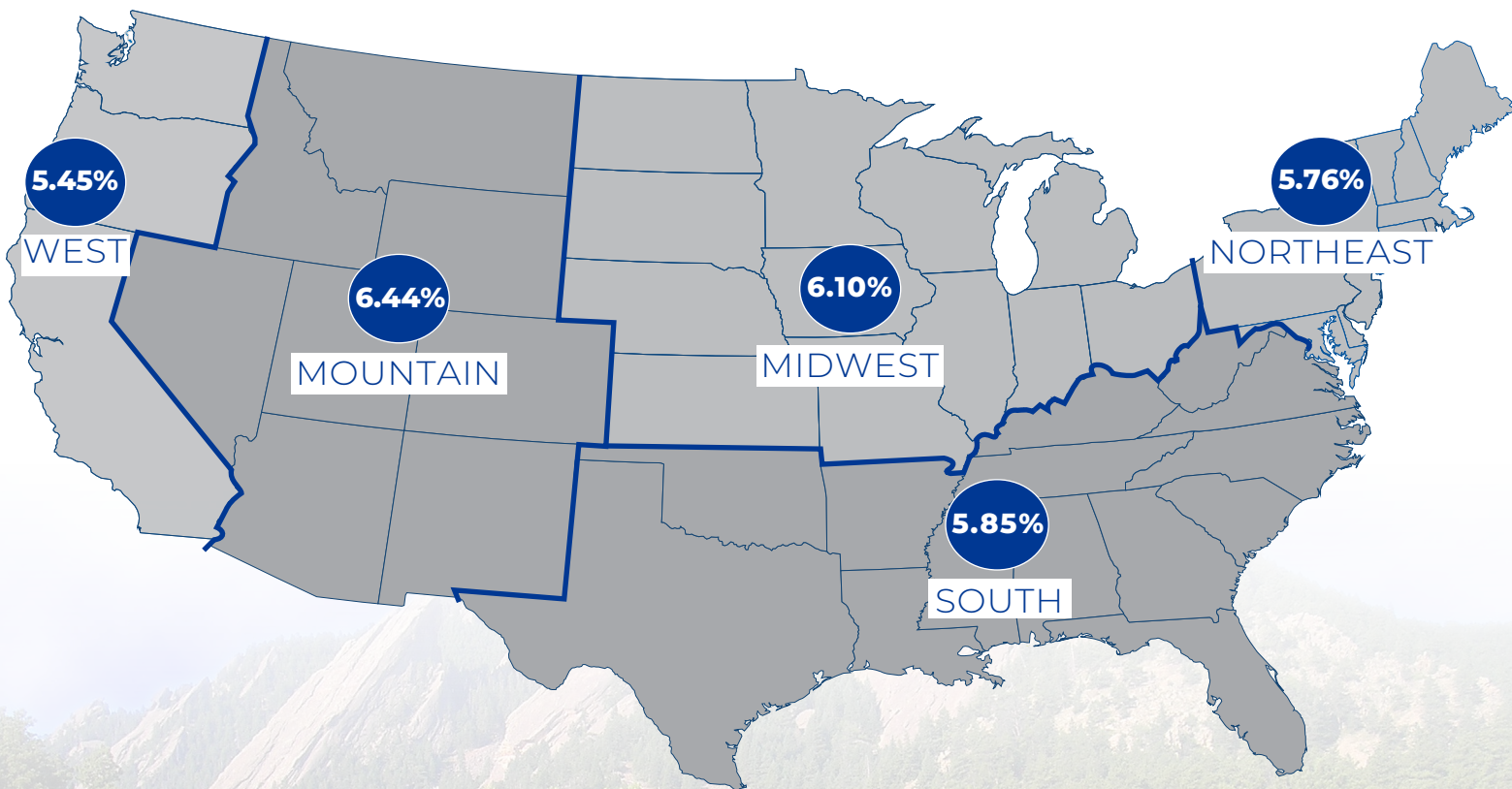
**AUTO PARTS STORE PROPERTIES  
MEDIAN ASKING CAP RATES**

Tenant	Q4 2019 (Previous)	Q4 2020 (Current)	Basis Point Change
Advance Auto Parts	6.95%	6.50%	-45
AutoZone	5.70%	5.25%	-45
Bridgestone/Firestone	5.15%	5.00%	-15
Caliber Collision	6.25%	6.00%	-25
Jiffy Lube	6.00%	5.75%	-25
National Tire & Battery	6.00%	5.50%	-50
O'Reilly Auto Parts	5.85%	5.95%	+10
Take 5	6.00%	5.88%	-12
Service King	6.15%	6.00%	-15
Valvoline	6.20%	6.05%	-15

**MEDIAN ASKING CAP RATES BY  
LEASE TERM REMAINING**

Years Remaining	Auto Parts	Auto Service	Collision
16-20	5.30%	5.00%	5.75%
11-15	5.75%	5.50%	5.90%
6-10	6.25%	5.90%	6.70%
5 & Under	7.10%	6.85%	7.25%

**MEDIAN ASKING CAP RATE BY REGION**



**SELECTED NET LEASE AUTO SALE COMPARABLES**

Sale Date	Tenant	City	State	Price	Price/SF	Cap Rate	Lease Term Remaining
Nov-20	Caliber Collision	Lexington	KY	\$6,675,000	\$178	6.29%	14
Dec-20	Goodyear	Indian Trail	NC	\$4,000,000	\$633	5.96%	10
Jan-21	AutoZone	Livermore	CA	\$3,653,000	\$351	4.60%	10
Nov-20	Caliber Collision	Fort Wayne	IN	\$3,284,000	\$201	6.40%	15
Jan-21	Firestone	Bowling Green	KY	\$3,045,000	\$498	5.15%	15
Dec-20	Advance Auto Parts	Pineville	NC	\$2,937,000	\$268	5.00%	9
Oct-20	Mavis	Lilburn	GA	\$2,910,000	\$249	6.35%	9
Dec-20	Jiffy Lube	Denver	CO	\$2,741,000	\$888	5.40%	19
Jan-21	O'Reilly Auto Parts	Ocala	FL	\$2,500,000	\$346	5.32%	14
Dec-20	Big O Tires	Mason City	IA	\$2,195,000	\$381	5.95%	9
Sep-20	NAPA Auto Parts	Buffalo	MN	\$1,750,000	\$522	7.10%	5
Nov-20	AutoZone	Knoxville	TN	\$1,700,000	\$249	5.82%	9
Dec-20	Valvoline	Groveport	OH	\$1,428,500	\$683	5.25%	15
Nov-20	Take 5 Oil Change	Auburndale	FL	\$1,175,000	\$549	5.68%	14

**FOR MORE INFORMATION**

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