

# Net Lease Outlook

U.S. Single-Tenant Market Outlook  
Mid-Year 2015



# Economy

MID-YEAR 2015

## Q2 2015 KEY INDICATORS



### GDP

**2.3%**  
(Percent change from previous quarter)



### UNEMPLOYMENT RATE

**5.3%**  
(Down 20 basis points from May to June)



### 10-YEAR TREASURY RATE

**2.4%**  
(Up from 1.9% at the end of Q1 2015)



### AVERAGE GAS PRICE

**\$2.77**  
(Per gallon price down 90 cents year-over year)



### RETAIL SALES

**\$1,171.5B**  
(Up 1.6% from Q1 2015)

At mid-year 2015, the U.S. economy was continuing to show signs of growth and stability. According to revised estimates, GDP increased 3.7 percent during second quarter, and personal income growth was reported at 0.4 percent for the month of June. Consumer confidence, despite a sharp dip in July, rebounded in August as consumers now feel more optimistic about current conditions. Real estate markets across the nation have been reporting declining vacancy rates, increased absorption and consistent rental rate appreciation. In the net lease sector, the market has seen cap rates across all property types fall to historic lows, and indications point to cap rates remaining low for the foreseeable future.

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Potential hiccups, however, could impact continued economic improvements as we move into the final half of the year. It remains to be seen what the true impact of rising interest rates will be, if the Fed moves forward with the planned adjustment in late third quarter. Additionally, global economic uncertainties and increased volatility in less stable international markets could possibly pause the U.S.'s recent pattern of growth. The stock market turbulence witnessed in China, for example, illustrates that the U.S. economy is not immune to external forces. While investors should be watching these pockets of disturbances closely, it is unlikely that this instability will have significant or long-term effects on most net lease investors' strategies.



# Office

MID-YEAR 2015

## Q2 2015 KEY INDICATORS | SINGLE-TENANT OFFICE



### SALES VOLUME

**\$5.0B**

(Down from \$7.2B in Q1 2015)



### AVERAGE CAP RATE

**6.92%**

(Lowest reported in more than 10 years)



### AVERAGE PRICE PER SQUARE FOOT

**\$247**

(Up 2.5% from Q1 2015)



### SF UNDER CONSTRUCTION

**34.4msf**

(Down from 36.6msf in Q1 2015)

The single-tenant net lease office market has been hot. Despite sales volume dropping during second quarter 2015, the sector has reported \$12.2 billion in transactions so far this year. This was the strongest first half, by a significant margin, in the last decade. Sales this year are being driven by the West, Southwest and Northeast regions, with the bulk of office activity being concentrated in these markets.

Cap rates, for the first time since late 2007, pushed below the 7.00 percent mark, falling to 6.92 percent during second quarter 2015. The lowest cap rates can be found in the Northeast, where, at mid-year, rates averaged 6.23

percent. The highest cap rates are still in the Midwest, where they currently average 7.62 percent, and the last few years have seen values compressing only slightly across this region.

**With \$12.2 billion in transactions so far this year, this was the strongest first half, by a significant margin in the last decade.**

Average price per square foot values vary greatly across the country. The Midwest, at an average of \$152 per square foot at mid-year, has seen values drop significantly this year. The Northeast, on the other hand, has reported price per square foot averages between \$350 and \$400 consistently over the last several years.

Fairly robust construction activity has been occurring in all regions, with the exception of the Mid-Atlantic region. At

## Cap rates, for the first time since late 2007, pushed below the 7.00 percent mark.

mid-year, less than 900,000 square feet of new product was reported under development here, representing a sharp drop from levels seen a few years ago. With more than 9.0 million square feet under construction in each region, the Southwest and West led the nation at mid-year, with the Midwest following closely behind at nearly 7.4 million square feet in development.

Significant transactions across the single-tenant office sector continue to be concentrated in three primary buckets: corporate headquarters sale-leasebacks, medical office properties and GSA or local government facilities. Today's

on-market availabilities represent these trends as well. For example, more than 1,700 single-tenant medical office buildings are currently being marketed for sale. Household names like Davita Dialysis and Fresenius Medical Care continue to trade often, but the bulk of medical product being offered for sale is more often found in urgent care or ambulatory facilities, and small freestanding medical offices adjacent to larger hospital complexes. These high-end, specialized facilities are often able to garner a high price per square foot, and asking cap rates at or even below the 5.00 percent mark are not unheard of.

**MARKET STATISTICS | SINGLE-TENANT OFFICE**

		Annual				Quarterly					
		2012	2013	2014	YTD 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Mid-Atlantic	Sales Volume (in millions)	\$748.40	\$1,679.30	\$1,538.20	\$1,383.50	\$510.50	\$351.90	\$194.90	\$481.00	\$875.40	\$508.10
	Avg Price Per Square Foot	\$231	\$324	\$253	\$206	\$319	\$288	\$228	\$253	\$202	\$206
	Avg Cap Rate	7.92%	6.70%	7.06%	6.94%	6.80%	7.18%	7.18%	7.06%	7.12%	6.94%
	SF Under Construction	3,427,317	2,151,134	1,226,870	894,395	1,580,671	1,402,694	1,381,081	1,226,870	841,264	894,395
Midwest	Sales Volume (in millions)	\$1,476.00	\$2,146.00	\$2,228.90	\$1,553.00	\$629.50	\$764.70	\$542.70	\$292.10	\$1,239.40	\$313.60
	Avg Price Per Square Foot	\$169	\$169	\$182	\$152	\$187	\$179	\$177	\$182	\$159	\$152
	Avg Cap Rate	7.80%	7.53%	7.68%	7.62%	7.54%	7.66%	7.80%	7.68%	7.61%	7.62%
	SF Under Construction	5,345,053	5,627,512	5,833,740	7,391,604	5,388,577	6,043,135	5,514,631	5,833,740	7,128,625	7,391,604
Northeast	Sales Volume (in millions)	\$2,109.80	\$3,642.20	\$5,484.20	\$2,248.40	\$1,638.60	\$1,623.80	\$1,491.00	\$730.70	\$997.70	\$1,250.70
	Avg Price Per Square Foot	\$253	\$347	\$394	\$365	\$367	\$387	\$377	\$394	\$329	\$365
	Avg Cap Rate	7.50%	6.58%	6.60%	6.23%	6.78%	6.96%	6.56%	6.60%	6.41%	6.23%
	SF Under Construction	3,388,868	4,266,993	2,635,877	3,239,433	3,632,300	3,584,746	2,779,781	2,635,877	3,212,784	3,239,433
Southeast	Sales Volume (in millions)	\$1,195.50	\$1,882.70	\$2,295.70	\$1,173.10	\$627.10	\$362.00	\$290.00	\$1,016.70	\$751.50	\$421.60
	Avg Price Per Square Foot	\$204	\$168	\$180	\$186	\$172	\$169	\$172	\$180	\$186	\$186
	Avg Cap Rate	8.11%	7.77%	7.38%	7.10%	7.91%	7.92%	7.66%	7.38%	7.30%	7.10%
	SF Under Construction	3,799,563	4,317,793	3,632,766	3,722,713	4,169,085	4,422,953	4,299,680	3,632,766	3,586,437	3,722,713
Southwest	Sales Volume (in millions)	\$1,474.20	\$2,844.60	\$2,194.40	\$2,346.00	\$476.50	\$518.00	\$449.80	\$750.20	\$1,316.10	\$1,029.90
	Avg Price Per Square Foot	\$195	\$183	\$223	\$230	\$199	\$201	\$200	\$223	\$230	\$230
	Avg Cap Rate	7.61%	7.42%	7.27%	6.92%	7.41%	7.58%	7.43%	7.27%	7.17%	6.92%
	SF Under Construction	7,871,938	11,845,500	10,818,166	9,994,195	10,744,158	12,452,468	11,881,483	10,818,166	11,736,161	9,994,195
West	Sales Volume (in millions)	\$4,286.80	\$4,046.60	\$4,351.80	\$3,480.90	\$707.00	\$1,309.60	\$798.80	\$1,536.40	\$2,000.40	\$1,480.50
	Avg Price Per Square Foot	\$386	\$274	\$292	\$294	\$284	\$291	\$274	\$292	\$307	\$294
	Avg Cap Rate	6.77%	6.52%	6.63%	6.64%	6.49%	6.59%	6.47%	6.63%	6.53%	6.64%
	SF Under Construction	5,934,780	8,379,453	10,931,612	9,122,192	7,470,152	7,434,477	11,202,396	10,931,612	10,126,639	9,122,192
U.S. Totals	Sales Volume (in millions)	\$11,290.70	\$16,241.40	\$18,093.20	\$12,184.90	\$4,589.20	\$4,930.00	\$3,767.20	\$4,807.10	\$7,180.50	\$5,004.40
	Avg Price Per Square Foot	\$257	\$239	\$256	\$247	\$252	\$253	\$243	\$256	\$241	\$247
	Avg Cap Rate	7.54%	7.18%	7.09%	6.92%	7.23%	7.34%	7.21%	7.09%	7.01%	6.92%
	SF Under Construction	29,767,519	36,588,385	35,079,031	34,364,532	32,984,943	35,340,473	37,059,052	35,079,031	36,631,910	34,364,532

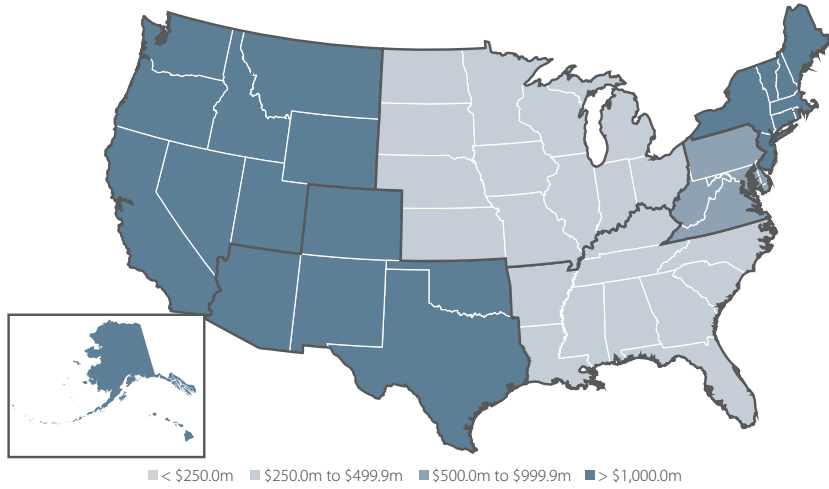
### H1 2015 CLOSED TRANSACTIONS | SINGLE-TENANT OFFICE

Tenant	Building SF	Sale Price ▼	Cap Rate	City, State
WLC Architects	39,600	\$13,400,000	7.66%	Rancho Cucamonga, CA
Actuant Corporation	81,503	\$17,050,000	6.80%	Menomonee Falls, WI
Premier Surgery Center of Louisville	18,887	\$8,000,000	6.23%	Louisville, KY
First Choice (Ground Lease)	7,040	\$3,550,000	5.53%	McKinney, TX
Women's Health Specialists	10,800	\$3,250,000	7.14%	Germantown, TN
Coldwell Banker / Tippit Dental Group	11,250	\$3,130,000	7.91%	Cypress, TX

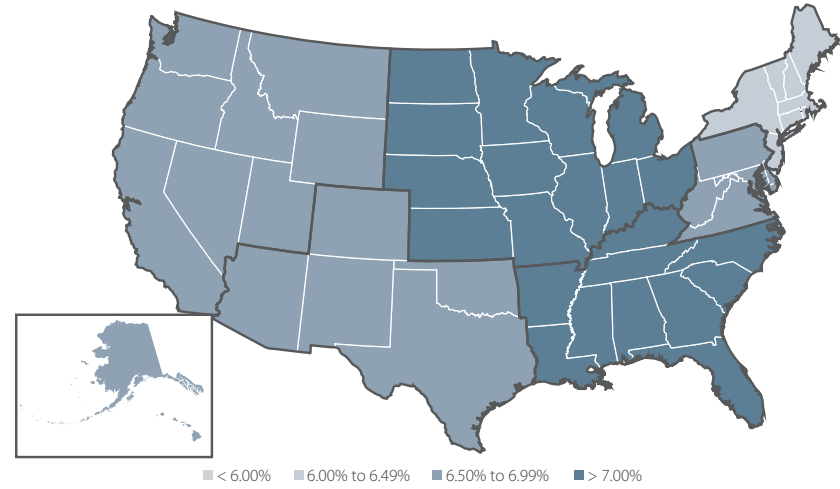
### ON-MARKET OFFERINGS | SINGLE-TENANT OFFICE

Tenant	Building SF	Asking Price ▼	Cap Rate	City, State
Bright Horizons	49,956	\$20,150,000	6.65%	Bellevue, WA
AT&T Mobility Call Center	104,320	\$14,468,500	9.00%	Grayson, KY
Steward Health Care	101,000	\$13,500,000	7.48%	Westwood, MA
Imagine Schools	36,161	\$6,200,000	7.74%	Las Vegas, NV
United States Postal Service	5,500	\$1,700,000	6.23%	Carleton, MI
U.S. Fish & Wildlife Services	5,353	\$575,000	9.40%	Elkins, WV

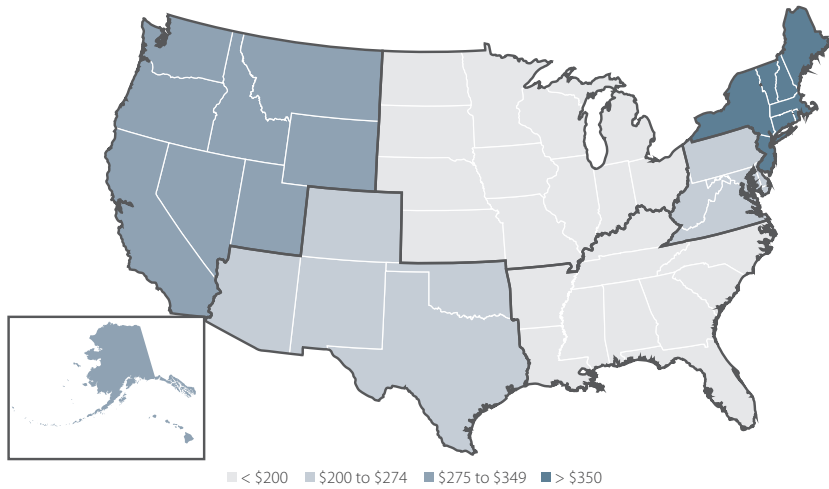
Q2 2015 SALES VOLUME | SINGLE-TENANT OFFICE



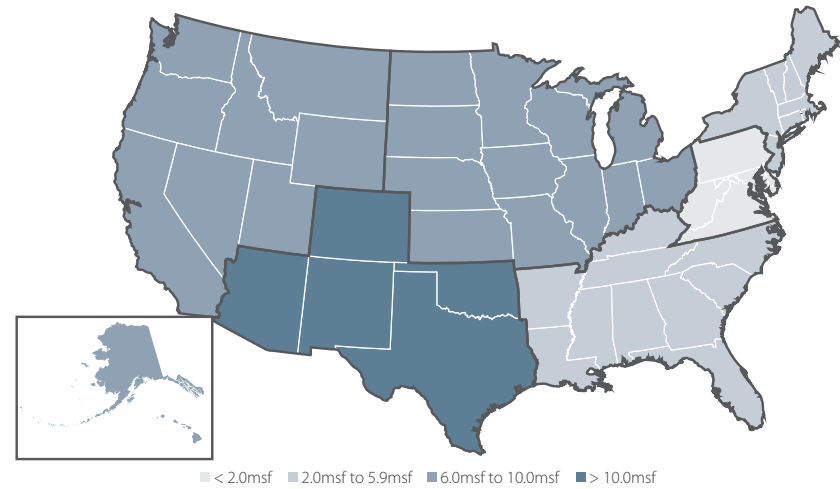
Q2 2015 AVERAGE CAP RATES | SINGLE-TENANT OFFICE



Q2 2015 AVERAGE PRICE PSF | SINGLE-TENANT OFFICE



Q2 2015 SF UNDER CONSTRUCTION | SINGLE-TENANT OFFICE





# Industrial

MID-YEAR 2015

## Q2 2015 KEY INDICATORS | SINGLE-TENANT INDUSTRIAL



### SALES VOLUME

**\$4.1B**  
(Down from \$5.6B in Q1 2015)



### AVERAGE CAP RATE

**7.02%**  
(Down 42 basis points since Q2 last year)



### AVERAGE PRICE PER SQUARE FOOT

**\$77**  
(Up \$10psf since Q2 last year)



### SF UNDER CONSTRUCTION

**90.3msf**  
(Down from 91.1msf in Q1 2015)

Sales volume for single-tenant industrial product has been robust this year, reporting more than \$9.7 billion in transactions during the first half of 2015. The market is on pace to meet, if not exceed, sales totals reported in the last two years. Industrial transactions in the West outpaced all other regions during second quarter 2015, with more than \$1.3 billion in sales. This brings the West's year-to-date total to nearly \$2.7 billion. Transaction volume has been lagging a bit in smaller regions like the Mid-Atlantic, which reported only \$274.6 million during second quarter 2015. Larger industrial markets, like Chicago in the Midwest, Atlanta in the Southeast and Los Angeles/Inland Empire in the West, not surprisingly are continuing to drive transaction volume across the country.

Cap rates for single-tenant industrial product remain the highest of all three property types, and average rates ended

second quarter 2015 at 7.02 percent. The national average, however, is a bit deceiving considering cap rates in all regions except the West range between 7.19 percent and 7.67 percent. The West, at an average of 6.34 percent, has been keeping the overall average artificially low for several quarters.

**The market is on pace to meet, if not exceed, sales totals reported in the last two years.**

Price per square foot values for industrial facilities have been steadily increasing over the last few years. At mid-year 2015, the market reported an average of \$77 per square foot for recently closed transactions. The Southeast and Midwest, at \$56 and \$58 per square foot, respectively, continue to report the nation's lowest averages, although these values have been trending upward. The West region continues to lead the nation, reporting an average of \$111 per square foot for second quarter 2015. Unlike other regions ,though, the West has actually seen price per square foot

values drop over the last 12 months, albeit slightly.

Significant levels of industrial construction are occurring in most regions, with the West leading the pack. At mid-year, the West reported more than 30.2 million square feet under construction, with the Southeast, at 20.7 million square feet, coming in at a close second. Overall, the single-tenant industrial sector had more than 90.3 million square feet in development across the nation at mid-year. This represents a sharp uptick from levels reported just three years ago, when the market ended 2012 with only 60.7 million square feet under construction. However, development levels have declined from recent highs reported nine months ago, when construction totals exceeded 104.0 million square feet.

E-commerce continues to be a prominent driver for industrial demand levels. Retailers across the nation are strategically

locating their warehouses and distribution facilities in locations that allow them to better and more quickly serve the consumer. While many of the conventional industrial buildings being offered for sale continue to be in the 100,000-square-

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foot to 250,000-square-foot range, the market has seen an increase of super-box product availabilities. Currently, there are 140 single-tenant industrial buildings on the market with floorplates larger than 500,000 square feet and, not surprisingly, the locations of these mega-facilities are concentrated in and around established logistics hubs. Many of the airport, rail and seaport markets, including Chicago, Atlanta, New Jersey, Philadelphia, Dallas and Los Angeles, are

seeing increased sales activity as well as rising construction levels, as the market works to accommodate tenants who need larger, more sophisticated and better located industrial product.

**MARKET STATISTICS | SINGLE-TENANT INDUSTRIAL**

		Annual				Quarterly					
		2012	2013	2014	YTD 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Mid-Atlantic	Sales Volume (in millions)	\$1,172.50	\$1,829.60	\$1,453.00	\$922.40	\$183.00	\$260.10	\$223.70	\$786.10	\$647.80	\$274.60
	Avg Price Per Square Foot	\$59	\$62	\$86	\$90	\$62	\$61	\$66	\$86	\$87	\$90
	Avg Cap Rate	7.97%	7.20%	7.40%	7.25%	7.44%	7.47%	7.12%	7.40%	7.29%	7.25%
	SF Under Construction	5,003,434	6,470,191	7,759,996	3,905,014	9,175,058	9,294,786	7,013,120	7,759,996	4,723,004	3,905,014
Midwest	Sales Volume (in millions)	\$2,357.90	\$4,000.70	\$4,126.30	\$1,918.20	\$809.60	\$1,126.70	\$845.20	\$1,344.80	\$1,035.10	\$883.10
	Avg Price Per Square Foot	\$47	\$43	\$55	\$58	\$45	\$49	\$52	\$55	\$57	\$58
	Avg Cap Rate	8.24%	7.81%	7.21%	7.34%	7.80%	7.47%	7.36%	7.21%	7.27%	7.34%
	SF Under Construction	12,707,862	19,915,028	18,871,604	15,817,890	17,718,997	21,584,398	23,912,800	18,871,604	16,615,914	15,817,890
Northeast	Sales Volume (in millions)	\$928.80	\$1,841.00	\$1,157.00	\$939.40	\$192.60	\$319.30	\$289.90	\$355.30	\$461.40	\$478.00
	Avg Price Per Square Foot	\$80	\$98	\$101	\$100	\$101	\$98	\$101	\$101	\$104	\$100
	Avg Cap Rate	7.61%	7.71%	7.19%	7.45%	7.40%	7.24%	7.17%	7.19%	7.31%	7.45%
	SF Under Construction	5,433,170	6,100,616	5,365,976	5,008,807	7,654,612	7,138,759	4,574,755	5,365,976	4,300,918	5,008,807
Southeast	Sales Volume (in millions)	\$2,291.60	\$2,199.30	\$2,957.90	\$1,992.20	\$649.20	\$931.40	\$636.50	\$740.70	\$1,347.30	\$644.90
	Avg Price Per Square Foot	\$52	\$49	\$52	\$56	\$51	\$54	\$55	\$52	\$55	\$56
	Avg Cap Rate	7.83%	7.97%	7.42%	7.19%	8.03%	7.91%	7.52%	7.42%	7.27%	7.19%
	SF Under Construction	7,929,076	16,137,607	19,905,601	20,681,921	19,207,180	23,532,340	23,580,675	19,905,601	21,934,532	20,681,921
Southwest	Sales Volume (in millions)	\$1,342.30	\$2,167.20	\$2,196.60	\$1,274.40	\$331.20	\$650.10	\$685.20	\$530.10	\$769.60	\$504.80
	Avg Price Per Square Foot	\$81	\$69	\$82	\$84	\$75	\$71	\$80	\$82	\$80	\$84
	Avg Cap Rate	7.70%	7.85%	7.79%	7.67%	7.83%	7.71%	7.86%	7.79%	7.81%	7.67%
	SF Under Construction	14,218,353	18,973,861	18,349,894	14,699,158	12,729,570	14,970,234	18,723,580	18,349,894	13,513,270	14,699,158
West	Sales Volume (in millions)	\$3,897.60	\$4,282.60	\$4,160.10	\$2,681.20	\$874.50	\$852.90	\$1,203.40	\$1,229.30	\$1,333.50	\$1,347.70
	Avg Price Per Square Foot	\$88	\$99	\$112	\$111	\$105	\$110	\$114	\$112	\$114	\$111
	Avg Cap Rate	6.95%	7.11%	6.41%	6.34%	6.94%	6.89%	6.69%	6.41%	6.40%	6.34%
	SF Under Construction	15,405,678	20,802,886	29,927,310	30,214,033	22,070,047	22,931,816	26,234,562	29,927,310	30,020,970	30,214,033
U.S. Totals	Sales Volume (in millions)	\$11,990.70	\$16,320.40	\$16,050.90	\$9,727.80	\$3,040.10	\$4,140.50	\$3,883.90	\$4,986.30	\$5,594.70	\$4,133.10
	Avg Price Per Square Foot	\$63	\$65	\$73	\$77	\$66	\$67	\$71	\$73	\$75	\$77
	Avg Cap Rate	7.61%	7.64%	7.14%	7.02%	7.57%	7.44%	7.27%	7.14%	7.09%	7.02%
	SF Under Construction	60,697,573	88,400,189	100,180,381	90,326,823	88,555,464	99,452,333	104,039,492	100,180,381	91,108,608	90,326,823

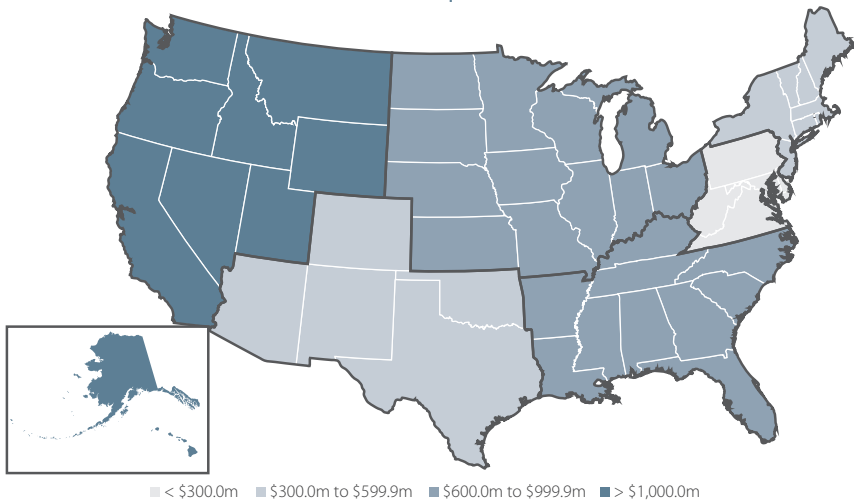
## H1 2015 CLOSED TRANSACTIONS | SINGLE-TENANT INDUSTRIAL

Tenant	Building SF	Sale Price ▼	Cap Rate	City, State
Actuant Distribution Facility	310,000	\$21,750,000	6.76%	Westbrook Crossing, WI
Oberfields, LLC (Sale Leaseback Portfolio)	127,265	\$5,642,485	8.25%	Columbus, OH
Michigan Wheel Marine (Sale Leaseback)	161,100	\$4,500,000	8.73%	Grand Rapids, MI
JM Eagle	100,000	\$2,050,000	9.75%	Hastings, NE
DHL / Airborne Express	23,638	\$1,650,000	8.81%	Smyrna, GA
Atlanta Electrical Distributors	11,500	\$859,765	8.50%	Carrollton, GA

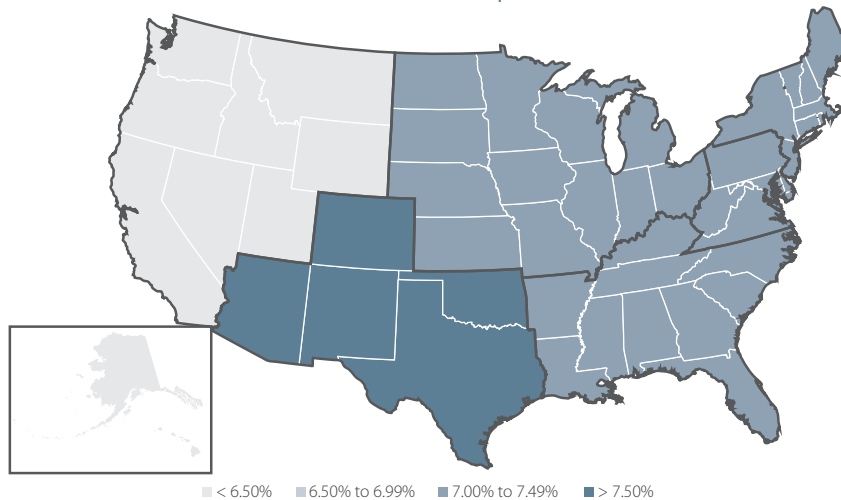
## ON-MARKET OFFERINGS | SINGLE-TENANT INDUSTRIAL

Tenant	Building SF	Asking Price ▼	Cap Rate	City, State
Bristol Compressors International	864,682	\$28,000,000	7.75%	Bristol, VA
FedEx Ground	177,956	\$16,456,768	6.25%	New Haven, IN
ProTrans International	80,000	\$5,000,000	7.20%	Eagle Pass, TX
Ice Industries Deerfield (Sale Leaseback)	89,960	\$4,000,000	7.00%	Mason, OH
TCi Tire Center	25,155	\$1,775,000	7.00%	Tampa, FL
JM Eagle Manufacturing Facility	100,000	\$900,000	11.96%	Baker City, OR

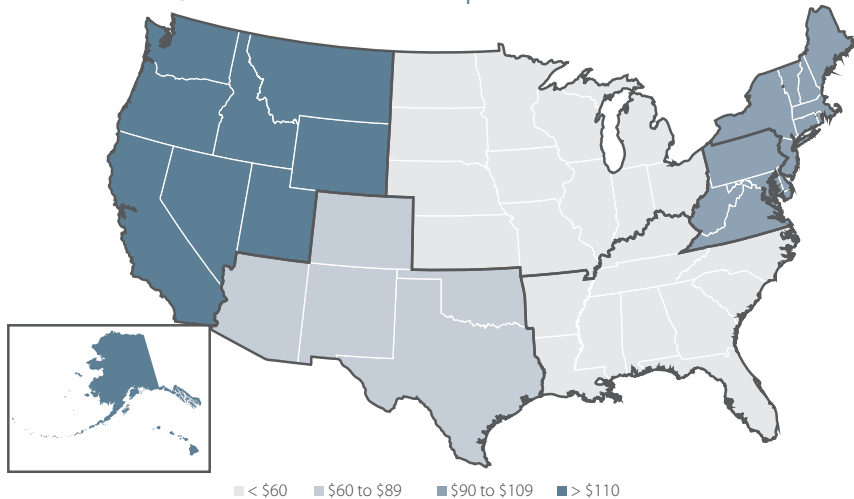
Q2 2015 SALES VOLUME | SINGLE-TENANT INDUSTRIAL



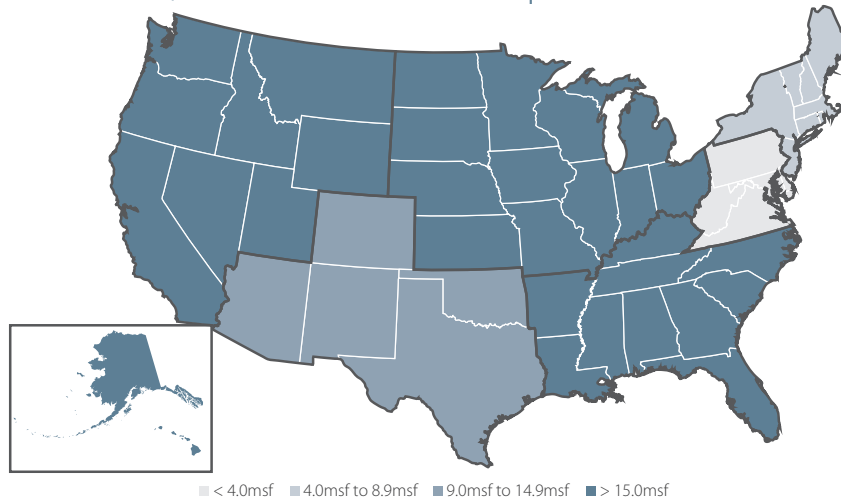
Q2 2015 AVERAGE CAP RATES | SINGLE-TENANT INDUSTRIAL



Q2 2015 AVERAGE PRICE PSF | SINGLE-TENANT INDUSTRIAL



Q2 2015 SF UNDER CONSTRUCTION | SINGLE-TENANT INDUSTRIAL





# Retail

MID-YEAR 2015

## Q2 2015 KEY INDICATORS | SINGLE-TENANT RETAIL



### SALES VOLUME

**\$4.9B**  
(Up 5.8% since Q1 2015)



### AVERAGE CAP RATE

**6.07%**  
(Lowest reported in more than 10 years)



### AVERAGE PRICE PER SQUARE FOOT

**\$264**  
(Up 3.1% since Q2 last year)



### SF UNDER CONSTRUCTION

**15.5msf**  
(Down from 18.5msf in Q1 2015)

At mid-year 2015, single-tenant retail sales volume was incredibly strong, reporting more than \$9.4 billion in transactions to start the year. At this rate, the sector will have no problem significantly outpacing sales totals reported last year. Transaction volume was the highest in the West and Northeast, where sales for the first half of 2015 have already exceeded \$2.0 billion in each region.

Retail cap rates have been trending downward for several years across the nation, but the most compression the market has seen has been in the West. Average cap rates in the West currently sit the lowest of all regions at 5.54 percent, representing a 1.24 percentage point

drop in the last three and a half years. Overall, single-tenant retail cap rates are fairly consistent across all regions, with the spread being less than one percentage point.

**At the current rate,  
the sector will have no  
problem significantly  
outpacing sales totals  
reported last year.**

Price per square foot values, on the other hand, vary more widely from region to region. While most areas of the country are at or near the national average of \$264 per square foot, the Northeast has seen average values soar in recent quarters. At mid-year 2015, the Northeast

reported an average price per square foot of \$663.

Single-tenant retail construction levels have been tapering off over the last few quarters. Since reporting a recent high

of more than 26.7 million square feet in second quarter 2014, the sector reported just shy of 15.5 million square feet under construction at mid-year 2015. Delivery amounts have been robust, but new ground-breakings have slowed. Future development trends show the Southeast as the most active region for new retail development, as the area reported more than 4.6 million square feet under construction at mid-year. The Midwest, too, with more than 3.2 million square feet under construction, will continue to be a region to watch, despite development levels being down.

Retail transactions in the last six months have spanned all property subtypes, from quick-serve restaurants and drugstores, to discount retailers and grocery stores. Available properties also vary greatly across the retail subtypes. Currently, there are more than 1,500 active listings for quick-serve restaurants across the nation, with most available locations in the Midwest and across the Southeast. National retailers including Burger King, Wendy's and KFC remain popular, while regional tenants such as Jack In The Box and Krystal

## Delivery amounts have been robust, but new ground-breakings have slowed.

also have multiple locations available for sale. Drugstores, too, represent a bulk of on-market properties, with more than 450 actively marketed listings. Walgreens, Rite Aid and CVS are the dominant brands for single offerings, as well as the larger price tag portfolio offerings. Discount retailers, including Dollar General, represent another bulk of availabilities, with more than 500 active listings. The Southeast and Midwest are the predominant locations, with Florida, Georgia, Louisiana, North Carolina and Ohio boasting some of the highest counts. Grocery stores, from specialty supermarkets to discount grocers, contribute another 130 available properties with a less concentrated geographic spread, although California remains a leading market.

**MARKET STATISTICS | SINGLE-TENANT RETAIL**

		Annual				Quarterly					
		2012	2013	2014	YTD 2015	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Mid-Atlantic	Sales Volume (in millions)	\$949.30	\$948.20	\$1,356.70	\$525.40	\$450.20	\$363.50	\$257.80	\$285.20	\$362.10	\$163.30
	Avg Price Per Square Foot	\$219	\$234	\$276	\$243	\$265	\$289	\$299	\$276	\$269	\$243
	Avg Cap Rate	6.95%	6.98%	6.32%	6.02%	6.97%	6.75%	6.47%	6.32%	6.11%	6.02%
	SF Under Construction	2,330,650	1,207,480	1,731,628	1,335,775	1,255,418	1,330,818	1,727,229	1,731,628	1,587,250	1,335,775
Midwest	Sales Volume (in millions)	\$1,462.40	\$3,016.90	\$2,952.30	\$1,553.30	\$1,087.90	\$450.50	\$615.40	\$798.50	\$714.10	\$839.20
	Avg Price Per Square Foot	\$198	\$190	\$184	\$173	\$194	\$190	\$184	\$184	\$183	\$173
	Avg Cap Rate	7.05%	6.90%	6.63%	6.39%	6.79%	6.74%	6.59%	6.63%	6.42%	6.39%
	SF Under Construction	4,772,543	3,760,108	5,183,618	3,274,554	4,171,879	4,760,962	5,246,311	5,183,618	4,894,730	3,274,554
Northeast	Sales Volume (in millions)	\$2,017.20	\$1,764.70	\$2,648.80	\$2,290.20	\$729.60	\$782.60	\$561.60	\$575.00	\$1,104.60	\$1,185.60
	Avg Price Per Square Foot	\$467	\$366	\$560	\$663	\$437	\$523	\$533	\$560	\$655	\$663
	Avg Cap Rate	6.65%	6.21%	5.80%	5.70%	6.29%	6.01%	5.95%	5.80%	5.70%	5.70%
	SF Under Construction	2,218,717	2,372,217	2,015,631	2,029,326	2,520,598	2,535,208	2,278,258	2,015,631	2,410,343	2,029,326
Southeast	Sales Volume (in millions)	\$1,832.50	\$3,528.40	\$3,282.40	\$1,429.30	\$1,020.90	\$651.80	\$686.10	\$923.60	\$700.70	\$658.60
	Avg Price Per Square Foot	\$194	\$199	\$220	\$228	\$210	\$220	\$224	\$220	\$229	\$228
	Avg Cap Rate	7.33%	6.93%	6.56%	6.33%	6.89%	6.77%	6.67%	6.56%	6.39%	6.33%
	SF Under Construction	6,643,626	6,161,533	5,651,604	4,613,236	6,419,990	7,283,870	6,151,874	5,651,604	4,726,543	4,613,236
Southwest	Sales Volume (in millions)	\$993.10	\$1,951.50	\$1,711.70	\$1,056.00	\$516.80	\$386.40	\$420.20	\$388.30	\$440.00	\$616.00
	Avg Price Per Square Foot	\$184	\$192	\$204	\$213	\$204	\$193	\$192	\$204	\$205	\$213
	Avg Cap Rate	7.03%	7.14%	6.31%	6.19%	6.89%	6.77%	6.63%	6.31%	6.20%	6.19%
	SF Under Construction	4,616,316	7,398,603	6,118,219	2,414,264	6,366,912	6,903,494	6,900,467	6,118,219	2,893,326	2,414,264
West	Sales Volume (in millions)	\$2,972.60	\$2,412.00	\$3,286.00	\$2,550.30	\$985.00	\$724.30	\$704.60	\$872.10	\$1,330.50	\$1,219.80
	Avg Price Per Square Foot	\$253	\$252	\$287	\$264	\$277	\$252	\$249	\$287	\$260	\$264
	Avg Cap Rate	6.78%	6.34%	5.93%	5.54%	6.29%	6.25%	6.12%	5.93%	5.71%	5.54%
	SF Under Construction	3,330,075	3,891,669	2,236,305	1,803,974	4,106,545	3,962,255	2,987,239	2,236,305	2,003,729	1,803,974
U.S. Totals	Sales Volume (in millions)	\$10,227.10	\$13,621.70	\$15,237.90	\$9,404.50	\$4,790.40	\$3,359.10	\$3,245.70	\$3,842.70	\$4,652.00	\$4,682.50
	Avg Price Per Square Foot	\$240	\$228	\$265	\$264	\$250	\$256	\$258	\$265	\$269	\$264
	Avg Cap Rate	7.03%	6.77%	6.30%	6.07%	6.70%	6.56%	6.44%	6.30%	6.13%	6.07%
	SF Under Construction	23,911,927	24,791,610	22,937,005	15,471,129	24,841,342	26,776,607	25,291,378	22,937,005	18,515,921	15,471,129

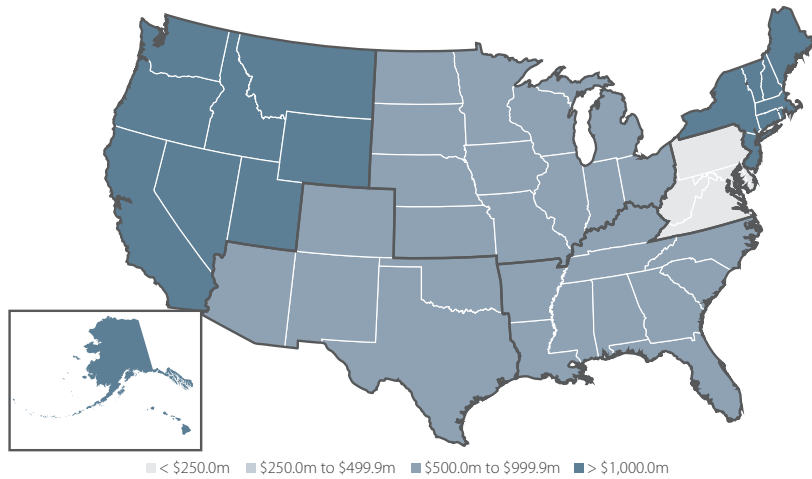
### H1 2015 CLOSED TRANSACTIONS | SINGLE-TENANT RETAIL

Tenant	Building SF	Sale Price ▼	Cap Rate	City, State
Hy-Vee	59,965	\$8,874,667	6.00%	Worthington, MN
Walgreens	14,490	\$6,250,000	5.60%	Naperville, IL
CVS Pharmacy	11,200	\$4,475,000	6.29%	St. Petersburg, FL
Advance Auto Parts	7,040	\$2,448,695	5.75%	Chicago, IL
Pollo Tropical (Ground Lease)	3,641	\$1,900,000	5.00%	Kingwood, TX
Starbucks	2,000	\$1,875,000	5.47%	Sarasota, FL

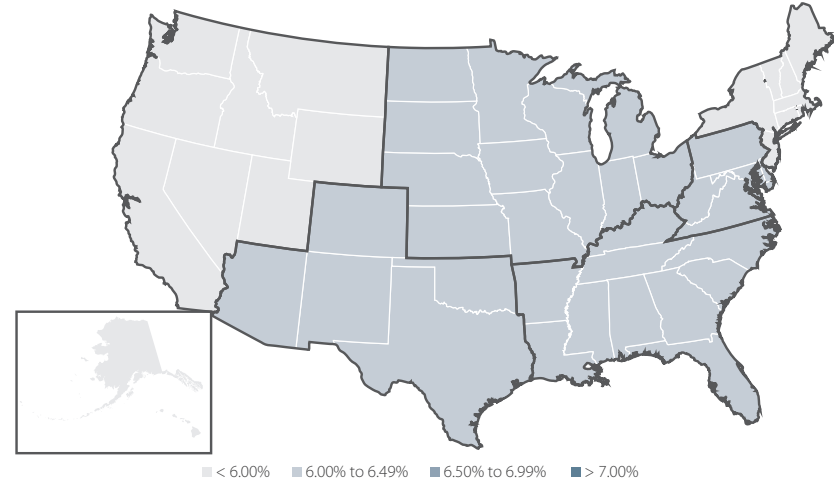
### ON-MARKET OFFERINGS | SINGLE-TENANT RETAIL

Tenant	Building SF	Asking Price ▼	Cap Rate	City, State
Walmart Neighborhood Market	41,117	\$13,240,000	5.00%	Florence, SC
Kohl's	96,402	\$9,185,000	6.00%	Holland, MI
Fresh Thyme Farmers Market	33,271	\$7,470,275	7.25%	Cincinnati, OH
Logan's Roadhouse	8,060	\$4,905,000	7.25%	Huntsville, AL
CVS Pharmacy	10,107	\$2,875,000	8.16%	Smyrna, GA
Checkers	1,223	\$1,045,109	5.50%	Mobile, AL

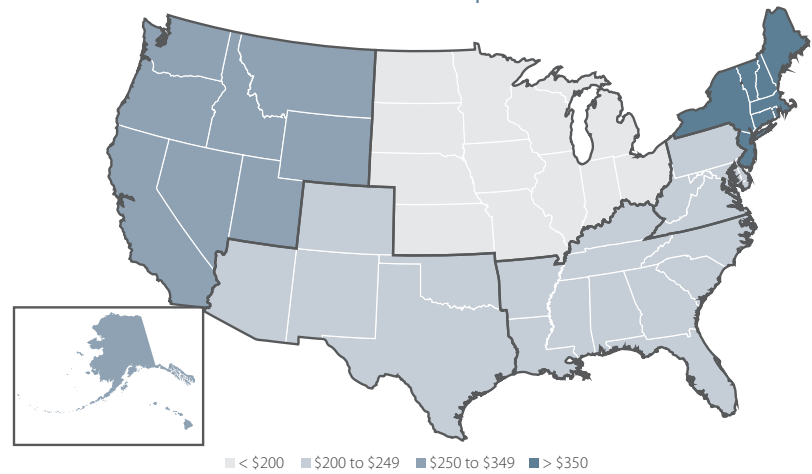
Q2 2015 SALES VOLUME | SINGLE-TENANT RETAIL



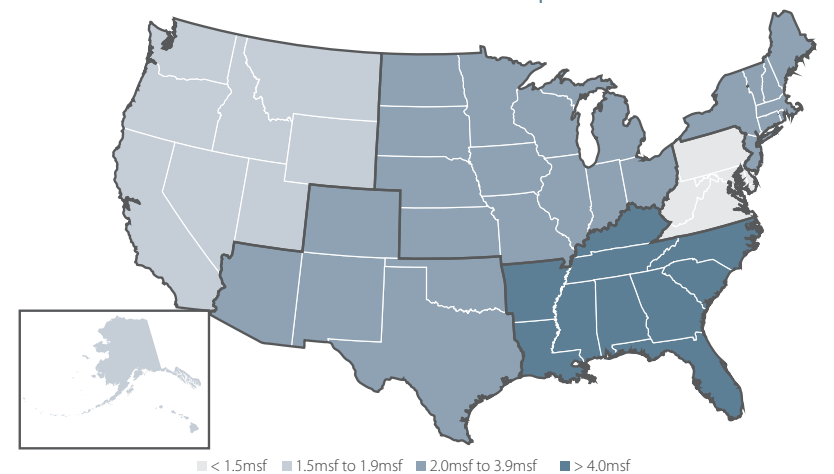
Q2 2015 AVERAGE CAP RATES | SINGLE-TENANT RETAIL



Q2 2015 AVERAGE PRICE PSF | SINGLE-TENANT RETAIL



Q2 2015 SF UNDER CONSTRUCTION | SINGLE-TENANT RETAIL



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Analysis includes single-tenant transactions greater than \$2.5 million. Certain cap rate trends reflect a 12-month rolling average. Information is deemed accurate but not guaranteed, and is subject to further revisions. Please contact Stan Johnson Company Research for more information regarding this report.  
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