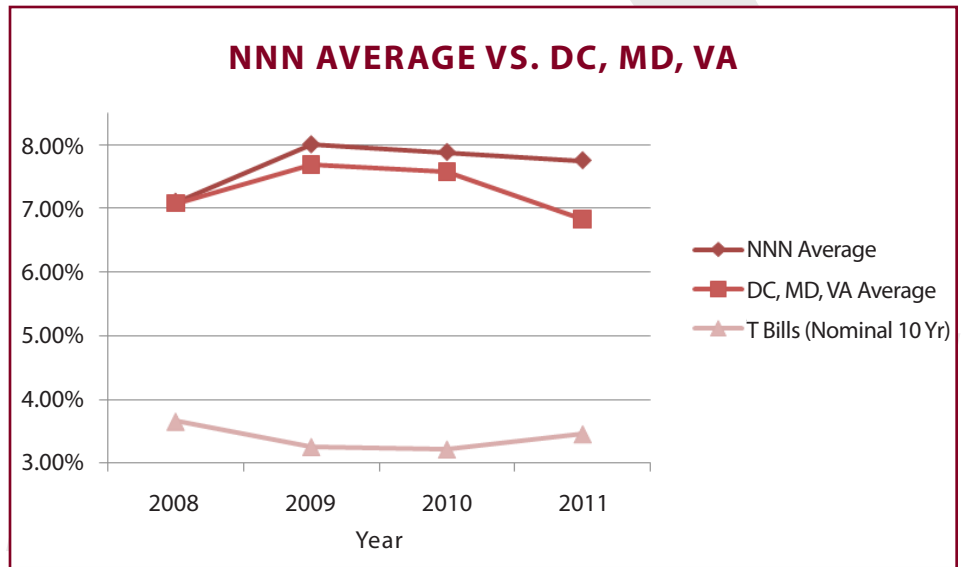


## RESEARCH SNAPSHOT: DC, MD & VA MARKET

A recent theme in the net lease market has been the success of primary markets compared to their tertiary counterparts. While primary markets have been resilient and recently showed remarkable success, tertiary markets continue to struggle. The Washington DC area (D.C., Maryland and Virginia) is chief among the top tier markets and its relative success is easily measurable.

The data highlights a trend that began around the start of the recession in 2008. Although originally quite close, the spread between DC, MD & VA and average market cap rates increased exponentially over the following years. While average overall cap rates show an incremental recovery, the DC metro area has displayed a remarkable resurgence. The key factor to this markets success is the employment stability provided by the federal government, an educated workforce and growing demographics.

Until we witness a full economic recovery, primary markets, especially DC, MD, & VA, will significantly outperform the national average in cap rates. The high demand and scarcity of high performance markets will continue drive their cap rates lower.



GRAPH DATA

Year	2008	2009	2010	2011
<b>NNN Average</b>	7.10%	8.00%	7.88%	7.75%
<b>DC, MD, VA Average</b>	7.08%	7.69%	7.58%	6.83%
<b>T Bills (Nominal 10 Yr)</b>	3.66%	3.26%	3.22%	3.46%

## FOR MORE INFORMATION

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