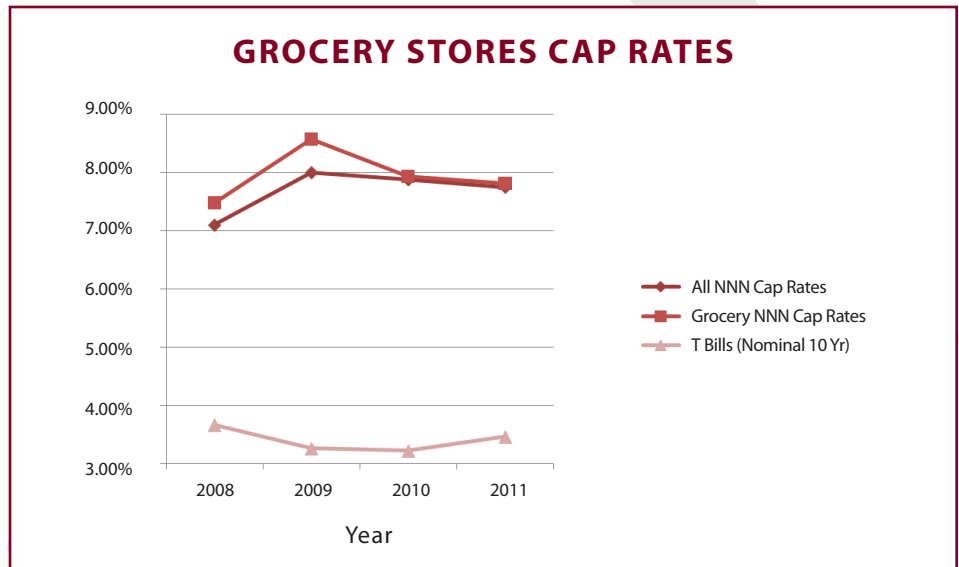


RESEARCH SNAPSHOT: GROCERY STORE CAP RATES

Net lease grocery stores are a major player in the NNN market. Their focus on staple products and central locations are the definition of a stable asset. While other retailers with large footprints couldn't weather the recession (Circuit City) net lease grocery stores made it through relatively unscathed.

Like all real estate, location is central to a grocer's success. However, unlike other sectors such as office or traditional retail, there is not a strong temptation to overbuild. Grocery stores inhabit a very stable area of the consumer's basket. A recession may force customers to cut back on casual dining and weekend shopping but milk and bread will still be bought.

For these reasons cap rates for grocery stores have recently compressed at a faster rate than the rest of the net lease market. Investors are demanding stable, recession proof assets and grocery stores fit this bill perfectly.



GRAPH DATA

Year	2008	2009	2010	2011
Overall NNN	7.10%	8.00%	7.88%	7.75%
Grocery NNN	7.48%	8.57%	7.93%	7.81%
T Bills	3.66%	3.26%	3.22%	3.46%

FOR MORE INFORMATION

WINSTON ORZECOWSKI | *Research Director*
 Calkain Companies, Inc.
 Tel. (703) 787-4714 | Fax (703) 787-4783
 worzechowski@calkain.com

CALKAIN
 COMPANIES,
 INC. | WASHINGTON, DC
 FLORIDA
 MARYLAND
 DELAWARE
 BOSTON