

California 4Q14

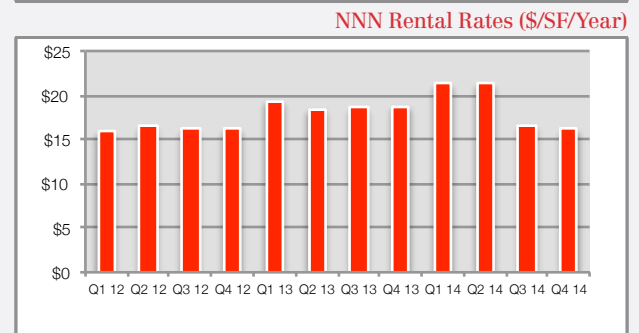
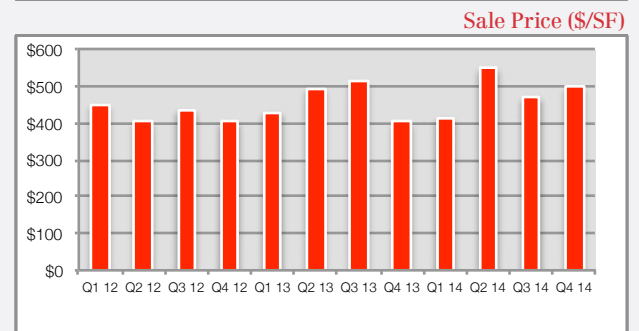
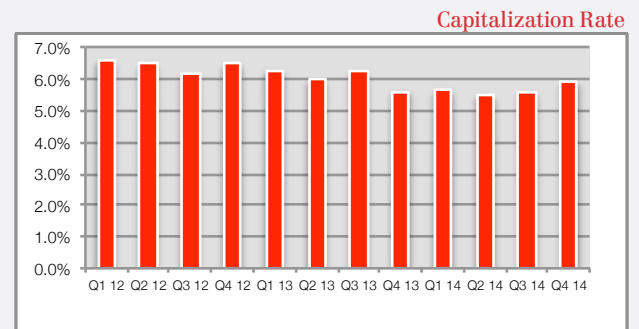
Single Tenant Net Leased Retail Report

This is a survey of select retail property tenant types, sales recorded are single property sales. The California single tenant net leased (STNL) market has shown an decrease in average NNN rental rates (price/ square foot/ year) of 20.52% compared to 2011; the average NNN rental rate in California in 2014 was \$19.26. Average NNN rental rates shifted up and down each year from 2011-2014.

From 2011-2014, capitalization rates have continued to drop, average capitalization rate from 2014 was 5.68%, compared to 6.55% in 2011, this is a decrease of 13.28%. The select tenant types all had a decrease in average capitalization rate, except for gas stations. Active listings in California for all select tenant types as on February 1st, 2015 have an average capitalization far below the United States as a whole, with fast-food listed at 144 basis points below the national average and dollar stores listed at 163 basis points below the national average.

With the decrease in average capitalization rate, the market also had a increase in the average sale price per square foot, every year since 2011. The total increase of average sale price per square foot from 2011-2014 was 25.18%, this is an increase from \$384.91 to \$481.83.

Walgreens in Oceanside, CA is a great example of a strong tenant lease of a single tenant space, this lease was for 25 years with 18 years remaining at time of sale. This property sold with an net operating income (NOI) of \$370,000, making this property sale a capitalization rate of 5%. The average capitalization rate of drug stores in California in 2014 was 5.77%.



Trends for 2014 vs 2013



CAP RATE



SALE PRICE



QUOTED RATES

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Market Overview:

Type	2014 Cap Rate	2011 Cap Rate	Change in Cap Rate	2014 Average (\$/SF)	2011 Average (\$/SF)	For Sale Cap Rate (CA)	For Sale Cap Rate (US)
Auto Parts	5.99%	6.48%	-7.56%	\$257.82	\$278.48	5.35%	6.89%
Fast-Food	5.23%	6.42%	-18.54%	\$832.81	\$599.46	4.78%	6.22%
Drug Store	5.77%	6.83%	-15.52%	\$408.50	\$306.66	5.51%	6.32%
Dollar Store	6.21%	7.68%	-19.14%	\$239.51	\$177.08	6.08%	7.70%
Gas Station	7.63%	6.81%	12.04%	\$61.67	\$52.40	6.59%	7.50%
Bank	5.11%	5.85%	-12.65%	\$577.59	\$467.26	4.51%	5.32%

Significant California Sales Transactions:

Address	Price	Cap Rate	Tenant	City
3507 Cannon Rd	\$7,400,000	5.00%	Walgreens	Oceanside
15075 Perris Blvd	\$2,156,500	5.75%	Family Dollar	Moreno Valley
142 S Vasco Rd	\$2,650,000	4.25%	Jack in the Box	Livermore
2100 E 17th St	\$2,985,000	4.79%	Burger King	Santa Ana
500-510 N Ventu Park Rd	\$4,850,000	3.97%	Chase Bank	Thousand Oaks
270 Vermont Ave	\$5,375,000	4.20%	Citibank	Los Angeles
295 E 40th St	\$2,575,000	5.83%	Chevron	San Bernadino
2615 S Chestnut Ave	\$2,650,000	5.92%	AutoZone	Fresno

Significant NAI Northern California Sales Transactions:

Address	Price	Cap Rate	Tenant	City
1124 W Ocean Ave	\$4,000,000	7.13%	Dollar General	Lompoc, CA
2109 FM 2920	\$1,700,000	-	Whataburger	Spring, TX
1700 S Main St	\$1,400,000	7.15%	Dollar Tree	Roswell, NM
2994 W Lansing Rd	\$1,300,000	6.65%	Burger King	Perry, MI
6101 San Ignacio Ave	\$3,600,000	5.30%	Jack in the Box	San Jose, CA
1016 E Bidwell St	\$1,600,000	6.00%	Carl's Jr	Folsom, CA
502 E Texas Ave	\$800,000	6.80%	Dairy Queen	Stratford, TX

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California STNL Market Report

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