

**CORPORATE LEASED PROPERTIES
MEDIAN ASKING CAP RATES**

Tenant	Q1 2020 (Previous)	Q1 2021 (Current)	Basis Point Change
Buffalo Wild Wings	6.40%	6.15%	-25
Chili's	5.85%	5.75%	-10
Hooters	6.20%	6.40%	+20
IHOP	6.30%	6.47%	+17
Outback Steakhouse	5.50%	5.50%	0
Red Lobster	6.25%	6.45%	+20
Texas Roadhouse (GL)	5.00%	4.95%	-5
All Corporate Casual Dining	6.25%	6.15%	-10

**FRANCHISEE LEASED PROPERTIES
MEDIAN ASKING PRICE**

Tenant	Q1 2020 (Previous)	Q1 2021 (Current)	Basis Point Change
Applebees	7.35%	7.65%	+30
Denny's	6.45%	6.55%	+10
IHOP	6.70%	6.80%	+10
All Franchisee Casual Dining	7.00%	7.12%	+12

**CASUAL DINING PROPERTIES
MEDIAN ASKING PRICE**

Tenant	Median Price
All Casual Dining	\$3,520,500
Applebees	\$3,400,000
Buffalo Wild Wings	\$2,900,000
Chili's Grill & Bar	\$2,750,000
Denny's	\$2,677,000
Hooters	\$3,000,000
IHOP	\$2,850,000
Outback Steakhouse	\$4,400,000
Red Lobster	\$4,000,000
Texas Roadhouse	\$2,500,000
TGI Friday's	\$2,650,000

MARKET OVERVIEW

Cap rates in the net lease casual dining sector increased to 6.73% representing a 14 basis point increase in the first quarter of 2021 when compared to the first quarter of 2020. Casual dining properties with corporately guaranteed leases generated cap rates of 6.15%, while franchisee leased properties had cap rates of 7.12%. Cap rates for corporate guaranteed leases experienced 10 basis points of compression while franchisee lease properties increased by 12 basis points.

Throughout 2020 and early 2021, Covid-19 impacted the restaurant sector with traditional casual dining restaurants experiencing the majority of the negative headwinds. Investors noted a variety of these obstacles and focused their attention on the strongest brands within the sector, including Brinker, Darden and Texas Roadhouse. Corporate casual dining brands were better positioned to utilize their robust balance sheets during the pandemic and quickly pivoted business to curbside, carryout, and online ordering. In the first quarter of 2021, corporately leased properties were priced at a 97 basis point premium to their franchisee backed counterparts. This represented a 22 basis point increase from the prior year.

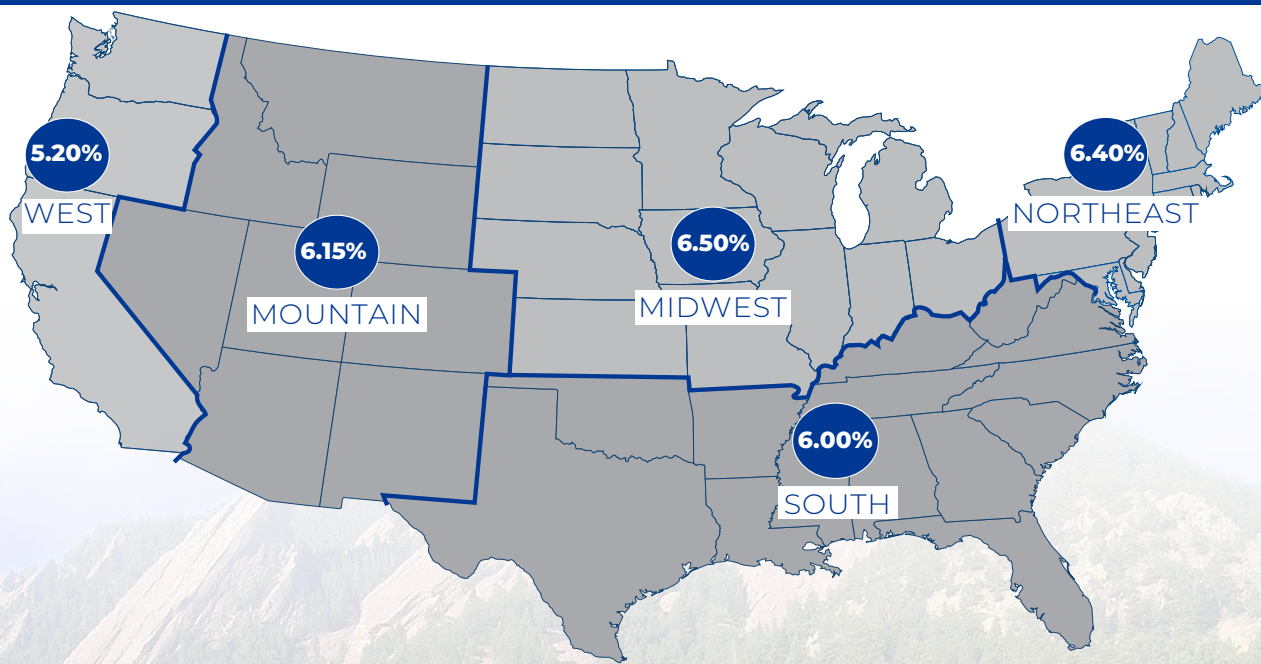
The economic impact from Covid-19 within the restaurant industry caused cap rates for casual dining properties to increase. In the first quarter of 2021, single tenant casual dining properties were priced at an 82 basis point discount to the overall net lease retail market. Cap rates in the casual dining sector increased by 14 basis points year over year while the overall net lease retail contracted by 24 basis points.

As the country continues to recover from the pandemic, the expectation is that pent-up demand for in-person dining will continue to help the restaurant industry recover. Investors will be carefully monitoring the sector to see how restaurant brands recover and prove the viability of their business models in a post-pandemic world. Investors will look for the most current prototypes or the ability to convert their properties to more modern designs that can facilitate drive thru and/or separate entrance for curbside or delivery services. The expectation is that the majority of the focus in the sector will be on leases to the strongest operators with long term leases. However, with a limited supply of high-quality assets across the overall net lease market, some investors will venture out on the risk spectrum for casual dining properties that exhibit strong residual real estate (low rents, large land parcel, etc.).

SELECTED SINGLE TENANT SALES COMPARABLES

Sale Date	Tenant	City	State	Price	Price/SF	Cap Rate	Lease Term Remaining
Mar-21	Outback Steakhouse	Lewisville	TX	\$6,396,000	\$1,029	3.27%	15
May-21	Applebee's	Montclair	CA	\$4,200,000	\$716	6.33%	4
Mar-21	Buffalo Wild Wings	Williston	ND	\$3,944,400	\$657	7.25%	12
Mar-21	Red Lobster	Joplin	MO	\$3,920,000	\$525	6.00%	18
Mar-21	Olive Garden	Monroe	NC	\$3,490,000	\$469	5.49%	9
Apr-21	Denny's	San Diego	CA	\$2,666,667	\$569	5.30%	9
Apr-21	Olive Garden	Fredericksburg	VA	\$2,550,000	\$315	5.34%	9
Mar-21	PF Chang's	Lubbock	TX	\$2,520,000	\$467	5.36%	6
Mar-21	Applebee's	Richmond	IN	\$1,959,148	\$360	7.35%	4
Apr-21	Chili's Grill & Bar	Asheboro	NC	\$1,875,000	\$319	5.49%	5
Apr-21	Hooters	Kansas City	MO	\$1,760,000	\$430	6.90%	13
Apr-21	Denny's	Brooklyn Center	MN	\$1,300,000	\$248	7.62%	13

CASUAL DINING MEDIAN ASKING CAP RATE BY REGION



CASUAL DINING VS RETAIL NET LEASE MARKET CAP RATES

Sector	Q1 2020 (Previous)	Q1 2021 (Current)
Casual Dining Sector	6.59%	6.73%
Retail Net Lease Market	6.15%	5.91%
Differential (bps)	+44	+82

MEDIAN ASKING CAP RATE BY LEASE TERM REMAINING

Lease Term Remaining	Cap Rate
20+ Years	5.40%
15-19 Years	5.85%
10-14 Years	6.40%
5-9 Years	7.00%
Under 5 Years	7.75%

MEDIAN NATIONAL CLOSED CAP RATE SPREAD

Tenant	Closing	Asking	Spread (bps)
Casual Dining	7.04%	6.73%	+31

CASUAL DINING ASKING CAP RATE BY GUARANTOR

Tenant	Corporate Cap Rate	Franchise Cap Rate	Spread (bps)
Casual Dining	6.15%	7.12%	97

FOR MORE INFORMATION

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