

**DOLLAR STORE PROPERTIES
MEDIAN ASKING CAP RATES**

Tenant	Q2 2019 (Previous)	Q2 2020 (Current)	Basis Point Change
Dollar General	7.05%	6.90%	-15
Family Dollar	7.25%	7.15%	-10
Dollar Tree	7.10%	7.03%	-7

MEDIAN ASKING PRICE

Tenant	Median Asking Price	Median Price Per Foot
Dollar General	\$1,410,500	\$151
Family Dollar	\$1,272,728	\$152
Dollar Tree	\$1,542,000	\$157

**MEDIAN ASKING CAP RATE BY
LEASE TERM REMAINING**

Years Remaining	Dollar General	Family Dollar	Dollar Tree
12-15 Years	6.60%	6.85%	NA
9-11 Years	6.95%	7.15%	7.00%
6-8 Years	7.60%	7.55%	7.35%
3-5 Years	8.10%	8.35%	7.80%
Under 3 Years	8.75%	9.00%	8.50%

**MEDIAN NATIONAL CLOSED CAP
RATE SPREAD**

Tenant	Closed	Ask	Spread (bps)
Dollar General	7.08%	6.90%	18
Family Dollar	7.35%	7.15%	20
Dollar Tree	7.18%	7.03%	15

MARKET OVERVIEW

Cap rates within the single tenant net lease dollar store sector compressed by 12 basis points to 6.98% in the second quarter of 2020 when compared to the second quarter of 2019. This represented the lowest cap rates for the dollar store sector in the past three years. Cap rates for all three of the major dollar store retailers (Dollar General, Family Dollar and Dollar Tree) compressed during this time frame; however, the dollar store sector remained priced at a discount to the overall net lease retail market. Cap rates for Dollar General, Family Dollar and Dollar Tree compressed by 15, 10 and 7 basis points respectively.

Throughout the majority of 2020, dollar stores represented an important niche within the net lease sector as they were categorized as essential retailers during the Covid-19 pandemic. Investors, especially those in 1031 exchanges, pursued dollar store assets over other net lease options as dollar stores were open for business, experienced high sales volumes and had financing available. The increased demand for this sector is the primary contributing factor for the decrease in cap rates. Furthermore, the median remaining lease term for available properties during the second quarter increased by one year to approximately eleven years.

1031 investors with lower absolute dollar amount exchanges continue to flock to this sector. Dollar store properties offer investors long term leases to investment grade tenants at higher cap rates compared to the overall net lease market. Dollar store properties were priced at a 73 basis point discount to the overall net lease retail market (6.25%) in the second quarter of 2020. While the overall net lease market experienced a sharp decline in transaction volume of more than 20% through the first two quarters of 2020, transactions in the single tenant dollar store sector increased by approximately 3%.

The net lease dollar store sector will continue to be active as investors are attracted to the higher yields this asset class generates when compared to other net lease sectors. As dollar store retailers continue to perform in all types of economic environments, investors of all classes will continue to seek out these investments. A recent poll conducted by The Boulder Group illustrated the majority of net lease participants (62%) expect dollar store transactions to increase in the last two quarters of 2020 when compared to 2019. New construction dollar stores will remain in the highest demand and the national expansion plans of the dollar store retailers will keep up supply regardless of their heightened demand.

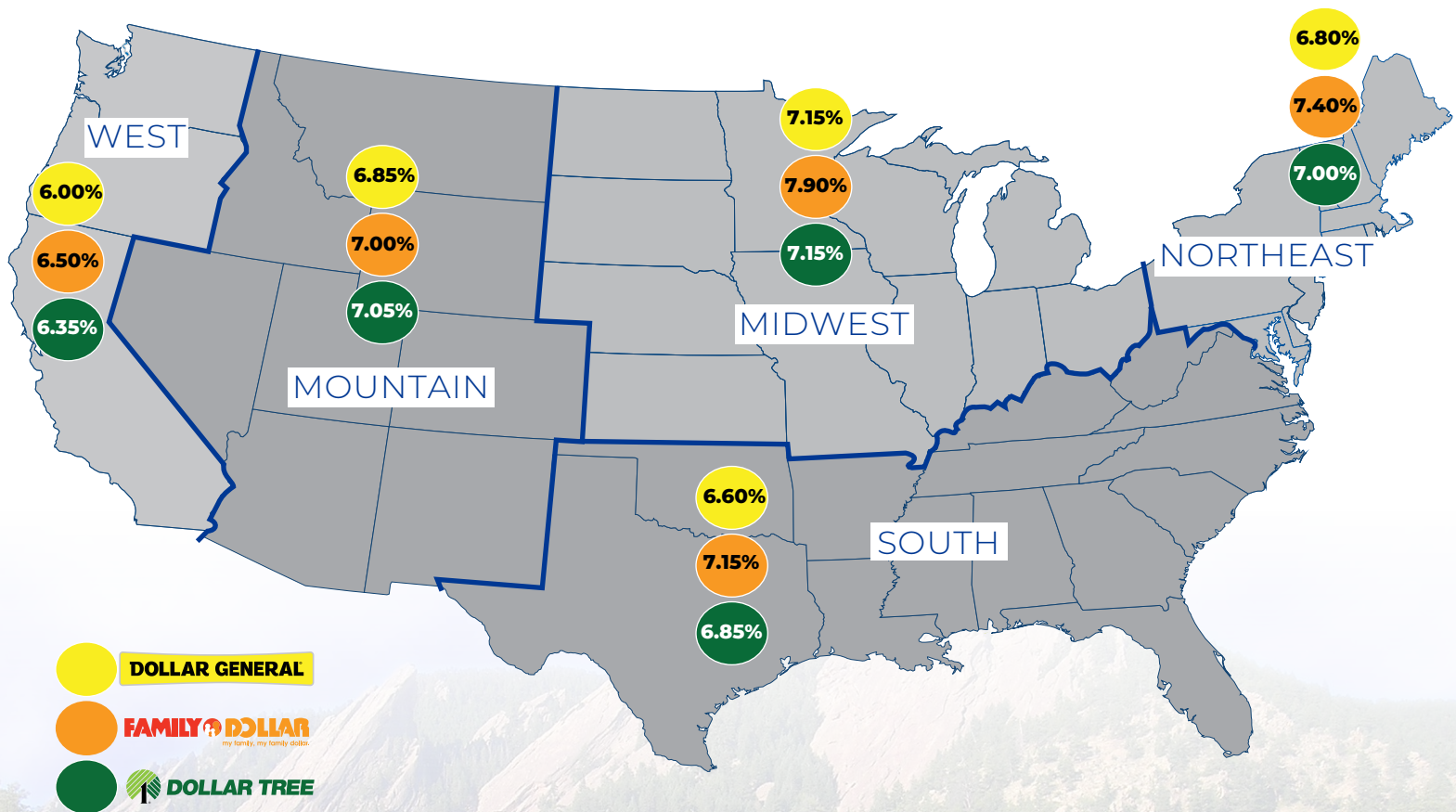
PERCENTAGE OF DOLLAR STORES ON THE MARKET BY TENANT

Tenant	Percentage of Market
Dollar General	65%
Family Dollar	29%
Dollar Tree	6%

DOLLAR STORE VS RETAIL NET LEASE MARKET CAP RATES

Tenant	Q2 2019 (Previous)	Q2 2020 (Current)
Dollar Store	7.10%	6.98%
Market	6.30%	6.25%
Dollar Store Discount (bps)	80	73

DOLLAR STORE MEDIAN ASKING CAP RATE BY REGION



COMPANY AND LEASE OVERVIEW

	Dollar General	Family Dollar	Dollar Tree
Credit Rating:	BBB (Stable)	--	BBB- (Stable)
Stock Symbol:	DG	--	DLTR
Market Cap:	\$47 billion	--	\$23 billion
Revenue:	\$28 billion	--	\$23 billion
Number of Stores:	16,368	7,783	15,288*
Typical New Lease Type:	Triple Net	Double Net	Double Net
Typical New Lease Term:	15 years primary term with twenty years of options	10 years primary term with twenty years of options	7 or 10 years primary term with ten years of options
Typical Rent Increases:	None in primary term; 10% each option period	None in primary term; 10% each option period	\$0.50 per square foot every five years

*Includes Family Dollar locations

DOLLAR GENERAL

FAMILY DOLLAR
my family, my family dollar.

DOLLAR TREE

FOR MORE INFORMATION

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