

**DOLLAR STORE PROPERTIES
MEDIAN ASKING CAP RATES**

Tenant	Q2 2020 (Previous)	Q2 2021 (Current)	Basis Point Change
Dollar General	6.90%	5.75%	-115
Family Dollar	7.15%	6.85%	-30
Dollar Tree	7.03%	6.50%	-53

MEDIAN ASKING PRICE

Tenant	Median Asking Price	Median Price Per Foot
Dollar General	\$1,700,000	\$186
Family Dollar	\$1,462,070	\$159
Dollar Tree	\$2,769,230	\$200

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

Years Remaining	Dollar General	Family Dollar	Dollar Tree
12-15 Years	5.45%	6.50%	NA
9-11 Years	6.00%	6.75%	6.15%
6-8 Years	6.65%	7.20%	6.60%
3-5 Years	7.50%	7.90%	7.00%
Under 3 Years	7.90%	8.15%	7.25%

**MEDIAN NATIONAL CLOSED CAP
RATE SPREAD**

Tenant	Closed	Ask	Spread (bps)
Dollar General	5.97%	5.75%	22
Family Dollar	7.10%	6.85%	25
Dollar Tree	6.69%	6.50%	19

MARKET OVERVIEW

Cap rates within the single tenant net lease dollar store sector compressed to a new historic low for Dollar General (5.75%) and Dollar Tree (6.50%) properties in the second quarter of 2021. Cap rates for all three of the major dollar store brands (Dollar General, Family Dollar and Dollar Tree) compressed during the second quarter to an aggregate level of 6.11%. This represented an 87 basis point decline in cap rates year over year for the dollar store sector.

Throughout the course of the Covid-19 pandemic, investor demand in the dollar store sector increased to record levels. When compared to the second quarter of 2020, cap rates for Dollar General, Family Dollar and Dollar Tree compressed by 115, 30 and 53 basis points respectively. Dollar General accounted for the majority of the dollar store supply (82%) on the market. The primary contributing factor for the cap rate compression was a limited supply of new construction properties with investment grade tenants and long term leases. The dollar sector is mostly comprised of properties below \$2.5 million. This price point contains the majority of 1031 exchange requirements adding further demand to the sector.

In the past, the dollar store sector traded at a significant discount to the entire net lease market. However, in the second quarter of 2021, the dollar store sector was priced only at a 9 basis point discount to the overall retail net lease market. In 2020, this figure was 73 basis points demonstrating the increased investor demand for the sector.

The new store development pipeline will continue to make this asset class a popular target for 1031 investors, especially as Dollar Tree rolls out a new store format. Dollar Tree recently introduced a new combination store in 2021 which combines the concepts and product offerings of both Family Dollar and Dollar Tree stores into one building. Net lease investors will be carefully monitoring the success of these locations as the concept continues to grow across the country.

The net lease dollar store sector will continue to be active as investors are attracted to the strong credit tenants that this asset class provides. As dollar store retailers continue to perform well in all types of economic environments, investors of all classes will continue to seek out these investments. New construction dollar stores will remain in the highest demand as they provide investors with long term and passive leases. The national expansion plans of the dollar store retailers combined with new store format rollouts should be able to keep supply levels high.

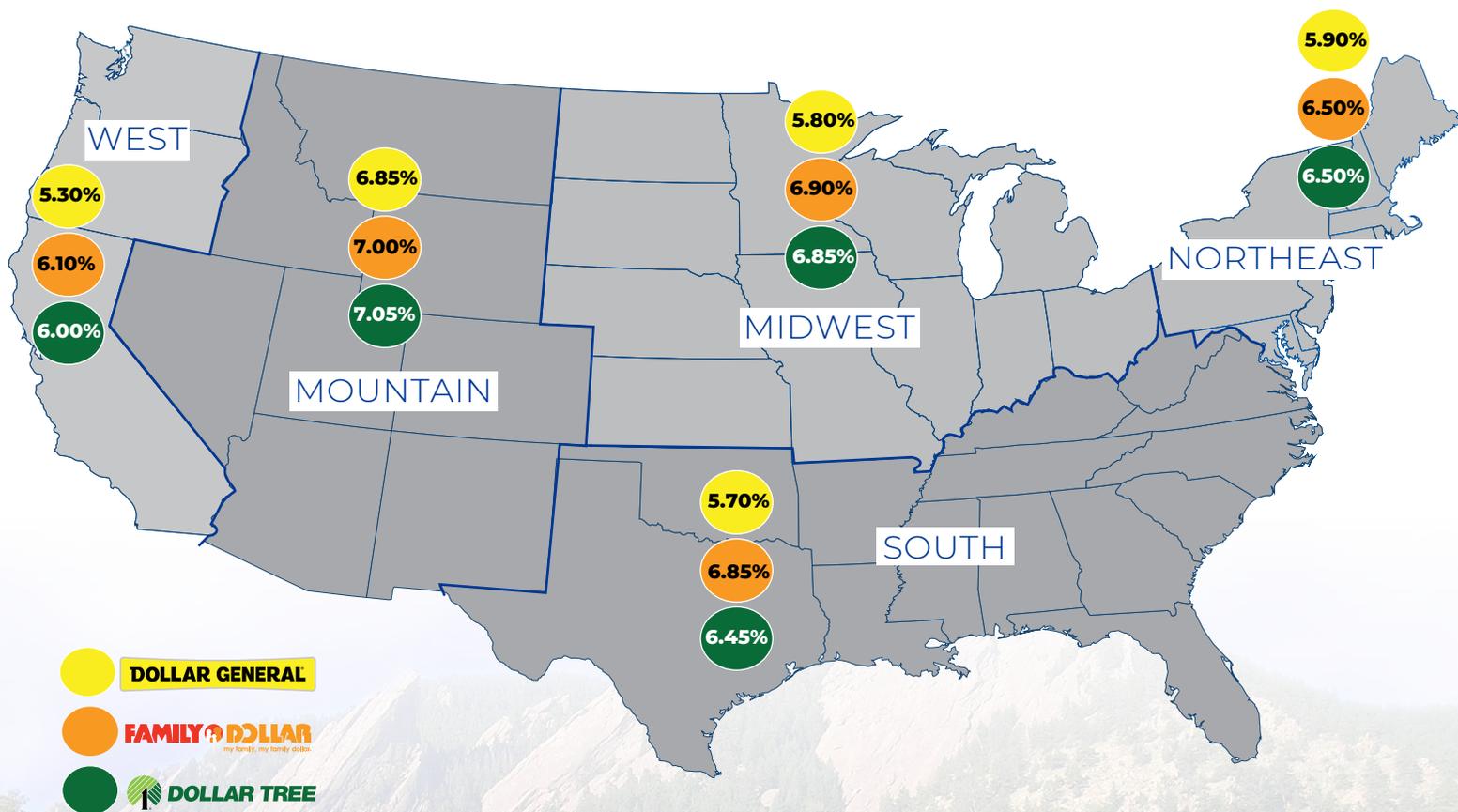
PERCENTAGE OF DOLLAR STORES ON THE MARKET BY TENANT

Tenant	Percentage of Market
Dollar General	82%
Family Dollar	16%
Dollar Tree	2%

DOLLAR STORE VS RETAIL NET LEASE MARKET CAP RATES

Tenant	Q2 2020 (Previous)	Q2 2021 (Current)
Dollar Store	6.98%	6.11%
Market	6.25%	6.02%
Dollar Store Discount (bps)	73	9

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:	17,000	8,200	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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