

NPIQ

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*An Overview of
Market Conditions
Q3 2008*

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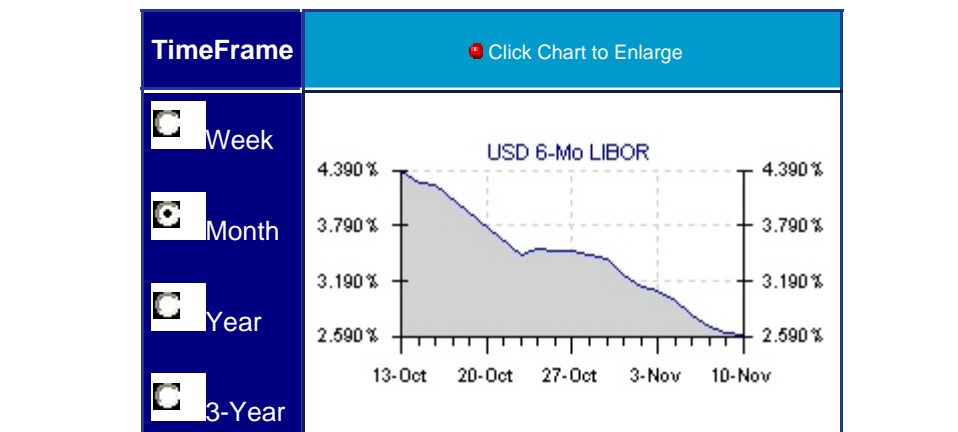
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Major US Interest Rates

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Selected US Interest Rates									
[click item to view chart]	Current	Previous		Previous		Previous		Previous	
	Rate	Day		Week		Month		Year	
	12-Nov-08	11-Nov-08		5-Nov-08		13-Oct-08		13-Nov-07	
	Rate	Rate	Chg (bps)	Rate	Chg (bps)	Rate	Chg (bps)	Rate	Chg (bps)
6-Month LIBOR	2.545%	2.621%	-8	2.969%	-42	4.394%	185	4.744%	220
1-Year LIBOR	2.707%	2.792%	-9	3.105%	-40	4.169%	146	4.467%	176
Fed Prime Rate	4.00%	4.00%	-	4.00%	-	4.50%	-50	7.50%	350
Fed Funds	1.00%	1.00%	-	1.00%	-	1.50%	-50	4.50%	350
30-Year Mortgage	6.20%	6.46%	-26	6.46%	-26	6.10%	+10	6.26%	-6
1-Year CMT	1.16%	1.20%	-4	1.31%	-15	1.08%	+8	3.57%	241
5-Year Treasury	2.42%	2.49%	-7	2.49%	-6	2.75%	-33	3.84%	142
10-Year Treasury	3.68%	3.73%	-5	3.68%	+0	3.98%	-30	4.28%	-60
30-Year Treasury	4.16%	4.18%	-2	4.16%	-1	4.14%	+2	4.62%	-46



sources: DTN, Federal Reserve, Freddie Mac
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The Market Q3 2008

Analysts agree that total sales volume in the first three quarters of 2008 is down by as much as 60% - 70% over last year. Most believe the reason to be due to the wide spread between sellers' expectations and buyers' offers with sellers holding on to compressed cap rates, and buyers unable to source cost-effective funding.

For the most part, the large discounts which buyers have been hoping for have not yet materialized. Although cap rates have slowly moved higher, many of the sellers who have been willing to place their properties on the market also have been a willing to wait the market out and have not been motivated to accept the movement buyers are expecting. It has only been those distressed sellers on the other hand, who have been willing to raise cap rates and/or consider deals which they would have otherwise written off in order to pay off unaffordable debt or solve other financial necessities.

In all, the slower economic growth, the high cost of energy, the reduced availability and tighter underwriting of loans have kept buyers from closing on available assets and many analysts report that over 50% of the available properties have been on the market for more than a quarter, reflective of the low demand, and minimal cap rate movement. Credit tenant assets in primary markets remain the first choice of buyers as well as necessity-based retail. Due to excessive inventory, the market has seen an increase in movement in cap rates for many drugstore properties this last quarter.

Hardest hit are the home furnishings/improvement sectors. RetailResearch published by Marcus & Millichap reports that due to current economic conditions, Home Depot has announced it will close 15 underperforming stores, and discontinue plans for the construction of 50 additional stores while some home furnishing retailers such as Linens n'Things are in the process of filing for Chapter 11 bankruptcy.

Other retailers experiencing distress due declining sales include:

- Circuit City which has filed Chapter 11 and plans to close 155 domestic segment stores.
- Boscov's Department store is currently in bankruptcy. In an effort to forestall liquidation, its original Co-owners have been trying to raise \$240 million in financing in order to assume control of the chain. To date, they fall short by about \$35 million.
- La-Z-Boy which announced that it will close approximately 20 stores, cut 850 jobs across all levels of the company, and consolidate its warehouses.
- Starbucks which saw a 97% decrease in revenue. The company reports that this drop is the result of closing underperforming stores and the decline in sales.

Given the fact that funding has virtually dried up for the remainder of 2008, analysts differ on the prospects for increased sales volume the first quarter of 2009. Some feel optimistic about the market achieving stability and debt becoming available thereby stimulating transaction growth. Others argue that the nature of the current economic crisis is far more long-term and eventually sellers will have to respond by adjusting their pricing according to market demand. In the near future, analysts project that more properties will become available and repriced by distressed sellers who are willing to bridge the stalemate of the current bid-ask divide. It is reported that the transaction level in August was off by 70% compared to last year, so many analysts feel that a modest turn around will occur only when the sale of distressed assets begins and debt markets begin to open up – hopefully in 2009.

Sample Tenant S&P Credit Ratings

7-Eleven Inc	A/Stable/
Advance Auto Parts Inc	BB+/Neg
Ahold Koninklijke N.V.	BBB-/Stable/A3
AutoZone	BBB/Stable/A-2
Bank of America N.A. (USA)	AA/WatchNeg/A-1+
Best Buy Co Inc	BBB/Neg/
Bridgestone Corp	BBB+/Stable/A-2
Brinker International	BBB-/Stable/--
Burger King Corp.	BB-/Positive/--
Carrols Corp	B/Negative/
CBRL Group	BB-/Stable/--
Cellco Partnership (d/b/a Verizon Wireless)	A/Neg/NR
Chase Bank USA N.A.	AA/Negative/A-1
Colonia Bank	BBB+/Neg/A-2
Costco Wholesale Corp	A/Stable/A-1
CVS Corp	BBB+/Stable/A-2
Darden Restaurants Inc	BBB/Stable/A-2
Dillard's Inc	B+/Stable/--
Exxon Mobil Corp	AAA/Stable/A-1+
Federal Express Corp	BBB/Stable/NR
Gap Inc(The)	BB+/Stable/NR
Goodrich Corp	BBB+/Stable/--
GTE Corp	A/Negative/NR
Home Depot	BBB+/Stable/A-2
Jack in the Box Inc	BB-/Stable/--
Kohl's Corp	BBB+/Stable/--
Kroger Co	BBB-/Positive/A-3

Sample Tenant S&P Credit Ratings

Lowe's Cos Inc	A+/Stable/A-1
McDonald's Corp	A/Stable/A-1
Michaels Stores Inc	B-/Stable/--
Mobil Corp	AAA/Stable/A-1+
Office Depot Inc	BB+/Watch Neg/--
Office Max Inc	BB-/Stable/--
OSI Restaurant Partners (Outback, Carrabbas)	B-/Stable
Penney (J.C.) Co Inc	BBB-/Stable/--
Pep Boys – Manny Moe & Jack	B-/Stable/--
PNC Bank N.A. Pittsburgh PA	AA-/Stable/A-1
PNC Bank Delaware	AA-/Watch Neg/ A-1+
RadioShack Corp (Fitch)	BB/Stable/
Restaurant Co. (The)	
Now: Perkins & Marie Callenders' Inc.	B-/Negative/
Rite Aid Corp	B-/Negative/NR
Ross Stores Inc	BBB/Stable/--
Safeway Inc	BBB/Stable/A-2
Sears Holdings Corp.	BB/Negative/--
Sprint Nextel Corp	BB/Stable/NR
Staples Inc	BBB/Stable/A-2
Target Corp	A+/Stable/A-1
TJX Cos Inc	A/Stable/A-1
Wachovia Bank N.A.	AA-/Watch Pos/ A-1+
Wal-Mart Stores Inc	AA/Stable/A-1+
Walgreen Co	A+/Stable/A-1
Washington Mutual Bank	A/Stable/A-1
Washington Mutual Inc	BBB/Stable/A-2
Wells Fargo Bank Northwest N.A.	AAA/WatchNeg/ A-1+
Yum! Brands Inc.	BBB-/Stable/--

Available Properties and Cap Rates

Applebees	FL	7.00%	\$5,165,585
Applebees	FL	7.00%	\$4,235,729
Bojangles	NC	7.40%	\$2,003,828
BurgerKing (Corp)	IA	6.90%	\$1,349,244
BurgerKing (Corp)	IA	6.90%	\$1,172,604
Alco Duckwall	IL	7.50%	\$2,739,000
Alco Duckwall	IL	7.50%	\$2,718,000
Popeyes	MO	8.00%	\$770,437
Logan's Roadhouse	AL	7.15%	\$4,544,263
Logan's Roadhouse	IN	7.15%	\$3,143,797
Lone Star Steakhouse	NC	7.50%	\$1,585,333
Lone Star Steakhouse	WV	7.50%	\$1,984,000
Men's Wearhouse	IN	7.50%	\$2,402,000
Rite Aid	RI	7.10%	\$2,367,324
Rite Aid	NC	7.40%	\$1,724,324
Walgreens	UT	6.25%	\$5,435,088

The information contained herein has been deemed to be reliable however it is the Purchaser's responsibility to verify and confirm the accuracy and completeness of this information. Net-Properties does not warranty or guarantee its accuracy. Net-Properties.com cannot be held responsible for errors, omissions, prior sale, withdrawals from market or change in price or terms without notice. Due to the dynamics of today's net leased market, some of these properties may no longer be available. However, there are numerous other properties - e.g. single tenant retail, shopping center, office and industrial - which are currently available. Please visit our website, <http://www.net-properties.com> or contact us at 410-749-8980, for further information.

Tenant Profile



The BURGER KING® system operates more than 11,400 restaurants in all 50 states and in 70 countries and U.S. territories worldwide. Approximately 90 percent of BURGER KING® restaurants are owned and operated by independent franchisees, many of them family-owned operations that have been in business for decades.

Burger King was founded by James McLamore and David Edgerton in 1954. Investment firms TPG Capital, Bain Capital, and Goldman Sachs each own about 30% of the company.

Burger King Income Statement

	2007	2006	2005
Revenue (\$ mil.)	2,234.0	2,048.0	1,940.0
Gross Profit (\$ mil.)	825.0	752.0	745.0
Operating Income (\$ mil.)	290.0	170.0	151.0
Total Net Income (\$ mil.)	148.0	27.0	47.0
Diluted EPS (Net Income)	1.08	0.24	0.44

For additional information visit the Burger King website:

<http://www.burgerking.com>



Developers Corner

Burger King Corporation is always looking for locations for new restaurants around the world. We search for the best sites within each trade area of a market to provide the greatest customer convenience. Our restaurant image has been researched and designed with the consumer in mind. We demand the highest quality standards of materials and workmanship in the construction of our buildings. Our customers expect when they walk into or drive through any one of our restaurants that they will enjoy a WHOPPER® of an experience commensurate with one of the world's greatest brands. All of our restaurants reflect this commitment to our customers.

Optimal BURGER KING® site characteristics:

- 20,000 - 40,000 square feet
- Corner or corner wrap location
- High traffic counts on two major streets
- Excellent visibility for signage and building
- Capacity for 1,900-4,000 square foot building
- Space for parking and drive-through that meets all applicable codes

Burger King Corporation has support teams located throughout the world. Each field team is staffed with experts that support the real estate and construction functions needed to grow our brand.

For additional information visit the Burger King website:

<http://www.burgerking.com>

Types

Free Standing with Drive-Thru

Optimal Site Criteria

- Lot Sizes 20,000 – 40,000 SF
- Building Area: 2,000 – 3,500 SF
- Parking: 25 – 40+
- Seating: 40-80
- Preferred "A" Sites: Signalized Corner, Mall/Out-Parcels, Freeway Locations

- Attributes High Visibility, Full Movement Access, Maximum Signage
- Traffic: 25,000 + ADT
- Population: 30,000 + Within Trade Area
- Priority of Acquisition
 1. Purchase
 2. Ground Lease
 3. BTS

Inline/Storefront

- Flexible Design
- 1,000 – 3,500 SF
- Full Menu



Co-Branding

- 1,800 – 2,500 SF BURGER KING® restaurant
- Increased Traffic with Branded Food

Site sharing or Co-Tenant Building

40-80 seats

Full Menu w/Drive-Thru





End Cap with Drive Thru

- 1,800 – 2,500 SF
- Minimum 6 Car Stack
- Full BURGER KING® image



Inside BK®

Flexible seating designs, attractive lighting, flat screen TVs, convenient Wi-Fi, and granite tile are just some of the features and options that offer Burger King fans the restaurant experience they expect.



A Restaurant Experience by Design

Flexible seating designs, attractive lighting, flat screen TVs, convenient Wi-Fi, and granite tile are just some of the features and options that offer Burger King fans the restaurant experience they expect.



- 👑 All-time high U.S. system ARS of \$1.2 million
- 👑 All-time high BKC worldwide annual revenues of \$2.2 billion
- 👑 All-time high worldwide average restaurant sales (ARS) of \$1.3 million in Company-owned restaurants
- 👑 13 consecutive quarters of positive comparable sales in the U.S.

For more information about development for Burger King Corporation Contact:

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5505 Blue Lagoon Drive
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