

# Grocery Strips

## Investment Market Report: 2nd Quarter 2006

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### Commentary

Mirroring overall retail trends, demand for grocery-anchored strip centers is beginning to wane, with sales volume declining 13% to \$10.1 billion when comparing the past 12 months to the same period a year ago.

Pricing for grocery-anchored centers has been even with other strips, with prices up 5% year-over-year to register \$150 per square foot. As with most stabilized assets, the continual rise in interest rates has caused cap rates to show a slight increase from the same time one year ago. The top 20% of assets continue to command pricing well north of \$200 per square foot with 6% caps not uncommon.

The majority of grocery-anchored transaction activity occurred in the West and Southeast regions, with both recording over \$2.4 billion in sales volume. Over the past 12 months, Phoenix was the most active market with over \$500 million of grocery-anchored centers changing hands.

Private buyers continue to be the primary acquirers of grocery-anchored centers, with many satisfying 1031 requirements. REITs and institutional/foreign investors continue to be net buyers of grocery-anchored retail mainly through large portfolio transactions. The largest seller was Shopko Stores, who closed a \$800 million sale-leaseback transaction in the 2nd quarter.

### Summary Statistics

past 12 mos, > \$2.5 mil	Grocery	Other Strip
Sales Volume (\$mil)	\$10,196	\$21,967
1 year ago	\$11,743	\$24,094
percent change	-13%	-9%
Price Per Sq.ft.	\$142	\$150
1 year ago	\$141	\$142
percent change	0%	6%
Capitalization Rate	7.34%	7.18%
1 year ago	7.51%	7.64%
basis point change	-17	-46
% of asking price	94.6%	95.2%
1 year ago	97.0%	95.8%

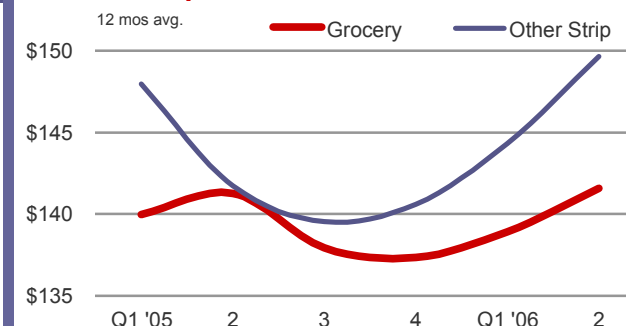
### Prices by Age

past 12 mos, > \$5 mil	\$/Sq.ft.	Cap Rate
0-5 yrs	\$321	6.7%
6-15 yrs	\$216	7.0%
16-30 yrs	\$176	7.4%

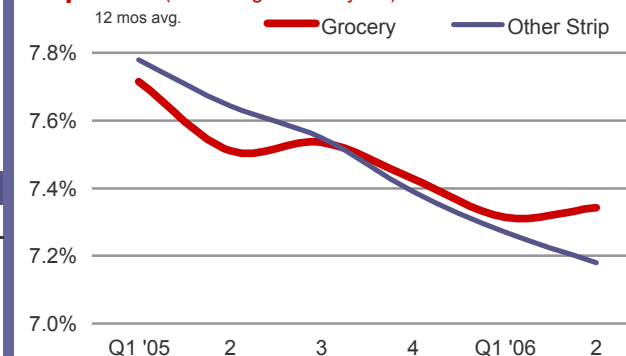
### Pricing: Percentile Ranks

past 12 mos, > \$5 mil	\$/Sq.ft.	Cap Rate
top 10%	\$283	5.9%
	\$224	6.2%
top 30%	\$190	6.6%
	\$162	6.8%
median	\$143	7.1%
	\$121	7.4%
bottom 30%	\$104	7.7%
	\$87	8.1%
bottom 10%	\$67	8.8%

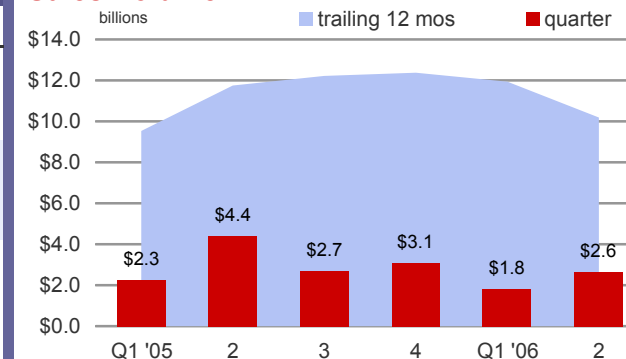
### Price Per Sq.ft.



### Cap Rate (unleveraged initial yield)

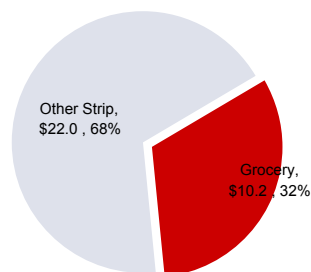


### Sales Volume



### Market Volume

**\$32.2 billion**  
past 12 months





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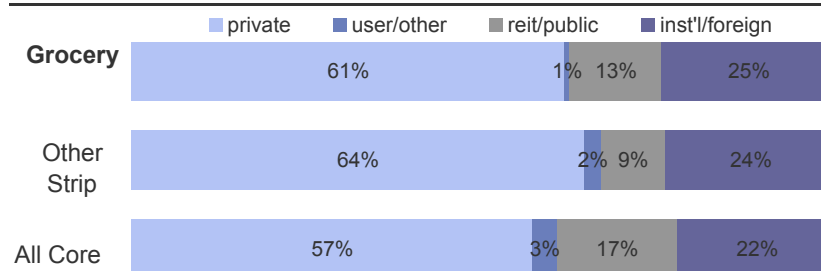
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### Regions and Markets

past 12 mos	Grocery			Other Strip		
	\$ mil	\$/Sq.ft.	cap	volume (mil)	\$/Sq.ft.	cap
DC MD burbs	\$107.7	\$150.1	7.1%	\$103.8	\$182.1	6.9%
Eastern PA	\$86.3	\$153.8	6.8%	\$84.9	\$67.6	7.4%
Philadelphia	\$234.7	\$165.3	6.9%	\$89.0	\$175.4	7.1%
others	\$589.1	\$124.9	7.3%	\$967.9	\$153.8	7.2%
<b>Mid-Atlantic</b>	<b>\$1,017.8</b>	<b>\$135.1</b>	<b>7.6%</b>	<b>\$1,245.6</b>	<b>\$152.9</b>	<b>7.6%</b>
Chicago	\$452.6	\$176.9	7.2%	\$825.5	\$193.2	6.9%
Cincinnati	\$60.3	\$83.9	8.1%	\$288.9	\$152.1	7.7%
Minneapolis	\$119.6	\$152.8	6.8%	\$179.7	\$163.7	7.2%
others	\$608.1	\$96.7	7.8%	\$1,978.4	\$131.6	7.6%
<b>Midwest</b>	<b>\$1,240.6</b>	<b>\$118.2</b>	<b>8.0%</b>	<b>\$3,272.4</b>	<b>\$153.8</b>	<b>7.6%</b>
Boston	\$138.4	\$132.1	6.6%	\$318.9	\$181.2	6.7%
No NJ	\$150.2	\$180.6	6.8%	\$335.6	\$204.6	6.9%
Providence	\$71.9	\$103.7	6.6%	\$50.0	\$141.9	7.4%
others	\$367.3	\$164.8	7.0%	\$1,317.4	\$232.0	6.6%
<b>Northeast</b>	<b>\$727.8</b>	<b>\$160.0</b>	<b>7.0%</b>	<b>\$2,022.0</b>	<b>\$215.6</b>	<b>7.0%</b>
Atlanta	\$540.3	\$146.4	6.8%	\$678.4	\$183.4	7.4%
Broward	\$280.0	\$173.6	6.5%	\$286.1	\$177.8	6.8%
Orlando	\$317.4	\$164.1	7.5%	\$310.4	\$189.5	7.2%
others	\$1,686.3	\$106.0	7.5%	\$3,100.7	\$157.7	7.4%
<b>Southeast</b>	<b>\$2,824.0</b>	<b>\$119.7</b>	<b>7.6%</b>	<b>\$4,375.6</b>	<b>\$165.0</b>	<b>7.7%</b>
Dallas	\$307.8	\$146.1	7.1%	\$727.0	\$170.0	7.5%
Houston	\$328.5	\$140.4	7.8%	\$1,242.9	\$168.2	7.1%
Phoenix	\$534.0	\$194.7	6.8%	\$1,137.1	\$236.0	6.9%
others	\$516.5	\$160.3	7.2%	\$2,075.3	\$150.9	7.2%
<b>Southwest</b>	<b>\$1,686.8</b>	<b>\$163.6</b>	<b>7.3%</b>	<b>\$5,182.3</b>	<b>\$176.7</b>	<b>7.5%</b>
Hawaii	\$306.7	\$288.1	6.4%	\$411.1	\$451.5	6.5%
Inland Empire	\$330.9	\$166.6	6.8%	\$419.3	\$279.2	6.2%
Los Angeles	\$343.6	\$280.5	6.1%	\$1,941.0	\$304.6	6.2%
others	\$1,717.5	\$212.0	6.4%	\$3,098.1	\$279.8	6.6%
<b>West</b>	<b>\$2,698.6</b>	<b>\$219.6</b>	<b>6.5%</b>	<b>\$5,869.5</b>	<b>\$289.4</b>	<b>6.3%</b>

### Buyer Composition

past 12 mos.; rounded; may not sum to 100%



#### top buyers

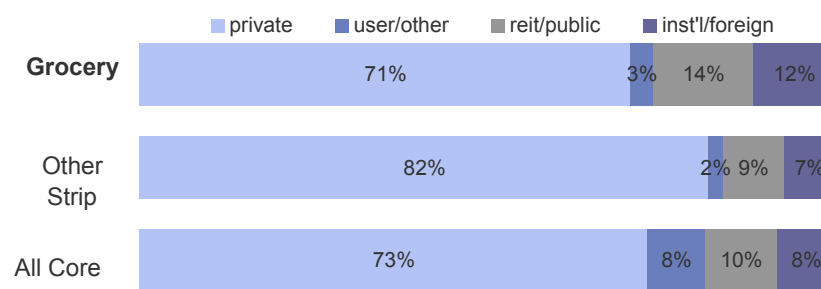
- Inland Real Estate Group
- Galileo America Shopping Trust
- CBL & Associates
- Teacher's Insurance & Annuity(TIA)
- New Plan Excel
- Investcorp
- Cedar Shopping Centers Inc
- Kimco Realty
- Woolbright Development Inc
- Henderson Global Investors

#### top sellers

- New Plan Excel
- Equity One
- Castle & Cooke
- Regency Centers
- Weingarten Realty
- Kimco Realty
- GE Capital
- Moison Investment Co
- Legg Mason Real Estate
- WP Realty Inc

### Seller Composition

past 12 mos.; rounded; may not sum to 100%



Data believed to be accurate but not guaranteed; subject to future revision; based on properties & portfolios \$2.5 million and greater. © 2007 All Rights Reserved.  
Cap rates: unleveraged initial yield from sales as well as refinancings.



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### Recent Transactions

Date	Address	Location	Tenant	Yr Blt	Sq.ft.	Price	\$/Sq.ft.	Cap	Buyer
Jul-06	Olmos Creek	San Antonio, TX	H-E-B Food/Drug Sto	1996	101,670	\$14,700,000	\$145	-	AmREIT
Jul-06	Intracoastal Mall	Miami, FL	Winn-Dixie	1987	233,300	\$48,000,000	\$206	-	Woolbright Development Inc
Jul-06	10 Newport Rd	Leola, PA	Giant Food & Drug	1997	45,731	\$7,000,000	\$153	-	Smith Land & Improvement Corp (Cam
Jul-06	Salisbury Plaza	Salisbury, MD	Save A Lot	1963	130,000	\$3,000,000	\$23	-	-
Jun-06	Edisto Village	Orangeburg, SC	Bi-Lo Supermarkets	1994	109,668	\$6,175,000	\$56	9.3%	Mimms Enterprises
Jun-06	Twin Lakes Shopping Ctr	Wichita, KS	Whole Foods Market	1965	231,268	\$10,340,000	\$45	10.2%	Income Property Specialists
Jun-06	Copperfield Village	Houston, TX	Randall's Food & Dru	1982	163,011	\$27,500,000	\$169	-	Greenstreet Real Estate Partners LP (C
Jun-06	878 Molalla Ave	Oregon City, OR	Grocery Outlet Inc.	1961	20,400	\$2,850,000	\$140	-	John Glenn Corporation (Salem, Or)
Jun-06	Tramonto Marketplace	Anthem, AZ	Albertson's Inc.	2003	41,386	\$15,900,000	\$384	6.3%	Robert & Karen Walker (Kent WA)
Jun-06	Westbrooke Village North &	Lenexa, KS	Dillon Food Stores	1987	236,933	\$23,486,000	\$99	8.0%	Henry S Miller Commercial Investment
Jun-06	Pinetree Plaza	Lees Summit, MO	Price Chopper	1987	133,137	\$12,094,000	\$91	8.0%	Henry S Miller Commercial Investment
Jun-06	Marsh Supermarket	Naperville, IL	Marsh Supermarkets	2005	80,000	\$14,000,000	\$175	-	Caputo's Fresh Markets
Jun-06	Market Place	North Syracuse, N	Price Chopper	1982	146,761	\$27,243,000	\$186	-	Garfunkel Development
Jun-06	Hood Commons	Derry, NH	Shaw's Supermarkets	1969	214,075	\$16,375,000	\$76	-	WP Realty Inc
Jun-06	Mesquite Plaza	Mesquite, NV	Smith's Food & Drug	1997	17,487	\$5,100,000	\$292	7.8%	Transwestern Investment Co
Jun-06	Fabyan Randall Plaza	Batavia, IL	Trader Joe's	2002	85,395	\$26,000,000	\$304	-	Inland Real Estate Group
Jun-06	Osborne Shopping Ctr	Upper Marlboro, M	Safeway Stores Inc	1985	30,070	\$5,200,000	\$173	-	Rappaport Co
Jun-06	Panama Plaza	Oakland Park, FL	Wine Cellar Restaura	1981	17,358	\$3,350,000	\$193	5.0%	LA Shops LLC (Hollywood FL)
Jun-06	Carefree Marketplace	Cave Creek, AZ	Bashas' Inc.	1988	85,000	\$18,560,000	\$218	6.4%	Jakosky Properties
Jun-06	Headland-Delowe Shopping	East Point, GA	Save Rite	1964	96,814	\$4,500,000	\$46	6.6%	-
Jun-06	Delray Town Ctr	Delray Beach, FL	Albertson's Inc.	1991	102,660	\$15,100,000	\$147	-	Delray Realty Associates LLC (Old We
Jun-06	Kneeland Plaza	Shelton, WA	Fred Meyer Stores, In	1996	68,170	\$10,280,000	\$151	-	-
Jun-06	Oxbridge Square	Richmond, VA	Ukrop's Super Market	1980	115,462	\$15,200,000	\$132	-	Stoltz Real Estate Partners
Jun-06	North Bergen Ctr	North Bergen, NJ	Pathmark Stores, Inc.	-	124,000	\$13,400,000	\$108	-	Hutensky Group
Jun-06	Indian Harbour Place	Melbourne, FL	Publix Super Markets	1983	163,000	\$27,250,000	\$167	-	Weingarten Realty
Jun-06	Evelyn Hills	Fayetteville, AR	Artworks	1963	155,000	\$10,000,000	\$65	-	Matthew Dearnley (AR)
Jun-06	Hickory Palos Square	Hickory Hills, IL	Powerhouse Gym	1985	205,957	\$25,000,000	\$121	-	First Commercial Realty & Developmer
Jun-06	Cherry Creek Shopping Ctr	Denver, CO	Whole Foods Market	1990	182,802	\$96,057,704	\$525	-	AmCap Inc
Jun-06	Potters Square	Matthews, NC	Winn-Dixie	1993	37,140	\$3,000,000	\$81	-	LNR Property Corp
Jun-06	Oak Tree Plaza	Morristown, TN	Food City	1996	49,102	\$3,500,000	\$71	8.0%	RCG Ventures



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Jun-06	Tyrone Gardens Shopping C	Saint Petersburg, F	Winn-Dixie	1958	209,337	\$19,000,000	\$91	7.4%	New Plan Excel
Jun-06	Ceres Marketplace	Ceres, CA	Raley's Supermarket	1998	111,799	\$22,300,000	\$199	6.0%	CERES MARKETPLACE LLC
Jun-06	San Carlos Village	San Diego, CA	Ralphs Grocery Comp	1971	127,634	\$33,000,000	\$259	-	Stoltz Real Estate Partners
Jun-06	Westgate West Shopping Ct	San Jose, CA	Orchard Supply Hardw	1965	235,000	\$70,000,000	\$298	-	Grosvenor International
Jun-06	Boulder Marketplace	Henderson, NV	Albertson's Inc.	1989	34,407	\$8,370,000	\$243	8.4%	Mark Kaufman
Jun-06	Maxwell Pointe	Simpsonville, SC	Winn-Dixie	1995	76,969	\$5,520,000	\$72	-	Maxwell Pointe LLC (Atlanta, Ga)
Jun-06	Taft Hills Plaza	Taft, CA	Albertson's Inc.	1985	69,381	\$10,200,000	\$147	6.8%	Bear Valley Plaza LLC (San Clemente,
Jun-06	Centre South	Aiken, SC	Food Lion	1988	80,836	\$6,200,000	\$77	8.6%	Halpern Enterprises
Jun-06	Country Fair	Chino, CA	Albertson's Inc.	1973	168,264	\$37,200,000	\$221	6.8%	New Albertson's Inc
Jun-06	Southwood Village	Charlotte, NC	Stock N Save	1978	60,807	\$3,200,000	\$53	9.5%	557 Realty LLC (Brooklyn, Ny)
Jun-06	Highland Plaza	Shawnee Mission,	Hy-Vee Food Stores	1987	36,912	\$9,060,000	\$245	7.0%	Westwood Financial Corp
Jun-06	Gold Star Plaza	Shenandoah, PA	Redner's Markets	1998	72,000	\$7,900,000	\$110	-	Cedar Shopping Centers Inc
Jun-06	Mount Dora Marketplace	Mount Dora, FL	Winn-Dixie	1986	80,000	\$5,663,265	\$71	-	MTDR Condo LLC (Winter Park FL)
Jun-06	Quality Plaza	Warren, PA	Eckerd Drugs	1979	48,050	\$2,850,000	\$59	11.7%	R E Management (Mineola NY)
Jun-06	Perkasie Square	Perkasie, PA	Landis Supermarket	1994	87,000	\$18,000,000	\$207	6.9%	-
Jun-06	McKinney Marketplace	McKinney, TX	Albertson's Inc.	2000	183,810	\$18,800,000	\$102	6.6%	Macquarie
Jun-06	Greenlawn Plaza	Greenlawn, NY	Waldbaums	1975	102,000	\$20,400,000	\$200	-	ING Clarion Partners
Jun-06	SW Tenaya & Axure	Las Vegas, NV	Smith's Food & Drug	2005	101,681	\$2,847,000	\$28	-	O'Connell Development Co
Jun-06	Shoppes at Parkland	Pompano Beach, F	BJ's Wholesale Club	2000	145,652	\$22,598,300	\$155	7.3%	Weingarten Realty
Jun-06	Barcroft Plaza	Falls Church, VA	Harris Teeter, Inc.	1972	90,000	\$25,100,000	\$279	5.8%	Federal Realty Investment Trust
Jun-06	Centre Point Plaza	Tucson, AZ	Safeway Stores Inc	1986	46,519	\$6,900,000	\$148	8.5%	Eddy O & Judy K Chernecki
Jun-06	Hunt Club Corners	Longwood, FL	Publix Super Markets	1980	101,453	\$11,000,000	\$108	-	Saul Centers
Jun-06	Northridge Shopping Ctr	Russell Springs, K	Kroger Food Stores	1987	148,718	\$7,375,000	\$50	8.3%	-
Jun-06	Food City Ctr	White Pine, TN	Food City	1997	52,576	\$3,172,500	\$60	10.0%	RCG Ventures
Jun-06	Trancas Shopping Ctr	Malibu, CA	Hows Market	1950	31,286	\$19,000,000	\$607	-	LaSalle Investment Management
Jun-06	Lakewood Colonial Ctr	Tacoma, WA	QFC Foods	1978	127,324	\$22,000,000	\$173	-	Prium Companies
Jun-06	Sea Ranch Ctr	Fort Lauderdale, FL	Publix Super Markets	1966	98,017	\$24,840,000	\$253	6.4%	Sea Ranch Centre Associates LLC (Bo
May-06	Mission Creek Shopping Ctr	Santee, CA	Food 4 Less	1995	17,526	\$5,450,000	\$311	6.1%	Jozu Investments LLC (Santee, Ca)
May-06	Lincoln Mall	Lincoln, RI	Stop & Shop	1975	379,132	\$60,140,000	\$159	6.6%	Inland Real Estate Group
May-06	1855 W Glenoaks Blvd	Glendale, CA	Albertson's Inc.	1966	31,700	\$7,450,000	\$235	-	GL Property Development