# THE BOULDER GROUP

## The Net Lease Market Report

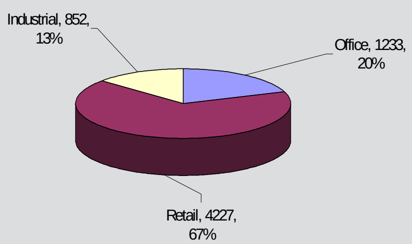
Q2 2004

## MARKET OVERVIEW

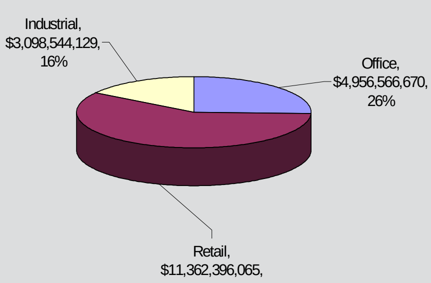
| Mean CAP | Q2 2004 | Q1 Change* |
|---|---|---|
| Industrial | 8.60% | 0 |
| Retail | 7.50% | -100 |
| Office | 8.40% | -3 |

*Change is in basis points

Available Net Lease Properties By Sector




Available Net Lease Properties By Value




For the past two quarters, The Boulder Group has reported that number of available net lease properties have been at or near historical lows. However, this trend appears to be changing. Over the last quarter, the net lease market has grown significantly both in terms of the number of properties available and value.

The Boulder Group believes that these increases can be attributed to the increase in interest rates. The increased rates force LIBOR floating rate investors to make a decision to either place permanent financing on a property or sell it and many investors are choosing the latter.

While investors are trying to unload properties before the current window of opportunity closes, The Boulder Group has noticed that investors are trying to dispose of these properties at CAP Rates that are more reflective of where the market was last quarter than where it is going. Across all three net lease sectors, the mean CAP Rate has decreased or remained the same from last quarter. Moreover, over the past few quarters, investors have been able to dispose of properties at lower CAP Rates because the property supply was unable to meet its demand. Therefore, between the increase in the supply of properties and interest rates, net lease buyers can be assured that CAP Rates are on the rise.

As of May 17, 2004, The Boulder Group is currently tracking 6,312 available net lease properties nationwide which have a combined value in excess of $19.4 Billion (the “Net Lease Market”). Comparatively, last quarter, The Boulder Group was tracking 3,462 available properties with a combined value of over $11.5 Billion – a 79.8% increase in the number of available properties and a 67.6% increase in the cumulative value of such properties. For purposes of this report, The Boulder Group has divided the Net Lease Market into three sectors: (i) industrial; (ii) retail; and (iii) office.

Of the 6,312 available net leased properties, 17% were placed on the market within the last thirty days, 34% in the last one to three months, 16% in the last three to six months and 31% have been on the market for over six months. These percentages seem to explain when the size of the net lease market began to increase. At the same time as interest rates began to climb in early April, 34% of the properties currently on the market became available.

## Industrial Sector Overview

| Industrial Properties Time on the Market | |
|---|---|
| Time Range | Percent |
| Zero - 1 Month | 13.38% |
| 1 - 3 Months | 26.75% |
| 3 - 6 Months | 16.23% |
| 6+ Months | 43.64% |

As the summer is about to begin, the net leased industrial sector (the "Industrial Sector") continues to be the smallest of all net leased sectors in terms of both the sheer number of available properties and the combined value of such properties. Over the last quarter, 117 net leased industrial properties were sold as compared to the 180 industrial properties sold in Q1 2004.

The number of available net leased industrial properties ("Industrial Properties") has increased by 38.5% over the last quarter – from 615 in Q1 2004 to 852 currently. However, unlike last quarter when despite an increase in the number of available properties the cumulative value of such properties declined, the current value of Industrial Properties is slightly less than $3.1 Billion – up 59% from Q1 2004.

| Industrial Properties | | |
|---|---|---|
| Price Points | Percent | Avr CAP |
| $0 - $999,999 | 23.24% | 9.10% |
| $1,000,000 - $1,999,999 | 21.13% | 8.65% |
| $2,000,000 - $2,999,999 | 16.20% | 8.37% |
| $3,000,000 - $3,999,999 | 9.15% | 8.51% |
| $4,000,000 - $4,999,999 | 7.04% | 8.32% |
| $5,000,000 - $5,999,999 | 4.58% | 8.34% |
| $6,000,000 - $6,999,999 | 3.52% | 8.96% |
| $7,000,000 - $7,999,999 | 3.17% | 8.13% |
| $8,000,000 - $8,999,999 | 2.46% | 9.24% |
| $9,000,000 - $9,999,999 | 0.35% | 8.00% |
| $10,000,000 + | 9.15% | 8.19% |

The Industrial Sector was the only net leased sector whose mean selling price has increased over the last quarter. The industrial mean, up $300,000 to $2,100,000 is tied for the highest such mean with the Office Sector. This increase is attributed to the increase in Industrial Properties priced between $2 million and $4 million. The number of available properties in those two, one million dollar pricing brackets has increased by a cumulative 39% over the last quarter. Two other industrial pricing brackets have realized considerable gains over the last quarter as well. Industrial Properties priced between $5 and $6 million and $8 and $9 million increased their market share by 212% and 153% percent respectively over the last quarter. Those two percentage increases were the largest across the Net Lease Market over the last quarter. Industrial Properties priced between $9 and $10 million suffered the biggest decrease in market percentage over the last quarter. Those properties had their market share decreased by 64% since Q1 2004. This percentage decrease was the largest such decrease in the Net Lease Market over the last quarter. Industrial Properties priced over $10 million dollars also increased their market share over the last quarter. Those properties currently compose of 9.1% of the

Industrial Sector and this percentage represents a 17% from last quarter's market percentage for such pricing bracket – the largest such increase for properties priced over ten million in the Net Lease Market.

Despite the increaed industrial pricing points, CAP Rates across the Industrial Sector for the most part remained stagnent over the last quarter. The mean CAP rate for Industrial Properties stayed flat from last quarter at 8.6%. Notwithstanding the lack of basis point movement, the Industrial Sector was the only sector whose mean CAP Rate did not decrease since Q1 2004. Most CAP Rates for Industrial Properties are still hovering close to the 8% range – 63% of all Industrial Properties are between a 7% and 10% CAP Rate.

| Industrial Properties | | |
|---|---|---|
| CAP Rate Ranges | Properties | Percent |
| 0.00% - 6.99% | 84 | 9.86% |
| 7.00% - 7.99% | 168 | 19.72% |
| 8.00% - 8.99% | 210 | 24.65% |
| 9.00% - 9.99% | 183 | 21.48% |
| 10.00% - 10.99% | 135 | 15.85% |
| 11.00 + | 72 | 8.45% |

Only two Industrial Sector CAP Rate brackets increased their market share since Q1 2004. The first of which is Industrial Properties with CAP Rates between 7% and 8% increased by 34% over the last quarter – which was the largest percentage increase of any CAP Rate bracket across the Net Lease Market. The second such CAP Rate bracket was Industrial Properties between a 10% and 11% CAP Rate. Those properties saw their market share increase by 8.3% this quarter. The largest decrease in CAP Rate market share was from Industrial Properties with CAP Rates over 11% - those properties had their market share decrease by 17.5% while the raw number of available properties in that range increased. Net lease investors should also note that while Industrial Properties CAP Rates did increase substantially this quarter, properties with the lowest CAP Rates, those below 7%, saw their market percentage decrease by 15.8% since Q1 2004.

Since The Boulder Group published the Q1 2004 Net Lease Market Report, 354 Industrial Properties have been placed on the market. These 354 properties represent a 64% increase in the number of new Industrial Properties as compared to last quarter when there were 216 new Industrial Properties placed on the market. The mean selling price for new Industrial Properties is $2,250,000 – $150,000 higher than the overall Industrial Sector and $650,000 greater than the mean for new industrial properties in Q1 2004. Logically, therefore, the mean CAP Rate for new Industrial Properties decreased, as compared to the sectors mean, to 8%. – down 80 basis points from new Industrial Properties in Q1 2004.

| Industrial Property Sub Type | Percent |
|---|---|
| Distribution Warehouse | 16.10% |
| Flex Space | 12.73% |
| Industrial-Business Park | 18.73% |
| Manufacturing | 16.48% |
| Office Building | 0.75% |
| Office Showroom | 3.00% |
| Office-Business Park | 1.50% |
| Office-Warehouse | 2.25% |
| R&D | 1.12% |
| Refrigerated/Cold Storage | 1.12% |
| Self-Storage Facility | 3.75% |
| Truck Terminal | 4.87% |
| Warehouse | 17.60% |

These new properties are the driving factor to most of the aforementioned trends currently developing in the Industrial Sector. The Industrial Sector as a whole noticed large growth in the market percentage of properties priced between $5 and $6 million and $8 and $9 million. However, this growth is directly attributable to the new properties in these pricing ranges. New properties in those price ranges showed increases in market percentages of 305% and 247% respectively as compared to last quarter's numbers. These increases overshadow the significant gains that the sector made as a whole and represent the largest percentage increases of any new properties, regardless of sector, in the Net Lease Market.

New Industrial Properties also increased the market share of higher CAP Rate brackets. While the sector as whole did not see considerable gains in the market share of properties with CAP Rates above 9%, new Industrial Properties showed such growth. New Industrial Properties with CAP Rates between 9% and 10%, 10% and 11% and 11% and greater increased their market share, as compared to last quarters numbers, by 72.7%, 32.8% and 51.1% respectively.

## Retail Sector Overview

| Retail Properties Time on the Market | |
|---|---|
| **Time Range** | **Percent** |
| Zero - 1 Month | 17.66% |
| 1 - 3 Months | 38.27% |
| 3 - 6 Months | 16.73% |
| 6+ Months | 27.34% |

This quarter, the retail sector (the "Retail Sector") is the foundation upon which the Net Lease Markets growth is built. Following past market performance, the retail sector dominates the other sectors in terms of both available properties and the cumulative values of such properties. This quarter, 510 retail properties were sold – a 36% increased in the number of property dispositions from Q1 2004 where 375 retail properties were sold. However, due to the low CAP Rates throughout the Retail Sector, The Boulder Group expects the number of Retail Properties sold this quarter to stagnate until CAP Rates on Retail Properties adjust upward to meet the market prices.

Currently, there are 4,227 available net lease retail properties with a cumulative value in excess of $11.3 Billion ("Retail Properties"). These Retail Properties represent 67% of all available properties and 58.5% of the total value of the Net Lease Market. Additionally, the number of Retail Properties has increased by 125% from last quarter where there were 1,824 retail properties available.

Following the trend established during Q1 2004, the Retail Sectors mean selling price continued to decrease this quarter going from $2,100,000 to $1,785,000 – this mean now represents the lowest such mean price in the Net Lease Market. This low mean can be mainly attributed to the fact that 2,322, or 55%, of Retail Properties are priced under $2 million. Additionally, these low pricing points also can be attributed to large number of restaurants and convenience stores placed on the market this quarter, namely Pizza Hut, Burger King and Circle K.

| Retail Properties | | |
|---|---|---|
| Price Points | Percent | Avr CAP |
| $0 - $999,999 | 26.83% | 8.48% |
| $1,000,000 - $1,999,999 | 28.11% | 7.67% |
| $2,000,000 - $2,999,999 | 13.63% | 7.51% |
| $3,000,000 - $3,999,999 | 10.08% | 7.69% |
| $4,000,000 - $4,999,999 | 8.45% | 7.45% |
| $5,000,000 - $5,999,999 | 5.25% | 7.44% |
| $6,000,000 - $6,999,999 | 2.48% | 7.37% |
| $7,000,000 - $7,999,999 | 1.49% | 7.83% |
| $8,000,000 - $8,999,999 | 0.78% | 7.81% |
| $9,000,000 - $9,999,999 | 0.28% | 6.75% |
| $10,000,000 + | 2.63% | 7.61% |

The Retail Sector noticed significant growth this quarter with properties priced between $9 and $10 million. Properties in that price range increased their market share by 71.5% since Q1 2004 – the largest such increase in the Retail Sector. However, despite such growth, Retail Properties in that price range have the lowest average CAP Rate, 6.75%, of all retail pricing brackets – down 125 basis points from last quarter's average. Retail Properties priced between $8 and $9 million also increased their market share this quarter by 17.4% - the second largest growth in the Retail Sector. The largest decreases in market share throughout the Retail Sector occurred with properties priced between $3 and $4 million and $6 and $7 million – both of those price brackets saw their market percentage decrease by 16.6% this quarter. Unlike last quarter, when properties priced over $10 million increased their market share by 55%, this quarter they were only able to increase said percentage by 5.7%. However, despite this relatively smaller increase, there are still 66 more properties on the market now in the $10 million plus price bracket as compared to Q1 2004. Additionally, based on new construction of big box type stores, The Boulder Group anticipates that this percentage will again climb prior to Q3 2004. Despite these large percentage gains for some of the higher pricing brackets, the Retail Sectors mean is still the lowest in the Net Lease Market because over 78% of all Retail Properties are still priced under $4 million.

The Retail Sector experienced sharp drops in CAP Rates this quarter. The mean CAP Rate on all Retail Properties is currently 7.5% - 100 basis points lower than last quarters mean. Two-Thirds

| Retail Properties | | |
|---|---|---|
| CAP Rate Ranges | Properties | Percent |
| 0.00% - 6.99% | 918 | 21.72% |
| 7.00% - 7.99% | 1311 | 31.01% |
| 8.00% - 8.99% | 1236 | 29.24% |
| 9.00% - 9.99% | 492 | 11.64% |
| 10.00% - 10.99% | 153 | 3.62% |
| 11.00 + | 117 | 2.77% |

of Retail Sector CAP Rate brackets noticed a sharp decline in their market percentage over the last quarter. Last quarter, 52% of all retail properties were below an 8.0% CAP Rate. That number has increased to just over 60% this quarter.

In fact, Retail Properties with CAP Rates under 7% increased their market share this quarter by 25% - the largest gain in the Retail Sector. The only other CAP Rate range to increase its market share this quarter was Retail Properties with CAP Rates between 7% and 8% - those properties saw an increase in their market share of 7.8%. The largest decrease in market share was from properties with CAP Rates between 10% and 11%. Those properties saw their market share decrease by over 29% since Q1 2004. All other CAP Rate ranges noticed decreases this quarter as well. Retail Properties with CAP Rates between 8% and 9%, 9% and 10% and over 11% sustained market share decreases of 16%, 13% and 19% respectively.

As mentioned in the Market Overview, The Boulder Group believes that net lease owners are currently trying to sell properties today as if the disposition window in a sub 4.25% ten-year treasury bond market still existed. This trend is highly noticeable and prevalent in the Retail Sector. With interest rates and the supply of net lease properties rising, The Boulder Group anticipates that the Retail Properties on the market with lower CAP Rates will be sold only after an abatement of the asking price.

Since Q1 2004, 1,875 Retail Properties have been placed on the market. Therefore, more properties have been placed on the market this quarter than what was the cumulative state of the retail market last quarter. These 1,875 new Retail Properties represent a 28% increase in the number of properties that were new in Q1 2004 where 1,461 properties were placed on the market. The mean selling price for new Retail Properties is $1,765,000 - $20,000 less than the Retail Sectors cumulative mean and $10,000 less than the mean of new retail properties as reported in the Q1 2004 Net Lease Market Report. However, despite these pricing decreases, CAP Rates for new retail properties did not increase. While the mean CAP Rate for new Retail Properties is 7.75%, 25 basis points higher than the Retail Sectors mean, it is still 68 basis points lower than last quarters new retail mean of 8.43%.

Similar to the Industrial Sector, most of the trends noticed among the Retail Sector this quarter can be attributed to the new properties placed on the market. The two pricing brackets where the Retail Sector had the largest growth also had the largest growth in terms of new properties. Properties priced between $9 and $10 million increased their market percentage by 189% from last quarter and new properties between $8 and $9 million increased their percentage by 44%. Additionally, similar to the Retail Sector as a whole, properties priced between $9 and $10 million again had the lowest average CAP Rate of any new property pricing bracket with a CAP Rate of 6.75% - the same as the CAP Rate for the Retail Sector.

New Retail Properties CAP Rates also mirror closely the Retail Sector as a whole. New Retail Properties noticed increases in market share in only the two lowest CAP Rate brackets and the other four all lost market shares as compared to last quarter. The largest gain occurred with new Retail Properties with CAP Rates under 7% - those properties increased their market share by 29%. Additionally, new properties with CAP Rates between 7% and 8% increased their share by 19%. However, properties with CAP Rates between 8% and 9%, 9% and 10%, 10% and 11% and 11% and over all had their market shares decreased by 11%, 15%, 41% and 34% respectively.

| Retail Property Sub Type | Percent |
|---|---|
| Day Care Facility/Nursery | 2.06% |
| Free Standing Bldg | 51.60% |
| Neighborhood Center | 0.64% |
| Post Office | 0.64% |
| Restaurant | 16.25% |
| Retail (Other) | 9.65% |
| Retail Pad | 3.19% |
| Service/Gas Station | 2.84% |
| Specialty Center | 0.14% |
| Street Retail | 4.83% |
| Strip Center | 4.19% |
| Theatre/Performing Arts | 0.07% |
| Truck Terminal | 0.14% |
| Vehicle Related | 3.76% |

## Office Sector Overview

Similar to both the Industrial and Retail Sectors, the available net leased office sector (the "Office Sector") also experienced growth this quarter both in terms of the number of properties available and the value of such properties. However, despite such growth, the Office Sector still looks very similar to last quarter. Over the past quarter, 315 office properties have been sold – a 128% increase in the number of office dispositions from Q1 2004 where 138 office properties were sold.

As of Q2 2004, there are 1,233 available net lease office properties with a cumulative value over $4.9 Billion ("Office Properties"). Comparatively, last quarter there were 210 less

**Office Properties Time on the Market**

| Time Range | Percent |
|---|---|
| Zero - 1 Month | 18.40% |
| 1 - 3 Months | 27.60% |
| 3 - 6 Months | 17.43% |
| 6+ Months | 36.56% |

| Office Properties | | |
|---|---|---|
| Price Points | Percent | Avr CAP |
| $0 - $999,999 | 8.70% | 25.79% |
| $1,000,000 - $1,999,999 | 8.79% | 23.36% |
| $2,000,000 - $2,999,999 | 8.31% | 12.65% |
| $3,000,000 - $3,999,999 | 8.48% | 9.25% |
| $4,000,000 - $4,999,999 | 8.24% | 6.08% |
| $5,000,000 - $5,999,999 | 8.29% | 4.87% |
| $6,000,000 - $6,999,999 | 8.62% | 2.43% |
| $7,000,000 - $7,999,999 | 7.97% | 2.43% |
| $8,000,000 - $8,999,999 | 8.18% | 1.70% |
| $9,000,000 - $9,999,999 | 8.66% | 1.70% |
| $10,000,000 + | 8.04% | 9.73% |

| Office Properties | | |
|---|---|---|
| CAP Rate Ranges | Properties | Percent |
| 0.00% - 6.99% | 111 | 9.00% |
| 7.00% - 7.99% | 249 | 20.19% |
| 8.00% - 8.99% | 438 | 35.52% |
| 9.00% - 9.99% | 231 | 18.73% |
| 10.00% - 10.99% | 129 | 10.46% |
| 11.00 + | 75 | 6.08% |

less properties available with a cumulative value of $4.6 Billion. The Q2 2004 Office Properties account for 29% of the properties and 39% of the total value currently available in the Net Lease Market.

Similar to the Industrial Sector, the Office Sector has a mean selling price of $2,100,000 – the same as the mean during Q1 2004. The main area of growth in the Office Sectors pricing points over the last quarter is with properties priced between $4 and $6 million. The number of available properties priced between $4 and $5 million and $5 to $6 million grew by 22% and 18.5% respectively over the last quarter. The only other pricing bracket that experience noteworthy growth this quarter was Office Properties priced between $9 and $10 million – those properties increased their market share by 16%. The largest decreases in market share were suffered by properties priced between $7 and $9 million. Properties priced between $7 and $8 and $8 and $9 million saw their market shares reduced by 17% and 41.9% respectively. This 41.9% market share decrease is the second largest such decrease in the Net Lease Market. While Office Properties priced between $1 and $2 million only saw their market share increase by 2% over the last quarter – those properties have the highest average CAP Rate, 8.79%, of any pricing bracket in the Office Sector.

Mirroring closely the Office Sector mean selling price, the mean CAP Rate did not change significantly over the last quarter. Currently the mean CAP Rate for Office Properties is 8.4% - a 3 basis point decrease from last quarter. Last quarter, 55.7% of all Office Properties had CAP Rates below 9%. This quarter, 64.7% of Office Properties have CAP Rates within that same range.

Office Properties with CAP Rates between 7% and 8% increased their market share by 25% since Q1 2004 – the largest such increase in market share in the Office Sector and second largest increase in the Net Lease Market. The other notable increase in market share was with properties whose CAP Rates were between 8% and 9% - those properties increased their market share by 14% over the last quarter. All Office Sector CAP Rate brackets over 9% have lost market share this quarter. The most significant such decrease was with Office Properties with CAP Rates between 10% and 11% - their market share decreased was 25.6%. Office Properties with CAP Rates greater than

| Office Property Sub Type | Percent |
|---|---|
| Distribution Warehouse | 0.76% |
| Flex Space | 4.33% |
| Institutional/Governmental | 4.33% |
| Medical Office | 10.18% |
| Office Building | 61.83% |
| Office Showroom | 0.51% |
| Office-Business Park | 7.12% |
| Office-R&D | 1.78% |
| Office-Warehouse | 9.16% |

11% had their market share decreased by 23% since Q1 2004. Finally, Office Properties with CAP Rates between 9% and 10% had their market share decreased by 15.9%. However, despite this final decrease, the raw number of available properties in that CAP Rate bracket increased this quarter.

Since Q1 2004, 525 Office Properties have been placed on the market – the second largest amount of new properties and a 27% increase in the number of new properties from last quarter when 414 were introduced to the market. The mean selling price for new Office Properties is $2,200,000 – a $100,000 over the Office Sector mean and a $325,000 increase over the mean for new office properties last quarter. Due to the increase in mean selling price, the mean CAP Rate has decreased over the last quarter. Currently, the mean CAP Rate for new Office Properties is 8% - 40 basis points lower then the Office Sector as a whole and 43 basis points lower than such mean last quarter.

Similar to the Industrial and Retail Sectors, the new Office Properties have helped shape the Office Sector. As noted above, the Office Sector noticed the most growth in properties priced between $4 and $6 million. The new Office Properties in those pricing brackets also showed the most growth as compared to last quarter – properties priced between $4 and $5 million and $5 and $6 million saw their market share increase by 83% and 27% respectively. However, these high growth levels are still low as compared to the Net Lease Market. The growth shown by properties priced between $4 and $5 million was only the fourth largest prince range growth as shown by new properties in a sector. The largest decrease in market share was with new Office Properties priced between $8 and $9 million – those properties have seen their market share decrease by 22% over the last quarter. Additionally, no new properties were added to the market since Q1 2004 that are priced between $9 and $10 million.

In terms of CAP Rates, new Office Properties with returns between 10% and 11% increased their market share by 124% since Q1 2004. While the market share of this CAP Rate bracket did increase the most over the last quarter, more new properties in the same CAP Rate range were added to the market in Q1 2004 than Q2 2004. New market share improvement by increasing their market percentage by 98% compared to last quarter's numbers.

## Geographic Analysis

As Q3 begins, states with higher levels of population growth and new development continue to dominate the net lease market. Based on the current Boulder Plus / Minus Ratio, California, Texas, Arizona, Florida and Nevada currently offer the greatest number of properties as compared to state populations. Similar to last quarter, properties in these 5 states compose of 48% of the Net Lease Market. Surprisingly, the two counties with the most properties in which to invest this quarter are both in the Chicago metropolitan area.

| Most New Net Leased Properties By County | | |
|---|---|---|
| Rank | County | State |
| 1 | Cook | Illinois |
| 2 | DuPage | Illinois |
| 3 | Los Angeles | California |
| 4 | Maricopa | Arizona |
| 5 | Tarrant | Texas |

More difficult states in which to invest continue to be in the Northeast. New York, Michigan, Massachusetts, New Jersey and Pennsylvania currently offer the lowest Boulder rankings on the net leased market. Properties in these five states only represent 6.3% of all net leased properties currently being tracked by The Boulder Group.

While properties in California continue to dominate the market carrying over 19% of all available properties on a consistent basis, The Boulder Group believes that the level of investments in California should roughly remain constant. South Carolina and Georgia remain two of the "hotter" states for net leased investments thus far in 2004.

| State | Total Properties | Property Percent | Boulder Ranking | Retail CAP | Office CAP | Industrial Cap |
|---|---|---|---|---|---|---|
| California | 1176 | 19.48% | 7.42% | 6.75% | 7.42% | 7.43% |
| Texas | 786 | 13.02% | 5.60% | 8.14% | 9.18% | 8.98% |
| Arizona | 291 | 4.82% | 2.99% | 7.55% | 9.34% | 7.67% |
| Florida | 504 | 8.35% | 2.66% | 7.48% | 8.15% | 7.82% |
| Nevada | 177 | 2.93% | 2.22% | 7.86% | 8.33% | 8.15% |
| Georgia | 276 | 4.57% | 1.66% | 8.39% | 8.73% | 9.27% |
| Utah | 120 | 1.99% | 1.19% | 8.33% | 8.99% | 8.00% |
| South Carolina | 138 | 2.29% | 0.86% | 8.05% | 8.56% | 9.50% |
| Idaho | 75 | 1.24% | 0.78% | 8.15% | 8.29% | 8.40% |
| Oklahoma | 99 | 1.64% | 0.41% | 7.73% | 8.17% | 10.36% |
| Alabama | 117 | 1.94% | 0.35% | 8.56% | 9.25% | 8.42% |
| Hawaii | 42 | 0.70% | 0.26% | 6.14% | 6.14% | 9.94% |
| Colorado | 105 | 1.74% | 0.21% | 7.59% | 9.02% | 8.75% |

# The Net Lease Market Report

Q2 2004

| State | Total Properties | Property Percent | Boulder Ranking | Retail CAP | Office CAP | Industrial Cap |
|---|---|---|---|---|---|---|
| Wyoming | 18 | 0.30% | 0.12% | 7.61% | 8.80% | 0.00% |
| Indiana | 138 | 2.29% | 0.12% | 8.02% | 8.69% | 9.33% |
| Arkansas | 63 | 1.04% | 0.09% | 8.32% | 11.27% | 0.00% |
| South Dakota | 21 | 0.35% | 0.08% | 7.30% | 9.00% | 1.00% |
| North Dakota | 12 | 0.20% | -0.03% | 7.53% | 0.00% | 9.00% |
| Vermont | 9 | 0.15% | -0.07% | 6.80% | 7.80% | 7.80% |
| New Mexico | 33 | 0.55% | -0.10% | 7.77% | 9.53% | 0.00% |
| Oregon | 66 | 1.09% | -0.12% | 7.15% | 7.60% | 7.84% |
| Montana | 9 | 0.15% | -0.17% | 8.78% | 6.99% | 0.00% |
| Alaska | 3 | 0.05% | -0.17% | 7.20% | 0.00% | 0.00% |
| New Hampshire | 15 | 0.25% | -0.19% | 9.50% | 9.00% | 0.00% |
| Nebraska | 24 | 0.40% | -0.21% | 8.58% | 9.05% | 8.00% |
| Delaware | 3 | 0.05% | -0.23% | 6.00% | 0.00% | 0.00% |
| Maine | 9 | 0.15% | -0.30% | 0.00% | 8.30% | 9.99% |
| Washington | 108 | 1.79% | -0.31% | 7.73% | 8.32% | 8.35% |
| Illinois | 246 | 4.08% | -0.35% | 7.98% | 8.33% | 9.33% |
| Kansas | 36 | 0.60% | -0.36% | 8.51% | 9.37% | 0.00% |
| Rhode Island | 0 | 0.00% | -0.37% | 0.00% | 0.00% | 0.00% |
| North Carolina | 150 | 2.49% | -0.38% | 8.18% | 8.62% | 9.39% |
| Ohio | 216 | 3.58% | -0.46% | 8.77% | 9.01% | 10.01% |
| Connecticut | 45 | 0.75% | -0.47% | 7.93% | 8.83% | 9.08% |
| Iowa | 33 | 0.55% | -0.50% | 9.27% | 9.65% | 12.00% |
| Mississippi | 30 | 0.50% | -0.52% | 8.24% | 0.00% | 0.00% |
| Kentucky | 54 | 0.89% | -0.54% | 7.88% | 9.25% | 8.50% |
| West Virginia | 3 | 0.05% | -0.59% | 7.50% | 0.00% | 0.00% |
| Louisiana | 60 | 0.99% | -0.60% | 8.08% | 8.00% | 10.42% |
| Missouri | 81 | 1.34% | -0.65% | 8.57% | 9.60% | 0.00% |
| Tennessee | 81 | 1.34% | -0.68% | 7.74% | 8.50% | 9.12% |
| Minnesota | 45 | 0.75% | -1.01% | 7.51% | 8.50% | 9.55% |
| Virginia | 78 | 1.29% | -1.23% | 8.35% | 8.84% | 9.00% |
| Wisconsin | 33 | 0.55% | -1.36% | 0.00% | 8.66% | 9.43% |
| Maryland | 30 | 0.50% | -1.39% | 8.12% | 10.00% | 10.26% |
| Pennsylvania | 153 | 2.53% | -1.84% | 9.16% | 9.87% | 9.79% |
| New Jersey | 66 | 1.09% | -1.90% | 7.50% | 8.88% | 8.41% |
| Massachusetts | 21 | 0.35% | -1.91% | 7.69% | 0.00% | 14.00% |
| Michigan | 72 | 1.19% | -2.35% | 0.00% | 9.02% | 9.94% |
| New York | 66 | 1.09% | -5.66% | 7.50% | 8.88% | 8.41% |

## Under Construction

The Boulder Group prides itself on having the most comprehensive market information available in the Net Lease Industry. New to this quarter's Net Lease Market Report is the "Under Construction" Section. The Under Construction Section will provide you with a snapshot on new net leased development occurring nationwide.

# The Net Lease Market Report

Q2 2004

| Property: | City or County: | State: | Development Stage: |
|---|---|---|---|
| Home Depot | Durango | CO | Just Opened |
| Home Depot | Hawaii County | HI | Broke Ground |
| Menard's | Clay County | IA | Purchased Land |
| Lowe's | Adams County | IL | Construction |
| CVS | Oakland County | MI | Construction |
| Sam's Club | Oakland County | MI | Under Review |
| Wal-Mart | Saint Clair County | MI | Proposed |
| Pier 1 Imports | Saint Clair County | MI | Just Opened |
| Advanced Auto Parts | Wayne County | MI | Opening Soon |
| CVS | Wayne County | MI | Opening Soon |
| Walgreen's | Wayne County | MI | Construction |
| Max & Erma's | Wayne County | MI | Construction |
| Golden Corral | Wayne County | MI | Opening Soon |
| Fifth Third Bank | Wayne County | MI | Construction |
| Walgreen's | Slumberland County | MN | Construction |
| Lowe's | Steele County | MN | Purchased Land |
| Lowe's | New Hanover County | NC | Just Opened |
| Wal-Mart | New Hanover County | NC | Just Opened |
| Wal-Mart | Spearfish County | ND | Construction |
| Wal-Mart | Sweard County | NE | Zoning Approval |
| Wal-Mart Superstore | Ven Wert County | OH | Planning |
| Wal-Mart Superstore | Hardin County | OH | Construction |
| Tractor Supply | Oklahoma City | OK | Construction |
| Walgreen's | Josephine County | OR | Construction |
| Lowe's | Deschutes County | OR | Construction |
| Kohl's | Caln Township | PA | Construction |
| Applebee's | Caln Township | PA | Construction |
| CVS | Caln Township | PA | Construction |
| Wal-Mart Superstore | Laurens County | SC | Coming in 2005 |
| Lowe's | Shelby County | TN | Construction |
| Walgreen's | Shelby County | TN | Construction |
| Wal-Mart Superstore | Garfield County | UT | Planning |
| Home Depot | Clallam County | WA | Planning |
| Wal-Mart | Clallam County | WA | Construction |
| Walgreen's | Chelan County | WA | Construction |
| Wal-Mart | Saint Croix County | WI | Planning |
| Mini Mall | Douglas County | WI | Construction |
| Popeye's | Natrona County | WY | Opening Soon |

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The Boulder Group is a leading investment real estate firm, providing a full range of brokerage, advisory, and financing services nationwide to a substantial and diversified client base, which includes corporations, REITS, individuals, partnerships, developers and institutional investment funds. Founded in 1997, we are one of the only real estate firms in the country focused exclusively on 1031 exchanges and net leased income properties. The Boulder Group is located in the northern suburbs of Chicago.