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Spotlight on Dollar General | Net Leased

November 2016



Dollar General is an American chain of variety stores headquartered in Goodlettsville, Tennessee. Founded in Kentucky in 1939 as J.L. Turner & Son Wholesale, the dollar concept was introduced in 1955 with the opening of their first Dollar General store where no item would cost more than one dollar. Today, Dollar General is among the largest discount retailers in the United States by number of stores, with 12,575 stores located in 43 states with the greatest concentration of stores in the southern, southwestern, mid-western and eastern United States. Although the price of merchandise today is no longer limited to a dollar, Dollar General offers a broad selection of lower-priced and affordable merchandise, including consumables, seasonal, home products, and apparel with Dollar General Market stores also offering groceries and fresh produce.

The parent company, Dollar General Corporation, is publicly traded (NYSE: DG) with investment grade credit (S&P "BBB"; Moody's "Baa2"). Fiscal Year 2015 net sales revenue was \$20.37 billion, up 7.7% over prior year results and reflects same store sales growth of 2.8%. That marks the company's 26th consecutive year of same store sales growth. Dollar General did spend time as a privately held company between 2007 and 2009 a period during which the company evaluated its operations and closed or relocated over 400 stores. Currently, the company is undergoing rapid expansion and in 2015 opened 730 new stores and has announced plans to open 900 new stores in fiscal 2016 and 1,000 in fiscal 2017.

Store locations are generally in small markets with limited shopping opportunities for the surrounding population, thus, giving the concept controlling market share for affordable household goods. Additionally, the brand is experimenting with concepts that would be competitive in more urban markets. However, the generic Dollar General store that commercial real estate investors are able to acquire is a stand-alone box of approximately 9,000 square feet. All stores are operated by the company and leases have corporate guarantees. New leases are NNN with 15-year primary terms and a series of five-year options when rent increases kick in although some leases offer a first rent increase after ten years of primary term. Older leases offer a NN structure with the landlord being responsible for the roof and some building maintenance. With the rapid expansion of Dollar General's store footprint, investors will likely continue to have a large selection of new properties available for purchase.



The report below features a sampling of properties recently sold or on market in Georgia, North Carolina, Pennsylvania, South Carolina, and Virginia in the last 10 months. Please note the different locations and adjust comparisons accordingly. Also note that sales comparables provide a snapshot of recent transactions and are not a perfect predictor of future market movement and behavior.



**CLOSED**

Petersburg, VA

Sale Date	October 2016
Sale Price	\$1,410,000
CAP Rate	6.50%
RBA	9,026
Price/SF	\$156.22
Lease Type	NNN
Term Remaining	11 Years
Year Built	2012



**CLOSED**

Hinesville, GA

Sale Date	September 2016
Sale Price	\$1,465,000
CAP Rate	6.44%
RBA	9,100
Price/SF	\$160.99
Lease Type	NNN
Term Remaining	15 Years
Year Built	2016



**CLOSED**

Aiken, SC

Sale Date	July 2016
Sale Price	\$1,470,000
CAP Rate	6.32%
RBA	9,100
Price/SF	\$161.54
Lease Type	NNN
Term Remaining	15 Years
Year Built	2016



**CLOSED**

Spruce Pine, NC

Sale Date	May 2016
Sale Price	\$1,460,000
CAP Rate	6.80%
RBA	9,100
Price/SF	\$160.44
Lease Type	NNN
Term Remaining	15 Years
Year Built	2016



**CLOSED**

Stephens City, VA

Sale Date	March 2016
Sale Price	\$1,950,000
CAP Rate	6.40%
RBA	9,384
Price/SF	\$207.80
Lease Type	NNN
Term Remaining	13 Years
Year Built	2014



**CLOSED**

Pocono Summit, PA

Sale Date	January, 2016
Sale Price	\$1,703,000
CAP Rate	6.65%
RBA	9,100
Price/SF	\$187.14
Lease Type	NNN
Term Remaining	14 Years
Year Built	2015

Note: All Dollar General photos in this market report are representative.

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