

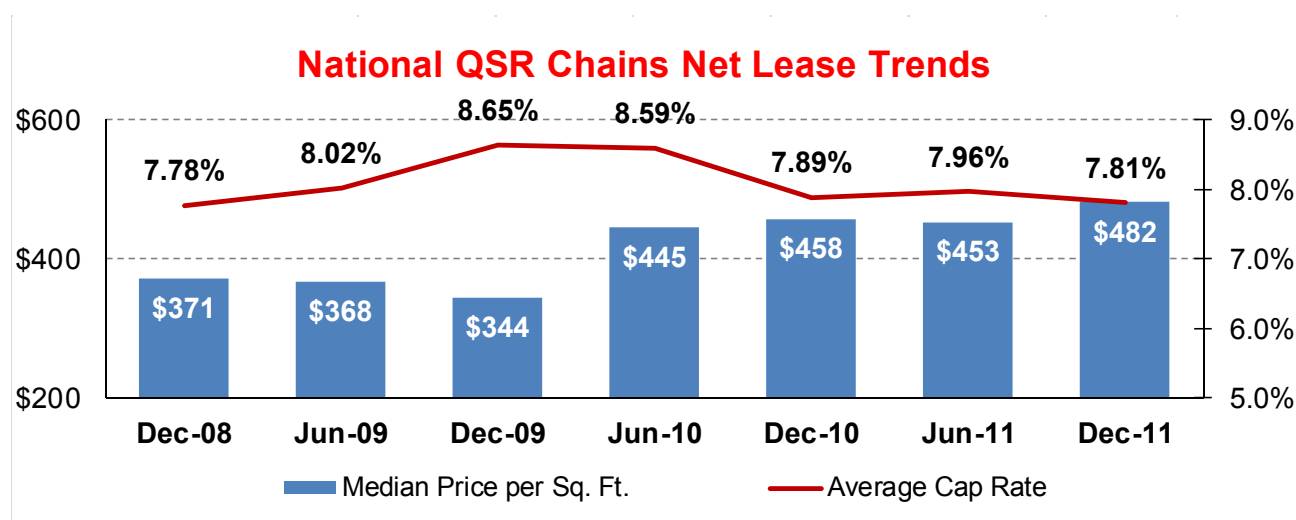
**Efficient Research Solutions & Value-Added Insight**

**Restaurant Research Think Piece – January 2012**

**Restaurant Real Estate Cap Rate Trends**

The average cap rate for closed deals decreased by a considerable amount over the last 6 months (especially in November and December) which reflects: (1) borrowing/financing rate declines; (2) an end-of-year push to complete 1031 exchanges; (3) few high-quality assets on the market. Based upon a recent RR survey, franchisee lending has improved slightly so far in 2012 with a commensurate pick-up in sale-leaseback activity.

National QSR Chains Net Lease Trends							
Period	Dec-08	Jun-09	Dec-09	Jun-10	Dec-10	Jun-11	Dec-11
Average Cap Rate	7.78%	8.02%	8.65%	8.59%	7.89%	7.96%	7.81%
Median Price per Sq. Ft.	\$371	\$368	\$344	\$445	\$458	\$453	\$482
# Transactions	43	23	36	46	61	53	66



Source: Marcus & Millichap

About the Contributing Firm: The Nisbet Group is a member of the National Retail Group of Marcus & Millichap which specializes in representing institutional and private companies in the disposition of multi-tenant and single tenant retail properties. Please contact Peter Nisbet, Vice President of Investments, Senior Director, National Retail Group - pnisbet@marcusmillichap.com or call (206) 826-5700 ext. 5718.

Restaurant Research's *Industry Data Report on Franchise Finance and Unit Level Valuations* provides an analysis of restaurant financing activity by national franchise lenders - outlining current lending parameters including projected and current interest rates, equity requirements, leverage ratios and loan/amort terms. This report also includes estimates on national chain restaurant unit level EBITDA multiples and cap rates for the last 5 years as well as projections for the next 6 months. For information on how to order the complete report, please contact us at (203) 405-1901 or [info@ChainRestaurantData.com](mailto:info@ChainRestaurantData.com).

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Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports.

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