

Tim Falls

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To: Tim Falls
Subject: pls place in walgreens file

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Is Walgreens Leading Us Down the Yellow Brick Road?



Walgreens has been considered the bellwether for net lease properties, its high credit ratings (A2 for Moody's and A+ for S&P) ensuring stability relative to the market. For the past year its cap rates have been climbing and many forecasted they would continue to rise till years end, however, recent developments may indicate that are cap rates leveling off. If Walgreens can be considered a bellwether for the market, this could point to wider implications.

Starting in late 2008 fears began to mount about the inflationary effects of governmental spending. The 25 year flat lease, customary on most Walgreens net lease properties, became increasing unattractive as a long term hold asset. Furthermore, the glut of properties on the market, 200-250 in 2008-09 compared to around 100 in 2007.

