

STORE CAPITAL

Are you seeing an influx of activity to buy/sell properties for fear of possible tax implications with the 'fiscal cliff'?

The fourth quarter of the year has historically been the most active for us. However, we are seeing increased fourth quarter real estate sales activity this year as a result of anticipated increases in capital gains tax rates that are expected to start in 2013.

With institutions picking up a lot of the credit-rated product at low cap rates, what are other buyers seeking? What do they consider 'safe' investments in net lease?

High-credit tenant net leased assets represent a large and the most popular segment of the net lease real estate marketplace. The memory of the market 2008 and 2009 disruptions is fresh in the minds of investors and encourages a preference for the safety offered by high-credit tenants. For real estate not leased to high credit tenants, comparative investment safety can be attained, but often requires increased tenant financial reporting, tighter lease structures and an increased focus on real estate investment fundamentals.

What are the concerns of buyers and sellers in the market?

Real estate intensive operating companies can generally lower their costs of capital by electing to lease, rather than own, their real estate. Once that decision is made, tenants will naturally focus on the ability to attain a desirable lease rate and real estate proceeds. What can become equally important is the certainty and timing of closing and the flexibilities contained within the lease that offer greater business operational flexibility. As a long-time investor in the net lease market, we are interested in tenant credit fundamentals, real estate valuation fundamentals, lease documentation and the ability to forge a long-term relationship with alignments of interest with our customers.



CHRISTOPHER H. VOLK, CHIEF EXECUTIVE OFFICER

ADVERTORIAL