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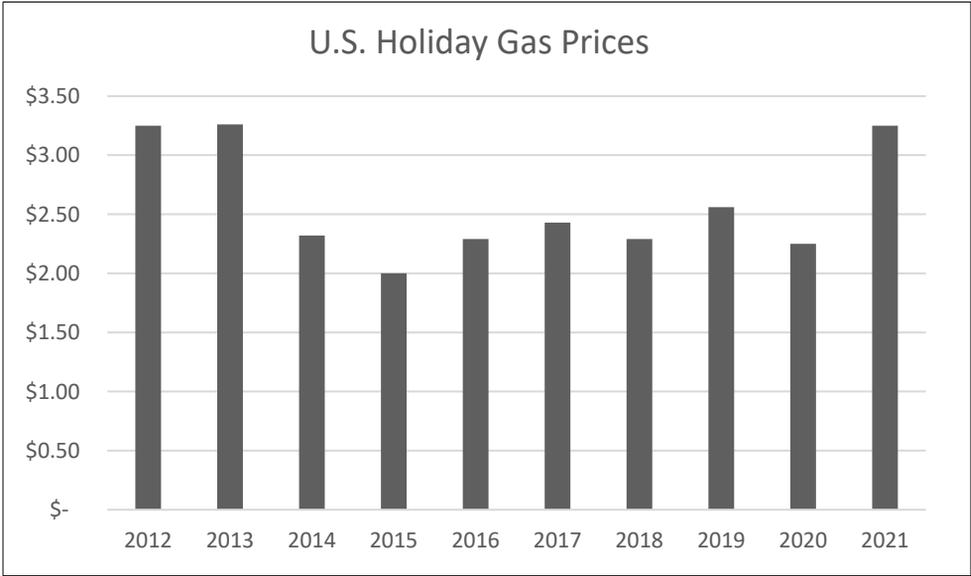


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U.S. GAS STATION & CONVENIENCE STORE UPDATE Q4 2021 **JANUARY 2022**

In Q4 2021, average gas prices in the U.S. reached a new all-time high of \$4.75 per gallon in certain cities, according to GasBuddy. Prices breached the previous record of \$4.74 per gallon, set over nine years ago in 2012.

While the reasons for the rise are many, the bulk of the move can be attributed to heavy rains in the Bay area, which caused some refinery outages, on top of the highest global oil prices in over seven years due to a developing energy crunch and as demand surpasses oil supply globally. In addition, California has its own CARB-mandated gasoline, and in recent years, California also voted to approve raising gasoline taxes to the highest in the country. Even though there has been a drop in the price per gallon for the week prior to Christmas, the \$3.25 mark estimated for the last week of 2021 by Gasbuddy will make it one of the priciest Holiday weeks. The below graph exhibits the price per gallon for the holiday week from 2012 onwards with estimated 2021 figures.



Local Businesses Over Online-Only Brands

Sixty-seven percent of consumers trust local businesses more than internet-only brands, according to a new report by digital technology company Uberall. Seventy-five percent of baby boomers agreed with this sentiment, compared with 64% of millennials and 57% of Gen Z. Two-thirds of consumers also include the nearby locations of national chains in their definition of “local business.”

The survey found that a large majority of consumers (88%) think it’s important to trust the businesses they transact with. It’s also about an emotional connection, with 55% of consumers saying they feel more “emotionally connected” to a business in their area. However, with greater trust comes higher expectations: Respondents said they expect the most of independent local businesses (41%), compared with national chains (38%) and e-commerce providers (20%). This shows that local stores and national chains are held to a higher customer experience standard than online-only brands, according to the report.

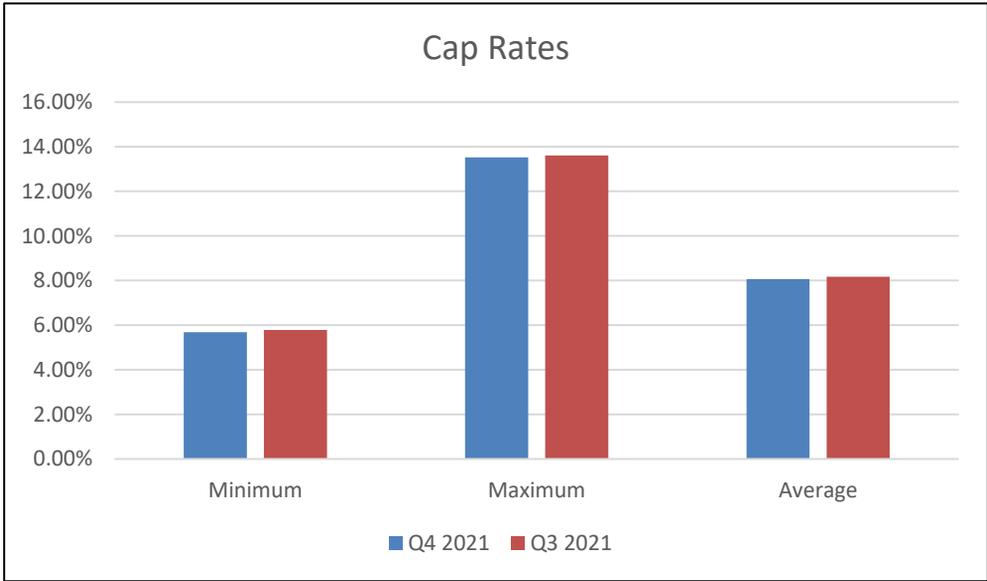
With online consumer trust declining, buyers are reassured by a local presence as per an Uberall spokesperson. People want to buy as their convenience dictates; nearby locations provide convenience as well as additional confidence to buy online, with the knowledge they can pick up or return products locally.

(Source: NACS)

Q4 2021 Cap Rates

Average cap rates for U.S. gas stations & c-stores decreased by 11 basis points in Q4 2021 as compared to Q3 2021. The following table illustrates minimum, maximum and average cap rates for gas stations & c-stores in Q4 2021 & Q3 2021.

Analytical Summary

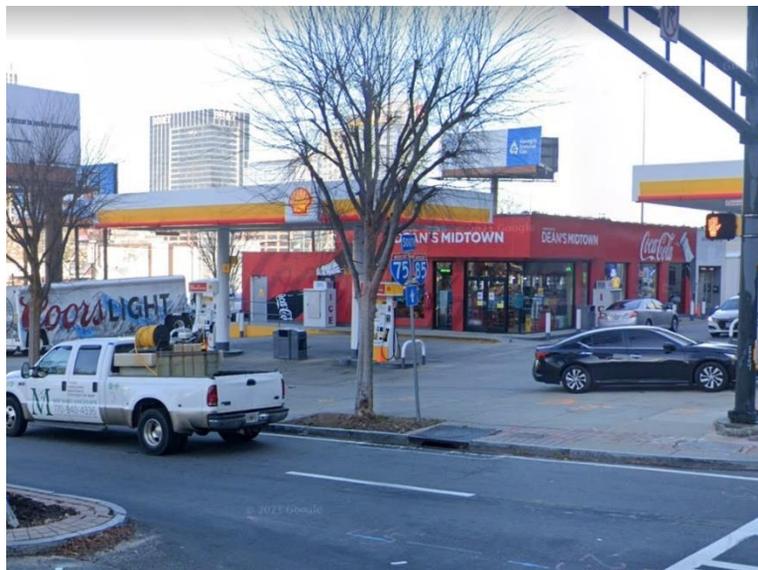


Source: RealtyRates.com

Cap Rates	Q4 2021	Q3 2021	Difference (bps)
Minimum	5.68%	5.78%	-10
Maximum	13.52%	13.61%	-9
Average	8.06%	8.17%	-11

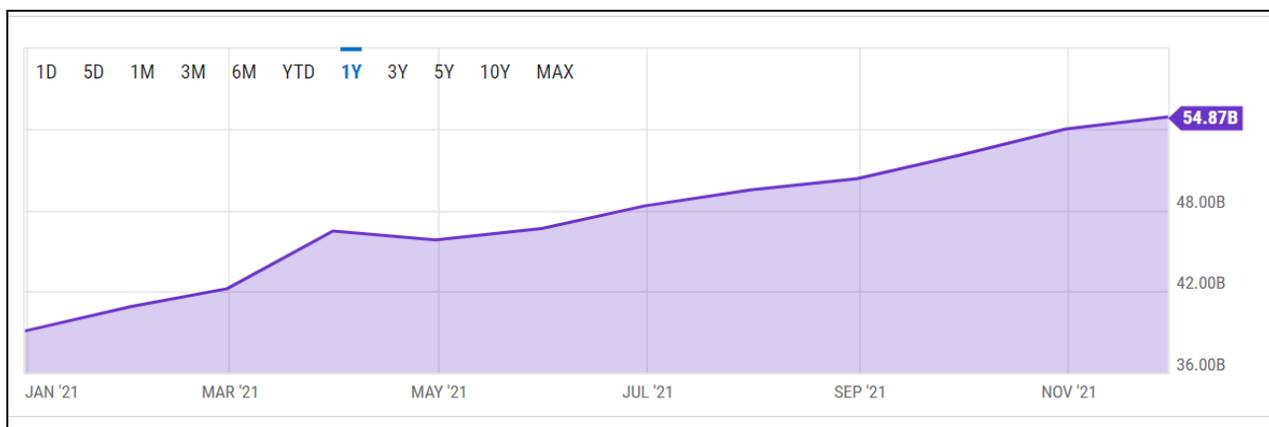
Q4 2021 – Brand in focus

Shell Retail and Convenience Operations LLC, a wholly owned subsidiary of Shell Oil Products US, has signed an agreement to acquire 248 company-owned fuel and convenience retail sites from the Landmark group of companies, whose convenience stores operate in Texas under the Timewise brand. The agreement also includes supply agreements with an additional 117 independently operated fuel and convenience sites.



This acquisition enables Shell to continue its existing premium product offerings, according to a company spokesperson. As one of the largest fuels and convenience retail markets globally, growing in the U.S. gives Shell the opportunity to build on its successful brand presence and leverage the strength of its ongoing business relationships. (Source: CSP Magazine)

Gas station & c-store sales



Gas station sales increased from 50.30 billion in Q3 2021 to 54.87 billion in Q4 2021. (Source: YCharts)

Outlook

GasBuddy.com expects the 2022 yearly national average gas price will rise from 2021's \$3.02 to \$3.41 per gallon. The national average price of gasoline is expected to climb early in the year, peaking as high as \$4.13 per gallon in June. After a hot start to the summer, prices should begin to decline, falling back to potentially just under \$3 per gallon by the holiday season. Most major U.S. cities could see prices peak around or just short of \$4 per gallon, though some Californian cities such as San Francisco and Sacramento could see average prices soar to over \$5 per gallon. Painful labor woes, the future of fuel as electric vehicles loom, the stubbornness of the pandemic and overall business conditions—convenience retailers called out these issues as top of mind in CSP's latest Outlook Survey. Despite the roller coaster year, when a light at the end of the pandemic tunnel brightened and then dimmed again, convenience-store retailers, generally speaking, appear positive as far as 2022 is concerned.



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