



SEPTEMBER/OCTOBER 2020 ©KEYPOINT PARTNERS, LLC BURLINGTON, MA

RETAIL NEWS

NATIONAL

The Commerce Department said retail sales increased 0.6% in August, in part as higher gas prices helped receipts at service stations. However, core retail sales fell 0.1% last month after a revised 0.9% increase in July. **US retail sales rose 1.9% in September**, as people spent on clothing, sporting goods, furniture and other items in stores and online. In August, retail sales grew 0.6%. **See sales reports on Page 4.**

ACCELERATING

Lidl US plans to open 50 new stores by the end of 2021, in the mid-Atlantic and South, which will bring its total number of US locations to more than 150... **Hobby Lobby** is expanding its Florida footprint with 3 new stores... Golden Gate Capital has agreed to sell its remaining equity stake in **Red Lobster** to a consortium of investor Thai Union and Red Lobster management. Red Lobster has 670 US restaurants... Authentic Brands Group and Sparc Group, a venture backed by Simon Property Group, completed their \$325 million acquisition of **Brooks Brothers**. At least 125 Brooks Brothers stores will remain open as part of the agreement... **Five Below** opened a record 63 new stores during the 2nd quarter, for a total of 982 stores in 38 states, and expects to open 110 to 120 net new stores in 2020... **Macy's** plans to test several smaller stores outside of malls, and also plans to test a smaller-format, non-mall **Bloomingdale's** next year... **Dick's Sporting Goods** will open 11 stores in October, including 6 namesake locations, 2 combination Dick's/Golf Galaxy locations, and 3 Dick's Warehouse Sale outlets... **Costco** has either opened or begun construction on 6 new locations in the US and Canada... After opening 7 locations in the first half of 2020, **RNR Tire Express** has contracted to open 47 more stores in 7 states. The company has 400 stores under contract in the US... **Bob's Discount Furniture** announced the grand opening of 3 stores in Ohio expanding its footprint in the state to 5 stores. Bob's opened an additional 8 stores nationwide over Labor Day weekend, bringing its total number of stores to 136... **BurgerFi International**, with approximately 125 locations spanning across 23 states, has signed letters of intent for 30-plus new units. In addition to the signed

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COMMENTARY

A Masked Halloween

Our home office is about a 45-minute drive from Salem, MA, the self-proclaimed "Halloween capitol of the world". Downtown Salem is a pleasant area of restaurants and quirky small shops, and anyone who's been there on a Sunday afternoon in October can tell you that it's shoulder-to-shoulder people, performers, vendors, and, you know, witches.



But this is Halloween 2020, when everyone's wearing a mask, a man in Texas built a candy-shooting robot for distanced hand-outs, and the only thing more frightening than a face-to-face meeting is a crowd. Of the 700 events usually planned for Salem's month-long Haunted Happenings celebration, which in a normal year brings half a million visitors to celebrate, shop, and dine in the city, only a small fraction will actually happen, and those will be very different. Across the country many municipalities are already canceling traditional trick-or-treating outright, or at least discouraging it. It's hard to imagine a Haunted House attraction in this environment, and Halloween

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COMPANY NEWS

New Management/Leasing Assignment: The Property Management and Leasing teams have been awarded the contracts for **Springfield Plaza**, Springfield, MA. The contracts were awarded by ConwayMackenzie. Springfield Plaza is a 444,000 s/f center anchored by a Super Stop & Shop, with tenants including **Ocean State Job Lots, Rocky's Ace Hardware, Dollar Tree, Planet Fitness, O'Reilly Auto Parts**, and many others. Available space for lease includes multiple inline, junior anchor, and new proposed pad opportunities. **Tenant Rep:** VP of Leasing Michael Branton is working with **LaserMD Med Spa**, a provider of cosmetic enhancement and medical spa services, to find new sites in MA.

Moving forward? We're here to help. What can we do for you?

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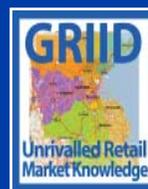
ONLINE AT KEYPOINTSRETAILNEWSLETTER.BLOGSPOT.COM

INDICATORS

PMI: 55.4%, down from last month
 CCI: 101.8, down from last month

Details on Page 4, plus Treasury Matrix, Retail Comp Sales Chart, and Commerce Dept. Sales Report

Property Management
 Retail Leasing
 Tenant Representation
 Investment Sales
 Construction
 Retail Research
 Financing & Consulting
 Services for Malls



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parties at schools or community centers will look very different this year, if they happen at all.

What does this mean for the retail world? According to the **National Retail Federation's** annual report on Halloween, overall consumer spending will drop, from \$8.78 billion last year to a predicted \$8.05 billion this year. However, the per person spending average is expected to increase, from \$86.27 last year to \$92.12 this year, as shoppers spend on home decor, candy and cards. The NRF reports that more than three-quarters of adults said the virus is affecting

their holiday plans. About 17% plan to celebrate virtually. More than 148 million US adults plan to celebrate the holiday with at-home plans like decorating and carving pumpkins most popular. In 2019, 49% planned to decorate their homes, while this year 53% are decorating.

While many retailers have put out seasonal merchandise earlier than normal, it seems as if consumers are more open to it this year. There's also been a shift in the types of costumes being sold this year, away from super heroes and film characters toward everyday heroes such as nurses, doctors, and firefighters. Discount stores, specialty Halloween stores, grocery stores, and online retailers remain top physical shopping destinations, although 3 in 10 are making Halloween purchases online, up from one-quarter last year.

Party City plans to open just 25 pop-up stores under its **Halloween City** banner this year, a 91% reduction from the 275 they opened last year. However, seasonal retailer **Spirit Halloween** has said that they "can't wait to welcome you back at our 1,400 locations nationwide" (with enhanced safety protocols), and US sales of Halloween candy were up 13% over last year in the month ending Sept. 6, according to the **National Confectioners Association**. Sales of chocolate alone are up 25%, good news for candy companies, which make nearly 14% of their annual \$36 billion in US sales during the 10-week Halloween period.

Halloween 2020 may not be as much of a horror for retail as one might think. What will the Holidays bring? According to the NRF's website, Holiday retail sales in 2019 grew 4.1% over the previous year, totaling \$730.2 billion. In a survey of 54 retailers about 2020 Holiday plans, the NRF says, "from rethinking the shopping timeline to reimagining traditional sale events, retailers are actively planning ahead to ensure they're ready to meet consumers' holiday shopping needs". That's a sign of cautious optimism. So, put on your mask, and have a safe, (reasonably) Happy Halloween.

Chris Cardoni, Marketing Manager

RETAIL NEWS

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Justice (an acquisition vehicle of IHL Group). Ascena Retail has shuttered roughly 600 of Justice's 820 stores.

NEW ENGLAND

Neiman Marcus plans to close its Natick (MA) Mall store sometime next year...**The Paper Store** has emerged from bankruptcy. The Paper Store filed for Chapter 11 bankruptcy protection in July...**The Pour House Bar & Grill** on Boylston Street in Boston's Back Bay plans to change ownership and close after 34 years...**The Hingham Beer Works** chain faces statewide consolidation. An auction notice went up for beer equipment and furniture at the Hingham location, and the path forward for the 4 remaining locations is up in the air...**MarketStreet** Lynnfield (MA) opened 2 new stores: **Madewell** and local boutique **The Cue**...**Town Sports International**, parent company of **Boston Sports Clubs**, filed for bankruptcy protection. There are 28 Boston Sports Clubs in MA, and 1 in RI...**FRAME**, the LA lifestyle brand, opened a store on Newbury Street in Boston. This store is the 12th store for FRAME and first in MA... **PNC Bank** opened its first retail branch in Boston this month, one of 5 planned in 2020.

MALLS

H&M, **Primark**, and **Zara** will finally open at American Dream mall in October. The project's skating rink, DreamWorks Water Park, Nickelodeon Universe theme park, and Out of This World Blacklight Mini Golf are also slated to open in October. The Big Snow indoor ski slope American Dream opened on Sept. 1...**Ingka Centres**, an **Ikea** unit that owns and operates 48 malls in Europe and Asia, has acquired the 375,000 s/f 6 X 6 Building on 945 Market Street, San Francisco. Ingka has budgeted at least \$250 million for redevelopment into a new enclosed shopping center and the city's first Ikea store, its first US development... More than 50 shops that make up Manhattan's **Hudson Yards** have re-opened.

LOIs, the brand has 9 new stores scheduled to open before the end of the year...Levin Leichtman Capital Partners, a private equity firm, has acquired **Tropical Smoothie Cafe**. The terms of the deal were undisclosed. The brand has more than 870 units in 44 states. The chain has opened more than 55 stores in 2020 and expects to add more than 30 by the end of the year...**Urban Air Adventure Park** opened 18 new locations during the first half of 2020, with another 16 parks scheduled to open before year-end. Urban Air will have more than 150 locations...Simon Property Group and Brookfield Property Partners reached an agreement in principal to acquire **J.C. Penney** in a deal valued at approximately \$800 million. The deal would keep most of the chain's 650 remaining stores open...Amazon has opened its second **Amazon Go** grocery store, a 13,000 s/f store in a former Sears Auto Center in Redmond, WA.. **J. Crew** has officially exited bankruptcy after filing for Chapter 11 in May. The apparel retailer has 500 stores...**MY SALON Suite** expects to have more than 200 locations in operation by the end of 2020, and more than 500 locations over the next 5 years. As of August 14, MY SALON Suite reported 168 active locations...**Tractor Supply Company** announced the opening of its 1,900th store located in Oakhurst, CA. The company, which opened 80 new stores in 2019, will open 75 to 80 new stores in 2020... Designer Brands Inc., parent of **DSW**, will open in-store shops at 6 **Hy-Vee** supermarkets in October, with additional locations expected to open in 2021... **QuikTrip** opened 4 new locations this month, growing its portfolio to 850 stores across 11 states...**BJ's Wholesale Club** is planning at least 2 new sites near Pittsburgh, a new market for the company. BJ's will open at 6 new clubs in 2021, and eventually 10 or more clubs per year... **Neiman Marcus Group** has emerged from Chapter 11 bankruptcy protection. Neiman Marcus filed for bankruptcy in May... **Edible** added 63 new franchise agreements in 2020, 22 in August alone. Edible Brands, the parent company of Edible, has more than 1,000 locations worldwide... **Charming Charlie** opened a location at Cumberland Mall in Atlanta. The company plans to roll out additional locations across the US during late 2020 and early 2021. Charming Charlie previously filed for bankruptcy in July 2019 and shuttered all of its 260 locations...**Great Clips** now has a location in all 50 states with the opening of locations in Maine, Louisiana, and Vermont. Great Clips has more than 4,500 salons throughout the US and Canada...**Marco's Pizza** opened its 1,000th store...New home furnishings retailer **Loves Furniture & Mattresses** has opened its first 16 stores, with plans to open 31 stores total...Jewelry e-tailer **Blue Nile** plans to open 50 brick-and-mortar locations in the top 50 US metro markets over the next 3 years. There are currently 5 US stores... **New York & Company** will become a digital-only company under new owners. RTW Retailwinds, its parent company, has closed on the sale of its e-commerce business and all related intellectual property and other assets to investment company Saadia Group...**Wingstop** opened a net 43 net openings this year. As of September 26, Wingstop had 1,308 US units... **uBreaki-Fix** opened 20 new stores, bringing the brand's total to 595 stores across North America...**Winn-Dixie** plans to open 4 new stores throughout Florida in November... **Albertsons Cos.' Acme Markets** will acquire 27 **Kings Food Markets** and **Balducci's Food Lover's Markets**, KB US Holdings, parent of Kings and Balducci's, put the chains up for sale in August. Stores will retain their banners and become part of Albertsons' Mid-Atlantic division.

DECELERATING

CBL Properties has made a restructuring deal that calls for a Chapter 11 bankruptcy filing. The REIT's major tenants include **Ascena, Forever 21, J.C. Penney, Claire's**, and other retailers that have filed for bankruptcy or closed several stores... KB US Holdings, the parent company of **Kings Food Markets** and **Balducci's Food Lover's Market**, filed for Chapter 11 bankruptcy protection and accepted a stalking horse bid from TLI Bedrock to purchase the company for \$75 million. Kings operates 25 supermarkets in NJ, NY, and CT. Balducci operates 10 stores... **Estée Lauder** aims to close 10% to 15% of its standalone stores globally. The beauty giant will be reevaluating its role in department stores as well... **Lord & Taylor** and its owner Le Tote expanded going out of business sales to all of Lord & Taylor's 38 stores. The companies filed for Chapter 11 bankruptcy protection in August, and announced that only some stores would close...Southeastern Grocers plans to sell 23 stores under its **Bi-Lo** and **Harveys Supermarket** banners to grocery wholesaler and retailer Alex Lee and independent operator B&T Foods. Financial terms of the transaction weren't disclosed...Luby's board has approved a plan to liquidate the company through the sale of its real estate and other assets, which include the **Luby's Cafeterias** and **Fuddrucker's** brands. The plan is subject to the approval of shareholders. The company operates about 77 namesake cafeterias and about 50 Fuddrucker's units, and franchises about 100 more Fuddrucker's...New York retail institution **Century 21** is going out of business. The retailer has filed for bankruptcy, with plans to shut down its 13 stores... **American Eagle Outfitters Inc.** plans to close 40 to 50 stores for the year. The retailer operated 1,098 stores at the end of the quarter...LVMH stated that it likely would not be able to complete its planned \$16.2 billion acquisition of **Tiffany & Co.** The jeweler fired back with a lawsuit and said LVMH was trying to leverage the retail slowdown caused by the pandemic and recent "social protests" to seek a lower price...**GameStop** is on track to close about 400 to 450 stores worldwide during its current fiscal year, more than the 320 closures GameStop announced in March. At the end of the quarter, GameStop had 5,122 locations worldwide, 602 fewer than last year... A&G Real Estate Partners has begun marketing leases for 280 **Stein Mart** locations closed in connection with the company's bankruptcy filing. The stores span 30 states...Ascena Retail Group Inc., parent of **Ann Taylor, Loft** and **Lane Bryant**, announced the winning bid of \$40.8 million from FullBeauty Brands Operations LLC for its **Catherine's** brand. FullBeauty outbid City Chic Collective Ltd., which had made a stalking-horse offer of \$16 million. FullBeauty is owned by Apex Partners and Charlesbank Capital Partners...**Sizzler USA** has filed for bankruptcy. The filing is only for Sizzler's 14 company-owned restaurants -- not its international locations or more than 90 franchised US restaurants...**H&M** plans a net decrease next year of about 250 stores. In June, the company said it would close 170 stores, but with openings that's a net 40-store decrease...**Regal Cinemas**, the 2nd-largest movie theater chain in the US, announced that it will temporarily shutter its 536 theaters. The company closed all of its theaters in mid-March and had been slowly reopening as states and cities lifted shutdown orders...Casual-dining chain **Ruby Tuesday** filed for bankruptcy and will permanently shut down 185 company-owned restaurants... **Bed Bath & Beyond** which expects to close about 200 stores in the next 2 years, has entered into an agreement to sell all 80 **Christmas Tree Shop** stores and a distribution center to Handil Holdings. In addition, Bed Bath & Beyond is selling its Linen Holdings business to The Linen Group LLC, an affiliate of Lion Equity Partners... Flying Tiger Copenhagen is closing all US locations...Ascena Retail Group is selling its Justice brand to Premier Brands

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RETAIL SALES REPORT

CHAIN **PERIOD** **COMP %** **DATE**

NOTE: Because of the pandemic, many chains have reported net sales, not comp store sales, or company revenue - or postponed reporting.

| CHAIN | PERIOD | COMP % | DATE |
|---------------------------|-----------|--------|------|
| Drug Stores | | | |
| CVS | Quarterly | 1.0 | 6/30 |
| Walgreens | Quarterly | 3.0 | 5/30 |
| Rite Aid | Quarterly | 6.6 | 5/30 |
| Wholesale Clubs | | | |
| Costco | Monthly | 13.2 | |
| Sam's Club | Quarterly | 13.3 | 7/26 |
| Apparel | | | |
| Abercrombie & Fitch | Quarterly | -17.0 | 8/1 |
| American Eagle | Quarterly | -15.0 | 8/3 |
| GAP | Quarterly | 13.0 | 8/1 |
| Tailored Brands | Quarterly | 2.4 | 5/2 |
| Chico's | Quarterly | 9.2 | 8/1 |
| Ascena Group | Quarterly | -2.0 | 2/1 |
| L Brands | Quarterly | 63.0 | 8/1 |
| LuluLemon | Quarterly | -51.0 | 8/2 |
| Department Stores | | | |
| Macy's | Quarterly | -34.0 | 8/1 |
| JC Penney | Quarterly | -7.0 | 2/1 |
| Nordstrom | Quarterly | -53.0 | 8/1 |
| Kohl's | Quarterly | -22.9 | 8/1 |
| Discounters | | | |
| Wal-Mart | Quarterly | 9.3 | 7/26 |
| Target | Quarterly | 24.3 | 8/1 |
| Dollar General | Quarterly | 8.8 | 7/31 |
| Dollar Tree | Quarterly | 7.2 | 8/1 |
| TJX | Quarterly | -3.0 | 8/1 |
| Electronics | | | |
| Best Buy | Quarterly | 5.8 | 8/1 |
| Supermarkets | | | |
| Ahold Delhaize USA | Quarterly | 18.8 | 8/1 |
| UNFI (Supervalu) | Quarterly | 12.0 | 5/2 |
| Other | | | |
| Bed Bath & Beyond | Quarterly | -49.0 | 5/30 |
| Michaels | Quarterly | 12.0 | 8/1 |
| Signet (Kay, Jared, Zale) | Quarterly | -31.3 | 8/1 |

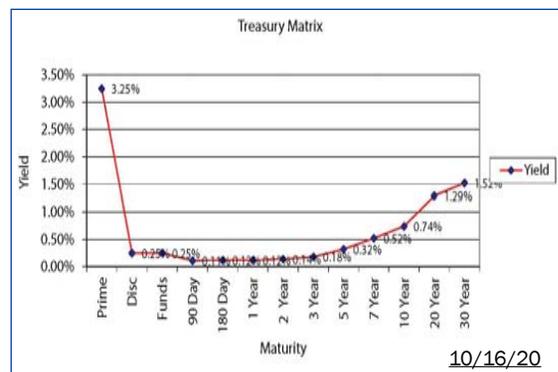
Notes: figures gathered from individual company websites, press releases, and Federal filings. Not all companies report all figures; results not reported will be marked "n/r". Quarterly results will be updated when available; quarterly figures are shown in italics. Figures from companies not calculated to one decimal point automatically received an ending digit of 0.

COMMERCE DEPARTMENT MONTHLY SALES

US retail sales rose 0.6% in August, the Commerce Department reported. US retail sales rose 1.9% in September, as people spent on clothing, sporting goods, furniture and other items in stores and online.

Source: U.S. Department of Commerce - commerce.gov

TREASURY YIELDS



| Term | Yield | Term | Yield |
|---------|-------|---------|-------|
| 3 Month | 0.11% | 5 year | 0.32% |
| 6 Month | 0.12% | 7 year | 0.52% |
| 1 year | 0.12% | 10 year | 0.74% |
| 2 year | 0.14% | 20 year | 1.29% |
| 3 year | 0.18% | 30 year | 1.52% |

Treasury Yield Sources: federalreserve.gov; ustreas.gov

CONSUMER CONFIDENCE INDEX

The Conference Board Consumer Confidence Index® decreased in August, after declining in July. The Index now stands at 84.8 (1985=100), down from 91.7 in July.

The Conference Board Consumer Confidence Index® increased in September, after declining in August. The Index now stands at 101.8 (1985=100), up from 86.3 in August.

Source: The Conference Board - www.conference-board.org

PURCHASING MANAGERS INDEX

Manufacturing grew in August, as the PMI® registered 56 percent, 1.8 percentage points higher than the July reading of 54.2 percent.

Manufacturing grew in September, as the PMI® registered 55.4 percent, 0.6 percentage point lower than the August reading of 56 percent.

Source: Institute for Supply Management - Manufacturing Report on Business - www.ism.ws

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