



February: Malls: Getting Near The Edge? Macy's announced that it will close 125 stores over the next three years, app. 1/5 of its more than 600 stores. The initial round of 31 closings is expected to take place early this year. Furthermore, a new location strategy was announced which will focus on smaller stores in off-mall environments. If we take a closer look at what all this means to the mall sector in general, we can see that it means a lot.

March: The Last Domino? Life has been tough on all retailers in recent weeks, particularly the distressed ones. First restaurants and bars were ordered to close, then major retailers elected to close, and then entire malls followed suit. The response to COVID-19 threatens to impact retail foot traffic in ways never before experienced – and exacerbate slowing sales trends at brick-and-mortar stores as shoppers continue to shift dollars online.

April: Entering Uncharted Waters Shopping center landlords have done a respectable job filling vacancies in the wake of the Great Recession, in large

part with **Amazon-proof** tenants such as restaurants, cinemas, trampoline parks, bowling, adventure parks, and fitness centers. These efforts were enough for many centers to survive. But now the industry has been plagued with COVID-19, maybe the most impactful watershed moment that retail veterans have experienced in their lifetimes.

May: Easing Back to the Mall: May 11-15 As an area resident, I decided to stop by Pheasant Lane Mall, in Nashua, NH on three different occasions to see if shopper enthusiasm would build after 8 weeks of stay-at-home orders. Stores were in no rush to be the first, and shoppers were in no rush to experience the new normal; at least that's the way Week 1 looked at New Hampshire malls following the lifting of restrictions at stores.

June: A Look Back Bob Sheehan, the primary author of this column for the last 16 years, is moving on. I asked him to think back to some of the trends affecting retail during the last 16 years and share them. As I listened, I couldn't help but think of a heavyweight boxer from the 1970's, Chuck Wepner. Mr. Wepner would take punch after punch, earning the nickname The Bayonne Bleeder, but would seemingly recover and fight another round. Like Chuck Wepner, retail has fought on, at times bloodied and a bit bruised. But it's important to remember that retail is *evolutionary*.

July/August: Meeting Change With Intuition How do you make real estate decisions - your feel for the market, or are you data driven? Most investors I've spoken with use a combination. Some are guided by "feel" and let the data confirm (or not) what they believe. Others use data to drive them to markets, and use their "feel" to select the best property. We use demographics to assess demand, market studies to assess supply, and leasing comps to gauge revenue potential. But what happens when historical data is no longer applicable? Such is the case today, and it began in March as the country started shutting down in response to the pandemic.

September/October: A Masked Halloween This is Halloween 2020, when everyone's wearing a mask, and the only thing more frightening than a face-to-face meeting is a crowd. Across the country many municipalities are 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 parties at schools or community centers will look very different, if they happen at all. What does this mean for retail?

All of which brings us to the close of a retail year like no other. Thank goodness that's over; now let's all move forward. There are reasons for hope – vaccines are here, for one thing. Thanks more than ever for your readership and support. Stay with us in 2021; we're certain there'll be a great deal to talk about!

We wish you Happy Holidays and a peaceful, prosperous, hope-filled New Year!

Mark Becker
Partner/CFO
Editor-in-Chief



Chris Cardon
Marketing Manager
Contributor



RETAIL NEWS

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now becomes part of Yaraghi Realty, a Safavieh unit that owns or is developing nearly 15 million s/f of commercial property... **J.C. Penney** has entered into an asset purchase agreement with Brookfield Asset Management, Simon Property Group, and a majority of the company's first lien lenders. Penney expects to operate outside of Chapter 11 before the holiday season. Under the agreement, Brookfield and Simon, Penney's two biggest landlords, will acquire substantially all Penney's retail and operating assets through a combination of cash and new term loan debt. The agreement includes the formation of separate holding companies, made up of 160 of Penney's real estate assets and all of its owned distribution centers, which will be owned by a group of the company's lenders. Brookfield and Simon will enter into master leases with the lenders for the properties and distribution. The deal is still subject to court approval and other conditions...Mall owner **PREIT** has filed for Chapter 11 protection to gain access to an additional \$150 million to extend its debt maturity schedule and allow it to follow through with planned strategic moves...**Wayfair's** first-ever retail store, in the Natick (MA) Mall, is closing after 1 ½ years.

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pleted the sale of **Christmas Tree Shops**, its Linen Holdings business, and a distribution center in NJ for app. \$250 million...Green Thumb Industries Inc., a cannabis goods company and owner of **Rise** retail stores, opened **Rise Kendall**, its 50th retail location...**Grocery Outlet** will open 3 to 5 stores on the East Coast next year, and expects to open 35 total stores next year... **Dollar General** opened its 17,000th store, and has launched its first 2 **Popshelf** stores, a new concept offering non-consumable products and targeting primarily middle-class women. The first 2 stores are in the Nashville area. Dollar General expects to open 30 Popshelf stores by the end of fiscal 2021, and plans to open 1,050 stores in 2021, remodel 1,750 stores, and relocate 100...**uBreakiFix** has opened its 600th location... **The Spice & Tea Exchange** opened 5 stores. The company has more than 70 US stores...Ahold Delhaize entered into an agreement, along with Centerbridge Partners, to acquire online grocer **FreshDirect** for an undisclosed sum. FreshDirect delivers fresh groceries to customers in 7 states...Ascena Retail Group, parent of **Ann Taylor**, **LOFT**, and **Lane Bryant** will be bought out of bankruptcy by private equity firm Sycamore Partners, which owns **Talbots**, **The Limited**, and **Staples**. The company plans to keep a substantial portion of the stores, and expects the deal to close by mid-December...**Goldfish Swim School Franchising, LLC** signed 20 agreements, on track to surpass last year's 17 openings...**Tropical Smoothie Café** opened its 900th cafe, signed 214 franchise agreements, and opened 87 US locations...**Aldi** opened a 3rd Miami location. Aldi now has 42 stores in Florida, part of a strategy to add 70 locations this fall alone. With over 2,000 stores in 36 states, Aldi will become one of the largest US grocers by 2022...**Kohl's** announced a partnership to open 200 in-store **Sephora** shops by next fall, and expand into 850 Kohl's stores by 2023. The shops will average 2,500 s/f...Retail Ecommerce Ventures won a bankruptcy court auction for the intellectual property of **Stein Mart Inc.**, with a bid of \$6.02 million. REV plans to relaunch the brand, which declared bankruptcy in August and shut down operations, as an online-only retailer in 2021. REV owns various assets of **Dressbarn**, **Franklin Mint**, **Linens 'n Things**, **Modell's Sporting Goods**, **Pier 1 Imports**, and **Radio Shack**...Tailored Brands, whose brands include **Men's Wearhouse**, **Jos. A. Bank**, **Moore's Clothing for Men**, and **K&G**, has emerged from Chapter 11 bankruptcy protection and completed its restructuring. Under the terms of the plan, Tailored Brands has eliminated \$686 million of debt. Tailored Brands filed for bankruptcy in August, after it announced plans to close 500 stores...**J.C. Penney** has exited Chapter 11 and completed its sale agreement under which Simon Property Group and Brookfield Asset Management acquired substantially all of Penney's retail and operating assets. The deal was approved by a bankruptcy court in early November. Penney, which closed stores throughout the bankruptcy process, exits Chapter 11 with close to 700 stores nationwide...**Walgreens** and **VillageMD** will open 40 primary care clinics by next summer...Twist Brands LLC, parent company of **Painting with a Twist**, has acquired **Color Me Mine** and **Chesapeake Ceramics**, a ceramics supplier. Color Me Mine has 140 units. Painting with a Twist has 300 studios open or in development in 39 states...Nonantum Capital Partners is purchasing **Ross-Simons** for an undisclosed sum. Ross-Simons sells jewelry online and has 2 **Sidney Thomas** stores...**Starbucks** plans to increase its store count to about 55,000 by 2030, up from 33,000 today

DECELERATING

Gap expects to close some 350 stores, approximately 30% of its Gap and **Banana Republic** stores in North America, by the end of fiscal 2023 (early 2024), with 75% of closures to be completed by the end of fiscal 2021...**Carter's** will close 25% of its 850 stores as leases come up for renewal or where there is a kickout provision. Carter's will continue to open stores in more densely populated areas. It plans to open nearly 100 co-branded **Carter's-OshKosh** stores during the next 5 years...**Pet Valu** will close all its 358 US stores and warehouses in the U.S., as well as its corporate office in Wayne, PA...**Francesca's** plans to close 234 stores by Jan. 30. The retailer runs about 700 locations, mostly in malls...Caleres plans to close 133 stores under its **Naturalizer** footwear brand by the end of fiscal 2020...**Guitar Center** has filed for Chapter 11 bankruptcy protection with plans to reduce its debt by \$800 million. The company plans to keep its nearly 300 US stores open during the process, which it expects to complete by the end of the year...**Francesca's** has filed for Chapter 11 bankruptcy protection with intention to sell its business. In November, Francesca's revealed plans to close 140 of its 700 stores. As of Dec. 4, 558 stores were open...**Bed Bath & Beyond** has entered into an agreement to sell **Cost Plus World Market** to Kingswood Capital Management. Financial terms were not disclosed. The agreement includes 243 stores.

NEW ENGLAND

Paris Baguette announced its 2nd MA location, a new franchise in Quincy. Paris Baguette operates more than 82 corporate and franchise bakery-café throughout the US...Streetwear retailer **Concepts** opened a global flagship store in Boston on Newbury St...**Friendly's** has declared bankruptcy and has an agreed to be sold to Amici Partners Group for app. \$2 million. Amici is affiliated with Brix Holdings, a company that owns **Red Mango**, **Smoothie Factory**, **Souper Salad**, **Redbrick Pizza** and **Greenz**. The company said nearly all of its 130 locations are expected to remain open... Online beauty brand **Madison Reed** is opening its first retail store, **The Madison Reed Mini Bar**, in Boston, part of Seaport's retail incubator The Current...**Citizens Bank** will close 26 MA Stop & Shop branches, to begin in January...Chef/restaurateur Jason Santos will open a 2nd **Buttermilk & Bourbon** restaurant at Watertown's new Arsenal Yards development...**99 Restaurants** closed its pubs in Braintree and West Concord. Restaurants in Seekonk and Worcester are also expected to close soon, though no date was given. 99 has more than 100 locations in New England and New York, including 60 in MA...**Stonewall Kitchen** has opened a store next to the Boston Children's Museum. The 3,000 s/f location features a curated assortment of the brand's offerings along with a PB & J Café. There are 10 Stonewall Kitchen stores in New England...**Berkshire Bank** will close or sell more than 20 branches. The move will cut Berkshire's branch network by nearly a 5th...**Webster Bank** plans to close 27 branches across CT, MA, and RI over the next 6 months...**Market Basket's** newest store opened in Maynard, MA...Furniture shop **Mill 77 Exchange**, local candy shop **The Candy Dish**, and women's fashion boutique **Style Snoop** will open at MarketStreet Lynnfield

MALLS

Rug merchant **Safavieh** has purchased the **Stamford Town Center** mall in Stamford, CT from Taubman for \$20.15 million. The 750,000 s/f property

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One Burlington Woods Drive, Suite 100, Burlington, MA, 01803

Tel 781.273.5555 Fax 781.272.8408

KP@KeyPointPartners.com

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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.*

Drug Stores				
CVS	Quarterly		5.9	11/30
Walgreens	Quarterly		2.3	8/29
Rite Aid	Quarterly		3.5	8/29
Wholesale Clubs				
Costco	Monthly	13.4		
Sam's Club	Quarterly		11.1	10/30
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		6.4	10/30
Target	Quarterly		24.3	8/1
Dollar General	Quarterly		12.2	10/30
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		8.0	8/1
Other				
Bed Bath & Beyond	Quarterly		6.0	8/29
Michaels	Quarterly		12.0	8/1
Signet (Kay, Jared, Zale)	Quarterly		-31.3	8/1

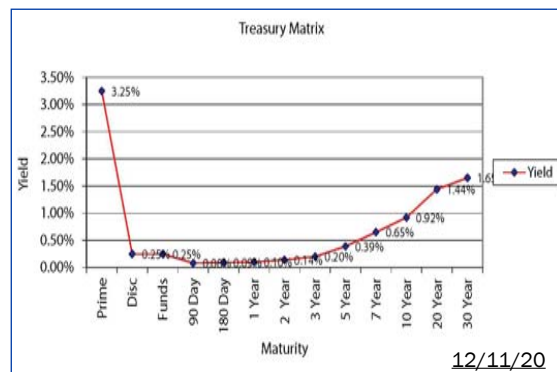
Notes: figures gathered from individual company websites, press releases, and Federal filings. Not all companies report all figures; results not reported will be marked "n/r". Quarterly results will be updated when available; quarterly figures are shown in italics. Figures from companies not calculated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

COMMERCE DEPARTMENT MONTHLY SALES

October: Retail sales rose 0.3% last month. Excluding autos, gas, building materials, and food services, sales rose 0.1%. **November:** Retail sales fell 1.1% last month. Excluding autos, gas, building materials, and food services, sales 0.5%.

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

TREASURY YIELDS



Term	Yield	Term	Yield
3 Month	0.08%	5 year	0.39%
6 Month	0.09%	7 year	0.65%
1 year	0.10%	10 year	0.92%
2 year	0.14%	20 year	1.44%
3 year	0.20%	30 year	1.65%

Treasury Yield Sources: federalreserve.gov; ustreas.gov

CONSUMER CONFIDENCE INDEX

November: The Conference Board Consumer Confidence Index® declined slightly in October, after increasing sharply in September. The Index now stands at 100.9, down from 101.3 in September. **December:** The Conference Board Consumer Confidence Index® declined in November, after remaining relatively flat in October. The Index now stands at 96.1, down from 101.4 (an upward revision) in October.

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

PURCHASING MANAGERS INDEX

November: Manufacturing grew in October, as the Manufacturing PMI® registered 59.3 percent, 3.9 percentage points higher than the September reading of 55.4 percent. **December:** The PMI registered 57.5 percent, down 1.8 percentage points from the October reading of 59.3 percent.

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

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