

# News Clips Report

## CoStar's Retail News Roundup Sep. 27 to Oct. 3, 2009 CoStar Group

**09/28/2009**

CoStar's weekly column covering expansions, new concepts, store closings, bankruptcies, cutbacks, acquisition, mergers, sales, loans, shopping center development activity, personnel changes, sustainability, green building, and more in retail real estate.

### Hammond Square celebrates its grand opening October 1st

This week in the Retail Roundup, CoStar reports on expansions or new concepts at Lowe's and Kohl's; closings, cutbacks, defaults, or bankruptcy news at Taubman Centers and Finlay Enterprises; acquisition, merger, loan, sale, or IPO activity at Gander Mountain; new retail development news in LA and FL; personnel or corporate announcements at Marcus & Millichap, Colliers, Savills, General Growth, and Gap; sustainability and green building news at Fresh & Easy Neighborhood Market; and more.

Did you miss last week's CoStar Advisor national retail story, "As Rents Fall on Prime Streets, Retailers Seize 'Shoppportunities'"? If so, [click here](#) to read the story

(Editor's Note: To keep up on happenings and trends in retail real estate, subscribe to CoStar's Retail News Roundup, a weekly column covering retailer expansions and new concepts, store closings, bankruptcies, cutbacks, acquisition, mergers, sales, new shopping centers, personnel changes, and sustainability. Follow this link for access to back issues of the roundup. In addition to appearing every week in the national news and "vocusinstance="1">retail news sections of our web site, you may also receive the Retail News Roundup for free via email by requesting to be added to the distribution list by contacting senior editor, Sasha Pardy at [spardy@CoStar.com](mailto:spardy@CoStar.com) Also, [click here](#) to subscribe to CoStar's dedicated Retail RSS Feed.

### Lowe's Home Improvement to Open 35 to 45 New Stores in 2010

At its annual investor and analyst conference last week, Lowe's announced its growth strategies for the years ahead.

Lowe's chairman and CEO, Robert Niblock, said Lowe's is shifting its offerings with the theory that the economy has its customers spending more on do-it-yourself home improvement projects, rather than using contractors. Gregory Bridgeford, EVP of business development said the home improvement is expected to grow next year and added, "Our growth will be fueled by prudent store expansion into underserved markets as well as the exploration of international opportunities." Additionally, the company is banking on sales growth from gaining market share in its industry.

During 2009, Lowe's expects to spend \$50 million on the opening of 62 to 66 new stores, growing square footage by 4%. However, its 2010 openings are much lower -- the retailer plans to spend \$30 million on opening 35 to 45 new stores, growing square footage by 2% to 2.5%. In the company's second quarter call with analysts, Niblock commented, "As a result of the lower store opening plans, we have decided to walk away from a number of future store projects. We recorded expense of \$48 million, primarily to write-off previously capitalized costs and reduce the value of these discontinued projects."

Niblock said Lowe's is "under-stored" in a lot of metro markets, which he sees as a great opportunity for the company. "Land was very tough to come by previously and in these current economic times, we're finding more opportunities than we have in the past to put a Lowe's store in some of those metro markets," said Niblock. While the retailer's average store size is 113,000 square feet, the company said its 94,000-square-foot stores "continue to perform well."

### Kohl's Opening 35 Stores This Week

On September 30, Kohl's will officially open the 35 stores it gained from Mervyn's bankruptcy filing. Thirty of these locations are in California and with this opening, Kohl's will have 121 California stores and 1,087 total stores across the country -- that much closer to its 1,400-store goal for the U.S.

Reportedly, the retailer spent \$250 million to convert the Mervyn's stores, an average of \$7.14 million per store; which compares to the \$11 million it typically costs Kohl's to build a new store.

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For more on the Mervyn's stores Kohl's acquired in a joint bid with Forever 21, [click here](#).

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## CLOSINGS/CUTBACKS/BANKRUPTCIES/DEFAULTS

### Taubman Centers Letting Atlantic City Pier Shops Go Back to Lender

Upscale mall REIT, Taubman Centers (NYSE:TCO), has written down the book values of The Pier Shops at Caesars in Atlantic City and Regency Square in Richmond, VA.

Robert Taubman, Chairman, President and CEO said in a statement, "We've invested a significant amount of time and capital in these two properties. Unfortunately, the current economic environment has worked against our best efforts. It's important to note that these properties generate less than two percent of our net operating income."

On The Pier Shops, Taubman said, "In the past year, traffic has not met expectations due to a weakened economy and the challenges of the significant new gaming competition in Pennsylvania. This is underscored by the recently released August gaming results."

The company said that The Pier Shops' NOI could not cover the property's debt service on its \$135 million mortgage and with no big hopes for the long term prospects of the shopping center, the company commenced discussions with its lender. Specifically, Taubman is writing down The Pier's book value to only \$52 million. Taubman said that to date, its investment in the 282,000-square-foot center, which opened in 2006, totals \$35 million in cash. The company owns a 77.5% interest in and leases and manages The Pier Shops.

Built in 1975, Regency Square is an 820,000-square-foot mall anchored by Macy's, JC Penney and Sears. The REIT acquired the Richmond mall in 1997 for \$123.9 million. Regency Square is being written down \$30 million; however, the company intends to continue making payments on its \$74.5 million mortgage.

### Gordon Brothers Wins Finlay at Auction; Liquidating Store Fleet

An affiliate of liquidation firm, Gordon Brothers, won with the highest bid last week in a bankruptcy auction for Finlay Enterprises' assets. As part of the deal, Gordon Brothers said it would run Finlay's store closing liquidation sales at its 49 remaining jewelry stores and pay the retailer 85.75% of inventory sold, which is estimated at \$116 million.

Additionally, Gordon Brothers will close the company's two distribution centers and continue to run the going-out-of-business sales nearing completion at 58 stores -- a process started shortly after Finlay's bankruptcy filing in August. If all goes as planned, the liquidation would be complete by the end of February.

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## ACQUISITION/MERGER/SALE/LOAN/IPO ACTIVITY

### Gander Mountain Going Private

St. Paul, MN-based outdoor lifestyle retailer, Gander Mountain (NASDAQ:GMTN), intends to cease its status as a public company.

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Under this go-private plan, Gander said it would effect a 1-for-30,000 reverse stock split of its common stock and follow that, pay any shareholder with less than one share \$5.15 for each share held prior to the reverse split. The company's two largest shareholders, Grato LLC and Holiday Stationstores, Inc. agreed to fund the payout to common stockholders. Additionally, once the company is private (expected in early 2010), Grato and Holiday Stationstores have agreed to buyout remaining shareholders at \$5.15 per share.

According to Yahoo Finance, Gander Mountain's closing stock price the last trading day before this announcement was \$3.82 per share. Gander's stock had been on a fairly steady incline from November 2008 through May 2009, but after hitting a high price of about \$6.40 per share in June, the retailer's stock began a steady decline, dropping off a cliff on September 1st when Gander shared its second quarter results. The report included a 1.8% decrease in sales and a larger than expected net loss of \$7.3 million.

Currently, Gander Mountain operates 119 outdoor lifestyle stores (including three outlet stores) in 23 states, primarily in the eastern half of the country. It has only opened one new store over the course of the last year and average store size is approximately 55,500 square feet.

Holiday Stationstores is a convenience store operator with 300 stores throughout 12 states in the northern tier region of the United States.

## NEW SUPPLY

### Grand Opening at Hammond Square in Louisiana

Stirling Properties celebrates the grand opening of Hammond Square on October 1, 2009. The 850,000-square-foot shopping center is the redevelopment of Hammond Square Mall -- a 430,000-square-foot mall located on 100 acres at US 51 and I-12 in Hammond, Louisiana.

Anchor tenants already open at Hammond Square include Target, Sears, Dillards, JC Penney, AMC Theatre, Rite Aid, TJ Maxx, and Best Buy. On grand opening day, Books-A-Million and Hibbett Sports will debut. Other tenants include Santa Fe Cattle Co., Raising Canes, Albasha, Verizon Wireless, Maurices, Rue 21, Coach House Gifts, Paris Parker, Foot Locker, Phil's Grill, Great American Cookie, Merle Norman, Purse Bag Pattie's, GNC, Encore, Zales, Menchie's Frozen Yogurt, Nagoya Sushi, Smoothie King and East of Italy.

### Village at Gulfstream Park Sets Grand Opening Date

Forest City Enterprises, Inc. (NYSE: FCEA and FCEB) has set the grand opening date for The Village at Gulfstream Park on February 11, 2010. The 490,000-square-foot (includes 80,000 sq. ft. of office space), high-end retail and entertainment destination is currently under construction on US1, just east of I-95 in Hallandale Beach, FL. According to its website, this is the first phase of the development -- it is planned to eventually be 1 million square feet, including 1,500 residences.

Additionally, Forest City has appointed Jeannie Roberts as director of marketing and Brendan Fisher as assistant general manager for Gulfstream Park. With more than 10 years retail marketing experience, Roberts will coordinate the project's grand opening and oversee all center marketing activities. Fisher, who has been a development associate with Forest City since 2005, will assist Gulfstream Park general manager, Scott Laslo.

Tenants already on the docket at The Village at Gulfstream Park include Crate and Barrel, Pottery Barn, West Elm, Fender Rock & Roll Religion, Martier and Vogue Couture, Ill Forks, Ola Cuba by Chef Douglas Rodriguez, Texas de Brazil, Santanera Nightclub, Greenhouse Nightclub, American Pie Brick Oven Pizza, Atelier, Brio Tuscan Grille, Cadillac Ranch, Cantina Laredo, Haagen-Dazs, Lamborghini Cafe, Lilly McKay, Next Authentic, Pacific Paradise, PrimeBar, Rock Star, Romeo and Juliet Couture, Scala, Scene, The Container Store, The Cheese Course, The Playwright Irish Pub, Vahalla Menswear, Venetian Salon, Williams-Sonoma, and Z Gallerie.

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