

retail



Retail rents steady, while consumer confidence at a 5^{1/2} year high, more retail development to come..

jw Jason Weissman



Boston Realty Advisors

cm Chris Mearn



Advisors Retail

According to Reuters, the consumers' assessment of current conditions was more favorable from January to February of this year. The index rose from 133.9 in January to 139 in February. Consumers in general have had a favorable view of the labor market. This confidence has provided for moderate gains (2.5%) on same store sales nationally for retailers, based on February 2007 sales, compared to the same period in 2006. This information is according to ICSC research on a sampling of 54 chain store sales.

The luxury segment of retail is fully leading the way. February same store sales for Neiman Marcus was up 16%, while Saks was up 24.7%. Again, according to ICSC research, the luxury segment same store sales February 2007 to February 2006 increased by over 11%. The high end consumer still continues to spend money. The sub prime meltdown with the unprecedented rise in residential foreclosures has impacted the discount segment. Wal-Mart's sales have been flat. Other discount stores such as Family Dollar and Dollar General have been impacted as well.

Word on the street...

Advisors Retail is tracking tenant movement as well. Locally, mattress retailers are jockeying for top position in the New England markets. Sleepy's is leading the way with several stores opening or under commitment in 2007. The quick service casual segment is experiencing rampant growth with Panera, Quiznos, Know Fat Lifestyle Grill, Tossed and Chipotle. Additionally, Advisors Retail is tracking interest from many existing and new concept steakhouse brands. The high end concepts, Capital Grille, Morton's and Ruth Chris have all inked new deals in Burlington, Mass. and Providence. More moderately priced concepts such as Black Angus and The Keg Steakhouse & Bar (Advisors Retail represents) are actively seeking locations. The furniture segment is getting hit hard, with February 2007 sales compared to February 2006, declining by over 10%. This is definitely a circumstance of the reduction in home sales volume nationally. Finally, the big news of 2007 will be who inks a deal at One Franklin, the former Filene's site in Downtown Crossing. Advisors Retail predicts a Target or Whole Foods deal. In the same neighborhood, Advisors Retail is now representing

Lafayette Center on Washington St. across from the Paramount Theater and the Opera House.

More retail development...

In Mass., the reputation that we are "under retailled" may soon subside in the up and coming years. Advisors Retail is tracking over 20 proposed or already under construction retail development sites, all over 200,000 s/f. The majority of the development mix is orientated around lifestyle centers.

This additional square footage will provide retailers choices and further negotiation leverage. Certain development projects in similar and competing trade areas will fight for certain tenants.

The Luxury Corner...

The New England market is finally landing its fair share of luxury users. Newbury St. has added Loro Piana and Valentino to the affluent first block shops. Lux retailers such as David Yurman, Thomas Pink, Salvatore Ferragamo, and BCBG continue to invade Simon's Copy Place adding to the existing coterminous of Tiffany's, Louis Vuitton, Christian Dior and Coach.

General Growth has planned for a large expansion of the Natick Mall to accommodate the strong demographics of the metro-west market. The expansion will include Nord-

strom and Neiman Marcus along with 80 upscale boutique retailers and several restaurants.

The investment sales front...

The major investment sales for this year should be Flately's 10 property portfolio and Tedeschi's 26 property portfolios. Wilder Co. and New York's O'Connor Capital Partners will purchase the portfolio for approximately \$500 million. Tedeschi's could fetch over \$400m.

Other sales hitting the record in 2007, include Ships Wharf at 24 Broadway on Rte. 1 in Lynnfield, Mass. The 72,000 s/f center, anchored by Christmas Tree Shops was sold for \$16.8 million or \$233.50 per s/f. The seller, Danis Properties sold to Micozzi Management, Inc. In another transaction, Cape Roads Plaza on the corner of Rtes. 44 & 24 sold for \$105 per s/f or \$17.475

million. The 164,924 s/f center is anchored by Staples and Bed Bath & Beyond.

The Abbey Group sold the 25,000 s/f retail asset located at 201 Newbury St. for \$42.6 million to the Anglo Irish Bank.

Conclusion

It will be interesting to see how the new product absorbs over the next 36 months. A major determinant of absorptions will be local and national economic conditions and population rates in New England. ICSC research predicts 4% year over year same store sales volumes increases for March and April.

Jason Weissman is president of Boston Realty Advisors and Chris Mearn is an associate with Advisors Retail, Boston.

Boston Realty Advisors
Massachusetts' Fastest Growing Real Estate Firm



Advisors Retail
A Division of Boston Realty Advisors



Come see us at the **Las Vegas ICSC**, booth number **N 833** 8th Avenue, North Hall.

<p style="background-color: #0056b3; color: white; padding: 2px;">Downtown Crossing - Retail Space</p>  <p style="background-color: #0056b3; color: white; padding: 2px;">Lafayette Center Boston, MA</p> <p>www.lafayetteretail.com</p> <ul style="list-style-type: none"> • 2,550 and 9,350 SF retail for lease • Downtown Crossing location • Co-Tenants: Know Fat, Eddie Bauer, Expressions and Quiznos • Strong pedestrian traffic 	<p style="background-color: #0056b3; color: white; padding: 2px;">Newport Waterfront - Retail Space</p>  <p style="background-color: #0056b3; color: white; padding: 2px;">Brick Market Place Newport, RI</p> <p>www.newportretailspace.com</p> <ul style="list-style-type: none"> • 4,303 SF and 6,660 SF retail for lease • 30 visits from cruise ships with over 50,000 total passengers • Co-tenants include GAP, Banana Republic, Chicos, Starbucks • Numerous festivals drawing a multitude of tourists
<p style="background-color: #0056b3; color: white; padding: 2px;">New to Market - Retail For Lease</p>  <p style="background-color: #0056b3; color: white; padding: 2px;">Treble Cove Plaza Billerica, MA</p> <p>www.treblecoveplazaretail.com</p> <ul style="list-style-type: none"> • 2,238 and 4,000 SF retail for lease • Market Basket anchored plaza • Co-tenants: Jo-Ann Fabrics, Bank of America, Starbucks, The Paper Store • Located on busy route 3A 	<p style="background-color: #0056b3; color: white; padding: 2px;">New to Market - Retail For Lease</p>  <p style="background-color: #0056b3; color: white; padding: 2px;">Museum Place Mall Salem, MA</p> <p>www.museumplacetail.com</p> <ul style="list-style-type: none"> • 4,200 and 8,000 SF retail for lease • Busy historic downtown Salem • Large mix of neighboring tenants • Area co-tenants: Peabody Essex Museum, Salem Visitors Center, CVS, Salem 5 Bank, Art Gallery
<p style="background-color: #0056b3; color: white; padding: 2px;">New to Market - Retail For Lease</p>  <p style="background-color: #0056b3; color: white; padding: 2px;">Henderson Building Cambridge, MA</p> <p>www.hendersonbuildingretail.com</p> <ul style="list-style-type: none"> • 2,115 SF • Located at 100 Highland Ave. • Co-Tenants: Panera Bread and Jos. A. Bank • 179,000 ADT Rte. 95 (exit 19) • 30,000 ADT Highland Ave. 	<p style="background-color: #0056b3; color: white; padding: 2px;">Retail</p>  <p style="background-color: #0056b3; color: white; padding: 2px;">7 Summer Street Chelmsford, MA</p> <p>www.7summerstreet.com</p> <ul style="list-style-type: none"> • 3,200 SF in a 59,000 SF center • Stop & Shop, Marshall's, CVS are across the street • Intersection of Rt. 495 and 3 minutes away • Attractive population and HHI • Ample parking, 4 means of egress
<p style="background-color: #0056b3; color: white; padding: 2px;">New to Market - Retail For Lease</p>  <p style="background-color: #0056b3; color: white; padding: 2px;">Executive Plaza Fall River, MA</p> <p>www.executiveplazaretail.com</p> <ul style="list-style-type: none"> • 6,020, 2,600, 1,820 SF available • Intersection of Routes 6, 79, 138 • Anchors include Dunkin Donuts, Appliance Surplus • Great Pylon Sign available 	<p style="background-color: #0056b3; color: white; padding: 2px;">New to Market - Retail For Lease</p>  <p style="background-color: #0056b3; color: white; padding: 2px;">Lighthouse Square Groton, CT</p> <p>www.lighthouseretail.com</p> <ul style="list-style-type: none"> • Up to 15,000 SF retail for lease • Located on Busy Rte 1 off I-95 • Newly redeveloped center • Multiple space options available • Co-tenants: Walgreens, Quiznos Verizon Wireless & several others

BOSTON
-
NEW YORK
WWW.BRADVISORS.COM