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COMMERCIAL REAL ESTATE MARKET UPDATE

GENERAL

市場概括

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  The for-profit University of Phoenix chain of colleges plans to shutter115 locations as part of its plan to "re-engineer business processes and refine its delivery structure.” The closures will consist of 90 learning and student resource centers, which are generally smaller satellite locations, and 25 of its campuses.

RETAIL

購物商場

- **Outlet Centers Aim For High-End Tenants**

  折扣店購物中心瞄準高端房客

  More outlet centers are targeting high-end brands as tenants. For owners, this wooing process has gotten easier as retailers witness the profits generated in outlet centers.

- **Dunkin Brands Aims for 720 New Stores across Globe**

  連鎖餐飲品牌Dunkin將在全球範圍新增 720 間旗下門店，其中大部分位于美国西部

  The Dunkin' Brands plans to end 2012 with 280 to 300 additional stores in the U.S. and 720 new locations worldwide. Much of the U.S. development is focused on the West, but there is room for about 3,000 new locations east of the Mississippi River as well.

- **Kimco Realty Offers One Year Free Rent to First-Time Business Owners**

  Kimco Realty在Sacremento地區為新房客提供一年免租以輔助其成長

  A pilot program in the Sacramento area is offering up free rent for a year to small business owners by one of the nation's biggest retail operators.

- **Starbucks To Open 1,300 New Stores In 2013**

  受強勁銷售額鼓舞，連鎖咖啡巨頭星巴克 2013 年計畫開 1300 家新店

  Pumped up on strong sales, Starbucks said in its fourth quarter earnings report Thursday that it plans to open 1,300 new stores worldwide in fiscal year 2013 – a 22% surge from this year. Already, the chain has 18,000 stores in 61 countries.

- **Survival of the Fittest Starts to Play Out in Office Supplies Sector**

  適者生存理論在辦公用品零售商身上逐漸顯現，Staples 已推出適應新環境的縮減開支運營方案

  Staples has unveiled an aggressive program to adapt its operations to the new retail environment, including reducing retail square footage; linking online, mobile and bricks-and-mortar sales channels and putting to work a multi-year cost-cutting plan.

- **[The Battle for Best Buy, the Incredible Shrinking Big Box]**

電子產品零售商Best Buy虧損嚴重；大型電子產品店未來或將轉型成在線銷售的展示廳

Best Buy is in trouble. In March it posted a $1.7 billion quarterly loss. Same-store sales comparisons have been declining, and a Bloomberg analysis suggests revenue will fall this year. The battle for Best Buy is more than a Lear-like attempt to regain control. It's also about the future of stores in the age of digital goods, same-day delivery, and apps that'll tell you in an instant whether the 80-inch TV you covet is cheaper somewhere else, turning stores like Best Buy into "showrooms" for online competitors.

MULTIFAMILY
公寓

- **Multifamily Growth Slows But Remains Solid**

儘管緩慢，公寓樓供需關係推動價值穩步回升

Despite the slowdown, supply-demand dynamics remain favorable for apartment owners, according to the NMHC. The multifamily sector is benefiting from high occupancies and increased rental rates; recently that growth has come at a more moderate pace.

OFFICE
辦公樓

- **Office Market Recovery Continues In Third Quarter**

第三季度辦公樓市場持續回暖

Demand for office space in the U.S. held steady in the third quarter as leasing activity and absorption of available office space continued to pick up momentum following a lackluster start at the beginning of 2012.

INDUSTRIAL
工業倉庫

- **Manufacturing, Construction And Consumer Confidence Show Gains**

製造、建造以及消費者信心顯示工業增長

U.S. factories continued to power up last month after a summer contraction, according to the Institute of Supply Management. It marked the second consecutive month of expansion in the vital manufacturing sector after three months of slight contraction. October's reading indicated the pace of growth had accelerated a bit from September as new orders and production picked up.

INVESTMENT
投資

- **Investors Stocking Up on Grocery-Anchored Centers Again**

投資者再次逐漸青睞超級市場為主力店的購物中心

After sales plummeted earlier this year, investors are once more slowly warming up to grocery-anchored shopping centers.

- **Where Have All the For-Sale Net Leased Properties Gone?**

  淨租賃的公开房源明顯減少，原因或是投資者**在房源公開前便競相搶購**以及當前的業主不願放棄好物業

  Single-tenant net-lease sales and property listings are down notably. Well, the answer is it seems like eager investors aren't waiting anymore for properties to hit the market and current owners are reluctant to give up a good thing.

FINANCING
貸款與資金

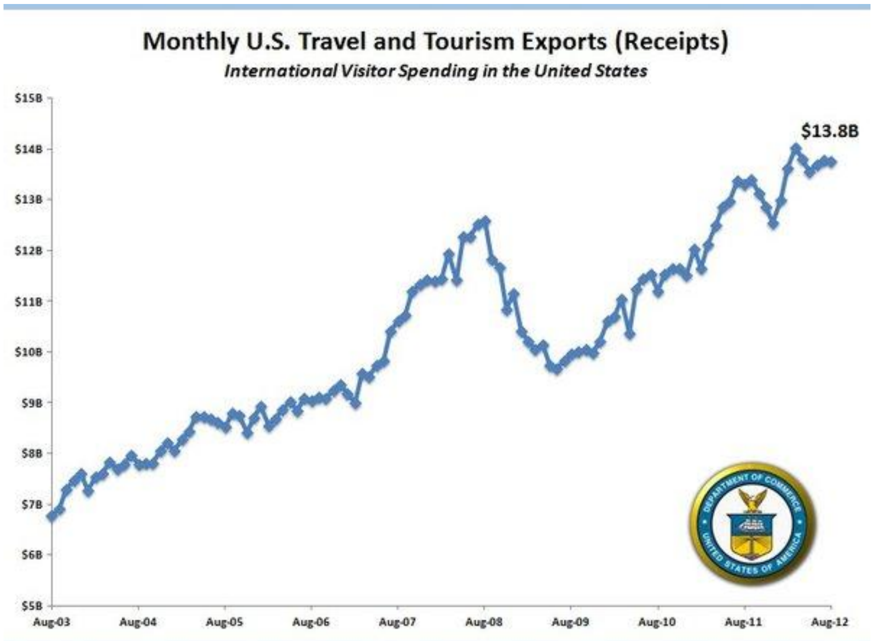
- **Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)**

  消費者市場利率：房貸、基本利率、等等

International Visitors Spent $13.8 Billion in The U.S. in August

8 月國際遊客在美消費 138 億美元，較去年同期上漲 3%

By Hugo Martin(LA Times)



The nation's tourism industry continued to thrive this summer, with international visitors spending $13.8 billion in August alone.

The spending total marks a 3% increase over the same month last year, according to a new report from the U.S. Department of Commerce.

August marks the eighth straight month that spending by international visitors has increased by at least $1 billion per month, compared with the same period in 2011, according to the federal agency.

“Collectively, these visitors are spending record levels during their stay, which helps the U.S. travel and tourism industry employ more than 7.6 million Americans,” said Francisco J. Sanchez, undersecretary of commerce for international trade.

In the first eight months of the year, international visitors spent about $109.2 billion traveling to and from and visiting the U.S., an increase of more than 8% compared with the same period last year, the agency said.

By comparison, Americans spent nearly $80.1 billion abroad in the same period, resulting in a $29.1 billion balance of trade surplus.

Developers Seek Approval for Boutique Hotel in Downtown L.A.

洛杉磯市中心將建價值三千一百萬美元的酒店項目

By Roger Vincent (LA Times)

The developers of a proposed $31-million hotel near Staples Center in downtown Los Angeles are ready to seek city approval to construct an indoor-outdoor complex in the brick shell of a condemned apartment building.

Plans call for gutting the empty three-story building at 1130 S. Hope St. that was erected more than a century ago and is no longer structurally sound. The developers would build inside the perimeter of the old exterior walls, creating a landscaped open-air courtyard leading to a new tower with 44 guest rooms.

A separate glassed-in structure for an artist in residence would also be built on the Hope Street side. On top of the ninth floor of the tower would be a swimming pool — and three suites that would hover on stalks above the pool. Like the courtyard, the roof would be landscaped with trees and plants.

"It's about creating a park-like atmosphere that is communal," said Sam Marshall, who is designing the plans for the yet-unnamed hotel. Marshall is part of a development partnership, led by former Manhattan Beach insurance salesman Kevin Burke, that bought the property last year for $2.1 million.

The partners, who are untested at hotel development, want to build a unique inn with a creative sensibility where they would enjoy hanging out with worldly guests. Their goal is to create an unpretentious but upscale space where serendipitous interaction can take place among visitors, Marshall said.

"Luxury is a place you can feel comfortable," he said.

The developers plan to submit their proposal to the city Planning Department this week and hope to start preparatory work on the site early next year.

Hotel business is growing in the South Park neighborhood of downtown where Staples Center, L.A. Live and the city's convention center lie. A $172-million hotel complex is under construction on Olympic Boulevard that will house a Courtyard by Marriott and a Residence Inn by Marriott by summer 2014.

On Friday, Los Angeles city officials said they were seeking proposals from developers to build a four-star hotel on city-owned parcels at Figueroa Street and Pico Boulevard.

$73.5-Million Metro Bus Facility Being Built in Downtown L.A.

洛杉磯市中心在建價值 **7** 千多萬美元的公共交通復合建築

By Roger Vincent(LA Times)

Construction is underway on a $73.5-million bus maintenance facility in downtown Los Angeles for the Los Angeles County Metropolitan Transportation Authority.

The 442,265-square-foot complex at the northeast corner of Vignes Street and Cesar E. Chavez Avenue will house a fleet of 200 buses that run on compressed natural gas. It will include a three-story concrete parking structure, a two-story bus maintenance and office building, and a cash counting facility.

The Metro Division 13 Bus Maintenance and Operations Facility, as it will be known, will also tie into an existing two-level maintenance building at the east side of the parking structure, general contractor McCarthy Building Cos. said.

Completion is set for summer 2014, McCarthy said.

Facility Closures & Layoffs: Univ. of Phoenix Closing 115 Schools and Campuses

連鎖盈利性大學鳳凰大學將關閉 115 所學校和校園；加州 12 間 Albertsons 超市將關閉

By Mark Heschmeyer(CoStar)

Apollo Group Inc., the Phoenix-based owner of the for-profit University of Phoenix chain of colleges, plans to shutter115 locations as part of its plan to "re-engineer business processes and refine its delivery structure."

The closures will consist of 90 learning and student resource centers, which are generally smaller satellite locations, and 25 of its campuses.

The company has also begun implementing a workforce reduction and expects to decrease total headcount, excluding faculty, by 800 employees during fiscal year 2013.

The changes will directly impact 13,000 students. These students will be offered support to continue their education at the University of Phoenix either online, through alternative on-ground arrangements or, in limited cases, at other University of Phoenix locations.

The plan will preserve a national coast-to-coast network of 112 locations in 36 states, the District of Columbia and Puerto Rico.

AMD Cutting Staff, Consolidating Locations

AMD (Advanced Micro Devices) has launched a restructuring plan designed to reduce operating expenses. A significant portion of Sunnyvale, CA-based AMD's restructuring plan that will be implemented in next two months will include a 15% global workforce reduction and site consolidations. At February 2012 employment levels, a 15% reduction would entail about 1,665 workers.

Rory Read, AMD president and CEO, said the changes were needed because of the significant changes roiling the PC industry. "It is clear that the trends we knew would re-shape the industry are happening at a much faster pace than we anticipated," Read said. "As a result, we must accelerate our strategic initiatives to position AMD to take advantage of these shifts and put in place a lower cost business model. Our restructuring efforts are designed to simplify our product development cycles, reduce our breakeven point and enable us to fund differentiated product roadmaps and strategic breakaway opportunities."

Hartmarx Parent Goes into Chapter 11 Alteration

The buyer of the retailer / apparel firm formerly known as Hart Schaffner& Marx and then Hartmarx Corp. itself filed for bankruptcy protection this week, which means now both the buyer and the bought are operating under Chapter 11 reorganization.

Privately-held HMX Acquisition Corp., and four affiliates including Quartet Real Estate LLC, filed for Chapter 11 protection with the U.S. Bankruptcy Court in the Southern District of New York. In its filing, HMX is seeking a sale of the business.

The company designs, manufactures and retails men's and women's business and leisure apparel and claims to be the largest manufacturer of men's tailored clothing.

In January 2009, Hartmarx Corp., HMX's predecessor in interest, filed for chapter 11 bankruptcy protection. In the summer of 2009, HMX acquired its existing equity ownership against the backdrop of a U.S. recession, a difficult retail environment, and a need to improve Hartmarx's operations.

New senior management was recruited and immediately began implementing a comprehensive operational turnaround focused on: a reconfigured growth strategy; brand revitalization and new product initiatives; streamlined operations; and centralized non-manufacturing operations.

In the first half of this year, HMX implemented additional cost savings, including headcount reductions and curtailment of marketing expenditures and sought a debt restructuring. When debt talks fell through in July, HMX curtailed all inventory purchases.

As talks broke down, debt holders began shopping the business. And as part of its bankruptcy reorganization, HMX has entered into a 'stalking horse' asset purchase agreement with Authentic Brands Group for a going concern sale.

Back Yard Burgers Closes 19 Locations; Will Seek Lease Concessions on Others

Back Yard Burgers Inc., a Nashville-based regional quick service restaurant chain, plans to reduce operating expenses and restructure debt. Part of the plan calls for addressing underperforming locations.

The company filed a pre-negotiated Chapter 11 reorganization plan with the U.S. Bankruptcy Court for the District of Delaware. The filing does not include franchise-owned locations. Having already obtained the consent of its secured lender, the company anticipates the restructuring process will be completed in early 2013.

Back Yard Burgers previously closed 19 company-owned locations due to underperformance and prohibitive costs, and it has hired GA Keen Realty to review its locations and initiate discussions with landlords regarding rent reductions, lease term modifications and other leasehold concessions.

Company	Address	City	State	Closure or Layoff	Layoff Number	Impact Date
Curesearch for Children's Cancer	440 E. Huntington Drive, Suite 40	Arcadia	CA	Closure	85	10/31/2012
Lovin Oven	16100 Foothill Blvd.	Azusa	CA	Layoff	571	10/31/2012
Seven Oaks Country Club	2000 Grand Lakes Ave.	Bakersfield	CA	Layoff	73	10/31/2012
Pacific Steel Casting Co.	1333 Second St.	Berkeley	CA	Layoff	135	11/15/2012
VWR International	3745 Bayshore Blvd.	Brisbane	CA	Closure	30	11/9/2012
Albertsons	1000 N. Azusa Ave.	Covina	CA	Closure	61	11/4/2012
River Ranch Fresh Foods	175 N First St.	El Centro	CA	Closure	459	11/24/2012
San Diego Union-Tribune	207 E.Pennsylvania Ave.	Escondido	CA	Layoff	46	11/30/2012
Ameron International Wind Towers Division	13032 Slover Ave.	Fontana	CA	Closure	180	11/24/2012
Albertsons	13220 Harbor Blvd.	Garden Grove	CA	Closure	61	11/4/2012
Albertsons	1000 S. Central Ave.	Glendale	CA	Closure	54	11/4/2012
Albertsons	17120 Colima Road	Hacienda Heights	CA	Closure	57	11/4/2012
Teva Pharmaceuticals	19 Hughes	Irvine	CA	Layoff	65	10/29/2012
World Marketing	14407 Alondra Blvd.	La Mirada	CA	Closure	80	11/26/2012
Comcast	3055 Comcast Place (Bldgs A & B	Livermore	CA	Closure	435	11/30/2012
Lawrence Livermore National Laboratory	7000 East Ave.	Livermore	CA	Layoff	205	11/15/2012
Abeo Management Corp.	11999 San Vicente Blvd.	Los Angeles	CA	Closure	42	11/28/2012
Albertsons	11875-A Pigeon Pass Road	Moreno Valley	CA	Closure	57	11/4/2012
Comcast	18665 Madrone Parkway	Morgan Hill	CA	Closure	220	11/30/2012
Paragon Studios	2189 Leghorn St.	Mountain View	CA	Closure	79	10/31/2012
Savi Technology	351 & 381 East Evelyn Ave.	Mountain View	CA	Layoff	54	11/17/2012
Albertsons	1100 N. Hammer Ave.	Norco	CA	Closure	55	11/4/2012
Disney Interactive	5161 Lankershim Blvd.	North Hollywood	CA	Layoff	99	11/5/2012
San Diego Union-Tribune	1722 South Coast Hwy	Oceanside	CA	Layoff	19	11/30/2012
Albertsons	2522 S. Grove Ave.	Ontario	CA	Closure	52	11/4/2012

.	Codexis	200 Penobscot Drive	Redwood City	CA	Layoff	133	10/30/2012
.	Albertsons	8310 Limonite Ave.	Riverside	CA	Closure	59	11/4/2012
.	Albertsons	19725 E. Colima Road	Rowland Heights	CA	Closure	61	11/4/2012
.	Comcast	4450 East Commerce Way	Sacramento	CA	Closure	410	11/30/2012
.	La Hacienda Farms	1119 Rogge Road	Salinas	CA	Closure	96	11/30/2012
.	SVTC Technologies	3901 North First St.	San Jose	CA	Layoff	106	11/17/2012
.	Carey Limousine	441 Voctory Ave., Unit C, 2nd Flr	South San Francisco	CA	Layoff	54	11/16/2012
.	Elan Pharmaceuticals	180 Oyster Point Blvd.	South San Francisco	CA	Layoff	202	11/20/2012
.	Rambus	1050 Enterprise Way, Suite 700	Sunnyvale	CA	Layoff	68	10/30/2012
.	Aero-Electric	568 Amapola Ave.	Torrance	CA	Closure	23	11/23/2012
.	Ricoh	1123 & 1132 Warner Ave.	Tustin	CA	Closure	95	11/30/2012
.	Albertsons	7227 Van Nuys Blvd.	Van Nuys	CA	Closure	69	11/4/2012
.	First American Home Buyers Protection Corp.	7833 Haskell Ave.	Van Nuys	CA	Layoff	62	11/9/2012
.	Albertsons	13650-A Bear Valley Road	Victorville	CA	Closure	62	11/4/2012
.	Albertsons	18730 E. Amar Road	Walnut	CA	Closure	55	11/4/2012
.	Medpoint Management	6400 Canoga Ave.	Woodland Hills	CA	Closure	65	11/30/2012
.	Rideout Home Health	939 Live Oak Blvd.	Yuba City	CA	Layoff	44	11/11/2012

Outlet Centers Aim For High-End Tenants

折扣店購物中心瞄準高端房客

By Carisa Chappell (REIT.com)

As the outlet mall segment of the retail sector has grown amid tough economic times, more outlet centers are focusing on upscale designer brands that appeal to high-end consumers.

There are currently about 185 outlet centers in the United States, with 10 opening in the past 18 months, and 16 phase I projects scheduled to open by the end of 2013. Sales attributed to outlets are projected to reach $25.4 billion for 2012, up 13 percent from 2011, according to data reported by Value Retail News. Neiman Marcus, Saks Fifth Avenue, Lord & Taylor, Nike and Polo Ralph Lauren are among the top 10 chains filling space in outlet centers, according to the report.

Retailers' views of their outlets have changed as they have witnessed the profits associated with shopping centers, said Steven Tanger, president and CEO of Tanger Factory Outlet Centers Inc. (NYSE: SKT), in an interview with REIT.com. In the past, products sold at outlet centers have carried the stigma that they were simply extra inventory or out-of-season items of the brands being liquidated, he said. Now, however, the outlet centers have become a key revenue driver and marketing vehicle for designer brands, as opposed to just a tool to manage excess inventory.

"Over the years, outlet centers have evolved from being a vehicle for residual or out-of-season merchandise to being an important distribution channel for in-season and original product that is on trend and markets brands to their core customer base," Tanger said. "This is driving customer loyalty to outlet centers and speaks to the importance of the channel. Because of the profitability of this channel, more and more high-end brands are opening stores in outlet centers."

As a result, Tanger explained, outlet centers have come to more closely resemble traditional shopping centers, with the same sophisticated store designs and branding that customers would see in a full-price setting. He added that traditional retailers, such as Gap, are closing retail stores while continuing to open additional outlets.

Robert Taubman, chairman, president and CEO of Taubman Centers Inc. (NYSE: TCO), said many luxury brands entered the outlet market during the recent recession as shoppers tightened their grips on their wallets.

"Many brands introduced outlet concepts during that period, including Bloomingdales, Lord & Taylor and True Religion, to name a few," he said in an interview with REIT.com.

Tanger pointed out that while there have always been long-time outlet shoppers, the economic conditions of recent years have motivated new shoppers to visit outlets for the first time.

"As the economy improves, aspirational shopping is coming back in all demographics. Budget-conscious customers who want to shop for designer product can start to reallocate their discretionary income again, although not always in a full-price channel, which is driving them to outlets," he said. "For high-end shoppers who started looking for value in times where it was not chic to pay full price, value is still a focus, as what they will pay for a brand has shifted."

With little construction in the supply of new traditional malls, retailers are growing their chains through chains.

REITs like Tanger, Taubman and Simon Property Group (NYSE: SPG) are all busy expanding and developing new outlet centers. These new centers aren't just being built on the far outskirts of town, either.

"Outlet malls are now being built closer to metropolitan areas where people live, versus the rural areas where they were once built. The outlet centers are allowing retailers desiring expansion to build new stores, as almost no new mall small space is being built," said Taubman, who added that developers and retailers are also designing the new outlet centers and stores with more design finishes and amenities than in the past.

Among the major projects underway, Tanger and Simon will celebrate the grand opening this month of Tanger Outlets in Texas City. The joint venture is a 350,000-square-foot upscale outlet center about 30 miles south of Houston.

Taubman Prestige Outlets in St. Louis broke ground in April 2012 and is scheduled to open in the summer of 2013. The 49-acre, open-air shopping center will feature 450,000 square feet of retail space. Amenities will include an open-air design, dog-friendly hospitality, access to a fitness trail and a food court. Not far away, Simon broke ground on St. Louis Premium Outlets in July 2012. It is expected to open next fall. Additionally, in June Simon opened Merrimack Premium Outlets, an upscale outlet shopping center serving the Boston and Nashua, N.H., markets. The company has begun construction on two other outlet centers.

While the REITs have started their projects, Taubman said competition from other developers looking to enter the outlet mall business has intensified. That includes outlet retailers opening online sites.

However, despite any challenges, the demand for outlet centers is projected to remain strong. According to the Value Retail News report, 147 chain retailers currently operating 10,012 stores indicated that they plan to expand their chains in 2013 to meet growing consumer demand.

Dunkin Brands Aims for 720 New Stores across Globe

連鎖餐飲品牌 Dunkin 將在全球範圍新增 720 間旗下門店，其中大部分位于美国西部

By Justin Menza(CNBC News)

After beating expectations for third-quarter earnings and raising guidance, Dunkin Brands CEO Nigel Travis said growth is just beginning as it plans to open as many as 720 new stores across the globe this year.

“The thing that really pleased me in the quarter is the fact that we really started to put the foot down on the accelerator on development,” the Dunkin Brands executive said. “The more stores we get open, the more profits we’ll have in the future.”

Dunkin now forecasts that it will open 280 to 300 new Dunkin Donuts locations in the U.S. in 2012, up from an earlier forecast of 260 to 280. Globally, it plans to open 610 to 720 new Dunkin Donuts and Baskin Robbins stores.

These stores will be opened across the country, but Travis noted, “You’re going to see more and more stores in the West in the future.”

While future development will focus on the West, there is also still room for 3,000 new stores east of the Mississippi River, Travis said.

As it opens new Dunkin Donuts, it expects to take some share from competitors like Starbucks, but most of the market share gains will come from independent coffee houses, Travis said on CNBC's "Squawk on the Street."

Travis also said K-Cups have been “revolutionary” it changes consumer habits. “We think we’ve got a model that really works,” he said. “The only place to get Dunkin K-Cups is in Dunkin stores.”

Kimco Realty Offers One Year Free Rent to First-Time Business Owners

Kimco Realty 在 Sacremento 地區為新房客提供一年免租以輔助其成長

By Maria Medina (CBS News)

SACRAMENTO (CBS13) – A pilot program in the Sacramento area is offering up free rent for a year to small business owners by one of the nation's biggest retail operators.

Kimco Realty says it's seen a lot of mom and pop stores in their shopping centers fail in the weak economy. So, they're hoping to attract new mom and pop stores by telling them they don't need to worry about their rent check.

Sarah McGuire, who opened her gym, New Fire Fitness, a year ago, knows just how difficult it is to be a first-time business owner.

"It was stressful at times, and a little bit scary," said McGuire.

Her landlord didn't offer a free year, but she did get a three-month break on rent.

"That three months went by really, really fast," said McGuire. "Without it, I don't know how we could have gotten started."

"Tony's Deli and Catering in downtown Sacramento has managed to keep its doors open for 20 years, but Jacob Silhi, who works at Tony's, says he's watched many mom and pop stores quickly fold.

"A lot of places open up, they don't last a year, and they shut down," said Silhi.

Kimco Realty saw it too, and that's when the retail realty company came up with the idea to offer free rent to first-time business owners.

The investment is to attract innovative entrepreneurs who could potentially sign a four-year lease after the free year was up.

"I've heard of a couple months of free rent. I've never heard of a whole year of free rent," said Silhi. "I'd take it."

McGuire says she can attest to the stress of a startup business, and how free rent helped keep her open.

"I don't think we could've really done it without that," said McGuire.

A spokesperson for Kimco Realty couldn't tell CBS13 how many vacancies the company has, but he did say it has more than 100 shopping centers in California. They're looking for aspiring entrepreneurs who have a business plan, the funding, and the experience.

The pilot program is already being launched in the bay area and in Southern California. If it works out, Kimco Realty says it'll move the program east.

Starbucks To Open 1,300 New Stores In 2013

受強勁銷售額鼓舞，連鎖咖啡巨頭星巴克 2013 年計畫開 1300 家新店

By Tiffany Hsu(LA Times)

You know that joke in which a visitor declares a city to be a ghost town because there's only one Starbucks store on every street? Turns out there's plenty of truth in the gag.

Pumped up on strong sales, Starbucks said in its fourth quarter earnings report Thursday that it plans to open 1,300 new stores worldwide in fiscal year 2013 – a 22% surge from this year. Already, the chain has 18,000 stores in 61 countries.

About 600 of the new stops will be in the Americas, with most in the U.S. The Seattle coffee giant is also boosting its presence in the Asia Pacific region by 600 stores, with half in China.

"We are well on our way to having more than 20,000 Starbucks stores on six continents by 2014," said Chief Executive Howard Schultz in a conference call with analysts.

Not that java addicts are complaining. This week, as Frankenstorm Sandy blew through the East Coast and cafes along the seaboard shut down, coffee junkies swarmed a single Starbucks that had stayed open near Times Square in New York City, according to the New York Post.

That's the kind of dedication that sent Starbuck's revenue up 11% to a fourth-quarter record of $3.4 billion for the period ended Sept. 30. Same-store sales in the Americas jumped 7% as both customer traffic and average check size increased.

For the year, revenue got a 14% boost to $13.3 billion, while same-store sales increased 7% globally and 8% in the Americas. The company raised its store count by 1,063 around the world and said it served 3 billion guests – 10 times the U.S. population.

Net income was stable over the quarter, inching up 0.1% to $359 million, or 46 cents a share, from $358.5 million, or 47 cents a share, a year earlier. For the full fiscal year, however, profit rose 11.1% to $1.4 billion, or $1.79 a share, from $1.2 billion, or $1.62 a share, in 2011.

This quarter, Starbucks opened its first stores in India, took on the burgeoning single-cup industry with its Verismo System, partnered with Square Inc. on a mobile payments program and began expanding its Evolution Fresh juice chain.

The company raised its forecasts for 2013, saying it predicts 15% to 20% in earnings per share and up to 13% revenue growth.

Survival of the Fittest Starts to Play Out in Office Supplies Sector

適者生存理論在辦公用品零售商身上逐漸顯現，Staples 已推出適應新環境的縮減開支運營方案

By Elaine Misonzhnik(Retail Traffic)

Now that Darwinian theory has played out in the book, electronics and home goods retail sectors, the office supplies chains may be next. Staples' recent announcement that it plans to close up to 290 of its North American stores has been the most visible sign of things to come. But in private conversations many people in the retail real estate industry have begun questioning the futures of Office Depot and OfficeMax.

Unlike in other big-box sectors, competition is only one of the challenges threatening office supplies sellers, notes Doug Stephens, president of Retail Prophet, a consulting firm. A bigger problem might be the fact that today's consumers need less paper and paper-related products in general, due to the emergence of new technologies. That means that even if office supplies retailers try to adapt to a new marketplace with smaller stores and an omnichannel sales approach, they will still experience falling demand for their merchandise.

"They have this issue of category obsolescence," Stephens says. "We are not going to need 40 percent of the stuff that gets sold at [those stores]. We probably have too many players in that market and I think it will come down to at least one of those competitors leaving the market or consolidating."

Private equity firms have already been making phone calls to discuss a potential merger/acquisition in the office supplies space, notes Ivan L. Friedman, president and CEO of RCS Real Estate Advisors, a New York City-based retail real estate consulting firm. But given that in today's world consumers can easily buy office supplies online, "Three [chains] can't survive is the bottom line," he says. "At least one of them has to disappear."

Position of strength

The current market leader in the space and the chain least likely to go under happens to be Staples, according to Liang Feng, an analyst who covers the sector for Chicago-based research firm Morningstar. Staples has the greatest number of stores of the three major players; its stores tend to be in better locations; it boasts much higher profit margins; and it also runs a very successful online business, Feng notes. In fact, Staples operates the second largest global e-commerce site, after Amazon.com.

Staples has also unveiled an aggressive program to adapt its operations to the new retail environment, including reducing retail square footage; linking online, mobile and bricks-and-mortar sales channels and putting to work a multi-year cost-cutting plan.

Still, in the second quarter, Staples' same-store sales for its North American division fell 2 percent.

But while pressure from both online and bricks-and-mortar competitors, including Costco and Wal-Mart, can result in Staples closing more of its stores, it's largely expected to stay around. At the end of fiscal 2011, Staples operated 1,583 stores in the United States.

"We think that Staples will be around, not sure how much profitability it will be generating," says Feng.

The weakest link

Long-term prospects for Office Depot and OfficeMax appear dimmer, notes David Solomon, president and CEO of ReStore, a Narberth, Pa.-based retail real estate services firm.

Office Depot reported that in the second quarter same-store sales in its North American division fell 4 percent, after a 6 percent decline in the first quarter of 2012. Total sales fell 8 percent, to approximately $994 million.

At OfficeMax, same-store sales for the second quarter fell 1.8 percent.

Office Depot has experimented with smaller stores in recent years. At the end of 2011, the chain operated eight locations in the 5,000-sq.-ft. format, as opposed to its regular store size of more than 20,000 sq. ft. Downsizing stores is an expensive proposition, however, according to Friedman. He estimates that doing so can cost the retailer hundreds of thousands of dollars per store.

Office Depot reported that more than 60 percent of its leases will roll over in the next five years, making downsizing easier. Ultimately, however, the smaller stores will have to deliver much higher productivity per sq. ft. than their predecessor big boxes for the strategy to be successful long-term, according to Laura Kennedy, senior analyst with Kantar Retail, a Columbus, Ohio-based retail consulting firm.

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The Battle for Best Buy, the Incredible Shrinking Big Box

電子產品零售商 Best Buy 虧損嚴重；大型電子產品店未來或將轉型成在線銷售的展示廳

By Bryan Gruley and Jeffrey McCracken (Bloomberg Weekly)

Dick Schulze is a trim, kinetic man. He's bald and maintains a red goatee. Since opening his first store in 1966, he's neared bankruptcy twice and confronted larger competitors, fickle suppliers, and, more than once, the company's own bureaucracy. Each time, he adapted. Since leaving Best Buy in June, Schulze bounced around conference rooms in Minnesota and New York, meeting with former colleagues and potential investment partners, some of whom thought he was nuts, as he tried to raise as much as $10 billion to wrest control of Best Buy.

Schulze declined to be interviewed for this story, but associates say he's certain he'll succeed. "He's got as much energy and enthusiasm as I've ever seen," says Elliot Kaplan, who was Best Buy's top lawyer and Schulze's confidant for more than 40 years. "He absolutely gets turned on by these challenges." The Reverend Dennis Dease, president of St. Thomas and a longtime friend, says: "He has a simple, childlike faith. It's part of who he is."

Best Buy is in trouble. In March it posted a $1.7 billion quarterly loss. Same-store sales comparisons have been declining, and a Bloomberg analysis suggests revenue will fall this year. Wall Street, at least as far as Best Buy's stock price is concerned, does not seem excited by the prospect of Schulze's takeover. Shares have languished well below the $24 to $26 per share Schulze offered on Aug. 6 to take Best Buy private. Its current management hasn't shown much enthusiasm for his return either, though new CEO Hubert Joly recently made his public-relations handlers cringe by telling Bloomberg News, "In many ways, all of us work for Dick Schulze and this great company."

Schulze, who owns about 20 percent of the company, is still Best Buy's largest shareholder. Even if he can complete a deal, the resulting debt load might sink a rebuilding effort. "Honestly, I think if Schulze takes on Best Buy, they'll be out of business in a few years," says analyst Anthony Chukumba of BB&T Capital Markets. For Schulze, however, rescuing Best Buy is only partly about business. "He oftentimes views the company as his child," Kaplan says. "When your child stumbles, you want to do all that you can to help the child get up."

The battle for Best Buy is more than a Lear-like attempt to regain control. It's also about the future of stores in the age of digital goods, same-day delivery, and apps that'll tell you in an instant whether the 80-inch TV you covet is cheaper somewhere else, turning stores like Best Buy into "showrooms" for online competitors. It's an expensive way to go out of business: Best Buy pays for the building, salespeople, and cash registers, and Amazon.com (AMZN) rings up the sale. Showrooming hurt Borders bookstores, and chains that sell hardware, toys, clothing, sporting goods, and groceries are vulnerable too.

Best Buy's response to Amazon and other online threats has been inadequate. The company set up bestbuy.com as early as 2000, when Schulze was still CEO as well as chairman, but years later, as purchases of TVs, stereos, and microwave ovens shifted increasingly to the Web, the site still lacked such basic features as customer reviews. An Internet unit didn't get much financial support and was kept walled off from store sales. While e-commerce now accounts for more than 20 percent of U.S. consumer-electronics sales, online is only 6 percent of Best Buy's domestic revenue.

Staples (SPLS), Williams-Sonoma (WSM), and other retailers have boosted online sales by offering shopping experiences that rival Amazon's for ease and selection. Analyst Colin McGranahan of Sanford C. Bernstein (AB) goes so far as to suggest that Best Buy invent a time machine "so they can go back 10 years and develop the online strategy they need today."

Instead of figuring out the Internet, Best Buy focused on acquisitions and foreign expansions. It also kept adding giant stores—more than 30 of at least 36,000 square feet since 2008. Today most of the company's 1,062 big-box stores are as clean, stocked, and well-organized as ever. But they can seem outdated. Until recently, one of the first sales displays visitors saw in the store in Burnsville, south of Minneapolis—the first Best Buy Schulze built—was for car stereos, not smartphones or tablets. A few steps away stood racks of CDs, including $4.99 albums by Kiss and James Taylor. Best Buy just closed the store to make it a training center.

RETAIL REAL ESTATE

	Square feet per store	Sales per square foot
Costco	143,000	$1,031
GameStop	1,400	$1,015
Best Buy	13,927	$865
Walgreen	10,475	$839
Target	133,496	$290

PERCENTAGE OF BEST BUY CUSTOMERS WHO BUY OFFLINE

82%

REVENUE GROWTH LAST YEAR*

0%

TOP 11 E-COMMERCE SITES

	2011 sales (in billions)
1. amazon.com	$48.1
2. staples.com	$10.6
3. apple.com	$6.7
4. walmart.com	$4.9
5. dell.com	$4.6
6. officedepot.com	$4.1
7. libertyinteractive.com	$3.8
8. searsholdings.com	$3.6
9. netflix.com	$3.2
10. cdw.com	$3.0
11. bestbuy.com	$3.0

CONSUMER HABITS

BEST BUY
25% of online consumer-electronics shoppers visit bestbuy.com, and 31% actually buy something

AMAZON
41% visit amazon.com, and 81% end up buying

APPLE
3% shop at apple.com; 76% buy

*TOTAL COMPANY REVENUE FISCAL 2012 OVER FISCAL 2011; DATA: WWW.BIZMINER.COM, TRAQLINE, INTERNET RETAILER

There's little point in visiting these stores when you can find a better selection at lower prices on your smartphone or tablet, says Love Goel, CEO of GVG Capital Group, a Minnetonka (Minn.) private equity firm that invests heavily in retail. "When I was a teenager, Best Buy was the place that had all the cool stuff," says Goel. "For gadget freaks, it was amazing. There was nothing like it." Today, there isn't much that sets Best Buy apart from Amazon or even Wal-Mart Stores (WMT), he says. "There's no word-of-mouth like with Apple (AAPL), or with Whole Foods (WFM), like when I go back to the office talking about my pasta salad."

Schulze grew up in St. Paul. He didn't attend college and was selling audio equipment for his father, a manufacturer's rep, by age 18. When he asked for a raise in his $1,200-a-month salary, Dad said no. Schulze told his wife he was quitting to start his own business. "I need to be in control of my own destiny," he said, according to his self-published 2011 autobiography, Becoming the Best.

In 1966, Schulze opened his first stereo store, Sound of Music, in St. Paul. Seven years later he hired Bradbury Anderson, a music buff and former seminary student. Anderson would become Schulze's closest business partner. By the late 1970s, though, the stereo business was changing. Mom-and-pop stores such as Sound of Music were already vanishing as bigger outlets pushed prices down. In 1979, Schulze's lawyer, Kaplan, drew up liquidation papers. "I really don't like to lose," Schulze writes in his autobiography (available on Amazon). He told Kaplan to hold off, packed a double-breasted suit, and flew to Las Vegas, where many of his suppliers were attending a consumer-electronics convention. Two days of begging and a family loan later, Schulze was back in business.

By 1981, the Sound of Music chain was bringing in about $5 million a year. One Sunday afternoon, a tornado sheared the roof off of one of his stores. Schulze arrived to find dangling wires and scraps of ceiling scattered among rain-soaked boxes. No one was hurt, but Schulze figured profits would suffer. Then he had an idea: He put up a circus tent next to the store and parked a trailer out front. He filled both with damaged products and other excess stock, trundled in cash registers and portable toilets, and advertised a Tornado Sale, promising "best buys" on everything. Traffic backed up for miles. Sales went through the blown-off roof. "We knew something pretty amazing had happened," Schulze wrote, "but we weren't entirely sure what it was."

He and Anderson wondered if they could re-create the carnival-like atmosphere every day in a real store. By January 1983 there were seven Sound of Music stores, and combined they were taking in $10 million annually, but Schulze had almost no money left over and owed suppliers tens of thousands of dollars. Kaplan again prepared liquidation papers and told Schulze to sign. Instead, Schulze went back to Vegas.

At the same consumer-electronics show, Schulze shuttled from booth to booth making an unusual pitch to credit managers for Pioneer, Sharp, and other vendors. He showed them a floor plan for a "superstore" that would be at least triple the size of any store he had and vowed to stock it not merely with stereos and TVs but also VCRs, dishwashers, camcorders, computers—just about anything that plugged into a wall—and sell it all at the lowest prices anywhere. Of course, he'd need the vendors to extend him even more credit until the new stores started making money. As the meetings ended, Schulze would mention his "Plan B." Out came those bankruptcy papers. "If you don't extend our credit," he'd say, "we'll have no choice but to file at the end of the week."

Nine months later, Schulze opened a boxy, high-ceilinged store on a hill overlooking a highway in Burnsville. An enormous striped balloon tethered outside proclaimed the store's name: Best Buy. In its first year, the Burnsville Best Buy took in $14 million.

That early success attracted the attention of competitors. Bigger, more established retailers such as Sears (SHLD) and Montgomery Ward began selling Sony (SNE) and other famous brands. Anderson spent weeks spying incognito on a rival chain's store in Chicago, posing as a customer, interviewing for a job, and digging in the trash for receipts and internal memos. Schulze cut costs and prices in the Twin Cities, but it wasn't enough. "We either had to invent a new strategy or face extinction," he later told the Harvard Business Review.

A visit to a Sam's Club moved Schulze to consider a step verging on heresy: eliminating sales commissions. He figured customers would prefer not to be pressured by salespeople who stood to get a nicer cut on particular items. Best Buy's board balked. Schulze's sales force didn't like the idea. Neither did his suppliers, some of whom yanked their products. Schulze pushed on, rearranging store layouts to make it easier for customers to grab what they wanted and leave without saying a word to a salesperson. Sales and profits grew, and the suppliers returned.

Riding the 1990s surge in personal-computer sales, Best Buy overtook Circuit City as the nation's largest electronics chain. But crisis loomed again. Profits plummeted from $48 million in fiscal 1996 to $1.75 million—essentially breakeven—in 1997. Revenues were growing because the company kept opening stores, but operating costs, which never much interested Schulze, were out of control. He offered a $1 million cash bonus to the executive willing to dive into the mess; there were no takers. Shareholders began to question his leadership. His wife asked him if he should move on.

Instead, Schulze agreed to pay Andersen Consulting (now Accenture (ACN)) $44 million to look at his company. The decision was painful, partly because he disliked consultants ("Nobody pays $44 million to anybody for anything," he told deputies), and partly because he always believed Best Buy's own people were best at solving its problems. With Andersen's help, Best Buy made sweeping changes in how it ordered, shipped, warehoused, priced, and advertised goods, and hired dozens of new managers to make it work.

Within two years profit rose past $200 million, and shares increased more than twentyfold. In February 2000, the Minneapolis Star Tribune named Schulze the state's wealthiest person, with an estimated net worth of $2.2 billion. Later that year, the company celebrated the opening of its first stores near New York City with a Central Park concert by Sting. In 2002, Schulze stepped down as CEO, handed the day-to-day reins to his partner Anderson, and kept the chairman title.

For a few years, everything seemed to go right. The value of the company reached $26 billion as customers snapped up digital devices. Best Buy bought Musicland, a 1,300-store chain; Canadian electronics retailer Future Shop; and the onetime nemesis of the recording industry, Napster. It expanded in China, Turkey, and the U.K. In the meantime, one of its largest competitors, Circuit City, liquidated in 2009.

As the decade wore on, Amazon and other online retailers poached more and more sales from stores. Frank Trestman, a Minnesota businessman and Schulze ally who was on Best Buy's board from 1984 to 2010, says the company was aware of the Internet threat, but "the strategy to counteract it wasn't in place or executed in time. It's a management failing. It's a board failing."

Those failures became abundantly clear under Brian Dunn, who succeeded Anderson as CEO in June 2009. Dunn was a burly salesman who started with the company in 1985 and became a legendary leader of its blue-shirted sales force. In 2003, Best Buy had dumped Musicland at a loss, and Dunn continued trimming. He sold Napster and closed underperforming big-box stores in China and Turkey. As sales comparisons and the stock fell over the past year, the board pressed him to move faster on a digital strategy.

In March, according to the company, the board's audit committee learned from a Best Buy human resources official that Dunn had a relationship with a female employee. A subsequent investigation found that the CEO gave the woman tickets to concerts and sporting events, loaned her $600, and met her for drinks and lunches on weekdays and weekends. During trips abroad in 2011, Dunn called the woman 33 times and sent her 191 text, photo, and video messages. Dunn, who couldn't be reached for comment, resigned in April.

The board also determined that Schulze had confronted Dunn about the relationship last December without telling the board. It's unclear how far Dunn's relationship with the employee went, or whether the board saw it as a convenient excuse to dump a CEO it didn't like.

No black-tie dinner commemorated Schulze's departure after 46 years. He initially agreed to step down as chairman at the June 21 annual meeting and stay on the board into next year. Instead, he filed papers on June 7 with the Securities and Exchange Commission, saying he was quitting the board to assess his options, citing "urgent need" for change at Best Buy. He recruited Anderson and other Best Buy veterans and began visiting KKR (KKR), TPG Capital, and other private equity firms.

Relations with his old company went publicly sour. Best Buy learned of his Aug. 6 offer to buy the company not from Schulze but from a Bloomberg News reporter. The company dismissed Schulze's bid as "highly conditional." Schulze warned: "I am not going away."

Best Buy has time to right itself. The company still has $50 billion in revenue, a dominant share of its market, and a strong balance sheet. Showrooming isn't as pervasive—yet—as it's portrayed in media coverage. A recent study by Stevenson Co.'s TraQline Report shows that people who shop at a Best Buy but then buy online elsewhere account for only 5.4 percent of the company's shoppers. Still, the company has given its blue shirts the power to match some Amazon prices during the holidays, partly to offset showrooming.

Online retailers could lose some of their pricing edge as more states force them to levy sales taxes. Sony and other manufacturers have begun to demand that Amazon set some prices no lower than at stores. Where price gaps narrow, in-store shoppers may be more inclined to collect their stuff immediately rather than wait for UPS (UPS). "It looks like there's a big opportunity to get consumers outside the store inside the store," says Guy Rosen, CEO of data firm Onavo.

According to Goel and others, the company needs a differentiator: some offering or experience you can't get online or at another store. Schulze and the new CEO, Joly, both seem to think customer service is a big answer. The company has plowed tens of millions of dollars into training employees so that they become "an undisputed point of reference" for shoppers, as Joly recently put it. (He declined to be interviewed for this story.)

A newly refurbished outlet near Best Buy headquarters suggests how a customer service push could help. With its low shelves, broad sightlines, and smaller footprint, the store feels more Apple than Best Buy, down to the prominent Apple logo hanging over the displays of iPads and iPhones. In one corner is a counter for picking up goods ordered online. Opposite that is a warren of cubicles where customers can get one-on-one technical assistance from Geek Squad agents.

A bank of counters in the middle of the store is “Solution Central”—Best Buy’s version of Apple’s Genius Bar, where Geek Squad members help customers figure out how to get their iPads to work with their laptops, iPhones, and TVs, so they leave the store with working gear instead of “a box of problems,” says Best Buy Vice President Josh Will. The bet is that most people, even young ones, are baffled as to how to make their assorted gadgets function together—and Best Buy, with no particular allegiance to Apple or Android or any other brand of technology, is in the best position to help. “We don’t just speak iOS—we speak it all,” Will says.

Best Buy plans to have 50 such “connected” stores by yearend and could add more depending on sales performance. Analyst McGranahan says these outlets are still a mishmash, but “making the service more ingrained into the customer experience will help.” Planning for the stores began while Schulze was chairman.

In theory, the emphasis on strong service would draw customers to stores and persuade them to buy there. That in turn could enable Best Buy to price products a bit higher and avoid unwinnable price wars. Higher prices would bring bigger profits. Over time, smaller store footprints would cut costs and widen profit margins, giving the chain more flexibility on prices.

Joly, who started as CEO on Labor Day, hasn’t said much publicly about his plans for the company. A 53-year-old Frenchman with a full head of salt-and-pepper hair and rimless glasses, he has never run a retail business. But he showed turnaround mettle in previous stints at entertainment giant Vivendi (VIV) and Carlson, the hotel, restaurant, and travel chain. He’s already putting distance between his regime and Schulze’s. Best Buy recently announced the departure of its chief financial officer. The company has said it will close at least 50 big-box stores while opening hundreds more of its smaller Best Buy Mobiles—a smaller format, typically located in malls, that focuses on smartphones, e-readers, and tablets. On Oct. 16, word got out that Best Buy will soon sell Android-powered tablets of its own.

People familiar with Schulze’s thinking say he believes closing lots of the bigger stores would shortchange customers by offering less selection and convenience. In pitches to prospective investors, he’s stressed better relationships with suppliers and a “growth strategy” that will be as cost-effective as Amazon’s. He’s also selling himself and Anderson as the ones who’ve repeatedly faced down calamity. Sentimental as it might sound, McGranahan and other observers say that only a leader with Schulze’s passion can fire up Best Buy’s troops.

As part of his deal to see internal Best Buy finances, Schulze has until late this year to make a fully financed offer. But is he really the best guy to fix Best Buy? He’s teaming up with people who were around when the company was heading south. People who've listened to his turnaround pitch say they've heard nothing to suggest radical change.

Outside Schulze's vacated office at Best Buy headquarters, thousands of employees pass daily through a shrine to the founder. A winding corridor is festooned with photos of the 1981 tornado sale, a framed newspaper ad promoting a rival's liquidation sale, and picture after picture of the bald, smiling man who spent his life building a company he refuses to give up.

Multifamily Growth Slows But Remains Solid

儘管緩慢，公寓樓供需關係推動價值穩步回升

By Carisa Chappell(REIT.com)

Apartment market conditions improved for the seventh consecutive quarter, but the pace has slowed some, according to data released Oct. 31 from the National Multi Housing Council (NMHC).

NMHC's quarterly survey of CEO's and senior executives of apartment related firms nationwide regarding apartment market conditions noted that while the multifamily sector is benefiting from high occupancies and increased rental rates, recently that growth has come at a more moderate pace. The number of respondents who reported tighter rental markets than the previous quarter declined to 25 percent, reflecting a slowing of occupancy growth and rent increases. In the previous quarter, 55 percent reported tighter market conditions.

Fourteen percent of respondents to the most recent survey reported looser markets, while 62 percent said the market was unchanged from the previous quarter.

"Even after nearly three years of recovery, apartment markets around the country remain strong as more report tightening conditions than not," said NMHC Chief Economist Mark Obrinsky.

Stock returns from apartment REITs are indicative of that slowdown. Through Nov. 1, the apartment sector had total returns of 6.84 percent for the year, according to FTSE NAREIT U.S. REIT Index data. The FTSE NAREIT All REIT Total Returns Index was up 17.37 percent during the same period.

Despite the slowdown, supply-demand dynamics remain favorable for apartment owners, according to the NMHC.

"The increase in prospective apartment residents continues to outpace the pickup in new apartments completed," Obrinsky said. Obrinsky added that obtaining financing remains challenging for apartment companies.

"While development activity has picked up considerably since the trough, finance for both acquisition and construction remains constrained, flowing mainly to the best properties in the top markets," he said. The bulk of the survey participants, 73 percent, reported that financing for new construction is only available for top-tier markets or properties.

Retailers Report Finds Growth in Grocery Segment

零售商報告顯示食品超市增長明顯

By Mark Heschmeyer (CoStar)

Washington, July 2, 2012 – There were only modest shifts in position among the nation's very largest retailers last year, according to STORES 2012 Top 100 Retailers report. Wal-Mart – bigger than the next four largest retailers combined – remains in the No. 1 spot. Indicative of a supermarket growth trend seen throughout the report, Safeway moved back into the top 10 following a five-year absence. The annual ranking of U.S. retailers by domestic sales, featured in the July issue of STORES magazine, was compiled by Kantar Retail and sponsored by American Express Merchant Financing and SAP.

"Full of peaks and valleys, the scope of the retail industry leaves every company vulnerable to evolutionary changes, which in recent years include consumers' shopping behaviors, price index changes, economic factors, and good old-fashion competition," said Susan Reda, editor, STORES media. "When it comes to grocery retailers, fundamental shifts in how their customers shop – primarily because of the 'need versus want' argument – have changed which companies might excel faster than others."

Maintaining its No. 2 spot and still the largest supermarket company in the United States, Kroger has found success nationwide while still maintaining its locally-recognized banners and is looking forward to expanding its footprint even more in the year ahead. Sales at Kroger ($85 billion) grew 9.1 percent from 2010 to 2011.

With sales topping $36 billion on growth of 5.6 percent, Safeway (10) rejoins the top 10 for the first time since 2007. New programs like its mobile-driven "Just For You" platform, which offers its customers a personalized digital shopping experience, are helping boost the company's growth. Safeway swapped positions with No. 11 Sears Holdings on this year's list. The only other change within the top 10 was a swapping of positions by No. 5 Costco and No. 6 The Home Depot.

New to the list this year, Harris Teeter Supermarkets secures the No. 80 spot. The Charlotte-based company saw sales grow 4.5 percent to $4.2 billion in 2011, while its store footprint in the United States grew 2.5 percent over that same time frame.

Roundy's Supermarkets (89) also made the list for the first time. Sales at the Milwaukee-based grocery company grew 2.2 percent last year to $3.8 billion. The company went public on the New York Stock Exchange in February.

Grocery chains H.E.B. (26), Whole Foods Markets (37), Aldi (40) and Wegman's (65) also enjoyed double-digit growth last year.

Rounding out the top 10 are Target (3), Walgreens (4), CVS Caremark (7), Lowe's (8) and Best Buy (9).

"Food and fuel inflation contributed to the rise of many grocery and club retailers, but there was a real separation amongst those that were able to deliver strong brand and value propositions, including pure value players like Dollar General and Aldi to higher-end companies like Whole Foods Market and Apple," said Alexandra Mansfield, global data manager for Kantar Retail. "Amazon was the real standout this year, continuing to change the landscape and shoppers' expectations by capitalizing on the desire to save time and money, the 'new convenience'. It will not surprise us if they crack the top 10 in 2012." Larry Hausman, senior associate of Marcus &Millichap in Louisville, KY, said that if landlords were smart they would make whatever deals they can get done and still make a profit.

Rank	Store	2011 U.S. Sales (000)	Sales Grwth ('11 v '10)
1	Wal-Mart	$316,083,000	2.6%
2	Kroger	$85,491,000	9.1%
3	Target	$68,466,000	4.1%
4	Walgreens	$66,330,000	8.3%
5	Costco	$64,221,000	8.9%
6	The Home Depot	$62,075,000	3.1%
7	CVS Caremark	$59,688,000	3.9%
8	Lowe's	$49,282,000	2.3%
9	Best Buy	$37,551,000	1.2%
10	Safeway	$36,923,000	5.6%

The STORES Top 100 Retailers are listed by U.S. sales, which may include estimates for private or closely-held companies. Retailers included in the Top 100 either have group headquarters located in the United States or are foreign entities with significant operations in the U.S. market. For retailers with group headquarters located overseas, data is presented for North American operations only. Revenues from major non-retailing operating segments are excluded where data availability allows.

Kantar Retail (www.kantarretail.com) is a global retail insights and consulting business that works with clients to transform the behavior of shoppers and retailers. Kantar Retail serves the world's leading retailers and manufacturers and has offices in 15 markets around the globe. By combining the resources of Cannondale, Glendinning, MVI and Retail Forward, the company solves client issues from tactical to strategic. Kantar Retail is headquartered in London and is part of the Kantar Group of WPP.

STORES Media is the publishing group of the National Retail Federation (NRF), the world's largest retail trade association. STORES Media offerings include STORES magazine (print, digital and mobile versions), STORES.org, STORES Knowledge Series and STORES Weekly. STORES products report on the broad spectrum of strategic issues facing senior retail executives, including: retail technology, supply chain and logistics, credit and payment systems, loss prevention, human resources, omni-channel retailing, communications, marketing, merchandising and other vital store operations.

Office Market Recovery Continues In Third Quarter

第三季度辦公樓市場持續回暖

By Randyl Drummer (CoStar)

Demand for office space in the U.S. held steady in the third quarter as leasing activity and absorption of available office space continued to pick up momentum following a lackluster start at the beginning of 2012, CoStar Group reported this week in the company's Third-Quarter 2012 Office Review & Outlook.

The overall U.S. office vacancy rate edged down and net absorption rose to 15 million square feet during the quarter from 13 million square feet at mid-year 2012. The relatively little new office supply and continued low levels of new office construction supported the balance in supply and demand.

Meanwhile, office tenants continued to enjoy a 'holiday' from rent increases as office rents in most market have yet to budge much from their market trough tipping point, according to analysts for Property and Portfolio Research (PPR), CoStar’s analytics and forecasting division.

"The recovery is only one-third of the way there in the office sector, we still have two-thirds to go," said Walter Page, PPR director of research, office, who was joined by PPR's Managing Director Hans Nordby and Manager, U.S. Market Research Aaron Jodka, in dissecting the third-quarter numbers for CoStar clients.

If there was a surprise for the quarter it was on the upside. Page said he had expected demand to fall off a bit in the quarter, based on anecdotal reports of companies postponing hiring and expansion decisions due to economic and political uncertainties created by this fall’s hotly contested presidential election and the unresolved budget impasse.

"But it held up, and we expect it to continue to hold," Page said, buoyed by the improvement in job growth over the last couple of months.

CoStar expects leasing activity to exceed 135 million square feet nationally for the third quarter, eclipsing the 130 million square feet of office space leased during the second quarter.

"We've started to see pretty good leasing momentum," Jodka said. "It was a weak first quarter, but we've started to see more decision-making by tenants -- not at the rate we would have expected if it were not an election year or if the economy were performing better -- but we're seeing office-using job growth translate into leasing decisions and momentum , and that's a good sign."

Energy industry driven metros such as Houston, Dallas and Denver, and even previously challenged growth markets such as Atlanta, have posted solid gains in leasing and absorption, both in the third quarter and year to date, fueled by growth in law firms, consulting, insurance and other typical downtown tenant, Jodka noted.

On the other end, consolidation among pharmaceutical companies and other office tenant downsizings have dampened demand in Northern New Jersey. Absorption remains soft in Los Angeles outside the submarkets dominated by media and entertainment companies.

Companies Continue to Pursue Modest Office Hiring

While U.S. GDP slowed to 1.3% in the third quarter from 1.7% in the prior quarter -- hardly the kind of growth arithmetic that induces companies to hire more workers -- office-occupying jobs continued to increase on a year-over-year basis at a faster clip than the national average, Nordby said.

"We're expecting office-using employment to be about 30% better than the overall average in employment. If you believe there's a recovery, then you like the office sector," Nordby said.

Although the U.S. office vacancy rate edged down to 12.6% in the third quarter and is down just half a percentage point from a year ago, PPR continues to expect the vacancy rate to fall another 1.8% through 2016 as supply diminishes and the economy rebounds, by far the steepest drop among commercial property types.

For now, two main factors are constraining office demand. The average amount of office space leased by tenants has shrunk 21% over the last 10 years in a fundamental shift in the way companies use office space due to a variety of factors, including the economic downturn, and the rise of telecommuting and smaller, more collaborative work spaces. Secondly, tenants are still expanding into leased but under-utilized space resulting from layoffs during the recession.

Meanwhile, office tenants that have been active in the market are upgrading their space at the current lower rents. About 70% of net absorption has been in top-tier, 4-Star and 5-Star buildings. However, PPR expects absorption to shift to the middle and lower of the market, similar to the mid-2000s recovery, as the choicest buildings fill up.

Page also pointed out that office demand is improving in metros hurt by the housing crisis, such as Atlanta and Phoenix, with housing clearly less of a drag on their local economies than in previous years. Even in Orange County, where the subprime mortgage collapse caused the office market to crater, mortgage lenders are once again beginning to lease large block of space, Jodka said.

Office Construction Beginning to Stir

Although there’s very little new supply of office space coming on line -- the nation actually removed more space from the inventory than it added in 2011 -- construction of a few new projects totaling 14 million square feet has started in the last two quarters. Most of the new office construction consists of build-to-suit buildings for medical or pharmacautical tenants such as PNC’s 800,000-square-foot headquarters building in Pittsburgh.

However, office construction is becoming a bigger story in a few markets such as San Jose, CA; Boston, Washington, DC, Houston, New York City, Austin and Charlotte, NC. Although up to 85% of the space is preleased in some markets such as Boston, speculative projects have been a higher percentage of total construction in San Jose, DC, Austin and Charlotte.

"We expect that sluggish phenomenon to continue over the next several years until the economy really gets going and profits start to translate into employees and uncertainty starts to wind down," Jodka said.

While the office sector had the greatest increases in vacancy and has not recovered as fast, its recovery probably has more legs going forward because of the lack of construction, Page said.

Manufacturing, Construction And Consumer Confidence Show Gains

製造、建造以及消費者信心顯示工業增長

By Jim Puzzanghera (LA Times)

WASHINGTON -- Key private indexes of manufacturing and consumer confidence edged up in October, while the government reported an increase in construction spending in September as economic data released Thursday indicated moderate economic growth.

All three readings were in line with analyst expectations, and came as new private and government data on unemployment pointed toward modest employment gains last month.

The Labor Department will release the October jobs report on Friday, the last major economic data point before Tuesday's presidential election. Economists project the report will show the economy added 125,000 jobs and that the unemployment rate ticked up to 7.9%.

U.S. factories continued to power up last month after a summer contraction, according to the Institute of Supply Management. The group's purchasing manager's index increased to 51.7, up 0.2 percentage points from September's reading.

It marked the second consecutive month of expansion in the vital manufacturing sector after three months of slight contraction. October's reading indicated the pace of growth had accelerated a bit from September as new orders and production picked up.

“Manufacturing continues to hold up better in the U.S. than in the rest of the world,” said Nigel Gault, chief U.S. economist at IHS Global Insight.

“It is still under pressure from global economic headwinds and domestic policy uncertainty,” he said. “But improvements in the domestic economy -- notably in housing and consumer spending -- are providing support.”

Consumer confidence also improved in October, rising to its highest level since February 2008, according to the Conference Board.

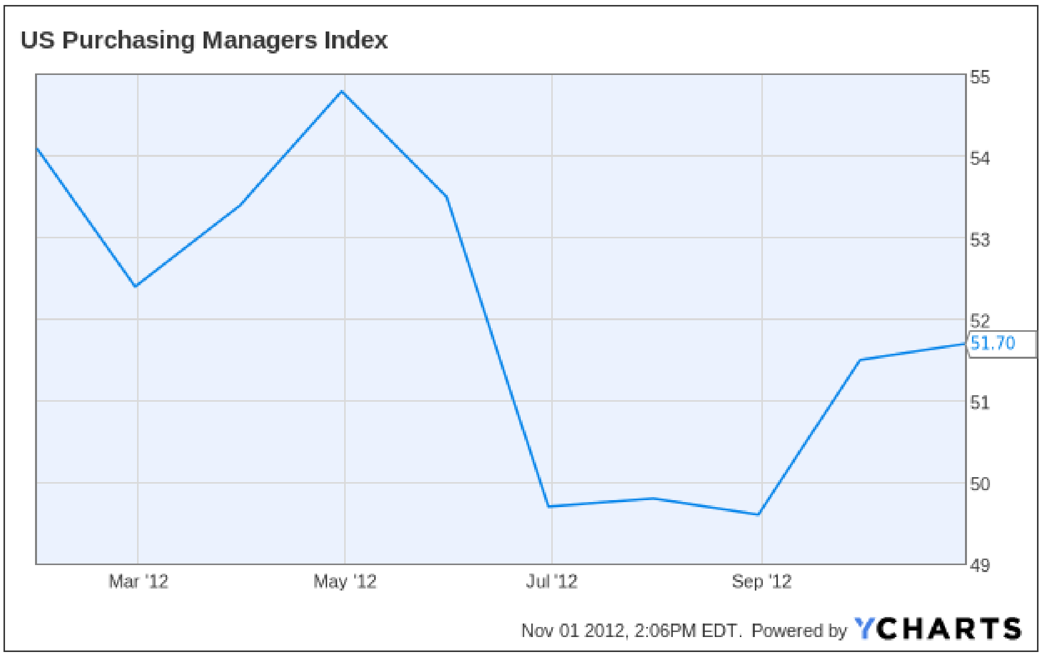
Its index increased to 72.2 from 68.4 in September as improvements in the jobs market buoyed consumers' views of economic conditions.

“Consumers were modestly more upbeat about their financial situation and the short-term economic outlook, and appear to be in better spirits approaching the holiday season,” said Lynn Franco, director of economic indicators at the Conference Board.

In another sign of improvements in the housing market, the Commerce Department reported that construction spending increased 0.6% in September from the previous month.

Private and public construction spending rose to a seasonally adjusted annual rate of $851.6 billion in September.

The September pace was a 7.8% increase from the same month a year earlier. For the first nine months of 2012, construction spending was up 8.9% compared to the same three quarters in 2011.



Investors Stocking Up on Grocery-Anchored Centers Again

投資者再次逐漸青睞超級市場為主力店的購物中心

By Mark Heschmeyer (CoStar)

After sales plummeted earlier this year, investors are once more slowly warming up to grocery-anchored shopping centers. Two major portfolio of properties changed hands this past week.

Sales totals of neighborhood / community shopping centers topped $1.2 billion in every quarter of 2011, and surpassed $2 billion in each the third and fourth quarter of that year. Then sales of this type retail center plummeted to $600 million in the first quarter.

Sales volume is expected to be back at the $1.2 billion level for the third quarter of this year, accroding to preliminary sale information for the quarter confirmed by CoStar. And the fourth quarter appears to be off to a good start, too.

New York-based Garrison Investment Group acquired a 13-property portfolio totaling 1.7 million square feet of neighborhood and community shopping centers in Ohio and Indiana. The seller was Kimco Realty Corp.

And in a separate deal, Port Washington, NY-based Vastgood Properties LLC and a fund managed by Prudential Real Estate Investors acquired a portfolio of seven supermarket-anchored shopping centers totaling 561,000 square feet. The seller was Halifax, Nova Scotia-based Homburg Investment.

Garrison Investment Group

The 13 properties Garrison Investment Group acquired, (eight in Ohio and five in Indiana) feature many prominent retailers such as T.J. Maxx, Giant Eagle, Kroger, Bed Bath & Beyond, and Home Depot.

"While the portfolio is 90% occupied, there are still exciting opportunities for upside that work well with our investment strategy," said Mitchell Salmon, senior vice president/director for Garrison Investment.

Garrison has engaged Select Strategies Realty in Cincinnati, Ohio, to manage and lease the properties.

The acquisition increases Garrison's retail holdings to more than 6.3 million square feet.

Kimco Realty

While Garrison did not reveal what it paid for the properties, the seller, Kimco Realty, said it recently sold 23 non-strategic retail properties comprising 2.7 million square feet for $165 million. Kimco confirmed that the totals include the Garrison deal.

Since the start of Kimco's asset recycling program in September 2010, the REIT has disposed of 86 non-strategic properties comprising, on a gross basis, 7.9 million square feet for $529.9 million. The properties sold had a combined gross occupancy of 82.6%.

Since the end of the second quarter of 2012, Kimco also acquired four wholly owned shopping centers comprising 581,000 square feet for $118.8 million, including $42.5 million of mortgage debt, in its primary core markets:

Since September 2010, Kimco has acquired for $984.8 million a total of 47 shopping centers comprising 6 million square feet with a combined gross occupancy of 94.5%.

Vastgood Properties

In another large portfolio sale, Vastgood Properties and PREI teamed up to buy 561,000 square feet of gross leasable area for $104 million from affiliates of Homburg Holdings (U.S.) Inc. and Cedar Realty Trust Partnership, L.P.

The properties, six of which are anchored by Giant Food Stores and one by a Nell's Supermarket, are in central and eastern Pennsylvania. More information on this sale can be found here.

Where Have All the For-Sale Net Leased Properties Gone?

淨租賃的公开房源明顯減少，原因或是投資者在房源公開前便競相搶購以及當前的業主不願放棄好物業

By Mark Heschmeyer (CoStar)

After a robust couple of years, investment sales activity for nearly every type of single-tenant property slowed considerably this past summer.

Garrick Brown, Northern California Research Director for Cassidy Turley, who was among the first to spot the trend, reported on it this past week in Cassidy Turley's Single Tenant Net Lease Investment Overview Fall 2012.

"By the close of the third quarter, it was apparent that deal velocity had simply slowed across the board and in virtually every region of the United States," Brown noted. "Though there is a natural lag time involved in gathering deals, our preliminary numbers and forecast final statistics for the third quarter of 2012 indicate slowing deal velocity (for net-lease properties) all around."

Brown and others have a simple explanation for the decline. It is not, they contend, reflective of investor demand for this product, which continues to increase. Rather they say, there has been a notable drop off in the supply of available product from prospective sellers.

"The primary reason behind this slowdown is that the market continues to struggle with a lack of properties available for sale," Brown noted. "For example, we are currently tracking 302 drug store properties available for sale throughout the United States. At the beginning of this year, we were tracking 389 available properties. Drug store availability has fallen by 22% since our spring 2012 report. Fast food investment availability has fallen by 12%. Automotive property availability is down by 11%."

NNNet Advisors, a net lease investment brokerage firm based in San Francisco, is seeing the same trend. In its third quarter net lease report, NNNet noted that Burger King, Hardees / Carl's Jr., and Jack in the Box properties experienced significant decreases in new offerings. New Walgreens offerings were down by more than 50%.

For sale data tracked by CoStar supports these observations. For example, CoStar shows just 52 new drug store offerings having come to market in the past 60 days. That compares to 71 properties that have been on the market for 60 to 120 days.

CoStar shows 147 fast food restaurant properties coming to market in the past 60 days compared to 180 that have been on the market for 60 to 120 days.

According to Cassidy Turley, the only property type that has not experienced a significant decline in availability has been single-tenant industrial.

"The fact is," Brown noted, "that net-leased investments remain at the top of most investor wish lists, particularly when it comes to private investors. This is not just because of the relative simplicity of being the landlord of a single-tenant triple net leased investment, but also because of the security offered by some of the top users of these properties."

In its report, San Francisco-based NNNet Advisors noted: "This leaves one to ponder if only the riskier properties with shorter lease terms and tertiary locations are being marketed to the general public while safe properties with longer leases and strong sales histories are easily being sold without having to utilize major marketing efforts. Similar to other quality net leased property, we are continuing to see more and more deals being made off market as investor demand for new builds and long leases remain red hot. The current decrease in supply will likely continue to drive cap rates even lower in the short run."

CoStar sales data also supports NNNet's observations. Since the start of 2011, sales of drug store and fast-foot properties that had not been listed for sale accounted for an average of 33% of deals each quarter. The average number of off-market deals, however, has been increasing notably in the last two quarters and in the third quarter of 2012 accounted for 41% of all such property type sales.

In addition, NNNet noted, just as investors are keen on snapping up income-producing properties with creditworthy tenants, the current property owners are thinking twice "before parting with the investments that 'stuck by them' while they watched the value of many of their other investments rapidly decline."

The final factor impacting demand is interest rates may be historically low, but it's not easy to qualify for debt and most lenders will only consider properties that have the characteristics of the safe properties, NNNet noted. Even investors with the resources to purchase single-tenant net-leased properties all cash are being careful to select those that would have the greatest chance of qualifying for financing, if need be.

Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)

消費者市場利率：房貸、基本利率、等等

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	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0-0.25	0-0.25	0-0.25	-	-
Prime rate*	3.25	3.25	3.25	3.25	-	-
Libor, 3-month	0.31	0.31	0.58	0.31	0.13	-0.04
Money market, annual yield	0.51	0.51	0.53	0.44	-0.00	-0.55
Five-year CD, annual yield	1.34	1.37	1.59	1.30	-0.25	-1.35
30-year mortgage, fixed	3.67	3.68	4.26	3.54	-0.59	-1.62
15-year mortgage, fixed	3.05	3.08	3.59	3.01	-0.52	-1.58
Jumbo mortgages, $417,000-plus	4.13	4.15	4.96	4.04	-0.80	-2.21
Five-year adj mortgage (ARM)	3.09	3.31	3.33	2.83	-0.12	-1.19
New-car loan, 48-month	3.17	3.19	4.36	2.97	-0.97	-3.90
Home-equity loan, $30,000	4.63	4.63	4.92	4.57	-0.14	-0.68