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SHOPPING CENTERS TODAY
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CBRE helps malls go green

CB Richard Ellis Group is adding another item to its menu of real estate services: advice on going green. The Los Angeles–based commercial real estate firm announced plans to help clients ramp up energy efficiency at the 1.7 billion square feet of building space it manages for them. The firm also wants to make sure its own facilities (300 offices worldwide, housing a total of 24,000 employees) are fully "carbon-neutral" — referring to the use of energy-saving improvements in properties elsewhere — by 2010, says spokesman Steven Iaco. "Our clients are driving for energy efficiency anyway," he said. "So on the client side, this is about formalizing what we're already doing in various geographies around the world and just aggregating it, developing best practices and implementing this across our portfolio."

The **Natural Resources Defense Council**, a New York City–based environmental group, is helping CBRE develop strategies. A client intending to renovate a regional mall and make it greener in the bargain, say, could thus turn to CBRE for help cutting carbon emissions, saving energy or implementing green design. The firm's environmental task force, formed this spring, is analyzing overall energy use at its facilities. "We will seek to mitigate that through energy-efficiency programs, better space utilization ... and renewable energy sources," Iaco said. "Whatever we are not able to reduce through those measures, we will make up the difference through investments in carbon offsets."

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Tweeter files for Chapter 11

Tweeter Home Entertainment Group filed for Chapter 11 in the wake of tough competition, price pressures, weak demand and heavy debt. Atlanta-based Tweeter and seven affiliates filed with a bankruptcy court in Delaware last week, listing $258.6 million in assets and $190.4 million in debt. In April Tweeter said it would close 49 stores, keeping 104, and cut 20 percent of its work force. The retailer says it expects to continue normal operations while it reorganizes. It also says it will concentrate on home installation and services. Tweeter moved away from home stereo equipment to focus on televisions but could not compete with the likes of **Best Buy**, **Circuit City** and **Wal-Mart**. Tweeter's share price has dropped about 90 percent this year.

Sands Corp. expanding rapidly in Asia

Las Vegas Sands Corp. used the Spring Convention this year to showcase its status as a major retail developer in Asia. The Nevada-based company has about 4 million square feet of retail space under development in Asia. Macao, a developing tourist destination, has become fertile ground for Sands. Its **Venetian Macao**'s **Grand Canal Shoppes** contains 1 million square feet of retail space that is almost fully leased, and its **Shoppes at Four Seasons**, connected to the Grand Canal

Shoppes, will contain 210,000 square feet of high-end shopping, with all the shops set to open this summer. Another project in Macao is the **Cotai Central Mall**, an 800,000-square-foot lifestyle center that is scheduled to open in the third quarter of next year. The mall is going up on the **Cotai Strip**, a master-planned segment of resort-casinos and hotels on the coast. Meanwhile, in Singapore, the $3.6 billion **Marina Bay Sands** is to contain some 800,000 square feet of retail, gambling, dining and hotel space. The Marina Bay Sands is slated for completion in 2009. The firm is also in the planning stages for another master-planned community on Hengqin Island in China.

Retail theft up despite countermeasures

Theft continues to plague retailers, despite their programs and technology to combat it. A survey of 137 retailers shows that the level of retail theft last year was equal to 1.61 percent of retail sales, virtually unchanged from 1.6 percent in 2005. Retail losses last year totaled about $41.6 billion, nearly half of which was attributable to employee theft, according to the survey by the University of Florida and the National Retail Federation. Shoplifters were responsible for roughly a third of the losses, amounting to some $13.3 billion worth, according to the survey. Administrative error and vendor fraud accounted for the rest, at $5.8 billion and $1.7 billion, respectively. Wal-Mart says it, too, is experiencing increased theft, though it declined to put a number on the problem.

REITs: Analysts misrepresent us

The funds-from-operations metric may be hurting REITs more than helping them, some say. The REIT community created the tool to help investors unfamiliar with the intricacies of real estate cash flow. FFO is determined by adding up a REIT's net income, depreciation and amortization and then subtracting the gains on property sales. But FFO is inconsistently calculated and reported, sources say, and should not be used as a catchall for valuing REITs. "We created our own metric, then gave it to inexperienced people to use and never showed them what was inside the metric," said Don Wood, CEO of Federal Realty Investment Trust, at an investor conference on June 7. "It's very difficult to compare company to company today," he said. "One guy could pop up his FFO with a merchant-building gain while another decides to hold an asset for three years and sell it for $100 million in gains that will show up in earnings per share but will never be seen in FFO." Some REITs factor land sales into their FFO, others don't. Some factor profits from the sale of stabilized assets into their FFO, others don't. Another problem is that "the metric is diverting attention away from the subsidy," Wood said. "Everybody wants to talk about cap rate today. Nobody wants to talk about customer relations, the franchise you've created and hence the undervaluations of REIT stock."

Asia Expo to showcase international growth

Executives from around the globe will gather next month in one of the world's busiest regions for retail development, Asia, for ICSC's second annual Asia Expo. China is expected, once again, to be the focus of much attention. Though shopping centers were not introduced there until the mid-1990s, their growth in that country has been spectacular, albeit concentrated largely in the eight largest cities. As of the end of 2005, Shanghai had 37 shopping centers, 24 of them super-regionals, according to the University of Washington's Runstad Center for Real Estate Studies. Beijing's first mall, **Oriental Plaza**, opened in 2001, but as of mid-2006 the city boasts 63 million square feet of shopping center space, according to Colliers International. Beijing also claims to have the world's largest mall: the 9.6 million-square-foot **Golden Resources Mall**, which opened in 2005.

All this retail development is trying to keep up with China's rapidly growing economy, which now ranks as the world's second-largest, after the U.S., according to *The World Factbook.* "The second annual Asia Expo will again serve as the premier networking forum for anyone interested in doing business in the region," said Scott Harris, ICSC's staff vice president of global business development. "Singapore, with its regional leadership in the retail property sector and its outstanding convention and exhibition facilities, is the ideal host for the Asia Expo." The conference takes place July 17–19 at the SunTec Singapore. Meanwhile, India's gross domestic product is growing abundantly: It was $798 billion in 2005–2006 and is expected to top $902 billion in 2006–2007. This makes India's economy the fourth-largest in the world, according to ICSC research. The conference will start with a study tour of Singapore shopping centers, to be followed by the Asia launch of ICSC's Next Generation program. The program helps industry newcomers meet veterans. "It just feels like the timing is right," said Judy Wander, ICSC's staff vice president of meetings, referring to the introduction of the program there.

The conference's educational component begins on the second day. The panel

discussions will include "Branding in the New Retail Era," "Marketing Miracles" and the "Next Big Thing: Vietnam." The day concludes with a gala dinner. Among the third day's panels will be a discussion titled "The Mall as Money Machine: New and Alternative Sources of Revenue," led by Alison Rehill-Erguven, vice president of **General Growth Properties' GGP International**. "General Growth Properties believes its future growth will come from a few areas in the coming years, and growing globally is one of those areas," said Rehill-Erguven. "It is important for us to participate in conferences such as the ICSC's Asia Expo, not only to support the global efforts of ICSC, but also to strengthen GGP's mission and identity on an international front. Also, as we gain more exposure to our international counterparts, there are always things we can learn as well." Other sessions for that day will include "Achieving Optimal Tenant Mix," the forward-looking "Asia-Pacific Visionary Developers' Panel: To Dream the Impossible," and "Breaking the Mold: Can New Formats Other Than the Usual Big Box Format Proliferate in Asia?"

The conference will conclude with lunch roundtables. Last year's expo attracted some 1,200 attendees from 32 countries. The sold-out exhibit floor featured such developers as **Ayala Land**, of the Philippines; **CapitaLand**, of Singapore; **Developers Diversified Realty**, of the U.S.; and Netherlands-based **ING Real Estate**; design firms such as **Development Design Group** and **MulvannyG2 Architecture**; and many service businesses. "All the major companies doing business in the region will be in attendance," Harris said. "A first-class line up of speakers, a dynamic exhibition, an exciting study tour and fun-filled social activities combine to make a world-class event." For more information, visit http://www.icsc.org.

Flag Day celebrated at malls across U.S.

For the second year running, U.S. flags will be flying at hundreds of shopping centers across the country as part of ICSC's Old Gloryous celebration of Flag Day. The flags will fly for two and a half weeks, and there will be a range of other events too. Shopping centers will encourage consumers to pledge to fly the flag and support U.S. troops and veterans. On June 14 several centers organized collections of items for our troops overseas, and many also offered discounts to service personnel and their families. Among those taking part are some of the country's largest landlords, including **Aronov Realty**, **CBL & Associates Properties**, **Developers Diversified Realty Corp.**, **Forest City Enterprises**, **General Growth Properties**, **Kravco Simon**, **The Mills Corp.** and **The Macerich Co.** Some 40 Macerich centers held events for the day, including flag-raising ceremonies and presentations by the VFW and the National Guard, says Rebecca Stenholm, senior manager of public relations at Macerich. One center in Fresno, Calif., held a naturalization ceremony to welcome 60 new U.S. citizens.

TRANSACTIONS

Los Angeles–based **SCI Real Estate Investments** sold a portion of the **Plaza at Puente Hills** totaling 177,933 square feet in City of Industry, Calif., for $44 million to Los Angeles–based **JSL Plaza at Puente Hills**.

Philadelphia-based **Metro Development** sold the 152,000-square-foot **Swedesford Plaza Shopping Center**, in Devon, Pa., to Eatontown, N.J.–based **Wharton Realty Group** for $40.5 million.

Boca Raton, Fla.–based **Woolbright Development** paid an undisclosed seller $27.2 million for the 208,568-square-foot **Colonial Promenade Wekiva**, in Orlando, Fla.

The Azarian Group, of Midland Park, N.J., acquired the 50,000-square-foot **Lenox Plaza Shopping Center**, in West Paterson, N.J., for $19.8 million from Fairfield, N.J.–based **Hillsborough Associates**.

Beverly Hills, Calif.–based **Centerline JA Holdings** bought the 75,000-square-foot **Center Line** (Mich.) **Shopping Center** for $9 million from Birmingham, Mich.–based **Essco Development Centerline**.

Coral Gables, Fla.–based **CRE Properties** and **Coral Gables Enterprises** bought two retail buildings in that city, totaling 16,950 square feet, for $6.6 million from a local private partnership.

THE COMMON AREA

Gap Inc. says it agreed to franchise stores in Saudi Arabia and Turkey, where it will

introduce its **Gap** and **Banana Republic** brands. The retailer plans to team up with **Fawaz Alhokair Group** in Saudi Arabia and **Fiba Holding** in Turkey to open 90 Gap stores and 20 Banana Republic stores over the next five years. The first Gap units are to open in both Saudi Arabia and Turkey by year-end, and the first Banana Republic stores will open next spring.

Taubman won a victory in its long struggle to build a luxury mall development in Syosset, N.Y. The New York State Supreme Court ruled that the town of Oyster Bay must review Taubman's application within 90 days. Allegedly, the town had been ignoring the proposal. The Bloomfield, Mich.–based REIT wants to build the 860,000-square-foot center at the site of an old wire-manufacturing plant. **Barneys New York**, **Neiman Marcus** and **Nordstrom** are the planned anchors.

Goldman Sachs acquired 13 percent of **RadioShack**, making Goldman its largest shareholder. **Fidelity Investments**, which had owned 15 percent, now holds 7.6 percent. The move has raised speculation about a buyout or turnaround for the electronics chain. There has also been speculation in recent weeks that **Dell Computer** will buy a stake and sell its own products through the chain.

London's **Pret a Manger** fast-casual restaurant chain plans to open 33 additional units in New York City and also make its debut in Boston and Washington, all over the next three years. The company says it wants to operate at least 100 shops in New York City.

Wal-Mart Stores discovered that many couples were having trouble finding wedding venues for the date of July 7, 2007 — 7/7/07 — which some believe to be a lucky series of numbers. So Wal-Mart sponsored a Lucky in Love Wedding Search contest, in a partnership with Wal-Mart-owned **G Squared**, a brand of Gartner Studios photography. Seven couples will be able to use their local Wal-Mart's lawn-and-garden area for a wedding ceremony and reception. Wal-Mart received about 400 entries.

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