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**Report: 3Q retail real estate transactions to rise**

The first half of the year saw just \$20.2 billion in retail property transactions worldwide, down 61 percent from a year ago, according to Real Capital Analytics. The decline is in line with other property types, but retail is the only sector to see second-quarter deal volume fall from the first quarter. Real Capital Analytics predicts a modest resurgence of retail transaction activity for the third quarter, based on deals already closed or pending in the quarter. The U.K. saw the most retail real estate transactions during the first half — some \$5.35 billion worth, down 34 percent from a year before. Spain was second, with \$2.69 billion, up 88 percent year on year, thanks largely to the \$311 million sale of the **Centro Comercial Plenilunio**, in Madrid, and the \$2 billion sale of a 9 million-square-foot portfolio of BBVA bank branches to Deutsche Bank, Real Capital Analytics says.

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Meanwhile, the U.S. lost shine in the eyes of investors, falling to third place from the year-ago first slot, with \$2.69 billion in first-half retail property deals, down 74 percent from 12 months before. France, on the other hand, skyrocketed from 30th place to seventh. French retail transactions totaled \$83 million during the half, up nearly 300 percent year on year. The year's largest single-property retail transaction was the \$1.7 billion purchase of a 1.5 million-square-foot portion of the **Meadowhall Centre** mall, Sheffield, England, from **British Land** by the Abu Dhabi government.

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**Jos. A. Bank boosting 2010 expansion**

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**Jos. A. Bank Clothiers** says it will accelerate its expansion by opening about 35 new stores next year. It will have opened about a dozen by the end of this year. "Quality real estate opportunities are beginning to open in the marketplace and we are ready to expand our store base at a more rapid rate," R. Neal Black, the chain's president and CEO, said in a prepared statement. "We have a proven ability to open 60 stores a year and these future store openings will put us back on the track we were on prior to the national economic



crisis." The Hampstead, Md.-based company currently operates 467 stores in 42 states and the District of Columbia and aims to grow to 600.

### **Equity firm to take Charlotte Russe private**

**Charlotte Russe** is going private, having agreed to be acquired by Boston-based equity firm Advent International Corp. for \$380 million. Advent will pay \$17.50 per share for the mall-based apparel chain, which operates about 500 stores in the U.S. and Puerto Rico. San Diego-based Charlotte Russe rejected a \$9.50 per share offer in November from KarpReilly Capital Partners and H.I.G. Capital.

Charlotte Russe, which posted \$823.3 million in sales for the fiscal year ended Sept. 7, 2008, replaced its management in November, following a substantial expansion. Some say this growth burdened the company with high rents for stores that were too large and often in poor locations. Advent says it will appoint Jenny Ming, former president of Gap Inc.'s Old Navy, to oversee Charlotte Russe.

### **Centers showcase art**

It has been a great summer for sculpture at shopping centers. **The Buzz Oates Group of Cos.** unveiled a 26-foot-high, bronze-and-stainless-steel work at its **Riverpoint Marketplace**, in West Sacramento, Calif. "Synergy," as the piece is called, comprises two wavy columns representing the two rivers that "nurtured and sustained the city," according to artist Alber De Matteis. **Addison Place**, a shopping center in Delray Beach, Fla., is displaying statues of a man, a woman holding an infant, and a child, in a depiction of the immigration to Israel of Russian and Ethiopian Jews. "Over 1 million olim [immigrants] came to Israel from Russia and Ethiopia," sculptor Itzik Asher told the press. "[The Ethiopians] came to Israel with nothing. We are all coming from different places, but we are all the same under the clothes." Asher was responding to criticism, explaining why the figures in the piece, called "Journey to the New," were unclothed. At **Macerich's Santa Monica [Calif.] Place**, Christian Moeller is installing a "video sculpture" in the plaza, and Benjamin Ball and Gaston Nogues have designed a sculpture for an exterior wall, consisting of stainless-steel balls connected by steel poles, not unlike a Newton's Cradle. The revamped Santa Monica Place is scheduled to open next August.

### **System provides security without the guards**

Boston-based **Berenson Associates** is finding that the best way to keep its newest shopping center secure is to have no visible security presence at all. Berenson's **Freeport Village Station**, a 120,000-square-foot lifestyle property that opened in April in Freeport, Maine, has not a single security guard or property management professional on-site. Instead, the developer contracted with Viewpoint CRM, a Lowell, Mass.-based video-monitoring-services provider, to install audio-video kiosks throughout the property. Professionals cross-trained in both security and customer service monitor the site remotely, communicating by audio transmission.

"They make their presence known by making friendly

announcements at random times throughout the day, which lets the whole world know the property is being monitored and it's being watched 24 hours a day," said Eugene O'Brien, the Berenson vice president who oversees Freeport Village Station's day-to-day operations. "It's discreet and it's unobtrusive, but it is very effective when it needs to be. It tends to diffuse the situation — there is nobody to argue with. Nobody tries to be a tough guy where, when you send a security guard to a disturbance, you've automatically created confrontation. Which may be necessary in the situation, but ultimately, we'd all like to avoid all confrontation."

Berenson's elimination of costly security patrols generated significant savings, which have been passed down to the tenants, says COO Alfred R. Yebba. "Given that this is a small center which we're operating remotely, there were budgetary limitations as to how much could be spent on security services," Yebba said. "It would have required a sizable staff on-site for security as well as management purposes, which we don't feel that we need now."

The traditional information booth has been replaced by three customer-service kiosks outfitted with 50-inch, touch-screen monitors. "When somebody touches the screen, they get a real crystal-clear picture of an individual speaking to them," O'Brien said. "They will make you reservations at any restaurant, help you find your car, or lock down the mall if a child is lost. Besides how useful it is, it's fun and it's different."

The Freeport Village Station experiment has proved fruitful enough that Berenson plans to implement similar systems at future projects and at **Northline Commons**, a newly redeveloped lifestyle center in Houston. Though on-site security will not be eliminated altogether at that 750,000-square-foot property immediately, Berenson speculates that the kiosks will allow an initial security staff reduction of 50 percent, generating about \$1.5 million in savings over five years. "What we thought would be tailored for a Freeport-type project," Yebba said, "proved to be easily transferable to a much larger project."

## **RETAILING TODAY**

**Lowe's** says it plans to carve out a slice of Australia's A\$24 billion (\$20 billion) hardware market through a venture with Sydney-based **Woolworths**. The No. 2 U.S. home improvement chain will own a third of the unnamed venture, which has already acquired Danks Holdings, Australia's second-ranked hardware distributor. The partnership plans to open 150 stores over several years.

**Sears** will be rolling out beauty departments at 13 mall stores in Chicago, Los Angeles and New York City.

Vietnamese restaurant chain **Pho 24** and British retail firm **Leisure Space** formed a venture allowing Leisure Space to open 30 restaurants bearing the former's name in the U.K. The first U.K. unit will open in London.

## TRANSACTIONS

**The Azarian Group**, of Midland Park, N.J., paid **JPMorgan Chase** \$33.9 million for **Neptune (N.J.) Plaza**, a 220,000-square-foot power center.

Moonachie, N.J.-based **Lladro Realty** sold an 11,333-square-foot retail building in Beverly Hills, Calif., leased to **Hugo Boss**, to Hong Kong-based **Allied Golden** for \$28 million.

Denver-based **ACF Property Management** paid TIAA-CREF \$22 million for **The Market at South Park**, a 190,000-square-foot, grocery-anchored shopping center in Littleton, Colo.

## THE COMMON AREA

Wells Fargo, which includes the recently acquired Wachovia Bank, is the largest commercial mortgage servicer in the U.S., with \$476.2 billion in loans under service, according to the Mortgage Bankers Association. Among the other largest U.S. commercial mortgagors are PNC Real Estate/Midland Loan Services, with \$308.5 billion; Capmark Finance, with \$248.7 billion; KeyBank Real Estate Capital, with \$133.1 billion; Bank of America, with \$132.2 billion; and GEMSA Loan Services, with \$104.8 billion.

The number of retail units sitting vacant on British High Streets has reached 12.6 percent, up from 12.2 percent in May and 11.4 percent in February, according to Cushman & Wakefield. High Streets in outer London, the South West and Wales fared the worst, with vacancy rates of 17.7 percent, while the South East, at 7.6 percent, and Central London, at 8.9 percent, fared the best.

During the first six months of the year, U.S. investors put about \$581.7 million into European commercial property investments, a decline of 98 percent from the market's peak in the first half of 2007, CB Richard Ellis said in a report. "What we're seeing is that the global investor, the American institutional investor, has pulled back dramatically," said Ray Torto, CBRE's global chief economist. "It is local and national investors who are buying real estate at the moment."