

## MIDWEST OPPORTUNITIES MORE THAN MEETS THE EYE

*(First in a two-part series investigating developments specific to the Midwest)*

For some retailers the bruised and battered Midwest presents immediate expansion opportunities whereas for others the word of the day is wait. They are either waiting for the economy to improve, or like **Large Furniture Brand**, waiting until they lay down the necessary infrastructure, or, like **Appliance Brand**, waiting until they finish off another region before moving in. What's most encouraging is that there doesn't seem to be any big-name retailers outright refusing to consider the Midwest.

First-hand knowledge of the recession runs rampant throughout the U.S., but arguably nowhere more so than throughout many parts of the Midwest. The numbers 14.5, 11, 10.8, 9.7 and 9.6 represent the unemployment rates for a handful of Midwest states, starting with Michigan, and a few others at the top of the list: Illinois, Ohio, Indiana and Missouri. A few states, however, fall at the bottom of the unemployment radar including North Dakota and South Dakota at 4.3 and 4.7 percent; Nebraska, at 4.6 percent, even Iowa and Kansas both at 6.5 percent. It all adds up to a region in the throes of a reinvention. And yet there remain parts that are simply under-retailed. The Midwest is home to eight of the 20 largest retailers in the U.S. — **Supermarket Brand, Discount Retailer, Drug Store Brand, Department Store Brand, Electronics Brand, Supermarket Brand, Department Store Brand** and **QSR Brand**. That's twice as many as anywhere else, which means there is incentive to see things turn around.

### The Time is Now

**Grocery Brand** looks to the Midwest for 22 of this year's 100 projected openings, with nine in Illinois — five in Chicagoland alone — five in Ohio; two in Indiana; Michigan and Missouri; and one apiece in Wisconsin and Iowa. **Grocery Brand** opened its first locations overall in the Midwest, in Iowa in 1976. Though the region represents its deepest concentration of stores, it remains on its radar. The grocer opened 80 stores last year, 100 in 2008, and now has more than 1,000 stores as far west as Nebraska, Kansas and now Texas, which it entered for the first time earlier this year. **Grocery Brand** averages 17,000 s.f., preferably on two-acre pads.

**Grocery Brand** maintains plenty of room to expand in the Midwest as the 330-store chain counts only 42 stores in the region, or 13 percent of its portfolio. Privately-held **Grocery Brand** is not shy about funding growth considering it has 165 stores in California alone and since 2007 has increased its presence nationwide by more than 75 locations. The no-frills grocer currently operates in seven Midwest states: Illinois, Indiana, Michigan, Minnesota, Wisconsin, Ohio and Missouri. **Grocery Brand**, which is in 26 states overall, takes 10,000 to 14,000 s.f., in a variety of property types.

**Grocery Brand** takes aim at the Midwest but pretty much the entire U.S. will see a blitz of deep-discount grocery stores with its plans to double its 1,200 locations within five years. Targeting households with \$45,000 incomes and less — more than half the U.S. — parent company **Grocery Brand** sees an untapped jewel on its hands, even if **Grocery Brand** is already the niche leader. Expect 100 openings in 2010 and even more in 2011. The company has been able to reduce opening costs by 30 percent by letting the building "be the building" rather than remodeling every new site to a cookie-cutter design, as it did previously. It looks for 15,000 s.f., mainly in a community's secondary or tertiary shopping center.

**Sporting Goods Brand** says there are no regions in the country where it's finished adding stores. It has more room in a number of Midwest states and has not even entered North Dakota or South Dakota yet.

Expect Michigan, Illinois and Missouri to see the most additional stores over time, though even its most saturated states like Ohio and Indiana should get a few more locations.

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### **MIDWEST OPPORTUNITIES MORE THAN MEETS THE EYE...**

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**Sporting Goods Brand** sees mostly in-fill at this point in the Midwest — like a recent deal to open this fall in Madison, Wisc. — and it's all about availability of real estate. The company shifts to taking over second-generation spaces for the most part, indicative of the environment, and still believes it can reach at least 800 stores nationwide. The chain's sweet spot has been 50,000 s.f. recently, but one-third of this year's 24 openings will be 35,000 to 45,000 s.f. It will also consider some 80,000 s.f. two-level units, but not as its lead growth vehicle.

**Sporting Goods Brand** sees several opportunities in the Midwest if it can find the right deals. And it would love to add more stores overall this year than the 30 slated right now. The key is seeing deals through to the end; in 2009, for example, **Sporting Goods Brand** initially had agreed to 96 deals but only 42 stores ended up opening as a number of landlords and developers struggled to get banks to sign off on their development projects. **Sporting Goods Brand** has added locations in Wisconsin and Iowa within the last year and hopes to increase its presence in those states again in 2010. Overall, **Sporting Goods Brand** operates 723 stores in 24 states, including 10 of the 12 Midwestern states. It does not have anything yet in Minnesota or South Dakota but has been doing research in those states, especially in the southern parts. Smaller markets, its bread-and-butter, often can be a challenge when it comes to finding vacant spaces so the widespread closing of **Video Store Brand** stores should be a significant opportunity as that chain's real estate strategy matches up closely with **Sporting Goods Brand**. Already **Sporting Goods Brand** is negotiating a pair of deals for former **Video Store Brand** sites and anticipates more to come. While **Sporting Goods Brand** sweet spot has been 5,000 s.f., the store remodels are adding 2,000 s.f. as much as possible. It's opening just one mall store this year, continuing its focus on strip centers, especially ones next to or nearby **Discount Retailer**.

### **Burger Chain Booms Across the Midwest**

**QSR Chain** entered Wisconsin in 2009 and since 2005 has also added Minnesota, Michigan and South Dakota to its portfolio, giving it a presence in 11 of the 12 Midwestern states. **QSR Chain** also has an area development agreement for North Dakota but no drive-ins yet. Expect 115 to 125 openings systemwide for its fiscal year ending this August. **QSR Chain** should stay busy for years to come as it can point to 1,000 locations in the pipeline set to open eventually. The chain operates 3,544 units in 42 states, or 14 more states than in 2006. It looks for 1,500 to 1,700 s.f. on one-acre pads.

**Men's Clothing Brand** looks to greater Chicago for its first ground-up **Men's Clothing Brand** big and tall store. The menswear retailer, with plans to open 10 stores between this year and next and then 15 to 20 in 2012, will open a 12,000 s.f. combo store that combines higher-end **Men's Clothing Brand** merchandise with everyday **Men's Clothing Brand** this spring in Schaumburg, Ill. The company tested five hybrid remodels last year, including ones in Chicago and Detroit. It also highlights Kansas City, Mo. as an example of a market that cannot support a full-scale **Men's Clothing Brand** store but where there is enough demand to justify a larger combo store and perhaps shuttering one or two traditional **Men's Clothing Brand**, which take just 3,000 s.f. Expect more Midwest markets to fit its criteria moving forward as the chain returns to expansion mode for the first time in some time.

A number of others eye the Midwest as part of overall national growth plans. **Golf Retailer** enters two new states this year, Wisconsin and Kansas, opening this spring in Milwaukee and Overland Park, Kan., outside Kansas City. **Dietary Supplement Brand** since 2005 has entered Minneapolis, Kansas City, Mo. and Madison, Wisc., while opening an average of 42 stores per year. The newly public company wants to eventually more than double its 438-store presence and the Midwest will see a bundle of growth as only 22 stores in Illinois can be considered anything close to well-penetrated. It has just three stores in Minnesota, six in Wisconsin, seven in Indiana, six in Missouri, 11 in Ohio and 12 in Michigan.

**Eyewear Brand** will debut in Ohio this year and also looks to add more stores in Iowa. The contacts and eyeglass chain plans 40 to 45 openings in 2010 and likes Kohl's- and Kmart-anchored centers, of which there are plenty throughout the region.

## CHILDREN'S PLACE LOOKS TO VALUE CENTERS, SMALLER MARKETS

Diving into under-penetrated markets and catering more to lower price-point shoppers, **Children's Apparel Brand** adds value centers to its preferred list of property types, long dominated by higher end malls, and also scouts more smaller markets with populations of 75,000 or less. Look for 40 of this year's scheduled 65 openings — nearly double last year's 38 new stores — to set up in centers anchored by chains like **Discount Retailer, Discount Retailer, Art Retailer, Discount Retailer, Women's Apparel** and **Specialty Apparel Retailer**, or a combination thereof. More good news for landlords hoping to land a new tenant is that Children's Place was closing in on its projected saturation point of 1,200 stores but, now that value centers are the new lead property type, the company will have more room and the saturation point will be pushed further back.

**Children's Apparel Brand** and **Children's Apparel Brand**, the owner of **Children's Apparel Brand** and **Children's Apparel Brand**, both had sales of about \$1.6 billion last year. While those numbers anoint them as the two dominant chains in the \$33 billion children's apparel market, others are finding plenty of room for growth and opportunities for more market share. **Children's Apparel Brand** — the growth division for **Children's Apparel Brand** — has upgraded this year's new store-guidance from the original 50 new stores, to 75 to 100 openings. **Children's Apparel Brand** will join the fray starting this summer, when it will open its first stores. **Children's Apparel Brand**, the largest chain of children's shoe stores, is a fringe competitor. Smaller chains such as **Children's Apparel Brand, Children's Apparel Brand** and **Children's Apparel Brand** limit their growth for now but these smaller chains may be ones to watch.

One of the first tasks for new **Children's Apparel Brand** CEO **Executive Contact Removed** — who took over on Jan. 4 — was to evaluate the current stores in the **Children's Apparel Brand** portfolio and come up with a way to grow the store count more aggressively. Value centers are identified more by covenants than actual property type and can include both strip centers and discount malls. So far, the company has just 52 stores in value centers but sees opportunity for at least hundreds more. **Children's Apparel Brand** had talked last year about moving away from more traditional higher price-point centers, including malls.

**Children's Apparel Brand's** concentration on value centers is part of an overall plan to raise same-store sales to low single digits by the end of this year, compared to a negative 2 percent at the end of 2009. Rents in value centers are generally lower than in malls and the latest design store has shown it can reduce buildout costs by 35 percent to 40 percent per location. **Children's Apparel Brand** has a CapEx budget of \$80 million to \$85 million — the highest in the last three years — available to help fund this year's remodels/relocations as well as the projected new stores. **Children's Apparel Brand** opens in 4,500 s.f.

**Children's Apparel Brand** leans on its lower price **Children's Apparel Brand** division for nearly all but 25 of this year's new stores. **Children's Apparel Brand** operated 65 stores at the end of last year, compared to 593 for the namesake **Children's Apparel Brand** chain. However less than a month later, **Children's Apparel Brand** had opened seven stores, compared to zero for **Children's Apparel Brand.** **Children's Apparel Brand** is penciled in for a total of 57 openings through the end of the second quarter, including 26 in the first quarter. **Children's Apparel Brand's** price points, which are 25 percent to 30 percent below **Children's Apparel Brand's,** allow both banners to open in the same mall without cannibalizing to any great extent. **Children's Apparel Brand** stores require 2,000 to 3,000 s.f. each and can open in strip centers in addition to A or B-level malls. **Children's Apparel Brand** expects to open 10 stores this year and **Children's Apparel Brand Outlet** will open another 10. Sister division **Children's Apparel Brand** will add five locations. **Children's Apparel Brand** finished the last fiscal year with consolidated same-store sales of negative 4 percent.

**Children's Apparel Brand** will double last year's new store output with 12 this year and expects to unveil a new prototype in 2011. Parent company **Children's Apparel Brand.** also feels comfortable with its guidance of 10 to 15 new stores per year for Children's Apparel Brand for each of the next few years. **Children's Apparel Brand** will remodel 20 stores this year. The chain has seen great benefits from the 35 remodels it conducted the past two years as sales improved by 6 percent last year. Both **Children's Apparel Brand** and **Children's Apparel Brand** look to strip centers and power centers as first choices for new stores. Both children's apparel chains have saturated the outlet center market. **Children's Apparel**

**Brand** has just 100 of its 276 stores in strips and power strip centers and **Children's Apparel Brand** counts just 12 of its 170 stores outside of outlet centers.

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### CHILDREN'S PLACE LOOKS TO VALUE CENTERS, SMALLER MARKETS...

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The company projects combined positive high single-digit comps for all retail divisions by year-end. **Children's Apparel Brand** finished last year with positive comps of 6.4 percent while **Children's Apparel Brand** same-store sales were up 1.9 percent. **Children's Apparel Brand** finished 2009 with consolidated retail sales of \$747 million, for an 11.2 percent increase over the previous year. **Children's Apparel Brand** and **Children's Apparel Brand** both open in 4,000 to 5,000 s.f.

**Children's Apparel Brand** looks to follow up the success of its pop-up stores with its first permanent location. The temporary location opened last October and will stay open until April 3, which was longer than expected. The first **Children's Apparel Brand** stores will open this July, with five planned for the full year. The division was scheduled to debut in 2009, but the roll out was delayed. **Clothing Retail Brand** finished its fiscal year with negative same-store sales of 4 percent, compared to the previous year's dip of 10 percent.

**Children's Shoe Brand**, a division of **Children's Shoe Brand** expects to add 13 to 14 stores this year. It must share the retail store development program for the **Retail Parent** for the first time as **Footwear Brand** formerly an online-only business, will start opening its first independent stores this year. **Children's Shoe Brand** can open in outlet centers, lifestyle centers, downtowns, or malls, doing business as **Children's Shoe Brand**, **Children's Shoe Brand** and **Children's Shoe Brand**. **Children's Shoe Brand Outlet** is the largest individual space user at 3,000 s.f., while the Collections stores require 1,800 s.f. The Kids Stores open in 1,300 s.f. **Children's Shoe Brand** and its affiliates combined for 363 locations in 2009, after opening nine stores and closing one. **Retail Parent** also owns **Footwear Brand**.

### GUESS BACK IN NORTH AMERICA

Building on last year's solid comps, **Clothing Retail Brand** returns to North America this year for 52 additional stores, divided among its **Clothing Retail Brand** and **Clothing Retail Brand** divisions. Same-store sales in the fourth quarter for all stores improved 5.3 percent while revenue jumped by 7.2 percent to \$309.4 million. The company opened 18 stores in North America last year. However, the recent improvement in comps, a welcome breath of fresh air in comparison to lagging same-store sales earlier in the year, persuades **Clothing Retail Brand** to ramp up its North America growth to a level similar to two years ago, when it opened 57 stores in the U.S. and Canada. **Accessory Brand** — an upscale watches, accessories and apparel rival of **Clothing Retail Brand** — looks outside the U.S. for most of its 50 openings in 2010. Its accessories-only stores, coming off comps of a positive 13.2 percent in the U.S. and Canada and 11.3 percent comps worldwide, account for most of the 2010 expansion effort.

Part of **Clothing Retail Brand**'s enthusiasm for growth in North America comes from the fact that the company sees the response from customers stabilizing. Revenue for all stores in North America was up 0.6 percent to \$983.9 million, compared to the previous year's \$978 million. Comps for North America were down 4.5 percent for the year. However, **Clothing Retail Brand** expects revenues in North America to improve for all of its divisions — which also includes **Clothing Retail Brand**, **Clothing Retail Brand** and **Clothing Retail Brand** — to \$2.3 billion to \$2.35 billion by year-end. The company reached 432 stores in North America at the end of 2009. Expect **Clothing Retail Brand** to add 32 stores worldwide over the next three years. The **Clothing Retail Brand** and **Clothing Retail Brand** both open in A and B-quality malls. **Clothing Retail Brand** requires 4,300 s.f. while the Accessories stores take 1,500 to 2,000 s.f.

**Accessory Brand**'s accessories stores will be the main growth engine for the company again this year. The accessories stores accounted for 29 of last year's 42 openings worldwide, five of which opened in the U.S. **Accessory Brand** also plans to close 28 stores throughout 2010, as leases expire. The retailer enters this year with cash and cash equivalents of \$413.2 million and total debt of just \$8.2 million. Same-store sales for all Fossil's retail stores improved 7.8 percent last year. Fossil also operates outlet stores, apparel locations and multi-brand stores. However, in addition to the accessories division, the outlet division was the only one that added any locations last year. All of last year's seven openings were outside the U.S. **Accessory Brand** operated 219 accessories stores at the end of last year, including 92 in the U.S. Most of

the outlet stores — 74 of 89 — were in the U.S. at the end of 2009. The number of apparel stores, 33, was unchanged last year while five multi-brand stores were closed. Fossil operated 13 multi-brand stores at year-end. Accessories stores need 1,500 s.f.

<b>DEALMAKER DATABANK™</b>			
<u>Company/Address</u>	<u>Contact/Phone/Fax</u>	<u>Property Type</u>	<u>Buying Criteria</u>
Private Equity Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx	All	Private equity investor plans to acquire performing and non-performing senior debt, along with financing third-party debt purchases and buybacks.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Private equity investor to acquire notes secured by hotels and other types of real estate nationwide.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Apartments	Private investor partners with A Real Estate Firm to acquire a Florida complex.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Public investor to be acquired by Real Estate Firm.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Private equity investor to acquire REIT
Real Estate investment Firm XXX St, N Suite City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx emailremoved@site.com	Office	Private investor partners with institutional investors to acquire value-added office nationwide.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	All	Public investor to acquire properties through forthcoming funds.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Retail	Public investor acquires single-tenant buildings and focuses on quick-service and sub-investment grade credit nationwide.
Real Estate investment Firm XXX St, N Suite City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx emailremoved@site.com	Office	Foreign investor acquires San Francisco office building.
Real Estate investment Firm XXX St, N Suite City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx emailremoved@site.com	Apartments	Company acquires assets on behalf of \$900M Anonymous Fund VII. Executive handles East Coast acquisitions. The company acquires properties in, and independent of, JV partnerships.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Private investor acquires hotel in Las Vegas out of foreclosure.
Real Estate investment Firm XXX St, N Suite City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx emailremoved@site.com	Office	Public investor to acquire properties through fee-simple and note purchases.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Private investor wants to expand hotel portfolio through non-performing loan purchases during 2010.
Real Estate investment Firm XXX St, N Suite Third Floor	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx	Office	Private investment adviser seeks value-added office properties in coastal U.S. markets.

City, State Zip Code	emailremoved@site.com		
<b>DEALMAKER DATABANK™</b> <i>Continued from Previous Page</i>			
<u>Company/Address</u>	<u>Contact/Phone/Fax</u>	<u>Property Type</u>	<u>Buying Criteria</u>
Private Equity Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx	All	Private equity investor plans to acquire performing and non-performing senior debt, along with financing third-party debt purchases and buybacks.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Private equity investor to acquire notes secured by hotels and other types of real estate nationwide.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Apartments	Private investor partners with A Real Estate Firm to acquire a Florida complex.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Public investor to be acquired by Real Estate Firm.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Private equity investor to acquire REIT
Real Estate investment Firm XXX St, N Suite City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx emailremoved@site.com	Office	Private investor partners with institutional investors to acquire value-added office nationwide.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	All	Public investor to acquire properties through forthcoming funds.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Retail	Public investor acquires single-tenant buildings and focuses on quick-service and sub-investment grade credit nationwide.
Real Estate investment Firm XXX St, N Suite City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx emailremoved@site.com	Office	Foreign investor acquires San Francisco office building.
Real Estate investment Firm XXX St, N Suite City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx emailremoved@site.com	Apartments	Company acquires assets on behalf of \$900M Anonymous Fund VII. Executive handles East Coast acquisitions. The company acquires properties in, and independent of, JV partnerships.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Private investor acquires hotel in Las Vegas out of foreclosure.
Real Estate investment Firm XXX St, N Suite City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx emailremoved@site.com	Office	Public investor to acquire properties through fee-simple and note purchases.
Real Estate investment Firm XXX St, N Suite Third Floor City, State Zip Code	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx emailremoved@site.com	Hotels	Private investor wants to expand hotel portfolio through non-performing loan purchases during 2010.
Real Estate investment Firm XXX St, N Suite Third Floor	Executive Removed (xxx) xxx-xxx, ext. xxx Fax: (xxx) xxx-xxxx	Office	Private investment adviser seeks value-added office properties in coastal U.S. markets.

City, State Zip Code

emailremoved@site.com

**RETAILER UPDATE**

Company: **Tax Preparation Chain Inc.**  
 Merchandise: **Tax Preparation Chain**  
 Brand(s): **Tax Preparation Chain**

Expansion Goal: 700-800  
 Number of Stores: 3,000

*Notes:* The tax preparation chain pushes to have all temporary sites ready to open in late December or January of each year. **Tax Preparation Chain** is working on sites for the 2011 tax season now. California and Texas are prime growth areas. **Tax Preparation Chain** typically opens in strip centers, with check cashing centers and **Kmart** among the preferred anchor tenants. Stores take 1,000 s.f.

*Contact(s):* **Tax Preparation Chain, (Tax Preparation Chain, Inc.)**, 1716 Corporate Landing Parkway, Virginia Beach, VA 23454, **Executive Contact Removed**, National Director of Site Selection, (800) 790-3863, fax: (757) 483-0169, e-mailremoved@websiteremoved.com, http://www.websiteremoved.com

**'NEW' PLAYER MAY CARRY THE HANDBAGS MANTEL**

While a more significant rollout remains at least a year or two away, there appears to be another Grade-A leather, handbags and accessories brand to keep an eye on in **Women's Accessories Brand**, a division of **Women's Retail Brand**. Citing the established presence of **Women's Accessories Brand**, the company sees the possibility for hundreds of Women's Accessories Brand stores long term. And while it's obviously early in the rollout, **Women's Retail Brand** has a pedigree for expansion so it's hard to ignore such proclamations. **Women's Accessories Brand** leads the "attainably luxury" segment with 460 combined retail and outlet stores, annual sales of \$3.2 billion, and no signs of slowing down with a plan for 9 percent growth this year. **Women's Accessories Brand** and **Women's Accessories Brand** brands hope for better prospects in 2010 after enduring a couple of rebuilding years. **Upscale Clothing Retailer** has been testing a concept **Women's Accessories Brand** for more than a year, but to this point there's been no movement towards a large-scale rollout.

**Women's Accessories Brand** does not anticipate adding any new doors in 2010, but may jump on a deal or two if great locations pop up. What's for sure is that the company sees a significant opportunity in a brand-loyal business that offers high margins. The high-end **Women's Accessories Brand** brand dates to 1895, so it's built up pretty good cache with the spendthrift crowd. Keeping with management's disdain for apparel — having sold **Women's Retail Brand** and **Women's Retail Brand** in 2007 — **Women's Retail Brand's** new retail strategy leaves clothing out of the store. **Women's Retail Brand** is familiar with malls, streets, outlets and lifestyle centers, which all would seem appropriate fits, though for now A-level doors seem the preferred choice. Stores will typically take 1,500 to 2,000 s.f.

**Women's Accessories Brand's** first positive comps in 15 months last quarter brings renewed optimism to "attainable luxury", a segment especially at the mercy of the recession. Just as discount retailers **Discount Retailer** and **Discount Retailer** benefit by shoppers trading down in tough economies, players like **Women's Accessories Brand** are equally hampered when shoppers no longer trade up. **Women's Accessories Brand** will have opened 20 retail and three outlet stores by the end of its fiscal year this June — 14 in new markets — and likely pursue something similar in FY 2011. For its FY ended last June it opened 33 retail and nine outlet stores. The retailer operates 343 full-line retail and eventually wants to reach 500 in the U.S. and Canada. Expect the U.S. to remain its top market though as Canada, with 18 locations right now, is earmarked for just 30 long term. **Women's Accessories Brand** also operates 118 outlet stores. Its full-line stores take 2,700 s.f. and 4,000 s.f. in outlets.

**Women's Accessories Brand** should show a net store gain this year after chopping off a net of 10 locations in 2009, ending the year with 38 retail and 29 outlet stores compared to 48 retail and 28 outlets one year ago. **Women's Accessories Brand** opened just three stores last year, but appears to be on a better track after same-store sales rose 5 percent in the fourth quarter, its first since being acquired by Women's Retail Brand in late 2006. **Women's Retail Brand** takes 1,200 to 1,800 s.f., in malls, streets, lifestyle centers and outlets. **Women's Retail Brand** should also show a small net gain this year, following last year's five openings and one closure. While the brand comes off a fourth quarter where comps declined 3

percent, its sales psf remain at \$750. By comparison, kate spade's sales psf were \$570 over the last 12 months. **Women's Accessories Brand** counts 66 retail and 33 outlet stores and averages 2,000 s.f.

## JIMMY JAZZ MAKING ITS OWN SUN

Action sports apparel chain **Sports Apparel Chain** plans to open more stores this year than several of its larger niche rivals, including **Sports Apparel Chain**, **Sports Apparel Chain**, **Sports Apparel Chain** and **Sports Apparel Chain**. **Sports Apparel Chain** projects adding 40 stores this year, including its first locations in Connecticut. The East Coast chain battles well in this category, which is typically dominated by chains on the West Coast, including **Sports Apparel Chain**, a regional chain with about 100 locations, mostly on the West Coast. In addition to its aggressive, organic growth, **Sports Apparel Chain** also took huge strides in the niche last year with its acquisition of 75 **Lifestyle Apparel Brand** and **Lifestyle Apparel Brand** stores, formerly owned by **Sports Apparel Chain**.

The purchase of the **Lifestyle Apparel Brand** stores pushed **Sports Apparel Chain** and its affiliates to a total of 200 locations. **Sports Apparel Chain** and its sister divisions — look to build on their presence on the East Coast, as well as in their familiar states, which stretch from Illinois to Texas. **Sports Apparel Chain** and company need 3,000 to 7,000 s.f. and 30 feet of frontage when taking mall spaces.

**Sports Apparel Chain** will open stores in Broomfield, Colo.; Newark, Del.; Woodbridge, N.J; and Whitehall, Pa., this year, in addition to building its store count in Arizona, California and Florida. The stores can take 7,500 to 10,000 s.f. **Sports Apparel Chain** opens in malls and power centers and typically signs for a 10-year primary term.

**Sports Apparel Chain** plans to open 25 stores this year, its lowest total in the last three years as the company focuses on improving results at existing stores. The under-penetrated Midwest and Northeast will account for 15 openings between them. **Sports Apparel Chain** stays with its long-range guidance of eventually taking its 377 stores to 600 to 700 locations. Malls of AA, A or B quality are the first choice with manufacturer's outlet centers a second choice. **Sports Apparel Chain** takes 2,500 to 4,000 s.f.

**Sports Apparel Chain** expects to open 10 locations this year between its namesake stores and **Sports Apparel Chain**. The company will also step up its pace of remodels and relocations this year to 25 to 30, compared to last year's 16. **Sports Apparel Chain** stores need 1,600 to 1,800 s.f.

**Sports Apparel Chain** expects to end this year with a net loss in store count. It plans to finish this year with 850 to 875 stores, compared to 894 at the end of 2009. The company finished last year with two openings and 40 closings. Look for less than five openings this year and no more than 10 remodels or relocations. The full-price stores require 3,800 s.f. while its outlet stores open in 4,000 s.f.

**Sports Apparel Chain** looks outside the U.S. for most of its net gain of 19 locations worldwide for the fiscal year. Look for most of these international stores to be smaller shops, which take 400 to 2,000 s.f. The retail stores in the Americas — which trade as **Sports Apparel Chain** and **Sports Apparel Chain** in addition to **Sports Apparel Chain** — had a net loss of 14 stores in the 12 months ending Jan. 31.

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