

KEYPOINTS

THE RETAIL NEWSLETTER

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ACCELERATING RETAIL

Aldi entered into an agreement to acquire **Winn-Dixie** and **Harvey's Supermarket** stores, a total of 400 locations across 5 states...**Grocery Outlet** is on track to open 25-28 stores this year. The grocer operates over 445 locations in 8 states... **Dick's Sporting Goods** opened 9 **House of Sport** stores in July and August. Dick's plans 75-100 new House of Sport stores by 2027, and 20 during the next 2 years...**Ace Hardware** opened 100 US stores in 2023. Ace has more than 5,800 stores in 60 countries and all 50 states...**Macy's** will open its first small-format locations in the Northeast and West this fall, and 3rd in the Midwest, bringing the total to 8 locations... **Subway** has agreed to be acquired by affiliates of Roark Capital. Inspire Brands also owns **Baskin-Robbins**, **Sonic**, **Arby's**, **Buffalo Wild Wings**, and **Jimmy John's**. Under its Focus Brands holding company, Roark owns **Auntie Anne's**, **Carvel**, **Cinnabon**, **Jamba**, **McAlister's**, **Moe's Southwest Grill**, and **Schlotzsky's**...**Kimco Realty** and **RPT Realty** have reached a merger agreement under which Kimco will acquire RPT in an all-stock transaction valued at approximately \$2 billion. The transaction will add 56 open-air shopping cen-



Ace Hardware opened 100 US stores in 2023

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ters, including 43 wholly-owned and 13 joint venture assets, comprising 13.3 million s/f of GLA, to Kimco's existing portfolio. As of June 30, Kimco owned interests in 528 shopping centers and mixed-use assets...**Dollar General** plans to open 990 new stores this year...**Party City** will emerge from Chapter 11 bankruptcy with reduced debt and will move forward with a store footprint of nearly 800 locations nationwide. It closed about 60 stores as part of the proceeding...**Sprouts Farmers Market** opened its 400th store, in Haddon Township, NJ

DECELERATING RETAIL

Rite Aid is reportedly preparing to file for Chapter 11 bank-

[Continued on Page 2](#)

Observations

Chris Cardoni, Editor

OBSERVATION: More Woe For Frisco:

In my article *Two Cities, Two Restaurants* in our July issue, I noted the similar challenges being faced by both Boston and San Francisco, including record-high office vacancy (San Francisco has the highest office vacancy rate of any large metropolitan market in the U.S.) and the resulting flight of businesses from a formerly vibrant and active downtown area.



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We reported that Westfield had given up control of the San Francisco Centre, its large downtown mall. Now we read that **Nordstrom** has closed its five-story, 312,000 s/f, 35-year old store at the location "as the city suffers a retail exodus". **Whole Foods**, **Anthropologie**, **Gap**, **Saks Off5th**, **Office Depot**, and **CB2** have all ceased operations in the city's downtown - in fact more than 39 retail stores have shuttered in San Francisco's Union Square area since 2020, according to research firm Coresight. Is more retail flight in store for San Francisco (or sister city Boston)? We'll keep observing. Meanwhile, on the bright side, **Ikea** just opened a three-level, 52,000 s/f store that will anchor a new mixed-use development on Frisco's Market Street that will include retail, offices, restaurants, and entertainment.

OBSERVATION: Penney-ssance?: Iconic 121-year-old department store chain JCPenney has unveiled an ambitious plan to revive its ailing business. According to *JCPenney investing \$1 billion on store, digital, tech upgrades to revive business* (ChainStoreAge.com, Marianne Wilson 08/31/2023), JCP plans to spend more than \$1 billion by the end of 2025 to remodel stores, upgrade online shopping, and improve supply chain capabilities to deliver online orders more quickly. The initiative is designed to fuel long-term growth and increase customer loyalty and frequency. JCP emerged from bankruptcy in late 2020 under new owners Brookfield Asset



[Continued on Page 2](#)

KPP NEWS

New Business: New retail leasing business includes a street-retail space at **815 Boylston Street, Chestnut Hill, MA**. VPs of Retail Brokerage Rob Grady & Don Mace will handle the assignment. Don Mace will attend ICSC@PA/NJ/DE and ICSC@Mid-Atlantic in this month, representing expanding Tenant Representation clients **Apple Cinemas** and **FunCity Adventure Park**.



Photo ©KeyPointPartners

ruptcy. As many as 400 stores will likely close...**Nordstrom** closed its five-story 312,000 s/f store in the San Francisco Centre...**Mitchell Gold + Bob Williams** is shutting down immediately. It has 30 retail stores...**Kroger Co.** and **Albertsons Companies Inc.** have entered into an agreement to sell 413 stores and eight distribution centers across 17 states to C&S Wholesale Grocers LLC for \$1.9 billion in cash as part of the plan to gain regulatory approval of Kroger's planned acquisition of Albertsons.

NEW ENGLAND RETAIL

H Mart opened its 4th MA location, in Brookline...**Friendly Toast** opened a new location in Harvard Square. The



Rite Aid has been closing stores amid bankruptcy reports

Photo ©Ken Wolter/123RF.COM

breakfast spot is now up to 11 locations, including 7 in MA...**Rocco's Doughnut Co.** opened at 3rd Ave. in Burlington...**Sugar Factory American Brasserie** will open its first Boston location at Quincy Market in September...**Untold Brewing** and **Sour Not Sorry** both opened a taproom in Plymouth...**The Museum of Ice Cream** will open at Boston's Seaport next year...**Rodney's Bookstore** opened in Harvard Square...**Boloco** is closing 3 Boston restaurants, leaving the chain with one location...**Burlington** will open a store in Chelsea this fall...**RH**, formerly **Restoration Hardware**, will take **Bed Bath & Beyond's** place at Patriot Place in Foxborough. A **Hobby Lobby** is being built next door...**Colby Davis** has opened on Newbury Street...**Club Champion** opened its 3rd Boston-area location at Northborough (MA) Crossing...**Batteries Plus** plans 10 new Boston area locations in the next 5 years...**Blue Ribbon BBQ** opened at Time Out Market in Fenway.

MONTHLY RETAIL SALES: COMMERCE DEPT.

Retail sales rose 0.6% in August, the Commerce Department said. Excluding gas, retail sales were just up 0.2%.

Source: U.S. Department of Commerce - commerce.gov

CONSUMER CONFIDENCE INDEX

The Conference Board Consumer Confidence Index® declined in August to 106.1, from 114.0 in July.

Source: The Conference Board - www.conference-board.org

JCPenney has an ambitious plan to revive its iconic department stores



Photo ©Ken Wolter/123RF.COM

Management and Simon Property Group. The company's CEO, Marc Rosen, notes that the investment is completely self-funded - the chain won't take on any additional debt.

Rosen added that the investments the chain is making build on progress it has already made this year,

which includes more than a 5% increase in customers' shopping frequency, with the increase as high as 20% amid certain groups, and the launch of JCPenney Beauty, new product collaborations, completed store refreshes and improved digital shopping. The retailer says they talked to 15,000 customers to determine how to best meet their needs.

Along with general upgrades, the company plans to honor its legacy by bringing back the brand's classic logo in marketing materials. Other initiatives will include:

In-store physical and tech upgrades: To make the in-store experience more inviting and productive, the company's more than 650 stores are undergoing varying updates for an enhanced look and feel, and improved technology tools for employees. Improvements include new and brighter lighting, an improved fitting room experience, centralized checkouts, and a fresh coat of paint. The plan is to remodel anywhere from 50 to 100 stores per year. New point-of-sale system will better integrate with inventory. The chain is also upgrading its in-store Wi-Fi networks with faster connections for customers and employees.

Enhanced digital capabilities: The company will continue to upgrade its website and mobile app with improved search functionality and product details, customer product reviews, and more customized product and styling recommendations. These upgrades will enable customers to enjoy a more rewarding shopping experience across channels.

Merchandising and supply chain optimization: Merchandising tools and supply chain operations are being upgraded so that customers can shop the right products at the right place and at the right price. New inventory management systems, among other tools, will enable greater accuracy in decision-making and efficiency in execution, allowing JCP to cater to customers' unique needs, fulfill orders faster, and reduce purchase delivery times. Enhanced tools will also scale the retailer's ability to provide customized and localized product assortments in tune with local community preferences and trends.

Will it work? In our September 2019 issue, in an article entitled *JCPenney: What Now?*, we wrote: "The company has conducted extensive consumer research to reconnect with the customer, identify major issues...and rebuild a brand that can generate traffic, transform the customer experience, and improve customer retention...considering the vulnerability of department stores as a category, and the struggle of regional malls just to survive, [the] future at JCPenney may not be any brighter".

Well, that sounds familiar. We'll observe what happens.

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