

KEYPOINTS

THE RETAIL NEWSLETTER

JANUARY 2025 ©KEYPOINT PARTNERS, LLC BURLINGTON, MA

ACCELERATING RETAIL

Savvy Sliders restaurant group has acquired **BurgerFi**. The deal includes 84 BurgerFi restaurants across 15 states that will continue to operate under the BurgerFi banner. Terms were not disclosed. Savvy Sliders portfolio totals 206 locations...

Big Lots has closed a sale agreement with Gordon Brothers Retail Partners that will enable Variety Wholesalers to acquire 200-400 stores, to operate under the Big Lots brand. Big Lots announced the deal after its plan be acquired by Nexus Cap-



Variety Wholesalers will acquire 400 Big Lots stores

Photo:©KeyPointPartners, LLC

ital Management fell through.. Gordon Brothers is offering Big Lots leases for sale in 47 states..**It'Sugar** opened its 125th US location, in Middletown, NY. The company has 150+ US locations...**Trader Joe's** opened 13 US locations last month. It will open 12 more in the next months...**Barnes & Noble** will open 60+ US stores this year. In 2024, Barnes & Noble opened 57 US stores. It currently has app. 600 US stores...**Wawa** has begun its largest expansion. It will open 160 stores in 3 states in the next 5-8 years. Wawa now has 1,050 stores across 9 states, with 70 opening this year. It will soon have 1,100+ locations. Its goal is 1,800 by 2030...**Atomic Wings** has 22 units now open across the US and plans to open 30-34 units by the end of 2025...**JCPenney** will form a joint venture with Sparc Group to form a new company called Catalyst Brands (see *Observations* for more details)...**Qdoba** signed 22 franchise agreements, bringing its unit development pipeline to app. 450 stores...**Sprouts Farmers Market** will open 2 Philadelphia locations in 2025...**Primrose Schools** opened 21 schools and signed 64 franchise agreements in 2024, with 40+ locations slated to open in 2025 and 200+ schools in its pipeline. It now has 525+ schools...**Wegmans** will open its 1st Pittsburgh area store.

Continued on Page 2

OBSERVATIONS

Chris Cardoni, Contributor

OBSERVATION: A Retail Story: I'd like to tell you a story about a shopping center. The story is not unusual, and I'm sure it'll be familiar, because it's a microcosm of retail real estate. It could be Any Center, USA.

This particular center – let's call it **The Center** - is within walking distance of my home. It's a prominent property, if not the largest in town then certainly in the top three, and in my experience has been generally quite busy.

At one time it was anchored at one end by a large **Kmart**, in the middle by a noted off-price chain, and at the other by a major regional grocery chain. In between there were the usual tenants: a dollar store, large off-price home/appliance and shoe chains, fitness and hair chains, and a variety of locals including liquor, formal wear, dry cleaner, party supplies, mobile phones, martial arts instruction.



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COMMENTARY

Continued on Page 2

KPP NEWS

New Business: KPP has been awarded Property Management and Leasing contracts for **Shaw's Plaza**, a 96,000 s/f property on Pond Street in Ashland, MA (at right). VP of Retail Brokerage **Rob Grady** and Retail Brokerage Associate **Magnolia Neu** will handle the assignment...**Team News:** After 44 years in the industry and 28 years as a valuable member of the KPP team, VP of Property & Asset Management **Bob Hayes** has retired as of the end of 2024. Bob has overseen much of the KPP portfolio and was involved in the development of many long-term client relationships...**Christine Hutchinson** joined the Burlington, MA office as Assistant Property Manager.



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DECELERATING RETAIL

The Container Store Group has filed for voluntary Chapter 11. The company will operate its business as usual. ...**Joann** will close 8 US stores as part of routine store evaluation. The retailer filed for Chapter 11 bankruptcy again after filing in 2024 and becoming a privately held company. It's seeking to sell its assets. ...**Macy's** revealed the first 66 of 150 locations to close as part of plans announced last year. The locations span 22 states. ...**Freddy's Frozen Custard & Steakhouses** signed a franchise deal for 15 locations. It operates 550+ restaurants, with 130+ in development and plans to reach 800 by 2026. ...**Shake Shack** opened 76 restaurants in 2024, and expects 80-85 openings this year. It currently has 330 corporate US restaurants and plans to reach 1,500+.

NEW ENGLAND RETAIL

Asian grocery chain **H Mart** opened a store in Davis Square, Somerville, its 5th area location. ...**Nordstrom** will close stores in Peabody and Braintree, MA as leases expire. ...**Harwich (MA) East Plaza** has sold for \$11.5 million. The Plaza



Nordstrom will close two MA stores as leases expire

Photo: ©jetcityimage@123RF.COM

was sold by Linear Retail and purchased by Newman Properties. ...**Kelly's Roast Beef** has been acquired by private equity firm AAM15 Management. The purchase includes the brand and 4 locations. ...**Bruegger's Bagels** closed its last downtown Boston shop, leaving just 1 location in the city. Bruegger's has a dozen Boston area locations. ...**Calare Properties** purchased MetroNorth Shopping Center in Woburn, MA from an affiliate of Sun Life Financial.

MONTHLY RETAIL SALES: COMMERCE DEPT.

Retail sales rose 0.4% from the previous month, the Commerce Department said.

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

CONSUMER CONFIDENCE INDEX

The Conference Board Consumer Confidence Index® declined by 8.1 points in December to 104.7.

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

The major grocery chain put all locations on hold, so the new space sits empty

While active, The Center was tired-looking and in some disrepair, with a too-large parking field. I had heard through the industry grapevine that various schemes were in play to redevelop The Center, including replacing it with a large home improvement store, but nothing seemed to happen. Then the Kmart closed. Then a whole bunch of things seemed to happen.

It was announced that the grocery store would be closing, and not long after, big, optimistic redevelopment plans began to appear. The grocery space would be demolished, shortening The Center so that a residential development could be built in the side parking area. The Kmart space would be reconfigured, allowing a major grocery chain to construct a flashy new store facing the town's recently widened and improved main street. The parking field would be completely reimagined, and an additional retail strip built near the main entrance, to include retail and restaurant spaces. Work commenced, and the project was well under way, when a bunch of other things happened.

The new grocer put all new locations on hold, so the beautiful new building, now complete, sits empty, and while there have been rumors about potential other grocers taking the space, nothing has solidified. The middle anchor closed and moved to another center two miles away, so that box sits empty, too. Another large discounter declared bankruptcy and closed, leaving yet another empty box. In addition to the large empty spaces, there are five small in-line vacancies, not including two spaces in the new strip. And construction proceeds on the residential segment.

That's the story so far. Much could change quickly, but if the owners of The Center aren't thrilled that their plans aren't working out as expected - well, they're part of a very big club.

OBSERVATION: Penney Redux Again: According to *A zombie mall store king is born: JCPenney merges with Forever 21 owner* (Jordan Valinsky, CNN, January 9, 2025): "JCPenney is merging with a company that owns a number of other once-bankrupt clothing stores...to form a new company that will hold significant sway over the future of America's malls...a joint venture with Sparc Group, which also owns Lucky Brand, Eddie Bauer, Nautica and Aeropostale. The merger will form a new company called Catalyst Brands, representing a gamble that combining the beleaguered brands will create a new powerhouse of mall staples ... that also happen to have America's largest mall operators as major financial backers...the historic chain that filed for bankruptcy in the height of the pandemic in 2020... was later bought by mall-owner Simon Property Group and developer Brookfield in a \$1.75 billion deal.



Photo: ©wolterk@123RF.com

Meanwhile, Sparc Group, which is also backed by Simon, has grown its portfolio of brands... being revitalized. Malls have been facing significant problems from store closings and reduced traffic... That's why Simon and Brookfield have made investments in the bankrupt stores- by keeping them open, they at least guarantee, for a time, that they'll maintain some key tenants. The all-equity transaction to form Catalyst launches with \$9 billion in revenue, 1,800 stores and 60,000 employees. JCPenney CEO Marc Rosen [will lead] the new company."

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