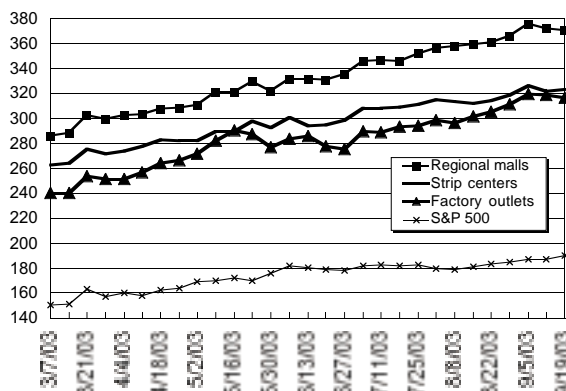


RETAIL REIT INDEX



Source: Smith Barney

The retail REIT index was designed by Smith Barney for *SCT Xtra*. The index is based on total returns (including dividends) starting at a base of 100 on Dec. 31, 1995. For the week ended Sept. 19, 2003, the regional mall index was at 370.4, down 0.4%; the strip center index (including power, neighborhood and community centers) was at 323.4, up 0.54%; the factory outlet index was at 316.4, down 0.69%; and the S&P 500 index was at 190, up 1.74%, from the previous week. The chart is updated weekly.

TRANSACTIONS: Macerich bought the 973,000-sf **Northridge Mall**, Salinas, Calif., from an institutional owner for \$128.5 million. • **Tyrol Gardens Lakes** sold the 88,000-sf **Garden Lakes Shopping Center**, Phoenix, to **ALRO Investors** for \$8.6 million in a deal brokered by **CB Richard Ellis** and **Retail Brokers**. • **Equity One** bought the 68,032-sf **Hunters Creek Plaza**, Orlando, Fla., from **Invesco** for \$7.5 million in a deal brokered by **Trammell Crow**. • **Rouse** sold the 125,000-sf **Jacksonville (Fla.) Landing** to **Jacksonville Landing LLC** for \$5 million. • **The Great Atlantic & Pacific Tea Co.** sold a 26,478-sf building to **North American Properties** for \$3.4 million in a deal brokered by **Aries Deitch & Endelson**. • **Cedar Shopping Centers** sold the 154,733-sf **Wal-Mart Shopping Center**, Southington, Conn., to a private investor for an undisclosed price. • **LPL/LLC** sold the 169,443-sf **Wallace Plaza**, Fitchburg, Mass., to **Kent Realty** for \$6.7 million in a deal brokered by **Finard & Co.** and **Ashworth Mortgage**.

Liz Claiborne's 1st Mexx store opens in U.S.; others to follow

Apparel retailer **Liz Claiborne** opened the first U.S. unit in its **Mexx** chain last week, in what could be the start of a major rollout of stores across the country. The two-level, 17,000-sf store, located on Fifth Avenue, sells apparel, accessories and body products featuring trendy designs and packaging, aimed at men and women between 25 and 40. Liz Claiborne bought the Dutch chain two years ago for \$264 million in a bid to become a stronger global retail player. Mexx operates about 195 stores in Asia, Europe, North America and the Middle East. If the New York City store succeeds, the company says it may build as many as 250 nationwide. Plans are in the works for a store in Manhattan's Union Square area and another in **The Westchester**, **Simon Property Group's** 820,460-sf upscale regional mall in White Plains, N.Y., a Liz Claiborne spokeswoman told *SCT Xtra*.

Wal-Mart faces municipal challenges

Municipal authorities across the United States are giving **Wal-Mart** a hard time. Last week an Arizona judge threw out a lawsuit Wal-Mart filed challenging a Tucson ordinance requiring extensive hearings on stores exceeding 100,000 sf and restricting grocery stores to 10% of the building. Also last week, the City Council in Turlock, Calif., passed an ordinance barring stores greater than 150,000 sf from devoting more than 5% of their space to groceries and other nontaxable items. Officials in both cities claimed the superstore would hurt smaller operators. Other communities are crafting similar legislation in an effort to keep Wal-Mart Supercenters at bay. The Oakland, Calif., City Council this year quickly imposed a temporary moratorium on big-box grocery stores after learning that Wal-Mart was planning a store near an old **Kmart** site. Now a permanent ban is in the works there.

Sears selling National Tire & Battery

Sears' stock closed down last Tuesday, the day after it announced it would sell its **National Tire & Battery** division, but analysts are praising the move. **TBC Corp.** paid \$225 million for the 266-store chain, plus \$35 million for inventory and other assets. Though the unit posts annual revenues of more than \$425 million, selling it was in the company's best interest, said Sears Chairman and CEO Alan J. Lacy in a news release. The parties expect to close the transaction in the fourth quarter. It's the right decision, says Gary Balter, a Sears analyst at **UBS**, noting that specialty auto parts stores lead the field, with their convenient locations, service and stock availability.

Financial news

Pathmark Stores secured \$100 million through private financing to repay a floating-rate loan on its credit facility. • **Equity One** sold 3 million shares of common stock at \$17.05 per share. The proceeds will be used to pay down debt and for future acquisitions and developments and redevelopments.

Coming and going

Nordstrom opened a 144,000-sf store at the 1 million-sf **Alderwood Mall**, Lynnwood, Wash. • **Kohl's** plans to open 13 stores in Arizona next week.

Projects in the pipeline

New Plan Excel Realty Trust sold a portion of the 937,140-sf **Mall at 163rd Street**, Miami, to Wal-Mart to make way for a 226,000-sf Wal-Mart Supercenter. • **Pennsylvania Real Estate Investment Trust** bought a six-acre site next to the 813,000-sf **Plymouth Meeting (Pa.) Mall** from **Ikea** for \$15.75 million and plans to build retail space there.

Amazon.com's backing sought for e-tail tax bill

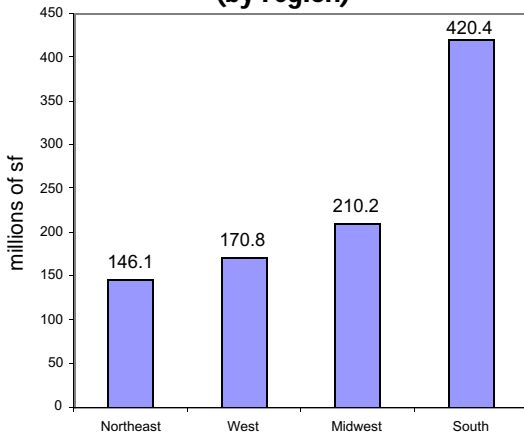
Supporters of federal legislation that would require online retailers to collect state sales taxes are trying to get **Amazon.com** behind a Senate bill. The bill is similar to the House's Streamlined Sales and Use Tax Act, which was introduced last Thursday. Amazon has a mechanism in place to enable the 160 retailers selling items on its site to collect taxes, and it wants to make sure all but the smallest online retailers are required to do likewise. The Senate proposal that surfaced last week would only have covered retailers with annual sales of \$5 million or more. Amazon wants that threshold lowered to \$25,000, according to *The Washington Post*. Because that exempts only a tiny group of businesses from being required to collect the tax, it might turn into a stumbling block for the legislation, **Wayne Mehlman**, director of economic issues for ICSC, told *SCT Xtra*. Sen. Michael B. Enzi, R-Wyo., and Sen. Byron L. Dorgan, D-N.D., are sponsoring the bill, which could be introduced on the floor this week.

Home Depot refines urban concept for Manhattan

The Home Depot signed a deal last week with **Vornado Realty Trust** to open an 83,000-sf, two-level store in New York City on 50th Street and Third Avenue. The so-called urban-neighborhood store will offer paint, cleaners, pesticides and other household maintenance items likely to appeal to apartment dwellers — and no parking lot. But staff will be available to deliver purchases to carless customers' homes. Some analysts foresee big trouble for the independent hardware stores that pepper Manhattan. "Half of them will close. They are barely surviving now," said **Howard Davidowitz**, a New York City-based retail consultant. Several weeks ago Home Depot also signed on for a Manhattan unit with landlord **GVA Williams** — a 108,000-sf **Expo Design Center**, also two levels, further downtown. The retailer launched its first New York City store in the Ozone Park section of Queens in 1994. Since then, it has opened 13 other stores in the city, plus a first Expo Design Center.

ICSC RESEARCH CORNER

REIT-owned shopping center GLA*
(by region)



*As of Sept. 5, 2003.
Source: ICSC Research

Industry buzz... Mills is in early discussions with officials from **Clear Channel Communications** and the **Solano County Fair Association** to build a retail and entertainment center in Vallejo, Calif. ... **Amazon.com** opened a sporting goods section on its Web site offering equipment, clothing and other merchandise from about 95 companies, including **Foot Locker**. ... **General Growth Properties** has been awarded the management, leasing and marketing contracts for the 572,900-sf **Queen Ka'ahumanu Center**, Maui, Hawaii. **Sears, Macy's** and a new **Macy's Men's, Childrens, Home** store anchor the center. ... India's Supreme Court ordered police to arrest **Mayawati**, a former Uttar Pradesh state chief minister, for trying to build shopping and entertainment facilities next to the **Taj Mahal**. The court said the \$39 million project violates anti-corruption and environmental laws. ... **Rising Star Media**, a joint venture between **National Amusements** and **Soquel Ventures**, opened the 11-screen **Kinostar Deluxe** theater at the **Mega** mall in Moscow. The movie theater is the largest and newest multiplex in Russia's competitive cinema development business.