

# Real Estate Daily News Buzz – September 10, 2014

☒ **Real Estate Daily News Buzz** is designed to give news snippets to readers that our (yet to be award winning) editors thought you could use to start your day. They come from various **business perspectives, real estate, government, the Fed, local news, and the stock markets** to save you time. Here you will find the headlines and what the news buzz for the day will be.

On Tuesday, the Dow Jones Industrial average lost 97.55 points, or 0.6%, to 17,013.87, its biggest one-day drop in a month. The Standard & Poor's 500 index lost 13.10 points, or 0.7%, to 1,988.44. The NASDAQ composite lost 40 points, or 0.9%, to 4,552.29.

Benchmark U.S. crude rose 9 cents to close at \$92.75 a barrel on the New York Mercantile Exchange. Brent crude, a benchmark for international oils used by many U.S. refineries, fell \$1.04 cents to close at \$99.16 on the ICE Futures exchange in London, the lowest close for Brent since May of 2013. Wholesale gasoline fell 1.4 cents to close at \$2.548 a gallon. Heating oil fell 1.7 cents to close at \$2.792 a gallon. Natural gas rose 10.8 cents to close at \$3.984 per 1,000 cubic feet.

## **INVESTORS SHOWING MORE LOVE TO DOLLAR TREE**

**A recent report on the net lease dollar store sector** reveals that real estate investors continue to favor Dollar General over Dollar Tree, though the trend may be changing slowly. According to the September 2014 report from The Boulder Group, a Northbrook, Ill.-based real estate investment firm that specializes in net lease transactions, sales of freestanding Dollar General stores featured the lowest asking cap rate of the three biggest chains in the segment in the second quarter,

at an average 6.75 percent. This was partly due to the fact that the retailer offers longer leases than its rivals—with an average term of 15 years vs. 10- to 15- years for Family Dollar and seven- to 10-year leases for Dollar Tree. Another reason is a ramp-up in new construction, according to Boulder Group researchers. Dollar General plans to open 700 new stores in 2014, compared to 525 new stores planned by Family Dollar and 360 new stores planned by Dollar Tree.

### **Schwab Adds New Fund to Lineup**

SAN FRANCISCO—**Charles Schwab** plans to expand its index mutual fund lineup with the launch of the **Schwab Fundamental Global Real Estate Index Fund**. The new fund is the only US-based real estate fund to apply the **Russell Fundamental Index Series** to a broad-based, global portfolio of real estate securities. Managed by **CSIM**, the Schwab Fundamental Global Real Estate Index Fund will track the Russell Fundamental Global Select Real Estate Index. The index, which comprises more than **200 real estate companies** in 20 countries, measures the performance of residential and commercial real estate companies and real estate investment trusts (REITs) in US and non-US markets, including developed and emerging markets, using a fundamentally weighted methodology. Products using fundamentally weighted strategies generally fall into the category of smart or strategic beta investing; they break the link with price by weighting securities based on economic factors such as adjusted sales, retained operating cash flow, and dividends plus buybacks, rather than by market capitalization.

### **Apple Reveals Larger iPhones and Smartwatch**

CUPERTINO, Calif. (AP) — For the first time in years, Apple's iPhones weren't the star of the show. Apple unveiled a smartwatch on Tuesday, a wearable device that marks the company's first major entry in a new product category since the iPad's debut in 2010. The move is significant because of recent questions about whether Apple still has a knack for

innovating following the 2011 death of co-founder Steve Jobs. The device's introduction upstaged the company's two new, larger iPhones, which won't just have bigger screens; they'll have a new, horizontal viewing mode to take advantage of the larger display. The iPhone 6 will have a screen measuring 4.7 inches, while the iPhone 6 Plus will be 5.5 inches. In both cases, app developers will be able to design apps that can be viewed differently when the phone is held horizontally. Apple also introduced a system for using the phone to make credit card payments at retail stores.

### **AMERICAN RECOVERY DRIVES THE DOLLAR SHARPLY HIGHER**

NEW YORK (AP) – In the world of currencies, the dollar is starting to look like a safe home in a tough neighborhood. A strengthening American economy, combined with a gloomy outlook for growth elsewhere, is pushing the U.S. currency sharply higher. The dollar is up 6.4 per cent against a group of major currencies since the start of May and has risen in three of the past four months. The U.S. currency climbed Tuesday to its highest level in six years against the Japanese yen, and it's trading at its highest level in 14 months against the euro. A continued run-up could mean lower prices for imported cars and crude oil. On the other hand, it could also crimp profits for U.S. companies as their goods become pricier overseas.

### **LETTING YOUR CAR FIND A SPOT AND PARK ITSELF**

DETROIT (AP) – With a thumb swipe on a smartphone, your car one day will be able to drive into a parking deck, find an open spot and back into a space – all by itself. Technology being honed by French auto parts maker Valeo uses a dozen ultrasonic sound-wave sensors, 360-degree cameras and a laser scanner to safely park within a few centimeters of other vehicles. Then, when you're done with dinner or a business meeting, the car will return to you after another swipe of the thumb. The potential benefits are plenty. More orderly parking means less congestion. Drivers are spared the time and frustration of the hunt for a spot. Parking lots can squeeze

more vehicles into limited space.

### **RECALL DILEMMA: WHAT TO DO IF PARTS AREN'T READY**

Automakers have recalled more than 40 million cars and trucks in the U.S. so far this year, shattering the full-year record set in 2004, and many were for serious safety issues. But often the first recall notices go out before parts are made, leaving car owners in a quandary: their cars have issues serious enough to cause a recall, yet they can't be fixed for months or even a year. The notices tell people to wait for another notice telling them parts are ready.

### **AS SCOTS EYE INDEPENDENCE, REST OF UK GETS NERVOUS**

BERWICK-UPON-TWEED, England (AP) – All Gavin Jones has to do is scan the shelves of his impossibly quaint shop on England's border with Scotland to know he'll have a big problem if the Scots declare independence next week. There are teddy bears in Campbell clan tartans and shelves of shortbread from Scotland – just above the red jams made in England. After independence, the Scottish goods could be subject to import duties, and customers might start paying in two different currencies. Business in Berwick-upon-Tweed, England's northernmost town, could soon be crushed by bank transaction costs. Berwickers like to think of themselves as neither English nor Scottish. Little wonder: this enclave has changed hands 13 times over the centuries. But there is no getting away from the fact that the locals in Berwick could be dramatically affected by the Sept. 18 referendum.

### **ECONOMIC FORECAST IN MUCH OF WORLD: DIM TO GLOOMY**

WASHINGTON (AP) – The Great Recession officially ended more than five years ago. Yet the feeling of many people around the world can be summarized in one word: Gloom. In a survey of 48,643 people in 44 countries out Tuesday, the Pew Research Center found that 60% say their own country's economy is performing poorly. Dissatisfaction runs highest in the world's most advanced economies, where 64% say conditions are bad. In the United States, 58% give the American economy poor marks.

The deepest despair was recorded in countries hit hardest by the European debt crisis: 97% of Greeks, 96 per cent of Italians and 93% of Spaniards said their economies were performing poorly. Unemployment rates are extraordinarily high in all three: 27% in Greece, 13% in Italy, 25% in Spain.

### **US JOB OPENINGS STAY NEAR 13-YEAR HIGH; HIRING UP**

WASHINGTON (AP) – The number of U.S. job openings remained near the highest level in 13 years in July, and companies also stepped up hiring that month to the fastest pace in nearly seven years, two signs the job market is slowly healing. The tally of available jobs ticked down 2,000 to 4.673 million in July, from 4.675 million in June, the Labor Department said Tuesday. June's figure was the highest since February 2001. The drop was led by a decline in government job postings. Businesses actually advertised slightly more jobs. Total hiring, meanwhile, jumped 81,000 to 4.87 million, the highest level since December 2007, when the Great Recession began. That indicates companies are more likely to fill their open jobs. Still, that is below the pre-recession average of just over 5 million hires a month.

### **TRUMP CASINOS FILE CHAPTER 11; SEEK CONCESSIONS**

ATLANTIC CITY, N.J. (AP) – Trump Entertainment Resorts filed for bankruptcy Tuesday and threatened to shut down the Taj Mahal Casino Resort, which would make it the fifth Atlantic City casino to close this year. The company owns Trump Plaza, which is closing in a week, and the Taj Mahal, which has been experiencing cash-flow problems and had been trying to stave off a default with its lenders. The company said the Taj Mahal could close Nov. 13 if it doesn't win salary concessions from union workers. It's the fourth such filing for the struggling casino company or its corporate predecessors.

### **STUDY: WANT LOWER GAS PRICES? SHIP MORE OIL ABROAD**

NEW YORK (AP) – Exporting more U.S. crude around the world would lower the price of gasoline for U.S. drivers and benefit the U.S. economy, according to a new study released Tuesday.

While the conclusion may be counter-intuitive, the reasoning is straightforward: Exports would encourage more U.S. oil production and put that crude on the global market. That would lower the global price of oil, the price that is linked most closely to the price of gasoline in the U.S. Exports of U.S. crude oil have been banned, with few exceptions, since soon after the 1973 Arab oil embargo. Other studies have reached similar conclusions. This latest study, released Tuesday, was conducted for the Brookings Institution by NERA Economic Consulting.

### **McDONALD'S AUG SALES METRIC HURT BY CHINA SCANDAL**

OAK BROOK, Ill. (AP) – McDonald's said Tuesday that a key global sales figure fell 3.7% in August, driven lower as the world's biggest hamburger chain's unit that includes the Asia-Pacific region dropped 14.5 per cent due to a food-safety scandal in China. That unit also includes the Middle East and Africa. McDonald's Corp. said earlier this month that it will monitor its suppliers in China more closely after a food-safety scandal in the country hurt its sales and reputation. The announcement came after a TV report in July showed workers at McDonald's supplier Shanghai Husi Food Co. – a division of OSI Group Inc. – repacking expired meat. McDonald's stopped using the plant in Shanghai.