

# Real Estate Daily News Buzz – August 14, 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 Wednesday, the S&P 500 rose 12.97 points, or 0.7%, to end at 1,946.72. The Dow gained 91.26 points, or 0.6%, to 16,651.80. The NASDAQ composite climbed 44.87 points, or 1%, to 4,434.13.

Benchmark U.S. crude rose 22 cents to \$97.59 a barrel on the New York Mercantile Exchange. Brent crude, a benchmark for many international crudes used by U.S. refineries, rose \$1.26 to \$104.28 in London. Wholesale gasoline gained 2 cents to \$2.754 a gallon. Heating oil rose 5.7 cents to \$2.902 a gallon. Natural gas slumped 14.3 cents to \$3.831 per 1,000 cubic feet.

## **CLARION SELLS MEXICAN INTEREST FOR \$600 MILLION**

NEW YORK—Clarion Partners, has sold its 50% interest in a portfolio of nine class A Mexican shopping centers totaling 3.17 million square feet to Frisa, the current joint venture partner. Frisa is a full-service real estate company that provides design, development and management services and holds one of the largest retail portfolios in Mexico. The portfolio, which is valued at approximately \$600 million, is comprised of six fully stabilized and mature assets, which have a total average occupancy of 96.4% and three assets in the lease-up stage with an average occupancy of 77.9%. It

includes properties in Mexico City suburbs, Acapulco, Ciudad Madero and Tampico.

### **CVS ENTERS SEATTLE MARKET**

Woonsocket, R.I. – CVS/pharmacy launched its entrance into the Seattle market with the grand opening of a new location in the city of Renton, the first CVS/pharmacy in the state of Washington. In addition to the new store in Renton, the company will open two more Seattle-area stores in 2014 and will open its first store in the city of Seattle next summer. With its entrance into Seattle, CVS/pharmacy now has a presence in all 20 top drugstore markets in the U.S. The Renton store is one of the first tobacco-free CVS locations in the U.S.

### **MOST BACK-TO-SCHOOL SHOPPERS AREN'T BUYING COMPUTERS**

Boise, Idaho – More than half of back-to-school shoppers will not purchase computers this year. According to the Crucial.com Back-to-School Shopping Report, which includes responses from 1,000 adults in the U.S., found that 57% of respondents do not plan to purchase laptops, desktops, tablets, or mobile devices for school this year, as a vast majority of consumers are increasingly concerned with becoming more frugal. The research showed U.S. consumers, and back-to-school shoppers in particular, are seeking ways to cut back where they can. Seventy-three percent of respondents said they were very concerned with saving money, a number that increased to 82% for back-to-school shoppers. In general, 82% of respondents said it was more important to save money than save time, and 81% said they would be most inclined to put money toward savings or paying off bills if given \$1,000 to spend. Back-to-school shoppers cited several ways they save money, including clipping coupons (82%), do-it-yourself projects (57%), and buying generic brands (57%). In addition, 61% of back-to-school shoppers said they would try to fix a slow computer themselves to save money, rather than spend money on expensive repairs. Fifty-eight percent said they expected a computer to

last at least five years.

### **CST BRANDS – 38 NEW STORES PLANNED**

San Antonio – Motor fuel and convenience store operator CST Brands Inc. reported net income of \$32 million in the second quarter of fiscal 2014, down 22% from \$41 million in the second quarter of the prior fiscal year. Until May 1, 2013, CST was still a wholly owned subsidiary of Valero and, as such, second quarter 2013 results do not include all of the expenses associated with being a public company. CST currently expects to build 30 new stores in the U.S. and eight new stores in Canada during 2014. These new stores provide a much larger footprint, more product variety and enhanced offerings such as food service. Year to date, CST has opened 12 new stores in the U.S., and two stores in Canada. Operating revenues rose 3% to \$3.3 billion, from \$3.2 billion.

### **GAP LAUNCHES @GAPKIDS SOCIAL PROMO**

San Francisco – Gap is launching the inaugural GapKids Class of 2014, a social media contest inviting parents to submit photos of their kids for the chance to be featured in a 2015 GapKids marketing campaign. This is Gap's next generation of Casting Call, a marketing program that lasted six years. Everyone who enters will receive a socially sharable moving image video of their child that encapsulates the GapKids aesthetic. In addition to sharing social content, Gap has built a new @GapKids social network as a place for parents to explore content on Instagram, Twitter and Pinterest. As part of the submission process, Gap is asking parents to submit three charismatic photos of their child between now and Sept. 15. After a submission is processed, parents will be emailed a 15-second video of their child's photos. Photos can be submitted through Instagram, Facebook, mobile phone or desktop. During the month of October, a panel of Gap judges in each global region will narrow down the field of submissions to 20 finalists – 10 babies/toddlers (five girls and five boys) for babyGap and 10 kids (five girls and five boys) for

GapKids. Parents of regional finalists will receive a questionnaire to fill out for additional content needs. In November, the four winners of each region will be announced on the Gap digital channels. The winners will participate in a photoshoot taking place in their region and they will be featured in a Gap marketing campaign in early 2015.

### **CO-FOUNDER, BEN & JERRY'S TO KEYNOTE MARIJUANA BUSINESS CONFERENCE**

Ben Cohen, Co-Founder of Ben & Jerry's, will be the keynote speaker at *Marijuana Business Daily's 3rd annual Conference* – the largest and oldest trade show for the industry. Cohen will share his entrepreneurial wisdom and message of corporate social responsibility with the Conference's more than 1,500 attendees. Plus, Cohen will serve as Guest Judge at the Conference's brand new **Marijuana Business Pitch Slam**, a contest for cannabis entrepreneurs learning to polish investor pitch skills. (The Pitch Slam is an educational event, not intended as a solicitation of funds.)

### **STATE REGULATORS OKAY SALE OF TUCSON ELECTRIC POWER'S PARENT COMPANY**

PHOENIX – The Arizona Corporation Commission yesterday unanimously approved the \$4.3 billion sale of UNS Energy Corp. to Fortis Inc., a Canadian utility. The deal is expected to be finalized by the end of the month and not have any dramatic effect on ratepayers. However, Tucson Electric Power (TEP) customers will see small billing reductions – about a \$1 month on average for residential customers and \$200 for commercial users – under a provision of the merger deal that calls for \$30 million in credits to be distributed among ratepayers over five years. Under other conditions of the merger, Fortis has committed to maintain or improve service quality, keep its current charitable commitments for at least five years, and in future rate cases filed through 2020, the company must show any proposed increases in bills are lower than they would have been without the acquisition.

UNS Energy Corporation: <https://bit.ly/1Ae2WtY>

Tucson Electric Power: <https://bit.ly/1rrwhfe>

Fortis Inc.: <https://bit.ly/1p00BkV>

Arizona Corporation Commission: <https://bit.ly/1q8H2kK>

### **BUSINESSES SEEING INCREASE IN SALES ALONG STREETCAR ROUTE**

TUCSON – The Sun Link Tucson Streetcar only has been carrying passengers just shy of three weeks, but businesses along the 3.9-mile route say they're already seeing an increase in customers. "We normally close at six, but we've had a lot of people coming up to the door when we're ready to leave. So, we come back in and take care of them," said Mark Levkowitz of the downtown Chicago Music Store on East Congress Street. "So, we may consider changing our hours." Operators of nearby Tucson Olive Central say people are getting off the streetcar to browse and buy.

### **ENTREPRENEURSHIP THE ANSWER FOR SOME WITH AUTISM**

NEW YORK (AP) – Matt Cottle is one of a few known small business owners with autism, a brain disorder that affects a person's ability to comprehend, communicate and interact socially. There are varying degrees of autism, but even autistic people with the greatest capabilities can find it impossible to get a job because they take longer to read or process information, or because they struggle to hold conversations. One in 68 people have some form of autism, according to government figures. There is a growing movement to help autistic adults find jobs, but for Cottle and his family, the answer was a business of his own.

### **AMAZON DEBUTS MOBILE PAYMENT APP AND CARD READER**

NEW YORK (AP) – Amazon's new credit-card processing device and mobile app is designed to help small business owners accept payments through their smartphones and tablets. Amazon Local Register places the largest U.S. e-commerce retailer in competition with Square and other established mobile payment processing systems such as PayPal Here and Intuit's GoPayment. The service is designed to serve on-the-go small business

owners who might otherwise only accept cash or checks, including massage therapists, food truck operators and artists who sell their work at outdoor fairs.

### **ATHENS OLYMPICS LEAVE MIXED LEGACY, 10-YEARS LATER**

ATHENS, Greece (AP) – In an obscure corner of a park sits a forlorn reminder that, 10 years ago, Athens hosted the 2004 Summer Olympics: A crumbling miniature marble theatre. Once a symbol of pomp, the marble theatre is now an emblem of pointless waste in a venture that left a mixed legacy: a brand-new subway, airport and other vital infrastructure that significantly improved everyday life in a city of 4 million, set against scores of decrepit sports venues built in a mad rush to meet deadlines – with little thought for post-Olympic use. As Greece groans under a cruel economic depression, questions linger of whether the Athens Games were too ambitious an undertaking for a weak economy. While economists agree it would be unfair to blame the meltdown on the 17-day Games, the post-Olympic era is seen as a decade of lost opportunities – including failure to significantly boost the country's sporting culture.

### **US RETAIL SALES FLAT IN JULY**

WASHINGTON (AP) – The Commerce Department said Wednesday that seasonally adjusted U.S. retail sales were unchanged in July compared with the prior month. Total sales rose a statistically insignificant \$161 million from \$439.6 billion in June. The figures suggest that Americans are hesitant to spend, which could limit growth for the economy. Retail sales are closely watched because consumer spending accounts for 70 per cent of economic activity.

### **DRUGMAKER NOT READY TO USE EBOLA DRUG IN AFRICA**

WASHINGTON (AP) – A Canadian drugmaker working on an experimental drug for Ebola said Wednesday that it is not ready to make the treatment available in Africa, despite assurances by international health officials that it is ethical to use untested treatments to fight the deadly

outbreak. Tekmira Pharmaceuticals Corp. said that the “regulatory framework” for giving its drug to patients in Africa is not clear, given that the drug’s safety and effectiveness has not been established. CEO Mark Murray said the company is continuing discussions with governments and international agencies trying to contain the outbreak, including the World Health Organization.

### **LIGHTER SENTENCES SOUGHT FOR SOME BUSINESS CRIMES**

WASHINGTON (AP) – The federal panel that sets sentencing policy eased penalties this year for potentially tens of thousands of nonviolent drug offenders. Now, defense lawyers and prisoner advocates are pushing for similar treatment for a different category of defendants: swindlers, embezzlers, insider traders and other white-collar criminals. Lawyers who have long sought the changes say a window to act opened once the U.S. Sentencing Commission cleared a major priority from its agenda by cutting sentencing guideline ranges for drug crimes. The commission, which meets Thursday to vote on priorities for the coming year, already has expressed interest in examining punishments for white-collar crime. And the Justice Department, though not advocating wholesale changes, has said it welcomes a review.

### **CISCO TO LAY OFF UP TO 6,000 WORKERS**

NEW YORK (AP) – Cisco said Wednesday that it will lay off up to 6,000 workers, or 8 per cent of its workforce, as part of a restructuring. The company, which makes routers, switches and software, said the layoffs will affect workers in operations around the world. The announcement was made during a conference call discussing its fiscal fourth-quarter earnings. The San Jose, California-based company on Wednesday reported a 1 per cent decline in profit, to \$2.25 billion, as revenue dipped to \$12.36 billion from \$12.42 billion.

### **MACY’S 2Q PROFIT FALLS SHORT; SALES OUTLOOK CUT**

NEW YORK (AP) – Macy’s Inc. on Wednesday reported a 4% profit increase in its fiscal second quarter as business rebounded

from slow sales earlier in the year. But the department store chain cut its full-year outlook for a key sales measure, saying it couldn't make up the sales shortfall from the first quarter, when winter storms kept shoppers at home. Like many retailers catering to the middle class, Macy's is facing economic challenges. While the job market is improving and the housing market is rebounding, the gains are not strong enough to sustain big shopping sprees. Macy's said Wednesday that it's been pleased with the start to the back-to-school season, which typically begins mid-July and ends in mid-September. But Macy's said it needs to continue to discount to bring shoppers in.

### **BURGER KING NIXES LOWER-CALORIE 'SATISFRIES'**

NEW YORK (AP) – Burger King is getting rid of its lower-calorie french fries at most restaurants after less than a year. The Miami-based chain said in a statement that it gave its franchisees the option to continue selling the french fries earlier this week. Only about 2,500 of the approximately 7,400 locations in the U.S. and Canada opted to continue selling them as a permanent item. The others have started phasing them out. The french fries, called "Satisfries," were a big bet for Burger King when they were announced in September. But they weren't as well received as Burger King had hoped.

### **GM SAYS CHINA VENTURE CONTACTED BY REGULATORS**

General Motors Co.'s main China joint venture has joined automakers that say they have been contacted by Chinese anti-monopoly regulators as part of an investigation of the industry. Shanghai GM's announcement follows government announcements that Audi and Chrysler will face unspecified penalties for violating the country's anti-monopoly law. Mercedes Benz, Toyota's Lexus luxury brand and Japanese parts suppliers also are under scrutiny. Regulators have launched a series of anti-monopoly probes of global automakers and technology suppliers, prompting suggestions Beijing is trying



to force down prices.