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**LOCKEHOUSE**

**Newsletter**

## ***Brown's Rants***

### **Week Ending November 6<sup>th</sup>, 2021**

This week's headlines... Hiring rebounded in October after last month's lackluster jobs report; unemployment fell from 4.8% to 4.6% with the economy adding 531,000 jobs. The hospitality sector (which includes hotels and restaurants) led all other economic categories, with 164,000 new jobs. Retail hiring increased by 35,000. Prior to these results, one metric created by a group of Cornell economists—the Job Quality Index—was already showing improvement and a end to the labor shortage. This is mostly because wages have been posting their strongest growth in decades. That is just one factor (along with supply chain disruption and a few other pandemic-driven disruptions) that is driving inflation.

Which brings us to a strange set of circumstances where Americans are flush with cash (they are sitting on \$2.3 trillion more in their savings than prior to the pandemic and the median household's checking account balance was 50% higher in July of this year than it was in 2019), but they also think the economy is lousy (68% in a recent Gallup poll said they believed economic conditions were getting worse). This says a lot about the psychology of inflation... but the real question is will it play out as consumers pulling back on spending?

I do not think so and neither do most economists, which is why predictions for the 2021 Holiday Shopping Season are uniformly robust. The National Retail Federation predicts that sales will surge between 8.5% and 10.5% this year. Even at the low end of that range, it would be a record-setting year, outpacing last year's record of 8.2%. That alone shows the vastly disparate economic impacts of the pandemic, vastly widening the gap between haves and have-nots with massive government aid (globally, mind you) averting what would have created an economic crisis on par with, or worse, than 2008's financial crisis. That aid stabilized global stock markets (which had lost nearly \$7 trillion in value by last April—regained it all by August 2020 and continued to surge 40%+ above previous levels), it also padded the pockets of most consumers (driving a spending spree that has seen import demand climbing nearly 50%—a huge factor in the ongoing supply chain disruptions)... all of which are feeding inflationary pressures (some which will be transitory, others I think will take a lot longer to unwind).

But this brings us all back to the labor shortage. We did have about four million workers drop out of the workforce, but obviously the concern of retailers and restaurateurs has been around the possibility that extra unemployment insurance disincentivized workers from coming back to the workforce. This clearly has been a factor, though not the only one. The problem here is that low-wage workers had not seen a

minimum wage increase in 13 years and adjusted for inflation, many of these jobs have slid backwards over the past three decades. In other words, wage pressures were already building—this already had been among the biggest challenges facing the service industry prior to the pandemic. The result has been a perfect storm of long-term issues playing out all at once. Keep in mind that very few workers made more (or the same) by staying home and collecting extra unemployment benefits than by returning to work. In California, that breakpoint was somewhere in the \$16 to \$17 an hour range. Which even in rural California markets is borderline, but in all the state's major markets, it is not a living wage.

I was discussing the issues of “The Great Resignation” with a broker friend of mine in Denver. He scoffs at that title and calls it “The Great Awakening.” His take was that the trauma of the pandemic itself (with many people having become sick or losing loved ones), combined with the fact that service workers were on the front lines (facing considerable health risk), and that they had to be enforcers of public health mandates (while bearing the brunt of abuse from consumers that did not wish to follow them) was simply a breaking point.

He argued that workers at all levels of employment found themselves rethinking their priorities, goals, and lives, in general. And that if middle-class workers were rethinking their careers, how would you not expect those in low wage jobs to not be the canaries in the coal mine? Hard to disagree with that logic.

The latest jobs report suggests that many service workers are starting to come back. A diminished threat from the pandemic, the reopening of schools in September (freeing up single moms) are certainly factors. It could also mean that many of those who were sitting on the sidelines are simply exhausting their savings. Of course, wage growth plays into all of this. That said, I am not sold that the labor issues are going to go away in just a month or two—I suspect this will take a much longer time to unwind. But it is a sign of relief. That said, the longer-term question should be the fragility of business models that do not take factor in living wages for their employees. Regardless of minimum wage laws, market pressures always eventually exert themselves. See you next week.

Garrick



# Top 10

## Stories of the Week

[Experts Make 5 Predictions for Black Friday](#)

Cleveland.com 11/6

[Americans are Flush with Cash and Jobs. They Also Think the Economy is Awful.](#)

New York Times 11/6

[US Employers Added 531,000 Jobs in October](#)

New York Times 11/5

[Curbside Pickup is Now a Must-Have for Consumers \(and Retailers\)](#)

Retail Brew 11/5

[Employer Vaccine Mandate Set for January 4<sup>th</sup>, with Big Non-Compliance Fines](#)

Chain Store Age 11/4

[Top Retailers See eCommerce Sales Growth This Year on Top of Record-Breaking Sales in 2020](#)

Insider Intelligence 11/3

[How American Shoppers Broke the Supply Chain](#)

Time 11/2

[It's a Ho, Ho, Horrible Shipping Season for Small Businesses Too](#)

Retail Dive 11/2

[The US is Reopening; Will the Tourists Come to Shop?](#)

Vogue Business 11/2

[It's Not a Great Resignation that one Economist Says Will Change Work Forever. His Calculations Show the Labor Shortage Ending Soon](#)

Business Insider 10/30



# Economic Headlines

## Stories of the Week

[Think Milk is Expensive? Gasoline and Meat are Even Pricier](#)

Bloomberg 11/4

[US Revs Up as Private Sector Adds 571,000 Jobs in October, ADP Finds](#)

MarketWatch 11/3

[Lumber is Not Going Back to Pre-Pandemic Levels](#)

Business Insider

11/3

[US Economy Rebounds as Coronavirus Cases Fade, ISM Service Sector Index Soars in October](#)

MarketWatch 11/3

[The Fed Holds Rates Near Zero Yet Some Borrowing Costs Are Already on the Rise](#)

CNBC 11/3

[Supply Chain Crisis Risks Taking the Global Economy Down with It](#)

Bloomberg 11/1



# Property Trends

## Stories of the Week

[If Evergrande Fails, its Taking Luxury Brands with it](#)

Luxury Daily 11/5

[San Francisco's Retail Plight is Being Overstated](#)

San Francisco Business Times 11/5

[Glimmers of Hope for Downtown Retail Markets Still Struggling to Recover from Pandemic](#)

Bisnow 11/4

[Retail Space is Hard to Find in South Florida Due to Migrating Restaurants](#)

South Florida Business Journal 11/4

[Delinquent Retail CMBS Loans Still Elevated but Trending Lower](#)

Costar 11/4

[NYC Retail Has Hit Bottom](#)

Real Deal 11/3



[Still Waiting for CRE Construction to Rebound](#)

Globe Street 11/3

[Las Vegas' Boulevard Mall Evolves w/Mixed-Use \(Call Centers, Office, College\) and Mercado Experience](#)

Nevada Public Radio 11/3

[Lloyd Center Mall in Northeast Portland Faces Foreclosure and Redevelopment](#)

KGW8 11/2

[Mall of the Future: Less Retail, More Content](#)

InPark Magazine 11/2

[Will Mini Casinos Replace Department Stores as Mall Anchors?](#)

USA Today 11/2

[Retail-to-Industrial Conversions May Seem an Obvious Play but they Frequently Have Hidden Challenges](#)

Sacramento Business Journal 11/1

[Why DTC Brands are Opening Stores with Ghost Retailers](#)

Forbes 11/1



## **Retail Headlines**

*Stories of the Week*

[Miniso Opens in Staten Island](#)

SIAlive.com 11/6

[Canadian Retailer Le Chateau Set to Relaunch](#)

CTV 11/6

[Three Amazon Store Concepts Headed to DC; None are Grocery](#)

Washington Business Journal 11/5

[To Build the Metaverse, Meta First Wants to Build Stores](#)

New York Times 11/5

[Lucid Opens DC Area Studio Location](#)

Yahoo 11/5

[New Dick's Concept, Public Lands, Opens in Columbus](#)

Columbus Dispatch 11/5

[Nike Live Opens in Naperville](#)

Chicago Business Journal 11/5

[Bubbly Paws Expands to Boise](#)

Yahoo! Finance 11/5

[Foxtrot Coming to Boston's Back Bay](#)

Boston Restaurant Talk 11/5

[Nike is on Track to Make \\$50B This Year. How Much is That, really](#)

Retail Dive 11/4

[AMC Theaters to Sell Branded Popcorn in Its Own Standalone Stores](#)

CNBC 11/4

[Wayfair Hints at Expanded Physical Presence](#)

PYMNTS 11/4

[Bartell Drugs Continues Growth with New Store in Kirkland, WA](#)

KHQ 11/4

[Hobby Lobby Heading to Rochester Burbs](#)

Rochester Democrat & Chronicle 11/4

[Luxury Reseller Rebag Opens Store in Beverly Hills](#)

Chain Store Age 11/4

[First L.L. Bean Store Opens in Western New York](#)

Buffalo Business First 11/4

[Pacsun Expands Retail Footprint with dedicated PacSun Kids Stores](#)

Shop Eat Surf 11/4

[Wayfair's Sales Fall 20% as Consumers Shift Spending](#)

Retail Dive 11/4

[BJs Wholesale Plans Expansion Across Tennessee](#)

Nashville Business Journal 11/4

[Miniso Opening in Sacramento's Arden Fair Mall](#)

Sacramento Business Journal 11/3

[Netflix Rolls Out 'Stranger Things' Pop-Ups in LA and NYC](#)

WWD 11/3

[Amazon Opens Holiday Toys Popup in West Hollywood](#)

Spectrum News 11/3

[The RealReal Opens New Santa Monica Store](#)

Globe Street 11/3

[Parkland Acquires 94 Sites in Florida](#)

CSP 11/3

[Zegna Lab, a New Retail Concept, Opens in SoHo](#)

WWD 11/3

[Costco Planning New Store for West San Jose](#)

Silicon Valley Business Journal 11/3

[Francesca's Franki Brand on a Growth Spurt](#)

Yahoo! Finance 11/3

[Chanel Pays Top Dollar to Fit Out New Miami Store](#)

Global Cosmetics News 11/2

[Arhaus to Open in Former Sears at Westfield Topanga](#)

Los Angeles Daily News 11/1

[Best Buy is Thinking Inside and Outside the \(Retail\) Box](#)

Forbes 11/2

[The World's Most Popular Department Store Is...](#)

Chain Store Age 11/2

[Kroger, Bed Bath & Beyond Enter into In-Store, Online Pilot](#)

Chain Store Age 11/2

[Meijer Expands Small Size Format](#)

Chain Store Age 11/2

[Staples Opens Two New Staples Connect Locations](#)

Chain Store Age 11/2

[Will Planning Studios Elevate IKEA's Urban Shopper Journey](#)

Retail Wire 11/2

[Dick's Sporting Goods Expands Store Concepts Across USA](#)

Retail Insight Network 11/2

[Dick's Announces Grand Opening of Columbus OH Area Store](#)

Bicycle Retailer 11/2

[Pet Supplies Plus Inks Six Houston Area Deals](#)

REjournals 11/2

[Glossier to Reboot Retail Expansion](#)

Yahoo! Money 11/2

[Boot Barn Opens New Indiana Store](#)

ABC57 11/2

[Scheel's, a Store so Big it has a Ferris Wheel Inside, Sets to Open in Boise](#)

Idaho News 6 11/2

[Target Taking Over Former JCP Space at Macerich's Brooklyn Mall](#)

Real Deal 11/2

[C-Store Ultrafast Delivery Operator GoPuff Launches Retail Sites in NYC](#)

Construction Dive 11/2

# Grocery Headlines

## Stories of the Week

[Amazon Fresh Opening 2 Jersey Shores Stores](#)

NJ.com 11/5

[Staggering 56% of Grocery Workers Want to Quit](#)

Axios 11/4

[Kroger is Taking on Publix in Florida Without Opening a Single Grocery Store](#)

CNBC 11/4

[Whole Foods Signs at Crescent Heights' Project in Miami](#)

Commercial Observer 11/4

[ShopRite Opens at Site of Demolished NJ Mall](#)

NJ.com 11/5

[Ultrafast Grocery Service Buyk Doubles NYC Presence to 20 Dark Stores](#)

Progressive Grocer 11/4

[Food Lion Completes \\$127M Remodel of 87 Stores Across Six States](#)

Shopping Center Business 11/4

[Fresco y Mas Opens Third Tampa Area Store](#)

Tampa Bay Times 11/3

[Should Grocers Partner with Ultrafast Delivery Firms?](#)

Grocery Dive 11/2

[Giant Eagle Heading to Pittsburgh Suburb Bloomfield](#)

WESA 11/2

[Dierbergs New St. Charles Store Represents Brand Evolution](#)

St. Louis Business Journal 11/2

[Amazon Fresh Store Planned for Northern Virginia](#)

Commercial Observer 11/1



# Restaurant News

## Stories of the Week

[Dickey's Accelerates Expansion with one hundred more units through Ghost Kitchen Brands](#)

Restaurant Dive 11/5

[Uber Founder Converting Historic DT San Jose Building to a Digital Food Hall](#)

Hoodline 11/5

[What to Expect when Sugar Factory Opens in Downtown Indianapolis](#)

Indy Star 11/4

[Checkout-Free Amazon Fresh Opens in Chicago Burbs](#)

Chicago Sun Times 11/4

[Sun Holdings Acquires 131 Franchised Applebee's Units](#)

Nation's Restaurant News 11/4

[Applebee's, IHOP Parent to Return to Growth Mode by 2023](#)

Costar 11/4

[New Food Hall, Electric Works, to Open in Fort Wayne](#)

Fort Wayne NBC 11/4

[Cheesecake Factory Targets Location Growth as Consumers Return to Dining Rooms](#)

Costar 11/3

[Black Rock Coffee Bar Opens New Location in the Northwest](#)

Yahoo! Finance 11/3

[NYC's UrbanSpace Food Hall Drops into Downtown LA Late Next Year](#)

Eater Los Angeles 11/3

[After Closing Hundreds of Locations, Starbucks is Expanding Again](#)

Eat This, Not That 11/3

[Dairy Queen Opens DQ Chill & Grill in Whitebluff, Tennessee](#)

QSR Web 11/3

[New Food Hall Coming to Peoria](#)

Heart of Illinois ABC 11/3

[Black Rifle Coffee to go Public Via \\$1.7B SPAC Deal](#)

Reuters 11/2

[Aloha Poke Entering Georgia Market](#)

Nation's Restaurant News 11/2

[Fat Brands to Acquire Fazoli's for \\$130 Million](#)

Nation's Restaurant News 11/2

[New Food Hall in Orlando's Milk District Opens](#)

ClickOrlando 11/2

[Houston's New Mega Food Hall Prepares to Open](#)

Paper City Mag 11/2

[New Knoxville Food Hall Opening Friday](#)

WATE.com 11/2

[Former Anthony Bourdain Food Hall Team to Open Singaporean Hawker Center in Midtown NYC](#)

6sqft 11/2

[Raising Cane's Offers Peek at South Beach Flagship](#)

QSR 11/2

[Cousins Subs Buys Six Milwaukee Area Franchises](#)

Biz Times 11/1

[Jollibee Heading to Detroit](#)

Detroit Free Press 11/1

A wide-angle photograph of a construction site. Several workers wearing hard hats and safety vests are visible, working on a large concrete structure. Scaffolding and construction equipment are scattered throughout the scene.

## **REITs, Landlord & Development**

### *Stories of the Week*

[Seritage Gives Investors Reason to be Optimistic](#)

Motley Fool 11/6

[Shannon Waltchack Raises Fund to Buy Neighborhood Centers](#)

Birmingham Business Journal 11/5

[Westfield's Roseville Galleria Sees Luxury as its Future](#)

Sacramento Business Journal 11/5

[Master-Planned, Mixed-Use and More: 23 Developments to Watch](#)

ICSC 11/4

[Northwood Retail President on State of Retail Investment Landscape](#)

Austin Business Journal 11/4

[The Pandemic Did not Kill Strip Malls—It is Time to Invest in Them](#)

Yahoo! 11/4

[Streets of Woodfield for Sale](#)

Crain's Chicago Business 11/4

[Union Investment Real Estate Purchases Chicago Retail Property for \\$120M](#)

Shopping Center Business 11/4

[Macerich Malls Surpass Pre-Pandemic Foot Traffic](#)

Costar 11/3

[Simon Property Group More Than a Mall Company](#)

Indy Star 11/2

[CBL Exits Bankruptcy, Sheds \\$1.7B in Debt](#)

Retail Dive 11/2

[Simon Touts its JC Penney Investment as Stabilized](#)

Costar 11/1

[Omni Group Buys Burbank Town Center for \\$126 Million](#)

Commercial Observer 11/1



## **eCommerce / Omnichannel / Retail Tech**

### *Stories of the Week*

[Online Sales Present a Myriad of Challenges for Luxury Brands](#)

Global Legal Post 11/6

[Decathlon's New Concept Store/Automated Fulfillment Centre May be New Model for Hybrid Store/Fulfillment](#)

RENX.CA

[The Five Biggest Retail Technology Stories of the Past Week](#)

Retail Technology Innovation Hub 11/5

[Knot Standard to Sell Custom OnDemand Clothing Tech to Retailers](#)

Retail Dive 11.4

[Ultra-Fast Grocery Delivery Companies Expect a Future of Consolidation](#)

PYMNTS 11/3

[Five Ways QSRs are Embracing Technology](#)

Restaurant Dive 11/3

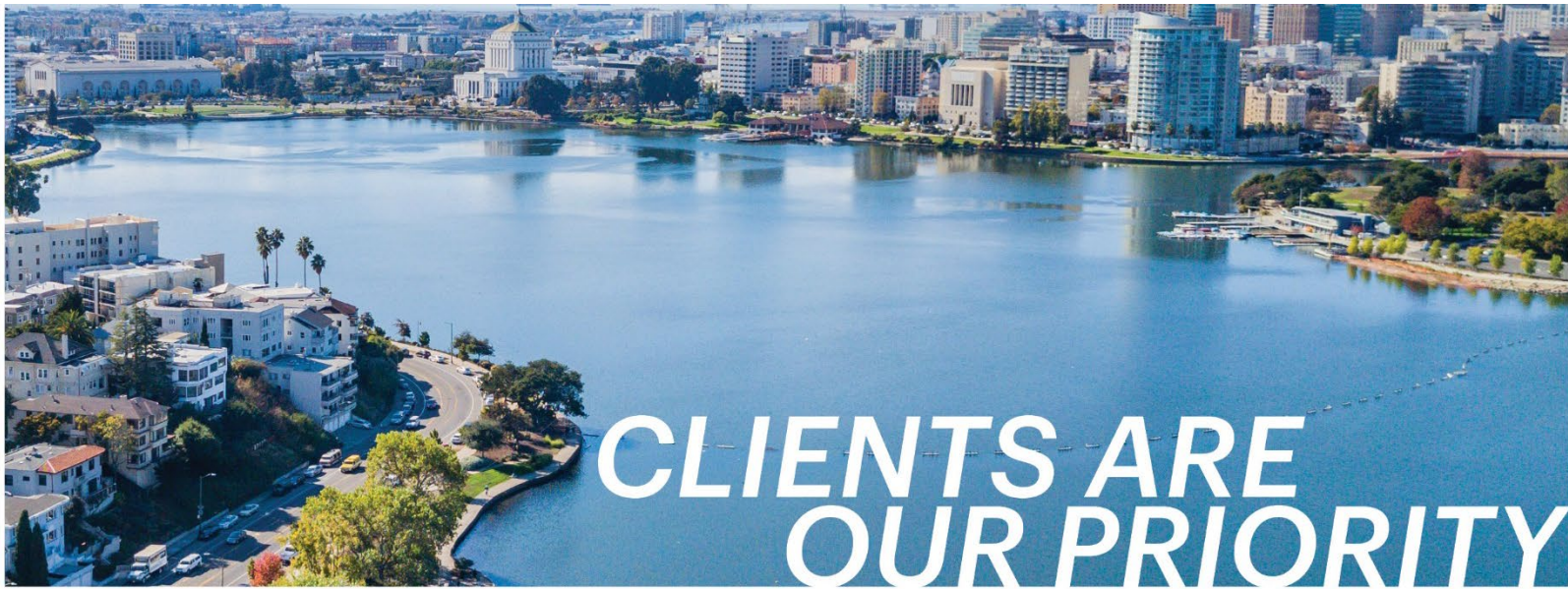
[McDonald's is Using Artificial Intelligence for Drive-Thru Ordering. Is Facial Recognition Next?](#)

Deseret News 11/3

[Nike Files for 'Virtual Goods' Trademark in Shoes, Apparel](#)

Bloomberg 11/1





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## SERVICES

- ✓ Retail Leasing
- ✓ Mixed-Use Leasing
- ✓ Investment Sales
- ✓ Property Management
- ✓ Consulting
- ✓ Build Out Management
- ✓ Development Services

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