

SIMON SAYS

THE RISING STARS

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**...There are Winners...there are Losers...
...And there are Those who have not yet learned how to Win...**

The Rising Stars

The Great Recession is in the rear view and retailers are looking to realize a resurgence. Retail growth is up 2.5%. Yet growth statistics only matter once we understand the online component is now part and parcel to monitoring and measuring the retail space. Several retailers are surging past what was once considered new territory, once again. Incidentally, the struggles hitting home for many Americans relative to financial burdens has fared well for certain mid-tier retailers, such as Family Dollar. Cyclically economic conditions such as improved housing has played a part in the growth of select retailers, such as Sherwin Williams. Frictionally, tastes have changed and continue to trend - enabling other retailers to pinpoint how to exploit what consumers are willing to pay more for, such as Whole Foods or Apple. Whatever the magic formula, the top 10 growing retailers are beginning to figure it out:

10. Starbucks – My daily morning pit stop (I prefer a tall blonde roast with a shot of espresso). No need to blink before noticing the many shades of pink at your local Starbucks, courtesy of their new La Boulange line up of pastries.. Following the Teavana acquisition of 400 new stores later, their \$90 billion tea market share is meeting the bar of their coffee stronghold.

9. Signet Jewelers – Massive growth through mergers and acquisitions. Now comprised of Kay Jewelers, Jared, Ernest Jones, and Samuel Kay along with recently acquired Zales.

8. AT&T – New store designs throughout the U.S. are now being rolled out. The company coverage includes mobile devices, cable networks, and alarm systems to name a few.

7. Whole Foods – With nearly 350 stores in the U.S., as of last year, the high end food retailer is publicly pursuing a target criterion of expanding to 1,000 stores, with 10%+ growth in 2013.

6. TSC – Not shy of new markets, this rural retailer cannot seem to be phased by Amazon, considering tractors are difficult to transport, Veggies, Herbs, and Fruit Trees are now available in nearly half TSC stores.



5. Apple – The iconic Steve Job's legacy carries on with the highest market capitalization of any publicly traded company. Expect the iPhone 6 to hit stores soon.
4. Family Dollar – Recently acquired by Dollar Tree, with 1,000 new items hitting shelves along with 500+ new stores. The company proactively renovated and relocated another 830 stores.
3. Chick-fil-A – This Atlanta based chain is rivaling McDonald's CAP rates, with nearly 1,800 locations as of 2013, actively targeting new regions as America's next major fast food option.
2. Sherwin Williams – The more housing starts, the more paint sold. Mergers and acquisitions are increasing this footprint along with 9% sales location growth to total approximately 3,700 stores.
1. Amazon – This revolutionary powerhouse offers 2 day shipping on 20 million products. New concepts Prime Pantry & Amazon Dash, are the company's shift to grocery sales. More categories to come.

What This Means to You:

Retail is continually evolving and retail investment can be especially fruitful when understanding the best of what is to come. Know that retailers can be hit hard in good times and benefit from bad times too. The sector is multi-versed with a myriad of conceptually competitive ringmasters who feed off each other's ideas and innovations. Thereby benefitting you the shopper, and you, the investor.

Welcome to Simon Says. While being in the day to day trenches I continue to realize we all share one common thread: we seek to learn daily and evolve our practice. Simon Says will share the latest on the pulse of the market from clients, developers, property managers, and all industry participants from REITS to Underwriters to private investors. The end objective is to better understand the market and what to expect from the market moving forward. The goal of Simon Says is to share knowledge.



SIMON JONNA
Executive Vice President

“Everyone here has the sense that right now is one of those moments when we are influencing the future.”

- Steve Jobs



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