

# By the numbers

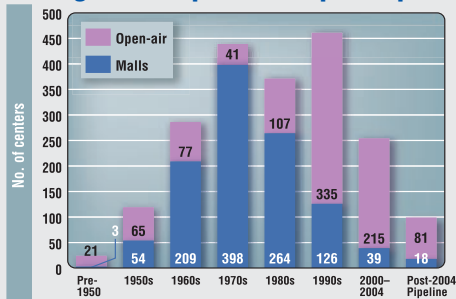
## Food sales projections

Venue	2004	2010	% change
Supermarkets	\$314.7 bln.	\$321.4 bln.	2
Club stores	47.7 bln.	60.9 bln.	28
Dollar stores	15.9 bln.	23.7 bln.	49
Supercenters	77.3 bln.	134.2 bln.	74
Hard discount	23.7 bln.	46.4 bln.	96

Wal-Mart isn't the only competitor chipping away at traditional grocers' market share. Club stores such as Costco, dollar stores such as Family Dollar and hard discounters such as Sav-A-Lot are set to grab more and more of U.S. consumers' food dollars in the next six years.

Source: CIBC World Markets

## Big developments open up

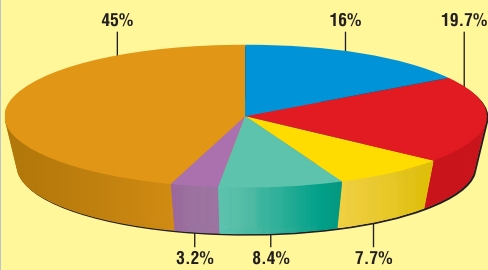


Beginning about 1990, the dominance of the enclosed malls of the 1970s and 1980s as a development format for larger centers has given way to the open format of power centers, lifestyle centers and open festival/entertainment venues.

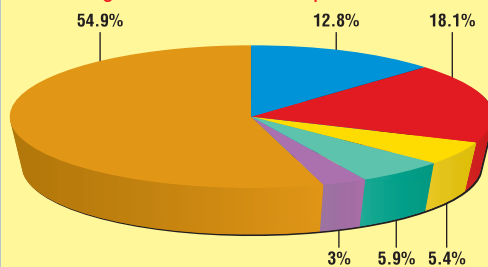
Source: National Research Bureau

## Hard times hit discounters first

### Discount consumer expenditures



### High-end consumer expenditures



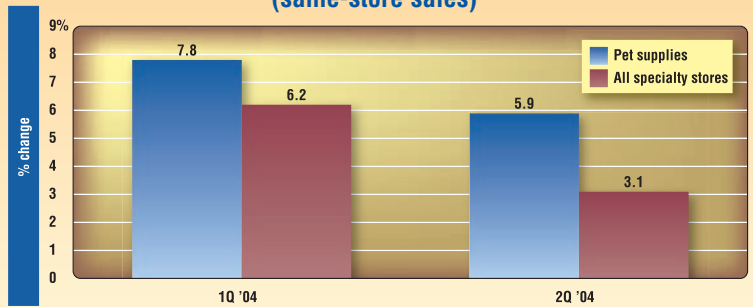
- Food
- Housing
- Health care
- Utilities
- Gas
- Discretionary

Discounters have been growing their sales steadily in recent years, but rising gasoline and utilities costs could put a dent in that growth. Discount store shoppers, who earn an average of \$15,254.63 and spend an average of \$23,733.40 per year, allot more of their total expenditures to utilities, gasoline and other essentials. As those prices increase, discount consumers will have less discretionary money to buy apparel, furniture and other goods at discounters. By contrast, high-end consumers, who earn an average of \$75,047.71 and spend an average of \$57,024.67 per year, will be much less affected.

Due to rounding, figures may not total 100 percent.

Sources: Bureau of Labor Statistics, Department of Labor, Wachovia Capital Markets

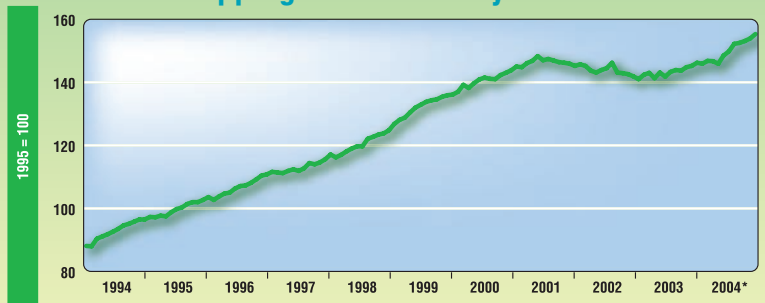
## Pet stores outshine peers (same-store sales)



The pet supply industry grows 6 percent each year, and national chains such as Petsmart and Petco are growing along with it, outpacing other specialty retailers on a same-store basis in the first half of 2004. How are they doing it? By incorporating such services as pet-sitting and pet-adoption into their stores, these big-boxers are stealing customers from the mom-and-pop shops that still dominate the segment.

Source: Independent Retail Research

## ICSC shopping center activity index rises

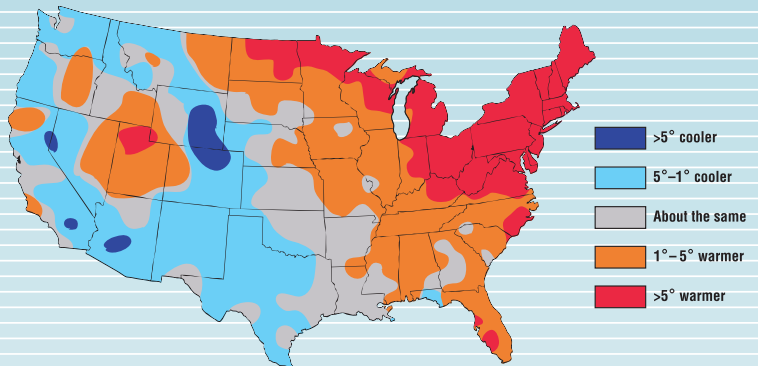


ICSC's index of shopping center activity — which includes shopping center employment, sales and construction spending — continues to accelerate through July 2004. The index had a seesaw pattern during the recession period of 2001 to early 2003.

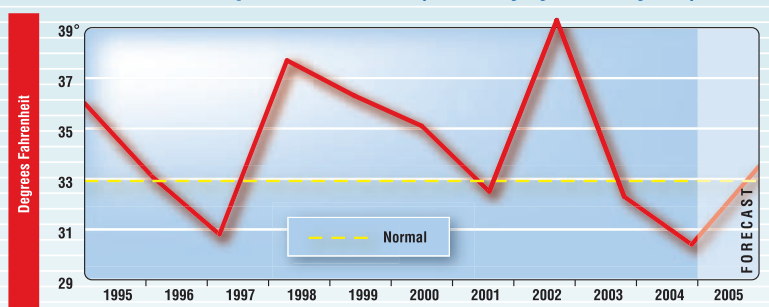
\*As of Sept. 30.

Source: ICSC Research

## Winter thaw ahead for Northeast markets



## National temperature index (January, year on year)



January a year ago was an "average" month, with near-normal temperatures for the United States as a whole. The Northeast, however, had its 10th-coldest January in 110 years, while Massachusetts shivered through its coldest month ever. Snowfall was above normal in nearly every place that typically receives snow, with the Midwest and the East Coast getting almost twice their normal amounts. This year the Northeast will trend much warmer than last year, and snow levels are expected to be considerably lower. This will be a plus for store traffic patterns in the Northeast and the upper Midwest. The heaviest snows will fall in the central United States, California's Sierra Mountains and the New England region. In the East, at any rate, all of this means steeper markdowns may be in the forecast to clear out those winter goods.

Source: SDI/Weather Trends