

KATZ REPORT



FALL 2004

PRESIDENT'S MESSAGE

Over the past few months, we've been fortunate to land several major new assignments. Four new publicly traded retailers have been added to our client roster: A.C. Moore, Hancock Fabrics, Bombay and Kirkland's. We've also had an opportunity to work with our client, Levitz Furniture, on the acquisition of 13 Huffman Koos stores secured through bankruptcy proceedings. Some of our clients are actively looking at new geography while others are engaged in re-positioning strategies. We continue to receive strong feedback from clients, recognizing us as a critical resource in their real estate process. We're looking forward to the ICSC conference in New York, and invite you to stop by our booth or call for an appointment.

Dan Katz
President & CEO
(845) 735-6666 Ext. 201
DanKatz@dkatz.com

INSIDE THIS ISSUE

2	A.C. MOORE TARGETS FLORIDA AND OTHER SELECT MARKETS
2	BOMBAY CONTINUES MIGRATION TO OFF-MALL LOCATIONS
2	HANCOCK FABRICS LOOKS TO ACCELERATE GROWTH
3	LINENS 'N THINGS AGGRESSIVELY EXPANDS THEIR STORE PRESENCE INTO 2005
3	LOEHMANN'S COMPLETES MERGER
3	PARTY CITY PURSUING NEW STORES IN PRIORITY MARKETS

COST PLUS WORLD MARKET CONTINUES ITS ENTRY INTO NEW MARKETS

Katz & Associates continues its relationship with Cost Plus World Market in their aggressive growth plan that now encompasses portions of NJ and NY as well as the recent new states of TN, MS, AR and DE.

Cost Plus World Market currently has 231 stores and 6 more that will be open by year-end. In 2005, there is a projected opening of 40 additional stores. Their prototype store is 18,300 sf, producing an average volume of \$4.5 million. As Marty Hennessy, Vice President Southern Region of Katz & Associates said, "Just three years ago, Katz started with one store in one state with CPWM, and we have now grown that relationship to include over 30 states." Greg Endom, Director of Real Estate for World Market, remarked, "As World Market enters new markets, customers have welcomed us and afforded us consistently strong first year sales, often exceeding our chain average. We look

forward to continued growth and working closely with Katz & Associates."

Cost Plus World Market welcomes retailers such as Bombay, Pier 1, Linens 'N Things and Bed Bath & Beyond.



LEVITZ GETS 13 HUFFMAN KOOS STORES IN NORTHEAST

Levitz Home Furnishings Inc. (LHFI), a nationwide client of Katz & Associates, won a marathon bidding war for a portion of the Breuner's Home Furnishings (BHFC) portfolio of stores. Levitz and Seaman's will open 13 of the locations formerly operated by Huffman Koos and Good's Furniture. All of the acquired real estate is between Connecticut and Delaware.

Katz & Associates completed a comprehensive evaluation of the portfolio's locational, economic

and physical characteristics within the time constraints dictated by the bankruptcy court. Significant factors, such as market positioning, rent comparables and cannibalization, were key variables that required detailed analysis prior to LHFI's successful bid.

"The bankruptcy proceeding was conducted within the extremely competitive furniture industry. This environment forced us to complete the real estate due diligence within a very short time frame. We

were able to meet this challenge and be part of the winning team by accessing our retail database and industry contacts," stated Kurt Schneider, Senior Vice President of the Northeast Region.

Levitz expects the additional 600,000 sf of space to add \$100 million in annual sales and push Levitz and Seaman's combined store count in greater New York past 50 units. Katz & Associates also provides strategic planning and secures individual store locations and warehouse distribution centers for Levitz and Seaman's.



A.C. MOORE TARGETS FLORIDA AND OTHER SELECT MARKETS

Katz & Associates has been retained to exclusively handle the expansion of A.C. Moore into the state of Florida, and Charlotte, NC in the southeast, and will also represent them in select areas in the northeast including: Concord, DE; Bridgewater, NJ; and the cities of Norwalk, Stamford and Danbury in Connecticut. A.C. Moore is a public company operating stores of 20,000 - 25,000 sf in 84 locations in the eastern U.S. The company has just built a 760,000 sf warehouse to support its expansion efforts.

“We are very excited to be working with A.C. Moore with its expansion plans. A.C. Moore



is one of the leading arts & crafts retailers in the nation, having the highest sales per square foot among its peers. At this time, there are no A.C. Moore stores in Florida. The initial reaction from landlords upon hearing



that A.C. Moore is entering Florida has been very positive,” said Kevin Higgins, Senior Vice President for the Southern Region.

A.C. Moore opened its first store in 1985 in Moorestown, New Jersey offering its customers a vast assortment of arts, crafts, florals and more at the most competitive prices.

A.C. Moore likes to locate its stores in regional markets and power centers that are typically anchored by Target or Wal-Mart and upscale retailers such as Barnes & Noble. A typical store offers approximately 60,000 SKUs across 40 merchandise categories during the course of a year, with more than 45,000 SKUs offered at any one time. Merchandise is presented in a distinctive manner designed to maximize shopping convenience and to reinforce themes and colors

associated with holidays, seasonal events or specific merchandise categories. Arts and crafts projects are prominently displayed in each department throughout the store to stimulate new project ideas for customers and to enhance the shopping environment.

BOMBAY CONTINUES MIGRATION TO OFF-MALL LOCATIONS



Bombay Company, Inc. is expanding in Seattle/Portland, Boston, Rhode Island, Louisiana, Arkansas, Mississippi, Alabama and Florida as part of its overall

plan to re-locate from “in-line” mall locations. Bombay Company, Inc. designs and markets a unique line of home accessories, wall décor

and furniture through its 470 stores, specialty catalogs, and the internet in the United States and internationally. The company expects to grow its base of core Bombay stores by approximately 5% in 2004. The company is opening 15 BombayKIDS stores in 2004. The typical Bombay store is 4,500 sf with 40’ of frontage and the Bombay/BombayKIDS combination stores are 9,000 sf with 75’ of frontage.



HANCOCK FABRICS LOOKS TO ACCELERATE GROWTH



Katz & Associates is excited to announce our newly established relationship with Hancock Fabrics. According to Marty Hennessy, Vice President Southern Region of Katz & Associates, “Hancock Fabrics is poised for great growth in the future, as it has recently opened a brand new distribution center headquartered in Baldwin, MS. Katz looks forward to forging new markets with Hancock.”

Currently, Hancock Fabrics is operating 431 stores in 42 states.

Their stores are typically 13,000 sf to 15,000 sf with 11,500 sf of retail.



Katz & Associates will be looking for second-generation stores for Hancock, and they typically like the strip center environment and power centers that have a traffic pattern leading to regional centers.

Hancock is seeking locations in Southern California, Arizona, northern Florida, Virginia, Georgia, New Jersey and Maryland. Hancock welcomes tenants such as Kohl’s, Target, Linens ‘N

Things, Bed Bath & Beyond, A.C. Moore and Michaels.



LINENS 'N THINGS AGGRESSIVELY EXPANDS THEIR STORE PRESENCE INTO 2005

Linens 'N Things, publicly traded on the NYSE and exclusively represented by Katz & Associates in North America, is completing its opening schedule of fifty five stores in 2004 including forty eight in the US and seven in Canada. These openings will result in a total of 499 stores for the rapidly growing home textile, housewares and decorative accessories chain. Store size for the 2004 openings range between 23,000 square feet and 40,000 square feet with an average size of 30,600 square feet.

Capitalizing on the continued strong population growth trends in the state, Linens 'N Things opened a total of eight stores in Florida in 2004. The opening roster included new locations in Miami, Viera, St. Petersburg, Port Richey, Orlando, Destin, Gainesville and Jensen Beach. Linens 'N Things Florida store count will be

augmented by at least six additional openings in 2005 and is expected to be an area of focus for the next several years.

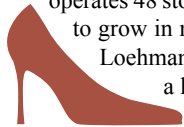
However, Florida is only a part of the LNT expansion plan. According to Daniel J. Mitchell, Senior Vice President of Katz & Associates,

Linens 'N Things will continue to aggressively expand throughout North America in 2005 with an annual new store count even higher than 2004. This growth will be well distributed throughout the US and Canada, utilizing Linens 'N Things new 28,000 and 25,000 square foot prototypes in most instances. Linens 'N Things continues to favor upscale trade areas in power strip centers, life style centers, malls with an exterior entry or free standing sites.



LOEHMANN'S COMPLETES MERGER

Loehmann's, the leading national off-price specialty retailer, is pleased to announce a merger with Atlanta based Crescent Capital Investments, Inc. for \$23.00 per share, taking the company back to the private sector. Loehmann's currently operates 48 stores in 17 states and continues to grow in major markets across the US.



Loehmann's caters to customers with a high median income in major metropolitan markets. In

LOEHMANN'S

recent years, Loehmann's has expanded its offerings to include shoes, accessories, juniors, men's, fragrances and intimate apparel. In 2004, Loehmann's unveiled a new 4,000-7,000 sf concept under the trade name Loehmann's Shoes. They currently operate or are under construction in the following locations: San

Francisco, CA, White Plains, NY, Aventura, FL, Laguna, CA and Paramus, NJ. Loehmann's plans to open additional new shoe stores in major metropolitan markets.

Additionally, Loehmann's continues to seek new locations for their full-line concept. The store is typically sized at 25,000 sf, with flagship stores in Manhattan, Beverly Hills and San Francisco, ranging from 40,000 to 60,000 sf.

PARTY CITY PURSUING NEW STORES IN PRIORITY MARKETS

Katz & Associates is aggressively pursuing new corporate stores for Party City in major cities throughout the continental United States. Priority markets for near-term openings include New York, New Jersey, Chicago, Detroit, California, Texas, Washington, DC and Philadelphia.




Party City Corporation is America's largest party goods chain, having reached \$1 billion in combined corporate and franchise sales. Party City is most successful in regional and strong community trade areas having a large population of

young families. Preferred locational characteristics include high traffic, excellent visibility and easy access. The prototypical size is 12,000-15,000 sf, with 100' of frontage and 16' open ceilings.

Katz & Associates has exclusively represented Party City's corporate expansion for several years. This partnership has resulted in the successful opening of more than 50 new stores and the relocation of many others.





Katz & Associates

Will exhibit at the 2004 ICSC conference in New York City from Dec. 6-8, 2004. Come visit us at booth **137/138 Rhinelander Gallery** or contact us in advance to discuss exclusive representation

